

26 October 2017

ASX ANNOUNCEMENT

APPENDIX 4C: QUARTERLY CASH FLOW REPORT AND COMMENTARY FOR THE QUARTER ENDED 30 SEPTEMBER 2017

HIGHLIGHTS:

SYDNEY, Australia, 26 October 2017 – FirstWave Cloud Technology Limited (FCT: **ASX**) (“**FirstWave**” or “**Company**”), an Australian cloud technology company servicing the burgeoning cloud based IT managed security services market, has prepared the attached Appendix 4C, a quarterly report of cash flows, for the quarter ended 30 September 2017 for lodgement with the Australian Securities Exchange.

Operating Activities

FirstWave continued its operating momentum in Q1 FY2018;

- Total revenue for the quarter was \$2.175m, an increase of 55%, compared to \$1.404m for the first quarter of FY2017.
- Licensing and support revenue was \$1.888m, an increase of 66%, compared to \$1.136m for the first quarter of FY2017.
- Professional services revenue was \$0.287m, an increase of 7%, compared to \$0.268m for the first quarter of FY2017.
- Total Contract Value of Sales (TCV) orders closed in the quarter was \$0.802m.
- Total customer orders are 204, increasing 19, compared to 185 at June 30 FY2017.*
- Annualised Recurring Revenue (ARR) was \$9m, flat quarter on quarter, annualised licensing and support revenue was \$6.9m, increasing \$0.075m, compared to the fourth quarter of FY2017.**
- FirstWave closed the quarter with a cash balance of \$2.2 million (including bank guarantee deposits of \$0.1m) at 30 September 2017, \$0.2m above forecast. Gross customer cash receipts for the quarter were \$4.6 million (including income prepayments \$2.4m), offset by operating cash payments of \$3.9m (including cost of sales prepayments \$0.7m), investing cash payments of \$0.4m, resulting in a total quarterly cash outflow of \$4.3m.

Estimated cash flows for Q2 FY 2018

The company expects total cash inflows in Q2 FY 18 to be \$6.8m comprised of gross proceeds from a private equity placement of \$4.4m, gross customer cash receipts of \$1.6m and an R & D Cash Incentive of \$0.8m.

Cash outflows are expected to be \$4.4m comprising: -

- \$3.7m operating,
- \$0.4m of investing,
- \$0.3m of financing (Capital raise).

The resultant closing cash and cash equivalent position (including bank guarantees) at the end of Q2 is expected to be \$4.6m.

The numbers contained in this quarterly cash flow report and commentary for the quarter ended 30 September 2017 are unaudited.

*Total Customer Orders have been re-stated, following internal audit and data cleansing.

**The definition of reported ARR is being revised to only include licensing and support revenue. Previously reported ARR also included annualised professional services revenue, and the annualised portion of closed sales yet to commence billing.



Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

FirstWave Cloud Technology Limited [FCT.ASX]

ABN

35 144 733 595

Quarter ended ("current quarter")

30 September 2017

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	4,563.6	4,563.6
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,235.0)	(1,235.0)
(c) advertising and marketing	(67.9)	(67.9)
(d) leased assets	(55.0)	(55.0)
(e) staff costs	(1,460.8)	(1,460.8)
(f) administration and corporate costs	(1,031.9)	(1,031.9)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8.0	8.0
1.5 Interest and other costs of finance paid	(1.2)	(1.2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	19.0	19.0
1.9 Net cash from / (used in) operating activities	738.8	738.8
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22.4)	(22.4)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property (capitalised development costs)	(398.2)	(398.2)
(e) 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) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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	(420.7)	(420.7)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,895.7	1,895.7
4.2	Net cash from / (used in) operating activities (item 1.9 above)	738.8	738.8
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(420.7)	(420.7)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	2,213.8	2,213.8

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	1,080.0	761.9
5.2	Call deposits	1,000.0	1,000.0
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)	2,213.8	1,895.7

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

171.3

-

6.1 above is comprised of director fees paid to 6 directors, and remuneration paid to the Managing Director for the period Apr – Jun 2017.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	300.0	144.4
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

8.1 above comprises of a lease facility with NAB to finance purchases of office equipment, plant and machinery.

9. Estimated cash outflows for next quarter – Q2 FY 2018	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	571
9.3 Advertising and marketing	60
9.4 Leased assets	55
9.5 Staff costs	1,430
9.6 Administration and corporate costs	1,896
9.7 Other (provide details if material)	411
9.8 Total estimated cash outflows	4,423


10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

For personal use only

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.
- 3 Other cash flows in 9.7 above represents expected outlay on property, plant and equipment and intangible assets.

Sign here:


(Director/Company secretary)

Date: 26 Oct 2017

Print name: Drew Kelton

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.