

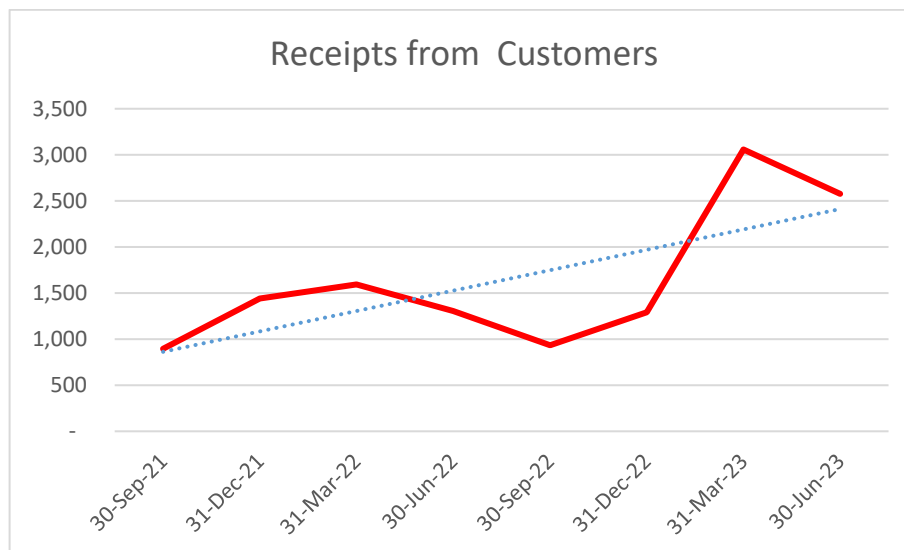
31 July 2023

QUARTERLY ACTIVITIES REPORT AND BUSINESS UPDATE AND APPENDIX 4C FOR THE QUARTER ENDED 30 JUNE 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 30 June 2023.

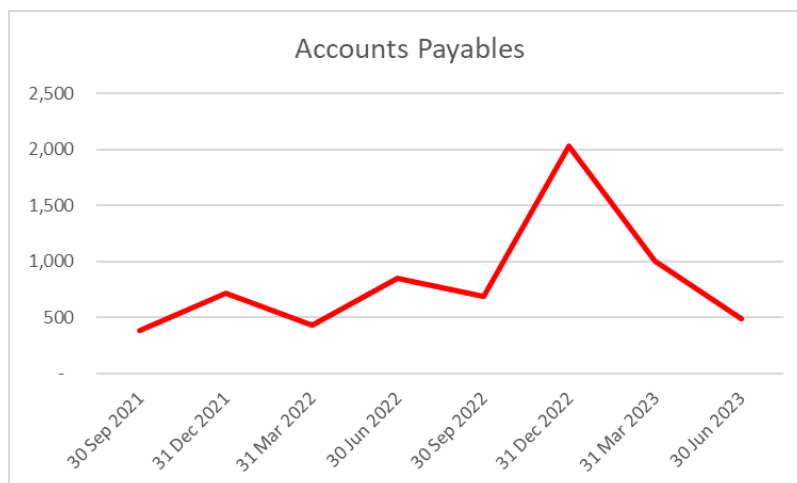
Quarterly Financial Highlights

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 second full quarter including the Excite cashflows following its acquisition in November 2022.



The key financial highlights for the quarter were:

- This quarter has seen the Group focus on signing and delivering the major project for Keyton (formerly Lendlease Retirement Living). Other sales and service delivery have continued as normal with positive prospects moving forward.
- Customer receipts were \$2.58M, while this was a reduction from the March quarter receipts of \$3.06m the \$480K difference from last quarter was driven by timing of payments associated with a large project. The June quarter included more higher margin services projects, with third party product resale decreasing from 30% of revenue in the March quarter to 16% in the June quarter.
- 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.
- In the last quarter, \$500k in accounts payable had been paid down, as a consequence of suppliers often requiring settlement of costs, prior to services being delivered. Management expects these costs will normalise over the coming quarters as the Company shifts into operating phase following major projects.



- The Group held \$1.1m in cash as of 30 June 2023.

Cipherpoint Non-Executive Chairman Mr Steven Bliim added: *“We are pleased to present another solid result for the June quarter. Growing the Keyton opportunity to include migration services, IT and cyber managed services provides validation of the Group strategy to package cyber and IT services together and deliver great service outcomes that bring value to our customers. We are looking forward to continuing to execute on this strategy of packaging our IT and Cyber Security services under the new Excite Cyber brand.”*

Activities Report and Business Update

Sales and Marketing

Cyber spending continues to be sustained off the back of a number of high profile breaches and close attention to management of cyber risk from the Board level down despite softening market conditions and decreasing consumer spending.

This quarter has seen the Company enter the delivery phase for the Keyton deal with completion of a large component of the project. The coming quarter will see this work completed and transition into the ongoing managed services arrangement.

The partnership with Trend Micro was announced in the quarter. This represents a new line of business providing security operations as a service to support Trend Micro’s service strategy and will be sold via their existing channel. The first customer is expected to be on-boarded in July and the Group will be supporting Trend Micro’s marketing plans to drive further opportunity into what is already a solid sales pipeline.

Across the rest of the business the Company has seen a solid mix of returning and new business. The Company has continued to execute its strategy to sell services directly and through strategic channel partnerships.

Rebranding as Excite Cyber commenced with the launch of the Hobart SOC in June and will progressively see a full transition in the coming quarter. The rebranding plan has been designed to highlight the vision of the merged entity and keep costs at an affordable level.

Delivery and Operations

The Company continues to execute on a program of cost management and rebalancing of resources into areas directly supporting delivery of customer services and revenue. The Board has identified People and Culture as a focus area for the coming quarters and will be committing new resources to help build toward developing the Company’s culture and fostering excellence in service and delivery

personnel. With Neil Sinclair recently joining the Board, we will look to leverage his expertise in staff development and building a corporate culture that will help differentiate the Group from our competitors in an already very active market.

Outlook

Progress in the first half of 2023 has seen the Company consolidate its capabilities, grow the scope of its services, win major new customers and successfully deliver major projects. 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 further augment our channels to access new markets more rapidly than we can achieve via a direct channel. The market for cyber services is very competitive and skilled resources are in short supply, therefore we will look for ways to develop new and existing staff to ensure that standards of service delivery remain at their highest in order to retain and win new customers.

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 \$47K 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:

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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")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,578	2,578
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,129)	(1,129)
(c) advertising and marketing		
(d) leased assets	(155)	(155)
(e) staff costs	(1,207)	(1,207)
(f) administration and corporate costs	(252)	(252)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(4)	(4)
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	(167)	(167)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(f) other non-current assets		
2.2 Proceeds from disposal of:		
(g) entities		
(h) businesses		
(i) property, plant and equipment		
(j) investments		
(k) intellectual property		
(l) other non-current assets		
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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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		
3.5 Proceeds from borrowings	1	1
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	1	1

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,252	1,252
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(167)	(167)
4.3 Net cash from / (used in) investing activities (item 2.6 above)		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1	1
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,086	1,086

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	1,086	1,086
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)	1,086	1,086

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	47
6.2	Aggregate amount of payments to related parties and their associates included in item 2	47
<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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1	Loan facilities	315
7.2	Credit standby arrangements	
7.3	Other (please specify)	
7.4	Total financing facilities	315
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)
8.2	Cash and cash equivalents at quarter end (item 4.6)
8.3	Unused finance facilities available at quarter end (item 7.5)
8.4	Total available funding (item 8.2 + item 8.3)
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)
	7.5
<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: N/A
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: N/A

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: N/A

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.

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: 31 July 2023

Authorised by: 
(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.