ConnectediO

Annual General Meeting November 2020

2020 Negative and Positive Impacts of COVID-19

- Shelter-in-place caused the **US economy to contract** at the annualized rate of 33% in Q3 of 2020.
- Connected IO sales revenues currently adversely impacted by **frozen budgets and general economic uncertainty**.
- COVID-19 continues to grow in the US **and sales revenue outlook and general economic uncertainty continues into 2021**.
- New competitors entering aspects of the market in which Connected IO operates **creating down pressure on profit margins.**

Positive and Negative Impacts of COVID-19

- COVID-19 pandemic triggered a world-wide trend for employees to **work from home** which has the potential to **benefit Connected IO** in the longer term.

- CIO is currently **pursuing new opportunities** that did not exist prior to the pandemic such as school districts and enterprises transitioning to work from home, remote service broadcasting for churches, automation of safety precautions.

- There is **little effect on the company's supply chain** and Taiwan based contract manufactures.

- COVID-19 is **not expected to have a lasting negative impact** on Connected IO's base business and provides new opportunities for the Company to pursue.

Financial Impacts of Reduced Sales Revenues

- Lower revenues and continuing fixed cost base has **reduced the Company's available working capital.**

- Convertible Note debt and Manufacturing finance debt **remain outstanding liabilities of the Company.**

- Without a significant short-term improvement in sales, the Company will need to consider **raising additional capital.**

- Strategic review underway to consider the best manner in which to **re-structure the US operations** and address the outstanding debt.

Future Growth Strategy

- Roll out fully functional **SaaS solution** to completely operate deployment and management of IOT solutions.
- Transition the business model to become as transactional as possible to **minimize operational expenses** and **customer acquisition cost**.
- Develop **vertical solutions** to address **new markets** such as remote offices, Voice over IP connectivity and fail-over and remote education.
- 5G solutions to be released in 2021.
- Explore **strategic acquisition opportunities** that deliver operating synergies or significant revenue growth.

Summary

- Company will likely need to **re-structure its US operations** and **raise funds** in order to survive the economic downturn cause by the COVID-19 pandemic.
- Company is required to deliver product against guaranteed Purchase Orders in Q1 of 2021 requiring **additional working capital.**
- The Board is undertaking a strategic review of the business and the Management team is working on **changing the business model** to focus on subscription-based solutions to ensure more predictable revenue streams.
- Any re-structure of the business is likely to include a **re-structure of the outstanding debt and the US operations.**

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