

## BIKEEXCHANGE (ASX: BEX) QUARTERLY APPENDIX 4C AND ACTIVITY REPORT

30 October 2023

Melbourne, Australia - BikeExchange Limited (ASX: BEX) ('BikeExchange'), a leading global operator of online cycling marketplaces, today announced its Appendix 4C and activity report for the September 2023 quarter (Q1 FY24).

### Key highlights:

- BEX continuing operations in North America, EU and Australia reported a 60% increase (\$0.7m vs PCP) in Net Revenues versus PCP.
- A 31% uplift in e-Commerce total transaction value (TTV) versus Q1, 2023 to \$7.6m, defying global market trends of reduced demand post-covid.
- Significant improvement achieved across key marketplace health metrics versus Q1, 2023: Conversion Rate +25%, Average Order Value +22%, and Commission Rate Earned per Transaction +34%.
- Strong performance in the EU market with net e-commerce revenues up 101% to \$0.6m. EU marketplace metrics leading the group vs Q1, FY23: Conversion Rate +45%, Order numbers +32%, and Commission Rate Earned per Transaction +42%.
- EBITDA loss<sup>1</sup> from all operations reduced by 63% to \$1.2m (\$3.3m in PCP), while Normalised EBITDA Loss from Continuing Operations has reduced by 45% to 0.8m (\$1.5m in PCP), after allowing for non-recurring costs and share based payments.
- Net cash used in operating activities down 68% (versus PCP) from \$3.9m to \$1.3m.
- BEX has successfully launched its new Marketplace platform in its largest market Germany, with the new platform already resulting in significant uplift in Site Performance Metrics (Pagespeed, Core Web Vitals Usability) & user metrics (time on page, ave pages per session).
- BEX secured the appointment of Mr Kyle Ferreira as Chief Financial Officer, who will commence on 1 Nov. Kyle worked closely with BEX Chairman Dominic O'Hanlon at ASX Listed rhipel Limited. Kyle brings a wealth of experience in technology driven high growth environments as well as strategic planning, financial modelling and mergers and acquisitions.

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<sup>1</sup> Based on the BEX 30 September 2023 unaudited consolidated management accounts

## **Commenting on the quarter, BikeExchange's Global CEO Ryan McMillan said:**

"BEX has transformed itself in the last 12 months, by exiting unprofitable and capital intensive business, and restructured its core marketplace business with a clear focus on investing in development of technological IP, rather than headcount.

Quarter for Quarter, BEX has delivered improvements across core marketplace health metrics, delivering sharp improvements in conversion rate +25% (versus Q1, FY23), commission rate (+34%) and average order value (+22%), driving higher ecommerce revenues off a reduced marketing spend (-36%) and a lower traffic base which has been impacted by lower global market demands.

Over the same period, the business has invested in the in-house development of core technological IP, culminating in the launch of its new Marketplace in Germany (BEX's largest market) in October, with other markets being rolled out until the end of the calendar year.

"It's the combination of positive developing Marketplace Health fundamentals and the launch of our new marketplace that make life exciting for the team at BEX. We can certainly see the potential we have in our hands to improve our experience for consumers, our performance for merchants and ultimately shape our future for BEX.

With the exit of LatAm and Kitzuma Door deliveries, BEX has streamlined its focus to driving its core offering, its marketplace. This means that everybody across our entire organisation is working towards the same goal. We are also looking forward to working closely with the new CFO Kyle Ferreira to execute the global strategy of achieving profitable growth.

BEX commences Q2 with a new marketplace platform and a solid marketplace health foundation with a clear progression towards profitability."

## **Quarterly cashflow report<sup>2</sup>:**

### ***Receipts from customers were \$11,816k in the quarter, up 25% on Q1 FY23***

Receipts from customers were up on PCP due to the growth of eCommerce revenues in Europe offset by the reduction from the cessation of Kitzuma's bike deliveries and reduced receipts due to the economic downturn in the Colombian region.

### ***Product manufacturing & operating costs of sales outflows were \$10,189k, up 12% on Q1 FY23***

Payments for product manufacturing and operating costs of sales increased on PCP primarily due to the costs associated with ecommerce order fulfilment from the increase in eCommerce orders in Europe. There was a partial reduction in operating costs of sales outflows in Q1 FY24 due to the cessation of Kitzuma bike deliveries.

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<sup>2</sup> Quarterly cash flows comparisons relate to the prior corresponding period (pcp) Q1 FY23.

***Payments for staff costs were \$1,424k, down 36% on Q1 FY23***

Employee costs were substantially reduced on PCP following the restructure of the BEX core business including the consolidation of US operations and cessation of Kitsuma bike delivery business.

***Administration and corporate outflows were \$1,050k, down 21% on Q1 FY23***

Payments for administration and corporate outflows were down 21% on Q1 FY23 largely due to cost base savings achieved on professional, consultancy fees and occupancy costs. Administration cash outflows in Q1 FY24 include \$138k incurred on external project development costs for the new consumer platform.

***Payments to related parties and their associates were \$346k***

Related party payments include directors' fees and expenses, base remuneration for key management personnel, and payments to Marketplacer Pty Ltd which provides platform services for the Group's network of marketplaces. Related party payments were down 8% from the last quarter.

***Net cash used in operating activities of \$1,256k, down 68% on Q1 FY23***

Net operating cash outflows were down 68% on Q1 FY23. The reduction in operating cash flows was realised from the increase in eCommerce revenues in the quarter, cost base savings achieved and savings from the exit of discontinued operations (Kitsuma's bike delivery business and the sale/rationalisation of the Colombian operations).

BikeExchange had a cash and equivalents balance of \$2.4m at 30 September 2023.

## **Outlook**

BEX plans to build on the solid foundation of improved marketplace health metrics built over the last 12 months and scale its operation via its new Technology IP.

Having launched in October in its largest market, Germany, BEX will systematically roll-out the platform to its other verticals over the next 4 months. BEX anticipates improved performance across a range of key metrics which in all aggregate to improved conversion of visitors on-page into BEX revenue.

With an emphasis on scaling revenue performance via technology, BEX has simplified its focus in FY24 to five strategic pillars:

- 1. Execute on new Consumer Platform** - driving increased revenue performance via new tech stack, including optimization of the search / checkout / SEO / content / merchandising functionality.
- 2. New seller partnerships** - growing its seller base of retail, distributor and brand partnerships, with a focus on targeting sellers who improve our marketplace and drive eCommerce revenue performance.

**3. eCommerce profitability and growth** - growing eCommerce profitably, focussing on seller management, inventory merchandising and driving online conversion thru technology and customer teams.

**4. Operational efficiency** - an ongoing optimization of operational efficiency and cost base, through centralization, adoption of a global approach to all business and further integration and automation of business processes.

**5. Develop Competitive Advantage via Technology** - continue to create IP and solutions for sellers and buyers that solve problems for the bike industry and create revenue and customer loyalty for BEX.

### **Capital Plan:**

On 5 September 2023, BEX announced a Share Placement raising \$1.39m to provide funding for operations, working capital and further platform development. Directors Andrew Ryan and Chairman Dominic O'Hanlon also committed to investing \$460k subject to approval at the AGM to be held on 28 November 2023. In addition to Director funds, BEX also lodged its FY23 R&D Tax Incentive application and is expecting a cash refund of \$302k. After allowing for these funds receivable, the pro forma cash balance as at 30 September 2023 is \$3.15m.

BikeExchange is continuing to see strong growth in net revenues combined with a greatly reduced cost base. Directionally, these business achievements are expected to continue reducing cash burn over time. BEX has no current plans to raise further capital.

### **BEX Share Consolidation:**

On 26 October 2023, BEX announced that the Board will seek shareholder approval at the Company's Annual General Meeting (AGM) on 28 November 2023 to consolidate the issued share capital of the Company at a ratio of 1 Share to every 100 Shares currently held. In the absence of other market movements, the Share Consolidation, if approved, may result in the price per Share increasing proportionately to reflect the reduced number of Shares on issue. The share consolidation ratio of 100:1 has been chosen to achieve a price per Share of approximately \$0.60 (60 cents) as compared to the BEX share price on 20 October 2023 of \$0.006 (0.6 cents).

The Share Consolidation is expected to result in a more appropriate and effective capital structure for the Company and a more appealing share price to a wider range of investors. It will also support the share price, which has been vulnerable to negative market fluctuations due to low trading volumes.

### **Closure of Colombia Marketplace Operations:**

In Q4 FY23, BEX reviewed and rationalised its Colombian operations taking into account the difficult economic conditions in that region and selling its Retail Network. In Q1 FY24, BEX decided to shut down its Colombian marketplace, with the closeout expected to be completed in November 2023.

## **Agreement to Settle the Tribike lawsuit:**

As per the disclosures in the recently released FY23 BEX Annual Report, there was a complaint filed by Tribike Transport LLC (Tribike) in the United States against the Group's subsidiary Kitzuma Corp, together with the founders of the Kitzuma business, claiming the use of Tribike's confidential and proprietary information in the operation of the Kitzuma bike delivery business. Kitzuma was acquired by BEX in December of 2021, and the complaint was filed in the US Spring of 2022.

BEX engaged US Counsel to defend all claims. Mediation was held on October 3rd and the case was settled to the satisfaction of all parties to avoid further legal costs and disruption to the business.

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

- **Ends** -

## **ABOUT BIKEEXCHANGE:**

BikeExchange Limited (ASX: BEX) is a leading operator of global online cycling focussed marketplaces that enable a dedicated and growing global audience of consumers to connect and transact with thousands of retailers and brands. The Company was founded in Melbourne in 2007, with the aim of bringing together the fragmented global cycling industry to trade and scale. Today, it hosts over 1600+ retailers and 1m+ products globally, with an annual audience of 15 million consumers.

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

BikeExchange Ltd

**ABN**

24 625 305 240

**Quarter ended ("current quarter")**

30 Sep 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,816	11,816
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(10,189)	(10,189)
(c) advertising and marketing	(411)	(411)
(d) leased assets	-	-
(e) staff costs	(1,424)	(1,424)
(f) administration and corporate costs	(1,050)	(1,050)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	9
1.5 Interest and other costs of finance paid	(7)	(7)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,256)</b>	<b>(1,256)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(2)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities (net of costs of disposal)	21	21
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>19</b>	<b>19</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,990	1,990
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(25)	(25)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(81)	(81)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (premises lease payments)	(161)	(161)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,723</b>	<b>1,723</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,897	1,897
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,256)	(1,256)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	19	19

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,723	1,723
4.5	Effect of movement in exchange rates on cash held	5	5
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,388</b>	<b>2,388</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,388	1,897
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,388</b>	<b>1,897</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	346
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	96	96
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	96	96
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Arteva – Corporate Insurance premium funding which is an unsecured loan facility at an average interest rate of 4.3%, maturing on 1 June 2024.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,256)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,388
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,388
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	1.9
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: The company expects to continue to have a reduced level of operating cash outflows in Q2 FY24 taking into account the expected revenue growth from the new platform, and substantial completion of the rationalisation of the eCommerce operations in Colombia. The new consumer technology platform has been launched in Germany in September 2023 and is progressively being launched in the remaining regions during Q2 and Q3 FY24 and the improvements to the platform are expected to support the growth of eCommerce revenues and increase operating cash flows from Q2 FY24 onwards.</p>	

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: No.

The company recently completed a private share placement in September 2023. As part of the placement Directors Andrew Ryan and Dominic O'Hanlon committed to investing \$460k which is receivable subject to AGM approval in November. Additional funding of \$302k is also expected following the lodgement of the FY23 R&D Tax Incentive application.

BikeExchange is continuing to see strong growth in net revenues combined with a greatly reduced cost base. Directionally, these business achievements are expected to continue reducing cash burn over time. BEX has no current plans to raise further capital.

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes

The Company expects to be able to continue its operations and meet business objectives on the basis of the expected significant improvement in ongoing net operating cash flows as outlined in 8.6.1 & 8.6.2.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2023

Authorised by: By the Board

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.