

# FirstWave

26 July 2023

## ASX ANNOUNCEMENT

### ACTIVITY REPORT AND APPENDIX 4C FOR THE QUARTER ENDED 30 JUNE 2023

Global cybersecurity and network management company, FirstWave Cloud Technology Limited (ASX:FCT) (**FirstWave** or **Company**), provides its Activity report and Appendix 4C for the fourth quarter of FY23 ended 30 June 2023.

#### Business Update

It has been a busy final quarter for the company with:

- streamlining of software development, customer support and sales processes,
- realignment of the Company's investments to support higher margin opportunities in network monitoring,
- renegotiation of third-party supplier agreements that will generate further efficiencies and improve margins for the company moving forward, and
- Continuation of the Company's CyberCision platform consolidation with the decommissioning of two platforms and successful migration of all clients to a single platform in Sydney.

On the sales side of the business there have been several client wins, notably:

- A new US Government customer through a US partner (NMIS), and
- Through an Australian partner, an Australian Government customer renewal with significant uplift (CyberCision).

These will translate to revenue and increased ARR in the next quarter offsetting churn in the current quarter including the loss of a US client due to M&A activity.

Good levels of cost control have continued and \$1.45M of cash was used in the quarter which is approximately equivalent to the Company's investment in sales and marketing.

Management believes the business is well positioned for growth and notes specifically the continuing negotiation with a significant US based organisation (NMIS related) has progressed to procurement.

#### Financial Highlights

- Cash position at the quarter end was \$5.61m, a decrease of \$1.45m compared to the previous quarter.
- Revenue was \$3.10m, up 9.2% QoQ.
- Annualised Recurring Revenue (ARR)\* was \$9.33m, down 5.0% QoQ, which as described above will be offset in July.
- To allow an accurate comparison of the QoQ gross profit, positive adjustments anticipated in the full year accounts have been excluded, leading to a comparative gross profit in Q4 of \$2.45m, up 13.3% QoQ.
- The cash component of Operational Expenses+ in total was \$3.52m, up 8.3% QoQ mainly due to the continued investment in sales and marketing.
- Development costs capitalised in the quarter were \$0.73m which is consistent with the previous quarter.

## Cash Flow Highlights

Net cash used in the quarter was \$1.45m including:

- \$3.57m cash receipts from customers with trade debtors increasing by \$0.86m across the quarter.
- \$0.86m cash payments for product and operating costs.
- \$0.23m cash payments for advertising and marketing costs.
- \$2.26m cash payments for staff costs.
- \$0.91m cash payments for administration and corporate costs.
- \$0.74m used in investing activities which is mainly capitalized development personnel costs.

Analysis of the financial and cash flow data leads to an estimation of normalised cash burn of \$0.47m per month for Q4. This figure is arrived at after accounting for average monthly non-recurring revenues of \$0.11m.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$80k in relation to Directors' fees and associated superannuation.

The Company has scheduled an update on FY23 Q4 performance via Teleconference at 9.30am (AEDT) Wednesday 26 July 2023. The presentation for this update will be uploaded to the ASX website prior to the teleconference.

*\* ARR is the recurring revenue of the last month of the quarter x 12*

*\* Cash component of Operational expenses excludes share based payments and depreciation & amortisation expenses.*

**# All numbers in this quarterly cash flow report and accompanying commentary for the quarter ended 30 June 2023 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 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	3,571	13,258
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(856)	(3,955)
(c) advertising and marketing	(227)	(933)
(d) leased assets	-	-
(e) staff costs	(2,260)	(8,919)
(f) administration and corporate costs	(913)	(2,746)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	50	96
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,165
1.8 Other	(48)	279
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(683)</b>	<b>(1,755)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(2)	(5)
(d) investments	-	-
(e) intellectual property	(735)	(2,910)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-

## Quarterly cash flow 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
	(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 - Opening cash balance of the acquired entity	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(737)</b>	<b>(2,915)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2)
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	Repayment of lease liabilities	(33)	(130)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(33)</b>	<b>(132)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	7060	10,409
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(683)	(1,755)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(737)	(2,915)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(33)	(132)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,607</b>	<b>5,607</b>

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

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	5,607	7,060
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>5,607</b>	<b>7,060</b>

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	(80)
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

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	300	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>300</b>	<b>-</b>
7.5	<b>Unused financing facilities available at quarter end</b>		<b>300</b>

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.

FCT has an asset leasing facility for \$300,000 with NAB which is secured against the assets being purchased. The facility is available on a revolving basis with repayment terms ranging from 1 to 3 years from the draw-down date. FCT does not currently and has not previously used this facility.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(683)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	5,607
8.3	Unused finance facilities available at quarter end (Item 7.5)	300
8.4	Total available funding (Item 8.2 + Item 8.3)	5,907
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>8.6</b>
<i>Note: If the entity has reported positive net operating cash flows in item 1.9, answer 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		

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

- 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: 26 July 2023

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.