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Media & ASX Market Announcement

Australian Securities Exchange

Cycliq Group builds revenue pipeline for Q3 FY2017

Highlights for the Quarter

- **Significant growth in revenue pipeline - ten new online retailers added to global distribution network.**
- **Q3 revenue A\$437,451 - a YOY increase of 85%.**
- **YTD revenue A\$1,617,760 – a YOY increase of 122%.**

Perth, 28 April 2017 – Cycliq Group Ltd has released its Appendix 4C Quarterly Report for the quarter ending 31 March, 2017.

The Perth-based supplier of cycling safety and action camera devices focused on growing its revenue pipeline during the March quarter, by adding a raft of new sales channels in Australia and overseas.

Significant growth in revenue pipeline

Cycliq expanded its sales and distribution network during the quarter by adding ten new online retailers to its global distribution network. New sales channels include Amazon in Japan, Cycle Life in Malaysia, and Bikebug, Pushys and 99 Bikes in Australia.

Cycliq has also launched its online wholesale portal to capture higher value customers across brick and mortar sales channels.

Cycliq's new domestic and international sales channels will allow the company to target a large number of customers in multiple regions by making its products more easily accessible both in store and online.

Revised strategy to improve profit margins and sales volumes

Cycliq has focused on establishing direct sales accounts with online retailers to achieve higher margins for both Cycliq and the retailer.

Cycliq is also revising the price points of its key products as it seeks to grow sales volumes and increase market share.

In this quarter, Cycliq consolidated its position in preparation for the Northern Hemisphere summer cycling season.

New leadership team to drive global growth

Cycliq has restructured its leadership team as it prepares to pursue an aggressive growth strategy and expansion into new global markets.

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Cycliq was founded by Andrew Hagen and Kingsley Fiegert, and over the past four years has undergone a rapid transformation from a cycling accessory concept to a commercialised global supplier of cycling safety accessories.

Cycliq now supplies market-leading HD camera and lighting devices to 48 countries worldwide.

Due to the trajectory of the company's expansion plans, Mr Hagen has decided to step down from the CEO role, and Mr Fiegert from the COO role, to allow the business to bring in greater expertise in dealing with global manufacturers and retailers.

Chris Singleton will temporarily act as Executive Chairman for Cycliq until a new CEO is appointed.

Current CFO John Turner will take over COO responsibilities from Mr Fiegert.

Mr Fiegert will move into the role of Chief Development Officer and devote his attention to product technology and the development of new products.

Cycliq has also appointed Terence Yap as the Global Head of Sales, based in Singapore. Mr Yap has more than 25 years' experience working with start-ups such as PeerApp and Navini as well as roles with multinationals including Cisco, Nortel, Ericsson and Alcatel-Lucent.

Mr Yap has an extensive network across the Asia Pacific and South Asia regions and considerable experience in leading successful teams in direct and indirect sales.

Cycliq has continued to bolster its Executive and Board presence in preparation for its next growth phase, following on from the appointment of corporate heavyweights Mike Young and Cyril Daoud announced earlier in the quarter.

Mr Young was the first CEO and MD of BC Iron and played an integral role in taking that company to its current position as a significant iron ore producer. Mr Daoud is the current Vice President of Sales for Technicolour in Hong Kong.

Completing the Board restructure, Mr Hagen and Mr Fiegert will step down from their Board positions.

The new leadership structure will strengthen Cycliq's management credentials and expertise as it embarks on the next chapter of its rapidly expanding operations.

Market research and brand positioning

Cycliq commissioned independent quantitative and qualitative research as part of a strategic review of its brand and market positioning.

The research has provided clarity around Cycliq's brand proposition and messaging to its core market.

Cycliq has redefined its brand identity as a global consumer technology company which will become recognised as the "bright future of cycling".

"Cycliq is encouraged by the market research which indicated a strong appetite amongst cyclists to purchase our existing products. These findings suggest we have an incredibly large addressable

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market, something which is very exciting for the future of the company,” said Cycliq Chairman Chris Singleton.

Cycliq is in the early stages of market penetration into North America, Europe and the Asia-Pacific, in which the total number of cyclists is estimated to be about 260 million.*

Sales and operations

| Financial Period | Jan - Mar Qtr3 FY2017 | Jan - Mar Qtr3 FY2016 | % increase |
|---------------------|-----------------------|-----------------------|------------|
| Revenue in Q3 | 437,451 | 236,600 | 85% |
| Fly6 sales (units) | 2,904 | 2,975 | -2% |
| Fly12 sales (units) | 883 | -* | n/a |
| Total units | 3,787 | 2,975 | |

* Fly12 was first shipped to customers in Qtr4 of FY2016, in which significant pre-sales relating to both Kickstarter crowdfunding, and online pre-sale campaigns were recognised.

| Financial Period | 9 Months to March 2017 | 9 Months to March 2016 | % increase |
|---------------------|------------------------|------------------------|------------|
| Revenue YTD | 1,617,760 | 727,417 | 122% |
| Fly6 sales (units) | 7,580 | 8,047 | -6%** |
| Fly12 sales (units) | 3,852 | - | n/a |
| Total units | 11,432 | 8,047 | |

** Fly6 sales in the YTD were hampered by difficulties in manufacturing which resulted in stock shortages in Qtr1 of FY2017 resulting in there being limited sales for an 8-week period. These manufacturing concerns have since been rectified with no further impact to Cycliq's stocking levels.

Revenue in Q3 FY2017 increased by 85% to the comparative FY2016 period due to both Cycliq's Fly6 rear-facing, and Fly12 front-facing products becoming available to consumers. The comparative FY2016 numbers include only sales of the Cycliq Fly6, as the Fly12 was not commercially available until Q4 FY2016 upon the conclusion of its successful Kickstarter crowdfunding campaign.

Revenue in the YTD FY2017 has increased 122%, again largely due to the Cycliq Fly12 product becoming available in the FY2017 year. Cycliq's Fly6 rear facing light and camera combination continued its solid performance in the YTD, despite having an 8-week period where the product was out of stock due to some temporary manufacturing difficulties.

Historically Cycliq has observed seasonality in sales. With Q3 coinciding with the Northern Hemisphere winter, as well as the post-Christmas period, it has traditionally been a slow quarter. Cycliq took this opportunity to perform the market research and strategic business review mentioned above, and is focused on realising the benefits of the revised strategy in the coming periods.

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About Cycliq

Cycliq is the number one brand in HD camera and lighting combinations, delivering cycling safety and action camera solutions for commuters, mountain bikers, racers and professional cyclists alike. Cycliq products are aimed at helping our customers around the globe to enjoy their journey safely.

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

References

Bicycles – A Global Strategic Business Report (Nov 2016)

<http://nbda.com/articles/industry-overview-2015-pg34.htm>

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