

6 June 2018

ASX Announcement / Media Release

## Connected IO Activity Growth and Company Update

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### HIGHLIGHTS

- **Connected IO achieves over \$660,000 for current quarter in Cash Receipts and Accrued Revenue.**
- **In addition, current Purchase Orders received this quarter equate to over \$650,000 anticipated to be converted to Cash Receipts before the end of the calendar year.**
- **CIO reduces US overheads by 40% and also renegotiates manufacturing costs to increase gross margin on sales from 30% to approximately 50% on some products.**
- **Inventory remains significant at approximately \$800,000.**
- **Supreme Court of Western Australia advises CIO that its decision on the Mission and Cables application will be delivered in June 2018.**

The Board of Connected IO Limited ("CIO") is pleased to advise that the Company has so far this quarter generated over \$660,000 in combined Cash Receipts and Accrued Revenues via shipped and invoiced product.

The activity is made up of Cash Receipts of \$410,000 to date which have been generated through Purchase Orders received in previous quarters, as well as \$250,000 of Accrued Revenue via shipped and invoiced product most of which is receivable in the June quarter.

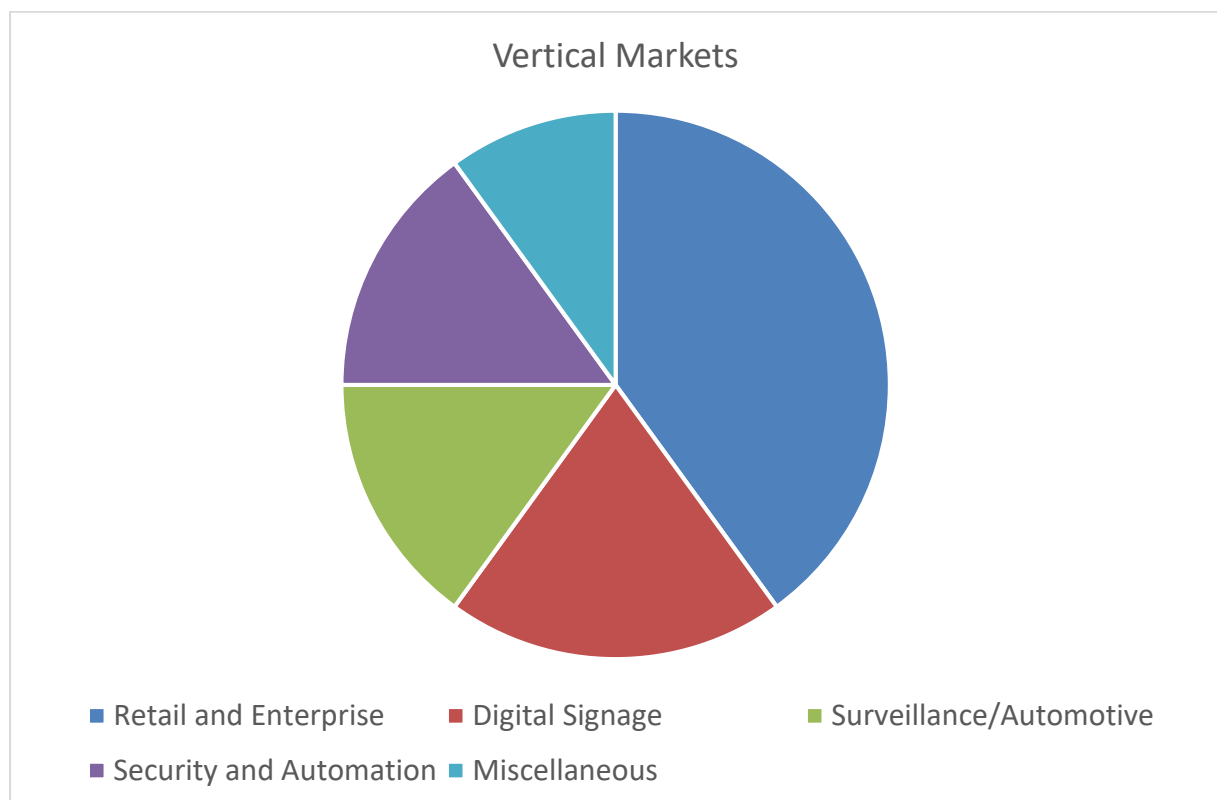
In addition, Purchase Orders received this quarter now total in excess of \$650,000 mostly from large customers making recurring orders. It is expected these Purchase Orders will be converted to Cash Receipts before the end of the calendar year. For the quarter to date incorporating each of the above Cash Receipts, Accrued Revenue and Purchase Orders received, CIO is pleased to confirm total activity of \$1,310,000.

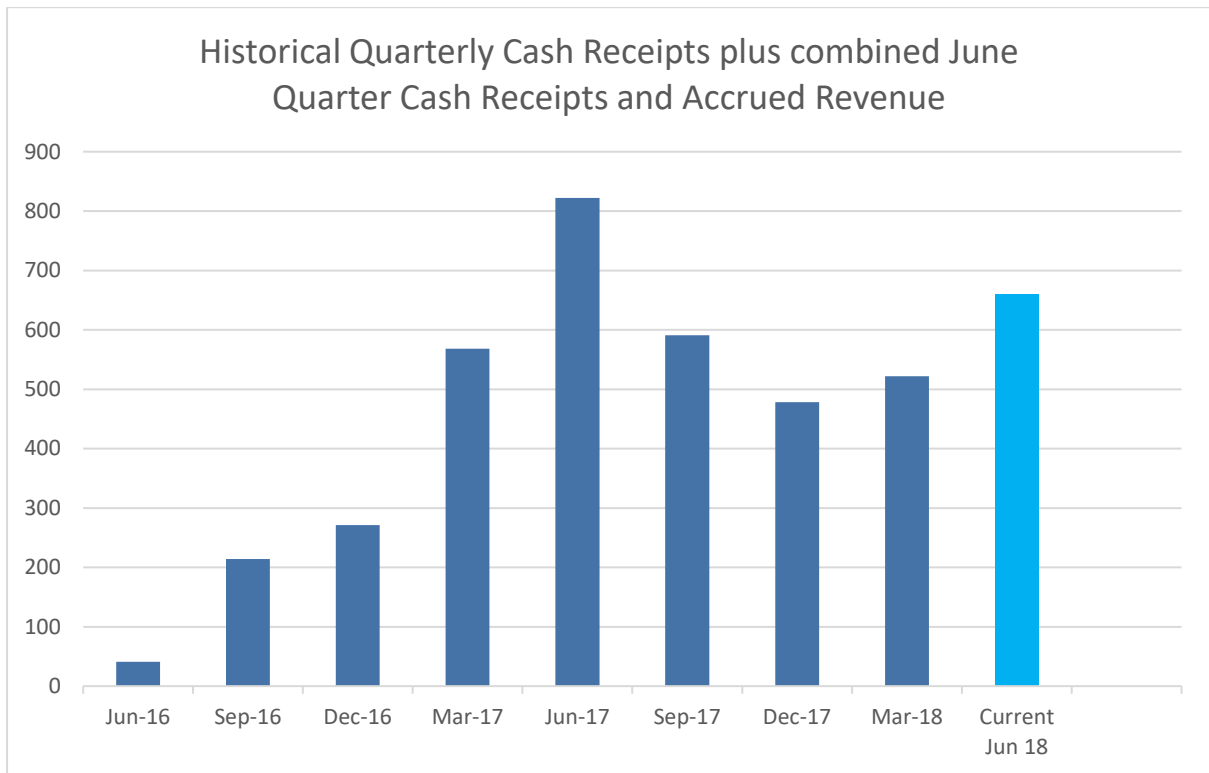
US overheads have been successfully reduced by 40% through restructuring of duties and reduction of non-essential and non-performing cost centres. In addition to this, CIO has been able to re-negotiate its manufacturing costs through economies of scale as manufacturing demand increases. These reductions will allow for an increase in sales margins from 30% to approximately 50% on certain products. Both savings will assist with an improved financial structure moving forward.

CIO is also focused on converting a significant amount of current inventory to cash receipts and are confident this will occur in the June and September quarters through developing opportunities in North America and now Australia, further to the Company's recent announcement (ASX: CIO 21/05/18).

The Company has been informed by the Supreme Court of Western Australia that its decision in the application of Paterson v Minister for Mines and Petroleum regarding the Mission and Cables gold project will be delivered in June 2018.

Confirmed sales data generated by Connected IO has highlighted sector specific revenue generation which will allow the business to focus more accurately on developing opportunities. Cash Receipts to date have been generated in the Retail and Enterprise Sector (40%), Digital Signage sector (20%), Surveillance/Automotive sector (15%), Security and Automation sector (15%) and various other sectors for the remaining 10%.





Connected IO CEO Yakov Temov said “CIO has built a solid recurring customer base in the North American market. Over 80% of our business is generated from existing customers. CIO can now accurately report on the sectors generating business volume and can leverage these statistics to focus on revenue generating opportunities.”

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

Based in Silicon Valley, Connected IO (CIO) develops wireless products for machine-to-machine (M2M) communications and Internet of Things (IoT) connectivity. The CIO family of programmable modems and routers are innovative, operator-certified, secure, and affordable, making them the preferred choice of enterprises around the globe for a wide array of applications and industries, including digital signage, POS, vending machines, security, monitoring and control, and failover.

The IoT market is growing exponentially and cellular technology and wireless connectivity are advancing rapidly—from LTE to Narrowband IoT (NB-IoT). To keep pace, reduce development costs, and shorten time to market, companies are choosing CIO hardware. Ready to go right out of the box, CIO products can be easily configured, deployed, monitored, and managed with our cloud-based management portal.