



**FIRSTWAVE**  
CLOUD SECURITY TECHNOLOGY

## LETTER TO SHAREHOLDERS

30 August 2019

Dear Shareholder,

FirstWave Cloud Technology Limited (FirstWave or Company) today released its FY19 full year results including the Appendix 4E, Directors' Report, Remuneration Report, Corporate Governance Statement, Appendix 4G and FY19 Results Presentation.

The information released is intended to provide shareholders with a complete picture of the Company's performance and its opportunity going into FY20, while fulfilling the Company's reporting requirements under its ASX listing.

FY19 Chairman Sam Saba is positive about the progress achieved and the Company's position moving forward. He recently commented "The progression of FirstWave's 'Enable, Expand and Scale' strategy is delivering truly exciting results. Having just completed our first full year of the Expand phase, we have actively established a growing international footprint with an immediate 'line of sight' to \$45 million in annualised recurring revenue."

Following questions raised by shareholders on the FY18 Remuneration Report, Remuneration and Nominations Chair, Paul MacRae and FY19 Chairman Sam Saba met with shareholders and shareholders' representatives to gain a detailed understanding of their concerns. They also engaged remuneration consultancy Godfrey Remuneration Group to provide expert advice. The actions the Board has resolved to take in response are set out in Sections 1.3 and 1.4 of the Report.

In particular, the Report responds to concerns raised by some shareholders in relation to the Company's Long-Term Incentive (LTI) Plan and the associated share options issued to Directors and management. It seeks, through an example, to demonstrate the significant value that must be delivered to shareholders in order for on-target value to be realised by option holders – 174% in the example. The Board hopes this will enable shareholders to balance their genuine concerns relating to remuneration with the Company's imperative to use the LTI to recruit and retain the best talent worldwide.

The Results Presentation builds on the Investor Teleconference Update provided to shareholders on 1 August 2019. As I mentioned during the teleconference, the only effective way the Company can access its global opportunity is through its leveraged partner model, the downside of which is our limited ability to specifically forecast revenue. The best indication of future revenue, particularly internationally, is via the expansion of and progression through the Path to Revenue. I am pleased to report significant progress has been made on this in the past month including the addition of 2 new level 1 prospective partners, 5 new Level 2 partners, and 2 new Level 2 prospects.

In parallel with this release, the Company has also made two announcements that we regard as significant for shareholders.

Firstly, FirstWave has signed another level 2 Telco partner in Asia, MobiFone Global. MobiFone Global is a subsidiary of MobiFone Telecommunications Corporation providing market access to over 500K small and medium businesses in Vietnam.



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Secondly, through our Level 1 Partner, SHELT, agreements have been signed with another African Level 2 partner for FirstWave. The partner is one of Africa's largest data centre providers and will immediately on-board its corporate email boxes onto FirstWave's CCSP.

In FY20 the Company will continue to move through the Expand phase of its three-phase strategy and is targeting to take at least 18 Partners to revenue. It will not be able to do this without dedicated focus on execution by the management team and continued shareholder support. We will keep you fully updated on progress each quarter.

Yours sincerely

**John Grant**  
Executive Chairman  
FirstWave Cloud Technology Ltd

