



30 APRIL 2025

ASX ANNOUNCEMENT

ACTIVITY REPORT AND APPENDIX 4C FOR THE QUARTER ENDED 31 MARCH 2025

Global cybersecurity and network management company, FirstWave Cloud Technology Limited (ASX:FCT) (**FirstWave** or **Company**), provides its Activity Report and Appendix 4C for the third quarter of FY25 ended 31 March 2025.

Business Update

Q3 saw the renewal of licence agreements for the Company's monitoring products from major clients:

- John Deere
- Macquarie Telecom

Q3 also saw the Company continue to progress key deals in its pipeline and the Company looks forward to updating the market as they develop.

Technology Positioning

Q3 saw the company continuing to invest in its portfolio of software to ensure their relevance to its customers and their competitiveness in the market. As announced on 28 April 2025, the company will be conducting a webinar on 7 May 2025 covering several new advancements and initiatives in AI enabled compliance and control.

Financial Highlights

- The cash position at the quarter end was \$0.55m, down from \$1.68m at the end of the previous quarter;
- Annualised Recurring Revenue (ARR)* of \$8.03m, down 1.5% QoQ. The fall in ARR was driven by continued churn from Telstra end-customers as a result of the previously disclosed discontinuation by Telstra of their GPA firewall product and CSX2 hosting platform;
- Revenue of \$2.14m down 5.7% QoQ, however, after excluding the \$0.21m drop in zero margin Telstra recharges, revenue was up 3.9% at \$2.11m;
- Gross Profit in Q3 of \$1.94m, up 4.9% QoQ with a margin improvement of 9 ppts to 91%;
- Capitalisation of development costs of \$0.53m, up 11.3% QoQ.

Cash Flow Highlights

As previously communicated to shareholders, FirstWave's capital requirements are cyclical and, following zero cash usage over the first 6 months of this financial year, in Q3 the Company used \$1.13m in cash, of which \$0.60m was to support operational activities.

The cash position at the end of the quarter was \$0.55m after the following major movements:

Cash inflows of:

- \$2.20m from customers;

Cash payments of:

- \$2.16m for staff costs of which;
 - \$1.67m was recognised as operating activities, and
 - \$0.49m were capitalised and hence recognised as investing activities;

- \$0.46m for product and operating costs, and
- \$0.46m for administration and corporate cost.

During the period the Company gained approval for an advance against R&D expenditure. The initial approval was for \$0.40m. FirstWave's R&D expenditure is ongoing and at the quarter end was estimated at \$0.90m YTD. Advances are typically capped at 80% of the incurred R&D expenditure and hence it is estimated that up to \$0.72m could be accessed from this pool of funding as at the end of Q3.

The Company's normalised cash usage at the end of Q3 has been calculated at \$220k per month. The normalised cash usage does not include any new sales, nor any non-recurring revenues (non-recurring revenues averaged \$34k per month over the prior 12 months) but does include \$25k per month of interest against the convertible note. The comparable figure from Q2 was \$273k per month. Normalised cashflow is not a proxy for forecasted short term cashflow which will reflect the swings in inflows and outflows that the normalised calculation seeks to smooth.

As detailed in Item 6.1 of the accompanying Appendix 4C, the Company paid \$10K in cash payments to Directors, which is lower than their agreed fees as a result of the Directors electing to receive a portion of their fees in equity-based payments. It is also noted that Item 6.1 does not include payments made to Danny Maher under his employment agreement as Managing Director and CEO.

Outlook

With support from Amazon Web Services (AWS), FirstWave has entered into an agreement with US technology company Corent Tech (www.corenttech.com). The agreement is fully funded by AWS for the first 12 months to support the advancement of the AWS and FirstWave partnership. The agreement will see Corent Tech intellectual property leveraged to accelerate the uptake of FirstWave cloud services via AWS and potentially the ability for FirstWave cloud services to be included on AWS invoices, with AWS collecting the funds and enabling/disabling services based on end customer purchases and payments.

Given the low cash balance and the likelihood that operating cash flows for Q4 will be negative, the board is advancing as quickly as it can all options it has at its disposal – increased sales, debt restructuring, asset disposal, new capital – to de-risk the business during this period and will update the market as soon as any of these become certain.

The Company is also maintaining a close watch on its operations in the US and LATAM where negative sentiment flowing from the actions of the US Administration has the potential to inject uncertainty into investment decisions by its customers.

The Company has scheduled an update on FY25 Q3 performance via Teleconference at 9.30am (AEDT) Wednesday 30 April 2025. The presentation for this update will be uploaded to the ASX website prior to the teleconference.

** ARR is the recurring revenue of the last month of the quarter x 12*

Normalised includes: interest, capitalised development labour, monthly allocation for R&D grant, recurring revenue rather than collections and smooths out other timings.

All numbers in this quarterly cash flow report and accompanying commentary for the quarter ended 31 March 2025 are unaudited.

Appendix 4C

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

Name of entity

FirstWave Cloud Technology Limited [FCT:ASX]

ABN

35 144 733 595

Quarter ended ("current quarter")

31 March 2025

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	2,200	8,200
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(461)	(1,910)
(c) advertising and marketing	(100)	(223)
(d) leased assets	-	-
(e) staff costs	(1,667)	(5,395)
(f) administration and corporate costs	(459)	(1,402)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	32
1.5 Interest and other costs of finance paid	(78)	(233)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	1,378
1.8 Other	(46)	22
1.9 Net cash from / (used in) operating activities	(602)	469

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(3)	(6)
(d) investments	-	-
(e) intellectual property	(493)	(1,494)
(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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	-	-
2.6	Net cash from / (used in) investing activities	(496)	(1,500)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(33)	(99)
3.10	Net cash from / (used in) financing activities	(33)	(99)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,679	1,678
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(602)	469
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(496)	(1,500)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(33)	(99)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	548	548

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

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	548	1,679
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	548	1,679

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
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

(10)

-

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

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'000Amount drawn at
quarter end
\$A'000

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 Total financing facilities

300

-

403

-

2,500

2,500

3,203

2,500

7.5 Unused financing facilities available at quarter end

703

- 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.

7.1 FirstWave has an asset leasing facility for \$300,000 with NAB which is secured against the assets being purchased. The facility is available on a revolving basis with repayment terms ranging from 1 to 3 years from the draw-down date. FCT does not currently and has not previously used this facility.

7.2 FirstWave engages in R&D expenditure that qualifies for a refundable tax offset from the ATO. Get Advance (Finance Innovations Management Pty Ltd) is an organisation that provides access to R&D offset tax rebates in advance of the qualifying entities lodging their annual tax return. In conjunction with the Company's R&D advisor, Get Advance has reviewed the Company's R&D expenditure and agreed to advance a portion of the expenditure in a line of credit. Based on the expenditure at the time of the review Get Advance has approved an advance of \$403K with an application fee of 1% and 1.375% per month in charges against all amounts drawn. At the quarter end the Company had not utilised the currently agreed advance and had R&D rebate of \$0.9m accrued against incurred R&D expenditure. Advances are typically capped at 80% of the accrued rebate and hence it is estimated that up to \$0.72m could be accessed from this pool of funding as at the end of Q3. The application fee and monthly charges are paid when the advance is repaid which is via the ATO tax offset, the claim for which is lodged with the Company's annual tax return.

7.3 FirstWave has previously entered into a \$2.5m convertible note arrangement with Formue Nord (A/S) who have now rebranded as Fenja Capital. The \$2.5m funding attracts an interest rate of 8% plus BBSW (approximately 12% per annum), with the interest payable quarterly in arrears, there is no penalty for early repayment. The lender has the option to convert the loan at strike price of \$0.036 up until the loan maturity date of 22 August 2025.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(602)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	548
8.3	Unused finance facilities available at quarter end (Item 7.5)	703
8.4	Total available funding (Item 8.2 + Item 8.3)	1,251
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	2.1
<i>Note: If the entity has reported positive net operating cash flows in item 1.9, answer 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		

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: N/A	
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: N/A	
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: N/A	

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2025

Authorised by: the Board

Notes

- 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.
- 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.
- 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.
- 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 – e.g. 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".
- 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.