

19 January 2018

Dear Optionholder

### IoT Group Limited – pro-rata non-renounceable rights issue

IoT Group Limited (ACN 140 475 921) (**IOT**) is undertaking a 1:4 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 256,846,132 fully paid ordinary shares (**New Share**), together with 256,846,132 free attaching options exercisable at \$0.011 on or before 31 January 2019 (**New Option**), to raise approximately \$2,311,615. The price of New Shares under the Offer is \$0.009 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 19 January 2018.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Marketing and advertising	\$750,000	32.44%
2.	Product development	\$1,000,000	43.26%
3.	Expenses of the Offer being paid in cash <sup>1</sup>	\$52,293 <sup>2</sup>	2.26%
4.	Working capital	\$509,322	22.03%
	<b>Total</b>	<b>\$2,311,615</b>	<b>100%</b>

#### Notes:

1. Expenses of the Offer are being partially paid in cash and partially by way of an issue of Shares by the Company. Refer to Section 9.7 of the Prospectus for further details relating to the estimated expenses of the Offer.
2. Note that a maximum of \$193,697 representing a \$55,000 management fee and a selling fee of 6% of the total funds raised pursuant to the Offer is payable through the issue of Shares to the Lead Manager at deemed issue prices of \$0.01 per Share in relation to the management fee and \$0.009 per Share in relation to the selling fee.

The above is a statement of current intentions as of the date of the Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (AEST) on 25 January 2018, whose registered address is in Australia, New Zealand, Hong Kong or Singapore.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued approximately 256,846,132 New Shares and 256,846,132 New Options resulting in total Shares on issue of approximately 1,284,230,568 and total Options on issue of approximately 544,959,147.

### **Optionholders**

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new shares to be allotted and to be entered on the Company's register of members on or before 5:00pm (AEST) on 25 January 2018 (**Record Date**).

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at Suite 902, Level 9, 100 William Street, Woolloomooloo, NSW 2011:

a notice of exercise of options (attached to this letter);

an option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and

payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "IoT Group Limited".

To ensure that your new shares are allotted prior to the Record Date, the above must be received by IoT Group Limited **no later than** 5:00pm (AEST) on 24 January 2018. If received after this date, allotment of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, please contact your financial adviser or Ron Hollands, IoT's Company Secretary, on +61 2 8318 7724.

Yours sincerely



**Sean Neylon**  
Executive Director

### **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.*

### **Company Information**

IoT Group Limited (ABN 66 140 475 921)  
Level 9, 100 William Street  
EAST SYDNEY NSW 2011

Sean Neylon	Founder and 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.