



## ASX ANNOUNCEMENT (ASX: CPT)

30 October 2020

### APPENDIX 4C FOR THE QUARTER ENDED 30 SEPTEMBER 2020 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 September 2020 quarter were \$609K (compared to \$629K for the June 2020 quarter).
- The Company successfully raised:
  - \$500K by way of Share Purchase Plan (SPP), which was settled in early July
  - \$437K which was placed to sophisticated investors at the beginning of July
  - \$1.46M by way of rights issue which was settled at the end of September
- A shortfall placement of \$863K was settled after the end of the quarter.
- The Company held \$2.24M in cash as of 30 September 2020 and in excess of \$3m shortly thereafter.
- The Company acquired third party cloud capability by way of reselling partnership with Nucleus Cyber.

#### Appendix 4C

The Company's September 2020 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 second quarter's activities of the Company's new financial year commencing 1 April 2020.

#### Activities Report and Business Update

The September quarter has seen the business continue to engage on a number of exciting opportunities in the European, North-American and Asian markets. The European-based team has been working closely with NTT DATA Deutschland to demonstrate its unique encryption solution, culminating in the announcement of a strategic partnership with the leading global innovator in October.

Additionally, the Company and Nucleus Cyber announced a strategic partnership in September, which will deliver enhanced Microsoft O365 protection capability, to complement Cipherpoint's best in class on-prem protection. Together with Nucleus Cyber, work has already commenced on a number of opportunities in Europe, South-East Asia and North-America.

#### Looking Ahead

The Company remains well capitalised to meet its near-term objectives in delivering its unique discovery, classification and protection solutions to new customers and markets. The Board is carefully observing the further Covid-19 lockdowns in Europe which are likely to impact the service sector, delay any economic rebound and impact already long sales cycles. Therefore, and given our small team we are focussing on three priorities

- building major IT integrator channel relationships as our primary go to market channel to leverage their sales presence and customer bases

- accelerating our internal cloud platform development efforts
- leveraging, through our German office, European government and enterprise preferences to use regional and local vendors and with sovereign capability

Our sales pipeline consists of a small number of large government and enterprise end users which are or have been evaluating our products for deployment.

--Ends--

This announcement has been approved for release by the Board.

### **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.

### **Further information**

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

### **Cipherpoint investor relations contacts:**

Steven Bliim  
Cipherpoint Limited  
Chief Operating Officer and Executive Director  
steven.bliim@cipherpoint.com  
Level 8, 171 Clarence Street, Sydney NSW 2000  
+61 2 8412 8200  
+49 152 3625 7821

## 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")**

30 September 2020

Consolidated statement of cash flows		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	127	165
1.2	Payments for		
	(a) research and development	(56)	(111)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(15)	(39)
	(d) leased assets	-	-
	(e) staff costs	(394)	(779)
	(f) administration and corporate costs	(144)	(309)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	34	52
1.8	Other (provide details if material)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(450)</b>	<b>(1,021)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter	Year to date (6 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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,396	2,396
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	(29)	(29)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,367</b>	<b>2,367</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.1	Cash and cash equivalents at beginning of period	330	920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(450)	(1,021)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,367	2,367
4.5	Effect of movement in exchange rates on cash held	(4)	(23)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,243</b>	<b>2,243</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,243	920
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,243</b>	<b>920</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(148)
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

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7.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end</b> <b>\$A'000</b>	<b>Amount drawn at quarter end</b> <b>\$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(450)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,243
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,243
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>5</b>
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: 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	

## 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: 30 October 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.