



ASX ANNOUNCEMENT (ASX: CPT)

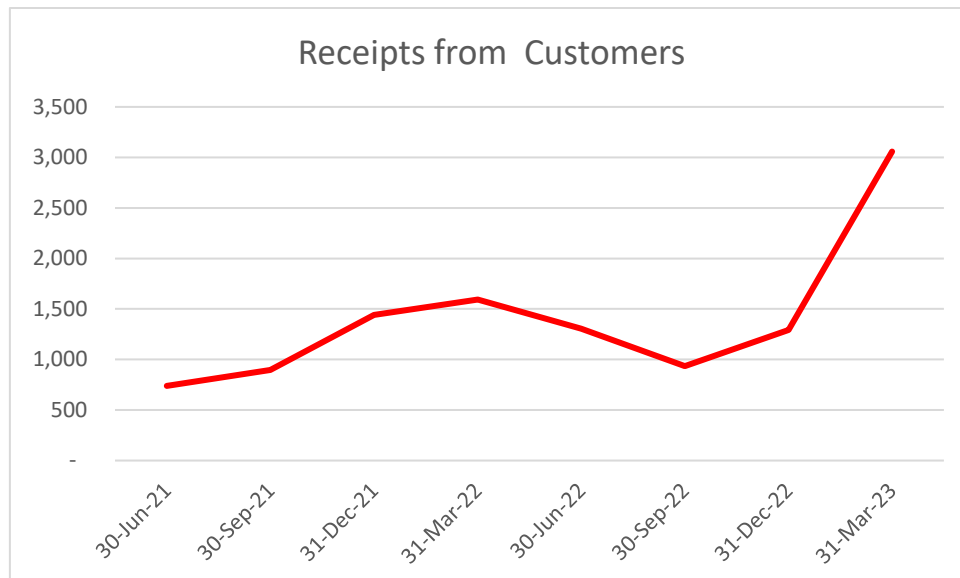
28 APRIL 2023

QUARTERLY ACTIVITIES REPORT AND BUSINESS UPDATE AND APPENDIX 4C FOR THE QUARTER ENDED 31 MARCH 2023

Cipherpoint Limited (**Cipherpoint** or the **Company**) (ASX:CPT) is pleased to provide the following quarterly activities report and business update and Appendix 4C for the quarter ended 31 March 2023.

Quarterly Financial Highlights

The results for the Cipherpoint group (the **Group**), include revenues and cashflows from our Brace168 (**Brace**), ExciteIT (**Excite**) and VIT Cyber Security (**VIT**) services divisions. This is the first full quarter including the Excite cashflows following its acquisition in November 2022.



The key financial highlights for the quarter were:

- The Company generating its **first positive operating cash flow** quarter.
- Customer receipts were \$3.06M compared to the December quarter receipts of \$1.29m. This result was driven by large project opportunities but also by continued growth in managed services and smaller projects.
- Cost improvements continue in the underlying business, however were largely overshadowed by direct costs associated with the delivery of new large customer projects. The Group has continued in its efforts to redirect savings in costs from administration and corporate cost to operating and income generating costs, reflecting management's ongoing efforts to streamline overhead costs.
- The Group held \$1.2m in cash as of 31 March 2023.
- The Group is expecting to continue progress with its efforts on sales and cost management.

Cipherpoint Non-Executive Chairman Mr Steven Bliim added: *"I am thrilled to present the Appendix 4C for the March 2023 Quarter to our Shareholders. This quarter marks a milestone in the Company's history having achieved positive operating cashflows. This is a testament to the hard work and dedication of our CEO Bryan Saba and his team in setting the business on the right path for growing*

the customer base as well as streamlining the Group's overhead costs. Cipherpoint, through its subsidiaries is now well positioned to continue to deliver on its commitment to deliver value to our customers and Shareholders."

Activities Report and Business Update

Sales and Marketing

General economic conditions have driven tightening of customer IT spending, but this has been more than off set by a continuation of high profile data breaches driving demand for well managed, structured cyber risk programs and proactive monitoring.

This quarter has seen the Company build on previous wins with expansion of the scope of services for many of our existing customers. The volume of new logos being won has been sustained, particularly in key segments such as online and financial services. The Company has continued to execute its strategy to sell projects through strategic channel partnerships. The recent announcement of the partnership with Schneider is one example that is now driving substantial opportunities into the sales pipeline.

As the integration of Excite continues, a rebranding strategy has been finalised and the plan for a cost effective transition will be executed in the coming quarter.

Delivery and Operations

A key focus for this quarter has been the ramp up of capability and capacity to deliver on the contracts signed last quarter. This includes the Lend Lease project announced early in the quarter which is now transitioning into a management phase.

The Company also completed a major upgrade to the SOC platform. This will enable more efficient operation at scale, increase the use of machine learning and reduce operational risk.

The quarter has also seen the continued to execute on a program of cost management and rebalancing of resources into areas directly supporting delivery of customer services and revenue. The Company also recognises the need to maintain customer service excellence to remain competitive in a very active market and a focused program to meet our commitment to delivering great customer experiences is in progress.

Outlook

Progress in late 2022 and last quarter have seen the Company consolidate its capabilities, grow the scope of its services and win major new customers. It is expected that initiatives to scale and optimise service delivery will drive further improvements in margin without compromising customer service. The Company is actively pursuing new partnerships that will enable access new channels for a broader range of services.

Other

For the purposes of ASX Listing Rule 4.7C.3, the Company notes that payments to related parties and their associates in the quarter were \$91K comprised of normal director and employment entitlements (and statutory superannuation payments).

--Ends--

This announcement has been approved for release by the Board.

About Cipherpoint Group

Cipherpoint, through its wholly owned subsidiaries provides focused managed cyber security, cloud and IT services. Our best of breed security operations centre and highly trained operations teams monitor customer environments to allow quick and effective response to cyber security incidents.

Further information

For further information, please visit cipherpoint.com

Cipherpoint investor relations contact:

Steven Bliim
Non-Executive Director and Chairman
steven.bliim@cipherpoint.com
+61 2 9067 2072

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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,058	6,589
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,281)	(1,466)
(c) advertising and marketing	-	(52)
(d) leased assets	109	(119)
(e) staff costs	(985)	(4,592)
(f) administration and corporate costs	(810)	(2,265)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3)	(22)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	89	(1,926)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	(1,935)
(c) property, plant and equipment		(103)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	14
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	54	159
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	54	(1,865)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	711	2,895
3.2	Proceeds from issue of convertible debt securities	-	161
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	150
3.6	Repayment of borrowings	(110)	(182)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	126
3.10	Net cash from / (used in) financing activities	601	3,150

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	509	1,894
4.2	Net cash from / (used in) operating activities (item 1.9 above)	89	(1,926)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	54	(1,865)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	601	3,150
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,253	1,253

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	1,253	1,253
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)	1,253	1,253

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	91
6.2	Aggregate amount of payments to related parties and their associates included in item 2	91
<i>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.</i>		

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)	315	150
7.4	Total financing facilities	315	150
7.5	Unused financing facilities available at quarter end		165
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. Other financing facilities include an unsecured Director loan with a maturity date of 30 November 2023 at an interest rate of 8% per annum.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	89
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,252
8.3	Unused finance facilities available at quarter end (item 7.5)	165
8.4	Total available funding (item 8.2 + item 8.3)	1,417
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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: Estimated quarters of funding available is greater than 2	
8.6.2	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: Estimated quarters of funding available is greater than 2	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Estimated quarters of funding available is greater than 2	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

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 2023

Authorised by: Steven Bliim
(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.