

ASX ANNOUNCEMENT
Quarterly update and cashflow

Highlights:

- **First sale in China with further sales expected in Q1 2021**
- **Rebranding completed and digital marketing commencing in Q1 2021**
- **Strong cash position of \$4.4M**

31 July 2020 – IoT solutions company, Constellations Technologies Limited (ASX: CT1) (the “Company” or “Group”) is pleased to provide a summary update on its activities for the quarter ended 30 June 2020.

Notable points to assist in reading the Appendix 4C

Cash receipts for the quarter were \$285k, an increase of 94% on the previous quarter. As flagged in the previous quarterly commentary, a material increase in revenue was anticipated in this quarter as the Company moves into the growth phase with its Strategic Partners, complemented by other positive developments across the business. The increase in revenue was primarily driven by the signing of the Company’s first contract in China and receipt of the first instalment. Quarterly revenues are expected to continue to increase in subsequent periods as the Company executes on its growth plans and existing sales pipeline.

The June quarter is the first to include additional costs associated with the Company’s expansion into China and a strengthening of the Australian and Indian teams to support the Company’s growing sales pipeline.

In regard to investing activities, the Company received \$204k from the proceeds of option conversions and a further \$866k from the second tranche of the placement announced 11 December 2019 that was approved by shareholders at the General Meeting held 27 May 2020 (General Meeting).

At present, a total of 526,070,847 options with varying exercise prices expiring up to 18 June 2023 are considered “in the money” and capable of being exercised to raise up to \$7.9mil for the Company. In excess of 205 million options are held by members of the board or management, the Company’s Strategic Partners or individuals connected through business relationships to the aforementioned.

Related party cash payments for the quarter of \$98k included directors fees and CEO remuneration, together with rental and legal fees to entities associated with the Chairman. In accordance with ASX LR 4.7C.3 the Company also notes the non-cash payments made in lieu of cash for previous amounts owed to the Directors in the form of shares and options that were approved at the General Meeting. The accounting value of the non-cash items is still being determined and will be disclosed in the 2020 Annual Report expected to be released in the last week of August 2020.

Business Operations

The team has performed exceptionally well in China to date in establishing and executing on the Company's first project in that market. The project as announced to the market on 17 June 2020, is well advanced with hardware installation complete.

The Company is also very pleased to be receiving an increase in enquiries for its temperature monitoring product from both existing customers and resellers as well as new prospects in the food and health sectors.

With the rebranding to Constellation Technologies now complete, the Company is preparing to launch a set of digital sales and marketing initiatives to drive local business in Australia and internationally.

COVID-19 impact

The team have continued to work closely using technology and have adapted where necessary to accommodate COVID-19 restrictions in their locality. During the quarter the Company assessed its general effectiveness, productivity and staff morale and consequently offered permanent remote arrangements to certain staff members. As a result the Company has been able make a significant permanent reduction in rental and travel costs while increasing productive capacity.

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

Authorised for release by the Board of Constellation Technologies Limited.

For further information please contact: enquiries@ct1limited.com

About Constellation Technologies

Constellation Technologies Limited (ASX: CT1) is a publicly listed IoT and Digital Solutions company with an international client portfolio innovating, deploying and supporting applications across multiple industry verticals. CT1 designs, engineers, builds and integrates systems, combining comprehensive software expertise with custom hardware development and production to drive deep-value from data enabling continued digitisation of industry, companies and communities. CT1 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

Constellation Technologies Limited

ABN

58 009 213 754

Quarter ended ("current quarter")

30 June 20

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	285	708
1.2 Payments for		
(a) research and development	(31)	(107)
(b) product manufacturing and operating costs	(26)	(145)
(c) advertising and marketing	-	-
(d) leased assets	(21)	(21)
(e) staff costs	(404)	(1,041)
(f) administration and corporate costs	(226)	(1,404)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	84	84
1.9 Net cash from / (used in) operating activities	(339)	(1,928)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(73)	(88)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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)	-	4
2.6	Net cash from / (used in) investing activities	(73)	(84)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	866	5,693
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	204	841
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(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	1,070	6,391

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,757	41
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(339)	(1,928)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(84)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,070	6,391
4.5	Effect of movement in exchange rates on cash held	(15)	(20)
4.6	Cash and cash equivalents at end of period	4,400	4,400

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	4400	3757
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)	4,400	3,757

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**

98

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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

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.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

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

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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)

(339)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

4,400

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

4,061

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

11.97

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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

- 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

- 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: 31 July 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.