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Media & ASX Market Announcement

Australian Securities Exchange

Cycliq announces imminent release of new products

Perth, 24 October 2017 – Cycliq Group Ltd has announced it will release its new ‘connected edition’ Fly6 and Fly12 bike camera and safety light devices next month.

Cycliq Executive Chairman Chris Singleton said the new products mark the evolution of the company from a crowdfunded startup to a producer of consumer electronics.

“We are expanding our existing product range with our new ‘connected edition’ devices. We developed these products to complement our original Fly6 and Fly12 units and broaden our customer appeal,” said Mr Singleton.

The new ‘connected edition’ devices were designed to address market research and augment Cycliq’s existing customer base, which is predominantly road cyclists.

“Cycliq’s new devices are an extension of our product range, not a next generation product that supersedes the original. We’ve designed them to appeal to a slightly different customer base with the aim of growing the market for our products,” said Mr Singleton.

Readers of recent Cycliq Appendix 4C Cash Flow reports would have observed relatively high cash outflows on product purchases when compared to cash inflows from product sales.

In preparation for the global product launch, Cycliq has been building up inventory to ensure stock is available across its global sales network.

“We are poised to unlock value which has been tied up in inventory for many months,” said Mr Singleton.

Vendor trading terms have also contributed to the observed cash flows. Manufacturers have requested up to 50 per cent upfront payment, with 12-week lead times to product delivery.

This, in combination with credit terms provided to large retailers, means there is a significant lag from the time the first dollar is put down on deposit, to when the last dollar of income is received from that production run.

“As an early stage electronics producer we haven’t been in a position to dictate payment terms to either our suppliers or our customers, which reflects our cash position,” said Mr Singleton.

Cycliq’s rapid expansion has also been contributing to the observed results, with production runs being up-scaled to meet increased sales projections.

“We have been focused on addressing these unfavourable trading terms. Our manufacturing joint venture with Thompson & Kenneth Cheung directly tackles this point, ensuring we will be able to better match cash inflows and outflows for future products,” said Mr Singleton.

Cycliq's recently reported improvement in margins from 22% to 39%, in addition to the introduction of the 'connected edition' range should further bolster the positive trend.

On the back of these positive September quarter results, the timing of the new product releases coincide with the lead up to Christmas, which is generally the strongest quarter for retail sales.

"Cycliq wanted to make sure that our new products will be available for Christmas and at the right price point to make them an attractive gift option," said Mr Singleton.

The 'connected edition' range will be officially launched on the 15th of November, at which time customers and retail partners will be able to register their interest for the new products.

About Cycliq

Cycliq is a consumer technology company that produces electronic safety accessories for cyclists. Our leading range of integrated bike cameras include the rear-facing Fly6 and front-facing Fly12.

Cycliq's bike cameras are highly engineered with multiple safety functions to give cyclists peace of mind so they can enjoy their ride.

The design emphasis focuses on four principal components: video, lights, battery and utility. The video (with audio) functions to record the ride with the added benefit of sound stabilisation whether for training, competition, travel or the daily commute.

In the event of an incident, the cameras act as dash cams, recording all that happens for later review. The powerful lights provide safety and visibility.

We've engineered our batteries to be small enough, yet last up to 10 hours - longer than a bike ride. The Fly6 and Fly12 are simple to use and durable enough to survive all sorts of conditions.

Cycliq's aim is to produce a durable digital trip recording device for all cyclists at an affordable price. The long-term goal is to see bike cameras as an everyday piece of cycling equipment along with the helmet, sunglasses and water bottle.

The Flys keep an eye on the road so that cyclists can enjoy the journey.

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

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