

28 April 2017

ASX ANNOUNCEMENT

**APPENDIX 4C: QUARTERLY CASH FLOW REPORT AND COMMENTARY FOR
THE QUARTER ENDED 31 MARCH 2017**

HIGHLIGHTS:

SYDNEY, Australia, 28 April 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 31 March 2017 for lodgement with the Australian Securities Exchange.

Operating Activities

FirstWave closed the quarter with a cash balance of \$2.6 million at 31 March 2017 in line with forecast.

Total cash inflows of \$3.4 million included the following:

| | |
|--------------------------------------|----------------|
| Customer receipts (excl prepayments) | \$2.2 m |
| Customer receipts – prepayments | \$0.6 m |
| R&D Incentive | <u>\$0.6 m</u> |
| | \$3.4 m |

Total cash outflows of \$4.0 million included the following:

| | |
|--|----------------|
| Suppliers / Overheads (excl prepayments) | \$3.3 m |
| Supplier – prepayments | \$0.4 m |
| Investment (IP / Development) | <u>\$0.3 m</u> |
| | \$4.0 m |

Monthly Recurring Revenue

The annualised monthly recurring revenue (AMRR) of FirstWave continued to increase during 3Q FY2017 to \$6.91 million, an increase of 33% relative to the same period a year ago, and up 23% on the equivalent measure in 2Q FY2017.^{1 2}

Estimated cash flows for Q4 FY 2017

The Company expects customer receipts in Q4 FY 17 to be \$2.3 million and after allowing for net finance and capital movements will result in a cash balance at year end of \$1.8 million.

¹ Annualised monthly recurring revenue (AMRR) represents the last month of the quarter’s recurring revenue multiplied by twelve. Accordingly, it provides a 12-month forward view of monthly recurring revenue, assuming contract terms remain unchanged. Note, the change in calculation from 1 February release, which was based on the quarterly recurring revenue multiplied by four. Growth references to prior periods are based on the new calculation.

² Monthly Recurring Revenue (MRR) represents contracted recurring revenue plus monthly PS recurring revenue.

Appendix 4C

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 March 2017

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|---|--|------------------------------------|--|
| 1. Cash flows from operating activities | | | |
| 1.1 Receipts from customers | | 2,773.2 | 6,316.3 |
| 1.2 Payments for | | | |
| (a) research and development | | - | |
| (b) product manufacturing and operating costs | | (1,811.6) | (2,785.7) |
| (c) advertising and marketing | | - | (68.7) |
| (d) leased assets | | (55.3) | (165.9) |
| (e) staff costs | | (1,355.6) | (4,591.3) |
| (f) administration and corporate costs | | (523.9) | (1,273.0) |
| 1.3 Dividends received (see note 3) | | - | - |
| 1.4 Interest received | | 17.3 | 68.6 |
| 1.5 Interest and other costs of finance paid | | (0.4) | (2.7) |
| 1.6 Income taxes paid | | - | - |
| 1.7 Government grants and tax incentives | | 600.4 | 600.4 |
| 1.8 Other (provide details if material) | | 8.7 | 8.7 |
| 1.9 Net cash from / (used in) operating activities | | (347.2) | (1,893.3) |
| 2. Cash flows from investing activities | | | |
| 2.1 Payments to acquire: | | | |
| (a) property, plant and equipment | | (12.5) | (395.3) |
| (b) businesses (see item 10) | | | |
| (c) investments | | | |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (d) intellectual property (capitalised development costs) | (289.2) | (799.5) |
| | (e) other non-current assets | - | - |
| 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 | (301.7) | (1,194.8) |

| | | | |
|-------------|---|---|----------------|
| 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 | - | (161.9) |
| 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 | | (161.9) |

| | | | |
|-----------|--|---------|-----------|
| 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 | 3,302.6 | 5,894.6 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (347.4) | (1,893.3) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (301.7) | (1,194.8) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | (161.9) |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|--|----------------------------|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | 8.9 |
| 4.6 | Cash and cash equivalents at end of quarter | 2,653.5 | 2,653.5 |

| 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 | 519.7 | 418.8 |
| 5.2 | Call deposits | 2,000.0 | 2,750.0 |
| 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) | 2,653.5 | 3,302.6 |

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**

170.5

-

6.1 above is comprised of director fees paid to 5 directors, and remuneration paid to the Managing Director for the period Jan – Mar 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 | 198.1 |
| 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 – Q4 FY 2017 | \$A'000 |
|---|--------------|
| 9.1 Research and development | |
| 9.2 Product manufacturing and operating costs | 983 |
| 9.3 Advertising and marketing | 74 |
| 9.4 Leased assets | 62 |
| 9.5 Staff costs | 1,784 |
| 9.6 Administration and corporate costs | 395 |
| 9.7 Other (provide details if material) | |
| 9.8 Total estimated cash outflows | 3,298 |

| 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 | | |

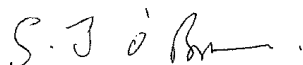
Compliance statement

- 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:

(Director/Company secretary)

Date: 28 April 2017



Print name: Stephen O'Brien

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.