



31 January 2020

ASX ANNOUNCEMENT

**APPENDIX 4C: QUARTERLY CASH FLOW REPORT AND COMMENTARY
FOR THE QUARTER ENDED 31 DECEMBER 2019**

Leading Australian cloud security technology company, FirstWave Cloud Technology Limited (ASX: FCT) (**FirstWave or Company**), provides its Appendix 4C for the 2nd Quarter of FY20 ended 31 December 2019.

Operating Update:

- The company intends to provide an operating update to Shareholders via market release and teleconference, at 10am on Monday the 10th February 2020.

Cash Flow:

- Cash balance at the end of Q2 FY20 was \$4.2m, including bank guarantee deposits of \$134k.
 - Cash Balance was \$0.7m below forecast \$4.9m, due to timing difference of grant income \$1.3m, which was received in early January 2020
 - The adjusted cash balance including the receipt of the grant income was \$5.5m, \$0.6m above forecast
- Cash in-flows received in the quarter \$6.9m include,
 - Receipts from customers \$0.6m
 - Proceeds from the issue of shares \$6.3m
- Cash Outflows in the quarter \$5.5m include
 - Operating cash payments \$4.6m
 - Investing cash payments \$0.9m
- The net cash flow position for Q2 FY20 was an inflow of \$1.3m

Estimated cash outflow for Q3 FY20

- Staff Costs - \$3.1m
- Cost of Sales - \$0.9
- Admin and Corporate - \$1.3m

With the receipt of the grant income (\$1.3m) in early January 2020, the company has cash to fund its Q3 FY20 estimated cash outflows.

This position will be further strengthened by,

- Anticipated customer receipts, and
- Following the billing process change announced in Q3 FY19, the company will issue (and anticipates cash receipt of) its annual invoice to a major customer in Q3 FY20

All numbers in this quarterly cash flow report and accompanying commentary for the quarter ended 31st December 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")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	595.0	1,686.4
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,313.0)	(2,796.1)
(c) advertising and marketing	(61.7)	(224.8)
(d) leased assets	-	-
(e) staff costs	(2,362.6)	(5,224.8)
(f) administration and corporate costs	(929.6)	(1,763.2)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11.7	20.0
1.5 Interest and other costs of finance paid	(2.9)	(6.3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	40.0	40.0
1.8 Other - FBT refunded	-	-
1.9 Net cash from / (used in) operating activities	(4,023.0)	(8,268.8)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(40.6)	(70.9)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property (capitalized development costs)	(872.7)	(1,917.0)
(e) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(913.3)	(1,987.9)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	6,256.8	6,256.8
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	6,256.8	6256.8
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	2,876.5	8,195.0
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,023.0)	(8,268.8)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(913.3)	(1,987.9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,256.8	6,256.8

Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	1.9
4.6	Cash and cash equivalents at end of quarter	4,197.0	4,197.0

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	4,063.2	2,742.7
5.2	Call deposits	-	-
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)	4,197.0	2,876.5

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

150.6

-

6.1 above is comprised of director fees paid to 5 directors for the period Oct-Dec 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

Quarterly report for entities subject to Listing Rule 4.7B

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	-
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.		

N/A


9. Estimated cash outflows for next quarter – Q3 FY 2020	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	903
9.3 Advertising and marketing	26
9.4 Leased assets	0
9.5 Staff costs	3,073
9.6 Administration and corporate costs	1,328
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	5,330

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		

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 January 2020

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.