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Media & ASX Market Announcement

Australian Securities Exchange

Cycliq announces 46% increase in quarterly revenue, new products drive growth

Q3 FY18 Highlights

- 46% increase in quarterly revenue to \$1.6M
- 44% increase in unit sales on December quarter
- 359% increase in year on year revenue from Q2 FY2017
- New distributor agreements signed in USA and EU
- Co-founder Kingsley Fiegert steps back from day to day operations

Cycliq Group Ltd (ASX:CYQ) has released its Appendix 4C Quarterly Report for the quarter ending 31 March 2018.

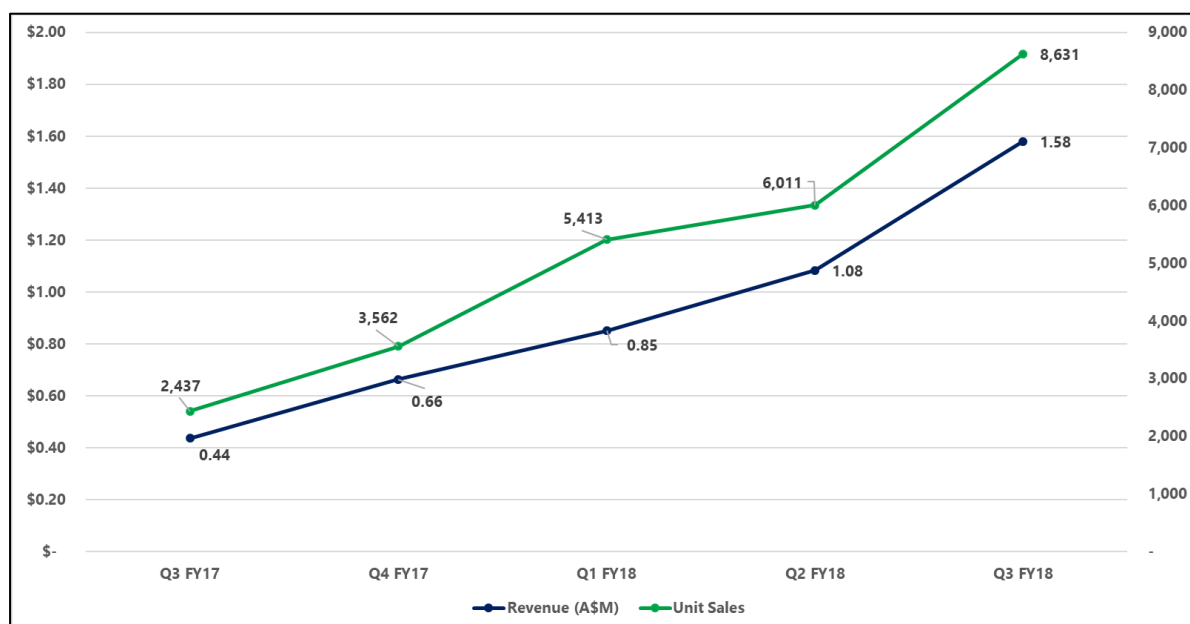
The Perth-based manufacturer of the world's first 'dashcams for bikes' has increased revenue by almost 50% in Q3 FY18 to \$1.6M.

Record quarter for sales, revenue up 46%

Total unit sales also rose 44% in the March quarter to 8,631 units, eclipsing the previous record achieved during the December quarter (6,011 units). The lift in sales volumes represented a 354% increase year-on-year.

"Cycliq's significant revenue growth, which coupled with high margins on direct-to-consumer sales and improvements across all key operating metrics, has seen an improvement in our quarterly EBITDA. We've narrowed our loss by more than seventy per cent compared to the previous quarter and about sixty per cent on historical averages," said Cycliq Executive Chairman Chris Singleton.

Chart: Cycliq quarterly sales and revenue performance



Cycliq key operating metrics summary

Key Metrics	Q3 FY2017	Q4 FY2017	Q1 FY2018	Q2 FY2018	Q3 FY2018
Unit Sales	2,437	3,562	5,413	6,011	8,631
Revenue (A\$ mil)	0.44	0.66	0.85	1.08	1.58
EBITDA* (A\$ mil)	(0.56)	(1.04)	(0.70)	(1.00)	(0.27)
Marketing (A\$ mil)	0.04	0.35	0.28	0.38	0.14
CAC** (A\$)	15	98	52	64	16

* the EBITDA number excludes share based payments and foreign exchange movements.

** CAC (customer acquisition cost) is calculated as marketing spend amortised across total unit sales.

Points of presence expand in EU and USA

As indicated last quarter, Cycliq has been targeting expansion in the US and EU markets. The company has been building on the strong relationship with Madison in the UK by signing ESM Sports (France), AGU Holdings (Benelux) and a major deal with BackCountry.com (USA).

The combination of these agreements give Cycliq access to more than 4,500 points of presence in the EU, as well as six major direct-to-consumer websites in the US, including the dedicated e-commerce site Competitive Cyclist (competitivecyclist.com).

"Strategic expansion of our sales footprint, working with new and existing retail partners and targeting our marketing efforts to support accelerated growth in the US and EU markets has driven a strong uptick from key channel partners," said Paul Claessen, Chief Sales Officer.

Growth and operating efficiencies on track to improve performance

The drivers of profitability for Cycliq's business – sales growth in existing products, new product releases and operating and manufacturing efficiencies are set for strong improvement over the coming six months with:

- First production of existing products from the manufacturing JV expected from Q1 FY19 – with gross margin improvement;
- Organic growth for the 'Connected Edition' products as retail availability improves off the back of growing retail footprint;
- Launch of new products manufactured out of the JV, aimed at the cycling commuter market, expected in Q2 FY19; and
- Improvements in operating efficiencies as Cycliq begins to achieve economies of scale across sales, marketing and customer support.

"Unlike many early-stage scale-up businesses, we're not relying on hockey stick growth to significantly improve our operating position," said Mr Singleton.

Product innovation aimed at category development

In line with increasing control of manufacturing operations and driving margin improvement through the JV, Cycliq can explore category development opportunities in adjacent markets (e.g. similar products targeted at motorcyclists), as well as continue to develop the core product offering for the cycling consumer.

Commenting on future opportunities, Executive Chairman Chris Singleton said: "Being first to market with a category defining product is an exciting challenge and has put Cycliq in a strong position for future growth as consumer awareness grows and our retail footprint expands.

"The release of new products for cyclists in the second half of the calendar year will round out our product offering, and we'll continue our program of both hardware and software innovation for the Fly6 and Fly12 to make sure we stay number one."

"At the same time, we can apply our learnings to new markets and enjoy efficiencies in research and development, commercialisation and economies of scale in key go-to market activities."

Co-founder Kingsley Fiegert steps back from day to day operations

Having successfully launched the Fly6 and Fly 12 'Connected Edition' product range and with the transition of manufacturing operations to the joint venture well advanced, co-founder Kingsley Fiegert will step back from day-to-day operations at the end of April 2018.

Founder Kingsley Fiegert said: "We founded Cycliq with the vision of making the roads safer for everyone, and it's been a privilege to be so hands-on over the past four years, with such a passionate and committed team.

The launch of the Connected Edition range and the transition to the manufacturing JV model has given me the confidence to take a break from the day to day operations and ensure that the business has the best mix of skills and experience to move forward.

"I look forward to continuing to support the board and management team as an active and interested shareholder."

Working closely with the recently expanded executive team over the past six months, Mr Fiegert has planned his departure to allow for the introduction of specialist manufacturing and product development expertise to manage the joint venture between Cycliq Group Limited and Glory Horse Investment Holdings Limited (based in Hong Kong).

Executive Chairman Chris Singleton said: "On behalf of the board and the global cycling community we thank Kingsley for his vision and drive; and his diligence in ensuring a smooth transition to the manufacturing JV operating model which will begin to impact the business positively in the second half of this calendar year.

"We look forward to his continued involvement in the business as a founder and significant shareholder and to realising his vision for making cycling safer for everyone."

ENDS

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About Cycliq

Cycliq is a consumer technology company based in Perth, Australia, that produces electronic safety accessories designed for cyclists; the world-first dashcam for bikes, the rear-facing Fly6 and front-facing Fly12.

The Fly bike cameras integrate powerful safety lights and are engineered with multiple safety functions to give cyclists peace of mind so they can enjoy their ride. In the event of an incident, the HD cameras act as dashcams, recording everything that happens for later review; from accidents and near-misses, to spectacular scenery. The powerful safety lights provide improved visibility on the roads.

The latest 'Connected Edition' range was released in December 2017. More than 60,000 of the Fly bike dashcams have been shipped around the world to over 50 countries since the company was founded in 2012. Cycliq has operations in North America, Australia and China, with direct to consumer sales from the company website and Amazon, and access to more than 6,000 retail points of presence through a network of regional distribution and retail partners in the USA, Asia-Pacific, EU and UK, as well as major online players including Wiggle (global) and Backcountry.com (USA).

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