



WHERE THE WORLD RIDES[®]

Prospectus

This Prospectus contains the following offers:

- the offer of 76,923,076 Shares at an issue price of \$0.26 per Share to raise \$20,000,000 (**Public Offer**);
- the offer of up to 177,497,224 Shares at a deemed issue price of \$0.26 per Share to the BikeExchange Shareholders as the consideration payable by the Company for the acquisition of 100% of the issued capital in BikeExchange TopCo (**Consideration Offer**); and
- the offer of 18,100,000 Options to the Proposed Directors, key executives and employees (**EIP Offer**),

collectively, referred to as the Offers.

Completion of all the Offers under this Prospectus is conditional upon satisfaction of certain conditions (which are set out in Section 8.1 of this Prospectus) including Shareholders of the Company passing all the Resolutions at the Extraordinary General Meeting to be held on or about 18 January 2021 (**EGM**). The Resolutions include a proposed 20 for 1 consolidation (**Consolidation**). All securities offered under this Prospectus are described and offered on a post-Consolidation basis.

Issuer

RPro Holdings Limited
(to be renamed "BikeExchange Limited") ACN 625 305 240

Lead Manager and Underwriter:



Legal Adviser:



Important Notices

Offers

This Prospectus is issued by RPro Holdings Limited ACN 625 305 240 (to be renamed "BikeExchange Limited") (**Company**) for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

The Prospectus contains the Public Offer, the Consideration Offer and the EIP Offer (together, referred to as the **Offers**). The Public Offer contained in this Prospectus is an invitation for you to participate in the initial public offering and acquire fully paid ordinary shares in the Company (**Share** or **Shares**). The Consideration Offer is an offer of Consideration Shares to the BikeExchange Shareholders as part of the consideration payable by the Company for the acquisition of 100% of the issued capital in Move Drive Pty Ltd (ACN 626 542 265) (**BikeExchange TopCo**). The EIP Offer is an offer of Options to the Proposed Directors, key executives and employees under the Company's proposed Employee Incentive Plan.

See Section 8 for further information on the Offers, including details of the securities that will be issued under this Prospectus.

The Public Offer is fully underwritten by the Lead Manager.

Lodgement and Listing

This Prospectus is dated 16 December 2020 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Prospectus Date**).

Proposed Transaction

The Company will seek Shareholder approval to acquire 100% of the issued capital of BikeExchange TopCo. The proposed acquisition of BikeExchange TopCo is referred to as the Proposed Transaction. As part of the Proposed Transaction, the Company proposes to change its name to "BikeExchange Limited".

Completion of the Proposed Transaction is subject to several condition precedent including the Company receiving conditional approval from the Australian Securities Exchange (**ASX**) in relation to the Listing and successfully completing the Offers. See Section 21 for details of the Proposed Transaction.

Expiry date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Prospectus Expiry Date**). No Shares will be issued or transferred on the basis of this Prospectus after the Prospectus Expiry Date.

Note to Applicants

The information contained in this Prospectus is not investment or financial product advice and has been prepared as general information only. This Prospectus does not take into account your personal circumstances, investment objectives, financial situation or any other particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors set out in Section 6 that could affect the financial or operational performance of the Company.

You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider the assumptions underlying the Financial Information set out in Section 5 and the risk factors set out in Section 6 that could affect the Company's business, financial condition and results of operations.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, guarantees or warrants the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

Exposure Period

The Corporations Act prohibits the Company from processing applications to subscribe for, or acquire, Shares Offered under this Prospectus (each an **Application**, together the **Applications**) in the seven day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days.

The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company or BikeExchange. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale or accurately represent the technical aspects of the products.

Disclaimer and forward-looking statements

No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company's directors or any other person in connection with the Offers. You should rely only on information in this Prospectus.

This Prospectus contains forward looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the Prospectus Date, are expected to take place.

No person who has made any forward-looking statements in this Prospectus has any intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, other than to the extent required by law.

Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company. Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, Sections 5 and 6, and other information in this Prospectus. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Morgans Corporate Limited (ABN 32 010 539 607) (**Morgans** or **Morgans Corporate Limited**) have acted as Lead Manager to the Public Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by any Lead Manager or by any of its affiliates or related bodies corporate (as defined in the Corporations Act) (**Related Bodies Corporate** or **Related Body Corporate**), or any of their respective officers, directors, employees, partners, advisers or agents. To the maximum extent permitted by law, the Lead Manager, its affiliates and Related Bodies Corporate, and any of their respective officers, directors, employees, partners, advisers or agents expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company and BikeExchange. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Financial information presentation

All references to FY18, FY19 and FY20 appearing in this Prospectus are to the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (AAS) (as adopted by the Australian Accounting Standards Board (AASB)), which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

Section 5 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 5.2. The Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Section 5.

Market and industry data based primarily on management estimates

This Prospectus, including the Industry Overview in Section 3 and BikeExchange's Business Overview in Section 4, contains statistics, data and other information (including market forecasts and market projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to BikeExchange's business and markets. BikeExchange has obtained significant portions of this information from third parties.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of the forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. The Company has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data or the underlying assumptions used in generating this market and industry data. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 6.

Obtaining a copy of this Prospectus

This Prospectus is available in electronic form to Australian residents on the offer website, www.bikeexchange.automic.com.au. The Offers constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia. Copies of this Prospectus are not available to persons in any other jurisdictions, except to Institutional Investors and Employees. In particular, this Prospectus may only be distributed in the United States to IAs and U.S. Employees by the Company if accompanied by the U.S. Offering Circular.

A hard copy of the Prospectus is available free of charge during the Offer Period to any person in Australia by calling the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9689 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday.

Applications for Shares may only be made on the Application Form attached to, or accompanying, this Prospectus in its hard copy form, or in its soft copy form available online at www.bikeexchange.automic.com.au, together with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

No cooling-off rights

Cooling off rights do not apply to an investment in Shares pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

No offering where illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or Options or the Offers, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States of America. This Prospectus has been prepared for publication in Australia. The Shares and Options to be offered under the Offers have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any State or other jurisdiction in the United States of America, and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US State Securities laws. The Offers are not being extended to any investor outside Australia, other than to certain Institutional Investors and Employees. With respect to IAs and the U.S. Employees, the Prospectus will be accompanied by the U.S. Offering Circular sent by the Company only.

See Section 10.16 for more detail on selling restrictions that apply to the Offers and sale of Shares and Options in jurisdictions outside of Australia.

Privacy

By completing an Application Form, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage Applications.

The Company and the Share Registry on their behalf, may collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included on the Share register. In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by members of the public. The information must continue to be included on the Share register if you cease to be a Shareholder.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Share register;
- the Lead Manager in order to assess your Application;
- printers and other companies for the purposes of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

You may request access to your personal information held by or on behalf of RPro. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information.

You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry as follows:

Telephone: (outside Australia)
+61 2 9689 5414
(toll free within Australia)
1300 288 664

Address: Automic Pty Ltd
126 Phillip Street
Sydney NSW 2000

Postal address: GPO BOX 5193
SYDNEY NSW 2001

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Important Notices (continued)

Financial Services Guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail clients with a Financial Services Guide in relation to that review under the Corporations Act. The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 9.

Intellectual Property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

Website

Any references to documents included on the BikeExchange's website are provided for convenience only, and none of the documents or other information on the BikeExchange's website, or any other website referred in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus, unless specified otherwise, have the meaning given in the glossary in Appendix B. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

Unless otherwise stated or implied, references to dates or years are calendar year references.

This document is important and should be read in its entirety.





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Chairman's Letter

Dear Investor,

On behalf of the Directors, it is my pleasure to offer you the opportunity to become a Shareholder in RPro Holdings Limited (to be renamed "BikeExchange Limited").

This Prospectus forms part of a broader transaction being undertaken by the Company, under which the Company seeks to acquire 100% of the issued capital of BikeExchange TopCo. As part of the Proposed Transaction, the Company proposes to change its name to "BikeExchange Limited".

Completion of the Proposed Transaction is subject to several condition precedent including the Company receiving conditional approval from the ASX in relation to the Listing and successful completion of the Offers under this Prospectus. See Section 2 of this Prospectus for further details of the Proposed Transaction.

Founded in 2007, BikeExchange is the world's largest global cycling marketplace operating across 8 countries within four geographic hubs in Australia and New Zealand (ANZ), North America, Europe and Latin America (**LATAM**). The BikeExchange Group has a network of brands, retailers and distributors that come together in a single destination marketplace and between FY18-FY20 originated more than \$26.6 million in Total Transaction Revenue ("**TTV**"). During the 12-month period from October 2019 to September 2020, the BikeExchange Platform was visited by approximately 25.1 million consumers. This traffic drove e-commerce transactions and delivered approximately \$1.05 billion of inventory and sales leads to retailers and brands globally. BikeExchange currently has over 1,450 retailers and over 1,500 brands globally available on the platform providing ease, convenience and choice for consumers.

Globally, the cycling market (including accessories) has experienced strong growth due to a number of factors, as discussed in Section 3, as governments accelerate and plan for changing consumer behaviour. Further, there is a proactive shift by consumers for increased awareness of environmental, health and convenience factors that attribute to the positive impacts of cycling whether it be for leisure, commuting or for health and fitness.

The shift and increase in the online e-commerce landscape has transformed the way consumers purchase products and brought about awareness of online being a destination rather than a source of viewing. Bike Exchange is powered by a global leading, purpose-built technology platform without the need for significant ongoing investment as a result of the licensing agreement with Marketplacer, further discussed in Section 10. BikeExchange's online model attracts and provides a range of consumers with choices providing consumers a more convenient, transparent and efficient platform solution relative to traditional marketplaces.

BikeExchange generates revenue via a subscription based recurring revenue model, through business member subscriptions with retailers and brands. E-commerce transactions occur through the platform generating further scalable revenue through commissions.

BikeExchange has an experienced management team well positioned to deliver on the significant growth opportunity ahead. The Board and executive team believe that BikeExchange's growth trajectory is favourable as it further penetrates the online bicycle and accessories market, broadens its reach into new geographic areas and capitalise on new revenue opportunities as discussed in Section 4.

The Public Offer is seeking to raise \$20 million and the net proceeds raised will be primarily deployed towards growth initiatives. Please see the detailed use of funds outlined in Section 8.3.1.

This Prospectus contains detailed information about the Offers, the industry in which BikeExchange operates, BikeExchange's business and its financial and operating performance.

Key risks associated with an investment in the Company are set out in Section 6. It is important that you read this Prospectus in its entirety before deciding whether to invest in the Company.

On behalf of the Directors, I look forward to welcoming you as a Shareholder.

Yours Sincerely



Gregg Taylor
Chairman

Important Dates

Important dates

| | |
|---|------------------------------------|
| Prospectus lodgement date | Wednesday, 16 December 2020 |
| Retail Offer opening date | Tuesday, 29 December 2020 |
| Retail Offer closing date | Monday, 25 January 2021 |
| Settlement of the Public Offer | Monday, 1 February 2021 |
| Issue and allotment of Shares under the Public Offer (Completion of the Public Offer) | Tuesday, 2 February 2021 |
| Issue and allotment of Shares under the Consideration Offer (Completion of the Proposed Transaction) | Tuesday, 2 February 2021 |
| Issue and allotment of Options under the EIP Offer | Tuesday, 2 February 2021 |
| Expected dispatch of holding statements | Friday, 5 February 2021 |
| Expected commencement of trading of Shares on ASX on a normal settlement basis | Tuesday, 9 February 2021 |

Dates may change

The dates above are indicative only and may change without notice.

The Company, in consultation with the Lead Manager, reserves the right to vary the times and dates of the Offers including to close the Offers early, extend the Offers or to accept late applications, either generally or in particular cases, without notification. Applications received under the Public Offer are irrevocable and may not be varied or withdrawn except as required by law.

How to invest

Applications for Shares under the Public Offer can only be made by completing and lodging the Application Form.

Instructions on how to apply for Shares are set out in Section 8 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offers, contact the Offer Information Line on 1300 288 664 (toll free within Australia) or +61 2 9689 5414 (outside Australia) between 8:30am and 5:30pm (Sydney time), Monday to Friday. If you are unclear in relation to any matter, or you are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

Key Offer Statistics

Key Offer statistics

| | |
|---|-------------------------|
| Offer Price | \$0.26 per Share |
| Total proceeds under the Public Offer | \$20,000,000 |
| Total number of Shares available under the Public Offer | 76,923,076 |
| Number of Shares to be held by Existing Shareholders and BikeExchange Shareholders after the Offers | 216,072,831 |
| Total number of Shares on issue at Completion | 292,995,907 |
| Market capitalisation at the Offer Price | \$76,178,936 |
| Total number of Options under the EIP Offer | 18,100,000 |
| Total number of Options on issue at Listing | 18,100,000 |
| Fully diluted issued share capital | 311,095,908 |
| Pro forma net cash at Completion | \$19,970,000 |
| Enterprise Value at Completion | \$56,208,936 |

These figures also assume certain outcomes under the Offer Letter process. The actual outcomes are subject to completion of the Offer Letter process. These matters are further addressed in Section 8.4 of this Prospectus.



SECTION 1

Investment Overview

1 Investment Overview

1.1. Introduction

| Topic | Summary | For more information |
|--|--|-----------------------|
| What is BikeExchange's business? | BikeExchange is an online marketplace that operates globally in eight countries across four geographical areas. The marketplace provides an efficient, technology-driven platform to connect consumers with retailers of bicycle products and accessories through a convenient, transparent and efficient platform. | Section 4 |
| Who is RPro? | RPro is a special purpose investment vehicle that was incorporated on 23 March 2018. Since its incorporation, RPro has investigated and performed due diligence on a number of potential business acquisitions culminating with the Proposed Transaction to acquire BikeExchange TopCo and with it the BikeExchange Group. | Section 10.5.1 |
| What is BikeExchange's history? | Founded in 2007 by Sam Salter and Jason Wyatt, BikeExchange was formed on the mission of creating an online destination for all things bicycles. | Section 4 |
| What industry does BikeExchange operate in? | <p>BikeExchange operates in the e-commerce market of sales of bicycles and accessories.</p> <p>The global bicycle market consists of bicycles, accessories and parts. Bicycles include traditional 'manual' powered options (on-road, off-road, hybrid) and E-Bikes (pedal assist, throttle and speed pedelecs). Bicycles are used by consumers in various ways including as a mode of transportation, as a sport or for leisure and recreational activities.</p> | Section 3 |
| Impacts of COVID-19 | <p>Consumer behavioural changes have been accelerated and movement online and to e-commerce has benefitted BikeExchange. Consumers increasingly research and buy cycling products, in particular bicycles, online. Site traffic has increased by over 187% globally to the BikeExchange Platform across the first half of the calendar year 2020 versus the previous year. This resulted in increased organic sourced traffic, with minimal performance marketing spend.</p> <p>E-commerce revenue increased by 492% over the first half of 2020 with transaction numbers increasing by 292%. Sales lead enquiries also grew by 334%. This momentum has continued through Q1 FY21.</p> | Section 3 |
| Why is the Public Offer being conducted? | <p>The purpose of the Public Offer is to provide BikeExchange with the financial flexibility to fund future growth via:</p> <ul style="list-style-type: none"> • continuing to invest in its marketplace and e-commerce platform; • organic growth opportunities to deliver strategic objectives; and • provide BikeExchange with the benefits associated with being a listed entity. | Section 8 |

1 Investment Overview (continued)

1.2. Key features of our business model

| Topic | Summary | For more information |
|---|---|----------------------|
| What is BikeExchange's business model | <p>BikeExchange maintains two sides of the marketplace platform, business customers and consumers:</p> <ul style="list-style-type: none">• Business customers: Bicycle retailers, brands and distributors who can publish and sell their product inventories on BikeExchange; and• Consumer audience: Buyers of bicycles, E-Bikes, parts and accessories. BikeExchange has developed deep data and insights on the entire bicycle and bicycle accessories markets from online tracking of consumer usage behaviours and live inventory integrations across brand and retailer activity. | Section 4 |
| How big is the marketplace? | <p>The BikeExchange Platform is visited by over 25.1 million consumers annually (October 2019 to September 2020), where over 600,000 products are available. This drives e-commerce transactions and delivers more than \$1.05 billion of inventory and sales leads to retailers and brands globally. BikeExchange has approximately 1,450 retailers and over 1,500 brands globally available on the platform with a product database of over 600,000.</p> | Section 4 |
| How does Bike Exchange generate revenue? | <p>BikeExchange generates revenue from the following three core sources:</p> <ul style="list-style-type: none">• Subscriptions: business member subscriptions to retailers and cycling-related manufacturers and brands providing a recurring monthly revenue stream;• E-commerce transactions: transactions completed by consumers on the BikeExchange Platform; and• Media and other revenue: revenue generated from sales of media inventory or content on the BikeExchange Platform sold by brands and businesses, and revenue from classified listings, feature upgrades for product listings and other ancillary services. <p>The data and insights product provides a revenue opportunity for the development of a subscription product that allows industry to access the strong data and insights capabilities created by BikeExchange.</p> | Section 4.2.1 |

1.3. Key financial metrics

| Topic | Summary | For more information | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|----------------------|----------------|----------------|--|--|----------------------|--|--|--------------|-------|------|------|------|---------|---|-------|-------|-------|---------------------------|---|---------|---------|---------|----------------------------------|---|-------|-------|-------|-----------------------------------|---|---------|---------|---------|-------------------------------------|---|---|------|----|---------------|--|----------------|----------------|----------------|-------------------------------|---|-------|-------|-------|-------------|--|----------------|----------------|----------------|------------------------------|---|------|-------|------|--|---|------|-------|------|---------------------------------|--|----------------|----------------|----------------|------------------------------|---|---|---|---|------------------------------------|
| What is BikeExchange's pro forma historical and forecast financial performance? | Pro Forma Aggregated Income Statements | Section 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table> <tr> <th colspan="2"></th><th colspan="3">Pro forma historical</th></tr> <tr> <th>\$ thousands</th><th>Notes</th><th>FY18</th><th>FY19</th><th>FY20</th></tr> <tr> <td>Revenue</td><td>1</td><td>3,911</td><td>3,940</td><td>3,671</td></tr> <tr> <td>Employee benefits expense</td><td>2</td><td>(3,679)</td><td>(3,979)</td><td>(3,322)</td></tr> <tr> <td>Advertising & Marketing expenses</td><td>3</td><td>(497)</td><td>(856)</td><td>(359)</td></tr> <tr> <td>General & Administration expenses</td><td>4</td><td>(2,408)</td><td>(2,994)</td><td>(2,468)</td></tr> <tr> <td>Profit/(Loss) on Disposal of Assets</td><td>5</td><td>–</td><td>(15)</td><td>31</td></tr> <tr> <td>EBITDA</td><td></td><td>(2,673)</td><td>(3,904)</td><td>(2,448)</td></tr> <tr> <td>Depreciation and Amortisation</td><td>6</td><td>(149)</td><td>(315)</td><td>(390)</td></tr> <tr> <td>EBIT</td><td></td><td>(2,822)</td><td>(4,219)</td><td>(2,837)</td></tr> <tr> <td>Finance income/(costs) – net</td><td>7</td><td>(61)</td><td>(218)</td><td>(24)</td></tr> <tr> <td>Share of income/(loss) from Joint Ventures</td><td>8</td><td>(23)</td><td>(104)</td><td>(46)</td></tr> <tr> <td>Profit/(loss) before tax</td><td></td><td>(2,906)</td><td>(4,541)</td><td>(2,907)</td></tr> <tr> <td>Income tax benefit/(expense)</td><td>9</td><td>–</td><td>–</td><td>–</td></tr> <tr> <td>Net profit/(loss) after tax</td><td>10</td><td>(2,906)</td><td>(4,541)</td><td>(2,907)</td></tr> </table> | | | | | | Pro forma historical | | | \$ thousands | Notes | FY18 | FY19 | FY20 | Revenue | 1 | 3,911 | 3,940 | 3,671 | Employee benefits expense | 2 | (3,679) | (3,979) | (3,322) | Advertising & Marketing expenses | 3 | (497) | (856) | (359) | General & Administration expenses | 4 | (2,408) | (2,994) | (2,468) | Profit/(Loss) on Disposal of Assets | 5 | – | (15) | 31 | EBITDA | | (2,673) | (3,904) | (2,448) | Depreciation and Amortisation | 6 | (149) | (315) | (390) | EBIT | | (2,822) | (4,219) | (2,837) | Finance income/(costs) – net | 7 | (61) | (218) | (24) | Share of income/(loss) from Joint Ventures | 8 | (23) | (104) | (46) | Profit/(loss) before tax | | (2,906) | (4,541) | (2,907) | Income tax benefit/(expense) | 9 | – | – | – | Net profit/(loss) after tax |
| | | Pro forma historical | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| \$ thousands | Notes | FY18 | FY19 | FY20 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Revenue | 1 | 3,911 | 3,940 | 3,671 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employee benefits expense | 2 | (3,679) | (3,979) | (3,322) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertising & Marketing expenses | 3 | (497) | (856) | (359) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General & Administration expenses | 4 | (2,408) | (2,994) | (2,468) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit/(Loss) on Disposal of Assets | 5 | – | (15) | 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBITDA | | (2,673) | (3,904) | (2,448) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation and Amortisation | 6 | (149) | (315) | (390) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | | (2,822) | (4,219) | (2,837) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Finance income/(costs) – net | 7 | (61) | (218) | (24) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Share of income/(loss) from Joint Ventures | 8 | (23) | (104) | (46) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit/(loss) before tax | | (2,906) | (4,541) | (2,907) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income tax benefit/(expense) | 9 | – | – | – | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Net profit/(loss) after tax | 10 | (2,906) | (4,541) | (2,907) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Notes: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1 Revenue comprises commissions generated from e-commerce transactions that occur on the BikeExchange network of websites, retailer account subscription fees, and display and media advertising sales and other online advertising services. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2 Employee benefits expense comprises all employment related expenses such as payroll costs including bonus, on-costs (superannuation, payroll taxes and other benefits), annual leave and long-service leave accruals. In certain geographic markets other employee benefits are mandatory such as pension contributions, statutory annual leave payments or healthcare plan provision. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 Advertising & Marketing expenses relate to the costs associated with advertising such as pay per click advertising, email and direct marketing activities, sponsorship and trade events. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 General and Administration expenses relate to all other expenses incurred in the operations, including overheads, technology licence fees, travel, insurance and professional fees and a pro-forma adjustment for listed company costs including ASX annual fees, Director fees, share registry services, corporate secretarial services, insurance and investor relations (excluding share options costs). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5 Profit/(Loss) on sale of assets relates to sale of motor vehicles in the historical period. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6 Depreciation and amortisation reflect the depreciation of the BikeExchange's plant & equipment, amortisation expense of intangibles (such as software) over useful lives and amortisation of lease right-of-use assets based on AASB 16 Leases. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7 Finance income/(costs) – net relates to interest expense on lease right-of-use assets based on AASB 16 Leases net of interest income. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 Share of profit or loss from Joint Venture – reflects the equity accounted 50% share of the loss incurred by the BikeExchange Colombia joint venture. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9 The BikeExchange Group has carry-forward tax losses in various jurisdictions. These tax losses have not been recognised as a deferred tax asset due to the uncertainty as to the amount and timing of sufficient taxable profits. The quantum and availability of these carry forward tax losses for post-IPO periods will be determined by the Company and BikeExchange Group's post-IPO financial performance and compliance with relevant tax laws. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10 The Pro Forma profit and loss provided includes the impacts of foreign exchange movements on monetary items. Foreign exchange gains and losses on translation of the BikeExchange Group entities statement of financial position are recognised in other comprehensive income, below net profit/(loss). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

1 Investment Overview (continued)

| Topic | Summary | For more information |
|---|--|----------------------|
| What is BikeExchange's pro forma historical and forecast financial performance? continued | <p>The information presented above contains non-IFRS financial measures, is intended as a summary only and should be read in conjunction with the more detailed discussion on the Financial Information disclosed in Section 5 as well as the risk factors set out in Section 6.</p> <p>Investors should read Section 5 for full details of BikeExchange's pro forma and statutory results and the underlying pro forma adjustments made and reconciliations in Section 5.</p> | Section 5 |

1.4. Investment highlights

| Topic | Summary | For more information |
|--|--|----------------------|
| The world's largest network of cycling (and accessories) focussed marketplaces | <ul style="list-style-type: none"> • Largest omni-channel operator in Australia supporting cycling retailers and brands. • Multi-region operations with unique leading cycling focussed marketplace positioning in markets with strong and growing cycling audiences. Global annualised traffic of 25.1 million sessions. | Section 4 |
| Strong industry fundamentals – the cycling revolution growth | <ul style="list-style-type: none"> • Cycling infrastructure planning and investment accelerating across the globe. • Strong growth in cycling activity across active transport and recreational usage – further increasing the cycling market size with new audience in the cycling masses. • Market development is consumer driven with awareness of environmental, health and convenience benefits and positive impacts of cycling. | Section 3 |
| Marketplace model – capital light, and has potential for strong operating margins | <ul style="list-style-type: none"> • Supports a highly fragmented market of retailers, brands and distributors. • Established, proven model with significant growth opportunities available across both geographies and market product categories. • Supports both e-commerce transactions and sales lead generation for retailers and brands. • Scalable market leading technology platform purpose built for BikeExchange with low capex requirements going forward. | Section 4 |
| Diversified business model with multiple revenue streams in multiple geographies | <ul style="list-style-type: none"> • Strong revenue streams with good organic growth potential, including recurring subscription revenues and commission based e-commerce revenues. • Model driven by data and insights driving value from industry and consumer behaviour. • Geographical market growth in current regions with the opportunity to replicate in new adjacent countries. | Section 4 |

| Topic | Summary | For more information |
|---|--|----------------------|
| Attractive financial metrics (gross margins, low CAC, AOV) | <ul style="list-style-type: none"> E-commerce transaction value growth of 68% in FY20, AOV increased by 58% in FY20. FY20 TTV of \$12.3m, Q4 FY20 of \$6.2m. Business has achieved growth without large amount of capital being invested to date. | Section 5 |
| Experienced Board and Management team | <ul style="list-style-type: none"> Highly experienced senior management team with global experience and key management in key geographic areas. At Completion, the Company will have an experienced board of directors. | Section 7 |

1.5. Key risks

| Topic | Summary | For more information |
|---|---|----------------------|
| Contractual Risk – Share Sale Agreement | As at the date of this Prospectus, the Share Sale Agreement is not signed. In addition, the Share Sale Agreement conditions, specifically no material adverse change, may not be fulfilled and in turn, the Proposed Transaction will not complete. | Section 6.2.1 |
| Growth and profitability dependent of active community | BikeExchange's future growth and profitability is dependent upon consumers and retailers utilising the marketplace. If retailers do not renew their subscriptions or consumers do not purchase products, this will affect financial performance. | Section 6.2.2 |
| Customer growth | BikeExchange's revenues depend upon attracting and retaining customers to its platform. A decline in traffic coming to the BikeExchange Platform or the rate of conversion could adversely impact on its financial performance and operations. | Section 6.2.3 |
| Fraud perpetrated and fictitious transactions | BikeExchange may face fraudulent activities on the marketplace resulting in goods or payment not being received by buyers or sellers. Negative publicity and user sentiment generated as a result could severely diminish consumer confidence and impact business engagement and performance. | Section 6.2.4 |
| Platform risks | The BikeExchange Platform is critical to attracting and retaining customers and maximising sales conversion. Any irrecoverable loss would incur a financial cost. Further, if there is a disruption in hosting services, the BikeExchange Platform may not be accessible to users. | Section 6.2.5 |

1 Investment Overview (continued)

| Topic | Summary | For more information |
|--|---|-----------------------|
| Reliance on third party technology providers | The BikeExchange Platform and other information technology systems are all hosted on servers owned by third party providers. Thus, the platform may experience interruptions from system failures, service outages or similar resulting in delays or unavailability. BikeExchange's service offering may also become outdated or obsolete through the introduction of superior technology and/or product offerings. | Section 6.2.6 |
| Cybersecurity and data protection | BikeExchange collects and holds a large amount of personal information about its sellers and customers. BikeExchange's systems may fail or be subject to disruption as a result of external threats or system errors. This could result in reputational damage, a loss of system integrity and/or breach of BikeExchange's obligations under applicable privacy laws. | Section 6.2.7 |
| Intellectual property may be compromised or lost | The commercial value of BikeExchange's intellectual property is dependent in part on operational procedures to maintain confidentiality. BikeExchange's intellectual property may be compromised by breach or misappropriation by an employee or a third party's gaining insights or developing competitive technology. | Section 6.2.8 |
| Breach of third-party intellectual property rights | Third parties may claim that the technology used in the operation of the BikeExchange Platform infringes on their intellectual property rights. BikeExchange may become the subject of a claim that results in litigation or a dispute, which in turn, may result in high legal costs. | Section 6.2.9 |
| Competition | Existing competitors or new entrants in the market may increase the competitive landscape and in turn, erode BikeExchange's revenue and market share. BikeExchange may be unable to respond to such competitive pressures which in turn will adversely impact BikeExchange's operational and financial performance. | Section 6.2.10 |
| BikeExchange may not successfully execute one or all of its growth strategies | BikeExchange may not successfully execute its strategies, which includes expanding its subscription model, building strategic partnerships, increasing advertising revenue and/or launching its data and insights subscription offerings. This will adversely impact BikeExchange's financial performance and growth. | Section 6.2.11 |
| BikeExchange may not identify, execute and realise benefits from acquisitions or strategic partnerships | BikeExchange may not be successful in identifying attractive opportunities. There is also a risk that BikeExchange will not successfully integrate new businesses or assets into its existing operations in a timely manner, or that new businesses or assets do not result in the benefits anticipated. | Section 6.2.12 |
| Key personnel | The departure of key personnel, or a shortage of skilled employees with adequate expertise, could adversely affect the Business and/or its future ability to pursue its growth strategies, as under-resourcing can cause development delays and reduce the speed at which BikeExchange is able to deliver new features or enhancements to the market. | Section 6.2.13 |

| Topic | Summary | For more information |
|--|---|-----------------------|
| Reputational risks | Maintaining the strength of BikeExchange's reputation is an important part of retaining and growing its retailer and consumer base as well as maintaining BikeExchange's relationships with partners who will assist in successfully implementing BikeExchange's strategy. There is a risk that events may occur that may adversely impact on BikeExchange's reputation, which may adversely impact BikeExchange's retailer and consumer base as well as the willingness of third parties to partner with BikeExchange on additional product offerings. This may have a negative impact on BikeExchange's future operations, financial performance and/or growth. | Section 6.2.14 |
| Forward looking statements | The forward looking statements, opinions and estimates provided in this Prospectus rely on various contingencies and assumptions, some of which are described in Section 5. Various factors, both known and unknown, may impact upon the performance of BikeExchange and cause its actual performance to vary significantly from the expected results. There can be no guarantee that BikeExchange will achieve its stated objectives or that any forward looking statement or forecast will eventuate. | Section 6.2.15 |
| COVID-19 | Although BikeExchange has not been negatively materially affected by the COVID-19 pandemic, there is a risk that further lockdowns or the implementation of further government restrictions in response to COVID-19 could have an impact on marketplace engagement in turn causing a downturn in the Business. | Section 6.2.16 |
| Challenges in expanding cross-border operations | As BikeExchange plans to continue expanding its cross-border operations into existing and new markets, there is a risk that BikeExchange may face challenges (including legal or regulatory) in which it has limited or no experience in dealing with. BikeExchange may be unable to anticipate competitive conditions or could face other difficulties in attracting a sufficient number of retailers and consumers in those new markets. | Section 6.2.17 |
| Foreign exchange rate fluctuation | As BikeExchange has operations in various jurisdictions, the revenues of entities in the BikeExchange Group are collected in different currencies. This exposes BikeExchange to fluctuations in exchange rates, which is beyond BikeExchange's control. This could adversely impact the profitability of BikeExchange's foreign operations. | Section 6.2.18 |
| Continued growth of E-commerce | The e-commerce market may be impacted by a variety of factors outside BikeExchange's control which could cause a slowing or contraction in the market and as a consequence impact BikeExchange directly. | Section 6.2.19 |
| Search engine risks | BikeExchange's website may be excluded from or ranked lower in search engine results due to changes to a search engine's algorithms or other ranking criteria that are outside of BikeExchange's control. This may decrease traffic to the BikeExchange website and adversely impact BikeExchange's financial performance. | Section 6.2.20 |

1 Investment Overview (continued)

| Topic | Summary | For more information |
|---|---|-----------------------|
| Increased cost of and reliance on search engine marketing | The cost of search engine marketing generally increases as the importance of online advertising increases, as competition to be ranked higher in paid listings increases the price of such listings. The Business, financial performance and operations of BikeExchange may be materially adversely affected by any increase in the cost of, or reliance on, search engine marketing. | Section 6.2.21 |
| Potential of being banned, restricted or suspended from digital marketing channels | Based on the marketing channel providers terms and conditions, BikeExchange may be suspended, restricted or banned from advertising on these marketing channels. | Section 6.2.22 |
| Marketplacer contractual risk | As BikeExchange relies on the Marketplacer Agreements (as described in section 10.5.3) and the services provided by Marketplacer to operate there is a risk that should these services not be available then BikeExchange will have difficulty operating until such time as that technology and services were replaced. | Section 6.2.23 |

1.6. Directors and senior management

| Topic | Summary | For more information |
|---|--|----------------------|
| Who are the current and proposed Directors of the Company? | <p>The Board currently consists of:</p> <ul style="list-style-type: none"> • Gregg Taylor, Independent Non-Executive Chairman; • Bryan Zekulich, Independent Non-Executive Director; • Josh May, Non-Executive Director; and • Michael Hill, Non-Executive Director. <p>As part of the Proposed Transaction, the following Directors will be appointed to the Board:</p> <ul style="list-style-type: none"> • Sam Salter, Non-Executive Director; • Andrew Ryan, Non-Executive Director; and • Jade Wyatt, Non-Executive Director. <p>Prior to Completion, each of Josh May and Michael Hill will resign as directors of the Company.</p> | Section 7.1 |

| Topic | Summary | For more information |
|---|--|---------------------------|
| <p>Who are the members of the Company's senior management?</p> | <p>RPro will be led by the Chief Executive Officer (CEO), Mark Watkin and Chief Financial Officer (CFO), Andrew Demery. Prior to listing, both Mark Watkin and Andrew Demery were members of the management team of BikeExchange.</p> <p>Mark Watkin, CEO</p> <ul style="list-style-type: none"> • Following Completion, Mark will hold the position of CEO of the Company. • Prior to listing, Mark was the Global CEO of BikeExchange. • Mark holds a Diploma in Business and Finance from the University of Westminster and Bachelor of Arts (Honours) in Business Studies and Marketing from Middlesex University. • Mark has over 20 years' experience in the marketing industry, including holding multiple senior leadership roles, both in the United Kingdom (UK) and Australia. • Mark began his career at Saatchi & Saatchi in London before spending four years at an independent digital agency, Hyperlink Interactive. • In Australia, Mark worked for George Patterson Y&R Melbourne for approximately seven years before becoming Managing Director of TBWA Melbourne and then Managing Director of BWM Dentsu Melbourne. <p>Andrew Demery, CFO</p> <ul style="list-style-type: none"> • Following Completion, Andrew will hold the position of CFO of the Company. • Prior to listing, Andrew was the Global CFO of BikeExchange. • Andrew holds a Bachelor of Science (Hons) from the University of London and is a member of the Institute of Chartered Accountants of Scotland. • Andrew has 20 years of listed company financial reporting experience through executive, auditing and consulting work in Australia and the UK. • Most recently, Andrew was the CFO of carsales.com Ltd (ASX: CAR), an ASX 100 listed group. He was responsible for all global finance and investor relations activities of the company. Prior to Carsales, Andrew was an Assurance Director/Senior Manager at PWC which included transformation initiative roles and M&A. | <p>Section 7.2</p> |

1 Investment Overview (continued)

1.7. Significant interests of key people and related party transactions

| Topic | Summary | | | | | For more information |
|---|---|-------------------|-----------------------------------|--------------------|------------|----------------------|
| Who are the Existing Shareholders and what will their interest in BikeExchange be immediately following Completion? | The below table assumes certain shareholder election outcomes under the Offer Letter process. The actual outcomes are subject to completion of the Offer Letter process. See Section 8.4 for further details. | | | | | Section 8.4 |
| | Shares held prior to the Offer | | Assumed Shares held at Completion | | | |
| | Shareholder(s) | (%) | (million) | (%) | (million) | |
| | GTR Ventures Pty Ltd ^(a) | Nil | Nil | 12.68% | 37,158,107 | |
| | Emerson Ryan Pty Ltd ^(a) | Nil | Nil | 17.22% | 50,447,670 | |
| | Saltsam Pty Ltd ^(b) | Nil | Nil | 8.58% | 25,128,971 | |
| | Surfwax Pty Ltd ^(c) | Nil | Nil | 8.58% | 25,128,971 | |
| | WSG Holdings Pty Ltd ^(d) | Nil | Nil | 4.37% | 12,793,485 | |
| | Other BikeExchange Shareholders | Nil | Nil | 9.16% | 26,840,020 | |
| | Bombora Investment Management ^(e) | 36.86% | 8,250,000 | 8.34% | 24,445,073 | |
| Other Existing Shareholders | 63.14% | 14,130,534 | 4.82% | 14,130,534 | | |
| IPO Investors | Nil | Nil | 26.25% | 76,923,076 | | |
| Total | 100.0% | 22,380,534 | 100.0% | 292,995,907 | | |
| <p>(a) GTR Ventures Pty Ltd and Emerson Ryan Pty Ltd are both entities associated with Andrew Ryan, a Proposed Director.</p> <p>(b) Saltsam Pty Ltd is an entity controlled by Sam Salter, a Proposed Director.</p> <p>(c) Surfwax Pty Ltd is an entity controlled by Jason Wyatt, an associate of Jade Wyatt, a Proposed Director.</p> <p>(d) In WSG Holdings Pty Ltd, Sam Salter has a 39% beneficial interest and Jason Wyatt has a 39% beneficial interest.</p> <p>(e) Bombora Investment Management holds Shares as trustee for the Bombora Special Investments Growth Fund. At Completion, Bombora Investment Management will hold 24,445,073 Shares, including 16,195,073 BIM Sale Shares to be acquired under the Bombora Sale Deed as described in Section 10.5.2 and mentioned in Section 10.9.2.</p> | | | | | | |

| Topic | Summary | For more information |
|--|---|----------------------|
| What significant benefits and interests are payable to Directors and other persons connected with BikeExchange or the Offers? | <p>Other than as set out below or elsewhere in this Prospectus, no current or proposed Director or other person connected to BikeExchange or the Offers holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgements of this Prospectus with ASIC:</p> <ul style="list-style-type: none"> • an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offers; and • no amounts have been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of the Company or the Offers or to any Proposed Director to induce them to become, or qualify as, a director of the Company. | Section 7.3 |
| Will there be a controlling interest in BikeExchange? | The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) BikeExchange on Completion. | Section 8.5 |
| Will any Shares be subject to restrictions on disposal following Completion? | <p>Yes.</p> <p>Subject to the Company being admitted to the Official List, the Company anticipates that certain Shares and Options on issue prior to the Listing will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the Listing Date.</p> <p>Shares held by certain Existing Shareholders on Completion are expected to be subject to voluntary escrow arrangements. Each Escrow Shareholder will enter into an escrow deed in respect of their Escrowed Shares, which will prevent them from disposing of their respective Escrowed Shares for the escrow period.</p> <p>At Completion, it is expected that at least approximately 161 million Shares, representing 55.05% of the total issued capital of the Company on an undiluted basis, will be subject to either ASX mandatory escrow or voluntary escrow arrangements.</p> | Section 10.9 |
| Are there any other related party transactions? | <p>Other than as disclosed in this Prospectus, the Company or BikeExchange are not party to any material related party arrangements.</p> <p>Andrew Ryan, Gregg Taylor and Sam Salter are directors of both Marketplacer and the Company. In addition, Jason Wyatt, the spouse of Proposed Director Jade Wyatt, is a director of Marketplacer.</p> <p>As such, the Company considers that the Marketplacer Agreements are related party arrangements. A summary of these agreements is set out in Section 10.5.3.</p> | Section 7.6 |

1 Investment Overview (continued)

1.8. Overview of the Offer

| Topic | Summary | For more information |
|--|---|--------------------------|
| Who is the issuer of this Prospectus? | RPro Holdings Limited (to be renamed "BikeExchange Limited") (ACN 625 305 240). | Important notices |
| What are the Offers? | <p>The Offers are comprised of:</p> <ul style="list-style-type: none"> • Public Offer – the Offer of 76,923,076 Shares at an issue price of \$0.26 per Share to raise \$20,000,000; and • Consideration Offer – the Offer of up to 177,497,224 Shares at a deemed issue price of \$0.26 per Share to the BikeExchange Shareholders as consideration payable by the Company for the acquisition of 100% of the issued capital in BikeExchange TopCo; and • EIP Offer – the Offer of 18,100,000 Options to the Proposed Directors, key executives and employees. | Section 8.2 |
| What are the main conditions to the Offers? | <p>The Offers are conditional upon:</p> <ul style="list-style-type: none"> • the Shareholders approving all Resolutions at the EGM; • a minimum of \$20,000,000 being raised under the Public Offer; • the Company being in a position to complete the acquisition of BikeExchange TopCo pursuant to the Proposed Transaction; and • the ASX providing conditional approval for the Company's application to be admitted to the Official List. <p>In the event that the conditions above are not satisfied or waived, the Offers will not proceed, and no Shares will be issued under this Prospectus. If this occurs, all Application Monies received will be refunded (without interest) in accordance with the Corporations Act.</p> | Section 8.1 |
| Who can participate in the Offers | <p>Investors that have a registered address in Australia can participate in the Public Offer.</p> <p>Only BikeExchange Shareholders will be invited to participate in the Consideration Offer.</p> <p>Only the Proposed Directors, key executive and employees of the Company will be invited to participate in the EIP Offer.</p> | Section 8 |
| What is the consideration payable for the Shares? | Successful Applicants under the Public Offer will pay the Offer Price, being \$0.26 per Share. | Section 8.6 |

| Topic | Summary | For more information |
|--|--|----------------------------------|
| What is the proposed use of proceeds raised in connection with the Public Offer? | <p>The Company intends to apply funds raised from the Public Offer:</p> <ul style="list-style-type: none"> • brand and customer acquisition marketing; • product development and technology; • investment in resources to scale the business; • working capital; and • to pay for costs and expenses associated with the Offers. | Section 8.3.1 |
| How is the Public Offer structured? | <ul style="list-style-type: none"> • The Public Offer comprises: • the Institutional Offer, which consists of an invitation to bid for Shares made to Institutional Investors in Australia, New Zealand and a number of other eligible jurisdictions. • the Retail Offer, consisting of the: <ul style="list-style-type: none"> – Broker Firm Offer, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate; and – Priority Offer, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation. | Section 8.3 |
| Is the Public Offer underwritten? | Yes. The Lead Manager has agreed to fully underwrite the Public Offer. Details are provided in Sections 8.13 and 10.8. | Sections 8.13 and 10.8 |
| What is the allocation policy? | <p>The allocation of Shares between the Retail Offer and the Institutional Offer will be determined by the Company and the Lead Manager.</p> <p>For Broker Firm Offer participants, the relevant Broker will decide as to how they allocate Shares among their retail clients.</p> <p>The allocation policy relating to the Broker Offer and Priority Offer are outlined in Sections 8.7.4 and 8.8.4, respectively.</p> <p>The allocation of Shares among Applicants in the Institutional Offer will be determined by the Company and the Lead Manager.</p> | Sections 8.7.4, 8.8.4 and 8.10.2 |
| Who is the Lead Manager and Underwriter for the Public Offer? | The Lead Manager and Underwriter is Morgans Corporate Limited (ABN 32 010 539 607). | Important notices |

1 Investment Overview (continued)

| Topic | Summary | For more information |
|--|--|-----------------------------------|
| Will the Shares be quoted on the ASX? | <p>The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code "BEX".</p> <p>Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable, in accordance with the requirements of the Corporations Act.</p> | Section 8.16.1 |
| Is there any brokerage, commission or stamp duty payable by Applicants? | No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Public Offer. | Section 8.6 |
| What are the tax implications of investing in the Shares? | <p>Summaries of certain Australian income tax, GST and stamp duty consequences of participating in the Offers and investing in Shares are set out in Section 10.14.</p> <p>The tax and duty consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p> | Section 10.14 |
| How can I apply? | <p>Broker Firm Offer Applicants</p> <p>Broker Firm Offer Applicants may apply for Shares by completing the Application Form included in or accompanying this Prospectus and lodging it with the Broker who invited them to participate in the Offer.</p> <p>Priority Offer Applicants</p> <p>Applicants under the Priority Offer may apply for Shares by following the instructions on how to apply in the Priority Offer invitation.</p> <p>Institutional Offer Applicants</p> <p>The Lead Manager will separately advise Institutional Investors of the Application procedure under the Institutional Offer.</p> <p>To the extent permitted by law, an Application received under the Offer is irrevocable.</p> | Sections 8.7, 8.8 and 8.10 |
| What is the minimum Application size? | <p>Broker Firm Offer</p> <ul style="list-style-type: none"> \$2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however, the Company and the Lead Manager reserves the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for. <p>Priority Offer</p> <ul style="list-style-type: none"> \$2,000 of Shares in aggregate. Priority Offer Applicants may apply for up to the value of Shares indicated in their Priority Offer invitation. | Sections 8.7 and 8.8 |

| Topic | Summary | For more information |
|---|---|--|
| When will I receive confirmation that my Application has been successful? | It is expected that initial holding statements will be mailed to successful Applicants by post on or about 5 February 2021. | Section 8.6 |
| When can I sell my Shares on the ASX? | <p>Normal settlement trading is expected to commence on or about 9 February 2021.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p> | Section 8.6 |
| Can the Offers be withdrawn? | <p>RPro may withdraw the Offers at any time before the issue of Shares to successful Applicants or bidders under Offers.</p> <p>If the Offers, or any part of it, do not proceed, all relevant Application Monies will be refunded (without interest).</p> | Important notices |
| Where can I find out more information about this Prospectus or the Offers? | <p>If you have any questions in relation to the Offers, contact the Offer Information Line on:</p> <ul style="list-style-type: none"> • 1300 288 664 (toll free within Australia); or • +61 2 9689 5414 (outside Australia); <p>between 8:30am and 5:30pm (Sydney time), Monday to Friday.</p> <p>If you are unclear in relation to any matter, or are uncertain as to whether RPro is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p> | Important notices Key dates |



SECTION 2

Overview of the Proposed Transaction

2 Overview of the Proposed Transaction

2.1. Acquisition of BikeExchange TopCo

RPro proposes to enter into the Share Sale Agreement with the BikeExchange Shareholders to acquire 100% of the issued capital in BikeExchange TopCo (**Proposed Transaction**). Pursuant to the Restructure, BikeExchange TopCo will be the ultimate holding company of the BikeExchange Group, which operates a business that facilitates an online marketplace for the sale and distribution of bicycles and related products. The interposition of BikeExchange TopCo pursuant to the Restructure as the ultimate holding company of the BikeExchange Group is being undertaken in order to streamline the corporate structure and regulatory obligations of the BikeExchange Group. The interposition of BikeExchange TopCo is not dependent or conditional on the Listing or the Proposed Transaction.

The Restructure will be affected by way of the Share Exchange Agreement. A summary of the material terms of the Share Exchange Agreement is set out at Section 10.4.

Consideration

Pursuant to the Share Sale Agreement, as consideration for the sale of 100% of the issued capital of BikeExchange TopCo, the Company proposes to issue scrip consideration, being 177,497,224 Consideration Shares at an issue price of \$0.26 per Share (on a post-Consolidation basis) to the BikeExchange Shareholders. The specific scrip consideration is subject to completion of the Offer Letter process. The elections made by BikeExchange Shareholder under the Offer Letter process will be reflected in the Share Sale Agreement and the Bombora Sale Deed.

Conditions precedent

Completion of the Proposed Transaction is subject to a number of conditions precedent being satisfied or waived, including the raising of capital (which is being conducted under this Prospectus) and receipt of Shareholder approval at the upcoming EGM, which is expected to be held on or around 18 January 2021.

A summary of the material terms of the draft Share Sale Agreement is set out at Section 10.5.1.

2.2. Shareholder approval

The Company plans to hold the EGM on or around 18 January 2021. At the EGM, Shareholders will be asked to approve the following resolutions which relate to the Proposed Transaction and listing of the Company on ASX:

- consolidation of the Company's existing share capital on a 1 for 20 basis;
- acquisition of a relevant interest above 20% in the Company by the BikeExchange Shareholders pursuant to the terms of the draft Share Sale Agreement;
- adoption of a new constitution;
- adoption of an employee incentive scheme entitled the "Employee Incentive Plan";
- appointments of Jade Wyatt, Sam Salter and Andrew Ryan to the board as Directors;
- resignation of Michael Hill and Josh May as directors of the Company; and
- change of the Company's name to "BikeExchange Limited".



SECTION 3

Industry Overview

3 Industry Overview

3.1. Introduction

BikeExchange is a leading global online marketplace connecting retailers, brands and consumers through the sale of cycling products and related cycling content. BikeExchange operates in the retail e-commerce industry and offers over 600,000 products from over 1,500 brands across four geographic hubs servicing ANZ, the EU, North America and LATAM.

The global bicycle market consists of sales of bicycles (both manual powered and E-Bikes), accessories and parts. Bicycles are used by consumers as a mode of transportation, for sport or exercise, and for leisure and recreational activities.

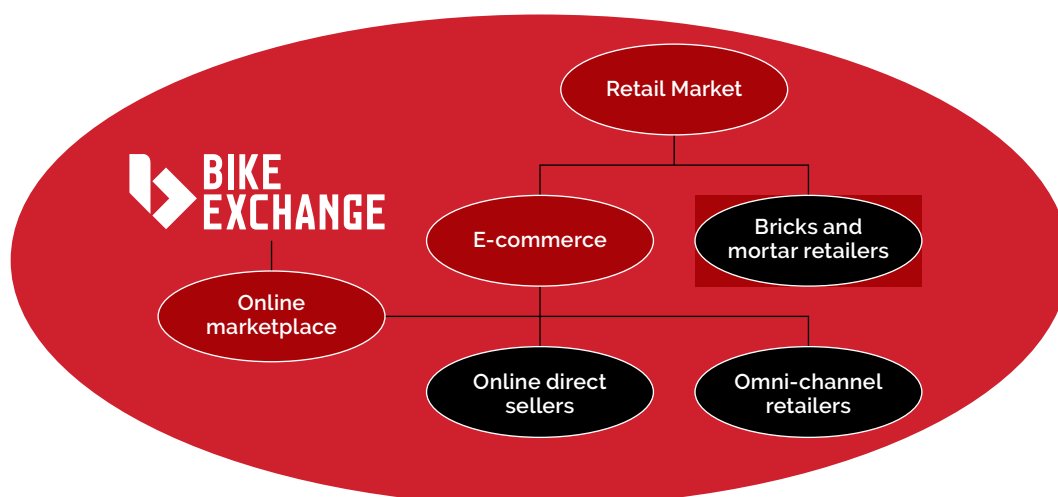
A number of significant drivers are accelerating the growth of the bicycle industry, including:

- **Health benefits:** consumer preferences are shifting towards cycling as a sport, leisure, and cardio activity, with increased awareness of the personal health benefits of cycling.
- **Cycle tourism:** increased focus on cycling tourism is accelerating the growth of the bicycle industry, with significant expenditure on cycle tourism by tourists and tourism providers.
- **Cycling for transport/commuting:** as cities are becoming more crowded and car traffic lengthens commuting time, commuters are increasingly turning to bicycles which may be faster than commuting via car or public transport. Employers and local governments in key BikeExchange markets are supporting this shift towards bicycle commuting through development of cycling infrastructure and incentives/initiatives.
- **Cost effective:** bicycles are a highly economical mode of transport, requiring no fuel or insurance and lower maintenance costs than other personal modes of transport.
- **Environmental-consciousness:** bicycles are environmentally sustainable and leave a limited impact with respect to air pollution, noise pollution, and Greenhouse Gas emissions compared to auto transport.

These benefits of bicycles are expected to boost cycling adoption among end-users and consequently drive the growth of the market, which are discussed in Section 3.3.

Bicycles are typically sold directly to consumers through traditional bricks and mortar retailers (via distributors), or via online channels direct to consumers. Major brands have embraced omni-channel strategies to offer an improved customer experience, and to streamline different channels such as click & collect, drop-shipment and availability at independent bicycle distributors (IBDs) as further discussed in Section 3.5.1.

Figure 1: BikeExchange's position in the industry

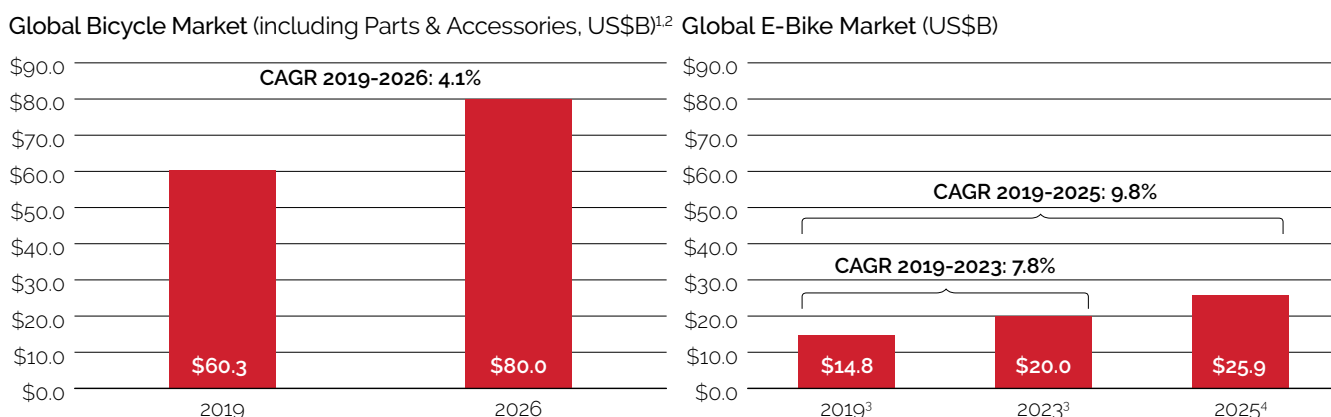


3 Industry Overview (continued)

3.2. Overview of the global bicycle market

The global bicycle market including sales of parts and accessories was estimated to be US\$60.3 billion in 2019. This market is forecast to grow at a Compound Annual Growth Rate (CAGR) of 4.1% to US\$80 billion in 2026. The global E-Bike market was estimated to be US\$14.1 billion in 2019 and is forecast to grow at a faster CAGR of 9.1% to US\$25.9 billion in 2025¹.

Figure 2: Global total bicycle market and E-Bike market (US\$ billion)



The introduction of E-Bikes has been one of many drivers of increased cycling participation globally. E-Bikes now represent the largest category of bikes sold in key EU markets.⁵ Over the next 5-7 years there is significant E-Bike growth potential in the US, Australia and the UK where E-Bike adoption is still in its infancy⁶.

3.2.1. Australia and New Zealand (ANZ)

The Australian bicycle market including sales of parts and accessories was estimated at \$780 million in FY20. The total market is forecast to grow at 0.7% CAGR to FY25⁷ reflected in Figure 3 below.

Approximately 1.2 million bicycles were sold in Australia in FY20. An estimated two-thirds are sold via big box retailers and sporting merchants such as Kmart, Big W, Target, Rebel Sport, Anaconda, and Decathlon. The remainder, approximately 400,000 bicycles, were sold via specialist retailers.

As specialist retailers sell higher-quality branded bicycle and higher priced E-Bikes, specialist retailers account for a greater share of total market value versus big box retailers and sporting merchants⁸. BikeExchange operates a marketplace for higher-quality branded bicycles and E-Bikes.

1 Management estimates based on an independent report.

2 Persistence Market Research (July 2019, May 2020).

3 Management estimate based on an independent report.

4 Ibid.

5 Ibid.

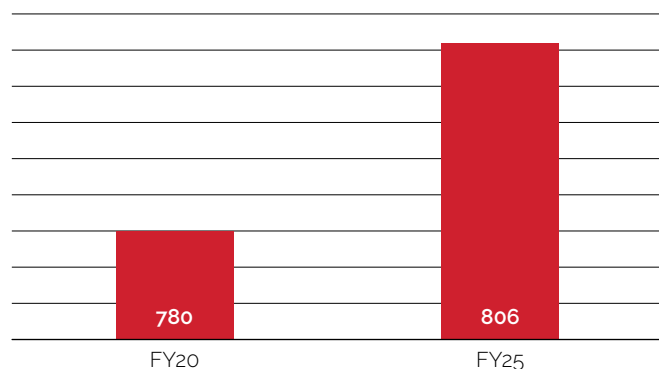
6 Ibid.

7 Ibid.

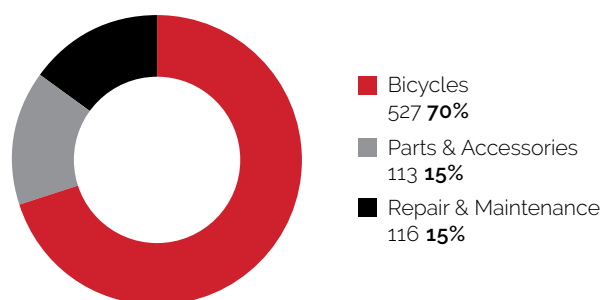
8 Ibid.

Figure 3: The Australian bicycle retail market (A\$ million)

Bicycle Retail Market Value (FY20-25)⁹

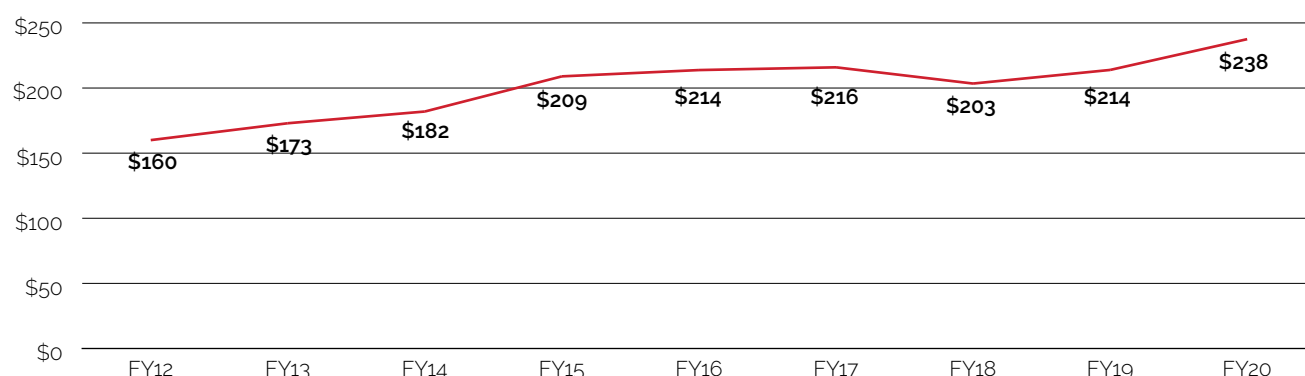


Bicycle Retail Market by Product/Service (FY20)



The average unit import value for bicycles into Australia has been increasing as per Figure 4 below, driven partially by the introduction of E-Bikes which have a higher retail value.

Figure 4: Average unit value of Australian bicycle imports¹⁰ (A\$)



E-bikes are set to show significant growth in Australia, driving total market value growth¹¹:

- **Segment in infancy:** E-Bikes in Australia are a small share of new bicycle sales (3% of total sales in FY19 – approximately 25,000 units) compared to 8% EU wide and over 20% in some EU markets.
- **Rapid growth projected:** It is estimated that E-Bikes sales will increase by 100% to 6% of new bicycle sales in FY20 (approximately 50,000 units), and the industry is targeting 10% share by FY23.
- **Most sold by specialty retailers:** Approximately 12% of all bicycles sold through the specialty channel are E-Bikes.

The New Zealand bicycle market is estimated at NZD\$92 million, with approximately 256,000 bicycles imported and sold in the year to June 2019¹². From the 256,000 sold, E-Bikes and scooters represent approximately 24.4% of bicycles imported and sold, with a combined value of NZD\$63.5 million, being 69% of the industry value¹³.

In New Zealand, 48,000 people use cycling as their main means of travel to work, making cycling the fastest growing mode of transport in many cities. Approximately 73 million cycle trips are made each year within New Zealand. In a government survey conducted in 2019, 19% of people had reported cycling in the past month¹⁴.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Management estimates based on data from Bicycle Industries Australia (BIA), October 2020.

¹² The Register, Wheels in Motion – How the bicycle category is booming, December 2019 (accessed October 2020).

¹³ Ibid.

¹⁴ Cycling Action Network, Cycling facts, accessed November 2020 from <https://can.org.nz/cycling-facts>.

3 Industry Overview (continued)

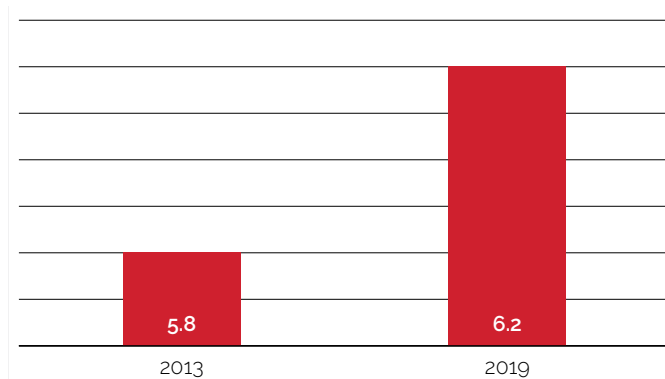
3.2.2. North America (US)

The North American bicycle market is dominated by the US which represents 60% market share.

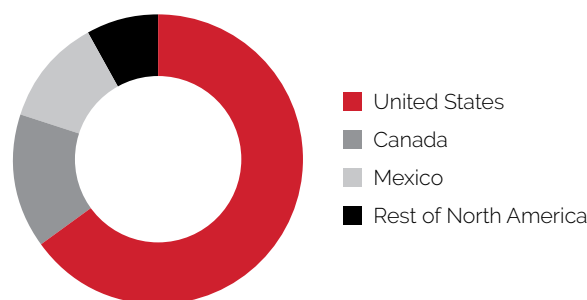
The US bicycle market was worth approximately A\$8.5 billion in 2019, with the greater North American market forecast to grow at 5.5% CAGR to 2025¹⁵.

Figure 5: The North American and US bicycle markets

US Bicycle Market Value (US\$ billion)¹⁶



North American Bicycle Market by Country (2019)¹⁷



E-Bikes are driving growth in the US bicycle market:

- approximately 263,000 E-Bikes were sold in the US in 2019 with over 400,000 expected for 2020¹⁸;
- over US\$207 million in sales in the 12 month period up to September 2019¹⁹; and
- the North American E-Bike market is forecast to grow at a CAGR of 19.7% to 2024²⁰.

Specialty retail represented 52% of the market in 2018, the largest distribution category by value in the North American bicycle market, driven in part by the growth of E-Bikes sales²¹.

Average prices for bicycles differ greatly between channels, with mass merchant bicycle prices averaging under \$100, chain sporting/outdoor specialty averaging between \$250-\$500, and specialty retail averaging over \$750 (with E-Bikes averaging over \$1,500)²².

¹⁵ Management estimates.

¹⁶ Ibid.

¹⁷ The Latz Report, Letter from America, October 2019.

¹⁸ Management estimates.

¹⁹ Baird Investment Banking, Cycling Industry Outlook, accessed October 2020.

²⁰ OPTO Trading Intelligence, "What investment opportunities are in the booming e-bike market", accessed 20 August 2020.

²¹ NBDA, A look at the Bicycle Industry's Vital Statistics, 2015, accessed October 2020, <https://nbda.com/bicycle-industry-data-overview/>.

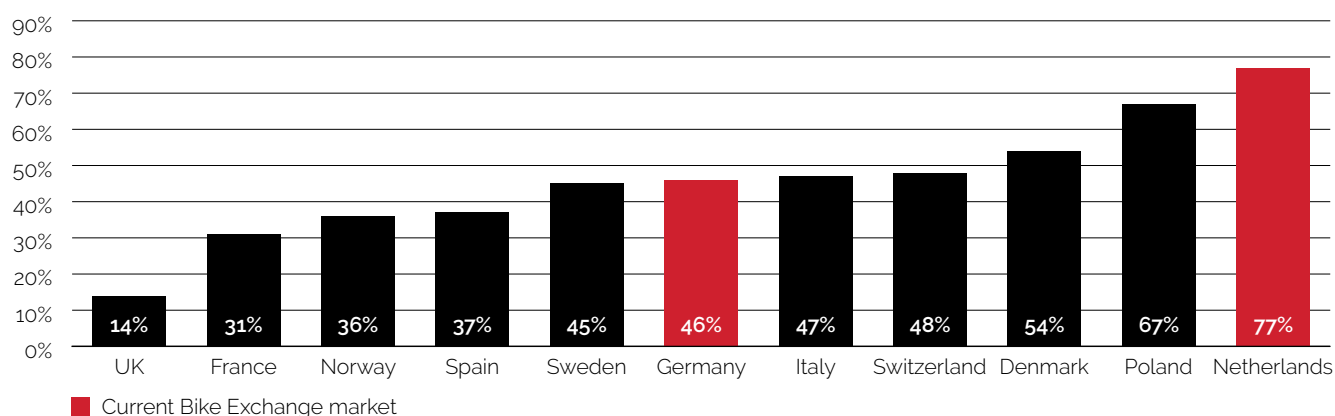
²² Bicycle-Guider, Bike Statistics & Facts for 2020, <https://www.bicycle-guider.com/bike-facts-stats/>, accessed October 2020.

3.2.3. European Union (EU)

BikeExchange operates currently in three growing EU markets: Germany, the Netherlands and Belgium see Section 4.1 for more information.

Bicycles are used by a significant portion of the population in these markets as a method of commuting and for leisure. E-Bike penetration is higher in the EU than the rest of the world, with over 3 million E-Bikes sold in the EU in 2019 and 8% already owning an E-Bike. It is estimated that approximately 17% of people who live in Europe intend to buy or use an E-Bike in 2020²³.

Figure 6: Bicycle usage by selected EU countries



Sources: Shimano Steps "State of the Nation Report" (2020).

The shift to E-Bikes and the related increase in average bicycle unit value has driven market value size and growth. Markets with a high share of E-Bike sales such as Germany, the Netherlands and Belgium, have higher market values. These markets are already BikeExchange's core markets in Europe. Secondary markets such as France, Spain, Denmark and Sweden, with increasing volumes of E-Bike growth and share²⁴, would potentially provide an opportunity for BikeExchange to expand its current operations to support future growth.

Germany's bicycle market is valued at approximately €7 billion and has grown at a CAGR of 14.9% from 2015 to 2019, Being driven by E-Bike sales. There are currently 75.9 million bicycles in Germany, of which 5.4 million are estimated to be E-Bikes. The E-Bike segment is anticipated to increase to up to 40% of share in the medium term²⁵.

In 2019, the market for bicycles in the Netherlands was worth €1.3 billion and this has since grown at a CAGR of 8.2% between 2014 to 2019²⁶. In 2019, 75% of bicycles sold in the Netherlands were via specialist bicycle dealers and shops that typically sell higher value bicycles than those purchased through department or warehouse stores²⁷.

In 2019, approximately 470,000 bicycles were sold in Belgium, 47% of which were E-Bikes, the highest share of E-Bike sales of any European market²⁸.

23 Bike Europe, Interest in e-bikes reaches record levels, July 2020, <https://www.bike-eu.com/market/nieuws/2020/07/interest-in-e-bikes-reaches-record-levels-10138331>.

24 Management estimates.

25 Management estimates.

26 Ibid.

27 Ibid.

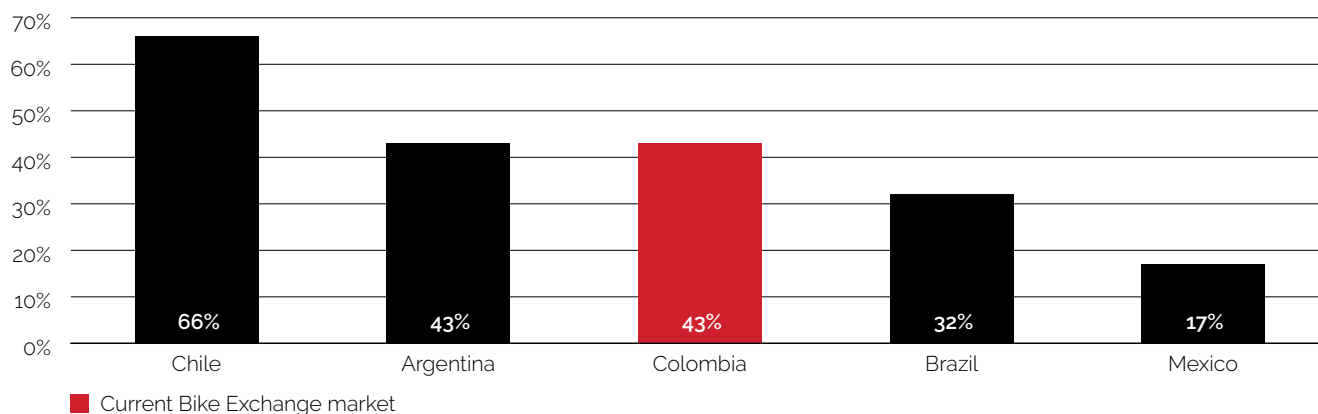
28 Ibid.

3 Industry Overview (continued)

3.2.4. Colombia

Colombia has focused on regulatory measures and government incentives to make bicycling the country's primary means of transportation²⁹. By prioritising the development of integrated transportation systems and providing riders with rights on the roadway³⁰, Bogota was ranked the 12th most bicycle-friendly city in the world in 2019³¹.

Figure 7: Percentage of households owning a bicycle (2030)³²



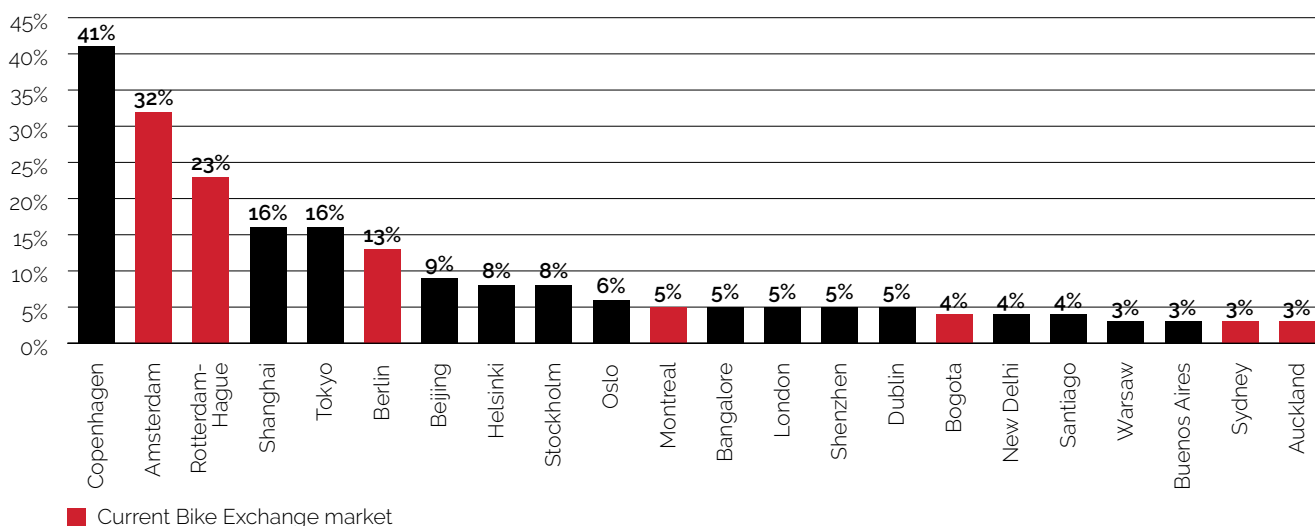
Source: Statista, via Euromonitor (2020).

3.3. Key demand drivers for cyclists

3.3.1. Commuting

The use of bicycles for commuting is a significant driver of bicycle usage, especially in the EU and in key cities in Australia and the US. Commuting by bicycle in the EU, particularly in Germany, the Netherlands, Belgium and Denmark, is common and represents a significant portion of the population.

Percentage of journeys taken wholly or partly by bicycle (Top 22 cities, 2019, %)³³



Source: Deloitte Insights "Technology, Media and Telecommunications Predictions 2020"; European Cycling Foundation.

29 Management estimates based on Bikelaw.com, Colombia's Visionary Bicycle Legislation, September 2020.

30 Ibid.

31 Management estimates.

32 Ibid.

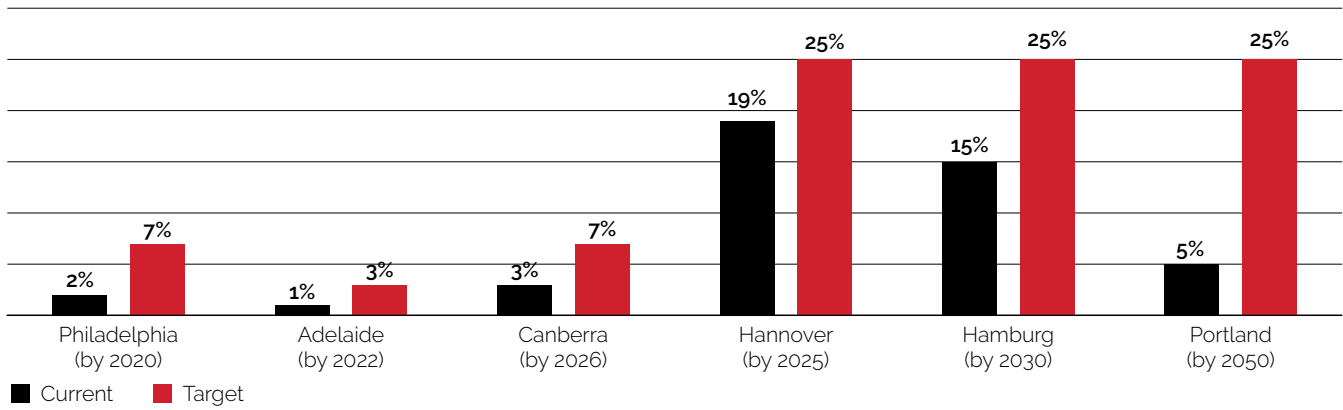
33 Management estimates.

Globally, governments are increasing incentives to commute by bicycle and adding infrastructure to support bike commuting³⁴. In Australia and the US, commuting by bicycle is on the rise as government incentives increase, E-Bikes become more prevalent and cycling infrastructure is put in place.

There is ample room for growth as ~1% of commutes in the US and Australia are by bicycle compared to 30-40% or more in Belgium or the Netherlands³⁵. As E-Bikes increasingly penetrate the Australian and US markets, commuting will be more attractive as mid-range distances between work and home are more feasible on an E-Bike.

The proportion of people globally who cycle to work during the three years from 2019 to 2022 is predicted to increase by 1%³⁶. Key cities have goals to increase cycling share by significant proportions as shown in Figure 8 below.

Figure 8: Cycling share goals by city³⁷



Consumers, industry and governments are increasingly recognising the value and benefits of cycling. Globally, cycling participation is increasing, driven by riding for commuting, leisure and exercise with E-Bikes further expanding the cycling participation rates. Local and federal governments are providing subsidies and incentives to drive cycling take-up and developing action and infrastructure plans to support increases in cycling activity.

3.3.2. Environmental benefits³⁸

Environmental awareness of active transport (cycling and walking) is increasing as a way for commuters to reduce CO2 emissions, air pollution and noise pollution. In the EU alone, it is estimated that cycling saves more than 16 million tonnes of CO2 equivalents and corresponding fuel savings.

3.3.3. Health benefits³⁹

Cycling, and more broadly exercise, reduces mortality and morbidity, helps to prevent chronic disease and supports good mental health. In the EU alone, it is estimated that cycling prevents approximately 18,000 premature deaths per year, corresponding to an economic value of €52 billion annually.

34 European Cyclists Federation, The benefits of Cycling – Unlocking their potential for Europe, December 2018, accessed <https://ecf.com/what-we-do/cycling-economy/economic-benefits>.

35 Management estimates.

36 Ibid.

37 Ibid.

38 European Cyclists Federation, The benefits of Cycling – Unlocking their potential for Europe, December 2018, accessed <https://ecf.com/what-we-do/cycling-economy/economic-benefits>.

39 Ibid.

3 Industry Overview (continued)

3.3.4. Convenience benefits⁴⁰

In many cities, it is faster and cheaper to cycle to work compared with driving or public transport. Bicycles typically require lower maintenance compared with other forms of transport and are space efficient, with a single car spot able to fit up to 15 bicycles at one time.

3.3.5. Cycle tourism

Experiential tourism has been increasing over the past decade, and cycle tourism is a fast-growing segment. There are an estimated 2.3 billion cycle tourism trips per year in the EU, with an economic value of €44 billion⁴¹. In New Zealand, more than 1.3 million cycle trips were taken by approximately 400,000 trail users in 2018. Cycle tourism contributed \$37.4 million towards the New Zealand Cycle Trail in 2016⁴². Within North America, for the US economy cycle tourism contributed USD\$83 billion in 2017 to the domestic economy⁴³.

3.3.6. Financial incentives

Incentive programs which promote the purchase and use of both bicycles and E-Bikes have been implemented in certain EU countries and New Zealand. Figure 9 provides a high-level summary of key initiatives in the markets BikeExchange operates in.

Figure 9: Financial incentives for bicycles and E-Bikes in target markets

| Market | Incentive |
|-------------------------------|--|
| Belgium ⁴⁴ | <ul style="list-style-type: none">• Businesses sign up to the scheme, and employees receive an allowance in addition to their salary (average allowance in 2018 was €252).• 550,000 people received a bicycle allowance in 2018, up from 432,000 in 2016. |
| The Netherlands ⁴⁵ | <ul style="list-style-type: none">• Interest-free loans to purchase E-Bikes, lease bicycles from employers and receive reimbursement for kms ridden on E-Bikes.• Employers can provide employees with a 'company bike'. |
| New Zealand ⁴⁶ | <ul style="list-style-type: none">• Public sector subsidy and private sector interest-free loans are available for E-Bike purchases.• Discounts range from 10 to 50%, or between \$300 to \$1,200, off the cost of an E-Bike. |

⁴⁰ Ibid.

⁴¹ The Register, *Wheels in Motion - How the bicycle category is booming*, December 2019 (accessed October 2020).

⁴² Adventure Cycling Association, International Studies, accessed November 2020, <https://www.adventurecycling.org/advocacy/building-bike-tourism/economic-impact/>.

⁴³ Ibid.

⁴⁴ The Brussels Times, *Belgian employees take advantage of increase in bike allowances*, September 2019, accessed <https://www.brusselstimes.com/news/belgium-all-news/employment/66255/more-bike-allowances-are-given-to-belgian-employees/>.

⁴⁵ BikeNews, *Tax Breaks Set to Boost Netherlands E-Bike use*, January 2020, accessed https://www.bikenews.online/index.php?route=blog/article&blog_article_id=257.

⁴⁶ The Register, *Wheels in Motion: 20 workplaces take up e-bike subsidy scheme*, August 2020, <https://www.stuff.co.nz/business/industries/122560389/wheels-in-motion-20-workplaces-take-up-ebike-subsidy-scheme>

3.3.7. Infrastructure Investment

Local, state and federal governments in Australia and Europe have been investing in infrastructure to support increased cycling participation. 'Cycling strategies' are a key component of transport planning including in the target markets of BikeExchange.

Figure 10: Examples of cycling infrastructure investment in target markets

| Market | Detail |
|---------------------------------|--|
| Belgium⁴⁷ | <ul style="list-style-type: none">• The city centre of Brussels has been turned into 20kph zone with pedestrians and cyclists allowed to use full width of the road and given full priority.• Additional cycle paths (40km in length) installed throughout the city.• In Liege 35km of road is to be prioritised for pedestrians and cyclists. |
| Melbourne⁴⁸ | <ul style="list-style-type: none">• "Cycling superhighway" to create hundreds of kms between CBD and suburbs backed by Infrastructure Australia, with Melbourne and Yarra Councils fast-tracking investment in 40km of new bike lanes due to COVID-19. |
| Sydney⁴⁹ | <ul style="list-style-type: none">• Target 10% of all trips in Sydney to be by bicycle by 2030, promoted by 4 priorities: connecting the network, supporting people to ride, supporting businesses and leadership/advocacy.• Spending on bicycle-related projects increased from 8.9% of budget to 24.3% of transport budget (FY19 vs. FY20), and increase of 33% per capita. |
| Perth⁵⁰ | <ul style="list-style-type: none">• \$55 million expenditure between FY20-24 through the State Government's WA Bicycle Network Plan, establishing cycle and shared paths.• \$64 million to retrofit older shared path.• \$4 million in funding for local governments for cycle upgrades in FY20. |
| New Zealand⁵¹ | <ul style="list-style-type: none">• \$120 million investment in the New Zealand Cycle Trail to create a continuous touring route running the length of New Zealand. |

47 Bike-EU, Initiatives across Europe support cycling as mobility solution, May 2020.

48 Bicycle Network "Infrastructure Australia back plan for Melbourne cycling superhighways" (Feb 2020).

49 City of Sydney "Cycling Strategy Action Plan 2018-2030", March 2018.

50 Fairfax Domain "Perth could become a cycling city through a multimillion dollar bike path spend", November 2019.

51 The Register, Wheels in Motion – How the bicycle category is booming, December 2019 (accessed October 2020).

3 Industry Overview (continued)

3.4. E-Commerce

Traditional retailers are beginning to use e-commerce to transact online and generate a larger sales presence. A greater acceptance of online shopping together with a wider range of sporting and physical recreation products available online, is creating robust consumer demand⁵².

E-commerce markets in the countries BikeExchange is targeting are exhibiting strong growth characteristics.

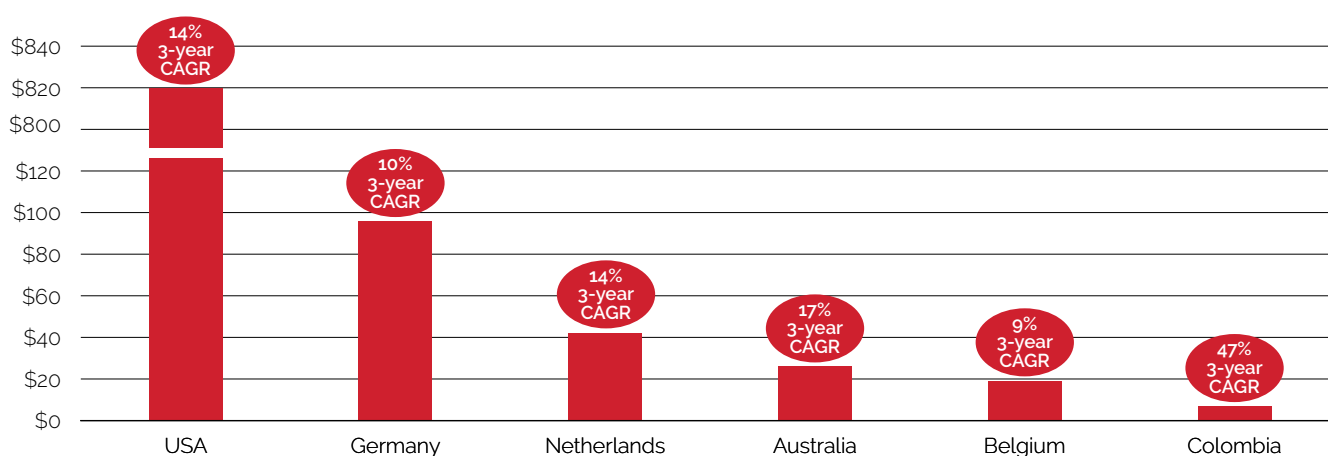
Australia's e-commerce market has grown at a CAGR of 16.6% from 2015 to 2019 and is forecast to continue growing at a CAGR of 4.7% from FY21 to FY25 to over \$37 billion. From 2015 to 2019 e-commerce sporting and physical recreation goods sales grew at a CAGR of 11.0% and is forecast to grow at a CAGR of 5.3% between FY21 and FY25 to \$738.3 million.

In the US, sporting goods e-commerce was valued at USD\$19 billion and grew at a CAGR of 15.4% between 2015 and 2018, outpacing the growth of the wider US e-commerce market with a CAGR of 14.5%⁵³. In Australia, sporting and recreational goods e-commerce grew at a CAGR of 11.0% and is forecast to grow at a CAGR of 5.3% between FY21 and FY25 to \$738.3 million⁵⁴.

The German e-commerce market grew at a CAGR of 10.4% from 2015 to 2019 and represented approximately €59 billion in 2019. Over this same period, the Netherlands e-commerce market grew 12.6% and represented approximately €26 billion in value in 2019⁵⁵. Belgium's e-commerce market grew to approximately €11 billion in 2019, representing an 8.6% CAGR between 2015 and 2019.

Colombia's e-commerce market has demonstrated high growth, with a CAGR of 49.9% for the period between 2015 to 2019 and represented approximately USD\$5.2 billion⁵⁶.

Figure 11: International e-commerce markets 2018 (AU\$ billions)



3.5. Competitive landscape

The majority of bicycle market sales value is through specialty retailers, but there are significant regional differences. EU tends to have higher share of volume through specialty retailers, while the US and Australia volumes are mainly through mass market.

52 Management estimates.

53 United States Census Bureau, Quarterly E-Commerce Report, November 2020.

54 Management estimates.

55 Based on exchange rate as at 4 December 2020.

56 Ibid.

Figure 12: Bicycle retailers Types⁵⁷

| | Mass Market Retailers | Chain Sporting Goods | Outdoor Specialty | Specialty Bicycle |
|---|--|--|---|--|
| Description | Multi-category mass merchants that sell a wide variety of products, from groceries to clothing to whitegoods | Multi-category stores that cater to a broad range of sporting good | Multi-category stores that focus on outdoor sporting goods | Specialist bicycle retailers that focus on bicycles, with vast majority of sales from cycling (may have scooters, for example) |
| Average bicycle value | Low | Low/Med | Low/Med | Med/High |
| Breadth of cycling products (bikes, P&A) | Low | Low/Med | Low/Med | High |
| Examples | Walmart (US) Kmart (US/AU) | Decathlon (Europe,AU) Dick's Sporting Goods (US) | REI (US) Anaconda (AU) | Highly fragmented with many small chain/single stores |
| Details | <ul style="list-style-type: none"> • USA¹: 74% units/ 32% value; avg unit price US \$89 (2015) • Australia³: ~65% • Germany⁴: 8% • Spain⁵: 8% • France⁶: 18% units/ 7% value | <ul style="list-style-type: none"> • USA¹: 6% units/ 8% value; avg unit price US \$266 (2015) • Spain⁵: 12% • France⁶: 55% units/36% value | <ul style="list-style-type: none"> • USA¹: 3.5% units/ 8% value; avg unit price US \$464 (2015) | <ul style="list-style-type: none"> • USA¹: 13% units/ 49% value (2015); avg unit price US \$753 (2015) • Netherlands²: 75% • Germany⁴: 68% • Spain⁵: 80% • France⁶: 22% units/ 49% value |
| Internet | <ul style="list-style-type: none"> • Most retailers, across channels, offer online sales of bicycles • Online sales share of total volume differs by market, ranging generally from ~3% to 10% | | | |

Notes:

1. "NBDA "The 2015 NBDA Bicycle Industry Statpak".
2. RAI/Bovag "Kerncijfers: Tweewielers 2020".
3. Bicycle Industries Australia interview.
4. Zweirad-Industrie-Verband (ZIV) Fahrradmarkt in Deutschland 2019.
5. AMBE "El Sector de la Bicicleta en Cifras: 2019".
6. Union Sport & Cycle "Observatoire du Cycle Marche 2019"; Statista.

As E-Bikes are primarily sold via the specialty segment and have higher unit values, the specialty retail share of the market is also expected to grow in line with E-Bike sales growth. In markets where E-Bikes have a significant share of new volume such as Belgium and the Netherlands consumers are more likely to purchase a bicycle online, whereas in less developed E-Bike markets such as Australia, US and UK consumers are likely to use a 'bricks and mortar' touchpoint, for advice, testing, purchase, pick-up or a combination.

⁵⁷ Management estimates.

3 Industry Overview (continued)

3.5.1. Channel Distribution

Figure 13: Channel Distribution

| Business Model | Description | Examples |
|-------------------------------|---|---|
| Omni-channel retailers | <ul style="list-style-type: none"> Omni-channel retailers offer consumers the opportunity to transact through a physical store as well as online. These businesses typically originated as traditional 'bricks and mortar' retailers and added a transactional website over time. Omni-channel retailers may leverage their store footprints as a separate delivery channel for their online operations, offering services such as 'click and collect' and 'ship to store'. Omni-channel retailers can also offer bicycle servicing. | 99 Bikes (AU) Bikeforce (AU) Pushys (AU) Fahrrad.de (GER) |
| Online direct sellers | <ul style="list-style-type: none"> Source and purchase products from suppliers, which can increase working capital risks associated with holding inventory. Greater margin available, however reduced by higher operating costs associated with holding inventory, warehousing, and the need to provide a higher degree of customer support compared to online marketplaces. Able to sell their products and services via online marketplaces. | BicyclesOnline (AU, US) MyRide (AU) Velgear (ANZ) Wiggle (Multi-region) Chain Reaction (Multi-region) Bikester (EU) Jenson (US) Bike24 (GER) |
| Online marketplaces | <ul style="list-style-type: none"> Sellers and consumers are connected by completing transactions via an online marketplace. Revenue is generated from commission charged on the value of transactions completed. Offers sellers transaction services including processing payments and fraud protection. Increased exposure and brand awareness for sellers. Capital light model as no warehousing or inventory required. Provides both online direct sellers and omni-channel retailers another channel to sell their products. | BikeExchange (Multi-region) Bike-angebot (GER) |

There is a rise in "Direct to Consumer" (DTC) oriented models, with DTC bicycle sales forecast to increase from low single digits today to 10% or more by 2025⁵⁸.

Major brands have embraced omni-channel strategies to provide a DTC channel to complement IBD and specialty retail channels in multiple regions, examples include:

- **Specialised:** initially launched an integrated marketplace in EU (UK, the Netherlands and Belgium) and US, and is expanding to Germany, Australia, Switzerland and Luxembourg⁵⁹; and
- **Trek US:** continues to invest in innovation and building its e-commerce program, allowing customers to purchase online and pick up their assembled bicycle at a local Trek dealer.

⁵⁸ Management estimates.

⁵⁹ Bike Europe, Interest in e-bikes reaches record levels, July 2020, <https://www.bike-eu.com/market/nieuws/2020/07/interest-in-e-bikes-reaches-record-levels-10138331>.

This allows customers to interact directly with the brand and its dealers, both online and offline, bringing together different channels: physical trade, click & collect, drop shipment, availability at IBDs and rider-direct.

BikeExchange's relationship with brands, IBDs and end consumers provide retailer and consumer flexibility:

- brands can ensure their products are delivered and tailored to the specific consumer via physical IBD locations, or extend their DTC delivery via the extended reach of the BikeExchange marketplace;
- IBDs can leverage BikeExchange's reach, with leads that they may otherwise not have access to; and
- consumers get broader visibility of products that are available, with the ability to purchase directly from an IBD or via the BikeExchange e-commerce Platform.

3.6. Regulatory market

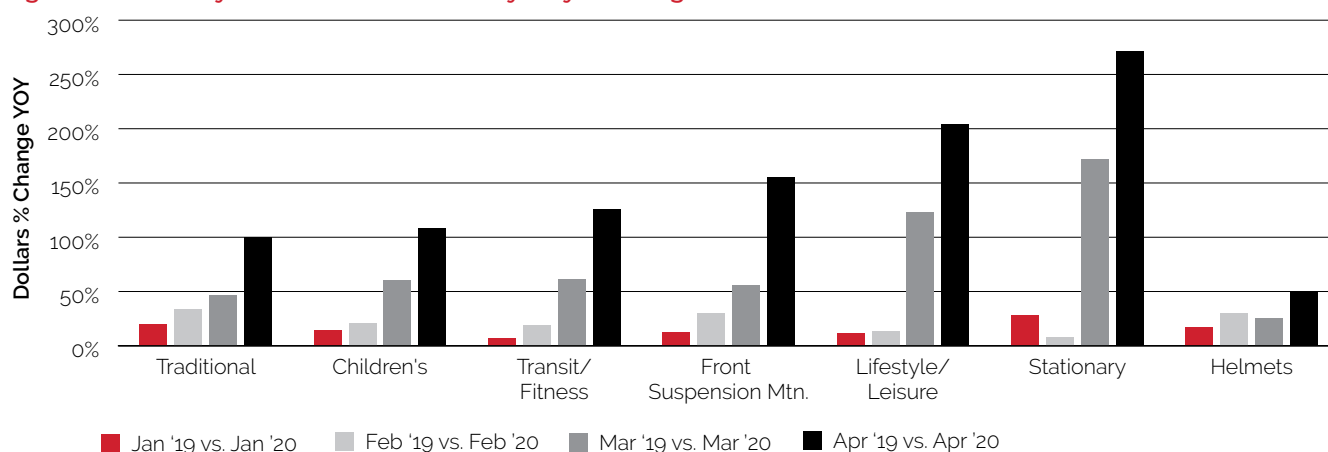
Australia does not manufacture bicycles domestically, with imported products subject to Australian standards. Some accessories, specifically helmets, must be certified to Australian standards so are purchased onshore⁶⁰.

Australia imposed a 5% tariff on most imported E-Bikes (for example those imported from Taiwan and Europe) in January 2018, however the growth of E-Bikes has not been significantly impacted to date. Import tariffs into the EU to prevent Chinese 'dumping' of bikes are having limited impact on the market from a consumer perspective given over 60% of bicycles sold are manufactured locally, with Chinese imports only representing approximately 4% of the market. Anti-dumping duties have been in place since 1993, with a current import tariff of up to 48.5% for non-electrical bikes. Additional import duties have been in place since 2013 for bicycles coming from other southeast Asian markets. In January 2019, duties of up to 79.3% were levied on imports of Chinese E-Bikes⁶¹.

3.7 COVID-19 Industry Impact

COVID-19 has accelerated growth in the market due to the increase in leisure and exercise cycling and workers' desire to reduce use of public transport. Further impact of COVID-19 to BikeExchange's operations is discussed in Section 4.3.

Figure 14: Monthly US Sales Growth for key bicycle categories⁶²



Source: The NPD Group/U.S. Retail Tracking Service/Dollar Sales/January-April 2020 vs. 2019.

60 The Latz Report, Letter from America, October 2019.

61 Management estimates.

62 Ibid.



SECTION 4

Business Overview

4 Business Overview

4.1. Overview of BikeExchange

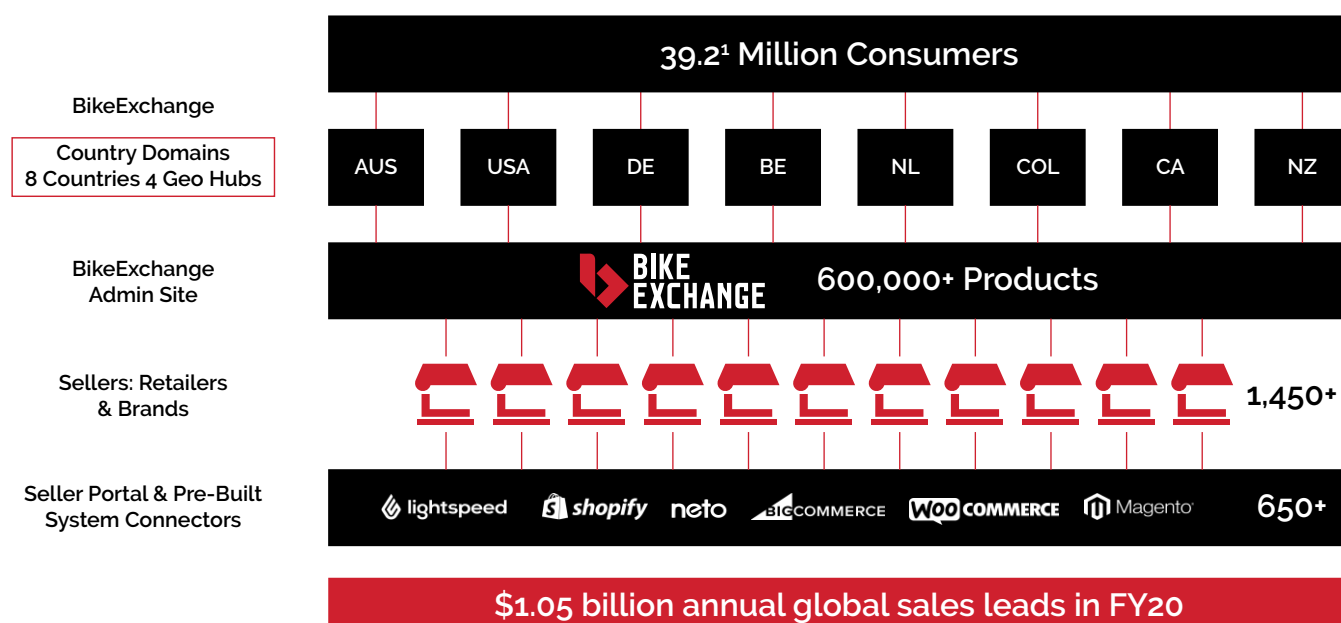
The BikeExchange Platform is one of the world's largest online cycling marketplaces. The BikeExchange Platform enables a network of brands, retailers and distributors to connect via a single destination marketplace.

BikeExchange was founded in Australia in 2007 with the simple purpose: **"to fuel the passion for riding by making it easy to buy and sell products and services related to cycling"**. Since that time BikeExchange has grown to be a systemised and scalable platform, now operating across eight countries servicing four geographic hubs in ANZ, EU, North America and LATAM.

During the 12-month period from October 2019 to September 2020, the BikeExchange Platform was visited by approximately 25.1 million consumers. This has driven e-commerce transactions and delivered approximately \$1.25 billion of inventory sales leads to retailers and brands.

Currently, there are approximately 1,450 retailers and over 1,500 brands offering over 600,000 products on the BikeExchange Platform providing ease, convenience and choice for consumers, and is proven at scale.

Figure 15: How BikeExchange works



1 Annualised traffic from Q4FY20

BikeExchange primarily offers member subscriptions to retailers and brands delivering recurring revenue. E-commerce transactions also occur through the BikeExchange Platform generating commission revenue.

BikeExchange connects retailers and brands to consumers within minutes, with efficient integration between a seller's Point of Sale (POS) system and the BikeExchange Platform. Growth and global expansion to date has been achieved with limited capital. BikeExchange has established a strong foundation to accelerate available growth opportunities and achieve additional scale with the disciplined application of growth capital.

4 Business Overview (continued)

4.1.1. Corporate history

Figure 16: Corporate Timeline

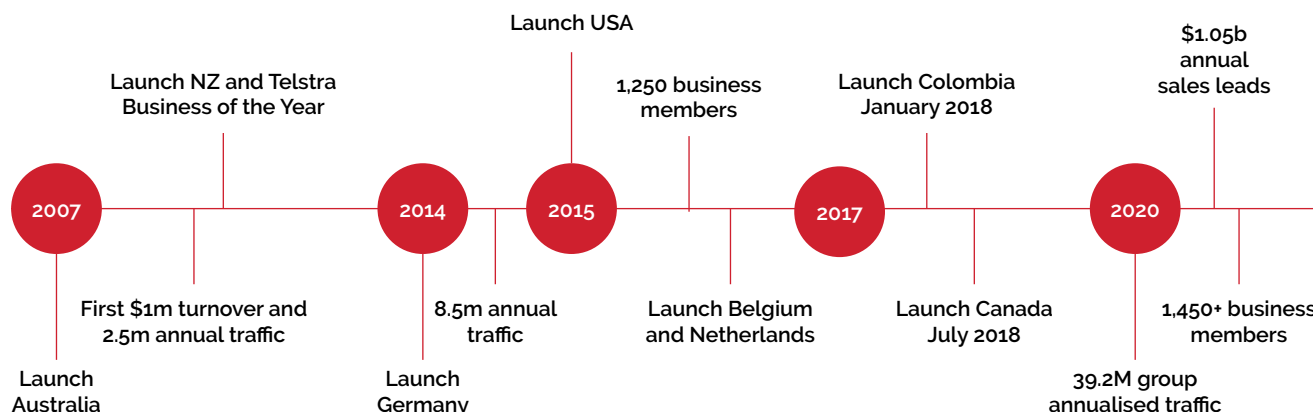


Figure 17: Overview of BikeExchange operations



BikeExchange was founded in Australia in 2007. BikeExchange has established itself in four regional hubs across eight countries with 40 employees. The expansion into other countries has occurred since 2014 on limited capital funding (approximately \$15 million) but significant work and effort has gone into establishing the businesses, networks, relationships and sites. In particular BikeExchange has focused on:

- signing up cycling retailers and brands on a subscription basis to list their product inventories. Subscriptions represented 70% of revenue in FY20;
- activating integrations with the leading POS systems around the world; and
- developing strong traffic organically year on year – October 2018 to September 2019 vs. October 2019 to September 2020 saw a 53% increase in traffic globally to over 25.1 million visits and signed up members increasing to over 300,000 across the eight markets.

This strong establishment and presence across the markets, in particular EU and US, will assist the Business significantly in this new growth phase.

The strength of the BikeExchange proprietary platform technology has been demerged into a separate and standalone business named "Marketplacer Pty Ltd" further discussed in Section 4.4.1.

4.2. BikeExchange's Business Model

4.2.1. Overview

BikeExchange aims to enable and consolidate the cycling industry into one destination for the benefit of consumers. BikeExchange maintains two profiles of the marketplace platform:

1. **Business customers:** bicycle retailers, brands and distributors who can publish and sell their product inventories on BikeExchange; and
2. **Consumer audience:** buyers of bicycles, E-Bikes, parts and accessories. BikeExchange has developed deep data and insights on the entire bicycle and bicycle accessories markets from online tracking of consumer usage behaviour and live inventory integrations across brand and retailer activity.

BikeExchange's business model generates revenue from three core activities:

1. **Subscriptions:** business member subscriptions to retailers and cycling-related manufacturers and brands providing a recurring monthly revenue stream;
2. **E-commerce transactions:** transactions completed by consumers on the BikeExchange Platform; and
3. **Media and other revenue:** revenue generated from media sales of media inventory or content on BikeExchange sold by brands and businesses; and revenue from classified listings, feature upgrades for product listings and other ancillary services.

The data and insights product provides a revenue opportunity for the development of a subscription product that allows industry to access the strong data and insights capabilities created by BikeExchange.

Figure 18: BikeExchange TTV revenue by category FY18 to FY20

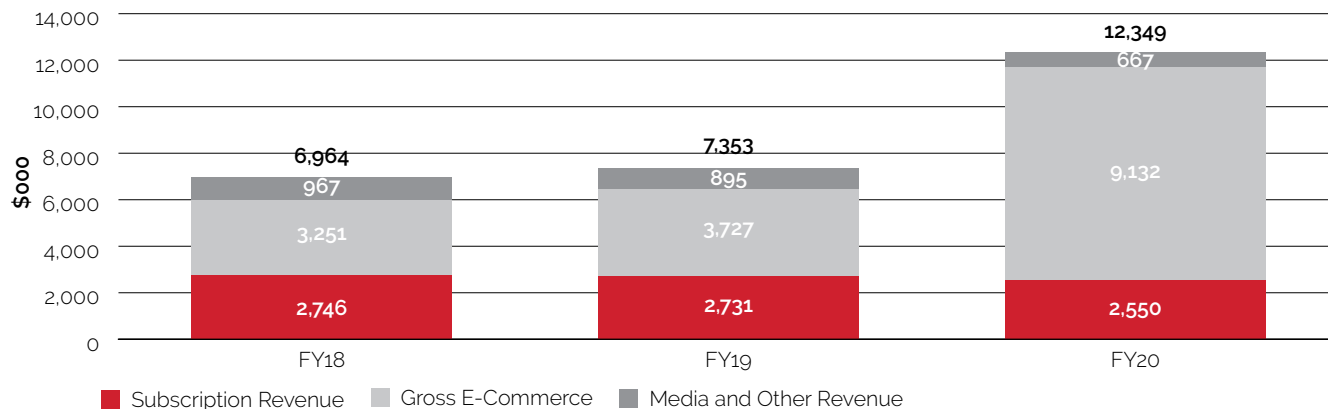
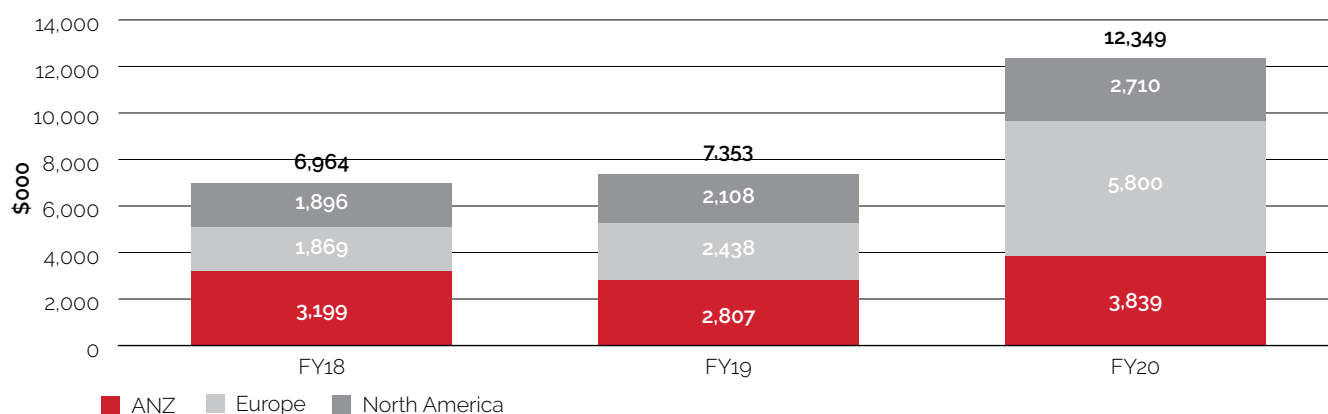


Figure 19: BikeExchange TTV revenue total and by BikeExchange region FY18 to FY20



4 Business Overview (continued)

4.2.1.1. Business Subscriptions

BikeExchange charges retailers and brands a monthly subscription fee which enables these business customers to list their product inventories through the live product integration feeds that the business has created. Monthly fees range between \$100 and \$5,000 depending on the type of retailer, brand or service levels included within the subscription.

The subscriptions enable retailers and brands to:

- access their own administration site for their presence on the BikeExchange Platform;
- publish and maintain their product listings on their retail or brand store within the BikeExchange Platform;
- access and view consumer enquiries and sales leads on their products;
- manage transactions and fulfill orders;
- trade and run promotions and other campaign activities on the BikeExchange Platform; and
- participate in promotions and campaign activities led by BikeExchange on a site-wide basis e.g. targeted communications to relevant audience profiles.

As of June 2020, BikeExchange had approximately 1,450 active and paying retailer and brand subscription accounts. In FY20 subscription revenue generated \$2.6m representing 70% of revenue.

Figure 20: BikeExchange Active Business Customers as at Nov 2020

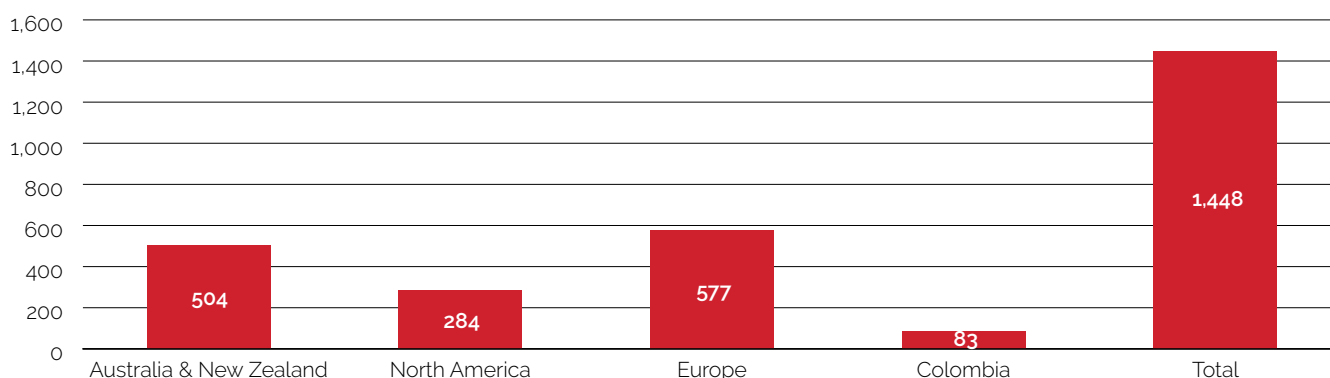


Figure 21: Business customer journey with BikeExchange

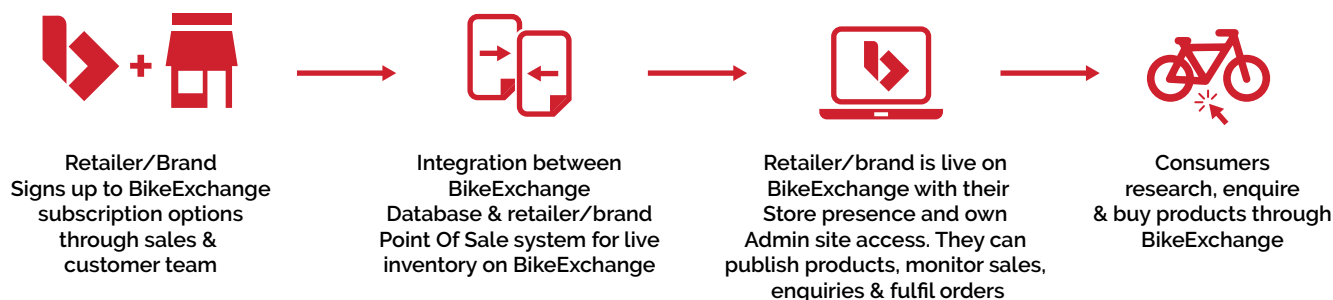
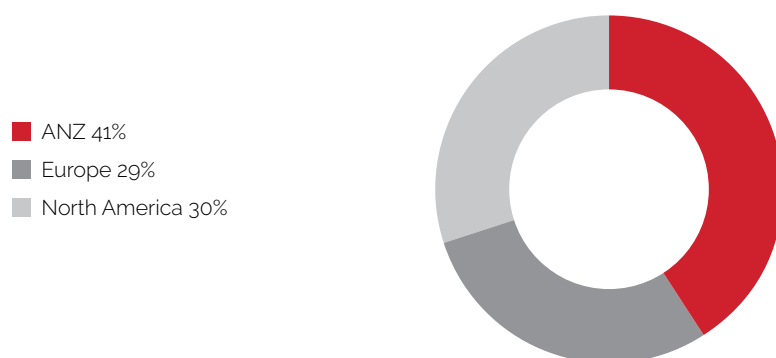


Figure 22: Subscription revenue by geography

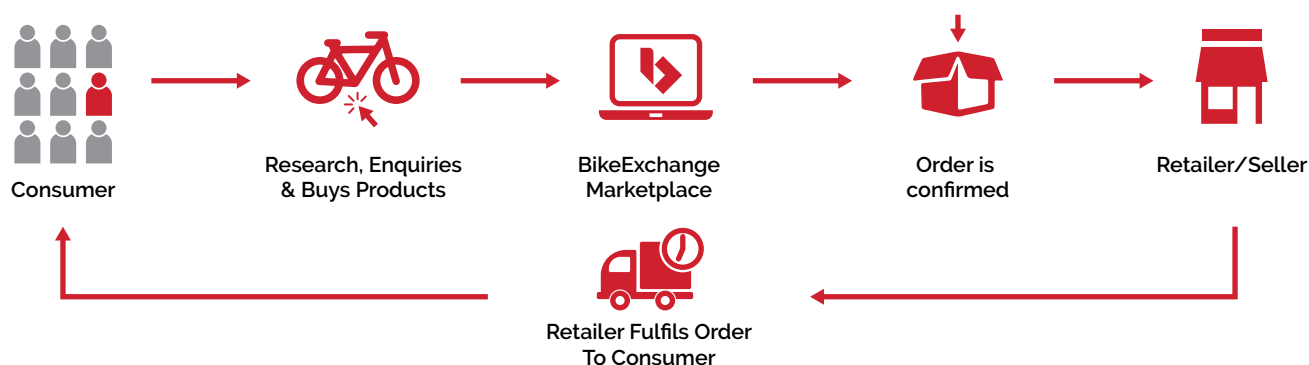


4.2.1.2. E-commerce

The BikeExchange Platform facilitates e-commerce transactions. Products are available across a range of options which include buy online, click and collect, deposit payment, pre-order and enquiry only.

When a consumer visits the site, at the point of purchase BikeExchange receives full payment from the consumer. The retailer receives funds instantly from BikeExchange upon the fulfilment of the order, less a commission fee retained by BikeExchange for the order enablement.

Figure 23: E-commerce transaction journey on BikeExchange

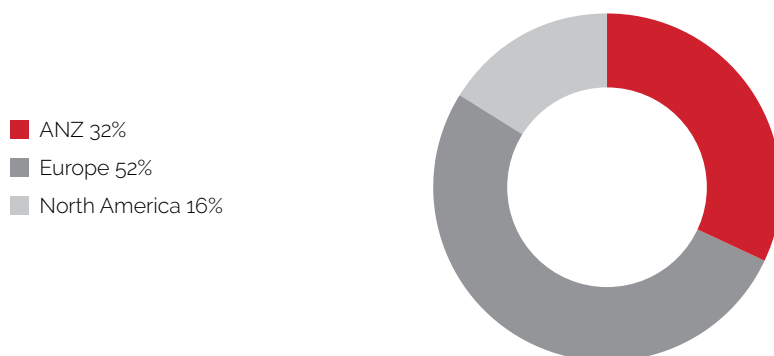


The product mix available on BikeExchange covers over 600 categories across bicycles, parts, accessories and apparel. Commission rates vary globally and are dependent on the type of product. High value items such as bicycles have commission rates which can be as low as 5%. Accessories can generate commission rates up to 25%. BikeExchange believes there is elasticity to develop the commission levels further through different categories and markets. BikeExchange does not hold any products as stock.

From July 2019 to June 2020, the Business enabled 20,954 e-commerce transactions representing a 55% increase over the previous corresponding period. This resulted in total e-commerce gross transaction value of \$9,100,000, representing an 145% increase over the previous corresponding period.

4 Business Overview (continued)

Figure 24: BikeExchange e-commerce revenue mix by geography



In August 2019, BikeExchange launched a Concierge Service to assist consumers with their cycling purchases. Concierge staff match a consumer's requirements with the right bicycles and retailers. The successful transactions occur on the BikeExchange Platform with the option of full e-commerce, click and collect, deposit payment or pre-ordering on models yet to arrive. This service will be developed further as both an embedded service and paid for service.

Based on the testing completed to date and applying dedicated tech-enabled team resources, the Concierge Service is anticipated to significantly improve conversion levels of enquiries to transactions on BikeExchange.

4.2.1.3. Media and other revenue

Media revenue

BikeExchange generates media revenue through:

- the automated purchase and management of digital advertising campaigns on a programmatic display media platform implemented in the first half of FY20. The implementation of the programmatic display media platform has generated ongoing revenue and increases based on traffic volumes;
- direct media deals with brands and industry. BikeExchange is yet to focus on direct media revenue to date however the Business has progressed a key media partnership in the US which will assist with direct media deals in the region; and
- leveraging consumer database activity with specific communications and campaigns to support the platform, specific brands and other activities such as site wide promotions.

COVID-19 has affected the direct media industry in general in FY20 and thus far in FY21 at the date of this Prospectus. The Business remains cautious with the media revenue but still see it as a tertiary revenue stream, albeit much smaller than the subscription and E-commerce components of the Business.

Other Revenue

Other revenue includes classified income from private second bicycle listings, fees for upgrading to feature product listings on site (larger and more prominent positions) and some design service for brands and retailers to support their presence on the BikeExchange Platform.

Media and other revenue generated \$667,000 in FY20, representing 18% of net revenue.

Additional Revenue Opportunities

BikeExchange has created a significant data and insights capability. A central database contains all site activity across all business customers and consumer activities. This data and insights capability has been utilised internally to help with performance, trends and planning.

The industry wide, multi-market nature of the data and insights is a unique capability. The data covers both cycling industry relevant insights and consumer behaviours across search, enquiry and purchasing. The significant integrations with POS systems has enabled visibility of live inventory and products available on the BikeExchange Platform, further deepening the quality of insights related to stock availabilities and product trends.

BikeExchange has been redeveloping the existing data and insights visualisation dashboard with a view to creating a subscription product providing deep insights across all eight markets aimed at brands and brand owners in the cycling industry. This is intended to be launched before the end of the calendar year 2020 or beginning of the calendar year 2021.

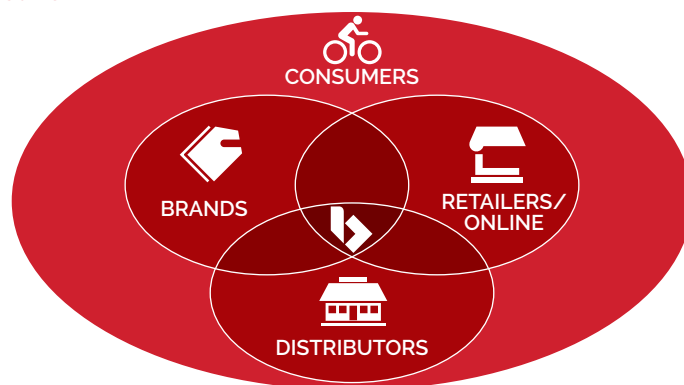
The development of periodical reports is also considered as a significant growth opportunity with a subscriber fee payable for access.

BikeExchange is also developing tools for deeper customer segmentation and personalisation in the form of a single customer view product which will allow complete segmentation of the BikeExchange audience and relevant product targeting to those consumers, based on their search, enquiry and purchasing history with the objective to ultimately help increase conversion to sales and greater customer lifetime values.

4.2.2. BikeExchange Competitive Advantage

4.2.2.1. BikeExchange has established a network that enables both the cycling industry (retailers, brands and distributors) to sell their products and scale their businesses and for consumers to have a dedicated destination to research, enquire and buy cycling products.

Figure 25: BikeExchange network



4.2.2.2. BikeExchange supports independent retailers in an omni-channel offering, by displaying the retailers' inventories to a wider audience and enabling multiple transaction options including e-commerce, click and collect, deposit payment and pre-order. This channel supports the retailers' ability to build larger and deeper customer relationships and improve foot traffic in store.

BikeExchange works with the brands and distributors to further enable the retailer and dealer network where appropriate with transactions, allowing the consumers to shop by locality through BikeExchange.

4.2.2.3. BikeExchange Platform provides a low-cost entry for retailers and brands and enables a competitive e-commerce solution which:

- enables BikeExchange's business customers to create a strong and scalable e-commerce solution without needing to invest in and maintain their own standalone e-commerce solution;
- opens immediate access to a large cycling focussed consumer audience who have strong buying intent;
- provides a fast and straightforward onboarding process supported by a dedicated customer team;
- provides simple and easily budgeted monthly subscription charges, including communications support together with regular site wide consumer activities;
- uses a transparent e-commerce commission model together with sales leads enquiry generation;
- gives dedicated customer support and service for business customers and consumers; and
- allows full control of product listings and ability to manage the account through the dedicated administration site. The individual account administration site allows business customers to access their listings, fulfill orders and obtain performance metrics across sales and enquiries.

4 Business Overview (continued)

4.2.2.4. Ease, convenience and choice for consumers. For many consumers purchasing a bicycle can be a time consuming and lengthy process. BikeExchange simplifies this process by bringing together brands and products in a single destination providing a convenient and easy way for consumers to research and ultimately make a buying decision. The BikeExchange Platform as at October 2020 maintains a central categorised and searchable product database with more than 600,000 product entries.

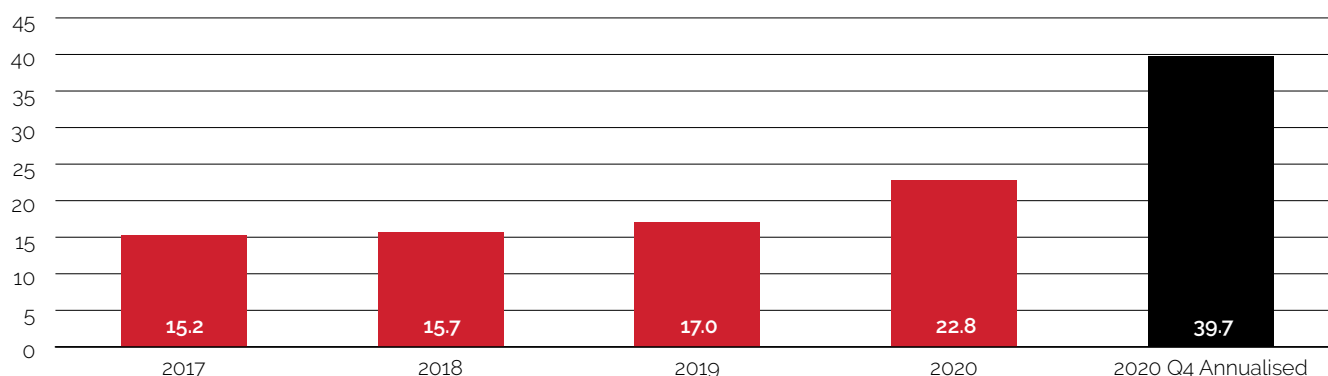
4.2.2.5. Maintained significant growth on a capital light basis. BikeExchange has managed to scale and grow on limited capital investment to date, and with small marketing budgets. The emphasis has been on:

- signing up cycling retailers and brands on a subscription basis to list their product inventories and ensure good consumer experience from a search to purchase. Subscriptions represented 70% of revenue in FY20;
- launched into a total of eight major markets across four global regions; the significant work in establishing and generating momentum with each marketplace instance has been done in the EU, US and Colombian markets. The Business sees a strong foundation to build off with appropriate capital growth;
- organic growth and search optimisation across products, category pages and content that helps the consumers find what they need on their specific journey;
- significant integrations work with POS systems around the world to enable easy sign up, onboarding and go-live of retailers and brands onto the BikeExchange site; and
- working with brands and distributors to further connect up stock with the retailer and dealer networks. This provides a seamless experience for consumers when shopping by location and further strengthens the brand and dealer networks with stock and product availability.

Consumer traffic growth of consumer traffic in the six months to September 2020 grew by 90% to approximately 18 million compared to the same period in the prior year. FY20 traffic totalled approximately 23 million, a 35% increase on FY19. This was all achieved without any significant performance marketing spend.

Total searches on site have increased 60% between October 2018 and September 2019 to October 2019 and September 2020 with a total of 142 million searches. In the top 5 major categories (Mountain, Road, e-bicycles, children's and commuting bikes) in the last quarter of FY20 vs PY searches increased by 128%.

Figure 26: Traffic Growth (millions)



4.2.2.6. BikeExchange Customers

i. Customer acquisition and onboarding

For business customers (cycling retailers, brands and distributors) the sign-up process is straightforward and streamlined. BikeExchange customers have a tiered subscription option to choose from and sign up to.

A dedicated sales and customer success team around the world manage the sales and onboarding process. The sign-up process from acceptance through to go-live is made simple allowing for activation within days in many cases.

BikeExchange has made this process simple through the development of a broad range of integrations around the world for POS systems. This allows live integrations of inventory from retailers POS systems to BikeExchange via Application Program Interfacing (API). This makes it convenient for business customers to publish their products on the BikeExchange Platform. These integrations are automated once a business customer has set up an existing account and allows for easy updates and visibility of pricing and stock levels.

BikeExchange has created a purpose-built connection panel in Europe to manage the specific POS systems in the region. The BikeExchange Group utilise this across regions as well as a second connection panel in Australia.

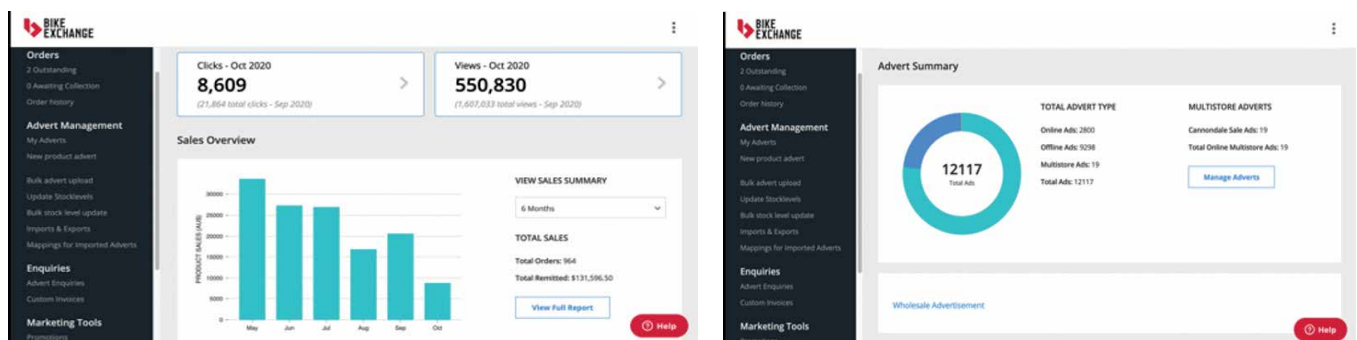
BikeExchange has also integrated into brands and distributors, some requiring bespoke work. This creates greater positive impacts, not only for inventory and product lines but also with the dealer networks that work with the brands and distributors.

The work invested in the integrations and development of the connection panels is a strong competitive advantage across regions for BikeExchange, assisting any further scaling of the business.

ii. Customer site management

Each business customer has an administration site that provides easy control and ongoing maintenance of their respective products. Their individual administration site also allows for full visibility and control of customer orders through BikeExchange.

Figure 27: BikeExchange Administration Site For Retailers & Brands



iii. Customer Technology Solution

BikeExchange offers a range of technology products and services to cycling retailers and brands on a subscription basis aiming to enable them to sell more products and reach more consumers. These include:

- **Retail store:** A retail presence on the BikeExchange site that allows retailers to publish, list and sell – all controlled centrally on their own administration site.
- **Brand store or Brand Multistore:** A presence on the BikeExchange site that allows brands to showcase their product range for consumers. The brand multistore product allows a parent brand company or distributor to integrate with their retailers and dealer networks. This allows consumers to further shop by location through their local retailers.
- **Webstore:** A standalone website utilising the same technology product suite. Retailers can publish their inventory centrally from the central product database across both their BikeExchange account and their own website. The site aims to make it easy for retailers to manage their entire online presence leveraging the dedicated BikeExchange consumer audience.
- **Media, Content and Design Support:** An automated programmatic display advertising platform enabling brands, retailers and wider industry to advertise on the BikeExchange Platform and reach their audience. Content editorial across product reviews and wider informative cycling related content can also be published. BikeExchange focuses on developing evergreen content that assists in the consumer journey when searching and looking to purchase a specific cycling product.
- **Data and insights:** BikeExchange has developed a differentiated data and insights capability. This has been built over the lifetime of the Business across cycling industry data and consumer behaviours. BikeExchange has the ability to see data and insights across product searches, sales lead enquiries and sales across all categories, brands and retailers. BikeExchange's data and insights has the capability to assist with stock and inventory planning, demands and trends within cycling.

4 Business Overview (continued)

BikeExchange has the opportunity to develop appropriate organic growth of the current average annual subscription revenue per account (**ARPA**) of \$2,955 by offering new technology products and wider integrated services to its business subscription base. An example is the Webstore product which has organically been taken up by bicycle retailers and brands as an additional subscription charge.

iv. Sales lead generation process and enquiries

BikeExchange generated over 550,000 sales leads and enquiries in FY20 into retailers and brands. On an annualised basis from Q4FY20 this equates to 1.4 million sales leads and enquiries. These sales leads and enquiries are from active consumers who are looking at individual product listings on BikeExchange. The consumers are at a highly considered point in the overall consumer journey looking for a cycling related product.

Email sales leads and enquiries are all tracked through the BikeExchange administration site. Both individual retailers and BikeExchange can monitor these enquiries.

The individual phone numbers of retailers require a consumer to click on it to reveal the full number and then call to speak with the retailer or brand. While this is not completely attributable to a converted sale currently, BikeExchange has been running attribution trials on phone call enquiries to track when consumers are viewing a product listing on BikeExchange and then calling the retailer. The extensive trials over 16 weeks saw over 1,600 calls tracked over eight trial stores in the study.

The addresses of individual retailers are also revealed by consumers similar to that of the phone numbers, if the consumer wishes to visit the store in person.

These enquiries are one key area of the business model and are important for retailers and brands either if they have not enabled e-commerce on the store account (enquiries only) or to support the e-commerce functionality they have on BikeExchange. The conversion of these sales leads and enquiries into sales is seen as one of the largest growth opportunities of the Business.

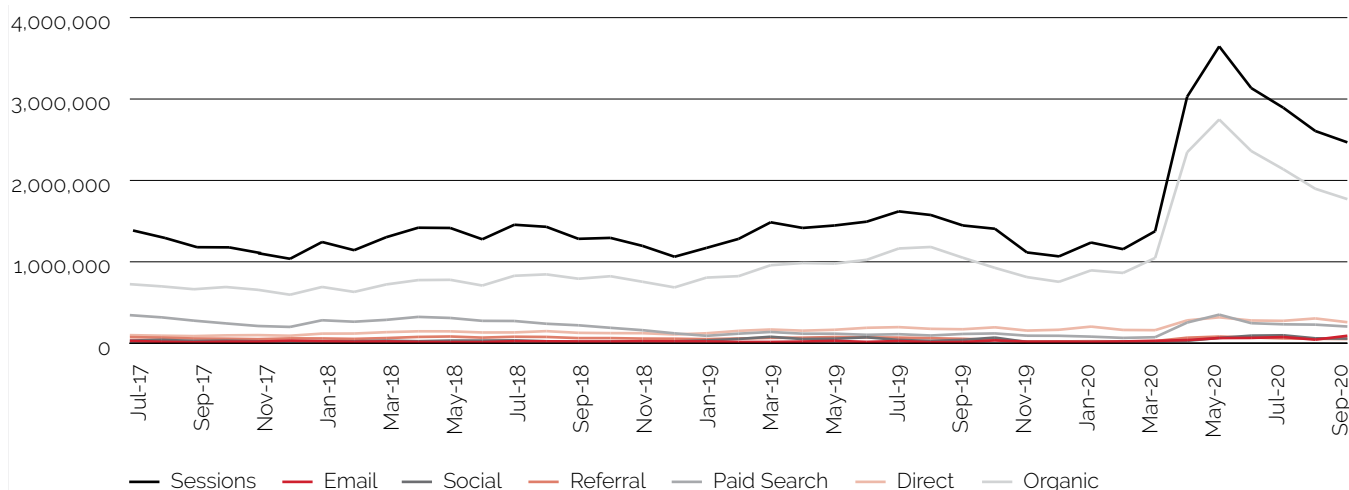
4.2.2.7. BikeExchange consumer audience

Some statistics of the BikeExchange Platform are set out below:

- 39.2 million global annualised sessions on site;
- the average time spent on the sites (globally) is 3m 45s and 5.9 pages are viewed with each visit; and
- there is a 71%/29% male/female average audience split (based on Google Analytics FY20 across the markets in Australia, Germany, US and Colombia).

Consumers come to the site either through knowledge of the site and are signed-up members or 72.7% of traffic comes organically through search engines and well optimised terms, categories and content.

Figure 28: BikeExchange global traffic by source

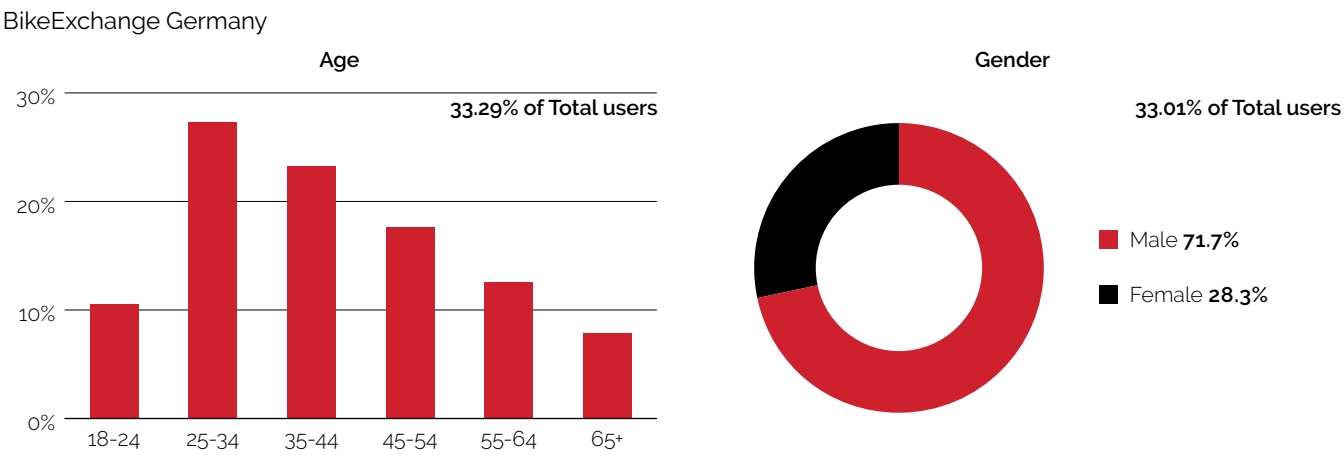
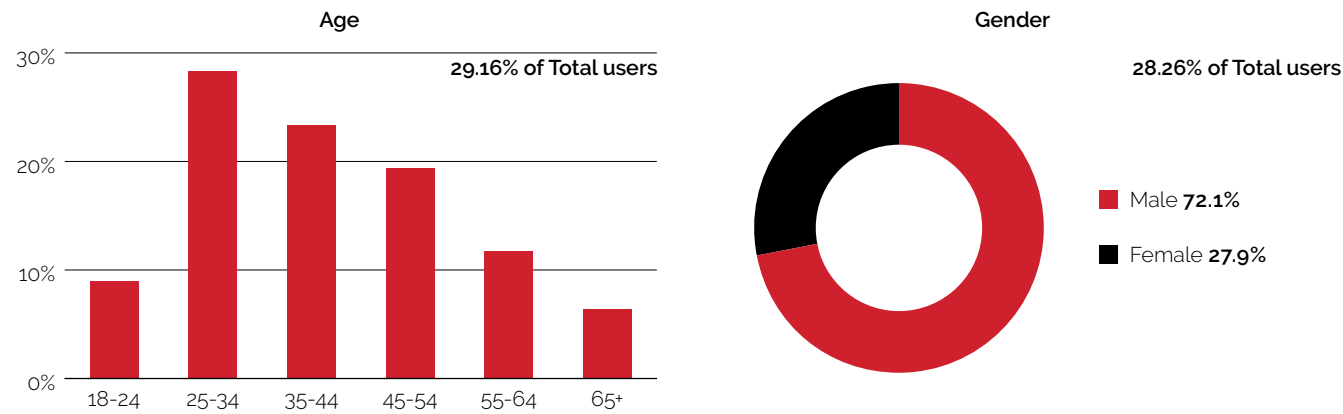


Consumers can search for any of their cycling needs through a diverse category and product range aggregated from the available retailers and brands. BikeExchange aims to help the consumer by providing ease, convenience and choice. Consumers can choose to:

- buy online;
- click and collect in store;
- pay a deposit on a product;
- pre-order on some new products (for future delivery);
- enquiry only – driving a sales enquiry into a retailer; or
- review and research products as part of the consumer journey.

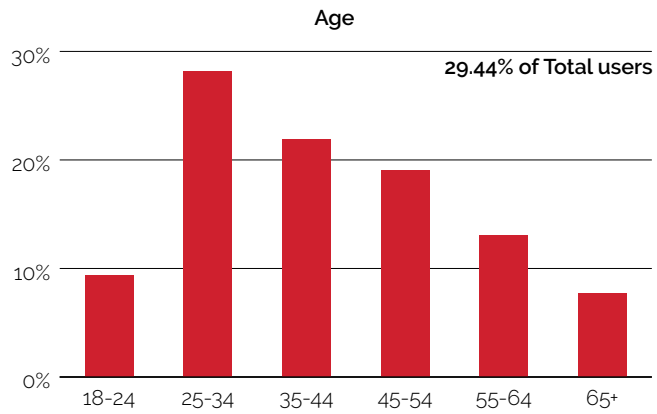
4.2.2.8. Audience Demographics by Region

Figure 29: BikeExchange region demographics
BikeExchange Australia

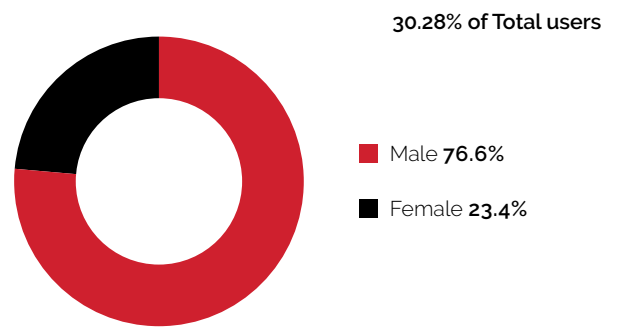


4 Business Overview (continued)

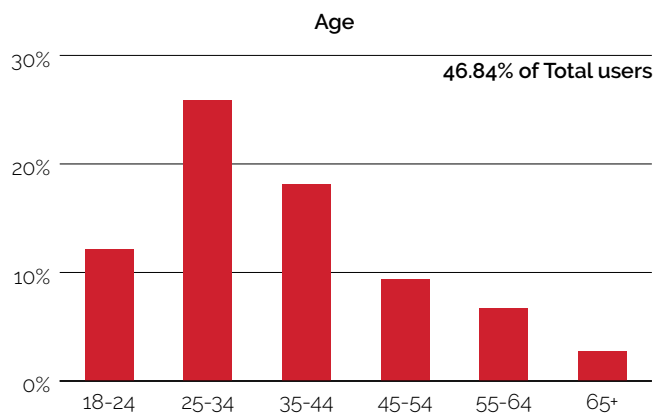
BikeExchange USA



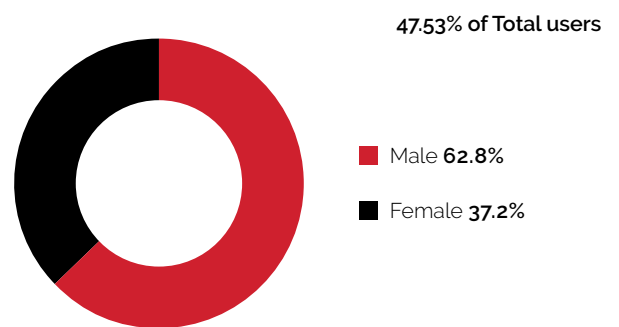
Gender



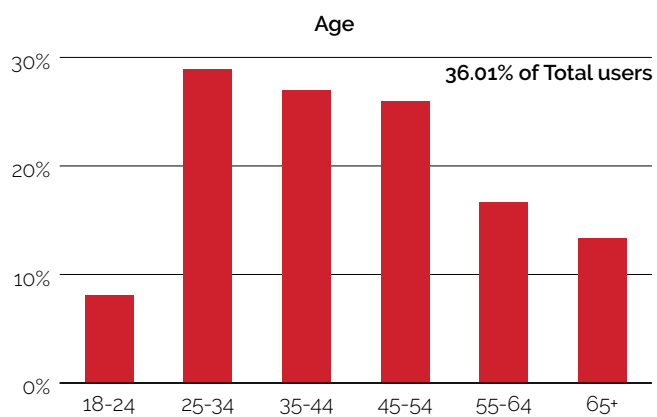
BikeExchange Colombia



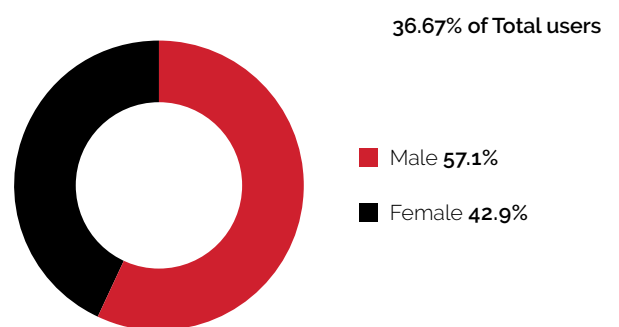
Gender



BikeExchange Belgium/Netherlands



Gender



4.2.2.9. Marketing Activities

The Business undertakes a number of marketing activities summarised below:

| UNPAID TRAFFIC | CURRENT STATUS | FUTURE OPPORTUNITY |
|---|--|---|
| Electronic Direct Mail (EDM)s | <p>Regular EDMs are sent to subscribed consumer members with specific products, offers and promotions by geographical market.</p> <p>Segmented audience EDM communication is also sent within the Australian market with good engagement of 36.12% and average Click Through Rate (CTR) of 4.14%. The segmented and personalisation activity has significant potential with the appropriate implementation and investment.</p> | <p>The Business is currently developing its segmented audience capability further, with a single customer view tool. This will allow further personalisation and relevance of products with the consumer base.</p> <p>The business will also be developing a consumer membership model that rewards loyalty. This is targeted in the second half of FY21.</p> |
| Organic Search Traffic | <p>Approximately 85% of the traffic that arrives at the BikeExchange Platform is organic. Well optimised products, category pages and evergreen content reviews have all contributed to the long tail of organic traffic. For example, BikeExchange Australia has over 28,400 ranking key words in positions 1 to 10.</p> | <p>Maintain a well optimised site surrounding products and content will continue to drive organic traffic.</p> |
| Direct access to BikeExchange domains | <p>Traffic from direct usage of the BikeExchange name and domain suffix (dependent on region) in search engines and web browsers.</p> | <p>As further awareness, education and advocacy of BikeExchange develops the Business would expect a growth in direct traffic.</p> |
| Social Media | <p>BikeExchange has grown a sizable following across Facebook of approximately 130,000 followers, and Instagram of approximately 50,000 followers globally that creates traffic and referrals to the site.</p> | <p>Build on the modest growth to date with more dedicated resourcing and strategies to build audiences across markets. The Business also sees transaction growth as an opportunity enabled through the social channels and is currently trialing this in the Australian market.</p> |
| Mitchelton-Scott BikeExchange Pro Cycling Team Sponsorship | <p>BikeExchange is a named sponsor of the Mitchelton-Scott BikeExchange Pro Cycling Team for both men and women.</p> <p>BikeExchange was featured heavily in the Tour De France coverage in August and September of 2020 and has further World Tour and UCI races to come as part of a two-year sponsorship. Previously BikeExchange has sponsored the Orica BikeExchange team in 2016.</p> | <p>This important partnership and sponsorship will continue to assist with global audience awareness, of the BikeExchange brand.</p> <p>BikeExchange will be working with the Mitchelton-Scott team to evolve the partnership further in the second half of FY21 and into the next FY.</p> |
| Earned Media | <p>BikeExchange has enjoyed coverage through editorial articles in relation to the business and industry which assists with awareness and some traffic.</p> | <p>The Business will be developing a more strategic public relations approach for both business-to-business (B2B) and business-to-consumer (B2C) audiences.</p> |

4 Business Overview (continued)

| PAID ACTIVITY/ TRAFFIC: | CURRENT STATUS | FUTURE OPPORTUNITY |
|---------------------------------------|---|---|
| Search Engine Marketing (SEM) | Some paid and sponsored traffic across Google Shopping has been undertaken. This has been limited while the business focussed on other areas. Testing, particularly in the German market has shown favourable returns. This is a key channel of activity with further opportunities for conversion and growth in different geographical markets. | The Business has commenced a partnership with a 3rd party supplier, Surge Global, to develop the paid/performance marketing strategy and execution. A test and learn phase commenced in October 2020. |
| Social Media Advertising | Paid and promoted posts have been trialled in each market with good engagement and conversion. To date, it has not been a focus of the Business, but it is seen as a key channel of activity to assist with further conversion and growth. | As above. |
| Sponsorship | BikeExchange has sponsored trade events and races – notably the Tour Down Under, Eurobike (Trade Fair) and Sea Otter US (Trade Fair). This activity is mainly for business-to-business awareness but also business-to-consumer where races are a part of the event. | The Business will continue this activity which will typically focus on the trade and B2B audience. |
| Above The Line (ATL) Marketing | <p>In the last 5 years there has been no above the line marketing spend across channels such as TV, Radio, Outdoor & Print. Appropriate usage of the ATL to broaden awareness and understanding of BikeExchange for both B2C and B2B audiences will be a component of activity. Particularly in the European and USA markets, where the growth potential is significant.</p> <p>BikeExchange has a fully produced, global brand and product campaign with over 140 campaign assets available, across channels. Budget has not been assigned to the media buy component of this activity historically. The assets have been used on owned media (website, communications, collateral and both trade and cycling events).</p> | <p>The business will assign an appropriate media budget across markets and utilise the global brand and product campaign assets already produced. A significant focus will be in the EU and US markets.</p> <p>The aim of the campaign will be threefold:</p> <ol style="list-style-type: none"> 1. Education and awareness of BikeExchange (B2B and B2C); 2. Product and category focussed driving the business proof points (B2B and B2C); and 3. Retail focussed advertising around promotions (B2B and B2C). |

Figure 30: E-commerce orders by region FY20

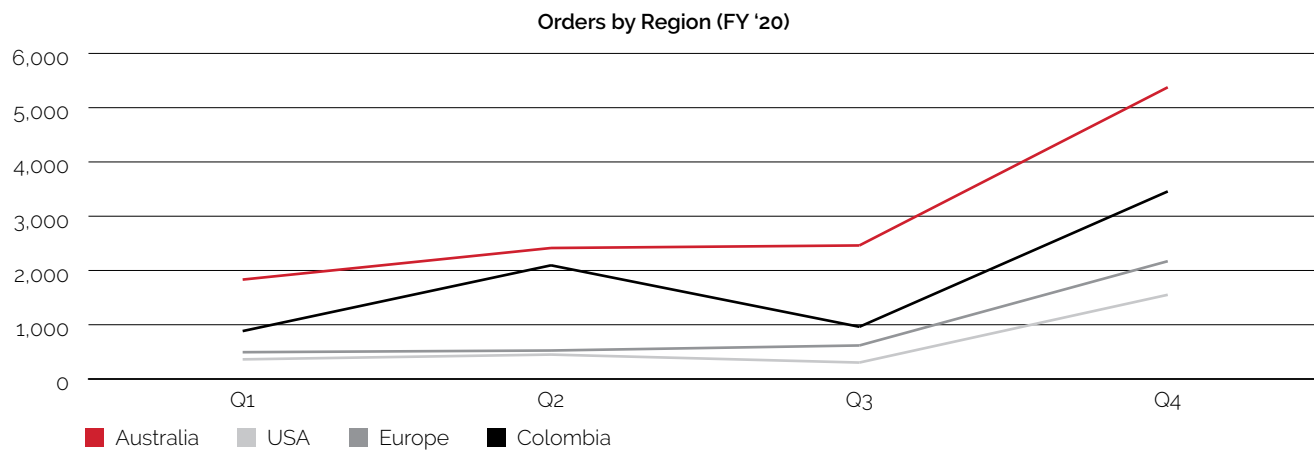


Figure 31: E-commerce orders by total FY20

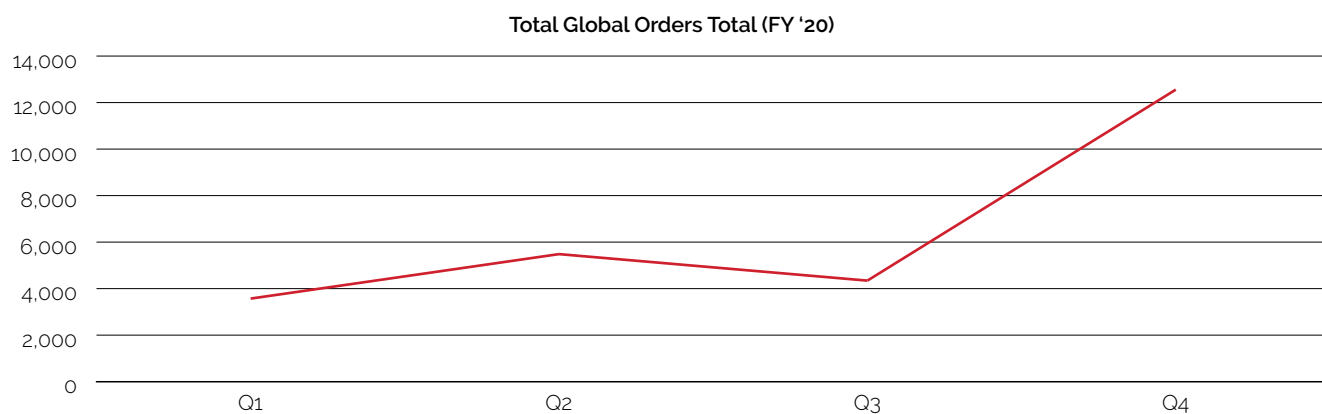
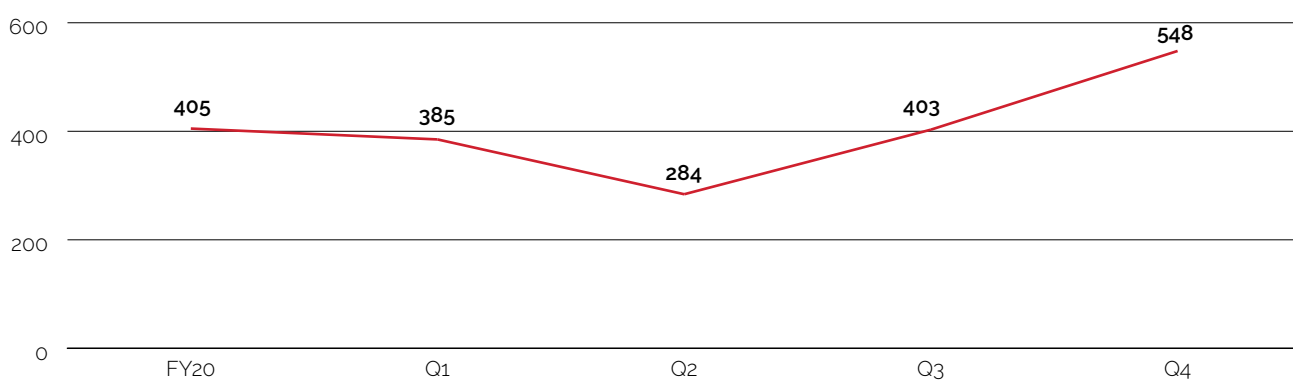


Figure 32: Average order value for FY19-20 globally



4 Business Overview (continued)

Figure 33: Regional average enquiry by volume FY19 to FY20

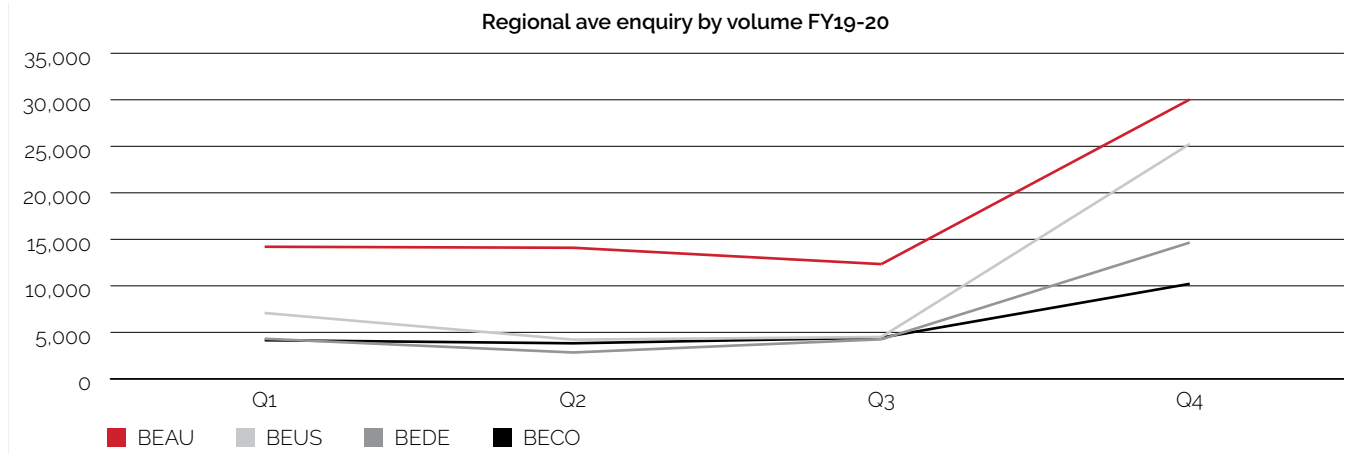


Figure 34: Regional average enquiry by value FY19 to FY20

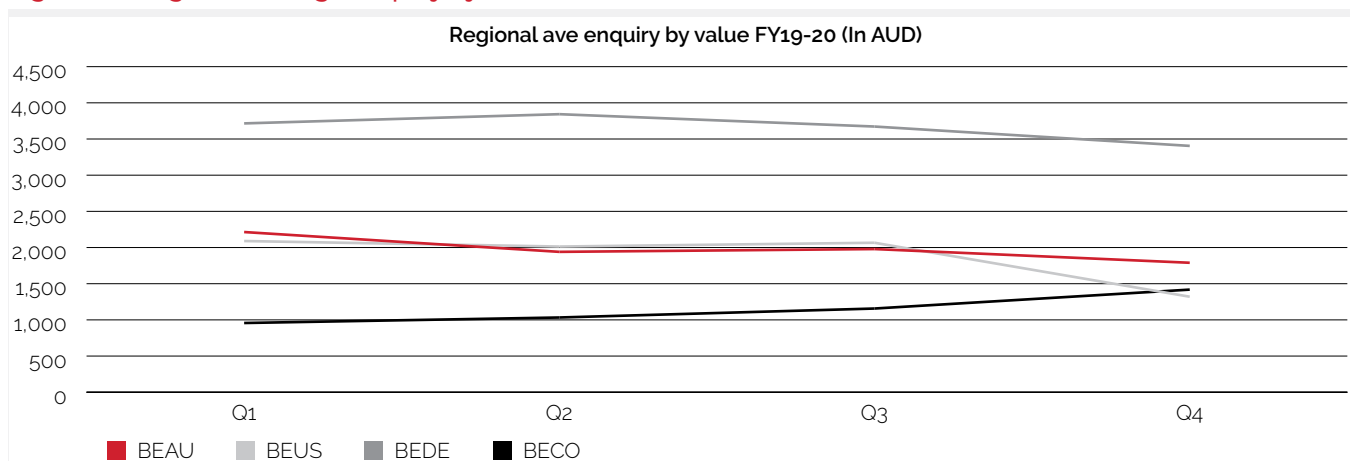
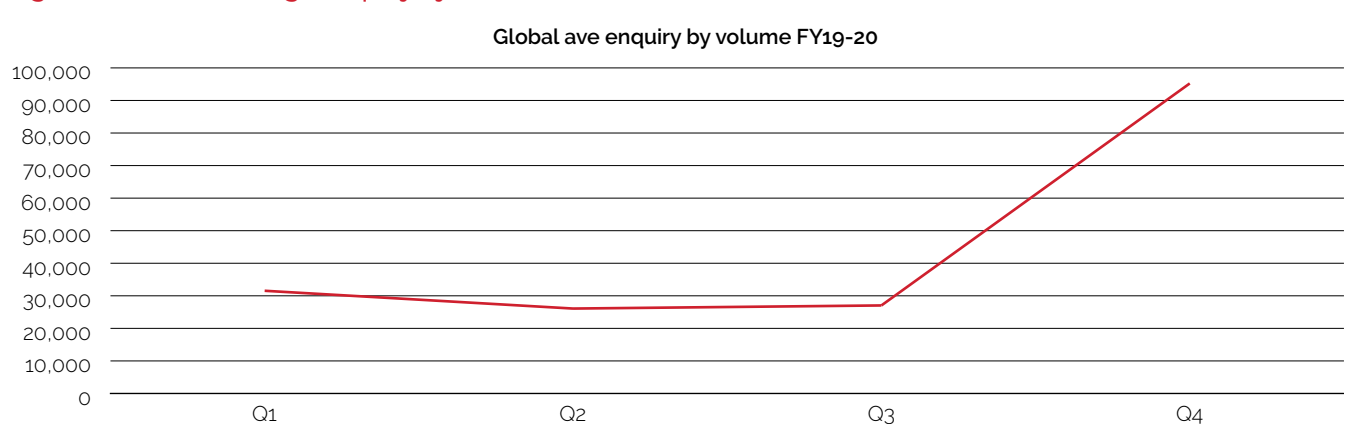


Figure 35: Global average enquiry by volume FY19 to FY20



Average order value between FY19 and FY20 increased by 58% from \$275 to \$436 globally and the number of transactions increased by 55% between FY19 and FY20

4.3. COVID-19 Trading

During 2020, the impact of COVID-19 has generated strong consumer interest in cycling as a category for commuting, leisure, and exercise. The many benefits of cycling have been emphasised by the COVID-19 pandemic, whether for getting around and commuting, health and recreation and family riding.

Consumer behavioural changes have been accelerated and movement online and to e-commerce has benefitted BikeExchange. Consumers increasingly research and buy cycling products, in particular bicycles, online. Site traffic increased by over 187% globally to BikeExchange Platform across the first half of the calendar year 2020 against the previous year. This resulted in increased organic sourced traffic, with minimal performance marketing spend.

E-commerce gross transaction value increased by 253% over the first half of calendar year 2020 compared to the first half of calendar year 2019, with transaction numbers increasing by 123% for the same period. Sales lead enquiries also grew by 90%. This momentum has continued through Q1 FY21.

Prior to COVID-19 the Business had been working hard with onboarding quality retailers and brands ensuring good products and ranges were available. This work has helped with the overall experience and growth with the increased platform visitations.

The Business is encouraged by the ongoing behavioural changes that are being seen of the pandemic. Traffic visitation has continued to be higher than the previous year's volumes at 25.1 million (October 2019 to September 2020 a 53% increase and e-commerce TTV has also continued to grow.

The Business has continued with very modest marketing spends (\$359,000 globally across all activities in FY20) but is planning very targeted and strategic performance marketing to assist with further conversion of e-commerce transactions on site for retailers and brands as well as new purchasers on site.

With the application of capital growth in areas outlined in the growth strategy, BikeExchange is confident that the demand and growth that has been experienced, through the pandemic, will continue. This is further supported with the shift of consumer online behaviour, active transport and every day cycling usage, as well as investment in cycling infrastructure being accelerated by cities and countries around the world.

4.4. Technology platform

4.4.1. Marketplace Core Technology

BikeExchange licenses from Marketplacer, the Marketplacer technology platform, a dedicated marketplace technology. Each country domain runs a separate instance of the platform to accommodate the regional distribution of cycling products globally and the country specific retailers.

The Marketplacer core technology platform was created by Marketplacer for BikeExchange and was initially built for the cycling category. BikeExchange now benefits from wider functionality and feature updates with the platform from a variety of categories – together with its own requests and enhancements.

The platform is fully supported by Marketplacer and benefits from on-going functionality enhancements and new features provided by Marketplacer that assist both the paying business subscribers and consumers.

The platform has a high degree of customisation capability for BikeExchange to help with the day-to-day running of the business. The Marketplacer API allows BikeExchange to integrate with many partner services and businesses for both inventory needs, additional functionality and services and other areas.

The Marketplacer Agreements each have a 5-year term with an automatic renewal for 24 months, unless the BikeExchange Hub issues a termination notice three months' prior to the initial expiry date. The agreement also allows for first rights on new markets of expansion for the BikeExchange brand and platform, see Section 10.5.3 for further information.

4.4.2. BikeExchange Integrations with POS Systems

BikeExchange has invested in integrations with 32 separate POS systems and 811 separate integrations with retailers and brands globally.

BikeExchange has developed its own connections panel which allows POS systems to interact with the BikeExchange product database. BikeExchange has integrations with leading POS systems including Lightspeed, Ascend, Woo Commerce, Shopify, Magento, Cycle Software, Tridata, Adsoft, Big Commerce, Neto, e-vendo, velo.port, Magento and Retail Express. This has created convenient access to live inventory and makes product listings relevant and real-time on site.

4 Business Overview (continued)

This significant piece of work in building the connections panel greatly assists with the further scaling of retailers and brands through automated product uploads from their own accessible BikeExchange administration site. These integrations provide a largely seamless process for making products live on site and representing cycling brands and products appropriately, with accurate and consistent product descriptions, specifications, imagery and availabilities with stock levels.

4.4.3. Payment Platforms:

BikeExchange offers payment options through:

- Braintree (Australia and US) which allows for payments across Visa, Mastercard and American Express, Kount fraud protection is built within the Braintree platform;
- Adyen (EU) which allows for payments across Visa, Mastercard and Amex;
- Zozz/ePayco (Colombia) which allows for payments across Visa, Mastercard and Amex;
- Paypal for Paypal (all markets) transactions and credit card transactions; and
- Afterpay for buy now pay later instalment payments (Australia and US).

4.4.4. BikeExchange Central Product Database

BikeExchange manages a central product database of over 600,000 cycling products. This makes it easy for products to be enabled and published on BikeExchange when integrations with the many POS systems are made with retailers and brands.

4.4.5. Mobile Site and BikeExchange App

The BikeExchange website is fully dynamic for usage on mobile devices. BikeExchange has developed a native mobile application, the BikeExchange App, of which it owns the intellectual property. The mobile app has been downloaded approximately 95,000 times since 1 July 2015 (86% IOS and 14% Android downloads). Beyond maintenance, there has been limited investment in the mobile app over the last four years and BikeExchange is planning to further invest and redevelop the mobile application to enhance it and expected to provide an even stronger consumer experience in the third quarter of FY21.

4.5. Growth strategies

BikeExchange has demonstrated a track record of customer and revenue growth. BikeExchange plans to continue to grow its revenue organically by capturing a greater market share in existing geographies and subscription segments of the bicycle market. BikeExchange is focussed on seven key growth initiatives, which include:

1. conversion of sales leads enquiries;
2. increase business customer accounts and subscriptions;
3. strategic partnerships with brands and industry;
4. personalisation and loyalty program for consumers and app redevelopment;
5. data and insights subscriptions product launch;
6. further appropriate country expansion; and
7. strategic acquisitions within the industry to help scale the Business.

4.5.1. Conversion of sales leads enquiries

Converting the substantial sales leads and enquiries, totalling \$1.05 billion in value for FY20, generated through the BikeExchange Platform into e-commerce transactions is a key area of focus through Concierge team members and some automation enhancements on site.

A strategic and focussed use of performance marketing across digital channels, in particular retargeting of audiences who have visited BikeExchange is planned for the second half of FY21. The Business is currently running global trials around targeting and converting of existing audiences on site across multiple channels, e.g. Google and Facebook with positive results. Information gained from these trials will be used in longer term campaign activity.

The Business also sees scope in reviewing commission levels taken on e-commerce transactions and increasing them appropriately across different categories of products therefore increasing the overall commission rates that contribute to net revenue.

4.5.2. Increase business customer accounts and subscriptions

The Business will prioritise customer acquisition and organic growth of quality retailers and brand accounts through customer success teams. This will grow both underlying subscription revenues and e-commerce consumption revenues through commissions.

Focussing on retailers and brands that onboard good ranges of products can enhance the customer experience with additional convenience and choice.

More premium subscriptions with brand stores and brand multistores will also continue to be a growth area. The Business will support these store presences as the brand multistores provide significant benefit to the dealer networks, connecting them with the parent brands and further generating both sales and leads to them. This also provides a greater pool of live and trading individual retailers on the BikeExchange Platform.

4.5.3. Data and insights subscription product launch

Data and insights generated to date have been utilised internally to help with performance and trends. BikeExchange is packaging the data and insights into a usable subscription product and service for the cycling industry. It will provide deep insights into category activity, trends and consumer behaviour (across search, enquiry and purchasing activity) across all eight markets.

4.5.4. Strategic partnerships with brands and industry

Targeting more industry partnerships that work with brands to help them sell more of their products while mobilising and engaging their retailer network will play an important role as BikeExchange continues to grow.

BikeExchange has announced (in September 2020) a key partnership with Trek USA to enable their dealer network of 1,500 cycling stores to join the BikeExchange Platform and sell specific model lines and to ship across states in the US. This is an important growth strategy in the US market with a quality brand and retailer footprint. A description of this agreement is outlined in section 10.6 of this Prospectus.

4.5.5. Personalisation and loyalty program for consumers and app redevelopment

The core aim is to offer relevance in products and increase the overall customer lifetime value with BikeExchange through further purchases and ongoing loyalty by the customer base. To date customer segmentation and personalisation has only been lightly done but trialled with success through targeted email marketing to segmented audience groups. Implementing an always on customer personalisation approach, through data, will:

- enhance the experience for consumers through relevance;
- increase e-commerce transactions on BikeExchange; and
- increase average order values by market (Global Average Order Value \$436) and the ongoing customer lifetime value.

A consumer loyalty program, on the product roadmap for FY21, will aim to reward the most active and valuable consumers.

The BikeExchange native application redevelopment, on the product roadmap for FY21, is targeted to enhance consumer experience and enable greater personalisation strategies.

4.5.6. Further appropriate country expansion

The BikeExchange Platform and model can be replicated in new markets as clearly demonstrated over the Business' lifetime. While the focus is on growing markets and regions to an optimum level first, appropriate market expansion is an important future growth strategy.

Leveraging the Business' presence in Colombia to service other LATAM markets centralises sales resources while maximising marketing potential. EU expansion would also likely evolve on a similar model as BikeExchange currently operate in Germany, Belgium and Netherlands and could potentially service other countries in the region.

4.5.7. Strategic acquisitions within the industry to help scale the business

The appropriate acquisition of key businesses and services that can enhance the BikeExchange proposition, helping both the growth and the customer experience of the Business will be considered.



SECTION 5

Financial Information

5 Financial Information

5.1. Introduction

As set out in Section 2 of this Prospectus, the Proposed Transaction includes the Company acquiring 100% of the share capital of BikeExchange TopCo as part of the IPO process. Pursuant to the Restructure described in Section 10.4, BikeExchange TopCo will acquire 100% of the share capital of BikeExchange Pte Ltd, which holds the investments in BikeExchange's various trading subsidiaries. The interposition of BikeExchange TopCo is being undertaken in order to streamline the corporate structure and regulatory obligations of the BikeExchange Group. The interposition is not dependent or conditional on the Listing.

The Aggregated Historical Financial Information referred to below is for the BikeExchange Group, which at 30 June 2020 did not share a common parent entity, and therefore consolidated financial information could not be prepared. The Aggregated Historical Financial Information does not include the Company's historical income statements, statement of cash flows or statement of financial positions as the Company is an investment vehicle and the only material balance sheet item is cash and cash equivalents (refer to Figure 5.12) and therefore the Company's historical financial information is not considered meaningful in the context of assessing BikeExchange's performance.

The financial information contained in this Section 5 includes the Aggregated Historical Financial Information and Pro Forma Aggregated Historical Financial Information for the financial years ended 30 June 2018 (**FY18**), 30 June 2019 (**FY19**) and 30 June 2020 (**FY20**), being the Financial Information (**Financial Information**) as summarised in Figure 5.1 below.

Figure 5.1: Overview of the Financial Information

| | |
|--|---|
| Aggregated Historical Financial Information | Aggregated Historical Financial Information, which is audited , comprises the following: <ul style="list-style-type: none">• Aggregated Historical Income Statements for FY18, FY19 and FY20 (Aggregated Historical Income Statements);• Aggregated Historical Cash Flows for FY18, FY19 and FY20 (Aggregated Historical Cash Flows); and• Aggregated Historical Statement of Financial Position as at 30 June 2020 (Aggregated Historical Statement of Financial Position). |
| Pro Forma Aggregated Historical Financial Information | Pro Forma Aggregated Historical Financial Information comprises the following: <ul style="list-style-type: none">• Pro Forma Aggregated Income Statements for FY18, FY19 and FY20 (Pro Forma Aggregated Historical Income Statements);• Pro Forma Aggregated Historical Cash Flows for FY18, FY19 and FY20 (Pro Forma Aggregated Historical Cash Flows); and• Pro Forma Aggregated Historical Statement of Financial Position as at 30 June 2020 (Pro Forma Aggregated Historical Statement of Financial Position). |

The Financial Information should also be read in conjunction with the risk factors set out in Section 6, the significant accounting policies of BikeExchange as set out in Appendix A and the other information contained in this Prospectus.

Also summarised in this Section 5 are:

- the basis of preparation and presentation of the Financial Information (Section 5.2) including the application of accounting standards in the Aggregated Historical Financial Information (Section 5.2.3);
- an explanation of certain financial measures that are neither recognised by the Australian Accounting Standards Board (AASB) or under the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) that are used by BikeExchange and included in this Prospectus to assist investors in understanding the financial performance of BikeExchange's business (Section 5.2.3.5) (non-IFRS financial measures);
- a summary of BikeExchange's key pro forma operating and financial metrics (Section 5.3.2);
- the pro forma adjustments to the Aggregated Historical Financial Information and reconciliations to the Pro Forma Aggregated Historical Financial Information (Section 5.3.3);
- details of BikeExchange's liquidity, capital resources and indebtedness as at 30 June 2020 (Sections 5.6.2 and 5.6.3);

5 Financial Information (continued)

- Management discussion and analysis of the Pro Forma Aggregated Financial Information (see Section 5.8); and
- a summary of BikeExchange's proposed dividend policy (see Section 5.14).

The Financial Information has been reviewed by Deloitte Corporate Finance (**Investigating Accountant**) in accordance with the Australian Standard on Assurance Engagements (**ASAE**) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*, as stated in its Investigating Accountant's Report on the Financial Information. Investors should note the scope and limitations of the Investigating Accountant's Report on the Financial Information (refer to Section 9).

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest thousand dollars. Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculations.

5.2. Basis of preparation and presentation of the financial information

5.2.1. Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flows and financial position of BikeExchange.

The Aggregated Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the AASB, which are consistent with IFRS and interpretations issued by the IASB, except for the requirements of the AAS listed below:

- AASB 3 – *Business Combinations*
- AASB 10 – *Consolidated Financial Statements*
- AASB 133 – *Earnings Per Share*

The Significant Accounting Policies (**SAP**) adopted in the preparation of the historical financial information are set out in Appendix A and have been consistently applied throughout the financial periods presented in this Prospectus unless stated otherwise.

The Pro Forma Aggregated Historical Financial Information has been prepared solely for inclusion in this Prospectus and has been derived from the Aggregated Historical Financial Information, adjusted for:

- i. certain transactions including completion impacts of the transaction with the Company;
- ii. the exclusion of certain transactions that occurred in the relevant periods; and
- iii. the impact of certain transactions as if they occurred on or before 30 June 2020 in the Aggregated Historical Financial Information.

The Pro Forma Aggregated Historical Financial Information does not represent the actual financial position, financial performance or cash flows of BikeExchange. The Company believes that the Pro Forma Aggregated Historical Financial Information provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 5.2.3.5 describes certain non-IFRS financial measures that are used to manage and report BikeExchange's business that are not defined under or recognised by AAS or IFRS.

5.2.2. Segment Information

BikeExchange's geographic business segments are the Australian & New Zealand, European, North American and Colombian operations. The business segments qualify as operating segments under AASB8 *Operating Segments*. The Directors assess the financial performance of each segment of BikeExchange for the purposes of managing and allocating resources. Segmental analysis of BikeExchange's performance is set out throughout Section 5.4 and 5.8.

5.2.3. Preparation of the Financial Information

The Aggregated Historical Financial Information has been extracted from the aggregated financial statements for the BikeExchange Group for FY18, FY19 and FY20 respectively (**Aggregated Financial Statements**). The Aggregated Financial Statements were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the Aggregated Financial Statements.

In preparing the Special Purpose Aggregated Financial Statement for the BikeExchange Group the requirements of the following AAS have not been fully complied with: AASB 3 Business Combinations; AASB 10 Consolidated Financial Statements; and AASB 133 Earnings Per Share. AASB 3 and AASB 10 were applied to the fullest extent possible to transactions occurring and in the presentation of the Aggregated Financial Statements, but could not be fully complied with, as there was no common controlling entity for the Company and the BikeExchange Group at 30 June 2020. No Earnings per Share measure was disclosed as there was no single controlling entity (and therefore number of shares) to apply to the aggregated group at 30 June 2020.

The Aggregated Financial Statements have been prepared for the BikeExchange Group as at 30 June 2020, which was before the acquisition of BikeExchange TopCo by the Company had been completed, and therefore for FY18, FY19 and FY20 there is no common parent entity for the Company and the BikeExchange Group to allow consolidated financial statements to be prepared.

As such, the Aggregated Historical Financial information includes the following companies:

| Name | Principal place of business/Country of incorporation |
|--------------------------------|--|
| BikeExchange TopCo | Australia |
| BikeExchange Pte Ltd | Singapore |
| BikeExchange Pty Ltd | Australia |
| BikeExchange Inc | USA |
| BikeExchange DE Vertriebs GmbH | Germany |
| BikeExchange Colombia | Colombia |

Each company is directly or indirectly owned 100% by BikeExchange TopCo, with the exception of BikeExchange Colombia, which is owned 50% and equity accounted in the Aggregated Historical Financial Information.

Bike Exchange Pte Ltd owns 100% of the share capital of BikeExchange Marketplace Ltd (UK) and BikeExchange Limited (Ireland). These entities are not consolidated in the Aggregated Historical Financial Information as they had ceased trading prior to 30 June 2020 and their inclusion would not provide additional information in assessing the historical performance of BikeExchange.

The historical financial information for the Company has been extracted from the Company's statutory financial statement for the year ended 30 June 2020 which has been audited by Crowe in accordance with AAS. Crowe issued an unmodified audit opinion on these statutory financial statements.

The Pro Forma Aggregated Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus and has been derived from the Aggregated Historical Income Statements and the Aggregated Historical Cash Flows and Aggregated Historical Statement of Financial Position after reflecting the following pro forma adjustments:

- the removal of impairment charges and losses on disposal incurred following the sale of investments in Cycling Tips Media Pty Ltd, Cycling Tips Media Inc. and BikeFix Mobile Pty Ltd in FY18 and FY19;
- the removal of impairment charges in relation to of BikeExchange Marketplace Ltd (UK) and BikeExchange Limited (Ireland) following the decision in FY20 to liquidate these companies;
- the impact of the Offers, including Offer costs that are expensed and other historical adjustments made as a result of completion impacts;

5 Financial Information (continued)

- the inclusion of the estimated incremental costs of being a publicly listed company, including additional Board and governance costs, incremental audit, tax, legal and compliance costs, and ASX listing fees (excluding share options costs); and
- the inclusion of the income tax effect of the above pro forma adjustments.

Investors should note that past results are not a guarantee of future performance.

Figure 5.5 and Figure 5.6 set out the pro forma adjustments made to the Aggregated Historical Income Statements and a reconciliation of the Aggregated Historical Income Statements to the Pro Forma Aggregated Historical Income Statements. Figure 5.9 sets out the pro forma adjustments made to the Aggregated Historical Cash Flows and a reconciliation of the Aggregated Historical Cash Flows to the Pro Forma Historical Cash Flows.

The Pro Forma Historical Statement of Financial Position is derived from the Aggregated Historical Statement of Financial Position, and is adjusted to reflect the impact of the Offers, including

- the acquisition by the Company (which, subject to completion to of the Proposed Transaction and confirmation under AASB 3 – *Business Combinations*, will be treated as a reverse acquisition for accounting purposes);
- the funds to be raised under the Public Offer; and
- the costs directly attributable to the Offers as if it had occurred as at 30 June 2020.

Under the Proposed Transaction, the Company will acquire 100% of the share capital of BikeExchange TopCo. The acquisition of BikeExchange TopCo (the legal acquiree) by the Company (the legal acquirer) is deemed to be a reverse acquisition, since the substance of the Proposed Transaction is such that all BikeExchange Shareholders will collectively obtain control of the Company.

Figure 5.12 sets out the pro forma adjustments made to the Historical Statement of Financial Position and a reconciliation of the Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of the future financial position of BikeExchange.

5.2.3.1. Foreign Exchange

Foreign exchange rates used to translate foreign currency amounts of transactions and balances used in the financial statements over the historical period into Australian dollars are provided in Figure 5.2 below.

Figure 5.2: Foreign Exchange rates for the Historical period

| Currency | 30-Jun-17 | Average FY18 | 30-Jun-18 | Average FY19 | 30-Jun-19 | Average FY20 | 30-Jun-20 |
|----------|-----------|-----------------|-----------|-----------------|-----------|-----------------|-----------|
| USD | 0.8041 | 0.8113 | 0.7714 | 0.7508 | 0.7332 | 0.6878 | 0.6863 |
| Euro | 0.7049 | 0.6831 | 0.6664 | 0.6575 | 0.6449 | 0.6217 | 0.6111 |

5.2.3.2. Disposal of business/businesses ceasing trading

BikeExchange's investments in Cycling Tips Media Pty Ltd, Cycling Tips Media Inc. and BikeFix Mobile Pty Ltd were disposed of in FY19. Impairments were made against the equity investments and funding loans in the FY18 and FY19 income statements. A pro-forma adjustment has been made to the Aggregated Historical Financial Information to remove the recorded loss on disposal.

Bike Exchange Pte Ltd owns 100% of the share capital of BikeExchange Marketplace Ltd (UK) and BikeExchange Limited (Ireland). These entities operated separate BikeExchange marketplaces in the UK and Ireland respectively. The directors of BikeExchange Pte Ltd decided to exit these markets in October 2019, with operations ceasing by March 2020. These entities are both in the process of being liquidated. A pro-forma adjustment has been made to the Aggregated Historical Financial Information to remove the impairment loss incurred in relation to the above entities based on the decision to liquidate the companies.

5.2.3.3. Critical accounting policies and judgements

Preparing financial statements in accordance with Australian Accounting Standards (**AAS**) requires the use of critical accounting estimates. It also requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts in the aggregated financial statements. Management continually evaluates its judgements and estimates in relation to assets and liabilities, contingent liabilities, revenues and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of, assets and liabilities within the next financial year include determining the lease term of contracts with renewal and termination options (BikeExchange as lessee) and provisions for make good; recovery of deferred tax assets; estimation of useful lives of assets; impairment of non-financial assets; provision for expected credit losses of trade receivables and contract assets; employee benefits and leases – estimating the incremental borrowing rate, as described in the significant accounting policies adopted in Appendix A.

5.2.3.4. Forecast Financial Information

The Directors have considered the requirements of ASIC Regulatory Guide 170 'Prospective Financial Information' (**RG170**) to determine if forecast financial information should be included in this Prospectus. The Directors have determined that, as at the date of this Prospectus BikeExchange does not have a reasonable basis to reliably forecast future earnings or cash flows and accordingly forecast financial information is not included within this Prospectus.

The international retail environment, consumer confidence and consumer spending are expected to remain volatile in a COVID-19 environment throughout 2021.

5.2.3.5. Explanation of certain non-IFRS measures

BikeExchange uses certain measures to manage and report on business performance that are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 5 and under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information as "non-IFRS financial measures".

These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS.

Although BikeExchange believes these non-IFRS financial measures provide useful information for measuring the financial performance and condition of the business, they should be considered as supplements to the Aggregated Historical Income Statement and Aggregated Historical Cash Flows measures that have been presented in accordance with the AAS and IFRS, nor as a replacement for them.

Investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

The non-IFRS financial measures that are referred to in this Prospectus include the following:

- **Total Transaction Value** is the aggregate of revenues, net of sales taxes, generated from display/media sales, retail subscriptions and other online sales and the gross merchandise value for e-commerce transactions that are executed on the BikeExchange network of websites.
- **Average Revenue** per account is the total annual revenue for subscriptions and e-commerce commissions earned from retailers and affiliates divided by the average annual number of paying retailers accessing BikeExchange network of websites, and does not include revenues or accounts relating to BikeExchange's 50% interest in BikeExchange Colombia.
- **Average Order Value** is the gross merchandise value for e-commerce transactions that transact on the BikeExchange network of websites divided by the number of e-commerce transactions for the financial year.
- **E-commerce transactions** are the total number of e-commerce transactions occurring on BikeExchange network of websites in each year. A transaction is defined as a single item or basket of items paid for in a single payment transaction through the BikeExchange network of websites.
- **Capital expenditure** is a combination of capitalised development costs and other costs primarily related to property, plant and equipment.

5 Financial Information (continued)

- **Marketing expenses** means the costs associated with advertising such as pay per click advertising, email and direct marketing activities, sponsorship and trade events.
- **Net cash flow** means Net cash flow before Offers impacts of proceeds from issue of shares, repayments of borrowings and costs of the Offers.
- **Working capital** means the sum of current trade and other receivables, less the sum of trade and other creditors, provisions and advance payments from customers.
- **EBITDA** means earnings before interest, tax depreciation and amortisation (discussed in Section 5.3.3).
- **EBIT** means earnings before interest and tax.
- **Net cash/indebtedness** means cash and cash equivalents less loans, borrowings, liabilities associated with equipment under financing/hire purchase arrangements and lease liabilities associated with property rental and hardware & operations equipment recognised on adoption of AASB 16 Leases.

5.3. Historical income statements

5.3.1. Pro Forma Aggregated Historical Income Statements

Figure 5.3 sets out the Pro Forma Aggregated Historical Income Statement for FY18, FY19 and FY20. The Pro Forma Aggregated Historical Income Statement is reconciled to the Aggregated Historical Income Statements (which are set out in Section 5.3.4). Investors are referred to Section 5.8, which provides a description and management discussion and analysis of the income statement categories.

Figure 5.3: Pro Forma Aggregated Income Statements

| \$ thousands | Notes | Pro forma historical | | |
|--|-----------|----------------------|----------------|----------------|
| | | FY18 | FY19 | FY20 |
| Revenue | 1 | 3,911 | 3,940 | 3,671 |
| Employee benefits expense | 2 | (3,679) | (3,979) | (3,322) |
| Advertising & Marketing expenses | 3 | (497) | (856) | (359) |
| General & Administration expenses | 4 | (2,408) | (2,994) | (2,468) |
| Profit/(Loss) on Disposal of Assets | 5 | – | (15) | 31 |
| EBITDA | | (2,673) | (3,904) | (2,448) |
| Depreciation and Amortisation | 6 | (149) | (315) | (390) |
| EBIT | | (2,822) | (4,219) | (2,837) |
| Finance income/(costs) – net | 7 | (61) | (218) | (24) |
| Share of income/(loss) from Joint Ventures | 8 | (23) | (104) | (46) |
| Profit/(loss) before tax | | (2,906) | (4,541) | (2,907) |
| Income tax benefit/(expense) | 9 | – | – | – |
| Net profit/(loss) after tax | 10 | (2,906) | (4,541) | (2,907) |

Notes:

- 1 Revenue comprises commissions generated from e-commerce transactions that occur on the BikeExchange network of websites, retailer account subscription fees, and display and media advertising sales and other online advertising services.
- 2 Employee benefits expense comprises all employment related expenses such as payroll costs including bonus, on-costs (superannuation, payroll taxes and other benefits), annual leave and long-service leave accruals. In certain geographic markets other employee benefits are mandatory such as pension contributions, statutory annual leave payments or healthcare plan provision.

- 3 Advertising & Marketing expenses relate to the costs associated with advertising such as pay per click advertising, email and direct marketing activities, sponsorship and trade events.
- 4 General and Administration expenses relate to all other expenses incurred in the operations, including overheads, technology licence fees, travel, insurance and professional fees and a pro-forma adjustment for listed company costs including ASX annual fees, Director fees, share registry services, corporate secretarial services, insurance and investor relations (excluding share options costs).
- 5 Profit/(Loss) on sale of assets relates to sale of motor vehicles in the historical period.
- 6 Depreciation and amortisation reflect the depreciation of the BikeExchange's plant & equipment, amortisation expense of intangibles (such as software) over useful lives and amortisation of lease right-of-use assets based on AASB 16 Leases.
- 7 Finance income/(costs) – net relates to interest expense on lease right-of-use assets based on AASB 16 Leases net of interest income.
- 8 Share of profit or loss from Joint Venture – reflects the equity accounted 50% share of the loss incurred by the BikeExchange Colombia joint venture.
- 9 The BikeExchange Group has carry-forward tax losses in various jurisdictions. These tax losses have not been recognised as a deferred tax asset due to the uncertainty as to the amount and timing of sufficient taxable profits. The quantum and availability of these carry forward tax losses for post-IPO periods will be determined by the Company and BikeExchange Group's post-IPO financial performance and compliance with relevant tax laws.
- 10 The Pro Forma profit and loss provided includes the impacts of foreign exchange movements on monetary items. Foreign exchange gains and losses on translation of the BikeExchange Group entities statement of financial position are recognised in other comprehensive income, below net profit/(loss).

5.3.2. Key Pro Forma Operating and Financial Metrics

Set out in Figure 5.4 is a summary of the BikeExchange Group's key operating and financial metrics for FY18, FY19 and FY20 derived from the Pro Forma Aggregated Historical Financial Information.

Figure 5.4: Pro Forma Aggregated Historical key operating and financial metrics

| | | Pro forma historical | | |
|--|-------|----------------------|---------|---------|
| | Notes | FY18 | FY19 | FY20 |
| Key operating metrics | | | | |
| Total Transaction Value (\$ thousands) | 1 | 6,964 | 7,353 | 12,349 |
| Total Transaction Value – growth % | 2 | | 5.6% | 68.0% |
| e-Commerce Transactions | 3 | 14,572 | 13,542 | 20,954 |
| e-Commerce Transactions – growth % | 4 | | (7.1%) | 54.7% |
| Average Order Value (AOV) (\$) | 5 | 223 | 275 | 436 |
| Average Annual Revenue per Subscription Account (\$) | 6 | 2,911 | 2,725 | 2,955 |
| Key financial metrics | | | | |
| Revenue growth | | | 0.8% | (6.8%) |
| Marketing expense (as % of revenue) | | (12.7%) | (21.7%) | (9.8%) |
| EBITDA margin | | (68.3%) | (99.1%) | (66.7%) |

Notes:

- 1 Total Transaction Value (TTV) is the aggregate of revenues generated from display/media sales, retail subscriptions and other online sales, and the gross merchandise value for e-commerce transactions that is executed on the BikeExchange network of websites. TTV does not include transactions relating to BikeExchange's 50% interest in BikeExchange Colombia. In FY20 TTV of BikeExchange Colombia was \$17m.
- 2 The percentage growth of TTV over the prior corresponding period.
- 3 E-commerce transactions – The total number of e-commerce transactions occurring on BikeExchange network of websites in each year. A transaction is defined as a single item or basket of items paid for in a single payment transaction through the BikeExchange network of websites.
- 4 E-commerce transactions growth – The percentage growth of the e-commerce transactions on BikeExchange network of websites on the prior corresponding period.
- 5 Average Order Value is the gross merchandise value for e-commerce transactions that transact on the BikeExchange network of websites divided by the number of e-commerce transactions for the financial year.
- 6 Average annual revenue per subscription account is calculated as the total all subscription revenue over the period divided by the average retail subscription paying accounts for the period.

5 Financial Information (continued)

5.3.3. Pro Forma adjustments to the Aggregated Historical Income Statements

Figure 5.5 and Figure 5.6 below set out the pro forma adjustments to reconcile the Historical Aggregated Income Statements with the Pro forma Aggregated Historical Income Statements.

Figure 5.5: Pro Forma Adjustments to Aggregated Historical EBITDA

| \$ thousands | Notes | FY18 | FY19 | FY20 |
|------------------------------|-------|----------------|----------------|----------------|
| Aggregated EBITDA | | (5,989) | (4,617) | (1,944) |
| Public company costs | 1 | (905) | (905) | (905) |
| Loss on Disposal of Business | 2 | 2,893 | 1,015 | – |
| Impairment of Investment | 3 | 1,328 | 603 | 402 |
| Pro forma EBITDA | | (2,673) | (3,904) | (2,448) |

Notes:

- 1 Reflects the incremental listed public company costs and include increase in personnel payroll (excluding employee share option costs), Directors' fees, ASX annual fee, insurance, company secretarial, additional audit and compliance costs, share registry and other additional costs associated with running a listed company. No pro-forma adjustment has been made for the changes to BikeExchange's short term incentive or long term incentive plans. The maximum annual expense for each incentive plan (based on the fair value of the awards under each plan) is as follows: short term incentive – \$500,000, one-time Pre-IPO Options: \$1,146,000, LTIP Options to executives: \$267,000.
- 2 Removal of the loss on disposal of business includes the removal of impairment charges and losses on disposal incurred following the sale of investments in Cycling Tips Media Pty Ltd, Cycling Tips Media Inc and BikeFix Mobile Pty Ltd in FY18 and FY19 (as set out in section 5.2.3).
- 3 Impairment of investment/Loans in other business include impairments in relation investments/loans in BikeExchange Marketplace Ltd (UK) and BikeExchange Limited (Ireland) as set out in Section 5.2.3.

Figure 5.6: Pro Forma Adjustments to Aggregated Historical Profit/(Loss) after tax

| Pro forma aggregated historical | | | | |
|--|-------|----------------|----------------|----------------|
| \$ thousands | Notes | FY18 | FY19 | FY20 |
| Aggregated profit/(loss) after tax | | (6,221) | (5,363) | (2,638) |
| Public company costs | 1 | (905) | (905) | (905) |
| Loss on Disposal of Business | 2 | 2,893 | 1,015 | – |
| Impairment of Investment | 3 | 1,328 | 603 | 402 |
| Finance cost on borrowings converted into equity | 4 | – | 109 | 234 |
| Income tax benefit/(expense) | 5 | – | – | – |
| Pro forma profit/(loss) after tax | | (2,906) | (4,541) | (2,907) |

Notes:

- 1 Reflects the incremental listed public company costs and include increase in personnel payroll (excluding employee share option costs), Directors' fees, ASX annual fee, insurance, company secretarial, additional audit and compliance costs, share registry and other additional costs associated with running a listed company. No pro forma adjustment has been made for the changes to BikeExchange's short term incentive or long term incentive plans. The maximum annual expense for each incentive plan (based on the fair value of the awards under each plan) is as follows: short term incentive – \$500,000, one-time Pre-IPO Options: \$1,146,000, LTIP Options to executives: \$267,000.
- 2 Removal of the loss on disposal of business includes the removal of impairment charges and losses on disposal incurred following the sale of investments in Cycling Tips Media Pty Ltd, Cycling Tips Media Inc and BikeFix Mobile Pty Ltd in FY18 and FY19 (as set out in section 5.2.3).
- 3 Impairment of investment includes the removal of impairment charges in relation to BikeExchange Marketplace Ltd (UK) and Bikeexchange Limited (Ireland) following the decision in FY20 to liquidate these companies.
- 4 Finance costs on borrowings converted to equity, are adjustments to the aggregated historic Profit and loss related to capitalised interest as a result of loans to which capitalised interest accrued being converted to equity upon completion.
- 5 Income tax benefit/(expense), there is no income tax benefit or expense recognised in respect of the proforma adjustments given the brought forward tax losses of the BikeExchange Group for which no deferred tax asset has been recognised.

5.3.4. Aggregated Historical Income Statements

Figure 5.7 sets out the Aggregated Historical Income Statement

Figure 5.7: Aggregated Historical Income Statements

| \$ thousands | FY18 | FY19 | FY20 |
|--|----------------|----------------|----------------|
| Revenue | 3,911 | 3,940 | 3,671 |
| Employee benefits expense | (3,319) | (3,619) | (2,962) |
| Advertising & Marketing expenses | (497) | (856) | (359) |
| General & Administration expenses | (1,863) | (2,449) | (1,923) |
| Loss on Disposal of Business | (2,893) | (1,015) | – |
| Impairment of Investment | (1,328) | (603) | (402) |
| Profit/(Loss) on Disposal of Asset | – | (15) | 31 |
| EBITDA | (5,989) | (4,617) | (1,944) |
| Depreciation and Amortisation | (149) | (315) | (390) |
| EBIT | (6,138) | (4,932) | (2,334) |
| Finance costs – net | (61) | (327) | (259) |
| Share of income/(loss) from Joint Ventures | (23) | (104) | (46) |
| Profit/(loss) before tax | (6,221) | (5,363) | (2,638) |
| Income tax benefit/(expense) | – | – | – |
| Net profit/(loss) after tax | (6,221) | (5,363) | (2,638) |

5.4. Segment Analysis

BikeExchange's geographic business segments are the Australian & New Zealand, European, North American and Colombian operations. The following information is provided to the Global CEO to assess the performance of the business.

5 Financial Information (continued)

Figure 5.8: Pro Forma aggregated historical segmental reporting for FY18 to FY20

| FY20 \$ thousands | Notes | Australia and New Zealand | Europe | North America | Colombia | Unallocated | Total |
|---------------------------------------|--------------|--|---------------|--------------------------|-----------------|--------------------|----------------|
| Total Transaction Value (TTV) | 1 | 3,839 | 5,800 | 2,710 | 826 | – | 13,175 |
| Revenue | | 1,510 | 1,130 | 1,031 | – | – | 3,671 |
| EBITDA | 2 | (1,395) | (416) | (668) | – | 31 | (2,448) |
| Finance costs – net | | – | – | – | – | (24) | (24) |
| Depreciation and amortisation expense | | (245) | (9) | (135) | – | – | (390) |
| Share of income/(loss) from JV | | – | – | – | (46) | – | (46) |
| Income tax expense | | – | – | – | – | – | – |
| (Loss)/Profit for the year | | (1,639) | (425) | (804) | (46) | 7 | (2,907) |

| FY19 \$ thousands | Notes | Australia and New Zealand | Europe | North America | Colombia | Unallocated | Total |
|---------------------------------------|--------------|--|---------------|--------------------------|-----------------|--------------------|----------------|
| Total Transaction Value (TTV) | 1 | 2,807 | 2,438 | 2,108 | 237 | – | 7,590 |
| Revenue | | 1,626 | 1,135 | 1,180 | – | – | 3,940 |
| EBITDA | 2 | (2,491) | (482) | (916) | – | (15) | (3,904) |
| Finance costs – net | | – | – | – | – | (218) | (218) |
| Depreciation and amortisation expense | | (171) | (15) | (129) | – | – | (315) |
| Share of income/(loss) from JV | | – | – | – | (104) | – | (104) |
| Income tax expense | | – | – | – | – | – | – |
| (Loss)/Profit for the year | | (2,662) | (497) | (1,045) | (104) | (233) | (4,541) |

| FY18 \$ thousands | Notes | Australia and New Zealand | Europe | North America | Colombia | Unallocated | Total |
|---------------------------------------|--------------|--|---------------|--------------------------|-----------------|--------------------|----------------|
| Total Transaction Value (TTV) | 1 | 3,199 | 1,869 | 1,896 | 9 | – | 6,973 |
| Revenue | | 1,800 | 1,028 | 1,083 | – | – | 3,911 |
| EBITDA | 2 | (1,201) | (567) | (905) | – | – | (2,673) |
| Finance costs – net | | – | – | – | – | (61) | (61) |
| Depreciation and amortisation expense | | (63) | (22) | (64) | – | – | (149) |
| Share of income/(loss) from JV | | – | – | – | (23) | – | (23) |
| Income tax expense | | – | – | – | – | – | – |
| (Loss)/Profit for the year | | (1,264) | (590) | (969) | (23) | (61) | (2,906) |

Notes:

- 1 Total Transaction Value is presented including BikeExchange's 50% economic share of BikeExchange Colombia's Total Transaction Value as this is the basis on which management analyse the performance of the business.
- 2 All of the pro forma adjustment in respect of public listing costs has been recorded against the Australia and New Zealand Segment.

5.5. Historical cash flows

5.5.1. Pro Forma Aggregated Historical Cash Flows

Figure 5.9 sets out the Pro Forma Aggregated Historical Cash Flows for FY18, FY19 and FY20. The Pro Forma Aggregated Historical Cash Flows is reconciled to the Aggregated Historical Cash Flows (which are set out in Section 5.5.2). Investors are referred to Section 5.8., which provides a management discussion and analysis of the cash flow line items.

Figure 5.9: Pro Forma Aggregated Historical Cash Flows

| \$ thousands | Notes | Pro forma historical | | |
|--|-------|----------------------|----------------|----------------|
| | | FY18 | FY19 | FY20 |
| Net profit/(loss) after tax | | (2,906) | (4,541) | (2,907) |
| Non-cash expenses/items | 1 | 172 | 325 | 201 |
| Change in working capital | 2 | (113) | 721 | 1,800 |
| Operating cash flow | | (2,846) | (3,495) | (907) |
| Net cash flow on disposal of business/Investments | 3 | – | – | – |
| Proceeds on Disposal of Asset | 4 | – | 7 | 208 |
| Capital expenditure – PP&E and Intangible assets | 5 | (103) | (35) | (8) |
| Other investing cash flows | 6 | 68 | (118) | (28) |
| Operating cash flow after capital expenditure | | (2,882) | (3,641) | (735) |
| Net proceeds/(repayments) of borrowings | 7 | 489 | 4,179 | 1,051 |
| Cash flows from share capital issues | 8 | 5,777 | 346 | – |
| Lease payments | 9 | (271) | (141) | (450) |
| Net cash flow | | 3,113 | 744 | (134) |

Notes:

- 1 Non-cash expenses includes depreciation, amortisation, share of profit and loss from Joint Ventures.
- 2 Change in working capital includes movements in trade receivables, payables and provisions. The key driver of changes in working capital is the timing of customer payments. Customers pay for e-commerce transactions when they order goods and retailers are paid for these goods (less BikeExchange's commission revenue) 7-14 days after the goods have been collected/shipped. Changes in working capital exclude the impact of non-cash adjustments such as liabilities settled by the issuance of equity.
- 3 Net cash flow on disposal of business/Investments includes the cash flows on disposal of Cycling Tips Media Pty Ltd and Cycling Tips Media Inc and BikeFix Mobile Pty Ltd – this has been adjusted as a pro forma adjustment (see Section 5.5.2).
- 4 Proceeds on Disposal of Asset includes disposal of property, plant and equipment in the ordinary course of business.
- 5 Capital expenditure represents cash flows to purchase intangible assets (such as software) and property plant and equipment (such as general plant and leasehold improvements).
- 6 Other investing cash flows include cash payments to Joint Ventures and other cash flows relating to cash deposits.
- 7 Net proceeds/(repayments) of borrowings represents the net cash flows from related party loan funding received in the period. The majority of these loans were converted to equity to settle.
- 8 Cash flows from share capital issues reflect cash flows received for the issue of new shares in BikeExchange Pte Ltd.
- 9 Lease payments reflect the capital portion of lease payments for property and motor vehicles.

5 Financial Information (continued)

5.5.2. Pro Forma adjustments to the Aggregated Historical Cash Flows

Figure 5.10 sets out the pro forma adjustments to reconcile the Historical Aggregated Cash Flows with the Pro forma Aggregated Cash Flows.

Figure 5.10: Pro Forma Adjustments to the Aggregated Historical Cash Flows

| \$ thousands | Notes | Pro forma historical | | |
|--|-------|----------------------|----------------|--------------|
| | | FY18 | FY19 | FY20 |
| Operating cash flow after capital expenditure | | (6,039) | (4,233) | (1) |
| Public company costs | 1 | (905) | (905) | (905) |
| Net cash flow on disposal of business/Investments | 2 | 4,062 | 1,497 | 171 |
| Finance cash flows on borrowings converted into equity | 3 | – | – | – |
| Pro forma operating cash flow after capital expenditure | | (2,882) | (3,641) | (735) |

Notes:

- 1 Public company cost reflects the incremental listed public company costs include increase in personnel payroll (excluding employee share option costs), Directors' fees, ASX annual fee, insurance, company secretarial, additional audit and compliance costs, share registry and other additional costs associated with running a listed company as set out in Section 5.3.3 above.
- 2 Disposal of business includes the cash flows on disposal of Cycling Tips Media Pty Ltd and Cycling Tips Media Inc and BikeFix Mobile Pty Ltd and BikeExchange's legacy investments in BikeExchange Marketplace Ltd (UK) and BikeExchange Limited (Ireland).
- 3 Interest charged on borrowings converted to equity was capitalised into the outstanding loan balance and converted to equity and therefore there is no pro forma cash flow adjustment in respect of this item.

5.5.3. Aggregated Historical Cash Flows

Figure 5.11 sets out BikeExchange's Aggregated Historical Cash Flows

Figure 5.11: Aggregated Historical Cash Flows

| \$ thousands | Aggregated historical | | |
|--|-----------------------|----------------|----------------|
| | FY18 | FY19 | FY20 |
| Net profit/(loss) after tax | (6,221) | (5,363) | (2,638) |
| Non-cash expenses/items | 4,393 | 2,052 | 837 |
| Change in working capital | (113) | 721 | 1,800 |
| Operating cash flow | (1,941) | (2,590) | (2) |
| Net cash flow on disposal of business/Investments | (4,062) | (1,497) | (171) |
| Proceeds on Disposal of Asset | – | 7 | 208 |
| Capital expenditure – PP&E and Intangible assets | (103) | (35) | (8) |
| Other investing cash flows | 68 | (118) | (28) |
| Operating cash flow after capital expenditure | (6,039) | (4,233) | (1) |
| Net proceeds/(repayments) of borrowings | 489 | 4,179 | 1,051 |
| Cash flows from share capital issues | 5,777 | 346 | – |
| Lease payments | (271) | (141) | (450) |
| Net cash flow | (44) | 152 | 600 |

5.6. Statement of Financial position

5.6.1. Aggregated Historical and Pro Forma Aggregated Historical Statements of Financial Position

Figure 5.12 sets out the Aggregate Historical Statement of Financial Position and the pro forma adjustments that have been made to prepare the Pro Forma Aggregate Historical Statement of Financial Position of BikeExchange. These adjustments take into account the effect of the acquisition of BikeExchange TopCo by the Company, offer proceeds, transaction costs and the exercising of all outstanding share options on issue in the Company prior to completion of the Proposed Transaction as if the Listing had occurred as at 30 June 2020.

The Pro Forma Aggregate Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of BikeExchange's view of its financial position upon Completion or at a future date.

Figure 5.12: Aggregated Historical and Pro Forma Aggregated Historical Statements of Financial Position as at 30 June 2020

| \$ thousands | Bike Exchange Topco Group Balance Sheet 30-Jun-20 | Pro forma Adjustments | | | | | Pro forma Historical 30-Jun-20 |
|--------------------------------------|---|--------------------------|--|---|------------------------------|------------------------------|--------------------------------------|
| | | RPro balance sheet | Post balance sheet debt- equity conver- sion | Post balance sheet financial liability repayment | RPro Options Exercised | Net proceeds of Offers | |
| Notes | 1 | 2 | 3 | 4 | 5 | 6 | |
| Cash and cash equivalents | 1,043 | 2,720 | – | (796) | 420 | 16,720 | 20,107 |
| Trade and other receivables | 353 | 5 | – | – | – | – | 358 |
| Financial assets | 45 | – | – | – | – | – | 45 |
| Total current assets | 1,441 | 2,725 | – | (796) | 420 | 16,720 | 20,510 |
| Property, plant and equipment | 262 | – | – | – | – | – | 262 |
| Investments – JV | – | – | – | – | – | – | – |
| Total non-current assets | 262 | – | – | – | – | – | 262 |
| Total Assets | 1,703 | 2,725 | – | (796) | 420 | 16,720 | 20,772 |
| Trade and other payables | 2,793 | 3 | – | – | – | – | 2,796 |
| Lease liabilities | 90 | – | – | – | – | – | 90 |
| Borrowings | 5,560 | – | (4,764) | (796) | – | – | – |
| Provisions | 182 | – | – | – | – | – | 182 |
| Total current liabilities | 8,625 | 3 | (4,764) | (796) | – | – | 3,068 |
| Lease liabilities | 137 | – | – | – | – | – | 137 |
| Provisions | 56 | – | – | – | – | – | 56 |
| Total non-current liabilities | 193 | – | – | – | – | – | 193 |
| Total liabilities | 8,818 | 3 | (4,764) | (796) | – | – | 3,261 |
| Total net assets | (7,115) | 2,722 | 4,764 | – | 420 | 16,720 | 17,511 |
| Contributed equity | 20,572 | 2,879 | 4,420 | – | 420 | 17,210 | 45,501 |
| Reserves | (11,950) | 60 | – | – | – | – | (11,890) |
| Accumulated losses | (15,737) | (217) | 344 | – | – | (490) | (16,100) |
| Total Equity | (7,115) | 2,722 | 4,764 | – | 420 | 16,720 | 17,511 |

5 Financial Information (continued)

Notes:

- 1 Aggregated Historical Statement of Financial Position of BikeExchange TopCo as at 30 June 2020.
- 2 Historical Statement of Financial position of the Company as at 30 June 2020 which is reverse acquisition accounted in the pro forma Historical balance sheet.
- 3 Adjustments to share capital reflects shares issued to debt holders upon conversion of debt principal and capitalised interest to contributed equity and Accumulated losses.
- 4 Adjustment reflects repayment of borrowings post balance sheet date of 30 June 2020.
- 5 RPro options represents anticipated cash proceeds of the exercise of existing options over shares in the Company at the cash exercise price of \$420,000, and the value of the equity issued being measured at the Offer Price with the intrinsic value of the options being recognised in the RPro pro forma income statement.
- 6 Net proceeds of Offers reflect the Cash and cash equivalents adjustment related to the impact of the Offers, being cash proceeds of \$20.0m net of the estimated transaction costs of \$3.3m. Pro Forma Aggregated Statement of Financial Position recognises costs associated with the Offers of \$0.5 million within accumulated losses and the remainder of transaction costs of \$2.8 million have been offset against issued capital based on costs offset against equity raised.

5.6.2. Indebtedness

Figure 5.13 sets out the pro forma indebtedness of BikeExchange derived from the Aggregated Historical Statement of Financial Position. The pro forma adjustments reflect the intended capital structure following the Completion as if it had occurred on 30 June 2020.

The pro forma indebtedness as at 30 June 2020 does not reflect the change in cash position between 30 June 2020 and Completion, which will occur as a result of various anticipated cash generation and other cash requirements of the business over this period.

Figure 5.13: Pro Forma Indebtedness

| \$ thousands | Notes | Aggregated historical as at 30 June 2020 | Pro Forma adjustment | Pro Forma at 30 June 2020 |
|----------------------------------|-------|--|----------------------|---------------------------|
| Cash and Cash Equivalents | 1 | 1,043 | 19,064 | 20,107 |
| Long Term Debt | | | | |
| Non-current loans and borrowings | | – | – | – |
| Lease liabilities | 2 | (137) | – | (137) |
| Short term debt | | | | |
| Lease liabilities | 2 | (90) | – | (90) |
| Current loans and borrowings | 3 | (5,560) | 5,560 | – |
| Net cash/(debt) | | (4,654) | 24,624 | 19,970 |

Notes:

- 1 Reflects cash raised from the Offers net of expenses, the exercise of options in the Company by Bombora Investment Management prior to completion of the Proposed Transaction and the repayment of existing financial indebtedness prior to Completion.
- 2 Reflects current and non-current lease liabilities on AASB16 lease assets.
- 3 Reflects conversion of part of existing borrowings to equity (\$4.764m) and repayment of other borrowings (\$0.797m) post 30 June 2020 but prior to completion.

5.6.3. Liquidity and Capital Resources

Following the Completion, BikeExchange's principal sources of funds will be cash held at Completion and cash flow from operations. The Company expects that BikeExchange will have sufficient cash resources to meet its business needs and will have sufficient working capital to carry out its stated objectives.

BikeExchange's ability to generate sufficient cash depends on its future performance which, to a certain extent, is subject to a number of factors beyond the Company's control including general economic, financial and competitive conditions.

5.7. Net asset deficiency as at 30 June 2020

The Aggregated Statement of Financial Position had a net current deficiency of \$71 million and a net asset deficiency of \$71 million on an aggregated basis as at 30 June 2020 primarily resulting from the loans from related parties. Following completion of the Offers, BikeExchange will not have a net current or net asset deficiency.

5.8. Management discussion and analysis of the Pro Forma Aggregated Historical Financial Information

5.8.1. Overview

This Section 5.8 sets out a discussion of the main factors which affected BikeExchange's operating and financial performance in FY18, FY19 and FY20.

The discussion of these general factors is intended to provide a brief summary only and does not detail all the factors that affected historical operating and financial performance, nor everything which may affect BikeExchange's operating and financial performance in the future. Unless otherwise stated, all metrics and financial information presented in this section, and the related commentary is on a pro forma basis only. Investors should refer to section 5.3.2 for key operating metrics.

The information in this section should be read in conjunction with the risk factors set out in Section 6 and the other information contained in this Prospectus

5.8.2. Total Transaction Value ("TTV")

TTV is the total dollar value of all transactions that are executed on the BikeExchange Platform (stated exclusive of GST or other sales taxes) and represents the aggregate gross value of all e-commerce transactions and sales revenue that are captured on the platform. TTV in absolute value and trend terms is considered by management to be the most important operating metric to manage and predict the overall performance of the business.

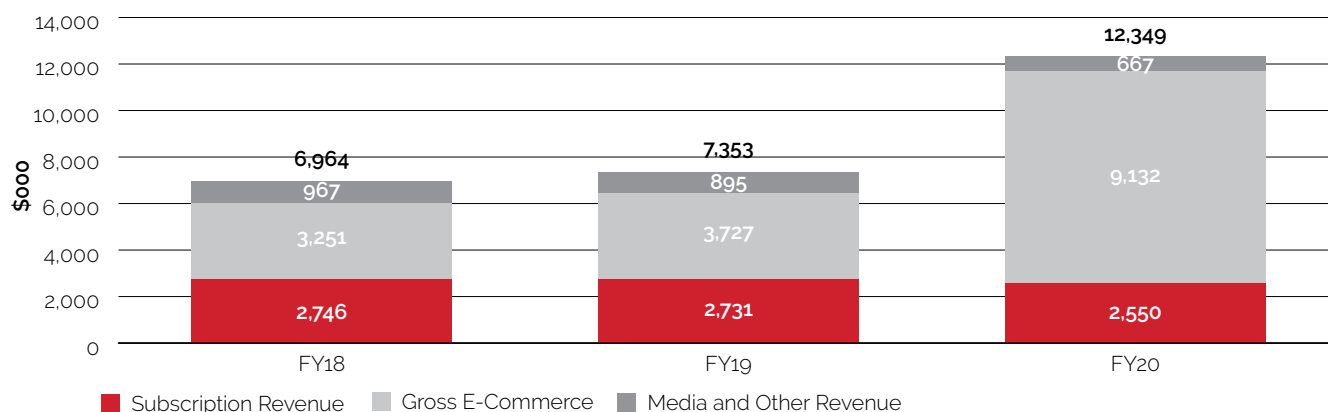
TTV is based on the following categories of transactions:

- total e-commerce gross transaction value, which is calculated as the gross merchandise value of all orders transacted on the BikeExchange network of websites including postage fees but net of any sales discounts and taxes.
- total subscription revenue, which is calculated as the total of all subscription fees paid by Retail Subscription Accounts (RSA) (and their affiliates) that advertise on the BikeExchange network of websites; and
- total media and other revenue, which includes display and media advertising sales and other online sales.

Figure 5.14 below represents the TTV that occurred on the platform over the historical period.

5 Financial Information (continued)

Figure 5.14: TTV by category – FY18 to FY20



TTV has grown from \$7.0 million in FY18 to \$12.3 million in FY20 representing a CAGR of 33.2% over the period. Gross e-commerce transaction value is the main driver of growth in TTV over the period, which has grown from \$3.3 million in FY18 to \$9.1 million in FY20 representing 67.6% CAGR over the period reflecting the performance in each geographic region, as discussed further below. In FY20 e-commerce transaction value represented 74.0% of TTV. The growth in TTV from e-commerce transaction value over the period was slightly offset by reductions in subscription and other revenue.

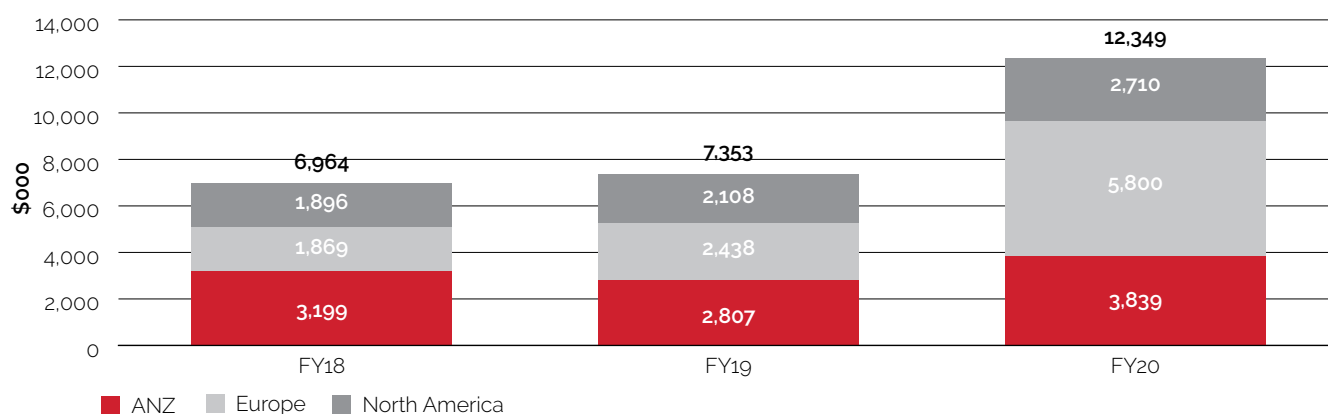
As set out in section 5.11 on a lookthrough basis BikeExchange's 50% share of TTV and revenue for BikeExchange Colombia for FY20 was \$0.8 million and revenue was \$0.3 million.

Gross e-commerce transaction value is the main driver of TTV growth and dependent on website traffic levels, conversion rates of traffic to sales and the average e-commerce transaction value.

Based on the unaudited management accounts, growth in TTV and revenue accelerated in Q4 FY20 with BikeExchange recording TTV of \$6.2 million and revenue of \$1.04 million in that period. On a lookthrough basis, BikeExchange's 50% share of TTV and revenue for BikeExchange Colombia for Q4 FY20 was \$0.4 million and revenue was \$0.15 million.

Figure 5.15 illustrates TTV by geographic region.

Figure 5.15: TTV by geographic region – FY18 to FY20



Europe comprised the largest segment of TTV accounting for 47.0% in FY20 and is the fastest growing geographic segment, achieving a CAGR of 76.2% over the historical period. The European business has benefitted from strong demand for bikes for transportation and in particular e-bikes. In addition, Europe generally has a higher average order value, as the European websites sells a higher proportion of bikes and e-bikes compared to parts, accessories and apparel, in part reflecting the local retailers strong support for online transactions on higher value bikes. The European business has also placed focus on further integrations with POS systems and product database work enabling more retailers and products to be advertised on the BikeExchange Platform.

ANZ TTV declined by 12% between FY18 to FY19 reflecting a reduction in the number of retail subscribers, this resulted in negative impact on goods available for e-commerce during the period. The business sought to focus on high quality retailer accounts and introduced new brand and multistore products. Brand/multistore accounts are umbrella parent accounts linked to a single brand, distributor or retailer group which allows related retailers to the parent account to list relevant inventory through a single destination webpage (as set out further in section 4.2.2). Overall retail account numbers grew throughout FY19 driving stronger subscription revenues in FY20.

North America TTV grew 11% in FY19 and 27% in FY20, primarily driven by higher e-commerce transaction volumes reflecting improved traffic levels and conversion rates, with subscription and other revenues remaining broadly flat over the historical period.

All regions benefitted from strong COVID-19 influenced demand for e-commerce in FY20, Q4 FY20 grew strongly on previous periods.

5.8.3. Revenue

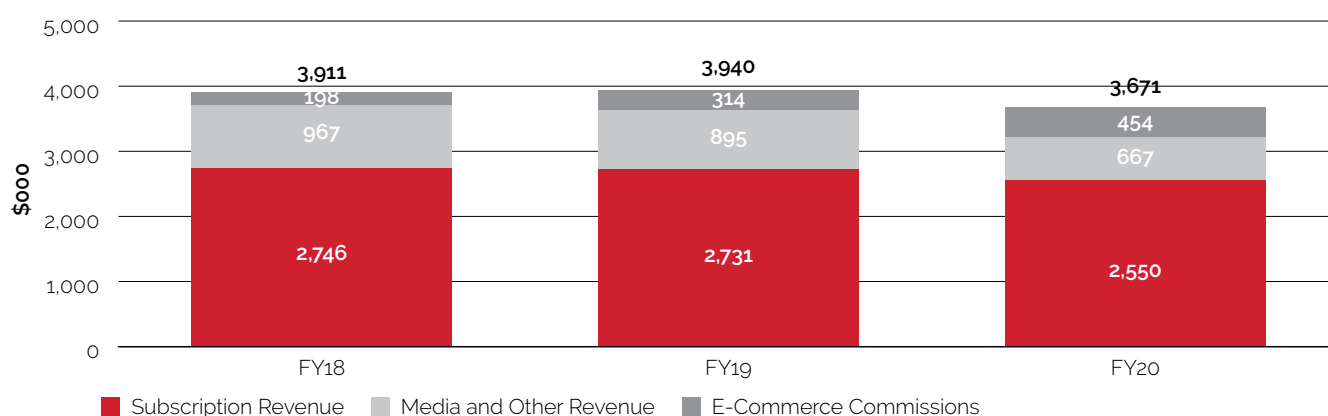
BikeExchange achieves revenue from the TTV categories described in section 5.8.2 being:

- commission revenue received from an e-commerce transaction, whereby a percentage of a transaction order value is retained by the Company from the retailer as payment for enabling the product sale.
- subscription revenue is generated from fees paid by RSA (including affiliates), brand stores and brand multistores.
- media and other revenue which includes:
 - media revenue from an automated programmatic display system which trades the global inventory available;
 - direct media sales consisting of media inventory or content displayed on the platform on behalf of brand and retail customers;
 - other revenue which includes private sale of second-hand bikes through classified listing, feature listing upgrades for product listings and other ancillary services.

BikeExchange generates revenue in all categories in each of the three geographic regions to which the Pro Forma Aggregated Historical Income Statement relates. Revenues generated in these geographic regions are based on transaction denominated in local currency, which are converted to the Australian Dollar equivalent at the foreign currency rates set out in Section 5.2.3.1.

Figure 5.16 represents the historical revenue by category of BikeExchange over the historical period.

Figure 5.16: Revenue by category – FY18 to FY20



5 Financial Information (continued)

Revenue increased from FY18 to FY19 by 0.8% to \$3.9 million. For the period FY19 to FY20 revenue declined by 6.8% to \$3.7 million. The reduction in revenue over the most recent period is mainly attributable to a reduction in subscriptions revenues driven by the re-focussing of the subscriber base globally to high quality retailer accounts and a shift in the composition of retailer revenues away from fixed subscriptions to including variable e-commerce transaction fees for those retailers offering goods for purchase online. In addition, other revenues declined which was primarily driven by a reduction in direct media revenues. E-commerce revenues increased significantly over the historical period driven by higher e-commerce transaction volumes.

Consumer behavioural changes during COVID-19 accelerated the movement online and to e-commerce which has benefitted BikeExchange. Consumers increasingly research and buy cycling products, in particular bicycles, online resulting in increased organic sourced traffic to the network of websites which has been achieved on limited performance marketing spend.

5.8.3.1. Subscription revenue

Subscription revenue is historically the largest contributor to revenue and represented 69.5% of total revenue in FY20. Subscription revenue decreased from \$2.7 million in FY18 to \$2.6 million in FY20 representing a CAGR of -6.6% over the period.

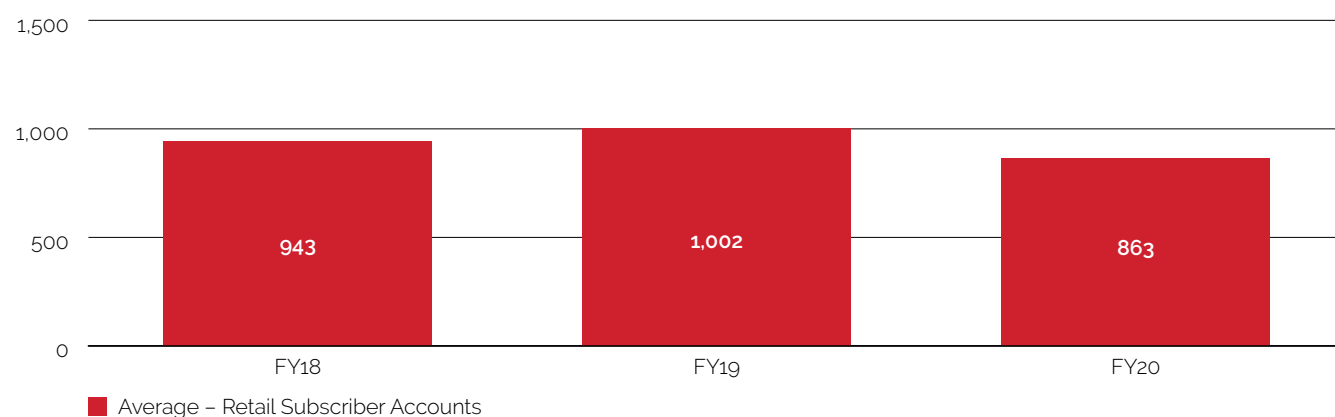
Subscription fees are generated for the period that the BikeExchange hosts the store on its website. Revenue in this segment is generally influenced by the number of active subscriber accounts advertising on the site and the quantum of monthly fee charged to accounts.

Subscription revenues have decreased slightly from \$2.7 million in FY18 to \$2.6 million in FY20 as the mix of subscription types and the rates of subscription have altered across markets. BikeExchange has focused on increasing the quality of its partnerships over the period, driving improved focus on retailers growing brand, multistores and web stores, and making more products e-commerce enabled on the platform. This strategy has resulted in smaller retailers as a percentage of total retailer numbers falling over the period supplemented by growing numbers of multistore and brand account numbers (particularly in ANZ across FY20). Multistore and brand account stores pay an umbrella subscription fee for a network of linked retailers and grew over 8x between FY19 and FY20.

Retail Subscriber Numbers

Figure 5.17 below illustrates the average number of retail subscriber accounts for that financial year over the historical period. This metric only includes retailers directly paying subscriptions and does not include all active accounts on the platform connected through the brand multistores or other products.

Figure 5.17: Average Retail Subscriber Accounts – FY18 to FY20



The mix of retail accounts shifted particularly in FY20 towards higher quality retailers and multistores resulted in a reduction in the overall number of subscribers. This headline reduction in subscriber account numbers is partly offset by an increase in multistore and brandstores globally where the affiliate retail accounts linked to the parent do not pay direct subscriptions (which are included in the parent multistore/brandstore umbrella subscription fees) and therefore these retail accounts are not included in the retail subscriber account numbers (but do contribute e-commerce enabled inventory to the websites).

Average Annual Revenue per Subscriber Account

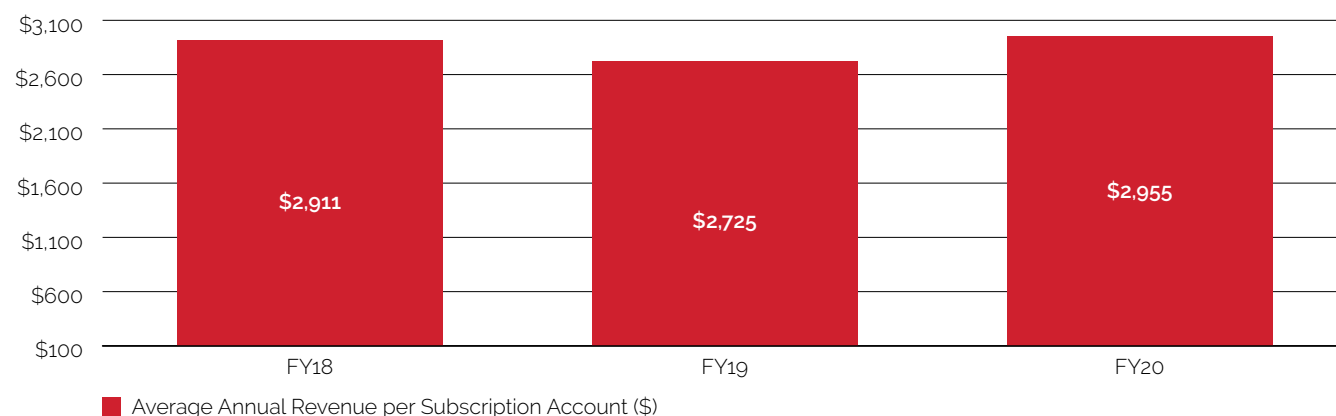
Average Annual subscription revenue per account is calculated by taking total subscription revenue and dividing this by the average annual number of subscription accounts.

The quantum of monthly fee paid by a retailer is influenced by several factors, the most important of which is whether the retail store is choosing to enable e-commerce transactions (versus enquiry only listings) creating subscription and commission fees on transactions. Subscribers may also bundle additional services such as communications support and activity on site and to the BikeExchange consumer database.

Average annual revenue per subscription account has grown across the BikeExchange Group over the period to an average of \$2,955 in FY20. The increase is driven by the increase in multistore subscription revenues, offset by a reduction due to some active subscription stores and brands enabling e-commerce orders on their inventory and therefore combining a lower cost monthly subscription plan with the introduction of e-commerce fees. The subscription rate for such customers combining subscriptions with e-commerce to encourage greater numbers of higher quality stores and products, as well as generating a separate e-commerce revenue stream.

Figure 5.18 below illustrates the average annual revenue per subscription account over the historical period.

Figure 5.18: Average annual revenue per subscription account – FY18 to FY20



5.8.3.2. E-commerce revenue

During the period e-commerce TTV and net revenue was the fastest growing category with E-commerce net revenue having increased from \$0.2 million in FY18 to \$0.5 million in FY20 representing a CAGR of 44.5% over the period. Total e-commerce TTV has increased by \$5.9 million between FY18 and FY20.

E-commerce revenue is the commission generated from a retailer when a consumer visits the BikeExchange websites and orders goods through the platform (either for shipment, or collection at a retailer). At the point of purchase BikeExchange receives the full payment from the consumer. The retailer then receives funds immediately from BikeExchange upon the fulfilment of the order, less the commission fee retained by BikeExchange for enablement of the order. The three main drivers of this revenue are:

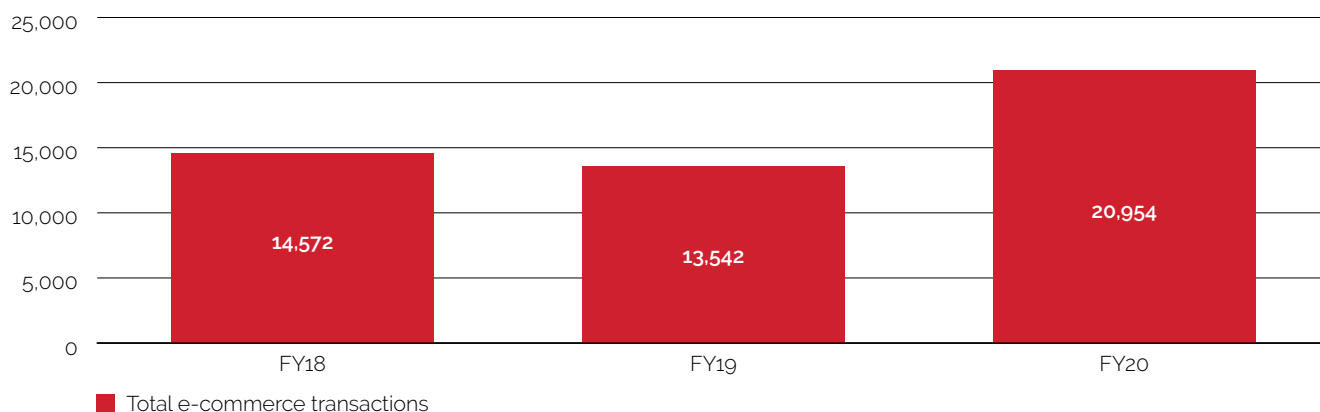
- the number of e-commerce transactions;
- the commission rate applied to the transactions; and
- the average order value of those transactions.

Number of e-commerce transactions

E-commerce revenue has been primarily driven by growth in the number of transactions over the historical period and is illustrated in Figure 5.19 below.

5 Financial Information (continued)

Figure 5.19: Total e-commerce Transactions – FY18 to FY20



Total e-commerce Transactions has increased from 14,572 in FY18 to 20,954 in FY20, representing a CAGR of 19.9% over the period. Growth in transactions over the period was primarily driven by increases in traffic sessions being up 6% from FY18 to FY19 and 36% from FY19 to FY20 to a total of 21.8 million traffic sessions for the FY20 year. In particular, the 4th quarter of FY20 was responsible for the majority of the growth in traffic with traffic up 144% on Q4 FY19 to 9.8 million traffic sessions. Traffic growth in Q4 FY20 was primarily organic, paid search marketing was immaterial over this period.

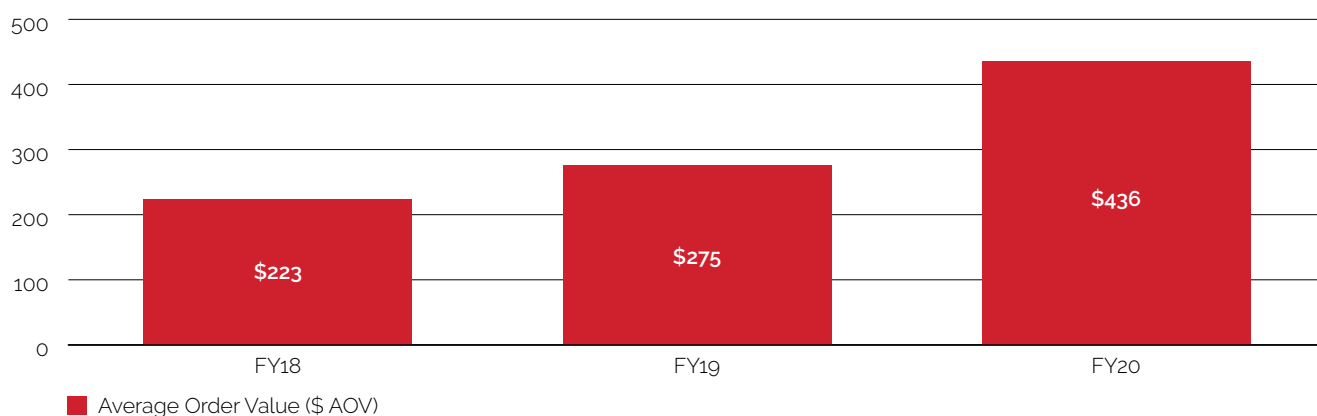
In addition, conversion rate of traffic to orders has increased throughout the period reflecting improved quality of products on the site, improvements to the consumer experience and journey and particularly in Q4 FY20 an increased willingness of retailers to make goods available for online transactions and consumer demand for goods during COVID-19 lockdowns and restriction periods. This has continued as the calendar year has progressed and restrictions have been lifted.

5.8.3.3. Average order value

Average order value (**AOV**) is an important metric that the BikeExchange uses to track the nature of the purchasing activity on site and determine appropriate levels of commission rates to apply to retailers and each category of products that retailers advertise.

AOV is calculated by dividing the total value of e-commerce transactions by total transaction numbers over the period.

Figure 5.20: Average order value (AOV) – FY18 to FY20



AOV increased from \$223 in FY18 to \$436 in FY20, the increase has been driven predominantly by a higher proportion of total e-commerce orders being for bikes over parts, accessories and apparel in FY20 compared to the previous financial years. This change was driven by improvements in the sales and customer success teams in encouraging more retailers and brands/distributors to enable e-commerce on their bike inventory, as well as the introduction of features such as click and collect, deposit payments and concierge (which is where technology and employees assist consumers to purchase goods through the website).

5.8.3.4. Media and other revenue

Media and other revenue represented 18.2% of total revenue in FY20. Media and other revenue decreased from \$1.0 million in FY18 to \$0.7 million in FY20 representing a CAGR of -25.6% over the period.

Media and other revenue is generated from an automated programmatic platform trading the global inventory available and direct media sales consisting of media inventory or content displayed on the platform on behalf of brand and retail customers. Other revenue which includes private sale of second-hand bikes and parts through classified listing, feature upgrades for product listings and other ancillary services.

The programmatic display platform launched in September 2019 and is largely automated. The reduction in revenue over the most recent period is mainly attributable to the business's reduced resource allocation to supporting the direct media sales component, which had historically contributed to this revenue stream.

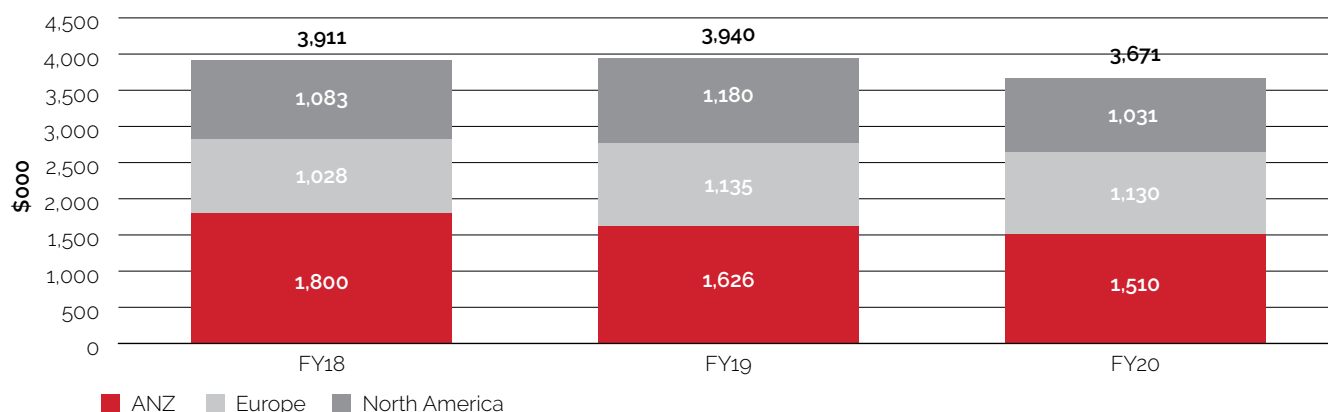
5.8.3.5. Revenue by geographic segment

BikeExchange operates in three geographic regions, three via 100% owned Subsidiaries and the fourth via a 50% a joint venture based in the following locations:

- **ANZ** – Operations are headquartered in Melbourne, Australia supporting BikeExchange's Australian and New Zealand websites. This business also includes any head office costs (including from BikeExchange's holding companies being BikeExchange Pte Ltd (domiciled in Singapore) and BikeExchange TopCo (domiciled in Australia).
- **Europe** – Operations are headquartered in Wurzburg, Germany with a sales office in Belgium. The German office supports BikeExchange's websites that offer services to customers in Germany, Belgium and the Netherlands.
- **North America** – Operations are headquartered in California, USA. This office supports BikeExchange's websites that offer services to customers in the USA and Canada.
- **Colombia** – BikeExchange holds a 50% investment in a joint venture entity BikeExchange Colombia which operates from Medellin, Colombia, and principally services the Colombian market. This investment is accounted for on an equity basis and so BikeExchange does not recognise revenue for this investment in BikeExchange's financial statements; only BikeExchange's share of the net profits/losses after tax.

Figure 5.21 below represents the aggregated historical revenue by geographic region for the historical period.

Figure 5.21: Revenue by geographic region – FY18 to FY20



As at June 30 2020, the mix of revenue by geographic region was that ANZ was the largest contributor representing 42.5% of total revenues, with Europe growing from 26% to 30% of total revenues from FY18 to FY20 and North America consistent at 27% of revenues between FY18 and FY20.

5 Financial Information (continued)

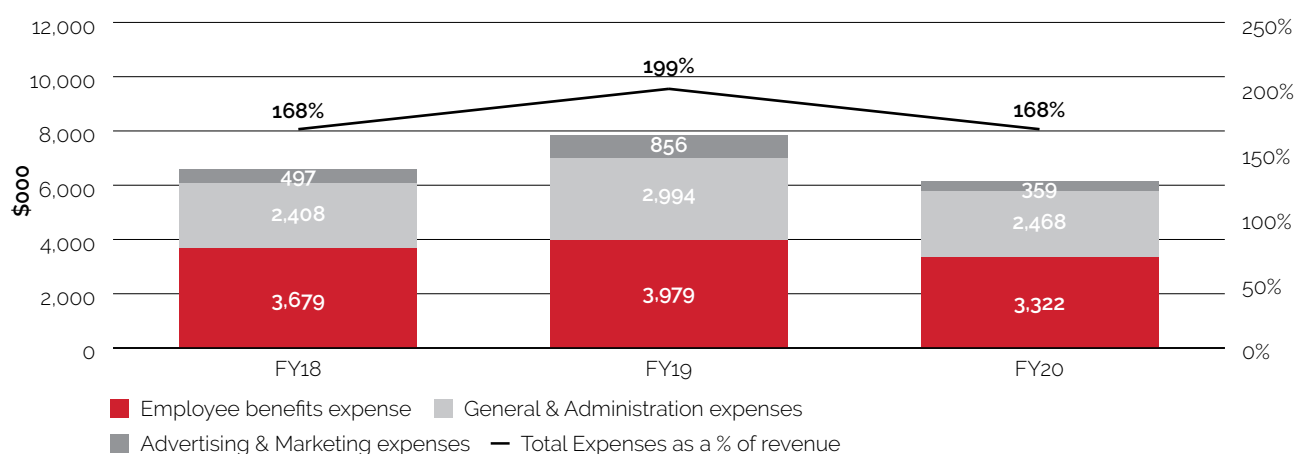
5.8.4. Expenses

BikeExchange reports three categories of operating expenses:

- Employee benefits expense
- General & administration expense
- Advertising & marketing expense

Figure 5.22 below illustrates the total historical operating expenses as a percentage of revenue for the historical period.

Figure 5.22: Operating Expenses – FY18 to FY20



During the year ended 30 June 2017 BikeExchange commenced investing in the cost base to support both geographic expansion into new markets including scaling the North America and Europe businesses, entering the UK and Ireland markets and diversifying into adjacent markets through the Cycling Tips and BikeFix Mobile businesses. This led to costs growing across all categories through FY18 and into FY19. A strategic review in the second half of FY19 identified the potential for scaling e-commerce across BikeExchange's core markets which resulted in Management executing a significant restructure of the business to refocus on the core revenue streams of subscriptions and e-commerce.

The primary outcomes of the strategic review were to dispose of the BikeExchange's investments in Cycling Tips and BikeFix Mobile, and the decision to exit the UK and Irish markets where trading ceased in FY20. These actions resulted in a reduction in the cost base of the business through removing staff and overhead involved in non-core operating areas and a focus on the four key regional hubs (ANZ, Europe, North America and the joint venture in Colombia).

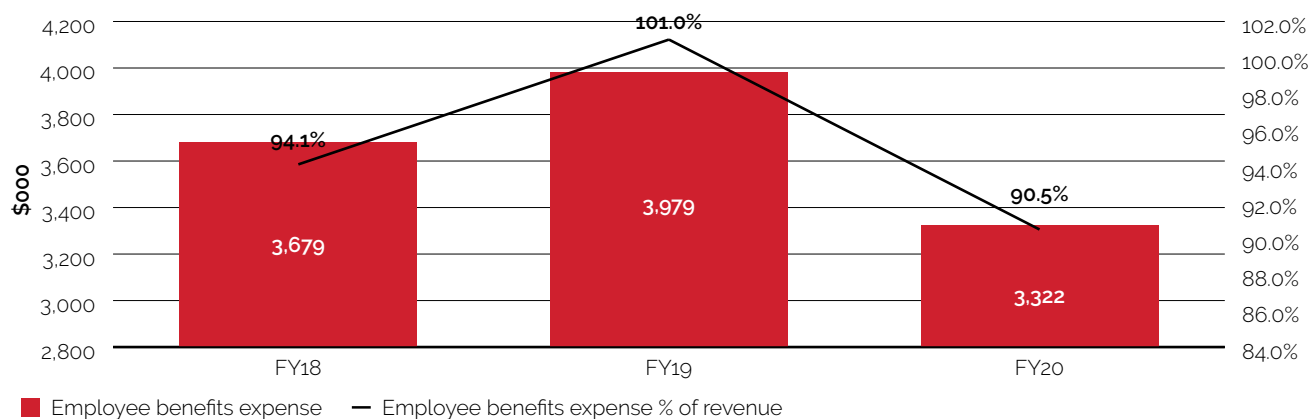
As a result of the restructure BikeExchange is more focussed on core markets, revenue streams and execution of e-commerce strategy. Operating costs reduced significantly in FY20 from FY19 across all categories.

Details of the nature and quantum of the expenses are set out in the sections below.

5.8.4.1. Employee benefits expense

Employee benefits expense is the largest operating expense item and represented 54.0% of total operating expenses in FY20.

Figure 5.23: Employee Benefits expense – FY18 to FY20



Employee benefits expense comprises all employment related expenses such as payroll costs including bonus, on-costs (superannuation, payroll taxes and other benefits), annual leave and long-service leave accruals. In certain geographic markets other employee benefits are mandatory such as pension contributions, statutory annual leave payments or healthcare plan provision.

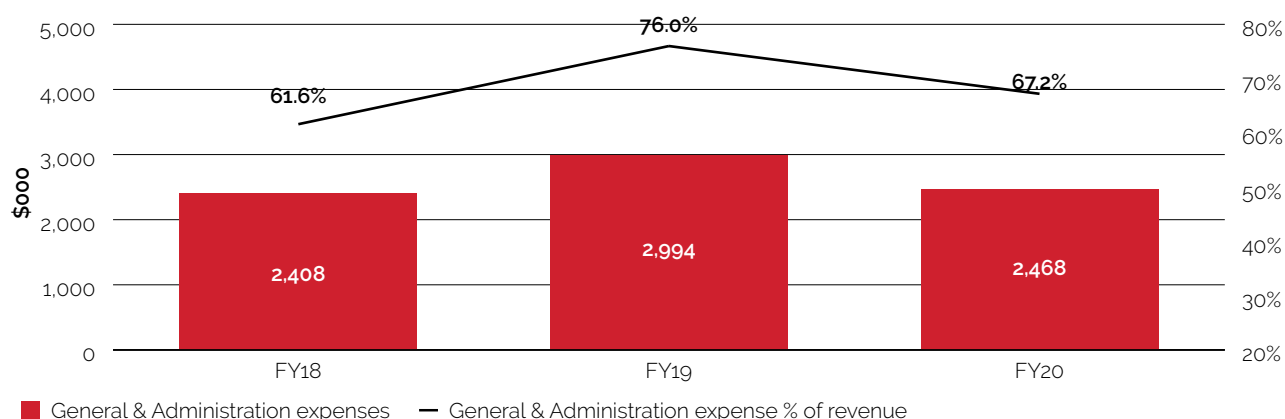
The primary areas of headcount are in sales and customer success, site administration and maintenance, marketing and social media, and general administration (including executive functions).

As set out in section 5.8.4 the restructuring that followed the strategic review in the second half of FY19 reduced overall headcount within BikeExchange in FY20 with the primary headcount reductions in non-customer facing roles in each Geographic market and a reduction in the media production, sales and content team. This significantly reduced employee expenses from FY19 to FY20. There were no long-term incentive plans (cash or share based payments) in place during the period. No employee benefits were capitalised on the balance sheet during the period.

5.8.4.2. General & administration expense

General and administration expenses is the second largest expense item and represented 40.1% of total operating expenses in FY20.

Figure 5.24: General & Administration expense – FY18 to FY20



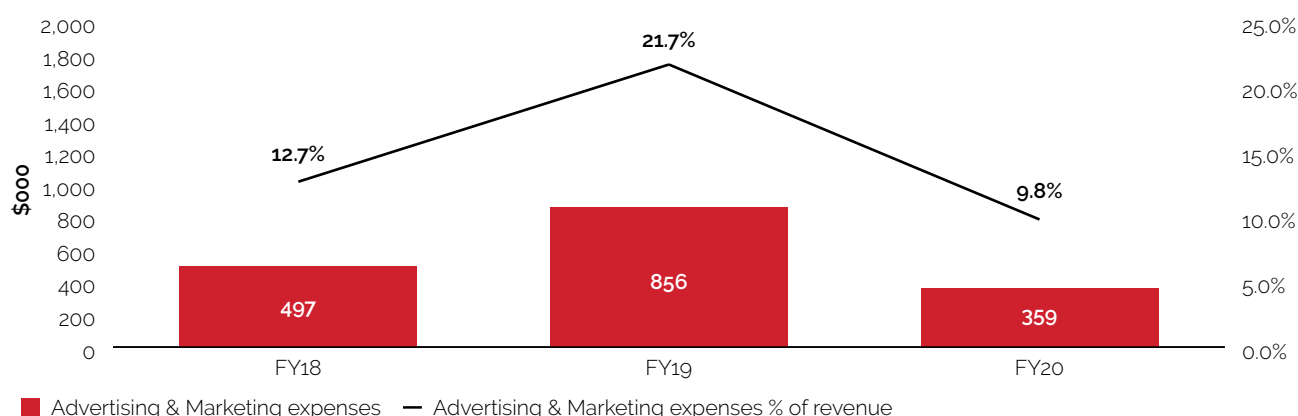
General and administration expenses comprises all other operating expenses including occupancy expenses (including outgoings on leases), direct technology costs and licence fees, communications, travel, professional services, insurance, utilities and other office costs. The pro forma listed company operating costs are also included with General and Administration Costs.

5 Financial Information (continued)

As set out in section 5.8.4 the restructuring in FY19 that resulted in a reduction in overall headcount within the BikeExchange Group in FY20 also resulted in a reduction in general and administration costs, such as occupancy and travel. BikeExchange also enacted a program to reduce all discretionary costs across the business and the relocation to the four geographic hubs (including the equity accounted Joint Venture in Colombia) further reduced cost through consolidation of operations.

5.8.4.3. Advertising & marketing expenses

Figure 5.25: Advertising and Marketing Expenses – FY18 – FY20



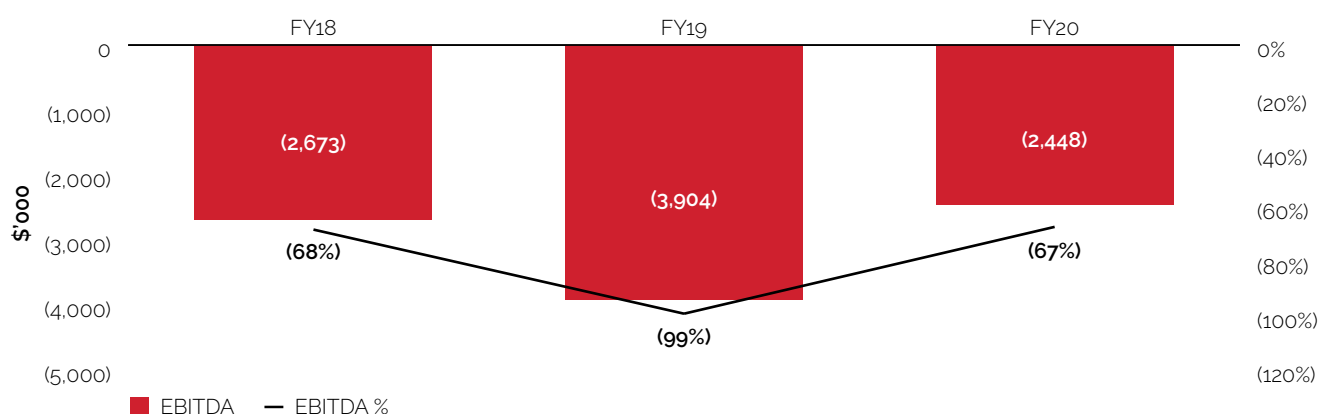
Advertising and Marketing expenses is the smallest contributor to total expenses. Advertising and Marketing expenses across all marketing spend categories has declined to \$359,000 in FY20 from \$856,000 in FY19.

In FY19 Advertising and marketing was focussed on trade event activity, sponsorship of bike and trade events, media content production to support own marketing and media advertising sales and some performance marketing activity. In FY20 expenditure was curtailed due to overall management of costs and refocussing the business around the core business areas and maximising the opportunity presented by BikeExchange's strong organic traffic.

5.8.5. Earnings Before Income Tax, Depreciation and Amortisation (EBITDA) loss

BikeExchange's EBITDA loss for each of the financial periods, along with the EBITDA margin (defined as EBITDA loss divided by revenue) is set out in Figure 5.26.

Figure 5.26: EBITDA – FY18 – FY20



As a result of the restructuring implemented in FY19 BikeExchange's EBITDA loss reduced significantly in FY20, with consequent improvements in the EBITDA margin.

5.9. Depreciation and amortisation

Depreciation is a non-cash expense that predominantly relates to use of leased assets under AASB16, as well as a small number of BikeExchange owned assets (primarily fixtures and fittings and trade related equipment).

Amortisation is recorded against BikeExchange's purchased software. Amortisation increased over the historical period as BikeExchange accelerated the amortisation of the intangible assets reflecting a reduction in their useful economic life as these capitalised assets are expected to be replaced with significantly improved software over the course of the years ending 30 June 2021 and 30 June 2022.

5.10. Finance costs

Pro forma net finance costs primarily reflects the interest element in relation to the accounting for the property lease in accordance with AASB 16. Other finance costs include fees and charges relating to short term loan and other banking facilities.

5.11. Share of Results of Joint Venture

Figure 5.27 sets out the underlying performance metrics for BikeExchange Colombia in which BikeExchange owns a 50% interest. All figures are for 100% of BikeExchange Colombia unless otherwise stated.

Figure 5.27: BikeExchange Colombia Summary Performance Metrics

| \$ thousands | Notes | Aggregated historical | | |
|---|-------|-----------------------|-------|-------|
| | | FY18 | FY19 | FY20 |
| Total Transaction Value | 1 | 18 | 474 | 1,653 |
| Revenue | 2 | 2 | 82 | 558 |
| Profit (loss) for the year | 3 | (180) | (265) | (95) |
| Group's share of profit/(loss) for the year (50%) | 4 | (48) | (132) | (48) |
| Group's share of profit/(loss) for the year recognised in the aggregated financial statements | 5 | (46) | (104) | (23) |

Notes:

- 1 Reflects 100% of the Total Transaction Value for BikeExchange Colombia.
- 2 Reflects 100% of the Revenue for BikeExchange Colombia.
- 3 Reflects 100% of the net losses for BikeExchange Colombia for each financial year.
- 4 Represents BikeExchange's 50% share of the net loss of BikeExchange Colombia.
- 5 BikeExchange's carrying amount of the investment in BikeExchange Colombia S.A.S is \$nil at 30 June 2020 and 30 June 2019 as the entity was in a net deficit position and there is no contractual obligation on BikeExchange to remedy the deficit position, and consequently equity accounting BikeExchange's share of losses ceases when the carrying amount of the investment reached \$nil.

BikeExchange Colombia commenced trading in April 2018 has demonstrated strong growth in TTV and Revenue through the period as the business built scale in the Colombian market. In particular, based on the unaudited management accounts, growth was strong in Q4 FY20 with TTV of \$0.8m and revenue of \$0.3m in that period (BikeExchange's 50% share representing TTV of \$0.4 million and revenue was \$0.15m).

5 Financial Information (continued)

5.12. Operating Cash flow

Operating cash flow improved across all periods and is greater than EBITDA in FY19 and FY20. Operating Cash Flow is primarily impacted by working capital movements. Working capital has improved over the historical period principally due to e-commerce transactions being paid in advance of any associated costs and fulfilment of delivery. Subscription fees are generally paid toward the end of a calendar month.

5.13. Contingent Liabilities

Notwithstanding that the BikeExchange group of companies have incurred operating losses in every jurisdiction in which they operate, for the respective periods 30 June 2018, 30 June 2019 and 30 June 2020, as at the date of this prospectus, certain required tax filings have not been lodged with the respective taxation authorities.

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

Should such penalties and interest be levied, the Directors intend to seek remission of the penalties and interest. The potential liability, which is considered to be contingent and therefore has not been recognised by the Directors, is estimated to be in the range of \$0.2m to \$0.3m in respect of the US business and is not considered material in respect of other jurisdictions the Group operates in.

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

5.14. Dividend policy

The Directors have no current intention to pay dividends on Shares, as it is their intention to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Listing.

The payment of dividends by the Company (if any) is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the financial results of the business, cash flows and financial condition of the Company, future funding requirements, considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and other factors the Board deems relevant. The Directors do not provide any assurance in respect of the future level of dividends paid by the Company (nor the level of franking of, or conduit foreign income attaching to, any future dividends paid by the Company).



SECTION 6

Risk Factors

6 Risk Factors

6.1. Introduction

The Company is subject to risk factors that are both specific to its business activities and of a more general nature. Each of the risks set out below could, in isolation or in combination, if they eventuate, have a material adverse impact on the Company's business, financial condition and results of operations. Investors should note that this Section 6 does not purport to list every risk that may be associated with an investment in Shares now or in the future, and that the occurrence or consequences of some of the risks described in this Section 6 are partially or completely outside the control of the Company, its Directors and management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of risks will not change or other risks will not emerge.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

6.2. Risks specific to an investment in the Company

6.2.1. Contractual risk – Unexecuted Share Sale Agreement

Pursuant to the draft Share Sale Agreement, the Company proposes to acquire 100% of the issued capital of BikeExchange TopCo subject to the fulfilment of certain conditions, including but not limited to, no material adverse change and conditional approval by the ASX to list the Company on the Official List. There is a risk that the Share Sale Agreement conditions are not fulfilled and, in turn, the Proposed Transaction will not complete.

If the Proposed Transaction does not complete, the Offers and the listing of the Company will not proceed.

6.2.2. Growth and profitability dependent of active community

As BikeExchange operates a two-sided marketplace, BikeExchange's future growth and profitability is dependent on that marketplace being vibrant and active. The Business relies on both consumers utilising the BikeExchange Platform to purchase bicycles and related products and on retailers to subscribe to the BikeExchange Platform and deliver the relevant products. There is a risk that if either retailers do not renew their respective subscriptions to use the platform, or consumers do not purchase products from the platform, or both, the activity of the marketplace offered by the BikeExchange Platform will decline. This may in turn affect the financial performance of BikeExchange.

6.2.3. Customer growth

BikeExchange's revenue and the success of its growth initiatives depend upon attracting and retaining customers (both businesses and consumers) to the BikeExchange Platform and converting those customers into both new and repeat customers. Various factors can affect website traffic and conversion. A decline in traffic coming to the BikeExchange Platform or the rate of conversion could adversely impact BikeExchange's ability to achieve its stated objectives and could have a materially adverse impact on the Business, financial performance and/or operations of BikeExchange.

6.2.4. Fraud perpetrated and fictitious transactions

BikeExchange may face risks with respect to fraudulent activities on the BikeExchange Platform and periodically receive complaints from either buyers who may not have received the goods that they have purchased, or sellers who have not received payment for the goods that a buyer has contracted to purchase.

Negative publicity and user sentiment generated as a result of actual or alleged fraudulent or deceptive conduct on the BikeExchange Platform could severely diminish consumer confidence in and use of the BikeExchange Platform, reduce BikeExchange's ability to retain current or attract new sellers and customers, damage its reputation, diminish the value of its brand names, and/or materially adversely impact BikeExchange's performance, financial condition and/or operations.

6.2.5. Platform Risks

The BikeExchange Platform incorporating its website, databases and systems are critically important to BikeExchange's ability to attract and retain customers, as well as maximise sales conversion from those customers. Any irrecoverable loss would cause a financial cost to the Company as well as damage the reputation of the Business. Further, BikeExchange is reliant on Amazon Web Services (**AWS**), through the Marketplacer Agreements, to host the BikeExchange Platform. If there is any disruption to these hosting services, the platform may not be accessible to users. AWS may terminate its hosting services on 30 days' notice or no notice in certain circumstances as summarised at Section 10.5.3.

6.2.6. Reliance on third party technology providers

BikeExchange licenses the platform from Marketplacer across all regions it operates in, being the BikeExchange Hubs further described at Section 10.5.3. The Marketplacer Agreement has a 5-year term and atomically renews for a further period of 24 months, unless the BikeExchange Hub issues a termination notice at least three months' prior to the initial expiry date. The Marketplacer Agreement also allows for first rights on new markets of expansion for the BikeExchange brand and BikeExchange Platform. All support for the BikeExchange Platform is provided by the Marketplacer team. Front end design work is carried out by the BikeExchange team. New functionality and features are released regularly by Marketplacer.

BikeExchange has developed the BikeExchange App, which is both IOS and Android based. BikeExchange owns 100% of the Intellectual Property (**IP**) relating to the BikeExchange App. Support and maintenance of the BikeExchange App is carried out by external developers and internal team members are responsible for minor changes. It is proposed that the Business will redevelop the BikeExchange App in the first quarter of 2021 calendar year.

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. Such events may result in delays in transaction processing and website slowdown or unavailability, which if sustained or regular, could adversely affect BikeExchange's operations and financial performance, reputation and/or growth.

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.

6.2.7. Cybersecurity and data protection

Given the nature of the Business, BikeExchange collects and holds a large amount of personal information about its sellers and customers. BikeExchange has systems in place to maintain the confidentiality and security of personal information and confidential data that is collected. The measures taken include firewalls, cybersecurity and anti-virus software programs, network separation, penetration testing, vulnerability scanning and restricted access to confidential personal data. However, BikeExchange's systems, or those of its third-party service providers, may fail, or be subject to disruption as a result of external threats or system errors.

If any data security breaches occur or BikeExchange fails to protect confidential information (including through cyber-attacks), this could result in reputational damage, a loss of system integrity and/or breach of BikeExchange's obligations under applicable privacy laws. This may have a materially adverse effect on BikeExchange's operations, financial performance and/or growth.

In addition, laws relating to data and privacy are constantly evolving. If data privacy standards are adopted in Australia which are more stringent than those which BikeExchange's systems are currently designed to comply with, then this could lead to BikeExchange incurring additional costs and/or BikeExchange's financial performance declining.

6 Risk Factors (continued)

6.2.8. Intellectual property may be compromised or lost

BikeExchange owns the IP for the BikeExchange App which was developed 5 years ago.

The BikeExchange logo device and supporting line are owned and trademarked by BikeExchange.

Content and editorial articles are written on the site to support the consumer journey in buying a bike or product.

The BikeExchange connections panel allows integrations of POS systems around the world. This allows for easy integrations with retailer and brand POS systems for live inventory and accurate product information displayed on BikeExchange.

The commercial value of BikeExchange's IP is dependent in part on the operational procedures used to maintain its confidentiality and legal protections provided by a combination of confidentiality obligations imposed on employees and third parties and other IP rights.

There is a risk that BikeExchange's IP may be compromised in a number of ways, including:

- (a) BikeExchange's employees may breach operational procedures, or employees or third parties may breach their confidentiality obligations, infringe or misappropriate BikeExchange's IP, which may compromise BikeExchange's competitive advantage;
- (b) BikeExchange's third-party sellers may gain insights into BikeExchange's IP, including BikeExchange's proprietary systems, and may use these finding to develop alternative technologies which will compete with BikeExchange; and
- (c) third parties may develop non-infringing competitive technology.

Any such breaches or competing technologies could erode BikeExchange's competitive position, which could have a materially adverse impact on BikeExchange's operations, financial performance and/or growth.

6.2.9. Breach of third-party IP rights

There is a risk that third parties may claim that the technology used for the BikeExchange Platform or BikeExchange's service offerings infringes on their IP rights. BikeExchange may become the subject of a claim that results in litigation or a dispute, which in turn, may result in high legal costs, adverse monetary judgments and/or damage to BikeExchange's reputation, all of which may have an adverse effect on the financial performance of BikeExchange.

6.2.10. Competition

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

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

6.2.11. BikeExchange may not successfully execute one or all of its growth strategies

BikeExchange plans to achieve high rates of growth by executing its strategies, which includes expanding its subscription model, building strategic partnerships, increasing advertising revenue and/or launching its data and insights subscription offerings. However, there is no guarantee that all or any of such strategies will be successfully implemented nor deliver the expected returns or profitability. There is also a risk that the growth strategies may be subject to unexpected delays and/or additional implementation costs.

BikeExchange may also fail to adopt and execute growth strategies which reflect changes in the preferences of bicycle retailers and customers. Failure to do so could result in retailers or customers choosing BikeExchange's competitors who better satisfy their requirements, and such choice may have an adverse impact on BikeExchange's financial performance and growth.

6.2.12. BikeExchange may not identify execute and realise benefits from acquisitions or strategic partnerships

BikeExchange may pursue acquisitions or joint ventures and/or enter into strategic partnerships, in order to realise benefits including inorganic growth, accelerated development or delivery of service offerings, increased customer base and/or delivering new service offerings.

There is a risk that BikeExchange may not be successful in identifying attractive opportunities. Further, the identification, evaluation and negotiation of these opportunities may require significant time and effort from key management and employees and this may in turn, disrupt the Business. There is also a risk that BikeExchange's competitors may have a greater willingness and ability to pay for opportunities that BikeExchange is interested in.

There is also a risk that BikeExchange will not successfully integrate new businesses or assets into its existing operations in a timely manner, or that new businesses or assets do not result in the benefits anticipated. BikeExchange cannot guarantee that every acquisition, joint venture or partnership entered into will result in favourable outcomes.

6.2.13. Key personnel

Given the competitive environment in which BikeExchange operates, there is an ongoing requirement to continuously improve the BikeExchange Platform and service offerings to ensure that it remains innovative and relevant to the market and is not superseded by the offerings of its competitors. BikeExchange's ability to ensure that the BikeExchange Platform and services are continually improving relies on the expertise of its skilled workforce, particularly its technology team.

The departure of key personnel, or a shortage of skilled employees with adequate expertise, could adversely affect BikeExchange's business and/or its future ability to pursue its growth strategies, as under-resourcing can cause development delays and reduce the speed at which BikeExchange is able to deliver new features or enhancements to the market. Further, there is a risk that BikeExchange is unable to develop new products or initiatives to target identified market opportunities, as a result of a constrained resource pool.

In addition, BikeExchange's ability to retain key personnel, including the management team, is affected by BikeExchange's capacity to maintain competitive remuneration packages. The loss of personnel may also impose significant costs to BikeExchange in the form of loss of investment in employee training, possible loss of proprietary knowledge to competitors and recruitment and employee commencement costs, each of which may have an adverse impact on BikeExchange's operations, financial performance and/or growth.

6.2.14. Reputational risk

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

6.2.15. Forward looking statements

The forward looking statements, opinions and estimates provided in this Prospectus rely on various contingencies and assumptions, some of which are described in Section 5. Various factors, both known and unknown, may impact upon the performance of BikeExchange and cause its actual performance to vary significantly from expected results. There can be no guarantee that BikeExchange will achieve its stated objectives or that any forward looking statement or forecast will eventuate.

6.2.16. COVID-19

The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate. Across Australia and the world, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. In addition, events relating to COVID-19 have resulted in significant volatility across financial, commodity and other markets, including in the prices of securities trading on the ASX and on other foreign securities exchanges.

6 Risk Factors (continued)

Although BikeExchange has not been materially affected by the COVID-19 pandemic, there is a risk that further lockdowns or the implementation of further government restrictions in response to COVID-19 could have an impact on marketplace engagement. This could materially affect BikeExchange's operations, financial performance and/or growth, or a combination of these.

6.2.17. Challenges in expanding cross-border operations

As BikeExchange plans to continue expanding its cross-border operations into existing and new markets, there is a risk that BikeExchange may face challenges (including legal or regulatory) in which it has limited or no experience in dealing with. BikeExchange may be unable to anticipate competitive conditions or could face other difficulties in attracting a sufficient number of retailers and consumers in those new markets. The expansion of BikeExchange's cross-border business will also expose it to risks relating to managing cross-border operations, including but not limited to, staffing, increased costs to protect intellectual property, differing and potentially adverse tax consequences, increased and conflicting regulatory compliance requirements, challenges caused due to distance, language and cultural differences, exchange rate risk and political instability. Accordingly, any efforts BikeExchange makes to expand its cross-border operations may not be successful, and in turn, this may materially affect BikeExchange's operations and financial performance.

6.2.18. Foreign exchange rate fluctuation

As BikeExchange has operations in different jurisdiction, the revenues of entities in BikeExchange are collected in different currencies. This exposes BikeExchange to fluctuations in exchange rates, which is beyond BikeExchange's control. This could adversely impact the profitability of BikeExchange's foreign operations.

6.2.19. Continued growth of E-commerce

There is no guarantee that the growth in the retail e-commerce market and the bicycle and bicycle accessories segments will continue into the future. The emergence of COVID-19 has brought about changes in consumer behaviour, including an increased migration towards online shopping, however it is not yet known whether these changes will be long-lasting. The e-commerce market may be impacted by a variety of factors outside BikeExchange's control which could cause a slowing or contraction in the market and as a consequence impact BikeExchange directly.

6.2.20. Search engine risks

Many customers access BikeExchange through a search engine. BikeExchange's website may be excluded from or ranked lower in search engine results due to changes to a search engine's algorithms or other ranking criteria that are outside of BikeExchange's control. If BikeExchange's Search Engine Optimisation (**SEO**) activities are no longer effective for any reason, the traffic coming to the BikeExchange's website could significantly decrease which could have a material adverse impact on BikeExchange's business, financial performance and operations.

6.2.21. Increased cost of and reliance on search engine marketing

The cost of search engine marketing generally increases as the importance of online advertising increases, as competition to be ranked higher in paid listings increases the price of such listings. BikeExchange's business, financial performance and operations may be materially adversely affected by any increase in the cost of, or reliance on, search engine marketing.

6.2.22. Potential of being banned, restricted or suspended from digital marketing channels

Potential of being banned, restricted or suspended from digital marketing channels BikeExchange relies on digital marketing channels such as Google ads and Facebook ads (to name a few) to market the BikeExchange Platform on social networking sites, search providers and other marketing channels. There is a risk, that based on the marketing channel providers terms and conditions, BikeExchange may be suspended, restricted or banned from advertising on these marketing channels. Any such ban, restriction or suspension could have an adverse impact on the reputation, brand and revenue of BikeExchange which could materially adversely affect BikeExchange's business, financial performance and operations.

6.2.23. Marketplacer contractual risk

As BikeExchange relies on the Marketplacer Agreements (as described in section 10.5.3) and the services provided by Marketplacer to operate the BikeExchange Platform, there is a risk that should these services not be available then BikeExchange will have difficulty operating until such time as that technology and services were replaced.

6.3. General risks

6.3.1. Price of Shares

Once the Company becomes a publicly listed company on the ASX, it will be subject to general risks applicable to all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the performance of the Company.

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if BikeExchange's earnings increase.

Some of the factors which may affect the price of the Shares include:

- fluctuations in the domestic and international markets for listed stocks;
- general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government;
- changes in fiscal, monetary or regulatory policies, legislation or regulation;
- inclusion in or removal from market indices;
- the nature of the markets in which BikeExchange operates; and
- general operational and business risks.

6.3.2. Trading and liquidity in Shares

Prior to the Offers, there has been no public market in the Shares. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for Shares will develop or that the price of Shares will increase. There may be relatively few potential buyers or sellers of Shares on the ASX at any time. It is important to recognise that, on a disposal, Shareholders may receive a market price for their Shares that is less than the price that they paid under the Offers.

Further, following Completion, it is assumed that the Existing Shareholders and the BikeExchange Shareholders will hold up to 73.75% of the Shares, which may also impact liquidity.

Subject to the Company being admitted to the Official List, the Company anticipates that certain Shares on issue prior to the Listing will be classified by ASX as restricted securities and will be required to be held in mandatory escrow for up to 24 months from the Listing Date as described in 10.9.1. In addition, it is assumed that certain BikeExchange Shareholders and Bombora Investment Management will enter into voluntary escrow arrangements in relation to their Shares as described in Section 10.9.2. The absence of any sale of these mandatory or voluntary escrowed Shares during their respective mandatory or voluntary escrow period may cause, or at least contribute to, limited liquidity in the market for Shares.

Following release from escrow, Shares that are subject to these escrowed Shares will be able to be freely traded on the ASX. A significant sale of Shares by holders of these Shares, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. The interests of these holders of restricted Shares may be different from the interests of investors who acquire Shares in the Public Offer.

6.3.3. BikeExchange may be subject to changes in tax law

The application of and changes in relevant tax laws (including income tax, goods and services taxes (or equivalent) and stamp duties), or changes in the way tax laws are interpreted, may impact the Company's and/or BikeExchange Group's tax/duty liabilities and financial performance or the tax/duty treatment of a Shareholder's investment. An example of such a tax change that could have an adverse impact on the financial performance of the BikeExchange Group is the manner in which countries tax e-commerce or digital based sales.

An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's or the BikeExchange Group's view of those laws may increase the amount of tax/duty paid or payable by the Company or the BikeExchange Group. Both the level and basis of tax may change. Any changes to the current rate of company income tax (in Australia or other countries relevant to BikeExchange Group's business or operations) and/or any changes in tax rules and tax arrangements (again in Australia or other countries relevant to the BikeExchange Group's business or operations) may have an adverse impact on the BikeExchange Group's financial performance, may increase the amount of tax paid or payable by the BikeExchange Group, may also impact Shareholder returns and could also have an adverse impact on the level of dividend franking/conduit foreign income and Shareholder returns.

6 Risk Factors (continued)

6.3.4. Force majeure events

Events may occur within or outside Australia that could impact upon the global, Australian and other local economies, the operations of BikeExchange and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, water contamination, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for BikeExchange's services and its ability to conduct business. BikeExchange has only a limited ability to insure against some of these risks.

6.3.5. Accounting Standards

AAS are set by the AASB and are outside the control of BikeExchange and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect future measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables and lease obligations. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss and other comprehensive income, and statement of financial position items, including revenue and receivables, may differ. Changes to the AAS issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the reported financial performance and position of BikeExchange.

6.3.6. Shareholder dilution

In the future, BikeExchange may elect to issue Shares to raise further funding. While BikeExchange will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

6.3.7. Inability to pay dividends or make other distributions or potential for dividends paid not to be franked or attach conduit foreign income

There is no guarantee that dividends will be paid on Shares in the future, as this is a matter to be determined by the Board in its discretion and the Board's decision will have regard to, amongst other things, the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

Moreover, to the extent that the Company pays any dividends, the Company may not have sufficient franking credits in the future to frank dividends or sufficient conduit foreign income in the future to declare an unfranked dividend (or the unfranked portion of a partially franked dividend) to be conduit foreign income.

Alternatively, the franking system and/or the conduit foreign income system may be subject to review or reform.

The extent to which a dividend can be franked will depend on the BikeExchange Group's franking account balance (which is expected to be nil at Completion) and its level of distributable profits. The BikeExchange Group's franking account balance is contingent on the BikeExchange Group making Australian taxable profits and will depend on the amount of Australian income tax paid by the BikeExchange Group on those Australian taxable profits. The BikeExchange Group's Australian taxable profits may fluctuate, making the payment of franked dividends unpredictable.

As the BikeExchange Group continues to expand overseas outside of Australia, this may or is likely to reduce the Australian income tax paid on the BikeExchange Group's income and profits, which may reduce the Company's ability to frank dividends.

The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.

The extent to which an unfranked or partially franked dividend can be declared to be conduit foreign income will depend on the BikeExchange Group's conduit foreign income balance (which will be nil at Completion of the Offers) and its level of distributable profits. The BikeExchange Group's conduit foreign income balance will depend, among other things, on the structure of the Group's foreign operations and the level of non-Australian income tax paid by the BikeExchange Group on those operations.

The value and/or availability of franking credits and conduit foreign income to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year will depend on the individual tax position of each Shareholder.

No assurances can be given by any person, including the Directors, about payment of any dividend and the level of franking or conduit foreign income on any such dividend.



SECTION 7

Key Individuals, Interests and Benefits



7 Key Individuals, Interests and Benefits

7.1. Proposed Board of Directors

Subject to shareholder approval as described in Section 2.2, the proposed composition of the Board of Directors, following completion of the Proposed Transaction, is set out below.

| Name | Position |
|-----------------------|------------------------------------|
| Gregg Taylor | Independent Non-Executive Chairman |
| Sam Salter | Non-Executive Director |
| Andrew Ryan | Non-Executive Director |
| Jade Wyatt | Non-Executive Director |
| Bryan Zekulich | Independent Non-Executive Director |

The Proposed Directors bring to the Board relevant experience and skills, including sector and business knowledge, financial management and corporate governance experience. The qualifications and experience of the Proposed Directors are set out in the table below.

| Proposed Director | Experience and background |
|--|---|
|  <p>Gregg Taylor <i>Independent Non-Executive Chairman</i></p> | <p>Gregg has been a director of the Company since October 2018.</p> <p>Gregg has a Bachelor of Commerce degree from the University of Wollongong and was a CFA Charter holder.</p> <p>Gregg has 20 years of international business experience in financial markets, technology, sports administration, media and retail. He has founded and managed multiple global operating businesses in sports, retail and media sectors.</p> <p>Gregg is currently the Co-Chief Investment Officer and an executive director of Bombora Investment Management, a boutique investment house. In the last 8 years, Gregg played a key role in introducing 7 new companies to the ASX and raising significant equity growth capital for various ASX and NZX listed companies.</p> <p>Gregg has also served on boards across numerous industries including technology, marketplaces, construction, compliance, financial services. He is currently a non-executive director of Acrow Formwork and Construction Services Limited (ASX: ACF) and Marketplacer Pty Limited.</p> |
|  <p>Sam Salter <i>Non-Executive Director</i></p> | <p>Sam is the co-founder of BikeExchange and a director of BikeExchange Pte Ltd. Sam is also the co-founder and a director of Marketplacer, which operates a global technology SAAS platform that creates online marketplaces to connect consumers, retailers, wholesalers and private sellers.</p> <p>Sam has over 13 years' experience developing marketplaces for businesses.</p> <p>Sam holds a Bachelor of Psychology and Sociology from the Victorian University of Technology.</p> |

Proposed Director Experience and background



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 and the Prince Hotel and has been on the board of BikeExchange Pte Ltd since May 2020.

Andrew holds a degree in Business Advertising from RMIT and an Executive MBA from Bond University.

He is a committee member of 'The Million Dollar Lunch' which fundraises and networks in support of the Children's Cancer Foundation.



Jade Wyatt
Non-Executive
Director

Jade has over 23 years' experience in the specialty retail sector.

Jade is a long-term employee of the Just Group. Her most recent roles have been Group General Manager of Portmans and she is currently Group Apparel Executive working across multiple brands.

Jade's customer focused product led strategic approach to retail has resulted in driving strong results and increased shareholder value.



Bryan Zekulich
Independent
Non-Executive
Director

Bryan has been a director of the Company since August 2019.

Bryan was the managing partner of Ernst & Young's Private Equity Sector for over 15 years. Bryan is also a board member, the treasurer and the company secretary of the Australian Investment Council (formerly the Australian Private Equity and Venture Capital Association).

Bryan is currently the portfolio manager and partner of Bombora Investment Management.

Bryan has significant experience in the Australian M&A market including in respect of mergers & acquisitions, divestments, strategic finance, capital raisings and advising on ASX listing requirements.

Bryan has a Bachelor of Commerce from the University of Western Australia. He is also a fellow of the Institute of Chartered Accountants of Australia and a fellow of the Financial Services Institute of Australia.

The proposed composition of the Board committees and details of its key corporate governance policies are set out in Sections 7.7 and 7.8.

Each Proposed Director above has confirmed to the Company that they anticipate being able to perform their duties as a Non-Executive without constraint from other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.



7 Key Individuals, Interests and Benefits (continued)

The Board considers that each of Gregg Taylor and Bryan Zekulich are free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Corporate Governance Principles.

Sam Salter, Andrew Ryan and Jade Wyatt are currently considered by the Board not to be independent.

7.2. Executive management

Following completion of the Proposed Transaction, the Company will be managed by an experienced executive team. The qualifications and experience of the proposed executive team are set out in the table below.

| Proposed executive | Experience and background |
|---|---|
|  Mark Watkin <i>Global Chief Executive Officer</i> | <p>Mark is currently the Global Chief Executive Officer of the BikeExchange Group.</p> <p>Mark holds a Bachelor of Arts (Honours) in Business Studies and Marketing from Middlesex University and a Diploma in Business and Finance from the University of Westminster.</p> <p>Mark has over 20 years' experience in the marketing industry, including holding multiple senior leadership roles, both in the UK and Australia.</p> <p>Mark began his career at Saatchi & Saatchi in London before spending four years at an independent digital agency, Hyperlink Interactive. In Australia, Mark worked for George Patterson Y&R Melbourne for approximately seven years before becoming Managing Director of TBWA Melbourne and then Managing Director of BWM Dentsu Melbourne.</p> |
|  Andrew Demery <i>Chief Financial Officer</i> | <p>Andrew is currently the Global Chief Financial Officer of the BikeExchange Group.</p> <p>Andrew holds a Bachelor of Science (Hons) from the University of London and is a member of the Institute of Chartered Accountants of Scotland.</p> <p>Andrew has 20 years of listed company financial reporting experience through executive, auditing and consulting work in Australia and the UK.</p> <p>Most recently, Andrew was the CFO of carsales.com Ltd (ASX: CAR) (Carsales), an ASX 100 listed group. He was responsible for all global finance and investor relations activities of the Company. Prior to Carsales, Andrew was an Assurance Director/Senior Manager at PricewaterhouseCoopers, which included transformation initiative roles and M&A.</p> |

7.3. Interests and benefits

This Section 7.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offers. Other than as set out below or elsewhere in this Prospectus, no:

- Director or Proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of the Company; or
- underwriter to the Offers or financial services licensee named in this Prospectus as a financial services licensee involved in the Offers,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- the Offers,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company or the Offers or to any Proposed Director to induce them to become, or qualify as, a director of the Company.

7.3.1. Interests of advisers

The Company has engaged the following professional advisers in relation to the Offers:

- Morgans have acted as lead manager and underwriter to the Public Offer and the fees payable to the Lead Manager pursuant to the Underwriting Agreement are described in Section 10.6;
- Automic Legal has acted as Australian legal advisor to the Company in relation to the Offers. The Company has paid, or agreed to pay, approximately \$150,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Automic Legal in accordance with its normal time-based charges;
- Talbot Sayer Lawyers has acted as the M&A legal advisor to the Company in relation to the Proposed Transaction. The Company has paid, or agreed to pay, approximately \$48,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Talbot Sayer in accordance with its normal time-based charges;
- Deloitte Corporate Finance has acted as the investigating accountant in connection with the Public Offer and has performed work in relation to the Investigating Accountant's Reports. The Company and BikeExchange Pte Ltd have paid, or agreed to pay, approximately \$260,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance in accordance with its normal time-based charges;
- Deloitte Tax has acted as the Australian taxation advisor (other than in relation to the EIP Offer and the Employee Incentive Plan and any options issued under those offers/plans). The Company and BikeExchange Pte Ltd have paid, or agreed to pay, approximately \$230,000 (excluding disbursements and GST) for these services up and until the Prospectus Date. Further amounts may be paid to Deloitte Tax in accordance with its normal time-based charges; and
- Silvercloud has acted as the corporate advisor in relation to the Offers. BikeExchange Pty Ltd and the Company has agreed to pay a fee equal to 1.5% of the gross proceeds from the IPO (excluding disbursements and GST) for these services.

These amounts, and other expenses of the Offers, will be paid by the Company out of funds raised under the Public Offer or available cash. Further information on the use of proceeds from the Public Offer and payment of expenses of the Offers is set out in Sections 8.3.1 and 10.10.

7 Key Individuals, Interests and Benefits (continued)

7.3.2. Proposed Directors' interests and remuneration

7.3.2.1. Director Remuneration

Prior to the Prospectus Date, each of the Proposed Directors, who are all Non-Executive Directors, have executed appointment letters with the Company, which outline the terms of the appointments, their roles and responsibilities and the Company's expectations of them as Directors.

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

The proposed maximum aggregate Non-Executive Directors' remuneration is \$500,000 per annum subject to shareholder approval as mentioned in Section 2.2.

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.

All Proposed Directors are also receiving the IPO Options as described in Sections 7.5.1.1 to 7.5.1.3.

7.3.2.2. Proposed Directors' interests in Shares and other securities

The Proposed Directors are not required by the Constitution to hold any Shares.

The Proposed Directors' interests in Shares and other securities in the Company as at the Prospectus Date are set out in the table below.

| Proposed Director | Shares held on Completion ^(f) | Options held on Completion |
|-------------------|--|----------------------------|
| Gregg Taylor | Nil ^(a) | 2,000,000 |
| Bryan Zekulich | 473,500 ^(b) | 1,000,000 |
| Sam Salter | 30,118,430 ^(c) | 1,000,000 |
| Jade Wyatt | 30,118,430 ^(d) | 1,000,000 |
| Andrew Ryan | 50,447,670 ^(e) | 1,000,000 |

Notes:

- (a) Gregg is the Co-Chief Investment Officer and a Director of Bombora Investment Management. Bombora Investment Management currently holds 36.86% of the total issued capital in the Company on an undiluted basis as the corporate trustee of the Bombora Special Investments Growth Fund and such holding will drop to 8.34% at Completion. Although Gregg holds shares in Bombora Investment Management and interests in the Bombora Special Investments Growth Fund, he does not have power to exercise or control the exercise of Bombora Investment Management's rights to vote attached to the Shares or to dispose the Shares held by Bombora Investment Management. As such, Gregg does not have any relevant interests in the Shares.
- (b) Bryan's interests in Shares are held directly by himself and indirectly through Zeka Pty Limited, which is an entity controlled by Bryan and his spouse. It is noted that Bryan also holds shares in Bombora Investment Management and interests in the Bombora Special Investments Growth Fund, but he does not have power to exercise or control the exercise of Bombora Investment Management's rights to vote attached to the Shares or to dispose the Shares held by Bombora Investment Management.
- (c) Sam's interests in Shares will be indirectly held through two BikeExchange Shareholders, being Saltsam Pty Ltd, which is an entity controlled by Sam, and WSG Holdings Pty Ltd, in which Sam has a 39% beneficial interest.
- (d) Jade's interests in Shares will be indirectly held through two BikeExchange Shareholders, being Surfmax Pty Ltd, which is an entity controlled by Jade's spouse, Jason Wyatt, and WSG Holdings Pty Ltd, in which Jason has a 39% beneficial interest.
- (e) Andrew's interests in Shares will be indirectly held through a BikeExchange Shareholder, Emerson Ryan Pty Ltd.
- (f) The figures in the above table assume certain outcomes under the Offer Letter process. The actual outcomes are subject to completion of the Offer Letter process.

The Proposed Directors are entitled to apply for Shares under the Public Offer. The above table does not take into account any Shares the Proposed Directors may acquire under the Public Offer.

7.3.2.3. Other information about Directors' interests and benefits

Directors will be entitled to be reimbursed for all reasonable travel, accommodation or other expenses incurred as a result of them carrying out their duties as a Director.

7.3.2.4. Deeds of access, insurance and indemnity

The Company will enter into a deed of access, indemnity and insurance with each Proposed Director.

Each deed will contain the Proposed Director's right of access to certain books and records of the Group Company for permitted purposes including to discharge the Proposed Director's duties as an officer of the Group Company or in connection with certain relevant claims that involve the Proposed Director.

Pursuant to the Constitution, the Company must indemnify all Directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by the Officer as an officer of the Group Company. Under the deed of access, insurance and indemnity, the Company, to the extent permitted by law, indemnifies each Proposed Director against any and all liabilities incurred by the Proposed Director as an officer of the Group Company or incurred by or on behalf of the Proposed Director as a consequence of the Proposed Director complying with his or her obligations in relation to a relevant claim under the deed of access insurance and indemnity.

Pursuant to the Constitution, the Company may purchase and maintain insurance for its Directors to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company or its Related Body Corporate must maintain a director and officer insurance for the Proposed Director for the period from the date of the deed until seven years after the Director ceases to hold office of the Group Company.

In this summary, "Group Company" means the Company or a subsidiary of the Company.

7.4. Executive remuneration

Following completion of the Proposed Transaction, the key management personnel of the Company will be as set out below:

| Name | Position |
|---------------|--------------------------------|
| Mark Watkin | Global Chief Executive Officer |
| Andrew Demery | Chief Financial Officer |

7.4.1. Global Chief Executive Officer

Details regarding the terms of the employment contract of Mark Watkin are set out below:

| Term | Description |
|---------------------------|---|
| Employer | The Company. |
| Fixed annual remuneration | Under the terms of his employment contract, Mark is entitled to fixed annual remuneration of \$350,000 per annum, exclusive of superannuation contributions. |
| Short term incentive | Mark is eligible for an annual bonus of up to \$191,625 in cash per annum, inclusive of superannuation. The payment of the bonus is at the discretion of the Board and is subject to Mark's achievement of certain agreed performance criteria, and the financial performance of the Company. |
| Long term incentive | Mark is eligible to participate in the Employee Incentive Plan. Mark is entitled to receive certain Options under the EIP Offer as set out in Section 7.5.1.3. |

7 Key Individuals, Interests and Benefits (continued)

| Term | Description |
|--|---|
| Other benefits | The Company will provide Mark with a mobile phone and laptop for business use and will pay all costs associated with use of those items for business purposes. |
| Notice period, termination and termination payments | <p>Mark's employment contract may be terminated by either party on provision of 6 months' notice. The Company may elect to pay Mark in lieu of all or party of any notice period. Mark's employment contract may also be terminated by the Company without notice (or payment in lieu of notice) in the case of serious misconduct.</p> <p>To the extent permitted by law, any payment made to Mark 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.</p> |
| Non-solicitation/ restrictions of future activities | <p>For a period of 2 years following the termination of Mark's employment, he will be subject to a restraint, which will prohibit Mark from, directly or indirectly:</p> <ul style="list-style-type: none"> • 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; • inducing, soliciting, canvassing, approaching or accepting any approach from any person who was at any time during the 12 months preceding the termination of Mark'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; • 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; • inducing, encouraging or soliciting any of BikeExchange's customers, partners, clients or suppliers with whom Mark has had contact in the 12 months preceding the termination of Mark's employment, to end or restrict their trade relationships with BikeExchange; • 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; • inducing, encouraging or soliciting, or helping to induce, any employee, officer, contractor or agent of BikeExchange to terminate their engagement with BikeExchange; or • seeking to engage, or engaging, the services of any employee, contractor or agent of BikeExchange. <p>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 Andrew's employment.</p> |

7.4.2. Chief Financial Officer

Details regarding the terms of the employment contract of Andrew Demery are set out below:

| Term | Description |
|----------------------------------|---|
| Employer | The Company. |
| Fixed annual remuneration | Under the terms of his employment, Andrew is entitled to fixed annual remuneration of \$300,000 per annum, exclusive of superannuation contributions. |

| Term | Description |
|--|---|
| Short term incentive | Andrew is eligible for an annual bonus of up to \$164,250 in cash per annum, inclusive of superannuation. The payment of the bonus is at the discretion of the Board and is subject to Andrew's achievement of certain agreed performance criteria, and the financial performance of the Company. |
| Long term incentive | Andrew is eligible to participate in the Employee Incentive Plan. Andrew is entitled to receive certain Options under the EIP Offer as set out in Section 7.5.1.3. |
| Other benefits | The Company will provide Andrew with a mobile phone and laptop for business use and will pay all costs associated with use of those items for business purposes. |
| Notice period, termination and termination payments | Andrew's employment contract may be terminated by either party on provision of 6 months' notice. The Company may elect to pay Andrew in lieu of all or partly of any notice period. Andrew's employment contract may also be terminated by the Company without notice (or payment in lieu of notice) in the case of serious misconduct. |
| Non-solicitation/ restrictions of future activities | <p>For a period of 2 years following the termination of Andrew's employment, he will be subject to a restraint, which will prohibit Andrew from, directly or indirectly:</p> <ul style="list-style-type: none"> • 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; • inducing, soliciting, canvassing, approaching or accepting any approach from any person who was at any time during the 12 months preceding the termination of Andrew'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; • 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; • inducing, encouraging or soliciting any of BikeExchange's customers, partners, clients or suppliers with whom Andrew has had contact in the 12 months preceding the termination of Andrew's employment, to end or restrict their trade relationships with BikeExchange; • 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; • inducing, encouraging or soliciting, or helping to induce, any employee, officer, contractor or agent of BikeExchange to terminate their engagement with BikeExchange; or • seeking to engage, or engaging, the services of any employee, contractor or agent of BikeExchange. <p>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 Andrew's employment.</p> |

7 Key Individuals, Interests and Benefits (continued)

7.5. Employee incentive plans

Subject to shareholder approval as mentioned in Section 2.2, the Company proposes to establish 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 intended to be limited to an interest in a maximum of 29,299,590 Shares, being 10% of the total issued capital in the Company on an undiluted basis at Completion.

7.5.1. 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 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:

Eligibility and grant

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

Cessation of employment

- In relation to vested Awards, if a participant ceases employment or office with any Group Company:
 - all vested Options held by the participant will be retained by the participant and continue to remain exercisable until the relevant expiry date for those options;
 - all vested performance rights held by the participant which have not been exercised will continue in force and remain exercisable;
 - 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.

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;
 - 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.

Change of Control

- A "change of control" will occur if a person becomes a legal or beneficial owner of 50% of the Company's issued share capital in the Company. In the event of a Change of Control Event, and unless the Board determine otherwise in its sole and absolute discretion:
 - Awards granted will vest where the vesting conditions and performance hurdles applicable to those Awards have been satisfied, but that vesting will occur only on a pro rata basis based on the period which has elapsed from the grant date to the date of the Change of Control Event when compared to the relevant overall vesting period and based on actual performance;
 - any Options and performance rights which the Board determines will not vest will automatically lapse; and
 - any Shares and loan funded Shares which the Board determines will not vest will automatically be surrendered by the Participant in accordance with the Employee Incentive Plan Rules.

Amendment of the rules

- As long as the rights of a participant are not materially reduced (other than if the an 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.

7.5.1.1. EIP Offer

Pursuant to this Prospectus, the Company makes an EIP Offer under the Employee Incentive Plan.

The EIP Offer comprises the following two types of grants:

- a one-off grant of Options to all Proposed Directors, key executives and employees in connection with the IPO under this Prospectus (**IPO Grant**); and
- a long-term incentive grant of Options to key executives and employees (**LTIP Grant**).

Overall, 18,100,000 Options are offered under the Employee Incentive Plan pursuant to this Prospectus.

7 Key Individuals, Interests and Benefits (continued)

7.5.1.2. IPO Grant

The IPO Grant is a one-off grant made under the Employee Incentive Plan pursuant to which all Proposed Directors, certain key executives and employees will be granted Options in connection with the IPO (**IPO Options**).

Key features of the IPO Options are set out below:

| Feature | Description |
|------------------------------|---|
| Grant Date | Immediately after completion of the Proposed Transaction. |
| Entitlement to Shares | Each IPO Option will enable the participant to be issued one (1) Shares. |
| Issue Price | Nil. |
| Exercise Price | The exercise price will be equal to the Offer Price. |
| Exercise Date | The day which is 12 calendar months after the Listing Date. |
| Expiry Date | The earlier of: a) the date that is 72 calendar months after the Listing Date; and b) the date that the participant ceases to be an employee of the Group Company. |
| Exercise Period | The period from the Exercise Date until 5:00pm (Sydney time) on the Expiry Date. |
| Vesting Conditions | N/A. |
| Trading restrictions | Other than restrictions imposed by the Company's securities trading policy (or restrictions imposed by the ASX, including under any restriction deed, or any voluntary escrow deed entered into by the participant, in connection with the Offers), the IPO Options will be subject to no trading restrictions. |

Under the IPO Grant, the Company offers the following IPO Options to the following Proposed Directors, key executives and employees:

| Participant | Number of IPO Options | % of the total issued capital of the Company on a fully diluted basis at Listing |
|------------------------------------|-----------------------|--|
| Gregg Taylor | 2,000,000 | 0.64% |
| Sam Salter | 1,000,000 | 0.32% |
| Bryan Zekulich | 1,000,000 | 0.32% |
| Jade Wyatt | 1,000,000 | 0.32% |
| Andrew Ryan | 1,000,000 | 0.32% |
| Mark Watkin | 1,300,000 | 0.42% |
| Andrew Demery | 500,000 | 0.16% |
| Other key executives and employees | 1,300,000 | 0.42% |
| Total | 9,100,000 | 2.93% |

7.5.1.3. LTIP Grant

The LTIP Grant is a grant made under the Employee Incentive Plan pursuant to which certain key executives and employees will be granted Options (**LTIP Options**) as long-term incentives. Key features of the LTIP Options are set out as below:

| Feature | Description | | | | | | | | | | | | |
|-----------------------------------|---|----------------|------------------|----------------|-------|------|---------|--------|------|---------|-------|------|----------|
| Grant Date | Immediately after completion of the Proposed Transaction. | | | | | | | | | | | | |
| Entitlement to Shares | Each LTIP Option will enable the participant to be issued one (1) Shares. | | | | | | | | | | | | |
| Issue Price | Nil. | | | | | | | | | | | | |
| Exercise Price | The exercise price will be \$0.45 per LTIP Option. | | | | | | | | | | | | |
| Exercise Date | The day which is 36 calendar months after the Listing Date. | | | | | | | | | | | | |
| Expiry Date | The earlier of: <ul style="list-style-type: none">• the date that is 72 calendar months after the Listing Date; and• the date that the participant ceases to be an employee of the Group Company. | | | | | | | | | | | | |
| Exercise Period | The period from the Exercise Date until 5:00pm (Sydney time) on the Expiry Date. | | | | | | | | | | | | |
| Vesting Conditions | <div>The LTIP Options are subject to the following vesting conditions:<ul style="list-style-type: none">• one-third of the LTIP Options will vest on the first anniversary of Grant Date, subject to the 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 CAGR of the Group being achieved as set out in the below table in the same line as the second anniversary;• one-third of the LTIP Options will vest on the third anniversary of Grant Date, subject to the CAGR of the Group being achieved as set out in the below table in the same line as the third anniversary.</div> <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> | Anniversary | CAGR requirement | Revenue target | First | 150% | \$6.03m | Second | 225% | \$9.05m | Third | 338% | \$13.57m |
| Anniversary | CAGR requirement | Revenue target | | | | | | | | | | | |
| First | 150% | \$6.03m | | | | | | | | | | | |
| Second | 225% | \$9.05m | | | | | | | | | | | |
| Third | 338% | \$13.57m | | | | | | | | | | | |
| Post-vesting trading restrictions | Other than restrictions imposed by the Company's securities trading policy (or restrictions imposed by any restriction agreement or voluntary escrow deed entered into by the participant in connection with the Offers), the LTIP Options will be subject to no disposal restriction. | | | | | | | | | | | | |

7 Key Individuals, Interests and Benefits (continued)

The following grants of LTIP Options will be made to the following key executives and employees:

| Participant | Number of LTIP Options | % of the total issued capital of the Company on a fully diluted basis at Listing |
|----------------------|------------------------|--|
| Mark Watkin | 3,600,000 | 1.16% |
| Andrew Demery | 1,800,000 | 0.58% |
| Other key executives | 3,450,000 | 1.11% |
| Key employees | 150,000 | 0.05% |
| Total | 9,000,000 | 2.89% |

7.6. Related Party Transaction

Other than as disclosed in this Prospectus, the Company or BikeExchange are not party to any material related party arrangements.

Certain Proposed Directors, namely Andrew Ryan, Gregg Taylor and Sam Salter, are directors of both Marketplacer and the Company. In addition, Jason Wyatt, who is the spouse of a Proposed Director, Jade Wyatt, is a director of Marketplacer.

The Marketplacer Agreements are related party arrangements. A summary of these agreements is set out in Section 10.5.3.

7.7. Corporate governance and the Board

This Section 7.7 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Principles promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Corporate Governance Principles are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Corporate Governance Principles in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Copies of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.bikeexchange.com.au.

7.7.1 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board assumes responsibilities including, but not limited to the following:

- approving and monitoring the Company's strategy, business performance and financial performance objectives;
- overseeing and monitoring the establishment of systems of risk management by approving risk management policies, operational risk policies and procedures and systems of internal controls;

- overseeing the process for making timely and balanced disclosure of all material information and continuous disclosure of information to the investment community;
- approving the Company's annual budget and major capital expenditure, acquisitions and overseeing capital management;
- approving the Company's periodic financial statements and reports, remuneration policy and dividend policy;
- appointing and evaluating the performance of, determining the remuneration of, and planning the succession of, the Board, its committees and individual directors; and
- monitoring compliance with legal and regulatory requirements, ethical standards and generally, safeguarding the reputation of the Company.

The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

7.7.2. Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Nomination and Remuneration Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

7.7.3. Audit and Risk Committee

The Audit and Risk Committee Charter sets out the roles and responsibilities of the Audit and Risk Committee. The role of the Audit and Risk Committee is to assist the Board in the effective discharge of its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Audit and Risk Committee will comprise of Bryan Zekulich (Chair) and Andrew Ryan.

The Audit and Risk Committee will meet at least four times annually or as frequently as required to undertake its role effectively. All meetings will be minuted by the company secretary of the Company and made available to inspection by any Director. The Audit and Risk Committee will regularly report to the Board about committee activities.

7.7.4. Remuneration and Nominations Committee

The Remuneration and Nominations Committee Charter sets out the roles and responsibilities of the Remuneration and Nominations Committee. The role of the Remuneration and Nomination and Remuneration Committee is to assist the Board in the effective discharge of its responsibilities for corporate governance and overseeing the Company's nomination and remuneration policies and practices.

This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration and Nominations Committee is also responsible for administering short term and long-term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and senior management). Independent advice will be sought where appropriate.

The Committee will comprise of Sam Salter (Chair) and Jade Wyatt.

Remuneration and Nominations Committee will meet at least two times annually or as frequently as required to undertake its role effectively. All meetings will be minuted by the company secretary of the Company and made available to inspection by any Director. The Remuneration and Nominations Committee will regularly report to the Board about committee activities.

7 Key Individuals, Interests and Benefits (continued)

7.8. Corporate governance policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Corporate Governance Principles.

7.8.1. Continuous Disclosure Policy

As an ASX-listed entity, the Company will be subject to continuous disclosure requirements set out in the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to disclose to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

The Company has adopted a Continuous Disclosure Policy to:

- set out procedures for identifying and assessing information for disclosure to the ASX to enable the Company to fulfil its continuous disclosure obligations; and
- to ensure the provision of accurate, balanced and timely announcements which allows investors to appropriately assess the impact of the information when making investment decisions.

The policy also sets out the processes for dealing with external communications that seek to ensure, among other things, that market sensitive information is immediately disclosed to ASX before being communicated to third parties.

7.8.2. Shareholder Communication Policy

The Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. The Company has adopted a Shareholder Communications Policy to ensure that the Company provides timely and accurate information equally to all Shareholders and market participants in relation to the Company's financial performance, objectives, activities and governance. To achieve this, the Company will communicate information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, media releases, at the Company's annual general meeting and through the Company's annual report and ASX announcements.

7.8.3. Securities Trading Policy

The Company is committed to complying with insider trading laws and establishing a best practice for dealing in securities. The Company has adopted a Securities Trading Policy to:

- ensure that all Directors, employees and contractors of the Company (and their associates) are aware of the Australian insider trading laws as they apply to trading in the Company's securities; and
- set out additional restrictions on trading in the Company's securities that apply to Directors, senior executives and certain restricted employees.

The policy explains what inside information is and what trading is prohibited and allowed under the Corporations Act. Additionally, the Company understands that Directors, senior executives and certain other employees may be in a position where they may be or perceived to be in possession of inside information. To protect the reputation of the Company and to avoid any misconceptions, misunderstandings or suspicions that may arise, the policy imposes additional restrictions that apply to Directors, senior executives and certain restricted employees, who must not deal in the Company's securities during any of the following blackout periods:

- between the end of the full and half year and until the trading day after the release of the Company's results for that period; and
- any other period that the Board specifies from time to time.

In addition, Directors, senior executives and certain restricted employees must obtain prior approval for any proposed dealing in the Company's securities. The policy specifies exemptions to certain types of trading, which include disposals arising as a result of acceptance of a takeover bid or equal access buy-back, acquisitions under a dividend reinvestment plan and acquisitions under an employee incentive plan.

7.8.4. Code of Conduct

The Company is an organisation which strives to act with honesty and integrity in its business and to be respected in the industry and the communities in which it operates. The Company has adopted a formal Code of Conduct which outlines how the Company expects its employees to behave and conduct business in the workplace. The Code of Conduct applies to all employees, regardless of employment status or work location. In addition, the Directors, in the Board Charter, have committed to abiding by the Code of Conduct as it applies to the Board.

The Code of Conduct is designed to:

- provide guidance on the standard of behaviour expected of Company employees and ensure that the highest of ethical standards are maintained within the Company;
- promote a healthy, respectful and positive workplace and environment for all employees of the Company;
- ensure that employees understand their obligations and comply with laws, regulations, policies and procedures relevant to the Company's operations, including workplace health and safety, anti-discrimination, privacy, fair trading and conflicts of interest;
- ensure that there is an appropriate mechanism for team members to report conduct which breaches the Code of Conduct; and
- ensure that team members are aware of the consequences if they breach the Code of Conduct.

7.8.5. Diversity Policy

The Company recognises the value inherent in a diverse workforce and is committed to the maintenance and promotion of workplace diversity. The Board has approved a Diversity Policy, which sets out a framework for implementing new and existing diversity related initiatives in the business. Amongst other things, the Company will set measurable objectives relating to diversity (including gender diversity) at all senior executive roles and leadership roles. The Company will include in its corporate governance statement each year details of the measurable objectives set under the Diversity Policy of the year to which the corporate governance statement relates, and a summary of the Company's progress and metrics towards achieving those measurable objectives.

7.8.6. Privacy Policy

The Company takes the privacy of shareholders seriously. The Company has adopted a Privacy Policy which sets out how the Company collects, uses and discloses personal information obtained from Shareholders and their rights attached to their personal information. In accordance with the policy, the Company will only collect, use and disclose personal information from shareholders for the following purposes:

- to ensure compliance with laws on the maintenance of registers and other legal reporting requirements;
- provide communications to shareholders including to offer further shares or company securities; and
- to facilitate shareholder participation in the company.

7.8.7. Whistle-blower Policy

The Company is committed to the highest standards of conduct and integrity in all of its business activities and to safeguard a culture of honest and ethical behaviour, compliance and good corporate governance. The Company has adopted a Whistle-blower Policy to:

- establish a system for the reporting, investigation and rectification of wrongdoing;
- encourage the reporting of wrongdoing and ensure that any such reports are dealt with appropriately; and

provide a safe and confidential environment where whistle-blowers can raise concerns about suspected fraud, corrupt conduct or any other form of inappropriate behaviour without fear of reprisal or detrimental treatment.

7 Key Individuals, Interests and Benefits (continued)

7.8.8. Anti-bribery and corruption policy

The Company has zero tolerance for bribery and corruption in any form. The Company has adopted an Anti-bribery and corruption Policy to set out the responsibilities of the Company and its personnel in observing and upholding the Company's position, corruption and related improper conduct. Under the policy, employees must not:

- offer, promise, give or solicit or accept any bribes, facilitation payments or secret commissions;
- offer to provide gifts, hospitality or other benefits to public officials without the prior written approval of the compliance department of the Company, or to provide or receive gifts or hospitality which do not comply with the guidelines set out in the policy;
- make any political or charitable donations on behalf of the Company which are or could be perceived to be a bribe or contrary to the policy; and
- falsify any books, records or accounts relating to the Company.

The policy also provide information and guidance on how to recognise, deal with and report instances of bribery and corruption and establishes a process for the reporting of any instances of bribery, corruption or material breaches of the policy and ensure that any such reports are dealt with appropriately



SECTION 8

Details of the Offers

8 Details of the Offers

8.1. Conditional Offers on a post-Consolidation basis

Completion of the Offers is conditional upon:

- Shareholder approving all Resolutions at the EGM;
- a minimum of \$20,000,000 being raised under the Public Offer;
- the Company being in a position to complete its acquisition of BikeExchange TopCo pursuant to the Proposed Transaction; and
- the ASX providing condition approval for the Company's application to be admitted to the Official List.

Accordingly, this Prospectus has been prepared on the basis that the Consolidation has been completed by the Company.

In the event that the conditions above are not satisfied or waived, the Offers will not proceed, and no securities under any of the Offers will be issued under this Prospectus. If this occurs, all Application Monies received will be refunded (without interest) in accordance with the Corporations Act.

8.2. The Offers

This Prospectus relates to the following offers:

- **Public Offer** – an initial public offering of 76,923,076 Shares at the Offer Price of \$0.26 to raise approximately \$20,000,000;
- **Consideration Offer** – the offer of up to 177,497,224 Shares at a deemed issue price of \$0.26 per Share, to the BikeExchange Shareholders; and
- **EIP Offer** – the offer of 18,100,000 Options to the Proposed Directors, key executives and employees under the IPO Grant and the LTIP Grant as described in Sections 7.5.1.2 and 7.5.1.3.

The Offers are made on the terms, and are subject to the conditions, set out in this Prospectus.

8.3. Structure of the Public Offer

The Public Offer comprises:

- **the Retail Offer**, consisting of the:
 - **Broker Firm Offer**, which is open only to Australian resident investors who are not Institutional Investors and who have received an invitation from their Broker to participate;
 - **Priority Offer**, which is open to selected investors in Australia and certain other jurisdictions who have received a Priority Offer Invitation; and
- **Institutional Offer**, which consists of an invitation to bid for Shares made to Institutional Investors in Australia and New Zealand and a number of other eligible jurisdictions.

No general public offer of Shares will be made under the Public Offer. Members of the public wishing to apply for Shares under the Public Offer must do so through a Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Broker Firm Offer, Priority Offer and the Institutional Offer was determined by the Company and the Lead Manager.

The Public Offer has been fully underwritten by the Lead Manager. A summary of the Underwriting Agreement, including the events which would entitle the Lead Manager to terminate the Underwriting Agreement, is set out in Section 10.8.

8.3.1. Purpose of the Offers

The purpose of the Public Offer is to:

- provide the Company with the financial flexibility to fund product development and invest in technology advancements;
- fund working capital of the Group;
- invest in resources to scale and expand the business operations; and
- provide the Company with the benefits associated with being a listed entity.

At the Offer Price, the Public Offer will raise approximately \$20,000,000. The proceeds of the Public Offer will be received by the Company and applied as set out in the table below:

| Uses of funds | \$ million | % |
|---|------------|-------------|
| Brand and Customer Acquisition Marketing | 6 | 30% |
| working capital | 5 | 25% |
| Product Development and Technology | 3 | 15% |
| Investment in Resources to scale the business | 3 | 15% |
| Costs of the Offers and Listing | 3 | 15% |
| Total uses | 20 | 100% |

The purpose of the Consideration Offer is to qualify the Consideration Shares issued to the BikeExchange Shareholders for secondary trading.

The purpose of the EIP Offer is to incentivise and reward the Proposed Directors, key executives and employees of the Company, and to align their interests with the Shareholders.

8 Details of the Offers (continued)

8.4. Shareholding structure

The details of the ownership of Shares immediately prior to the Offers, and the assumed ownership of Shares on Completion of the Proposed Transaction and the Offers, are set out in the table below. The table assumes certain shareholder election outcomes under the Offer Letter process. The actual scrip election outcomes are subject to completion of the Offer Letter process and will be reflected in the Share Sale Agreement.

| Shareholder(s) | Shares held prior to the Offers | | Assumed Shares held at Completion of the Offers on an undiluted basis | |
|--|---------------------------------|-------------------|---|--------------------|
| | % | number of shares | % | number of shares |
| GTR Ventures Pty Ltd ^(a) | Nil | Nil | 12.68% | 37,158,107 |
| Emerson Ryan Pty Ltd ^(a) | Nil | Nil | 17.22% | 50,447,670 |
| Saltsam Pty Ltd ^(b) | Nil | Nil | 8.58% | 25,128,971 |
| Surfwax Pty Ltd ^(c) | Nil | Nil | 8.58% | 25,128,971 |
| WSG Holdings Pty Ltd ^(d) | Nil | Nil | 4.37% | 12,793,485 |
| Other BikeExchange Shareholders | Nil | Nil | 9.16% | 26,840,020 |
| Bombora Investment Management ^(e) | 36.86% | 8,250,000 | 8.34% | 24,445,073 |
| Other Existing Shareholders | 63.14% | 14,130,534 | 4.82% | 14,130,534 |
| IPO Shareholders | Nil | Nil | 26.25% | 76,923,076 |
| Total | 100.0% | 22,380,534 | 100% | 292,995,907 |

Notes:

(a) GTR Ventures Pty Ltd and Emerson Ryan Pty Ltd are both entities associated with Andrew Ryan, a Proposed Director.

(b) Saltsam Pty Ltd is an entity controlled by Sam Salter, a Proposed Director.

(c) Surfwax Pty Ltd is an entity controlled by Jason Wyatt, an associate of Jade Wyatt, a Proposed Director.

(d) In WSG Holdings Pty Ltd, Sam Salter has a 39% beneficial interest and Jason Wyatt has a 39% beneficial interest.

(e) Bombora Investment Management holds Shares as trustee for the Bombora Special Investments Growth Fund. At Completion, Bombora Investment Management will hold 24,445,073 Shares, including 16,195,073 BIM Sale Shares to be acquired under the Bombora Sale Deed as described in Section 10.5.2 and mentioned in Section 10.9.2.

At Completion, none of the Shares held by the IPO Shareholders, representing 26.25% of the total issued capital on an undiluted basis, will be subject to escrow arrangements (i.e. in the opinion of the Company, the free float of Shares at the time of Listing on the Official List will not be less than 20% of Shares on issue at that time).

At Completion of the Proposed Transaction, the Company expects to have the following Options on issue:

| Optionholders | Number of Options | % of total issued capital at Listing on a fully diluted basis |
|------------------------------|-------------------|---|
| Proposed Directors | 6,000,000 | 1.93% |
| Key executives and employees | 12,100,000 | 3.89% |
| Total | 18,100,000 | 5.82% |

At Completion, certain Shares and Options as set out in the tables above in this Section 8.4 are expected to be subject to either ASX mandatory escrow or voluntary escrow arrangements. Further details of such proposed escrow arrangements are set out in Section 10.9.

8.5. Control implications of the Offers

The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) BikeExchange on Completion.

8.6. Terms and conditions of the Offers

| Topic | Summary |
|--|---|
| What is the type of security being offered? | In respect of the Public Offer and the Consideration Offer, fully paid ordinary shares in the Company. In respect of the EIP Offer, options to acquire fully paid ordinary shares in the Company. |
| What are the rights and liabilities attached to the securities being offered? | A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 8.17 below. A description of the Options, including the rights and liabilities attaching to them, is set out in Section 7.5.1.2 above. |
| What is the consideration payable for each security being Offered? | Successful Applicants under the Public Offer will pay the Offer Price, being \$0.26 per Share. The BikeExchange Shareholders will be offered Consideration Shares at a deemed issue price of \$0.26 per Share as the consideration payable by the Company for the acquisition of 100% of the issued capital in BikeExchange TopCo under the Consideration Offer. Eligible Applicants under the EIP Offer will be invited to apply for the IPO Options and the LTIP Options for nil consideration. |
| What is the Offer Period? | The key dates, including details of the Offer Period, are set out on page 6. No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the Prospectus Date. |
| What are the cash proceeds to be raised? | \$20 million will be raised under the Public Offer based on the Offer Price. |

8 Details of the Offers (continued)

| Topic | Summary |
|---|---|
| What is the minimum and maximum Application size under the Public Offer? | <p>The minimum Application under the:</p> <ul style="list-style-type: none"> • Broker Firm Offer is \$2,000 of Shares in aggregate. There is no maximum Application size under the Broker Firm Offer, however the Company and the Lead Manager reserves the right to reject any Application or to allocate to an Applicant a lesser number of Shares than that applied for; and • Priority Offer is \$2,000 of Shares in aggregate. Priority Offer Applicants may apply for up to the value of Shares indicated in their Priority Offer invitation. |
| What is the allocation policy? | <p>The allocation of Shares between the Institutional Offer and Retail Offer, including Broker Firm Offer and Priority Offer, will be determined by the Lead Manager and the Company, having regard to the allocation policy outlined in Sections 8.7.4, 8.8.4 and 8.10.2.</p> <p>The allocation of Shares among applicants in the Institutional Offer will be determined by agreement between the Lead Manager and the Company.</p> <p>In respect of the Broker Firm Offer, it is a matter for the Broker to determine how they will allocate Shares among their eligible retail clients.</p> <p>The final allocation of Shares under the Priority Offer will be determined by the Company, in consultation with the Lead Manager.</p> |
| Will the securities be quoted on the ASX? | <p>The Company will apply to ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code 'BEX'. The Company will not seek quotation of the IPO Options and the LTIP Options on the ASX.</p> <p>As described in Section 8.1 completion of the Offers is subject to several conditions including the ASX conditionally approving this application. If the Shares have not been admitted for quotation on the Official List within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. If the Shares have not been admitted for quotation on the Official List within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares Offered for subscription.</p> |
| When are the securities expected to commence trading? | <p>It is expected that trading of the Shares on ASX will commence on or about 9 February 2021 on a normal settlement basis.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Company Offer Information Line, by a Broker or otherwise.</p> |

| Topic | Summary |
|--|--|
| When will I receive confirmation of whether my Application has been successful? | <p>It is expected that initial holding statements will be mailed to successful Applicants on or about 5 February 2021.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Public Offer.</p> |
| Is the Public Offer underwritten? | Yes. The Lead Manager has fully underwritten the Public Offer. Details are provided in Section 8.13. |
| Are there any escrow arrangements? | Yes. Details are provided in Section 10.9. |
| Has any ASIC relief or ASIC waiver or modification been obtained or been relied on? | As at the date of this Prospectus, the Company has not applied to ASIC to seek any exemption or any form of relief and the Company has lodged an application to seek a waiver from the ASX in regards to aspects of the mandatory escrow provisions. Details are provided in Section 10.13. |
| Are there any taxation considerations? | The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. Refer to Section 10.14 for a description of general Australian income tax, GST and stamp duty considerations. |
| Are there any brokerage, commission or stamp duty considerations? | No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Public Offer. |
| What should you do with any enquiries? | <p>All enquiries in relation to this Prospectus should be directed to the Offer Information Line on +61 2 9689 5414 (toll free within Australia) 1300 288 664 (outside Australia) between 8:30am to 5:30pm (Sydney time), Monday to Friday (excluding public holidays).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p> |

8 Details of the Offers (continued)

8.7. Broker Firm Offer

8.7.1. Who may apply?

The Broker Firm Offer is open to clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States of America. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

8.7.2. How to apply?

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Broker Firm Application Forms or payment to the Share Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a copy of this Prospectus and Broker Firm Offer Application Form, or download a copy at www.bikeexchange.automic.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Broker Firm Application Form and Application Monies are received before 5:00pm (Sydney time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The Company, the Lead Manager and the Share Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9:00am (Sydney time) on 29 December 2020 and is expected to close at 5:00pm (Sydney time) on 25 January 2021. The Company and the Lead Manager may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible after the Public Offer opens. Please contact your Broker for instructions.

8.7.3. How to pay?

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with the instructions received from their Broker.

8.7.4. What is the Broker Firm Offer allocation policy?

The allocation of Shares to Brokers will be determined by the Lead Manager, in consultation with the Company, in their absolute discretion. Shares which are allocated to Brokers for allocation to their Australian retail resident clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Company and the Lead Manager to reject, aggregate or scale back Applications). It will be a matter for the Broker as to how they allocate Shares among their clients, and they (and not the Company or the Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

8.7.5. Acceptance of applications

An Application in the Broker Firm Offer is an offer by you to the Company to apply for the amount of Shares specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants.

The Lead Manager, in agreement with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by an Applicant in completing their Application.

8.8. Priority Offer

8.8.1. Who can apply?

The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under the Prospectus. The Priority Offer may include directors and certain employees of the Company in eligible jurisdictions. If you are a Priority Offer Applicant, you will receive a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the United States of America.

Your personalised invitation will indicate an amount of Shares that you may apply for.

8.8.2. How to apply?

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the online Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Applications must be received by no later than 5:00pm (Sydney time) on 25 January 2021 and it is your responsibility to ensure that this occurs.

8.8.3. How to pay?

Applicants under the Priority Offer must pay their Application Monies by BPAY® in accordance with the instructions on the personalised Priority Offer Application Form.

When completing your BPAY® payment, please make sure to use the specific biller code and unique CRN provided to you or generated by the online Application Form. Application Monies paid via BPAY® must be received by the Share Registry by no later than 5:00pm (Sydney time) on 25 January 2021 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company nor the Lead Manager take any responsibility for any failure to receive Application Monies or payment by BPAY® before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

8.8.4. What is the Priority Offer allocation policy?

The allocation of Shares among Applicants in the Priority Offer will be determined by the Company, in consultation with the Lead Manager. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

8 Details of the Offers (continued)

8.8.5. Acceptance of applications

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Priority Offer Invitation (including the terms and conditions in Section 8.6 and the acknowledgements in Section 8.12). To the extent permitted by law, an Application by an Applicant under the Public Offer is irrevocable.

An Application may be accepted by the Company and the Lead Manager in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

8.9. Applications Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your Application Monies that you pay via BPAY® is less than the amount specified on your online Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

8.10. Institutional Offer

8.10.1. Invitations to bid

The Company and the Lead Manager have invited certain Institutional Investors in Australia, New Zealand, Singapore and other eligible foreign jurisdictions to bid for Shares in the Institutional Offer.

8.10.2. Allocation policy under the Institutional Offer

The allocation of Shares between the Institutional Offer was determined by the Company and the Lead Manager. The Company and the Lead Manager have absolute discretion regarding the basis of allocation of Shares among Institutional Investors and there was no assurance that any Institutional Investor would be allocated any Shares, or the number of Shares for which it has bid.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Lead Manager.

The allocation policy was influenced by a number of factors including:

- the number of Shares bid for by particular bidders;
- the timeliness of the bid by particular bidders;
- the Company's desire for an informed and active trading market following listing on ASX;
- the Company's desire to establish a wide spread of institutional shareholders;
- the overall level of demand under the Broker Firm Offer, Priority Offer and the Institutional Offer;
- the size and type of funds under management of particular bidders;
- the likelihood that particular bidders will be long term Shareholders; and
- any other factors that the Company and the Lead Manager considered appropriate.

8.11. EIP Offer

Members of the public cannot apply for Options and under the EIP Offer. The EIP Offer is open to selected individuals nominated by the Company in eligible jurisdictions who have received an EIP Offer invitation to acquire Options under the Prospectus. The Company proposes to grant Options to the Proposed Directors, key executives and certain employees pursuant to the Employee Incentive Plan under the IPO Grant and the LTIP Grant. If you are an EIP Offer Applicant, you will receive a personalised invitation to apply for Options in the EIP Offer.

Your personalised invitation will indicate an amount of Options that you may apply for. The terms and conditions of the Options under the EIP Offer are set out in Sections 7.5.1.1 to 7.5.1.3.

8.12. Acknowledgements

Each Applicant under the Public Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Public Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Lead Manager and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- agreed and acknowledged that the Company may only make any payments electronically (and has no obligation to make any payment by any other method) and that any payments may be delayed or not made if current electronic payment details have not been supplied by the Applicant(s) or Shareholder(s) at the relevant time;
- agreed and acknowledged that, to the maximum extent permitted by law from time to time (and subject to any legal requirement to make a paper copy document available upon request), the Company may only provide notices, reports and communications to Applicant(s) and Shareholders(s) in electronic form or by email, and has a discretion to hold any general or class meeting on a virtual platform;
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer or the Priority Offer);
- acknowledged and agreed that the Public Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Public Offer will not proceed.

8 Details of the Offers (continued)

Each Applicant under the Broker Firm Offer and Priority Offer and each person to whom the Institutional Offer has been made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares and Options have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, registration under the U.S. Securities Act and any other applicable securities laws;
- it has not sent and will not send the Prospectus or any other material relating to the Public Offer to any person in the United States;
- if you are outside of Australia but you are not an Institutional Investor, you are an Employee;
- if you are an IAI, you have completed and returned a U.S. Institutional Investor Certificate; and
- if you are a U.S. Employee, you have completed and returned a U.S. Investor Certificate.

8.13. Underwriting agreement

The Public Offer is fully underwritten pursuant to an Underwriting Agreement under which the Lead Manager has been appointed to arrange, manage and underwrite the Public Offer. The Lead Manager agrees, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offers.

The Underwriting Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Lead Manager may terminate the Underwriting Agreement and their underwriting obligations. A summary of certain terms of the agreement and underwriting arrangements, including the conditions precedent and termination provisions, is provided in Section 10.8.

8.14. Restrictions on distributions

No action has been taken to register or qualify this Prospectus, the Shares, Options or the Offers or otherwise to permit a public offering of the Shares or Options in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares or Options in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States (except to IAIs and U.S. Employees under the U.S. Offering Circular), and may only be distributed to persons to whom the Offers may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States of America and may not be Offered or sold in the United States of America except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws.

8.15. Discretion regarding the Offers

The Company may withdraw the Offers at any time before the issue of Shares to BikeExchange Shareholders and successful Applicants under the Offers. If the Offers, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to, subject to the Corporations Act, extend the Public Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

8.16. ASX listing, registers and holding statements

8.16.1. Application to ASX for listing and quotation of Shares

The Company will apply to ASX within seven days of the Prospectus Date, for admission to the Official List and quotation of the Shares on ASX under the code 'BEX'.

The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares Offered for subscription.

If approval is not given within three months after such application is made (or any longer period permitted by law), the Offers will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.

Upon Listing, the Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

8.16.2. CHESS and issuer sponsored holdings

The Company will participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the ASX Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

8.17. Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

8.17.1. Introduction

All Shares issued under the Public Offer and the Consideration Offer pursuant to this Prospectus will rank equally with existing fully paid ordinary Shares in the Company.

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not intended to be exhaustive and is qualified by the fuller terms of the Constitution. This summary does not constitute a definitive statement of the rights and liabilities of Shareholders.

The summary assumes that the Company is admitted to the Official List.

8 Details of the Offers (continued)

8.17.2. Meeting of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to shareholders.

8.17.3. Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held (with adjusted voting rights for partially paid shares). The Chairperson does not have a casting vote.

8.17.4. Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim or final dividend as, in their judgement, the financial position of the Company justifies.

The Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

8.17.5. Transfer of Shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, a member may transfer all or any of the member's shares by:

- a Proper ASTC transfer (as that term is defined in the Corporations Regulations); or
- an instrument in writing in any usual form or in any other form that the Directors approve, as permitted by the Corporations Act and ASX Listing Rules.

The Company may, in circumstances permitted under the ASX Listing Rules or ASX Settlement Operating Rules, decline to register a transfer of Shares or apply a holding lock to prevent a transfer of Shares. If the Directors decline to register a transfer, the Company must give the party lodging the transfer written notice of the refusal and the reason for refusal.

8.17.6. Issue of further Shares

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit.

8.17.7. Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

8.17.8. Rights on winding up

If the Company is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among the Company's members in proportion to the shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

8.17.9. Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the shares of a shareholder who holds less than a marketable parcel of those shares. A marketable parcel of shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

8.17.10. Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of the Company is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

8.17.11. Future increase in capital

Subject to restrictions on the issue or grant of new Shares contained in the ASX Listing Rules, the Constitution and the Corporations Act, the Board may issue Shares, Options, and other securities with rights of conversion to Shares on any terms, to any person, at any time and for any consideration, as the Board resolves.

8.17.12. Reduction of share capital

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

8.17.13. Proportional takeover provisions

The Constitution contains provisions requiring shareholder approval before any proportional takeover bid can proceed. The provision will cease to have effect three years from the date of adoption of the Constitution unless it is renewed by special resolution of shareholders in a general meeting.

8.17.14. Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

8.17.15. Directors – appointment and removal

Under the Constitution, the minimum number of Directors is three (3) and the maximum is eight (8) or otherwise authorised by general meeting of the Company's members.

Directors are elected or re-elected by resolution at a general meeting of Shareholders. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting.

No Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

8.17.16. Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chair of the meeting has a casting vote, unless there are only two Directors present or qualified to vote, in which case the proposed resolution is taken as having been lost.

8 Details of the Offers (continued)

8.17.17. Directors' and officers' indemnity

The Company, to the extent permitted by law, indemnifies each person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any losses or liability incurred by that person as an officer or auditor of the Company or of a Related Body Corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer, officer or auditor of the Company, and such other officers or former officers of the Company or its Related Bodies Corporate as the Directors in each case determine, against any liability incurred by the person as an officer or auditor of the Company or of a Related Body Corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company will enter into deeds of access, insurance and indemnity with each Proposed Director, which are summarised in Section 7.3.2.4.

A person wearing a yellow helmet and a backpack is riding a mountain bike on a dirt trail. The background features a vast landscape with snow-capped mountains under a bright, cloudy sky. A large red graphic, resembling a stylized 'X' or a mountain peak, is overlaid on the image.

SECTION 9

Investigating Accountant's Report

9 Investigating Accountant's Report



16 December 2020

RPro Holdings Limited
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Dear Directors,

INVESTIGATING ACCOUNTANT'S REPORT ON HISTORICAL AND PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of RPro Holdings Limited (to be renamed "BikeExchange Limited") (ACN 625 305 240) (the Company) for inclusion in a Prospectus to be issued by the Company in respect of the initial public offering of fully paid ordinary shares in the Company (the Offer) and subsequent listing the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review the following financial information of the BikeExchange Group:

- the historical aggregated income statements for the financial years ended 30 June 2018, 30 June 2019, and 30 June 2020;
- the historical aggregated statement of financial position as at 30 June 2020; and
- the historical aggregated cash flows for the financial years ended 30 June 2018, 30 June 2019, and 30 June 2020,

as set out in Figures 5.7, 5.12 and 5.11 respectively in Section 5 of the Prospectus (together the Historical Financial Information).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the BikeExchange Group's adopted accounting policies.

The Historical Financial Information has been extracted from the special purpose aggregated financial information of the BikeExchange Group for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020.

The special purpose aggregated financial information of the BikeExchange Group was audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued a modified audit

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opinion in respect of the special purpose aggregated financial information for the years ended 30 June 2018, 30 June 2019 and 30 June 2020 to include an emphasis of matter paragraph in relation to the 'Basis of Preparation and Restriction on Distribution and Use' which draws attention to the notes to the financial report that set out the basis of accounting used including the principles of aggregation of the accounts.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001 (Cth).

Pro forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review the following financial information of the BikeExchange Group:

- the pro forma historical aggregated income statements for the financial years ended 30 June 2018, 30 June 2019, and 30 June 2020;
- the pro forma historical aggregated statement of financial position as at 30 June 2020; and
- the pro forma historical aggregated cash flows for the financial years ended 30 June 2018, 30 June 2019, and 30 June 2020,

as set out in Figures 5.3, 5.12 and 5.9 respectively in Section 5 of the Prospectus (together the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the Historical Financial Information Statements after adjusting for the effects of pro forma adjustments set out in Figures 5.5, 5.12 and 5.10 respectively in Section 5 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation used in the preparation of the Pro forma Historical Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the events or transactions to which the Pro Forma Adjustments relate, as if those events or transactions had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial performance, financial position and/or cash flows.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of Pro Forma Adjustments made to the Historical Financial Information and included in the Pro forma Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro forma Historical Information based on the procedures performed and the evidence we have obtained. We have conducted

9 Investigating Accountant's Report (continued)



our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Historical Financial Information

- consideration of work papers, accounting records and other documents of the BikeExchange Group, including those dealing with the extraction and compilation of Historical Financial Information from the audited aggregated financial information of the BikeExchange Group for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- analytical procedures on the Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Historical Financial Information;
- a review of the work papers, accounting records and other documents of the BikeExchange Group and its auditors;
- a review of the application of Australian Accounting Standards; and
- enquiry of the Directors, management and other relevant persons in relation to the Historical Financial Information.

Pro forma Historical Financial Information

- consideration of the appropriateness of the Pro Forma Adjustments described in Figures 5.5, 5.12 and 5.10 in Section 5 of the Prospectus;
- enquiry of the Directors, management, personnel and advisors of the BikeExchange Group;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the BikeExchange Group and its auditors; and
- a review of the accounting policies adopted and used by the BikeExchange Group over the relevant periods for consistency of application.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 5.2.3 of the Prospectus.



Pro forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 5.2.3 of the Prospectus.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 5.1 and the 'Important Notices' pages of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the BikeExchange Group.

Yours faithfully,

DELOITTE CORPORATE FINANCE PTY LIMITED

Stephen Lomas
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR number 1276530

Clive Mottershead
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR number 469532

9 Investigating Accountant's Report (continued)



March 2020

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.



SECTION 10

Additional Information

10 Additional Information

10.1. Registration

The Company was registered in New South Wales on 29 March 2018.

10.2. Company tax status and financial year

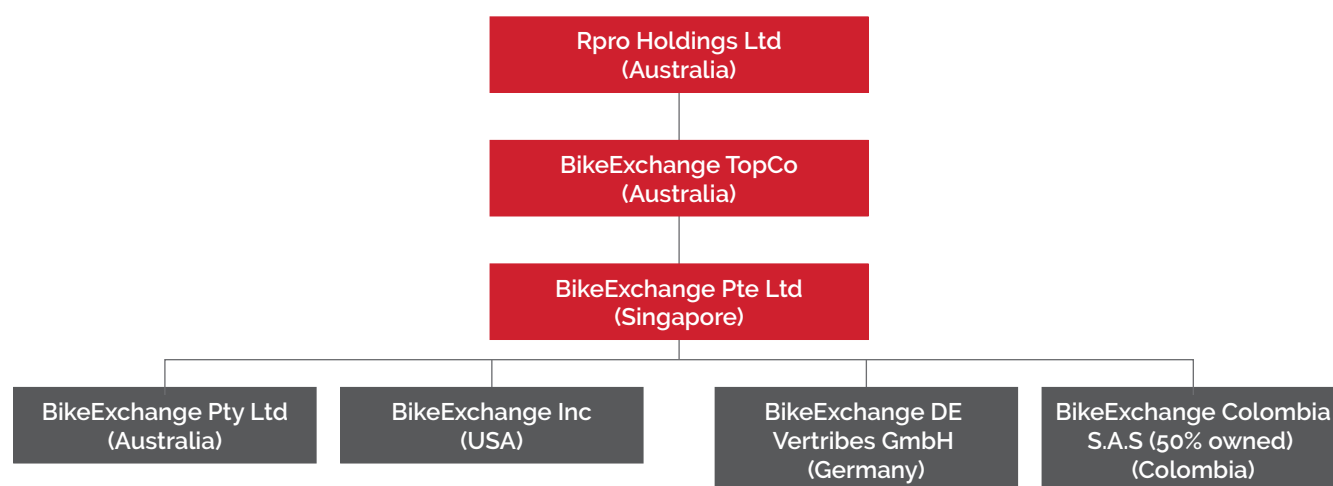
The Company will be subject to tax at the Australian corporate tax rate.

The Company's financial year for taxation purposes ends on 30 June.

The Company may form an Australian income tax consolidated group with effect from on or around completion of the Proposed Transaction. A full assessment of the income tax consolidation implications will be completed following Completion of the Proposed Transactions and the Company will make a choice at that time whether it is in the best interests of the Group to form an income tax consolidated group. It is the Company's intention not to form an income tax consolidated group to the extent that it results in material adverse financial impacts to the Group.

10.3. Corporate structure

The following diagram shows the entities in the corporate structure of the Group at Listing.



10.4. Restructure

Prior to the Offer Letter process and the subsequent entering into of the Share Sale Agreement (reflecting the elections under the Offer Letter process), BikeExchange will undertake the Restructure. The Restructure will replace BikeExchange, a company incorporated in Singapore, with a new interposed Australian proprietary company, being BikeExchange TopCo. The interposition of BikeExchange TopCo is being undertaken in order to streamline the corporate structure and regulatory obligations of the BikeExchange Group. The interposition of BikeExchange TopCo is not dependent or conditional on the Listing.

It is proposed that the Restructure will be effected by way of a share exchange agreement to be entered into by BikeExchange TopCo, BikeExchange Pte Ltd and the BikeExchange Shareholders (**Share Exchange Agreement**).

The draft Share Exchange Agreement contains certain conditions precedent to completion, including:

- variation of the class rights attached to the shares in BikeExchange Pte Ltd; and
- completion of a share consolidation, as a result of which there will be only be one (1) share on issue in BikeExchange TopCo.

Consideration payable to the BikeExchange Shareholders in respect of the sale of their shares in BikeExchange Pte Ltd will be scrip consideration (and nothing else). The BikeExchange Shareholders will a number of shares in BikeExchange TopCo in proportion to their current shareholding in BikeExchange Pte Ltd.

Completion under the Share Exchange Agreement will take place on the date on which the conditions precedent listed in the Share Exchange Agreement are satisfied or waived.

10.5. Material Contracts

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisors would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Public Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

10.5.1. Share Sale Agreement

The Company proposes to enter into the Share Sale Agreement with the BikeExchange Shareholders to acquire 100% of the issued capital in BikeExchange TopCo. As at the date of this Prospectus, the Share Sale Agreement is in draft form.

Consideration

Pursuant to the Share Sale Agreement, as consideration for 100% of the issued shares of BikeExchange TopCo, the Company will issue, on a post-Consolidation basis, 177,497,224 Consideration Shares, at a deemed issue price of \$0.26 per Share, to the BikeExchange Shareholders. The specific scrip consideration is subject to completion of the Offer Letter process. The elections made by BikeExchange Shareholder under the Offer Letter process will be reflected in the Share Sale Agreement and the Bombora Sale Deed.

Conditions precedent

Completion of the Proposed Transaction is subject to a number of conditions precedent being satisfied or waived, including:

- receipt of valid applications for a minimum subscription of \$20,000,000 under the Public Offer;
- no material adverse change occurs in respect of the BikeExchange Group prior to completion of the Proposed Transaction;
- the Company not becoming aware of a breach of any of the warranties given by the BikeExchange Shareholders that will, or is likely to, result in a material adverse change;
- the BikeExchange Group obtaining all necessary consents in connection with the Proposed Transaction;
- the Company obtaining all necessary approvals and waivers to give effect to the terms of the Share Sale Agreement, including without limitation, obtaining Shareholder approval at the upcoming EGM;
- the Company resolving to adopt a new constitution;
- completion of the Share Exchange Agreement;
- following completion of the Share Exchange Agreement, the completion of the acquisition of shares in BikeExchange TopCo by Bombora Investment Management;
- the conditional approval by ASX to quote the securities of the Company to trade on the ASX on terms reasonably acceptable to the Company and the allotment of Shares to subscribers under the Offers;
- each of the BikeExchange Shareholders entering into any restriction deed that may be required by the ASX and certain BikeExchange Shareholders entering into a voluntary escrow deed in relation to all or some of their respective Consideration Shares; and
- the Company being satisfied with the customary legal, financial and tax due diligence investigations undertaken in respect of the BikeExchange Group.

Termination

It is proposed that the Share Sale Agreement may be terminated by:

- the Company or jointly the BikeExchange Shareholders if any of the conditions precedents are not satisfied or waived on or before the cut-off date; or
- the Company if the BikeExchange Group or any BikeExchange Shareholder is affected by or is likely to be affected by an insolvency event.

10 Additional Information (continued)

Other terms of the Share Sale Agreement

The Share Sale Agreement contains other terms considered standard for an agreement of this nature, including obligations of the parties before, on and after completion of the Proposed Transaction, confidentiality, warranties, covenants and indemnities provided by the parties.

The proposed warranties and indemnities provided by the BikeExchange Shareholders are proposed to expire on Listing.

10.5.2. Bombora Sale Deed

The Bombora Sale Deed is in draft as at the date of this Prospectus. Under the draft Bombora Sale Deed, it is currently assumed that each of GTR Ventures Pty Ltd and Smartequity EIS Pty Ltd propose to sell 13,869,995 and 2,325,078 shares in BikeExchange TopCo (together, the **BIM Sale Shares**), respectively to Bombora Investment Management, free from encumbrances, in exchange for cash consideration. This sale will occur prior to the Company acquiring all the shares in BikeExchange TopCo (including from Bombora Investment Management) under the Share Sale Agreement. The specific cash consideration and those BikeExchange Shareholders that will be entitled to receive the cash consideration is subject to completion of the Offer Letter process. The elections made by BikeExchange Shareholder under the Offer Letter process will be reflected in the Share Sale Agreement and the Bombora Sale Deed.

Completion under the Bombora Sale Deed is conditional on the same conditions of the Share Sale Agreement (except for the condition relating to the completion of the Bombora Sale Deed), the change of name of BikeExchange TopCo and ASX approval to the Bombora Sale Deed (if required). Completion of the Bombora Sale Deed will occur after the Restructure and immediately prior to completion of the Consideration Offer.

10.5.3. Marketplacer Agreements

Marketplacer currently provides business services to the Group. Marketplacer proposes to engage each of:

- a. BikeExchange Pty Ltd;
- b. BikeExchange S.A.S;
- c. BikeExchangeDE Vertribes GmbH; and
- d. BikeExchange Inc.,

(together, the **BikeExchange Hubs**) being each of the BikeExchange Hubs, by entering into a business services agreement to formalise this arrangement (together, the **Marketplacer Agreements**).

The Marketplacer Agreements are currently in draft form and are drafted on substantially the same terms. The key terms of the Marketplacer Agreements is set out below.

Services

Under the Marketplacer Agreement, services provided by Marketplacer to each of the BikeExchange Hubs include:

- platform services allowing the relevant BikeExchange Hub to operate the Marketplacer platform through its websites to sell and market its goods and services. The BikeExchange Hub may use the platform on a software-as-a-service basis and on a limited, non-exclusive and non-transferable basis;
- data analytics services; and
- service level agreement services as set out in Annexure 6 of the agreement, including services relating to the availability of the Marketplacer platform.

The services do not include implementation services, operational services or solution proposal services.

Fees

The fees payable under each Marketplacer Agreement included a fixed monthly fee and a service fee, calculated as a percentage per transaction on the BikeExchange Platform.

The fees in relation to the Marketplacer Agreement with BikeExchange Pty Ltd includes:

- a fixed service fee of \$10,000 per month;
- revenue share of 1% per transaction; and
- \$30 per connection per month.

The fees structure is materially the same under each Marketplacer Agreement.

Term

The initial term is a period of 5 years commencing from the date of the Marketplacer Agreement, unless terminated prior. The term automatically renews for a further period of 24 months unless the BikeExchange Hub issues a notice to terminate at least three months prior to the expiry date.

Termination for convenience

The during the initial term, the BikeExchange Hub may terminate by giving three months' written notice to Marketplacer and paying a termination fee equivalent to 50% of the service fees that would have been payable by BikeExchange between the last day of the notice period and the expiry date.

10.5.4. Colombian JV Agreement

On 16 October 2017, BikeExchange, Ideum S.A.S and BikeExchange Colombia entered into a shareholders agreement (**Colombian JV Agreement**). Under the Colombian JV Agreement, BikeExchange and Ideum S.A.S. are equal shareholders, each holding 50%, of the share capital in BikeExchange Colombia.

Each of BikeExchange and Ideum may appoint a maximum of 2 directors, and the current directors are Jason Wyatt and Sam Salter (appointed by BikeExchange) and Felipe Arango and Andres Jimenez (appointed by Ideum S.A.S).

All directors and shareholders (except Marketplacer and its directors) must assign to BikeExchange Colombia all intellectual property rights developed in relation to the BikeExchange Colombia business on or after the date of the Colombian JV Agreement.

The Colombian JV Agreement provides that a change of control in a shareholder triggers a transfer notice under the pre-emptive share transfer provision. Accordingly, the consent of Ideum S.A.S will be obtained prior to the Acquisition.

The Colombian JV Agreement will terminate by way of agreement, upon BikeExchange Colombia being subject to an insolvency event or is deregistered or upon an exit event, being an IPO or the sale of the business conducted by BikeExchange Colombia. The Colombian JV Agreement also contains customary provisions relating to a joint venture arrangement, including drag and tag rights, access to financials, exit events, restraint and shareholder and director approval procedures.

10.6. Trek USA

BikeExchange Inc is party to a binding memorandum of understanding with Trek in respect of advertising and selling Trek products on the BikeExchange Inc website (**Trek Agreement**).

Under the Trek Agreement, BikeExchange Inc agrees to promote the partnership with Trek, including by offering Trek and Trek dealers onboarding and training in regards to the BikeExchange Platform and dedicated account management and support. Trek agrees to help BikeExchange to contact and communicate information about the BikeExchange partnership through the Trek dealer portal and facilitate communication with Trek territory managers.

The Trek Agreement applies to USA and Canada and the term is a period of one year.

10.7. Cyclesoftware Agreement

BikeExchange DE Vertribes GmbH. entered into an agreement with Cyclesoftware on 9 November 2020 (**Cyclesoftware Agreement**). The agreement enables Cyclesoftware dealers to connect, advertise and sell products through the BikeExchange DE Vertribes GmbH. website.

10 Additional Information (continued)

The Cyclesoftware Agreement is for a period of 14 months and ends on 31 December 2021. BikeExchange will aim to promote Cyclesoftware as its preferred partner in the Netherlands and Belgium. Cyclesoftware will also aim to promote the partnership, including by actively promote BikeExchange DE Vertribes GmbH. as its preferred online marketplace partner, communicate all customer leads and support BikeExchange DE Vertribes GmbH. with sales and content marketing activities.

BikeExchange DE Vertribes GmbH. agrees to pay a monthly connection fee to Cyclesoftware for all new shop connections from the date of the agreement.

10.8. Underwriting Agreement

The Public Offer is fully underwritten by the Lead Manager pursuant to an underwriting agreement dated on or about the date of the Prospectus between the Lead Manager and The Company (**Underwriting Agreement**). Under the Underwriting Agreement, the Lead Manager has agreed to arrange, manage and underwrite the Public Offer.

Pursuant to the Underwriting Agreement, the Company has appointed the Lead Manager on an exclusive basis to:

- arrange and manage the Public Offer and settlement of the Institutional Offer and settlement with Brokers as part of the Broker Firm Offer in compliance with the Corporations Act; and
- underwrite the Offer on the terms and conditions set out in the Underwriting Agreement.

For the purposes of this Section 10.6, the offer documents means the documents issued or published by or on behalf of the Company in respect of or relating to the Public Offer including:

- the pathfinder prospectus and any document that supplements or replaces the pathfinder prospectus (including any addendum to the pathfinder prospectus);
- this Prospectus, any Application Form and any other supplementary prospectus;
- a letter to confirm an Institutional Investor's or Broker's commitment to participate in the Public Offer in the form acceptable to the Lead Manager, including any forms or confirmation and acceptance advice attached to that letter;
- any communications (whether written or electronic) that are presented or provided to prospective investors (including any roadshow and management presentations or other investor presentations) by or on behalf of the Issuer,

including any amendments, supplements, replacements or updates to any of the above.

10.8.1. Commission, Fees and expenses

The Company has agreed to pay the Lead Manager:

- a management and selling fee of 3.00% (excluding GST, if any) of the underwritten amount, being up to \$20,000,000; and
- a selling/underwriting fee of 1.00% (excluding GST, if any) of the underwritten amount, being up to \$20,000,000.

The underwriting and management fees will become payable by the Company on the date of Settlement of the Public Offer.

In addition to the fees described above, the Company has agreed to reimburse the Lead Manager for certain other agreed costs and expenses, including legal costs and reasonable out-of-pocket expenses, incurred by the Lead Manager in relation to the Public Offer.

10.8.2. Termination events not subject to materiality (aka "hair trigger" termination events)

The Lead Manager may, at any time after the date of the Underwriting Agreement until on or before the date of issue and transfer of Shares under the Public Offer, terminate the Underwriting Agreement without cost or liability by notice to the Company if any of the following events occur:

(failure to lodge) if the Company fails to lodge the prospectus to ASIC on 16 December 2020 in a form approved by the Lead Manager;

(disclosures in offer documents) a statement in the offer documents is or becomes misleading or deceptive or is likely to mislead or deceive (including by omission), or a matter required to be included is omitted from the Prospectus;

(non-compliance) the offer documents do not comply with the Corporations Act, Listing Rules or applicable law;

(forward looking statements incapable of being met) any forecast or forward looking statement in the Prospectus or other offer document becomes incapable of being met or unlikely to be met in the projected time;

(ASX approval) unconditional approval (or conditional approval subject only to customary conditions) is refused or not granted by ASX to the Company's admission to the Official List of ASX or the official quotation of all of the Company's Shares on ASX, on or before 29 January 2021, or if granted, the ASX approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(Supplementary Prospectus) the Company issues or is required to issue a supplementary prospectus to comply with section 719 of the Corporations Act, or lodges a supplementary prospectus with ASIC in a form and substance that has not been approved by the Lead Manager;

(Escrow Documents) Any of the escrow documents are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;

(withdrawal) the Company withdraws the Prospectus or any Supplementary Prospectus or the Public Offer;

(fraud) The Company or any of their respective directors or officers (as those terms are defined in the Corporations Act) engage, or have engaged since the date of this Agreement, in any fraudulent conduct or activity whether or not in connection with the Public Offer;

(new circumstance) A new circumstance occurs in relation to the Issuer that has arisen since the Prospectus was lodged with ASIC that would have been required to be included in the Prospectus if it had arisen before the Prospectus was lodged with ASIC and which is materially adverse from the point of view of an investor within the meaning of section 719 of the Corporations Act and such omission is not cured by the lodgement of a Supplementary Prospectus with ASIC in accordance with the Corporations Act;

(Government Agency action) ASIC or any other government agency commences or threatens to commence any hearing, inquiry, investigation, proceedings or prosecution, or takes any regulatory action or seeks any remedy, in connection with the Company, the Public Offer, the offer documents or the Restructure;

(Proceedings – persons other than ASIC) A person other than ASIC or any other government agency commences any inquiry, investigation or proceedings, or takes any regulatory action or seeks any remedy, in connection with the Company, the Public Offer, the offer documents or the Restructure;

(judgment) A judgment in an amount exceeding \$250,000 is obtained against the Company or a Related Body Corporate and is not set aside or satisfied within 21 days;

(notifications) any of the following notifications are made in respect of the Public Offer:

- (a) ASIC issues an order (including an interim order) under section 1324B or under section 739 of the Corporations Act;
- (b) ASIC holds a hearing under section 739(2) of the Corporations Act;
- (c) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Public Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Public Offer or an offer document;
- (d) any person (other than the Lead Manager) who has previously consented to the inclusion of its name in any Prospectus withdraws that consent;
- (e) any person (other than the Lead Manager) gives a notice under section 730 of the Corporations Act in relation to the Prospectus; or
- (f) ASX withdraws, revokes or amends any ASX Approval or ASIC withdraws, revokes or amends any ASIC Modification;

(Market Fall) at any time before the Settlement of the Public Offer, the S&P/ASX 200 Index falls to a level that is 10% or more below of the level as at the close of trading on the business day immediately prior to the date of the Underwriting Agreement and closes at or below that level for two consecutive business days;

(Timetable) an event specified in the Timetable is delayed by more than 2 business days (other than a delay agreed to between the Company and the Lead Manager);

(repayment of Application Monies) Any circumstance arises after lodgement of the Prospectus that results in the Company either repaying the Application Money (other than to applicants whose Applications were not accepted in whole or in part or which were rejected in accordance with this Agreement) received from applicants or offering applicants an opportunity to withdraw their Applications and be repaid their Application Moneys;

10 Additional Information (continued)

(Restructure) the Restructure does not occur, any document relating to the Restructure is terminated or breached or the Restructure documents are amended without the Lead Manager's prior written consent;

(Certificate not provided) A party (other than the Underwriter) does not provide a Certificate as and when required by this Agreement;

(insolvency) An Insolvency Event occurs with respect to the Company or, any other member of the Group;

(unable to issue Shares) the Company is prevented from allotting and issuing the Shares within the time required by the timetable for the Public Offer, the offer documents, the ASX Listing Rules, an order of a court of competent jurisdiction or a Governmental Authority, or any other applicable laws;

(actions against directors or senior management) any of the following occur:

- (a) a director or senior executive of the Group is charged with an indictable offence relating to a financial or corporate matter;
- (b) any government agency commences any public action against a director or senior executive of the Group;
- (c) any director of the Company is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- (d) any director of the Company engages in any fraudulent conduct or activity.

10.8.3. Termination events subject to materiality

The Lead Manager may, at any time after the date of the Underwriting Agreement until on or before the issue and transfer of Shares under the Public Offer (without any cost or liability by notice to BikeExchange), terminate the Underwriting Agreement without any cost or liability by notice to BikeExchange if any of the following events occur and the Lead Manager has reasonable grounds to believe the event:

- has or is likely to have a materially adverse effect on the success, settlement or marketing of the Public Offer, or on the ability of the Lead Manager to market, promote or settle the Public Offer, or on the likely price Shares will trade at on the ASX following the Public Offer, or the willingness of investors to subscribe for Shares under the Public Offer; or
- will, or is likely to, give rise to a liability of the Lead Manager under, or a contravention by the Lead Manager or its affiliates being involved in a contravention of, any applicable law.

(disclosures in due diligence) The legal due diligence report relating to the BikeExchange Group or any other information supplied by or on behalf of the Company to the Lead Manager in relation to the legal due diligence process, Shares offered under the Public Offer, the Group, the Public Offer, or the offer documents is or becomes untrue, incorrect, misleading or deceptive (including by omission);

(material adverse change) Any material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Company or the Group, including:

- (a) any change in the earnings, prospects or forecasts of the Company or the Group from those disclosed in the Prospectus;
- (b) any change in the nature of the business conducted by the Group or proposed to be conducted by the Company and the Group;
- (c) the insolvency or voluntary winding up of the Issuer or a member of the Group or the appointment of any receiver, receiver and manager, liquidator or other external administrator;
- (d) any material adverse change to the rights and benefits attaching to the Shares; or
- (e) any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Issuer from those respectively disclosed in the Prospectus;

(Material Contracts) A material contract referred to in the Prospectus:

- (a) is, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld), amended or varied;
- (b) is breached;
- (c) is terminated (whether by breach or otherwise);
- (d) ceases to have effect, otherwise than in accordance with its terms; or

(e) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;

(official quotation) Any ASX condition affecting the ASX in giving final approval to the official quotation of the underwritten shares is not completed, fulfilled or waived by ASX so as to result in the underwritten shares being not granted official quotation by the date specified in the Timetable;

(change in laws) Any of the following occurs which does or is likely to prohibit, restrict or regulate the Public Offer or materially reduce the level or likely level of Valid Applications or materially affects the financial position of the Company or has a material adverse effect of the success of the Public Offer:

- (a) the introduction of legislation into the parliament of the Commonwealth of Australia, any State or Territory of Australia, New Zealand, or the United States of America;
- (b) the public announcement of prospective legislation or policy by the Australian Federal Government or the Government of any Australian State or Territory; or
- (c) the adoption by ASX, ASIC, or the Reserve Bank of Australia, or any of their respective delegates, of any regulations or policy;

(breach of law or regulations) The Company, any member of the Group contravenes the Corporations Act, the Constitution, Listing Rules or any other applicable law or regulation;

(general trading suspension) Trading in securities generally has been suspended or materially limited, for at least one trading day, by any of the New York Stock Exchange, the London Stock Exchange or the ASX (excluding due to a suspension due to an electronic malfunction, technological malfunction, a power outage or technology hacking attack);

(warranties untrue) Any of the warranties or representations by the Issuer in the Underwriting Agreement or the Mandate Letter are breached or are or become false, misleading or incorrect;

(breach) The Company is in default of any of the material terms and conditions of the Underwriting Agreement or breaches any undertaking or covenant given or made by it under the Underwriting Agreement and that default or breach is either incapable of remedy or is not remedied within ten business days after being given notice to do so by the Lead Manager;

(restricted activities) Without the prior written consent of the Lead Manager, the Company or the Group:

- (a) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property other than as contemplated in the Prospectus;
- (b) ceases or threatens to cease to carry on business;
- (c) alters its capital structure (debt or equity), other than as contemplated in the Prospectus and Restructure;
- (d) amends the Constitution or any other constituent document of the Company; or
- (e) amends the terms of issue or transfer the Shares issued under the Public Offer;

(adverse change in financial markets) Any of the following occurs:

- (a) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant authority in any of those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
- (b) any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in, Australia, the United States of America, China, Japan, the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter, it is impracticable to market the Public Offer or to enforce contracts to issue, allot or transfer the Shares or that the success of the Public Offer is likely to be adversely affected; or
- (c) after the date of the Underwriting Agreement, a change or development (which was not publicly known prior) involving a prospective adverse change in taxation affecting the Group or the Public Offer occurs;

(hostilities) There is an outbreak of hostilities, political or civil unrest (whether or not war or a national emergency has been declared) not presently existing, or a major escalation in existing hostilities, political or civil unrest occurs, or a major act of terrorism occurs in or involving any one or more of the following:

- (a) Australia;

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(b) New Zealand;

(c) the United Kingdom; and

(d) the United States of America.

(force majeure) There is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Public Offer;

(change in board or management) Other than as contemplated in the Prospectus, a change to the board of directors of the Issuer occurs, or Greg Taylor, Sam Salter, Andrew Ryan, Jade Wyatt or Bryan Zekulich cease to be an officer of the Group, or give notice of their intention to cease employment or being an officer (as the case may be), with the Group;

(prescribed occurrence) Except as contemplated by the Prospectus, an event specified in section 652C(1) or section 652C(2) Corporations Act, but replacing 'target' with 'the Company';

(Encumbrances) A member of the Group charges or agrees to charge or creates any encumbrance over, the whole, or a substantial part of its business or property, other than as disclosed in the Prospectus;

(Certificate incorrect) A statement in any certificate referred to in the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect;

(public statements) The Company or an entity in the Group issues a public statement concerning the Public Offer after the date of the Underwriting Agreement which has not been approved by the Lead manager, acting reasonably.

10.8.4. Representations, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by BikeExchange the Lead Manager.

The representations and warranties given by BikeExchange relate to matters such as conduct of BikeExchange, power and authorisations, information provided by BikeExchange, financial information, information in this Prospectus, the conduct of the Public Offer, compliance with laws, the ASX Listing Rules and other legally binding requirements.

BikeExchange also provides additional representations and warranties in connection with matters including, but not limited to, as power and authorisation, validity of obligations, status, compliance, offer documents, financial information, disclosure, due diligence, litigation, conduct, licences, title to property, anti-money laundering.

BikeExchange's undertakings include, among other things, that it will:

- complete the Restructure in accordance with the terms of the Restructure documents and enforce the terms of the relevant Restructure Document against the relevant parties;
- ensure that the BikeExchange Group is owned by the Company prior to the commencement of trading on ASX of the Company in accordance with the respective terms of the relevant Proposed Transaction documents on or prior to Completion;
- immediately notify the Lead Manager if it becomes aware of any breach of any term of the Underwriting Agreement (including any breach of any warranty) or of any material contract or Restructure document;
- not make any material public statement concerning the Public Offer without the prior written consent of the Lead Manager, such consent not to be unreasonably withheld or delayed, except where the Issuer is required to do so by law or by the Listing Rules; and
- not, within a period of six months from Completion, issue any Shares or any other securities (including convertible securities) without the prior written consent of the Lead Manager, such consent not to be unreasonably withheld or delayed (unless issued to vendors of companies or businesses acquired by the Issuer or the Group in accordance with its strategy for growth outlined in the Prospectus including shares issued for consideration to raise capital consistent with the strategy for growth outlined in the prospectus or any incentive securities (including options, loan shares, performance shares or performance rights) under any incentive plan approved by the Issuer and disclosed in the Prospectus).

10.8.5. Indemnity

Subject to certain customary exclusions (including negligence, wilful misconduct or fraud of an indemnified party), BikeExchange agrees to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Public Offer.

10.9. Escrow arrangements

As at the date of this Prospectus, the escrow arrangements in relation to Shares are set out in this Section 10.9.

At Completion, it is expected that at least approximately 161 million Shares, representing 55.05% of the total issued capital of the Company on an undiluted basis, will be subject to either ASX mandatory escrow restrictions or voluntary escrow arrangements.

10.9.1. ASX Restricted Securities

Subject to the Company being admitted to the Official List, the Company anticipates that certain Shares and Options on issue prior to the Listing will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the Listing Date.

The Company has made submissions to the ASX in regards to mandatory escrow arrangements. As at the date of this Prospectus, the Company has not received any response to these submissions.

The Company will announce to the ASX full details (quantity and duration) of the Shares and Options required to be held in escrow prior to the Shares commencing trading on the ASX.

10.9.2. Voluntary Escrow Arrangements

It is anticipated that Shares held by certain BikeExchange Shareholders and Bombora Investment Management (each an **Escrow Shareholder**) on Completion will be subject to voluntary escrow arrangements.

Subject to ASX's confirmation on mandatory escrow arrangements as mentioned in Section 10.9.1, it is assumed that each Escrow Shareholder will enter into an escrow deed in respect of their Escrowed Shares, which will prevent them from disposing of their respective Escrowed Shares for the applicable Escrow Period set out in the table below.

The following table assumes that no ASX mandatory escrow restrictions will be imposed on the Shares held by the Escrowed Shareholders. In the event that the ASX imposes mandatory escrow restrictions on the Shares held by Escrowed Shareholders, the number of Escrowed Shares will reduce by the number of Shares subject to mandatory escrow restrictions.

| Escrowed Shareholder | Escrowed Shares | % of total issued capital at Listing on an undiluted basis | Escrow Period |
|--|--------------------|--|---------------|
| GTR Ventures Pty Ltd ^(a) | 33,052,357 | 11.28% | 12 months |
| Emerson Ryan Pty Ltd ^(a) | 50,447,670 | 17.22% | 12 months |
| Saltsam Pty Ltd ^(b) | 25,128,971 | 8.58% | 12 months |
| Surfwax Pty Ltd ^(c) | 25,128,971 | 8.58% | 12 months |
| M & R Watkin Pty Ltd ^(d) | 2,612,846 | 0.89% | 24 months |
| Zeka Pty Ltd ^(e) | 148,500 | 0.05% | 12 months |
| Bryan Zekulich | 325,000 | 0.11% | 12 months |
| Bombora Investment Management ^(f) | 24,445,073 | 8.34% | 12 months |
| Total | 161,289,388 | 55.05% | |

(a) GTR Ventures Pty Ltd and Emerson Ryan Pty Ltd are both entities associated with Andrew Ryan, a Proposed Director.

(b) Saltsam Pty Ltd is an entity controlled by Sam Salter, a Proposed Director.

(c) Surfwax Pty Ltd is an entity controlled by Jason Wyatt, an associate of Jade Wyatt, a Proposed Director.

(d) M & R Watkin Pty Ltd is an entity controlled by Mark Watkin, the proposed Global CEO.

(e) Zeka Pty Ltd is an entity associated with Bryan Zekulich, a Proposed Director.

(f) Bombora Investment Management holds Shares as trustee for the Bombora Special Investments Growth Fund and the number of Escrowed Shares of Bombora Investment Management as set out in the table is subject to completion of the Bombora Sale Deed described in Section 10.5.2.

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The above table assumes certain outcomes under the Offer Letter process. The actual Escrowed Shareholders and the number of Escrowed Shares of each Escrowed Shareholder are subject to completion of the Offer Letter process. The Company will announce to the ASX the final escrow positions prior to the Shares commencing trading on the ASX.

The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, encumbering or granting a security interest over the Shares (except to the extent permitted by the deed as outlined in this Section 1), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Shares or agreeing to do any those things.

The Escrowed Shareholders may be released early from these escrow obligations to enable:

- the Escrowed Shareholders to accept an offer under a takeover bid in relation to its Escrowed Shares if holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- the Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act;
- Escrowed Shareholders to participate in an equal access buy-back or equal return of capital or other similar pro rata re-organisation;
- a transfer of any Escrowed Shares with the prior written consent of the Company;
- During the Escrow Period, the Escrowed Shareholders whose Shares are subject to escrow may also:
 - dispose of their Shares to immediate family members and certain other related entities; and
 - deal in any of their Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

10.10. Costs of offers

The total cost of the Offers and Listing is approximately \$3,300,000 (including GST). This includes advisory, legal, audit, investing accountant and taxation adviser fees, listing and administrative fees, independent expert fees, the Underwriter's management and underwriting fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses. These costs have been, or will be, borne by the Company from the proceeds of the Offers.

10.11. Litigation and claims

BikeExchange may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect BikeExchange's business, operating and financial performance.

As far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration proceeding or administrative appeal, or criminal or Governmental prosecution of a material nature in which a Group Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Group.

10.12. Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 10.13 contains a general description of these laws.

10.12.1. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in BikeExchange either themselves or through an associate.

10.12.2. *Foreign Acquisitions and Takeovers Act 1975 (Cth)* and Federal Government Foreign Investment Policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in a company or foreign persons hold an Aggregate Substantial Interest in a company will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the Proposed Transaction (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

10.13. Regulatory relief

10.13.1. ASIC exemptions and relief

As at the date of the Prospectus, the Company has not applied to ASIC to seek any exemption or form of relief.

10.13.2. ASX waivers and confirmation

The Company has lodged an application to seek a waiver from the ASX in regards to aspects of the mandatory escrow provisions. As at the date of the Prospectus, the Company has not received a response to the waiver application.

10.14. Australian Taxation considerations

This Section provides a general overview of the Australian tax and stamp duty consequences for investors who acquire Shares through the Public Offer under this Prospectus. The comments in this Section are based on the Australian taxation laws (including established interpretations of those laws) as at the date of this Prospectus, which may change.

This Section is general in nature and is not intended to be an authoritative or a complete statement of the Australian taxation laws. It should be noted that the Australian taxation laws are complex and the investor's own circumstances will affect the taxation outcomes of making an investment in Shares through the Public Offer. It is therefore recommended that investors seek independent professional advice, having regard to their own specific circumstances, in considering an investment in Shares through the Public Offer.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account. This Section is also limited to Australian income tax, GST and stamp duty. This summary does not cover any non-Australian taxes or duties.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares, investors who acquired (or acquire) shares or options in connection with an employee share/incentive plan/scheme (including, without limitation, under the EIP Offer and/or the Employee Incentive Plan), or investors who are exempt from Australian tax.

This summary also does not cover the consequences for investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or TOFA regime). Both resident and non-resident investors should seek professional advice to determine if Shares are held in this capacity (and the corresponding income tax implications should this apply).

This summary also does not cover the consequences for:

10 Additional Information (continued)

- Shareholders who acquire Shares under the Consideration Offer (i.e. BikeExchange Shareholders who acquire Shares under the Proposed Transaction); and
- Option holders who acquire Options under the EIP Offer and/or the Employee Incentive Plan (or any other employee incentive plan/scheme).

Such Shareholders or Option holders are advised to seek independent professional taxation advice regarding the acquisition of their Shares or Options, having regard to their own specific circumstances.

Deloitte Tax, a registered tax agent, has provided the tax comments below. Deloitte Tax is not licensed under Chapter 7 of the Corporations Act to provide financial product advice. Taxation issues, such as those covered by this Section, are only some of the matters you need to consider when making a decision about a financial product. You should consider taking advice from someone who holds an AFSL before making such a decision.

10.14.1. Dividends on a Share – Australian tax residents

Dividends may be paid to Shareholders in respect of their Shares. "Franking credits" may be attached to such dividends. Franking credits broadly represent the extent to which a dividend is paid out of profits that have been subject to Australian income tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

Australian tax resident Shareholders will be required to include dividends in their assessable income in the income year in which the dividends are paid. To the extent that the dividends are franked, subject to the comments below, the associated franking credits should also be included in the Australian tax resident Shareholder's assessable income (i.e. the dividends are required to be "grossed-up"). In such circumstances, Shareholders are subject to tax at their applicable rate of tax on the grossed-up dividends received (but may be entitled to a tax offset for the associated franking credits as discussed below).

To the extent that the dividends are unfranked, there is no gross-up (or tax offset) and Australian tax resident Shareholders are subject to tax at their applicable rate of tax on the unfranked dividends received.

The distribution statement for the dividends paid should advise of the franking status of the dividends.

10.14.1.1. Australian resident individuals and complying superannuation entities

To the extent that the franking credits received by Shareholders that are Australian tax resident individuals or complying superannuation entities exceeds the amount of total income tax payable, those Shareholders should be entitled to a refund from the ATO of any excess franking credits over and above total income tax payable in an income year. Where the franking credits are less than the tax payable on the dividends, those Shareholders will need to pay an additional amount of tax.

10.14.1.2. Trusts and partnerships

In relation to Shareholders that are trusts (other than trustees of complying superannuation entities or trusts treated as companies for tax purposes) or partnerships, such Shareholders should include any franking credits in determining the net income of the trust or partnership. The relevant beneficiary or partner may then be entitled to a corresponding tax offset, subject to certain requirements being satisfied.

In relation to trusts or partnerships, including limited partnerships, the rules surrounding the taxation of dividends are complex and advice should be sought to confirm the appropriate taxation considerations and treatment.

10.14.1.3. Corporate Shareholders

Shareholders that are Australian tax resident companies (including those which are deemed to be companies) are also entitled to a tax offset equal to the amount of franking credits received, however unlike non-corporate Shareholders, they are unable to claim refunds for excess franking credits. Where excess franking credits exist, a corporate Shareholder should be entitled to have the surplus credits converted into carry forward tax losses.

Corporate Shareholders (including those which are deemed to be companies) should also be entitled to a franking credit in their franking accounts equal to the franking credits received in respect of the dividends. A corporate Shareholder may be able to then use the credits to make franked distributions to its Shareholders.

10.14.1.4. Qualified person rules

There are certain limitations imposed by the Australian taxation law which may prevent a Shareholder from obtaining the benefit of any franking credits. In this regard, Shareholders seeking to claim tax offsets for franking credits must be "qualified persons" in respect of the relevant dividends.

In broad terms, Shareholders who have held their Shares "at risk" for at least 45 days (excluding the dates of acquisition and disposal) should be qualified persons and should be able to claim a tax offset for the amount of franking credits received.

Special rules apply to arrangements which involve the making of related payments to pass on the benefit of any dividends paid, or in the context of franked dividends received via trusts or partnerships. Under the related payment rule, a different testing period applies where an investor or an associate of the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate effectively passes on the benefit of the dividend to another person.

Individual Australian Shareholders whose total franking tax offsets (for all franked distributions received in the income year) do not exceed \$5,000 for the income year should generally be deemed to be qualified persons (provided also that no related payments are made with respect to the dividend).

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

10.14.1.5. Integrity rules

A specific integrity rule prevents taxpayers from obtaining a tax benefit from franking credits where dividends are received as a result of "dividend washing". Dividend washing is a practice through which taxpayers seek to claim two sets of franking credits by selling shares held on the ASX ex-dividend and then effectively re-purchasing a substantial equivalent parcel of shares cum-dividend on a special ASX trading market.

Shareholders should consider the impact of these provisions (and other dividend tax integrity provisions) having regard to their own personal circumstances.

10.14.2. Dividends on a Share – non-Australian tax residents

Generally, unfranked dividends paid to Shareholders that are non-Australian tax residents should be subject to dividend withholding tax. To the extent that distributions to non-residents include unfranked dividends (which are not declared to be conduit foreign income – see below), there is a requirement for the payer to withhold tax at the rate applicable to each non-Australian tax resident Shareholder. Australian dividend withholding tax is levied at a flat rate of 30% on the gross amount of the dividends unless a Shareholder is a tax resident of a country that has an applicable double tax treaty with Australia. In these circumstances, the withholding tax may be reduced (usually to 15%), although in certain cases, depending on the Shareholder's country of residence and the size of their shareholding, the rate may be reduced further.

Fully franked dividends are not subject to Australian dividend withholding tax. No other Australian tax is applicable.

It is recommended that non-Australian tax resident Shareholders consider the tax implications of receiving dividends in respect of shares paid in Australia under their local tax regimes, including if a credit is available for any dividend withholding tax.

10.14.2.1. Conduit foreign income

To the extent that unfranked dividends are declared in the distribution statement for the dividends to be conduit foreign income, the unfranked dividends paid to non-Australian tax resident Shareholders should not be subject to Australian dividend withholding tax. Conduit foreign income is broadly foreign income paid to the Australian company where that foreign income is exempt from Australian income tax, such as certain branch profits, dividends and interest from subsidiaries.

Unfranked dividends declared to be conduit foreign income should be subject to tax in the same manner as other unfranked dividends for Australian tax resident Shareholders.

It is noted that, based on present activities, future unfranked dividends paid by the Company may be declared to be conduit foreign income (particularly as a result of continued business expansion into foreign jurisdictions in the future).

10.14.3. Dividend Reinvestment Plan (DRP)

The comments in this Section do not consider the taxation implications of Shareholders participating in a DRP. If a DRP is activated at a future time, Shareholders are advised to seek advice prior to participating in the DRP.

10.14.4. Taxation of Share disposals – Australian tax resident

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the CGT provisions in respect of the disposal of their Shares.

Where the capital proceeds received on the disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will derive a capital gain. The CGT cost base of the Shares should generally be equal to the issue

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price or acquisition price of the Shares plus, amongst other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are aggregated. To the extent that a net gain exists, such Shareholders should be able to reduce the net gain by any amount of unapplied net capital losses or revenue losses carried forward from previous income years (provided the relevant loss recoupment tests are satisfied) or current year revenue or capital losses. Any remaining net gain (after the application of any carried forward tax losses or current year revenue losses) will then be required to be included in the Australian tax resident Shareholder's assessable income (subject to comments below in relation to the availability of the CGT discount concession) and taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss should only be deductible against capital gains and are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for 12 months or more prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder and a one-third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder (including generally where a flow through trust or partnership distributes to such shareholders), after offsetting any current or carried forward losses. The concession is not available to corporate Shareholders (including those deemed to be companies).

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied.

Australian tax resident investors who hold Shares on revenue account should seek separate independent professional advice.

10.14.5. Taxation of Share disposals – non-Australian tax residents

Non-Australian tax resident Shareholders who hold their Shares on capital account should not generally be subject to the Australian CGT regime upon disposal of their Shares except in limited circumstances, for example where the Shares relate to a business carried on by the foreign resident through a permanent establishment in Australia or where the Shares are "indirect Australian real property interests". The Shares should be indirect Australian real property interests to the extent that, broadly, the following two requirements are satisfied:

- the Company is considered "land rich" for Australian income tax purposes (i.e. greater than 50% of the market value of the Company's underlying assets is principally derived from Australian real property or certain interests in relation to Australian minerals); and
- the non-resident Shareholder has an associate-inclusive interest of at least 10% in the Company (either at the time of disposal or throughout a 12 month period that began no earlier than 24 months before the disposal).

Relevant non-resident Shareholders will need to determine if the above requirements are met at the time of disposal of their Shares.

It is noted that it is unlikely that the Company is considered "land rich" for Australian income tax purposes as at the Prospectus Date but this analysis is required to be undertaken at the time of disposal.

Non-Australian resident investors who hold Shares on revenue account should seek separate independent professional advice.

10.14.5.1. Non-resident CGT withholding

Rules can apply to the disposal of certain taxable Australian property, whereby, a 12.5% non-final withholding tax may be applied. However, the rules should not apply to the disposal of a Share on the ASX (in accordance with a specific exemption).

10.14.6. Tax File Number (TFN) and Australian Business Number (ABN)

An Australian tax resident Shareholder is not obliged to quote a TFN, or where relevant, ABN, to the Company. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by the Company at the highest marginal rate (currently 45% plus Medicare levy of 2%) from certain dividends paid. Australian tax resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

No withholding requirement applies in respect of fully franked dividends paid in respect of the Shares or to unfranked dividends paid to non-Australian tax residents (as described above, the dividend withholding tax regime should instead apply in this situation).

10.14.7. Stamp duty

No stamp duty should be payable by a Shareholder on the acquisition or disposal of Shares. Further, under current stamp duty legislation, stamp duty should not ordinarily be payable on any subsequent acquisition of Shares by a Shareholder provided the Company remains listed on the ASX (and provided the acquisition is less than 90% of the Shares in the Company).

10.14.8. Goods and services tax (GST)

GST is not applicable to the acquisition or disposal of Shares. The ability of Shareholders to recover any GST incurred as an input tax credit in relation to costs associated with the Offers (such as costs relating to professional advice obtained by Shareholders regarding the Offers) would vary according to individual circumstances and as such this should be reviewed by Shareholders prior to making any claim.

No GST should be payable by Shareholders on receiving dividends (or other distributions) paid by the Company.

10.15. Selling restrictions

This Prospectus does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be Offered or sold, in any country outside Australia except to the extent permitted below.

10.15.1. Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares and Options have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares and Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Shares and Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted the Shares or Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offers. If you are in doubt about any contents of this document, you should obtain independent professional advice.

10 Additional Information (continued)

10.15.2. New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "**FMC Act**"). The Shares and Options are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

10.15.3. Singapore

This document and any other materials relating to the Shares and Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares and Options, may not be issued, circulated or distributed, nor may the Shares and Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares and Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares and Options. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

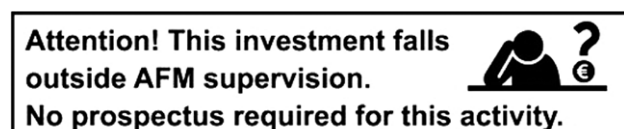
10.15.4. European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the Shares and Options be offered for sale, in any member state of the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "**Prospectus Regulation**").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Shares and Options in each member state of the European Union is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Investors in the Netherlands should note:



10.15.5. Colombia

No offer or invitation to subscribe for Shares may be made to the public in Colombia.

10.15.6. United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the Shares and Options may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the Shares nor the Options have been approved by the Securities and Commodities Authority (SCA) or any other authority in the UAE.

This document may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the Shares and Options has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for the Shares or Options is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

10.16. Consents to be named and statement of disclaimers of responsibility

Each of the parties listed below in this Section 10.17, each a consenting party, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility, for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- **Morgans Corporate Limited** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Lead Manager to the Public Offer in the form and context in which it is named;
- **Automic Legal** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser (*other than in relation to taxation and stamp duty matters*) to the Company in relation to the Offers in the form and context in which it is named;
- **Deloitte Corporate Finance** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named and to the inclusion of its Investigating Accountant's Report on the Financial Information set out in Section 9 in the form and context in which it appears in this Prospectus;
- **Deloitte Tax** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as tax adviser to BikeExchange in the form and context in which it is so named;
- **Deloitte Audit** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the BikeExchange Group in the form and context in which it is so named;
- **Crowe** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company in the form and context in which it is so named;
- **Silvercloud** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as corporate advisor to the BikeExchange Group in the form and context in which it is so named; and
- **Automic Registry** has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Share Registry of BikeExchange in the form and context in which it is named.

10.17. Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under the Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

10.18. Statement of directors

This Prospectus is authorised by each director and proposed director of the Company who consents to its lodgement with ASIC and its issue.



APPENDIX A:

Significant Accounting Policies

Appendix A: Significant Accounting Policies

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.

(a) Principles of Aggregation

The BikeExchange listed group will be created through the formation of a new company that will become both the ultimate parent of the BikeExchange Group, through acquisition of the ownership interest of all the entities presented in this aggregation, and the Company. These financial statements aggregate all of the operating entities which will form part of BikeExchange at Listing.

As explained above the financial statements are aggregated financial statements and are not consolidated financial statements as required by AASB 10 'Consolidated Financial Statements'. As at 30 June 2020, there is no basis for the preparation of consolidated financial statements as there is no common ownership of the entities which make up BikeExchange. The aggregated financial statements incorporate the assets and liabilities of all entities of the BikeExchange Group as at 30 June 2018, 2019 and 2020 and the results of these entities for the year then ended.

The term 'BikeExchange Group' refers to the aggregation of the entities set out in Section 5.2.3. The Income Statement and Statement of Financial Position for all entities have been presented to a 30 June Financial year end.

In preparing the aggregated financial statements, the following transactions and balances have been eliminated:

- all intercompany balances between entities within the aggregated BikeExchange Group, including any unrealised profits or losses.
- all intercompany dividends and distributions have been eliminated in the aggregated entity.
- all intercompany transactions between entities in the aggregated BikeExchange Group.

As a consequence of the financial report being prepared on an aggregated basis, no eliminations have occurred in relation to equity balances for any entities not held within the aggregated BikeExchange Group, specifically: issued capital, retained earnings and reserves.

(b) Basis of Preparation

The Aggregated Historic Financial Information has been prepared in accordance with the basis of accounting and disclosure requirements specified by all Australian Accounting Standards applicable to Tier 1 entities, except the requirements of the Australian Accounting Standard listed below:

- AASB 3 Business Combinations
- AASB 10 Consolidated Financial Statements
- AASB 133 Earnings Per Share

AASB 3 and AASB 10 have been applied to the fullest extent possible to transactions occurring and in the presentation of the aggregated financial statements, but cannot be fully complied with as there is no common controlling entity for the BikeExchange Group at 30 June 2020. No Earnings Per Share measure has been disclosed as there is no single controlling entity (and therefore number of shares) to apply to the aggregated BikeExchange Group at 30 June 2020.

The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

All amounts are presented in Australian dollars, unless otherwise noted. The functional and presentation currency of the BikeExchange Group is the Australian Dollar.

(c) Investment in Associates and Joint Ventures

An associate is an entity over which the BikeExchange Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Appendix A: Significant Accounting Policies (continued)

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

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

The statement of profit or loss reflects the BikeExchange Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the BikeExchange Group's Other Comprehensive Income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the BikeExchange 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 BikeExchange Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the BikeExchange Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

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

After application of the equity method, the BikeExchange Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the BikeExchange Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the BikeExchange Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the BikeExchange Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) Revenue from Contracts with Customers

The BikeExchange Group is in the business of providing a dedicated e-commerce bicycle marketplace, 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 BikeExchange Group expects to be entitled in exchange for the satisfactory completion of its performance obligations.

E-commerce revenue

The BikeExchange 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 BikeExchange Group. The BikeExchange 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 BikeExchange Group is entitled to retain in return for its services as the agent in facilitating the transaction. Revenue is recognised at a point in time being when the performance obligation for service as an agent is satisfied, which is typically at the point the goods are dispatched by the supplier.

Subscriptions

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

Media and other revenue

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

All revenue is stated net of the amount of taxes.

(e) 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.

(f) 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 consolidated entity 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 BikeExchange 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.

(g) Foreign Currencies

The BikeExchange Group's financial statements are presented in Australian Dollars, which is also the BikeExchange Group's functional currency. For each entity, the BikeExchange Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The BikeExchange 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.

Appendix A: Significant Accounting Policies (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the BikeExchange 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 BikeExchange 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

(h) 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 borrowings in current liabilities on the statement of financial position.

(i) 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).

(j) Property, Plant and Equipment

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

Plant and equipment

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

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

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

- Motor Vehicles 5 years
- Other Property, Plant and Equipment 3-5 years

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

(k) 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.

Software and licences

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

(l) Leases

The BikeExchange 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 BikeExchange Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The BikeExchange 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 BikeExchange 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 both property leases and motor vehicles are depreciated on a straight-line basis over the lease term unless the estimated useful lives of the assets is shorter.

If ownership of the leased asset transfers to the BikeExchange 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 in section (n) Impairment of Non-Financial Assets.

Lease liabilities

At the commencement date of the lease, the BikeExchange 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 BikeExchange Group and payments of penalties for terminating the lease, if the lease term reflects the BikeExchange 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.

Appendix A: Significant Accounting Policies (continued)

In calculating the present value of lease payments, the BikeExchange 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 BikeExchange Group's lease liabilities are included in Interest-bearing loans and borrowings.

The BikeExchange 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.

(m) 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 BikeExchange Group's business model for managing them. The BikeExchange 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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The BikeExchange Group's financial assets at amortised cost includes trade receivables, and a term deposit.

The BikeExchange Group does not hold any financial assets classified as fair value through other comprehensive income, or fair value through profit or loss.

Derecognition

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

- The rights to receive cash flows from the asset have expired;
- OR
- The BikeExchange 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 BikeExchange Group has transferred substantially all the risks and rewards of the asset, or (b) the BikeExchange Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the BikeExchange Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the BikeExchange Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the BikeExchange 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 BikeExchange 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 BikeExchange Group could be required to repay.

Impairment

The BikeExchange Group 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 BikeExchange 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 BikeExchange Group applies a simplified approach in calculating ECLs. Therefore, the BikeExchange Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The BikeExchange 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 BikeExchange Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the BikeExchange Group may also consider a financial asset to be in default when internal or external information indicates that the BikeExchange Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the BikeExchange Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Appendix A: 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.

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 BikeExchange 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
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the BikeExchange 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.

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

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

(n) Impairment of Non-Financial Assets

At the end of each reporting period, the BikeExchange 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 the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(o) 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 company 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.

(p) 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.

(q) 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 or 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.

(r) Goods and Services Tax

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.

(s) 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

A cyclist wearing a white helmet and black jersey is riding a yellow bicycle on a dirt path lined with tall, thin trees. The path leads into the distance. Large red and black geometric shapes are overlaid on the image. A large red shape, resembling a stylized 'L' or a corner, is positioned in the center-left. A large black shape, resembling a stylized 'L' or a corner, is positioned in the bottom-left. The text 'APPENDIX B: Glossary' is written in white on the black shape.

APPENDIX B:

Glossary

Appendix B: Glossary

| Term | Meaning |
|--|---|
| AAS | Australian Accounting Standards. |
| AASB | Australian Accounting Standards Board. |
| Aggregated Historical Cash Flows | Has the meaning given in Section 5.1. |
| Aggregated Historical Financial Information | Has the meaning given in Section 5.1. |
| Aggregated Historical Income Statements | Has the meaning given in Section 5.1. |
| Aggregated Historical Statement of Financial Position | Has the meaning given in Section 5.1. |
| Aggregated Statement of Financial Position | Has the meaning given in Section 5.1. |
| Aggregate Substantial Interest | Has the meaning given in Section 10.12.2. |
| AIFRS | Australian International Financial Reporting Standards. |
| ANZ | Australia and New Zealand. |
| Anti-bribery and corruption policy | Has the meaning given in Section 78.8. |
| AOV | Average Order Value. |
| API | Application Programming Interface. |
| ARA | Active Retail Accounts. |
| ARPA | Average Revenue Per Account. |
| ARSA | Active Retail Subscriber Accounts. |
| Applicant | A person who submits an Application. |
| Application | An application made to subscribe for Shares or Options offered under this Prospectus. |
| Application Form | The application form attached to or accompany this Prospectus (including the electronic form provided by an online application facility). |
| Application Monies | The amount of money accompanying an Application Form submitted by an Applicant. |
| ASAE | Australian Standard on Assurance Engagements. |

Appendix B: Glossary (continued)

| Term | Meaning |
|--|--|
| ASIC | Australian Securities and Investments Commission. |
| ASX | Australian Securities Exchange. |
| ASX Corporate Governance Principles | The fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations as revised in 2019. |
| ASX Listing Rules | The rules of the ASX that govern the admission, quotation and removal of securities from the Official List. |
| ASX Settlement Operating Rules | The settlement rules of ASX as amended, varied or waived from time to time. |
| ATL | Above the Line. |
| ATO | Australian Tax Office. |
| Audit and Risk Management Committee | The committee described in Section 7.7.3. |
| Australian Accounting Standards | Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group interpretations. |
| Automic Legal | Automic Legal Pty Ltd ACN 147 418 942. |
| Automic Registry | Automic Pty Ltd ACN 152 260 814. |
| Award | means: <ul style="list-style-type: none"> • an option to acquire Shares; • a performance right to acquire Shares; or • a Share, including to be acquired under a limited recourse loan funded arrangement, as the case may be, granted under terms and conditions of the Employee Incentive Plan as described in Section 7.5.1. |
| AWS | Amazon Web Services. |
| AOV | Average order value. |
| B2B | Business to business. |
| B2C | Business to consumer. |
| BikeExchange | means: <ul style="list-style-type: none"> • prior to completion of the Proposed Transaction, the BikeExchange Group; and • post completion of the Proposed Transaction, the Company and its Subsidiaries, where the context requires, the business conducted by those entities. |

| Term | Meaning |
|--|--|
| BikeExchange Administration Site | Has the meaning given in Section 4.2.2.6. |
| BikeExchange App | The mobile application developed by BikeExchange. |
| BikeExchange Colombia | BikeExchange Colombia S.A.S. |
| BikeExchange Group | the entities within the "BikeExchange group" prior to the IPO, being: <ul style="list-style-type: none"> • BikeExchange TopCo; • BikeExchange Pte Ltd; • BikeExchange Inc; • BikeExchange Pty Ltd; • BikeExchange DE Vertribes GmbH.; and • BikeExchange Colombia. |
| BikeExchange Hubs | Has the meaning given in Section 10.5.3. |
| BikeExchange Platform | The online platform which BikeExchange operates from including its website, databases and systems. |
| BikeExchange Shareholders | All shareholders of the BikeExchange Pte Ltd, who will also be all shareholders of BikeExchange TopCo. As the context requires, it also includes any entities that become shareholders of BikeExchange TopCo prior to completion of the acquisition of BikeExchange TopCo by RPro. |
| BikeExchange TopCo | Move Drive Pty Ltd (ACN 626 542 265). |
| BIM Sale Shares | Has the meaning given in Section 10.5.2. |
| Board or Board of Directors | The board of directors of the Company. |
| Board Charter | Has the meaning given in Section 7.71. |
| Bombora Investment Management | Bombora Investment Management Pty Ltd ACN 625 413 390. |
| Bombora Sale Deed | Has the meaning given in Section 10.5.2. As at the date of this Prospectus, the Bombora Sale Deed is in draft. The consideration elections made by BikeExchange Shareholders under the Offer Letter process will be reflected in the executed Bombora Sale Deed. |
| Bombora Special Investments Growth Fund | A fund which has beneficial interests in the Company and is managed by Bombora Investment Management. |
| Broker | Any ASX participating organisation selected by the Lead Manager and the Company to act as a Broker to the Public Offer. |

Appendix B: Glossary (continued)

| Term | Meaning |
|-------------------------------------|--|
| Broker Firm Application Form | Means the application form for the Broker Firm applicant for the Public Offer. |
| Broker Firm Offer | The offer of Shares under this Prospectus to Australian and New Zealand resident retail clients of Brokers who have received a firm allocation from their Broker. |
| Broker Firm Offer Applicant | A person who submits an Application under the Broker Firm Offer. |
| Business | The business carried on by the BikeExchange Group. |
| CAC | Customer Acquisition Cost. |
| CAGR | Compound Annual Growth Rate. |
| Carsales | carsales.com Ltd (ACN 074 444 018). |
| CEO | Chief Executive Officer. |
| CFO | Chief Financial Officer. |
| CGT | Capital Gains Tax. |
| Chairman | the chairman of the Company. |
| Change of Control Event | An event where a person becomes a legal or beneficial owner of 50% of the Company's issued share capital in the Company. |
| CHESS | Clearing House Electronic Subregister System, operated in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. |
| Closing Date | The date on which the Retail Offer is expected to close, being 25 January 2021. This date may be varied without prior notice. |
| Code of Conduct | Has the meaning given in Section 78.4. |
| Colombian JV Agreement | Has the meaning given in Section 10.5.4. |
| Company | RPro Holdings Limited ACN 625 305 240. |
| Completion | The completion of all Offers being the earliest day on which the Public Offer, Consideration Offer and EIP Offer have completed. |
| Concierge Service | A service provided to assist consumers with their cycling purchases. |
| Consideration Offer | The offer of Consideration Shares to the BikeExchange Shareholders pursuant this Prospectus. |
| Consideration Shares | Up to 177,497,224 new Shares that is presumed to be issued to BikeExchange Shareholders as consideration payable by the Company for the acquisition of 100% of the issued capital in BikeExchange TopCo. |

| Term | Meaning |
|-----------------------------------|--|
| Consolidation | means the 20 for 1 consolidation of the existing issued capital of the Company, which will be implemented in accordance with the relevant resolution to be approved by Shareholders at the EGM. Notably, all Securities pursuant to this Prospectus are being offered on a post-Consolidation basis. |
| Constitution | The proposed constitution of the Company subject to shareholder approval as described in Section 2.2. |
| Corporations Act | <i>Corporations Act 2001</i> (Cth). |
| Corporations Regulations | <i>Corporations Regulations 2001</i> (Cth). |
| COVID-19 | The virus formally known as severe acute respiratory syndrome coronavirus 2. |
| Crowe | Crowe Sydney ABN 97 895 683 573. |
| CRN | Customer reference number. |
| CTR | Click Through Rate. |
| Cyclesoftware | Cyclesoftware B.V. |
| Cyclesoftware Agreement | Has the meaning given in Section 10.7. |
| Deloitte Audit | Deloitte Touche Tohmatsu ABN 74 490 121 060. |
| Deloitte Corporate Finance | Deloitte Corporate Finance Pty Limited ACN 003 833 127. |
| Deloitte Tax | Deloitte Tax Services Pty Ltd ACN 092 223 240. |
| Directors | A member of the Board. |
| Diversity Policy | Has the meaning given in Section 78.5. |
| DRP | Dividend Reinvestment Plan. |
| DTC | Direct to Consumer. |
| EBIT | Earnings before interest and tax. |
| EBITDA | Earnings before interest, tax, depreciation and amortisation. |
| E-Bikes | Electric bikes. |
| EDM | Electronic Direct Mail. |
| EGM | Extraordinary General Meeting of the Company, which is expected to be held on or around 18 January 2021. |
| EIP Offer | Means the offer of 18,100,000 Options to the Proposed Directors, key executives and employees made under this Prospectus as described in Sections 7.5.1.1 to 7.5.1.3. |

Appendix B: Glossary (continued)

| Term | Meaning |
|--------------------------------------|--|
| Employee | Means an employee of the Company in the European Union (Belgium, Germany, Netherlands), the United States and Colombia. |
| Employee Incentive Plan | The Company's equity-based long-term incentive plan for employees of the Company, as described in Section 7.5. |
| Employee Incentive Plan Rules | The rules in respect of the operation of the Employee Incentive Plan, as amended from time to time and includes all addendums and schedules to these rules. |
| Enterprise Value | The sum of market capitalisation at the Offer Price and pro forma net debt. |
| Escrowed Shares | Certain Shares held by the Escrowed Shareholders on Completion of the Offer Each of the Shares held by Escrowed Shareholders immediately following Completion of the Offer which are subject to voluntary escrow arrangements as described in Section 10.9.2. |
| Escrow Shareholders | Certain BikeExchange Shareholders and Bombora Investment Management as described in Section 10.9.2. |
| Exercise Date | Means the respective exercise date of an Option as set out in Section 7.5. |
| Exercise Price | Means the respective exercise price of an Option as set out in Section 7.5. |
| Existing Shareholder | A Shareholder at the date of this Prospectus. |
| Expiry Date | Means the respective expiry date of an Option as set out in Section 7.5 |
| Exposure Period | The seven-day period after the Prospectus Date, which may be extended by ASIC for up to an additional seven days. |
| FATA | <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth). |
| Federal Treasurer | Has the meaning given in the FATA. |
| Financial Information | Has the definition given in Section 5.1. |
| FY | Financial Year. |
| Global CEO | Global Chief Executive Officer. |
| Global CFO | Global Chief Financial Officer. |
| Group | means the Company and all of its Related Body Corporate. |
| Group Company | means any one of the entities in the Group. |
| GST | goods and services tax. |
| HFY | Half Financial Year. |
| HIN | Holder Identification Number. |

| Term | Meaning |
|-----------------------------------|---|
| IAI | means an institutional "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act. |
| IBD | Independent Bicycle Dealership. |
| IFRS | International Financial Reporting Standards. |
| Institutional Investor | <p>Investors who are:</p> <ul style="list-style-type: none"> persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; and institutional or professional investors in Hong Kong, New Zealand, Singapore and the United States, as agreed by the Company and the Lead Manager to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency, and in particular: <ul style="list-style-type: none"> (a) in Hong Kong, it (and any person for whom it is acting) is a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; (b) in New Zealand, it (and any person for whom it is acting) is a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act (and, if an eligible investor, have provided the necessary certification); (c) in Singapore, it (and any person for whom it is acting) is an "institutional investor" or an "accredited investor" (as such terms are defined in SFA); (d) in the United States, it (and any person for whom it is acting) is an IAI. |
| Institutional Offer | The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 8.10. |
| Institutional Offer Applicants | A person who submits an Application under the Institutional Offer. |
| IASB | International Accounting Standards Board. |
| Investigating Accountant | Deloitte Corporate Finance. |
| Investigative Accountant's Report | The Investigating Accountant's report as set out in Section 9. |
| IP | Intellectual Property. |
| IPO | Initial public offering. |
| IPO Grant | A one-off grant made under the Employee Incentive Plan as part of the EIP Offer, pursuant to which all Proposed Directors, certain key executives and employee will be granted Options in connection with the IPO as described in Section 7.5.1.2. |

Appendix B: Glossary (continued)

| Term | Meaning |
|---|---|
| IPO Options | Each Option offered under the IPO Grant. |
| Issuer | The Company. |
| ITAA 1936 | <i>Income Tax Assessment Act 1936</i> (Cth). |
| ITAA 1997 | <i>Income Tax Assessment Act 1997</i> (Cth). |
| LATAM | Latin America. |
| Lead Manager | Morgans Corporate Limited ACN 010 539 607. |
| Legal Advisor | Automic Legal. |
| Listing | Admission of the Company to the official list of the ASX. |
| Listing Date | the date on which the Listing takes place. |
| LTIP Grant | A grant made under the Employee Incentive Plan as part of the EIP Offer, pursuant to which certain executives and employee will be granted Options as long-term incentives as described in Section 75.13. |
| LTIP Option | Each Option offered under the LTIP Grant. |
| Management | The executive management team of BikeExchange. |
| Mandate Letter | mandate letter between the Company and the Lead Manager dated 30 September 2020. |
| Marketplacer | Marketplacer Pty Ltd ACN 161 625 789. |
| Marketplacer Agreements | Has the meaning given in Section 10.5.3 and Marketplacer Agreement mean any one of the Marketplacer Agreements. |
| Monetary Authority of Singapore | Monetary Authority of Singapore established under the Monetary Authority of Singapore Act, Chapter 186 of Singapore. |
| Morgans or Morgans Corporate Limited | means the Lead Manager. |
| NOM | Notice of Meeting. |
| Non-Executive Director or NED | A member of the Board who does not form part of the Company's management. |
| Non-Executive Chairman | A member of the Board who does not form part of the Company's management but acts as Chairman. |
| NPAT | Net profit after tax. |
| Offers | Each of the Public Offer, Consideration Offer and the EIP Offer. |
| Offer Information Line | +61 2 9689 5414 (within Australia) or 1300 288 664 (outside Australia) between 8:30am and 5:30pm (Sydney Time), Monday to Friday. |

| Term | Meaning |
|--|--|
| Offer Letter | The letter to be provided to each BikeExchange TopCo shareholder (current or future) by the Company under which the Company will offer to acquire the shares in BikeExchange TopCo on the same terms for all shareholders and under which each BikeExchange TopCo shareholder will elect the form of consideration they wish to receive (within the terms of the offer). |
| Offer Period | The period from the Opening Date, and ending on the Closing Date. |
| Offer Price | \$0.26 per Share. |
| Official List | The official list of the ASX. |
| Opening Date | The date on which the Retail Offer is expected to open, being 29 December 2020. This date may be varied without prior notice. |
| Option | An option to acquire a Share. |
| POS | point of sale. |
| Priority Offer | The component of the Retail Offer under which investors who have received a Priority Offer Invitation are invited to apply for Shares, as described in Section 8.8. |
| Priority Offer Application Form | An application form relating to the Priority Offer. |
| Priority Offer Applicants | A person who submits an Application under the Priority Offer. |
| Priority Offer Invitation | The invitation under this Prospectus to selected investors in Australia, New Zealand and certain other jurisdictions to participate in the Priority Offer on a firm basis up to the allocation of Shares determined by BikeExchange. |
| Privacy Policy | Has the meaning given in Section 78.6. |
| Pro Forma Aggregated Historical Cash Flows | Has the meaning given in Section 5.1. |
| Pro Forma Aggregated Historical Financial Information | Has the meaning given in Section 5.1. |
| Pro Forma Aggregated Historical Income Statements | Has the meaning given in Section 5.1. |
| Pro Forma Aggregated Historical Statement of Financial Position | Has the meaning given in Section 5.1. |

Appendix B: Glossary (continued)

| Term | Meaning |
|---|---|
| Pro Forma Historical Cash Flows | Has the meaning given in Section 5.2.3. |
| Pro Forma Historical Statement of Financial Position | Has the meaning given in Section 5.2.3. |
| Proper ASTC transfer | Has the meaning given in the Corporations Regulations. |
| Proposed Director | A proposed director of the Company following completion of the Proposed Transaction. |
| Proposed Transaction | the proposed acquisition of 100% of the issued capital in BikeExchange TopCo pursuant to the Share Sale Agreement. |
| Prospectus | This document and its annexures (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document. |
| Prospectus Date | The date on which this Prospectus was lodged with ASIC, being 16 December 2020. |
| Prospectus Regulations | Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union. |
| Prospectus Expiry Date | The date which is 13 months after the Prospectus Date. |
| Public Offer | The offer of 76,923,076 new Shares at an issue price of \$0.26 per Share. |
| Related Body Corporate | has the meaning given in the Corporations Act. |
| Remuneration and Nominations Committee | Has the meaning given in Section 7.7.4. |
| Resolution | Each of the resolutions set out in the NOM. |
| Restructure | The restructure of the BikeExchange Group, whereby under the Share Exchange Agreement the BikeExchange Shareholders will exchange their shares in BikeExchange Pte Ltd for shares in BikeExchange TopCo and as a result will become shareholders of BikeExchange TopCo. The interposition of BikeExchange TopCo is being undertaken in order to streamline the corporate structure and regulatory obligations of the BikeExchange Group. The interposition of BikeExchange TopCo is not dependent or conditional on the listing of BikeExchange TopCo or RPro on the ASX. |
| Restructure Documents | Has the definition given in the Underwriting Agreement, which means the Share Exchange Agreement and all other ancillary documents whereby the BikeExchange Group is acquired by the Company. |
| Resulting Share | has the definition given in the Employee Incentive Plan Rules, which means a Share that is granted to a participant as a result of exercising the participant's Option or performance right. |
| Retail Offer | Together, the Broker Firm Offer and Priority Offer. |

| Term | Meaning |
|----------------------------------|---|
| RG170 | ASIC Regulatory Guide 170. |
| RPro | The Company. |
| RSA | Retail Subscription Accounts. |
| SAP | Significant Accounting Policies. |
| Saltsam Pty Ltd | Saltsam Pty Ltd ACN 127 436 748. |
| SCA | The Securities and Commodities Authority of the UAE. |
| Section | A section of this Prospectus. |
| Securities Trading Policy | Means BikeExchange's securities trading policy, as adopted by the Board. |
| SEM | Search Engine Marketing. |
| SEO | Search Engine Optimisation |
| Settlement | The settlement in respect of the Shares the subject of the Offer occurring under the Underwriting Agreement and associated settlement support arrangements. |
| SFA | the Securities and Futures Act, Chapter 289 of Singapore. |
| SFO | the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong. |
| Share | A fully paid ordinary share in the capital of the Company. |
| Shareholder | A holder of a Share. |
| Share Sale Agreement | The share sale agreement to be entered into between the BikeExchange Shareholders and the Company, under which the Company will acquire 100% of the issued capital of BikeExchange TopCo subject to certain conditions. |
| Share Exchange Agreement | Share Exchange Agreement to be entered into by BikeExchange TopCo, BikeExchange Pte Ltd and the BikeExchange Shareholders. |
| Share Registry | Automatic Registry. |
| Silvercloud | Silvercloud Advisory Pty Ltd ACN 634 961 701. |
| SRN | Securityholder Reference Number. |
| Subsidiaries | has the meaning given in the Corporations Act. |
| Substantial Interest | Has the meaning given in Section 10.13.2. |
| Successful Applicant | An Applicant who is issued or transferred Shares under the Public Offer. |
| Surfwax Pty Ltd | Surfwax Pty Ltd ACN 127 436 78. |

Appendix B: Glossary (continued)

| Term | Meaning |
|--|---|
| Talbot Sayer Lawyers | Talbotsayer Pty Ltd ABN 93 168 129 075. |
| TOFA | Taxation of Financial Arrangements. |
| TFN | Tax file number. |
| Trek | Trek Bicycle Canada ULC. |
| Trek Agreement | Has the meaning given in Section 10.6. |
| TTV | Total Transaction Value. |
| UAE | United Arab Emirates. |
| UK | United Kingdom. |
| Underwriter | Morgans. |
| Underwriting Agreement | The underwriting agreement dated on or about the date of this Prospectus between the Company and the Lead Manager as described in Section 10.8. |
| U.S. Employee | means an Employee resident in the United States. |
| U.S. Institutional Investor Certificate | means an investor certificate signed by an IAI. |
| U.S. Investor Certificate | means an investor certificate signed by a U.S. Employee. |
| U.S. Offering Circular | means the offering circular that must accompany any distribution of the Prospectus in the United States to IAI's and Employees. |
| U.S. Person | Has the meaning given in Rule 902(k) of Regulation S under the U.S. Securities Act. |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended. |
| Valid Applications | An application made to subscribe for Shares offered under this Prospectus. |
| Webstore | Has the meaning given in Section 4.2.2.6. |
| Whistle-blower Policy | Has the meaning given in Section 7.8.7. |
| WSG Holdings Pty Ltd | WSG Holdings Pty Ltd ACN 133 112 964. |

Application Form
Hi-res PDF to be supplied.

(4 pages have been allocated for an Application Form and a duplicate form. This is because the stock used differs from the main Prospectus, and must be a 4-page section for binding purposes.)

Application Form
Hi-res PDF to be supplied.

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Corporate Directory

Company's registered office

RPro Holdings Limited

Level 16
56 Pitt Street
Sydney NSW 2000

Lead Manager

Morgans Corporate Limited

Level 21, Aurora Place
88 Phillip Street
Sydney NSW 2000

Australian Legal Advisor

Automic Legal Pty Ltd

Level 5
126 Phillip Street
Sydney NSW 2000

M&A Legal Advisor

Talbot Sayer Lawyers

Level 27, Riverside Centre
123 Eagle Street
Brisbane QLD 4000

GPO Box 799
Brisbane QLD 4001

Tax Advisor

Deloitte Tax Services Pty Ltd

477 Collins Street
Melbourne VIC 3000

Offer Information Line

Toll free within Australia
1300 288 664

Outside Australia
+61 2 9689 5414

Between 8:30am and 5:00pm (Sydney time),
Monday to Friday

Offer website

www.bikeexchange.automic.com.au

Share Registry

Automic Pty Ltd

Level 5
126 Phillip Street
Sydney NSW 2000

Investigating Accountant

Deloitte Corporate Finance Pty Limited

477 Collins Street
Melbourne VIC 3000

Auditor

Deloitte Touche Tohmatsu

477 Collins Street
Melbourne VIC 3000



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