



**FIRSTWAVE**  
CLOUD SECURITY TECHNOLOGY

# FCT Cloud Technology Investor Update

10 February 2020

FCT's Cloud Content Security Platform (CCSP) is a unique SaaS email, web, firewall and endpoint security services orchestration platform for Telco / Service Providers that prevents cyber security threats from impacting their customers

# Disclaimer

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## Summary information

This Presentation contains summary information about FCT Cloud Technology Ltd (ASX:FCT) and its activities current as at 10 February, 2020, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with FCT's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

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# Agenda

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Chairman's Update

Interim Performance Update

Product and Platform Delivery

Q3/Q4 FY20 Outlook

CCSP Validation

Summary

# Crystallising the Opportunity

## Chairman's Update

Executive Chairman John Grant



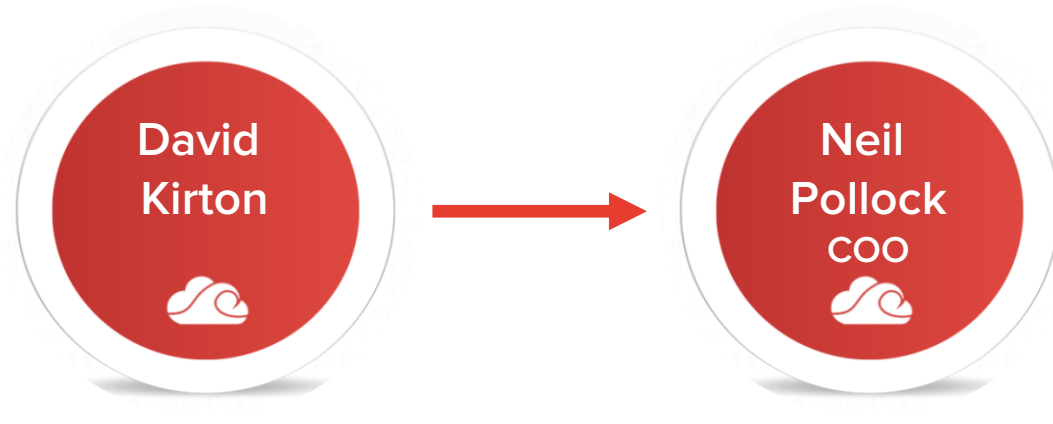


# Chairman's Update

| Key investor markers for FY20                  | Progress: 29 Oct 2019 to 31 Jan 2020  |
|--|---|
| Partner progress on the Path to Revenue        | <ul style="list-style-type: none"><li>• # partners on the Path to Revenue now 108 up 7</li><li>• 45 opportunities in the pipeline</li><li>• Line of Sight to \$3m International Annualised Recurring Revenue (IARR)</li></ul>   |
| # Partners to revenue - target of 18           | <ul style="list-style-type: none"><li>• 13 partners now billing up 6</li><li>• 8 International partners now billing up 4</li></ul>  |
| Delivery of the product and technology roadmap | <ul style="list-style-type: none"><li>• Delivery of Cloud Content Security Platform (CCSP) on track</li><li>• 3 new platforms added</li><li>• New domestic security product bundle win</li><li>• Successfully completed platform re-accreditations (annual)</li></ul>   |
| Optimisation of operating cost structure       | <ul style="list-style-type: none"><li>• Q2 Operating Cash Payments reduced \$0.7m (13%) on Q1 to \$4.6m</li><li>• Q2 Operating Expenditure reduced \$0.2m (5%) on Q1 to \$3.8m</li><li>• Q3 Operating Expenditure forecast to reduce to \$3.6m down 10% on Q1</li></ul> |
| Cashflow                                       | <ul style="list-style-type: none"><li>• Ahead of (internal) forecast at end of January</li></ul>  |

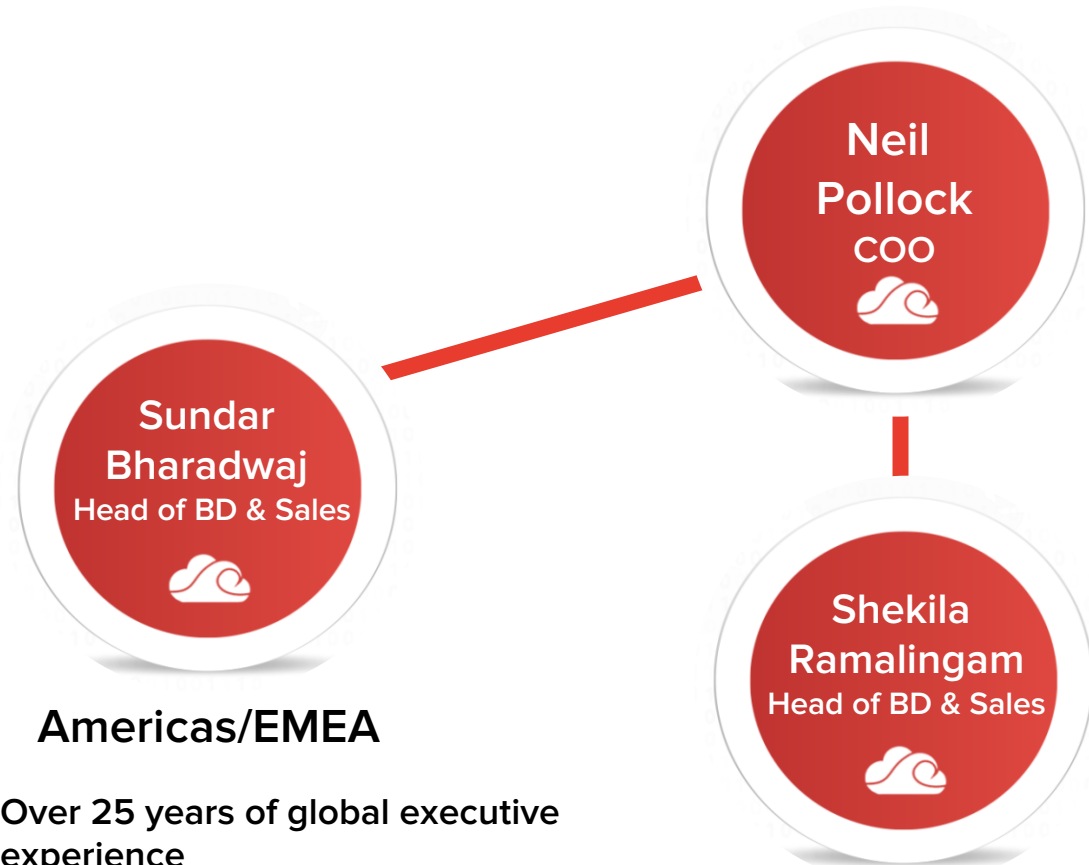
# Leadership Changes

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- 30-years of experience across the global ICT, telecommunications, defence and technology sectors
- Chief Executive Officer of Indian-based data centre and managed services company, Nextra Data Limited
- Senior positions in Bharti Airtel and SingTel Optus with experience in start-ups, M&A and developing and executing accelerated growth strategies

# Leadership Changes



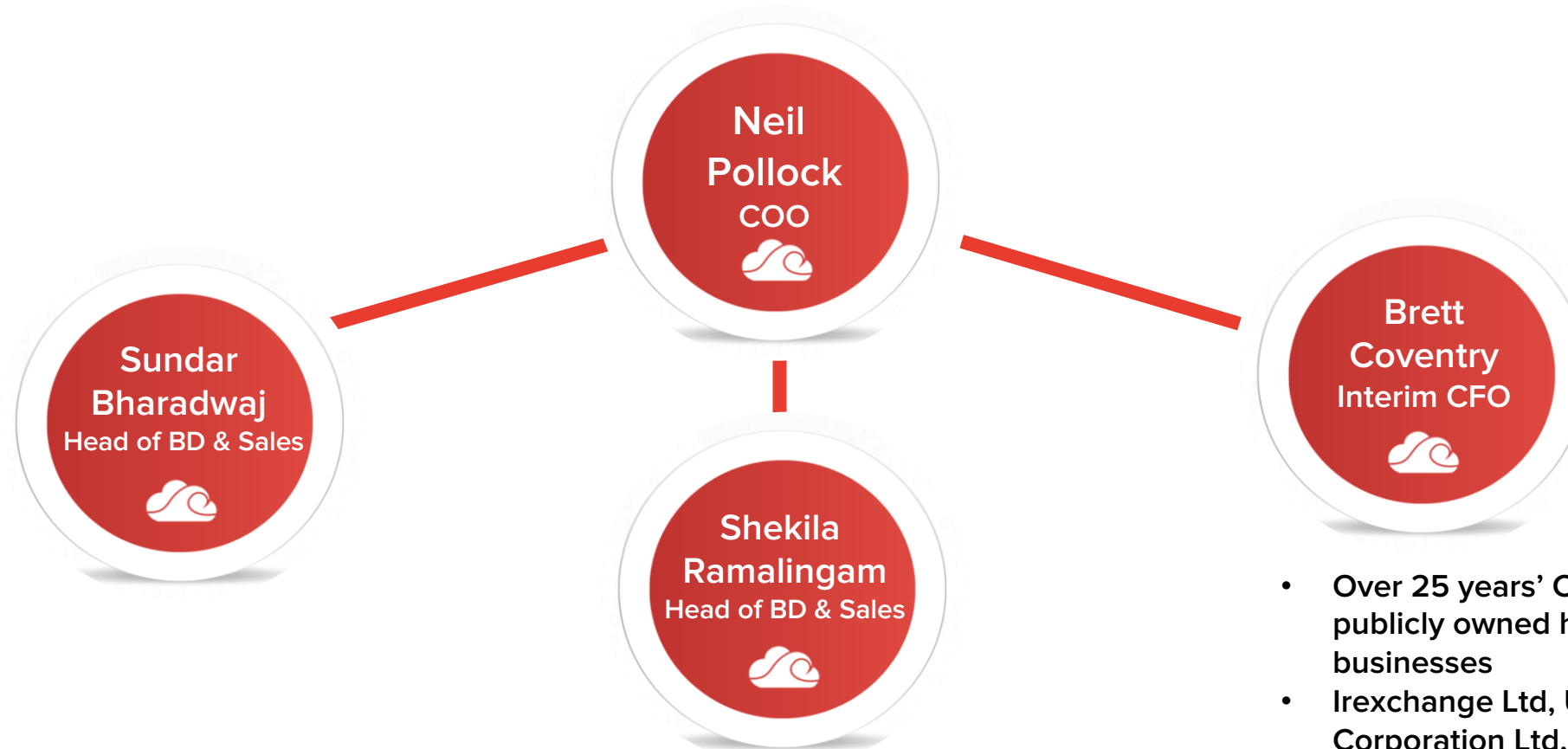
## Americas/EMEA

- Over 25 years of global executive experience
- Affinity, Vodafone UK, Accenture/Anderson Consulting

## APACJ

- Over 28 years of regional telco executive experience
- Ericsson, U Mobile, IBM, Nokia

# Leadership Changes



- Over 25 years' CFO experience ASX publicly owned high-growth businesses
- Irexchange Ltd, Unlockd Ltd, Money3 Corporation Ltd, Catapult Group International Ltd

# Crystallising the Opportunity

## Interim Performance Update

COO David Kirton





# FY20 1<sup>st</sup> Half Financial Summary

|   | H1 FY19<br>(000)'s | H1 FY20 <sup>#</sup><br>(000)'s | VARIANCE |
|---|--------------------|---------------------------------|----------|
| REVENUE                                   | \$4,225            | \$4,135                         | Down 2%  |
| Gross Margin (GM)                         | \$2,217            | \$2,237                         | Up 1%    |
| <i>GM %</i>                               | <i>52%</i>         | <i>54%</i>                      |          |
| NPAT                                      | (\$5,859)          | (\$6,671)                       | Down 14% |
| Capitalised Product and Development costs | \$937              | \$1,917                         | Up 105%  |
|   |                    |                                 |          |
| Cash at bank                              | \$3,186            | \$4,064                         |          |
|   |                    |                                 |          |
| Shares on Issue                           | 250,134            | 316,037                         |          |

# H1 FY20 numbers are unaudited

# FY20 1<sup>st</sup> Half Revenue

| \$(000)'s               | H1 FY19      | H1 FY20 <sup>#</sup> | VAR         |
|-------------------------|--------------|----------------------|-------------|
| Domestic                | 4,221        | 4,072                | (4%)        |
| - Recurring Revenue     | 3,914        | 3,662                | (7%)        |
| - Non-Recurring Revenue | 307          | 410                  | +34%        |
| International           | 5            | 63                   | +1160%      |
| - Recurring Revenue     | 1            | 59                   | +5800%      |
| - Non-Recurring Revenue | 3            | 4                    | +28%        |
| <b>Total Revenue</b>    | <b>4,225</b> | <b>4,135</b>         | <b>(2%)</b> |

# H1 FY20 numbers are unaudited

## Domestic

- Portfolio re-structuring to target Small Medium Business (SMB) segment
- New security products and campaigns launched in January 2020
- End of life for existing Proxy Web Service putting pressure on recurring revenue
- Responding to new partner priorities with additional services to be launched in the 2<sup>nd</sup> half
- Non-Recurring Revenue continues to build at healthy rate

## International

- Early quarter on quarter compounding growth
- 8 customer partners billing, up 7 in the half
- Customer partners billing from EMEA and Asian region

# Partner Footprint Offers Global Reach



# Partner Pipeline is Converting to Revenue

- Consistent with the leveraged go-to-market, # opportunities in the pipeline continue to increase and convert to revenue
- Since October 29<sup>th</sup> 2019:
  - In EMEA:
    - 3 New partners signed
    - 2 Partners on-boarded; 1 generating revenue already
  - In Asia/Pacific:
    - Successfully engaged to deploy new Email, Web, Endpoint cyber security bundle to SMB segment – roll-out has commenced with line of sight over three years to 12,000 end user customers paying > \$10 per month per customer
    - 4 new partners signed with billing already commenced
    - Major opportunity in proof of concept moving to contract finalisation with Global SP



**Opportunities  
in the pipeline**

# Crystallising the Opportunity

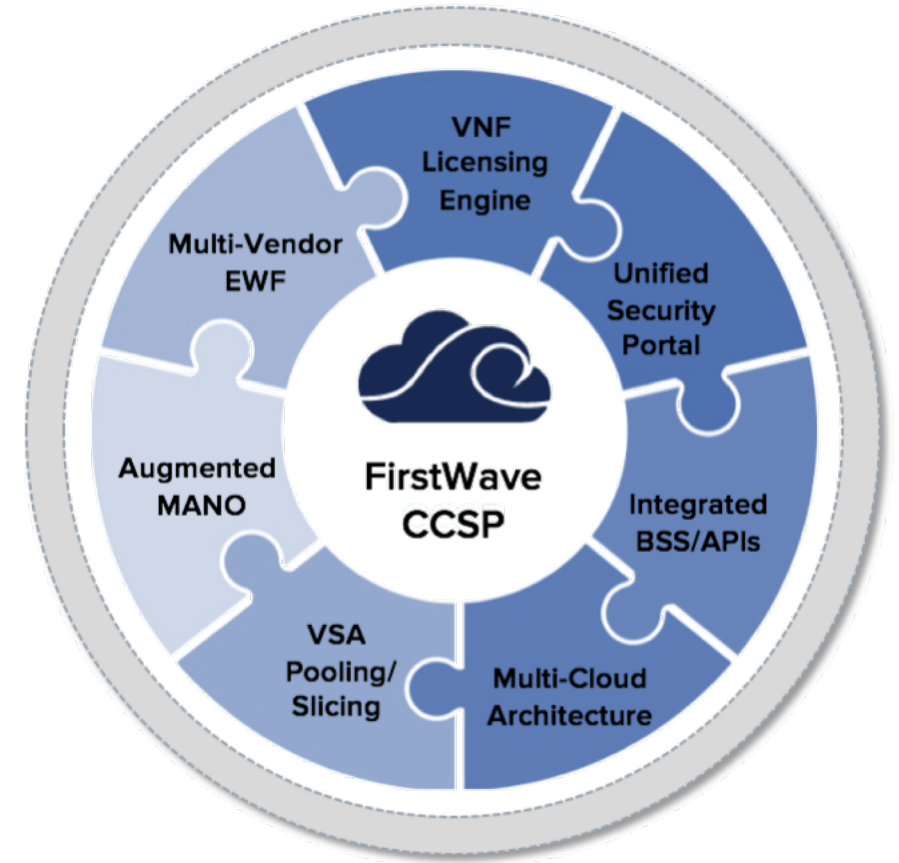
## Product and Platform Delivery





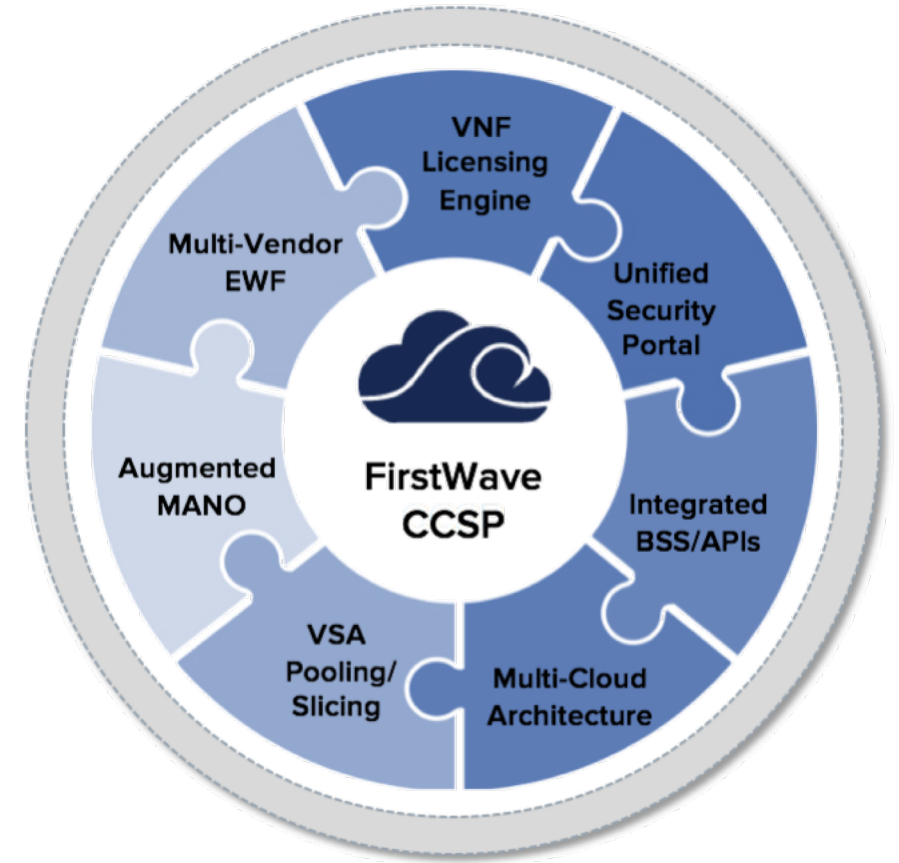
# Delivery of FY20 Product Roadmap is on Track

- Since October 29<sup>th</sup> 2019:
  - New functionality released onto existing platforms adding strength to the Email, Web, Firewall (EWF) proposition
  - New security offerings being added into the program of work driven by customer demand
  - User interface and partner portals are being upgraded



# Deployment of the Technology Platform Offers Global Reach

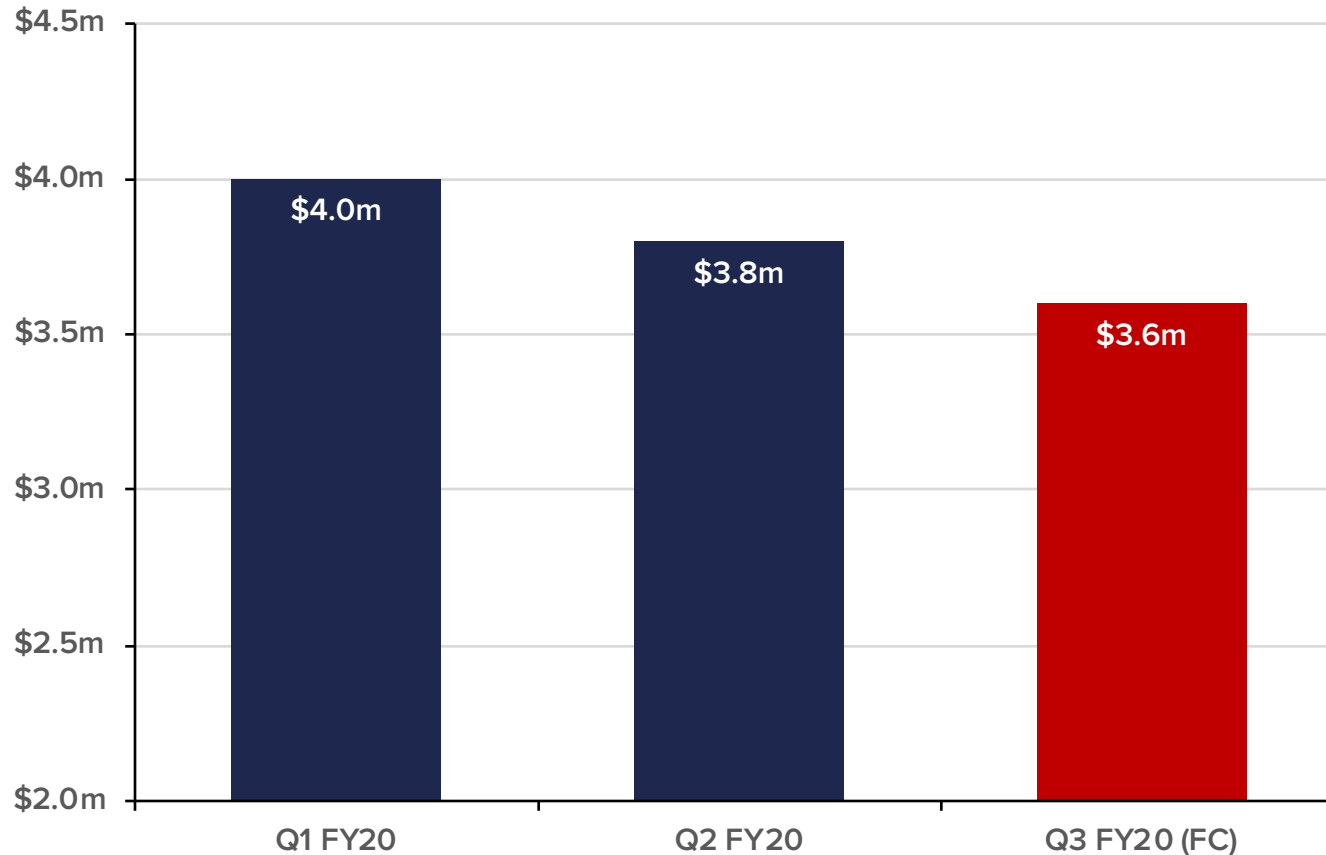
- Since October 29<sup>th</sup> 2019, 3 new platforms added
  - In Europe and the America's
    - Aligning to customer opportunity
    - Expanding market reach
  - Platform build and deploy cycle time has been reduced
  - Successful platform re-certifications (Annual)
- 2 additional platforms are planned (EMEA, Asia)
- 2 existing partner platforms to be upgraded



# Deployment of the Technology Platform Offers Global Reach

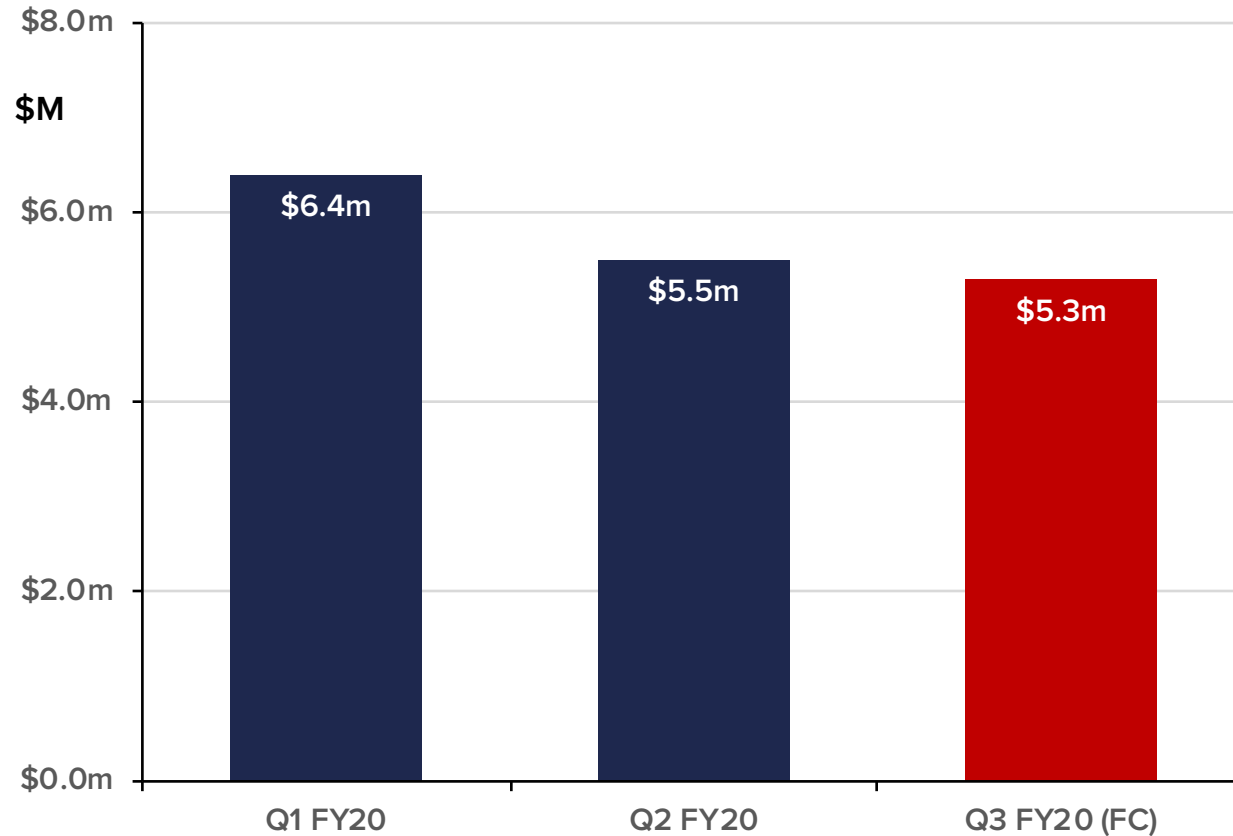


# Operating Expenditure Reducing in Line with AGM advice



- Reduced \$0.2m to \$3.8m in Q2 FY20
- Targeted to reduce by a further \$0.2m in Q3 FY20
- Corporate Headcount reduced
- No increase in business development investment
- Focused product development program on existing customers
- Investment maintained in platform deployment

# Cash Outflow – Impacted by Lower Expenditure and Seasonality



- Reduced \$0.9m to \$5.5m in Q2 FY20
- Targeted to reduce by a further \$0.2m in Q3 FY20
- Is ahead of internal target at the end of January

# H1 FY20 numbers are unaudited



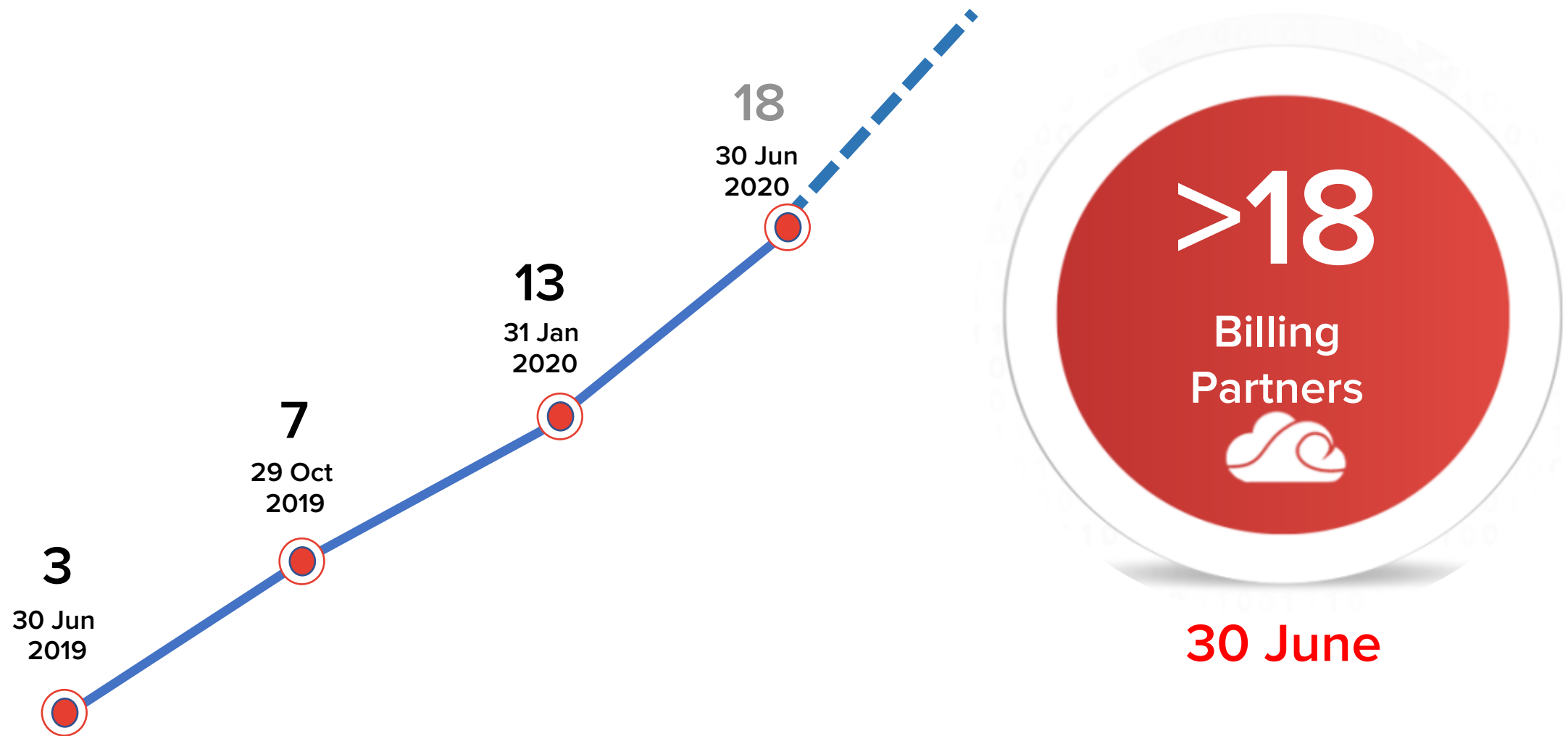
# Crystallising the Opportunity

## Q3/Q4 FY20 Outlook

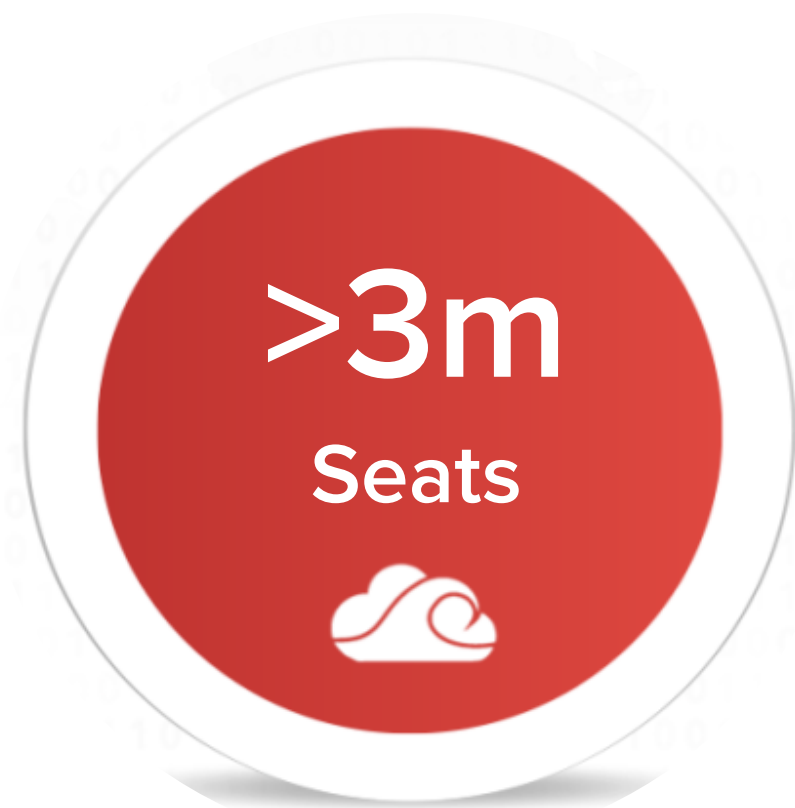
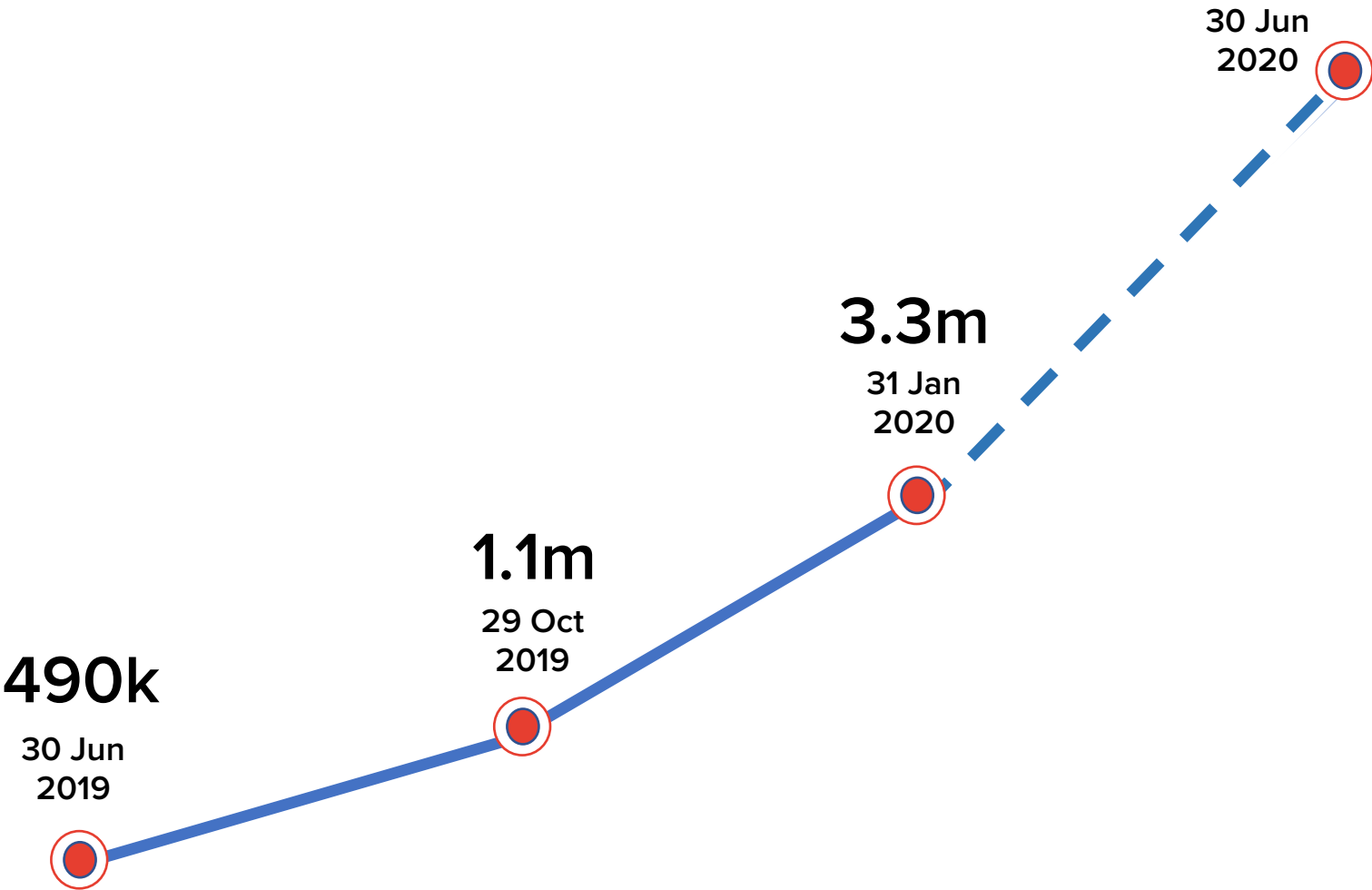
CRO Neil Pollock



# On Track to Exceed 18 Billing Partners @ June 2020

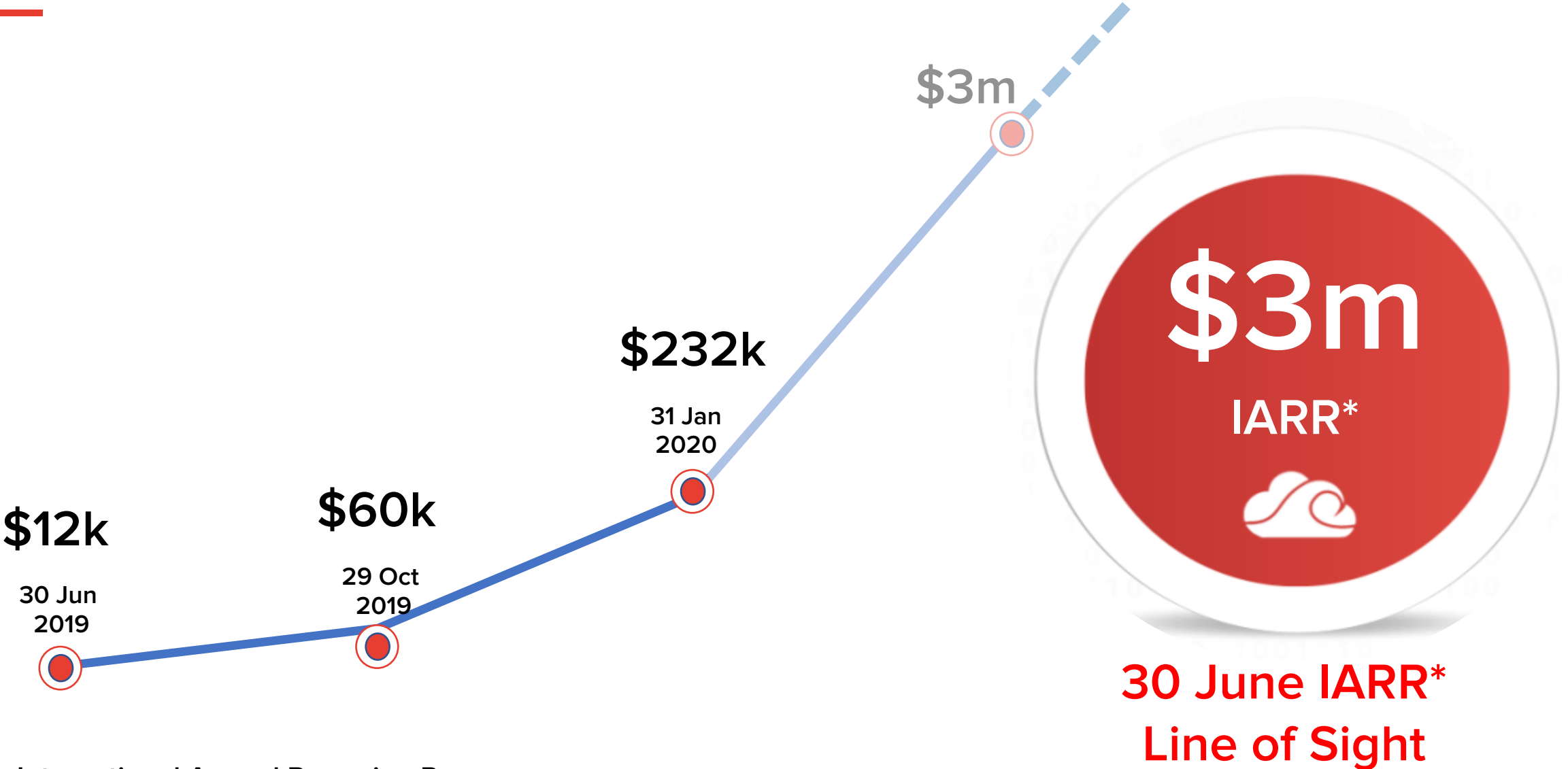


# Pipeline of International Email Seats Accelerating



Line of Sight Pipeline

# Line of Sight to \$45m with Potential to Deliver \$3m IARR\* by 30 June



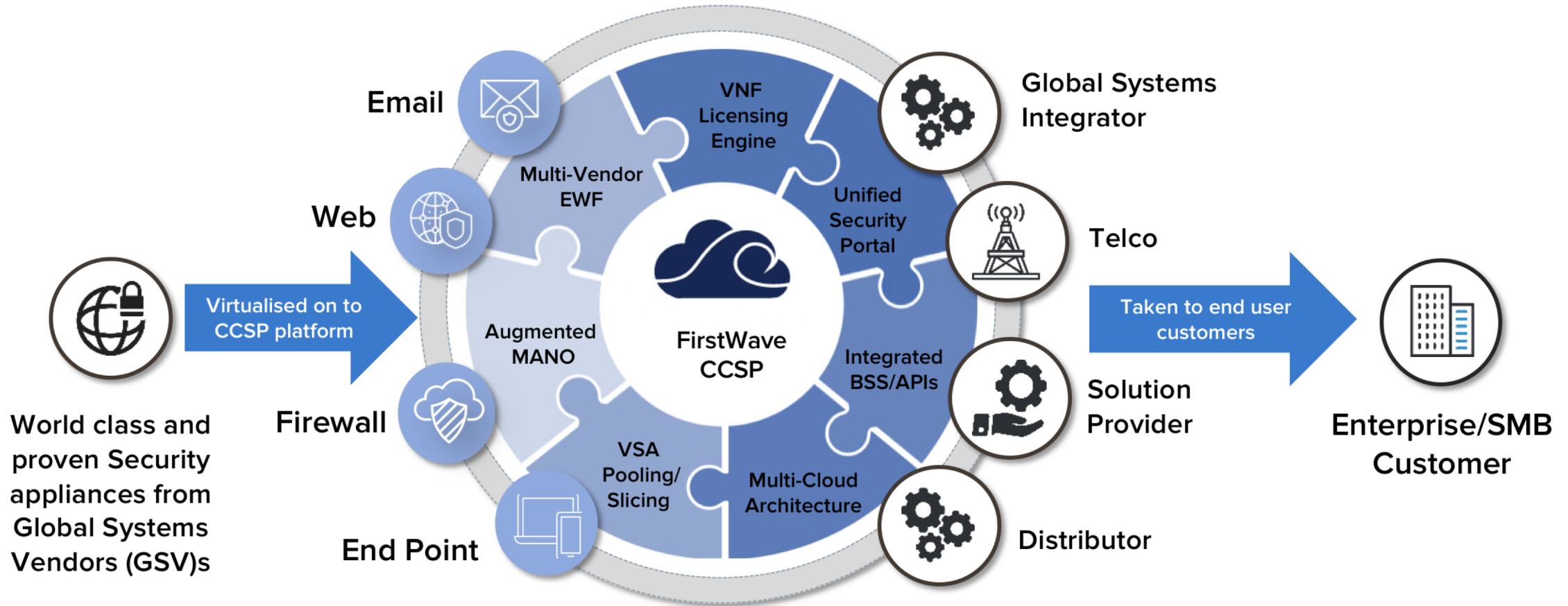
\*IARR = International Annual Recurring Revenue





# FCT's CCSP

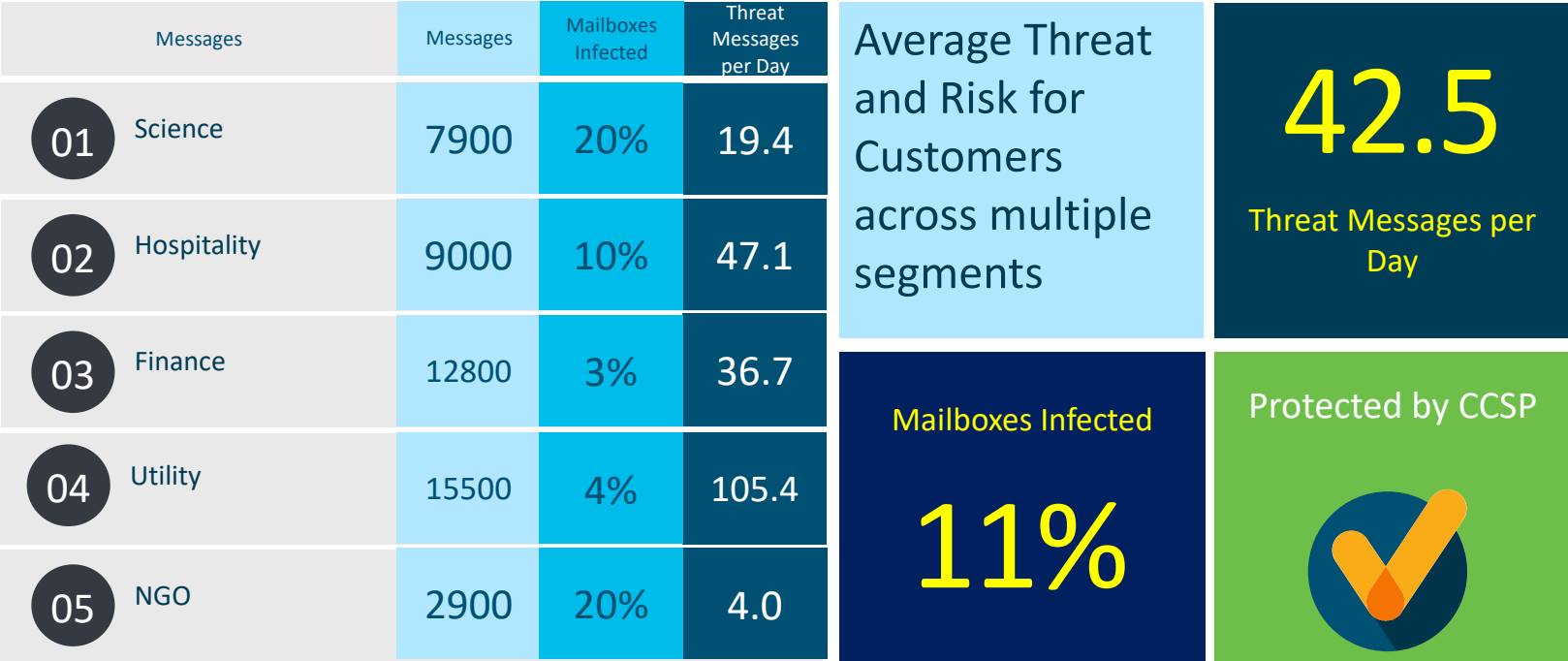
## Cloud Content Security Platform for email, web, firewall and endpoint



# Performance of CCSP is Being Validated Across the Globe

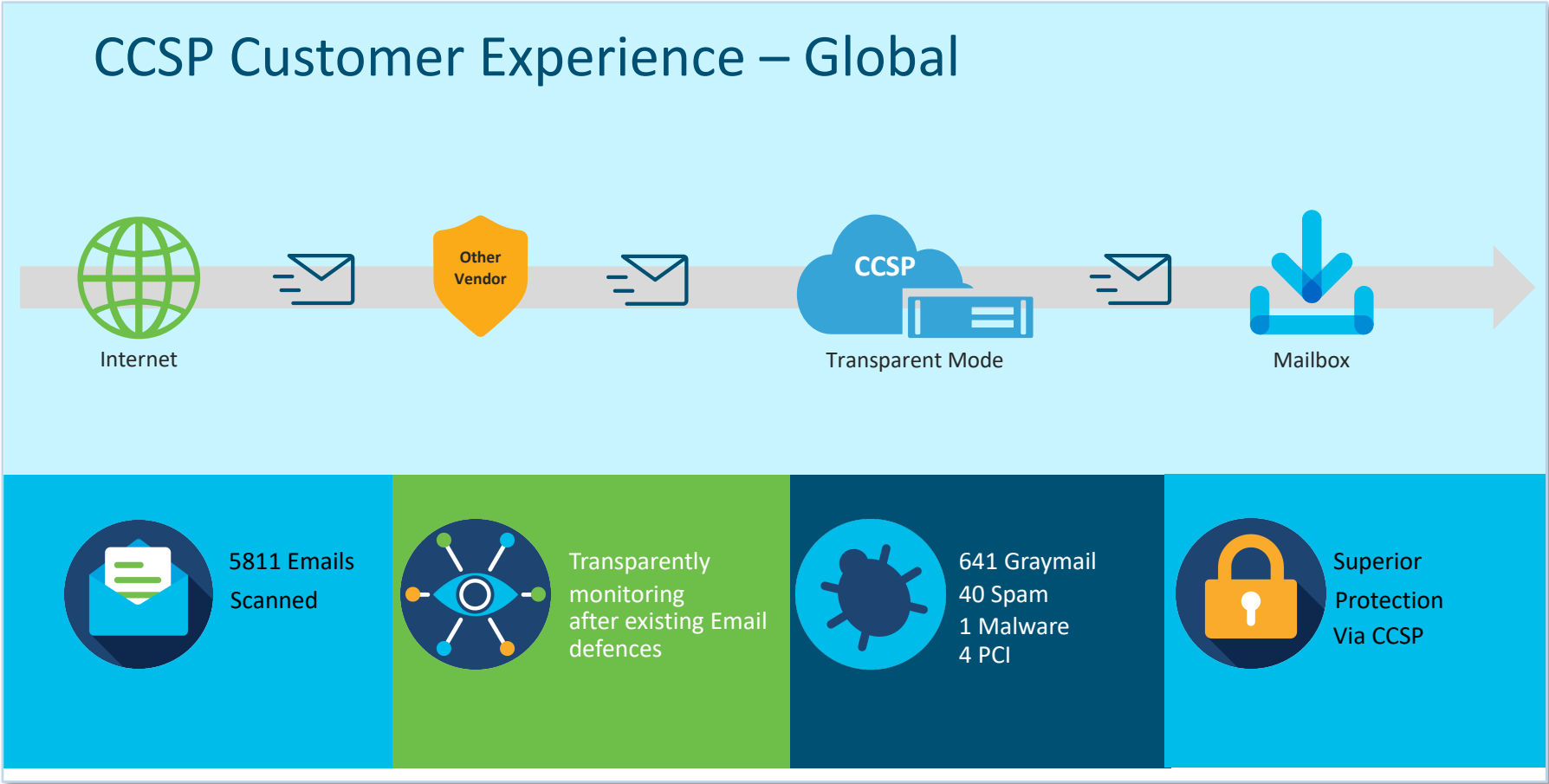
The platform is exceeding expectations and being validated, independently, in Proof of Concepts (PoCs) being run across the globe

## CCSP Customer Experience – Global



# Competitiveness of CCSP is Being Validated Across the Globe

The platform is exceeding expectations and being validated, independently, in Proof of Concepts (PoCs) being run across the globe



# Q3/Q4 FY20 Milestone Objectives

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1. Continued and accelerating progress on the Path-To-Revenue
  - Compounding QoQ IARR towards \$3m
  - First partner revenue from the Americas
  - Incremental partner and direct revenue in EMEA and Asia
  - 1st on-premise deployment (outside Australia)
  - Drive revenue from new bundled offering in the domestic market
2. Delivery of the product and technology roadmap
  - Acceleration of our EWFE roadmap working with our partners and direct customers
  - Continued refinement of our core software platform
  - Upgrade and standardisation of our technology platforms
3. Optimisation of the cost structure
  - Deliver against AGM advice of \$1.3m in year and \$2m annualised cost reduction (cf Q1 FY2020 Baseline)
4. Q3 FY20 Cashflow
  - Achieve expenditure out-flow target
  - Receive annual customer pre-payment

# Summary – Key Take-outs

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- Our technology is being validated positively across the globe
- The pivot to focusing on existing partner relationships is paying dividends
- “It’s a numbers game”
  - Number of partners delivering revenue is increasing
  - Number of platforms deployed is increasing global reach
  - Pipeline of international email seats is accelerating
  - International revenue is trending positively
  - Operating expenses are reducing



The background is a vibrant digital collage. It features a world map with white diagonal lines, overlaid on a blue and purple gradient. Binary code (0s and 1s) is scattered throughout. Various icons are present, including red clouds, a fingerprint, a play button, and a magnifying glass. Text elements like '14323', '92460', '27631', and '718677' are visible. At the bottom left, there's a timestamp '00:05:11' and a partially visible title 'CURRENT WORLD ECONOMIC LEAGUE TABLE OF LARGEST'.

THANK YOU