



CYANCONNODE

A WORLD LEADER IN NARROWBAND MESH NETWORKS

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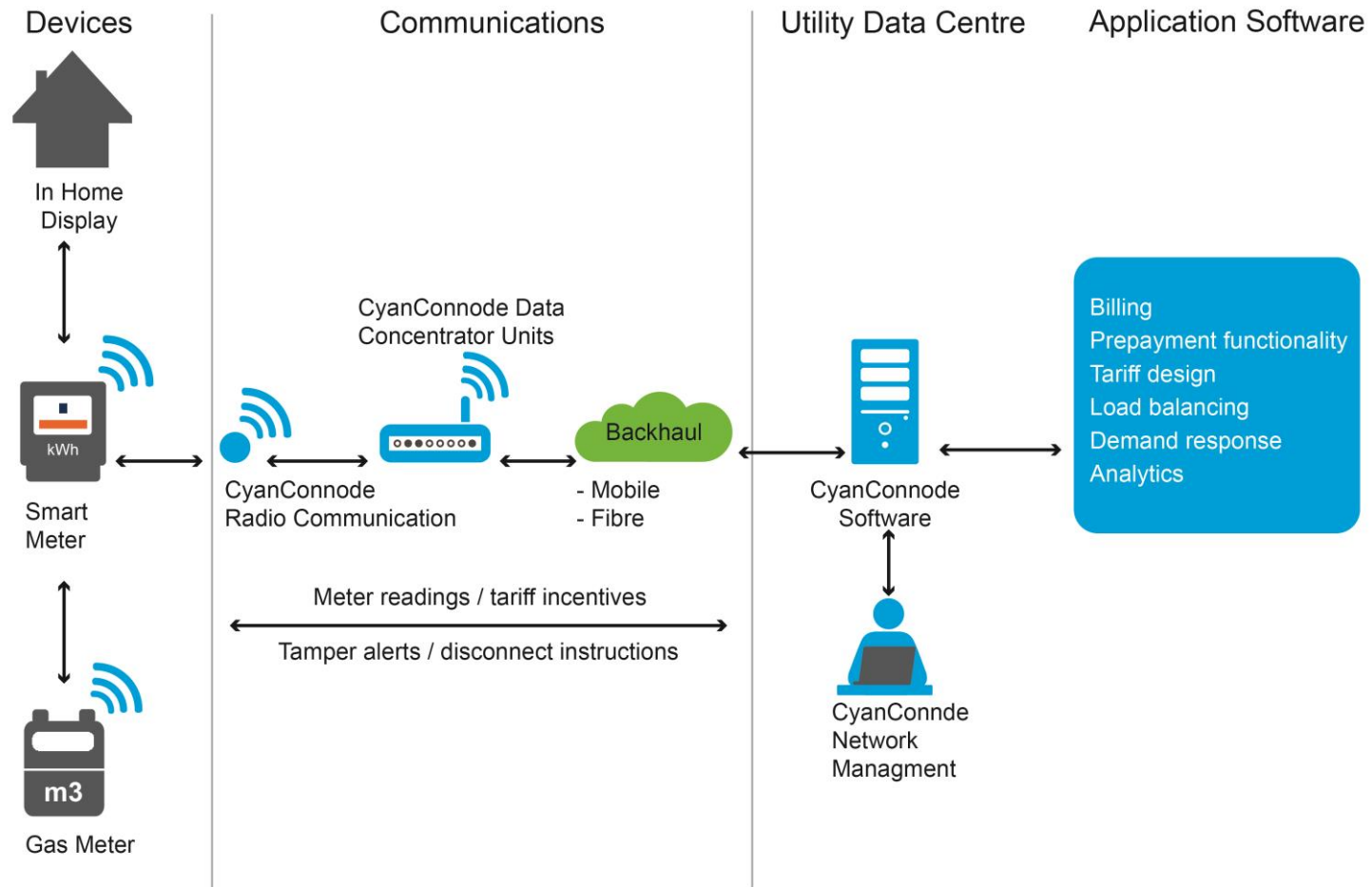
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- Introduction
- Technology and Market Opportunity
- Current Contracts and Pipeline
- Financials
- Summary

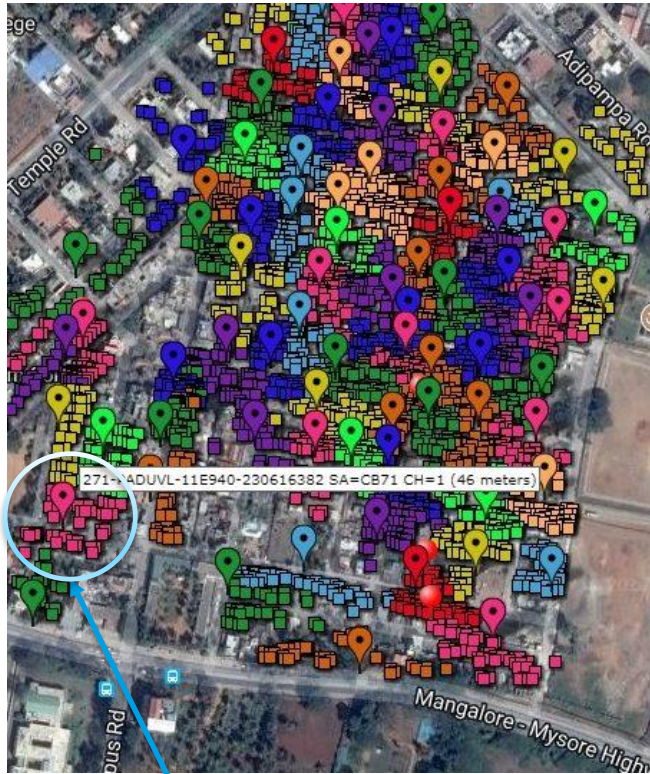
- Largest Indian order to date of \$11.6M through established partner. Separate maintenance and support contract for \$2.9m relating to this order also won.
- New Omnimesh platform extends market opportunity and facilitates technology licensing. Three large contracts won in India for this platform already (total value \$18.9M). Two of them, worth \$17.9M, won in 2018. Delivery has commenced on two of the three orders.
- Revenue for H1 2018 up 40% on 2017 full year revenues
- Reduced cash cost base (c £560K from Jan 2019)
- 3.9M end points contracted and 0.9M of these deployed to date
- Large signed order book (includes \$35M expected software license/support revenue from UK smart meter contract)
- Significant pipeline of qualified opportunities
- Full rollout of existing customer contracts would create a very significant recurring revenue stream

- CyanConnode provides **last mile** wireless mesh communications to utilities
 - Electricity, gas and water metering
 - Street lighting
 - Licence free radio bands
- Wi-Fi, broadband and mobile spectrums have limitations
 - Coverage
 - Penetration (through buildings etc)
 - Cost and availability of spectrum
- Narrowband is low cost, low power and penetrates walls
 - Always on, secure, interoperability between different meters
 - Ideal for machine to machine communication
 - Extends network coverage, self forming/healing network

Typical Metering Installation



Live Meters in Mysore, India



DCU and meters in mesh network
📍 = DCU Location

46 meters on DCU 19bfd6b3-d442-4069-97ee-5936aff4eb52 (271-PADUVL-11E940-230616382)

SEARCH BY METER SERIAL NUMBER

🔋	S15A015849	< 30 minutes ago	1030.0100 kWh	👁️	📄
🔋	S15A015859	< 30 minutes ago	1405.0200 kWh	👁️	📄
🔋	S15A015874	< 30 minutes ago	756.8900 kWh	👁️	📄
🔋	S15A015879	< 30 minutes ago	392.8700 kWh	👁️	📄
🔋	S15A015913	< 30 minutes ago	1836.5300 kWh	👁️	📄
🔋	S15A015937	< 30 minutes ago	792.6600 kWh	👁️	📄
🔋	S15A015947	< 30 minutes ago	393.6400 kWh	👁️	📄
🔋	S15A016231	< 30 minutes ago	1330.1300 kWh	👁️	📄
🔋	S15A016236	< 30 minutes ago	244.8400 kWh	👁️	📄
🔋	S15A016964	< 30 minutes ago	1703.6600 kWh	👁️	📄
🔋	S15A017252	< 30 minutes ago	1076.5100 kWh	👁️	📄
🔋	S15A018609	< 30 minutes ago	514.4500 kWh	👁️	📄

Meter list for DCU in Network Manager Software



Monday, July 3, 2017

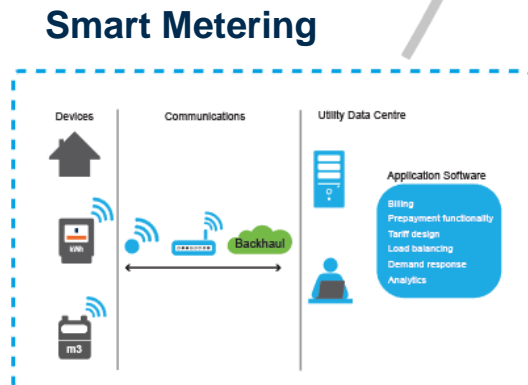
01:00	02:00	03:00	04:00	05:00	06:00	07:00	08:00
00:22 792.250 kWh	02:03 792.330 kWh	03:42 792.390 kWh	05:11 792.470 kWh				
00:55 792.270 kWh	02:35 792.350 kWh	04:13 792.420 kWh	05:41 792.490 kWh				
01:30 792.300 kWh	03:07 792.370 kWh	04:43 792.440 kWh	06:11 792.500 kWh				

Reading history for each individual meter

Last reading data for each meter

Expansion from Smart Metering to IoT Platform

- CyanConnode's hardware and software can be used in **any IoT device/application**
- **Omnimesh platform** supports third party communication technologies – enabling smart city multi-application networks



- Established eco-system of local partners in focus markets
 - Supports the transfer of skills and experience
 - Local wealth generation – feeds sales pipeline
 - Enables full end-to-end solution delivery
- Partners not resellers – CyanConnode solutions enable larger partner sale



TOSHIBA



JST



**Tech
Mahindra**



Current revenue model

- Perpetual licenses – Module, Gateway, Software. One off payment plus 22% annual SMC
- Term licenses - Module, Gateway, Software over X years, recurring revenue per year
- Support & maintenance contract – per device once installed, recurring revenue
- NRE (non-recurring engineering) - rate card, per engineering day

New revenue model, in addition to the above will include

- Royalty licensing – “white label” in own name. One off up front payment, royalty per device
- License – manufacture of Hardware via reference design. One off up front payment, royalty per device

- “All meters to be smart prepaid in 3 years,” says R K Singh, Minister of State (IC) for Power and New & Renewable Energy. Advises meter manufacturers to scale up production
- Uday Scheme – 75% debt put into Government bodies conditional on them signing up to Smart Metering
- Ministry of Power Grants towards Smart Metering programmes
- 250 Million dumb meters as installed base

- **Indian Utility**
 - \$2.9M purchase order for 5 year support and maintenance contract for Omnimesh smart meters
 - Order received from Tier 1 meter manufacturer
- **Indian Utility**
 - \$11.6M order for smart metering deployment, announced 18 September 2018
 - Order received from Tier 1 metering partner
- **MPWZ, India**
 - \$3.2M order for smart metering deployment
 - Order received from new Tier 1 meter manufacturer partner L&T in May 2018
- **UGVCL, India**
 - \$1.1M order for smart metering deployment
 - Order received from new Tier 1 meter manufacturer partner Genus
- **HM Power**
 - \$780K order for software licenses and annual maintenance
- **Larsen & Toubro**
 - Ongoing follow on orders for Optimal solution taking total ordered by them to date to 41K units

Sales Pipeline* Extract – India



Customer	Solution	Units'000
Public entity	Electricity Meters	20
Public utility	Electricity Meters	375
Public utility	Electricity Meters	250
Private utility (2 opportunities)	Electricity Meters	362 +650
Public utility	Electricity Meters	385
Public utility	Electricity Meters	120
Public utility	Electricity Meters	326
TOTAL		2,488

* Sales pipeline of qualified opportunities

Sales Pipeline* Extract

– Rest of World outside India

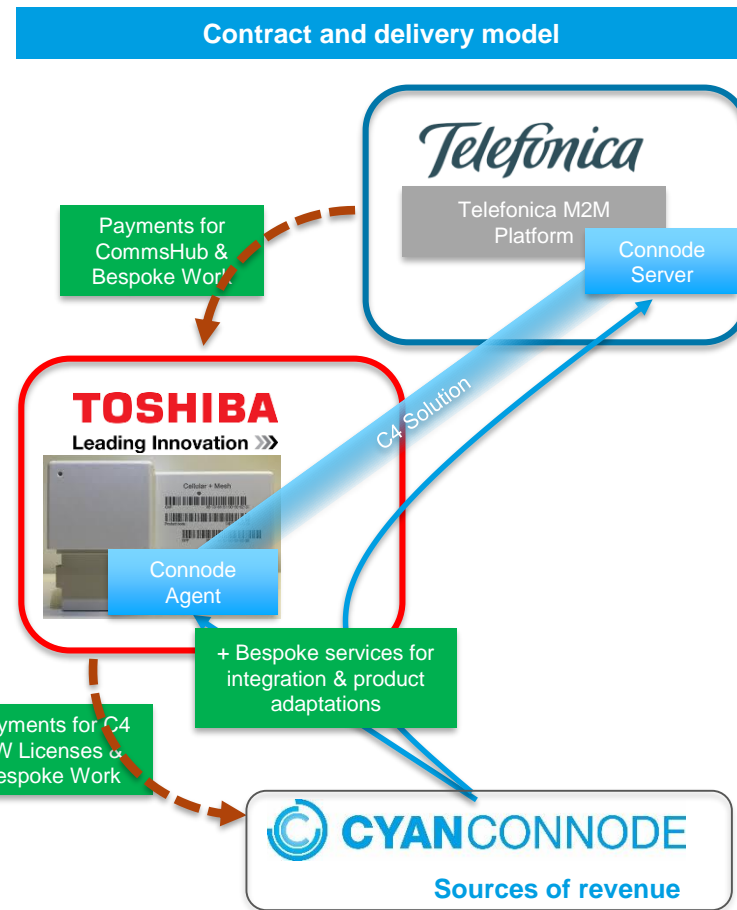
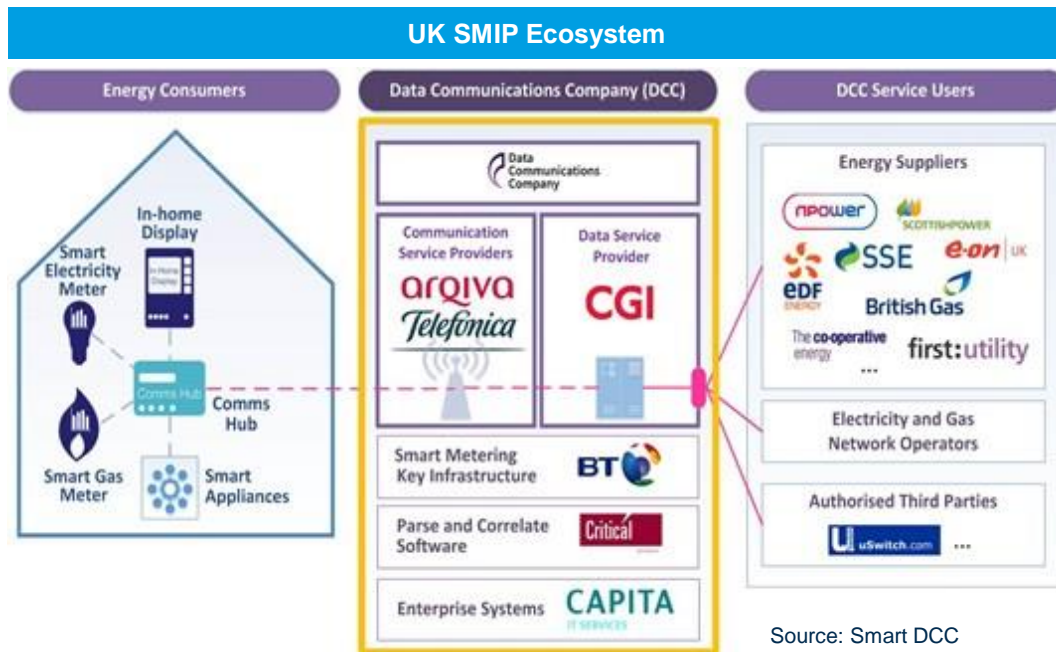


Region	Solution	Units'000
Asia Pacific	Electricity Meters, Lighting, Smart City	>2,000
Middle East	Electricity Meters	850
Asia Pacific	Electricity Meters	625
Europe	Electricity Meters	500
Asia Pacific	Metering, Lighting	400
Africa	Electricity Meters	200
Europe	Electricity Meters	200
Asia Pacific	Electricity Meters, Lighting, Smart City	150
Europe	Electricity Meters	110
Middle East	Electricity Meters	40
Middle East	Electricity Meters	40
TOTAL		>5,115

* Sales pipeline of qualified opportunities

UK Smart Meter Implementation Programme

CyanConnode's solution connects meters in 'not-spots'



Revenue	Expected 10% mesh
Contracted licence fees until 2020	£6m
Support fees (over 15 years)	£18m
Total	£24m

	1H 2018	FY 2017	FY 2016
	£'000	£'000	£'000
Revenue	1,637	1,171	1,823
Cost of Sales	-342	-674	-1,128
Gross Profit	1,295	497	695
<i>Gross Profit Percent</i>	<i>79%</i>	<i>42%</i>	<i>38%</i>
Other Operating Costs	-4,373	-11,161	-6,814
Acquisition costs, Amortisation & Depreciation	-238	-489	-1,820
Finance costs	5.5	10	3
Loss before tax	-3,311	-11,144	-7,936
R&D Tax Credit Refund	250	1,402	819
Net Loss	-3,061	-9,742	-7,117

- Reduction in costs following completion of Omnimesh product

- Complete delivery of India contracts won in prior years & secure larger follow-on orders
- Rollout new Omnimesh platform through delivery of larger contracts won in India during 2018 and 2019 through Tier 1 partners
- Close further large contracts in India and ROW through Tier 1 partners
- Support Toshiba and Telefonica to roll-out the UK SMIP contract & extension opportunities
- Manage cash balance and cost base to meet customer deployment schedule as well as conserving resources