



ASX ANNOUNCEMENT (ASX: CPT)

29 July 2020

APPENDIX 4C FOR THE QUARTER ENDED 30 JUNE 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 March 2020 quarter were \$629K (compared to \$995K for the March 2020 quarter).
- The Company held \$330K in cash as at 30 June 2020.
- Successfully secured new customer Bank of Finland with an initial licencing contract valued at approximately A\$116K
- Completed the Share Purchase Plan, raising \$500K while being heavily subscribed (which settled in July 2020). Further investor interest was accommodated by way of a placement in the amount of \$437K (which closed in July 2020).
- New customer win: Tote Board in Singapore

Appendix 4C

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

Activities Report and Business Update

The Company refers to its earlier release to the ASX dated 6 July 2020 titled Marketing Update.

As noted in that release, the Company is beginning to gain momentum in identified target markets. The prior quarter has seen a strong uptick in digital lead generation, despite significant reductions in marketing and advertising spend. Additionally, Bank of Finland joined the Company as an important customer in the European region.

Partner sales in Asia continue to achieve traction with our Singapore-based partners Total eBiz Solutions (TeBS) adding Singaporean Government agency Tote Board to their portfolio of customers making use of Cipherpoint's sensitive data discovery and protection products, taking a licence valued at A\$23,500. Tote Board is a government agency in Singapore that channels gaming revenues in Singapore toward supporting worthy community causes. Tote Board joins Singapore Power as recent customer wins for the Company in this region this year.

Management continues to see strong growth opportunities in the market for enterprise security products in the face of new and high-profile data breaches.

The business continues to function seamlessly with most staff in Germany, the US and Sydney working remotely. Customer prospecting and support activities by way of teleconferencing or web meeting have quickly gained acceptance by the broader market, meaning our staff can continue to work flexibly and safely.

As set out in the Appendix 4C, expenditure in the quarter was principally comprised of staff costs with some modest expenditure on additional marketing and research and development activities. Payments to related parties and their associates described in the Appendix 4C included usual directors' fees, salary and wages, superannuation, consultant fees (pursuant to the arrangement disclosed on 20 December 2019).

The Company continues to closely monitor its cash position and expenses are managed by closely as the team works smarter and more flexibly than before.

Funding and SPP

On Friday 26 June 2020, the Company's SPP closed, strongly oversubscribed. Acceptances totalled \$1,264,500, well in excess of the \$500,000 the Company was originally seeking, indicating very strong support from existing shareholders. As a result, each accepting shareholder was scaled back, receiving only approximately 40% of their SPP application amount. Shares issued under the SPP were subsequently allotted in early July 2020.

Additionally, following the end of the quarter, the Company raised a further \$437,000 by way of placement to new investors. This new investment was settled in early July and will not be reflected in this quarterly report. Management greatly welcomes the renewed support from new and existing shareholders.

--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")

30 June 2020

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	38	38
1.2	Payments for		
	(a) research and development	(55)	(55)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(24)	(24)
	(d) leased assets	-	-
	(e) staff costs	(385)	(385)
	(f) administration and corporate costs	(165)	(165)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	18	18
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(571)	(571)

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 (3 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)	-	-
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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period	Current quarter \$A'000	Year to date (3 months) \$A'000
4.1	Cash and cash equivalents at beginning of period	920	920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(571)	(571)
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)	-	-
4.5	Effect of movement in exchange rates on cash held	(19)	(19)
4.6	Cash and cash equivalents at end of period	330	330

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	330	920
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)	330	920

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	(190)
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)	(571)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	330
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	330
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1
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</p> <p>Yes, the Company expects to continue to have the current level of net operating cash flows for the time being, although does have the capacity to reduce expenditure if necessary.</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:</p> <p>(a) The Company has closed a share purchase plan (SPP) to raise up to a further \$500,000 in July 2020.</p> <p>(b) The Company has also raised a further \$437,000 by way of placement to new investors.</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:</p> <p>Yes, the Company believes that its current cash position together with additional capital generating opportunities described in its Quarterly Activities Report will enable it to continue its operations.</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 July 2020

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.