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BIKEEXCHANGE (ASX:BEX)

**FY23 BUSINESS UPDATE**

31st August 2023



# Agenda

## FY23 BUSINESS UPDATE

01

BEX Overview

02

FY23 Performance

03

FY24 Strategic Focus

04

Technology Developments



Ryan McMillan

Chief Executive Officer



Dominic O'Hanlon

Non-Executive Director





# BEX Overview

## LEADING GLOBAL ONLINE BICYCLE MARKETPLACE

“**BikeExchange** is the world’s leading online marketplace connecting consumers to products from bike stores and brands.”

- Operate in eight marketplace platforms, from four regional hubs - ANZ, EU (Germany, Belgium & Netherlands), LatAm (Colombia) and NA (USA & Canada)
- Enabling brands, retailers and distributors to connect & sell via single destination marketplaces.
- Focus on recurring subscription and transactional eCommerce revenues.



15 million

Global Traffic

1,500+

Brands on Platform

1,673

Active Retail Accounts

\$ 700 million

Aggregate Product Enquiry Value





A cyclist wearing a purple and white striped jersey, black shorts, and a white helmet with orange accents is riding a road bike on a gravel path. The path is surrounded by a dense forest with tall trees and green foliage. The cyclist is in a dynamic, forward-leaning position, suggesting speed or a climb.

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**FY23 Performance**





# Highlights FY23 Performance

## SETTING THE FOUNDATION FOR PROFITABLE GROWTH

1

### Cost Cutting & Restructure Complete

BEX has completed planned restructuring activities and cost cuts and is now focused on generating profitable growth

2

### Core Marketplace Revenue +21%, Headcount Cost -55% (vs PCP)

Despite a post covid demand normalization trend and a significant internal cost re-base, BEX grew revenues by 21% vs PCP

3

### New Consumer Platform Complete

BEX completed its largest technology protect since inception & is set to transform its eCommerce business



# FY23 in Review: 5 Strategic Pillars & The Pathway to Profit

## BEX PLAN 2023: 5 STRATEGIC PILLARS TOWARDS PROFITABILITY







# BEX Exited Unprofitable Business & Invested in Core

## 4 SIGNIFICANT STEPS FORWARD, ALIGNED TO OUR PLAN

1

### **Shutdown KZ Door Business & repurposed BEX North America**

BEX has shut down its delivery Network and successfully resized, repurposed it's NA business to offer Marketplace, 3PL and Boxed logistics services, largely replacing lost revenues from Door Delivery

2

### **Exited cash burning Colombian Retail business**

BEX exited retail business operations in Colombia in Q4, removing the economic uncertainty and cash burn of Colombian operations.

3

### **Restructured BEX, with focus on core markets and core business**

The business has delivered 4 consecutive quarters of revenue growth and 5 consecutive quarters of cost base reduction, by removing cost intensive non-core activities and focussing on its core marketplace business.

4

### **Invested in Foundational Technology**

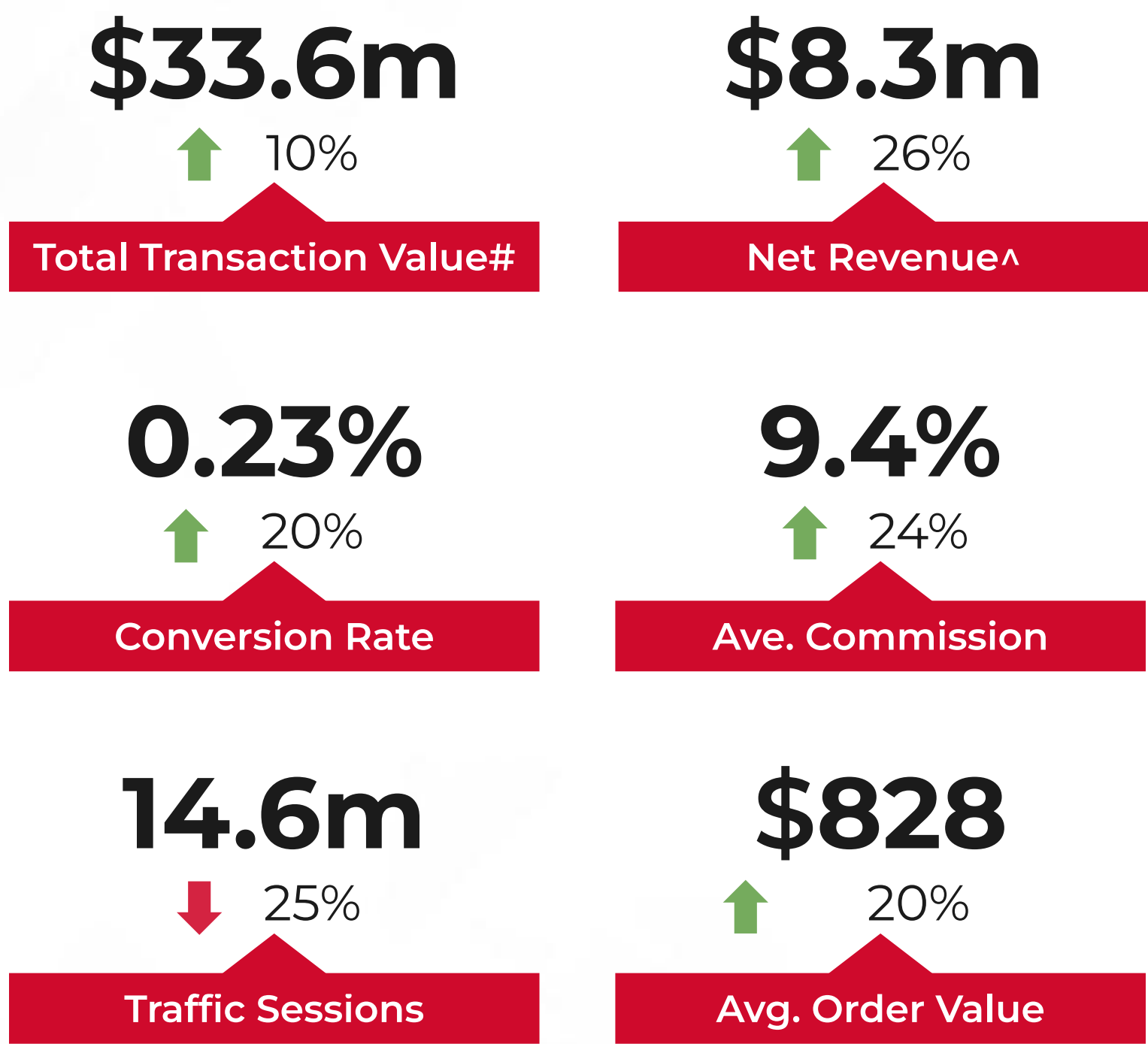
BEX invested in people and development of technology assets and is set to launch its new Consumer Front-end, a major milestone for the company and new foundation to scale our marketplace business and improve CX



# FY23 - Solid Revenue Growth & Marketplace Health Uplift

## GROWTH ACROSS MOST KEY METRICS vs FY22

### Key FY23\* Highlights (vs FY22)



### Net Revenue by Business Unit – FY23 vs FY22



\* FY23 Financial Highlights based on Consolidated Financial Statements for the year ended 30 June 2023 which are currently being audited. The results reported represent all operations including discontinued operations being Kitzuma door to door deliveries and BICICO retail store operations.

#TTV includes 100% of BikeExchange Colombia's TTV from the date of acquisition 2 March 2022 onwards.

^Net Revenues include 100% of BikeExchange Colombia & Kitzuma from the date of acquisition (2 March 2022 and 23 December 2021 respectively).

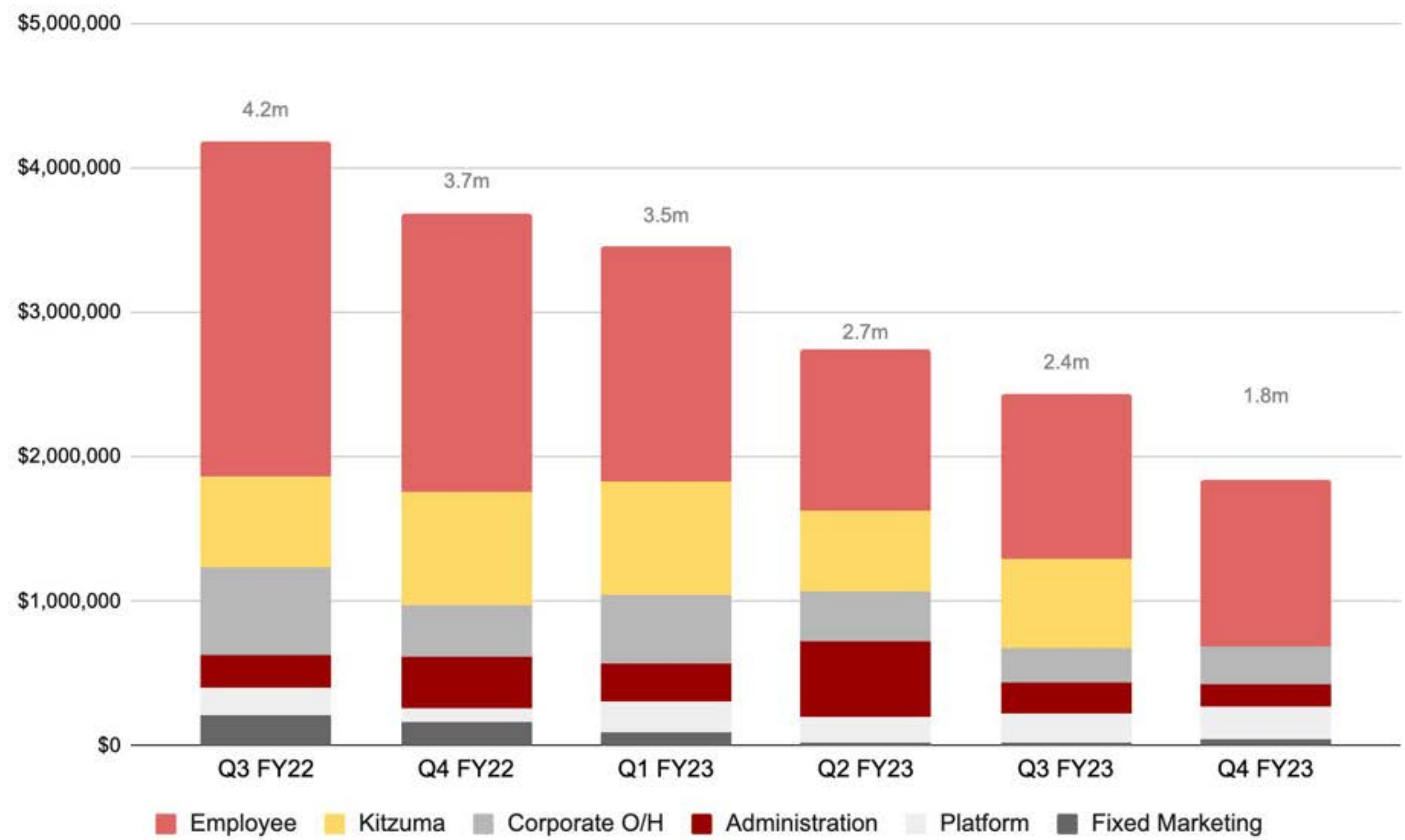




# We Halved the Cost Base & Grew Revenue

DEFYING INDUSTRY TRENDS OF DEMAND NORMALIZATION POST COVID

## A Consistent Reduction of Fixed Cost Base\*



## Combined with Solid Growth Fundamentals

BEX has delivered its fifth consecutive quarter of cost reduction and more than halved its fixed cost base over that period. With opportunity for further cost reductions limited, BEX now focuses on growing revenues.

FY24 commences with a strategy targeting growth and profitability. BEX's new Consumer Platform is central to BEX's plans to drive marketplace and revenue performance. This can be achieved by:

- Driving conversion via new search, ecommerce, checkout, payment and logistics technologies
- New brand, distributor and retail seller opportunities
- Integrating / developing further solutions for buyers and sellers that extend BEX capability and develop competitive advantage
- Ongoing investment in service teams for buyers and sellers focused on inventory management & driving transactional conversion on-page
- Growing our North American business via combined Marketplace, 3PL & Boxed logistic services

\* Cost base includes fixed operating costs excluding share based payments, bad debt provisions and depreciation charges which are non cash, and excludes consumer platform 3rd party build costs.  
Based on Consolidated Financial Statements for the year ended 30 June 2023 which are currently being audited.

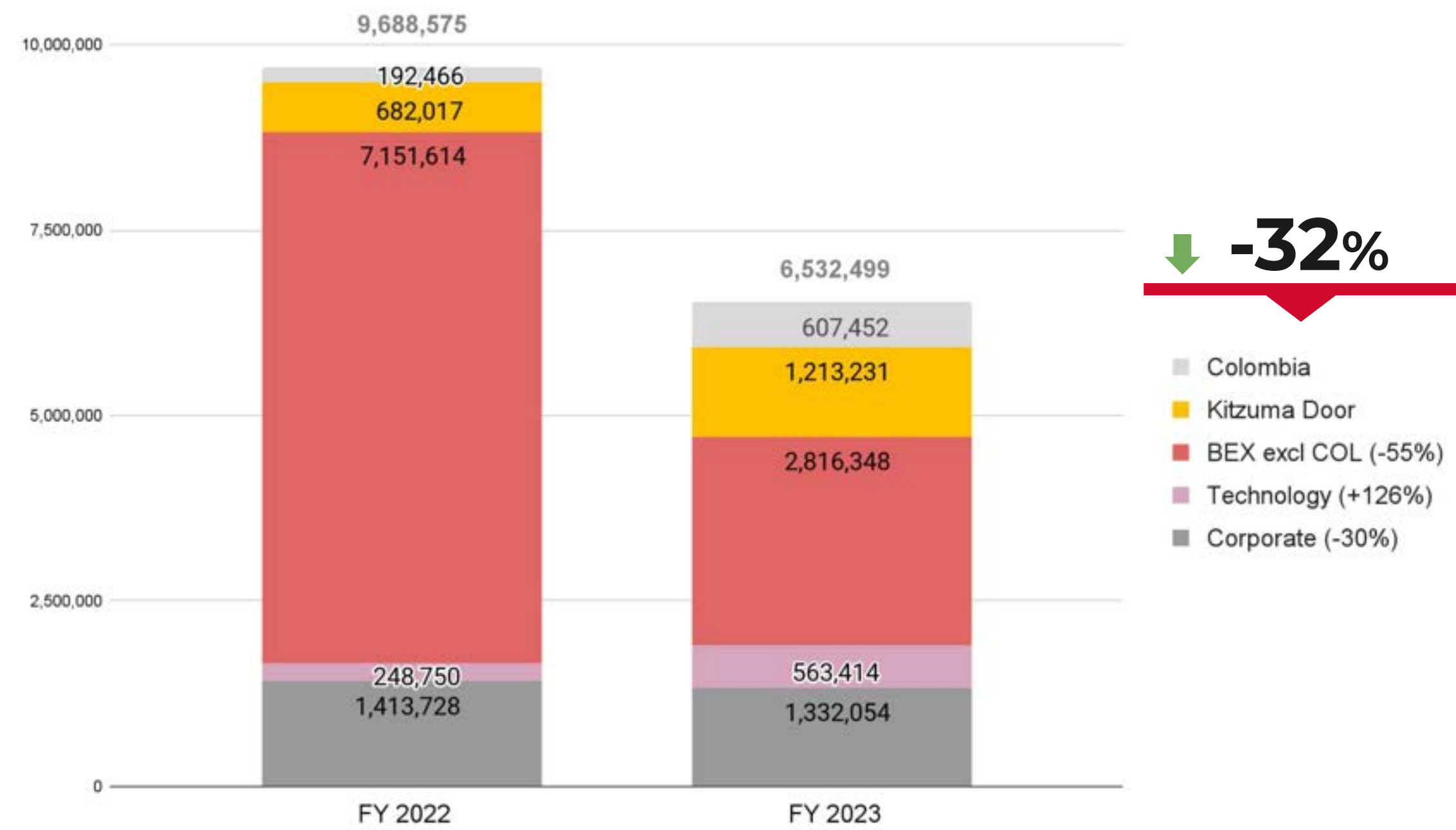




# We Cut Headcount, But invested it in Technology

## A 55% EMPLOYMENT COST REDUCTION IN OUR CORE MARKETPLACE BUSINESS

Total Employment Costs\* FY23 vs FY22



Investment in Scalable Technology

### Reduced Employee Expenditure

BEX delivered 21% revenue growth versus PCP in its core marketplace business, despite reducing total headcount cost by 55% overall.

The exit of Kitzuma Door business and Colombia retail operations in Q2 and Q4 respectively have resulted in significant employment cost reductions.

### Development of Technology Capabilities and IP

Despite the significant overall headcount reduction, BEX made the strategic decision to invest in Development and Technology capabilities (up 126% vs PCP) and begin executing against its Now, Next, Later technology roadmap.

Set to launch its new consumer platform, BEX plans to scale its business via technology, driving revenue performance via optimization of search, checkout, SEO, content and merchandising functionality on its marketplaces.

\* Total Employment Costs include all operations (continuing and discontinuing) excluding non cash share options and STI share based payments. Based on Consolidated Financial Statements for the year ended 30 June 2023 which are currently being audited.





# FY23, HY1 Normalised EBITDA LOSS

## EBITDA LOSS FROM UNDERLYING CONTINUING OPERATIONS

### Underlying EBITDA Loss From Continuing Operations\*

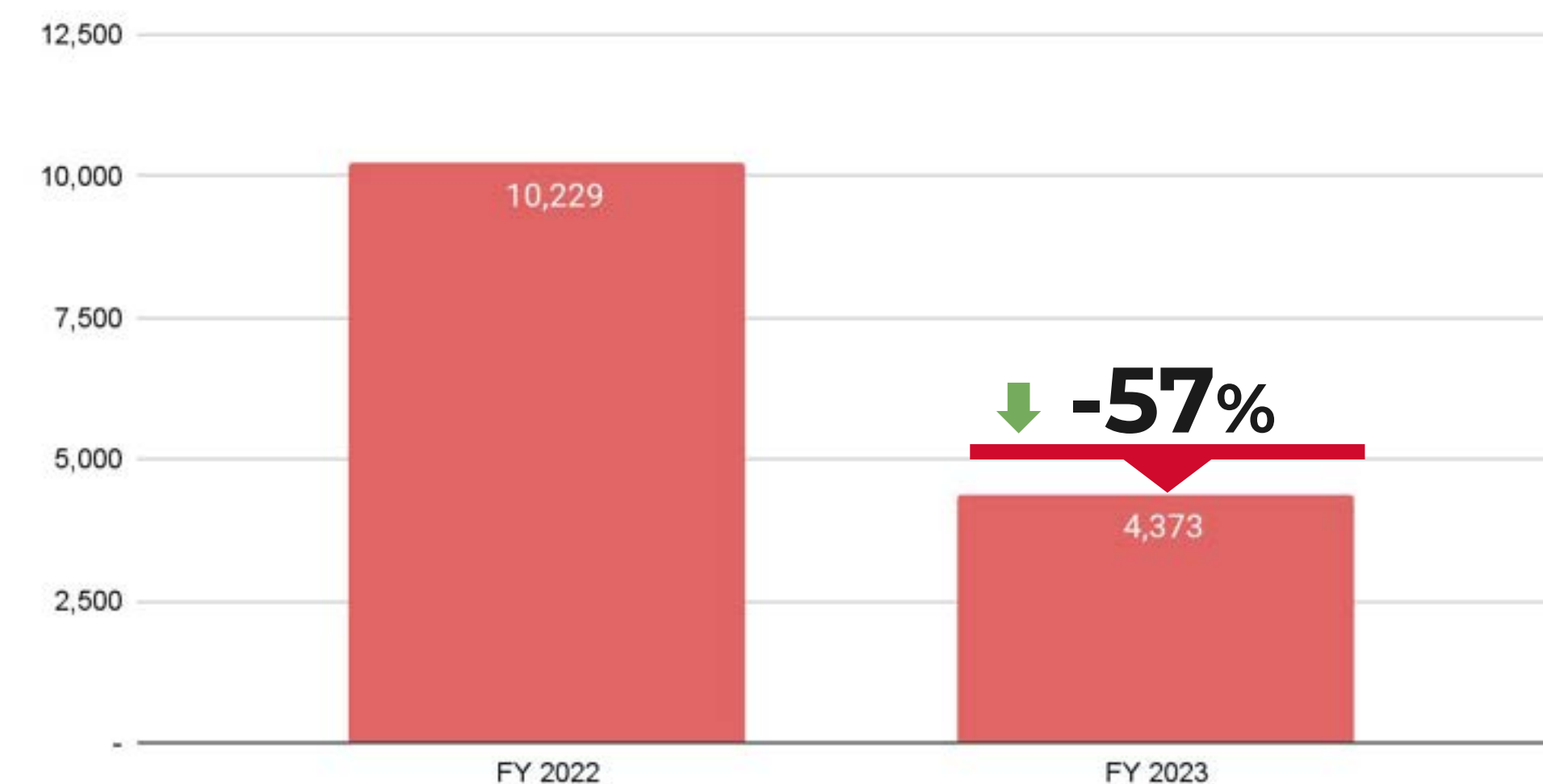
\$A Thousands	June 2023 YTD	June 2022 YTD	Variance	Variance %
<b>Group TTV</b>	<b>31,785</b>	<b>30,505</b>	<b>1,280</b>	<b>4%</b>
<b>Revenue</b>	<b>6,422</b>	<b>5,223</b>	<b>1,200</b>	<b>23%</b>
Other Income	295	214	81	38%
Cost of sales	(583)	(124)	(458)	369%
Employment costs	(5,935)	(9,088)	3,154	-35%
Marketing Costs	(1,467)	(2,306)	839	-36%
Other Operating Costs	(5,047)	(4,596)	(451)	10%
Fair value loss on step acquisition of JV	0	(687)	687	-100%
Impairment Losses	(106)	0	(106)	
<b>Total Costs</b>	<b>(13,138)</b>	<b>(16,801)</b>	<b>3,663</b>	<b>-22%</b>
<b>EBITDA</b>	<b>(6,420)</b>	<b>(11,364)</b>	<b>4,944</b>	<b>-44%</b>
<b>Normalisation adjustments:</b>				
Impairment Losses (Bike Exchange Colombia)	106	0	106	
Fair value loss on step acquisition of JV	0	687	(687)	
Non recurring employment costs	582	0	582	
Non recurring other costs	223	0	223	
Non recurring provisions	201	0	201	
Technology build costs	480	0	480	
Share based payments*	455	449	6	
<b>Total non recurring costs</b>	<b>2,047</b>	<b>1,135</b>	<b>911</b>	
<b>Underlying BikeExchange EBITDA</b>	<b>(4,373)</b>	<b>(10,229)</b>	<b>5,856</b>	<b>-57%</b>

\* Based on Consolidated Financial Statements for the year ended 30 June 2023 which are currently being audited.

### 57% reduction in Underlying EBITDA Loss from Continuing Operations

To provide a better illustration of cost base reductions and their impact on future profitability, the company is reporting normalised EBITDA Loss from continuing operations in addition to statutory EBITDA Loss.

- Underlying EBITDA loss of \$4.3m after normalisation adjustments, improving by \$5.9m versus pcp.
- After removing discontinued operations (Kitzuma Door Delivery and Colombia Retail), improvements are primarily driven by non recurring technology build costs, centralization, automation and headcount savings achieved in FY23 that will not impact FY24.





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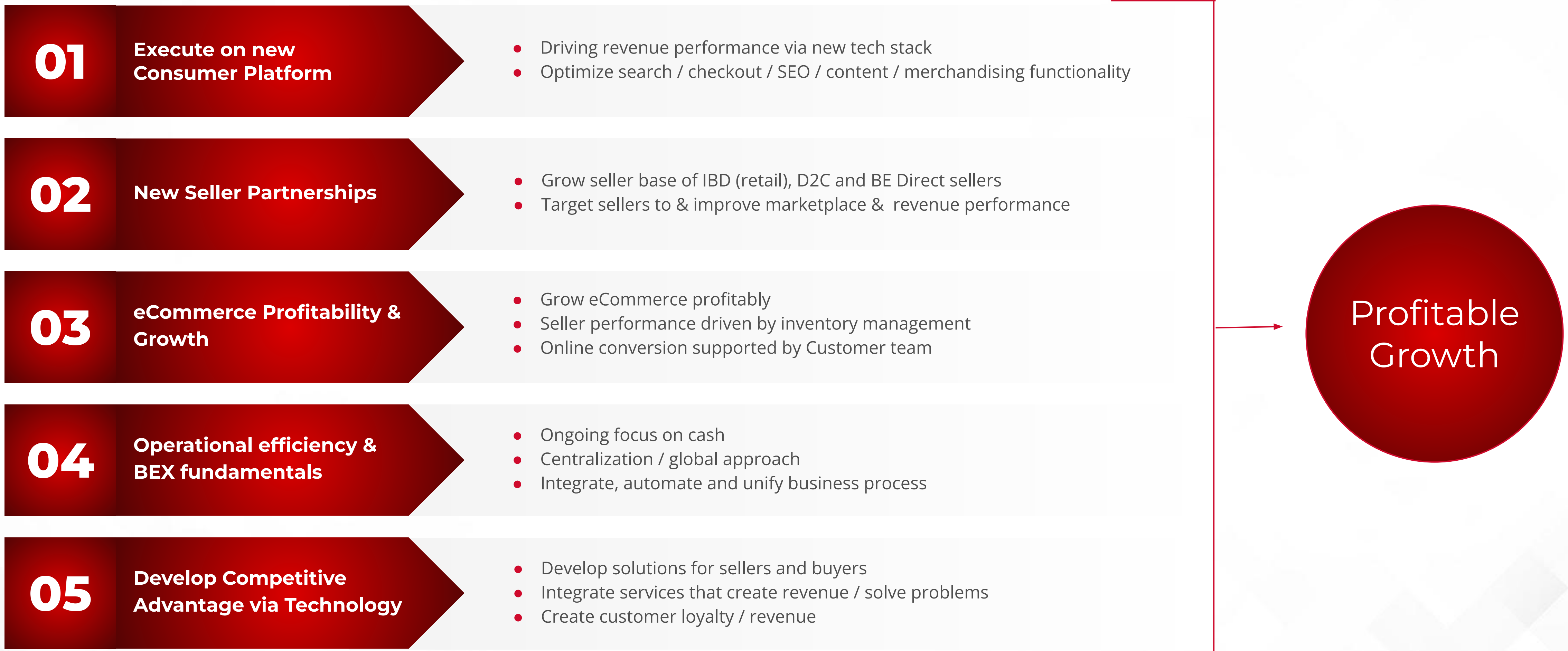
**FY24 Strategic Focus**



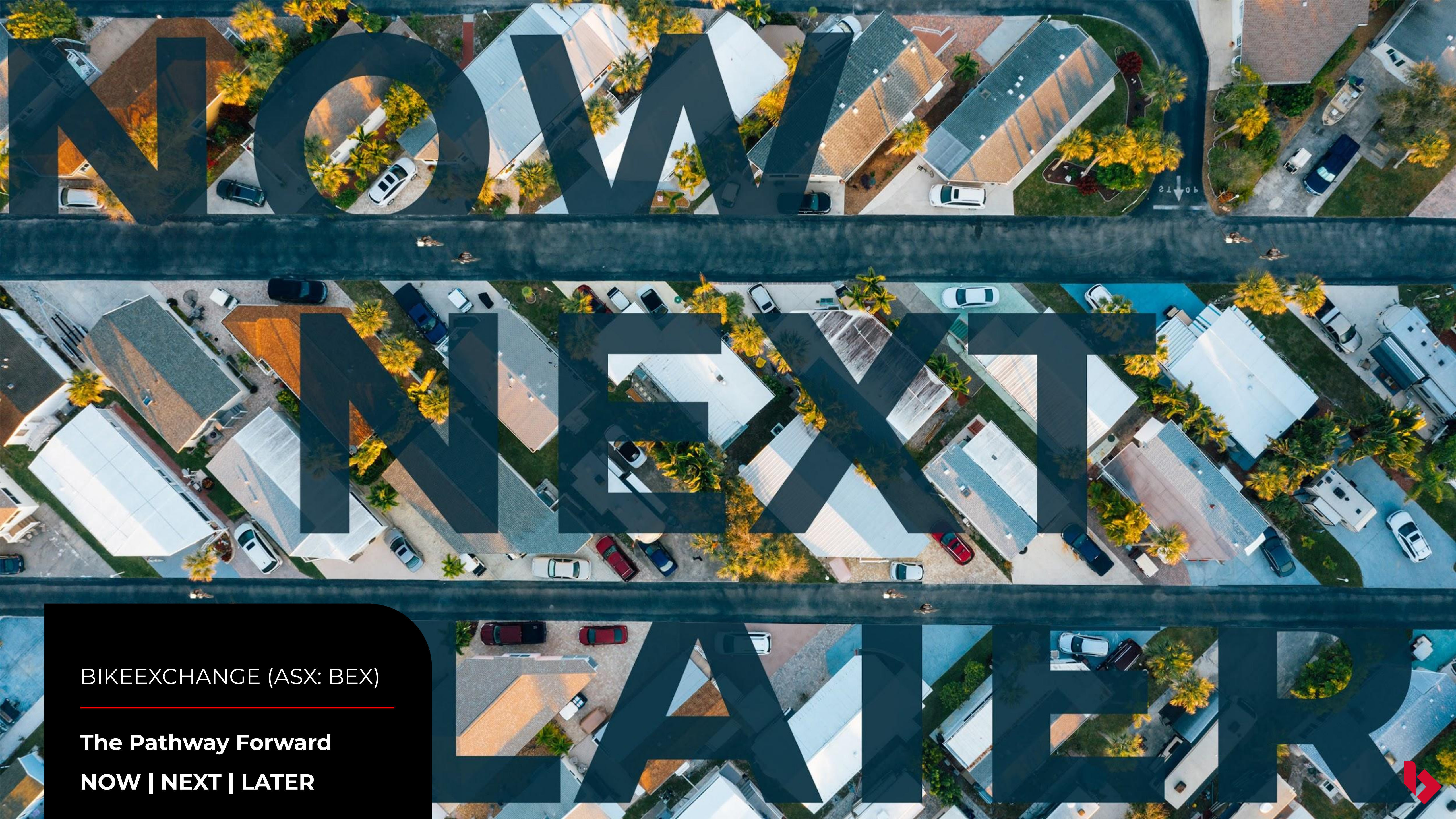


# FY24: Profitable Growth Underpinned by Technology

## BEX PLAN 2024: 5 STRATEGIC PILLARS TOWARDS PROFITABLE GROWTH







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**The Pathway Forward**  
**NOW | NEXT | LATER**





# Now → Next → Later

Our pathway to...

1

Now

Enabling Customers

*“Developing a modern, future-proof, conversion optimised buyer experience, that changes the way customers research, find and buy a bike ..*

2

Next

Enabling Sellers

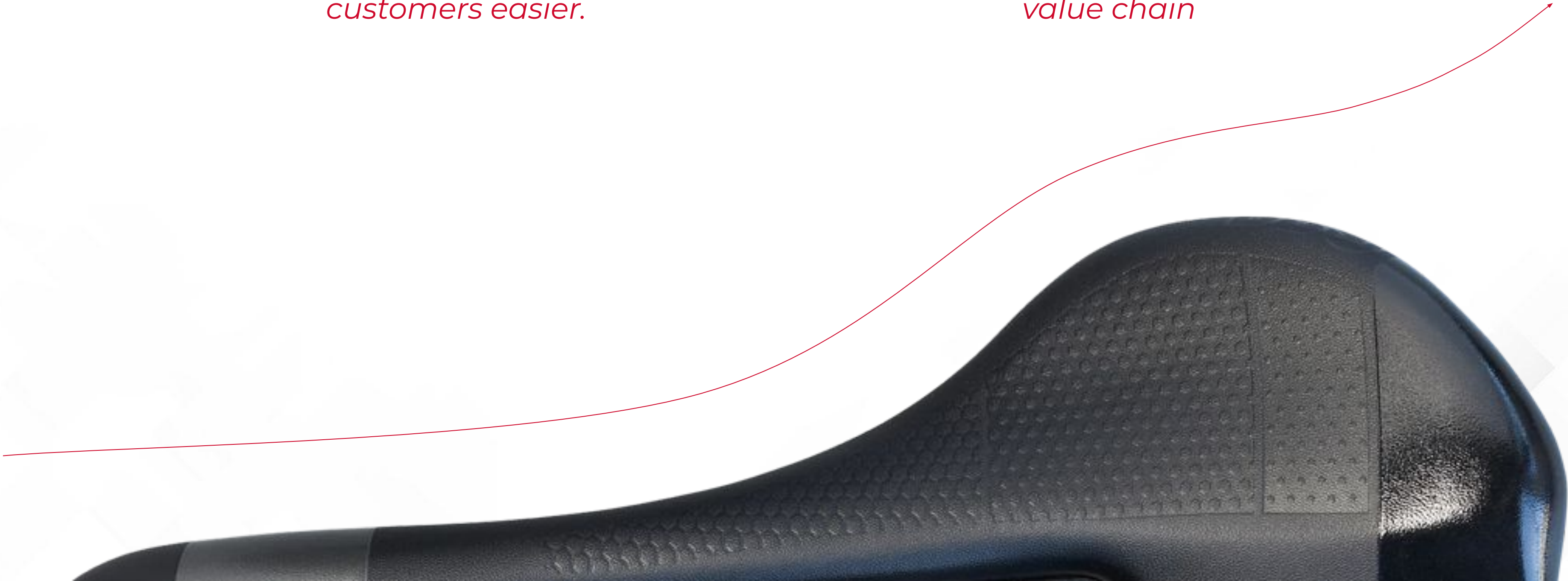
*“Offering the industries best customer experience means arming our sellers with the right tools and systems to make digital connection with customers easier.*

3

Later

Enabling the Industry

*“We see a world where BEX moves beyond its own marketplace, to become the Commerce-As-A-Service solution for the whole bike industry value chain*





# Now, Next, Later

## BEX Commerce-as-a-Service Solution for the industry

### Enabling Customers

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



### Enabling Sellers

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



BIKE STORE  
ECOM



DATA  
MONETISATION



IN STORE  
PAYMENTS



### Enabling the Industry

- Commerce-as-a Service Offering
- BEX Payment Offering
- BEX Platforms
- BEX Data Insights & Analytics (POS+Payments)



BRAND  
ECOM



INVENTORY  
FINANCE



SERVICE  
APPS



SECOND  
LIFE



BRAND  
PLATFORM

REAL  
ADDED  
VALUE





Right now, we're...

Changing the way customers  
research, find and buy a bike.

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# Enabling Customers

## Search & Merchandising

***We've partnered with Algolia to deliver our customers with an intent driven, relevant, real-time search and discovery experience.***

### AI Powered Search

Algolia empowers BEX with AI and machine learning capabilities to personalise search and offers, allowing us to **monetize new products and visitors like we've never done before.**

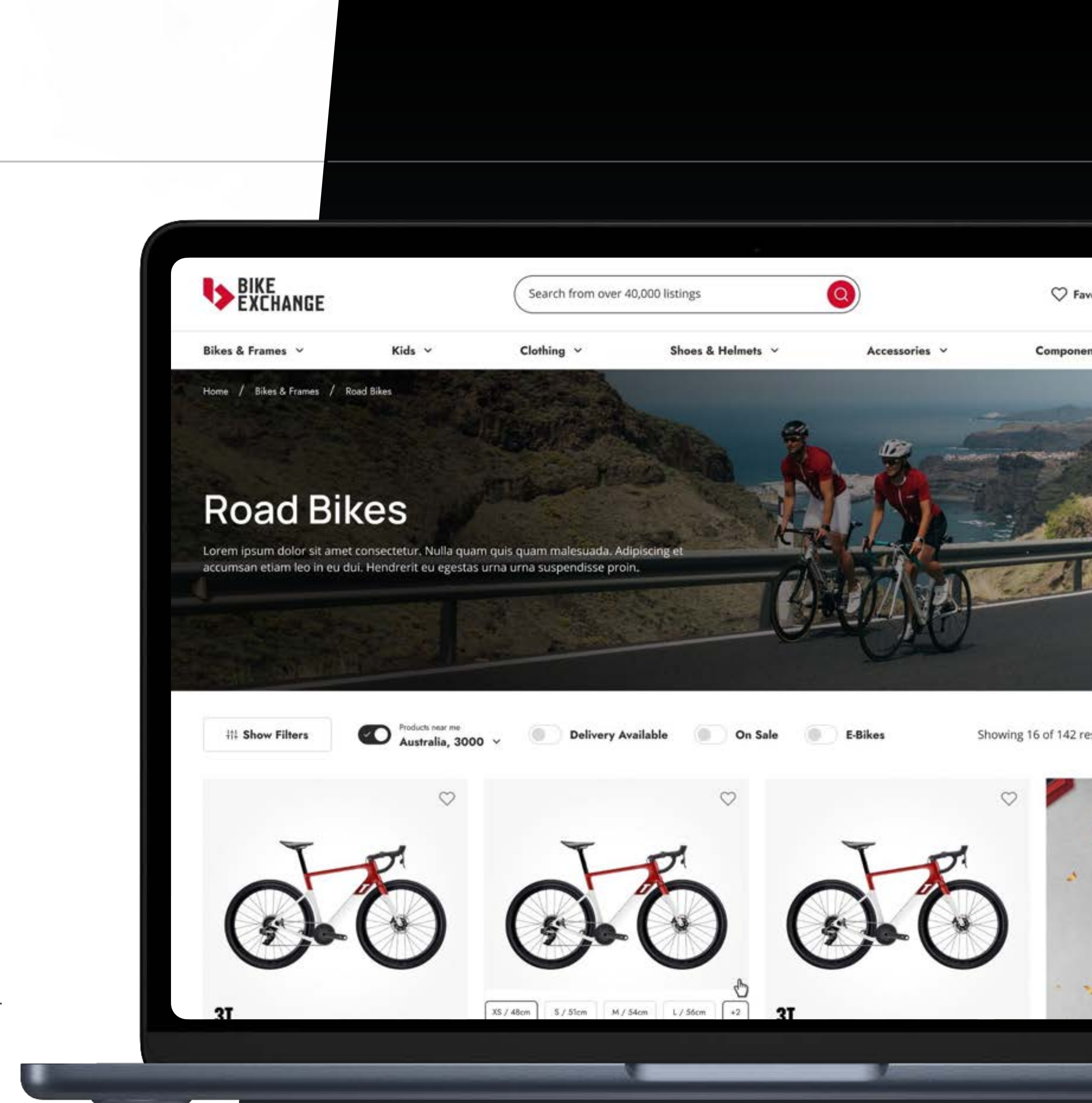
### Blazing Fast

Today, Algolia powers 1.5 Trillion searches a year (that's 6 times more than Microsoft Bing\*), reducing BEX customer friction by surfacing the products our customers are seeking in a matter of milliseconds. **Leading to better customer satisfaction and maximum yield from each interaction.**

### Business & Seller Data Influenced

BEX will have control over every search touch point, including seller specific data, allowing us to optimise search results based on inventory levels, seller ratings, commission and seller response times. **Unlocking customer satisfaction and ultimately growth.**

[\\*Reference: Algolia.com](#)





# Enabling Customers

## Search & Merchandising

***We've partnered with commercetools to influence every touch point and product to influence conversion.***

### Advanced Merchandising

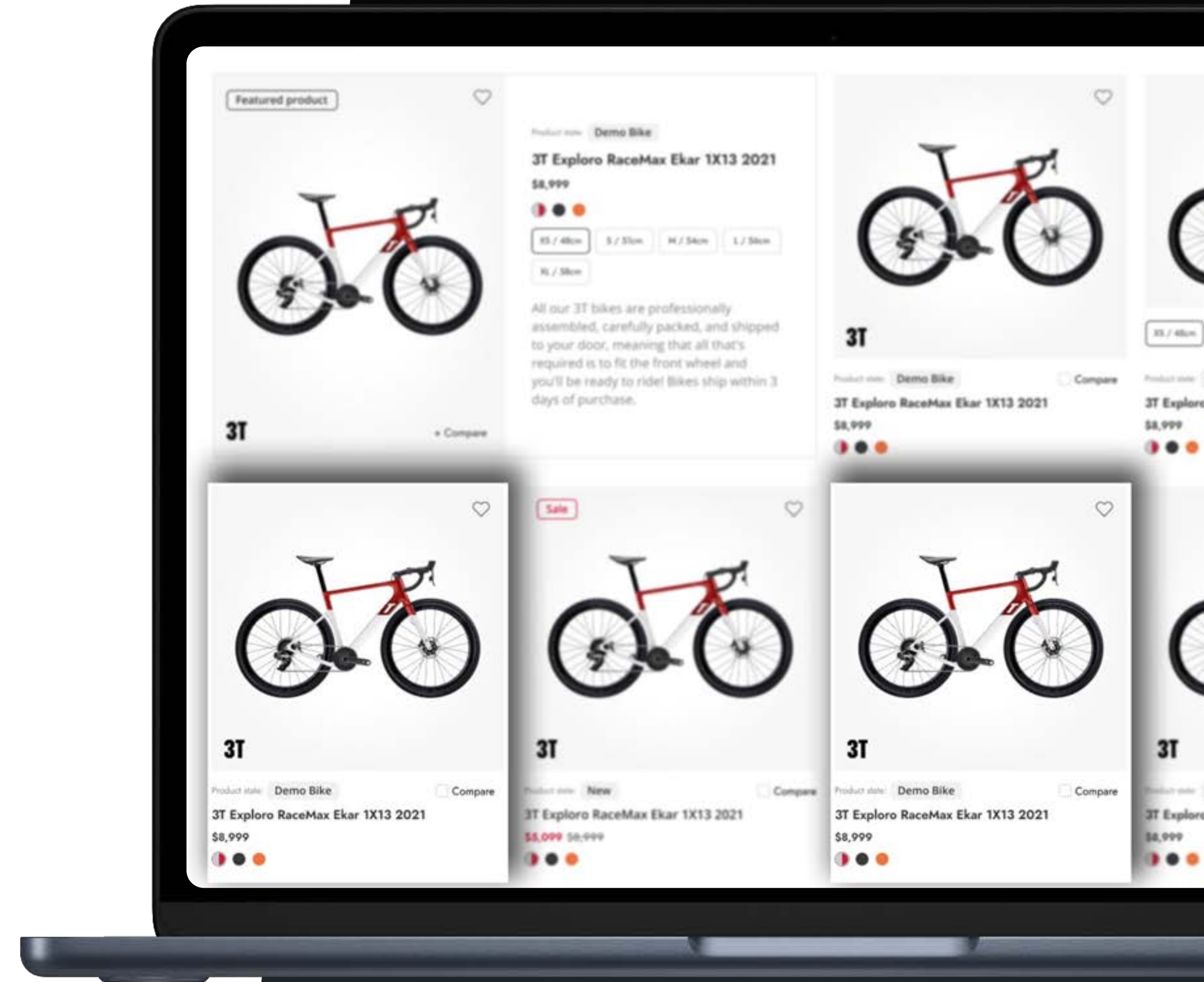
From visual editing to sophisticated boost and bury rules that can be applied on any category, product listing or search results page, our eCom team is able to **define a global merchandising strategy** taking into account criteria including key brands, partnerships, purchase data, customer location and even commission rates.

### Local Context

Each local team will be able to refine rules and **merchandising strategy according to their specific market dynamics.**

### Built to Support Experimentation

BEX will be able to rapidly launch merch strategy A/B tests, **validating conversion uplift against different strategies.**





# Enabling Customers

## Product Based vs. Advert Based

*We've made finding the right bike even easier for our customers.*

### Product vs. Advert Based

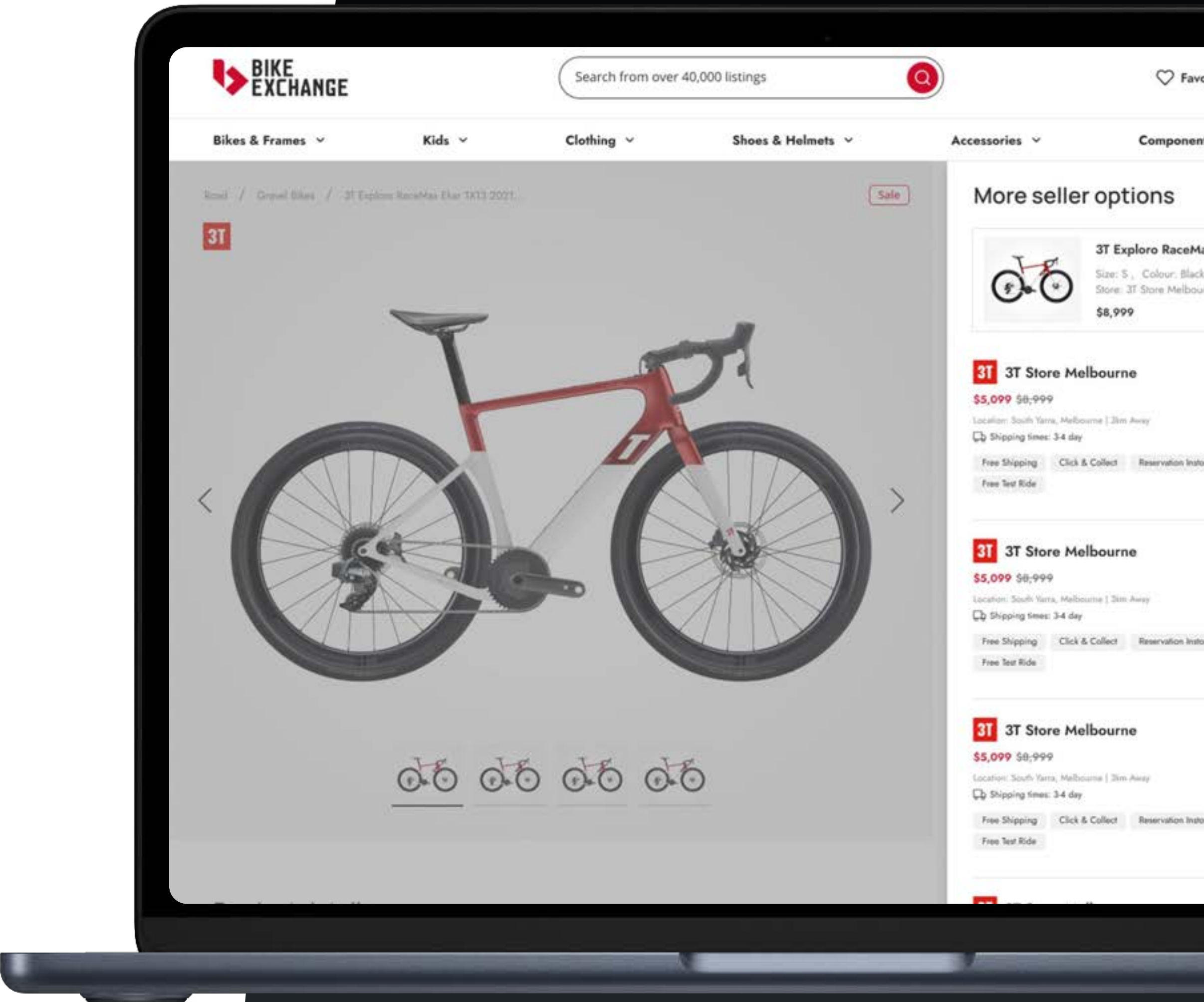
We're helping customers to find the product they're looking for by combining more than 150,000 individual listings into a single listing for each unique product.

### Easy to Compare

Our streamlined product groupings allow customers to better compare models, positioning BEX as the go-to marketplace during customer discovery phase.

### Rich Content for Emotional Products

We've introduced a centralised product information system and rich content capabilities that allows BEX to turn each product page into an immersive experience. Combined with our broad range and comparison capabilities, BEX plans to be the customers first choice when researching their next purchase.





# Enabling Customers

## Rich Content & SEO

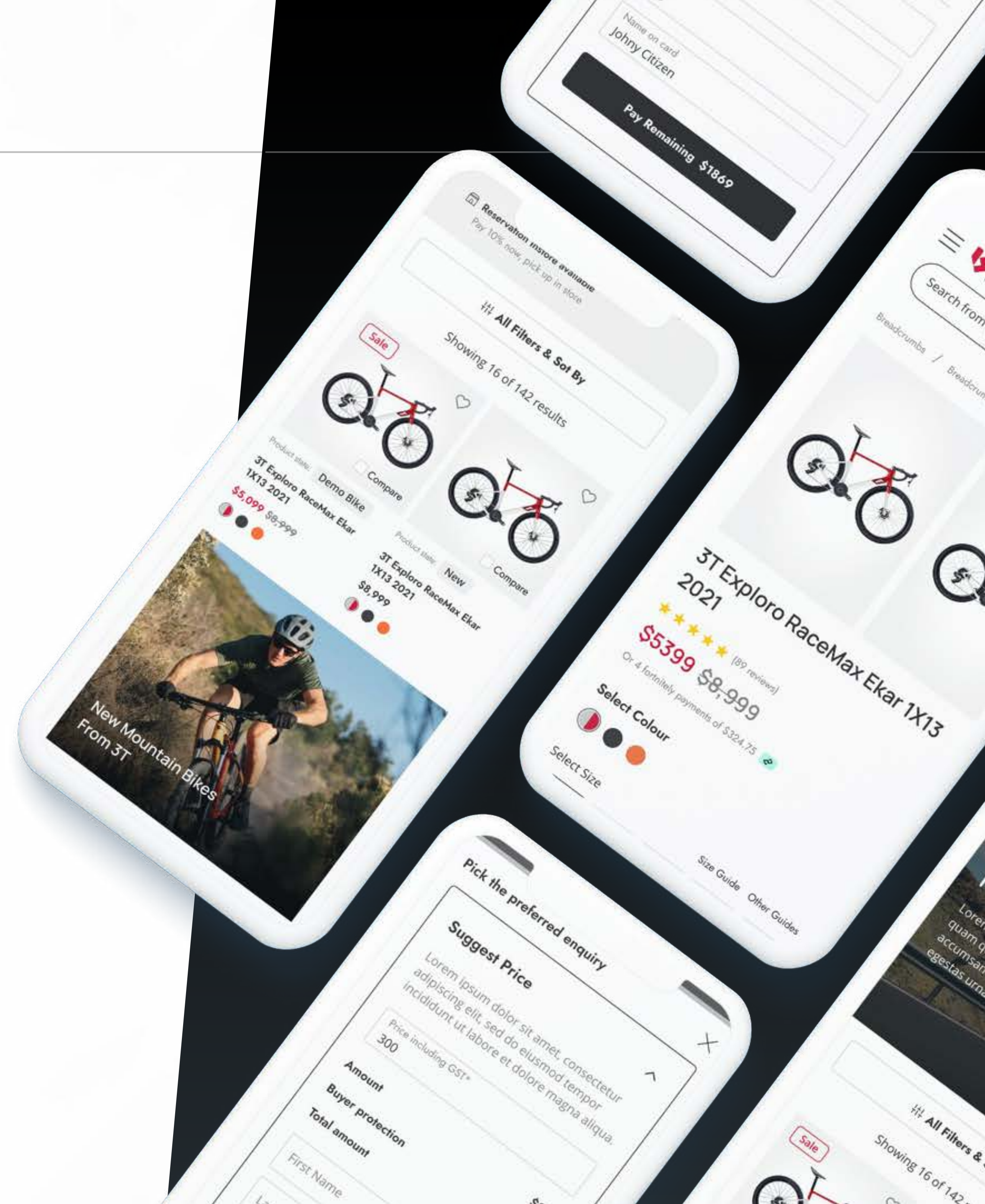
***We plan to capture a larger share of traffic, converting this traffic with richer content experiences.***

### Dynamic, Long-tail Landing Pages

BEX is now empowered with the ability to turn high converting, long-tail search terms that we uncover via keyword research into dynamic landing pages. With this capability, our team will be able to expand our sites reach and unique content, bringing high conversion traffic into the top of our funnel.

### Adverts Optimised for SEO

Our move to centralised product information and product page structure is optimised for SEO and paid marketing performance, giving us opportunity to lift both top of funnel traffic and conversion.





# Enabling Customers

New Purchasing Journeys | Conversion On-Page

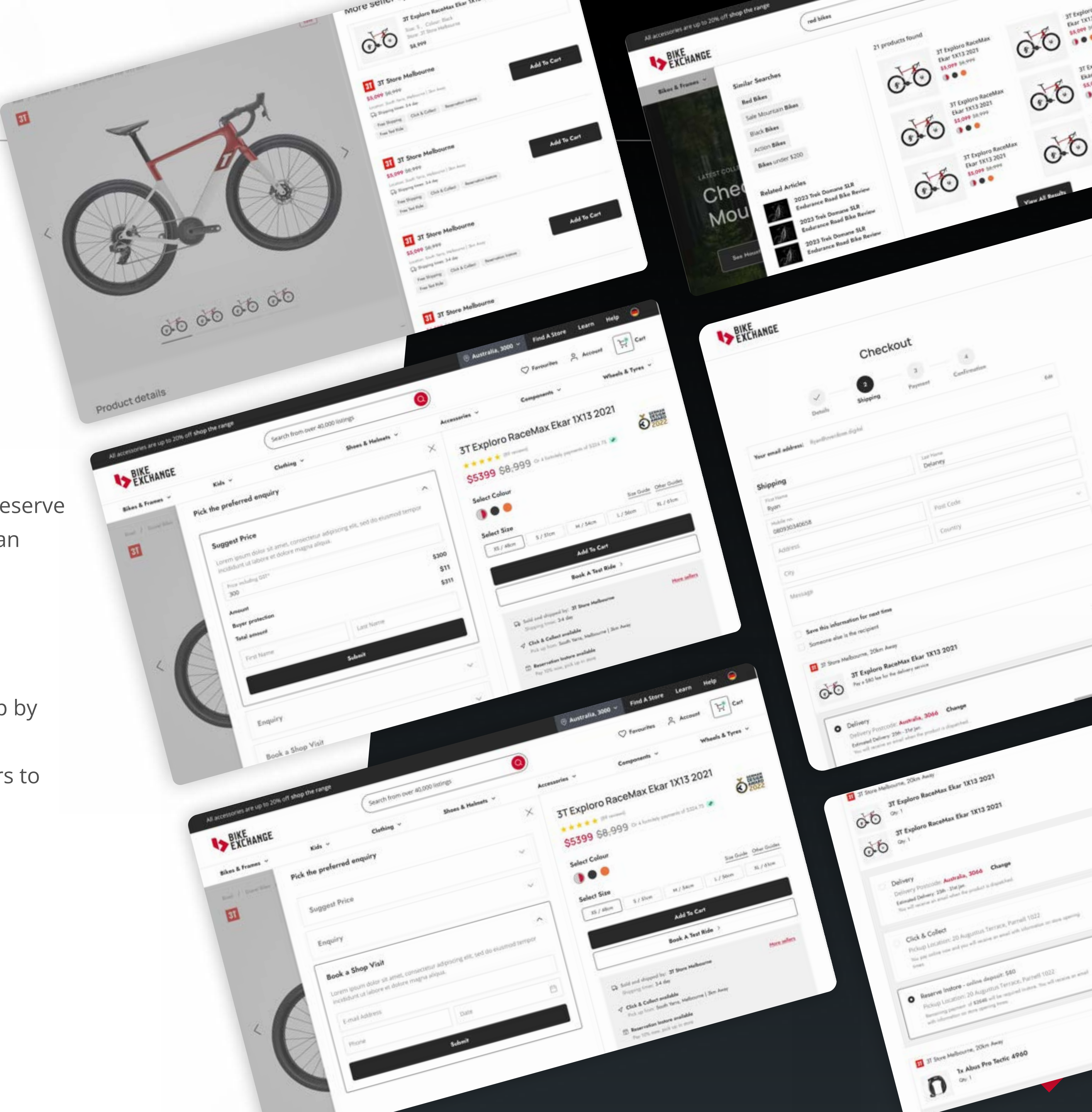
*We're monetizing deposits and enquiries to capture a bigger share of wallet.*

## Deposits & Reservations

BEX will influence customer interactions with stores by capturing deposits to reserve bikes in-store. This should deepen BEX's trust with customers, knowing they can inspect the product before making a decision, while also ensuring that we've increased direct platform conversion rates.

## Enhanced Delivery Choices

We're deepening the relationship between customers and their local bike shop by improving our Click & Collect capabilities. While ensuring we've optimised our platform conversion and share of sale, we're also presenting each of our sellers to realise cross sell and upsell opportunities.





# Enabling Customers

## User Accounts & Records

*We aim to know our customers better than they know themselves.*

### Fitting & Size Profiling

We've extended our customer record to capture every customer touch point, right down to specific fitting and size data. We can then use this data to further personalise content and product merchandising based on their unique needs and preferences.

### Dynamic Segmentation & Marketing Automation

Each customer interaction will be captured and fed into our marketing automation platform, allowing us to automatically trigger rich and targeted marketing automation campaigns.

### Profiling Based on Order History

We'll be able to utilise a customers order history to influence the next set of product recommendations, forming the core of a sophisticated cross sell, upsell and aftermarket customer journey.







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## Important notice

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The financial information should be read in conjunction with the basis of preparation set out in the Appendix on page 25.

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# Basis of preparation

## Basis of preparation

The information contained in this presentation is based on the historical financial information (BEX Financial Information) for the BikeExchange Group and should be read in conjunction with the BikeExchange Ltd FY23 unaudited Financial Statements lodged on 31 August 2023. The information in this presentation has not been reviewed or audited by the Group's auditor, Deloitte Touche Tohmatsu.

The BEX Financial Information in this presentation is that of BikeExchange Limited Group which is made up of a consolidation of all entities within the Group. BikeExchange Limited generated no revenues and acted as an investment holding company throughout the entire period including the comparative period. The purpose of the BEX Financial Information is to show certain financial results of the consolidated Group for the 12 month financial period ending 30 June 2023 (FY23) and 30 June 2022 (FY22) as a comparative.

## Non-IFRS financial information

BikeExchange's results are reported under Australian International Financial Reporting Standards (AIFRS). This presentation also includes certain non-AIFRS measures including "KPIs" that are defined below. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of resources and assess operational management. Non-AIFRS measures have not been subject to audit or review. The following non-AIFRS measures are defined below:

- **Total Transaction Value (TTV)** 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 (ARPA)** is the total revenue for the period for subscriptions earned from retailers and affiliates divided by the average number of paying retailers accessing BikeExchange network of websites for the period, and does not include revenues or accounts relating to BikeExchange's 50% interest in BikeExchange Colombia, prior to the completion of the acquisition on 2 March 2022.
- **Unique Monthly sellers (Sellers)** is the average number of retailers for the period who fulfilled at least 1 e-Commerce order in a individual month.
- **Traffic** represents total unique sessions visiting the Group's network of sites across the period.
- **E-commerce transactions** are the total number of e-Commerce transactions occurring on BikeExchange network of websites in each period. 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.
- **Average Order Value (AOV)** 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 period.
- **Average Commission Rate** - calculated as e-Commerce commission revenue divided by the gross e-Commerce transaction value for all transactions across the relevant period.
- **Prior corresponding period (pcp)** means the equivalent period in the previous financial year.





A scenic mountain landscape with two mountain bikers in the foreground. The bikers are wearing helmets and riding through a field of yellow and purple wildflowers. In the background, there are dense evergreen forests and rugged, rocky mountain peaks under a cloudy sky.

# THANK YOU

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