



ASX ANNOUNCEMENT

20 September 2021

CIPHERPOINT SELLS CP.PROTECT AND CP.DISCOVER TECHNOLOGY ASSETS

Cipherpoint Limited (ASX:CPT), Sydney, Australia – is pleased to announce that, following a review of operations as part of seeking to achieve efficiencies following the acquisition of Brace168, CPT has entered into an agreement to sell select assets of its software division to ArchTIS Limited (ASX:AR9) (archTIS or AR9).

The assets comprise the IP to cp.Protect (an advanced SharePoint protection solution) as well as cp.Discover, (a data discovery and classification platform) the benefit of certain customer contracts, technology and European operations. Both cp. products complement the AR9's NC Protect solutions. Cipherpoint sales and development staff in Europe (Heilbronn, Germany) will join AR9.

CPT will have the right to resell both sets of cp. Products as part of its ongoing business operations however will no longer incur any future development, software marketing and/or support costs.

The purchase price consists of an initial \$1,400,000 in cash payable at completion with \$200,000 to be escrowed until the novation of certain contracts and potential deferred consideration of up to an additional \$1,000,000 in AR9 shares based on total contract values of assigned contracts to AR9 as at 31 March 2022. A summary of the material terms of the Asset Sale Agreement with AR9 is set out below in Annexure A.

Cipherpoint Chairman Ted Pretty said: *"This transaction is compelling. Following the sale, CPT's annual operating costs will reduce by approximately \$1,060,000 with a very modest impact on revenue. This significantly strengthens our cashflow position. Cipherpoint will now focus on its managed security services business including Brace168. Cash from the sale will be deployed to drive further growth in our managed services business both organically and by potential acquisitions."*

The Company will provide a further update on its strategy and outlook with its next Appendix 4C after the end of the September quarter.

Cipherpoint COO Steven Bliim will join archTIS as 'Vice President – Business Development, EMEA' however will remain on the Board of Cipherpoint as a Non-Executive Director. Ted Pretty will be moving to the role of Managing Director and Executive Chairman of Cipherpoint.

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This announcement has been authorised by the Board.

About Cipherpoint

Cipherpoint empowers businesses to discover, protect and control sensitive information across multiple platforms and repositories. Cipherpoint's subsidiary Brace 168 builds and delivers IT and cyber security solutions to protect enterprise and business clients. Our customers span the ASX 200 and include market leaders in sectors such as banking, finance, property, technology and health care.

Further information

For further information, please visit www.cipherpoint.com

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Annexure A

A summary of the material terms and conditions of the Asset Purchase Agreement between the archTIS Limited and Cipherpoint Limited and Cipherpoint GMBH is set out below.

Item	Description
Parties	Cipherpoint Limited and Cipherpoint GmbH (Vendors); and archTIS Limited (Purchaser).
Acquisition	The Purchaser will acquire select assets including customers, technology and the European operations of the Cipherpoint Limited software division.
Consideration	<p>The consideration payable to the Vendors is:</p> <ul style="list-style-type: none">(a) \$1.2 million in cash to be paid on completion;(b) up to \$200,000 to be paid in tranches upon the assignment or novation of select contracts to the Purchaser; and(c) up to \$1 million deferred consideration to be paid after 31 March 2022 based on the total contract value of perpetual licence sales of products acquired determined as at 31 March 2022. <p>The deferred consideration in (c) above will be paid through the issue of shares at a price equal to the higher of:</p> <ul style="list-style-type: none">• the share price which is a 15% discount to the closing price of the Purchaser's shares on the date of execution of the Asset Sale Agreement; and• the 30-day VWAP over the 30 days in which trades occur in the Purchaser's shares immediately prior to 31 March 2022. <p>The maximum number of shares that may be issued for the deferred consideration is therefore 3,095,975.</p>
Employees	The Purchaser will also assume certain liabilities relating to employees moving to work for the Purchaser.
Completion	Completion will occur two business days following the execution of the Asset Sale Agreement.

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Warranties

Standard warranties in relation to the ownership of the assets and the authority to dispose, as is customary for this type of agreement are included.