

Appendix 4E

Preliminary final report

1. Details of reporting period

Name of entity	CYCLIQ GROUP LIMITED
ABN	47 119 749 647
Reporting Year	Year ended 30 June 2021
Previous Corresponding Year	Year ended 30 June 2020

2. Results for announcement to the market

Key information	12 months ended 30 June 2021 AU \$	12 months ended 30 June 2020 AU \$	Increase/ (decrease) %	Amount change \$
Revenues from ordinary activities	3,576,589	3,872,109	(8%)	(295,520)
Profit/(Loss) from ordinary activities after tax attributable to members	(3,240,191)	(1,464,835)	(121%)	(1,775,356)
Net Profit/ (Loss) for the period attributable to members	(3,240,191)	(1,464,835)	(121%)	(1,775,356)
Net tangible asset/(deficiency) \$ per share	0.00014	(0.00046)		

3. Consolidated statement of profit or loss and other comprehensive income

Refer to attached

4. Consolidated statement of financial position

Refer to attached

5. Consolidated statement of cash flows

Refer to attached

6. Consolidated statement of changes in equity

Refer to attached.

7. Dividends/Distributions

No dividends declared in current or prior year.

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8. Details of dividend reinvestment plans

N/A

9. Details of entities over which control has been gained or lost during the period

N/A

10. Details of associate and joint venture entities

N/A

11. Any other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position

Refer below and attached

12. Foreign entities

The Company's financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

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13. Commentary on results for period and explanatory information

Results

A summary of the operating results for the year ended 30 June 2021 is as follows:

- Revenue totaling \$3,576,589 reflecting that interest in existing product lines remains strong. The company is intending to introduce new product lines in the coming quarter providing additional sales opportunities to the existing customer base and to new customers.
- Loss after tax was \$3,240,191 representing a 121% increase on FY2020 (\$1,775,356).
- Loss per share (cents per share) of (0.13) (FY2020: (0.08))

This last year has seen a continued focus on cost management coupled with a change in the business model in order to achieve higher margins on the sale of our core products. The online direct sales portal has been improved, reducing reliance on our third-party distributors. Distribution through wholesale partners has in the past provided high revenue numbers but at the expense of lower margins and profitability.

Supply chain challenges have continued this year, with the well-publicised shortages of computer chips and other core componentry having an impact on production. The company also made a deliberate decision to reduce the time between sales to customers and fulfilment of that sale. This has resulted in lower, recognised, sales than forecast, but has improved Cycliq's reputation in the marketplace.

The Entitlements Issue that was completed at year's end has now positioned your Company well to both consolidate the work undertaken during the year and to position it for growth in the coming year. I would like to take this opportunity to welcome new shareholders and our new Directors, as well as thank the departing executives and Director for their contributions to the Company.

FY21 in review

A significant decrease has occurred in the fixed cost base of the company during the year, particularly with the reduction in senior executives which itself achieved annualised savings of over \$750,000. The operational team has also been rationalised so that the operational costs more accurately reflect the size and nature of the business. Subsequent to year's end, alternative premises have been secured with a further, significant, reduction in fixed overheads.

The move away from distributor sales has negatively impacted revenues in the short-term, but has allowed all debt facilities to be retired and higher margins to be achieved. A focus on an improved online sales offering and reduced time frames for product fulfillment have enhanced the customer experience and improved the relationship with the customer base.

Research and Development of new products will see the introduction of new products in time for Black Friday and Cyber Tuesday. A focus on product improvement and quality control with the Fly 6 product has seen a significant reduction in warranty claims, which had been at unacceptable levels in the first half of the year.

The relationship with Hong-Kong based joint venture partner Glory Horse Investment Holdings Limited (**GHI**) deteriorated during the last financial year. On 11 June 2021, a Writ of Summons in the Hong Kong High Court was issued by GHI against Cycliq Group Limited seeking a sum of US \$393,924 plus interest, costs, and other relief. Cycliq Group Limited has obtained legal representation in both Australia and Hong Kong and is presently challenging the proceeding. We are also engaging in negotiations to seek a full resolution of the dispute, with a view to terminating the joint venture arrangement with GHI (operated via the jointly owned vehicle Cycliq Research & Development (HK) Limited) and vesting the joint venture assets in Cycliq.

Financing arrangements

Notwithstanding the successful \$4.1 million capital raising undertaken, Cycliq continues to reduce overheads. Changes to the marketing and advertising processes has meant that expenditure was significantly reduced throughout the year, with little to no impact on sales and sales enquiries.

All financing facilities were closed out during the year and Cycliq is now free of debt. Sales are now almost exclusively COD resulting in an obvious positive impact to cashflow. Part of the proceeds of the capital raising were used to retire well overdue accounts payable, leading to a much better relationship with key suppliers and our manufacturing partners.

Deposits were paid to our manufacturers to ensure continuity of supply leading into the important selling seasons during November and December.

14. Audit

In the process of being audited



Non-Executive Chairman
Craig Smith-Gander

31 August 2021

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Continuing operations			
Revenue	1	3,576,589	3,872,109
Cost of Sales		(2,847,940)	(2,624,079)
Gross Profit		728,649	1,248,030
Other income	1	430,507	478,429
Administrative expenses		(210,987)	(242,882)
Distribution expenses		(356,027)	(178,731)
Depreciation and amortisation	2	(99,732)	(257,391)
Employment costs	2	(2,124,178)	(1,900,747)
Finance costs		(263,715)	(206,381)
Legal and consulting fees		(449,401)	(74,548)
Occupancy costs		(49,106)	(71,927)
Other operating expenses		(597,941)	(75,884)
Share-based payments	3	(220,348)	(160,840)
Research and development expenses		(27,912)	(21,963)
Loss before income tax		(3,240,191)	(1,464,835)
Income tax benefit / (expense)		-	-
Loss from continuing operations		(3,240,191)	(1,464,835)
▶ <i>Loss attributable to minority interests</i>		(22,645)	(36,268)
▶ <i>Loss attributable to members of the parent entity</i>		(3,217,546)	(1,428,567)
		(3,240,191)	(1,464,835)
Other comprehensive income, net of income tax			
▶ <i>Exchange difference on translating foreign operations</i>		(12,870)	(9,600)
Other comprehensive income for the year, net of tax		(12,870)	(9,600)
Total comprehensive income / (loss)		(3,253,061)	(1,474,435)
▶ <i>Loss attributable to minority interests</i>		(22,645)	(36,268)
▶ <i>Loss attributable to members of the parent entity</i>		(3,230,416)	(1,438,167)
		(3,253,061)	(1,474,435)
Earnings per share:			
Basic and diluted loss per share (cents per share)		(0.13)	(0.08)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	4	2,246,682	658,786
Trade and other receivables	5	126,928	246,031
Inventories		66,800	34,422
Prepayments	6	653,937	397,163
Total current assets		3,094,347	1,336,402
Non-current assets			
Plant and equipment		7,838	14,251
Intangible assets	7	365,470	246,969
Total non-current assets		373,308	261,220
Total assets		3,467,655	1,597,622
Current liabilities			
Trade and other payables	8	1,117,307	1,138,879
Provisions	9	198,488	148,436
Unearned Revenue	10	291,327	656,609
Borrowings	11	567,426	278,501
Total current liabilities		2,174,548	2,222,425
Total liabilities		2,174,548	2,222,425
Net assets / (deficiency)		1,293,107	(624,803)
Equity			
Issued capital	12	15,568,852	14,110,649
Reserves		4,100,406	400,508
Accumulated losses		(18,274,708)	(15,057,162)
Parent entity interest		1,394,550	(546,005)
Minority interest		(101,443)	(78,798)
Total equity		1,293,107	(624,803)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	Issued Capital \$	Foreign Currency Translation Reserve \$	Share Based Payments Reserve \$	Warrants Reserve \$	Convertible Notes Reserve \$	Accumulated Losses \$	Minority Interest \$	Total \$
Balance at 1 July 2019	13,295,243	32,600	273,933	-	-	(13,628,595)	(42,530)	(69,349)
Loss for the year	-	-	-	-	-	(1,428,567)	(36,268)	(1,464,835)
Other comprehensive income	-	(9,600)	-	-	-	-	-	(9,600)
Total comprehensive income	-	(9,600)	-	-	-	(1,428,567)	(36,268)	(1,474,435)
Shares issued during the year	901,824	-	-	-	-	-	-	901,824
Transaction costs	(86,418)	-	-	-	-	-	-	(86,418)
Warrants Issued	-	-	-	103,575	-	-	-	103,575
Balance at 30 June 2020	14,110,649	23,000	273,933	103,575	-	(15,057,162)	(78,798)	(624,803)
Balance at 1 July 2020	14,110,649	23,000	273,933	103,575	-	(15,057,162)	(78,798)	(624,803)
Loss for the year	-	-	-	-	-	(3,217,546)	(22,645)	(3,240,191)
Other comprehensive loss	-	(12,870)	-	-	-	-	-	(12,870)
Total comprehensive loss	-	(12,870)	-	-	-	(3,217,546)	(22,645)	(3,253,061)
Shares issued during the year	4,920,509	-	-	-	-	-	-	4,920,509
Transaction costs	(357,306)	-	-	-	-	-	-	(357,306)
Options Issued	(3,105,000)	-	3,691,618	-	-	-	-	586,618
Convertible notes issued	-	-	-	-	21,150	-	-	21,150
Balance at 30 June 2021	15,568,852	10,130	3,965,551	103,575	21,150	(18,274,708)	(101,443)	1,293,107

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2021

	2021 \$	2020 \$
Cash flows from operating activities		
Receipts from customers	3,351,286	4,430,638
Payments to suppliers and employees	(6,694,717)	(4,462,051)
Other income	595,011	476,233
Interest Received	273	2,196
Interest Paid	(15,470)	(124,639)
Net cash used in operating activities	(2,763,617)	322,377
Cash flows from investing activities		
Purchases of intangible assets	(17,758)	(170,442)
Purchases of plant and equipment	(10,489)	(99)
Net cash used in investing activities	(28,247)	(170,541)
Cash flows from financing activities		
Proceeds from issue of shares	4,564,647	740,984
Payments for share issue costs	(252,579)	(86,418)
Proceeds from issue of convertible notes	500,000	-
Repayment of borrowings	(1,082,339)	(569,459)
Proceeds from borrowings	787,897	-
Payments for financing costs	(82,686)	-
Prepayment of finance facility	(5,506)	-
Net cash provided by financing activities	4,429,434	85,107
Net increase/(decrease) in cash held	1,637,570	236,943
Effects of exchange rate changes on the balance of cash held in foreign currencies	(49,674)	42,664
Cash at beginning of year	658,786	379,179
Cash at end of year	2,246,682	658,786

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

NOTE 1 REVENUE AND OTHER INCOME

	2021 \$	2020 \$
a) Revenue		
Fly 12CE sales	1,296,840	2,148,435
Fly 6CE sales	(14,336)	608,974
Fly 6CE Gen 2 sales	(22,691)	835,124
Fly 6CEGen 3 sales	1,980,668	-
Other accessories sales	149,822	276,109
Other	186,286	3,467
	3,576,589	3,872,109
b) Other Income		
Interest Income	272	2,073
Grant income	311,735	378,233
Other Income	118,500	98,123
	430,507	478,429

NOTE 2 PROFIT / (LOSS) BEFORE INCOME TAX

	2021 \$	2020 \$
The following significant revenue and expense items are relevant in explaining the financial performance:		
Depreciation and amortisation		
Depreciation of property, plant and equipment	9,718	80,166
Amortisation of intangible assets	90,014	177,225
	99,732	257,391
Employment costs		
Key management personnel remuneration	787,299	873,669
General wages, salaries and superannuation	786,577	615,832
Other employment related costs	550,302	411,246
	2,124,178	1,900,747

NOTE 3 SHARE BASED PAYMENTS

The following share-based payments were made during the year ended 30 June 2021.

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.

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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 DSG Advisory for consulting services provided to the Company. The fair value adjustment for their shares was \$719.
- 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 \$45,906.

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 4 CASH AND CASH EQUIVALENTS

Cash at bank

2021	2020
\$	\$
2,246,869	658,786
2,246,869	658,786

a) Credit standby facilities

The Group has no credit standby facilities (2020: None).

NOTE 5 TRADE AND OTHER RECEIVABLES

Current

Trade debtors

Less: provision for Doubtful debts

Accrued income receivable

Other receivables

Goods and Services Tax receivable

2021	2020
\$	\$
16,945	209,019
(3)	(3,347)
-	16,716
63,543	-
46,443	23,643
126,928	246,031

NOTE 6 PREPAYMENTS

Current

Manufacturing prepayments

Shipping cost prepayments

Prepaid interest on borrowings

Other prepayments

2021	2020
\$	\$
535,872	338,002
79,049	1,578
-	19,587
39,016	37,996
653,937	397,163

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

NOTE 7 INTANGIBLE ASSETS

	2021 \$	2020 \$
Non-current		
Product development costs	1,574,822	1,361,746
Accumulated amortisation	(1,209,352)	(1,114,777)
Total Intangible assets	365,470	246,969
Movements for the year		
Opening balance	246,969	253,752
Additions from internal developments	209,689	170,442
Amortisation	(90,014)	(177,225)
Foreign exchange movement	(1,174)	-
Closing balance	365,470	246,969

NOTE 8 TRADE AND OTHER PAYABLES

	2021 \$	2020 \$
Current		
<i>Unsecured</i>		
Trade payables	271,407	320,891
Accrued expenses	791,030	493,776
Other payables	54,870	324,212
	1,117,307	1,138,879

Trade payables are non-interest bearing and arise from the usual operating activities of the Group. Trade payables and other payables and accruals, except directors' fees, are usually settled within the lower of terms of trade or 30 days.

NOTE 9 PROVISIONS

	2021 \$	2020 \$
Current		
Provision for current employee benefits	41,592	101,190
Provision for warranty claims*	156,896	47,246
	198,488	148,436

*Refer note 1n(iii) for further details on warranty provision calculations.

NOTE 10 UNEARNED REVENUE

	2021 \$	2020 \$
Current		
Unearned revenue	291,327	656,609
	291,327	656,609

*Unearned revenue relates to deposits received for products not yet shipped to customers.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2021

NOTE 11 BORROWINGS

	2021 \$	2020 \$
Current		
Insurance premium funding	42,324	34,162
Timelio Funding Facility	295,578	-
Convertible notes	229,524	-
Secured Stock Funding Facility - PFG	-	307,661
Unexpired Transaction Costs - Warrants	-	(63,322)
	567,426	278,501

NOTE 12 ISSUED CAPITAL

	2021 No	2020 No	2021 \$	2020 \$
Fully paid ordinary shares at no par value	6,450,339,176	1,873,792,482	15,568,852	14,110,649
a) Ordinary shares				
At the beginning of the period	1,873,792,482	971,968,130	14,110,649	13,295,243
Shares issued during the period	209,000,000	740,984,270	418,000	740,984
Shares issued under Entitlement Offer	4,146,646,613	-	4,146,647	-
Shares issued to key management personnel	85,937,500	152,579,246	85,937	152,579
Shares issued to consultants & employees	134,962,581	8,260,836	269,925	8,261
Share based payment	-	-	(3,105,000)	-
Transaction costs relating to share issues	-	-	(357,306)	(86,418)
At reporting date	6,450,339,176	1,873,792,482	15,568,852	14,110,649