

FIRSTWAVE
Cloud Technology

Cloud Security Solutions for the Enterprise

Half Year 2017 Results Presentation



Innovate



• Create •



Execute

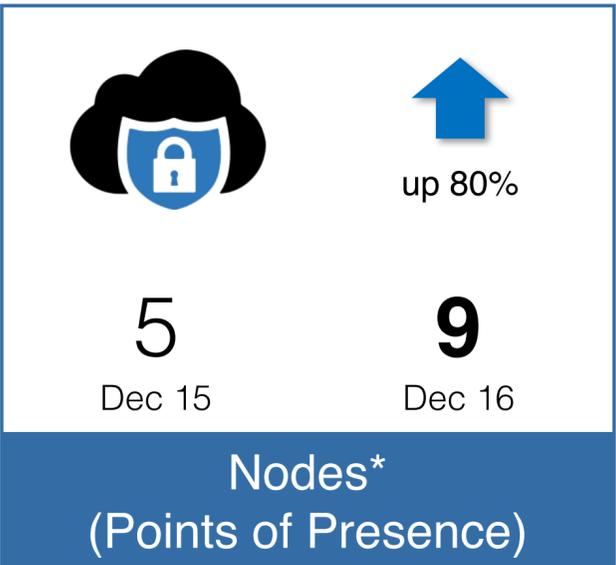
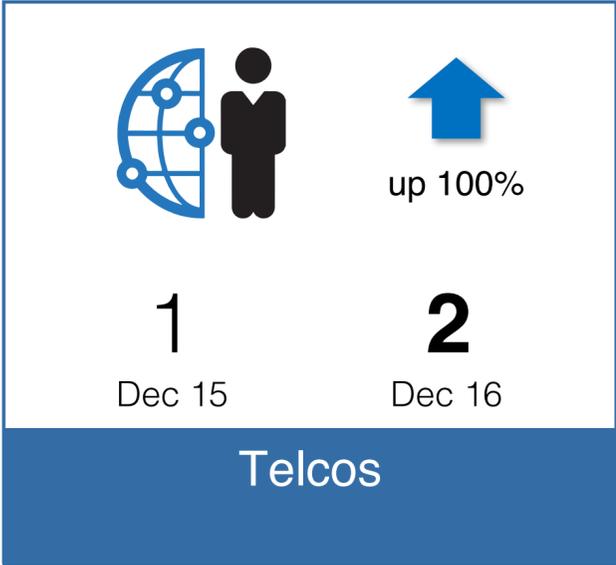
February 2017

Update to Financial Presentation

Please note:

- This is an updated version of the previous presentation lodged on Tuesday 28th of February, 2017.
- The change to the presentation refers to slide 7 (previously 6) where figures shown in reference to line expenses for “Engineering and development” and “General and administration” for 1HFY16 were shown as complete numbers, rather than the appropriate reduced figure in ‘000s.
- This current presentation reflects an accurate representation of the associated numbers.

Firstwave – the Half in Numbers



* Refer definition in Appendix

FirstWave

WHO WE ARE



Australian tech company
founded in 2001



Heritage from Telstra
Research Labs



Market leading patented
tech in content security



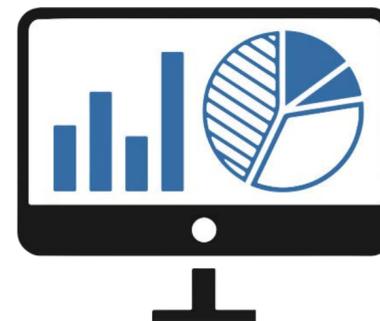
Listed for 7 months
as at December 2016



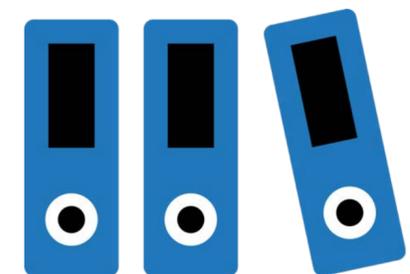
Security as a Service
Cloud Platform



Telstra Cloud Security
Services Partner



Single viewing portal that
normalises multiple vendor
interfaces



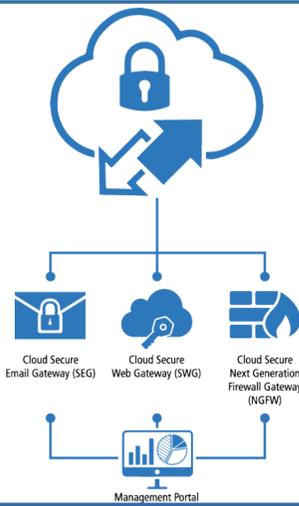
Catalogue of cloud
services for Telcos

FirstWave

WHAT WE DO



Embed Security Vendors



Delivered & normalised on FW Platform via flexible Telco & Cloud Provider environments



To sell to Enterprise & Government Customers

First Half Results FY2017

1HFY17 Statement of Profit & Loss

CONSOLIDATED

	1HFY17 \$'000s	1HFY16 \$'000s
Revenue		
Sales revenue	2,851	2,599
Cost of sales	(1,025)	(873)
Gross profit	1,826	1,725
Other income	407	121
Expenses		
Sales and marketing	(1,223)	(1,098)
Engineering and development	(1,529)	(611)
General and administration	(2,358)	(1,714)
Listing expenses	(83)	-
Finance costs	(20)	(60)
Total expenses	(5,213)	(3,483)
Loss before income tax benefit	(2,980)	(1,636)

Financial Results

- Total Expenses in 1HFY17 include \$671k non cash share/option based remuneration costs. (nil in 1HFY16)
- Engineering and Development - Increased resources strengthening FCT's Intellectual Property and product & professional service delivery capability
- Multi Public Cloud (AWS) and Private Cloud (Telstra) Solution
- Extended multi-vendor capabilities
- Enhanced Email and Web content security solutions

1 HFY17 Balance Sheet

Item	H1 2017 \$'000s	FY 2016 \$'000s
Current Assets		
Cash and cash equivalent	3,169	5,772
Trade and other receivable	3,467	2,659
Other current asset	1,129	760
Total Current Assets	7,765	9,191
Non-Current Assets		
PP&E	791	710
Intangibles	2,338	2,088
Other non-current assets	1,348	1,042
Total Non-Current Assets	4,477	3,840
Total Assets	12,242	13,031
Current Liabilities		
Trade and other Payables	2,623	1,901
Borrowings	222	293
Employee Benefits	452	371
Other	873	564
Total Current Liabilities	4,170	3,129
Non-Current Liabilities		
Borrowings	185	287
Employee Benefits	41	60
Provisions	152	152
Deferred R&D income	575	373
Income in advance	677	301
Total Non-Current Liabilities	1,630	1,173
Total Liabilities	5,800	4,302
Net Assets	6,442	8,729

Key financial indicators;

- Excellent debtor management – 34.8 days outstanding
- Cash on hand includes foreign currency to minimise impact of adverse FX movements on USD purchases
- Licences purchased in advance backed by income received in advance
- Subsequent to the period end, the company's cash balance also reflects \$0.6M received in relation research and development tax incentives

Business Update

1 HFY17 Achievements



Completed Listing Process



31 Dec 15 53 Dec 16

People Team to deliver



New Products Launched



Telstra Channel Enabled



0 Dec 15 45 Dec 16

Telstra NGFW Sales

New Products

- Announcement of FirstCloud – a SMB targeted public NGFW solution based on public cloud utility (AWS)
- The development and release of the Palo Alto Network's Orchestration and Boot-Strapping technology for fast and easy NGFW deployment
- The addition of C-Level Threat Protection to FirstWave's email security service offering
- Creation of next generation Government Cloud service
- The training and enablement of Telstra's cloud and security specialists on new and updated service offerings along with 100's of associated Telstra sellers

First Half Achievements

OPERATIONAL HIGHLIGHTS



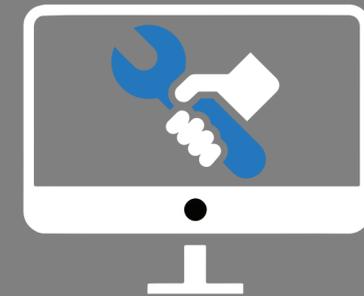
Sales & Marketing

- ✓ Telstra GPA (NGFW) is live
- ✓ Telstra sales channel enabled
- ✓ Sales - 45 GPA's, Qantas, DECD SA
- ✓ Support contract for Australia nodes
- ✓ Accepted on to NSW Govt Procurement Scheme & Fed Govt panel for the Dept of Infrastructure and Regional Development
- ✓ Cisco Uniqube engagement to explore integrating our email IP



R&D

- ✓ Release of R0.4 reference architecture - One-touch management and orchestration including bootstrap technology release
- ✓ Development of public cloud NGFW solution
- ✓ Development and implementation of C-Level email protection filter in Government & Enterprise customers
- ✓ Accreditation of latest Palo Alto Networks Operating System
- ✓ Development of Telstra Government Cloud Portal
- ✓ Accreditation of independent security penetration testing by Telstra



Operations

- ✓ Telstra G-Cloud platform delivered and IRAP certified
- ✓ FirstCloud product tested and ready for market
- ✓ Successful platform build in Telstra next generation cloud infrastructure
- ✓ State Government dedicated platform deployment commenced
- ✓ ISO2700/9001 certification

1HFY17 Growth & Momentum

WHAT'S DRIVING REVENUE GROWTH?



Increase Node Footprint



Signing of Enterprise & Government Customers



Growing SME Customer Base



NGFW Sales

Key Growth Revenue Drivers

Next Generation Firewall launched in Q1.

Demand for evolving email and web content security services to address the ever-changing security landscape for e.g. socially engineered threats

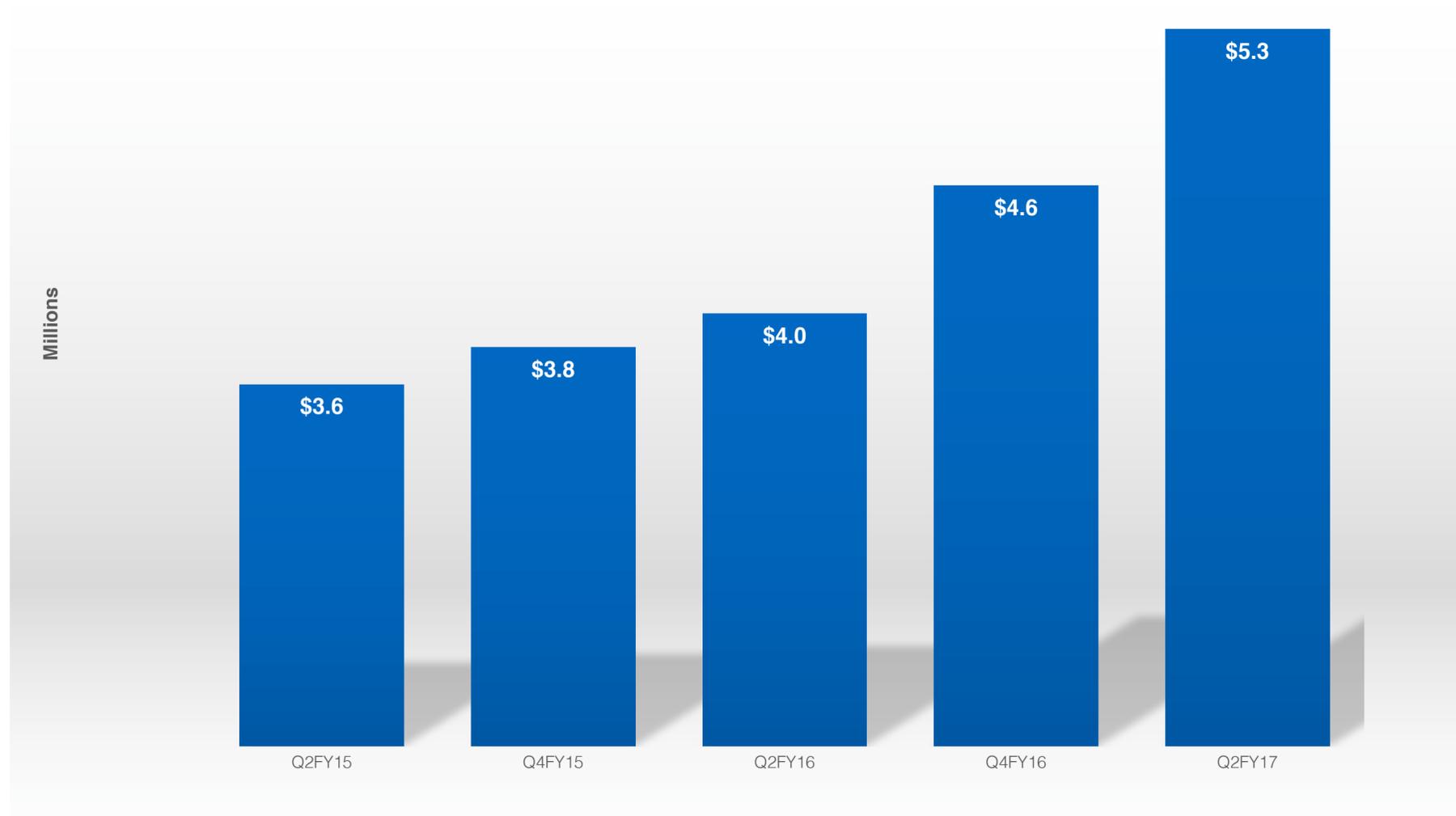
Large Enterprise Sales – Enterprise and Government contracts

Penetration of SME Market

Nodes – new state of art Telstra cloud infrastructure, dedicated government deployments

ANNUALISED MONTHLY RECURRING REVENUE (AMRR)*

■ Annualised Monthly Recurring Revenue (AMRR)



Commentary:

The AMRR of FirstWave continued to increase during Q2 FY 2017 to \$5.3 million

An increase of 32% relative to the same period from a year ago

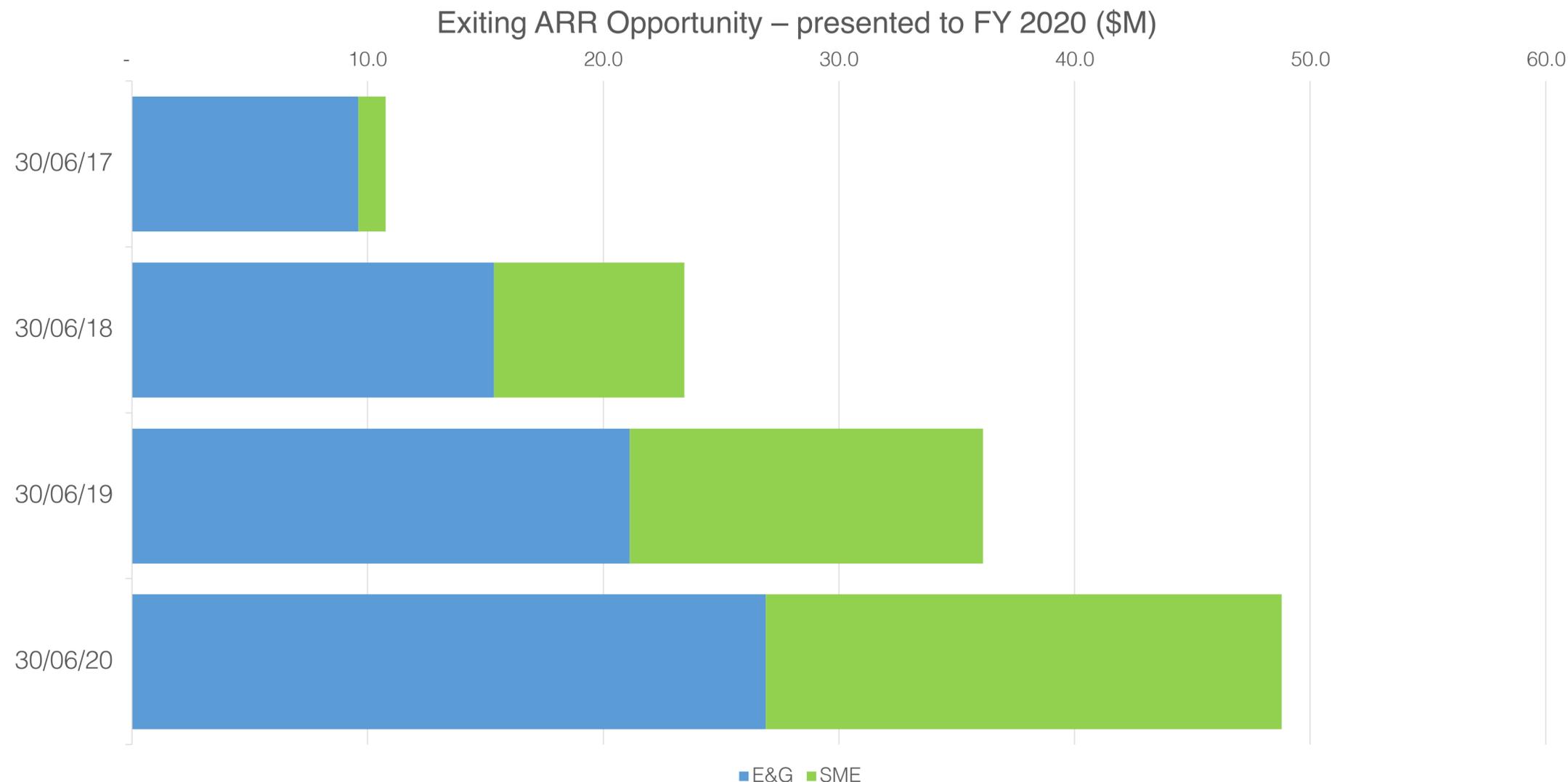
Recurring revenues in the first half of FY17 equating to 92% of total revenue, versus an average of approximately 73% over the past 12 months

* Refer definition in Appendix



Our Opportunity

EXITING ANNUALISED RECURRING REVENUE^{1,2}



Enterprise & Government (E&G)

FirstWave has a target to penetrate 20% of Telstra’s E&G addressable market for cloud security services by the end of FY2020, representing 700 Telstra customers.

The Company estimates that average Monthly Recurring Revenue (MRR*) per customer will be approximately \$3,200 resulting in an exiting Annualised Recurring Revenue (ARR*) of \$26.9M as at 30 June 2020 based on 700 customers.

Small Medium Enterprise (SME)

FirstWave has a target to penetrate 10% of Telstra’s SME addressable market for cloud security services by the end of FY2021, recognising the later entry to this market relative to E&G market, representing 2,000 Telstra customers.

The Company estimates that average MRR per customer will be approximately \$1,200 resulting in an exiting ARR of \$28.8M as at 30 June 2021 based on 2,000 customers.

NOTE: The above annualised exiting recurring revenue scenario is illustrative only and is based on hypothetical assumptions. These statements do not constitute a forecast or projections nor do they represent revenue in a financial year. These statements reflect views only as of the date of this announcement.

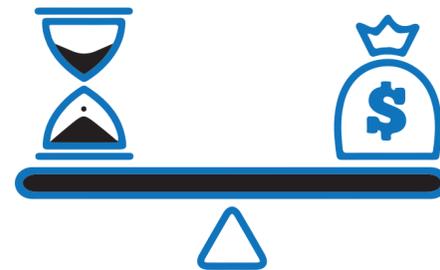
1. The number of Telstra clients, speed of take-up and MRR may vary from the assumptions reflected above.
2. Based on the provision of existing service offerings only to domestic Telstra customers (E&G and SME) and not including additional product development and professional services revenue streams.

Priorities

Company Focus H2FY17



**Annualised Exiting
Recurring Revenue
of greater than
\$10.0M heading into
FY18**



**Operating cash
flow break even
in Q4 FY2017**



**International
expansion offshore**

Operationalise Bharti Airtel
(Nextra Data)

Continue development of
opportunities with targeted
international Telcos



**Innovate improving
customer experience**

Data mining of vendor agnostic eco-
system

Broaden capability to embrace more
of Cloud Security Service
requirements

Continue the exploration of FCT IP
with global security vendors

Appendix

DEFINITIONS & REFERENCES

- **Node** – an instance of the proprietary FirstWave Cloud Technology platform, deployed geographically
- **Total Contract Value (TCV)** – is the combination of the total Monthly Recurring Revenue for the length of the contract along with any Non Recurring Revenue such as Professional Services
- **Monthly Recurring Revenue (MRR)** – Monthly recurring revenue of the last month in the reported period
- **Annualised Monthly Recurring Revenue (AMRR)** – representing the Monthly Recurring Revenue (MRR) multiplied by twelve.
- **Annualised Recurring Revenue (ARR)** – Exiting ARR represents the number of Telstra clients expected to be utilising FirstWave's SaaS platform (E&G and SME) as at the end of each financial year multiplied by estimated average MRR (on an annualised basis).

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FIRSTWAVE
Cloud Technology



Innovate



• Create



• Execute