

1 March 2017

ASX Announcement / Media Release

## Half Yearly Report for Period Ending 31 December 2016

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### HIGHLIGHTS

- Significant orders and Letter of intent received for AUD\$2m+.
- Cash increase in receivables with inventory boost to fulfil purchase orders.
- Further developments with Coca Cola, City of Nashville, State of Nebraska, Shotspotter and EPRI.
- Large order shipped to technical device player in the Oil and Gas Industry.
- Australian roll-out strategy.
- Sophisticated placement completed raising \$3m to expedite growth to accommodate new strategic relationships and distribution channels.
- Certification achieved with the 3 largest US cellular companies.
- Cloud based Device Management Software launched.
- Verizon Communications introduce incentivised sales structure for CIO's products.
- Appointment of key industry marketing and business development professionals.
- Recovery of significant West-Australian Gold project boosts CIO asset base.

Connected IO Limited ("CIO") is pleased to provide this report regarding its activities for the half year ended 31 December 2016.

During the period, CIO made significant progress in both sales and marketing and in establishing key certifications and relationships. CIO was successful in selling product to both Verizon and AT&T enterprise customers and have developed these relationships significantly.

The company is buoyed by both a solid increase in purchase orders as well as new opportunities that arrive on a consistent basis. The appointment of key industry sales and marketing personnel (as announced 24 November) is assisting the development of key customer and carrier relationships. Certification was completed for AT&T and T-Mobile (announced 2 August).

## Significant Orders Received over the Period.

During the half, CIO received a **conditional commitment for AUD\$1.6m+** of product (announced 15 December) **along with initial guaranteed orders of AUD\$550,000**. Separate to this, a **purchase order of AUD\$320,000+** (announced 21 October) was received along with reseller agreement relating to product bundles including **CIO's recurring data management services** by an integrator of heating and cooling systems.

**An initial purchaser order of AUD\$129,000+** (announced 8 November) was received with additional demand of between **AUD\$12,000 and AUD\$19,000 of CIO product per month** by a technical systems supplier to the Oil and Gas industry.

Trials and Pilot programs continue with various customers expanding the testing and roll out of CIO's products. The **City of Nashville** has **placed several orders** (announced 11 November), with several product shipments during the half to both **EPRI** (announced 20 September), **Shotspotter** and **State of Nebraska** (announced 23 August). CIO continues to work with **Coca-Cola** (announced 18 November) providing hardware and consultation for Coca-Cola's **Freestyle Fountain machines. Coca-Cola hold a 75%+ share of the world's market.**

## Relationship and Trials extend with Hills Industries in Australia

Sales and technical training as well as customer trials with **Hills Limited** (announced 6 October) took place in the latter half of 2016 with purchase orders anticipated in 2017 to some of **Hills high profile client base**, some of whom are **trailing CIO product now**.

## Product Line Expanded

In addition to the release of its new **EMU line of cellular modems and routers** (announced 1 September) CIO also introduced its Cloud Based Devices Management Portal, **creating a recurring revenue line** for the company on each and every unit.

## Orders and Receivables Increasing

Cash Receivables for the half were AUD\$559,347 with the above significant purchase orders to be delivered on over the next half. Revenues are anticipated to increase aggressively throughout 2017. Inventory of \$689,951 is on hand to help meet immediate demand and deliver on confirmed purchase orders. CIO also completed a sophisticated placement (announced 11 August) to assist with expanded sales and marketing opportunities.

## Increasing Penetration into US M2M Market

CIO CEO, Yakov Temov said “The M2M market is really starting to gain traction in the USA as the major carriers look to provide value-add services to their customers. As has been evidenced by the Verizon, AT&T and T-Mobile relationships, the carriers are pro active in presenting solutions and services to their enterprise customers, and CIO is perfectly placed to facilitate these varying options and solutions”.

## Gold-Asset Recovered Adding to CIO’s Asset Base

During the period the company’s original asset, the Cables and Missions gold project, was recovered (announced 20 December) and CIO continue to assess this asset on behalf of the company’s shareholders. CIO is currently reviewing all historical data relating to the asset and will formulate an exploration plan as required by the Department of Mining and Petroleum.

### **About Connected IO**

Connected IO Limited has its operations based in Silicon Valley, in the USA. Its business is a wireless technology innovator and manufacturer operating in the multi-trillion-dollar “IOT” (Internet of Things) sector. CIO specializes in machine to machine (“M2M”) connectivity, providing hardware and software solutions to some of the world’s largest companies – including Coca Cola, Verizon and AT&T. CIO’s software solutions also include a customised cloud management interface and a variety of support services. Cisco predicts there will be 50 billion connected devices by 2020.

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