



ASX ANNOUNCEMENT (ASX: CPT)

29 January 2021

APPENDIX 4C FOR THE QUARTER ENDED 31 DECEMBER 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 December 2020 quarter were \$802K (compared to \$609K for the September 2020 quarter).
- Following a successful rights issue closing in the previous quarter, a shortfall placement of \$863K was settled in early October 2020.
- The Company held \$2.17M in cash as of 31 December 2020.
- In October 2020, the Company announced a premier partnership relationship with NTT DATA Deutschland.

Appendix 4C

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

Activities Report and Business Update

The December quarter saw the Company further expand its sales channels through the announcement of new partnerships with NTT DATA Deutschland for the DACH region as well as with Data Assure HK for Hong Kong and Macau. These partnerships will open up new sales channels and business opportunities to the Company in each of these regions.

During the quarter, the product and marketing teams launched a new digital marketing campaign for cp.Discover, the Company's sensitive data discovery and classification product. The new digital marketing campaign highlights the product's necessity in enterprise digital transformation and cloud migration projects. This launch coincides with the release of the product's new user interface and dashboard reporting and has already garnered interest from potential customers searching for a powerful solution to locate and categorise sensitive information across their enterprises.

Additionally, Covid-19 and associated shut-downs across Europe and Australia have continued to affect the business in its capacity to deploy its products into sensitive customer environments. This has slowed the ability for customers to conduct requisite acceptance testing, particularly for its cp.Protect product. Consequently, the sales team has been focussing on sales opportunities that are easily deployable, for example those associated with cp.Discover.

During the quarter \$159K was paid to related parties and their associates, which was comprised of usual non-executive director fees, executive director salaries and statutory entitlements.

March 2021 Quarter and Beyond

The Company remains focussed on delivering its unique discovery, classification and protection solutions to new customers and markets. The Team continues to execute on the following 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
- partnering with local organisations through our German office to access European government and enterprise opportunities that require the use of regional and local vendors with sovereign capability.

The sales pipeline has continued to mature with a number of large government and enterprise end-users which are or have been evaluating our products for deployment.

As previously announced to the ASX on 21 January, the Company has entered into a binding term sheet to acquire 100% of the shares in cyber security services platform Brace168 Pty Limited (**Brace168**). Brace168 has exhibited impressive growth and possesses a high percentage of annuity revenue. Acquisition of the business will deliver new and exiting customers and growth possibilities to the Company. If approved by Shareholders at the upcoming EGM, the transaction is expected to be completed in mid-March 2021. For further information, shareholders are encouraged to refer to ASX announcements previously released to the market.

--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.

Further information

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

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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 December 2020

Consolidated statement of cash flows		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	165
1.2	Payments for		
	(a) research and development	(72)	(183)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(114)	(153)
	(d) leased assets	-	-
	(e) staff costs	(381)	(1,160)
	(f) administration and corporate costs	(235)	(544)
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	(802)	(1,823)
2.	Cash flows from investing activities		
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 (9 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	863	3,259
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	(132)	(161)
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	731	3,098

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (9 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	2,243	920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(802)	(1,823)
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)	731	3,098
4.5	Effect of movement in exchange rates on cash held	(4)	(27)
4.6	Cash and cash equivalents at end of period	2,168	2,168

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	2,168	2,243
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)	2,168	2,243

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	(159)
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)	(802)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,168
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,168
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3
8.6	<p>If Item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer n/a</p> <p>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?</p> <p>Answer: (a) n/a</p> <p>3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?</p> <p>Answer: n/a</p>	

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: 29 January 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.