



8 November 2021

**CyanConnode Holdings plc**  
("CyanConnode" or the "Company")

**Interim results for the six months ended 30 September 2021 (H1 FY 2022)**

CyanConnode (AIM: CYAN), a world leader in narrowband radio frequency (RF) mesh networks, announces its interim results for the six months ended 30 September 2021 (H1 FY 2022).

**Financial Highlights**

- Revenue up 172% to £4.1m (H1 FY 2021: £1.5m)
- Gross profit up 104% to £1.7m (H1 FY 2021: £0.8m)
- Operating loss reduced by 26% to £1.2m (H1 FY 2021: £1.6m)
- Cash received from customers up 138% to £3.8m (H1 FY 2021: £1.6m)
- Cash and cash equivalents at end of period £1.7m (H1 FY 2021: £1.0m)

**Operational Highlights**

- Omnimesh modules shipped to customers up 3.4 times to 315k (H1 FY 2021: 92k)
- 152k Omnimesh modules ordered for a new customer in northern India
- Follow-on order from MEA (Metropolitan Electricity Authority) Smart Grid Project in Thailand
- 100k Omnimesh modules ordered for a new customer in Africa
- Key MOU (Memorandum of Understanding) signed with Intellismart (IntelliSmart Infrastructure Private Limited)
- Heavily oversubscribed Placing completed at a premium to the then share price, raising £3.15 million before expenses
- Selected as EESL (Energy Efficiency Services Limited) Technology Partner for the Middle East and Africa
- Global Strategic Alliance signed with SEW (Smart Energy Water)
- Further strengthening of the Indian Management Team
- Awarded the London Stock Exchange Green Economy Mark
- Won the Frost and Sullivan Global Smart Metering Technology Innovation Leadership Award

**John Cronin, CyanConnode Executive Chairman, commented:**

"I am pleased with the continued successful deployment of projects, which has resulted in a significant increase of revenue for the first half of the financial year ending 31 March 2022 (H1 FY 2022).

As with many companies, there have been challenges which impacted our business during the period. The year started with further Covid-19 lockdowns and ongoing component shortages, which resulted in higher costs and longer lead times. Nevertheless, we have been able to continue manufacturing and shipping our products to meet customer requirements on time.

Despite these challenges, I believe CyanConnode will meet market expectations for the current financial year."

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014

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**About CyanConnode**

CyanConnode (AIM:CYAN.L) is a world leader in Narrowband Radio Frequency (RF) Smart Mesh Networks, which are used for machine to machine (M2M) communication. As well as being self-forming and self-healing, CyanConnode's RF Smart Mesh Networks are designed for rapid deployment, whilst giving exceptional performance and competitive total cost of ownership.

In June 2018, CyanConnode launched its award-winning Omnimesh Advanced Metering Infrastructure (AMI) platform, which has already gained considerable commercial traction, especially in India which is a key market for the Company.

Through a Global partner eco-system, which is vendor agnostic, CyanConnode has several routes to market, therefore it is well positioned to capitalise upon increasing Global demand for smart metering solutions.

For more information, please visit [www.cyanconnode.com](http://www.cyanconnode.com).

## Chairman's Statement

### Financial highlights

#### Key figures

	H1 FY 2022 £'000	H1 FY 2021 £'000	% Change
Revenue	4,078	1,499	+ 172%
Gross profit	1,696	831	+ 104%
Operating costs	(2,900)	(2,453)	+ 18%
Operating loss	(1,204)	(1,622)	- 26%
Cash	1,740	952	+ 83%

- **Revenue** for the first six months of FY 2022 was once again affected by the COVID-19 pandemic, as well as shortages of key components required for manufacture of the Company's hardware. Despite these challenges, CyanConnode was pleased to see significant revenue growth of 172% during the first six months of the financial year compared with the first six months of FY 2021
- **Operating costs** increased by 18% to £2.899m for the first six months of FY 2022 compared to the first six months of FY 2021, mainly as a result of increased costs to support the growth of the business
- **Operating loss reduced** by 26% to £1.204m for the first six months of FY 2022 compared to the first six months of FY 2021
- **Basic and diluted loss per share** improved by 37% from 0.78p to 0.49p compared to the first six months of FY 2021
- **Cash and cash equivalent** increased from £1.0m as at 30 September 2020 to £1.7m as at 30 September 2021
- **Accounts receivables** a total of £3.8m cash (H1 FY 2021: £1.6 million) has been collected from customers during the period, and a further £0.7m since

### Operational Review

#### India

During the period India suffered a second wave of Covid-19 which resulted in further lockdowns. Nevertheless, despite these lockdowns and global shortages of key components, CyanConnode has been able to continue manufacturing and shipping products to meet customer requirements on time.

In May 2021, CyanConnode announced the signing of a MOU (Memorandum of Understanding) with Intellismart (Intellismart Infrastructure Private Limited), a joint venture company formed by EESL, (Energy Efficiency Services Limited), and NIIF, (National Investment and Infrastructure Fund). Intellismart is a Meter Asset Provider which deploys smart meters by funding CAPEX, which it then recovers through an OPEX model. Intellismart is focusing on expediting the deployment of 250 million smart meters across India and it can operate at scale by leveraging the expertise and capital of EESL and NIIF. Under the MOU, CyanConnode and Intellismart will work on existing EESL and Intellismart projects as well as new ones, in India and international markets.

In June 2021, CyanConnode India appointed Rajiv Kumar as Managing Director and Chief Executive Officer. Rajiv is a dynamic professional with twenty-five years' experience in digital energy for transmission and distribution utilities. He joined CyanConnode India from Intellismart where he managed one of the largest smart meter deployment programs in India in his role as Chief Operating Officer, a role he held since Intellismart was set up in 2019. He joined Intellismart from EESL where he was responsible for driving the Smart Meter National Program under the Ministry of Power, Govt. of India. Prior to EESL, Rajiv's experience included more than a decade working for Schneider Electric, both internationally and in India in strategic roles in their digital energy business, and a decade working for Powergrid Corporation of India.

In August 2021, the Company announced a new order for 152,000 Omnimesh modules from a new end customer in Northern India. The order includes Services, Omnimesh Head-End Software, Perpetual Licence and an Annual

Maintenance Contract. Under the contract CyanConnode will supply its new Omnimesh Cellular Modules as well as Omnimesh RF Modules. Deployment of this contract has commenced with 40,000 modules being shipped during the period.

The Government of India recently announced in The Gazette of India that all Industrial, Commercial, Residential and Government Consumers, (except Agriculture Consumers), will be supplied electricity through Smart Meters with prepayment features. The timeline for replacing all dumb meters with Smart Meters has been split into two phases:

The first phase of approximately 100 million meters is to be implemented by December 2023 and will include the following Consumers;

- All Union Territories;
- Electrical divisions having more than 50% of Consumers in urban areas with Aggregate Technical & Commercial (AT&C) losses more than 15% in the financial year 2019-20;
- Other electrical divisions with AT&C losses more than 25% in the financial year 2019-20;
- All Government Offices at Block Level and above, and;
- All Industrial and Commercial Consumers.

The second phase of approximately 150 million meters is to be implemented by March 2025 and will cover all remaining Consumers.

The Government of India has also announced a "Revamped Power Distribution Scheme" with funding of circa £30 billion aimed at strengthening Transmission and Distribution Infrastructure.

#### ***APAC and Middle East***

The smart metering market in the APAC and Middle East continues to mature and presents a significant opportunity for CyanConnode.

In April 2021, CyanConnode was pleased to announce it had been selected by EESL Energy Solutions LLC, Dubai, (EESL), as technology partner for projects in the Middle East and Africa for smart metering and smart lighting projects.

In May 2021, a Global Strategic Alliance Agreement was signed with SEW (Smart Energy Water). Headquartered in California, SEW is a global energy and water cloud platform provider serving over three hundred utilities worldwide. The company delivers and builds the best digital customer and workforce experiences in the utility industry. Its innovative solutions are easy to use and integrate seamlessly with utility enterprise systems to improve customer and operational efficiency using artificial intelligence (AI), cloud and mobile technologies. Under the terms of the Agreement, each of CyanConnode and SEW shall promote and be authorised to sell the others' Products and Services, as well as referring potential customers to each other, thereby expanding the geographical reaches of each Company.

In August 2021, a follow-on order was received from JST (The JST Group), for 31,000 Omnimesh modules and associated gateways, this order is in addition to the 33,000 Omnimesh Modules and 206,735 Omnimesh perpetual software licences purchased in 2019 and 2020. Deployment of this order will follow the successful 'Go-Live' phase of the MEA Smart Grid Project, which is expected in Q4 of 2021.

CyanConnode is delivering the MEA project with JST's partner Forth (Forth Corporation Public Company Limited), a telecommunication and electronics company that provides products and integration services throughout Thailand. MEA, who serve around 4 million customers in the city of Bangkok and two adjacent provinces, is deploying a Smart Metro Grid platform to improve power availability and reliability, as well as to analyse distribution losses, automate meter reading, and increase customer satisfaction.

CyanConnode's Omnimesh technology has been integrated into Forth's electricity meters, using the frequency bands of 442 and 447MHz, which have been allocated to the Thai energy utilities by The National Broadcasting and Telecommunications Commission (NBTC) of Thailand.

Also in August 2021, a contract for a smart metering deployment in Africa was received. Under the contract, CyanConnode will supply 100,000 Omnimesh Modules together with Advanced Metering Infrastructure, Services, Omnimesh Head-End Software, Perpetual License and an Annual Maintenance Contract.

**Europe**

CyanConnode's project with HM Power for the smart metering of district heating and power, continues to progress well with more than 70,000 units having been shipped against the order for 107,000 units to date.

**Awards**

In July 2021, CyanConnode was delighted to be awarded the Green Economy Classification Mark by the London Stock Exchange. This classification, first introduced in 2019, was created to highlight companies and investment funds listed on all segments of London Stock Exchange's Main Market and AIM that are driving the global green economy. To qualify for the Green Economy Mark, companies and funds must generate 50% or more of their total annual revenues from products and services that contribute to the global green economy.

In September 2021, CyanConnode was awarded the Frost and Sullivan Global Smart Metering Technology Innovation Leadership Award. Frost & Sullivan was impressed with CyanConnode's innovation in the smart meter industry and recognised that it has grown from a regional European pioneer into a global leader.

**Outlook**

Following the announcement of the £30 billion "Revamped Power Distribution Scheme" aimed at creation and strengthening of the transmission and distribution infrastructure the Ministry of Power, Government of India has issued a standard bidding document and a contract agreement that can be directly adopted by utilities for rolling out the smart metering programme.

These steps have acted as a catalyst in spurring the smart metering movement in the country as the size of tenders has gone up from thousands to millions of units. There are tenders for 11 million meters that are currently being floated or will be floated shortly. Given the Government's ambition these numbers are only going to increase exponentially in near future. The Board of CyanConnode, with its experience of understanding the Indian market, believes the Company is well placed to cater to the current and upcoming requirements.

In addition, as markets around the world mature, CyanConnode believes that as well as its opportunities in India, it is well placed to capture further orders to build on other projects such as its project in Thailand and the African order announced recently.

## Consolidated income statement

	Note	Unaudited 6 months to 30 September 2021 £000	Unaudited 6 months to 30 September 2020 £000	Audited year to 31 March 2021 £000
<b>Continuing operations</b>				
Revenue		4,078	1,499	6,437
Cost of sales		(2,382)	(668)	(3,334)
<b>Gross profit</b>		<b>1,696</b>	<b>831</b>	<b>3,103</b>
Other operating costs		(2,900)	(2,453)	(5,788)
<b>Underlying operating loss</b>		<b>(838)</b>	<b>(1,187)</b>	<b>(1,978)</b>
Amortisation and depreciation		(296)	(305)	(627)
Share based payments		(70)	(130)	(80)
<b>Operating loss</b>		<b>(1,204)</b>	<b>(1,622)</b>	<b>(2,685)</b>
Investment income		3	1	13
Finance costs		(61)	(102)	(62)
<b>Loss before tax</b>		<b>(1,262)</b>	<b>(1,723)</b>	<b>(2,734)</b>
Tax credit		333	377	677
<b>Loss for the period</b>		<b>(929)</b>	<b>(1,346)</b>	<b>(2,057)</b>
Loss per share (pence)				
Basic	3	(0.49)	(0.78)	(1.18)
Diluted	3	(0.49)	(0.78)	(1.18)

## Consolidated statement of comprehensive income

Derived from continuing operations and attributable to the equity owners of the Company

		Unaudited 6 months to 30 September 2021 £000	Unaudited 6 months to 30 September 2020 £000	Audited year to 31 March 2021 £000
Loss for the period		(929)	(1,346)	(2,057)
<b>Items that may be reclassified subsequently to profit and loss</b>				
Exchange differences on translation of foreign operations		186	131	(25)
<b>Total comprehensive income for the period</b>		<b>(743)</b>	<b>(1,215)</b>	<b>(2,082)</b>

## Consolidated statement of financial position

As at	Unaudited 30 September 2021 £000	Audited 31 March 2021 £000
<b>Non-current assets</b>		
Intangible assets	4,131	4,266
Goodwill	1,930	1,930
Other financial assets	64	44
Property, plant and equipment	37	36
Right of use asset	25	98
<b>Total non-current assets</b>	<b>6,187</b>	<b>6,374</b>
<b>Current assets</b>		
Inventories	560	211
Trade and other receivables	7,563	5,355
R&D tax credit receivables	276	577
Cash and cash equivalents	1,740	1,489
<b>Total current assets</b>	<b>10,139</b>	<b>7,632</b>
<b>Total assets</b>	<b>16,326</b>	<b>14,006</b>
<b>Current liabilities</b>		
Short term borrowings	(2,593)	(2,118)
Trade and other payables	(3,612)	(3,969)
Lease liabilities	(25)	(98)
<b>Total current liabilities</b>	<b>(6,230)</b>	<b>(6,185)</b>
<b>Net current assets</b>	<b>3,909</b>	<b>1,447</b>
<b>Non-current liabilities</b>		
Deferred tax liability	(779)	(812)
<b>Total non-current liabilities</b>	<b>(779)</b>	<b>(812)</b>
<b>Total liabilities</b>	<b>(7,009)</b>	<b>(6,997)</b>
<b>Net assets</b>	<b>9,317</b>	<b>7,009</b>
<b>Equity</b>		
Share capital	4,400	3,735
Share premium account	71,978	69,662
Own shares held	(3,253)	(3,253)
Share option reserve	995	925
Translation reserve	141	(45)
Retained losses	(64,944)	(64,015)
<b>Total equity being equity attributable to owners of the Company</b>	<b>9,317</b>	<b>7,009</b>

## Consolidated statement of changes in equity

	Share Capital £000	Share Premium Account £000	Own Shares Held £000	Share Option Reserve £000	Translation Reserve £000	Retained Losses £000	Total Equity £000
<b>Balance at 1 April 2020</b>	<b>3,656</b>	<b>69,547</b>	<b>(3,253)</b>	<b>2,028</b>	<b>(20)</b>	<b>(63,141)</b>	<b>8,817</b>
Loss for the period	-	-	-	-	-	(1,346)	(1,346)
Other comprehensive income for the period	-	-	-	-	131	-	131
<b>Total comprehensive income for The period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131</b>	<b>(1,346)</b>	<b>(1,215)</b>
Issue of share capital	10	9	-	-	-	-	19
Credit to equity for share options	-	-	-	130	-	-	130
<b>Total transactions with owners</b>	<b>10</b>	<b>9</b>	<b>-</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>149</b>
<b>Balance at 30 September 2020</b>	<b>3,666</b>	<b>69,556</b>	<b>(3,253)</b>	<b>2,158</b>	<b>111</b>	<b>(64,487)</b>	<b>7,751</b>
Loss for the period	-	-	-	-	-	(711)	(711)
Other comprehensive income for the period	-	-	-	-	(156)	-	(156)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(156)</b>	<b>(711)</b>	<b>(867)</b>
Issue of share capital	69	106	-	-	-	-	175
Credit to equity for share options	-	-	-	(50)	-	-	(50)
Transfer	-	-	-	(1,183)	-	1,183	-
<b>Total transactions with owners</b>	<b>69</b>	<b>106</b>	<b>-</b>	<b>(1,233)</b>	<b>-</b>	<b>1,183</b>	<b>125</b>
<b>Balance at 31 March 2021</b>	<b>3,735</b>	<b>69,662</b>	<b>(3,253)</b>	<b>925</b>	<b>(45)</b>	<b>(64,015)</b>	<b>7,009</b>
Loss for the period	-	-	-	-	-	(929)	(929)
Other comprehensive income for the period	-	-	-	-	186	-	186
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>(929)</b>	<b>(743)</b>
Issue of share capital	665	2,316	-	-	-	-	2,981
Credit to equity for share options	-	-	-	70	-	-	70
<b>Total transactions with owners</b>	<b>665</b>	<b>2,316</b>	<b>-</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>3,051</b>
<b>Balance at 30 September 2021</b>	<b>4,400</b>	<b>71,978</b>	<b>(3,253)</b>	<b>995</b>	<b>141</b>	<b>(64,944)</b>	<b>9,317</b>



## Consolidated cash flow statement

	Unaudited 6 months to 30 September 2021 £000	Unaudited 6 months to 30 September 2020 £000	Audited year to 31 March 2021 £000
<b>Net cash outflow from operating activities (Note 4)</b>	<b>(2,968)</b>	<b>(375)</b>	<b>(988)</b>
<b>Investing activities</b>			
Interest received	3	1	13
Purchases of property, plant and equipment	(6)	(11)	(23)
Capitalisation of software development	(76)	(20)	(129)
(Purchase)/disposal of other financial assets	(20)	-	49
<b>Net cash used in investing activities</b>	<b>(99)</b>	<b>(30)</b>	<b>(90)</b>
<b>Financing activities</b>			
Interest paid	(60)	(24)	(51)
Capital repayments of lease liabilities	(73)	(33)	(176)
Cash inflow from borrowing	860	225	1,718
Cash inflow from Directors' loan	-	-	400
Loan repayment	(385)	-	(560)
Interest paid on lease liabilities	(1)	(3)	(11)
Proceeds on issue of shares	3,151	20	75
Share issue costs	(174)	-	-
<b>Net cash from financing activities</b>	<b>3,318</b>	<b>185</b>	<b>1,395</b>
<b>Net decrease in cash and cash equivalents</b>	<b>251</b>	<b>(220)</b>	<b>317</b>
Cash and cash equivalents at beginning of period	1,489	1,172	1,172
<b>Cash and cash equivalents at end of period</b>	<b>1,740</b>	<b>952</b>	<b>1,489</b>

## Notes to the Accounts

### 1. Basis of Preparation

These interim financial statements are for the six months ended 30 September 2021. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2021, which have been filed at Companies House. The Group's auditor issued a report on those financial statements that was unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006, however, the auditor's report emphasised the uncertainty around the Group's ability to continue as a going concern.

These interim financial statements have been prepared in accordance with UK-adopted International Accounting Standards. These financial statements have been prepared under the historical cost convention.

These interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year to 31 March 2021. The accounting policies have been applied consistently throughout the group for the purposes of preparation of these interim financial statements and are expected to be followed throughout the year ending 31 March 2022.

### 2. Going Concern

To assess the ability of the Group to continue as a going concern, the Directors have prepared a business plan and cash flow forecast for the period to 31 March 2023 which, together, represent the Directors' best estimate of the future development of the Group. The forecast contains certain assumptions, the most significant of which are the level and timing of sales and the timing of customer payments. These detailed cashflow scenarios include Letters of Credit which have been secured from the customers against certain contracts recently won.

At 30 September 2021 the Group had cash reserves of £1.7 million (31 March 2021: £1.5 million) and based on detailed cash flow provided to the Board to 31 March 2023, there is sufficient cash to see the Group through to profitability based on its standard operating model. If a more pessimistic scenario were taken and an assumption were taken that no cash is received within the next twelve months from any new orders not currently contracted, and that there were significant delays to receipts from customers, there is a material uncertainty relating to the Group's ability to continue as a going concern. Should the Group experience such downside sensitivities the directors would first continue to look at measures such as cost reduction and working capital facilities as ways to conserve cash within the business. The Company has offers of working capital facilities which it could accept should such a requirement arise.

As with many companies, there have been challenges which impacted CyanConnode's business during the period. The year started with further Covid-19 lockdowns and ongoing component shortages, which resulted in higher costs and longer lead times. Nevertheless, we have been able to continue manufacturing and shipping our products to meet customer requirements on time.

Notwithstanding the material uncertainties described above, on the basis of sensitivities applied to the cash flow forecast, the directors have a reasonable expectation that the company can continue to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of this report.

### 3. Loss per Share

The calculation of the basic and diluted loss per share is based on the following data:

	Unaudited 6 months to 30 September 2021	Unaudited 6 months to 30 September 2020	Audited year to 31 March 2021
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent (£000)	(929)	(1,346)	(2,057)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	188,367,747	173,548,480	174,755,445
Loss per share (pence)	(0.49)	(0.78)	(1.18)

## Notes to the Accounts *continued*

The denominations used are the same as those detailed above for both basic and diluted earnings per share from continuing operations. In accordance with IAS 33 "Earnings Per Share", potential ordinary shares are only considered dilutive when their conversion would decrease the profit per share or increase the loss per share from continuing operations attributable to the equity shareholders.

### 4. Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	Unaudited 6 months to 30 September 2021 £000	Unaudited 6 months to 30 September 2020 £000	Audited year to 31 March 2021 £000
Operating loss for the period:	(1,204)	(1,622)	(2,685)
Adjustments for:			
Depreciation of property, plant and equipment	13	17	30
Amortisation of Intangible assets	210	210	421
Depreciation on right of use assets	73	78	176
Foreign exchange	(6)	71	(15)
Share issued in lieu of service/bonus	4	-	119
Share-option payment expense	70	130	80
Operating cash flows before movements in working capital	(840)	(1,116)	(1,874)
(Increase)/decrease in inventories	(349)	4	97
Increase in receivables	(1,908)	(79)	(2,474)
(Decrease)/increase in payables	(468)	666	2,468
Cash reduction from operating activities	(3,565)	(525)	(1,783)
Income taxes received	597	150	795
Net cash outflow from operating activities	(2,968)	(375)	(988)

### 5. Interim Results

The Group's Interim Results report is available for download on the Group's website. The report will not be posted to shareholders.