



FIRSTWAVE
CLOUD SECURITY TECHNOLOGY

FirstWave Cloud Technology Market Update

April 2020



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Agenda



John Grant
Executive Chairman



Neil Pollock
Chief Operating Officer

Chairman's Update

COO Update

- COVID-19
- Path to Revenue Momentum
- Platforms Deployed
- Partner Progress
- Line of Sight
- Remote Worker Cyber Security Offer
- Q3 FY20 Financials

Prospects

Summary

Preparedness meets Opportunity

Chairman's Update

Executive Chairman John Grant



Chairman's Update – a formula for success

A very large global addressable market

A world class product

Committed partners in a leveraged channel model –
one to many to many more – that can drive
exponential growth

A global delivery platform

Time and money

David

CEO

Chairman's Update – a formula for success

A very large global addressable market

Now \$1.88b with line of sight to \$60m ARR

A world class product

A world class product as independent Proofs of Value (PoV) are demonstrating

Committed partners in a leveraged channel model – one to many to many more – that can drive exponential growth

130 partners with 26 billing

A global delivery platform

A global delivery platform is now in place

Time and money

Time and money still needed

I remain of the view that if FirstWave is able to continue to execute on this formula it can be a global success

Preparedness meets Opportunity

COO Update

Chief Operating Officer Neil Pollock



The COVID-19 situation - Preparedness meets Opportunity

Our leveraged channel model is positioned to drive EXPONENTIAL GROWTH

- Partners progressing on the path to revenue: 130 up from 108
- Billing partners has doubled from 13 to 26
- Immediate sales opportunities 55 (up from 45)
- Our partners are more committed and hungrier for new revenue

The OPPORTUNITY is growing in the COVID-19 world

- The market opportunity has expanded to \$1.88b
- Our line of sight has increased up to \$60m ARR (up from \$45m)
- We have more to sell to a bigger market
- Material revenue targets are within reach



We were PREPARED and DELIVERING

- Our product offering is in demand
- 11 Cloud Content Security Platforms are operational globally meeting partner needs
- Our Remote Worker Cyber Security (RWCS) launch is the right product at the right time in the right place
- We launched RWCS globally in 10 days from inception – responding to partner demand

COVID-19 has flattened FY20 revenue trajectory BUT

- Underlying momentum continues
- International Annualised Recurring Revenue grew to \$265k from \$232k (in the two months from 31 Jan to 31 Mar 2020)
- \$2m pa cost out on plan with additional cost out in planning

Path to Revenue Momentum Continues

✓ Cisco OEM Agreement

- There are 20 active opportunities in the pipeline
- Line of sight to over 2.8m email seats

✓ International Partners

- 3 new DWS partners on boarded and selling
- NTT Data (UK) has launched RWCS – first orders provisioned
- SHELТ on-boarded 3 new partners

✓ Platforms deployed

- 11 CCSP platforms provide global coverage to meet partner needs
- Billing or test traffic now flowing across all platforms
- First sovereign platform deployment due in Q4 FY20

✓ Telstra growth

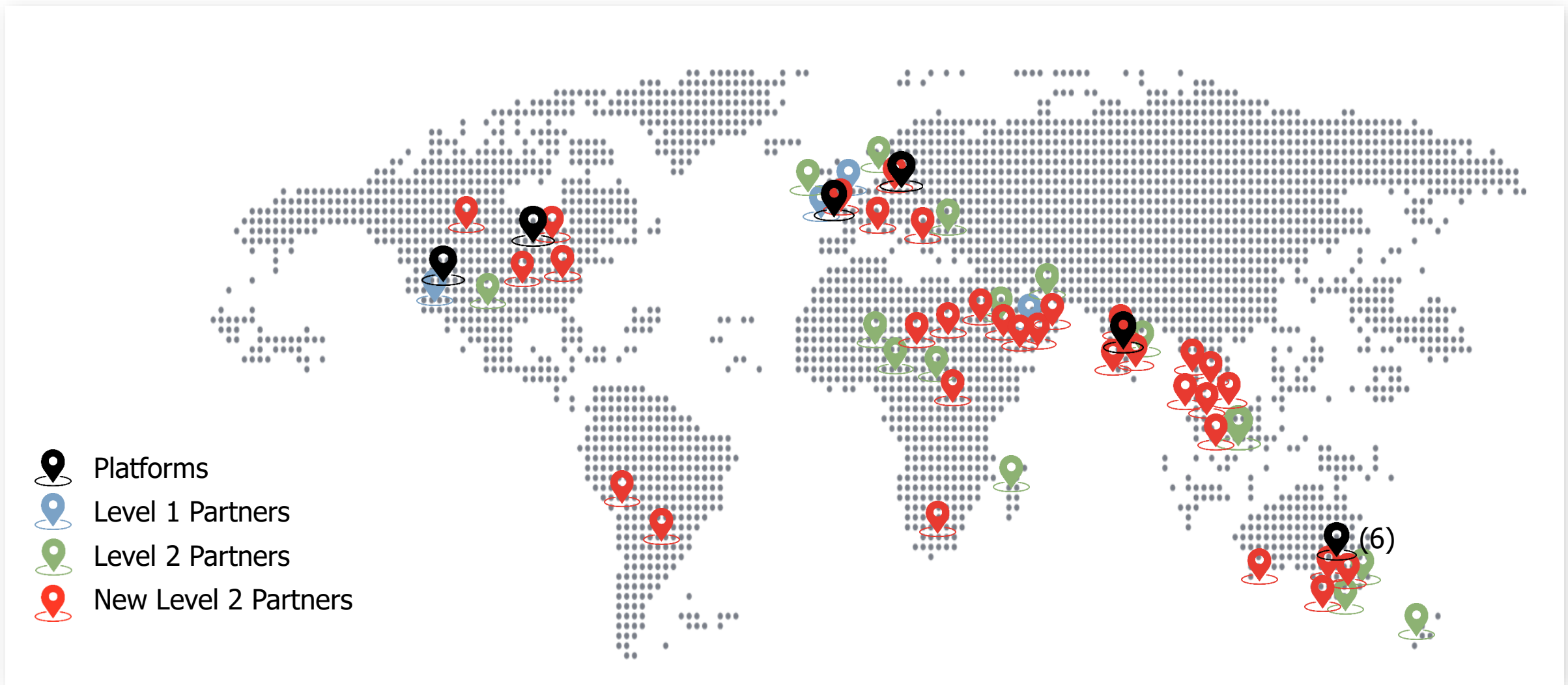
- SOHO/Micro/Small business cyber security bundle launched, and first orders received
- Solid demand for email and firewall upgrades including cyber security posture evaluation
- Subscription revenue model secures baseline annuity revenue streams in the COVID-19 environment

We continue to generate solid partner progress along the path to revenue across the globe

11 CCSP Platforms Servicing Global Need



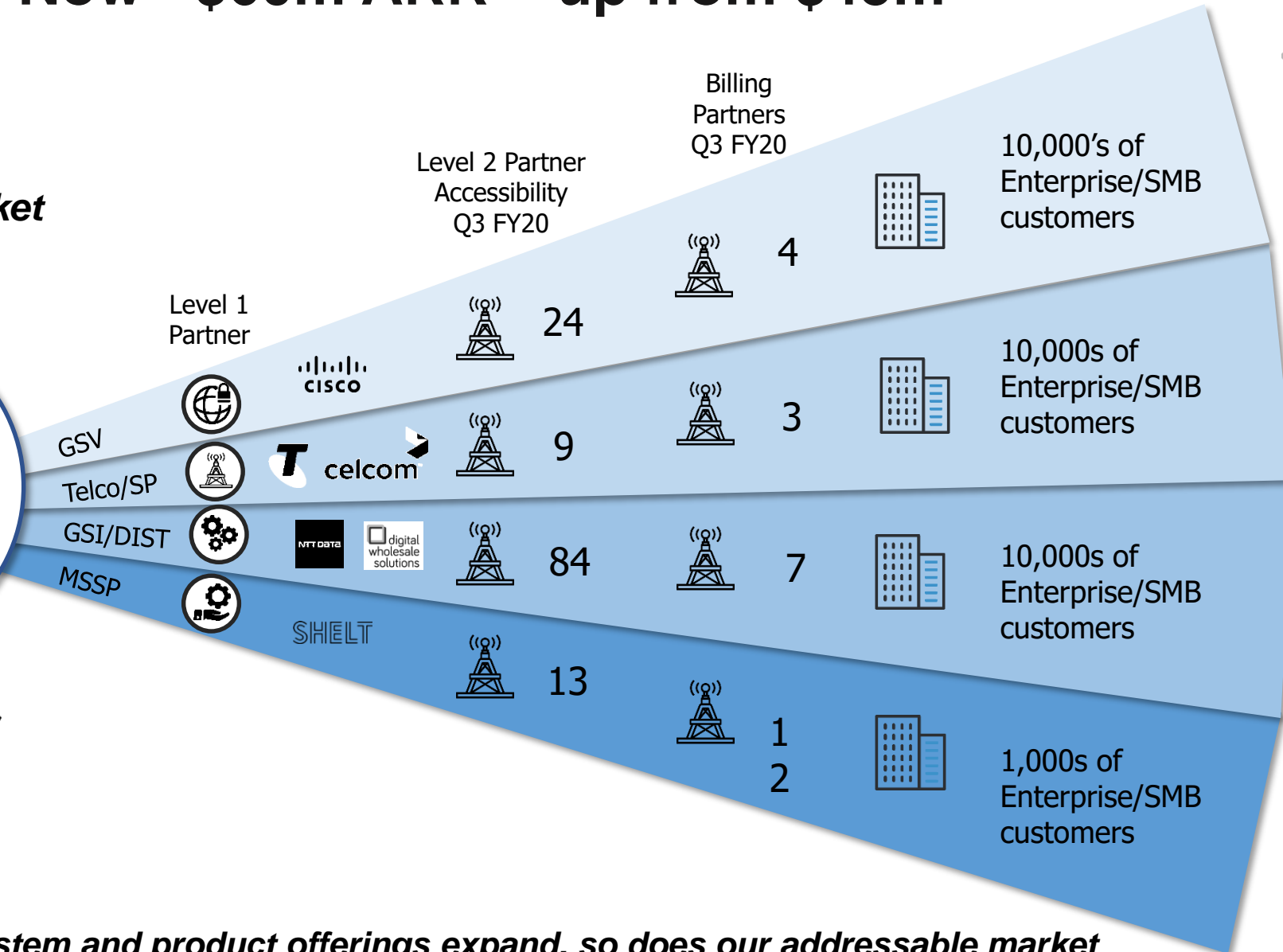
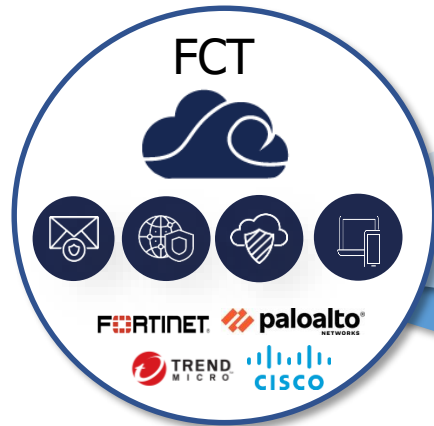
Partner Growth Continues



Both opportunity pipeline and billing partners continue to grow globally

Line of Sight Now ~\$60m ARR – up from \$45m

\$1.88b global market opportunity



As our partner ecosystem and product offerings expand, so does our addressable market

New Remote Worker Cyber Security offer Right Time Right Place

World hit by COVID-19 storm....some clouds have a silver lining...

Remote working has exposed businesses more than ever before

- ❖ Cyber security vulnerabilities exposed through less secure home wireless and public networks
- ❖ Cyber attacks on email and endpoint devices grew six-fold in March 2020 alone

Remote Worker Cyber Security (RWCS) bundle

- ✓ Protects end-users doing business from home or remote locations
- ✓ Bundles Cisco email and web, Trend Micro endpoint, and Cisco Duo multi-factor authentication
- ✓ From inception to global release in 10 days - indicative of the power and flexibility of CCSP
- ✓ Launched with NTT Data, DWS (UK) and Scicom (Asia)- other partners to follow
- ✓ Pay per use or freemium offer with opt in/opt out
- ✓ Indicative retail price AU\$3-\$5 per user per month
- ✓ First orders received and provisioned



Q3 FY20 Financial Summary

	Q3 FY19 (000)'s	Q2 FY20 [#] (000)'s	Q3 FY20 [#] (000)'s
REVENUE	\$2,093	\$1,975	\$1,976
CoGS	(\$940)	(\$869)	(\$946)
Gross Margin	\$1,153	\$1,106	\$1,030
GM %	55%	56%	52%
Operating Expenses	(\$3,559)	(\$3,830)	(\$3,675)
Other Income, D&A, Int	(\$292)	(\$535)	(\$633)
NPAT	(\$2,698)	(\$3,259)	(\$3,278)
Capitalised costs	\$427	\$873	\$824
Cash at bank	\$857	\$4,197	\$5,779
Shares on Issue	253,134	316,037	316,037

- Despite COVID-19 impacting from mid-Feb 2020, QoQ revenues held flat
- YoY decline was flagged at the AGM and is a result of churn of larger accounts and end of life of web product in the domestic market
- Product investment maintained and directly targeted at revenue

FY20 numbers are unaudited

Q3 FY20 Revenue

	Q3 FY19 (000)'s	Q2 FY20# (000)'s	Q3 FY20# (000)'s
Domestic	\$2,086	\$1,923	\$1,914
- Recurring Revenue	\$2,030	\$1,766	\$1,796
- Non-Recurring Revenue	\$56	\$157	\$118
International	\$7	\$52	\$62
- Recurring Revenue	\$2	\$48	\$61
- Non-Recurring Revenue	\$5	\$3	\$1
Total Revenue	\$2,093	\$1,975	\$1,976

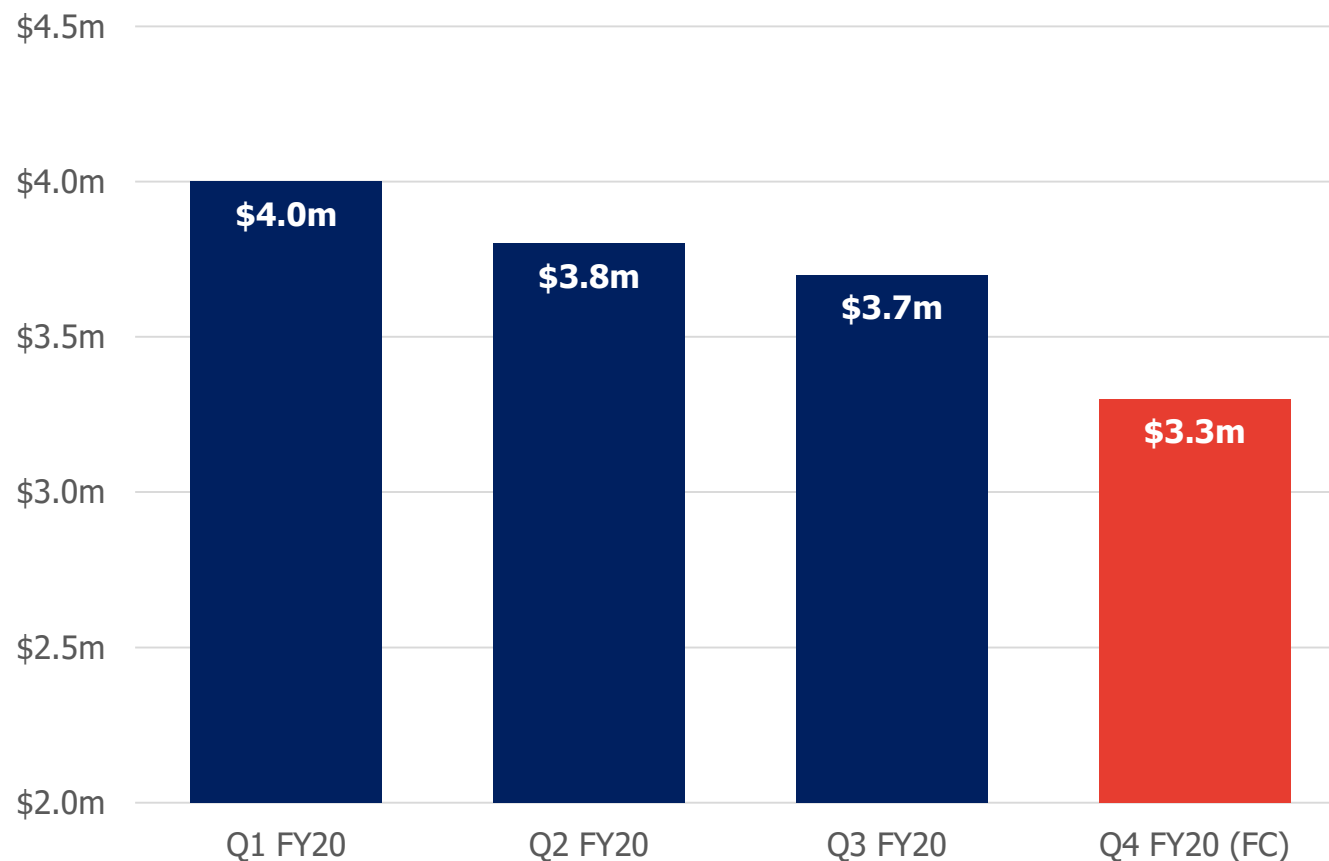
Domestic

- First revenues from SOHO/Micro/Small cyber security initiative received

International

- COVID-19 flattened revenue growth from mid-February

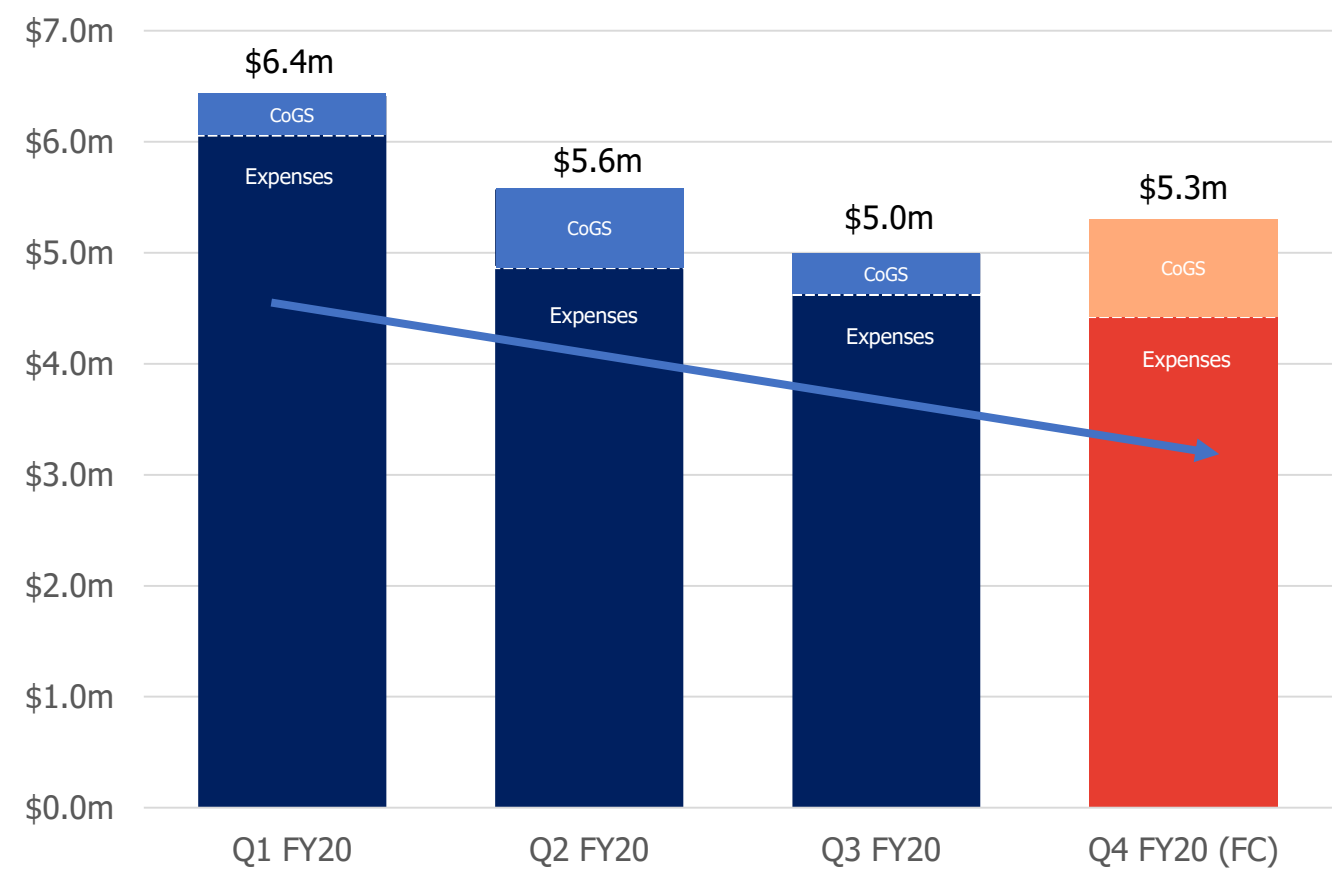
Operating Expenditure Reducing in Line with AGM advice*



- Q3 includes \$138k termination costs
- Corporate Headcount further reduced
- Salary exchanged for equity being planned in Q4 FY20
- Global platform investment now substantially complete

*AGM advice was in year reduction in opex of \$1.3m and \$2m annualised

Cash Outflow



- Q3 FY20 \$0.6m reduction includes \$0.2m deferral of Telstra CoGS payment to Q4 FY20 to align with cash receipt from Telstra
- Q4 FY20 CoGS estimate higher due to the timing impact of annual prepaid product purchases

Initiatives to Extend the Cash Runway

Cash to equity remuneration

- A new Share Appreciation Rights Plan allowing Board/Executives/Leadership Team to exchange ~\$1.7M in fees and remuneration for shares in the Company will be approved by shareholders

Non-labor cost reductions

- Initiatives to reduce costs by \$97k pm (23%)

These additional cost reduction initiatives have kept in mind the following objectives:

- Ensuing we are ready when business gets back to business
- Technology - Retain all IP and key staff to ensure we protect our IP and remain market-leading
- Sales – Engage partners to ensures we can continue to scale globally – at lower cost
- Operations – ensure the highest level of service from onboarding to daily operations to retain customers

Preparedness meets Opportunity

Prospects



Prospects

Background:

- COVID-19 has disrupted the global economy
- Recovery timeframe and market conditions post COVID-19 are uncertain

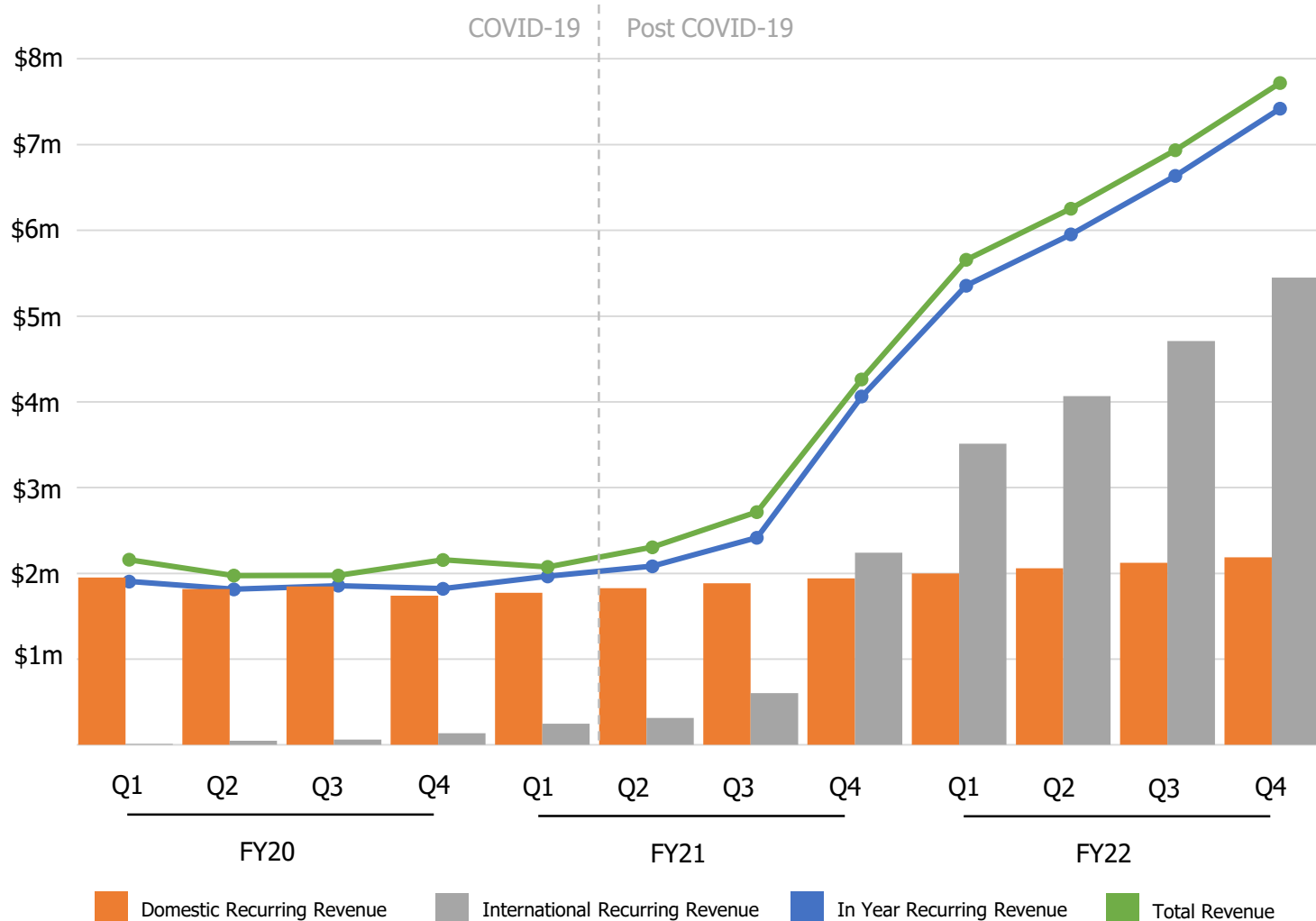
Assumptions:

- Business will return to pre-COVID levels in Q2 FY21 i.e. from October 2020
- Partners will apply their resources to taking CCSP to market as they did pre-COVID-19
- Cisco in particular remains as committed to FCT as it was pre-COVID-19
- FCT's level and location of resources will remain as they are now
- A new Share Appreciation Rights Plan allowing Board/Executives/Leadership Team to exchange ~\$1.7M in fees and remuneration for shares in the Company will be approved by shareholders
- Required funding available

Note:

- The detail provided is not a forecast or guidance, rather it is the Company's best judgement to quantify the potential conversion of the line of sight revenue to booked revenue in the short term in an uncertain market

QoQ Prospective Revenue



FY20E

- Revenue of \$8.3m 6% down on pcp
- Exit June 2020 IARR of \$875K

FY21

- Revenue of \$11.4m up 37% on pcp
- Exit June 2021 IARR of \$12m

FY22

- Revenue of \$26m up 134% on pcp
- Exit June 2022 IARR of \$22m

Summary – Key Take-Outs

- FirstWave's CCSP alleviates end user security concerns that COVID-19 has amplified
- COVID-19 has impacted our partners' revenue and reprioritised FirstWave's CCSP
- Newly released RWCS is gaining traction – preparedness meets opportunity
- Pipeline and partner path to revenue continues to build strongly
- FY21 has prospective revenue increasing 37% to \$11.4m with ARR exiting June '21 of ~\$20m (IARR ~\$12m)
- We are operating at the lowest viable cost without compromising the business' ability to capitalise on its global growth opportunities

The background is a vibrant digital collage. It features a world map with a grid overlay, rendered in a light blue and white color scheme. The map is set against a dark blue background filled with binary code (0s and 1s) and various digital icons, including a fingerprint, a play button, and a magnifying glass. The overall aesthetic is high-tech and futuristic.

Appendix

Experienced Management Team to Execute



John Grant

Chairman

Australian industry leader
MD of Data#3 (ASX:DTL)
for c. 20 years

Inaugural chair of
Australian Rugby League



Neil Pollock

COO

Global Business Leader with 27
years of ICT, telco and energy
sector experience across Asia
Pacific, the Middle East and India



Roger Carvosso

Director – Product & Innovation

Product professional with more than
20 years of experience in the global
telco industry



Simon Ryan

CTO

Globally recognised leader and
innovator in cloud technology with
more than 12 years in AI, machine
learning and data mining

Addressable market is \$1.88b

Email, Web, Firewall ('EWF')

TAM: TOTAL ADDRESSABLE MARKET - Worldwide MSS/Cloud-Based Firewall & Content Security (Telco/SP-served)

SAM: SERVICEABLE ADDRESSABLE MARKET - Portion of Total Enterprises served < 200 employees in size (target end customer profile)

SOM: SERVICEABLE OBTAINABLE MARKET - Proportion of worldwide Telco/SPs accessible (Geos/ Partner reach), FCT wholesale revenue

Endpoint ('EPP')

TAM - Worldwide Enterprise Endpoint Security Market

SAM: SMB Portion of TAM (<200 employees)

SOM: Accessible market via Telco/SPs, 'switchable' spend, FCT resale rev. share

'EWF'

TAM: \$14b

SMB + % Medium Businesses (<200 employees) only

$$\text{SAM} = 37\% * \text{TAM} = \$5.2\text{b}$$

- Accessible Geo Markets & Telco/SPs via (Current) FCT Channel Partners (75%)
- Adjustment of Telco/SP retail revenues to FCT wholesale /resale level (*45%)

$$\text{SOM} = 75\% * 45\% \text{ of SAM} = \$1.8\text{b}$$

+

'EPP'

TAM: \$11.7b

SMB + % Medium Businesses (<200 employees) only

$$\text{SAM} = 12\% * \text{TAM} = \$1.4\text{b}$$

- Accessible Markets & Telco/SPs via FCT Channel Partners (40%)
- 'Switchable' % of EPP customer buyer base per annum (30%)
- Adjustment of Telco/SP retail revenues to FCT resale level (*45%)

$$\text{SOM} = 40\% * 30\% * 45\% \text{ of SAM} = \$0.076\text{b}$$

A Simple Guide to Acronyms in our Presentation

Definitions for the Path to Revenue model

- 'Level 1' Partner– this is a GSV or GSI partner of FCT (leveraged partner model)
- 'Level 2' Partner– this is a customer of a 'Level 1' Partner (leveraged go-to-market model) or a direct customer of FCT e.g Telstra
- 'Level 1' / 'Level 2' PoC/PoV – 'Level 1' Partner or 'Level 2' Partner starts full trial on the platform that if successful will then provide the confidence for the respective 'Level 1' Partner or 'Level 2' Partner to on-sell to their customers
- 'Level 1' Partner OEM/Reseller Agreement - this is a collective term for an agreement between FCT and a 'Level 1' Partner
- OEM Agreement – this is an OEM agreement between FCT and a 'Level 1' Partner being a Global Security Vendor (GSV)
- 'Level 2' Partner MSA / Reseller Agreement – This is a master services agreement between FCT and a 'Level 2' Partner with approved pricing and service definitions
- FCT Platform Certification – This is a technical certification by the 'Level 1' Partner or 'Level 2' Partner that allows their customers to be provisioned onto the platform
- Sales/Support Enablement – All 'Level 1' Partner and/or 'Level 2' Partner sales teams have been trained on and provided with FCT product and service information
- GTM Launch – When the 'Level 1' Partner and/or 'Level 2' Partner launches the FCT CCSP-enabled service to their customers
- PoV (Proof of Value) for End Customer – End customer full trial on the platform that if successful is then provides catalyst to sign order
- PoC (Proof of Concept) for Partner – Partner customer full trial on the platform that if successful is then provides catalyst to sign agreements
- End Customer Order & On-boarding – End customer orders FCT solution from 'Level 2' Partner is on on-boarded to the service
- End Customer Bill – End customer is billed by 'Level 2' Partner which allows FCT to bill 'Level 1' Partner or 'Level 2' Partner
- Products X-Sell/Upsell – 'Level 2' Partner sales teams cross-sell and up-sell other FCT– enabled solutions
- SAM – Serviceable Addressable Market
- SMB – Small to Medium Business (sometimes also called a 'SME' or Small to Medium Enterprise)
- SOM – Serviceable Obtainable Market
- TAM – Total Addressable Market

A Simple Guide to Acronyms in our Presentation

FirstWave plays in a highly technical world so here are some definitions to help you navigate terminology

- BDM – Business Development Manager – sales executive
- CCSP – Cloud Content Security Platform
- Content Security – a product market category that comprises email security and web security
- CWS – Cloud Web Security - a cloud-based Secure Web Gateway service offering from Cisco (ex-Scansafe, a company acquired by Cisco)
- EMEA – Europe, Middle East & Africa
- EWF – A FCT-conceived abbreviation for an *Email + Web + Firewall* solution package or offer bundle from a Telco/SP to an Enterprise/SMB customer
- Exit revenue – Annualised Monthly Recurring Revenues (AMRR) as at June 30 of the corresponding fiscal year
- GSI – Global Systems Integrator
- GSV – Global Security Vendor – e.g. Cisco, Palo Alto Networks, Fortinet
- MRR – Monthly Recurring Revenue
- MSS – Managed Security Services
- MSSP – Managed Security Service Provider – e.g. a Telco/SP that offers MSS to its enterprise/SMB
- OEM – Original Equipment Manufacturer - a company that produces equipment , marketed and sold by another manufacturer – e.g. what FirstWave does with Cisco
- OSS/BSS – Operational Support System / Business Support System (Telco/SP core IT systems)
- SaaS – Security as a Service
- SWG – Secure Web Gateway – a category of content security product or technology that inspects user web traffic for security and content control purposes
- SP – Service Provider – a term used for a Telco or a network services provider or communications service provider
- Telco – a telecommunications company , whether a fixed network or mobile network operator or both
- Umbrella – Cisco Umbrella - a cloud-based Secure Internet Gateway (SIG) offering from Cisco
- WSA – Cisco Web Security Appliance - a proxy-based Secure Web Gateway (SWG) product from Cisco

Explaining the CCSP Architecture

- Hosting Infrastructure consists of the physical compute and networking resources. This is owned and operated by public cloud providers such as AWS or by private data centre operators within Telcos or Government facilities.
- The Hypervisor layer abstracts the physical resources into virtual compute and software defined networking (SDN).
- AWS, VMware and OpenStack allow for control over the lifecycle of virtual machines via an API (Application Programming Interface). Using APIs to create Virtual machines means that FirstWave can create new resources and provision services onto them in a fully software defined manner. Creation of resources with this level of automation is important as FirstWave scales services and expands capacity onto many platforms globally.
- The Operating Environment the software runs in consists of the Linux operating system. This provides the process control to maintain the many distributed components of the platform. As FirstWave supports the coexistence of virtual machines, vendor virtual appliances and containerised components, Docker and Kubernetes are also leveraged to support some deployments.