

28 October 2021

Media & ASX Market Announcement

Australian Securities Exchange

Cost reductions achieved as Company prepares for Black Friday & Cyber Tuesday sales

Q1 Highlights

- **Production of key products continues in preparation for key selling events in November - Black Friday and Cyber Tuesday**
- **Product quality improved and warranty claims reduced significantly during the period**
- **Cost reductions achieved in administrative, staffing and shipping costs**
- **R&D activities continue and R&D grant application submitted**

Cycliq Group Ltd ('Cycliq' or 'the Company') (ASX: CYQ) has released its Appendix 4C Quarterly Report for the quarter ending 30 September 2021.

Q1 Performance

Production of the Cycliq's key products has continued throughout the quarter in preparation for the key selling season in November - the Black Friday and Cyber Tuesday sales events. Marketing activities for these events commenced at the end of September 2021. Sales during the quarter were modest but consistent.

Cycliq has been working closely with its manufacturing partners to improve quality and reduce warranty claims. Considerable success has been achieved in this area with warranty claims reducing significantly. As a result, headcount in claim handling has been reduced and more product is available for immediate sale.

Cost control continues to be a focus of the company, with a move to smaller premises occurring at the end of the quarter. This has resulted in a cost saving of approximately 50% of the previous rental expense. Staffing cost reductions have also been achieved with a leaner team and a reduction in director fees.

The change in sales channels to a "direct to consumer" model has reduced financing costs to near zero. Accompanying this has been a change in the supply chain distribution model leading to a significant reduction in shipping costs to customers. The shift to leaner operations continues with a strong focus on increased margins and profitability rather than top line revenue.

Management has continued research and development activities to improve current products and to introduce complementary product lines. An R&D grant application has been successfully submitted and is expected to be paid during the next quarter.

New product lines have been finalised which will be introduced as complementary purchase opportunities for customers in the coming quarter. These include duo mounts for the Fly 12, protective covers for cameras, high quality and high visibility rain jackets, and reflective stickers – all of which will be available in the online store during the coming sales events. These products meet the Company's core philosophy of providing high quality safety related products for the cycling and mobility markets.

Opportunities and Outlook

New products are in the development pipeline to complement both the Fly 6 and Fly 12 products. These include the development of entry level units and lighter, camera only forward-facing units. Quality improvement in product lines, ramping up manufacturing to meet the expectant sales demand, and the development of new product lines are all with the aim of achieving strong sales in the December quarter. Most importantly, the company will now have inventory to meet sales demands – when products are bought by customers, they will ship immediately.

Corporate

After receiving shareholder approval at the General Meeting dated 7 July 2021, the Company completed the following:

1. Conversion of all Convertible Notes outstanding by issuing 500,000,000 fully paid ordinary shares along with 250,000,000 free attaching CYQOA Quoted Options;
2. Issuing 2,300,000,000 CYQOA Quoted Options to CPS Capital (or their nominees); and
3. On 21 July 2021 the 20:1 share consolidation was completed.

On 2 August 2021, the Company announced that Mr Timothy Slate was appointed Chief Financial Officer and Company Secretary. Coinciding with his appointment, Mr John Bell resigned as CFO and Mr Arron Canicares resigned as Company Secretary.

Additional ASX Information

Cycliq Group Ltd provides the following information pursuant to ASX Listing Rule requirements:

1. ASX Listing Rule 4.7C.1: The Company's net cashflow used in operations for the quarter was \$1,072,000. The Company's operational expenses mainly comprised of product and manufacturing costs (\$548,000), administration and corporate costs (\$434,000) and staff costs (\$372,000).
2. ASX Listing Rule 4.7C.3: In item 6 of the attached Appendix 4C, payments to related parties of approximately \$89,000 comprising of Director services (\$68,000) and Non-Director Services – company advisory services (\$16,000), registered office fees (\$2,000) and interest on convertible notes (\$3,000) were paid during the quarter.

ENDS

This announcement has been authorised by the Board of directors of the Company.

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About Cycliq

Cycliq is a smart safety company based in Perth, Australia, manufacturing and marketing the world-first cycling light and camera safety systems, the Fly6 and Fly12.

Since the Company was founded in 2012, more than 100,000 of the Fly cycling light and camera safety systems have been shipped to over 50 countries around the world with key markets being the USA, UK, and AU. Cycliq has operations in Australia and China, with direct- to-consumer sales from the Company's website Cycliq.com and also Amazon.com.

For more information about Cycliq, please visit www.cycliq.com