

# IOT Quarterly Update

## Business Update

After making a solid start in the June Quarter that saw sales receipts of \$461,000, the Sept Quarter sales were disappointing. After consideration, it was determined that the incumbent USA management were not performing, they were terminated, and the USA office was closed. Spring2Market/Cities sales accelerators were engaged as the companies USA sales representative.

With this change of approach to selling in our largest market, IOT now have a lower cost and higher impact operation in the USA with the professionalism of the Spring/Cities team - a huge step forward for our company.

Since signing with Spring/Cities IOT have seen a strong lift in business activity. Repeat orders have begun to flow through for ROVA from groups such as Amazon, B&H Photo, Brookstone and first orders have come through for Air Selfie from B&H, Best Buy and Amazon.

IOT have delivered their first order to Telstra and the AirSelfie will feature in the November Telstra Catalogue. Air Selfie should appear in Telstra stores from the 31<sup>st</sup> of October 2017.

As well as the USA, IOT have now secured exclusivity and signed distribution agreements with White Castle Partners representing their products throughout Europe, the UK and the Middle East. This follows an agreement with our South American/Latin American partners, Maximum Export Import. Both groups have existing business relationships with our North American partners – “Spring/Cities” Both Groups are targeting orders to flow the first week of November.

Recent Capital raised of \$582k will be used to purchase stock to sell in the Christmas period which should result in a far more robust cash Q4 balance.

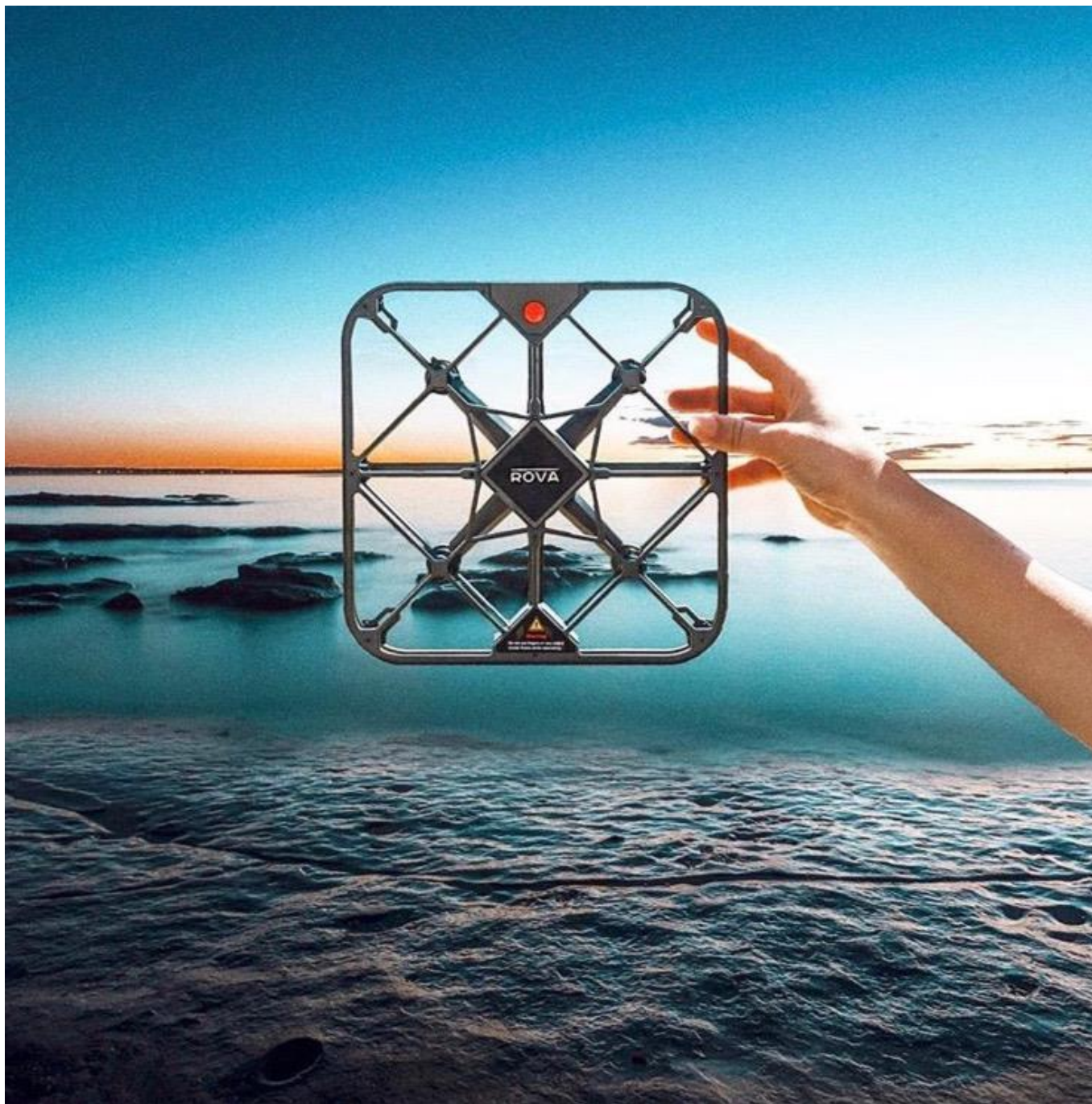
IOT currently has:

- on Deposit approx. \$1.3m with manufacturer AEE. This a prepayment for inventory.
- inventory of 6,300 units (Wholesale Value of \$1.085m).
- Receivables of \$420k.

The realisation of inventory, collection of receivables together with existing cash will fund the company in Q4, 2017 and beyond.

The company continues to assess trade finance facilities but is mindful of selecting the right financiers that will support the company now and in the future.

With our close relationship to Air Selfie group and our Manufacturing partner AEE we believe we are well placed to achieve record sales in the Q4 and to continue to grow in 2018 onwards.



## Commentary

IOT's Executive Director – Sean Neylon said

*“Though Q3 was not to all of our expectations we are on track to achieve great sales for Q4 and beyond. IOT has opened a large global footprint to increase sales of its Products. Our company is well positioned, it has no debt, has two very unique and sought-after products. IOT has distribution agreements for North and South America, Europe, Middle East, United Kingdom and Australasia. The distribution plan is working, and we are currently seeing progress which should result in strong order flow for AirSelfie and ROVA”*

**About IOT Group Limited**



Website: [www.theiotgroup.com](http://www.theiotgroup.com)

*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 new category in the retail drones space.*

**Company Information**

IoT Group Limited (ABN 66 140 475 921)

Level 9, 100 William Street

EAST SYDNEY NSW 2011

Sean Neylon	Executive Director
John Forder	Non-Executive Director
Steven Kayalicos	Non-Executive Director
Ron Hollands	Company Secretary

Investor Enquiries: [investors@theiotgroup.com](mailto:investors@theiotgroup.com)

All references to IOT Group includes its subsidiaries.

### **Forward Looking Statements**

All statements other than statements of historical fact including, without limitation, statements regarding projections, 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.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

IOT GROUP LIMITED

**ABN**

66 140 475 921

**Quarter ended ("current quarter")**

30 SEPTEMBER 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	67	530
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(322)	(3,566)
(c) advertising and marketing	(58)	(1,665)
(d) leased assets	-	-
(e) staff costs	(338)	(1,709)
(f) administration and corporate costs	(882)	(1,931)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	35
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(30)	109
1.7 Government grants and tax incentives	-	959
1.8 Other (provide details if material) Kantor settlement	-	(681)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,562)</b>	<b>(7,920)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(6)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	2	2
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>2</b>	<b>(4)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	180	1,025
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	4
3.4 Transaction costs related to issues of shares, convertible notes or options	(56)	(56)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>124</b>	<b>973</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	1,653	7,141
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,562)	(7,920)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	2	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	124	973
4.5 Effect of movement in exchange rates on cash held	(1)	26
<b>4.6 Cash and cash equivalents at end of quarter</b>	<b>216</b>	<b>216</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	216	1,653
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>216</b>	<b>1,653</b>

**6. Payments to directors of the entity and their associates**

**Current quarter  
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

171

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Director's fees, wages and salaries.

**7. Payments to related entities of the entity and their associates**

**Current quarter  
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

-

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	210
9.3 Advertising and marketing	60
9.4 Leased assets	-
9.5 Staff costs	130
9.6 Administration and corporate costs	550
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>950</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-



**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .....  
Sean Neylon - Director

Date: .27 October 2017

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.