



31 July 2019

ASX ANNOUNCEMENT

**APPENDIX 4C: QUARTERLY CASH FLOW REPORT AND COMMENTARY  
FOR THE QUARTER ENDED 30 June 2019**

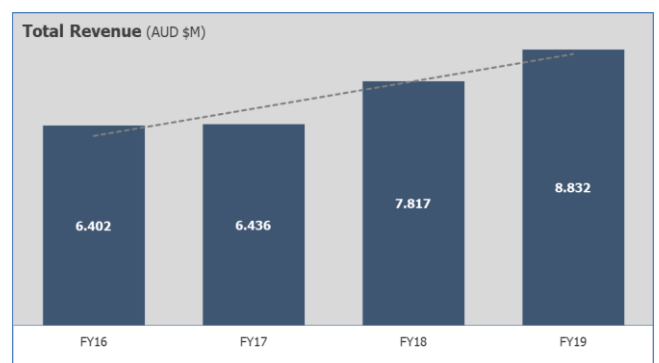
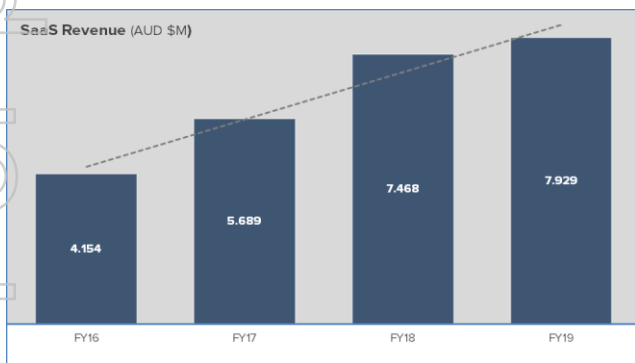
Leading Australian cloud security technology company, FirstWave Cloud Technology Limited (ASX: FCT) (**FirstWave or Company**), provides its Appendix 4C for the 4<sup>th</sup> Quarter of FY19 ended 30 June 2019.

**Operating Update**

Currently in the "Expand" phase of its three-phase "Enable, Expand, Scale" strategy, the business has progressed the following operational milestones during Quarter 4 FY19:

1. As part of the license agreement with Cisco Systems, Inc (Cisco) to deploy FirstWave's technology globally, FirstWave has accelerated global sales activity:
  - a. Completed 1st Telco Proof of Value (POV) – Africa
  - b. Commenced Tier 1 Telco POV - Europe
  - c. Signed first Telco in Asia Pacific
  - d. Launched joint investment technology lab in Sydney with \$1 million technology input from Cisco
2. After successfully completing two POV's under the SHELТ reseller agreement in Q3 FY19, the Company has signed its first African Service Provider (SP) Telecel RCA.
3. Launched next generation public cloud platform on AWS in Mumbai supporting Indian expansion and recruitment of a pre-sale security engineer to maximise the opportunity.
4. Increased investment in the EMEA/North American region with three resources in business development, pre-sales and channel development.
5. Optimised working capital by \$5.4 million, as a result of a prepayment from a major customer.
6. Appointed former FCT Finance Director, Jason Singh, as new Chief Financial Officer.
7. Appointed experienced technology executive, John Grant, as new Executive Chairman and Board Director.

**FY19 Overview**



Total revenue closed for the year at \$8.8m (unaudited) growing 13% on the prior comparative period (pcp) with SaaS revenues growing \$461k on pcp, to \$7.9m (unaudited). Investment in international business development is gaining momentum, with initial revenues realised in Q4 FY19.



Investment has been made to expand the business globally adding business development and pre-sale engineers into United Kingdom, India, Singapore and Malaysia. This has resulted in new customers being added in the USA, EMEA and Asia and the subsequent deployment of cloud content security platforms to support customers in those regions.

During FY19 FCT completed seven successful POV's through the partnerships with Cisco, NTT Data and Shelt.com from which Shelt.com has successfully secured end customer revenue.

Through its leveraged relationships internationally FirstWave now has access to 17 SPs providing global market reach.

### **Key areas of focus for Q1 FY20**

1. Accelerating the progress of our SP partners on the path to end-user revenue,
2. Delivering our expanded product roadmap,
3. Deploying additional platforms globally to support our SP partner's end-customer on-boarding
4. Implementing the enhanced systems architecture and processes required to support international SP partners
5. Investor engagement including completion of FY19 Annual Report, Investor Briefings and AGM

FY19 Investor Update conference call is scheduled for Thursday 1<sup>st</sup> of August at 10.30am

### **Cash Flow:**

- Cash balance at the end of Q4 FY19 was \$8.2m, including bank guarantee deposits of \$134k
- Gross cash receipts for Q4 FY19 were \$13.6m, including \$5.4m prepayment (\$2.25m related to FY19) from one major customer, \$67k in government grants
- Operating cash payments for Q4 FY19 were \$4.8m
- Investing cash payments for Q4 FY19 were \$1.0m, representing payments for capitalised development costs
- Financing cash receipts for Q4 FY19 were \$7.3m, including \$6.1m from capital raising (net of transaction fees), and \$1.2m from share purchase plan
- The net cash flow position for Q4 FY19 was an inflow of \$7.3m

### **Cash payments by FirstWave business segments:**

- Domestic Business (Australia) - \$2.3m
- International Business - \$1.0m
- Corporate Services - \$1.5m

### **Estimated cash outflow for Q1 FY20**

Cash outflows are expected to be \$5.9m, comprising of:

- \$4.9m of operating expenditure:
  - Domestic Business (Australia) - \$2.3m
  - International Business - \$1.0m
  - Corporate Services - \$1.6m
- \$1.0m of investing expenditure

**# All numbers in this quarterly cash flow report and accompanying commentary for the quarter ended 30<sup>th</sup> June 2019 are unaudited.**



## 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 June 2019

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	5,702.3	12,041.0
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,194.0)	(4,299.4)
(c) advertising and marketing	(33.3)	(65.3)
(d) leased assets	(9.0)	(80.1)
(e) staff costs	(1,863.3)	(8,990.7)
(f) administration and corporate costs	(1,617.2)	(6,188.2)
1.3 Dividends received (see note 3)		
1.4 Interest received	18.4	45.2
1.5 Interest and other costs of finance paid	(68.4)	(69.0)
1.6 Income taxes paid		
1.7 Government grants and tax incentives	67.1	961.6
1.8 Other - FBT refunded	16.3	31.5
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,018.9</b>	<b>(6,613.4)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16.1)	(34.4)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property (capitalized development costs)	(978.0)	(2,247.2)
(e) other non-current assets		

## 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) 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(994.1)</b>	<b>(2,281.6)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	7,748.0	11,822.0
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	(435.8)	(679.8)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>7,312.2</b>	<b>11,142.2</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 quarter/year to date	857.1	5,945.3
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,018.9	(6,613.4)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(994.1)	(2,281.6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,312.2	11,142.2

## 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	0.9	2.5
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>8,195.0</b>	<b>8,195.0</b>

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	8,061.2	723.3
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (deposits backing bank guarantees)	133.8	133.8
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>8,195.0</b>	<b>857.1</b>

**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**

82.7

-

*6.1 above is comprised of director fees paid to 4 directors for the period Apr-Jun 2019*

**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

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	300.0	4.5
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 market rate facility with NAB to finance purchases of office equipment, plant and machinery.

<b>9. Estimated cash outflows for next quarter – Q1 FY 2020</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	1,044
9.3 Advertising and marketing	33
9.4 Leased assets	0
9.5 Staff costs	2,000
9.6 Administration and corporate costs	1,880
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>4,957</b>


<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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		

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**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:

  
(Company secretary)

Date: 31 July 2019

Print name: Gai Stephens

**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.