

31 January 2019

Media & ASX Market Announcement

Australian Securities Exchange

Cycliq extends record performance with **\$3.04M first half revenue**

H1 FY19 Highlights

- **57% increase in H1 FY19 revenue year on year to \$3.04M**
- **47% increase in Q2 FY19 revenue year on year to \$1.59M**
- **40% improvement in profitability year on year with H1 FY19 net loss of (\$1.5M) compared to (\$2.53M) in H1 FY18**
- **18% improvement H1 FY19 EBITDA loss year on year with H1 FY19 net loss of (\$1.4M) compared to (\$1.7M) in H1 FY18**
- **362% increase in cyber weekend sales year on year, with more than 1,000 units sold in 2018**

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

Consecutive quarterly sales and revenue records

With sales of 7,100 units for Q2 FY19 Cycliq has maintained record growth in sales of 'Connected Edition' CE units, with a total of 14,028 units for H1 and an increase of 23% year on year. This result was achieved despite supply chain constraints with key manufacturing partners. With the strong increase in average revenue per unit driven by the CE products, the corresponding revenue for H1 FY19 rose to \$3.04m; an increase of 57% year on year, with Q2 FY19 revenue increasing 10% on Q1 FY19 to \$1.59M.

"Cycliq continues to demonstrate strong sales growth with sustained increases in quarterly unit sales. We are becoming more profitable as we continue to expand our sales pipeline and improve margins," said Executive Chairman Chris Singleton.

Recapitalisation to support further growth in key markets

The \$3.1M re-capitalisation of the company is on track to be completed in February. The company is in final discussions on the \$2m debt facility with Partners for Growth following the \$1.1M equity share placement completed in November 2018. Increased working capital now gives Cycliq the capacity for larger production runs to service forecast partner sales orders.

"Partners for Growth are a Silicon Valley-based fund that has backed a number of high-growth tech startups and we are delighted they recognised the opportunity with Cycliq," said Mr Singleton.

Calendar year 2018 focused on building an extensive sales partner distribution footprint globally and increasing brand awareness through new product launches and PR-led marketing campaigns. With significant progress being made in these areas, the coming 12 months will be focused on driving significant revenue growth through activation of these partnerships as Cycliq works towards cash flow sustainability and maiden net profit results.

Market sizing and research highlights significant sales opportunity

Cycliq recently commissioned external research across the core markets of USA, UK and Australia with more than 8,000 responses collected from key cycling market segments. The findings are being used to build out the research and development pipeline, establish baseline brand awareness levels in key markets (to measure effectiveness of marketing activity) and identify opportunities for significant growth.

Highlights from the research include:

- Unprompted brand awareness is low in key US market (<3%) – plenty of upside for growth if awareness increases to similar levels as in Australia (20%+).
- More than 60% of respondents say they would consider buying a Cycliq product once they were aware of the value proposition.
- US market penetration based on current sales is 0.3%, relative penetration in Australia is almost 10x higher at 2.65%.
- US sales have grown 200% half on half with growth trajectory accelerating; a 10x increase in current US sales would increase total Cycliq sales by 150k units per annum.

Market snapshot: Cycliq penetration in key global markets shows USA opportunity underserved based on core addressable market sizing.

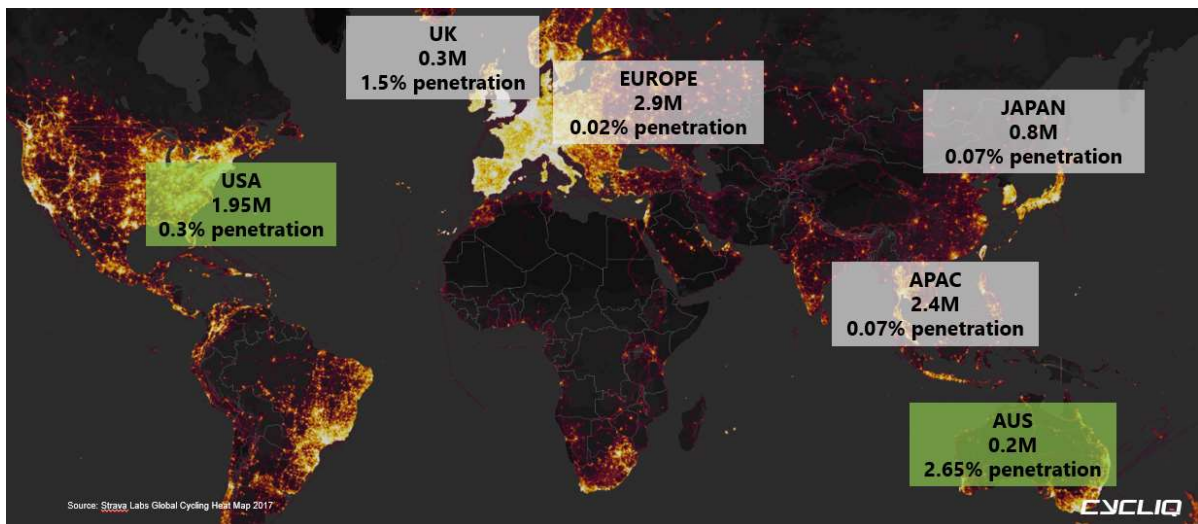


Chart: Cycliq sales and revenue performance



Cycliq key operating metrics summary

Key Metrics	Q1 FY2018	Q2 FY2018	Q3 FY2018	Q4 FY2018	Q1 FY2019	Q2 FY2019
Unit Sales	5,413	6,011	8,631	6,776	6,928	7,100
Revenue (A\$ mil)	0.85	1.08	1.58	1.38	1.45	1.59
EBITDA* (A\$ mil)	(0.70)	(1.00)	(0.27)	(0.41)	(0.63)	(0.80)
Marketing (A\$ mil)	0.26	0.38	0.14	0.29	0.28	0.22
CAC** (A\$)	49	64	16	43	41	31

* 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.

Q2 sales increased to 7,100 units with consistent demand from existing partners in the lead up to Christmas retail period and record direct to consumer sales driven by increase consumer demand through Cyber Weekend sales promotions with more than 1,000 units sold during this period in 2018 (up from under 300 the previous year).

"We will be making a significant push into the United States market over the next year as we seek to gain further penetration into a market which is strategically important for Cycliq," said Mr Singleton.

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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.

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