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29 October 2021

ASX Announcement / Media Release

Quarterly Activities Report
for the Quarter Ending 30 September 2021

- **Financial re-structure completed during the quarter**
- **Strategic review of the existing business nearing completion with outcomes expected to be announced shortly**
- **Development of a Growth Plan utilising the Company's existing products and intellectual property progressed during the current quarter**
- **Sales revenues for the US business remain significantly down over pre COVID-19 levels**

Business Overview

The US economy continues to improve however the Company has been unable to capitalise on that growth with no significant rebound in sales being achieved with the Company's current business model.

The Company continues to fulfil orders from existing clients but has not experienced any significant growth from existing customers or new customers. The Company has progressed with work on upgrading its existing products to cater for the ever changing 5G environment which may have a positive affect on future sales potential when complete. Global chip shortage continues to plague the supply chain with longer than usual and unpredictable manufacturing lead times.

Sales receipts for the quarter ending 30 September 2021 were approximately $456,000, up marginally from the last quarter but still well down from pre COVID-19 levels.

The Company finalised the re-structure of the Company's balance sheet during the quarter following shareholder approval received on 30 June 2021. Following completion of the financial re-structure, the Board has focussed its efforts on completing the strategic review (**Review**) which includes a full assessmnent of the current US business, opportunities to expand the Company's existing markets and potential synergistic new business opportunities or acquisitions that complement the Internet of Things (IOT) business model.

The Company is nearing completion of the Review and expects to be able to inform shareholders of further progress shortly. The development of a future Growth Plan, as

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outlined in the 30 June 2021 quarterly report, has also progressed and the Board will now focus on the new business aspect of its Review as previously announced which includes investigating new opportunities that complement the Internet of Things (IOT) business model.

Financial and Corporate

At the end of the quarter the Company held cash of approximately $2,955,000.

Operating cash outflows for the quarter were associated with product manufacturing and operating costs ($257,000), staff costs ($194,000) and administration and corporate costs ($403,000). Administration and corporate costs were up significantly from the previous quarter due to costs associated with the re-structure. Related party payments reported in Item 6.1 of the Appendix 4C of $54,000 represent directors fees and management fees paid during the quarter.

On 28 May 2021, the Company announced a significant re-structure of its balance sheet, some elements of which, were subject to shareholder approval which was received on 30 June 2021. The re-structure was completed during the quarter resulting in the Company significantly reducing debt, including repayment of approximately $1.3 million in convertible notes.

Strategic Review

With the re-structure of the balance sheet now complete, the next stage of the Review will focus on finalising the assessment of the current US business, expansion of the Company's existing markets and potential new acquisitions.

As disclosed in the previous quarter, the Company executed an agreement with Splendor Limited (**Splendor**) to assist the Company in completing its Review of the business and assist in the development of a Growth Plan, initially focussed on the Southeast Asian markets utilising the Company's existing products and intellectual property.

This Review has advanced further during the quarter and is nearing completion. On formal completion, Splendor has elected to take its fee in shares (as disclosed in the previous quarterly report) and the Company will issue of 2.5 million shares in the Company as consideration for undertaking the Review

The next stage of the engagement with Splendor is the development of a Growth Plan (in consultation with the Company). As previously disclosed, should the Growth Plan be approved by the Board and subject to any required shareholder approvals, the agreement envisages a more formal arrangement with Splendor that will result in the issue of a further 12.5 million shares in the Company and a number of performance related securities linked to annual sales targets which come about as a direct result of implementation of the Growth Plan.

The performance related securities will be linked to sales revenues generated that are directly linked to the Growth Plan and will consist of the following:

- if within a period of 24 months of implementation, the Company has achieved annual sales revenues of at least $1 million related to the Growth Plan, then the Company shall issue a further 15 million shares to Splendor.
- if within 36 months, the Company has achieved annual sales revenues of at least $2 million related to the Growth Plan, then CIO shall issue a further 15 million shares to Splendor.

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- if within 48 months, the Company has achieved annual sales revenues of at least $3 million related to the Growth Plan, then CIO shall issue a further 15 million shares to Splendor.

Splendor is a Southeast Asian based advisory group comprising of senior technology engineers and technicians with significant experience in the IoT space. The principals of Splendor have extensive business interests in the technology sector and have successfully grown and sold businesses in the past in not only the IoT sector, but also gaming and infrastructure businesses.

For further information regarding this announcement please contact Dougal Ferguson, Chief Executive Officer of Connected IO Limited on 08 6211 5099.

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

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.



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Appendix 4C

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

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Name of entity	
Connected IO Ltd	
ABN	**Quarter ended ("current quarter")**
99 009 076 233	30 September 2021

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	456	456
1.2	Payments for		
	(a) research and development	(6)	(6)
	(b) product manufacturing and operating costs	(257)	(257)
	(c) advertising and marketing	(2)	(2)
	(d) leased assets	(2)	(2)
	(e) staff costs	(194)	(194)
	(f) administration and corporate costs	(403)	(403)
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**	**(408)**	**(408)**

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 (3 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: Legal settlement	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,500	3,500
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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(1,396)	(1,396)
3.7	Transaction costs related to loans and borrowings	(301)	(301)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**1,803**	**1,803**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,560	1,560
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(408)	(408)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,803	1,803
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,955**	**2,955**

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	955	1,560
5.2	Call deposits	2,000	-
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)**	**2,955**	**1,560**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(54)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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

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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	400	400
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	**400**	**400**

7.5	**Unused financing facilities available at quarter end**	0

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 Secured Loan A.C.N. 627 852 797 PTY LTD $400k.
7.1 Tyche Lines 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.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(408)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,955
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,955
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**7.25**

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.

29 October 2021

Date: .....

By the Board

Authorised by: .....
(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.

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