

**25 July 2017**

**ASX ANNOUNCEMENT**

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

**HIGHLIGHTS:**

SYDNEY, Australia, 25 July 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 June 2017 for lodgement with the Australian Securities Exchange.

**Operating Activities**

FirstWave closed the quarter with a cash balance of \$1.9 million (including bank guarantees) at 30 June 2017 in line with forecast.

Net cash outflow in the quarter was \$0.8m comprising customer cash receipts of \$2.2 million, offset by operating cash payments of \$2.5m, investing cash payments of \$0.4m and financing cash payments of \$50k.

**Estimated cash flows for Q1 FY 2018**

The company expects customer receipts in Q1 FY 18 to be \$4.3m comprised of \$2.2m of underlying cash receipts and \$2.1m of revenue received in advance. Cash outflows are expected to be \$4.2m comprising of \$3.7m of operating, \$0.4m of investing and \$50k of financing cash outflows. Operating cash outflow in the quarter includes non-recurring pre-payments and incentives of \$1m. The resultant cash and cash equivalent position (including bank guarantees) at the end of Q1 is expected to be \$2.0m.

Firstwave expects that continued optimising of working capital will enable its domestic operation to scale and achieve cash self-sufficiency while continuing to invest in Platform and International business development. Further scaling and working capital to support the International business will be assessed on a contractual success basis.

## 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")

30 June 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	2,201.7	8,518.0
1.2	Payments for		
	(a) research and development	-	
	(b) product manufacturing and operating costs	(575.0)	(3,360.7)
	(c) advertising and marketing	-	(68.7)
	(d) leased assets	-	-
	(e) staff costs	(1,493.3)	(6,085.7)
	(f) administration and corporate costs	(434.6)	(1,980.7)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	11.9	80.5
1.5	Interest and other costs of finance paid	(0.4)	(3.0)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	600.4
1.8	Other (provide details if material)	-	
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(289.7)</b>	<b>(2,299.9)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(10.4)	(198.5)
	(b) businesses (see item 10)		
	(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property (capitalised development costs)	(407.8)	(1,265.7)
	(e) other non-current assets	-	46.3
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	<b>Net cash from / (used in) investing activities</b>	<b>(418.2)</b>	<b>(1,417.9)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	(49.9)	(130.8)
3.10	<b>Net cash from / (used in) financing activities</b>	<b>(49.9)</b>	<b>(292.7)</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	2,653.5	5,906.2
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(289.7)	(2,299.9)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(418.2)	(1,417.9)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(49.9)	(292.7)

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	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>1,895.7</b>	<b>1,895.7</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	761.9	519.7
5.2	Call deposits	1,000.0	2,000.0
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>1,895.7</b>	<b>2,653.5</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**

185.7

-

*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. <b>Financing facilities available</b> <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	176.1
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.

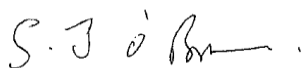
9. <b>Estimated cash outflows for next quarter – Q1 FY 2018</b>	<b>\$A'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	1,582
9.3 Advertising and marketing	74
9.4 Leased assets	62
9.5 Staff costs	2,056
9.6 Administration and corporate costs	392
9.7 Other (provide details if material)	26
<b>9.8 Total estimated cash outflows</b>	<b>4,192</b>

10. <b>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		

### **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: 25 July 2017

Print name: Steve 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.
4. Cash flow classification in the current quarter has been regrouped to align with auditor reviewed accounts as at 31 Dec 2016 to ensure consistent presentation.