

27 July 2021

ASX ANNOUNCEMENT

ACTIVITY REPORT AND APPENDIX 4C FOR THE QUARTER ENDED 30 JUNE 2021

Global cybersecurity technology company, FirstWave Cloud Technology Limited (ASX:FCT) (**FirstWave** or **Company**), provides its activity report and Appendix 4C for the 4th quarter of FY21 ended 30 June 2021.

Financial Highlights

- Total Revenue of \$2.13m up 9% QoQ:
- Total Annualised Recurring Revenue (TARR)* of \$9.32m up 12% QoQ comprised of:
 - Domestic ARR of \$6.31m down 3% QoQ, and
 - International ARR of \$3.01m up 53% QoQ.
- Continued focus on expense management delivering results:
 - Operational Expenses in total of \$4.18m down 7% QoQ, due to:
 - \$1.30m non-cash share-based payments and D&A down 3% QoQ, and
 - the cash component of Operational Expenses of \$2.88m down 8% QoQ
- Cash costs capitalised in the quarter of \$0.86m were in line with the \$0.87m in Q3.
- Closing cash balance of \$9.96m as per Item 5.1 of the accompanying Appendix 4C.

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

Business Update

- The roll-out of (**FirstCloud WebProtectDNS**) from Simplifyd Systems has continued during Q4 with billing for first usage fees in June building on the initial platform fees and the first revenues in India demonstrating the service has now been successfully deployed into a second territory.
- There was movement at the Board level during the quarter with David Hwang, who had been providing the Company with legal and governance advice since Aug 2020, joining the Board as a Non-Exec Director on 7th June following the departure of David Acton on 4th June.
- A product licencing deal was signed with existing level 1 partner SHELTL Global that saw 4,413,430 shares issued as payment for the development of a new service Advance Detection and Response (ADR). This offering is now in market with first revenues expected in Q1 FY22.
- MT PAN (a multi-tenant firewall-as-a-service offering built on Palo Alto Network's firewall technology with no upfront capex or internal IT capability required), was launched in India on the 8th June through the Company's partner Vodafone Idea (Vi).

- Post the end of Q4 but prior to the release of this statement - Neil Pollock the Company's CEO resigned and John Grant the Executive Chairman has taken on the Interim CEO position while a search for a permanent CEO is undertaken.

Cash Flow Highlights:

- Through a successful placement to institutional and sophisticated investors, followed up by a share purchase plan to all shareholders, the Company raised \$6.44m by issuing 71,577,825 shares at \$0.09 per share. The cashflow impact of these activities was \$6.11m after recognising \$0.33m in capital raising fees.
- Cash used in the quarter for operating activities was \$1.58m which, ignoring the impact of the R&D receipts of \$2.06m in Q3, was a significant improvement on the previous quarter. The main items to note are:
 - Cash receipts of \$1.99m from customers in the quarter being a significant improvement over the prior quarter's \$0.74m. This reflects revised payment processes being rolled out with new customers and the continued flow through from the change in payment terms with Telstra that was announced earlier in the year.
 - Product manufacturing and operating costs were up on prior quarters due to the timing of annual payments to Cisco.
 - Staff costs were down mainly due to a change in timings of payment processing and from a general reduction in head count across the group.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$71.7k in relation to Directors' fees and associated superannuation.

The company has scheduled an update on FY21 Q4 performance via Teleconference at 9.30am (AEST) Tuesday, 27 July 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 30 June 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")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,991.3	4,085.8
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(1,413.8)	(4,370.0)
	(c) advertising and marketing	(33.1)	(252.8)
	(d) leased assets	-	-
	(e) staff costs	(1,583.6)	(8,137.2)
	(f) administration and corporate costs	(661.7)	(2,935.9)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	8.2	63.2
1.5	Interest and other costs of finance paid	-	(2.5)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	100.0	2,163.3
1.8	Other (provide details if material)	8.9	370.8
1.9	Net cash from / (used in) operating activities	(1,583.8)	(9,015.3)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(12.3)	(37.1)
	(d) investments	-	-
	(e) intellectual property	(844.5)	(3,339.4)
	(f) other non-current assets	-	-



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 (12 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	(856.8)	(3,376.5)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	6,112.0	6,112.0
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	31.8	738.9
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)	85.0	221.5
3.10	Net cash from / (used in) financing activities	6,228.8	7,072.4

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,307.5	15,415.1
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,583.8)	(9,015.3)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(856.8)	(3,376.5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,228.8	7,072.4



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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	10,095.7	10,095.7

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	9,961.9	6,173.6
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)	10,095.7	6,307.4

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(71.7)

-

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

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.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

-

-

-

-

-

-

-

-

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



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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,583.8)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	10,095.7
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	10,095.7
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

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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 27 JULY 2021

Authorised by: IAIN BARTRAM
 (Name of body or officer authorising release – By the Board)

Notes

- 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.
- 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.
- 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.
- 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".
- 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.



FirstWave Cloud Technology Limited ABN: 35 144 733 595 (ASX: FCT)

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