



CYANCONNODE

A WORLD LEADER IN NARROWBAND MESH NETWORKS

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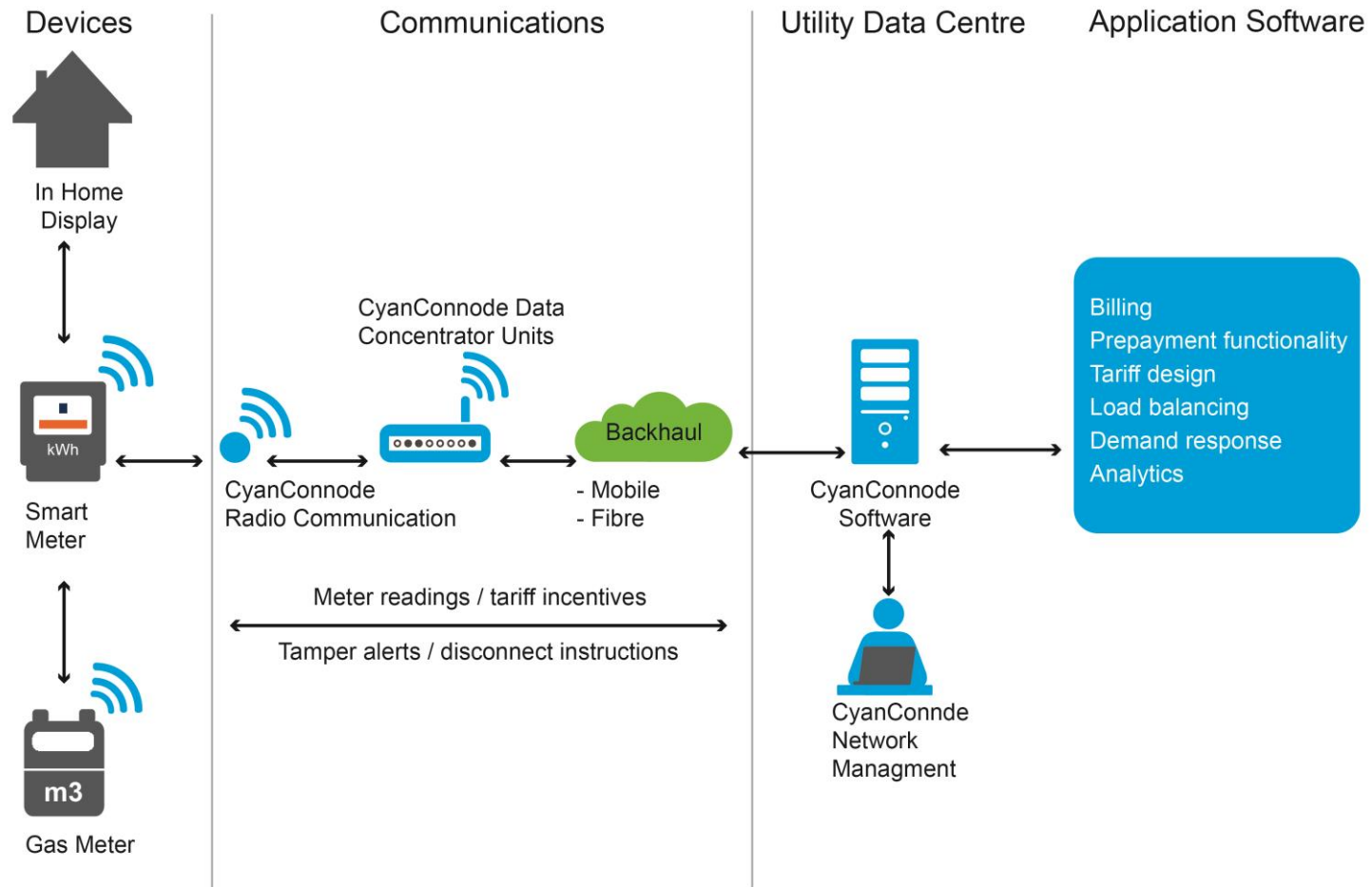
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- Introduction
- Technology and Market Opportunity
- Current Contracts and Pipeline
- Financials
- Summary

- Largest Indian order to date of \$11.6M through established partner. Separate maintenance and support contract for this order being negotiated.
- New Omnimesh platform extends market opportunity and facilitates technology licensing. Three large contracts won in India for this platform already (total value \$16M). Two of them, worth \$15M, 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 (£640K pm from July onwards, £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
- Board equity investments of £4.3M to date confirms commitment

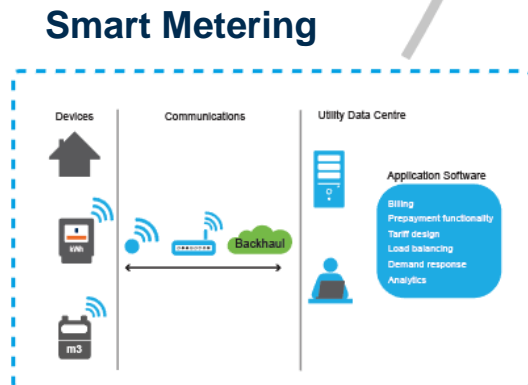
- CyanConnode provides **last mile** wireless mesh communications to utilities
 - Electricity, gas and water metering
 - Street lighting
 - Licence free radio bands
- Wi-Fi, broadband and mobile spectrums have limitations
 - Coverage
 - Penetration (through buildings etc)
 - Cost and availability of spectrum
- Narrowband is unoccupied, 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



Expansion from Smart Metering to IoT Platform

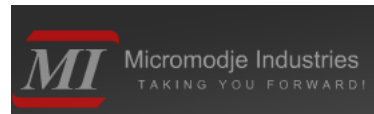
- CyanConnode's hardware and software can be used in **any IoT device/application**
- **Omnimesh platform** supports third party communication technologies – enabling smart city multi-application networks



- 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



ERICSSON 

NIK

JST



**Tech
Mahindra**



Genus
energizing lives

Landis
Gyr+
manage energy better

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

Path to Profitability

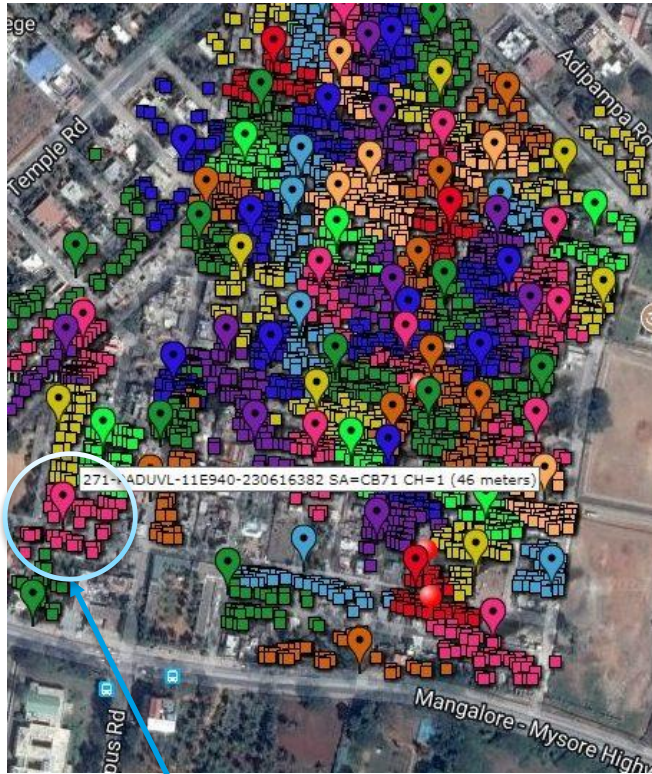
Example utility roll-out of 10M smart meters (using model including term licenses)												
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	
	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	Units '000	
Meters Deployed	20	100	300	750	1,000	2,000	2,000	2,000	1,830		10,000	
Revenues	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Hardware - Modules & DCUs	196	980	2,940	7,350	9,800	19,600	19,600	19,600	17,934		98,000	
Software - Head End	24	144	504	1,404	2,604	5,004	7,404	9,804	12,000	12,000	50,892	
Total Revenues	220	1,124	3,444	8,754	12,404	24,604	27,004	29,404	29,934	12,000	148,892	
Gross Margin	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Hardware - Modules & DCUs	62	312	936	2,340	3,120	6,240	6,240	6,240	5,710		31,200	
Software - Head End	20	122	428	1,193	2,213	4,253	6,293	8,333	10,200	10,200	43,258	
Total Gross Margin	82	434	1,364	3,533	5,333	10,493	12,533	14,573	15,910	10,200	74,458	
										Gross Margin	50%	

- Conservative assumption made of rollout over 9 years, should be faster
- Model based on sale of module and data concentrator unit hardware, plus software licenses on per meter per year basis
- Software license revenue/gross margin would continue after year 10
- New licensing models would have gross margins of 95% and above

- *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
 - \$11.6M order for smart metering deployment, announced 18 September 2018
 - Order received from Tier 1 meter manufacturer
- 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

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		

July 2017

Su	Mo	Tu	We	Th	Fr	Sa
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Monday, July 3, 2017

Instantaneous Readings

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

Meter list for DCU in Network Manager Software

Last reading data for each meter

Reading history for each individual meter

Sales Pipeline* Extract – India



Customer	Solution	Units'000	Value \$'M
Public entity	Electricity Meters	20	0.1
Public utility	Electricity Meters	375	12
Public utility	Electricity Meters	250	15
Private utility (2 opportunities)	Electricity Meters	362 +650	11 + 20
Public utility	Electricity Meters	385	12.5
Public utility	Electricity Meters	120	4
Public utility	Electricity Meters	326	10
TOTAL		2,488	84.6

* Sales pipeline of qualified opportunities

Sales Pipeline* Extract

– Rest of World outside India

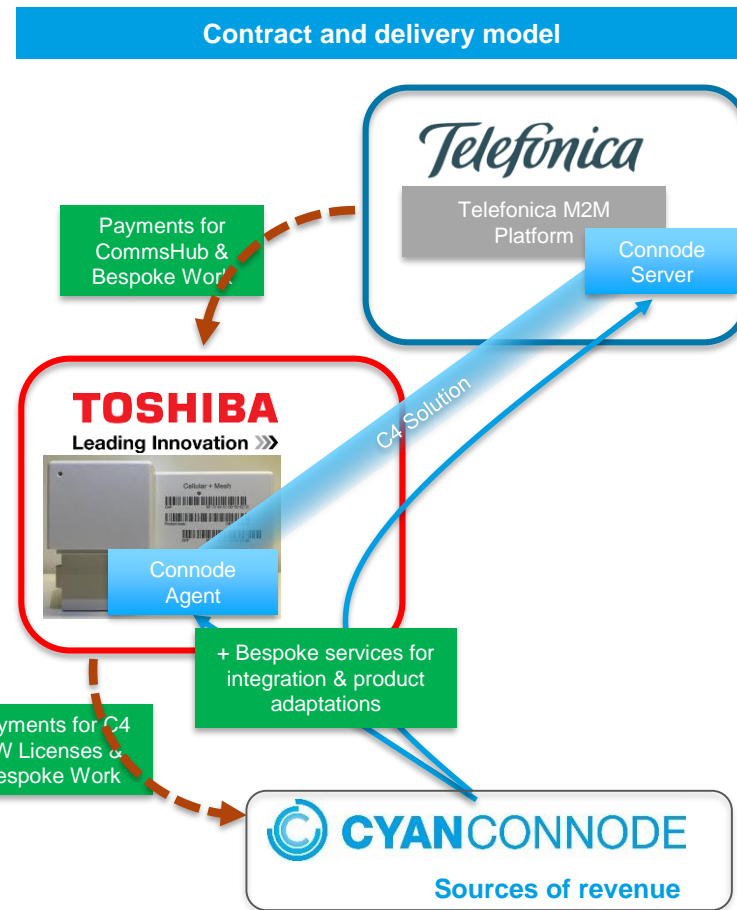
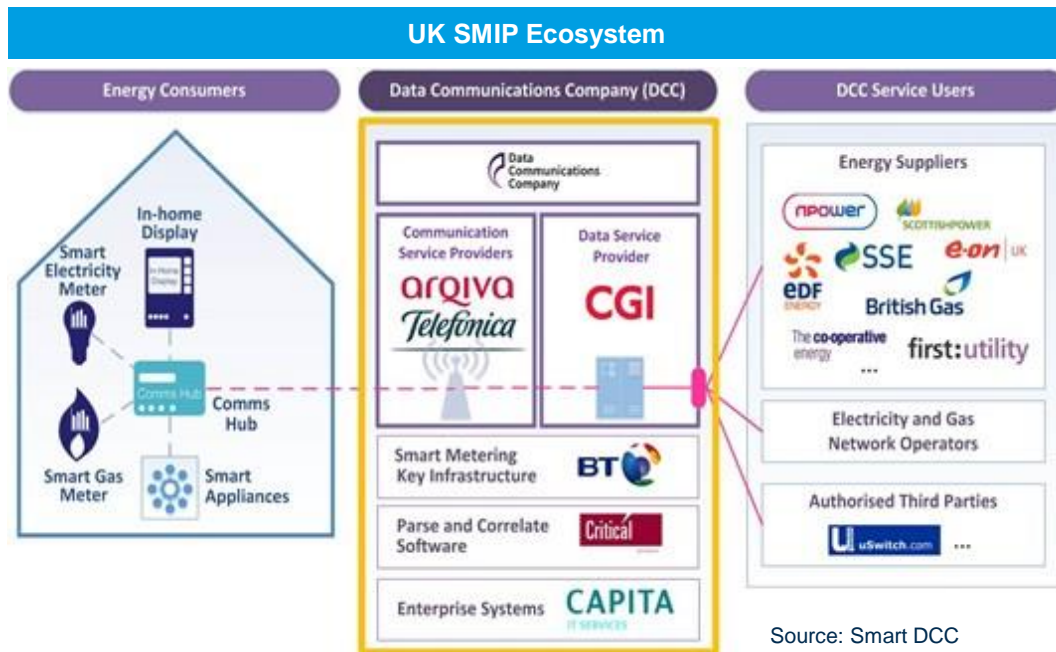


Region	Solution	Units'000	Value \$'M
Asia Pacific	Electricity Meters, Lighting, Smart City	>2,000	>60
Middle East	Electricity Meters	850	25
Asia Pacific	Electricity Meters	625	4
Europe	Electricity Meters	500	2.5
Asia Pacific	Metering, Lighting	400	12
Africa	Electricity Meters	200	5
Europe	Electricity Meters	200	4.6
Asia Pacific	Electricity Meters, Lighting, Smart City	150	4
Europe	Electricity Meters	110	18
Middle East	Electricity Meters	40	3
Middle East	Electricity Meters	40	3
TOTAL		>5,115	>141.1

* Sales pipeline of qualified opportunities

UK Smart Meter Implementation Programme

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



Revenue	Low Case 10% mesh	Medium Case 20% mesh	High Case 30% mesh
Contracted licence fees until 2020	£6m	£13m	£20m
Support fees (over 15 years)	£18m	£36m	£54m
Total	£24m	£49m	£74m

	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

Current Major Shareholders (as of 1 September 2018)



Shareholder	%
Biggles/Nightingale (Strategic Investor)	13.06
David Johns-Powell (Director)	7.84
Herald Investment Management	4.17
Legal & General	3.72
John Cronin (Director)	1.88
Harry Berry (Director)	0.49
Other Directors in total	0.40

Director	Cash Invested To Date
David Johns-Powell	£3.01M
John Cronin	£890K
Harry Berry	£240K
Total Board	~£4.3M

To help conserve cash within the Company, John Cronin and Harry Berry have agreed to a reduced rate of remuneration between July 2018 and June 2019 and to receive an element of this remuneration in shares

- 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