

ASX Announcement

19 June 2017

OPERATIONAL UPDATE

1. Highlights

- IOT has received its initial test Purchase Order from T-Mobile for the ROVA
- First 1,000 ROVA units delivered to Best Buy USA
- ROVA now on the shelves at Bed Bath and Beyond, Best buy Canada and Brookstone
- Repeat orders starting to come through as smaller “trial” orders converting into larger “commercial” Purchase Orders
- Significant operational cost savings achieved

2. T-Mobile Purchase Order

The IoT Group Limited (ASX: IOT) (“IOT” or “the Company”) has received its first “test” Purchase Order from one of the world’s most prominent telecommunications groups. This account has the potential to be transformative for IOT Group if they rollout to their whole network.

T-Mobile is one of the three largest wireless carriers in the United States. It has over 72 million customers and annual revenues in 2016 of US\$37 billion. In 2017, T-Mobile was ranked number 1 in Customer Service Satisfaction by Nielsen.

IOT believes that innovative youth oriented telco carriers such as T-Mobile are its natural allies. T-Mobile has approximately 5,000 retail stores in North America which sell its telco services and related products.

T-Mobile have expressed their interest in a broad roll out of AirSelfie.

3. Existing Clients

T-Mobile (5400 Stores): This account has the potential to be transformative for IOT Group by itself. T-Mobile have agreed to put ROVA in their “signature” stores and they have expressed strong interest in a broad roll out of AirSelfie.

Bed Bath & Beyond (1024 Stores): We are now selling ROVA in BBB's 17 Nationwide testing stores. Subject a successful test period, we expect BBB to order for a system wide roll out. (see photos of San Jose BBB store)

Brookstone (200 Stores): Brookstone is currently testing ROVA in 17 stores, with a view to stocking the product system-wide. While Brookstone is a relatively small, specialty retailer, they focus on high price points and are influential in the marketplace.

WYNIT (Distributor focused on National Accounts and Independents): We recently became an approved Vendor to this large distributor, and are already selling to Best Buy USA (1000 Unit ROVA order shipped this week) through them. They are also the exclusive third party distributor for Apple, and are the country's leading distributor to local, regional and smaller specialty retailers.

Best Buy Canada & USA (1500+ Stores): We have delivered Best Buy Canada 950 ROVA and Best Buy Canada 1,000 units, BBC are currently promoting ROVA through they their catalogue.



Photo of San Jose BBB store

4. Cost Savings

As part of the November 2016 Restructuring Plan, IOT has undertaken a number of steps to rationalise the product range and focus on operational savings. IOT are cognisant of the fact that in the early phase of commercialisation, capital is paramount in order to fund inventory to fill orders.

As such a significant cost cutting effort has been underway. The last of these measures have been implemented over May-June 2017 and involve.

- Reducing Australian occupancy costs by 60%; and
- Reducing US staff costs by 50%.

IOT's focus on Profitability rather than Revenue has resulted in the IOT Board's continued programme of cost savings. It is important for our shareholders to know, that your Board's objective is to maximize the value of every Dollar IOT spends.

Furthermore there has been a deferral of salaries/fees for the IOT Board and Senior Management.

IOT welcomes Nigel Braund as our new Chief Financial Officer. He comes to us with a wealth of experience at PwC, Mindshare, Warner Music, GAME Group and more recently Enero Group. We thank Linda Bartholomeusz for her efforts and wish her well in the future.

5. Commentary

Executive Director of The IOT Group, Mr. Ian Duffell commented:

"The last three months has seen IOT continue to focus on implementing its Business Plan."

"Cost savings have been made. Sales are beginning to be delivered and positive cash flow has begun. The business has refocussed on its distribution network and creating profits as opposed to the slow and costly approach of developing bespoke technology."

"With the equity raising announced earlier today, IOT is well placed to participate in the pre-Christmas upswing in demand for consumer electronics products, particular Selfie drones."

"We are looking forward to 3Q 2017 and delivering results for our shareholders. "



About IOT Group Limited

www.theiotgroup.com



(Internet of Things)

IoT Group has tapped into global niche markets by adapting and enhancing existing trend products and making them more affordable, useful and innovative for consumers in particular, the IOT Group is designing and developing a range of drones that looks to create a complete new category in the retail drones space.

Company Information

IoT Group Limited (ABN 66 140 475 921)
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Scott Brown	Non-executive Chairman
Tod McGrouther	Non-executive Director
Ian Duffell	Executive Director
Ron Hollands	Company Secretary

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Forward Looking Statements

All statements other than statements of historical fact including, without limitation, statements regarding projections, future plans and objectives of IOT Group, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as ‘anticipate’, ‘believe’, ‘could’, ‘estimate’, ‘expect’, ‘future’, ‘intend’, ‘may’, ‘opportunity’, ‘plan’, ‘in principle’, ‘potential’, ‘project’, ‘seek’, ‘will’ and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of IOT Group that could cause IOT Group’s actual results to differ materially from the results expressed or anticipated in these statements.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by these forward-looking statements will actually occur and investors are cautioned not to place any reliance on these forward-looking statements.

IOT Group does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained above, except where required by applicable law and securities exchange listing requirements.