

Appendix 4E – Year ended 30 June 2023 Results for Announcement to the Market

		30 June 2023	30 June 2022
<u>Statutory results</u>			
		A\$	A\$
Revenue from contracts with customers from continuing operations	Up 23% to	6,422,282	5,222,726
Loss for the full-year after tax	Up 15% to	(16,512,730)	(14,320,203)
Net loss for the full-year attributable to members	Up 15% to	(16,586,678)	(14,380,848)

Distributions and Dividends

The Director's have not proposed the payment of an interim or final dividend in respect of the full year (2022: \$Nil).

Net tangible asset backing

	30 June 2023	30 June 2022
Net tangible assets backing per ordinary share (cents per share)	(0.16)	0.27

Details of subsidiaries where control was lost during the year

During the year ended 30 June 2023 the Group lost control of the following 100% owned entities:

Company	Country of Incorporation	Date control was lost	Details of loss of control
BICICO S.A.S	Colombia	30 June 2023	Sale of company
BikeExchange Canada Inc	Canada	16 May 2023	Dissolution of company

Further details can be found in Note 8 of the attached unaudited Consolidated Financial Statements for the Year ended 30 June 2023.

Review of Operations for the Year ended 30 June 2023

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

Market

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

Revenues from Continuing Operations

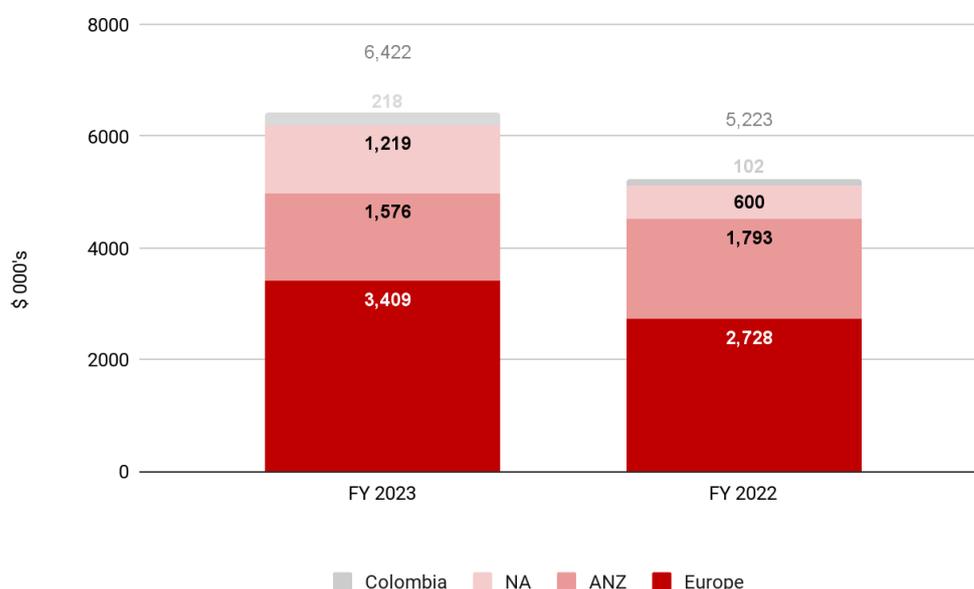
BEX Core markets North America, EU and Australia reported a 21% increase (\$1.1 million vs pcp) in Net Revenues versus pcp to \$6.2 million. Overall Group Net Revenues from continuing operations increased by 23% to \$6.4 million.

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

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

Review of Operations for the Year ended 30 June 2023 (continued)

Revenues From Continuing Operations



Discontinued Operations and Impairment adjustments

Kitzuma Door to Door bike delivery business

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

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

Colombian Retail Store Business – BICICO SAS

The group also exited its retail business operations in Colombia, selling its wholly owned subsidiary BICICO S.A.S, as well as the owned goods business operated by BikeExchange Colombia S.A.S on 30th June 2023 for \$96k with a further \$335k receivable relating to the transfer of Group loans to BICICO S.A.S. Prior to the sale, the goodwill in the retail business had been written down by \$319k and a further \$278k has been provided as an impairment loss on other assets. The overall loss recognized in FY23 from the discontinued Colombian operations was \$1.4m which includes the above mentioned impairment losses.

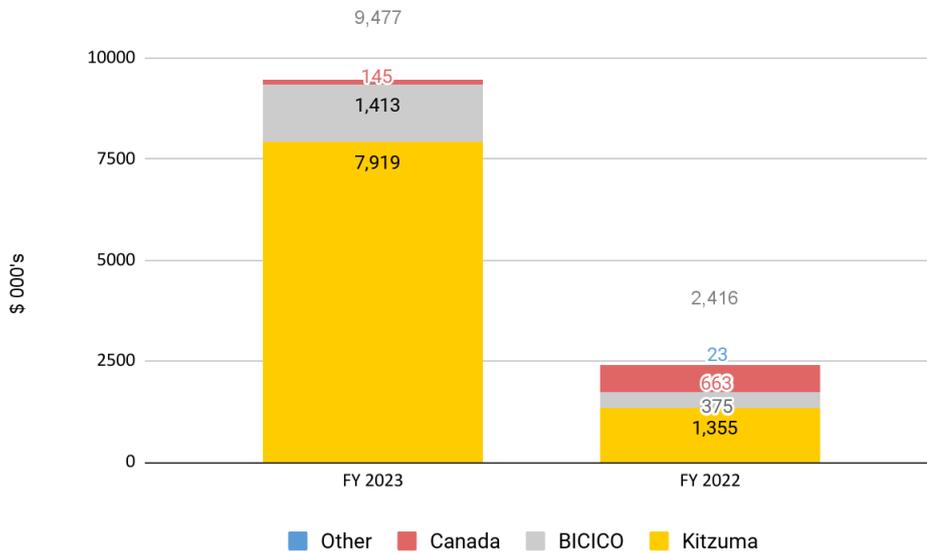
Review of Operations for the Year ended 30 June 2023 (continued)

BikeExchange Canada Inc

During the year, the Canadian subsidiary BikeExchange Canada Inc (formerly one of the locations for the North American operations) was also dissolved. Losses from the discontinued Canada operations for FY2023 were \$145k relating to salaries and operating costs incurred prior to the closure of this operation.

Despite incurring short term restructuring costs as a result of these decisions, the Group's exit from these operations provides BEX with significant ongoing cost savings and reduced future working capital requirements, as well as result in more streamlined and focussed operations in 2024.

Losses from Discontinued Operations



Review of Operations for the Year ended 30 June 2023 (continued)

Costs and EBITDA Loss from Continuing Operations

Total costs from continuing operations reduced by \$3.7m from \$16.8m to \$13.1m in FY23, mainly due to the reduction in employment costs achieved in the year.

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

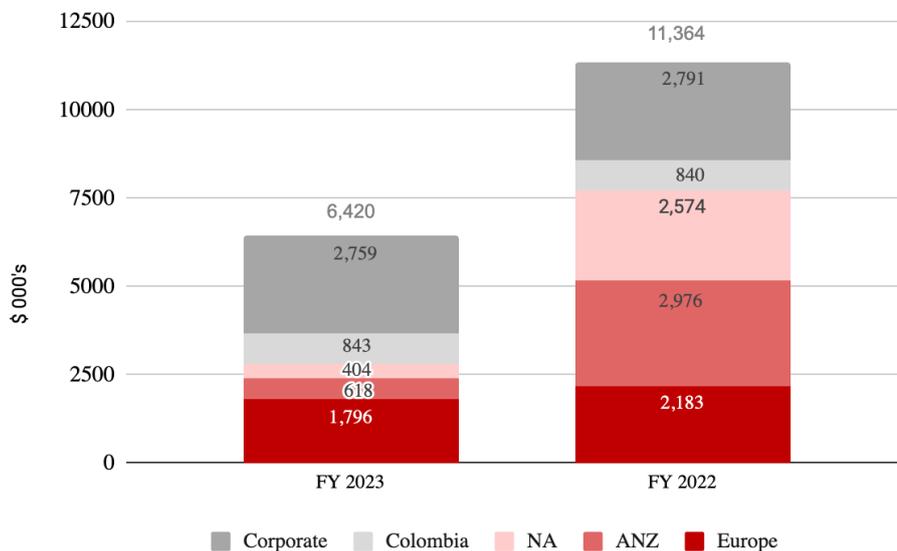
Marketing related costs reduced by \$0.8 million to \$1.5 million as a result of improvements in marketing efficiency and return on advertising spend.

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

Other items

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

EBITDA Loss from Continuing Operations



Review of Operations for the Year ended 30 June 2023 (continued)

Outlook

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

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

The Group remains focused on cash, driving operational efficiency through integration, automation and unification of business processes, as well as growing its e-commerce business profitability. Significant cost savings were achieved in FY23 and the improvements in marketplace performance and the completion of the new consumer platform in Q1FY24 have laid an excellent foundation for BEX to have a strong year in FY2024.

The Directors' have plans to raise further capital and are in active discussions with a number of wholesale investors around providing further funding to the Group. This proposed funding will be used to fund operations including working capital and further investment in technology.

Audit

This Appendix 4E is based on the Consolidated Financial Report of the group which is currently in the process of being audited, by the Group's auditors, Deloitte Touche Tohmatsu. The audit opinion may include a statement regarding material uncertainty related to going concern.

Other Information

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached 30 June 2023 Consolidated Financial Statements together with the accompanying ASX Release.

The release of this announcement has been authorised by the Board of BikeExchange Limited.

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BikeExchange Financial Statements 2023*

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* The Financial Statements represent a condensed version of the BikeExchange Financial Statements 2023 which are currently being audited by Deloitte Touche Tohmatsu.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the Year Ended 30 June 2023

	Notes	30 June 2023 \$	30 June 2022 \$
Continuing Operations			
Revenue	5	6,422,282	5,222,726
Other income	6	295,462	214,207
Cost of sales		(582,590)	(124,225)
Employee benefits expense	6	(5,934,745)	(9,088,286)
Marketing expenses		(1,467,316)	(2,306,259)
Other operating expenses	6	(5,053,647)	(4,607,214)
Impairment losses	6	(106,135)	-
Fair value loss on step acquisition of joint venture	28	-	(686,582)
Gain on disposal of asset	6	6,796	11,455
(Loss)/Earnings before Interest, Tax, Depreciation and Amortisation		(6,419,893)	(11,364,178)
Depreciation and amortisation expense	6	(584,380)	(352,601)
Finance income		37,391	10,056
Finance costs	6	(64,676)	(23,962)
Share of results of equity accounted joint venture	11	-	(173,478)
(Loss) before income tax expense		(7,031,558)	(11,904,163)
Income tax expense	7	(4,027)	-
(Loss) for the year from continuing operations		(7,035,585)	(11,904,163)
Discontinued Operations			
(Loss) for the year from discontinued operations	8	(9,477,145)	(2,416,040)
(Loss) for the year		(16,512,730)	(14,320,203)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange differences on translation of foreign operations		(73,948)	(60,645)
Other comprehensive (loss) for the year, net of tax		(73,948)	(60,645)
Total comprehensive (loss) for the period attributable to members		(16,586,678)	(14,380,848)
Earnings Per Share (cents per share):			
Basic			
- From continuing operations		(0.8)	(4.0)
- From discontinued operations		(1.1)	(0.8)
Total	10	(1.9)	(4.8)
Diluted			
- From continuing operations		(0.8)	(4.0)
- From discontinued operations		(1.1)	(0.8)
Total	10	(1.9)	(4.8)

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

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	30 June 2023 \$	30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	1,897,192	4,888,822
Trade and other receivables	13	1,645,937	1,568,439
Inventories	14	-	893,906
Prepayments		293,123	484,623
Finance lease receivables	18	-	43,706
Financial assets	19	107,943	46,804
Total Current Assets		3,944,195	7,926,300
Non-Current Assets			
Right-of-use assets	15	734,828	2,147,241
Property, plant and equipment	16	82,801	444,869
Intangible assets	17	247,912	5,821,645
Total Non-Current Assets		1,065,541	8,413,755
Total Assets		5,009,736	16,340,055
LIABILITIES			
Current Liabilities			
Trade and other payables	21	4,925,262	5,055,067
Deferred income		554,662	975,603
Financial liabilities	22	120,913	201,716
Lease liabilities	23	520,861	615,273
Provisions	24	208,711	306,486
Total Current Liabilities		6,330,409	7,154,145
Non-Current Liabilities			
Lease liabilities	23	266,874	1,855,379
Deferred tax liabilities	20	-	-
Provisions	24	1,815	14,424
Total Non-Current Liabilities		268,689	1,869,803
Total Liabilities		6,599,098	9,023,948
Net (Liabilities)/Assets		(1,589,362)	7,316,107
Equity			
Share capital	25	63,758,691	56,003,195
Other reserves	26	(7,622,068)	(7,473,833)
Accumulated Deficiencies		(57,725,985)	(41,213,255)
Total (Deficiency)/Equity		(1,589,362)	7,316,107

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2023

	Notes	Share capital \$	Other reserves \$	Translation reserve \$	Accumulated Deficiencies \$	Total equity \$
Balance at 1 July 2021		51,075,469	(10,634,725)	(718,018)	(26,893,052)	12,829,674
(Loss) for the year		-	-	-	(14,320,203)	(14,320,203)
Other comprehensive (loss) for the year		-	-	(60,645)	-	(60,645)
Total		-	-	(60,645)	(14,320,203)	(14,380,848)
Transactions with owners, recognised directly in equity						
Issue of share capital	25	5,313,740	-	-	-	5,313,740
Costs of Issuing share capital	25	(386,014)	-	-	-	(386,014)
Deferred equity to be issued	26	-	3,190,059	-	-	3,190,059
Share-based payments	29	-	749,496	-	-	749,496
Total		4,927,726	3,939,555	-	-	8,867,281
Balance at 30 June 2022		56,003,195	(6,695,170)	(778,663)	(41,213,255)	7,316,107
Balance at 1 July 2022		56,003,195	(6,695,170)	(778,663)	(41,213,255)	7,316,107
(Loss) for the year		-	-	-	(16,512,730)	(16,512,730)
Other comprehensive profit/(loss) for the year		-	-	(73,948)	-	(73,948)
Total		-	-	(73,948)	(16,512,730)	(16,586,678)
Transactions with owners, recognised directly in equity						
Issue of share capital	25	8,373,041	-	-	-	8,373,041
Cost of issuing share capital	25	(617,545)	-	-	-	(617,545)
Deferred equity issued	26	-	(299,920)	-	-	(299,920)
Share-based payments	29	-	225,633	-	-	225,633
Total		7,755,496	(74,287)	-	-	7,681,209
Balance at 30 June 2023		63,758,691	(6,769,457)	(852,611)	(57,725,985)	(1,589,362)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2023

	Notes	30 June 2023 \$	30 June 2022 \$
Cash Flows From Operating Activities			
Receipts from customers		41,618,852	39,557,861
Payments to suppliers and employees		(50,344,700)	(51,967,114)
Other revenue		-	184,462
Interest received		40,597	10,380
Interest paid		(67,242)	(22,113)
Net cash (used in) operating activities	27	(8,752,493)	(12,236,524)
Cash Flows From Investing Activities			
Payments for intangible assets		(64,347)	(397,634)
Payments for property, plant and equipment assets		(46,377)	(140,980)
Proceeds from sale of property, plant and equipment		324,270	-
Payments for subsidiaries (net of cash acquired)	28	-	(1,757,456)
Pre-acquisition loans to subsidiaries		-	(493,937)
Payments for JV funding		-	(678,817)
Payment of security deposit		(29,345)	-
Net cash (used in) investing activities		184,201	(3,468,824)
Cash Flows From Financing Activities			
Proceeds from loans and borrowings		47,233	-
Repayment of loans with related parties		-	(60,078)
Proceeds from share issue		7,614,714	5,183,101
Payments for leases		(891,038)	(382,878)
Receipts from leases		48,060	81,131
Costs related to share capital issuance		(994,948)	(8,611)
Repayment of loans and borrowings		(308,614)	(128,853)
Net cash provided by financing activities		5,515,407	4,683,812
Net (decrease) in cash held		(3,052,885)	(11,021,536)
Cash and cash equivalents at the beginning of the financial period		4,888,822	15,924,713
Effects of exchange rates changes		67,943	(14,355)
Cash disposed of on sale of subsidiary	8	(6,688)	-
Cash and cash equivalents at the end of the financial period	12	1,897,192	4,888,822

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

Note 1. General Information

(a) Information About the Entity

BikeExchange Limited (the Company or parent entity) is a company limited by shares incorporated and registered in Australia.

The address of the Company's registered office is shown on page 101. The financial statements cover BikeExchange Ltd as a Group and the entities it controlled at the end of, or during the year (referred to as the Group).

For the purposes of preparing the financial statements, the Company is a for-profit entity.

The principal activities of the Group are the provision of a dedicated online bicycle marketplace, throughout four regions including Australia, Europe, North America and Colombia, as well as bicycle logistics services in North America. BikeExchange has over 1,500 retailers and over 1,500 brands globally available on the marketplace platforms providing ease, convenience and choice for consumers.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29th August 2023. The directors have the power to amend and reissue the financial statements.

Note 2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The comparative income statement and segment reporting note have been represented as if the operations discontinued during the current period had been discontinued from the start of the comparative period (see note 8).

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial statements have been prepared on the basis of historical cost as explained in the accounting policies in this note. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*. The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). For the purpose of these financial statements, the results and financial position of the Company are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the Group financial statements.

Note 2. Summary of Significant Accounting Policies (continued)

Going Concern

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

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

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

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

- Achieving significant revenue growth; and
- Funding through raising of new capital via share issue.

The Company has plans to raise further capital and the Directors are in discussions with wholesale and sophisticated investors around providing further funding to the Group via the issue of shares. This additional funding will provide working capital and support the Group's liquidity in the event of lower than forecast revenues, as well as enable the Group to continue to invest in its technology plan. Should the ability of the Group to obtain funding via share issue or other funding initiatives be delayed and forecast revenue targets not be met, there are cost saving initiatives that are able to be implemented to manage the short-term liquidity of the Group until further funding can be secured.

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

Based on the above factors, and notably the expectation that the Group will achieve revenue growth targets and secure additional funding, the Directors are of the opinion that the use of the going concern assumption is appropriate. In the event that the Group is unable to achieve successful outcomes in relation to the matters listed above, a material uncertainty would exist that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

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

Note 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Note 4. Segmental Reporting

The Group principally operates in the following four geographic business segments, each of which generate independent cashflows and are separately reported to the CEO for the purposes of assessing performance and allocating resources:

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

Note 4. Segmental Reporting (continued)

	Continuing Operations					Discontinued Operations				
	Australia and New Zealand \$	Europe \$	North America \$	Colombia \$	Unallo-cated \$	Total Contin-uing \$	North America \$	Colombia \$	Unallo-cated \$	Total Discon-tinued \$
2023										
Total Transaction Value	4,242,625	22,010,601	4,462,741	1,069,406	-	31,785,373	1,052,970	807,174	-	1,860,144
Revenue	1,575,872	3,409,306	1,218,890	218,214	-	6,422,282	1,052,970	807,174	-	1,860,144
EBITDA	(617,744)	(1,796,382)	(403,424)	(843,333)	(2,759,010)	(6,419,893)	(7,593,630)	(1,384,208)	-	(8,977,838)
Finance income	299	-	234	2	36,856	37,391	-	3,572	-	3,572
Finance costs	(17,294)	-	(11,685)	(25,362)	(10,335)	(64,676)	(110,055)	(13,757)	-	(123,812)
Depreciation and amortisation expense	(143,974)	(25,571)	(404,298)	(10,537)	-	(584,380)	(360,274)	(18,793)	-	(379,067)
Share of results of associates and joint venture	-	-	-	-	-	-	-	-	-	-
Income tax expense	-	-	(4,027)	-	-	(4,027)	-	-	-	(4,027)
(Loss) for the year	(778,713)	(1,821,953)	(823,200)	(879,230)	(2,732,489)	(7,035,585)	(8,063,959)	(1,413,186)	-	(9,477,145)
Segment Assets	468,493	2,008,689	1,092,222	320,875	1,119,457	5,009,736	-	-	-	5,009,736
Segment Liabilities	(688,217)	(2,887,431)	(1,543,728)	(400,954)	(1,078,768)	(6,599,098)	-	-	-	(6,599,098)
2022										
Total Transaction Value	5,864,526	19,600,821	3,135,575	979,441	-	29,580,363	1,187,963	165,396	-	1,353,359
Revenue	1,793,278	2,727,575	600,182	101,691	-	5,222,726	1,187,963	165,396	-	1,353,359
EBITDA	(2,975,779)	(2,161,160)	(2,574,116)	(839,764)	(2,813,359)	(11,364,178)	(1,927,670)	(369,803)	(22,717)	(2,320,190)
Finance income	-	-	-	-	10,056	10,056	-	319	-	319
Finance costs	-	-	-	-	(23,962)	(23,962)	(22,774)	(217)	-	(22,991)
Depreciation and amortisation expense	(143,557)	(22,029)	(183,830)	(3,185)	-	(352,601)	(67,907)	(5,271)	-	(73,178)
Share of results of associates and joint venture	-	-	-	(173,478)	-	(173,478)	-	-	-	(173,478)
Income tax expense	-	-	-	-	-	-	-	-	-	-
(Loss) for the year	(3,119,336)	(2,183,189)	(2,757,946)	(1,016,427)	(2,827,265)	(11,904,163)	(2,018,351)	(374,972)	(22,717)	(2,416,040)
Segment Assets	689,894	1,186,011	990,330	1,023,548	7,214,536	11,104,319	4,532,746	702,990	-	5,235,736
Segment Liabilities	(1,310,600)	(2,101,930)	(1,159,453)	(367,616)	(1,650,315)	(6,589,914)	(2,264,646)	(169,388)	-	(2,434,034)

Note 4. Segmental Reporting (continued)

Total Transaction Value (TTV) comprises revenues generated from display/media sales, retail subscriptions and other online sales, and the gross merchandise value for e-commerce transactions that go across the platform (reported revenue only includes the Group's commissions on e-commerce transactions).

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

As TTV captures the economic value of activity on the platform, the Group consider it a better representation of the gross orders transacted via the BikeExchange websites.

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

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

e-commerce commission revenue, Logistics and Media and other services revenue is recognised at a point in time when a revenue generating transaction occurs. Subscription revenues are recognised evenly over the period to which they relate.

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

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

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

Note 7. Income Tax

The components of tax expense comprise:

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

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

	2023 \$	2022 \$
(Loss) before tax	(16,508,703)	(14,320,203)
Prima facie tax on (loss) from ordinary activities at 25%	(4,127,176)	(3,580,051)
Add tax effect of:		
• non-deductible expenses	1,604,718	594,365
• non-assessable income	-	-
• different tax rates in foreign jurisdictions	112,598	(150,969)
• Under/(over) provision of current tax liability in prior year	-	-
• Under/(over) provision of deferred tax in prior year	-	-
• tax losses carried forward for which no deferred tax asset is recognised	2,413,887	3,136,655
	4,027	-

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

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

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

In addition to the deductible temporary differences above, each of the entities in the Group has brought forward tax losses. Management is undertaking a process to quantify the tax losses that are available to the Group that can be offset against profits generated through the Group's future activities. These losses have not been recognised as a deferred tax asset due to uncertainty over the amount and timing of generation of sufficient taxable profits to utilise them against.

No amounts of tax were recognised directly in equity.

Note 8. Discontinued Operations

On 28 February 2023, the consolidated entity announced that it has ceased operating the Kitzuma bike deliveries business. (See notes 6 and 32). Kitzuma bike deliveries were paused with effect from 31 October 2022 and the decision to cease operations and not restart bike deliveries was made following the operational and funding review of the business. The Kitzuma bike deliveries business which was previously reported as part of the North America segment was not a discontinued operation or classified as held for sale as at 30 June 2022 and the comparative income statement and segment reporting has been restated to show the discontinued operation separately from continuing operations.

On 16th May 2023, the consolidated entity dissolved BikeExchange Canada Inc, the dormant Canadian subsidiary which was formerly one of the locations for the North American operations (see notes 6 and 32). The costs relating to BikeExchange Canada Inc were previously reported as part of the North America segment which was not a discontinued operation or classified as held for sale as at 30 June 2022 and the comparative income statement and segment reporting has been restated to show the discontinued operation separately from continuing operations.

On 30 June 2023, the consolidated entity, via its subsidiary BikeExchange Colombia S.A.S, sold its interest in the BICICO S.A.S, part of the Colombia business segment operating retail stores (see notes 6 and 32). The segment was not a discontinued operation or classified as held for sale as at 30 June 2022 and the comparative income statement and segment reporting has been restated to show the discontinued operation separately from continuing operations.

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

(i) Financial performance information

	Notes	Discontinued Operations	
		30-Jun-23 \$	30-Jun-22 \$
Revenue		1,860,144	1,353,359
Other income		6,829	4,784
Cost of sales		(2,445,129)	(1,910,483)
Employee benefits expense		(1,052,672)	(1,037,762)
Marketing expenses		(69,033)	(114,453)
Other operating expenses		(1,200,683)	(375,636)
Impairment losses	Refer below	(5,921,580)	-
Fair value loss on step acquisition of joint venture		-	(240,000)
Gain on disposal of asset		79,859	-
(Loss) on sale of controlled entity		(235,573)	-
(Loss)/Earnings before Interest, Tax, Depreciation and Amortisation		(8,977,838)	(2,320,191)
Depreciation and amortisation expense		(379,067)	(73,177)
Finance income		3,572	319
Finance costs		(123,812)	(22,991)
(Loss) before and after income tax expense		(9,477,145)	(2,416,040)
Income tax expense		-	-
(Loss) from discontinued operations		(9,477,145)	(2,416,040)

Note 8. Discontinued Operations (continued)

	Notes	Discontinued Operations	
		30-Jun-23 \$	30-Jun-22 \$
Impairment losses from discontinued operations:			
Kitzuma			
Goodwill		5,099,766	-
Intangibles – Software		136,163	-
Right of use assets		19,511	-
Property plant and equipment		30,056	-
Prepaid deposits		39,629	-
Subtotal impairment losses		5,325,125	-
Colombia			
Goodwill relating to BICICO S.A.S		318,645	-
Other assets		277,810	-
Subtotal impairment losses		596,455	-
Total impairment losses		5,921,580	-

(ii) Cashflow information

	Notes	Discontinued Operations	
		30-Jun-23 \$	30-Jun-22 \$
Cash outflows from discontinued operations:			
Net cash (used in) operating activities		(2,523,822)	(2,258,154)
Net cash (used in) investing activities		(26,862)	(2,896)
Net cash (outflow)/inflow		(2,550,684)	(2,261,050)

Note 8. Discontinued Operations (continued)

(iii) Losses on sale of discontinued operations

	Notes	30-Jun-23 \$
ASSETS		
Current Assets		
Cash and cash equivalents		6,688
Trade and other receivables		150,173
Inventories		637,812
Prepayments		7,838
Property, plant and equipment		60,647
Intangible assets		3,096
Trade and other payables		(543,137)
Financial liabilities		(89,174)
Provisions		(34,968)
Net identifiable assets and liabilities		198,975
Consideration receivable		96,234
Less: Net book value of assets disposed		(198,975)
Less: Disposal costs accrued		(54,628)
Less: Transfer of FCTR reserve to loss on disposal of subsidiary		(78,204)
Loss on sale of discontinued operation		(235,573)

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

Note 9. Dividends

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

Note 10. Earnings Per Share

	2023 \$	2022 \$
Loss after income tax attributable to the owners of BikeExchange Limited	(16,512,730)	(14,320,203)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	847,002,390	298,576,461
Weighted average number of ordinary shares used in calculating diluted earnings per share	847,002,390	298,576,461
	Cents	Cents
Basic Earnings Per Share	(1.9)	(4.8)
Diluted Earnings Per Share	(1.9)	(4.8)

Share options are excluded from calculation of dilutive earnings per share as they were anti-dilutive.

There are no adjustments in relation to the effects of all dilutive potential ordinary shares due to the current loss-making position of the Group.

Note 11. Interests in a Joint Venture

The Group had a 50% interest in shares in BikeExchange Colombia S.A.S, a joint venture which operates the Group's BikeExchange websites in Colombia until 2nd March 2022 when the Group acquired the remaining 50% interest as set out in Note 28. The Group's interest in BikeExchange Colombia S.A.S. was accounted for using the equity method in the consolidated financial statements up until the acquisition date. Summarised financial information of the joint venture, based on its financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

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

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

Note 12. Cash and Cash Equivalents

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

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

Note 12.(a) Reconciliation of Cash

	2023 \$	2022 \$
Cash at bank and on hand	1,897,192	4,888,822
	1,897,192	4,888,822

Note 13. Trade and Other Receivables

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

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

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

Credit Risk

The average credit period on sales of services is 30 days. No interest is charged on outstanding trade receivables.

The following table details the Group's accounts receivable and other debtors exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality. The ageing of trade receivables is set out below.

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

Note 14. Inventories

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

Note 15. Right-of-use assets

Right of use assets relate to office and warehouse premises.

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

Note 16. Property, Plant and Equipment

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

Movements in Carrying Amounts:

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

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

Assets Pledged as Security

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

Note 17. Intangibles

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

Movements in Carrying Amounts:

	2023 \$	2022 \$
Software		
Carrying amount at beginning	382,135	-
Additions	62,057	397,634
Disposals	-	-
Less: amortisation expense	(79,201)	(23,199)
Less: provision for impairment	(136,163)	-
Exchange differences	19,084	7,700
Carrying amount at end	247,912	382,135
Goodwill		
Carrying amount at beginning	5,439,510	-
Additions	-	5,412,741
Disposals	-	-
Less: provision for impairment		
- Kitzuma	(5,099,766)	-
- BikeExchange Colombia	(106,135)	-
- BICICO S.A.S	(318,645)	-
Exchange differences	85,036	26,769
Carrying amount at end	-	5,439,510
Total written down amount	247,912	5,821,645

Software included in intangible assets is purchased from 3rd parties and supports features and functionality on the websites operated by the Group. Goodwill arises from acquisitions made during the year – see Note 28.

Note 17. Intangibles (continued)

Impairment Testing and Key Assumptions

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

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

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

Kitzuma

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

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

Colombia

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

Note 18. Finance Lease Receivables

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

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

Note 19. Financial Assets

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

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

Note 20. Tax

	2023 \$	2022 \$
Current:		
Current tax payable	-	-
Non-Current:		
<i>Deferred tax assets</i>		
• accruals	-	-
• employee provisions	-	-
• carried forward tax losses	-	-
	-	-
<i>Deferred tax liability</i>		
• property, plant and equipment	-	-
	-	-
Net deferred tax asset/(liability)	-	-
Movement in deferred tax charged to statement of comprehensive income	-	-

Note 21. Trade and Other Payables

	2023 \$	2022 \$
Current:		
<i>Financial liabilities at amortised cost</i>		
Trade creditors	2,199,030	1,764,065
Accrued expenses	1,913,137	2,509,253
Other payables	813,095	781,749
	4,925,262	5,055,067

Note 22. Financial Liabilities

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

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

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

Financing arrangements

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

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

Note 23. Lease Liabilities

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

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 24. Provisions

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

Amounts Not Expected to be Settled Within the Next 12 Months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement.

However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

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

Note 24. Provisions (continued)

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

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

Note 25. Issued Capital

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

The company does not have a limited amount of authorised capital and issued shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

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

Note 26. Reserves

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

Note 26. Reserves (continued)

Foreign Currency Translation Reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Common-Control Reserve

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

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

	2023 \$	2022 \$
Balance at 1 July and 30 June	(11,169,272)	(11,169,272)

Share-based Payments Reserve (Within Other Reserves)

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in the share-based payments reserve during the current and previous financial year are set out below:

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

Deferred equity to be Issued Reserve (Within Other Reserves)

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

	2023 \$	2022 \$
Balance at 1 July	3,190,059	-
Deferred shares in respect of Kitzuma acquisition (Note 28)	-	2,890,139
Cash share capital received but not issued during the year	-	299,920
Deferred equity issued during the year	(299,920)	-
Balance at 30 June	2,890,139	3,190,059

Shares for the above cash received were issued in July 2022 (see Note 38) as part of the completion of the Group's capital raise.

Note 27. Statement of Cashflows

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

	2023 \$	2022 \$
(Loss) for the year after income tax	(16,512,730)	(14,320,203)
Non-cash items:		
• depreciation	527,878	99,292
• amortisation	435,570	326,487
• fair value loss on step acquisition	-	926,582
• impairment losses	6,027,715	-
• interest expense	121,262	24,188
• interest received	(232)	-
• (gain) on disposal of asset	(86,655)	(11,455)
• loss on disposal of business	157,369	-
• share-based payments	501,789	749,496
• share of JV losses and other non-cash items	-	173,478
• unrealised foreign currency gain/loss	(74,052)	-
Changes in assets and liabilities:		
• (increase)/decrease in trade and other receivables	101,869	(662,661)
• (increase)/decrease in inventories	119,332	(359,186)
• (increase)/decrease in prepayments	515,484	(181,132)
• increase/(decrease) in trade and other payables	(416,073)	1,029,645
• increase/(decrease) in provisions	(171,019)	(31,055)
Net cashflows (used in) operating activities	(8,752,493)	(12,236,524)

Note 27. Statement of Cashflows (continued)

Changes in Liabilities Arising From Financing Activities

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

Note 28. Business Combinations

(a) Disposal of BICICO S.A.S

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

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

Sale of BICICO S.A.S	30-Jun-23 COP	30-Jun-23 A\$
Proceeds from sale of shares	272,000,000	96,234
Tax working capital loan	145,887,000	53,050
BICICO Loans repayable	785,212,661	277,810
Provision for impairment on loans	(785,212,661)	(277,810)
Net amounts receivable at 30 June 2023	417,887,000	149,284

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

Losses on disposal of BICICO S.A.S	Note	30-Jun-23 A\$
Consolidated loss on disposal of shares	8	(235,573)
Impairment losses on other assets	8	(277,810)
Total losses on disposal		(513,383)

See notes 6 and 8 for further details.

Note 29. Contingent Liabilities

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

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

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