



27 January 2017
ASX Market Announcement
Australian Securities Exchange

Cycliq Group Ltd Quarterly Cash Flow Statement

Based in Perth, Western Australia, Cycliq is the world's leading manufacturer of high-definition bike cameras and safety lighting accessories, selling products in 44 countries across the globe. Today, the company releases its Appendix 4C Quarterly Report for the quarter ended 31 December, 2016.

Highlights for the Quarter

- Successful reverse takeover of Voyager Global Pty Ltd and re-admission to ASX raising \$3.25M net of costs in December 2016
- Cycliq achieved its highest monthly sales record in December 2016, excluding Kickstarter revenue
- Signed exclusive distribution agreement with the UK's largest cycle and action sports distributor, Madison.
- Purchase and deployment of 250 Point of Presence (POP) in-store electronic interactive sales displays into UK and Australia retail stores, with a further 250 units for deployment across international markets
- Investment in long lead time inventory across headline products
- 393% over-subscription for the Duo Mount mounting accessory pre-order campaign
- Worked with Amaury Sport Organisation (ASO), owners of the Tour de France, on their first event in Australia, Le Tour d'Étape in NSW
- Initiated the first phase of our Australian retailer engagement incentive program strategy
- Commissioning of national cycling market research by Melbourne-based Colmar Brunton to gain real insight and data around cyclist behaviour relevant to pipeline product development and sales strategies.
- Increased focus into the development of new pipeline multi-market products with strong global potential
- Completion of Phase 1 of the Cycliq brand identity development program
- Planned launch of new product in September 2017

Successful reverse takeover of Voyager Global

Cycliq successfully completed the reverse takeover of Voyager Global Pty Ltd and then was re-admitted onto the ASX on 8 December 2016. The Company raised \$3.25M net of listing and acquisition costs.

Cycliq achieves monthly sales record

December 2016 saw over \$370k revenue from three major territories including 26% sales from Australia.

- Kickstarter Duo Mount program generated \$79k in revenue
- December sales promotion generated \$73k in revenue
- *Quarter 2 sales up 15% on Quarter 1 to \$625k*

New distribution agreement with Madison UK

The Madison UK distribution agreement, signed in early December, opens access for Cycliq's product range to over 2,700 retail outlets across the UK and Ireland.

Madison is the UK's leading distributor of bicycle parts and accessories, as well as the region's fastest growing motocross and freesports equipment supplier. Established over 30 years ago, they have established a market leading reputation for innovation in products, retail support initiatives, and operations. As a key supplier of many of the

world's leading brands in cycling, such as Garmin and GoPro, the Madison team has chosen Cycliq and our range of HD camera and safety lights as one of the feature brand debuts for the forthcoming *IceBike* trade show in February.

Andrew Hagen, Chief Executive Officer, said "Working with Madison has already shown great results with over 70 POPs already installed into bike shops across the UK and Cycliq brand awareness growing. Madison's pro-active approach led to a presentation of Cycliq's range of safety accessories to 18 UK territorial police forces in December 2016. Subsequently, there are now five UK Police stations (Scotland, Greater Manchester, Somerset/Avon, West Midlands and North Wales) using Cycliq products to promote cycling safety."

Point of Presence (POP) in-store video displays

Cycliq purchased 250 POP's, of which 220 have been deployed into the UK and 30 within Australia. A further 250 more POPs have been ordered for distribution throughout Australian and international selling channels.

These interactive video display units assist in-store sales. Customers can select which of the Fly6 and Fly12 product they're interested in, hold the physical unit, and then choose a video demonstration with product features. The POP displays are an engaging sales tool with or without a retailer present. This enables the consumers to select their own experience with Cycliq products before purchasing.



Investment in Inventory

Significant spend has been invested into inventory ahead of the Chinese New Year period which traditionally impacts on lead times for inventory. Cycliq will place additional inventory and long lead time component orders in Q3 to ensure we have a sufficient inventory position to ensure stock control and supply issues do not disrupt sales channels right through to the end of FY 2017.

Furthermore, distributors and direct customers are now able to order from Cycliq without delay into every sales geography.

Pre-Order campaign for mounting accessory a success

Cycliq successfully closed a 30-day pre-sale campaign of an innovative and patent pending Duo Mount mounting accessory. This campaign set out to pre-sell \$20k of products and ended up with \$79k through the popular crowd funding platform, Kickstarter. This demonstrates the engagement consumers have with our on-going product development.

The Duo Mount delivers innovative and space saving design for cyclists looking to use both their cycling computer and a camera along their rides. This Kickstarter campaign, tipped Cycliq over \$1M total raised through this platform where Cycliq products sit in the top 10 of over 6,000 Kickstarter campaigns in Australia.

Worked with Amaury Sport Organisation (ASO)

ASO are the owners of the Tour de France and in their first event in Australia, Le Tour d'Étape in NSW, Cycliq worked with them to produce a video using Cycliq products showcasing the event with on-board footage. With over 3,500 participants, this big event was headlined by the current Tour de France yellow jersey winner, Chris Froome.

The video helped build Cycliq's brand awareness with the participants and followers of ASO's events and in addition has led to Cycliq being invited to participate in selected events with ASO in Europe. These videos prove valuable to Cycliq when highlighting the high quality and versatility of Cycliq's unique product offering to other organisations.

Research and development

The product development team are forging ahead on several new products for market diversification. The first of these new designs is due to launch globally in September 2017. In addition, the team are investing into the research of leading edge technologies to incorporate into our future product road map.

Investment in research and development of new products and product ranges is crucial for Cycliq to remain at the at the leading edge of consumer electronics in the cycling market as well as to provide the business with an opportunity to expand into annuity revenues through licensing and or subscription based services.

Cycliq brand identity development program

A recent Cycliq photo shoot at the Zig-Zag in Kalamunda marked the beginning of Phase 1 in the development program Cycliq's brand identity. As a technology company in the global cycling market, our brand development program will deliver a cohesive creative brand strategy that will resonate with consumers and ultimately foster brand advocacy. The following two images are a sneak peek of what's to come. Check out the website for more photos from our developing image suite.



For more information about Cycliq, visit <https://cycliq.com>.



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

Name of entity

Cycliq Group Limited - CYQ.AX

ABN

47 119 749 647

Quarter ended ("current quarter")

31 December 2016

Consolidated Statement of Cash Flows	Current quarter 31-Dec-16 \$A'000	Year to date (6 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from customers	521	1,084
1.2 Payments for		
(a) research and development	3	(43)
(b) product manufacturing and operating costs	(733)	(1,319)
(c) advertising and marketing	(115)	(160)
(d) leased assets	(17)	(26)
(e) staff costs	(318)	(549)
(f) administration and corporate costs	(224)	(285)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(95)	(95)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(252)	(313)
<u>Material components of Other operating activities</u>		
1.8a Shipping, freight & courier costs	(59)	(116)
1.8b Travel costs	(40)	(54)
1.8c Other (multiple immaterial items)	(42)	(72)
1.9 Net Operating Cash Flows	(1,229)	(1,704)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(374)	(395)
(b) businesses (see item 10)	34	34
(c) investments	-	-
(d) intellectual property	(147)	(206)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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 Investing Cash Flows	(487)	(567)

Consolidated Statement of Cash Flows	Current quarter 31-Dec-16 \$A'000	Year to date (6 months) \$A'000
3. Cash flows related to financing activities		
3.1 Proceeds from issues of shares	3,750	3,750
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(385)	(385)
3.5 Proceeds from borrowings	100	100
3.6 Repayment of borrowings	(209)	(209)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net Financing Cash Flows	3,256	3,256
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	202	757
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,229)	(1,704)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(487)	(567)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	3,256	3,256
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of quarter	1,742	1,742

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	1,741	201
5.2 Call Deposits	-	-
5.3 Bank Overdrafts	-	-
5.4 Other (provide details)	1	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,742	201

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

- Payments were made to Andrew Hagen (CEO / Director) and Kingsley Fiegert (COO / Director) as salaries and directors fees for their roles with the business (gross payment amount)
- There were director fees paid to Piers Lewis dating back to his role as director for Voyager Global Group Limited (prior to acquisition)

Current quarter
\$A'000

98

-

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

- Payments were made to SmallCap Corporate of which Piers Lewis (Director / Company Secretary) is a part owner.
- Payments were made to Clear Corporate Solutions of which Chris Singleton (Chairman of the Board) is part owner.
All transactions are made on an arms length basis on commercial terms.

Current quarter
\$A'000

34

-

8. Payments to related entities of the entity and their associates	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
The Group does not hold any loans / credit / facility arrangements at quarter end.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(80)
9.2 Product manufacturing and operating costs	(849)
9.3 Advertising and marketing	(85)
9.4 Leased assets	(17)
9.5 Staff costs	(276)
9.6 Administration and corporate costs	(125)
9.7 Other (provide details if material)	(52)
9.8 Total estimated cash outflows	(1,484)

10. Acquisition and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Federation Enterprises (WA) Pty Ltd (now renamed Cycliq Products Pty Ltd)	N/A - none
10.2 Place of incorporation or registration	Mount Hawthorn, WA	N/A - none
10.3 Consideration for acquisition or disposal	Deemed consideration of \$4,005,149	N/A - none
10.4 Total net assets / (liabilities)	-\$129,056	N/A - none
10.5 Nature of business	Cycling accessories	N/A - none

Note: The above reflects the legal form of the transaction that took place, however the Group has taken guidance from the principles of AASB 3 Business Combinations and determined that Federation Enterprises (WA) Pty Ltd would be the acquirer for accounting purposes, and as such the remainder of the cash flow information included in this Appendix 4C reflects that position.

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.

Sign here:
(Director/Company secretary)

Date:

Print name: