

31 July 2019

Media & ASX Market Announcement

Australian Securities Exchange

Full year net operating cash flow positive, strong pre-order demand for new Fly6

Q4 & FY20 Highlights

- **Net operating cash flow positive Q4 FY20 at \$0.44m and \$0.24m for the full FY20**
- **\$0.659m in cash at end of period, up from \$0.478m at end of Q3 FY20**
- **Margin improvements in FY20 delivered \$1.25m of gross margin on \$3.9m revenue for 32% gross margin (up from 28% in FY19)**
- **FY20 operating costs reduced by 33% to \$3m**
- **\$0.75m of revenue receipts from Q4 not recognized in FY20 for pre-orders for the new Fly6**
- **60% reduction in EBITDA loss to \$0.9m for FY20 (does not account for c. \$0.4m of margin in Q4 from pre-orders of new Fly6 which will be recognized in Q1 FY21)**

Cycliq Group Ltd (ASX:CYQ) has released its Appendix 4C Quarterly Report for the quarter ending 30 June 2020.

FY20 Performance

FY20 full year results confirmed the past 12 months as a turnaround year for Cycliq Group, reducing operating costs to a sustainable level indicated by net positive operating cash flows for the full year.

Sales were negatively impacted in the year by the global COVID-19 pandemic, which caused supply chain disruption in Q3 and Q4 (full year sales were 15,153 units). However, a renewed focus on high margin direct sales to maintain cash flows and service key markets proved fruitful, sustaining c. \$1m of revenue per quarter, and culminating in \$1.2m of receipts in Q4 coinciding with the launch of the new Fly6 product in June.

A run rate reduction of \$1.5m in operating expenses between FY19 and FY20 has seen the overall profitability of the business improve from a \$2.3m EBITDA loss in FY19 to a preliminary (before audit procedures) \$0.9m EBITDA loss in FY20. More than 40% of the \$0.9m FY20 EBITDA loss is due to the required accounting treatment of the pre-order sales for the new Fly6 Generation 3. The gross merchandise value of the Fly6 Generation 3 pre-order sales is \$1.4m at 31 July 2020.

Had the business been able to manufacture and ship the new product during Q4, the revenue and associated margin contribution would have been recognized in Q4, taking the FY19 EBITDA loss to below \$0.5m.

Opportunities and outlook

Strong demand for personal mobility solutions for commuting and an associated increase in demand for cycling products is being experienced widely around the world due to the global COVID-19 pandemic.

Many international jurisdictions are taking this opportunity to double down on existing efforts to encourage cycling and other personal mobility options to cement health benefits from not using public transport during the pandemic. Some key international markets (e.g. UK, AU) are also making significant commitments to cycling infrastructure in recognition of the uptick in commuters turning to single participant transport modes to avoid health risks.

As a leader in smart safety products for personal mobility Cycliq plans to:

- Grow awareness and sales in existing segments with core technology refreshes and new product development;
- Build on the success of Upride – an intelligent safety network – launched in February;
- Shipping the all-new Fly6 in Q1 FY21; and
- Launch of new smart safety technology aimed at the mass market.

Related Party Payments

Payments noted in section 6.1 of the CYQ June 2020 Appendix 4C were payments made to SmallCap Corporate – an entity associated with Director Piers Lewis for the provision of company secretarial services provided to CYQ on ordinary commercial terms.

ENDS

This announcement has been authorised by the Board of directors of the Company.

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About Cycliq

Cycliq is a smart safety company based in Perth, Australia, servicing the global micromobility market, manufacturing and marketing the world-first cycling light and camera safety system the Fly6 and Fly12.

More than 100,000 of the Fly bike cameras 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