

30 April 2018

ASX Announcement / Media Release

Quarterly Report for Period Ending 31 March 2018

HIGHLIGHTS

- **Cash Receipts building with +9.2% increase on previous quarter.**
- **Developing opportunities in IoT solutions, cyber security, digital signage and transport sectors.**
- **Australian distributor agreement executed with M2M Connectivity in Melbourne.**
- **Recurring orders from Enterprise-level customers continue to grow through established relationships.**
- **Inventory levels are at just over AUD\$811,000 with the view of converting a good portion of this to cash in the short term.**
- **Operating Expenses remain focused on manufacturing while staff, administrative and corporate costs have decreased.**
- **Potential funding sources from manufacturing debt and gold asset recovery continue to be pursued.**
- **R&D expenditure invested on developing software as a service platform for recurring revenues.**

Connected IO Limited ("CIO") is pleased to announce the release of its results for the quarter ended 31 March 2018.

Relationship Developments

Connected IO has been developing opportunities in IoT solutions via enhanced software platforms and price disruptive products for large scale IoT deployments. Opportunities discussed include not only in the USA but also potentially in Canada, Asia, Europe, South America and Australia, all through introductions made via telecommunications referred business partners.

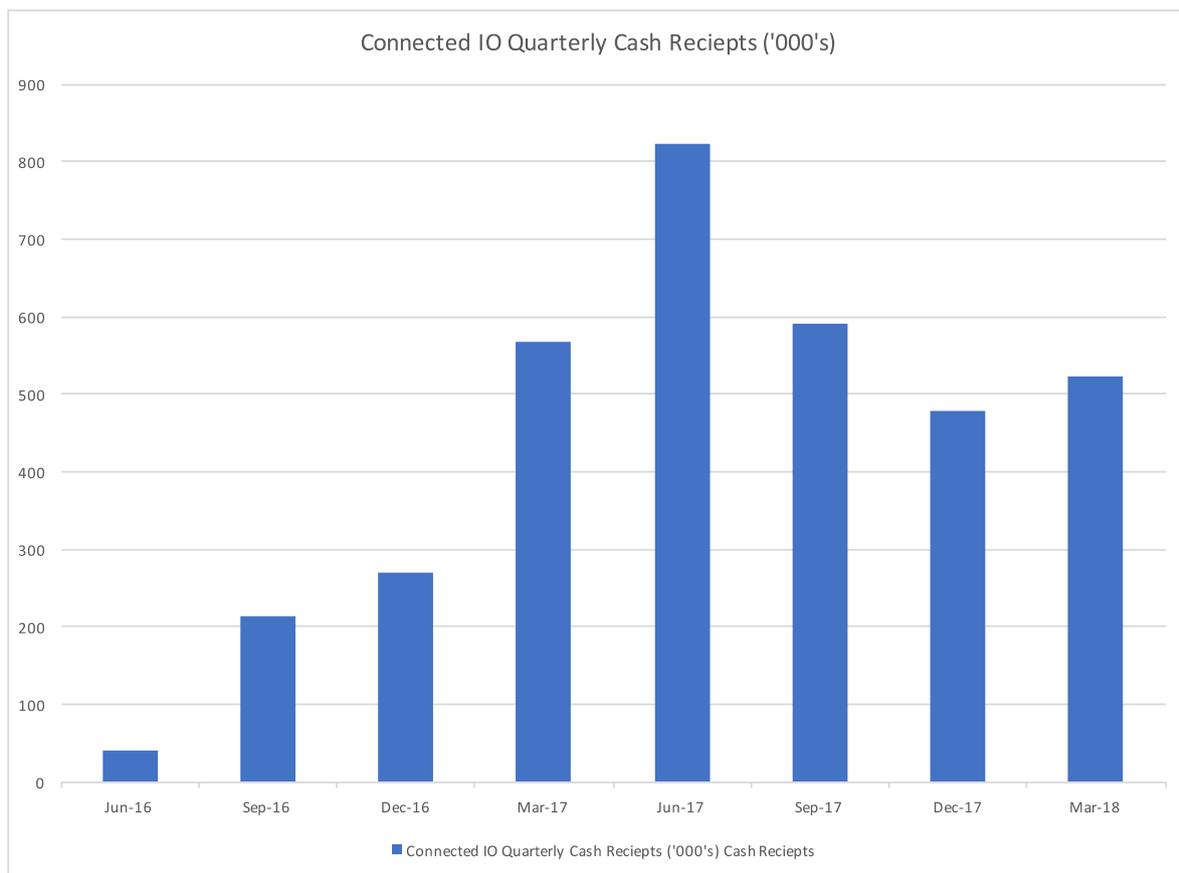
Connected IO is also focusing on opportunities in the cyber security sector with numerous extended avenues being explored and developed. Within the cyber security sector, Netsurion is an existing customer and together will expand the joint relationship established in 2016.

CIO signed an Australian Distributor agreement with M2M Connectivity and have commenced roll out and trials with various Australian companies. M2M are looking to promote CIO's Cat-1 Modem and Router products within Australia and have an established network of customers seeking wireless communication solutions.

Opportunities with AT&T and Verizon customers continue to develop with specific requirements for connectivity solutions in digital signage, banking and transport services being reviewed.

Financial Position Comments

CIO achieved cash receipts from customers for the quarter of AUD\$522,000 (up 9.2% from Q4 CY17).



CIO remain confident cash receipts will continue to grow aggressively throughout 2018 with significant opportunities developing. Inventory levels are at just over AUD\$811,000 with the view of converting a good portion of this to cash in the short term. In addition, the Company has approximately AUD\$600,000 in receivables due from sales activities.

For personal use only

A manufacturing debt facility is also being negotiated and is anticipated to be in place on receipt of any forthcoming significant purchase order out of the USA or Australia.

CIO has focused R&D expenditure on developing their Software as a Service (“SaaS”) platform which will enable multiple sales via existing channels creating recurring monthly and annual revenues. Profit margins will also increase via product sales with SaaS included by over a multiple of 2.

Developing Opportunities

CIO CEO, Yakov Temov said “Cash Receipts of the Company were up 9.2% in the quarter with further confirmed purchase orders still to convert to receipts. The Company remains confident it will convert some of the significant purchase orders received and hopes to have significantly improved quarters for the balance of the year. With the current pipeline of business opportunities, the Company is striving to achieve quarter on quarter growth throughout 2018”.

Gold-Asset Update

CIO continues the process of recovery of the Gold Asset and now awaits the decision of the Supreme Court of Western Australia in the very near future. Further developments will be announced to the market as and when they are received by the Company.

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. 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.

For personal use only

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

Connect IO Limited (formerly G8 Communications Limited) and its controlled entities

ABN

99 009 076 233

Quarter ended ("current quarter")

31 March 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	522	1,591
1.2 Payments for		
(a) research and development	(21)	(75)
(b) product manufacturing and operating costs	(737)	(2,700)
(c) advertising and marketing	(9)	(25)
(d) leased assets	(0)	(6)
(e) staff costs	(509)	(1,677)
(f) administration and corporate costs	(78)	(596)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(883)	(3,536)

For personal use only

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(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)	-	-
2.6 Net cash from / (used in) investing activities	-	-
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	2,850
3.2 Proceeds from issue of convertible notes	140	920
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(163)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(21)	(35)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
3.9	Other – repayment of convertible note	(50)	(50)
3.10	Net cash from / (used in) financing activities	69	3,522

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,425	639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(883)	(3,536)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	69	3,522
4.5	Effect of movement in exchange rates on cash held	1	(13)
4.6	Cash and cash equivalents at end of quarter	612	612

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	612	1,425
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	612	1,425

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	153
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	
6.1	Director fees and director 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	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,500	1,370
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.		
8.1 Secured debt facility with an interest rate of 9%.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(40)
9.2 Product manufacturing and operating costs	(300)
9.3 Advertising and marketing	(10)
9.4 Leased assets	-
9.5 Staff costs	(500)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(950)

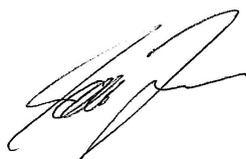
For personal use only

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
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:



Date: 30 April 2018

Print name: Jason Ferris - Director

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.

For personal use only