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28 October 2020 **ASX ANNOUNCEMENT**

ACTIVITY REPORT AND APPENDIX 4C FOR THE QUARTER ENDED 30 SEPTEMBER 2020

Global cybersecurity technology company, FirstWave Cloud Technology Limited (ASX:FCT) (**FirstWave** or **Company**), provides its activity statement and Appendix 4C for the 1st quarter of FY21 ended 30 September 2020.

Operating Highlights

- Q1 revenue 16% ahead of plan at $2.1m (as presented to shareholders as part of the June 2020 capital raise).
- Q1 costs reduced by 4.7% from previous quarter and on plan.
- Q1 cash ahead of plan by $1.15m due to:
  - $222k loan repayment;
  - $232k sub-underwriter options being exercised; and
  - timing of vendor and customer payments.
- H1 cash projected to stay ahead of plan due to, earlier receipt of R&D tax refund now anticipated in Q2 against the original plan of Q3 and a larger than planned, R&D tax offset.
- H1 revenue and expense performance is tracking on or above plan.

Business Update

Q1 FY21 operating achievements included:

- Two additional Level 1 partners signed (TTL and Vi in India as announced in ASX releases on 20/08/20 and 29/09/20 respectively).
- Billing partners increased from 28 to 37.
- Several new appointments to strengthen the executive and advisory team:
  - Neil Pollock, former COO, appointed CEO;
  - Iain Bartram appointed as CFO;
  - David Acton, Non-Executive Director; and
  - Cisco technology veteran, Kevin Bloch, appointed Board Advisor.

COVID-19 continued to impact the business operating environment but impact varied by geography.

Cash Flow Highlights:

- Cash balance at the end of Q1 FY21 was ahead of plan at $12.3m, including bank guarantee deposits of $134k.
- Operating cash in-flows received from customers in the quarter was $1.3m compared to $1.1m in the previous quarter.
- Operating cash payments of $1.0m for product manufacturing and operating costs compared to $1.5m in the previous quarter. The $0.5m difference was mainly due to the favourable timing of the payment of COGS.
- Operating cash payments of $2.2m for staff costs in the quarter was $0.5m higher than the previous quarter due to $0.2m less capitalisation of staff costs, the re-instatement of

Directors' fees after several months of salary sacrifice, some new hires and one-off items and commissions that had been accrued but not paid in the FY20 expenses.

- The net cash flow for Q1 FY21 was an outflow of $3.1m which compared favourably to the forecast $5.6M in the Q4 FY20 Appendix 4C.
- Estimated cash payments for Q2 FY21 is forecast to be in line with plan.

The Company has sufficient cash to fund its Q2 FY21 estimated cash outflows.

The Company has scheduled a full update on Q1 performance which will be delivered via Teleconference, at 9am on Wednesday the 28th October 2020. The presentation for this update will be uploaded to the ASX website prior to the teleconference.

All numbers in this quarterly cash flow report and accompanying commentary for the quarter ended 30 September 2020 are unaudited.

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Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

FirstWave Cloud Technology Limited [ASX:FCT]

ABN	**Quarter ended ("current quarter")**
35 144 733 595	30 September 2020

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	1,277.8	1,277.8
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(996.3)	(996.3)
	(c) advertising and marketing	(87.2)	(87.2)
	(d) leased assets	-	-
	(e) staff costs	(2,178.9)	(2,178.9)
	(f) administration and corporate costs	(958.7)	(958.7)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	24.9	24.9
1.5	Interest and other costs of finance paid	(2.5)	(2.5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	1.4	1.4
1.8	Other (provide details if material)*[1]	184.6	184.6
1.9	**Net cash from / (used in) operating activities**	**(2,734.9)**	**(2,734.9)**

*[1] This balance is includes a refund from the bank of $84.8k against historical FX charges and $99.7k GST refund against purchases

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(15.7)	(15.7)
	(d) investments	-	-
	(e) intellectual property	(851.2)	(851.2)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $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 (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(866.9)**	**(866.9)**
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	231.9	231.9
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)*[2]	221.5	221.5
3.10	**Net cash from / (used in) financing activities**	**453.4**	**453.4**

*[2] This balance is the repayment of a historical loan that related to amounts owing against issued capital.

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4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	15,415.1	15,415.1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,734.9)	(2,734.9)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(866.9)	(866.9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	453.4	453.4
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**12,266.7**	**12,266.7**

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	12,132.9	15,281.3
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Deposits backing bank guarantees)	133.8	133.8
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**12,266.7**	**15,415.1**

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	(77.1)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(20.0)

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

Payments in 6.1 relate to Directors' fees and associated superannuation.

The amount of 20.0k in 6.2 is a single payment to IPSEC Pty Ltd, a company related to Scott Lidgett, that performs vulnerability assessment and penetration testing.

7.	**Financing facilities** *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.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	300.0	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	300.0	-

7.5	**Unused financing facilities available at quarter end**	300.0

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.

N/A

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(2,734.9)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	12,266.7
8.3	Unused finance facilities available at quarter end (Item 7.5)	300.0
8.4	Total available funding (Item 8.2 + Item 8.3)	12,566.7
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	4.6

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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:

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:

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:

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Quarterly report for entities subject to Listing Rule 4.7B

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: 28th October 2020



Authorised by: GAI STEPHENS – COMPANY SECRETARY
(Name of body or officer authorising release – By the Board)

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.

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