



30 April 2019

ASX Announcement / Media Release

Quarterly Report for Period Ending 31 March 2019

HIGHLIGHTS

- **Cash Receipts for the quarter total \$640,000.**
- **Revenues growth up 16% from December 2018 quarter.**
- **Third consecutive quarter of revenue growth while expenses maintained.**
- **Total value of current purchase orders approximately \$2.4m.**
- **New 5G technology products launched.**

Connected IO Limited (“CIO” or “Company”) provides the release of its results for the quarter ended 31 March 2019.

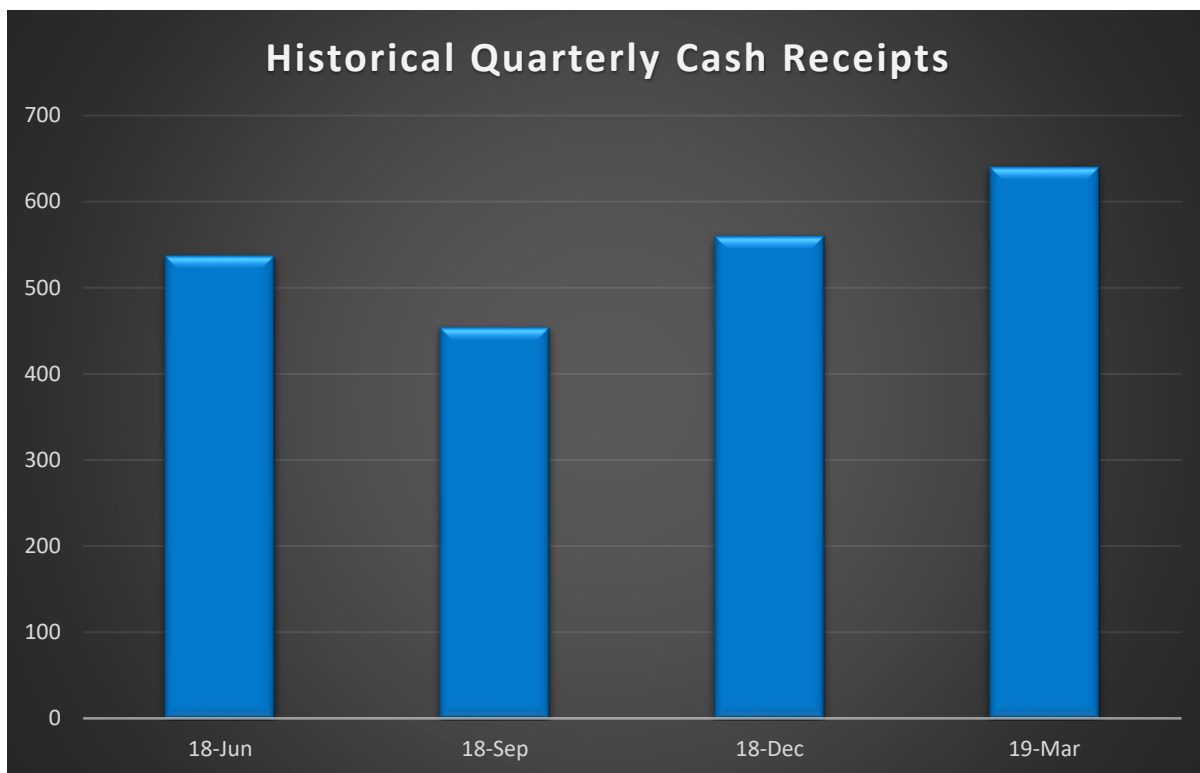
Revenue Update

CIO achieved cash receipts from customers for the quarter of AUD\$640,000 in what is traditionally a seasonally discounted period, achieving a 16% increase from the previous quarter and the third consecutive quarter of revenue growth.

The continued performance of the Company’s products were verified by the fact that 90% of the quarterly revenues were received from existing customers.

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Strong Pipeline of Purchase Orders

Total value of Purchase Orders excluding accrued revenues and customer cash receipts is currently approximately AUD\$2.4M. These purchase orders are expected to convert to customer cash receipts before the end of CY2019. CIO has continued to maintain its expenses and was able to successfully negotiate more favorable credit terms with its new Taiwanese manufacturer. The new credit terms will enable Connected IO to manufacture more product without additional outlay of cash.

New Product Line Introduced

The Company confirms its first shipment of its new CR48NA operator agnostic multi-SIM router. CR48NA represents a giant leap in Connected IO's strategy to transition from hardware manufacturing to providing turn-key subscription-based services with hardware and software components. The product has been tested and approved for deployment by the two largest operators in the United States, Verizon Wireless and AT&T. CR48NA was designed for high availability enterprise applications and is being aimed at Managed Service Providers (MSPs) in North America and is compatible with 5G technology. The managed services market is expected to grow from USD \$180 billion in 2018 to USD \$282 billion by 2023¹.

1. Report - Managed Services Market by Service Type (Managed Security Services, Managed Network Services, Managed IT Infrastructure and Data Center Services), Vertical, Organization Size, Deployment Type, and Region - Global Forecast to 2023 - www.marketsandmarkets.com/PressReleases/managed-services.asp

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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. This includes currently conducting 10 trials in various stages and 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, 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")

31 March 2019

| 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 | 636 | 1,647 |
| 1.2 Payments for | | |
| (a) research and development | (138) | (260) |
| (b) product manufacturing and operating costs | (102) | (283) |
| (c) advertising and marketing | (24) | (142) |
| (d) leased assets | (18) | (76) |
| (e) staff costs | (283) | (1024) |
| (f) administration and corporate costs | (373) | (960) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | (3) | (3) |
| 1.6 Income taxes paid | (1) | (3) |
| 1.7 Government grants and tax incentives | | |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (305) | (1,102) |

| | | |
|--|--|------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | | (60) |
| (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 | (165) | (1,089) |
| 2.4 Dividends received (see note 3) | | |
| 2.5 Other (provide details if material) | | |
| 2.6 Net cash from / (used in) investing activities | (165) | (1,149) |

| | | |
|---|-------------|--------------|
| 3. Cash flows from financing activities | | |
| 3.1 Proceeds from issues of shares | | 2,534 |
| 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 | (28) | (128) |
| 3.5 Proceeds from borrowings | | 164 |
| 3.6 Repayment of borrowings | | (150) |
| 3.7 Transaction costs related to loans and borrowings | (3) | (74) |
| 3.8 Dividends paid | | |
| 3.9 Other- repayment of convertible note | | |
| 3.10 Net cash from / (used in) financing activities | (31) | 2,346 |

| | | |
|---|-------|---------|
| 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 | 663 | 785 |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above) | (305) | (1,102) |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above) | (165) | (1,149) |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above) | (31) | 2,346 |

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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 | 0 | (2) |
| 4.6 | Cash and cash equivalents at end of quarter | 162 | 877 |

| 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 | 162 | 663 |
| 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) | 162 | 663 |

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**

59

1. Director fees, salaries and super (including severance pay for Board member).

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**

(165)

Intercompany loans to subsidiary

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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 | (41) |
| 9.2 Product manufacturing and operating costs | (377) |
| 9.3 Advertising and marketing | (45) |
| 9.4 Leased assets | (16) |
| 9.5 Staff costs | (240) |
| 9.6 Administration and corporate costs | (100) |
| 9.7 Other (provide details if material) | |
| 9.8 Total estimated cash outflows | (819) |

| 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:  Date: 30 April 2019
Director

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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