

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

28th October, 2021

Melbourne, Australia - BikeExchange Limited (ASX: BEX) ('BikeExchange'), a leading global operator of online cycling marketplaces enabling brands, retailers and distributors to connect via single destination marketplaces, announced today its Appendix 4C and activity report for the September 2021 quarter.

HIGHLIGHTS

- **Strong growth in Q1 FY22 on Q1 FY21** across all key metrics:
 - **58% increase in lookthrough¹ total transaction value (TTV).**
 - **31% increase in lookthrough¹ revenue to \$1.2m.**
 - **23% increase in transaction volumes** with greater mix of bikes vs accessories.
 - Total **active retail accounts up 4%** to 1,654 compared to June 2021.
- **New Executive Appointments:**
 - Continuing focussed strategy of Sellers, Stock and transactions with appointments.
 - **Appointment of Rebecca Boxall as Chief Customer Officer.** Rebecca joins from Native Shoes in North America where she has been Vice President for Ecommerce, marketing and Customer Experience. She will begin in December.
 - **Derek Colfer commenced as North America Regional Lead** in August following 10 years+ at Visa.
 - **Sam Salter commenced as Chief Sales and Partnerships Officer** in July bringing significant depth of experience to the Executive Team.
- **Lookthrough¹ e-Commerce commissions revenue was \$0.4m, growing by 164% on pcp in Q1.**
 - **Average commission rates of 7.2%** in the quarter and **average order value up 47% on pcp.**
 - **Lookthrough Subscription revenue grew** in the quarter, with revenue up 12% on pcp and 6% up on Q4 FY21.
 - **Subscription ARPA was maintained on pcp** for Q1 FY22.
- **Strong BEX Regional Performances:**
 - Australia recorded very strong e-Commerce transaction volumes through August and September with 45% TTV growth for the quarter vs PCP.
 - Europe continued its stand out growth with a 114% TTV growth for the quarter vs PCP.
 - North America saw revenue growth of 30% for the quarter, consistent with Q4.
- Signed a non-binding Indicative offer to acquire the remaining 50% of BikeExchange Colombia S.A.S., which has operated as a Joint Venture for the four years since inception. The proposed acquisition will see the entity 100% owned by BikeExchange Limited.
- Continuing to have active strategic M&A discussions through Q1 with an announcement anticipated in Q2.

The financial information included in this report represents lookthrough information comprising the BEX Group and 50% of the Columbian Joint Venture. The Directors believe this information better represents the aggregated activity and results on the platform.

Commenting on the performance, Global CEO Mark Watkin said:

"Our business delivered strong growth in the quarter, as we began to realise the benefits of the organisational restructure undertaken in FY21 and our e-Commerce first strategy, which resulted in an increase in transactional volumes on our platform.

"Our focus on stock, sellers and transactions is showing positive signs, with strong reported e-Commerce commission revenue achieved in the quarter, up 202% on pcp, while average order value increased by 47% on pcp. Lookthrough revenue was up 31% on pcp for the quarter to \$1.2m, while Lookthrough Total Transaction Value (TTV) increased 58%.

"Our e-Commerce performance was a highlight, with transaction volumes up 23% to 9,112 transactions for the quarter, above any FY21 quarter. In Q1 FY22, customers are also increasing the value of their purchases, with a 47% rise in Average Order Value (AOV), demonstrating growing comfort in purchasing online. Traffic remained strong with an annualised 24 million sessions for the quarter. Enquiry lead volumes, totaling an annualised \$1.4 billion in value for the quarter, continue to present significant e-Commerce conversion opportunities.

"Last year we focused our efforts on laying strong foundations for FY22, and I am pleased that we are already seeing the benefit of this investment. All new hires announced in Q4 FY21 have commenced this quarter, and are already delivering on our e-Commerce first strategy through retailer sales acquisition, on-site transactions and scalable technology operations.

"We are also pleased to appoint Rebecca Boxall as Chief Customer Officer, finalising the recruitment of its executive management team. Our strong leadership team and structural changes ensure we are well placed for the remainder of FY22 and beyond, helping us realise our purpose of making it easy for customers to buy and sell all things bike."

Q1 FY22 FINANCIAL PERFORMANCE - REVENUE & TTV

1. Revenue by geography

Record e-Commerce orders in ANZ while Europe continues strong growth

BikeExchange delivered a solid result across all four of its geographic hubs - ANZ, North America, Europe (Germany, Belgium and Netherlands), and Latin America (Colombia). In particular, ANZ achieved record e-Commerce transaction volume and value in the quarter, reflecting improving customer conversion rates. Subscription revenues also increased quarter on quarter and on pcp, with total ANZ revenues up 30% on pcp.

Europe remained the strongest performer, with a 57% increase in revenue on pcp to \$0.6m. While all revenue categories grew, e-Commerce recorded particularly high growth, reflecting continued strong demand for bikes in Europe.

North America revenues grew 30% on pcp, consistent with Q4 FY21 growth rates, reflecting stronger commission rates achieved despite flat overall e-Commerce transaction value. Growth in North America is expected to accelerate over the coming quarters as retail account numbers increase and the benefits of the e-Commerce first strategy are delivered.

2. Revenue by category

e-Commerce growth continues with record order volumes

Lookthrough e-Commerce commission revenue grew by 164% on pcp in Q1 FY22 reflecting an acceleration of the growth rate recorded in Q4 FY21 as the company successfully executed on its e-Commerce first strategy. Q1 is a seasonally slower quarter for e-Commerce with only 15% of FY21 gross e-Commerce transaction value delivered in Q1 FY21. Order volumes of 9,112 in Q1 FY22 represents a five quarter high for the Group.

Average commission rates increased from 4.3% to 7.2% in the quarter compared to pcp, reflecting improvements in retailer mix and improved operational processes. Average order value for Q1 was also up 47% on pcp, principally reflecting the strong growth in order volumes in Europe which has a larger proportion of higher value bike orders. Traffic conversion rates improved to 0.17% from 0.12% on pcp, with underlying traffic slightly down reflecting the improving quality of traffic and peak COVID impacts on traffic in the prior year.

Subscription revenues

Group lookthrough subscription revenues continued to show growth, with Q1 revenues up 12% on pcp and 6% higher than Q4 FY21. This was supported by improvements in underlying Active Retail Accounts, which increased ~4% since 30 June 2021 and Average Revenue Per Account maintained on pcp.

Media and Other Services revenues

Lookthrough Media and Other Services revenues decreased by \$50,000 on pcp, largely due to delays in the delivery of several significant industry partnership procurement contracts in BikeExchange Colombia, reflecting COVID supply chain impacts. We envisage conditions will improve over the course of the financial year.

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OPERATIONAL & STRATEGIC UPDATE

Continuing the e-Commerce first strategy initiated in Q4 FY21, the business has remained focused on retailer sales acquisition, on-site e-Commerce transactions and scalable operations technology. These focus areas are resulting in the strong growth across ecommerce transactions and quality seller account sign ups and trading.

The business finalised the Executive Team, with the appointment of Rebecca Boxall as Chief Customer Officer with responsibility for e-Commerce, Marketing and Customer Service. This is a key role alongside the Chief Sales & Partnerships Officer and Global Head of Technology Operations announced in Q4 FY21.

Executive Team Hires

Rebecca Boxall appointed as Chief Customer Officer

Rebecca is currently Vice-President for e-Commerce, Marketing and Customer Experience at Native Shoes in North America where she has been for over four years.

Prior to this Rebecca spent four years as the Head of e-Commerce for Kikki.K and has also held roles at Wesfarmers across Target and Coles in e-Commerce and Digital Marketing. In addition Rebecca has five years of digital agency experience advising on digital strategy and implementation for a broad range of blue chip clients.

Rebecca will lead the global capabilities across e-Commerce / merchandising and all forms of marketing and customer service when she begins in December.

Derek Colfer commenced as Regional Head of BikeExchange North America in August and Sam Salter commenced as Chief Sales and Partnerships Officer in July bringing significant depth of experience to the Executive Team.

Strategic M&A Progression

The Group has signed a non-binding Indicative offer to acquire the remaining 50% of BikeExchange Colombia S.A.S., which has operated as a Joint Venture for the four years since inception. The acquisition will see the entity 100% owned by BikeExchange Limited. The acquisition also includes four retail store presences which have been developed in Colombia. These are seen as important touchpoints for the brand and industry relationships and the customer experience we are developing. The acquisition price is approximately \$1.2m and is expected to complete in Q2 FY22.

The acquisition sets the foundation to fully develop the strategic partnership announced earlier in the year with Auteco - the leading distributor of bikes and electric vehicles in Colombia. The strategic partnership aims to leverage the Colombian market but also expand into the other LatAm regions including Mexico and Chile which the Group expects to progress in H2 FY22.

The group has been active in strategic M&A discussions through Q1 with an announcement expected in Q2 FY22.

Operational Initiatives Continue to Roll Out

An SEO project piloted in Q3 and Q4 FY21 in Australia and is now being extended across all BikeExchange regions to further strengthen quality organic traffic for the BikeExchange sites. 50% of targeted keywords in ANZ are now ranked in the top two search results (up from 10%) and 85% of targeted keywords have improved rankings in the quarter which supports an improving conversion rate and stronger marketing efficiency.

The business has implemented the Hubspot B2B platform, globally across all regions, for improved communications with our sellers from the acquisition process through to onboarding and ongoing seller success. It also provides greater visibility of the sales cycle for the sales and seller success teams.

Other technology-led initiatives include the implementation of Klaviyo, a leading marketing automation platform. This will provide heightened personalised multi-channel marketing campaigns, and customer experiences with stronger analytics and data on our customer base providing greater segmentation and relevance. The initial implementation in the Australian market has seen strong results with over 5x increase in Click Through Rate and over 4x increase in conversion on customer communications. The roll-out across all BEX regions will continue in Q2.

The business is also currently scoping a significant update to its website and platform to strengthen the online customer journey and increase transaction conversion. This project is expected to commence in Q2. In addition the business is also scoping a new integrations and connections panel to support even stronger connections into point of sale and inventory management systems with sellers and merchants.

QUARTERLY CASHFLOW REPORT

Cash receipts from customers (inclusive of taxes) of \$8,393k in the quarter represented 125% of Total Transaction Value, broadly in line with Q4 FY21. Q1 is typically a lower seasonal e-commerce quarter with 15% of FY21 gross e-commerce transaction value achieved in Q1 FY21 and therefore overall cash receipts from customers reduced from Q4 FY21.

Product Manufacturing and Operating cash outflows (payments to retailers for fulfilment of completed e-Commerce orders) were \$6,967k in the quarter, down 24% from Q4 FY21 principally reflecting the seasonality of gross ecommerce transaction value in Q1. Overall, net e-Commerce related cash movements reflected a positive movement in working capital in the quarter.

Payments for staff costs were \$2,018k for the quarter, up 40% on Q4 FY21 reflecting a full quarter of new hires (particularly in sales, customer success, concierge and customer experience) and the expanded Executive Team in Q1, as well as the timing of FY21 staff incentive payments.

Administration and corporate cash costs were \$1,301k for the quarter, up 20% on Q4 FY21 reflecting the timing of technology and other corporate cost payments.

Cash out-flows on loans to other entities of \$321k in the quarter represent funding loans to BikeExchange Colombia, which the Group owns a 50% stake in.

BikeExchange is well-capitalised for growth with a cash and equivalents balance of \$13.2 million as at 30 September 2021.

Payments to related parties and their associates during the Quarter totalled \$670k, comprising Directors' fees and expenses as well as Key Management Personnel's base remuneration for Q1 FY22 and cash incentive payments for the FY21 year. Also included were payments to Marketplacer Pty Ltd under the business services agreements to provide the platform services for the Group's network of marketplaces.

USE OF FUNDS STATEMENT

Uses of Funds	Total use of funds included in BEX prospectus (\$'000)	Expenditure in Q1 FY22 (\$'000)	Total Expenditure post admission to the ASX (\$'000)
Brand and Customer Acquisition marketing	6,000	470	778
Working Capital	5,000	821	1,371
Product Development and Technology	3,000	95	95
Investment in Resources to scale the Business	3,000	644	784
Costs of the Offer and Listing	3,000	422	2,943
Total	20,000	2,031	5,972

The use of funds in the quarter reflects the initial investment in Product Development and Technology post admission to the ASX and the first full quarter of investment in other initiatives and projects. Investment is anticipated to continue to ramp up over coming quarters.

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FY22: POSITIONED FOR GROWTH

Commenting on the Group's strategy, Mark Watkin said: "We have made considerable progress over the past year building our business in the various markets where we operate and ensuring we have the right capabilities to take us into the next stage of growth.

"The work to attract and appoint highly capable executives has set the business up for success in FY22. This will help drive our e-Commerce first strategy through retailer sales acquisition, on-site transactions and scalable technology operations supported by a number of M&A opportunities that are being pursued.

"The business is well positioned to benefit from the continued macro trends towards active modes of transport, continued growth in consumers shopping online, as well as health and wellbeing trends.

"Retail account numbers and e-Commerce transactions are showing robust growth on pcp and Q2 FY22 trading has commenced strongly. As such, the Group expects FY22 TTV and revenue growth rates to be significantly above FY21 and anticipates exceeding consensus revenue expectations for FY22 of \$7.5m.

"We look forward to speaking with our shareholders and providing further updates at our upcoming Annual General Meeting on 24 November 2021."

Ends

INVESTOR CALL

The Company will hold a brief conference call for investors at 10:00am Melbourne time on Thursday 28 October 2021.

To register for the Zoom Meeting please use this link:

<https://zoom.us/meeting/register/tJYrdeqoqzItGdWzSongjm5pPiSzYLYFJeTu>

After registering, you will receive a confirmation email containing information about joining the meeting.

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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 by Sam Salter and Jason Wyatt, with the aim of bringing together the fragmented global cycling industry to trade and scale. Today, it hosts over 1500 brands, 1650+ retailers and 900,000+ products globally, with an annual audience of 28 million consumers.

AUTHORISED BY BikeExchange Ltd Board of Directors.

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APPENDIX - Q1 FY22 KEY METRICS

Q1 FY22 (3M) in \$ thousands	ANZ	Europe	North America	Colombia	Total
Lookthrough TTV ¹	1,834	4,059	809	158	6,860
<i>Growth on pcp</i>	45%	114%	(1%)	(56%)	58%
Lookthrough Revenue ¹	454	566	170	50	1,239
<i>Growth on pcp</i>	30%	57%	30%	(52%)	31%

Selected Operational Metrics	Q1 FY22	% growth on pcp
Traffic Conversion	0.17%	Up from 0.12% Q1 FY21
Total Active Retail Accounts*	1,654	Up 4% from 30 June 2021
e-Commerce Transaction volume	9,112	23%
Average Order Value	\$652	47%
Average Commission Rate	7.2%	Up from 4.3% Q1 FY21

¹ Lookthrough Total Transaction Value and Revenue includes 50% of the Colombian Joint Venture's TTV.

* Includes BikeExchange Colombia marketplace (50% owned by the Group.)

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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 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,393	8,393
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(6,967)	(6,967)
(c) advertising and marketing	(470)	(470)
(d) leased assets	-	-
(e) staff costs	(2,018)	(2,018)
(f) administration and corporate costs	(1,301)	(1,301)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,361)	(2,361)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(30)	(30)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(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	(321)	(321)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	20	20
2.6	Net cash from / (used in) investing activities	(331)	(331)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(21)	(21)
3.10	Net cash from / (used in) financing activities	(21)	(21)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	15,925	15,925
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,361)	(2,361)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(331)	(331)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(21)	(21)
4.5	Effect of movement in exchange rates on cash held	20	20
4.6	Cash and cash equivalents at end of period	13,232	13,232

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	13,232	15,925
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,232	15,925

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	670
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>		

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 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.	N/A	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,361)
8.2 Cash and cash equivalents at quarter end (item 4.6)	13,232
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	13,232
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	6
<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 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
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?	
Answer: N/A	
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: N/A	
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: N/A	
<i>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.</i>	

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: 28 October 2021

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.