

27 April 2023

ASX ANNOUNCEMENT
Quarterly Activity Report and Appendix 4C
Q3 FY23

Future First Technologies Ltd (ASX: FFT (**FFT, the Group** or the **Company**), is pleased to provide a business update on its operations and activities for the quarter ended 31 March 2023.

The Group is delighted to announce that it recorded positive operating cash flow in the third quarter of FY23 and a 40% increase in the closing cash position since the end of the second quarter.

Key Financial Highlights

- ▲ 69% increase YTD in Annual Recurring License Revenue (ARR): \$3.0m
- ▲ 64% increase on FY22 Q3 Total Revenue: \$1,054k
- ▲ 49% increase on FY22 Q3 Licensing Revenue: \$675k
- ▲ 40% increase on FY23 Q2 Closing Cash Balance: \$835k
- ▼ 56% decrease on FY22 Q3 Operating Expenses: \$1,254k

Commenting on the Q3 results, the Group's CEO, Damian Smith said:

"Q3 saw Asset Vision deliver its strongest quarter yet, with significant increases to ARR and Licensing Revenue. Whilst this growth is largely attributed to our important contract wins in Victoria, we are also seeing expansion within existing clients, particularly as some move beyond their minimum licensing caps. Our established position within State Government in New South Wales and Victoria, and our growing footprint amongst the top tier Contractors will continue to provide organic ARR and Licensing Revenue growth as we relentlessly pursue opportunities in our pipeline.

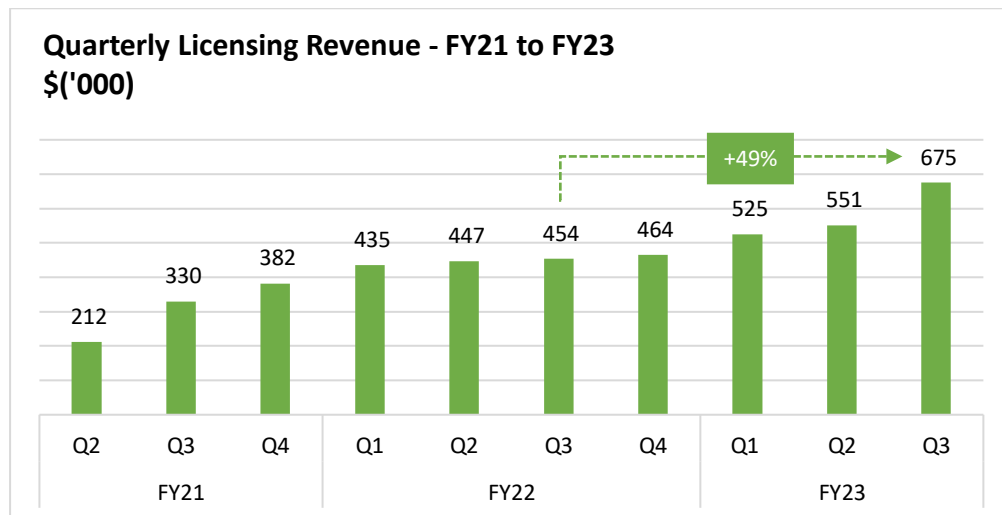
Operationally, we successfully implemented the Asset Vision platform into five major road maintenance contracts in Victoria in a very short period of time which is a testament to our team and the speed at which our platform can be implemented. We have also continued to deliver important and innovative improvements to our platform for the benefit of all clients, and our disruptive reputation in this space continues to be unchallenged by competitors.

The Executive leadership team is now made up of some of the Company's major shareholders, who are focused on delivering shareholder value through ARR growth and long-term sustainable profitability."

Financial Overview

Revenue Performance and ARR

The Group continues to grow its underlying business through Annual Recurring License Revenue (ARR). Quarterly licensing revenue for the Group was \$675k for Q3 FY23, a **49% increase from the prior corresponding period (pcp) (Q3 FY22: \$454k)**. Growth has been generated through new customer wins and the expansion of existing customer contracts.



Asset Vision exits the third quarter of FY23 with a contracted ARR of \$3,003,732 representing a **net year-to-date increase of 69%**.

Total turnover of \$1,054k for Q3 FY23 is \$254k or **10% above internal YTD forecasts** with professional services revenue from the implementation of projects also performing above expectations.

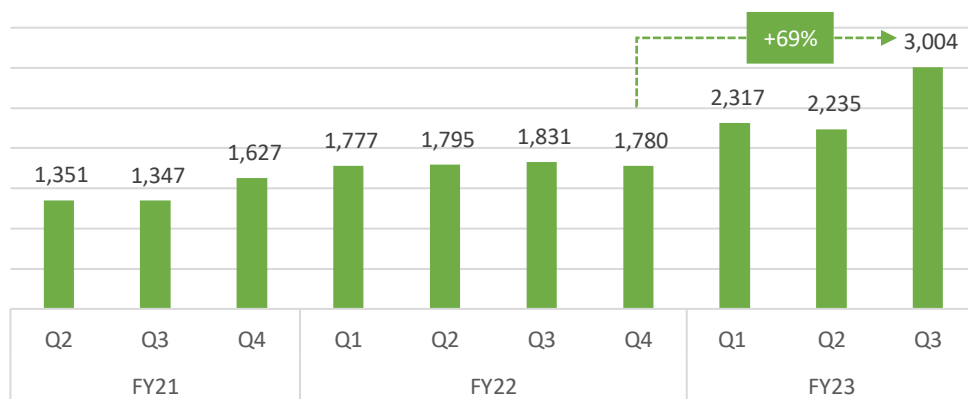
Customer Activity and Sales Pipeline

During the quarter we hit a significant milestone for Asset Vision in Victoria, with all five of the new Victorian Road Maintenance Contract (VRMC) providers (DM Roads, Fulton Hogan and Sprayline Road Services) selecting Asset Vision for a 1 February 2023 contract start date. A testament to our team and the speed at which our platform can be implemented, all five VRMC contracts have hit the ground running.

In Queensland, we implemented a roads contract in the Toowoomba region for our existing client Ventia and in Western Australia, we onboarded a new client, Atlas Iron, who will use the Asset Vision platform to manage the roads in and around their mining sites.

With multiple new contracts going live during Q3 FY23, we achieved a significant **increase in ARR**, closing the quarter just above the **\$3.0m** mark, representing a **68.7% increase** this financial year.

End of Quarter ARR - FY21 to FY23 \$('000)

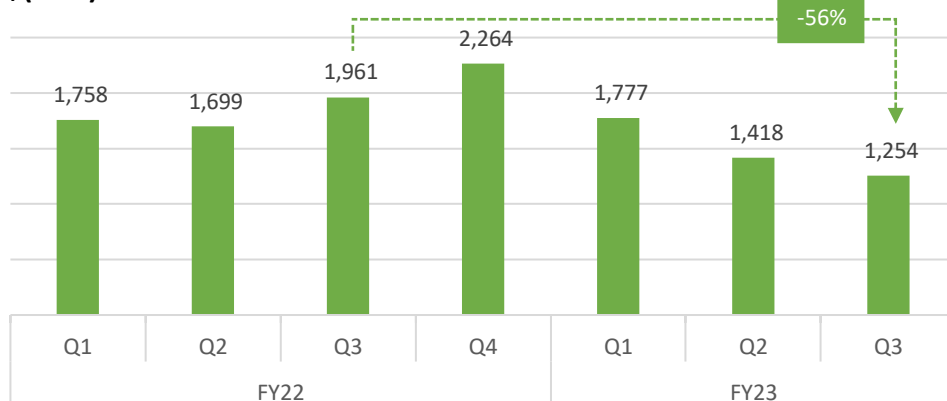


Operating Expenses

The Group continues to focus on cost management and maintaining a lean operating and corporate structure. Total operating costs for the Group were \$1,254k for Q3 FY23, a **56% reduction** from pcq (Q3 FY22: \$1,961k).

The divestment of the farmbuy.com assets in Q1 FY23; the consolidation of corporate offices and the successful integration of the EagleSoft capability with the Asset Vision team, contributed to an overall reduction in ongoing operating costs.

Quarterly Operating Expenses - FY22 to FY23 \$('000)



Cash Flow

There was an improvement of 105% in operating cash flows when compared to Q2 with the Group recording net cash inflows from operating activities of \$41k for the quarter.

Cash at bank has **increased 40%** quarter on quarter and is \$835k as at 31 March 2023.

In addition to normal Group revenue activities, the Group received an R&D tax offset in respect of FY22 activities of \$267k during the quarter.

The Group also received the final consideration payments from Australian Community Media for the sale of the farmbuy.com assets of \$193k during the quarter.

Product Enhancements

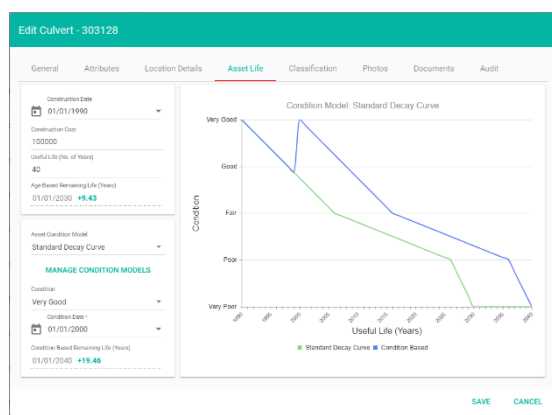
Asset Vision continues to deliver web and mobile software updates on a fortnightly basis. Updates generally consist of a mixture of roadmap and client-funded enhancements, as well as minor improvements and fixes.

Some product enhancements from this quarter include:

Asset Renewal Modelling

As physical assets age and their condition deteriorates over time, preventative maintenance or renewal work must be undertaken to keep the asset operational and safe for use, but to also maximise its useful life and ensure best value for money.

Regular physical condition inspections are a reliable way of determining the current condition of an asset, but are not always practical given the large number of assets, limited field resources and budget constraints.



To help with broadly estimating the condition of physical assets over time, various industry bodies have put together deterioration/decay curves that plot the expected condition of a certain type of asset over its typical “useful life”.

Asset Vision provides users with the ability to easily add these condition models and apply algorithms to predict the condition assets in future years. If a physical asset condition inspection is undertaken by field inspectors, the actual condition is updated in the register and the model continues its prediction from that point.

Asset Vision also has “Treatment Types” to hold various types of renewal treatment methods, which can be assigned to Asset Types or individual Assets in the Asset Register. The platform suggests which treatments should be applied to assets in future years to return it to optimal condition. Each treatment that is recommended against an asset also comes with an estimated cost and its extended lifespan.

This gives Asset Vision the ability to suggest the various asset treatments that could be performed in the future, along with associated costs. This high-level forward works programme is intended to help asset owners and contractors shine a light on the future state of their assets and the type of funding they will need to ensure their assets are operational, safe and that maintenance funds are being spent optimally.

AV CoPilot: Improvements with real time tracking



Asset Vision's innovative CoPilot solution enables road inspectors to inspect the roads and capture defects efficiently and safely without taking their hands off the steering wheel.

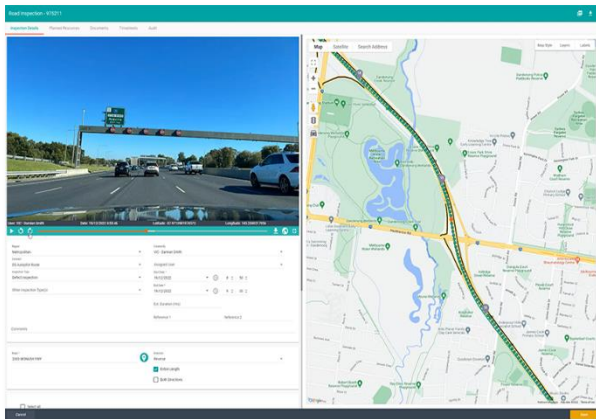
With their mobile device mounted facing the oncoming road and the CoPilot smart button fixed to the steering wheel, inspectors can easily trigger the capture of a defect with a simple click of the button.

Clicking the button will capture their current GPS location, along with a burst of photos. The device then listens for speech which is analysed for keywords to help classify the defect.

CoPilot also tracks the real time location of the inspector's device to assist with automatically starting, pausing, and completing road inspections as they are undertaken on the predetermined inspection route. This is not only convenient and ensures evidence based compliance, but also increased safety due to zero physical device interactions while driving.

Our recent enhancements to CoPilot have boosted the scope of the tracking along two-direction, single carriageway roads; CoPilot location tracking will now ensure that inspectors have travelled in the intended direction on the road before marking the inspection as complete.

AV AutoPilot: Entering pilot/trial phase with clients



AutoPilot enables our mobile app to automatically and silently capture photos of the oncoming road every 10 metres during an inspection.

These photos are uploaded to the cloud and stored against the inspection for sequential "playback" through the Asset Vision web portal, with the location of where the photo was taken moving along the map in real time.

Users can review the inspection, extract images, including metadata with relation to date/time captured and GPS coordinates.

There are many use cases for collecting a photo based history of road inspections over time. A primary use case that AutoPilot will help solve is to allow asset owners and contractors provide an easy path to validate legitimacy when a road user claims their vehicle has been damaged due to a road defect. Currently it is very difficult and time consuming for road agencies and their contractors to collect evidence to dispute a claim, and it is often more cost effective to pay up instead. AutoPilot is expected to provide a significant cost saving to our clients in this area.

Capturing a photographic history of a road over time also benefits asset owners and contractors in the aftermath of a natural disaster occurring, such as a bushfire or flood. Roadside assets such as signs can be completely lost

and having quick and easy access to images of what was there previously helps immensely in the reinstatement of these assets during this high pressure recovery period.

Contractors carrying out road closures due to construction activities need to evidence their traffic management and other safety related practices are in place and compliant. AutoPilot can be used to capture photos from start to end of an occupied site multiple times per day by driving through, and clients will be able to view the photos remotely. In addition to clients reviewing photos, other office based people such as asset managers, engineers and bid teams can also review the photos of a road over time from behind their desk, making it easier for them to visualise the area and road network and perform less on-site visits.

AV AutoPilot+AI: Introducing automatic pothole detection

Due to the increasing prevalence of potholes on our roads and recent government initiatives relating to rapid funding of repairs, we have refocussed our AI capability towards having an accurate means of detecting potholes in real time on field devices through an “Edge AI” approach, rather than running AI detection in the cloud.

This alleviates the need to transfer heavy video from mobile devices, and removes the associated costs of transfer, storage and cloud-based computing in this area.



AutoPilot+AI uses a cutting-edge AI model that has been trained on a large amount of data to detect potholes in real-time.

The model uses deep learning techniques to identify potholes in real-time and has been trained on a datasets which include images of different types of roads, lighting conditions, and weather conditions.

In addition to the core pothole detection model, AutoPilot+AI includes multiple pre-processing and post-processing layers. These layers help to improve the accuracy of the system and reduce false positives. The pre-processing layers are designed to enhance the image quality and make it easier for the model to detect potholes. The post-processing layers are designed to filter out any noise in the output and improve the accuracy of the final results.

AutoPilot+AI will be part of the Asset Vision mobile application and will analyse the road in real-time as it is driven. The Asset Vision app will provide a visual display of the road ahead, with any detected potholes highlighted on the screen as they come into view. Potholes that are identified in the field will be uploaded to the cloud and made available for office staff to review spatially using the Asset Vision web portal and external GIS systems.

Our team continues to work towards a launch of AutoPilot+AI in the second half of 2023.

General Administration

During the Quarter, the Company announced the Board had accepted the resignation of Group CEO, Mr Adrian Rudman, and also Non-Executive Director, Mr Scott Coles.

Asset Vision's Co-Founder and CEO, Mr Damian Smith was appointed Group CEO and was also appointed to the Board as an Executive Director. Further, Mr Lucas Murtagh was appointed to the Board as an Executive Director.

For further information on these resignations and appointments please refer to prior announcements released by the company.

Outlook

Our pipeline continues to grow with several new deals at proposal stage in Australia and North America. Significantly, the sales pipeline is broadening to include increasing opportunities that sit across both "Asset Owner" and "Asset Contractor" segments and include State Government Departments, Local Government Authorities and Toll Road Operators.

Based on our success YTD, we expect a number of these deals to close in the next two quarters which will see a continued increase in our ARR and associated implementation revenue.

This announcement has been authorised for release by the Board of Directors.

- ENDS -

Appendix 4C

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

Name of entity

Future First Technologies Ltd

ABN

50 164 718 361

Quarter ended ("current quarter")

31 March 2023

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	1,206	3,251
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(350)	(1,639)
(c) advertising and marketing	(4)	(57)
(d) leased assets	-	-
(e) staff costs	(847)	(3,076)
(f) administration and corporate costs	(231)	(625)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	267	317
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	41	(1,829)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(1,000)
(b) businesses	-	-
(c) property, plant and equipment	-	(75)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	193	853
	(c) property, plant and equipment	-	24
	(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	193	(198)

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 (provide details if material)	-	163
3.10	Net cash from / (used in) financing activities	-	163

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	596	2,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	41	(1,829)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	193	(198)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	163
4.5	Effect of movement in exchange rates on cash held	5	14
4.6	Cash and cash equivalents at end of period	835	835

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	835	596
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	835	596

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	32
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		
6.1 comprises director's fees for the quarter		

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (Credit card facility)	95	4
7.4	Total financing facilities	95	4
7.5	Unused financing facilities available at quarter end		91
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. ANZ credit card facility - unsecured		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	41
8.2	Cash and cash equivalents at quarter end (item 4.6)	835
8.3	Unused finance facilities available at quarter end (item 7.5)	91
8.4	Total available funding (item 8.2 + item 8.3)	926
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 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:	
8.6.1	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	
8.6.2	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	
8.6.3	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	
	<i>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.</i>	

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.

Date: 27 April 2023

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

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.