



ASX ANNOUNCEMENT

25 August 2020

2020 AGM - CHAIRMANS ADDRESS

Cipherpoint Limited (ASX:CPT), Sydney, Australia Tuesday 25 August 2020

I would like to welcome shareholders to this meeting and thank you for attending remotely. As you would be aware, we changed the Company's financial year end to be 31 March. This address covers activities during the period 1 April 2019 to 31 March 2020.

I think it is appropriate that I begin by recording my personal thanks to the Cipherpoint team and Board for their dedication, persistence and focus during the year.

2019

The 2019 was one of transition which saw the sale of our original SafeShare business which was completed in July 2019 and the withdrawal in September 2019 from our proposal to acquire dataglobal GmbH a leading European data archiving business. Whilst management were able to satisfy almost all conditions for that complex transaction, we unfortunately had to withdraw the prospectus due to market conditions, timing and the level of support. The Company continues to enjoy a good relationship with dataglobal as we had previously acquired/licensed their data classification technology.

Towards the end of 2019 the Board made the decision to refocus all our efforts on developing our Cipherpoint business and building a future in Content Services, leveraging the data classification technology originally licensed from dataglobal. We also wanted to leverage the major customer win we had achieved earlier in the year with DHL Information Services. This involved deploying our cp.Protect solution to protect data in their SharePoint environment.

We closed out calendar 2019 by reducing the cost base and changing our company name to Cipherpoint to reflect our new focus and for consistent branding. We opened our office in Germany and relocated two senior staff to assist our push into the European market.

2020

2020 has been our year of building momentum. During the first calendar quarter (the fourth quarter of our new financial year) we concentrated on existing customer renewals, accelerating our digital marketing efforts to build our pipeline as well as extending our products to integrate into SharePoint 2019. This has helped us build a new path to growth.

Post balance date initiatives

The period since the end of the March 2020 financial year has seen the Company transform and grow in confidence with a set of products and solutions that can excite the market.

We have achieved success in customer renewals, built our pipeline, increased our digital profile, signed a new major European Bank for our cp.Protect solution, started our SaaS offering and won new customers for our cp.Discover solution. We have also raised funds through a strongly oversubscribed SPP and then a placement.

We have been able to secure new opportunities for technical collaboration with Haventec and Biarri and we have also been assessing the potential for acquisitions. This as you know has also prompted us to leverage these tail winds to undertake our current 1:2 entitlement offering. The fact that we have been able to secure a partial underwriting gives us the confidence to move faster with our plans.

Strategy

Make no mistake our strategy is to grow and take advantage of opportunities that may present themselves. Our lean team, with a tight focus and which can operate well remotely is well placed to build value. Your Board is committed to that outcome.

Remuneration Report

It is important I address some questions raised directly and on certain investor forums regarding remuneration.

For most of calendar 2019 the Company operated two businesses namely 'SafeShare' and 'Cipherpoint' and the team worked tirelessly to try and conclude the dataglobal acquisition. Whilst we completed the sale of the SafeShare business in July 2019 unfortunately and despite a huge effort we announced in September of that year we could not proceed with the dataglobal acquisition. The remuneration report for FY19 (ending 30 June) described remuneration when the scale of the business was somewhat larger and complex. The FY20 report (to March 2020 - our new financial year) also included sums referable to that period. However, given the changes to the scale of the business since that time, staff numbers and salaries (including my own) have since been materially reduced even though hours have remained substantially the same. Short term cash bonuses have been eliminated and incentives are now 100% tied to sales.

Getting the remuneration equation right is not easy and must be balanced against executives and staff alike being free agents who can pursue other alternatives. Further, shareholder messaging can be inconsistent. For example, I note that some major shareholders have encouraged the Board to allocate more shares to directors and executives, yet others have voted against those allocations. Similarly, some shareholders have voted against the remuneration report (which after two strikes would mean tipping the Board) yet overwhelmingly voted to re-elect directors. My experience is that these decisions often vary based on a shareholder's knowledge of the company's history, on the length of time that shareholder has been on the register and/or whether they automatically follow the

recommendations of proxy advisors without consideration of the particular size and dynamics of individual companies.

Notwithstanding these observations and after careful consideration, the Board advises as follows:

1. we hear the concerns raised by some shareholders;
2. we intend to apply what we consider to be a reasonable approach to remuneration based upon:
 - a. paying market-rates salaries and only sales-related cash bonuses;
 - b. providing appropriate equity incentives to ensure executive and staff retention and also to drive share value;
3. we will endeavour to improve our communications with shareholders and will ensure the next remuneration report clearly details our approach.

In the meantime, we respectfully ask all shareholders who are yet to vote, to support the resolution related to the remuneration report and also the resolutions on equity allocations.

To our shareholders, both longstanding and new – thank you for your support. We will continue to strive to be open, transparent and available. Thank you.

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, 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 <http://cipherpoint.com>

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