



19 February 2019

Belinda Chiu  
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Listings Compliance (Sydney)  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

By Email: ListingsComplianceSydney@asx.com.au

Dear Belinda

### **Response to Appendix 4C Query**

We refer to your letter dated 14 February 2019 regarding FirstWave Cloud Technology Limited's (**FirstWave or Company**) Appendix 4C quarterly report for the period ended 31 December 2018 lodged with the ASX Market Announcements Platform and released on 31 January 2019 (**Appendix 4C**).

We respond to your queries as follows, adopting the numbering used in your letter:

1. Yes

As communicated to the market negative operating cash outflows will continue as the Company funds its international expansion and readiness for the rollout of several large reseller agreements. The expenditure includes platform deployment, accreditation with large vendors and increasing investment in developing additional cloud-based "security as a service" offerings.

FirstWave has previously indicated to the market that it plans to be cash self-sufficient in the expand phase of its 5-year strategic plan - which is scheduled to run through fiscal years 2019 to 2021. The timing of which is a function of its ability to execute on the significant reseller and OEM agreements which are currently being progressed.

2. In line with FirstWave's strategic plan, the Company intends to raise enough cash to fund its operations and expansion plans by equity injection and improved working capital management. FirstWave remains in continuing dialogue with its corporate advisors in relation to the optimal timing, quantum and structure of any capital raise having regard to the prevailing economic and market conditions.

Business development milestones including:

- the recent announcement of its new reseller agreement supporting expansion into the Middle East and African markets;
- first orders through its software and development OEM agreement in the North American market; and



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- the deployment of its first operating platform in Europe with new reseller agreements

will be critical in securing additional equity investment.

In addition to a capital raise, the Company is working towards improving its payment terms with a large customer which involves an annual prepayment. If this initiative is finalised, Q3 FY19 will be operating cashflow positive.

The business development activities referred to above and in the Appendix 4C remain on-track to be achieved and are expected to positively impact the Company's ability to attract additional equity investment.

3. The Company expects to be able to continue its operations and to meet its business objectives. See responses to questions 1 and 2 above.
4. The Company confirms that it is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. The Company confirms that its responses set out in this letter have been authorised and approved by the Board of the Company.

Yours faithfully



Gai Stephens  
Company Secretary



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14 February 2019

Mr Gai Stephens  
Company Secretary  
FirstWave Cloud Technology Limited

By email:

Dear Mr Stephens

**FirstWave Cloud Technology Limited ('FCT'): Appendix 4C Query**

ASX refers to FCT's Appendix 4C quarterly report for the period ended 31 December 2018 lodged with the ASX Market Announcements Platform and released on 31 January 2019 (the 'Appendix 4C').

ASX notes that FCT has reported:

- negative net operating cash flows for the quarter of \$2,942,000;
- cash at the end of the quarter of \$3,319,200; and
- estimated cash outflows for the next quarter of \$4,899,000.

It is possible to conclude, based on the information in the Appendix 4C, that if FCT were to continue to expend cash at the rate indicated by the Appendix 4C, FCT may not have sufficient cash to continue funding its operations.

**Request for Information**

In view of that, ASX asks FCT to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does FCT expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has FCT 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?
3. Does FCT expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that FCT is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that FCT's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of FCT with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that FCT considers may be relevant to ASX forming an opinion on whether FCT is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

**When and where to send your response**

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This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Tuesday, 19 February 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in FCT's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, FCT's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to FCT's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that FCT's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in FCT's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

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**Belinda Chiu**  
Senior Adviser, Listings Compliance (Sydney)