

16 November 2018

## Capital Raising Update

### **Cycliq receives \$2m non-binding debt proposal from Partners for Growth and reduces Placement to \$1.1m**

- Cycliq has received a non-binding debt proposal for a \$2m secured debt facility from Partners for Growth
- As a result, Cycliq has reduced dilution to shareholders by revising the size of the share placement from \$2m to \$1.1m for which it has received binding commitments

Cycliq Group Limited (ASX: CYQ – the “Company” or “Cycliq”) is pleased to announce that it has received a non-binding debt proposal from Partners for Growth (“PFG”) for AUD\$2 million secured debt facility (“Debt Proposal”). Key details of the Debt Proposal are set out later in this announcement. Based in the San Francisco Bay area, PFG is a partnership that provides capital funding debt solutions to private and public technology and life science companies.

As a result, Cycliq is also pleased to advise that it is revising the size of the AUD\$2 million share placement announced on 13 November 2018 down to AUD\$1.1m to fall in line with the condition precedent noted in the Debt Proposal as this will reduce dilution to existing shareholders.

The Company has secured commitments for 157,142,857 ordinary shares to be issued to sophisticated investors at an issue price of \$0.007 per Share, including 78,571,429 free attaching unlisted options exercisable at \$0.012 on or before 3 years from the date of issue (“Placement Options”) with one Placement Option issued for every two Placement Shares subscribed, raising approximately AUD\$1.1 million (exclusive of costs) (“Placement”). Mr Chris Singleton, the Company’s Executive Chairman, will participate in the Placement with a \$80,000 subscription. Mr Singleton’s participation is subject to prior shareholder approval.

#### **Details of placement**

The Placement will be made to sophisticated investors in two tranches. Tranche One of the Placement will be issued using the Company’s existing listing rule 7.1/7.1A capacity. The Company expects to issue up to 24,627,966 Shares and up to 49,665,670 Placement Options under Listing Rule 7.1 and up to 74,703,373 Shares under Listing Rule 7.1A. Tranche Two of the Placement comprised of approximately 57,811,518 Shares and approximately 28,905,759 Options will be issued once shareholder approval has been obtained at the Company’s Annual General Meeting.

“The outlook for Cycliq on the back of this restructured funding announcement is extremely positive as we continue to successfully grow our business” said Chairman Chris Singleton. “PFG have a strong track record supporting small-cap, high-growth companies such as ours both in Australia and around the world. We look forward to working with them to finalise the terms of the Debt Proposal as we continue to take Cycliq to the next level globally.”

“Today’s announcement is significant in that it provides a less dilutionary capital raising for our shareholders, and subject to completion of binding documentation for the Debt Proposal, will provide the Company with the targeted additional working capital to continue to grow the business. Pleasingly Cycliq has potentially secured a funding partner in PFG with extensive expertise in emerging technology businesses,” Singleton added.

“We are looking forward to working alongside Cycliq as they continue on their growth strategies” said Max Penel of Partner For Growth Australia.

Key terms of the Debt Proposal are set out below. Investors should note that as at the date of this announcement the Debt Proposal is non-binding and subject to the closing conditions set out below, including completion of due diligence by PFG and entry into formal documentation. There is a risk the final terms of any debt facility, if agreed with PFG, will be different to those outlined below and as such investors should exercise caution when making investment decisions with respect to the Company's shares.

<b>Facility</b>	Up to AUD\$2 million revolving line of credit <ul style="list-style-type: none"> <li>• Available at close</li> <li>• Subject to a Borrowing Formula</li> </ul>
<b>Borrowing Formula</b>	90% of inventory balance (at cost). \$300,000 over-advanced permitted for the financial year period.
<b>Use of funds</b>	Working capital.
<b>Maturity</b>	36 months.
<b>Repayment</b>	Interest payable monthly. Principal due at Maturity.
<b>Interest Rate</b>	11.75% annual fixed rate
<b>Financial Covenants</b>	To be mutually agreed. We would likely have at least one operating covenant and one balance sheet test.
<b>Security</b>	Fully-perfected senior lien or charge on all assets of the Company and group companies (“Collateral”). All other debt including insider debt must be subordinated to PFG by agreement or as PFG may otherwise determine.
<b>Right to Invest</b>	PFG will be granted an option to purchase up to \$250k of equity in the Company’s next equity financing upon the same terms as other investors.
<b>Conditions of Closing</b>	Equity raise: Company to raise at least A\$1.1m of equity capital (this will be met by the Placement).  Successful completion of Due Diligence by PFG.  Completion of formal legal documentation by 30 December 2018.

In addition, the Debt Proposal provides for the issue of warrants to PFG in accordance with the following key terms:

<b>Type of Security and Consideration:</b>	PFG shall acquire an option to purchase \$475,000 of Cycliq's Shares at the close of the transaction (the "Warrant Shares") at an exercise price of \$0.007 per Share (Exercise Price) (the "Warrant").
<b>Term of Warrant:</b>	7 years from Closing.
<b>Put Option:</b>	PFG would have the option to require the Company to repurchase the warrant in lieu of exercising for \$400,000 upon a sale, change of control, liquidation or upon expiration.
<b>Treatment of Warrant Upon Acquisition:</b>	Upon an "Acquisition" (including any sale or other disposition of all or substantially all of the assets of the Company in whatever form, however effected, or any reorganization, consolidation, or merger of the Company (whether in a single transaction or multiple related transactions), the surviving entity shall, as condition to the Acquisition and at their option, either: (i) assume the obligations of the Warrant or (ii) purchase the Warrant at its fair value, which shall be determined using a Black-Scholes Option-Pricing Model.
<b>Exchange of Warrant for Common Stock (Net Exercise):</b>	If the fair market value of the Warrant Shares exceeds the Exercise Price, the Holder may exchange its Warrant for that number of the Company's Warrant Shares obtained by dividing (x) the intrinsic value of the Warrant (i.e., the Fair Market Value of the Warrant Shares on the date of the exchange less the Exercise Price), by (y) the Fair Market Value (defined as the highest fair market value per share in the 90 days prior to the exchange of the Warrant).
<b>Automatic Exercise of the Warrant:</b>	The Warrant shall be automatically net exercised for Warrant Shares immediately before it expires.

**ENDS**

## About Cycliq

Cycliq is a consumer technology company that produces electronic safety accessories for cyclists. The leading range of integrated bike cameras includes 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 whether for training, competition, travel or the daily commute.

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

Cycliq has engineered its batteries to be small, yet last up to 8 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 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](http://www.cycliq.com)