

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

28th January, 2022

Melbourne, Australia - BikeExchange Limited (ASX: BEX) ('BikeExchange'), a leading global operator of online cycling marketplaces connecting brands, retailers and distributors with customers, announced today its Appendix 4C and activity report for the December 2021 quarter and the financial half year ended 31 December 2021.

## FINANCIAL HIGHLIGHTS

BikeExchange continued to deliver solid growth across all key metrics, including the highest ever transaction volumes for a half year period.

| METRICS   | H1 FY22 v H1 FY21       | Q2 FY22 vs Q2 FY21       |
|---|-------------------------|--------------------------|
| <b>Lookthrough total transaction value (TTV)</b>  | \$13.8 million (up 46%) | \$7.0 million (up 37%)   |
| <b>Lookthrough revenue</b>  | \$2.6 million (up 21%)  | \$1.4 million (up 12%)   |
| <ul style="list-style-type: none"> <li><b>Lookthrough subscription revenue</b></li> </ul>           | \$1.4 million (up 15%)  | \$0.7 million (up 19%)   |
| <ul style="list-style-type: none"> <li><b>Lookthrough e-Commerce commissions revenue</b></li> </ul> | \$0.9 million (up 57%)  | \$0.5 million (up 11%)   |
| <b>Transaction volumes</b>  | 18,412 (up 18%)         | 9,300 (up 13%)           |
| <b>Average order value</b>  | \$645 (up 32%)          | \$638 (up 21%)           |
| <b>Total active retail accounts</b>   | 1,734 (up 20%)          | 1,734 (up 5% over Q1'22) |
| <b>Average commission rates</b>   | 7.5% (up from 7.2%)     | 7.8% (down from 10.0%)   |

*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.*

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## REGIONAL PERFORMANCE

- Australia recorded solid e-Commerce transaction volumes through the quarter driving 22% TTV growth for the quarter vs pcp and 33% growth vs H1 FY21.
- Europe continued its growth with 60% TTV growth for the quarter vs pcp and 83% up on H1 FY21, reflecting solid demand for bikes.
- North America delivered 9% TTV growth in the quarter and 4% increase on H1 FY21, driven by additional e-Commerce accounts.
- TTV in Colombia decreased by 16% for Q2 FY22 due to payment technology issues, which have been addressed in Q2.

## STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Acquired 100% of Kitsuma Corp in December 2021 - a ready to ride bicycle logistics business based in North America with a scalable business model across BikeExchange's global operations.
- Signed a non-binding indicative offer to acquire the remaining 50% of BikeExchange Colombia S.A.S., which will see BikeExchange own 100% of the entity. Expected to complete in February 2022.
- Continued focus on executing the strategy of sellers, stock and transactions including key executive appointments:
  - Rebecca Boxall, Chief Customer Officer
  - Joe McArdle, Head of Seller Success
  - Andreas Liertz, Regional and Sales Lead, Europe

### Commenting on the performance, Global CEO Mark Watkin said:

"BikeExchange continued to deliver solid growth during the quarter with a significant uplift in the volume and value of transactions driving a strong increase in lookthrough revenue and total transaction value. Our focus on sellers, stock, and transactions is guiding this momentum, while our acquisitions are fuelling our e-Commerce first strategy, in line with our vision of making it easy for customers to buy and sell all things bike.

"Our online marketplace continues to resonate with customers with more bike purchases on our e-Commerce site than ever before. We recorded an 18% increase in transaction volume in H1 FY22 - the highest ever for a half year period - and average order value increased 32% to \$645. Quality of stock and e-commerce enabled listings continues to grow, offering customers greater choice with a wide variety of bikes across the whole price spectrum.

"Website traffic remained strong with an annualised 21 million sessions for the half as we focused on converting visitors to transactions. The business is seeing more normalised levels of overall website traffic, after the high peaks experienced in the initial COVID lockdown periods in 2021, with traffic 26% above the comparable period for H1 FY20.

“Improving customer conversion has been key over the last six months and we are pleased to see conversion continue to increase to 0.20% from 0.13% in H1 FY21.

“Enquiry lead volumes, totaling an annualised \$1.3 billion in value for the half, continue to present significant e-Commerce conversion opportunities.

“Our retail network is expanding, with a 20% increase in active retail accounts to 1,734 compared with December 2020. As a result, our lookthrough subscription revenue increased 15% on H1 FY21 and 9% on Q1 FY22.

“We acquired US-based ‘Ready to Ride’ bike delivery company Kitzuma in December 2021. This unique company removes the need for a box or construction of a bike upon delivery, which is a key friction point in the customer journey. Servicing all major regions of North America, Kitzuma is a highly complementary business to BikeExchange’s offering and provides a value-add service for retailers, brands, and customers. Kitzuma is globally scalable and can be replicated in other markets, and we are excited about the growth potential for the business.

“During the quarter, we also announced the signing of a Non Binding Indicative Offer to acquire the remaining 50% of BikeExchange Colombia S.A.S that we did not own. This allows us to capture the growing interest in bikes from Colombians and also provides a platform to expand into other LatAm regions and is expected to complete in February 2022.

“Our executive team has been further bolstered by the appointment of Rebecca Boxall as Chief Customer Officer in North America, Joe McArdle as Head of Seller Success in Australia, and Andreas Liertz as Regional and Sales Lead for Europe. Rebecca, Joe and Andreas will drive growth through retailer sales acquisition and on-site transactions.”

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## Q2 FY22 FINANCIAL PERFORMANCE - REVENUE & TTV

### 1. TTV and 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 in the quarter, reflecting improving customer conversion rates. Subscription revenues also increased quarter on quarter and on pcp, with total ANZ TTV up 22% and revenues up 21% on pcp.

Europe remained the strongest performer, with a 60% increase in TTV to \$4.1 million and a 25% increase in revenue on pcp to \$0.7 million. While all revenue categories grew, e-Commerce transaction value recorded particularly good growth, reflecting continued strong demand for bikes in Europe.

North America TTV grew 9% on pcp whilst revenues declined 37% on pcp for the quarter, reflecting inventory challenges, retailer supported promotional activities and a change in the mix of retailer commissions compared to the previous financial year. The focus for the sales and seller success teams continues on e-Commerce first enablement and integration with quality sellers and products.

TTV in Colombia decreased by 16% for Q2 FY22 due to payment technology issues, which have been addressed by the end of Q2. The Group's share of revenue in BikeExchange Colombia grew 22% on pcp for the quarter due to loosening supply constraints increasing contracts delivered in the quarter.

### 2. TTV and Revenue by category

#### ***e-Commerce growth continues with record order volumes***

Lookthrough e-Commerce commission revenue grew by 11% on pcp in Q2 FY22 and 57% for H1 FY22. The strong growth rate demonstrates BikeExchange's execution of its e-Commerce first strategy. H1 is a seasonally slower quarter for e-Commerce as Europe and North America enter winter, with only 34% of FY21 gross e-Commerce transaction value delivered in H1 FY21. Order volumes of 9,300 in Q2 FY22 represent a six quarter high for the Group, and 18,412 in H1 FY22 is the highest recorded by the Group for any half-year period.

Average commission rates were solid at 7.8% in the quarter. Average order value for H1 FY22 increased by 32% and 21% on Q2 FY21, which can be attributed to the continued shift in product mix towards more bikes being sold during this period.

Traffic conversion rates improved to 0.24% in Q2 FY22 (H1 FY22: 0.20%) from 0.15% on pcp, despite a 28% decrease in website traffic to 10.5 million sessions for the half (including BikeExchange Colombia). This reflects the improving quality of traffic and our focus on

customer conversions. The business is also seeing more normalised levels of overall traffic, after the high peaks experienced in the initial COVID lockdown periods, with traffic 26% above the comparable period in H1 FY20.

### ***Subscription revenues***

Group lookthrough subscription revenues continued to show growth, with Q2 revenues up 19% on pcp and 9% higher than Q1 FY22. This was supported by improvements in underlying Active Retail Accounts, which increased ~20% since 31 December 2020 and Average Revenue Per Account up 5% on pcp for the quarter. Premium retailer and brand packages contributed to ARPA increasing 6% on pcp in Q2.

### ***Media and Other Services revenues***

Lookthrough Media and Other Services revenues for Q2 FY22 decreased by 9% on pcp, largely due to timing of the delivery of several significant industry partnership procurement contracts in BikeExchange Colombia vs the prior year.

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## OPERATIONAL & STRATEGIC UPDATE

The business continues to implement its e-Commerce first strategy initiated in Q4 FY21, with a focus on retailer sales acquisition, on-site e-Commerce transactions and scalable operations technology.

### Strategic M&A

The Group announced and completed the acquisition of 100% of US-based 'Ready to Ride' bike delivery and logistics business Kitzuma in December 2021 for US\$3.375 million (~A\$4.75 million).

By shipping assembled bikes without the need for boxes, Kitzuma removes a key friction point in the customer journey. The acquisition is highly complementary to BikeExchange's e-Commerce first strategy and has significant potential to scale across the company's global operations. The service offered by Kitzuma also provides a value-add service with proven appeal to retailers, brands, and customers and is growing rapidly.

The acquisition is funded via equity (deferred BEX shares) with a US\$1.113 million upfront cash payment, which uses existing cash reserves. The acquisition is expected to add over A\$2 million of revenue to the Group in H2 FY22, accelerating BikeExchange's North American growth plans and reducing organic growth spend in H2 FY22.

In October 2021, BikeExchange 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 last four years. The acquisition price is approximately \$1.2 million and is expected to complete in Q3 FY22.

The acquisition sets the foundation to fully develop the strategic partnership announced last 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 continues to assess relevant opportunities for M&A that are complementary to the core business.

### Executive Team Hires

With an experienced executive team now in place, BikeExchange is focused on rapid execution of growth through retailer sales acquisition, increasing on-site e-Commerce transactions, and constantly improving its scalable technology operations.

### **Rebecca Boxall starts as Chief Customer Officer**

Rebecca commenced full time in January 2022 and will lead BikeExchange's global capabilities across e-Commerce / merchandising and all forms of marketing and customer service. She joins from Native Shoes in North America where she was Vice-President for e-Commerce, Marketing, and Customer Experience and has also held e-Commerce roles with Kikki.K, Wesfarmers' Target, and Coles.

### **Joe McArdle appointed as Head of Seller Success**

Joe joined BikeExchange in December with a mandate to focus on the Seller and Merchant experience and optimise their performance on the platform. He has a wealth of marketplace and e-Commerce experience from previous roles at Amazon where he worked for 13 years, Catch.com.au and the Cotton On Group.

### **Andreas Liertz as Regional and Sales Lead, Europe**

With more than 30 years of experience in the European cycling industry, Andreas will lead the region and sales in Europe.

### **Continued Roll Out of Operational Initiatives**

#### **SEO Project**

An SEO project piloted in FY21 in Australia was extended across all BikeExchange regions to further strengthen quality organic traffic for the BikeExchange sites. This quarter, there has been a significant improvement in conversation rates to 0.24%, up from 0.15% in Q2 FY22, reflecting the benefit of this project. This programme will continue across regions as ongoing optimisation is critical for success.

#### **Hubspot Implementation**

The business has implemented the Hubspot B2B platform, globally across all regions, for improved experience with our sellers and merchants from the acquisition process through to onboarding and ongoing seller success. The business has seen good success from this initial implementation across both sales and ongoing seller success with existing merchants.

#### **Klaviyo Marketing Automation Implementation**

The ongoing implementation of Klaviyo, a leading marketing automation platform, has demonstrated positive results after the initial implementation in the ANZ region. 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. Results during Q2 have seen a 505% increase in Click Through Rate and over 448% increase in conversion on customer communications.

#### **Front End and Integrations Panel Projects**

The business is advanced in scoping a significant update to the front end of its website and platform, to strengthen the online customer journey, increase transaction conversion

and allow more flexibility with integrations with relevant third parties. This project is expected to commence in Q4.

The business is also advanced in scoping an updated integrations and connections solution to support even stronger connections into point of sale and inventory management systems with sellers and merchants. Optimising the ability to easily bring product onto the platform is a critical area for continued growth and success on both the seller and customer sides of the business.

The additions of Rebecca Boxall as Chief Customer Officer and Joe McArdle as Global Head of Seller Success will also assist the programmes outlined here and other areas.

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## QUARTERLY CASHFLOW REPORT

Cash receipts from customers (inclusive of taxes) of \$8,640k in the quarter represented 128% of Total Transaction Value, slightly up on Q1 FY22. H1 is typically a lower seasonal e-Commerce half compared to H2 with 34% of FY21 gross e-commerce transaction value achieved in H1 FY21 and therefore overall cash receipts from customers reduced from H2 FY21.

Product Manufacturing and Operating cash outflows (payments to retailers for fulfillment of completed e-Commerce orders) were \$7,806k in the quarter, up 12% from Q1 FY22 principally reflecting the seasonality of gross e-Commerce transaction value in Q2. Overall, net e-Commerce related cash movements reflected a positive movement in working capital in the quarter.

Payments for staff costs were \$1,996k for the quarter, slightly lower than Q1 FY22 reflecting the timing of FY21 staff incentive payments paid in Q1 FY22.

Administration and corporate cash costs were \$1,161k for the quarter, down 11% on Q1 FY22 reflecting the timing of technology and other corporate cost payments.

Payments to acquire other entities of \$1,589k reflect the upfront cash consideration for the 100% acquisition of Kitzuma Corp which completed in December 2021.

Cash outflows on loans to other entities of \$756k in the quarter represent funding loans to BikeExchange Colombia (which the Group owns a 50% stake in) and Kitzuma Corp ahead of the Group completing of the acquisition of the entities (BikeExchange Colombia expected to complete February 2022).

BikeExchange is well-capitalised with a cash and equivalents balance of \$8.0 million as at 31 December 2021.

Payments to related parties and their associates during the Quarter totalled \$576k, comprising Directors' fees and expenses as well as Key Management Personnel's base remuneration for Q2 FY22. 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 Q2 FY22 (\$'000) | Total Expenditure post admission to the ASX (\$'000) |
|---|--|---------------------------------|--|
| Brand and Customer Acquisition marketing      | 6,000  | 541                             | 1,319  |
| Working Capital                               | 5,000  | 1,005                           | 2,377  |
| Product Development and Technology            | 3,000  | 1,902                           | 1,997  |
| Investment in Resources to scale the Business | 3,000  | 622                             | 1,407  |
| Costs of the Offer and Listing                | 3,000  | -                               | 2,943  |
| <b>Total</b>                                  | <b>20,000</b>  | <b>4,072</b>                    | <b>10,043</b>  |

The use of funds in the quarter reflects the acquisition and growth capital funding of Kitzuma Corp within Product Development and Technology.

## FY22: POSITIONED FOR GROWTH

Commenting on the Group's strategy, Mark Watkin said: "With strong foundations across our four global hubs, BikeExchange is geared for the next stage of growth.

"We have highly experienced executives with clear mandates to increase customer conversation and transaction value in Australia, North America, Europe and Colombia, guided by our e-Commerce first strategy.

"Our acquisition of Kitzuma in particular provides opportunities to make it easy to buy and sell all things bike for our retailers, brands and customers around a critical area of the customer journey - shipping and receiving a bike. Our initial focus for Kitzuma will be in North America but our goal is to replicate the service across our regions. The acquisition of the remaining 50% of BikeExchange Colombia S.A.S, provides a launchpad to expand in Latin America.

"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.

"With solid growth in retail account numbers and e-Commerce transactions, we expect FY22 TTV and revenue growth rates to be significantly above FY21. We reiterate that, including the acquisitions of Kitzuma and BikeExchange Colombia, we expect to significantly exceed consensus revenue expectations for FY22 of \$7.5 million.

"We look forward to providing further updates at the release of our H1 FY22 Results on 24 February 2022."

**Ends**

## INVESTOR CALL

The Company will hold a brief conference call for investors at 10:00am Melbourne time on Friday 28 January 2022.

To register for the Zoom Meeting please use this link:

<https://zoom.us/join/zoom/register/tJMvdOChqT8jHtDeda6wfmModPdRGhaok76uK>

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

## **MEDIA ENQUIRIES:**

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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, 1730+ 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 - H1 and Q2 FY22 KEY METRICS

| H1 FY22 (6M) in \$ thousands     | ANZ   | Europe | North America | Colombia | Total  |
|----------------------------------|-------|--------|---------------|----------|--------|
| Lookthrough TTV <sup>1</sup>     | 3,578 | 8,133  | 1,735         | 388      | 13,834 |
| <i>Growth on pcp</i>             | 33%   | 83%    | 4%            | (39%)    | 46%    |
| Lookthrough Revenue <sup>1</sup> | 936   | 1,222  | 307           | 148      | 2,613  |
| <i>Growth on pcp</i>             | 25%   | 40%    | (12%)         | (19%)    | 21%    |

| Selected Operational Metrics  | H1 FY22 | % growth on pcp              |
|-------------------------------|---------|------------------------------|
| Traffic Conversion            | 0.20%   | Up from 0.13% H1 FY21        |
| Total Active Retail Accounts* | 1,734   | Up 20% from 31 December 2020 |
| e-Commerce Transaction volume | 18,412  | 18%                          |
| Average Order Value           | \$645   | 32%                          |
| Average Commission Rate       | 7.5%    | Up from 7.2%                 |

| Q2 FY22 (3M) in \$ thousands     | ANZ   | Europe | North America | Colombia | Total |
|----------------------------------|-------|--------|---------------|----------|-------|
| Lookthrough TTV <sup>1</sup>     | 1,744 | 4,074  | 926           | 230      | 6,974 |
| <i>Growth on pcp</i>             | 22%   | 60%    | 9%            | (16%)    | 37%   |
| Lookthrough Revenue <sup>1</sup> | 483   | 657    | 137           | 98       | 1,375 |
| <i>Growth on pcp</i>             | 21%   | 25%    | (37%)         | 22%      | 12%   |

| Selected Operational Metrics  | Q2 FY22 | % growth on pcp              |
|-------------------------------|---------|------------------------------|
| Traffic Conversion            | 0.24%   | Up from 0.15% Q2 FY21        |
| Total Active Retail Accounts* | 1,734   | Up 5% from 30 September 2021 |
| e-Commerce Transaction volume | 9,300   | 13%                          |
| Average Order Value           | \$638   | 21%                          |
| Average Commission Rate       | 7.8%    | Down from 10.0% Q2 FY21      |

<sup>1</sup> Lookthrough Total Transaction Value and Revenue includes 50% of the Colombian Joint Venture's TTV and Revenue respectively.

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

## 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")**

31 December 2021

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date (6<br/>months)<br/>\$A'000</b> |
|---|------------------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                                    |  |
| 1.1 Receipts from customers                               | 8,640                              | 17,033   |
| 1.2 Payments for  |                                    |  |
| (a) research and development                              | -                                  | -  |
| (b) product manufacturing and operating costs             | (7,806)                            | (14,773)                                       |
| (c) advertising and marketing                             | (541)                              | (1,011)  |
| (d) leased assets   | -                                  | -  |
| (e) staff costs   | (1,996)                            | (4,014)  |
| (f) administration and corporate costs                    | (1,161)                            | (2,462)  |
| 1.3 Dividends received (see note 3)                       | -                                  | -  |
| 1.4 Interest received                                     | 3                                  | 7  |
| 1.5 Interest and other costs of finance paid              | (2)                                | (4)  |
| 1.6 Income taxes paid                                     | -                                  | -  |
| 1.7 Government grants and tax incentives                  | -                                  | -  |
| 1.8 Other (provide details if material)                   | -                                  | -  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(2,863)</b>                     | <b>(5,224)</b>                                 |
| <b>2. Cash flows from investing activities</b>            |                                    |  |
| 2.1 Payments to acquire or for:                           |                                    |  |
| (a) entities  | (1,589)                            | (1,589)  |
| (b) businesses  | -                                  | -  |
| (c) property, plant and equipment                         | (23)                               | (53)   |
| (d) investments   | -                                  | -  |
| (e) intellectual property                                 | -                                  | -  |
| (f) other non-current assets                              | -                                  | -  |

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| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (6<br>months)<br>\$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               | (756)                      | (1,077)                               |
| 2.4                                  | Dividends received (see note 3)                       | -                          | -                                     |
| 2.5                                  | Other (provide details if material)                   | 20                         | 40                                    |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(2,348)</b>             | <b>(2,679)</b>                        |

|             |   |             |             |
|-------------|---|-------------|-------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |             |             |
| 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)   | (31)        | (52)        |
| <b>3.10</b> | <b>Net cash from / (used in) financing activities</b>                                   | <b>(31)</b> | <b>(52)</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>Net increase / (decrease) in cash and cash equivalents for the period</b> |         |         |
| 4.1       | Cash and cash equivalents at beginning of period                             | 13,232  | 15,925  |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (2,863) | (5,224) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (2,348) | (2,679) |

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

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (6<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.4                                  | Net cash from / (used in) financing activities<br>(item 3.10 above) | (31)                       | (52)                                  |
| 4.5                                  | Effect of movement in exchange rates on<br>cash held                | (19)                       | 1                                     |
| 4.6                                  | <b>Cash and cash equivalents at end of<br/>period</b>               | <b>7,971</b>               | <b>7,971</b>                          |

| 5.  | Reconciliation of cash and cash<br>equivalents<br>at the end of the quarter (as shown in the<br>consolidated statement of cash flows) to the<br>related items in the accounts | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-----|---|----------------------------|-----------------------------|
| 5.1 | Bank balances   | 7,971                      | 7,971                       |
| 5.2 | Call deposits   | -                          | -                           |
| 5.3 | Bank overdrafts   | -                          | -                           |
| 5.4 | Other (provide details)   | -                          | -                           |
| 5.5 | <b>Cash and cash equivalents at end of<br/>quarter (should equal item 4.6 above)</b>  | <b>7,971</b>               | <b>7,971</b>                |

| 6.  | Payments to related parties of the entity and their<br>associates                          | Current quarter<br>\$A'000 |
|---|--|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their<br>associates included in item 1 | 576                        |
| 6.2   | Aggregate amount of payments to related parties and their<br>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. <b>Financing facilities</b><br><i>Note: the term "facility" includes all forms of financing arrangements available to the entity.<br/>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>  | <b>Total facility amount at quarter end<br/>\$A'000</b> | <b>Amount drawn at quarter end<br/>\$A'000</b> |
|--|---|--|
| 7.1 Loan facilities  | -   | -  |
| 7.2 Credit standby arrangements  | -   | -  |
| 7.3 Other (please specify)   | -   | -  |
| 7.4 <b>Total financing facilities</b>  | -   | -  |
| 7.5 <b>Unused financing facilities available at quarter end</b>  |   | -  |
| 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.<br><br>N/A |   |  |

| 8. <b>Estimated cash available for future operating activities</b>   | <b>\$A'000</b> |
|--|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9)  | (2,863)        |
| 8.2 Cash and cash equivalents at quarter end (item 4.6)  | 7,971          |
| 8.3 Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.4 Total available funding (item 8.2 + item 8.3)  | 7,971          |
| 8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>  | 3              |
| <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 January 2022

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.