

30 April 2020

ASX Announcement / Media Release

## MARCH QUARTER DELIVERS RECORD HIGH CASH RECEIPTS

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### HIGHLIGHTS

- **March quarter cash receipts total \$1,300,000.**
- **Cash receipts growth up 149% from March 2019 quarter.**
- **Cash receipts grew 51% over the last 12 months.**
- **Strong consistent performance with 4th consecutive quarter of cash receipts in excess of \$1m which totalled \$4,428,000 with at least a 40% gross profit margin.**
- **Company undertakes share consolidation to support orderly trading and valuation of its listed securities.**

### YEAR ON YEAR GROWTH

Connected IO Limited (“**CIO**” or “**Company**”) is pleased to announce that the Company achieved its highest cash receipts for the March quarter from customers totalling \$1,300,000 achieving a significant milestone quarter for the Company and demonstrating consistent growth over the last 12 months to 31 March 2020. The Company recorded its 4<sup>th</sup> consecutive quarter of cash receipts in excess of \$1,000,000, with expenses being contained. Total cash receipts for the last 12 months totalled \$4,428,000 with a gross profit margin of in excess of 40% being maintained.

Cash receipts from the March 2020 quarter represented an increase of 149% from those of the 2019 March quarter and growth of 51% in annual cash receipts over the last 12 months for the year ended 31 March 2020.

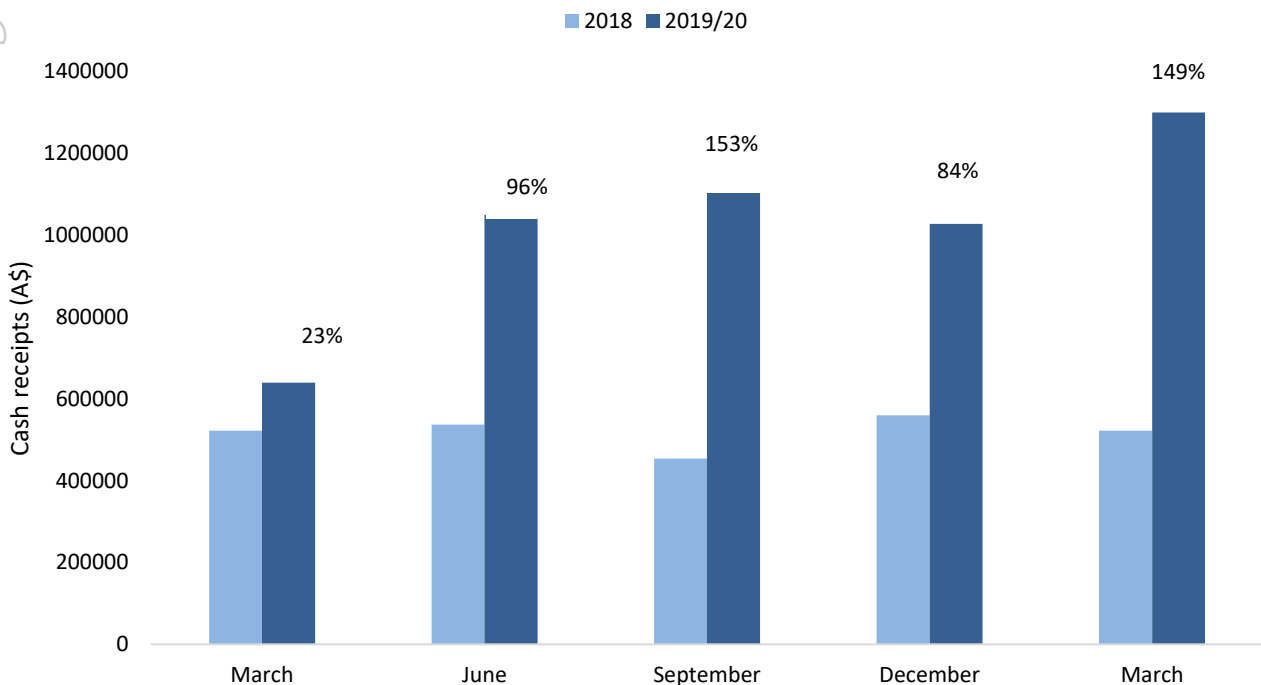


Figure 1 – Comparison of quarterly cash receipts for the corresponding period a year earlier.

The majority of the growth has been achieved from long term existing customers, however the Company is also commencing sales into several new sectors with customers in the US IOT automotive industry, IOT retail solutions and smart shelving. The COVID-19 environment has facilitated potential new opportunities in areas such as follows:

1. Remote education – providing the ability for teachers to educate remotely through internet connections for low income and disadvantaged students, with the Company in discussions with potential customers in the Los Angeles schools district.
2. Virtual remote prayer solutions – providing solutions to economically live stream religious prayers and services to various church groups throughout the US.
3. New restaurant/retail applications – Assisting the establishment of outside kiosks and terminals for restaurants and stores improving internet connectivity to facilitate online ordering and outside/non contact pick up and reducing staff costs.
4. Home work force continuity and on-line gaming opportunities also.

Continued penetration into long term customers is supported by continuing engagement into new markets by the Company which has the potential to add considerable further growth to the number of future sales of CIO products.

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At the end of the quarter the Company held cash of \$795,000. Operating cash outflows for the quarter were mainly associated with product manufacturing and operating costs, and staff costs. The related party payments of \$131,000 reported in Item 6.1 of the Appendix 4C relate to executive director remuneration, reimbursement payment and fees paid to Trident Management Services for secretarial and accounting services.

## **CAPITAL CONSOLIDATION**

During the March quarter the Company undertook a consolidation of its issued capital on a 1 for 10 basis and a notice of meeting to shareholders to approve a consolidation was lodged and a meeting successfully conducted under COVID – 19 compliant conditions on Thursday 9 April 2020 approving all the resolutions.

The consolidation of the Company's securities was seen as beneficial given the large number of securities on issue and to support orderly trading and better valuation liquidity as the Company's value was previously able to be increased by 50% by trading at an increase of \$0.001.

## **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 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Connected IO, Ltd

**ABN**

99 009 076 233

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

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,291	3,469
1.2 Payments for		
(a) research and development	(85)	(213)
(b) product manufacturing and operating costs	(787)	(2,551)
(c) advertising and marketing	(17)	(31)
(d) leased assets	(22)	(59)
(e) staff costs	(403)	(1,157)
(f) administration and corporate costs	(333)	(660)
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(356)</b>	<b>(1,202)</b>

**2. Cash flows from investing activities**

- 2.1 Payments to acquire:
- (a) entities
  - (b) businesses
  - (c) property, plant and equipment
  - (d) investments
  - (e) intellectual property
  - (f) other non-current assets

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) 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</b>	<b>Net cash from / (used in) investing activities</b>	<b>(0)</b>	<b>181</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		1,250
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(12)	(12)
3.5	Proceeds from borrowings		770
3.6	Repayment of borrowings	(122)	(624)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(134)</b>	<b>1,384</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,281	1,965
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(356)	(1,202)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		181

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<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(134)	1,384
4.5	Effect of movement in exchange rates on cash held	4	3
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>795</b>	<b>2,331</b>

<b>5. 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	795	1,288
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>795</b>	<b>1,288</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

(131)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

- 6.1 Managing Director's fees for the quarter (\$34,516)  
Reimbursement payment to A Sierakowski (\$22,636)  
Trident Management Services secretarial and audit assistance fees (\$73,457)

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**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	176	46
7.2 Credit standby arrangements	600	550
7.3 Other (please specify)	1,321	1,321
<b>7.4 Total financing facilities</b>	<b>2,097</b>	<b>1,917</b>

7.5 **Unused financing facilities available at quarter end** 180

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

7.1 Cozi Capital funding facility with an outstanding balance of \$45,999 AUD with weekly repayments of \$3,399 USD (\$5,540.37 AUD). The lender was granted security over the assets of CIO Technology, Inc.

7.2 Tyche Line of Credit with interest payable at 5% on funds drawn and payable quarterly.

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(356)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	795
8.3 Unused finance facilities available at quarter end (Item 7.5)	180
8.4 Total available funding (Item 8.2 + Item 8.3)	975
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>3</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

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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.

Date: 30 April 2020  
.....

Authorised by: Yakov Temov  
.....  
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.