

ASX Announcement

Business Update

- Global Launch of the ROVA personal drone at The Consumer Electronics Show (CES)
- Highly favourable customer reaction to the ROVA
- Order of 40,000 units of the ROVA placed with AEE
- Exclusive distribution rights granted for the ROVA in the USA, Canada and Mexico
- Strong product pipeline for 2017

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.

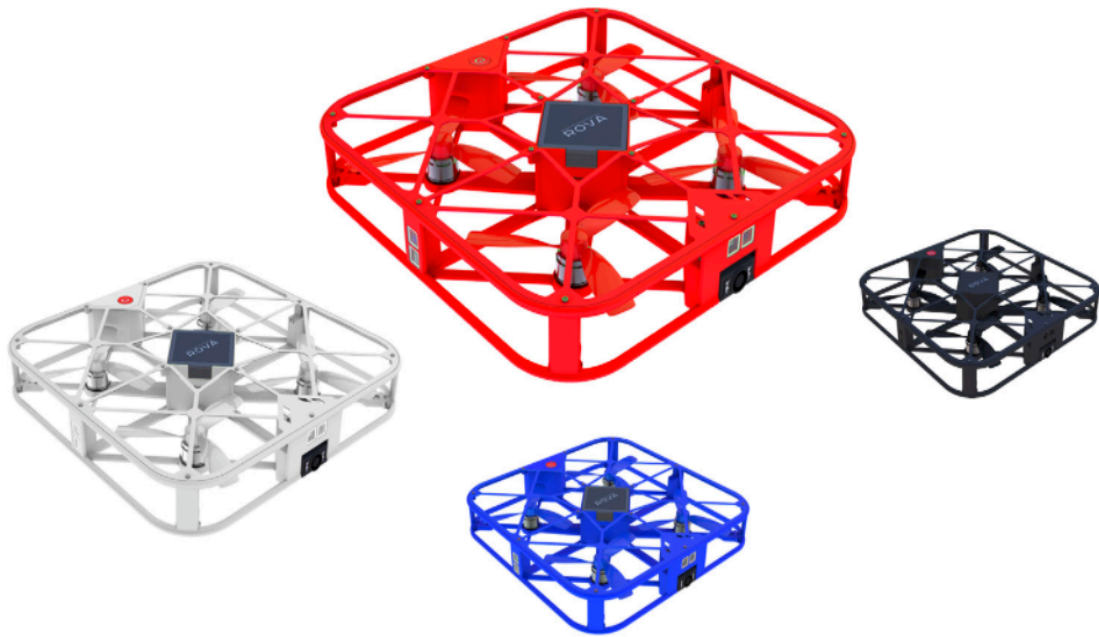
US orders will be processed in February for in store March – April. Intense consumer marketing for the Rova personal drone will begin in late February for the support of instore in March onwards.

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.

About the ROVA Personal Drone

ROVA makes flying made easy for a new level of fun, and one touch sharing redefines what it means to be social. Light and compact with obstacle anti-avoidance functionality, bumper protection and enclosed propellers, switch between photos and 360° video during your 16 minutes of flight time (with complimentary second battery). Selfies will never be the same again with ROVA.



Financial Impact

It is anticipated that revenue from sales of the ROVA personal drone will occur from the start of the February, 2017. IOT also expects a significant reduction in its fixed operating costs from the start of February, 2017. This significant reduction in fixed operating costs is driven by the refocus of the IOT business on the marketing of innovative selfie products and the resulting drop in head count and overheads.

All references to IOT Group or IOT covers and extends to include wholly owned subsidiaries.

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. The IOT Group is designing and developing a range of drones including our flying selfie camera, facial recognition and tracking software and much more; as we look to create a complete IoT ecosystem.

Company Information

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