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Half Yearly Report for the period ending 31 December 2017

HALF YEARLY HIGHLIGHTS

- **CIO achieved record quarter purchase orders of \$1,914,000;**
- **Strong continued US market penetration and advancing opportunities in Asia.**

Connected IO Limited ("CIO") is pleased to provide this report regarding its activities for the half year to 31 December 2017.

The Company continued to grow significantly both in market penetration and revenues. Opportunities introduced by AT&T and Verizon continued to enable CIO to provide services and products to significant US based multi-billion-dollar retail chains and stores. In addition to these relationships the Company grew its penetration to sectors such as drones and international to potential customers in Asia.

More pleasing was the fact that recurring customers accounted for approximately 73% of CIO's business. This growth was driven by a successful capital raising completed in September 2017 which allowed the Company to meet increased manufacturing demands and grow the marketing and sales team.

The Company expanded marketing and sales initiatives resulting in:

- the roll out of CIO hardware via 3,000+ AT&T resellers selling directly to enterprise,
- Multiple Virtual Network Operators (MVNO) selling CIO hardware globally, packaged with their services,
- a digital signage company utilising the CIO modem as a bundled airtime package solution, and;
- the resale of CIO modems for failover solutions with a large multi-national tech player.

Review of Operations

During the period, CIO accomplished the following operational milestones:

- was selected as preferred wireless communications partner with US Drone company Airship Technologies Group (ASX announcement: CIO 3/8/17) to provide cellular solutions to connect its ground-breaking drone technology: Airship Technologies Group solutions are currently being evaluated by several militaries around the globe, and the Company expects to start trials in 2018.
- deployed product to over 3,000 Burger King stores in North America to manage fail-over for payment terminals, quality monitoring systems, sensors and security, signifying the Company's entry into the substantial North American QSR sector (ASX announcement: CIO 10/8/17): CIO continues a strong commercial relationship with the cyber security company supporting relationship and is currently working on a way to generate additional revenue streams through this relationship.
- developed its relationship with a worldwide vehicle market supplier, Rosco Systems, (ASX announcement: CIO 7/9/17), subsequently followed up with year-end deployment order for 1,000 units (ASX announcement: CIO 15/11/17) and Rosco forecast of USD\$1m in 2018 orders (ASX announcement: CIO 6/12/17): CIO continues to enjoy a strong commercial relationship with Rocco Systems and additional units have already been ordered and shipped in 2018
- received strong pre-sale orders from Exadigm USA for the Company's Wi-Fi routers (ASX announcement: CIO 12/9/17);
- received fail-over certification from Cisco-Meraki for Verizon, AT&T, Telstra and Vodafone clients (ASX announcement: CIO 19/9/17);
- completed a \$2.85m capital raising at \$0.03 per share managed by Trident Capital to assist with manufacturing and working capital requirements (ASX announcement: CIO 28/9/17);
- announced penetration into the Asian market via discussions with selected departments of military and police in both Thailand and Philippines (ASX announcement: CIO 9/10/17): CIO is working on a body camera tender in the Philippines.
- received its first order from electronics giant LG (ASX announcement: CIO 2/11/17): Additional purchase orders are expected in 2018.

Significant Orders Received

During the half, the Company announced:

- \$600,000 in new purchase orders received via its ongoing relationship with Verizon (ASX announcement: CIO 1/8/17);
- its largest individual Verizon order was received of \$734,000 (ASX announcement: CIO 16/8/17);
- the Company's first Cat1 router order from PWS was received for \$348,000 (ASX announcement: CIO 18/9/17); and
- an order from Exadigm via AT&T for \$232,000 to target retail and small business (ASX announcement: CIO 20/9/17).

The Company continued to work to recover the Mission and Cables gold project during the half year. It successfully completed its submission in opposition to an application to have the Minister's decision to award the Missions and Cables tenements reviewed. The Supreme Court of WA's decision is anticipated within the next 4 weeks.

CIO CEO, Yakov Temov said "The business has navigated through a solid growth phase in the December 2017 half receiving a number of long term Purchase Orders as well as building and developing new and existing relationships. Confirmed Purchase Orders are now accumulating to create ongoing revenue in the months and years ahead."

About Connected IO

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.