

31 October 2022

ASX Announcement / Media Release

Quarterly Activities Report for the Quarter Ending 30 September 2022

- **Ongoing rollout of new Australasian business unit with sales revenues being generated during the quarter**
- **Expansion of capabilities in the region being pursued with complementary acquisitions being negotiated**
- **Company maintains strong cash balance of \$2.1m**

Executive Summary

Sales receipts for the quarter ending 30 September 2022 were approximately \$88,000. 100% of the sales revenues reported during this quarter are from the newly formed Australasian business unit.

Connected IO remains focused on growing the newly formed Australasian business through leveraging the Company's intellectual property in Internet of Things (IOT) devices, IOT Cloud Management Platform and associated software development services.

The Board recognises the capital and time investment required to grow organically in this sector and accordingly the Company is focussed on expanding its capability and capacity in this market through potential complementary acquisition opportunities to scale customer volumes, expand technical skills across digital design, software development and blockchain competencies.

Strategic Growth Plan

The Company has continued to evaluate potential acquisition opportunities, with several progressing through negotiations to formal due diligence.

The underlying objective of the Company to grow the business via organic growth in Southeast Asia and Australasian region and acquisition of complementary business(s) to accelerate scale in core IOT business and expand competencies to participate in high-growth adjacent markets to deliver superior shareholder value in the medium to longer term.

Existing Business Overview

The Company continues to generate revenue and build its base business in its newly generated Australasian business unit with sales revenue for the quarter of approximately \$88,000 being achieved (previous quarter: \$36,000).

The Company continues to supply IOT services with the engagement of a team of now four consultants based out of India who had the technical ability to develop, implement and advance the Company's existing intellectual property.

Financial and Corporate

At the end of the quarter the Company held cash of approximately \$2.1 million with debt of approximately \$220,000.

Operating cash outflows were comparable to the previous quarter with product manufacturing and operating costs of \$88,000 (up from \$62,000), staff costs of \$42,000 and administration and corporate costs of \$100,000.

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.

Suspension from Quotation

On 26 July 2022 the Company received notification from the ASX who advised that Connected IO will not be granted a further extension of its suspension deadline, and will be placed in to suspension pre-market open on 27 July 2022

ASX has determined that CIO's operations are not adequate to warrant the continued quotation of its securities and therefore is in breach of Listing Rule 12.1. The suspension will continue until CIO is able to demonstrate compliance with Listing Rule 12.1 of the Listing Rules.

For further information regarding this announcement please contact Adam Sierakowski, Executive Director 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")

30 September 2022

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	88	88
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(87)	(87)
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(42)	(42)
(f) administration and corporate costs	(100)	(100)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
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	(140)	(140)
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	-	-

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: Cash held on sale of Subsidiary	-	-
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)	-	-
3.2	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	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,301	2,301
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(140)	(140)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,161	2,161

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	159	159
5.2	Call deposits	2,002	2,002
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)	2,161	2,161

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**

(54)

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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

Includes: Directors Fees.

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	220
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	400	220

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(140)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	2,161
8.3 Unused finance facilities available at quarter end (Item 7.5)	180
8.4 Total available funding (Item 8.2 + Item 8.3)	2,341
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	16.72

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:

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.

31 October 2022

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.