

BIKEEXCHANGE QUARTERLY APPENDIX 4C AND ACTIVITY REPORT

Melbourne, Australia - BikeExchange Limited (ASX: BEX) ('BikeExchange'), a leading global operator of online cycling marketplaces, today announced its Appendix 4C and activity report for the December 2023 quarter (Q2 FY24).

Key highlights:

- BEX New AI Consumer Platform underpins growth and continues to increase conversion of the \$700m sales enquiry value running through the platform, with net eCommerce revenues +79% versus PCP.
- BEX improves its EBITDA position by 95% from a loss of \$7.9m in Q2 FY23 to loss of \$0.4m in Q2 FY24.
- BEX grows gross margin by 116% and cuts operating expenditure by 37% compared to PCP, continuing to execute on the profitable growth strategy.
- BEX transforms its North American subsidiary to deliver a positive EBITDA (pre corporate overheads), up from an \$840k loss (excl. impairment) in Q2 FY23 to break even (+\$25k in Q2 FY24).
- Net cash used in operating activities down 35% (versus PCP) from \$1.7m to \$1.1m.

Commenting on the quarter, BikeExchange's Global CEO Ryan McMillan said:

"In Q2 BEX continued positive momentum from the last 18 months, remaining steadfast in its strategy to drive towards profitable growth, underpinned by technology. Having exited unprofitable and capital intensive business and restructured its core marketplace business, BEX successfully launched its new AI Consumer Platform in its largest market, Germany.

With a significant boost to the customer experience, the new AI storefront drove new revenue types on-platform, improved SEO performance as well as core marketplace health metrics (conversion rate +9% vs Q2 PCP, commission rate +45% and average order value +21%) and marketing performance (+93% return on advertising spend). With the launch of its Belgium and Holland marketplaces planned for early February and the Australian marketplace shortly thereafter, the team is very excited by the prospects of delivering a strong H2.



It's a similar story in key BEX region, North America. Since closing Kitzuma Door deliveries in Q2 2023, BEX has transformed its marketplace and logistics operation, offsetting lost revenues with 3PL and boxed delivery services, turning a \$840k loss (excl. impairment) in Q2, 2023 into a positive EBITDA (pre corporate overheads) result in Q2 FY24. An outstanding result that sets up the business for an exciting future.

BEX commences H2, with an AI Consumer Storefront that is already delivering improved ecommerce performance, a core business with an improved EBITDA position and with positive momentum in all markets. With the upcoming northern hemisphere bike season about to begin, the team and I are super excited to see what the remainder of 2024 brings."

Quarterly cashflow report¹:

Receipts from customers were \$12,250k in the quarter, up 21% on Q2 FY23

The continued growth of eCommerce revenues in Europe and the United States has increased receipts from customers by 21% when compared to the PCP. There was a partial offset from the cessation of Kitzuma's bike deliveries and wind down of the Colombian operations when compared to PCP.

Product manufacturing & operating costs of sales outflows were \$10,535k, up 35% on Q2 FY23

Payments for product manufacturing and operating costs of sales increased on PCP due to the settlement of creditors with deferred payment terms and wind up of the Colombian marketplace.

Payments for staff costs were \$1,398k, down 45% on Q2 FY23

Employee costs were substantially reduced on PCP following the prior restructure of the BEX core business including the wind down of Colombia, consolidation of US operations and cessation of Kitzuma bike delivery business.

Administration and corporate outflows were \$1,317k, up 33% on Q2 FY23

Payments for administration and corporate outflows were higher on PCP largely due to payments for professional fees, and IT platform fees with payment terms.

Payments to related parties and their associates were \$682k

Related party payments include directors' fees and expenses, base remuneration for key management personnel, and payments to Marketplacer Pty Ltd which provides platform services for the Group's network of marketplaces. Related party payments were down 5% from Q2 FY23.

¹ Quarterly cash flows comparisons relate to the prior corresponding period (PCP) Q2 FY23.



Net cash used in operating activities of \$1,095k, down 35% on Q2 FY23

Net operating cash outflows were down 35% on Q2 FY23. The reduction in operating cash flows was realised from the increase in eCommerce revenues in the quarter, receipt of an R&D tax refund, cost base savings achieved and savings from the exit of discontinued operations (Kitzuma's bike delivery business and the wind down of the Colombian operations).

BikeExchange had a cash and equivalents balance of \$1.6m at 31 December 2023.

Outlook

Following the rollout of the BEX storefront to all verticals, the BEX Marketplace and eCommerce teams will focus on execution, and optimization within the new technology, for the remainder of H2.

For marketplace teams, this means connecting the right sellers, products and prices, and driving improved marketplace performance. For eCommerce, this is about optimizing, iterating and scaling with the new platform to scale through conversion.

Beyond that, BEX sees a significant opportunity to strengthen its technology position by owning its technology IP, adding a material financial upside to its EBITDA position through reduced licence costs as well as extending its revenue model through new solutions that solve problems within the bike industry.

BEX will continue to focus its efforts on executing against the 5 strategic pillars it defined at the beginning of 2024 to drive the business to profitable growth:

- 1. Execute on new consumer platform**
- 2. Connect new seller partnerships**
- 3. eCommerce profitability and growth**
- 4. Operational efficiency via centralization, optimization**
- 5. Develop Competitive Advantage via Technology**

Capital Plan:

BikeExchange is continuing to see strong growth in net revenues combined with a greatly reduced cost base. Directionally, these business achievements are expected to continue reducing cash burn. The company has identified opportunities to significantly increase its profitable growth, on the premise of continuing to invest in its own technology IP. BikeExchange has plans to raise further capital to fund these initiatives and working capital requirements and has indicative major shareholder support.

This announcement has been authorised for release by the BikeExchange Board.



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, with the aim of bringing together the fragmented global cycling industry to trade and scale. Today, it hosts over 1600+ retailers and 1m+ products globally, with an annual audience of 15 million consumers.

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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")

31 Dec 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,250	24,066
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(10,535)	(20,724)
(c) advertising and marketing	(381)	(792)
(d) leased assets	-	-
(e) staff costs	(1,398)	(2,822)
(f) administration and corporate costs	(1,317)	(2,367)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	16
1.5 Interest and other costs of finance paid	(24)	(31)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	303	303
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,095)	(2,351)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(3)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities (net of costs of disposal)	-	-
	(b) businesses	43	64
	(c) property, plant and equipment	1	1
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	43	62

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	460	2,450
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	(7)	(32)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(61)	(142)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (premises lease payments)	(120)	(281)
3.10	Net cash from / (used in) financing activities	272	1,995

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,388	1,897
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,095)	(2,351)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	43	62

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	272	1,995
4.5	Effect of movement in exchange rates on cash held	(18)	(13)
4.6	Cash and cash equivalents at end of period	1,590	1,590

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	1,590	2,388
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)	1,590	2,388

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	682
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	32	32
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,095)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,590
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,590
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.5
<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?	
<p>The company expects to continue to have a reduced level of operating cash outflows in Q3 FY24 taking into account the improvement in operating results achieved in the current quarter. The new consumer technology platform that was launched in Germany in September 2023 continues to increase conversion and support revenue growth. The new platform is being progressively launched across the remaining regions over the coming half, which is expected to support the growth of eCommerce revenues across the regions and increase operating cash flows from Q3 FY24 onwards. Additionally, the closure of the Colombian marketplace over Q3 FY24 is expected to reduce operating outflows.</p>	
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?	
<p>BikeExchange is continuing to see strong growth in net revenues combined with a greatly reduced cost base. Directionally, these business achievements are expected to continue reducing cash burn. The company has identified opportunities to significantly increase its profitable growth, on the premise of continuing to invest in its own technology IP. BikeExchange has plans to raise further capital to fund these initiatives and working capital requirements and has indicative major shareholder support.</p>	

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?

The Company expects to be able to continue its operations and meet business objectives on the basis of the significant improvement in ongoing net operating cash flows and access to capital as outlined in 8.6.1 & 8.6.2.

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.

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: 31 January 2024

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.