



14 December 2022

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

**Interim results for the six months ended 30 September 2022 (H1 FY 2023)**

CyanConnode (AIM: CYAN), a world leader in narrowband radio frequency (RF) mesh networks, announces its interim results for the six months ended 30 September 2022 (H1 FY 2023).

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

"Revenue for the six months ended 30 September 2022 met our expectations. We have, in previous statements, spoken of the significant contracts secured so far this year and as a result revenue for the next quarter is expected to be at least three times higher than the first six months. The Board hopes that this success, which we have been working towards for some time now, is a sign of things to come. Consequently, we are pleased to confirm that we expect to meet market revenue forecasts for the full financial year ended 31 March 2023.

"Despite a delay to tenders until India's Prime Minister, Shri Narendra Modi PM, launched the power sector's Revamped Distribution Sector Scheme, (RDSS) in August 2022, CyanConnode was delighted to announce its first order for one million Omnimesh Modules from India. However, at the same time tenders were delayed until India's Prime Minister, Shri Narendra Modi PM, launched the power sector's Revamped Distribution Sector Scheme, (RDSS) in August 2022. As we have previously highlighted, the 'Collection Efficiency' of not less than 98%, as set out in the RDSS and which CyanConnode Omnimesh achieves, favours our technology for network communication and management and as a result our partners are currently busy tendering for more than 75 million Smart Meters. CyanConnode therefore expects to announce material orders from India in due course.

"As well as the positive news flow from India, further substantial orders were also received from new territories during the period, including orders from the Middle East and North Africa (MENA) region worth over USD 9 million.

"Our recent win rate from contracts tendered has been 27% in volume (this financial year) and installed rate is circa 25%. CyanConnode is currently bidding for contracts worth more than £1 billion in value. Our Partners have recently been named as Level 1 status for greater than 25 million units, which, whilst we don't expect to win all of them, suggests a bright future and we look forward to making further announcements in due course."

**Financial Highlights**

- Revenue of £1.3m (H1 FY 2022: £4.1m) which is in line with the Board's expectations (management forecast that circa 90% of full financial year revenue will be delivered in H2).
- Gross profit of £0.7m (H1 FY 2022: £1.7m)
- Operating loss of £2.4m (H1 FY 2022: loss of £1.2m)
- Cash received from customers of £4.5m (H1 FY 2022: £3.8m)
- Cash and cash equivalents at end of period £1.0m (H1 FY 2022: £1.7m)

**Operational Highlights**

- 1,000,000 Omnimesh RF Modules and associated products ordered from Genus Power Infrastructure Limited (Genus)
- Two orders won from IntelliSmart Infrastructure Pvt Ltd (IntelliSmart) for a total of 300,000 Omnimesh RF Modules and associated products
- Order worth USD 6.7 million won from MENA for NB-IoT gateways
- Further new order worth USD 2.5 million won from MENA for Cellular gateways
- Omnimesh integration implemented for nine new meter types in India
- RDSS approved by the Government of India
- Power Distribution Companies in India (DISCOMS) empowered to release tenders under the RDSS
- CyanConnode's technology aligns with RDSS for network communication and management

**Post-Period Highlights**

- £0.5 million raised by way of a share subscription
- Revenue for the quarter ending 31 December 2022 expected to be three times higher than the first half of the financial year

- Revenue for the financial year ending 31 March 2023 expected to meet market forecasts
- Cash collected from customers since the period end of £2.3 million taking cash received for the nine-month period to £6.8 million
- Cash at end of November 2022 of £1 million
- Current tenders in India for circa 75 million Smart Meters following the launch of the RDSS Scheme
- £1 million worth of components purchased to meet current orders

The information contained within this announcement is deemed to constitute inside information for the purposes of Article 7 of EU Regulation 596/2014 (Market Abuse Regulations) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this announcement, this inside information is now considered to be in the public domain.

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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 2023 £'000	H1 FY 2022 £'000	% Change
Revenue	1,347	4,078	- 67%
Gross profit	665	1,696	- 61%
Operating costs	(3,043)	(2,900)	+ 5%
Operating loss	(2,378)	(1,204)	+ 97%
Cash	1,033	1,740	- 41%
Basic and diluted loss per share	0.94p	0.49p	+92%

#### Revenue and Operating Costs

Revenue for the first six months of FY 2023 was in line with management's expectations. With orders having been won in India for 1.3m Omnimesh modules and associated products during H1 of FY 2023, and large orders being won for other regions, the Company expects a significant increase in revenue during the second half of FY 2023. The increase in operating costs was mainly due to the growth of the business and increasing inflation rates.

#### Cash

During the period cash was utilised to purchase stocks of long lead-time components to support delivery during the remainder of the financial year. Stock of 350,000 long lead-time components were held at period end to ensure H2 FY23 deliveries are met.

#### Accounts receivable

A total of £4.5m cash has been collected from customers during the period (FY22: £3.8m), and a further £2.3 million since the period end. Receivables for new contracts in India, signed during the period and going forward, are expected to be received earlier than historically due to a change in the business model, (payments that were previously milestone based will now be received in Equal Monthly Instalments (EMIs)). Contracts in the MENA region require payments prior to delivery.

#### Operational Review

##### India

The Government of India plans to rollout 250 million smart meters and tenders for large volumes, which currently total 75 million smart meters, have now been issued.

CyanConnode has had a successful period in India, doubling its order book in 5 months and significantly increasing its pipeline of opportunities and key partnerships which include;

- In May 2022, an order was received for 100,000 Omnimesh RF Modules together with advanced metering infrastructure, standards-based hardware, services, Omnimesh head-end software, perpetual license and an annual maintenance contract, for a smart metering project in Assam. This order was received from IntelliSmart, who were the first service provider to use the Design, Build, Finance, Own, Operate, Transfer (DBFOOT) model and they also installed the first smart prepaid meter in India under the RDSS.
- In June 2022, CyanConnode announced a further order from Intellismart for the same project for 200,000 Omnimesh RF Modules together with advanced metering infrastructure, standards-based hardware, services, Omnimesh head-end software, perpetual license, and annual maintenance contract.
- In August 2022, the Group was delighted to announce that its subsidiary, CyanConnode India Pvt Ltd, won its largest-ever order. The Order was for 1,000,000 Omnimesh Modules, together with Advanced Metering Infrastructure, Standards-Based Hardware, Omnimesh Head-End Software, Perpetual License and a Support and Maintenance Contract.

In August 2022, the Government of India approved the RDSS to help DISCOMs improve their operational efficiencies and financial sustainability by providing result-linked financial assistance to strengthen supply infrastructure. The 'Collection Efficiency' of not less than 98%, as set out in the RDSS and which CyanConnode achieves, favours the Group's technology for network communication and management, and the RDSS has an outlay of Rs 3,03,758 Crore (circa £30 billion) over 5 years. RDSS mandates compulsory installation of smart meters across the country.

In addition, the Rural Electrification Corporation floated a Request for Empanelment (RFE) to allow participation in the RDSS tenders. This requires Advanced Metering Infrastructure Service Providers (AMISP) to demonstrate their solutions in a controlled test environment. Empanelment will be required by all AMISPs to allow participation in RDSS tenders. Following an initial delay in the empanelment process, thirty-one companies are now empanelled.

CyanConnode's Omnimesh mesh networks reliably meet stringent service level agreements (SLAs) in dense terrain as well as semi-urban, rural and mountainous regions, this has resulted in its technology being deployed in approximately 25% of all smart metering deployments. CyanConnode has a long track record of successful deployments in India and is regarded as a safe pair of hands, which is borne out by the strong take-up its Omnimesh platform. The company is currently integrating its technology into nine new meter types, a process which is required before new suppliers enter the Indian market.

### **APAC and MENA**

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

In April 2022, an order was won for a smart metering deployment in the MENA region. Under this contract CyanConnode will supply 65,000 interoperable smart NB-IoT gateways which will communicate with and control all existing smart meters for both electricity and water; the gateways will have the capacity to connect up to one million smart meters. The integration of all variants of water meters for this project is now complete and ten types of electricity meters have been integrated out of a total of twenty-three. A large part of this order is expected to be delivered during H2 of this financial year.

In August 2022, an order was announced for Cellular Gateways to provide smart communications for an Advanced Metering Infrastructure project located in the MENA region. This order, worth USD 2.5 million, was for a new cellular product to be fitted to existing electricity meters. The integration of the meters required for this project is now complete and a large part of this project is also expected to be delivered during H2 of this financial year.

CyanConnode continues to deliver The Metropolitan Electricity Authority (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 447MMHz, which have been allocated to the Thai energy utilities by The National Broadcasting and Telecommunications Commission (NBTC) of Thailand. During the period CyanConnode's scope of the Site Acceptance Test (SAT) has been successfully delivered.

### **Post period end developments and outlook**

In October 2022, the Company raised £0.5 million by way of a share subscription from an existing shareholder. The net proceeds of this share subscription will be used for working capital purposes.

Business has expanded significantly since the end of the period with revenue in the three months following the end of the period expected to be more than three times the revenue in the first six months. In addition, cash collection has continued favourably with a further £2.3 million being collected since the period end, taking total cash collection to date to circa £6.8 million.

Tenders for significant volumes have begun to be awarded in India. Since the launch of the RDSS in August 2022, tenders for more than 30 million units have been awarded, with more than 20 million of those units having been awarded since mid-November and CyanConnode expects to receive material orders from those tenders in due course.

## Consolidated income statement

	Note	Unaudited 6 months to 30 September 2022 £000	Unaudited 6 months to 30 September 2021 £000	Audited 12 months to 31 March 2022 £000
<b>Continuing operations</b>				
Revenue		1,347	4,078	9,562
Cost of sales		(682)	(2,382)	(4,554)
<b>Gross profit</b>		<b>665</b>	<b>1,696</b>	<b>5,008</b>
Other operating costs		(3,043)	(2,900)	(6,025)
<b>Underlying operating loss</b>		<b>(2,035)</b>	<b>(838)</b>	<b>(38)</b>
Amortisation and depreciation		(243)	(296)	(616)
Share based payments		(100)	(70)	(363)
<b>Operating loss</b>		<b>(2,378)</b>	<b>(1,204)</b>	<b>(1,017)</b>
Finance income		11	3	3
Finance costs		(49)	(61)	(164)
<b>Loss before tax</b>		<b>(2,416)</b>	<b>(1,262)</b>	<b>(1,178)</b>
Tax credit		302	333	307
<b>Loss for the period</b>		<b>(2,114)</b>	<b>(929)</b>	<b>(871)</b>
Loss per share (pence)				
Basic	3	(0.94)	(0.49)	(0.42)
Diluted	3	(0.94)	(0.49)	(0.42)

## Consolidated statement of comprehensive income

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

	Unaudited 6 months to 30 September 2022 £000	Unaudited 6 months to 30 September 2021 £000	Audited 12 months to 31 March 2022 £000
Loss for the period	(2,114)	(929)	(871)
Exchange differences on translation of foreign operations	425	186	76
<b>Total comprehensive income for the year</b>	<b>(1,689)</b>	<b>(743)</b>	<b>(795)</b>

## Consolidated statement of financial position

As at	Unaudited 30 September 2022 £000	Unaudited 30 September 2021 £000	Audited 31 March 2022 £000
<b>Non-current assets</b>			
Intangible assets	3,988	4,131	4,093
Goodwill	1,930	1,930	1,930
Fixed asset investments	68	64	58
Property, plant and equipment	33	37	31
Right of use asset	152	25	153
Trade receivables	520	-	458
<b>Total non-current assets</b>	<b>6,691</b>	<b>6,187</b>	<b>6,723</b>
<b>Current assets</b>			
Inventories	955	560	159
Trade and other receivables	4,586	7,563	6,993
R&D tax credit receivables	884	276	562
Cash and cash equivalents	1,033	1,740	2,355
<b>Total current assets</b>	<b>7,458</b>	<b>10,139</b>	<b>10,069</b>
<b>Total assets</b>	<b>14,149</b>	<b>16,326</b>	<b>16,792</b>
<b>Current liabilities</b>			
Short term borrowing	(800)	(2,593)	(1,867)
Trade and other payables	(2,362)	(3,612)	(2,364)
Corporation tax liabilities	(137)	-	(193)
Lease liabilities	(15)	(25)	(28)
<b>Total current liabilities</b>	<b>(3,314)</b>	<b>(6,230)</b>	<b>(4,452)</b>
<b>Net current assets</b>	<b>4,144</b>	<b>3,909</b>	<b>5,617</b>
<b>Non-current liabilities</b>			
Lease liabilities	(137)	-	(125)
Deferred tax liability	(745)	(779)	(746)
Other payables	(97)	-	(38)
<b>Total non-current liabilities</b>	<b>(979)</b>	<b>(779)</b>	<b>(909)</b>
<b>Total liabilities</b>	<b>(4,293)</b>	<b>(7,009)</b>	<b>(5,361)</b>
<b>Net assets</b>	<b>9,856</b>	<b>9,317</b>	<b>11,431</b>
<b>Equity</b>			
Share capital	4,728	4,400	4,726
Share premium account	73,895	71,978	73,883
Own shares held	(3,611)	(3,253)	(3,611)
Share option reserve	1,168	995	1,068
Translation reserve	456	141	31
Retained losses	(66,780)	(64,944)	(64,666)
<b>Total equity being equity attributable to owners of the Company</b>	<b>9,856</b>	<b>9,317</b>	<b>11,431</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 2021</b>	3,735	69,662	(3,253)	925	(45)	(64,015)	7,009
Loss for the period	-	-	-	-	-	(929)	(929)
Other comprehensive income for the period	-	-	-	-	186	-	186
<b>Total comprehensive income for The period</b>	-	-	-	-	186	(929)	(743)
Issue of share capital	665	2,316	-	-	-	-	2,981
Credit to equity for share options	-	-	-	70	-	-	70
<b>Total transactions with owners</b>	665	2,316	-	70	-	-	3,051
<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>
Profit for the period	-	-	-	-	-	58	58
Other comprehensive income for the period	-	-	-	-	(110)	-	(110)
<b>Total comprehensive income for the period</b>	-	-	-	-	(110)	58	(52)
Issue of share capital	326	1,905	(358)	-	-	-	1,873
Credit to equity for share options	-	-	-	293	-	-	293
Transfer	-	-	-	(220)	-	220	-
<b>Total transactions with owners</b>	326	1,905	(358)	73	-	220	2,166
<b>Balance at 31 March 2022</b>	<b>4,726</b>	<b>73,883</b>	<b>(3,611)</b>	<b>1,068</b>	<b>31</b>	<b>(64,666)</b>	<b>11,431</b>
Loss for the period	-	-	-	-	-	(2,114)	(2,114)
Other comprehensive income for the period	-	-	-	-	425	-	425
<b>Total comprehensive income for the period</b>	-	-	-	-	425	(2,114)	(1,689)
Issue of share capital	2	12	-	-	-	-	14
Credit to equity for share options	-	-	-	100	-	-	100
<b>Total transactions with owners</b>	2	12	-	100	-	-	114
<b>Balance at 30 September 2022</b>	<b>4,728</b>	<b>73,895</b>	<b>(3,611)</b>	<b>1,168</b>	<b>456</b>	<b>(66,780)</b>	<b>9,856</b>

## Consolidated cash flow statement

	Unaudited 6 months to 30 September 2022 £000	Unaudited 6 months to 30 September 2021 £000	Audited 12 months to 31 March 2022 £000
<b>Net cash outflow from operating activities (Note 4)</b>	<b>(143)</b>	<b>(2,968)</b>	<b>(3,134)</b>
<b>Investing activities</b>			
Interest received	11	3	3
Purchases of property, plant and equipment	(6)	(6)	(26)
Capitalisation of software development	(109)	(76)	(259)
(Purchase)/disposal of investments	(10)	(20)	(14)
<b>Net cash used in investing activities</b>	<b>(114)</b>	<b>(99)</b>	<b>(296)</b>
<b>Financing activities</b>			
Interest paid	(43)	(60)	(157)
Cash (outflow)/inflow from borrowing	-	860	500
Cash net outflow from debt factoring	(967)	-	(366)
Cash outflow from Directors' loan	(100)	-	-
Loan repayment	-	(385)	(385)
Capital repayments of lease liabilities	(15)	(73)	(153)
Interest paid on lease liabilities	(6)	(1)	(7)
Proceeds on issue of shares	-	3,151	5,177
Share issue costs	-	(174)	(327)
<b>Net cash from financing activities</b>	<b>(1,131)</b>	<b>3,318</b>	<b>4,282</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,388)</b>	<b>251</b>	<b>852</b>
Effects of exchange rate changes on cash and cash equivalents	66	-	14
Cash and cash equivalents at beginning of period	2,355	1,489	1,489
<b>Cash and cash equivalents at end of period</b>	<b>1,033</b>	<b>1,740</b>	<b>2,355</b>



## Notes to the Accounts

### 1. Basis of Preparation

The interim financial statements are for the six months ended 30 September 2022. 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 2022, 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 emphasized 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 2022. The accounting policies have been applied consistently throughout the group for the purpose of preparation of these interim financial statements and are expected to be followed throughout the year ending 31 March 2023.

### 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 2024 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 contracts recently won.

The Group's business activities, together with the factors likely to affect its future development, performance and position, have been considered in depth as part of the Directors' assessment of the Group's ability to continue as a going concern. The Directors have reviewed detailed trading forecasts for H2 of FY23. An upturn in business activities and revenue is expected during this period, which will ensure the Group's ability to meet market expectations for the full financial year. At 30 September 2022 the Group had cash reserves of £1 million (31 March 2022: £2.4 million) and based on detailed cash flow provided to the Board to 31 March 2024, 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 convertible and secured loans which it could accept should such a requirement arise.

To assist with working capital, one Director has extended a short-term loan of £300,000. The Company received a R&D tax credit of £585,000 from HMRC in October 2022 and have an advance of £500,000 in place which is secured against its R&D tax credit for FY23. The Group also completed a £0.5 million subscription in October 2022.

Notwithstanding the material uncertainties described above, which may cast significant doubt on the ability of the Group to continue as a going concern, 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.

## Notes to the Accounts *continued*

### 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 2022	Unaudited 6 months to 30 September 2021	Audited 12 months to 31 March 2022
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent (£000)	(2,114)	(929)	(871)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	225,033,577	188,367,747	205,173,434
Loss per share (pence)	(0.94)	(0.49)	(0.42)

The denominations used are the same as those detailed above for both basic and diluted earnings per share from continuing operations. However, 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 Operating Cash Flows

	Unaudited 6 months to 30 September 2022 £000	Unaudited 6 months to 30 September 2021 £000	Audited 12 months to 31 March 2022 £000
Operating loss for the period:	(2,378)	(1,204)	(1,017)
Adjustments for:			
Depreciation of property, plant and equipment	15	13	31
Amortisation of Intangible assets	214	210	432
Depreciation on right of use assets	14	73	153
Foreign exchange	334	(6)	20
Share issued in lieu of service/bonus	14	4	5
Share-option payment expense	100	70	363
Operating cash flows before movements in working capital	(1,687)	(840)	(13)
(Increase)/decrease in inventories	(796)	(349)	52
Decrease/(increase) in receivables	2,410	(1,908)	(2,054)
(Decrease)/increase in payables	(2)	(468)	(1,568)
Cash reduced by operations	(75)	(3,565)	(3,583)
Income taxes received/(paid)	(68)	597	449
Net cash outflow from operating activities	(143)	(2,968)	(3,134)

### 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.