



31 October 2019

ASX Announcement / Media Release

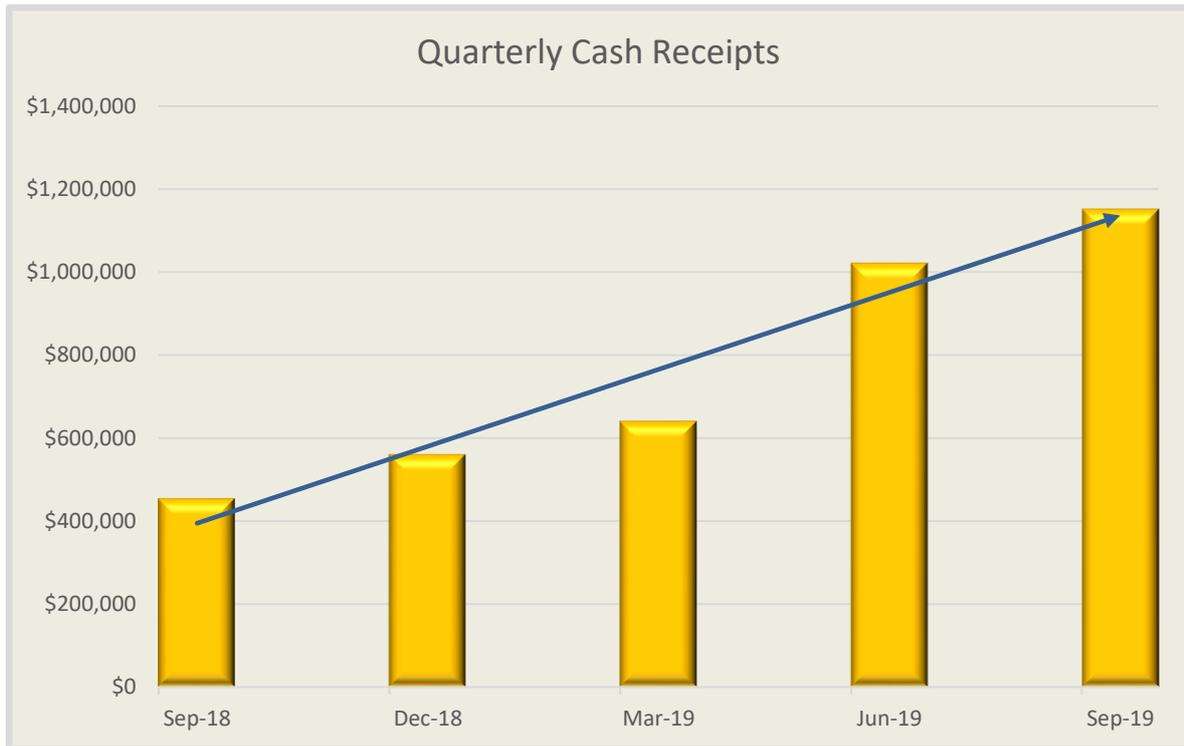
SEPTEMBER QUARTER DELIVERS HIGHEST EVER QUARTERLY CASH RECEIPTS

HIGHLIGHTS

- **Highest ever cash receipts for a quarter total \$1,150,000.**
- **Cash Receipts growth up 11.3% from June 2019 quarter and up 50.6% for the calendar year.**
- **Strong consistent development with 6th consecutive quarter of cash receipt growth with expenses maintained.**
- **Annualised cash receipts to 30 September 2019 totals \$3.82m which represents 76% of the current market capitalisation of the company of \$5m.**

Connected IO Limited (“CIO” or “Company”) is pleased to announce that the Company achieved record cash receipts from customers for the quarter of AUD\$1,150,000 demonstrating significant growth on previous quarters. The Company has recorded its 6th consecutive quarter of growth in cash receipts, with expenses being maintained.

Cash receipts from the June 2019 quarter represented an increase of 11.3%, illustrating the Company’s ability to continue and maintain higher levels of manufacturing and delivery of its products to meet customer demand. The Company has demonstrated consistent and continued strong growth in the sales of CIO’s products and has achieved its 6th consecutive quarter of cash receipts.



The majority of CIO’s revenues are derived from recurring orders from existing customers, however the Company is also commencing sales into several new sectors with customers in the US IOT automotive industry and IOT retail solutions sector such as smart shelving having recently purchased CIO products. Continued penetration into these new markets by the Company has the potential to add considerable further growth to the number of future sales of CIO products.

CIO has achieved annualised cash receipts to 30 September 2019 totalling \$3.82m which represents 76% of the current market capitalisation of the Company of \$5m. The Company remains focused on maintaining its 40% plus gross profit margin as it continues to grow its SaaS revenue stream under which it expects to increase profitability substantially.

The Company’s manufacturing expenses were slightly higher than last quarter’s due to the final payments for last quarter’s manufacturing expenses that fell into the September quarter. It is reasonable to expect that manufacturing expenses will alternate every quarter between higher and lower depending on product delivery schedules. In addition, this quarter’s administrative expenses were increased by one off expenses such as legal fees for the Missions and Cables gold project appeal as well as deferred accounting expenses relating to the reconstruction and recapitalisation of the Company in late 2018.

DEBT FUNDING SECURES FUTURE GROWTH WHILE DEFENDING DILUTION

During the quarter the Company continued to enjoy the support of convertible note holders and debt funding solution providers that have enabled the Company to grow its manufacturing and inventory without raising further equity at historically low company valuations. The Company has been able to adequately manage debt solution arrangements

and repaid significant portions of debt during the last quarter. The ability of the Company to leverage further debt funding solutions is expected to greatly improve financial performance and increase quarter on quarter cash receipts. The debt funding solutions have been provided on very competitive commercial terms and their continued support is greatly appreciated by the Company.

ABOUT CONNECTED IO

Connected IO Limited has its operations based in Dallas, 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 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,150	1,150
1.2 Payments for		
(a) research and development	(61)	(61)
(b) product manufacturing and operating costs	(1,163)	(1,163)
(c) advertising and marketing	(10)	(10)
(d) leased assets	(22)	(22)
(e) staff costs	(347)	(347)
(f) administration and corporate costs	(178)	(178)
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		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(631)	(631)

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 (3 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	212	212
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	212	212

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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		
3.5 Proceeds from borrowings	570	570
3.6 Repayment of borrowings	(339)	(339)
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	231	231

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	436	436
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(631)	(631)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	212	212
4.4 Net cash from / (used in) financing activities (item 3.10 ab)	231	231

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	248	248

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	248	436
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)	248	436

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**

44

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. 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	176	137
8.2 Credit standby arrangements	500	370
8.3 Other (please specify)	1,321	1,321
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 Cozi Capital Short term funding facility with balance outstanding at 30 September 2019 of \$92,658 USD (\$137,258 AUD) with weekly repayments of \$3,399 USD. The lender was granted security over the assets of CIO Technology, Inc.

8.2 Tyche Line of Credit (LOC) with interest payable at 5% on funds drawn down and payable quarterly.

Additional 1% interest per month on any amount outstanding beyond 90 days from drawdown. The LOC may be secured.

8.3 Convertible Notes with a face value of \$1,321,000 with interest of 9% accruing daily on the face value until the maturity. Noteholders are entitled to secure the loan by registration on the PPSR.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(30)
9.2 Product manufacturing and operating costs	(400)
9.3 Advertising and marketing	(5)
9.4 Leased assets	(18)
9.5 Staff costs	(250)
9.6 Administration and corporate costs	(80)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(783)

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 2019.

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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