



31 July 2018

ASX Announcement / Media Release

## Quarterly Report for Period Ending 30 June 2018

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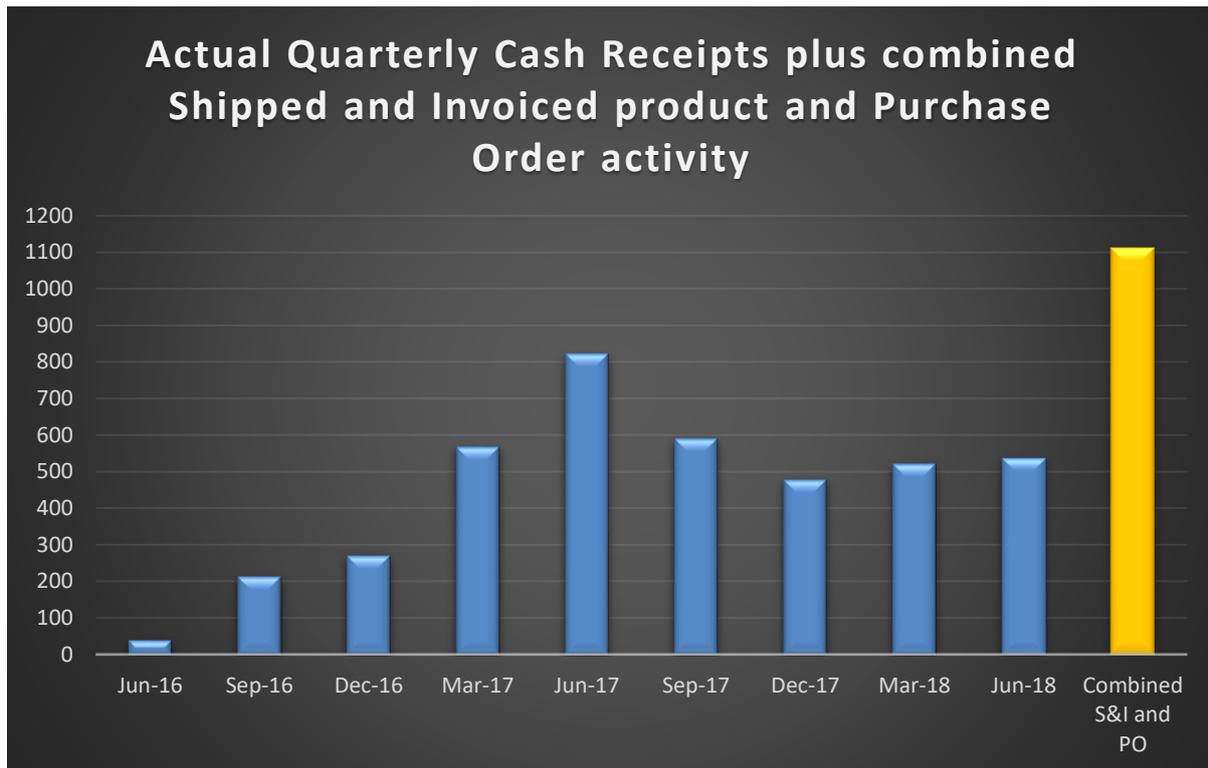
### HIGHLIGHTS

- **Cash Receipts continue building with +3% increase on previous quarter to \$537,000.**
- **Accrued revenues, being shipped and invoiced product not paid before 30 June 2018 and purchase orders received total \$1.18m.**
- **Recurring orders from US enterprise-level customers continue to grow through established relationships.**
- **Commenced international expansion with first shipment of product to Australian distributor M2M Connectivity.**
- **Inventory levels have grown to approximately \$1,200,000 with the view of converting a significant portion of this to cash in the short term.**
- **The Company has appealed the gold asset decision after strong legal opinion received.**

Connected IO Limited (“CIO”) is pleased to announce the release of its results for the quarter ended 30 June 2018.

### Growing Revenues

CIO achieved cash receipts from customers for the quarter of AUD\$537,000 (+3% from Q1 CY18). Accrued revenues, being shipped and invoiced product not paid before 30 June 2018 and purchase orders received and not paid total \$1.18m. This has shown a growth trend throughout 2018 and with purchase orders at the highest level for the year, the outlook for accelerating revenue growth is strong.



With inventory levels at approximately \$1,200,000 with the view of converting a good portion of this to cash in the short term. In addition, 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.

## 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.

Connected IO is also focusing on opportunities in the cyber security sector with numerous sectors being explored and developed. Within the cyber security sector, CIO already has significant existing customers and will continue to expand the relationships established as far back as 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. The first shipment of product to Australian distributor M2M Connectivity occurred in May 2018.

## Market Penetration

The Company has continued to penetrate the market by making sales to a number of sectors and diversify its risk from just a few customers, which can be outlined as follows, digital signage (20%), Surveillance and automotive (15%), Retail and enterprise (40%), Security and automation (15%) and Various others (10%). CIO continues to grow in existing markets and penetrate new sectors given the enormous scale the IoT market represents.

## Gold-Asset Appeal

CIO received the decision of the Supreme Court of Western Australia on 29 June 2018 that Mr Paterson's Application for judicial review of the ministers of mines decision was upheld. Following a strong legal opinion received from Senior Counsel regarding the Supreme Court decision an appeal was lodged on 19 July 2018 to appeal the decision of the single judge to the court of appeal division of the Supreme Court of WA.

## 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.

## 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**

Connected IO Limited

**ABN**

99 009 076 233

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

30 June 2018

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	537	2,128
1.2 Payments for		
(a) research and development	(53)	(128)
(b) product manufacturing and operating costs	(224)	(2,924)
(c) advertising and marketing		(25)
(d) leased assets	(22)	(28)
(e) staff costs	(587)	(2,264)
(f) administration and corporate costs	(195)	(791)
1.3 Dividends received (see note 3)		
1.4 Interest received		4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(3)	(3)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	(52)	(52)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(599)</b>	<b>(4,083)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>		

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		2,850
3.2 Proceeds from issue of convertible notes		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		(35)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other- repayment of convertible note		(50)
<b>3.10 Net cash from / (used in) financing activities</b>		<b>3,522</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	612	639
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(547)	(4,083)
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)		3,522

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	5	(8)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>70</b>	<b>70</b>

<b>5.</b>	<b>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	74	612
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details) Outstanding cheques	(4)	
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>70</b>	<b>612</b>

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

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

**Current quarter  
\$A'000**

24

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

- 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

**Current quarter  
\$A'000**

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8. <b>Financing facilities available</b> <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.		

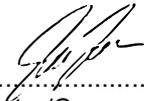
8.1 Secured debt facility with an interest rate of 9%.

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(40)
9.2 Product manufacturing and operating costs	(350)
9.3 Advertising and marketing	(18)
9.4 Leased assets	(21)
9.5 Staff costs	(332)
9.6 Administration and corporate costs	(170)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(931)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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: 31 July 2018 .....

(Director/Company secretary)

Print name: Jason Ferris .....

**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.