

CCP Technologies Limited (ASX:CT1)

December 2017 Quarterly Report

Our Vision:

To be a global IoT platform of choice for critical control point management

The difference is



Highlights

Significant Momentum



Partnerships



Vodafone selected CCP for its NB-IoT network trial. Progressing global partnership discussions



Partnerships with Sigfox operators in Australia, US and Singapore



Distribution



Distribution agreement with Australia's leading IT hardware distributor (ASX:DDR)



Reseller agreement with a specialist refrigeration services company with extensive reach to the Australian food industry



Reseller agreement with Minneapolis-based Shamrock Group, a refrigeration, service company



Sales growth

Over 1,000 Monitoring points installed

Major brands secured as customers



STRATOSPHERE HOTEL | CASINO | TOWER



Quarterly receipts up 141%

Quarterly Customer Contract Value up 20%

Strong support received in placement & SPP raised \$1.47 million

The CCP platform managed over 6 million data points at the end of December 2017.

Business Update

CCP Technologies Limited (ASX:CT1) finished the 2017 calendar year on a solid footing with a successful capital raise, new sales channel agreements announced, enhanced product capability, a growing customer base which confirms market validation, well-established key technology partnerships and encouraging opportunities in front of us.

Capital Raise activities were completed in the December quarter which yielded (before costs) approximately \$500,000 in a private placement and \$965,500 through a share purchase plan. Participants in the placement included all the investors who participated in the May 2017 capital raise, which demonstrates continued confidence in the company. The share purchase plan attracted interest from our smaller shareholders, many taking the opportunity to increase their holding. With the tremendous support from our existing shareholders, these funds will be used to expand the company's sales and marketing effort in both domestic and overseas markets, and for other working capital requirements.

Sales activity demonstrates continued steady growth. Our 24-month Customer Contract Value (CCV) performance metric at the end of December 2017 has grown to \$530,000, up 20% on the previous quarter. New sales channel partnerships are showing excellent signs of nurturing large sales opportunities.

- In the US, we secured our first national account. Palace Entertainment is an amusement and entertainment company that operates 40 sites; our first install is at the Miami Seaquarium in Florida. During the quarter, the team also worked with the Shamrock Group to get them up-to-speed on selling the CCP solution. The Shamrock Group provides CCP with over 8,500 potential sales touch points in the US, which will be a focal point in the next quarter.
- In Australia, we announced a reseller agreement with Channon Refrigeration. This quickly translated into a sale of over 110 monitoring points to a major Sydney sports club. The installation was completed before year-end and used our new Sigfox smart tags. During the quarter, we added numerous customers including the National Golf Club at Cape Schanck in Victoria, and a retail supermarket (Supabarn Kingston) and a vaccine facility (ACT Health) in Canberra.
- In Singapore, small steps were made to progress sales opportunities. UnaBiz have commenced several trials in Singapore using our Sigfox solution, including one in a high-profile retail c-store chain and another with a well-known airline.



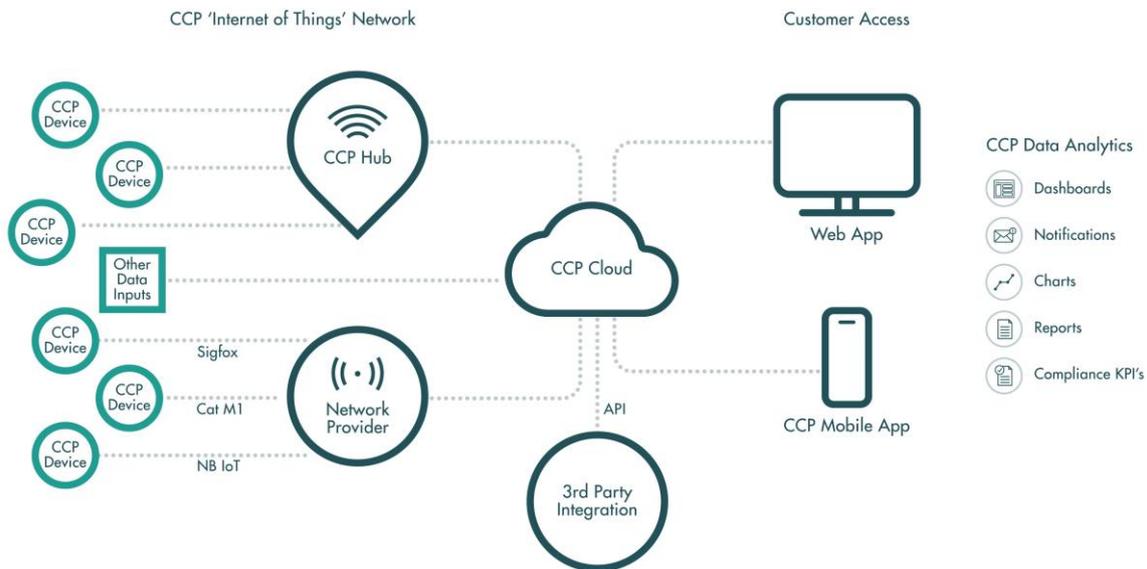
Partnerships provide CCP with a better reach to its target market. In this quarter, CCP announced two new agreements:

- Dicker Data (ASX:DDR) is the largest Australian owned ICT distributor with a 5,000-strong reseller network. With millions of monitoring points across the customer base of Dicker Data's reseller network, even a small penetration by CCP will have a dramatic impact on our revenue base.
- Channon Refrigeration is a leading provider of commercial cooking and refrigeration equipment to Australia's hospitality industry. Initially, the agreement estimates sales of 2,000 monitoring points.

With a combination of sales channel partners (Dicker Data, Channon's, IGL, ISOPro and Shamrock) and network partners (Sigfox, UnaBiz, Thinextra and Vodafone) now in our ecosystem, sales and marketing is strengthened. Discussions are progressing to broaden our ecosystem, including the addition of a national installation partner to support Australian sales. In addition, work has commenced on the business systems and support resources to underpin sales channel processes.

Innovation continues to position CCP with a unique offering. Shareholders can be confident our current technology is reliable and its design supports the rapid integration of new communication and sensing technologies as they emerge. During this quarter, CCP's new Sigfox smart tags achieved Class 0u (the highest level) certification. Customers in Australia, United States and Singapore are already using our new Sigfox tags, which is a terrific achievement in such a short timeframe. In addition, our new smart tags for NB-IoT and LTE Cat M1 (i.e. technologies used by Vodafone, Telstra and other global telecommunications service providers) are on-track for release in early 2018.

We've built and sustained significant business momentum. We finish 2017 – a foundational year for the company – in a good position. Our innovation pathway is set to excite the market, new partners are identifying terrific sales leads, and there's an increasing awareness of CCP's capabilities.



Financial results for the quarter reflected the positive steps we're making:

- This quarter yielded an increase of 141% in cash receipts (as compared to previous quarter) as evidence of improved customer satisfaction. In addition to on-boarding new customers, we are starting to see existing customers add monitoring points to their subscriptions. As we move into 2018, our customer CARE program will foster a strong rapport with CCP's customer base to encourage revenue growth from existing accounts.



- The executive team felt it was important to leverage customer wins and channel partner announcements in this quarter. Consequently, there was a slight increase in both marketing and operating costs for the quarter. We believe this will benefit the company in the longer term. Overheads for the quarter were carefully managed and consistent with the previous quarter to maintain a lean structure. Cash used in operating activities for the quarter was approximately \$679,489 compared with a budget of \$650,000.
- Overall, the quarter ended 31 December 2017 was on budget with a controlled cash burn-rate over the period. CCP successfully secured shareholders support in raising a total of approximately \$1.47m through a private placement and share purchase plan. As a result, the company maintains a strong cash balance at the end of December 2017 to further fund its revenue-generating activities.

The management team holds the view that 2018 will be an exciting year for CCP. We are set for accelerated growth.

Michael White

**Executive Director & CEO
CCP Technologies Limited**

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CCP Technologies Limited

ABN

58 009 213 754

Quarter ended ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	68	96
1.2 Payments for		
(a) research and development	(18)	(58)
(b) product manufacturing and operating costs	(99)	(108)
(c) advertising and marketing	(38)	(45)
(d) leased assets	-	-
(e) staff costs	(344)	(692)
(f) administration and corporate costs	(189)	(374)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)	1	1
1.9 Net cash from / (used in) operating activities	(618)	(1,177)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(8)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) 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)	12	12
2.6 Net cash from / (used in) investing activities	9	4

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	1,466	1,466
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options – Refer Note 1	-	(101)
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	1,466	1,365

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,054	1,725
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(618)	(1,177)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	9	4
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,466	1,365
4.5	Effect of movement in exchange rates on cash held	(18)	(5)
4.6	Cash and cash equivalents at end of quarter	1,893	1,893

5. Reconciliation of cash and cash equivalents		Current quarter \$A'000	Previous quarter \$A'000
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts			
5.1	Bank balances	316	86
5.2	Call deposits	1,577	969
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)	1,893	1,055

6. Payments to directors of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	81
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	Nil
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Salaries and Fees paid to Executive Directors and their related entities \$66K.
Fees paid to Non-Executive Directors and their related entities \$15K.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	Nil
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	60
9.2 Product manufacturing and operating costs	55
9.3 Advertising and marketing	25
9.4 Leased assets	-
9.5 Staff costs	400
9.6 Administration and corporate costs	160
9.7 Other – repayment of borrowings	-
9.8 Total estimated cash outflows	700

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Nil	Nil
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

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.

Sign here:



Joint Company Secretary

Date: 30 January 2018

Print name: Phillip Hains

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.