

From Quarterly Ann for Oct – Dec '16

Drone Business Update

- During the Quarter, IOT Group's marketing team worked to finalise websites, packaging and branding for the Rova, Roam-e, Vecta for sales presentations for December, the Consumer Electronics Show in January and **their product launches in 2017.**
- In December, the US distribution IOT Team presented to over 30 agents and buyers to start the sales/order process in the US. These presentations took the team across the US and is building a sizeable order book for delivery Q2 onwards of 2017. Presentation were made of the Rova, Roam-e and Vecta with **rollout programs being put in place for each IOT Drone product to be launched in 2017.**

Note: Not a single launch, launches & not a single program, programs

From Ann 16 Jan '17

Sydney, Monday January 16th 2017, IOT Group Ltd (ASX: IOT) (**IOT**) is pleased to provide an update to shareholders **on its immediate sales and marketing activities.**

IOT advises that the US sales and marketing program it conducted prior to Christmas and the recent **Global Launch of the ROVA personal drone at The Consumer Electronics Show (CES) in Las Vegas were eagerly attended by large US buying groups and resulted in a highly favourable customer reaction.** IOT will be meeting with these customers in coming weeks to finalise initial orders for the ROVA personal drone.

In anticipation of the expected level of initial orders for the ROVA, IOT has placed an order with AEE for the manufacture of 40,000 units of the ROVA personal drone. Funding for the production of this order will be from existing cash resources of IOT and financial assistance from AEE.

US orders will be processed in February for in store March – April. Intense consumer marketing for the Rova personal drone will begin in late February for the support of instore in March onwards.

As a result of placing this order, IOT has been granted by AEE exclusive distribution rights for the ROVA personal drone in the USA, Canada and Mexico. AEE has further agreed to not distribute any competing drone products in these territories. IOT also has exclusivity in Australia, New Zealand and Japan for all AEE drone products.

The Rova personal drone is the first product from the IOT pipeline in 2017. This is planned to be followed by other drone products as well as IOT branded cameras and other innovative selfie devices. IOT's focus is to take advantage of the high growth selfie market globally by selling uniquely designed and branded drones and cameras using marketing techniques beyond the capabilities of other drone manufacturers.