



ASX ANNOUNCEMENT (ASX: CPT)

28 April 2021

APPENDIX 4C FOR THE QUARTER ENDED 31 MARCH 2021 AND ACTIVITIES REPORT

Cipherpoint Limited (**Cipherpoint** or the **Company**) (ASX: CPT) is pleased to provide the following quarterly activities report and business update and Appendix 4C.

Quarter Financial Highlights

Financial highlights for the quarter were:

- Operating cash costs for the March 2021 quarter were \$737K (compared to \$802K for the December 2020 quarter). Net operating cash outflows were \$632K for the March 2021 quarter (compared to outflows of \$802K for the December 2020 quarter).
- Following a successful placement and rights issue closing in the quarter, the Company raised \$2.5M in new capital from existing and new investors.
- The Company held \$3.96M in cash as of 31 March 2021.
- In January 2021, the Company announced it had entered into a binding term sheet to acquire Brace168, a Cyber Security Services company based in Sydney. This was subsequently settled on 1 April 2021.

Appendix 4C

The Company's March 2021 Appendix 4C is attached. Following the change of the Company's financial year announced to the ASX on 2 April 2019, the attached Appendix 4C reflects the fourth quarter's activities of the Company's new financial year commencing 1 April 2020.

Activities Report and Business Update

The March quarter saw the Company continue to build pipeline opportunities with its partner NTT DATA Deutschland for the DACH region.

The Company ramped up its digital marketing campaign for cp.Discover, the Company's sensitive data discovery and classification product. The new digital marketing campaign has led to securing a new US customer for this capability announced following the close of the March quarter on 19 April. Whilst Covid-19 related shut-downs across Europe have continued to affect the business, management remains committed to converting pipeline leads to sales at the earliest possible opportunity.

Since the completion of quarter the Company has released new versions of its cp.Protect product that extend the number of supported applications required by our key customers and introduce new feature improvements. These had been under development for the last 6 months. The Company expects these releases to now unlock opportunities to expand our subscription base in the near term from existing customers.

Key Customer Renewals

During the course of the quarter the Company has secured renewals from key customers including (in AUD \$):

- Arthur J. Gallagher & Co. \$53K
- Ballad Health \$30K
- Defence Science and Technology Agency \$24K
- Singapore Power \$35K

In addition to the recent acquisition of Acronym Media as a new cp.Discover customer, the Company has entered into a further two other paid Proof of Concept engagements in Europe.

During the quarter payments to related parties totalled \$139K which were comprised of usual executive and non-executive director fees, salaries and consultancy payments.

June 2021 Quarter and Beyond

The Company remains focussed on delivering its unique discovery, classification and protection solutions to new customers and markets.

Acquisition of Brace168 Pty Limited

As previously announced to the ASX on 21 January, the Company had entered into a binding term sheet to acquire 100% of the shares in cyber security services platform Brace168 Pty Limited (**Brace168**). This transaction was subsequently settled on 1 April 2021. Results for the Group will include a full quarter of Brace168 revenues and cashflows when reported following the conclusion of the quarter ending 30 June 2021.

--Ends--

This announcement has been approved for release by Ted Pretty, Chairman.

About Cipherpoint

Cipherpoint empowers businesses to discover, protect and control sensitive information across multiple platforms and repositories, including industry best security for Microsoft SharePoint. Our customers and partners span the public sector, defence, utilities, health, logistics, finance and education. Cipherpoint through its wholly owned subsidiary Brace 168 Pty Limited also offers managed cyber security services for large and medium enterprises.

Further information

For further information, please visit <https://cipherpoint.com>

Cipherpoint investor relations contacts:

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Appendix 4C

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

Name of entity

Cipherpoint Limited

ABN

61 120 658 497

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	105	270
1.2	Payments for		
	(a) research and development	(60)	(243)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(51)	(204)
	(d) leased assets	-	-
	(e) staff costs	(394)	(1,554)
	(f) administration and corporate costs	(232)	(776)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	52
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(632)	(2,455)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(2)	(2)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$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 – return of credit card facility deposit	-	-
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,500	5,759
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(66)	(227)
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	2,434	5,532

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4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (12 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	2,168	920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(632)	(2,455)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,434	5,532
4.5	Effect of movement in exchange rates on cash held	(6)	(33)
4.6	Cash and cash equivalents at end of period	3,962	3,962

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	3,962	2,168
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)	3,962	2,168

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(139)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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 <i>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.</i>	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)	(632)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	3,962
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	3,962
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6
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: (a) 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	

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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: 28 April 2021

Authorised by: Ted Pretty
(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.