

ASX ANNOUNCEMENT
Quarterly update and cashflow

Highlights:

- **15% increase in sales of temperature monitoring solution to the research and medical sectors with new sales to Monash University and Barwon Hospital**
- **Established China subsidiary and commenced sales activities**
- **First contracts through strategic partners expected in current (June) quarter**
- **Strategically well-positioned to limit business impact from COVID-19**

29 April 2020 – IoT solutions company, CCP Technologies Limited (ASX: CT1) (the “Company” or “Group”) is pleased to provide a summary update on its activities in the quarter ended 31 March 2020.

Notable points to assist in reading the Appendix 4C

Cash receipts for the quarter were \$147k which was 12% down on the previous quarter though marginally higher (6.5%) than the average of the first two quarters. With minimal impact on existing revenues to date from COVID-19, the Company has been focused on securing new client opportunities from its new strategic partners.

In regard to financing activities, during the March quarter the Company received \$637,272 from the proceeds of option conversions and a further \$866k is contracted to be received from the second tranche of the placement announced 11 December 2019 subject to shareholder approval at the General Meeting to be held 27 May 2020.

Larger one-off payments during the quarter included:

- Final settlements with the former executive Directors that left the Company in February 2019 (\$120k)
- Final payment to the previous contract CFO and Company Secretarial services provider (\$69k)
- Legal fees relating to the strategic placement and partnership agreements (\$36K) and other matters that are now closed.

Non-recurring payments including the above items totalled \$287k. Net of cash receipts the underlying cash expenditure on staff costs, administration and corporate costs is circa \$400k for the quarter. In comparison to previous quarters this result reflects the incremental expenditure on new key hires, additional office space and formation costs related to the Group’s China operations.

Cash receipts in the China subsidiary are expected to commence by the end of the current (June) quarter as the initial contracts are signed and the associated revenues are received.

Related party payments of \$161k included directors fees, CEO remuneration and rental & legal fees to entities associated with the Chairman of which \$66k is related to one-off payments (noted in part above) and the clearance of aged payables.

Business Operations - Local

The Company continues to increase sales of the temperature monitoring from staged rollouts with existing customers, including Monash University, as well as new customers in the medical sector with the addition in the quarter of Barwon Hospital in Geelong. The new business resulted in a 15% increase in monthly subscriptions for temperature monitoring solutions for the quarter.

Business Operations - China

In China the Company's strategic partners are predominantly focused on the water sector for treatment and remediation. Currently there are five projects in varying stages from scoping, development and trial demonstrations to contracting stage. The details of the initial contracts will be announced on signings that are expected in the June quarter.

Authorities in China have recently announced an, "acceleration of the new infrastructure", which is an increased government emphasis on, and support of, the adoption of smart-city technologies.¹ The Company intends to leverage on its significant distribution opportunities to exploit this alignment of China's focus and the Company's capabilities to the fullest extent.

Rebrand

To reflect its broadening approach to the IoT sector the Company is preparing for the name change to 'Constellation Technologies Limited' subject to shareholder approval at the upcoming General Meeting.

Lean growth strategy

The Company seeks to operate as lean as possible without compromising immediate growth potential from pipeline projects. Strategically the Company has a mix of permanent, casual and contract employees that enables a degree of elasticity in the operating expenditures.

Furthermore, the board and each of the senior employees have meaningful share holdings as they have chosen to receive a portion of their remuneration in equity rather than cash.

COVID-19

Despite COVID-19 restrictions, the Company has been able to work closely with its strategic partners and its China team to focus on projects that can be undertaken in the current environment.

In Australia there has been minimal impact on revenues to date from COVID-19 restrictions and staff are equipped, able and accustomed to working remotely. In India staff are similarly able to work from home however the production of hardware has

¹ [<https://news.cgtn.com/news/2020-03-17/China-launches-New-Infrastructure-a-innovation-driven-program-0Vo9mgDvGg/index.html>]

slowed due to difficulty sourcing some componentary and the temporary closure of assembly facilities. The Company has developed workarounds to ensure that the impact on new and existing customers is minimal.

Based on the existing cash at bank, the Company is adequately funded for the foreseeable future to pursue its business objectives. While some projects have been put on hold, there are others that can proceed in the current business environment and as such, the Company's objectives have not changed as a result of the current restrictions and the evolving economic outlook.

On 15 November 2019 the Company issued 487,029,970 options exercisable at \$0.015 expiring 15 November 2022. As at today 42,484,809 options have been exercised raising a total of \$637,272. If all of the remaining \$0.015 options are exercised the Company would receive an additional \$6,668,177 in proceeds.

The board thanks all shareholders for their continued support and interest in the Company.

Authorised for release by Adam Gallagher, Chief Executive Officer

For further information please contact: enquiries@ccp-technologies.com

About CCP Technologies

CCP Technologies designs and supports innovative IoT solutions for industry and government.

The Company strives to create and monetise sensory and cloud platform technologies that contribute to the improvement of humanity including in the areas of health, industrial productivity, environmental preservation, education, safety and general efficiency.

The Company is based in Australia with wholly-owned subsidiaries in India and China.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

CCP Technologies Limited

ABN

58 009 213 754

Quarter ended ("current quarter")

31 March 20

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	147	423
1.2 Payments for		
(a) research and development	(19)	(76)
(b) product manufacturing and operating costs	(59)	(119)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(269)	(638)
(f) administration and corporate costs	(570)	(1,174)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	(4)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(769)	(1,590)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(15)	(15)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(15)	(15)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	840	4,827
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	637	637
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(105)	(143)
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	1,372	5,321

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,169	41
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(769)	(1,588)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15)	(17)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,372	5,321
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,757	3,757

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	3,757	3,169
5.2	Call deposits		
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)	3,757	3,169

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**

161

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

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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

7.5 **Unused financing facilities available at quarter end** -

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.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(769)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	3,757
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	3,757
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4.88

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:
N/A

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:
N/A

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:
N/A

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.

Date: **29 April 2020**

Authorised by: **The Board**

(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.