



18 December 2019

ASX Announcement / Media Release

## **CIO RAISES \$1.25M TO FULFIL SIGNIFICANT 2020 PURCHASE ORDERS**

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Connected IO Limited (“**CIO**” or “**Company**”) is pleased to announce that it has received firm commitments to raise \$1.25 million through a placement to sophisticated and professional investors (“**Placement**”).

The proceeds of the Placement will be used to manufacture product to directly fulfil a significant number of purchase orders recently placed with CIO and general working capital.

The Placement will raise up to \$1.25 million (before costs) through the issue of 416,666,667 Shares at an issue price of \$0.003 per share.

The Placement will be within the Company’s capacity under ASX Listing Rules 7.1 and 7.1A, and accordingly, no shareholder approval is required. The Company will issue 234,238,634 Shares under Listing Rule 7.1 and 182,428,033 Shares under Listing Rule 7.1A. It is anticipated that the Placement Shares will be issued on 20 December 2019.

The completion of the Placement completes a very successful year for the Company which has seen significant revenue growth compared to previous years and primes the Company to accept greater purchaser orders and increase manufacturing output to record levels.

During 2019 CIO’s portfolio of products has evolved from pure hardware into a unique hardware/software platform that enables customers and partners to create and customize Internet of Things (IOT) solutions for their target markets.

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“2019 has been a terrific year for Connected IO as we were able to overhaul our product portfolio to become more competitive, capture new markets and nearly double the revenues. We are pleased the business has been able to mitigate R&D risks and is now solely focused on growing and replicating its proven business model” said Yakov Temov CEO of Connected IO Limited.

The Board also confirms that the terms of the Line of Credit (LOC) with Tyche Investments Pty Ltd (as announced 21 November 2019) have been amended, with Tyche agreeing that the requirement for the Company to repay the facility in full in the event of an equity raising is to be waived in relation to the current Placement. No funds raised under this Placement will be used to repay the LOC facility. All remaining terms of the LOC remain unchanged.

Placement broker fees totalling 6% on funds raised will be payable via the issue of 20 million shares at a deemed issue price of \$0.003 to be issued to 708 Capital Pty Ltd subject to shareholder approval, with the balance of \$15,000 in cash.

An Appendix 3B for the proposed issue of the Placement Shares is attached.

#### **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.

*For further information regarding this announcement please contact Adam Sierakowski, Chairman of Connected IO Limited on 08 6211 5099.*

*This announcement was approved and authorised for release by the Company’s Board of Directors.*



# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

**CONNECTED IO LIMITED**

ABN

99 009 076 233

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |  |
|---|---|--|
| 1 | +Class of +securities issued or to be issued  | Ordinary fully paid shares   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 416,666,667 Shares to be issued pursuant to the Placement                      |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 416,666,667 Ordinary Fully Paid Shares to be issued pursuant to the Placement. |

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|    |   |   |
|----|---|---|
| 4  | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | <p>Shares – Yes</p>   |
| 5  | Issue price or consideration  | <p>416,666,667 Shares to be issued pursuant to the Placement at \$0.003 per share.</p>  |
| 6  | <p>Purpose of the issue<br/>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p>   | <p>416,666,667 Shares to be issued pursuant to the Placement raising \$1.25 million (before costs) with funds raised to be used to manufacture product to fulfil purchase orders and general working capital.</p> |
| 6a | <p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>  | <p>Yes</p>  |
| 6b | <p>The date the security holder resolution under rule 7.1A was passed</p>   | <p>27 November 2019</p>   |
| 6c | <p>Number of +securities issued without security holder approval under rule 7.1</p>   | <p>234,238,634 Placement Shares to be issued</p>  |
| 6d | <p>Number of +securities issued with security holder approval under rule 7.1A</p>   | <p>182,428,033 Placement Shares to be issued</p>  |

| 6e            | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)  | Nil  |        |        |               |                            |  |
|---------------|--|--|--------|--------|---------------|----------------------------|--|
| 6f            | Number of +securities issued under an exception in rule 7.2  | Nil  |        |        |               |                            |  |
| 6g            | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.   | Proposed issue of Placement Shares at an issue price \$0.003.<br>VWAP \$0.00381 (75% of VWAP being \$0.0029) 15 day VWAP calculated up to and including 11 December 2019, immediately preceding agreement to issue, with data sourced from IRESS.  |        |        |               |                            |  |
| 6h            | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements   | Not applicable   |        |        |               |                            |  |
| 6i            | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements   | Listing Rule 7.1 – 236,797,656<br>Listing Rule 7.1A – 182,428,033  |        |        |               |                            |  |
| 7             | <p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p> | It is anticipated the Placement Shares will be issued on 20 December 2019  |        |        |               |                            |  |
| 8             | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)  | <table border="1"> <thead> <tr> <th data-bbox="774 1422 1069 1456">Number</th> <th data-bbox="1069 1422 1361 1456">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="774 1456 1069 1617">2,241,146,724</td> <td data-bbox="1069 1456 1361 1617">Fully paid ordinary shares</td> </tr> </tbody> </table> | Number | +Class | 2,241,146,724 | Fully paid ordinary shares |  |
| Number        | +Class   |  |        |        |               |                            |  |
| 2,241,146,724 | Fully paid ordinary shares   |  |        |        |               |                            |  |

+ See chapter 19 for defined terms.

|    | Number   | +Class   |
|----|--|--|
| 9  | 100,000,000  | Class A Performance Shares which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone. |
|    | 50,000,000   | Class B Performance Shares which will convert into Ordinary Shares on a 1:1 basis on achievement of milestone. |
|    | 75,000,000   | Unlisted Options (exercisable at \$0.01; expiring 20 December 2020).   |
|    | 23   | Convertible Notes with a face value of \$1,321,000 (convertible on the basis of \$0.003 per share).            |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Not applicable   |

**Part 2 - Pro rata issue**

|    |  |                |
|----|--|----------------|
| 11 | Is security holder approval required?  | Not applicable |
| 12 | Is the issue renounceable or non-renounceable?   | Not applicable |
| 13 | Ratio in which the +securities will be offered   | Not applicable |
| 14 | +Class of +securities to which the offer relates   | Not applicable |
| 15 | +Record date to determine entitlements   | Not applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not applicable |
| 17 | Policy for deciding entitlements in relation to fractions  | Not applicable |

|    |  |                |
|----|--|----------------|
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents<br><br>Note: Security holders must be told how their entitlements are to be dealt with.<br><br>Cross reference: rule 7.7. | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations   | Not applicable |
| 20 | Names of any underwriters  | Not applicable |
| 21 | Amount of any underwriting fee or commission   | Not applicable |
| 22 | Names of any brokers to the issue  | Not applicable |
| 23 | Fee or commission payable to the broker to the issue   | Not applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders   | Not applicable |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting  | Not applicable |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled  | Not applicable |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders  | Not applicable |
| 28 | Date rights trading will begin (if applicable)   | Not applicable |
| 29 | Date rights trading will end (if applicable)   | Not applicable |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker?   | Not applicable |
| 31 | How do security holders sell <i>part</i>   | Not applicable |

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+ See chapter 19 for defined terms.

of their entitlements through a broker and accept for the balance?

32 How do security holders dispose of their entitlements (except by sale through a broker)?

Not applicable

33 +Issue date

Not applicable

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1.

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)



38 Number of +securities for which +quotation is sought 

|  |
|--|
|  |
|--|

39 +Class of +securities for which quotation is sought 

|  |
|--|
|  |
|--|

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

|  |
|--|
|  |
|--|

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

|  |
|--|
|  |
|--|

|  | Number | +Class |
|--|--------|--------|
| 42 Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in clause 38) |        |        |

+ See chapter 19 for defined terms.

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: .....Date: 18 December 2019  
(Company secretary)

Print name: Nicki Farley

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

| <b>Rule 7.1 – Issues exceeding 15% of capital</b>  |   |
|--|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>  |   |
| <b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue  | 1,731,436,053   |
| <b>Add</b> the following: <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | 43,315,673 – Placement and Underwriting Fee Shares<br>5,000,000 – Loan Agreement Shares<br>33,333,333 – Director Fee Shares<br>11,195,272 – Shares issued on conversion of Notes and interest |
| <b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period  | 0   |
| <b>“A”</b>   | 1,824,280,331   |

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|   |   |
|---|---|
| <b>Step 2: Calculate 15% of “A”</b>   |   |
| <b>“B”</b>  | 0.15<br><i>[Note: this value cannot be changed]</i>   |
| <b>Multiply “A” by 0.15</b>   | 273,642,049   |
| <b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>  |   |
| <p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | <p>199,726 – Shares issued for convertible note interest</p> <p>36,644,667 – Potential future share issue for Line of Credit Interest (payable in cash or shares at the election of the Lender)</p> |
| <b>“C”</b>  | <b>36,844,393</b>   |
| <b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>   |   |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>  | 273,642,049   |
| <p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>   | 36,844,393  |
| <b>Total [“A” x 0.15] – “C”</b>   | <b>236,797,656</b><br><i>[Note: this is the remaining placement capacity under rule 7.1]</i>  |

## Part 2

| <b>Rule 7.1A – Additional placement capacity for eligible entities</b>   |   |
|--|---|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>  |   |
| <b>“A”</b><br><br><i>Note: number must be same as shown in Step 1 of Part 1</i>  | 1,824,280,331   |
| <b>Step 2: Calculate 10% of “A”</b>  |   |
| <b>“D”</b>   | 0.10<br><br><i>Note: this value cannot be changed</i> |
| <b>Multiply “A” by 0.10</b>  | 182,428,033   |
| <b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>  |   |
| <b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br><br><i>Notes:</i> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> | -   |
| <b>“E”</b>   | -   |

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| <b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b> |   |
|--|---|
| <b>"A" x 0.10</b><br><i>Note: number must be same as shown in Step 2</i>                               | 182,428,033   |
| <b>Subtract "E"</b><br><i>Note: number must be same as shown in Step 3</i>                             | -   |
| <b>Total</b> ["A" x 0.10] – "E"  | <b>182,428,033</b><br><i>Note: this is the remaining placement capacity under rule 7.1A</i> |