



31 October 2018

ASX Announcement / Media Release

Quarterly Report for Period Ending 30 September 2018

HIGHLIGHTS

- **Cash Receipts for the quarter total \$454,000.**
- **Expenses reduced significantly.**
- **Gold Asset Appeal lodged.**
- **Fully underwritten capital raising of \$2.53m completed.**
- **Corporate restructuring completed.**

Connected IO Limited ("CIO") provides the release of its results for the quarter ended 30 September 2018.

Company Expenses Reduced

Connected IO has reduced overhead expenses in the US and Australia by approximately 50%. Corporate headquarters have been relocated from Los Gatos, California to Dallas, Texas yielding 45% savings on rent with most personnel in California being replaced with lower salaried personnel in Dallas. In addition, a critical business review was conducted to eliminate less profitable product lines, and reduce inefficiencies and operational overheads.

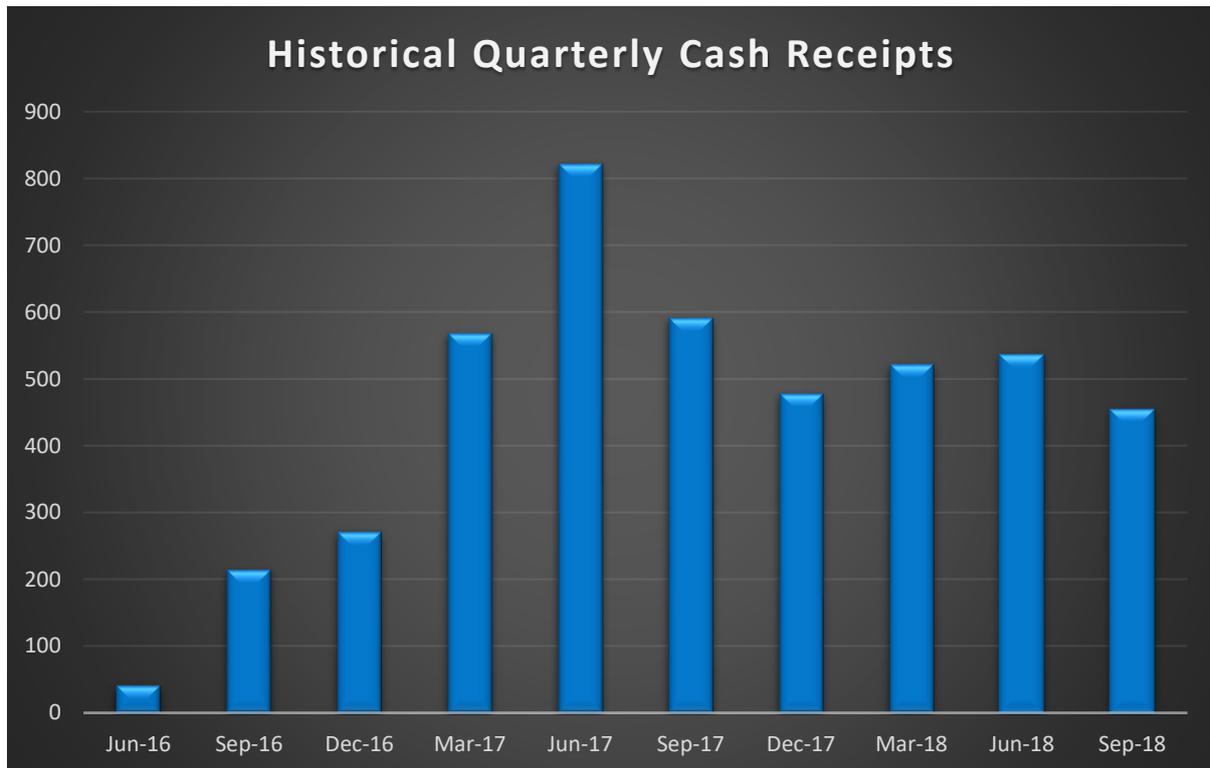
Connected IO has started moving production from its current manufacturer in China to a turn-key manufacturer in Taiwan to improve profit margins by up to 20%.

Revenue Update

CIO achieved cash receipts from customers for the quarter of \$454,000. In what was an operationally interrupted period due to the corporate restructuring taking place it was a robust achievement to keep revenues relatively consistent throughout the quarter.

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Following the completion of the corporate restructuring the Company is focused on operational and sales penetration to grow revenues for the next quarter.



Capital Raise and Restructure

Connected IO Limited has made a number of strategic changes to improve the financial and operational position of the Company for future growth and profitability. The details of these initiatives were announced to the market on 22 August 2018 and included:

1. Connected IO completing a capital raise totalling \$2.53m to provide capital to secure future revenue growth and manufacturing capacity required to meet larger purchase orders.
2. The Company successfully re-negotiating its secured loan facility of \$1.37m which has now been extended to 30 June 2019.
3. Conduct a review of the operating and corporate structure of the Company and reduce expenses and refine sales objectives.

Gold-Asset Appeal

The Company has appealed the decision of a single judge of the Supreme Court to uphold Mr Andrew Paterson's application for judicial review of the Minister for Mines decision to terminate his application for E37/1220 and for the Company to pay Mr Paterson's legal costs

of those proceedings. If the Company is successful in the appeal the Minister's decision will stand and Mr Paterson's E37/1220 will be terminated.

Growing Market Penetration

The Company has continued to penetrate the market via its established relationships and has built new opportunities and avenues for sales and recurring revenues. The results of these initiatives are expected to be reflected in the next quarterly announcements.

ABOUT CONNECTED IO

Connected IO Limited has its operations based in Dallas Texas, 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 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	454	454
1.2 Payments for		
(a) research and development	(27)	(27)
(b) product manufacturing and operating costs	(68)	(68)
(c) advertising and marketing	(11)	(11)
(d) leased assets	(41)	(41)
(e) staff costs	(344)	(344)
(f) administration and corporate costs	(73)	(73)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(111)	(111)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(43)	(43)
(b) businesses (see item 10)		
(c) investments		

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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	(369)	(369)
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	(412)	(412)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	402	402
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options	(38)	(38)
3.5 Proceeds from borrowings	164	164
3.6 Repayment of borrowings	(21)	(21)
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other- repayment of convertible note		
3.10 Net cash from / (used in) financing activities	507	507

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	70	70
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(111)	(111)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(412)	(412)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	507	507

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of quarter	52	52

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	52	70
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details) Outstanding cheques		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	52*	70

* Note: An additional \$394,782 was held on trust for the Company by Computershare in respect of the Rights Issue Shares issued on 28 September 2018.

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	24
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	

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	(369)
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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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	(30)
9.2 Product manufacturing and operating costs	(220)
9.3 Advertising and marketing	(10)
9.4 Leased assets	(30)
9.5 Staff costs	(310)
9.6 Administration and corporate costs	(70)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(670)

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		

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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:
Director

Date: 31 October 2018.

Print name: Yakov Temov

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.

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