



**FIRSTWAVE**  
CLOUD SECURITY TECHNOLOGY

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# FIRSTWAVE INVESTOR UPDATE

28 FEBRUARY 2018  
ASX: FCT

# AT FIRSTWAVE WE'RE BUILDING MOMENTUM

**Right place** to take advantage of a \$10bn opportunity.

**Right technology** – unique in the market place.

**Right team** – established experts in place.

**Right direction** in financials.

**Right direction** with strategic plan.

# REAL MOMENTUM AGAINST COMMITMENTS THROUGH THE 1ST HALF OF FY2018

## STRATEGIC

- ✓ Raised \$4.35m via a private placement (October 2017) to support the Enable phase of the International expansion strategy
- ✓ Commenced the deployment of a 3 segment operating framework
  - Domestic – Australia, International and Corporate Services
  - Neil Pollock is appointed Chief of Operations and International
  - FirstWave invests \$711k business development expenditure supporting the International Segment

## EXPANSION

- ✓ Launched new Private Cloud Internet Protect Security offers to FirstWave's Australian private cloud channel partner
- ✓ Launched Public Cloud Security Platform in International Markets
  - Public platform is operational on Amazon Web Services (AWS) using Cisco Amazon Machine Image (AMI) optimised security appliances
  - FirstWave's unique public cloud security platform is available in North America and Asia and is designed to be replicated quickly in other regions to meet demand

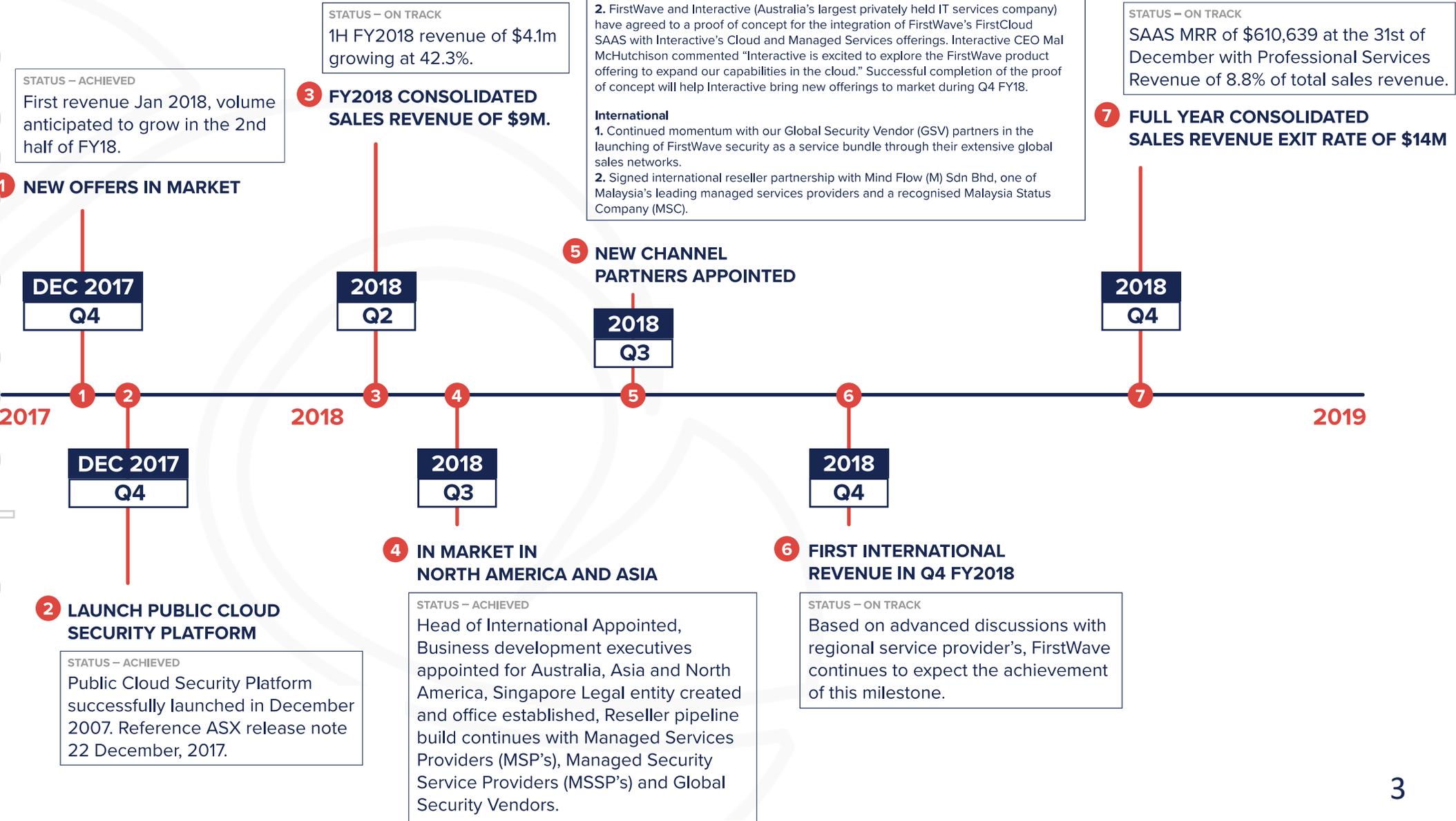
## FINANCIAL

- ✓ Generated new cloud security revenue streams
  - Strong headline revenue growth, reduced operating losses, reduced operating cash outflow
  - Security-as-a-service revenue (licensing and support) grew 57%
  - Private Cloud customer orders grew to 243 up 88 (57%) on the same period last year
  - Total Contract Value of orders was \$1.374m

# KEY MILESTONES

## BEING DELIVERED AND ON TRACK FY2018 **ENABLE PHASE**

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# FINANCIAL MOMENTUM

Consolidated Income Statement	FCTL SEGMENTS			FCTL Consolidated	
	Aus \$	Int' \$	Corp \$	1st Half FY2018	1st Half FY2017
<b>Revenue</b>					
- Sales Revenue	\$ 4,056,727	\$ -	\$ -	\$ 4,056,727	\$ 2,850,900
- Cost of Sales	\$ 1,788,997	\$ -	\$ -	\$ 1,788,997	\$ 1,024,800
- Gross Profit	\$ 2,267,730	\$ -	\$ -	\$ 2,267,730	\$ 1,826,100
- Gross Margin %	55.9%	n/a	n/a	55.9%	64.1%
Other Income	\$ -	\$ -	\$ 468,933	\$ 468,933	\$ 406,820
<b>Expenditure</b>					
- Sales and Marketing	\$ 932,800	\$ 711,400	\$ -	\$ 1,644,200	\$ 1,427,300
- Engineering and Development	\$ 1,269,400	\$ -	\$ 94,213	\$ 1,363,613	\$ 1,246,500
- General and Administration	\$ -	\$ -	\$ 1,888,300	\$ 1,888,300	\$ 1,435,241
- Share Option	\$ -	\$ -	\$ 48,100	\$ 48,100	\$ 671,400
	\$ 2,202,200	\$ 711,400	\$ 2,030,613	\$ 4,944,213	\$ 4,780,441
<b>EBITDA</b>	\$ 65,530	\$ (711,400.0)	\$ (1,561,680)	\$ (2,207,550)	\$ (2,547,521)
Interest			\$ 13,925	\$ 13,925	\$ 20,002
Tax			\$ (58,380)	\$ (58,380)	\$ (21,000)
Depreciation and Amortisation			\$ 512,965	\$ 512,965	\$ 412,600
<b>Net Profit/(Loss)</b>	\$ 65,530	\$ (711,400.0)	\$ (2,030,191)	\$ (2,676,061)	\$ (2,959,123)

## Financial Results

Revenue \$4.1m up 42.3% compared to the same period last year

Gross margin of 55.9% impacted by pass through of Infrastructure as a service (IAAS) and the change in revenue mix to Next Generation Firewalls (NGFW)

Other income growing through the recovery of Research and Development expenditure incentives

The Australian segment is contributing towards EBITDA

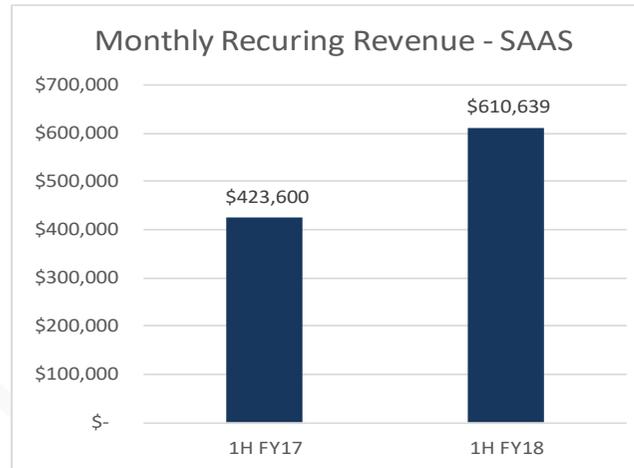
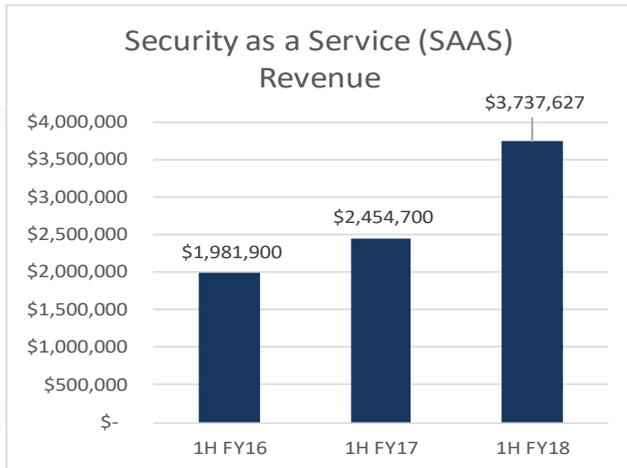
Result includes \$711,400 investment in business development for the International Segment

EBITDA loss is down 13.3% compared to the same period last year

Amortisation continues to grow as FCT invests in software development

Net Loss is down 9.6% compared to the same period last year

# REVENUE MOMENTUM



<b>Revenue: \$4.1m</b>	<b>UP 42.3% from 1H FY17</b>
<b>MRR SAAS: \$610,639 *</b>	<b>UP 44.2% from 1H FY17</b>

\* MRR - SAAS is closing monthly revenue for December

## Financial Results

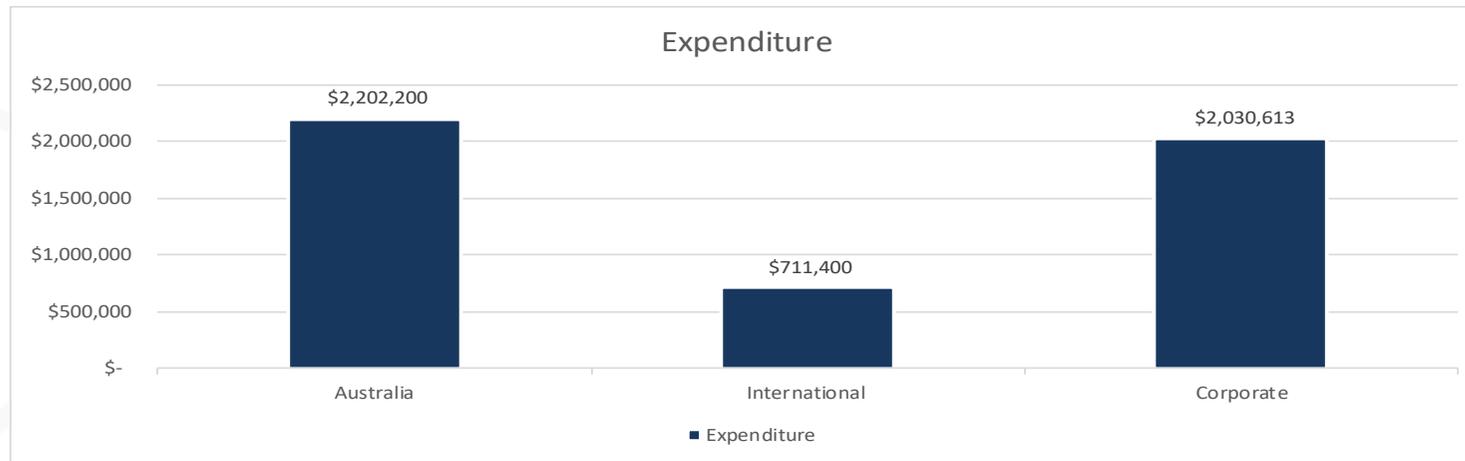
For the six months ending 31 December 2017

Revenue of \$4.1m, up 42.3% compared to the same period last year, driven by additional customers through the private cloud channel in the Australian segment

Monthly recurring revenue (MRR) \$610,639, up 44.2% compared to the same period last year, driven by additional next generation firewall and email security as a service volumes

Professional Service Revenue of \$329,742 is 8.1% of the total sales revenue for the 1H FY2018

# BUSINESS DEVELOPMENT MOMENTUM



<b>Operating Expenditure: \$5.5m</b>	<b>UP 4.9% from 1H FY17</b>
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## Financial Results

For the six months ending 31 December 2017

Operating expenditure grew to \$5.5m, driven by increase business development expenditure supporting the International segment (\$711,400)

Operating Expenditure for the Australia segment \$2,202,200 was below the Australia segment gross profit by \$65,530 and is now at a consistent run rate, with capacity to scale

Operating Expenditure for the International business is expected to grow to similar levels as the Australia segment with the first revenue milestone anticipated in 4Q FY18

Corporate Expenditure \$2,030,613 includes the Board, Finance and Administration, CEO Office and Research and Development lead by the Chief Technology Officer

# FINANCIAL POSITION

Consolidated Financial Position	31st December 2017	30th June 2017
Current Assets	\$ 7,161,585	\$ 6,224,171
Non-Current Assets	\$ 5,595,329	\$ 5,684,893
<b>Total Assets</b>	<b>\$ 12,756,914</b>	<b>\$ 11,909,064</b>
Current Liabilities	\$ 4,121,227	\$ 4,825,506
Non-Current Liabilities	\$ 2,314,270	\$ 2,197,585
<b>Total Liabilities</b>	<b>\$ 6,435,497</b>	<b>\$ 7,023,091</b>
<b>Equity</b>	<b>\$ 6,321,417</b>	<b>\$ 4,885,973</b>
Cash Position	1st Half FY2018	30th June 2017
Cash and Cash Equivalents at the end of the period	\$ 4,080,864	\$ 1,761,889

## Financial Position

Successful Capital Raise of \$4.35m completed in October, 2017

Continued investment in R&D highlighted by the launch of the Global Cloud Security Platform in December 2017

Closing cash balance of \$4.1m at the 31st of December 2017

# DISCLAIMER AND ASIC GUIDANCE

## Summary information

This Presentation contains summary information about FirstWave and their activities current as at 28 February 2018, unless otherwise stated. The information in this Presentation does not purport to be complete. It should be read in conjunction with the FirstWave'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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## Financial data

All dollar values are in Australian dollars (A\$).

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