

CCP Technologies Limited (ASX:CT1)

Half Yearly Report December 2017

Our Vision:

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

The difference is



Highlights



Outstanding
Proprietary
IoT Platform



Unique Solution as a
Service (SaaS) Offering



Rapid
Growth

A growing customer base





Proven
Committed
Team



Global IoT
Opportunity



International
Operations

Half Yearly receipts are building

Half Yearly Customer Contract Value
up 56% from June 2017

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

The CCP platform managed >6 million data points
per month as at the end of December 2017.

Business Overview

In a busy half-year, CCP Technologies Limited (ASX:CT1) grew its customer base, established new sales channels and key technology partnerships, enhanced product capability and completed a successful capital raise. We have a solid foundation with encouraging opportunities in front of us.

Sales activity demonstrates continued growth. At the end of December 2017:

- **Customer Contract Value (CCV)** grew to \$530,000. Our CCV metric includes monthly monitoring point fees over a 24-month period (i.e. the standard term) and other contract values, and
- CCP managed **over six million data points per month** for customers across Australia, the US and Singapore.



New sales channels are showing excellent signs of nurturing large sales opportunities. Channel partners include:

- **Dicker Data** – Australia's leading ASX-listed ICT distributor
- **Channon Refrigeration** – a Sydney-based specialist refrigeration company, and
- **Shamrock Group** – Minneapolis-based refrigeration specialists.

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

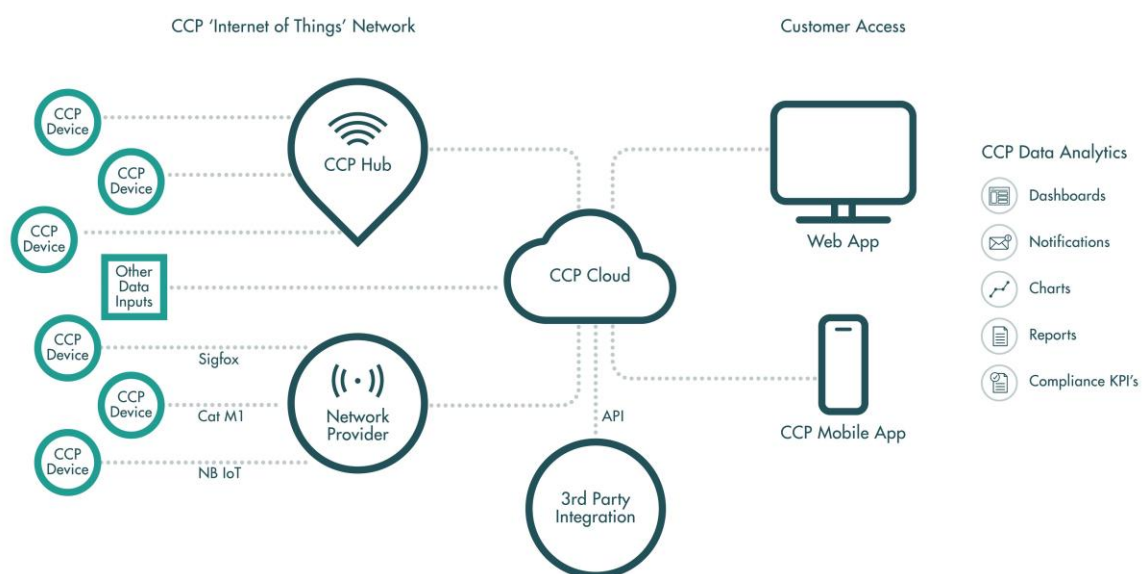
- **UnaBiz** – the exclusive Sigfox Operator in Singapore, which will support our marketing efforts in the Singapore market and provide access to the Sigfox Low-Power Wide-Area Networks (LPWAN). Our UnaBiz partnership presents an exciting market opportunity for CCP to develop its presence in Southeast Asia, and enables us to use the Sigfox network to deliver our low-cost Internet of Things (IoT) critical control point monitoring platform in that market.
- **Vodafone** – selected CCP to participate in its NB-IoT trial. Through its global footprint, Vodafone has an extensive reach into the food industry (our target market), which could potentially add tens of thousands of monitoring points (MPs) to our install base.

Innovation continues to position CCP with a unique offering. Our key strengths lie in our combined R&D development capability and commercialisation skill set. We specialise in rapidly creating solutions to leverage IoT technologies, big data analytics, machine learning and artificial intelligence (AI). Our in-house technical expertise spans hardware design, firmware and software development. From concept to creation, we deliver contemporary solutions to a growing customer base in Australia, North America and Southeast Asia.



Shareholders can be confident that our current technology is reliable, and its design supports rapid integration of new communication and sensing technologies as these emerge. LPWANs are the backbone of global IoT growth. During the reporting period, our Sigfox smart tags achieved Class 0u (the highest level) certification. CCP's new smart tags for NB-IoT and LTE Cat M1 (i.e. LPWAN technologies used by Vodafone, Telstra and other global telecommunications service providers) are expected to be released in the first half of 2018.

CCP has built and sustained significant business momentum. We finished 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 increasing awareness of our capabilities.



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

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

- During the half-year period ending 31 December 2017, the Group generated a total revenue of \$96,226 (31 December 2016: \$16,932), which represents a 468% increase. Our revenue growth has also been supported by an increase in cash receipts from customers from \$3,252 in previous half-year to \$92,115 in this reporting period.
- Our total operating expenditure for the current reporting period was \$1,490,448 (31 December 2016: \$1,206,784, excluding corporate restructure expenses). The increase in expenditure was primarily attributed to marketing, sales and business development activities. We anticipate efforts in boosting the company sales pipeline and customer base, and further improving and perfecting our solutions, will benefit CCP and its shareholders for the long term.

Overall, the financial results for the half year reflect organic customer growth and continued investment in product development, which also positions CCP for an aggressive sales pipeline expansion.

2018 Strategic Direction

The Board has established a strategic direction for the Company in 2018. Priorities have been set to align with two interdependent key themes:

- **Growth**
- **Competitive Edge**

In this reporting period, CCP commenced shaping several enablers to support the 2018 strategic direction; for example:

- **Shipment monitoring** is part of our innovation pathway. CCP is developing a shipment smart tag for release in the first half of 2018. We estimate that its total addressable market (TAM) will exceed 470 million MPs in the US and Australia. While the in-situ monitoring segment is estimated to be 2.8 million MPs of the TAM, the shipment monitoring segment is estimated to be 450 million MPs.

Legacy data loggers (widely used in the massive global shipment market segment) are typically connected to a PC to download data at the end of the journey; however, they do not provide a real-time preventative management tool. The CCP shipment monitoring solution is a novel multi-path connectivity approach. By providing easy access to data at any point along the supply chain, our approach is designed to enable customers to prevent failures before they occur.

When perishable products are shipped, temperature control is critical. If a temperature breach occurs at any point along the supply chain, product quality can be irreparably impacted. Shipments valued in the millions can be lost or delayed as breaches are investigated, which results in supply interruptions, negative customer impact and risk to product safety. Our wireless shipment monitoring solution presents the opportunity to feed critical control point data into a blockchain.

Opening the door to shipment monitoring opportunities is another step forward in our business development. CCP is poised to commence shipment monitoring trials with a major supermarket chain in Australia. It not only opens the door to a very large market opportunity, it also lays the foundation for our blockchain development.

- **Blockchain** is a distributed ledger technology that allows all members of a supply chain to record transactions in a decentralized data log maintained on a network of computers, rather than a physical ledger or a single database. Transactions must be approved through consensus, and everything is secured through cryptography. A transaction is immutable once added to the blockchain, which prevents participants from manipulating or altering the records.

By participating in the CCP blockchain, our customers will be able to enter into smart contracts which are supported by business rules for product monitoring, breach alerts, product acceptance and product payment. Our new shipment smart tag complements our blockchain initiative.

Our product management team comprises 45 staff, including experienced blockchain developers. With a global shortage of blockchain developers with real depth of experience and skills, we are leveraging existing relationships and partners with organisations like Microsoft to expand our blockchain activities. We are quickly forging new relationships that we believe may lead to further growth in this part of our business.

Globally, food companies are looking to use blockchain to improve their ability to monitor the temperature conditions for perishable foods to ensure quality control and extend shelf life. We anticipate strengthening our blockchain capabilities to drive related initiatives.

- **Merger and acquisition (M&A)** opportunities are being presented to CCP. We operate within highly fragmented markets (e.g. the cold chain), where we have significant domain expertise. While the potential for CCP's organic growth is substantial, we see an opportunity to accelerate growth through M&A.

M&A can be used to broaden our products and services portfolio, diversify the market for monitoring solutions (e.g. health, healthcare, facilities management, energy, and industrial industries), and aggregate know-how.

Now we have established a solid platform for business development, we are beginning to investigate synergistic M&A opportunities to accelerate growth and create significant post-transaction value for CCP shareholders.

The management team holds the view that 2018 will be an exciting year for CCP.

Michael White

**Executive Director & CEO
CCP Technologies Limited**

