



31 July 2020

ASX ANNOUNCEMENT

**APPENDIX 4C: QUARTERLY CASH FLOW AND ACTIVITIES REPORT
FOR THE QUARTER ENDED 30 June 2020**

Global cloud security technology company, FirstWave Cloud Technology Limited (ASX: FCT) (**FirstWave or Company**), provides its Appendix 4C for the 4th Quarter of FY20 ended 30 June 2020.

Operating Update

The provided an operating update to Shareholders via Teleconference at 10am on Friday the 31st July 2020.

Cash Flow for Q4 FY20:

- Cash balance at the end of Q4 FY20 was \$15.4m, including bank guarantee deposits of \$134k.
- Cash in-flows received in the quarter of \$14.8m include
 - Receipt of \$13.7m net of fees from Capital raise
 - Receipts from customers of \$1.1m

Cash Outflows in the quarter \$5.2 m include

- Operating cash payments \$4.1m
- Investing cash payments \$1.1m
- The net cash flow position for Q4 FY20 was an inflow of \$9.6m
- The Company has reported payments of \$4.1k to related parties and their associates at item 6.1 of the accompanying Appendix 4C. These payments comprise of directors fees for Non-Executive Directors.

Estimated cash outflow for Q1 FY21

- Staff Costs - \$2.9m
- Cost of Sales - \$1.3m
- Admin and Corporate - \$1.4m
- Total \$5.6m

The company has sufficient cash to fund its Q1 FY21 estimated cash outflows.

Other developments during the June ended Quarter:

- Capital raise - The Company raised a total of \$14.9m (gross) / \$13.7m (net of fees) in May and June 2020:

Apart from the above there have been no material changes or developments to the Company's activities during the quarter.

Subsequent to quarter-end

- FirstWave held an Extraordinary General Meeting on the 29th July where, in summary, the following resolutions were passed:
 - Ratification of prior placement of shares
 - Issue of options to sub-underwriters
 - Appointment of Mr David Acton as Non-Executive Director
 - Approval of the First Wave Technology Limited Rights Plan
 - Approval of Grant of Service Rights in lieu of fees to Mr John Grant
 - Approval of Grant of Restricted Rights to Non-Executive Directors in lieu of fees (Messrs. MacRae, Lidgett and Acton)

- Establishment of a Technology & Markets Board Committee

- Appointment of Neil Pollock as Chief Executive Officer – refer to attachment for material terms

- Appointment of Iain Bartram as Chief Financial Officer

- Appointment of Kevin Bloch as advisor to the Technology & Markets Board Committee

All numbers in this quarterly cash flow report and accompanying commentary for the quarter ended 30th June 2020 are unaudited.



Name of entity

FirstWave Cloud Technology Limited [FCT.ASX]

ABN

35 144 733 595

Quarter ended ("current quarter")

30 June 2020

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	1,116.7	8,109.7
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,645.9)	(5,384.4)
(c) advertising and marketing	(7.9)	(242.5)
(d) leased assets	-	-
(e) staff costs	(1,589.6)	(9,426.1)
(f) administration and corporate costs	(1,000.6)	(3,316.7)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13.1	40.2
1.5 Interest and other costs of finance paid	(4.7)	(51.3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	119.6	1,415.7
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,999.3)	(8,855.4)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(15.2)	(92.7)
(d) investments	-	-
(e) intellectual property	(1,067.1)	(3,807.9)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B
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
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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	(1,082.3)	(3,900.6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	13,717.4	19,974.2
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	13,717.4	19,974.2

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,779.3	8,195.0
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,999.3)	(8,855.4)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,082.3)	(3,900.6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13,717.4	19,974.2



Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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	-	1.9
4.6	Cash and cash equivalents at end of period	15,415.1	15,415.1

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	15,281.3	5,645.5
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)	15,415.1	5,779.3

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	4.1
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments



Quarterly cash flow report for entities subject to Listing Rule 4.7B
Quarterly report for entities subject to Listing Rule 4.7B

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	300	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	300	-

7.5 **Unused financing facilities available at quarter end** 300

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9) - (est Q1)	(3,800)
	Net cash from / (used in) investing activities – (est Q1)	(900)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	15,415
8.3	Unused finance facilities available at quarter end (Item 7.5)	300
8.4	Total available funding (Item 8.2 + Item 8.3)	15,715
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	3.3

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity 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?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:



Quarterly cash flow report for entities subject to Listing Rule 4.7B
Quarterly report for entities subject to Listing Rule 4.7B

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.

31 July 2020

Date:

GAI STEPHENS – COMPANY SECRETARY



Authorised by:
 (Name of body or officer authorising release – By the Board)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



Attachment A

Chief Executive Officer

A new CEO – Mr Neil Pollock was appointed as Chief Executive Officer. The material terms of Mr Pollock's appointment are detailed below:

Key Terms	Detail
Commencement Date	31 July 2020
Term	Ongoing until terminated by the Company or the Employee
Notice Period	Either party may terminate without cause on providing three months' written notice.
Fixed Remuneration	Fixed Remuneration of \$444,441 per annum including Superannuation.
Short Term Incentive	On target STI of \$300,000 of meeting 100% of target. An above target performance of up to an additional \$300,000 if performance is at 130% of target.
Long Term Incentive	There is no LTI set for FY21 however the Executive will participate in any LTI determined by the Company from time to time.
Payments on Termination	The Company may make a payment in lieu of three months' notice.
Other Terms	The employment agreement contains standard terms and conditions for agreements of this nature including provisions relating to leave entitlements, confidential information, intellectual property and restraint.

