

**FirstWave Cloud Technology Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	FirstWave Cloud Technology Limited
ABN:	35 144 733 595
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

**2. Results for announcement to the market**

				\$
Revenues from ordinary activities	down	11.9%	to	5,782,358
Gross profit	down	9.0%	to	4,656,322
Loss from ordinary activities after tax attributable to the owners of FirstWave Cloud Technology Limited	improved	27.4%	to	(2,366,055)
Loss for the half-year attributable to the owners of FirstWave Cloud Technology Limited	improved	27.4%	to	(2,366,055)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the consolidated entity after providing for income tax improved to \$2,366,055 (31 December 2022: \$3,257,728).

The company incurred transaction costs in relation to the acquisition of the assets of Saisei Networks Inc. of \$208,830 (31 December 2022: \$23,938 in relation to the acquisition of Opmantek Limited).

Excluding these transaction costs, the company incurred a loss after income tax of \$2,157,225 (31 December 2022: Loss of \$3,233,790). The improved loss is attributed to the improved focus on the entity's most profitable products and disciplined cost rationalisation.

The reduction in revenue and gross profit relates primarily to matters already disclosed to the market which include that there were some significant non-recurring revenues in the prior comparative period and a churn of a client with Telstra – both once off occurrences.

Refer to the 'Review of operations' section of the Directors' report within the Interim Report for further commentary on the results.

**3. Net tangible assets/(liabilities)**

	Reporting period Cents	Previous period Cents
Net tangible assets/(liabilities) per ordinary security	<u>(0.22)</u>	<u>0.05</u>

Net tangible assets/(liabilities) calculations include right-of-use assets and lease liabilities.

**4. Foreign entities**

There has been no change in foreign-owned subsidiaries to those reported for the year ended 30 June 2023. All group entities comply with International Financial Reporting Standards ('IFRS').

## **5. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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## **6. Attachments**

*Details of attachments (if any):*

The Interim Report of FirstWave Cloud Technology Limited for the half-year ended 31 December 2023 is attached.

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## **7. Signed**

As authorised by the Board of Directors

Signed  \_\_\_\_\_

Date: 28 February 2024

John Grant  
Chair

# **FirstWave Cloud Technology Limited**

**ABN 35 144 733 595**

**Interim Report - 31 December 2023**

**FirstWave Cloud Technology Limited**  
**Directors' report**  
**31 December 2023**

The directors present their report, together with the financial statements of FirstWave Cloud Technology Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (referred to hereafter as the 'consolidated entity') at the end of, or during, the half-year ended 31 December 2023.

### **Directors**

The following persons were directors of FirstWave Cloud Technology Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Grant – Non-Executive Chair  
Danny Maher – Managing Director  
Ray Kiley – Non-Executive Director  
Paul MacRae – Non-Executive Director (retired on 23 November 2023)  
Euh (David) Hwang – Non-Executive Director (retired on 23 November 2023)

### **Principal activities**

During the financial half-year, the principal continuing activities of the consolidated entity comprise the development and sale of network discovery, audit, monitoring, and internet security software.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

### **Review of operations**

#### *Profit or loss performance*

The consolidated entity's revenue for the financial half-year was \$5,782,358 (31 December 2022: \$6,560,163) which represents a decrease of 11.9% over the prior comparative period ('PCP'). Gross profit for the financial half-year was \$4,656,322 (31 December 2022: \$5,114,250) which represents a decrease of 9.0% over the PCP. Recurring revenue represented 93.1% (31 December 2022: 86.9%) of total revenue. The reduction in revenue and gross profit relates primarily to matters already disclosed to the market which include that there were some significant non-recurring revenues in the prior comparative period and a churn of a client with Telstra – both once off occurrences.

The consolidated entity's loss after income tax amounted to \$2,366,055 (31 December 2022: \$3,257,728) which represents an improvement of 27.4%.

On 19 September 2023, FirstWave acquired 100% of the assets of Silicon Valley founded network automation software company Saisei Networks Inc. ([www.saisei.com](http://www.saisei.com)). FirstWave issued 40,571,428 new shares to Saisei as payment for the assets of the business. The transaction includes \$200,000 in cash receivables.

Saisei's software is a carrier-grade solution and provides network managers in telecommunications and enterprise (private network) customers with the ability to dynamically apply network controls based on pre-configured rule sets together with machine learning. This delivers a highly-automated solution that increases network capability while reducing operational expenditure.

The transaction is expected to bring a number of significant benefits to FirstWave, including:

- Expanding the company's IP through the acquisition of Saisei's IP and patents;
- Improving and expanding the functionality of the company's NMIS network management offering;
- Bringing over 50 new clients and adding approximately \$AUD1 million to FirstWave's annual revenue, 75% of which is derived from North America and Latin America;
- Offsetting transaction costs and increasing the company's cash reserves in total by approximately \$200,000;
- Delivering 6 new software engineers focussed exclusively on enhancing the company's IP; and
- Expanding the company's technical management.

John Harper, Saisei CTO, joined FirstWave to support a successful merger of intellectual property and solutions post-acquisition, and the business moving forward.

With increasing opportunity for its network monitoring platform, the Company undertook a detailed review of its investment priorities during the period. This resulted in:

## FirstWave Cloud Technology Limited

### Directors' report

31 December 2023

- Repurposing its investment to where the Company sees its short to mid-term opportunities;
- Making 11 positions redundant, mainly in the Company's Australian-based CyberCision development team; and
- Delivering annual savings of approximately \$1.5 million without impacting its existing CyberCision customers or its North American operations.

The company also undertook a management restructure in line with its strategic objectives following the acquisition of Saisei. The major elements were:

- Appointing Iain Bartram to the position of Chief Operating Officer, adding responsibility for customer support and software development to his existing role as Chief Financial Officer and Company Secretary;
- Focusing the company's CEO, Danny Maher, on sales and marketing, and the company's strategic goals;
- Extending the sales responsibilities of the Company's Chief Revenue Officer (CRO), Dino Davanzo, to include the company's marketing and product functions globally; and
- After leading FirstWave's software development activities since the Company's formation, the company's current Chief Technology Officer (CTO), Simon Ryan, departed the business in December 2023.

Following the organisational restructure at the beginning of the period, the added focus to converting the Company's strong pipeline to revenue saw several transactions close and several other opportunities move closer to completion. Significant amongst those that closed in the period were:

- Extension of the Company's NMIS agreement with the US Space Agency, NASA.
- Extension of the Company's NMIS agreement with Mexico's largest telecommunications group, Telmex.
- Securing the first sale of our technology as part of our reseller engagement with Telmex. Telmex has utilised a range of FirstWave products since 2011. Under the newly expanded relationship, Telmex has become a reseller of FirstWave's industry-leading Network Management Information System (NMIS) platform by bundling the software with its network sales. This first successful sale was to a Mexican government client and the contract will deliver approximately A\$1 million in revenue to FirstWave over the next three years with a minimum of A\$400,000 in cash this financial year. The Company has since completed the implementation at the client and expects that, having proven the success of this sale and the use of NMIS as a point of differentiation when bundled with Telmex's network offerings, more opportunities will follow.

The Company also released v5.0 of the Company's Open Audit software – FirstWave's most popular 'freemium' product and most recently awarded 'world's best agent-less Discovery Tools for IT Asset Management' by Comparitech. The V5.0 release is the most significant update to Open-Audit in over three years. Open-Audit is one of the world's leading IT audit platforms, with over 130,000 organisations using the software to scan their network intelligently and store the configurations of the discovered devices. The upgrade will allow FirstWave to add new features much faster and further cement Open-Audit's position as the number one tool in the market.

#### *Statement of financial position*

Cash and cash equivalents decreased by \$3,661,427 to \$1,945,992 (30 June 2023: \$5,607,419). The decrease came after, \$2,343,257 net cash outflows from operating activities and \$1,238,362 in investing activities, reflecting continued development of the consolidated entity's intellectual property. The net cash outflows from operating activities of \$2,343,257 compares to \$2,126,807 in the PCP which represents a 10.2% increase in net cash outflows.

#### *Going concern*

Based on its current commitments, the consolidated entity has sufficient funds to meet its debts as and when they fall due. Accordingly, the directors have determined that the consolidated entity will continue as a going concern, as explained in note 1 to the financial statements.

#### **Significant changes in the state of affairs**

On 19 September 2023, the company acquired 100% of the assets of Saisei Networks Inc. ('Saisei'). FirstWave issued 40,571,428 new shares to Saisei as payment for the assets of the business. Saisei is an innovative and established provider of patented network automation technology in North America. It was acquired to expand the consolidated entity's intellectual property ('IP') and patents and accelerate growth of the consolidated entity in its key target market of North American telecommunications providers. The effective date of the transaction was 1 September 2023. Refer to note 13 for further details.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

**Matters subsequent to the end of the financial half-year**

On 22 February 2024, the company entered into a loan agreement with Formue Nord Fund and issued convertible notes for an amount of AU\$2,500,000. The issue price is fixed at \$0.036 which is a 28.6% premium to the 21 February 2024 closing share price of \$0.028 at the time of signing the loan agreement. The convertible notes will have a maturity date of 18 months from the issue date unless previously redeemed or converted into shares. There is an establishment fee of 5% payable to Formue Nord Fund which will be deducted from the loan amount. The interest rate margin will be 8% per annum over the +3 month BBSW (currently 4.22%). The interest is payable quarterly in arrears on each interest payment date. Each convertible note entitles the noteholder to one share (subject to any adjustment for bonus shares, rights issues and capital reconstructions), or the cash equivalent (at the election of the company). Any convertible note not converted by the maturity date must be redeemed by the company at the issue price on the maturity date. The company has the option to redeem the convertible notes at any time prior to the maturity date without penalty. The convertible notes will be unsecured debt obligations of the company and rank equally with other ordinary unsecured creditors of the company in relation to repayment of principal and interest.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



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John Grant  
Chair



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Ray Kiley  
Director

28 February 2024



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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF FIRSTWAVE CLOUD TECHNOLOGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of FirstWave Cloud Technology Limited and the entities it controlled during the half year.

PKF

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'Shaun Lindemann', written in a cursive style.

SHAUN LINDEMANN  
PARTNER

28 FEBRUARY 2024  
BRISBANE

## FirstWave Cloud Technology Limited

### Contents

31 December 2023

Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	17
Independent auditor's review report to the members of FirstWave Cloud Technology Limited	18

### General information

The financial statements cover FirstWave Cloud Technology Limited (referred to as the 'company' or 'parent') as a consolidated entity consisting of the company and the entities it controlled at the end of, or during, the half-year (referred to as the 'consolidated entity'). The financial statements are presented in Australian dollars, which is FirstWave Cloud Technology Limited's functional and presentation currency.

FirstWave Cloud Technology Limited is a listed public company limited by shares and is incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 14  
132 Arthur Street  
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 February 2024. The directors have the power to amend and reissue the financial statements.

**FirstWave Cloud Technology Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>			
Revenue from contracts with customers	3	5,782,358	6,560,163
Cost of sales		<u>(1,126,036)</u>	<u>(1,445,913)</u>
Gross profit		4,656,322	5,114,250
Other income	4	657,936	428,331
Interest income calculated using the effective interest method		50,919	60,924
<b>Expenses</b>			
Sales and marketing		(2,697,299)	(2,287,604)
Product and development		(1,266,218)	(2,764,449)
Operations and support		(526,207)	(613,338)
Corporate and administration		(3,020,730)	(3,165,851)
Transaction costs		(208,830)	(23,938)
Finance costs	5	(4,613)	(6,053)
Total expenses		<u>(7,723,897)</u>	<u>(8,861,233)</u>
<b>Loss before income tax expense</b>		(2,358,720)	(3,257,728)
Income tax expense		<u>(7,335)</u>	-
<b>Loss after income tax expense for the half-year attributable to the owners of FirstWave Cloud Technology Limited</b>		(2,366,055)	(3,257,728)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(1,323)</u>	3,567
Other comprehensive income for the half-year, net of tax		<u>(1,323)</u>	3,567
<b>Total comprehensive income for the half-year attributable to the owners of FirstWave Cloud Technology Limited</b>		<u><u>(2,367,378)</u></u>	<u><u>(3,254,161)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	14	(0.14)	(0.20)
Diluted earnings per share	14	(0.14)	(0.20)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**FirstWave Cloud Technology Limited**  
**Statement of financial position**  
**As at 31 December 2023**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,945,992	5,607,419
Term deposits		133,776	133,776
Trade and other receivables	6	2,837,253	3,190,429
Contract assets		177,336	142,440
Other assets		832,408	742,640
<b>Total current assets</b>		<u>5,926,765</u>	<u>9,816,704</u>
<b>Non-current assets</b>			
Property, plant and equipment		159,700	109,992
Right-of-use assets		158,539	208,603
Intangible assets	7	56,147,298	53,194,363
Other assets		17,767	-
<b>Total non-current assets</b>		<u>56,483,304</u>	<u>53,512,958</u>
<b>Total assets</b>		<u>62,410,069</u>	<u>63,329,662</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		2,419,003	2,862,039
Contract liabilities	8	3,350,964	3,214,285
Employee benefits		1,078,497	1,392,125
Lease liabilities		124,569	118,569
Deferred research and development income		867,074	880,057
<b>Total current liabilities</b>		<u>7,840,107</u>	<u>8,467,075</u>
<b>Non-current liabilities</b>			
Contract liabilities	8	487,079	730,679
Employee benefits		191,717	163,960
Deferred tax	13	44,000	-
Provisions		26,406	26,406
Lease liabilities		77,405	141,857
Deferred research and development income		1,373,712	1,369,579
<b>Total non-current liabilities</b>		<u>2,200,319</u>	<u>2,432,481</u>
<b>Total liabilities</b>		<u>10,040,426</u>	<u>10,899,556</u>
<b>Net assets</b>		<u>52,369,643</u>	<u>52,430,106</u>
<b>Equity</b>			
Issued capital	9	130,976,095	128,474,750
Reserves	10	5,428,645	5,911,076
Accumulated losses		<u>(84,035,097)</u>	<u>(81,955,720)</u>
<b>Total equity</b>		<u>52,369,643</u>	<u>52,430,106</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**FirstWave Cloud Technology Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2023**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	128,426,284	5,736,129	(69,004,940)	65,157,473
Loss after income tax expense for the half-year	-	-	(3,257,728)	(3,257,728)
Other comprehensive income for the half-year, net of tax	-	3,567	-	3,567
Total comprehensive income for the half-year	-	3,567	(3,257,728)	(3,254,161)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments expense	-	345,499	-	345,499
Share issue on exercise of options, net of transaction costs	48,545	(51,761)	-	(3,216)
Transfer to retained earnings	-	(157,692)	157,692	-
Balance at 31 December 2022	<u>128,474,829</u>	<u>5,875,742</u>	<u>(72,104,976)</u>	<u>62,245,595</u>
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2023	128,474,750	5,911,076	(81,955,720)	52,430,106
Loss after income tax expense for the half-year	-	-	(2,366,055)	(2,366,055)
Other comprehensive income for the half-year, net of tax	-	(1,323)	-	(1,323)
Total comprehensive income for the half-year	-	(1,323)	(2,366,055)	(2,367,378)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	1,985,302	-	-	1,985,302
Share-based payment expense	-	321,613	-	321,613
Share issue on exercise of options, net of transaction costs	516,043	(516,043)	-	-
Transfer to retained earnings	-	(286,678)	286,678	-
Balance at 31 December 2023	<u>130,976,095</u>	<u>5,428,645</u>	<u>(84,035,097)</u>	<u>52,369,643</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**FirstWave Cloud Technology Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2023**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	6,672,892	6,017,111
Payments to suppliers and employees (inclusive of GST)	(8,712,095)	(8,494,200)
Transaction cost payments (inclusive of GST)	(284,414)	-
Interest received	51,385	25,280
Other income	-	365,270
Interest and other finance costs paid	(71,025)	(40,268)
	<u>(2,343,257)</u>	<u>(2,126,807)</u>
Net cash used in operating activities		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(33,346)	(3,287)
Payments for intangible assets	(1,405,016)	(1,537,879)
Receipts from the acquisition of Saisei	200,000	-
	<u>(1,238,362)</u>	<u>(1,541,166)</u>
Net cash used in investing activities		
<b>Cash flows from financing activities</b>		
Share issue transaction costs	(14,405)	(2,127)
Payment of principal portion of lease liabilities	(65,403)	(63,415)
	<u>(79,808)</u>	<u>(65,542)</u>
Net cash used in financing activities		
Net decrease in cash and cash equivalents	(3,661,427)	(3,733,515)
Cash and cash equivalents at the beginning of the financial half-year	5,607,419	10,408,588
	<u>1,945,992</u>	<u>6,675,073</u>
Cash and cash equivalents at the end of the financial half-year		
Net cash used in operating activities	(2,343,257)	(2,126,807)
Transaction cost payments (inclusive of GST)	284,414	-
Net cash used in operating activities before transaction costs (inclusive of GST)	<u>(2,058,843)</u>	<u>(2,126,807)</u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

### **Note 1. Material accounting policy information**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2023 and are not expected to have a significant impact for the full financial year ending 30 June 2024.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Going Concern**

During the half-year ended 31 December 2023, the consolidated entity incurred a net loss after tax of \$2,366,055 (31 December 2022: \$3,257,728), generated net cash outflows from operating activities of \$2,343,257 (31 December 2022: net cash outflows of \$2,126,807) and had a net current liability of \$1,913,342 (30 June 2023: net current assets of \$1,349,629). The directors have prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Subsequent to the period end, the consolidated entity has entered into an agreement to issue convertible notes which will provide an additional AUD \$2,375,000 to the entity's existing working capital. Refer to note 15 for further information. The consolidated entity is also continuing to streamline its costs in order to reach a cash flow neutral position in the near term.

Based on cash flow projections, the consolidated entity has sufficient funds to meet its debts as and when they fall due. The preparation of these projections is based on several assumptions, judgements and other considerations ('inputs') in relation to the timing and quantum of income, expenses, and capital. Having regard to the range of possible outcomes utilising different inputs, the directors have concluded that none of the potential impacts to future cash flow outcomes give rise to material uncertainty which may cast significant doubt on the consolidated entity's ability to continue as a going concern. Accordingly, the directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial statements.

### **Note 2. Operating segments**

#### *Identification of reportable operating segments*

The consolidated entity's operating segments are based on the internal reports that are reviewed and used by the Chief Executive Officer (being the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The consolidated entity only has one reportable segment being the development and sale of internet software. For information on the reportable segment refer to the statement of profit or loss and other income (for segment revenues and profit/loss) and statement of financial position (for total segment assets and liabilities) and notes to the financial statements. Refer to note 3 for geographical information. Whilst two cash-generating units have been identified for the purpose of internal impairment assessments at balance date, this level of information has not been compiled and provided internally to the CODM during the half-year.

**Note 3. Revenue**

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	\$	\$
Internet security	2,895,907	3,776,202
Network monitoring	2,542,275	2,783,961
Network automation ('STM')	344,176	-
	<u>5,782,358</u>	<u>6,560,163</u>
<i>Geographical regions</i>		
Australia	3,030,017	3,985,345
North America*	1,788,483	1,262,668
LATAM**	610,787	992,456
ROW***	353,071	319,694
	<u>5,782,358</u>	<u>6,560,163</u>
<i>Timing of revenue recognition</i>		
Recurring revenue (over a period of time)	5,381,127	5,697,607
Non-recurring revenue (at a point in time)	401,231	862,556
	<u>5,782,358</u>	<u>6,560,163</u>

\* North America represents revenue from customers in United States of America and Canada

\*\* Latin America ('LATAM') represents revenue from customers in Mexico, Central America and South America.

\*\*\* Rest of the world ('ROW') represents the revenue from customers in the rest of the world.

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	\$	\$
Research and development grant income*	655,941	411,098
Other income	1,995	17,233
	<u>657,936</u>	<u>428,331</u>

\* There are no unfulfilled conditions or other contingencies attached to receipt of R&D grant income.

**Note 5. Expenses**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Leasehold improvements	16,999	16,999
Computer equipment	12,235	8,625
Computer platform	214	366
Website	1,229	3,396
Furniture and fittings	12	-
Right-of-use assets	50,064	50,064
Total depreciation	<u>80,753</u>	<u>79,450</u>
<i>Amortisation</i>		
Capitalised development costs	473,610	1,936,938
Customer list	28,232	24,750
Patents	13,501	12,234
Total amortisation	<u>515,343</u>	<u>1,973,922</u>
Total depreciation and amortisation	<u>596,096</u>	<u>2,053,372</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on lease liabilities	4,613	6,053
<i>Net foreign exchange variance</i>		
Net foreign exchange variance	35,584	(82,172)
<i>Employee benefit expenses</i>		
Employee salaries and other benefits	5,440,086	5,261,921
Defined contribution superannuation expense	402,548	378,111
Share-based payments expenses	359,313	345,500
Total Employee benefit expenses	<u>6,201,947</u>	<u>5,985,532</u>

**Note 6. Trade and other receivables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	1,422,634	2,496,008
Less: Allowance for expected credit losses	(158,204)	(160,109)
	<u>1,264,430</u>	<u>2,335,899</u>
Research and development tax incentive receivable	1,501,621	854,530
Other receivables	71,202	-
	<u>2,837,253</u>	<u>3,190,429</u>

**Note 7. Intangible assets**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Goodwill - at cost	50,495,774	49,493,774
Capitalised development costs - at cost	31,430,031	29,157,582
Less: Accumulated amortisation	(19,482,976)	(19,009,367)
Less: Impairment	(7,591,178)	(7,591,178)
	<u>4,355,877</u>	<u>2,557,037</u>
Brand name - at cost	971,000	971,000
Customer list - at cost	341,000	165,000
Less: Accumulated amortisation	(76,357)	(48,125)
	<u>264,643</u>	<u>116,875</u>
Patents - at cost	259,364	241,536
Less: Accumulated amortisation	(199,360)	(185,859)
	<u>60,004</u>	<u>55,677</u>
Information systems - at cost	90,000	90,000
Less: Impairment	(90,000)	(90,000)
	<u>-</u>	<u>-</u>
	<u><u>56,147,298</u></u>	<u><u>53,194,363</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

<b>Consolidated</b>	<b>Goodwill</b>	<b>Capitalised</b>	<b>Brand name</b>	<b>Customer</b>	<b>Patents</b>	<b>Information</b>	<b>Total</b>
	<b>\$</b>	<b>development</b>	<b>\$</b>	<b>list</b>	<b>\$</b>	<b>systems</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2023	49,493,774	2,557,037	971,000	116,875	55,677	-	53,194,363
Additions	-	1,357,450	-	-	17,828	-	1,375,278
Additions through acquisitions (note 13)	1,002,000	915,000	-	176,000	-	-	2,093,000
Amortisation expense	-	(473,610)	-	(28,232)	(13,501)	-	(515,343)
Balance at 31 December 2023	<u>50,495,774</u>	<u>4,355,877</u>	<u>971,000</u>	<u>264,643</u>	<u>60,004</u>	<u>-</u>	<u>56,147,298</u>

**Note 8. Contract liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	\$	\$
Current liabilities	3,350,964	3,214,285
Non-current liabilities	487,079	730,679
	<u>3,838,043</u>	<u>3,944,964</u>

*Reconciliation*

Reconciliation of the written down values at the beginning and end of the current half-year and previous financial year are set out below:

Opening balance	3,944,964	3,214,315
Payments received in advance	2,839,676	7,286,857
Transfer to revenue - included in the opening balance	(2,039,185)	(2,528,092)
Transfer to revenue - other balances	(907,412)	(4,028,116)
Closing balance	<u>3,838,043</u>	<u>3,944,964</u>

**Note 9. Issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,709,580,632</u>	<u>1,662,846,883</u>	<u>130,976,095</u>	<u>128,474,750</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>\$</b>	
Balance	1 July 2023	1,662,846,883		128,474,750
Issue of shares - business combination (note 13)	21 September 2023	40,571,428	\$0.06	1,997,000
Issue of shares on conversion of rights	18 October 2023	6,162,321	\$0.05	516,043
Share issue transaction costs, net of tax				(11,698)
Balance	31 December 2023	<u>1,709,580,632</u>		<u>130,976,095</u>

**Note 10. Reserves**

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
	\$	\$
Foreign currency reserve	115,866	117,189
Share-based payments reserve	5,312,779	5,793,887
	<u>5,428,645</u>	<u>5,911,076</u>

**Note 10. Reserves (continued)**

*Movements in reserves*

Movements in each class of reserve during the current financial half-year are set out below:

<b>Consolidated</b>	Foreign currency \$	Share-based payments \$	Total \$
Balance at 1 July 2023	117,189	5,793,887	5,911,076
Foreign currency translation	(1,323)	-	(1,323)
Share-based payment expense	-	321,613	321,613
Transfer to issued capital	-	(516,043)	(516,043)
Transfer to retained earnings	-	(286,678)	(286,678)
	<u>115,866</u>	<u>5,312,779</u>	<u>5,428,645</u>

**Note 11. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial half-year.

**Note 12. Contingent liabilities**

The consolidated entity has given bank guarantees as at 31 December 2023 of \$133,776 (30 June 2023: \$133,776) to one landlord.

**Note 13. Business combination**

On 19 September 2023, the company acquired 100% of the assets of Saisei Networks Inc. ('Saisei'). FirstWave issued 40,571,428 new shares to Saisei for the assets of the business. The effective date of the transaction is 1 September 2023. Saisei is an innovative and established provider of patented network automation technology in North America. It was acquired to expand the consolidated entity's intellectual property ('IP') and accelerate growth of the consolidated entity in its key target market of North American telecommunications providers. The transaction has been accounted for as a business combination. The acquired business contributed revenues of \$344,176 from 1 September 2023 to 31 December 2023. If the acquisition occurred on 1 July 2023, the half-year contributions would have been revenues of \$516,000. The values identified in relation to the acquisition of the assets of Saisei are final as at 31 December 2023. The profit or loss before tax of the acquired business from the date of acquisition and for the half-year are not disclosed. The contribution of the acquired business to the results of the consolidated entity cannot be quantified due to shared costs of the combined businesses after the business combination.

Details of the acquisition are as follows:

	<b>Fair value \$</b>
Other receivables	200,000
Accrued revenue	20,000
Capitalised development intangible assets	915,000
Customer list intangible assets	176,000
Contract liabilities	(200,000)
Deferred tax liability	(44,000)
Employee benefits	(72,000)
	<u>995,000</u>
Net assets acquired	995,000
Goodwill	<u>1,002,000</u>
Acquisition-date fair value of the total consideration transferred	<u><u>1,997,000</u></u>

**Note 13. Business combination (continued)**

	Fair value \$
Representing:	
FirstWave Cloud Technology Limited shares issued to vendor	<u>1,997,000</u>
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred (shares issued)	1,997,000
Less: shares issued by company as part of consideration	<u>(1,997,000)</u>
Net cash used	<u>-</u>

**Note 14. Earnings per share**

	Consolidated half-year 31 Dec 2023 \$	Consolidated half-year 31 Dec 2022 \$
Loss after income tax attributable to the owners of FirstWave Cloud Technology Limited	<u>(2,366,055)</u>	<u>(3,257,728)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,705,896,636</u>	<u>1,662,404,825</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,705,896,636</u>	<u>1,662,404,825</u>
	Cents	Cents
Basic earnings per share	(0.14)	(0.20)
Diluted earnings per share	(0.14)	(0.20)

Options and rights have been excluded in the weighted average number of shares used to calculate diluted earnings per share as they were anti-dilutive.

**Note 15. Events after the reporting period**

On 22 February 2024, the company entered into a loan agreement with Formue Nord Fund and issued convertible notes for an amount of AU\$2,500,000. The issue price is fixed at \$0.036 which is a 28.6% premium to the 21 February 2024 closing share price of \$0.028 at the time of signing the loan agreement. The convertible notes will have a maturity date of 18 months from the issue date unless previously redeemed or converted into shares. There is an establishment fee of 5% payable to Formue Nord Fund which will be deducted from the loan amount. The interest rate margin will be 8% per annum over the +3 month BBSW (currently 4.22%). The interest is payable quarterly in arrears on each interest payment date. Each convertible note entitles the noteholder to one share (subject to any adjustment for bonus shares, rights issues and capital reconstructions), or the cash equivalent (at the election of the company). Any convertible note not converted by the maturity date must be redeemed by the company at the issue price on the maturity date. The company has the option to redeem the convertible notes at any time prior to the maturity date without penalty. The convertible notes will be unsecured debt obligations of the company and rank equally with other ordinary unsecured creditors of the company in relation to repayment of principal and interest.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**FirstWave Cloud Technology Limited**  
**Directors' declaration**  
**31 December 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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John Grant  
Chair



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Ray Kiley  
Director

28 February 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF FIRSTWAVE CLOUD TECHNOLOGY LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of FirstWave Cloud Technology Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of FirstWave Cloud Technology Limited is not in accordance with the *Corporations Act 2001* including:-

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date; and
- (b) complying with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Independence

In conducting our review, we have complied with the auditor independence requirements of the *Corporations Act 2001*. In accordance with the *Corporations Act 2001*, we have given the directors of the company a written Auditor's Independence Declaration.

### Responsibility of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the



*Corporations Regulations 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibilities for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

PKF BRISBANE AUDIT

A handwritten signature in black ink, appearing to read 'S Lindemann', written over a light blue horizontal line.

SHAUN LINDEMANN  
PARTNER

28 FEBRUARY 2024  
BRISBANE