

BEX Continues Positive Execution of Corporate Strategy

Highlights

Operations

- Normalised EBITDA continues to trend towards positive earnings.
- AI Consumer Marketplace Platform successfully launched in German market.
- German vertical achieved highest all time eCommerce trading day performance on Black Friday with €322k (A\$534k) sales (TTV), +20% vs PCP with new platform
- Platform expected to be launched in six additional key markets over coming months.
- Platform delivering significantly enhanced customer experience.
- Higher conversion rates from the Platform beginning to be reflected in EBITDA.
- Focus on new seller partnerships and increasing commission rates.
- Execution strategies for potential revenue streams in train focusing on:
 - Aggregation of third-party logistics services
 - Advertising
 - Data analytics

Corporate

- Internal capability complete with commencement of new CFO, Mr Kyle Ferreira.
- Investor outreach activities to ramp up supported by updated corporate presentation.
- 1:100 Share consolidation expected to be completed 11 December 2023..

Melbourne , Australia – BikeExchange Limited (ASX:BEX) (BikeExchange), a leading global operator of online cycling marketplaces, is pleased to report it is continuing to positively execute its corporate strategy.

BikeExchange, CEO, Mr Ryan McMillan, commented:

“Our new AI Consumer Marketplace Platform is delivering immediate results with a superior customer experience and substantially better conversion rates for BikeExchange. We expect this platform to be rolled out across our seven key markets by the end of Q3, FY24.”

Our normalised EBITDA continues to trend towards positive earnings through a combination of lower overhead, a better revenue model and increased conversion rates. We expect this trend to continue as we see the benefit of the new Platform being fully rolled out.

We are excited to be ramping up our investor outreach activities and hope to see the benefit of this and our positive operational execution reflected in a higher share price over coming months.

Our main focus remains delivering a profitable base business that we can leverage via seller partnerships and a best in class IT offering that includes an inventory management system.”

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Chairman's Address and Business Update

On behalf of the directors, we welcome you to the Annual General Meeting for BikeExchange Limited (ASX: BEX).

The 2023 financial year was a year of significant strategic change for BEX, with a clear shift away from diverse, cost-intensive, and long-term revenue growth initiatives towards a more focused investment in core eCommerce operations and BEX-owned technology assets. In Q2 of 2023 BEX decided to cease the capital intensive Kitsuma Door-to-Door delivery of bikes in North America and in Q4 of 2023 BEX ceased operating its Columbian based bike retail stores. While both of these decisions resulted in short-term restructuring and impairment charges (some of which will flow into FY 2024), they also provided significant ongoing cost savings which set the business up well for more streamlined and profitable operations in the future.

While the cost saving initiatives of 2023 have been significant, BEX has also taken the opportunity to invest further in the business' core technology platform. The internal mantra has been to spend less on people and more on scalable intellectual property. In Q2 of 2023 the BEX Board approved a large investment in a new BEX eCommerce consumer platform, using the latest scalable technologies from world leading vendors. The consumer platform is designed to change the way that BEX customers research, find, and buy a bike. It includes significant improvements to search and product merchandising, product enquiry, deposits, and payment processes. The development of this consumer platform was largely completed by the end of 2023 with testing and implementation across respective BEX geographies planned for Q1 and Q2 of FY 2024.

BEX's strategic shift away from cost intensive labour towards scalable eCommerce intellectual property provides the business with leaner and more focused operations while also building core assets that should contribute to the future value of the business.

The key financial results for Q4 of 2023 clearly demonstrate the effect of this change in strategy when compared to the 2022 prior comparable period:

- Net Revenue from operations in Europe, Australia and North America (excluding the ceased business operations of Kitsuma and Columbia) rose 45% PCP
- Average eCommerce commission grew 24% PCP to 9.9%
- The business' fixed cost base was reduced by 50% to \$1.9M compared to \$3.8M PCP
- All of the above was achieved while redeploying many staff and financial resources to the new BEX eCommerce consumer platform.



These positive results are expected to continue into FY 2024 with lower operating cash requirements and expected ongoing growth in eCommerce revenues following the roll out of our new eCommerce consumer platform.

While BEX does have ambitious plans to continue investing in highly differentiated technology assets, the Board is very focused on demonstrating a path to profitability during the FY 2024 financial year. It is always easier to predict costs than revenues but the work we have done in FY 2023 gives us strong momentum towards achieving our goals.

