

28 May 2021

ASX Announcement

ENTITLEMENT OFFER, PLACEMENT AND DEBT RESTRUCTURE

- **Fully Underwritten Entitlement Offer to raise up to \$1,066,159 (before costs)**
- **General Meeting convened to approve Placement and Debt Restructure as per the Notice of Meeting lodged with ASX today**
- **Proposed fully underwritten Placement to raise up to \$3,500,000 (before costs)**
- **Proposed conversion of up to approximately \$725,000 of debt into equity**
- **Proposed consolidation of shares on a 1 for 10 basis**
- **Cash on completion of restructure and repayment of Convertible Notes of approximately \$3,000,000 assuming that all resolutions are passed by Shareholders**

Connected IO Limited (**Connected IO** or **Company**) is pleased to announce that it has concluded discussions with respect to a significant re-structure of its balance sheet which is expected to result in the Company significantly reducing its borrowings and creditor balances whilst greatly increasing cash on hand at completion of the proposed re-structure.

Full details of the various elements of the proposed re-structure are provided below.

Entitlement Offer to Eligible Shareholders

The Company has today lodged an Offer Document with ASX whereby it is offering eligible shareholders the opportunity to acquire additional fully paid ordinary shares in the Company via a pro-rata non-renounceable rights offer (**Offer**) of up to approximately 533,079,662 shares on the basis of 1 new share (**New Share**) for every 1 share held at an issue price of \$0.002 per New Share, to raise approximately \$1,066,159 (before costs).

The Offer is fully underwritten by 708 Capital Pty Ltd (**708 Capital**). 708 Capital will be paid a fee equal to 6% of the amounts raised under the Offer. An indicative timetable is attached in the Appendix to this announcement.

Placement, Debt Restructure and Consolidation

Subsequent to the close of the Offer, the Company has convened a General Meeting on 30 June 2021 to consider a Placement and Debt Restructure proposal. The Notice of Meeting was lodged today with ASX and has further details around the proposed Placement and Debt Restructure as well as a proposed consolidation of its securities on a 1 for 10 basis.

Subject to Shareholder approval, the Company intends to undertake a fully underwritten placement to raise a further \$3,500,000 (before costs) (**Placement**). The Placement will be undertaken subsequent to the Record Date of the Offer and therefore recipients of the Placement Shares will not be able to participate in the Offer. The Placement is fully underwritten by 708 Capital, which will be paid a fee equal to 6% of the amounts raised under the Placement.

As part of an overall re-structure of the Company's balance sheet, the Company has held discussions with some of its debt holders and it is proposed, subject to Shareholder approval, to convert a significant portion of the Company's debt to equity at the same deemed price as the Offer and the Placement, which is \$0.002 per Share on a pre-consolidation basis and \$0.02 per Share on a post consolidation basis. It is proposed the Convertible Notes currently on issue by the Company will be repaid in full on or about the maturity date of 30 June 2021.

The Board is also proposing to convert all the outstanding Director fees and company secretarial fees on the same basis as all other debt holders have indicated they will agree to.

Capital Structure after close of the Offer, Placement, Consolidation and Debt Restructure

Following the close of the Offer, the successful re-structure of the Company's balance sheet and assuming no Options, Convertible Notes or Performance Shares are converted prior, the Company will have approximately 317,919,562 fully paid ordinary shares on issue and approximately \$3,000,000 in cash, with only \$400,000 in debt. The effect of the various elements of the re-structure on the Company's issued capital is outlined below.

Changes in the Capital Structure	Total on Issue
Existing Shares	533,079,662
New Shares issued under the Offer	533,079,662
Total Shares on issue after completion of the Offer	1,066,159,325
Consolidation (1:10 basis) ¹	106,615,932
Underwritten Placement ¹	175,000,000
Debt Restructuring Shares ¹	36,303,630
Total Shares on Issue post completion of the re-structure	317,919,562
Total Options exercisable at \$0.03 expiring 3 years from issue ¹	71,000,000
Other ²	2,750,000

1. These elements are subject to Shareholder approval.

2. Other is made up of 2,000,000 Performance Rights held by the previous Managing Director and 750,000 unlisted options exercisable at \$1.00 (on a post Consolidation basis) and expiring on 20 December 2022.

Further details on the Entitlement Offer to Eligible Shareholders

The Offer will be made to the Company's shareholders with a registered address in Australia or New Zealand on the Record Date (**Eligible Shareholders**).

It is anticipated that the Offer Document offering New Shares for subscription will be mailed to Eligible Shareholders on 4 June 2021 and will be available on the ASX and Company's website on 31 May 2021.

Application will be made to ASX for official quotation of the New Shares. No shareholder approval is required for the Offer.

Overseas Shareholders

The Offer is only made to Eligible Shareholders (shareholders with a registered address in Australia or New Zealand at the Record Date). Therefore, if you are a shareholder with a registered address other than Australia or New Zealand, no offer will be made to you. In making this decision, the directors have considered the small number of overseas shareholders and the costs and administrative complexity of complying with applicable regulations in jurisdictions outside Australia or New Zealand.

The Offer and Placement proceeds, together with the debt re-structure, will enable to Company to conclude its strategic review of its business model and provide sufficient additional working capital to progress its preferred business model.

Shareholders may view all the Company's ASX announcements, including those relating to the Offer, on the ASX's website at www.asx.com.au or alternatively on the Company's website at www.connectedio.com.

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

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

ABOUT CONNECTED IO

Connected IO Limited is a wireless technology innovator and manufacturer operating in the multi-trillion-dollar "IOT" (Internet of Things) sector. Connected IO specializes in machine to machine ("M2M") connectivity, providing hardware and software solutions to some of the world's largest companies. Connected IO's software solutions also include a customised cloud management interface and a variety of support services.

Appendix A: Non-Renounceable Entitlement Issue Timetable

Event ¹	Date ²
Announcement of Stage 2 Placement and Stage 2 Rights Issue Offer Document	28 May 2021
Release of Stage 2 Rights Issue Offer Document, Cleansing Notice and Appendix 3B with ASX	28 May 2021
Ex-date for Stage 2 Rights Issue	1 June 2021
Record Date (date for determining Eligible Shareholders to participate in the Stage 2 Rights Issue)	2 June 2021
Stage 2 Rights Issue Offer Opening Date – Offer Document and personalised Entitlement and Acceptance Forms sent to Shareholders	4 June 2021
Last day to extend the Stage 2 Rights Issue Offer Closing Date	16 June 2021
Closing Date for Stage 2 Rights Issue ³	21 June 2021
New Shares quoted on a deferred settlement basis	22 June 2021
Notification to ASX of Stage 2 Rights Issue Shortfall	24 June 2021
Issue date for New Shares and lodgement of Appendix 2A with ASX applying for quotation of the securities	28 June 2021
Quotation of New Shares under the Offer	29 June 2021
Issue of Shortfall Shares and Appendix 2A	29 June 2021
Meeting Date	30 June 2021
Issue of Stage 2 Placement Shares and Debt Restructuring Shares, Cleansing Notice and Appendix 2A	1 July 2021
Record Date for Consolidation	7 July 2021

Notes:

1. Please refer to the Notice of Meeting lodged with ASX on 20 May 2021 for definitions and further details on the indicative timetable events.
2. These dates are indicative only and are subject to change.
3. Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares