

29 April 2021

ASX ANNOUNCEMENT

ACTIVITY REPORT AND APPENDIX 4C FOR THE QUARTER ENDED 31 MARCH 2021

Global cybersecurity technology company, FirstWave Cloud Technology Limited (ASX:FCT) (**FirstWave** or **Company**), provides its activity report and Appendix 4C for the 3rd quarter of FY21 ended 31 March 2021.

Financial Highlights

- Total Revenue of \$2.05m up 1% QoQ:
 - recurring revenue up 10% QoQ to \$2.05m, and
 - there was no non-recurring revenue in the period.
- Total Annualised Recurring Revenue (TARR)* of \$8.45m up 12% QoQ comprised of:
 - Domestic ARR of \$6.49m down 1% QoQ, and
 - International ARR of \$1.97m up 96% QoQ.
- Operational Expenses of \$4.48m down 16% QoQ, due to:
 - \$1.35m non-cash share-based payments and D&A down 35% QoQ,
 - leaving a cash component of Operational Expenses of \$3.13m down 4% QoQ
- Labour costs capitalised \$0.87m up 10% QoQ.
- Government research and development grant income of \$1.5m has been recognised YTD.
- Closing cash balance of \$6.31m after \$0.17m of sub-underwriter options were exercised in the quarter.

* TARR is exit monthly recurring revenue x 12
International revenue is not FX adjusted

Business Update

- The Company announced in Q2 a new exclusive web service (**FirstCloud WebProtectDNS**) from Simplifyd Systems Pty Ltd in the UK that uses an opt-out deployment model. During Q3 the Company has opened new markets in Africa on the back of this new service and initial sales contributed strongly to the Q3 result. This is expected to continue into Q4 and beyond when the Company will take the service to market in all other regions.
- The Company has been engaged throughout Q3 in joint development with Level 1 partner SHEL Global of a new advanced detection and response offering to be marketed as FirstCloud **CyberCision**. This offering is now ready for release and initially will build on the Company's current threat prevention capabilities for email but by the end of the calendar year the plan is to have also applied CyberCision to the Company's web, firewall and endpoint protection services.
- Other new service developments in Q3 included a multi-tenant firewall service based on Palo Alto Network technology (**MT PAN**) integrated onto the Company's unique Cloud Content

Security Platform (CCSP) to be released in early Q4 through the Company's partner Vodafone Idea (Vi) in India.

- The Company signed a one-year extension of its Product and Services Agreement (PSA) with Telstra that now runs until the end of February 2022.
- The Company's number of channel partners continues to grow with:
 - the signing of two new three-year Level 1 Partner Agreements with:
 - Moja Access, part of CSquared Group (www.csquared.com), a pan-African technology company, and
 - Dimension Data Systems, one of Africa's leading technology services companies and part of the global NTT Group, and
 - an increase in the number of billing partners from 46 at the end of Q2 to 49 at the end of Q3, up from 26 at the start of the financial year.

Cash Flow Highlights:

- The cash used in the quarter was \$0.98m down 76.6% compared to \$4.19m in Q2. The main drivers for the improved performance were:
 - \$2.06m received in Government R&D grants.
 - Receipts from customers of \$742k up from \$75k in the previous quarter. This is still a long way short of the quarterly revenues due primarily to the removal and subsequent unwinding of the Telstra prepayment facility.
 - There was \$168k collected from exercised sub underwriter options and there remained \$793k in unexercised sub underwriter options at the end of the quarter.
 - Other items remained broadly in line with previous quarters.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$85.7k in relation to Directors' fees and associated superannuation.

The company has scheduled an update on FY21 Q3 performance via Teleconference at 9am (AEST) Friday, 30 April 2021. 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 31 March 2021 are unaudited.



Appendix 4C

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

Name of entity

FirstWave Cloud Technology Limited [FCT.ASX]

ABN

35 144 733 595

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	741.8	2,094.5
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(1,115.1)	(2,956.2)
	(c) advertising and marketing	(33.2)	(219.7)
	(d) leased assets	-	-
	(e) staff costs	(2,063.0)	(6,553.4)
	(f) administration and corporate costs	(662.7)	(2,274.5)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	12.3	55.0
1.5	Interest and other costs of finance paid	-	(2.5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	2,061.9	2,063.3
1.8	Other (provide details if material)	78.1	361.9
1.9	Net cash from / (used in) operating activities	(979.9)	(7,431.6)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(6.0)	(24.8)
	(d) investments	-	-



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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(e) intellectual property	(869.7)	(2,494.9)
	(f) other non-current assets	-	-
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	(875.7)	(2,519.7)

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	167.7	707.1
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)	(85.0)	136.5
3.10	Net cash from / (used in) financing activities	82.7	843.6

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,080.3	15,415.1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(979.9)	(7,431.6)



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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(875.7)	(2,519.7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	82.7	843.6
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,307.4	6,307.4

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	6,173.6	7,946.5
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)	6,307.4	8,080.3

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	(85.7)
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



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

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	-	-
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.

N/A

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(979.9)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	6,307.4
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	6,307.4
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	6.4

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: N/A

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

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



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 April 2021

Authorised by: the Board
(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.

