

31 January 2018

ASX Announcement / Media Release

QUARTERLY RESULTS : CONNECTED IO CONTINUES STRONG REVENUE GROWTH

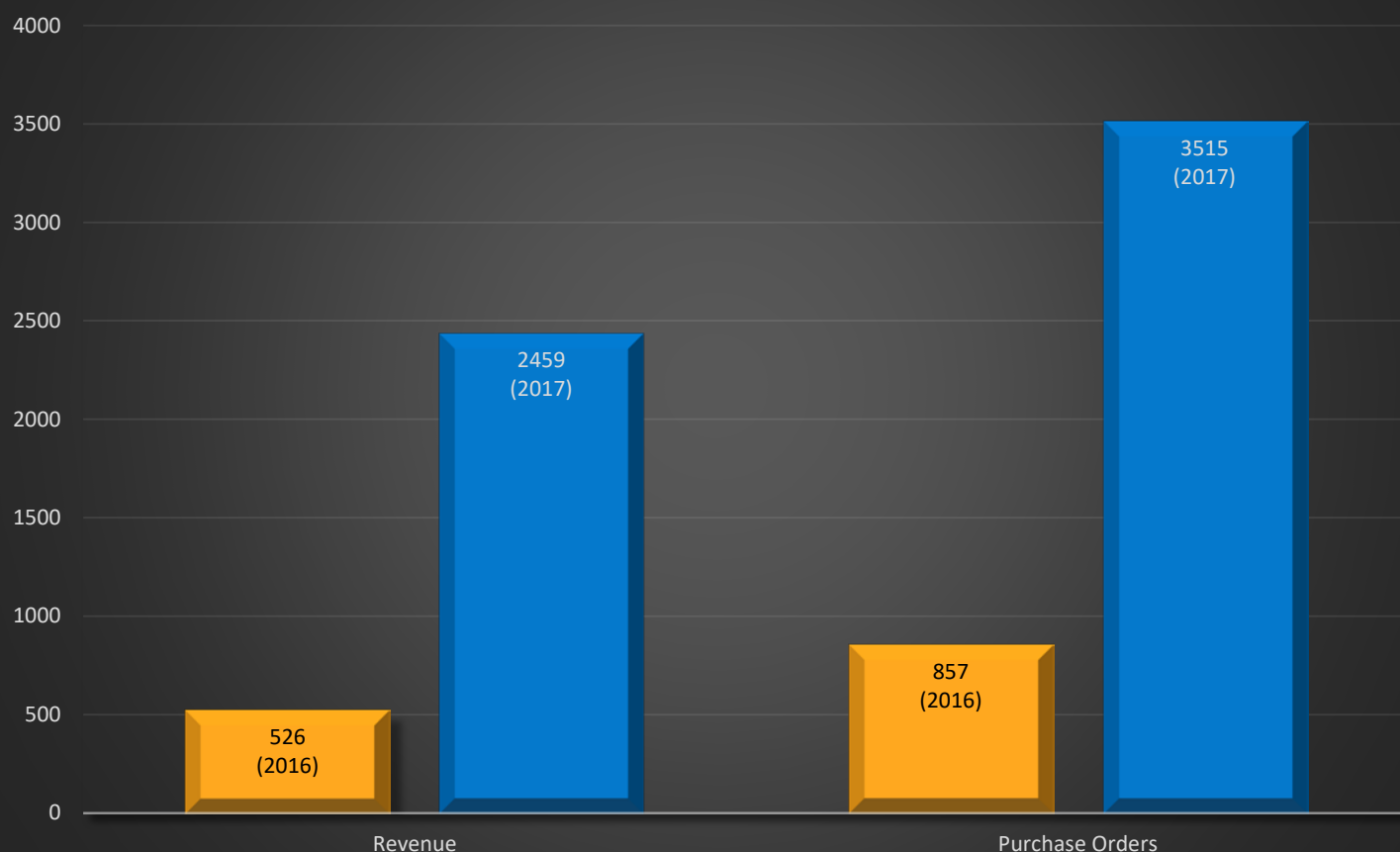
- **CIO delivered a 367% increase on December 2016 revenue. Company aiming to exceed the 2017 percentage increase growth in 2018 calendar year.**
- **Revenue pipeline continues to grow with open purchase orders now exceeding \$3m. Over 70% of CIO business is from recurring customers, with global opportunities expanding.**
- **During the quarter, CIO's first single USD\$1m order was confirmed, along with a preliminary purchase order from international electronics giant LG.**
- **Strong current cash position with inventory ready to meet growing demand and manufacturing finance facility expected to be finalized by end of Q1 2018.**
- **CIO awaiting court decision relating to the Missions & Cable gold project which in current commodity market conditions is considered to have significant potential value.**

The Board of Connected IO Limited ("CIO" or "Company") is pleased to provide an update on its quarterly results and business outlook for 2018.

Record Revenue Achieved

Further to the record purchase orders of AUD\$1,914,000 received during the September 2017 quarter (ASX:CIO 22 September 2017) CIO was able to convert some of these purchase orders to sales to finish the calendar year at a record high for the company of **AUD\$2.459m**. This revenue equates to a 367% increase compared to end of year 2016. The Company believes that given its current sales pipeline and emerging opportunities to expand globally it can exceed the 2017 percentage increase growth in the 2018 calendar year.

Connected IO Calendar Year Revenue vs PO's ('000's)



Consistent Revenue Pipeline Growing

Total open purchase orders now total in excess of AUD\$3m providing the Company with a solid pipeline to commence the 2018 calendar year. Over 70% of CIO business is from recurring customers and in many cases the customers purchase order size is consistently increasing and being forecast by them to continue increase for years to come.

In addition to existing customers there are further opportunities in the pipeline for the Company to expand its share of the North American market with several large new clients expected to be confirmed during the next quarter. Also CIO has several certifications pending in a number of new international markets providing international expansion potential.

Significant Purchase Orders Confirmed

CIO confirmed significant sales during the quarter both in terms of quantum of the order and size of the customers. These included a **AUD\$1m** purchase order from North American based commercial vehicle camera and security provider, Rosco Vision Systems, and first purchase order from international electronics giant LG.

The ability of CIO to grow these relationships and increase the size of potential future purchase orders, continues to demonstrate the ongoing penetration and reliability of the Company's products in the North American market.

Strong Cash Position

The Company's cash balance at the end of the quarter was **\$1.425m**. In addition the Company has inventory and stock on hand in the United States valued at **\$1.033m** and anticipates converting approximately **\$0.6m** of this inventory to direct sales during the quarter.

The Company is currently in negotiations for the provision of a manufacturing finance facility which could provide debt funding to secure manufacturing growth as purchase orders ramp up during 2018.

The potential recovery of the Mission and Cables gold project also presents the Company with the ability to add strength to its balance sheet in the event that it is successfully commercialized given its advanced exploration status. The Company anticipates that a final ruling on the application by Mr. Paterson will be made in coming weeks.

The Directors of CIO also confirm they have renegotiated the terms of the Company's secured debt facility ("Loan") (ASX announcement 22 June 2017). The Loan has been extended for a further 6 months until 30 June 2018. In the event the lender elects for repayment of the Loan in shares, the shares are to be issued at a price of \$0.023 which was approximately the 14 day VWAP for the shares leading up to Loan's expiry on 31 December 2017 (previously \$0.03). All other terms of the Loan remain unchanged. As at 31 January 2018, the amount advanced to the Company under the facility is \$1,230,000 (plus interest).

The Directors of CIO are confident that the Company can achieve profitability in the second half of 2018.

2018 Short Term Outlook

CIO remains confident of advancing Asian Market opportunities with selected departments of the military and police in both Thailand and Philippines along with anticipated follow up relationships with drone manufacturer Airship Technologies Group, Commercial signage provider Mach Networks and US distribution giant Arrow Electronics. This along with new customer acquisition both in and outside the over 40 sectors into which CIO current sells its products together with continued product evolution and improvement, provide the platform for achievable growth from CIO.

CEO Yakov Temov commented “Revenue growth of 367%+ is a massive step forward for our developing company. Our pipeline provides CIO with a significant base to continue the growth trend in 2018 and should lead the company into profitability. IOT and M2M opportunities continue to develop throughout the world, and with the market still operating at approximately 1% of capacity, growth for CIO looks promising”

About Connected IO Ltd. (CIO)

Based in Silicon Valley, Connected IO (CIO) develops wireless products for machine-to-machine (M2M) communications and Internet of Things (IoT) connectivity. The CIO EMU family of programmable modems and routers are innovative, carrier-certified, secure, and affordable, making them the preferred choice of enterprises around the globe. The IoT market is growing exponentially and cellular technology and wireless connectivity are advancing rapidly—from LTE to NarrowBand IoT (NB-IoT) and Low-Power Wide-Area Networks (LPWANs). To keep pace, reduce development costs, and shorten time to market, companies are choosing CIO hardware. Ready to go right out of the box, CIO products can be easily configured, deployed, monitored, and managed with CIO M2M Cloud software. CIO products can be found in a wide array of applications and industries, including digital signage, retail kiosks, vending machines, monitoring and control systems, failover, unmanned aerial vehicles (UAVs), and healthcare.

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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

Connect IO Limited (formerly G8 Communications Limited) and its controlled entities

ABN

99 009 076 233

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	478	1,069
1.2 Payments for		
(a) research and development	(30)	(54)
(b) product manufacturing and operating costs	(1,086)	(1,963)
(c) advertising and marketing	(12)	(16)
(d) leased assets	(0)	(6)
(e) staff costs	(574)	(1,168)
(f) administration and corporate costs	(266)	(518)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
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	(1,487)	(2,653)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,657	2,850
3.2	Proceeds from issue of convertible notes	-	780
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(163)	(163)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(14)	(14)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,480	3,453

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	432	639
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,487)	(2,653)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,480	3,453
4.5	Effect of movement in exchange rates on cash held	-	(14)
4.6	Cash and cash equivalents at end of quarter	1,425	1,425

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	1,425	432
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,425	432

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	159
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	
6.1	Director fees and director salaries.	

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	-
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	1,280
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%.
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(100)
9.2 Product manufacturing and operating costs	(800)
9.3 Advertising and marketing	(50)
9.4 Leased assets	(1)
9.5 Staff costs	(500)
9.6 Administration and corporate costs	(250)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,701)

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	-	-

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: 31 January 2018

Print name: Jason Ferris - Director

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.