

Appendix 4D
 BikeExchange Ltd
 ABN 24 625305 240

Results for Announcement to the Market

Half-year ended 31 December 2021

(Previous corresponding period: Half-year ended 31 December 2020)

		31 December 2021 A\$	31 December 2020 A\$
Revenue from contracts with customers from continuing operations	Up 25% to	2,465,721	1,975,864
(Loss) / Profit for the half-year after tax	Up 260% to	(6,518,720)	(1,812,043)
Net (loss) / profit for the half-year attributable to members	Up 274% to	(6,565,467)	(1,755,784)

The Directors have not proposed the payment of an interim or final dividend in respect of the half year (2020: \$Nil).

	31 December 2021	31 December 2020
Net tangible assets backing per ordinary share (cents per share)	1.78	(1.41)

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the 31 December 2021 Financial Report.



BIKE EXCHANGE

WHERE THE WORLD RIDES®

Half Year Report

For the 6 month period
ended 31 December 2021

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Lodged with the ASX under Listing Rule 4.2A. This information should be read in conjunction with the 30 June 2021 Financial Statements for BikeExchange Limited.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by BikeExchange Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

The Directors' present their report together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'BikeExchange') consisting of BikeExchange Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during the half year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The following persons were directors of the company during the half year and up to the date of this report unless otherwise stated:

- Gregg Taylor
- Bryan Zekulich
- Sam Salter
- Jade Wyatt
- Andrew Ryan

Principal activities

The principal continuing activities of the Group are providing online cycling marketplaces that operate globally in eight countries across four geographical areas. The marketplace provides an efficient, technology driven platform to connect consumers with retailers of bicycle products and accessories through a convenient, transparent and efficient platform.

Use of non-IFRS measures

The Directors believe the additional information on non-International Financial Reporting Standards (IFRS) measures included in this report are relevant and useful in measuring the financial performance of the Group. In particular, the presentation of 'Total Transaction Value' and 'Lookthrough Revenue'.

Results of operations

The Group continued to deliver on the e-Commerce first growth strategy which is to focus and structure the business around more sellers, stock & e-Commerce transactions, with the Executive Team structure and cross geography teams put in place in the half reflecting this.

A number of new Executives joined the business during the half year, including Sam Salter as Chief Sales and Partnerships Officer, Rebecca Boxall as Chief Customer Officer and Derek Colfer as Northern American Regional Lead.

Lookthrough Total Transaction Value increased by 46% to \$13,833,378 reflecting an 18% increase in e-Commerce Transactions on prior comparative period (pcp) and a 32% increase in average order value. Revenues increased by 25% to \$2,465,721, with e-Commerce Revenues up 63% on pcp and subscription revenues up 15% on pcp. On a geographic basis Europe grew revenues 40% on pcp reflecting continuing strong demand for bikes.

The Group continued to invest growth capital raised, particularly in resources to scale the business with employee costs up 174% on pcp to \$5,420,937. The consolidated loss for the period amounted to \$6,518,720 (31 December 2020: loss of \$1,812,043) with the increase principally reflecting the increased investment in headcount and listed company costs not incurred in the comparative period.

The Group completed the acquisition of Kitzuma Corp, a bicycle logistics business based in North America on 21 December 2021 for consideration of \$4.9 million. Further details are set out in note 10 of the interim financial statements.

The comparatives presented for this report are that of the BikeExchange Holdings Pty Ltd Group which was acquired by BikeExchange Limited (formerly RPro Holdings Limited) on 3 February 2021 on the basis of the reverse acquisition accounting applied to the transaction. Further details are set out in Note 26 of the FY21 Annual Report.

Events subsequent to the balance sheet date

On 24 February 2022 the Company entered into a binding agreement to acquire the remaining 50% of the share capital of BikeExchange Colombia S.A.S for approximately \$1.2 million with the majority of the consideration in BikeExchange Limited shares. The transaction is expected to complete in early March 2022, subject to finalisation of customary closing conditions (see note 11 to the half year financial statements).

There are no other matters or circumstances which have occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

Outlook

Q3 FY22 trading up to 24th February 2022 is solid with e-Commerce transactions and retail account numbers also showing growth on pcp with positive trading growth of Kitzuma. H2 typically sees positive seasonal trends with two thirds of e-Commerce transaction value happening in the period.

The cost base investment into the executive team and core organisational structure is now largely complete. With this in place the acceleration of revenue growth from the e-Commerce first focus initiatives will be felt in H2.

Binding contracts for the acquisition of the remaining 50% of BikeExchange Colombia have been signed with completion expected early March. The acquisition price of \$1.24m will be satisfied through \$0.2m cash and the remaining \$1.04m in BEX equity at an issue price of 15.7 cents per share.

The recently acquired logistics business Kitzuma is expected to grow and scale strongly in the coming half year with positive KPIs and trading since acquisition. This supports the prioritisation of the acquisition from existing cash reserves, over other growth initiatives as the integrated businesses benefit from a stronger combined retailer and brand proposition. Global expansion and replication of the model across BEX regions is planned.

The Group continues with a number of advanced discussions with global strategic partnership opportunities that include strategic capital injections to further scale the business and network.

TTV and revenue growth rates for FY22 are expected to be significantly above FY21. Including the acquisitions of Kitzuma and BikeExchange Colombia, the Company anticipates significantly exceeding consensus revenue expectations for FY22 of \$75m.

Dividends

There were no dividends paid, recommended or declared during the half year (2020: nil). There is no dividend reinvestment plan operated by the Company.

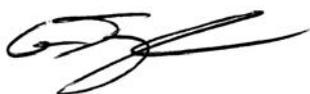
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 04.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is signed in accordance with a resolution of the directors:



Gregg Taylor

Director

Melbourne

25 February 2022

Auditor's Independence Declaration

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25 February 2022

Board of Directors
BikeExchange Limited
101 Moray Street
South Melbourne VIC 3205

Dear Board Members

Auditor's Independence Declaration to the directors of BikeExchange limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BikeExchange Limited.

As lead audit partner for the review of the financial statements of BikeExchange Limited and its subsidiaries for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jane Fisher
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member Deloitte Asia Pacific Limited and the Deloitte Network.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Notes	31 December 2021 \$	31 December 2020 \$
Revenue	3	2,465,721	1,975,864
Other income		–	206,000
Employee benefits expense		(5,420,937)	(1,976,250)
Marketing expenses		(900,162)	(623,646)
Other operating expenses		(2,532,107)	(1,130,635)
(Loss)/Earnings before Interest, Tax, Depreciation and Amortisation		(6,387,485)	(1,548,667)
Depreciation and amortisation expense		(45,379)	(56,965)
Finance income		6,683	9,977
Finance costs		(9,437)	(77,658)
Share of results of equity accounted joint venture	6	(83,102)	(138,730)
(Loss) before income tax expense		(6,518,720)	(1,812,043)
Income tax expense		–	–
(Loss) for the half-year		(6,518,720)	(1,812,043)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign exchange differences on translation of foreign operations		(46,747)	56,259
Other comprehensive income for the half-year, net of tax		(46,747)	56,259
Total comprehensive (loss) for the period attributable to members		(6,565,467)	(1,755,784)
Earnings Per Share (cents per share):			
Basic	5	(2.2)	(1.3)
Diluted	5	(2.2)	(1.3)

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2021 and 30 June 2021

	Notes	31 December 2021 \$	30 June 2021 \$
ASSETS			
Current Assets			
Cash and cash equivalents		7,968,287	15,924,713
Trade and other receivables		1,140,948	594,460
Inventory		9,177	–
Prepayments		316,608	170,208
Finance lease receivables		84,733	119,267
Financial assets		455,171	281,983
Total Current Assets		9,974,924	17,090,631
Non-Current Assets			
Right-of-use assets	7	377,819	–
Property, plant and equipment		105,105	75,566
Intangible assets	8	4,896,569	–
Finance lease receivables		–	40,531
Investment in Equity Accounted Joint venture	6	598,208	229,008
Total Non-Current Assets		5,977,701	345,105
Total Assets		15,952,625	17,435,736
LIABILITIES			
Current Liabilities			
Trade and other payables		(4,393,631)	(3,492,943)
Deferred income		(666,424)	(568,558)
Financial liabilities		–	–
Lease liabilities		(291,271)	(85,615)
Provisions		(460,700)	(344,313)
Total Current Liabilities		(5,812,026)	(4,491,429)
Non-Current Liabilities			
Lease liabilities		(187,654)	(42,162)
Deferred tax liabilities		–	–
Provisions		(89,489)	(72,471)
Total Non-Current Liabilities		(277,143)	(114,633)
Total Liabilities		(6,089,169)	(4,606,062)
Net Assets		9,863,456	12,829,674
Equity			
Share capital		51,075,469	51,075,469
Other reserves		(7,800,241)	(11,352,743)
Accumulated Deficiencies		(33,411,772)	(26,893,052)
Total Equity		9,863,456	12,829,674

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

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

	Notes	Share capital \$	Other reserves \$	Translation reserve \$	Accumulated deficiencies \$	Total equity \$
Balance at 1 July 2020 as previously reported		20,571,641	(11,169,272)	(849,841)	(15,669,697)	(7,117,169)
Impact of restatement (see note 1)		-	-	-	(101,326)	(101,326)
Balance at 1 July 2020 (restated)		20,571,641	(11,169,272)	(849,841)	(15,771,023)	(7,218,495)
Total comprehensive income for the half-year						
Profit (Loss) for the half-year		-	-	-	(1,812,043)	(1,812,043)
Other comprehensive profit (loss) for the half-year		-	-	56,259	-	56,259
Total		-	-	56,259	(1,812,043)	(1,755,784)
Transactions with owners, recognised directly in equity						
Issue of share capital		6,300,000	-	-	-	6,300,000
Total		6,300,000	-	-	-	6,300,000
Balance at 31 December 2020		26,871,641	(11,169,272)	(793,582)	(17,583,066)	(2,674,279)
Balance at 1 July 2021		51,075,469	(10,634,725)	(718,018)	(26,893,052)	12,829,674
Profit (Loss) for the half-year		-	-	-	(6,518,720)	(6,518,720)
Other comprehensive profit (loss) for the half-year:		-	-	(46,747)	-	(46,747)
Total		-	-	(46,747)	(6,518,720)	(6,565,467)
Transactions with owners, recognised directly in equity						
Deferred Equity to be issued	10	-	2,890,139	-	-	2,890,139
Share-based payments		-	709,110	-	-	709,110
Total		-	3,599,249	-	-	3,599,249
Balance at 31 December 2021		51,075,469	(7,035,476)	(764,765)	(33,411,772)	9,863,456

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

Condensed Consolidated Statement of Cash flows

For the Half-Year Ended 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
Cash Flows From Operating Activities			
Receipts from customers		17,053,316	10,130,885
Payments to suppliers and employees		(22,257,159)	(12,304,353)
Other Revenue		–	206,000
Interest received		6,684	1,627
Interest paid		(2,905)	(26,744)
Net cash provided by (used in) operating activities		(5,200,064)	(1,992,585)
Cash Flows From Investing Activities			
Payments for loans with third parties		(493,833)	–
Payments for intangible assets		–	(66,380)
Payments for property, plant and equipment assets		(52,643)	(29,570)
Proceeds from sale of property, plant and equipment		–	5,170
Payments for subsidiaries (net of cash acquired)	10	(1,566,676)	–
Payments for JV Funding		(583,452)	(215,400)
Payment of security deposit		(23,697)	–
Payments for investments		–	(1,564)
Net cash used in investing activities		(2,720,301)	(307,744)
Cash Flows From Financing Activities			
Repayment of loans with related parties		–	(703,400)
Proceeds from loans with third parties		–	2,100,000
Proceeds from loans with related parties		–	50,000
Proceeds from share issue		–	1,491,416
Payments for leases		(53,430)	(40,516)
Receipts from leases		39,650	–
Costs related to share capital issuance		–	(88,000)
Net cash (used)/provided by financing activities		(13,780)	2,809,500
Net increase/(decrease) in cash held		(7,934,145)	509,171
Cash and cash equivalents at the beginning of the financial period		15,924,713	1,047,918
Effects of exchange rates changes		(22,281)	(78,359)
Cash and cash equivalents at the end of the financial period		7,968,287	1,478,730

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

Notes to the Financial Statements

For the Period Ended 31 December 2021

Note 1. General Information

a) Statement of Compliance

BikeExchange Limited is an Australian Public Company limited by shares, incorporated and domiciled in Australia.

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

b) Basis of Preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021, except for the restatement as set out in Note 1c) below. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

As of 31 December 2021, the Group had net assets of \$9,863,456 and net current assets of \$4,162,898, with no debt or capital commitments. As the Group has invested the IPO capital raised to accelerate the growth of the Group, including undertaking strategic M&A, the losses incurred by the Group increased to \$6,518,720 for the 6 month period ended 31 December 2021.

The significant step-up in the core marketplace business cost base from pre-IPO levels to support future growth is largely completed with the Group well positioned to reduce operating losses in future periods as revenue growth rates accelerate on more moderate cost base increases.

The directors have prepared projected cash flow information for the twelve months from the date of approval of these financial statements taking into consideration the future expectations of trading performance and investment in the Group, including plausible downside forecast scenarios.

Key to the forecasts are the assumptions of revenue growth across all revenue streams, working capital cashflows in respect of e-Commerce transactions and the capital investment required to expand the operational footprint of the Group's recent acquisitions of Kitsuma Corp and in BikeExchange Colombia S.A.S.

These forecasts indicate that, taking account of reasonably possible downsides, to support the Group's liquidity over the forecast period additional capital is expected to be required.

The Group is well advanced in discussions with a number of potential strategic capital partners around accelerating the growth and expansion of the Group alongside an injection of capital to the Group. In addition, the directors expect if required to be able to raise additional capital through a pipeline of supportive existing and new financial investors based on market soundings. The successful outcome of any capital raise 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.

The directors remain focused on the Group's liquidity in the short term, and expect to manage business operations in the forecast period whilst maintaining adequate liquidity through continuing to carefully manage cash investment into operations.

Should the ability of the Group to raise capital be delayed there are plans in place to manage the liquidity of the Group until a capital raise can be achieved, including:

- Deferment of capital expenditure (and capex like items) such as further geographic expansion of existing business and significant technology projects;
- Reduce employment related expenses through reduction or deferring payment of discretionary remuneration, temporary reductions in Board and Executive remuneration packages, and should it become necessary headcount reductions in non-essential roles;

Notes to the Financial Statements (continued)

- Reduction in marketing activities, including all offline marketing activities and reduction in digital marketing costs;
- Seeking alternative short term finance sources, secured against the Group's inventory, other assets, or repaid against future revenues generated;
- Reducing and deferring other operating expenses, including related to corporate and administration costs, and technology costs.

Based on these forecasts, and the expectation that the Group will be able to raise sufficient new capital, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. 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 would 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 report.

The financial statements were approved for issue by the Directors' on 25 February 2022.

c) Restatement of Prior Year Financial Statements

The Group has identified that VAT input credits claimed on a portion of e-Commerce transactions in Europe for the period between July 2016 and May 2021 had been overstated. As a consequence, e-Commerce revenues have been overstated and the related VAT liabilities have been understated. The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

	31 December 2020
	\$
Consolidated statement of profit or loss and other comprehensive income	
Revenue	(29,558)
Finance Costs	(2,688)
Total (decrease) in profit or loss and other comprehensive income	(32,246)
Other comprehensive income for the period, net of income tax	
Foreign exchange differences on translation of foreign operations	(3,306)
Total decrease in comprehensive income for the period	(3,306)

	Previously reported 30 June 2021	Restatement	Restated 30 June 2021
	\$	\$	\$
Consolidated statement of financial position			
Trade and other payables	3,241,155	251,788	3,492,943
Total current liabilities	4,239,641	251,788	4,491,429
Total liabilities	4,354,274	251,788	4,606,062
Net Assets	13,081,462	(251,788)	12,829,674
Accumulated deficiencies	(26,636,721)	(256,331)	(26,893,052)
Other reserves	(11,357,286)	4,543	(11,352,743)
Total equity	13,081,462	(251,788)	12,829,674

There is no change to the basic or diluted earnings per share presented as the impact of the restatement is less than 0.1 cents per share.

Note 2. Segment 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 segment also includes any costs/assets from the Group's holding companies being BikeExchange Limited (domiciled in Australia) and BikeExchange Pte Limited (domiciled in Singapore).
- 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 California, USA. This office supports the Group's websites that offer services to customers in the USA and Canada. This segment also includes Kitzuma Corp, a bicycle logistics business headquartered in Ashville, North Carolina that was acquired in December 2021 (see note 10).
- Colombia: This segment includes the Group's 50% share of the BikeExchange Colombia S.A.S Joint Venture which operates from Medellin Colombia, and principally services the Colombian market. The Group entered into a binding agreement on 24 February 2022 to acquire the remaining 50% of BikeExchange Colombia S.A.S.

The unallocated segment contains any items that are not able to be allocated to any individual segment.

Half Year Ended 31 December 2021	Australia and New Zealand \$	Europe \$	North America \$	Colombia \$	Unall- located \$	Total \$
Total Transaction Value	3,577,540	8,132,754	1,734,878	388,206	–	13,833,378
Revenue	936,235	1,222,197	307,289	–	–	2,465,721
EBITDA	(3,765,576)	(835,298)	(1,786,611)	–	–	(6,387,485)
Finance income	–	–	–	–	6,683	6,683
Finance costs	–	–	–	–	(9,437)	(9,437)
Depreciation and amortisation expense	(31,096)	(10,496)	(3,787)	–	–	(45,379)
Share of results of associates and joint venture	–	–	–	(83,102)	–	(83,102)
Income tax expense	–	–	–	–	–	–
(Loss)/Profit for the half-year	(3,796,672)	(845,794)	(1,790,398)	(83,102)	(2,754)	(6,518,720)
Segment Assets	8,052,525	1,765,043	5,536,849	598,208	–	15,952,625
Segment Liabilities	(3,256,071)	(1,653,073)	(1,180,025)	–	–	(6,089,169)

Notes to the Financial Statements (continued)

Half Year Ended 31 December 2020	Australia and New Zealand \$	Europe \$	North America \$	Colombia \$	Unall- located \$	Total \$
Total Transaction Value	2,698,244	4,447,886	1,673,152	632,434	–	9,451,716
Revenues	749,263	874,383	352,218	–	–	1,975,864
EBITDA	(670,672)	(234,547)	(643,448)	–	–	(1,548,667)
Finance income	–	–	–	–	9,977	9,977
Finance costs	–	–	–	–	(77,658)	(77,658)
Depreciation and amortisation expense	(5,092)	(4,126)	(47,747)	–	–	(56,965)
Share of results of associates and joint venture	–	–	–	(138,730)	–	(138,730)
Income tax expense	–	–	–	–	–	–
(Loss)/Profit for the half-year	(675,764)	(238,673)	(691,195)	(138,730)	(67,681)	(1,812,043)

30 June 2021						
Segment Assets	15,636,133	1,062,956	461,767	229,008	45,872	17,435,736
Segment Liabilities	(2,149,999)	(1,351,010)	(1,105,053)	–	–	(4,606,062)

Total Transaction Value (TTV) includes 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). TTV includes 50% of the TTV of BikeExchange Colombia S.A.S. representing the Group's economic share.

In the management reporting to the CEO, TTV is provided which gives insights to its 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.

Gains/losses on the disposal of assets and investments and impairment of investments/loans in other entities are reported at an aggregated level to the CEO and therefore are not allocated to an individual segment. Likewise, finance income, expense and financial liabilities are reported on a consolidated level and therefore not allocated to any individual segment.

Note 3. Revenues From Contracts with Customers

	31 December 2021 \$	31 December 2020 \$
Revenues from types of goods and services:		
– e-Commerce commission revenue	896,394	549,091
– Subscriptions	1,419,179	1,234,225
– Media and other services revenue	150,148	192,548
Total revenue from contracts with customers	2,465,721	1,975,864

e-Commerce commission revenue 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.

	31 December 2021 \$	31 December 2020 \$
Disaggregated by geographic markets		
– Australia and New Zealand	936,235	749,263
– Europe	1,222,197	874,383
– North America	307,289	352,218
Total revenue from contracts with customers	2,465,721	1,975,864

Note 4. Dividends

There were no dividends paid or declared to equity holders during or since the half-year ended 31 December 2021. There were no dividends paid during the comparative period.

Note 5. Earnings Per Share

	31 December 2021 \$	31 December 2020 \$
Loss after income tax attributable to the owners of BikeExchange Limited	(6,518,720)	(1,812,043)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	292,995,907	144,005,426
Weighted average number of ordinary shares used in calculating diluted earnings per share	292,995,907	144,005,426
	Cents	Cents
Basic Earnings Per Share	(2.2)	(1.3)
Diluted Earnings Per Share	(2.2)	(1.3)

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.

Notes to the Financial Statements (continued)

Note 6. Interests in a Joint Venture

The Group has a 50% interest in shares in BikeExchange Colombia S.A.S, a joint venture which operates the Group's BikeExchange websites in Colombia. The Group's interest in BikeExchange Colombia S.A.S. is accounted for using the equity method in the consolidated financial statements. 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:

	Notes	31 December 2021 \$	31 December 2020 \$
Summarised Statement of Profit and Loss and Other Comprehensive Income:			
Revenue		296,390	371,572
Profit (loss) for the period		(166,204)	(161,150)
Other comprehensive income		–	–
Total comprehensive income for the period		(166,204)	(161,150)
Group's share of profit/(loss) for the period		(83,102)	(80,575)
Group's share of profit/(loss) for the period recognised in the consolidated financial statements	Note a)	(83,102)	(138,730)

	Notes	31 December 2021 \$	31 December 2020 \$
Summarised Statement of Financial Position:			
Cash and Cash Equivalents		15,960	96
Other Current Assets		1,086,653	764,190
Total Current Assets		1,102,613	764,286
Total Non-Current Assets		3,701	3,432
Total Assets		1,106,314	767,718
Current Financial Liabilities		(1,315,593)	(803,729)
Other Current Liabilities		(419,155)	(450,885)
Total Current Liabilities		(1,734,748)	(1,254,614)
Non-Current Financial Liabilities		–	–
Other Non-Current Liabilities		–	–
Total Non-Current Liabilities		–	–
Total Liabilities		(1,734,748)	(1,254,614)
Net Assets/(Liabilities)		(628,434)	(486,896)
<i>Equity</i>			
Share capital		196,271	204,651
Retained earnings		(824,706)	(691,547)
Total Equity/(Deficit)		(628,435)	(486,896)
Group's carrying amount of the investment	Note a)	598,208	229,008

The figures above represent 100% of the results of the business except where they specifically relate to the Group's share of profits of the carrying amount of the investment.

Note a) – The Group has loan funded the Joint Venture in the year to 30 June 2021 and the period ended 31 December 2021 and loans that are quasi-equity in nature have been included within the carrying value of the Group's investment.

As set out in Note 11, on 24 February 2022 the Company entered into a binding agreement to acquire the remaining 50% of the share capital of BikeExchange Colombia S.A.S.

Note 7. Right-of-Use Assets

	31 December 2021 \$	30 June 2021 \$
At cost	398,871	–
Less accumulated depreciation	(21,052)	–
	377,819	–

Right-of-use assets relate to the Group's 2-year office lease in Australia entered into in the period.

Note 8. Intangible Assets

	31 December 2021 \$	30 June 2021 \$
Goodwill		
At cost	4,896,569	–
Less accumulated impairment	–	–
Total written down amount	4,896,569	–

Intangible assets comprise of Goodwill arising on the acquisition of Kitzuma Corp in December 2021. See note 10 for further details of the acquisition.

Note 9. Contingent Liabilities

Notwithstanding that the Group has incurred operating losses in every jurisdiction in which it operates, for the respective periods 30 June 2018, 2019, 2020 and 2021, as at the date of these financial statements, certain required tax filings have not been lodged with the respective taxation authorities.

As a result of the incomplete tax filings, there may be a potential for the respective taxation authorities to levy penalties and interest upon the BikeExchange group of companies for failing to lodge the tax filings within the prescribed period (notwithstanding the fact that the group has incurred operating losses).

Should such penalties and interest be levied, the Directors intend to seek remission of the penalties and interest. The directors consider this matter to meet the definition of a contingent liability, and is estimated to be in the range of \$0.2m to \$0.3m in respect of the US business and is not considered material in respect of other jurisdictions the Group operates in.

Aside from the items referred to above the Group has no other material contingent liabilities.

Notes to the Financial Statements (continued)

Note 10. Business Combinations

On 22 December 2021, BikeExchange Limited, completed the acquisition of Kitzuma Corp (Kitzuma). Kitzuma is a bicycle logistics business based in North Carolina, USA providing a specialist bike delivery service from retailers to consumers across the USA. The acquisition will enable the Group to provide seamless e-Commerce sales and delivery to retailers and brands in North America.

The Group acquired a 100% effective interest in Kitzuma Corp for USD \$3.375 million, comprising 67% in new BikeExchange Limited Shares to be issued and 33% paid in cash. The Group controls Kitzuma Corp as it has the sole rights to appoint Director's and direct the operations of the business post acquisition. Funding provided to Kitzuma ahead of completion of the transaction is also included as purchase price consideration. The BEX shares are treated as deferred consideration with 19,931,993 BikeExchange Limited shares to be issued. The vendors of Kitzuma can receive up to 50% of the BikeExchange Limited deferred shares 12 months after completion, with the remaining 50% to be received no earlier than 24 months after completion (with BikeExchange having the option to require the vendors to receive the deferred shares 5 years after the completion date).

The provisional fair values of the assets acquired are set out below:

	\$
Consideration	
Cash	1,566,676
Shares	2,890,139
Financial Liabilities acquired	253,833
Total Consideration	4,710,648
Assets Acquired	
Trade and Other Receivables	34,686
Trade and Other Payables	(253,284)
Net identifiable assets acquired	(218,598)
Excess of consideration provided over the fair value of net assets	4,929,246
Net Assets Acquired	4,710,648

The share consideration reflects the deferred consideration of 19,931,993 BikeExchange Limited shares to be issued at a price of 14.5 cents per share on the date of acquisition (22 December 2021).

The equity deferred consideration has been recognised within other reserves and will be transferred to share capital on the issuance of the shares to the vendors.

The financial liabilities acquired represent funding provided by BikeExchange to Kitzuma for working capital ahead of the completion of the acquisition.

The goodwill is attributable to Kitzuma's workforce, strong position in its market, and synergy benefits expected to be created by this acquisition.

Goodwill is not expected to be deductible for tax purposes.

Note 11. Events Occurring After the Statement of Financial Position Date

Aside from the matters below there have been no events after the end of the financial period that would materially affect the financial statements.

On 24 February 2022 the Company entered into a binding agreement to acquire the remaining 50% of the share capital of BikeExchange Colombia S.A.S for approximately \$1.2 million with the majority of the consideration in BikeExchange Limited shares. The transaction is expected to complete in early March 2022, subject to finalisation of customary closing conditions.

Directors' Declaration

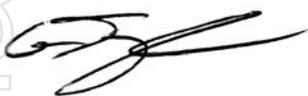
In the Directors' opinion:

- (a) the financial statements and notes set out on page 05 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The basis of preparation confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer, and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.



Gregg Taylor

Director

Melbourne

25 February 2022

Independent Auditor's Review Report

to the Members of BikeExchange Limited

Deloitte.

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Independent Auditor's Review Report to the members of BikeExchange Limited

Conclusion

We have reviewed the half-year financial report of BikeExchange Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and, the directors' declaration as set out on pages 5 to 17.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, where it is described that there are events or conditions which indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Jane Fisher
Partner
Chartered Accountants
Melbourne, 25 February 2022

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Corporate Directory

Company's registered office

BikeExchange Limited
Level 5, 126 Phillip Street
Sydney NSW 2000

Company's principal place of business

Central House
101 Moray Street
South Melbourne VIC 3205

Share registry

Automatic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Auditor

Deloitte Touche Tohmatsu
477 Collins Street
Melbourne VIC 3000

Stock exchange listing

BikeExchange Limited shares are listed on the
Australian Securities Exchange (ASX code: BEX)

Website and investor relations

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