

CCP Technologies Limited (ASX:CT1)

June 2018 Quarterly Report & Shareholder Update

Our Vision:

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

June 2018 Quarterly Report

The difference is



Highlights

June-18 quarter cash receipts up 79%

Australian Patent granted for CCP's wireless monitoring solution

CCP secures strategic investment of \$861,247 (before costs)



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Business Update

CCP Technologies Limited (ASX:CT1) presents this report to provide context around the Company's financial report for the quarter ending 30 June 2018; and to provide shareholders with an update on business progress.

In June 2018, we published an investor presentation which highlighted the exciting momentum in our business. In recent weeks, we've issued several announcements and media releases which demonstrate continued business momentum. On the back of expressed interest in our company, the Board announced (17 July 2018) it received commitments from two strategic investors to raise \$861,247 (before costs) by issue of 43,062,350 new ordinary shares at \$0.02 per share. Each subscriber in the placement also received a two-year unlisted option, for each share issued, with an exercise price of \$0.03, subject to shareholder approval at our 2018 Annual General Meeting.

The major investor is Penta Global, a blockchain connector that provides interoperability between blockchain and existing IT systems. In combination with CCP's real-time cold chain monitoring, Penta's platform provides an ideal method for delivering enhanced supply chain outcomes. CCP provides temperature, location and other data for validation against contract business rules at each way-point within the supply chain. This data can be sent to the Penta blockchain where the outcomes are published against the contractual obligations for each of the supply chain participants. This strategic relationship presents a range of commercial possibilities for CCP.

We also welcome ASX-listed First Growth Funds (ASX:FGF) as a new CCP investor. FGF is a diversified Listed Investment Company in the digital currency space and is an active investor and advisor for new blockchain technologies. We anticipate FGF will bring additional opportunities which leverage CCP's monitoring solutions.

Sales

Sales revenue continues to rise and our opportunity pipeline is growing. At 30 June 2018, our 24-month total Customer Contract Value (CCV) performance metric increased to \$740,000. Our quarterly cash receipts grew to \$122,241; a 79% increase on the previous March Quarter (\$68,123). For the 30-day period up to the end of June, CCP processed almost 8 million data points.



Recent customer announcements have included hospitality venues and healthcare facilities as well as sales through our channel partners.

New customers include Parramatta Leagues Club, Wests Leagues Club, Pegasus Leisure Group, RACV Torquay, St Hildas College, Robert Gordon Hospitality Group and the Mater Hospital to name a few. Our domestic and international sales pipelines are comprised of a mix of large long-term opportunities and shorter lead-time prospects. I have included a new

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customer announcement in this report which is terrific for our positioning in the aged care sector.



Innovation

Innovation remains a core tenet of our business. CCP has unequivocally demonstrated that its wireless monitoring solution is unique. On 28 June 2018, the Commissioner of Patents at IP Australia has granted CCP's patent number 2015299743. (To avoid any confusion, Cold Chain Partners Pty Ltd was renamed CCP IP Pty Ltd and is a wholly owned subsidiary of CCP Technologies Limited.)



Applying for a patent is a complex process which, until the patent is granted, presents the invention for scrutiny and challenge. Our Australian patent applies for 20 years from 5 August 2015. We are progressing patent applications in other key jurisdictions including the USA, Canada, EU and Singapore.

This is a significant milestone which strengthens CCP's underlying value. Everything we do links back to our patent. For example, our patent describes application support for "energy efficiency determination for temperature-controlled environments based on real-time product temperature, ambient temperature and energy consumption". I can report that our power monitoring Smart Tags have entered final testing. It's certainly impressive to see real-time power consumption displayed on a mobile phone.

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Over coming months, we will be delivering a range of exciting new complementary products and capabilities to strengthen CCP's value proposition to our growing list of customers.

Partnerships

Partnerships are a core business enabler. Our indirect sales channels are increasing their activity, with sales secured by Dicker Data's resellers (e.g. Parramatta Leagues Club) and Channon Refrigeration (Wests League Club). We are also seeing potential partnerships emerge; and there's at least thirty organisations in discussions with CCP to extend our ecosystem. Not all opportunities will mature to a formal relationship; however, the key point is that market awareness of CCP is intensifying.

Michael White

**Executive Director & CEO
CCP Technologies Limited**

Power Monitoring

CCP is currently finalising its appliance-level power monitoring which leverages the Company's Smart Tags and IoT platform. By combining power consumption and duty cycle data with temperature, humidity and defrost cycle data, the CCP Solution provides a unique understanding of refrigeration performance. By monitoring changes in defrost cycles, power usage and temperatures, the CCP platform can predict possible mechanical failures or food safety breaches.

This is a very exciting development which positions CCP ahead of all other monitoring solutions targeted at the Food industry. Initial feedback suggests there's a lot of interest in this capability. Averting refrigeration failures and reducing power consumption are high priorities for our customers.

The Smart Energy Design Centre found that for an average US grocery store, 57% of its energy costs are directly associated with refrigeration, and that a \$1 saving in energy cost is equivalent to a \$59 increase in sales.

Las Vegas JV Update

CCP has previously announced our intention to partner with a US firm which brings complementary products to the same target market. This opportunity continues to progress. Whilst the contract negotiations are almost completed, CCP has asked for several conditions to be met before the agreement is signed. Both parties agree that a diligent approach will ensure the JV is established on a sound footing.

CCP grows its Aged Care foothold

Homestyle Aged Care Services is implementing the CCP Solution across ten residential care homes in the greater Melbourne metropolitan and Geelong areas.

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In aged care settings, elderly people are more vulnerable to food safety risks which can have serious consequences. According to the Australian Institute of Food Safety, people's immune systems tend to grow weaker as they grow older. To underpin food safety, potentially hazardous foods must be kept under temperature control conditions and temperature records must be kept.



Tim Humphries, Chief Executive Officer of Homestyle Aged Care said,

"We are using CCP's Internet of Things (IoT) solution to deliver an immediate benefit to our food service operations. By implementing this solution, continuous temperature monitoring of refrigeration in our kitchen strengthens food safety straightaway. We'll also take advantage of built-in analytics to ensure our fridges are performing optimally. This will improve food shelf-life, reduce food waste and support energy efficiency."

Based on CCP data, 4.9% of refrigerated coolers and freezers in businesses will suffer a complete failure each year. If fridges breakdown in an aged care food service operation, it causes enormous business disruption and can put people's lives at risk.

CCP continues to build a foothold in the growing Aged Care sector. According to the Australian Institute of Health and Welfare, there were 902 organisations providing residential aged care through 2,672 services at 30 June 2017. In addition, there were 1,523 organisations funded to provide home support over 2016/17 through 3,308 services. Substantial food service operations exist to support residential aged care facilities and home support services. CCP estimates food service temperature monitoring market for the Aged Care sector in Australia to be over 50,000 monitoring points.

According to the Clean Energy Corporation Australia, health and aged care facilities are among the most energy-intensive in Australia. Customers in these sectors are set to benefit from the introduction of CCP's new appliance-level energy monitoring solution.

Recent Announcements

- [CCP Technologies secures strategic placement](#)
- [CCP adds more clubs to its Hospitality portfolio - Parramatta Leagues Club](#)
- [CCP'S IoT Technology builds Healthcare momentum across Australia](#)
- [Criniti's takes food safety to the next level with CCP Technologies](#)
- [CCP secures Patent for its Wireless Monitoring System](#)
- [CCP signs global agreement with Vodafone](#)
- [CCP Investor Presentation – June 2018](#)

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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	122	286
1.2 Payments for		
(a) research and development	(38)	(138)
(b) product manufacturing and operating costs	(103)	(268)
(c) advertising and marketing	(44)	(173)
(d) leased assets	-	-
(e) staff costs	(318)	(1,365)
(f) administration and corporate costs	(236)	(875)
1.3 Dividends received (see note 3)	-	
1.4 Interest received	1	5
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
1.9 Net cash from / (used in) operating activities	(616)	(2,528)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(14)
(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	-	(7)
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)	-	12
2.6 Net cash from / (used in) investing activities	-	(9)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	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	-	(172)
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)	-	(5)
3.10 Net cash from / (used in) financing activities	-	1,289

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	1,068	1,725
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(616)	(2,528)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(9)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	1,289
4.5 Effect of movement in exchange rates on cash held	2	(23)
4.6 Cash and cash equivalents at end of quarter	454	454

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	337	954
5.2 Call deposits	117	114
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)	454	1,068

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	66
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	

The amount at 6.1 includes payment of directors' fees and payments to a director related entity excluding reimbursement for administrative expenses and travel expenses.

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	50
9.2 Product manufacturing and operating costs	80
9.3 Advertising and marketing	60
9.4 Leased assets	-
9.5 Staff costs	350
9.6 Administration and corporate costs	220
9.7 Other – repayment of borrowings	-
9.8 Total estimated cash outflows	760

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: 19th July 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.