

CYCLIQ GROUP LIMITED

ABN 47 119 749 647

Appendix 4D

Half-Year Report Period

Results

Reporting Periods

- Current period: Six-month period ended 31 December 2020
- Previous corresponding period: Six-month period ended 31 December 2019

		Percentage Change		31 December 2020 \$'000s	31 December 2019 \$'000s
▪ Revenue	Down	69%	to	736	2,399
▪ Other Income	Up	62%	to	435	268
▪ Profit/(Loss) before tax	Down	252%	to	(1,648)	(468)
▪ Profit/(Loss) after tax	Down	252%	to	(1,648)	(468)
▪ EBITDA	Down	589%	to	(1,508)	(219)

Dividends

Current period:

- | | Amount per security
\$ | Franked amount
\$ |
|---|---------------------------|----------------------|
| ▪ Interim Dividend | Nil | N/A |
| ▪ Date the Dividend is Payable: | N/A | N/A |
| ▪ Record Date for determining entitlements to the Dividend: | N/A | N/A |

Previous corresponding period:

- | | | |
|--------------------|-----|-----|
| ▪ Interim Dividend | Nil | N/A |
|--------------------|-----|-----|

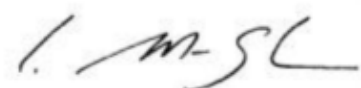
Net Tangible Assets (NTA) per Security Dividends

		Percentage Change		31 December 2020 ¢	30 June 2020 ¢
NTA backing per ordinary share	Down	60%	to	(0.08)	(0.05)

Commentary on Results

During the 6-month period to 31 December 2020, sales proceeds were up by 8.8% on the 6 months to 31 December 2019, however due to delays in product shipping to customers the full sales results were not recognised as revenue during the half year and have been recorded as unearned revenue in the Statement of Financial Position. Proceeds from sales in the period to 31 December 2020 are expected to be recognised as revenue as product is shipped to customers.

Full commentary on the results for the reporting period can be found in the Director's Report and the consolidated financial statements for the half-year ended 31 December 2020.



CRAIG SMITH-GANDER

Non-Executive Chairman

Dated this Friday, 26 February 2021

Cycliq Group Limited

ABN 47 119 749 647

INTERIM FINANCIAL REPORT
for the half-year ended 31 December 2020

For personal use only

Corporate directory**Current Directors**

Craig Smith-Gander	<i>Non-Executive Chairman</i>	Appointed 31 August 2020
Xavier Kris	<i>Non-Executive Director</i>	Appointed 31 August 2020
Daniel Kennedy	<i>Non-Executive Director</i>	Appointed 7 May 2019
Piers Lewis	<i>Non-Executive Chairman</i>	Appointed 22 February 2016 – Resigned 31 August 2020
Ben Rattigan	<i>Non-Executive Director</i>	Appointed 7 May 2019 – Resigned 31 August 2020

Company Secretary

Arron Canicais	<i>Company Secretary</i>	Appointed 17 March 2017
----------------	--------------------------	-------------------------

Registered Office

Address: C/O SmallCap Corporate - Suite 6, 295 Rokeby Road, Subiaco, WA, 6008

Telephone: +61 (8) 6555 2950

Facsimile: +61 (8) 6166 0261

Email: info@cycliq.com

Website: www.cycliq.com

Securities Exchange

Australian Securities Exchange
ASX Code: CYQ.AX

Share Registry

Advanced Share Registry
Address: 110 Stirling Hwy,
Nedlands Perth WA 6009

Telephone: +61 (8) 9389 8033

Website: www.advancedshare.com.au

Principal place of business

Address: Unit A 14, Level 2, 435 Roberts Road,
Subiaco, WA, 6008

Email: info@cycliq.com

Website: www.cycliq.com

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd
Address: London House
Level 3, 216 St Georges Terrace, Perth WA
6000

Telephone: +61 (8) 9226 4500

Facsimile: +61 (8) 9226 4300

Website: www.bentleys.com.au

For personal use only

Contents

Directors' report.....	1
Auditor's independence declaration	3
Consolidated statement of profit or loss and other comprehensive income	4
Consolidated statement of financial position	5
Consolidated statement of changes in equity	6
Consolidated statement of cash flows	7
Notes to the consolidated financial statements.....	8
Directors' declaration.....	19
Independent auditor's review report	20

For personal use only

Directors' report

Your directors present their report on the consolidated entity, consisting of Cycliq Group Limited (**Cycliq** or **the Company**) and its controlled entities (collectively **the Group**), for the half-year ended 31 December 2020.

1. Directors

The names of Directors in office at any time during or since the end of the half-year are:

- Craig Smith-Gander Non-Executive Chairman (*Appointed 31 August 2020*)
- Xavier Kris Non-Executive Director (*Appointed 31 August 2020*)
- Daniel Kennedy Non-Executive Director
- Piers Lewis Non-Executive Chairman (*Resigned 31 August 2020*)
- Ben Rattigan Non-Executive Director (*Resigned 31 August 2020*)

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

2. Operating and financial review

2.1. Operations Review

Summary

During the half-year sales volumes for the new Fly 6 Generation 3 continued well, and sales for the Fly 12 continued throughout the half-year. The Company achieved a record \$2.023m in customer receipts during Q2 attributable to successful Cyber Weekend sales.

Both the Fly 6 and Fly 12 were placed on back order with manufacturers during Q1 of the half-year due to COVID delays, however unit sales were not impacted and were in line with budget. Shipping of the Fly 6 Generation 3 began in November 2020, and revenue was recognised on shipped products from November 2020 onwards. The sale of products that remain unshipped during the period were classified as unearned revenue.

On 31 August 2020, the Company welcomed Craig Smith-Gander as Non-executive Chairman, and Xavier Kris as Non-executive Director, with the concurrent resignations of previous Non-executive Chairman Piers Lewis and Non-Executive Director Ben Rattigan. The new directors have provided the Company with renewed focus on the new strategy to deliver sustainable growth and profitability to the Company.

In November 2020, the Company completed a restructure of its financing facilities. The outstanding balance on the Partners for Growth facility was repaid, and the facility was retired in favour of a Purchase Order and Invoice funding facility with Timelio.

On 17 December 2020, the company entered into a binding Terms Sheet with Terrain Dynamics and Mr Michael Freiberg for the acquisition of the AIRhub business and patents to complement the core cycling technology suite and gain access to further manufacturing and technical expertise.

During the half-year the Company completed a placement to issue 209,000,000 ordinary shares at \$0.002 a share, successfully raising \$418,000 before costs.

2.2. Financial Review

a. Operating results

For the period ended 31 December 2020 the Group delivered a net loss of \$1,673,464 (31 December 2019: \$465,721 loss).

The \$1,648,398 loss for the six-month period to December 2020 is inclusive of non-cash share-based payment expenses of \$220,348 and depreciation and amortisation expenses of \$12,095.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. Details of the Company's assessment in this regard can be found in Note 1a.ii Statement of significant accounting policies: Going Concern on page 8.

For personal use only

Directors' report**b. Financial position**

The net liabilities of the Group have increased from 30 June 2020 by \$750,959 to (\$1,375,762) at 31 December 2020 (30 June 2020: \$(624,803)).

As at 31 December 2020, the Group's cash and cash equivalents increased from 30 June 2020 by \$725,007 to \$1,383,793 at 31 December 2020 (30 June 2020: \$658,786) and had a working capital deficit of \$1,821,462 (30 June 2020: (\$886,023) working capital deficit).

3. Events Subsequent to Reporting Date

Subsequent to the half-year Co CEO's Ben Hammond and Paul Claessen ended their contracts with Cycliq. The Company announced the appointments of Sarah Thorpe and Michael Freiberg in consulting roles to provide renewed leadership, operational management, production and supply chain expertise, and strategic focus to the Company.

4. Future Developments, Prospects and Business Strategies

Disclosure of information regarding likely developments in operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore this information has not been disclosed in the report.

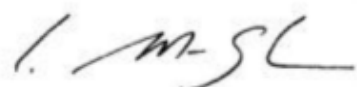
5. Environmental Regulations

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

The Directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduced a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act has no effect on the Company for the current period. The Directors will reassess this position when the need arises.

6. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the half-year ended 31 December 2020 has been received and can be found on page 3 of the Interim Financial Report.

**CRAIG SMITH-GANDER**

Non-Executive Chairman

Dated this Friday, 26 February 2021

For personal use only



**Bentleys Audit & Corporate
(WA) Pty Ltd**

London House
Level 3,

216 St Georges Terrace
Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the review of the financial statements of Cycliq Group Ltd for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF .CA
Partner

Dated at Perth this 26th day of February 2021

Consolidated statement of profit or loss and other comprehensive income

for half-year ended 31 December 2020

	Note	31 December 2020 \$	31 December 2019 \$
Continuing operations			
Revenue	3a	735,807	2,398,739
Costs of sales		(500,751)	(1,590,412)
Gross Profit		235,056	808,327
Other income	3b	435,065	268,352
Administrative expenses	4a	(393,793)	(160,510)
Distribution expenses	4b	(283,562)	(66,889)
Employee related costs	4c	(996,028)	(978,559)
Share based payments expense	5	(220,348)	-
Research and development expenses		(7,013)	(4,954)
Depreciation and amortisation		(12,095)	(181,122)
Other operating expenses	4d	(277,177)	(84,313)
Finance costs		(128,503)	(68,258)
Loss before tax		(1,648,398)	(467,926)
Income tax benefit / (expense)		-	-
Net loss for the half-year		(1,648,398)	(467,926)
Loss after income tax for the half-year attributable to:			
▪ Non-controlling interest		58,748	(2,822)
▪ Members of the parent entity		(1,707,146)	(465,104)
		(1,648,398)	(467,926)
Other comprehensive income, net of income tax			
▪ Exchange difference on translating foreign operations attributable to Minority interest		-	-
▪ Exchange difference on translating foreign operations attributable to Parent		(25,066)	2,205
Other comprehensive income for the half-year, net of tax		(25,066)	2,205
Total comprehensive income / (loss) for the half year		(1,673,464)	(465,721)
Total Comprehensive income for the half-year attributable to:			
▪ Non-controlling interest		58,748	(2,822)
▪ Members of the parent entity		(1,732,212)	(462,899)
		(1,673,464)	(465,721)
Earnings per share:		(cents)	(cents)
Basic and diluted loss per share (cents per share)	6	(0.084)	(0.031)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

For personal use only

CYCLIQ GROUP LIMITED

AND CONTROLLED ENTITIES
ABN 47 119 749 647

CYCLIQ

INTERIM FINANCIAL REPORT

31 December 2020

Consolidated statement of financial position

as at 31 December 2020

	Note	31 December 2020 \$	30 June 2020 \$
Current assets			
Cash and cash equivalents		1,383,793	658,786
Trade and other receivables	7	430,418	246,031
Inventories		30,682	34,422
Prepayments		704,188	397,163
Total current assets		2,549,081	1,336,402
Non-current assets			
Plant and equipment	8	10,988	14,251
Intangible assets	9	434,712	246,969
Total non-current assets		445,700	261,220
Total assets		2,994,781	1,597,622
Current liabilities			
Trade and other payables	10	977,520	1,138,879
Unearned Revenue	12	2,482,928	656,609
Provisions	13	122,198	148,436
Borrowings	11	787,897	278,501
Total current liabilities		4,370,543	2,222,425
Total liabilities		4,370,543	2,222,425
Net assets / (deficiency)		(1,375,762)	(624,803)
Equity			
Issued capital	14	14,807,381	14,110,649
Reserves		601,215	400,508
Accumulated losses		(16,764,308)	(15,057,162)
Parent entity interest		(1,355,712)	(546,005)
Minority interest		(20,050)	(78,798)
Total equity		(1,375,762)	(624,803)

The condensed consolidated statement of financial position is to be read in conjunction with the accompanying notes.

For personal use only

Consolidated statement of changes in equity

for the half-year ended 31 December 2020

Note	Issued		Foreign	Share	Warrants	Minority	Total
	Capital	Accumulated	Currency	Based			
	\$	\$	Translation	Payments	Reserve	Interest	\$
			Reserve	Reserve			
			\$	\$	\$	\$	\$
Balance at 1 July 2019	13,295,243	(13,628,595)	32,600	273,933	-	(42,530)	(69,349)
Loss for the half-year attributable owners of the parent	-	(465,104)	-	-	-	(2,822)	(467,926)
Other comprehensive income	-	-	2,205	-	-	-	2,205
Total comprehensive income for the half-year attributable owners of the parent	-	(465,104)	2,205	-	-	(2,822)	(465,721)
Transaction with owners, directly in equity							
Shares issued during the half-year	886,374	-	-	-	-	-	886,374
Performance shares issued	-	-	-	-	-	-	-
Warrants Issued	-	-	-	-	103,576	-	103,576
Transaction costs	(86,422)	-	-	-	-	-	(86,422)
Balance at 31 December 2019	14,095,195	(14,093,699)	34,805	273,933	103,576	(45,352)	368,458
Balance at 1 July 2020	14,110,649	(15,057,162)	23,000	273,933	103,575	(78,798)	(624,803)
Loss for the half-year attributable owners of the parent	-	(1,707,146)	-	-	-	58,748	(1,648,398)
Other comprehensive income:	-	-	(25,066)	-	-	-	(25,066)
Total comprehensive income for the half-year attributable owners of the parent	-	(1,707,146)	(25,066)	-	-	58,748	(1,673,464)
Transaction with owners, directly in equity							
Shares issued during the half-year	773,862	-	-	-	-	-	773,862
Performance shares and options issued	-	-	-	225,773	-	-	225,773
Warrants Issued	-	-	-	-	-	-	-
Transaction costs	(77,130)	-	-	-	-	-	(77,130)
Balance at 31 December 2020	14,807,381	(16,764,308)	(2,066)	499,706	103,575	(20,050)	(1,375,762)

The condensed consolidated statement of changes in equity is to be read in conjunction with the accompanying notes

CYCLIQ GROUP LIMITEDAND CONTROLLED ENTITIES
ABN 47 119 749 647**CYCLIQ**
INTERIM FINANCIAL REPORT

31 December 2020

Consolidated statement of cash flows

for the half-year ended 31 December 2020

Note	31 December 2020 \$	31 December 2019 \$
Cash flows from operating activities		
Receipts from customers	2,579,084	2,370,987
Other income received	233,500	40,000
Interest and borrowing costs received	220	119
Interest and borrowing costs paid	(15,470)	(61,198)
Payments to suppliers and employees	(2,648,455)	(2,740,449)
Net cash used in operating activities	148,879	(390,541)
Cash flows from investing activities		
Purchase of intangible assets (capitalised development costs)	-	(2,612)
Purchase of plant and equipment	(3,274)	(91)
Net cash used in investing activities	(3,274)	(2,703)
Cash flows from financing activities		
Net proceeds from issue of shares	418,000	740,984
Payment made in respect to issue of shares	-	(86,422)
Proceeds from borrowings	787,897	(183,674)
Repayment of borrowings	(542,143)	-
Net cash provided by financing activities	663,754	470,888
Net increase in cash held	809,359	77,644
Foreign exchange effects on cash balances held	(84,352)	28,671
Cash and cash equivalents at the beginning of the half-year	658,786	379,179
Cash and cash equivalents at the end of the half-year	1,383,793	485,494

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

For personal use only

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1 Statement of significant accounting policies

These are the consolidated financial statements and notes of Cycliq Group Limited (**Cycliq** or **the Company**) and controlled entities (collectively **the Group**). Cycliq is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 26 February 2021 by the directors of the Company.

a. Basis of preparation

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cycliq Group Limited and its controlled entities. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in combination with the annual financial statements of the Group for the year ended 31 December 2020 together with any public announcements made during the half-year.

All amounts are presented in Australian Dollars unless otherwise noted. For the purposes of preparing the report, the half year has been treated as a discrete reporting period.

i. Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

ii. Going concern

The half year financial report has been prepared on a going concern basis which contemplates the continuity of normal business activity, and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the period of \$1,648,398 (2019: \$467,926 loss) and a net operating cash in-flow of \$148,879 (2019: \$390,541 out-flow). The Group had net liabilities of \$1,375,762 (2019: net liabilities of \$624,803) and a had a working capital deficit of \$1,821,462 (2019: \$886,023 working capital deficit). Included within the working capital deficit is the purchase order and invoice funding facility of \$787,897 (refer to note 11).

These factors indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern. The directors have prepared a cashflow forecast which indicates that the group will have sufficient cashflows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report.

The Directors are confident of the Group's ability to continue as a going concern for the following reasons:

- The demonstrated ability to contain costs in all areas of the business. Management expect that operating costs will be further reduced in the succeeding financial years which will improve operating cashflows;
- Management have prepared a cashflow forecast for the next 12 months that indicates the operating cash inflows will be sufficient to meet expenses and other financial obligations as and when they are due;
- The market opportunity is significant which the group is continuing to generate increasing revenue from. The Group is expecting to launch complimentary products in the succeeding financial years to help expand into this market opportunity;
- The demonstrated ability to obtain loans to support business activities; and
- The ability to raise capital which has been demonstrated during the half year where the Company has raised \$418,000 (before costs) through the issues of shares via a placement.
- Although COVID-10 created supply issues, the pandemic has provided growth opportunities in the micro mobility sector with increases in commuter cycling around the world, benefiting Cycliq with future increased sales opportunities.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

For personal use only

Notes to the consolidated financial statements

for the half-year ended 31 December 2020

Note 1 Statement of significant accounting policies

Should the Consolidated Entity be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

iii. Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

b. Use of estimates and judgments

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, significant judgements made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 30 June 2020.

c. New and amended standards adopted by the Group

A number of new standards, amendments to standards and interpretations issued by AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. The Company does not plan to adopt these standards early.

i. Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

For personal use only

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 2 Company details**a. Registered Office**Address: C/O SmallCap Corporate - Suite 6,
295 Rokeby Road, Subiaco, WA, 6008

Telephone: (08) 6555 2950

Facsimile: (08) 6166 0261

Email: info@cycliq.comWebsite: www.cycliq.com**b. Principal place of business**Address: Unit A 14, Level 2, 435 Roberts Road,
Subiaco, WA, 6008Email: info@cycliq.comWebsite: www.cycliq.com**Note 3 Revenue and other income****a. Revenue**

	31 December 2020 \$	31 December 2019 \$
Fly12 sales	-	(747)
Fly6 sales	(92)	(529)
Fly12 CE sales	(126)	1,264,341
Fly6 CE sales	(7,894)	676,769
Fly6 CE Gen 2	(6,769)	310,705
Fly6 CE Gen 3	659,009	
Other accessories sales	91,454	104,958
Other	225	43,242
	735,807	2,398,739

b. Other income

Grant income	316,345	268,233
Interest income	220	119
ATO cashflow boost & Jobkeeper payments	101,000	-
Other income	17,500	-
	435,065	268,352

Note 4 Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

a. Administrative expenses:

▫ Consultants expenses	196,529	42,419
▫ Audit fee expenses	33,393	21,188
▫ Legal expenses	117,763	43,768
▫ ASX operating expenses	18,042	19,673
▫ Share registry expenses	9,110	15,219
▫ Other administrative expenses	18,956	18,243
	393,793	160,510

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2020**Note 4 Expenses (cont.)****b. Distribution expenses:**

- Advertising and marketing expenses
- Warehouse and storage fees

c. Employee related expenses:

- Salaries and wages
- Annual Leave expenses
- Superannuation costs
- Sub-contractor costs - Australia
- Sub-contractor costs – Philippines
- Sub-contractor costs – USA
- Sub-contractor costs – Other
- Employee and Contractor share based payments
- Payroll tax expense
- Directors fees

d. Other operating costs:

- Travel & Accommodation expenses
- Foreign currency gains and losses
- IT costs
- Insurance
- Quality Assurance costs
- Rental expenses
- Other operating costs / (recoupment)

	31 December 2020 \$	31 December 2019 \$
	283,562	62,461
	-	4,428
	283,562	66,889
	358,545	272,949
	21,814	(1,916)
	33,806	26,395
	339,121	242,041
	2,203	249,166
	-	21,696
	155,976	6,632
	-	84,800
	(10,437)	13,130
	95,000	63,666
	996,028	978,559
	22,431	4,006
	73,379	(23,136)
	23,793	20,810
	28,496	26,003
	-	738
	24,726	41,523
	104,352	14,369
	277,177	84,313

For personal use only

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 5 Share based payments**a. Performance shares**

There has been no change to the valuation methodology applied to 10,000,000 performance shares issued to employees and consultants in previous periods. The performance milestones and valuation methodology are outlined in the notes to the 30 June 2017 consolidated financial statements.

b. Shares

During the period, the company issued shares to directors and consultants of the Company in lieu of cash in settlement of services provided to the Company.

The fair value adjustment of the shares issued to the directors and consultants are as below:

- 2,109,405 shares issued to DSG Advisory for consulting services provided to the Company. The fair value adjustment for their shares was \$4,219.
- 70,353,176 shares issued to directors of the Company for directors' services provided to the Company. The fair value adjustment for their shares was \$42,406.

c. Options

82,000,000 unlisted incentive options were issued to directors of the Company as remuneration for services provided to the company. The fair value for the options was \$173,723.

Note 6 Earnings per share (EPS)**a. Reconciliation of earnings to profit or loss**

Loss for the half-year attributable to members of the parent entity

Loss used in the calculation of basic and diluted EPS

	31 December 2020 \$	31 December 2019 \$
	(1,648,398)	(467,926)
	(1,648,398)	(467,926)

b. Weighted average number of ordinary shares outstanding during the half-year used in calculation of basic EPS

	31 December 2020 No.	31 December 2019 No.
	1,953,632,431	1,498,376,785

c. Earnings per share

Basic and diluted EPS (cents per share)

	31 December 2020 ¢	31 December 2019 ¢
	(0.084)	(0.031)

- d. At the end of the half-year ended 31 December 2020 the Group had 202,571,430 unissued shares under options (Dec 2019: 109,708,930) and 142,857,143 unissued shares under warrants. The Group does not report diluted earnings per share on annual losses generated by the Group.

CYCLIQ GROUP LIMITEDAND CONTROLLED ENTITIES
ABN 47 119 749 647**CYCLIQ**
INTERIM FINANCIAL REPORT

31 December 2020

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 7 Trade and other receivables

Trade debtors
Less: provision for Doubtful debts
Accrued income receivable
Research and Development tax refund receivable
Other receivables
Goods and Services Tax receivable

	31 December 2020 \$	30 June 2020 \$
	127,070	209,019
	(3,347)	(3,347)
	4,611	16,716
	211,735	-
	56,027	-
	34,322	23,643
	430,418	246,031

Note 8 Property, plant, and equipment

Computer equipment at cost
Accumulated depreciation
Fly6 CE Dummy units
Accumulated depreciation
Office furniture and equipment at cost
Accumulated depreciation
Leasehold improvements
Accumulated depreciation
Point of Presence countertop display units at cost
Accumulated depreciation
Total property, plant, and equipment

	31 December 2020 \$	30 June 2020 \$
	58,458	58,664
	(53,948)	(51,124)
	4,510	7,540
	3,498	10,459
	(3,498)	(9,097)
	-	1,362
	42,139	40,049
	(37,051)	(34,700)
	5,088	5,349
	4,823	3,433
	(3,433)	(3,433)
	1,390	-
	503,367	503,367
	(503,367)	(503,367)
	-	-
	10,988	14,251

For personal use only

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 9 Intangible assets**Non-current**

Product development costs

Accumulated amortisation

Impairment

Total Intangible assets

	31 December 2020 \$	30 June 2020 \$
Product development costs	1,560,224	1,361,746
Accumulated amortisation	(1,125,512)	(1,114,777)
Impairment	-	-
Total Intangible assets	434,712	246,969

Movement for the period

Opening Balance

Additions for capitalised development costs

Amortisation

FX movement

Total Intangible assets

Opening Balance	246,969	253,752
Additions for capitalised development costs	208,758	170,442
Amortisation	(5,558)	(177,225)
FX movement	(15,457)	-
Total Intangible assets	434,712	246,969

Note 10 Trade and other payables**Current***Unsecured*

Trade payables

Accrued expenses

Other payables

	31 December 2020 \$	30 June 2020 \$
Trade payables	471,829	320,891
Accrued expenses	395,085	493,776
Other payables	110,606	324,212
Total	977,520	1,138,879

Note 11 Borrowings**Current**

Purchase Order and Invoice Financing Facility - Timelio

Stock Funding Facility - PFG

Unexpired Transactions costs - Warrants

Insurance premium funding

	31 December 2020 \$	30 June 2020 \$
Purchase Order and Invoice Financing Facility - Timelio	787,897	-
Stock Funding Facility - PFG	-	307,661
Unexpired Transactions costs - Warrants	-	(63,322)
Insurance premium funding	-	34,162
Total	787,897	278,501

During the half-year to 31 December 2020, Cycliq retired its stock funding facility with Partners for Growth ("PFG") in favour of a Trade and Invoice funding facility with Timelio. The Timelio facility allows Cycliq to draw funds from the facility equivalent to the value of 100% of the finished goods inventory, and up to the value of 90% of sales invoices. Funds are drawn down at a fixed monthly interest rate of 1.1% for Trade Finance and 0.9% for Invoice Finance, payable in AUD and calculated upfront for the actual number of days elapsed during the financing period and on the basis of a 365-day year. Any additions or reduction in calculated interest at settlement date for shall be returned or payable at the date of settlement.

\$787,897 was first drawn down from this facility in November 2020 and of the drawn funds \$243,677 was used to pay the previous PFG funding facility.

For personal use only

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 12 Unearned Revenue

	31 December 2020 \$	30 June 2020 \$
Current		
Customer deposits	2,482,928	656,609
	2,482,928	656,609

Note 13 Provisions

	31 December 2020 \$	30 June 2020 \$
Current		
Provision for current employee benefits	106,337	101,190
Provision for warranty claims	15,861	47,246
	122,198	148,436

Note 14 Issued capital

	31 Dec 20 No.	30 Jun 20 No.	31 Dec 20 \$	30 Jun 20 \$
Fully paid ordinary shares at no par value	2,303,692,663	1,873,792,482	14,110,649	14,110,649
a. Ordinary shares				
At the beginning of the period	1,873,792,582	971,968,130	14,110,649	13,295,243
Shares issued during the period:				
▪ Issue of shares	209,000,000	740,984,270	418,000	740,984
▪ Shares issued to key management personnel	168,790,676	152,579,246	140,706	152,579
▪ Shares issued to Consultants & employees	52,109,405	8,260,836	215,156	8,261
Transaction costs relating to share issues	-	-	(77,130)	(86,418)
At reporting date	2,303,692,663	1,873,792,482	14,807,381	14,110,649

b. Options

There were 202,571,430 unlisted options on issue at balance date (31 December 2019: 109,708,930) & 142,857,143 Warrants on issue at balance date (31 December 2019: 142,857,143).

The unlisted options issued during the year were valued using the Black-Scholes model. The options issued during the period were determined on the date of grant using the following assumptions:

	Director Incentive Options	Capital Raising Options
Grant date	15/12/2020	24/12/2020
Exercise price (\$)	0.004	0.004
Expected volatility (%)	218.9	222.8
Risk-free interest rate (%)	0.10	0.08
Expected life (years)	2	2
Share price at this date (\$)	0.003	0.003
Fair value per option (\$)	0.0021	0.0026
Number of options	82,000,000	20,000,000

For personal use only

Notes to the condensed consolidated financial statements
for the half-year ended 31 December 2020**Note 15 Operating segments**

a. Segment Performance

Half-Year ended 31 December 2020	USA \$	Australia \$	UK \$	Other \$	Total \$
Revenue					
▫ Revenue	371,670	93,669	86,607	183,861	735,807
Total segment revenue	371,670	93,669	86,607	183,861	735,807
Total group revenue and other income					735,807
Segment net profit from continuing operations before tax	119,683	30,163	27,889	57,321	235,056
<i>Reconciliation of segment loss to group loss</i>					
(i) Amounts not included in segment results but reviewed by Board:					
▫ Other income					435,065
▫ Administrative expenses					(393,793)
▫ Distribution expenses					(283,562)
▫ Employee related expenses					(996,028)
▫ Research and development expenses					(7,013)
▫ Depreciation and amortisation					(12,095)
▫ Other operating expenses					(277,177)
(ii) Unallocated items					
▫ Share-based payments					(220,348)
▫ Interest and finance costs					(128,503)
Loss before income tax					(1,648,398)

For personal use only

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 15 Operating segments (cont.)

Half-Year ended 31 December 2019	USA \$	Australia \$	UK \$	Other \$	Total \$
Revenue					
▫ Revenue	1,023,611	250,002	586,346	538,780	2,398,739
Total segment revenue	1,023,611	250,002	586,346	538,780	2,398,739
Total group revenue and other income					2,398,739
Segment net profit from continuing operations before tax	348,027	85,000	199,357	175,943	808,327
<i>Reconciliation of segment loss to group loss</i>					
(iii) Amounts not included in segment results but reviewed by Board:					
▫ Other income					268,352
▫ Administrative expenses					(160,510)
▫ Distribution expenses					(66,889)
▫ Employee related expenses					(978,559)
▫ Research and development expenses					(4,954)
▫ Depreciation and amortisation					(181,122)
▫ Other operating expenses					(84,313)
(iv) Unallocated items					
▫ Share-based payments					-
▫ Interest					(68,258)
Loss before income tax					(467,926)

b. Segment Assets and Liabilities

As at 31 December 2020	USA \$	Australia \$	UK \$	Other \$	Total \$
Segment Assets	46,003	7,804	4,714	68,550	127,071
<i>Reconciliation of segment to group assets</i>					
▫ Unallocated assets					2,867,710
Total assets					2,994,781
<i>Reconciliation of segment to group liabilities</i>					
▫ Unallocated liabilities					(4,370,543)
Total liabilities					(4,370,543)

Notes to the condensed consolidated financial statements

for the half-year ended 31 December 2020

Note 15 Operating segments (cont.)

As at 30 June 2020	USA \$	Australia \$	UK \$	Other \$	Total \$
Segment Assets	40,727	10,572	104,666	53,050	209,015
<i>Reconciliation of segment to group assets</i>					
▫ Unallocated assets					1,388,607
Total assets					1,597,622
Segment Liabilities					
<i>Reconciliation of segment to group liabilities</i>					
▫ Unallocated liabilities					2,222,425
Total liabilities					2,222,425

Note 16 Commitments

There is no significant change in the Company's commitments since the half-year ended 31 December 2020 to date of this report.

Note 17 Contingent liabilities

There has been no change in contingent liabilities since the last annual reporting period.

Note 18 Financial Instruments

The Group's cash, receivables, and payables are carried at the carrying value which is considered to be the same as their fair values at report date.

Note 19 Events subsequent to reporting date

Subsequent to 31 December 2020, Co CEO's Ben Hammond and Paul Claessen ended their contracts with Cycliq. The Company announced the appointments of Sarah Thorpe and Michael Freiberg in consulting roles to provide renewed leadership, operational management, production and supply chain expertise, and strategic focus to the Company.

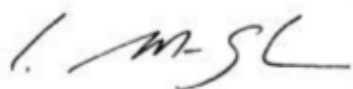
For personal use only

Directors' declaration

The Directors of the Company declare that:

1. The condensed financial statements and notes, as set out on pages 4 to 18, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2020 and of the performance for the half-year ended on that date of the Company.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001* and is signed for and on behalf of the directors by:



CRAIG SMITH-GANDER

Non-Executive Chairman

Dated this Friday, 26 February 2021

For personal use only

Independent Auditor's Review Report

To the Members of Cycliq Group Ltd

Conclusion

We have reviewed the accompanying half-year financial report of Cycliq Group Ltd ("the Company") and Controlled Entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cycliq Group Ltd and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Cycliq Group Ltd financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Bentleys Audit & Corporate
(WA) Pty Ltd

London House

Level 3,

216 St Georges Terrace

Perth WA 6000

PO Box 7775

Cloisters Square WA 6850

ABN 33 121 222 802

T +61 8 9226 4500

F +61 8 9226 4300

bentleys.com.au

For personal use only

Independent Auditor's Review Report

To the Members of Cycliq Group Ltd (Continued)



Material Uncertainty Related to Going Concern

We draw attention to Note 1ii in the financial report, which indicates that the Group incurred a net loss of \$1,648,398 during the half-year ended 31 December 2020. As stated in Note 1ii these events or conditions, along with other matters as set forth in Note 1ii, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Cycliq Group Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 26th day of February 2021

For personal use only