

29 March 2018

Media & ASX Market Announcement

Australian Securities Exchange

Cycliq secure shareholder loan to provide trade finance

Perth, 29 March 2018 – Cycliq Group Ltd (CYQ) is pleased to announce it has formalised loan agreements with a private consortium of shareholders including Cycliq Executive Chairman Chris Singleton, to provide funds of up to \$2 million which would operate as a revolving trade finance facility (the “Loan Facility Agreements”)

“Having reviewed the company’s debt finance arrangements, the Board concluded a shareholder loan, operating as a trade finance facility, represented the most prudent option,” said Non-Executive Director and Company Secretary, Piers Lewis.

With 20-50% of each stock order requiring upfront payment and a 3-month production lead time, significant working capital has previously been tied up in inventory and pre-payments.

This trade finance facility allows the Company to match the timing of cash out-flows for stock purchases with in-flows from product sales. This frees up working capital to be deployed on growth and product development initiatives.

Further, the switching of production to the manufacturing joint venture later in the 2018 calendar year will further improve our operating position and access to working capital as the Company reduces the percentage of stock pre-payment required in cash.

The Cycliq Board was pleased to note the strong support from participating shareholders and Cycliq’s executive chairman.

“We feel this trade finance solution will provide the Company with the ability to optimize the use of its capital as we move towards sustainable cash flows,” said Cycliq executive chairman, Chris Singleton.

This shareholder loan represents a combination of the most prudent elements of the financing options considered while maintaining the arms-length nature of a commercial finance arrangement.

Key terms of the Loan Facility Agreements

An individual Loan Facility Agreement has been signed with each of the parties providing financing up to a defined credit limit as agreed with that party.

<u>Purpose:</u>	For the use in working capital requirements of the business.
<u>Loan amount:</u>	All parties are combining to contribute up to a total credit of \$2 million, of which Mr Singleton contributes up to \$1 million, on a revolving basis.
<u>Interest rate:</u>	1.33% per month (annualized interest rate of 16% p.a.).
<u>Operation:</u>	The facility shall operate as a revolving trade facility – a drawdown request will be made by the company for specific spend requirements. Once provided, the company shall have 120-day terms at which point the principal plus interest accrued shall be repaid.

Security: The parties to the Loan Facility Agreements shall receive an equal ranking first priority general security interest over the business assets of Cycliq Products Pty Ltd – being the operating subsidiary of Cycliq Group Ltd.

Termination: The Loan Facility Agreements are valid for a period of 12 months. This termination date may be extended by agreement in writing of the parties to the original document, whereby all terms and conditions shall continue to apply for the duration of the extension. In addition, should the Lender be a Related Party and the Board of the Cycliq Group Limited parent entity make the decision to terminate the Lender's employment / position with the Cycliq Group Limited or its controlled Subsidiaries, including requesting the Lender to tender their resignation, or where the Lender is removed by a resolution passed by the Company's shareholder's in general meeting, the Lender has the right to demand repayment of all balances owing plus interest accrued to that date within 30 days of termination.

Cycliq Group Ltd has been granted a waiver of Listing Rule 10.1 by ASX Limited to permit the loan provided by Chris Singleton (as a Related Party) to be secured under the terms of the agreement, without obtaining shareholder approval.

The terms of the waiver can be found in the attachment to this announcement.

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.

Cycliq has engineered its batteries to be small enough, yet last up to 8 hours - longer than a bike ride. Cycliq's range of Fly6 and Fly12 models 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 Fly's 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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Attachment – ASX Waiver

1. *Based solely on the information provided, ASX Limited (“ASX”) grants Cycliq Group Limited (the “Company”) a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over the business assets of Cycliq Products Pty Ltd to Christian Singleton, a director of the Company, (“Related Party”) under a proposed equal ranking first priority general security interest (the “Security”) to be granted in connection with a debt finance arrangement of up to \$1,000,000 without obtaining securityholder approval on the following conditions.*
 - 1.1. *The Security includes a term that if an event of default occurs and the Related Party exercises its rights under the Security, neither it nor any of his associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company’s obligations under the Security, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person, including without limitation an administrator or liquidator) appointed by the Company or the Related Party (or another securityholder or secured creditor) exercising its power of sale under the Security and selling the assets to an unrelated third party on arm’s length commercial terms and conditions and distributing the cash proceeds to the Company, and/or the Related Party in accordance with their legal entitlements.*
 - 1.2. *A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.*
 - 1.3. *Any variations to the terms of the Security which is:*
 - 1.3.1. *not a minor change; or*
 - 1.3.2. *Inconsistent with the terms of the waiver, must be subject to securityholder approval.*
 - 1.4. *The Company or the Related Party must seek to discharge the Security when the funds advanced under the secured notes are either repaid to the Related Party, or if it is not discharged, seek securityholder approval for the continuation of the Security for any further period.*
 - 1.5. *The Company immediately releases to the market an announcement which sets out the terms of the waiver upon finalisation of the agreement with the Related Party.*
 - 1.6. *The Company immediately releases to the market an announcement which sets out the material terms of the transaction and this waiver upon finalisation of the general security deed, including:*
 - 1.6.1. *the Company’s plans with respect to the repayment of the funds advanced under the general security deed, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur; and*
 - 1.6.2. *a statement of the reasons why the Company has chosen to obtain a financial accommodation from a listing rule 10.1 party rather than a lender that is not and the steps the Company’s board has taken to satisfy itself that the transaction is being entered into on arms’ length terms and is fair and reasonable from the perspective of the Company’s securityholders.*
2. *ASX has considered listing rule 10.1 only and makes no statement as to the Company’s compliance with other listing rules.*