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ASX Announcement / Media Release

## **LOI SECURED FROM US BASED CYBER SECURITY COMPANY WITH POTENTIAL TO EVOLVE TO CIO'S LARGEST CONTRACT**

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### **HIGHLIGHTS**

- **Connected IO signs Letter of Intent with US based cyber security company to supply custom Category 1 routers over a three year period.**
- **Following 7 days to evaluate the custom units the intention of the parties is to execute a binding contract where the cyber security company must purchase a minimum number of CIO units that equates to revenues of \$625,000 per year.**
- **A forecast has been made by the cyber security company that it expects to purchase \$6.9m worth of CIO products over 3 years.**
- **The parties are negotiating the potential for CIO to provide managed solutions (SaaS) to the cyber security company in addition to the units the subject of the LOI.**
- **The US based cyber security company is an existing CIO customer expanding the joint relationship established in 2016 and strengthening recurring revenues.**

The Board of Connected IO Limited ("CIO") is pleased to advise that the Company has signed a Letter of Intent ("LOI") with a US based cyber security company outlining the purchase of custom Category 1 routers which shall be co-branded and produced over a 3 year period.

An initial trial period will commence immediately with custom built prototype units being supplied to the cyber security company for 7 days to evaluate. If the prototype performs to specifications the parties will move toward a definitive contract.

The terms proposed for the contract are as follows:

- 25 prototype units delivered immediately;
- 350 units delivered within 30 days of contract execution;
- Term of 3 years which can be cancelled with 90 days notice;
- Minimum annual revenue of \$625,000 per year;
- CIO granted first right of refusal for customers' future hardware solutions during the term.

The cyber security company has advised CIO in writing that should a contract be executed it expects to purchase \$6.9M worth of units over a three year period representing the Company's largest contract to date.

In addition to the LOI the parties are negotiating separately the ability of CIO to provide managed services software (SaaS) to the cyber security company to work in conjunction with the custom units the subject of the current LOI. If a contract is completed this will represent a further revenue stream recurring in nature with greater profit margins.

The prototype has been developed in conjunction with the customers' requirements based on market feedback and demand over the previous 12 months while utilising existing CIO product. The cyber security company is a long standing existing customer of CIO. The expansion of and specific requirements to the CIO router will provide significant advanced features required in various security and data communication functions. Effectively it will provide the cyber security company with a co-branded state of the art programmable router with advanced features.

CIO CEO Yakov Temov said "The Letter of Intent is a great step forward for CIO particularly as it is with a long standing customer and one we have dealt with since 2016. The LOI signifies great confidence in CIO's ability to provide reliable superior quality communication devices, especially as the company has requested we work with them to build an industry specific solution. The ongoing relationship provides a solid foundation for CIO business for years to come."

### **About US Cyber Security Company**

The LOI has been signed with a US based cyber security company (name precluded under confidentiality) that develops and offers cloud based "payment card industry data security standard" ("PCI DSS") solutions to large franchise merchants in the United States and internationally. It offers a managed security suite that includes the hardware and software for network security, secured data access, and a framework for creating policies and procedures. Its products are used in grocery and convenience stores, restaurants, retail facilities, hotels, and kiosks. The company was established in the USA almost 30 years ago.

### **About Connected IO Ltd. (CIO)**

Connected IO Limited has its operations based in Silicon Valley, 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 – including Coca Cola, Verizon and AT&T. 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.