Smart Energy Solutions

AGM/EGM Presentation

30 June 2016
Cyan Summary

- UK based integrated system and software design company delivering mesh based flexible wireless solutions for utility metering and street lighting
  - 200+ man years of R&D and c.£17M to date
- Focus on emerging markets where Cyan’s solution provides significant customer benefits
  - Customer contract wins in India, Middle East, Africa, Brazil, China and Eastern Europe
  - £10M order from Iran announced in April 2016
- Contract delivery phase commences with revenue streams from:
  - Initial hardware and software sales during installation/rollout period
  - Software license fees sold on recurring revenue basis on long term contracts

- **Product suite:**
  - **Smart Metering**
    - Low cost, low power, scalable solution for smart metering systems
    - Electricity metering plus battery powered gas and water metering
  - **Smart Lighting**
    - Energy efficient lighting control
    - Street lights, tunnels, car parks, warehouses etc
Cyan Customer Orders and Pilot Deployments

India
- Smart metering customer orders:
  - CESC Mysore - £1M order for 22k metering solution
  - Tata Power Mumbai – 10k metering solution
  - PVVNL - £0.5M order for 13k metering solution
  Plus a number of pilot projects across the country

Iran
- £10M order for 360k unit smart metering deployment
- 2k smart metering units fitted to street traffic cameras

Eastern/Southern Europe
- Small pilot lighting solutions delivered

Brazil
- Ilumatic - 1k lighting solutions delivered
- Nobre – 1k metering order & pilot projects deployed for two Tier 1 Brazilian utilities

South Africa
- XLink – distribution agreement and proof of concept order

Ghana
- Pilot being deployed

Thailand
- Pilot deployed

China
- Entered smart metering market with partner, Newcapec
- 34k lighting solutions delivered

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The Cyan Proposition

Smart metering solutions

- Mesh network
- CyLec Concentrator
- Flow of meter readings
- Tamper alerts
- Connect/disconnect instructions

- Utility Billing System
- Network Management User Interface
- CyLec Head End Server

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Cyan Business Model and Planned Evolution

Hardware
Cyan parts (module/DCU) bought & resold

2016

2017

2018

Hardware
Manufacturing license to local partners, resulting in license fees and royalties

Software
Mainly perpetual licenses, some recurring revenues

Software
Mainly recurring revenues (Term, SaaS, Managed Service), some perpetuals

Managed services - recurring revenues - software

Applications

Partner Applications
Prepayment functionality
Energy accounting

Roadmap Cyan Value
Demand response
Analytics

Utility Role
CRM
Operations management
Tariff design
Billing
Revenue protection

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Global/Local Ecosystem of Partners

- Provides a go to market strategy as partners have existing commercial supply relationships with target customers
- Partners are key to delivery of complete end to end metering/lighting solutions to utilities and municipalities
- Key partnerships developed by Cyan over the last three years such as:
  - Meter manufacturers such as Larsen & Toubro (who have revenues of $15Bn and a market Cap $18Bn)
  - System integrators such as Enzen Global Solutions
  - Data carriers such as Vodafone
  - Lighting solutions such as Aska
- Ecosystem of partnerships has become a key Cyan asset over the last three years and will be difficult for others to replicate
India’s Market Drivers

Prime Minister Modi approved UDAY scheme in 2015:

Targeted to deliver financial turnaround for power distribution companies, smart meters for consumers in phased rollout by 2017 and then 2019. Target is to install 35 million smart meters by 2019

Power Minister Piyush Goyal in 2016:

“My own intention is that in the next 5-6 years, India should be 100 per cent smart”

“I have a proposition of 250 million smart meters. That is the scale at which India offers opportunities”

“The smart city concept should be practical, doable and affordable”
## India – Cyan’s Customer Orders/Pipeline

<table>
<thead>
<tr>
<th>CESC-Mysore</th>
<th>Tata Power</th>
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<tbody>
<tr>
<td>• £1M order (1H 2015) for over 21,000 smart meters – full end-to-end AMI</td>
<td>• Second order (1H 2016) received for 5,000 meters</td>
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<tr>
<td>• In deployment phase</td>
<td>• Follows successful deployment (1H 2015) of 5,000 smart meters – full end-to-end AMI</td>
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<td>• First AMI project at public utility</td>
<td>• Led by Larsen &amp; Toubro, who supplied meters</td>
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<td>• CESC has 2M domestic customers</td>
<td>• Tata Power Mumbai has over 600,000 domestic customers</td>
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<th>PVVNL</th>
<th>Pipeline</th>
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<tr>
<td>• £0.5M order (2H 2015) for over 13,000 smart meters – full end-to-end AMI</td>
<td>• 35 smart metering opportunities currently being pursued</td>
</tr>
<tr>
<td>• In deployment phase</td>
<td>• Overall metering opportunity pipeline of 1.6M</td>
</tr>
<tr>
<td>• Cyan software delivered as a managed service with recurring revenue streams</td>
<td>• Pipeline represents utilities with 67M customers</td>
</tr>
<tr>
<td>• PVVNL has 3.5M domestic customers</td>
<td>• Smart lighting pipeline starting</td>
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Iran - Transformational Order from New Territory

- Relevant international sanctions lifted (Jan ‘16)
- Successful pilot deployment of smart cameras (Feb ‘16)
- £10M purchase order for 360,000 unit smart metering implementation in Iran (Apr ‘16)
- Transformational event for Cyan – 10x larger than largest order received to date
- Hardware deliveries from Q4 2016
- Over 50% of the order is recurring software revenues
- Favourable payment terms
- Cyan and Micromodje are discussing the next phase of the rollout
  - One million smart meters potentially leading to the overall replacement programme of 33 million smart electricity meters over seven years
Acquisition of Connode

- Connode are a well established supplier of wireless communication software for smart metering and the Internet of Things. Operations based out of Stockholm and Mumbai.

- Developed a technology based on IPv6/6LoWPAN vs. the Cyan proprietary solution we have today.

- Acquisition provides Cyan with two cornerstone customers in the UK and India:
  - Contract already in place for UK Smart Metering Programme with expected license/support revenue stream of £25M.
  - Commercial opportunity with Tier 1 power distribution company in India – multi-million pounds of software license revenues.

- Highly complementary product range with further growth opportunities to create the global #1 Narrowband Mesh radio solution IoT multi-application networks provider.

- Consideration of £6.8M (£4.3M cash and £2.5M Cyan shares).
Connode Video at [http://www.connode.com/]
Proposed Acquisition of Connnode

- Well established, leading supplier of wireless communication products for the IoT based in Sweden
  - Private equity owned and sold through a competitive process
  - 100+ man-years in development to date £10M
- Experienced team of 11 with strength in growing internationally
- Ten years of development of Connnode technology for large-scale wireless mesh networks
- Over 650,000 Connnode legacy systems deployed in Europe and Asia with blue chip partners
- UK Smart Meter Implementation Programme (“SMIP”) contract with Telefonica/Toshiba has a potential £37M contract life value to Cyan
- Full standards (IPv6/6LoWPAN) technology platform already developed
- Enhancement of Cyan presence in India

*Connnode is a key supplier of wireless mesh technology to the UK Smart Metering Programme*
UK Smart Meter Implementation Programme

UK SMIP Ecosystem

Source: Smart DCC

Contract and delivery model

Payments for CommsHub & Bespoke Work

Telefonica M2M Platform

Connode 4 Server

TOSHIBA
Leading Innovation

Connode 4 Agent

Payments for C4 SW Licenses & Bespoke Work

+ Bespoke services for integration & product adaptations

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The UK’s Smart Meter Implementation Programme is a major national infrastructure project involving the national roll out of 53M gas and electricity meters across the country by 2020 (EU deadline)

Telefónica awarded contract as the preferred communications service provider for two out of three regions in the UK’s smart meter tender

Telefónica’s SMIP communications solution is based on its existing cellular network in the UK, supported by Connnode’s C4 solution, to connect meters in households without cellular coverage

Connnode contract award for 1.8M units across Central & Southern UK by Toshiba, with a programme ‘go live’ date of Q3 2016 with completion by 2020

Both Toshiba and Telefónica were very positive to see Cyan acquire Connnode and have given formal consent

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<th>Revenue £m's</th>
<th>Current Contract</th>
<th>Expected</th>
<th>Best case</th>
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<tr>
<td>Contracted licence fees until 2020</td>
<td>4.4 or 2.0 (if SMIP cancelled)</td>
<td>5.9</td>
<td>9.3</td>
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<tr>
<td>Support fees (over 15 years)</td>
<td>19.3</td>
<td>28.0</td>
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Combination of Cyan and Connode will create the global #1 Narrowband Mesh radio solution provider
Cyan – Connode Omnimesh™

Cyan Ultimesh™
Provides narrowband RF mesh network technology, optimised for exceptional performance and total cost of ownership

Connode Panmesh™
Provides open standards-based (IPv6 6LoWPAN) solutions for IoT applications
Summary

- Cyan has made strong progress in emerging markets securing many of the smart metering contracts awarded - India

- Cyan also well established in multiple emerging markets with substantial eco-system of partners, including £10M contract win in Iran

- Connode provides Cyan with:
  - Full standards technology that the market is increasingly requesting
  - A significant UK customer and revenue stream through the UK SMIP contract – expected £25M contract value
  - Revenue to bolster Cyan near term numbers in 2016 and 2017
  - Credible technology for European and western world opportunities
  - Commercial opportunity in India with Tier 1 power distribution company
  - Partnership extension opportunities with Telefonica, Toshiba and L+G into other markets

- Combined Cyan/Connode immediately becomes a significant international business with technology and a customer/partner ecosystem capable of winning and delivering projects around the world