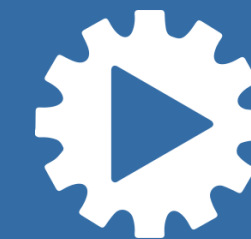


**FIRSTWAVE**  
Cloud Technology

Cloud security through cloud gateway intelligence

FCT July Update



Innovate • Create • Execute

July 2017

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# AGENDA

Executive Summary – Steve O’Brien, MD

Financial & Operational Update – David Kirton, CFO

Technology Update – Simon Ryan, CTO

International Update – Steve O’Brien, MD

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# Corporate Overview



Share price	\$0.28
Shares on issue	179.8m
Cash at bank	\$1.8m
Market capitalisation (undiluted)	\$52.1m
Enterprise value	\$50.3m
Options of issue	23.6m
Major shareholders	
MAREN SUPER FUND A/C	9.10%
LIDGETT SUPER FUND A/C	8.95%
MR EDWARD KEATING + MRS LINDA KEATING	3.58%
MR RICHARD BESWICK	3.20%
HSBC CUST NOM AU LTD 13 A/C	2.73%
MR SIMON RYAN	2.57%

# Introduction To FirstWave

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Australian tech company established in early 2000's  
Listed ASX:FCT



Heritage from Telstra's Research Labs focusing on SaaS based Cloud Content Security



Delivers Multi-Tenanted Multi-Vendor embedded security solutions in private and public cloud environments



Significant investment in R&D around virtualised Cloud Content Security



Patented, market leading content security technology



Expanding Internationally via Global Security Vendors and Telco relationships

# Highlights

---

## FIRSTWAVE TODAY



11

Operational  
Cloud Platforms  
(Points of Presence)



102%

Growth  
Recurring Revenue  
(PCP FY2017)



44

New Product  
Customer Acquisitions  
(NGFWs in 2017)



~2,000,000

Scale  
Customer User  
Mailboxes Filtered



~100,000

Scale  
Customer Users  
For Web Security

# FirstWave Platform

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## WHAT IS IT? WHY IS IT IMPORTANT?

- Embedded orchestration platform for Telco/SPs
- Multi-vendor, multi-appliance, multi-cloud
- Centralised control, management & reporting
- Single pane of glass to all services
- Asia/Pac development & support
- Ability to cohesively add other services



# Non Financial Operational Highlights

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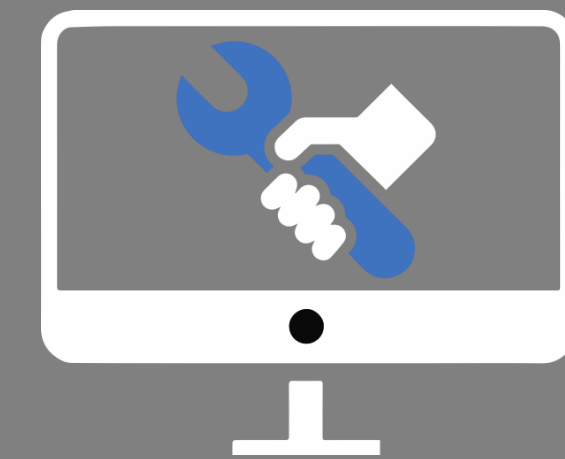
## Sales & Marketing

- ✓ Telstra GPA (Next Generation Firewall) is live
- ✓ Telstra sales channel enabled
- ✓ Sales - 44 GPA's
- ✓ Support contract for Australian nodes
- ✓ Accepted on to NSW Govt Procurement Scheme & Fed Govt panel for the Dept of Infrastructure and Regional Development
- ✓ Cisco 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
- ✓ First Cloud product tested and ready for market
- ✓ Successful platform build in Telstra next generation cloud infrastructure
- ✓ State Government dedicated platform deployment commenced
- ✓ ISO2700/9001 certification

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# Finance & Operational Update

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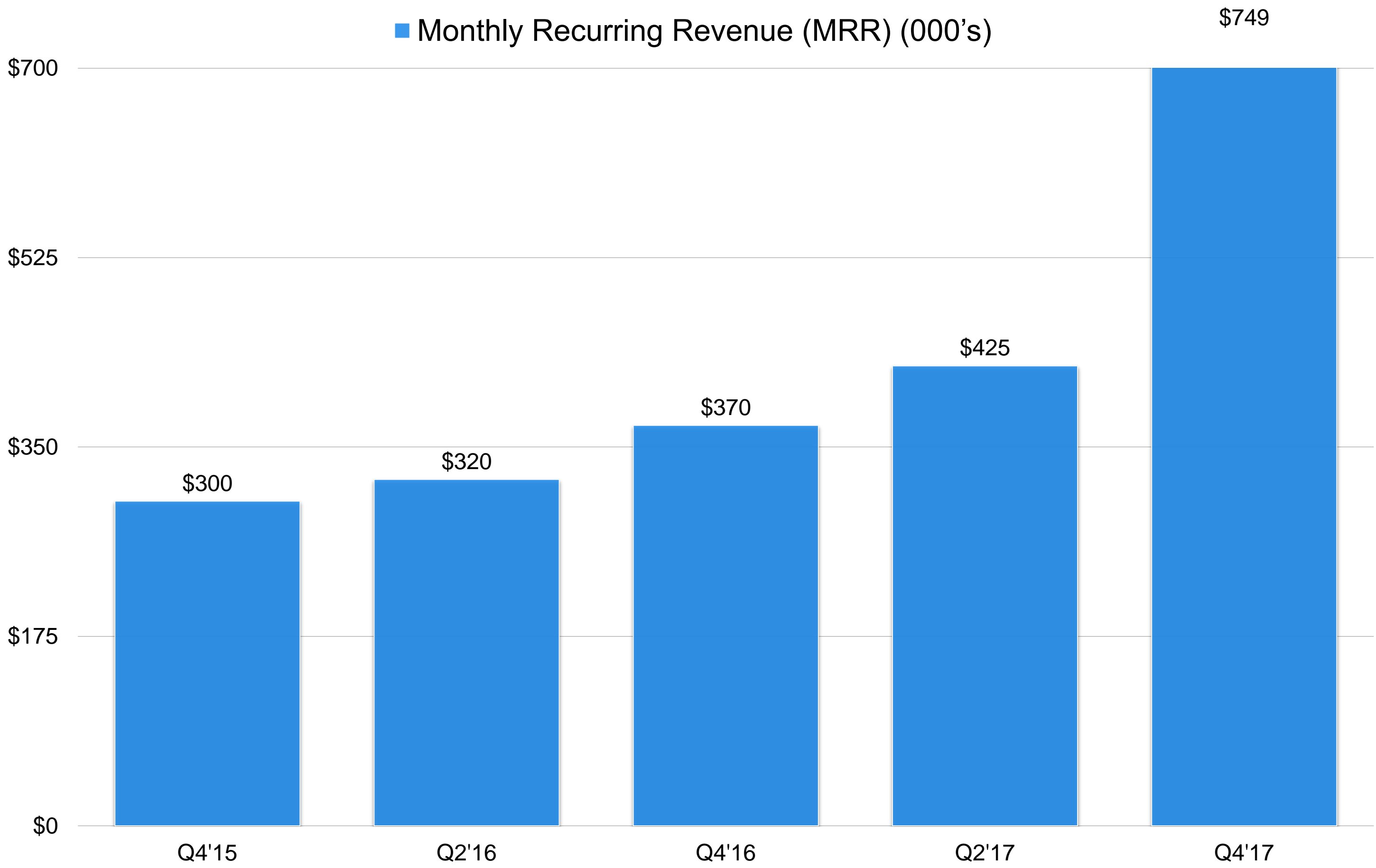
# FirstWave FY2017- Finance and Operational

Quarterly	Half Yearly	Annually	Executive Alignment
<p><b>Revenue</b></p> <ul style="list-style-type: none"> <li>➤ Monthly (MRR)</li> <li>➤ Annualised (AMRR)</li> <li>➤ Professional Services % of MRR</li> </ul> <p><b>Sales</b></p> <ul style="list-style-type: none"> <li>➤ Total Contract Value of Closed Sales in the Quarter</li> </ul> <p><b>Cash Flow</b></p> <ul style="list-style-type: none"> <li>➤ Operating</li> <li>➤ Investing / Financing</li> <li>➤ Cash and Cash Equivalents</li> </ul>	<p><b>Quarterly Data</b> plus</p> <p><b>Operating Metrics</b></p> <ul style="list-style-type: none"> <li>➤ No of FTE</li> <li>➤ No of Nodes/Platforms</li> <li>➤ Capital &amp; Overhead Expenditure</li> </ul> <p><b>Audited Statutory Reporting</b></p> <ul style="list-style-type: none"> <li>➤ Profit and Loss</li> <li>➤ Balance Sheet</li> <li>➤ Cash Flow Reporting</li> </ul> <p><b>Segment Reporting</b></p> <ul style="list-style-type: none"> <li>➤ Customer Order No's</li> <li>➤ Enterprise (MRR &gt; \$3,200)</li> <li>➤ SME (MRR &gt; \$1,200 &lt; \$3,200)</li> <li>➤ Other (MRR &lt; \$1,200)</li> </ul>	<p><b>Quarterly Data</b> plus</p> <p><b>Operating Metrics</b></p> <ul style="list-style-type: none"> <li>➤ No of FTE</li> <li>➤ No of Nodes/Platforms</li> <li>➤ Capital &amp; Overhead Expenditure</li> </ul> <p><b>Audited Statutory Reporting</b></p> <ul style="list-style-type: none"> <li>➤ Profit and Loss</li> <li>➤ Balance Sheet</li> <li>➤ Cash Flow Reporting</li> <li>➤ Remuneration Report</li> </ul> <p><b>Segment Reporting</b></p> <ul style="list-style-type: none"> <li>➤ Customer Order No's</li> <li>➤ Enterprise (MRR &gt; \$3,200)</li> <li>➤ SME (MRR &gt; \$1,200 &lt; \$3,200)</li> <li>➤ Other (MRR &lt; \$1,200)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Metrics aligned and integrated into FY18 Corporate Plan</li> <li>➤ Accountability assigned from the Board through the Managing Director to Functional Executive</li> <li>➤ Functional Executive variable compensation aligned to tabled metrics</li> <li>➤ Performance reviewed monthly by Managing Director and CFO with Functional Executives and by the Board with Managing Director and CFO</li> <li>➤ Quarterly review with Investor Community</li> </ul>

“these metrics will become part of the suite we will use on a periodic basis to measure performance whether geographic or segment as FirstWave grows” ...

# FirstWave FY2017 – Finance and Operational

## MONTHLY RECURRING REVENUE (MRR)



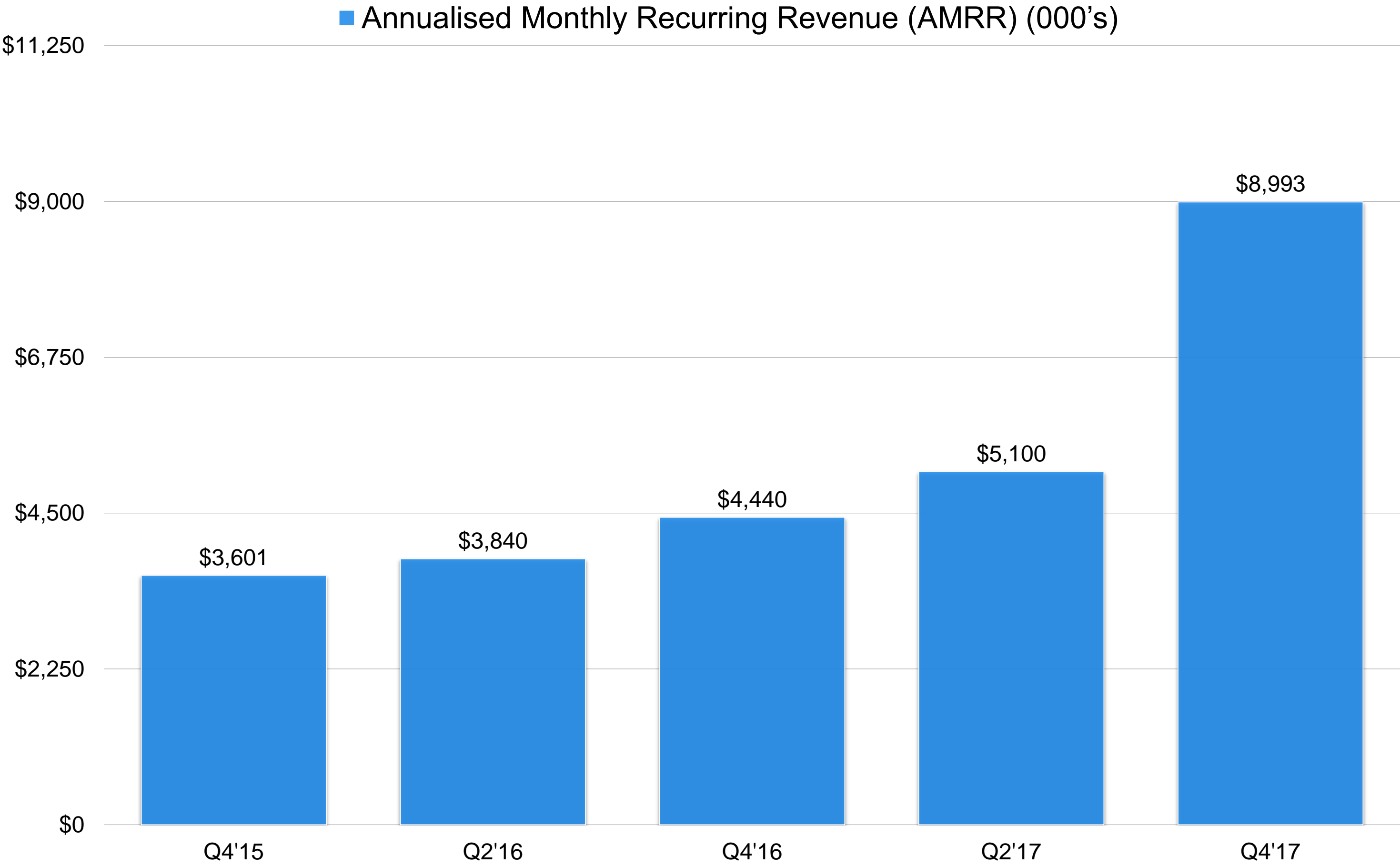
### MRR

- MRR +102% year-on-year to \$749k
- FY17 work package revenue associated with deploying newly launched NGFW, Email and Web services grew to 13% of recurring revenue (from FY16 zero base)
- FY17 closing MRR base includes \$22k of services which will commence billing in Q1 FY18
- Q4 FY17 includes new channel revenues of \$36k MRR
- Growth achieved from soft market launches in sales channels
- Volume sales channel market launches are planned for Q1 FY18

NOTE:  
 1. MRR represents contracted recurring revenue, plus monthly professional services revenues supporting MRR  
 2. Operating Metrics and KPI's are subject to audit validation

# FirstWave FY2017 – Finance and Operational

## ANNUALISED MONTHLY RECURRING REVENUE (AMRR)



### AMRR

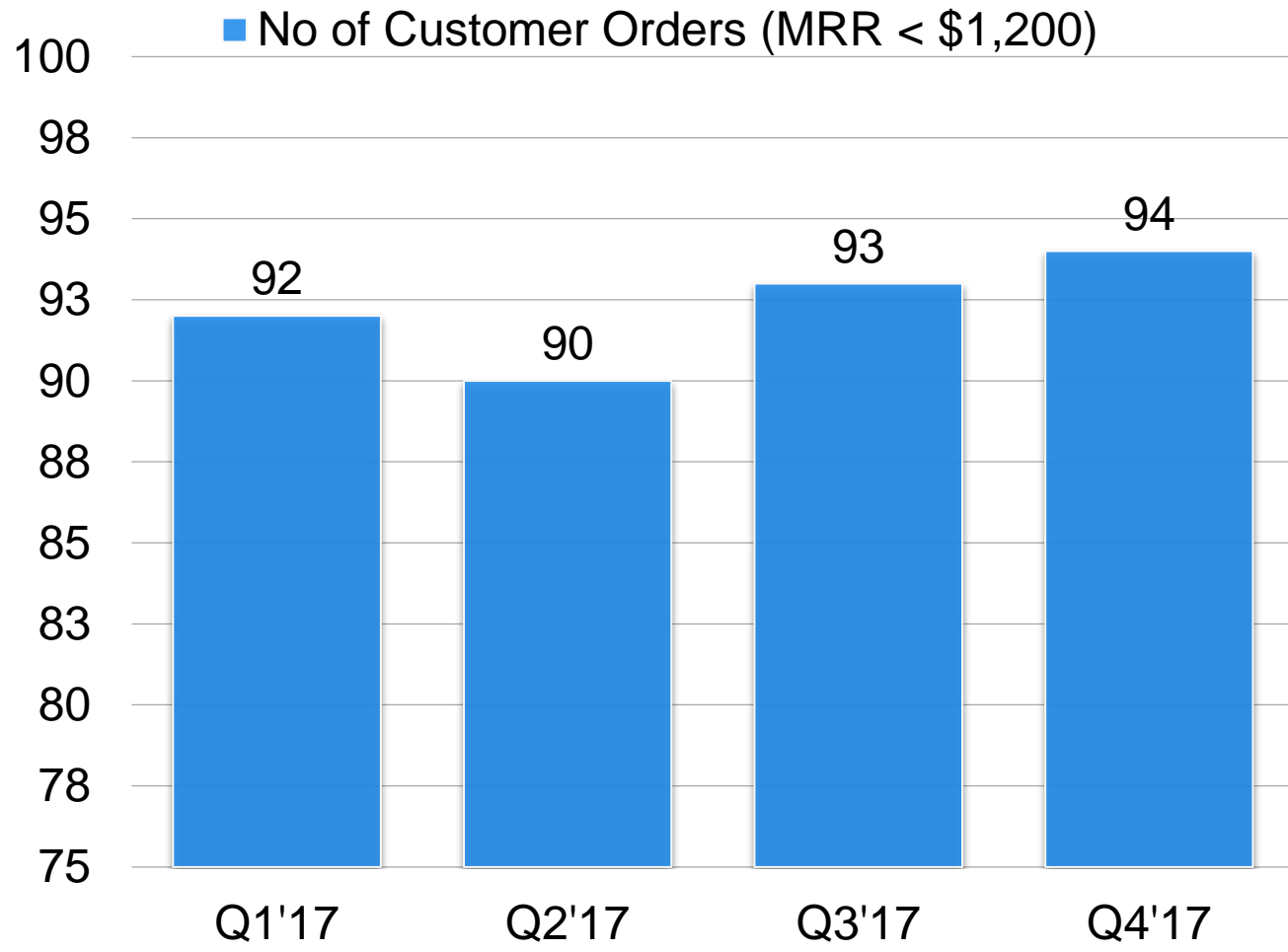
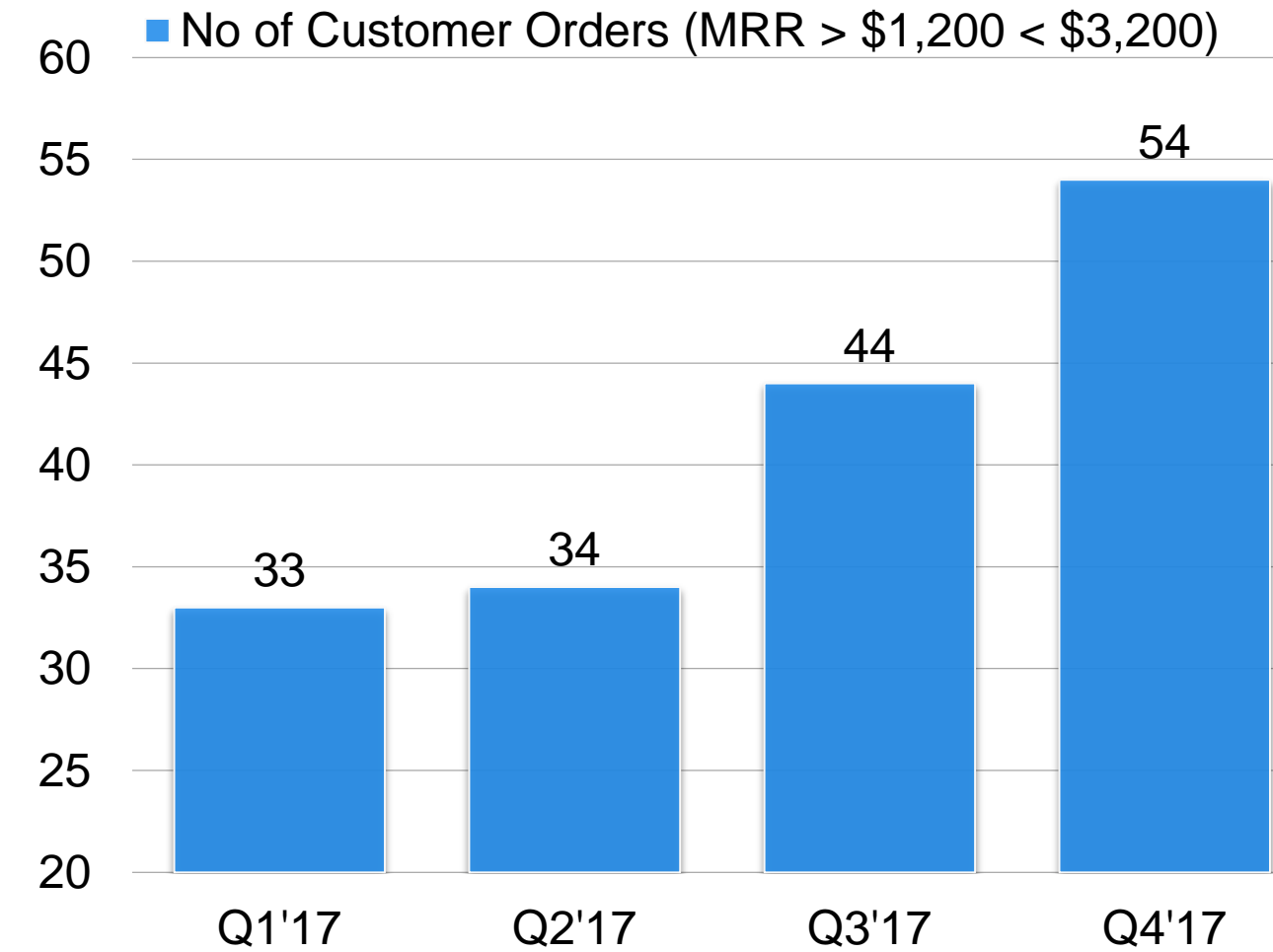
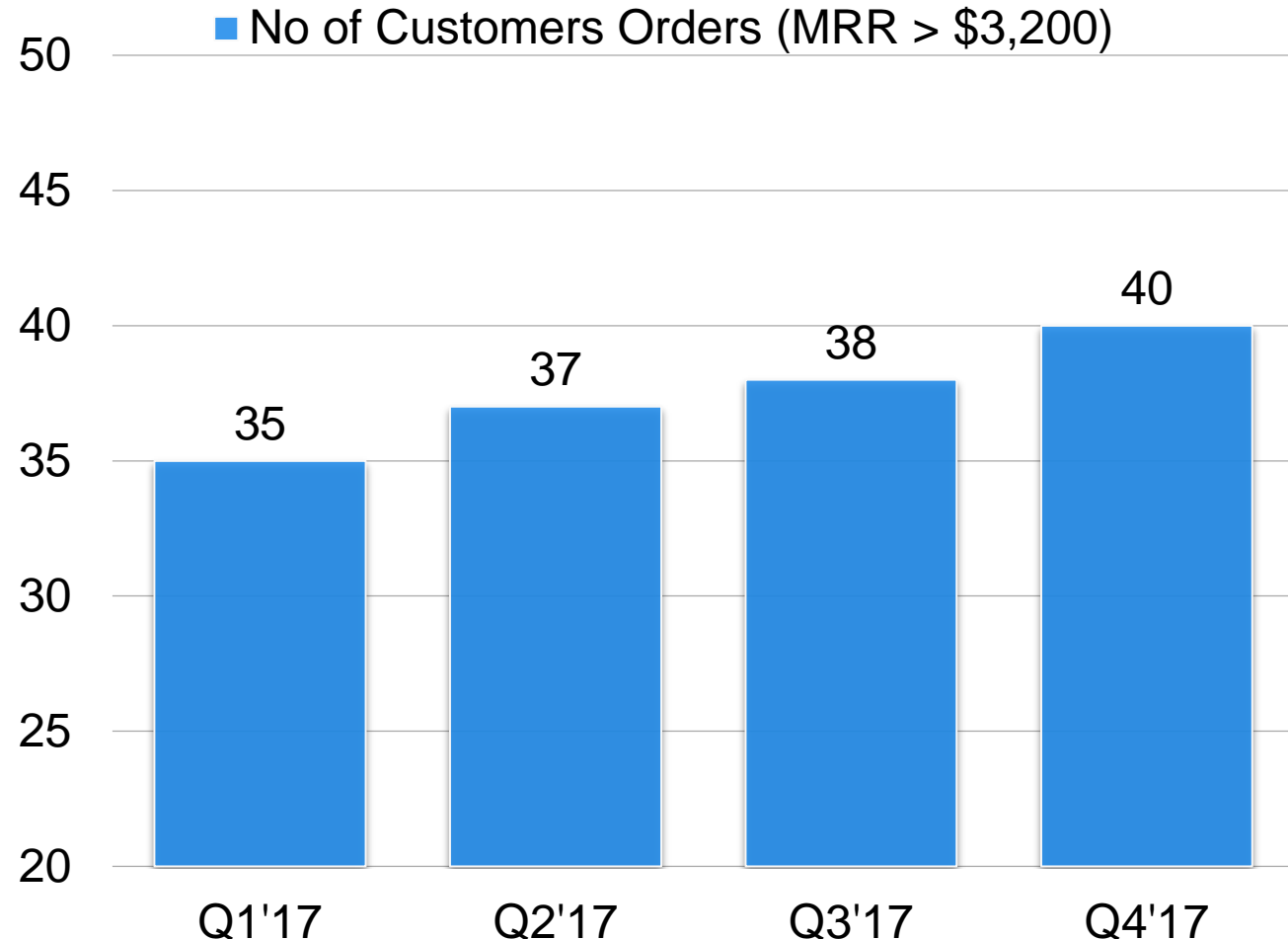
- AMRR +102% year-on-year to \$8,993k
- Enterprise AMRR and volume is tracking to expectation
- Soft market launches in volume sales channels have resulted in a revenue lag on SME growth opportunity - particularly Email
- FY18 focus on sales channel diversification
- Compounding AMRR growth is a key priority for FW

NOTE:

1. AMRR is MRR multiplied by 12
2. Operating Metrics and KPI's are subject to audit validation

# FirstWave FY2017 – Finance and Operational

## CHANNEL CUSTOMER ORDER NO. GROWTH (TELSTRA)



### Customer Order No's

- Total No of customer order's billing on a monthly basis has grown 27 in the second half of FY17
- Enterprise customer volumes (Customer's with MRR of > \$3,200) have been relatively stable growing by 5 off Q1 FY17 base
- Growth in NGFW volumes is reflected in SME customer growth (Customer's with MRR of > \$1,200, < \$3,200) of 21 to 54
- Up-Sell opportunity in FY18 in both Enterprise and SME with the launch of value added services

1. Operating Metrics and KPI's are subject to audit validation

# FirstWave FY2017 – Finance and Operational

## QUARTERLY CASH FLOW

	Q1 FY17 Actual	Q2 FY17 Actual	Q3 FY17 Actual	Q4 FY17 Actual	FY17 Actual	Q1 FY18 Forecast
<b>CASH P&amp;L</b>	(458,040)	(1,020,704)	(755,562)	(978,652)	(3,212,959)	(663,375)
<b>Working Capital Movements</b>	(111,376)	(136,318)	471,784	688,981	913,071	1,232,612
<b>Cash Flow from Operations</b>	(569,417)	(1,157,022)	(283,778)	(289,671)	(2,299,888)	569,237
<b>Investing Cash Outflows</b>	(466,734)	(237,140)	(295,865)	(418,178)	(1,417,917)	(431,400)
<b>Financing Cash Outflows</b>	(95,081)	(78,197)	(69,474)	(49,971)	(292,723)	(50,266)
<b>Total Cash Flow</b>	(1,131,232)	(1,472,359)	(649,117)	(757,820)	(4,010,529)	87,571
<b>Closing Cash Balance</b>	4,641,184	3,168,824	2,519,707	1,761,887	1,761,887	1,849,458
Monthly Cash Burn	(377,077)	(490,786)	(216,372)	(252,607)	(334,211)	29,190
- Operating	(189,806)	(385,674)	(94,593)	(96,557)	(191,657)	189,746
- Investing	(155,578)	(79,047)	(98,622)	(139,393)	(118,160)	(143,800)

### Cash Flow

- Cash outflow in FY17 was \$4m
- Strong working capital management offsets operating cash losses in year
- FirstWave continues to invest in platform and product development
- Continued working capital optimisation anticipated into Q1 FY18
- Further scaling and working capital to support the International business will be assessed on a contractual success basis

Working capital optimisation will enable the domestic business to achieve scale

NOTE:

1. Cash-flow numbers for Q1 and Q2 align with audited first half results
2. Q3 and Q4 cash-flow numbers are subject to audit review
3. Q1 FY18 Cash forecast is aligned to Q4 FY17 4C statement, 4C statement is not subject to audit validation

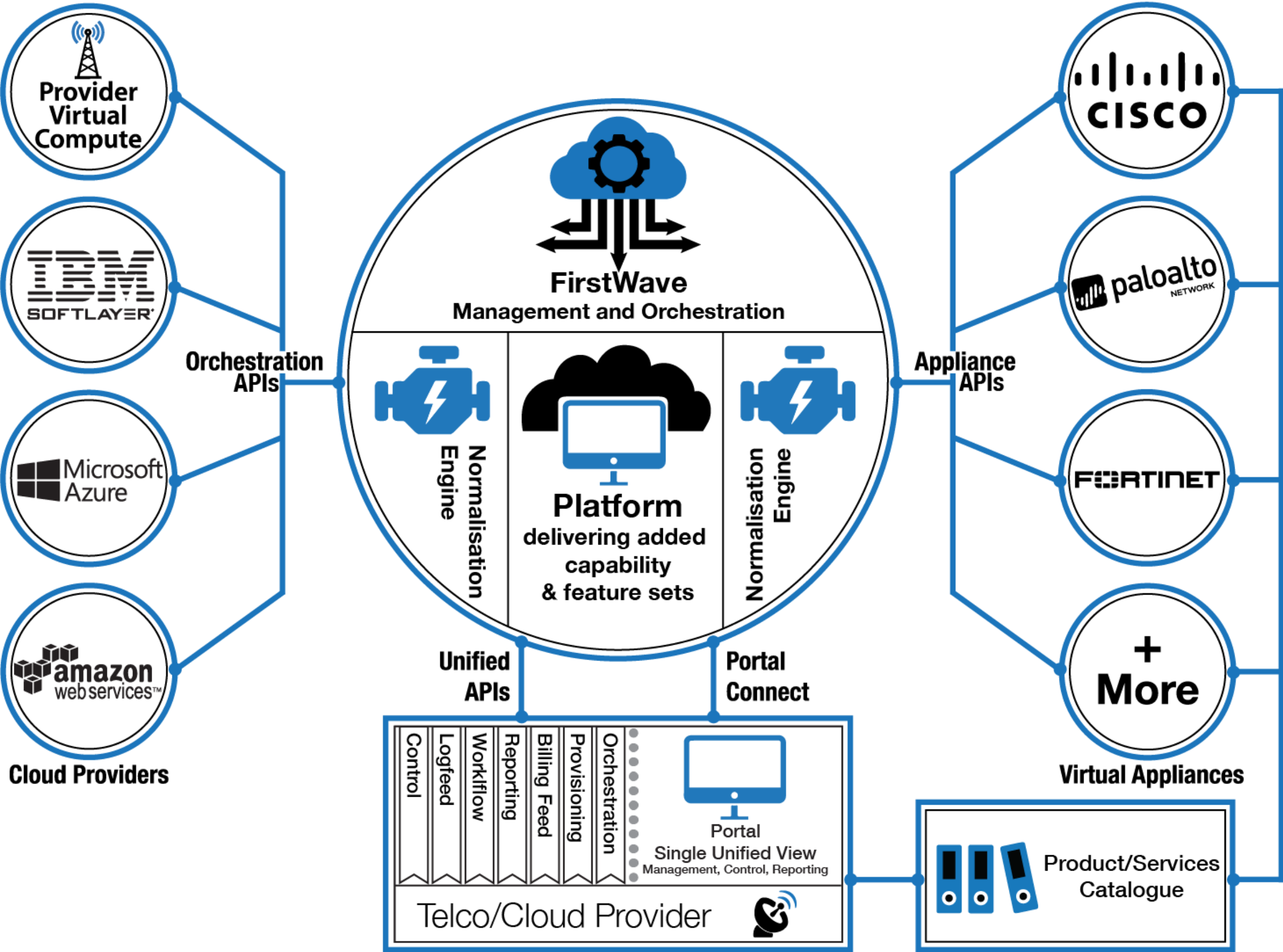
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# Technology Update

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# Ecosystem

## CLOUD CONTENT SECURITY PARTNERS



*FirstWave continues to expand its cloud content security ecosystem into public cloud providers and added new global security vendor offerings including Fortinet who have a major presence in Asia.*

# Platform

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## CLOUD SECURITY GATEWAYS AND PLATFORM DEVELOPMENT

- FirstWave team highly regarded and embraced by Global Security Vendors (GSV's) - Cisco, Palo Alto Networks and Fortinet (mutual software and configuration accreditations)
- Inclusion of platform and services delivery via public clouds such as AWS, Azure, and Softlayer in 2017
- Develop advanced solutions for cloud based SaaS email solutions such as Office 365, Gmail, etc.
- Ongoing development of World Class Email Security to address serious threats such as 'Ransomware' (platform as a service can readily adopt best of breed innovations)



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New GSVs and additional offerings  
(Fortinet relationship added in 2017)



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Introduction of public clouds in 2017



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Advancement of Management and  
Orchestration platform capabilities  
(Bootstrapping capability, etc.)

*FirstWave developed capability provides enterprise grade security solutions  
affordable to the volume SMB market (enhanced in 2017)*



# Global Security Vendors

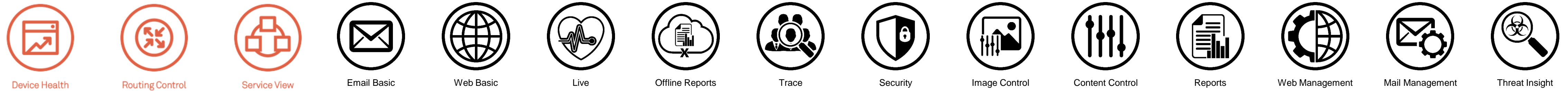
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- FirstWave has high visibility at the corporate level of the GSVs
- There is a high and mutual level of trust between GSV engineering and FirstWave's CTO office
- Formal and mutual accreditation of GSVs and associated services
- FirstWave attends and contributes at GSV 'Global Technical Advisory Boards' and customer sessions in APAC and EMEA
- GSV's continue to invite FirstWave to face to face meetings with their Telco customers in multiple international jurisdictions



# Tailored Portal

## APPS FOR SECURITY STATUS, CONTROLS & REPORTING



Cloud Security | Enterprise | Operations | System

Firewall - Service View

Service Status

1. S-Ess-130 | 2. M-Enh-126

Next load in 5 seconds

Service Name	S-Ess-130	<a href="#">History</a>
Service Type	NGFW	
Service Package	Feature Pack	
	Essentials	Enhanced
Small	✓	
Medium		
Large		
Policy Management	Self Managed	
Service Provisioning Status	Active	
Service Deployment	HA Pair	
Service Location	Sydney	
Service Health	✓	
Subscription Start Date	2017-02-28 17:58:28	
Service ID	130	
Cloud Tenancy	Customer	
BGP Default Route Status	✓	

Service History

Service Name	Subscription Start Date	Service Package	Service Deployment	Policy Management	Service Provisioning Status	Service Location	Cloud Tenancy
M-Enh-122	2017-02-15 07:27:33	Medium Enhanced	Single Firewall	Self Managed	Inactive	Sydney	Customer Tenancy
M-Enh-122	2017-02-15 07:27:33	Medium Enhanced	Single Firewall	Self Managed	Active	Sydney	Customer Tenancy
M-Enh-122	2017-02-15 07:27:33	Medium Enhanced	Single Firewall	Self Managed	Inactive	Sydney	Customer Tenancy

Cloud Security | Enterprise | Operations | System

Email - E-Discovery | Inbound

Browse

Information Tree

- All
- Attachments
- Invoices
- Image Control
- Marketing
- PCI - Credit Card
- Profanity
- Recruitment
- Risk DLP
- Security
- Social Networking
- Encryption

Result Tools: Search Summary | Save Search Results

Replay | ✓ Re: Transfer of funds to the credit card

2017-05-25 00:01  
From: janelle.grigg@firstwave.com.au  
To: t.winslop@devnull.fwlabs.net  
[Email Information](#)

Replay | ✓ Here 'tis

2017-05-25 00:01  
From: martin.swann@firstwave.com.au  
To: atobold@devnull.fwlabs.net; secrets@devnull.fwlabs.net  
[Email Information](#)  
image.png Construction\_Inflation.xls

Replay | ✓ FW: The Woes of an Old Pensioner

2017-05-25 00:01  
From: michael.brighthope@firstwave.com.au  
To: secrets@devnull.fwlabs.net  
[Email Information](#)  
image001.jpg image002.jpg

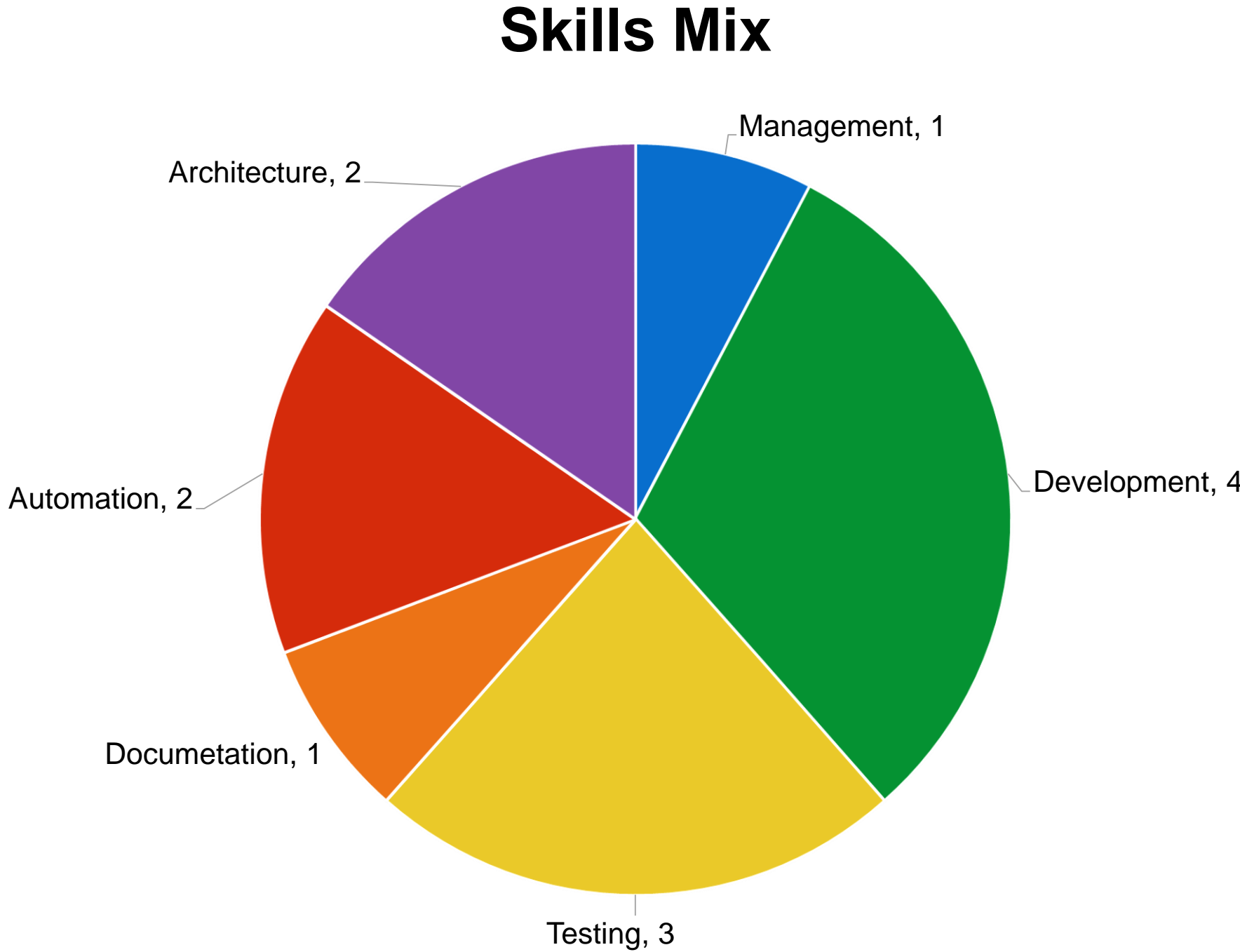
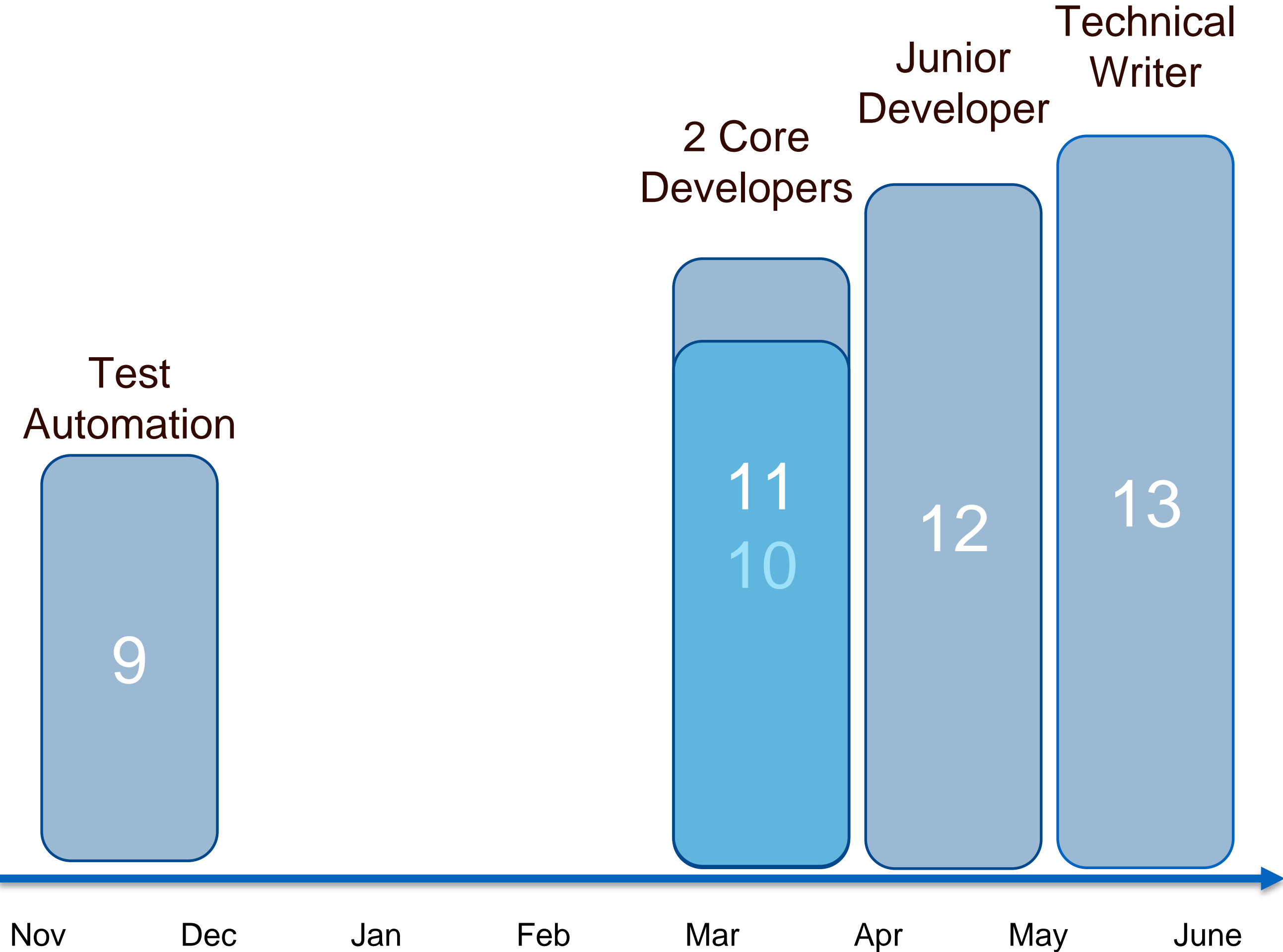
Replay | ✓ UNSUBSCRIBE

2017-05-25 00:01  
From: martin.swann@firstwave.com.au  
To: t.winslop@devnull.fwlabs.net  
[Email Information](#)

Control and reporting panels as viewed by customer administrators  
or Managed Service Provider

# Resource Growth

## SKILLS ACQUISITION



2017 team structure will split into two separate teams sharing common testing, automation and documentation resources supporting both domestic and international efforts

# Staying Ahead Of The Game

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- Virtualisation and SDN technology is rapidly moving along a path that further enables volume scalability
- FirstWave focus is on remaining agile and trend agnostic to keep us in the *steps ahead* position
- FirstWave is enabling vendors to take their virtualised offerings to telco *one touch* readiness
- FirstWave is leveraging our strong Network Function Orchestration with Agnostic layers to provide normalised service views
- FirstWave provides *Cloud First* orchestration in a way that embraces migration out of existing on-prem

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# International Update

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# Cloud Security Market

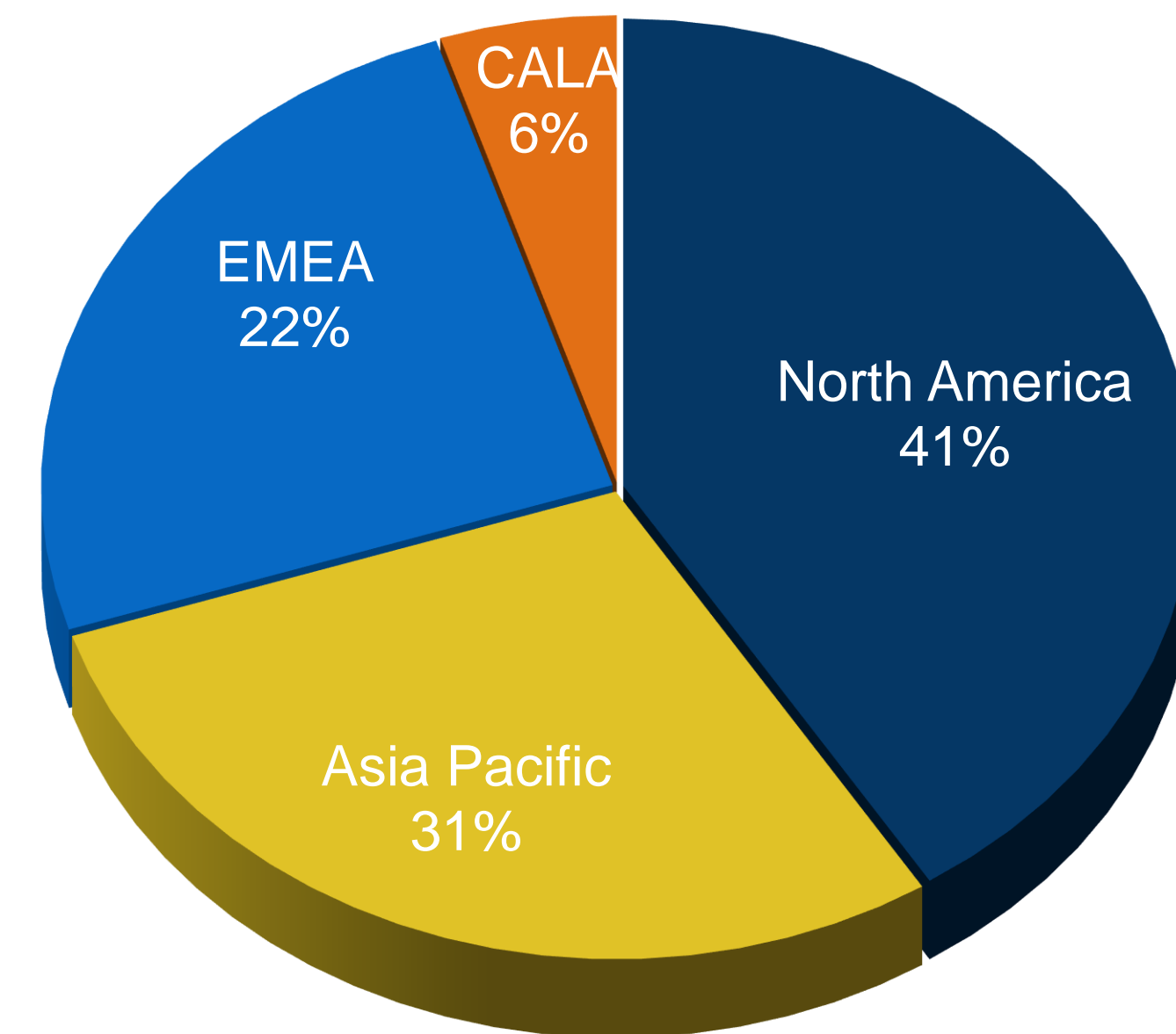
OUR ADDRESSABLE MARKET IS WORTH \$8B USD GLOBALLY

Our focus is the Asia Pac market which will grow 44% over the next 5 years to \$3.3B in 2021. FirstWave has products designed to target 89% of that opportunity

## Market Revenue Breakdown

	2014	2021
Content security	48%	51%
Managed firewall	28%	25%
DDos mitigation	8%	9%
IDS/IPS	1%	2%
Other security services	15%	13%

2016 Security Service Revenue Share by Region



*IHS Technology Research, Cloud and CPE Managed Security Services Annual Worldwide and Regional Market Size and Forecasts: 2017*

# Cloud Security Market



ASIA PACIFIC

***The Cloud Based Security Service market is forecast to grow 43% leading up to 2021\*.***

***The Asia Pacific Cloud Security Market is expected to expand at a rapid pace in the coming years, fueled by the rising trend of CYOD and BYOD policies\*\*.***

\*IHS Technology Research, Cloud and CPE Managed Security Services Annual Worldwide and Regional Market Size and Forecasts: 2017

\*\* 2015 Transparency Market Research: Cloud Security Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast 2014 - 2022

# International Strategy



## TWO PHASED APPROACH

Opportunities being led by FirstWave's Singapore based International Sales Manager



FirstWave's excellence in cloud security technology has led our Global Security Vendors to open up their Global Partner distribution network

**FORTINET**

**CISCO**

**paloalto NETWORKS**



# International Expansion

## FIRSTWAVE ASIA PACIFIC ENGAGEMENT



- Technical deep dive complete
- Project Scoping
- MoU exchanged



- Technical deep dive complete
- Project scope complete
- MoU Signed



- Engagement commenced
- Technical deep dive complete
- Project scoping



- Technical deep dive complete
- Project scoping



- MOU signed
- Nxtra restructure complete
- Project engagement



- Technical deep dive underway

# International Expansion



## GLOBAL SECURITY VENDOR PARTNER NETWORK



EMEA

- GSV sponsored introductions
- 7 Telco engagements in jurisdictions



ASIA

- GSV supporting FirstWave activity
- 6 Telco engagements in jurisdiction
- Large Government and End User opportunities



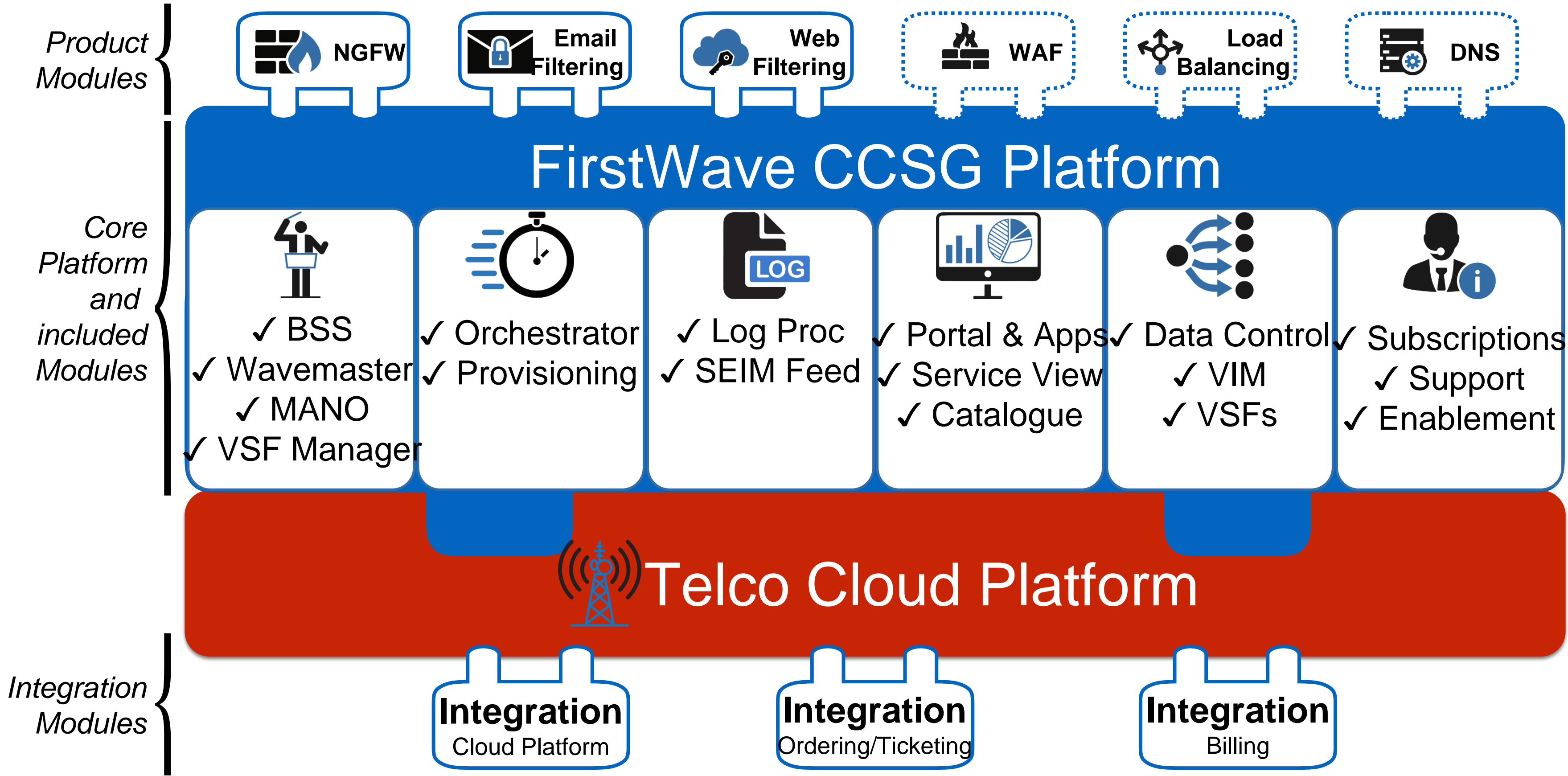
AMERICAS

- FirstWave driven opportunity
- Two Telco engagements (multi jurisdiction)
- Local telco opportunities

# International Expansion



## COMMERCIAL MODEL



### Model Characteristics:

- Modular approach – minimum viable platform entry level
- Platform as a Service + Security as a Service
- Opex model – Monthly recurring revenue

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# Focus

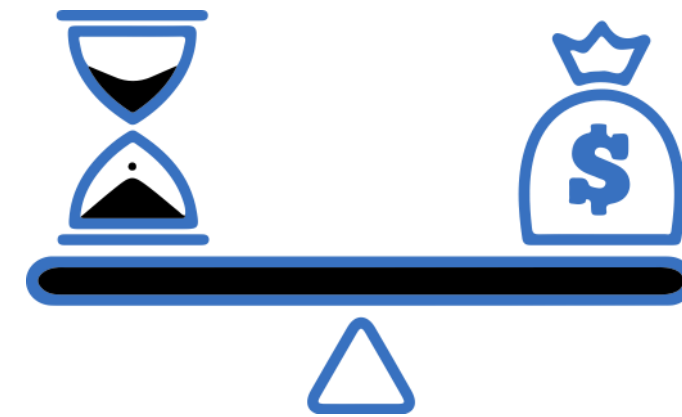
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# Company Focus FY18

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**Continue to Build  
Annualised Monthly  
Recurring Revenue**



**Profitable  
Australian  
Operations**



**International  
expansion offshore**

Operationalise Bharti Airtel  
(Nextra Data)

Continue development of  
opportunities with targeted  
international Telcos



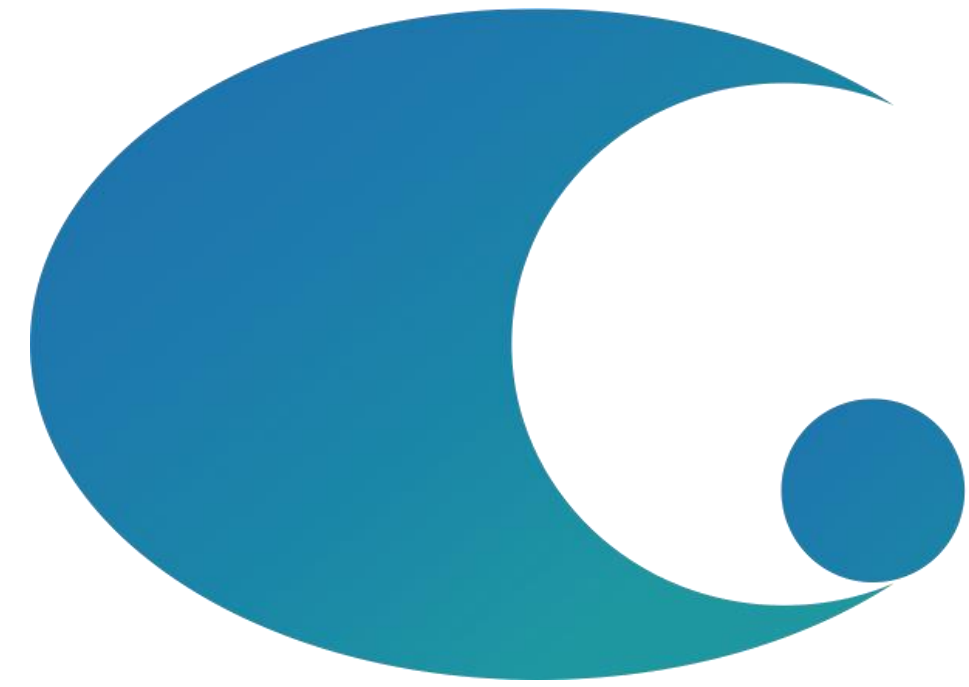
**Innovate improving  
customer experience**

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

Investing and improvements in  
platform



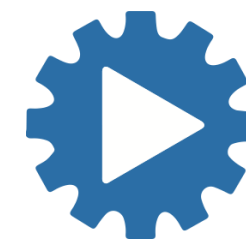
**FIRSTWAVE**  
Cloud Technology



Innovate



• Create



• Execute