

## 1. Company details

Name of entity:	FirstWave Cloud Technology Limited
ABN:	35 144 733 595
Reporting period:	For the half-year ended 31 December 2022
Previous period:	For the half-year ended 31 December 2021

## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	86.8% to	6,560,163
Gross profit	up	151.0% to	5,114,250
Loss from ordinary activities after tax attributable to the owners of FirstWave Cloud Technology Limited	down	57.5% to	(3,257,728)
Loss for the half-year attributable to the owners of FirstWave Cloud Technology Limited	down	57.5% to	(3,257,728)

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

The Opmantek Ltd acquisition was completed on 14 January 2022 hence the prior comparative period does not include the results of Opmantek Ltd.

The loss for the consolidated entity after providing for income tax amounted to \$3,257,728 (31 December 2021: \$7,657,581). The decreased loss is attributable to the improved focus on the entity's most profitable products, cost rationalisation and synergies from the Opmantek Ltd acquisition that was completed on 14 January 2022.

Refer to the 'Review of operations' section of the Directors' report within the Interim Report for further commentary on the results.

## 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.05	0.82

Net tangible assets calculations include right-of-use assets and lease liabilities.

## 4. Audit qualification or review

### Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

## 5. Attachments

*Details of attachments (if any):*

The Interim Report of FirstWave Cloud Technology Limited for the half-year ended 31 December 2022 is attached.

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## 6. Signed

As authorised by the Board of Directors

Signed  \_\_\_\_\_

John Grant  
Chairman

Date: 28 February 2023

# **FirstWave Cloud Technology Limited**

**ABN 35 144 733 595**

**Interim Report - 31 December 2022**

The directors present their report, together with the financial statements of FirstWave Cloud Technology Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (referred to hereafter as the 'consolidated entity') at the end of, or during, the half-year ended 31 December 2022.

### **Directors**

The following persons were directors of FirstWave Cloud Technology Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Grant - Non-Executive Chairman  
Paul MacRae - Non-Executive Director  
Euh (David) Hwang - Non-Executive Director  
Danny Maher - Managing Director  
Ray Kiley - Non-Executive Director

### **Principal activities**

During the financial half-year, the principal continuing activities of the consolidated entity comprise of development and sale of internet security software and network monitoring software.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### **Review of operations**

The Opmantek Ltd acquisition was completed on 14 January 2022 hence the prior comparative period does not include the results of Opmantek Ltd.

#### *Profit or loss performance*

The consolidated entity's revenue for the financial half-year was \$6,560,163 (31 December 2021: \$3,512,460) which represents an improvement of 86.8% over the prior comparative period ('PCP'). Gross profit for the financial half-year was \$5,114,250 (31 December 2021: \$2,038,336) which represents an improvement of 150.9% over the PCP. Recurring revenue represented 86.9% (31 December 2021: 97.9%) of total revenue.

The consolidated entity's loss after income tax amounted to \$3,257,728 (31 December 2021: \$7,657,581) which represents an improvement of 57.5%. The decreased loss is attributable to the improved focus on the entity's most profitable products, cost rationalisation and synergies from the Opmantek Ltd acquisition that was completed on 14 January 2022.

There were several new client wins in the period including L3Harris and Viaero Wireless in North America which both licensed FirstWave's network monitoring products in multiyear deals of 2 and 3 years respectively.

A number of existing network monitoring clients increased the number of devices under their licence agreements including NASA in North America, which agreed to an extension and expansion of their network monitoring licence to support the Artemis ([www.nasa.gov/specials/artemis/](http://www.nasa.gov/specials/artemis/)) missions.

Claro Dominican Republic (Telco) committed to licencing the recently released NMIS 9.4 suite of products with the agreement including US\$300,000 in up-front fees.

Telmex (Telco) extended their agreement with FirstWave for a further 12 months, in a renewal worth approximately US\$300,000 in annual revenues.

FirstWave's security team was commissioned by a client to build a sovereign email platform in Australia to comply with Australian Cyber Security Centre's Information Security Manual ('ISM'). The build has commenced, and it is anticipated the platform will be launched to the Australian government and large enterprise market in Q3 FY23.

FirstWave launched a refreshed marketing strategy together with a new brand following the integration of Opmantek (acquired in January 2022). The Opmantek brand began being phased out from 15 September 2022. All products and services previously offered under the Opmantek brand are now consolidated under the FirstWave brand.

Implementation of the one brand strategy aligns to the company's new strategic focus on providing integrated solutions for network discovery, monitoring and security for enterprises, managed service providers (MSPs), and telecommunications carriers globally.

The company's new website, <http://www.firstwave.com>, is a substantial initiative that was launched on 15 September 2022. It provides an extensive range of integrated, back-end marketing automation tools to accelerate lead generation and sales conversion, and will be accompanied, over time, by further improvements to the 'look and feel' of the website's front end.

The company has continued to invest in its sales and marketing team with two senior appointments. Mr James Morzelewski was appointed as Sales Director, North America on 26 September 2022. He brings a strong understanding of Networks, Systems, and IT Infrastructure, as well as building out and scaling sales teams. His focus will be to build strong sales growth on the back of a strong pipeline in the North America region.

Mr Dino Davanzo joined the company on 2 November 2022 as the new Chief Revenue Officer ('CRO') based in Sydney. The appointment of an Australian based CRO will add executive strength to drive the Telstra relationship forward and provide global leadership as part of the key executive team in Australia.

Former CRO, Craig Nelson moved to an advisory role for the North America business to focus on key accounts.

#### *Statement of financial position*

Cash and cash equivalents decreased by \$3,733,516 to \$6,675,073 (30 June 2022: \$10,408,589). The decrease came after, \$2,126,807 net cash outflows from operating activities and \$1,541,166 in investing activities, reflecting continued investment in the development of the consolidated entity's intellectual property. The net cash outflows from operating activities of \$2,126,807 compares to \$4,802,949 in the PCP which represents an improvement of 55.7%.

#### *Going concern*

Based on its current commitments, the consolidated entity has sufficient funds to meet its debts as and when they fall due. Accordingly, the directors have determined that the consolidated entity will continue as a going concern, as explained in note 1 to the financial statements.

#### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



John Grant  
Chairman



Ray Kiley  
Director

28 February 2023

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF FIRSTWAVE CLOUD TECHNOLOGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FirstWave Cloud Technology Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

28 FEBRUARY 2023  
BRISBANE

PKF Brisbane Audit ABN 33 873 151 348

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## FirstWave Cloud Technology Limited

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### General information

The financial statements cover FirstWave Cloud Technology Limited (referred to as the 'company' or 'parent') as a consolidated entity consisting of the company and the entities it controlled at the end of, or during, the half-year (referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is FirstWave Cloud Technology Limited's functional and presentation currency.

FirstWave Cloud Technology Limited is a listed public company limited by shares and is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 14  
132 Arthur Street  
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2023. The directors have the power to amend and reissue the financial statements.

**FirstWave Cloud Technology Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2022**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue from contracts with customers	3	6,560,163	3,512,460
Cost of sales		(1,445,913)	(1,474,124)
Gross profit		5,114,250	2,038,336
Other income	4	428,331	701,856
Interest income calculated using the effective interest method		60,924	5,909
<b>Expenses</b>			
Sales and marketing		(2,020,180)	(2,671,523)
Product and development		(2,934,891)	(2,306,055)
Operations and support		(710,320)	(1,162,366)
Corporate and administration		(3,165,851)	(3,572,494)
Finance costs	5	(6,053)	(51,387)
Transaction costs		(23,938)	(639,857)
Total expenses		(8,861,233)	(10,403,682)
<b>Loss before income tax expense</b>		<b>(3,257,728)</b>	<b>(7,657,581)</b>
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of FirstWave Cloud Technology Limited</b>		<b>(3,257,728)</b>	<b>(7,657,581)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		3,567	(282)
Other comprehensive income for the half-year, net of tax		3,567	(282)
<b>Total comprehensive income for the half-year attributable to the owners of FirstWave Cloud Technology Limited</b>		<b>(3,254,161)</b>	<b>(7,657,863)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	12	(0.20)	(0.99)
Diluted earnings per share	12	(0.20)	(0.99)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**FirstWave Cloud Technology Limited**  
**Statement of financial position**  
**As at 31 December 2022**

**Assets**

**Current assets**

		Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Cash and cash equivalents		6,675,073	10,408,589
Term deposits		133,776	133,776
Trade and other receivables	6	4,072,595	3,083,004
Contract assets		270,258	168,417
Other assets		609,343	639,081
<b>Total current assets</b>		<b>11,761,045</b>	<b>14,432,867</b>

**Non-current assets**

Property, plant and equipment		128,232	167,484
Right-of-use assets		258,666	308,730
Intangible assets	7	61,365,010	61,830,141
<b>Total non-current assets</b>		<b>61,751,908</b>	<b>62,306,355</b>

**Total assets**

**73,512,953      76,739,222**

**Liabilities**

**Current liabilities**

Trade and other payables		3,649,233	3,917,913
Contract liabilities	8	3,310,087	3,060,533
Employee benefits		1,414,906	1,410,549
Lease liabilities		112,795	107,145
Deferred research and development income		848,311	945,979
<b>Total current liabilities</b>		<b>9,335,332</b>	<b>9,442,119</b>

**Non-current liabilities**

Contract liabilities	8	32,282	153,782
Employee benefits		137,206	108,860
Provisions		26,406	26,406
Lease liabilities		201,974	260,426
Deferred research and development income		1,534,158	1,590,156
<b>Total non-current liabilities</b>		<b>1,932,026</b>	<b>2,139,630</b>

**Total liabilities**

**11,267,358      11,581,749**

**Net assets**

**62,245,595      65,157,473**

**Equity**

Issued capital	9	128,474,829	128,426,284
Reserves		5,875,742	5,736,129
Accumulated losses		(72,104,976)	(69,004,940)

**Total equity**

**62,245,595      65,157,473**

*The above statement of financial position should be read in conjunction with the accompanying notes*

**FirstWave Cloud Technology Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2022**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	63,760,506	7,611,200	(56,501,362)	14,870,344
Loss after income tax expense for the half-year	-	-	(7,657,581)	(7,657,581)
Other comprehensive income for the half-year, net of tax	-	(282)	-	(282)
Total comprehensive income for the half-year	-	(282)	(7,657,581)	(7,657,863)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	9,095,769	-	-	9,095,769
Share-based payments (note 13)	-	235,464	-	235,464
Share issue on exercise of options, net of transaction costs	2,469,019	(1,713,092)	-	755,927
Transfer to retained earnings	-	(32,872)	32,872	-
Balance at 31 December 2021	<u>75,325,294</u>	<u>6,100,418</u>	<u>(64,126,071)</u>	<u>17,299,641</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	128,426,284	5,736,129	(69,004,940)	65,157,473
Loss after income tax expense for the half-year	-	-	(3,257,728)	(3,257,728)
Other comprehensive income for the half-year, net of tax	-	3,567	-	3,567
Total comprehensive income for the half-year	-	3,567	(3,257,728)	(3,254,161)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments expenses (note 13)	-	345,499	-	345,499
Share issue on exercise of options, net of transaction costs	48,545	(51,761)	-	(3,216)
Transfer to retained earnings	-	(157,692)	157,692	-
Balance at 31 December 2022	<u>128,474,829</u>	<u>5,875,742</u>	<u>(72,104,976)</u>	<u>62,245,595</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**FirstWave Cloud Technology Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2022**

	<b>Consolidated</b>	
	<b>31 Dec 2022</b>	<b>31 Dec 2021</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	6,017,111	4,788,265
Payments to suppliers and employees (inclusive of GST)	(8,494,200)	(9,620,142)
Interest received	25,280	8,124
Other income	365,270	20,987
Interest and other finance costs paid	(40,268)	(183)
Net cash used in operating activities	(2,126,807)	(4,802,949)
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(3,287)	(119,334)
Payments for intangible assets	(1,537,879)	(1,503,933)
Net cash used in investing activities	(1,541,166)	(1,623,267)
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	9,757,893
Proceeds from exercise of options	-	761,163
Share issue transaction costs	(2,127)	(630,417)
Payment of principal portion of lease liabilities	(63,415)	(89,636)
Net cash from/(used in) financing activities	(65,542)	9,799,003
Net increase/(decrease) in cash and cash equivalents	(3,733,515)	3,372,787
Cash and cash equivalents at the beginning of the financial half-year	10,408,588	9,961,866
Cash and cash equivalents at the end of the financial half-year	<u>6,675,073</u>	<u>13,334,653</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2022 and are not expected to have a significant impact for the full financial year ending 30 June 2023.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Going Concern**

During the half-year ended 31 December 2022, the consolidated entity incurred a net loss after tax of \$3,257,728 (31 December 2021: \$7,657,581) and generated net cash outflows from operating activities of \$2,126,807 (31 December 2021: net cash outflows of \$4,802,949). The directors have prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The directors determined that the use of the going concern basis of accounting is appropriate in preparing the financial statements. The assessment of going concern is based on cash flow projections. The preparation of these projections incorporates a number of key assumptions and judgements including anticipated revenue growth from the existing pipeline of opportunities and the level of investment required to support this growth.

The consolidated entity's management has advised the directors that if it becomes clear that the above assumptions are not being realised, the consolidated entity has the ability to significantly reduce its operating costs and adjust its investments and has sufficient time to make these adjustments to realise a cash flow neutral business within the existing funding reserves.

## **Note 2. Operating segments**

### *Identification of reportable operating segments*

The consolidated entity's operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (being the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

Following the acquisition of Opmantek Ltd during the financial year ended 30 June 2022, the consolidated entity only has one reportable segment being the development and sale of internet security and network monitoring software. For information on the reportable segment refer to the statement of profit or loss and other income (for segment revenues and profit/loss) and statement of financial position (for total segment assets and liabilities) and notes to the financial statements.

### Note 3. Revenue

#### Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Internet security	3,776,202	3,512,460
Network monitoring	2,783,961	-
	<u>6,560,163</u>	<u>3,512,460</u>
<i>Geographical regions</i>		
Australia	3,985,345	3,137,240
North America*	1,262,668	-
LATAM**	992,456	-
ROW***	319,694	375,220
	<u>6,560,163</u>	<u>3,512,460</u>
<i>Timing of revenue recognition</i>		
Recurring revenue (over a period of time)	5,697,607	3,438,933
Non-recurring revenue (at a point in time)	862,556	73,527
	<u>6,560,163</u>	<u>3,512,460</u>

\* North America represents revenue from customers in United States of America and Canada

\*\* Latin America ('LATAM') represents revenue from customers in Mexico, Central America and South America.

\*\*\* Rest of the world ('ROW') represents the revenue from customers in the rest of the world.

### Note 4. Other income

	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Research and development grant income*	411,098	675,849
Other income**	17,233	26,007
	<u>428,331</u>	<u>701,856</u>

\* There are no unfulfilled conditions or other contingencies attached to receipt of R&D grant income.

\*\* Includes other COVID-19 incentives from Singapore Government of \$nil (31 December 2021: \$23,700).

**Note 5. Expenses**

	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	16,999	22,660
Computer equipment	8,625	21,080
Website	3,396	-
Computer platform	366	1,273
Right-of-use assets	50,064	113,115
Total depreciation	79,450	158,128
<i>Amortisation</i>		
Capitalised development costs	1,936,938	1,445,563
Customer list	24,750	-
Patents	12,234	13,774
Total amortisation	1,973,922	1,459,337
Total depreciation and amortisation	2,053,372	1,617,465
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	6,053	51,387
<i>Net foreign exchange variance</i>		
Net foreign exchange variance	(82,172)	20,134
<i>Employee benefit expenses</i>		
Employee salaries and other benefits*	5,261,921	6,417,370
Defined contribution superannuation expense	378,111	426,092
Share-based payments expenses	345,500	235,464
Total Employee benefit expenses	5,985,532	7,078,926
* Includes a salary sacrifice amount of \$nil (31 December 2021: \$125,050). Share rights have been granted for cash forgone.		

**Note 6. Trade and other receivables**

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
<i>Current assets</i>		
Trade receivables	2,546,124	1,691,107
Less: Allowance for expected credit losses	(143,817)	(260,123)
	2,402,307	1,430,984
Research and development tax incentive receivable	1,506,159	1,397,219
Other receivables	162,113	34,685
GST receivable	2,016	220,116
	4,072,595	3,083,004

Note 7. Intangible assets

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	49,493,774	49,493,774
Capitalised development costs - at cost	27,737,470	26,248,860
Less: Accumulated amortisation	(17,028,710)	(15,091,772)
	10,708,760	11,157,088
Brand name - at cost	971,000	971,000
Customer list - at cost	165,000	165,000
Less: Accumulated amortisation	(31,625)	(6,875)
	133,375	158,125
Patents - at cost	232,986	212,805
Less: Accumulated amortisation	(174,885)	(162,651)
	58,101	50,154
Information systems - at cost	90,000	90,000
Less: Impairment	(90,000)	(90,000)
	-	-
	<u>61,365,010</u>	<u>61,830,141</u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill	Capitalised development	Brand name	Customer list	Patents	Information systems	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>							
Balance at 1 July 2022	49,493,774	11,157,088	971,000	158,125	50,154	-	61,830,141
Additions	-	1,488,610	-	-	20,181	-	1,508,791
Amortisation expense	-	(1,936,938)	-	(24,750)	(12,234)	-	(1,973,922)
Balance at 31 December 2022	<u>49,493,774</u>	<u>10,708,760</u>	<u>971,000</u>	<u>133,375</u>	<u>58,101</u>	<u>-</u>	<u>61,365,010</u>

## Note 8. Contract liabilities

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Current liabilities	3,310,087	3,060,533
Non-current liabilities	32,282	153,782
	<u>3,342,369</u>	<u>3,214,315</u>

### Reconciliation

Reconciliation of the written down values at the beginning and end of the current half-year and previous financial year are set out below:

Opening balance	3,214,315	1,023,050
Payments received in advance	3,980,206	959,040
Additions through business combinations	-	2,631,918
Transfer to revenue - included in the opening balance	(2,144,158)	(901,819)
Transfer to revenue - other balances	(1,707,994)	(497,874)
Closing balance	<u>3,342,369</u>	<u>3,214,315</u>

## Note 9. Issued capital

	31 Dec 2022 Shares	30 Jun 2022 Shares	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Ordinary shares - fully paid	<u>1,662,846,883</u>	<u>1,662,353,921</u>	<u>128,474,829</u>	<u>128,426,284</u>

### Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	1,662,353,921		128,426,284
Issue of shares on exercise of options	13 December 2022	426,667	\$0.11	44,800
Issue of shares on conversion of rights	13 December 2022	66,295	\$0.11	6,961
Share issue transaction costs, net of tax				(3,216)
Balance	31 December 2022	<u>1,662,846,883</u>		<u>128,474,829</u>

## Note 10. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

## Note 11. Contingent liabilities

The consolidated entity has given bank guarantees as at 31 December 2022 of \$133,776 (30 June 2022: \$133,776) to various landlords.



**Note 12. Earnings per share**

	Consolidated half-year 31 Dec 2022 \$	Consolidated half-year 31 Dec 2021 \$
Loss after income tax attributable to the owners of FirstWave Cloud Technology Limited	<u>(3,257,728)</u>	<u>(7,657,581)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	1,662,404,825	776,037,164
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,662,404,825</u>	<u>776,037,164</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.20)	(0.99)
Diluted earnings per share	(0.20)	(0.99)

Options have been excluded in the weighted average number of shares used to calculate diluted earnings per share as they were anti-dilutive.

**Note 13. Share-based payments**

The consolidated entity has a share option plan and a share rights plan to incentivise certain employees and key management personnel ('KMP'). Shareholders approved the Rights Plan at an Extraordinary General Meeting held on 29 July 2020. The Board has the discretion to invite employees to apply for share rights, which have been designed to deliver long term variable remuneration opportunities. Such rights have a service based vesting condition and act to align the interests of the employees with shareholders of the company.

The share-based payment expense for the period was \$345,499 (31 December 2021: \$235,464), of which \$nil (31 December 2021: \$125,050 ) was off-set by the employees having agreed to salary sacrifice in lieu of service rights and hence saving the entity cash costs.

*Movements in share awards during the year*

The following table illustrates the number of awards and weighted average exercise prices ('WAEP') of, and movements in, share awards during the current half-year. For the purposes of disclosure, rights and options are combined on the basis that rights carry an exercise price and therefore operate effectively as options:

	Number of options/rights	Weighted average exercise price
Outstanding at 1 July 2022	59,552,717	\$0.24
Share rights granted during the financial half-year	55,800,000	\$0.05
Exercised	(492,962)	\$0.11
Expired	<u>(9,277,165)</u>	<u>\$0.05</u>
Outstanding at 31 December 2022	<u>105,582,590</u>	

**Note 13. Share-based payments (continued)**

For the service rights and the restricted service rights granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Vesting date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at the grant date
27/09/2022	30/06/2023	30/06/2026	\$0.04	\$0.05	63.38%	-	3.50%	\$0.021
27/09/2022	30/06/2024	30/06/2027	\$0.04	\$0.05	73.76%	-	3.50%	\$0.025
27/09/2022	30/09/2024	30/06/2027	\$0.04	\$0.05	75.14%	-	3.50%	\$0.026
27/09/2022	30/06/2025	30/06/2028	\$0.04	\$0.05	88.10%	-	3.50%	\$0.031

**Note 14. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**FirstWave Cloud Technology Limited**  
**Directors' declaration**  
**31 December 2022**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Grant  
Chairman



Ray Kiley  
Director

28 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRSTWAVE CLOUD TECHNOLOGY LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of FirstWave Cloud Technology Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FirstWave Cloud Technology Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### Other matter

The financial report for the consolidated entity for the year ended 30 June 2022 was audited by another auditor who expressed an unmodified opinion on the financial report on 30 August 2022.

PKF Brisbane Audit ABN 33 873 151 348

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## Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT



SHAUN LINDEMANN  
PARTNER

28 FEBRUARY 2023  
BRISBANE