

Chairmans Address – Cipherpoint Limited

AGM Melbourne 1 September 2022

On behalf the Board and management team I welcome you to the Annual General Meeting of Cipherpoint Limited ('the Company').

The financial year to 31 March 2022 was a challenging one with continuing business disruption from macro factors but also an encouraging one in terms of creating a base for future revenue growth.

During the year the Company executed on a strategy of acquiring and integrating cyber security services businesses along-side its commercialising cyber security software operations.

On 1 April 2021, the Company completed the acquisition of 100% of the shares in Brace168 Pty Limited ('Brace168'). Brace168 is a managed security service provider, who monitor customer networks, applications and data to identify threats and respond to security incidents. It has a high mix of annuity revenue across large enterprise and small business customers, operating in the financial, property, social and consumer sectors in Australia.

In August 2021, the Company raised \$2.9m (before costs) to be applied to completion of the upgrade to its security operations centre, acceleration of recruitment activities, further investment into business development and the pursuit of potential acquisition opportunities.

In September 2021, the Company entered into an agreement to sell select assets and products from its software division to archTIS Limited for a purchase price of \$1.5m in cash. The Company retained a right to resell the products. Following the balance date of 31 March 2022, a further \$107,000 cash was received from archTIS Limited in settlement of the milestone component of the software division divestment.

In October 2021, the Company announced the acquisition of Tasmanian based managed security services provider Virtual Information Technology Pty Limited ('VIT Cyber Security' or 'VITCS').

The Company also made investments in sales, pre-sales and technical resources together with enhancements to the Group's North Sydney Security Operations Centre (SOC).

As updated to the market on 1 February 2022, the Board announced the future strategy of the Group will encompass the following three pillars of *Acquire and Grow*; *Scale, Reduce Costs*; and *Achieve Cash Flow Break-Even and Profit*.

As part of the above strategy, the Board post balance date has implemented a program to reduce overheads, including director costs as well as taking a more active role in the sales operations of the businesses to ensure that all sales opportunities are aggressively pursued. Action has been taken to reduce investment in business development and marketing resources which have not converted to sales and increased revenues. The Board continues to evaluate opportunities to further grow through strategic partnerships and potential acquisitions.

A number of important developments have occurred subsequent to the end of the financial year

On 1 July 2022 the Group successfully raised \$950,000 of additional funding with a share placement of \$150,000 and issuing convertible notes for \$800,000. This AGM seeks to approve the terms conversion. These funds will support the working capital of the business.

On 28 July 2022 the Company announced the proposed acquisition of Excite IT Pty Limited. The acquisition of Excite IT which is a focused managed IT and security, and cloud solutions provider which will broaden the Company's revenue base and bring in a new CEO Bryan Saba. The deal is now unconditional on due diligence matters but remains subject to approval at the forthcoming EGM and a fund raising. The raising is by way of a proposed rights issue to shareholders. The rights issue involves an offer of 2 new shares for every 3 shares held at the relevant record date with accompanying options (on the same terms as the July placement referred to above) to raise up to a further \$1.33m. This approach is to ensure all shareholders have the right to participate in the capital raising on the same terms as the placement and convertible note issue. Any shortfall will be placed.

The Board is confident that these developments position the Company well for the future as we focus on execution and delivery. I wish to thank our shareholders, staff, management and advisors for their continued support.

Thankyou

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