



30 October 2020: ASX Release

Chairman's AGM Address

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OPENING AND WELCOME – JOHN GRANT

Good morning ladies and gentlemen. It being now 10.00am, I have confirmed with the Company Secretary that we have a quorum of members and declare this Annual General Meeting of Shareholders of FirstWave Technology Limited open.

My name is John Grant and I am the Executive Chairman of FirstWave Cloud Technology Limited and Chairman of today's meeting.

Welcome all of you.

I am joined online by my fellow directors, Scott Lidgett, Paul MacRae and David Acton; key members of our management team, Neil Pollock our CEO, Iain Bartram our CFO, and Gai Stephens our Company Secretary.

Also with us today is Mr Conor Farley, from Grant Thornton, the Company's auditor. Conor is available to answer questions which are relevant to the contents of the Auditor's Report and the Financial Report and Statements.

Today's meeting is being held online via the Lumi platform considering the current restrictions due to the COVID-19 pandemic. This allows Shareholders, Proxies and Guests to attend the meeting virtually via a live webcast and lodge questions and votes.

I propose to handle the meeting today as follows.

Firstly, I will make some comments on the performance of your company in the FY20 financial year and the outlook for FY21. These will be relatively brief as we provided a detailed update in our Shareholder Update last Wednesday which was lodged on the ASX website before the meeting for your easy reference. If you have any questions you can lodge them through the portal and we will deal with them at the conclusion of my comments.

I will then turn to the formal aspects of the meeting and will read through the items of business and resolutions that are to be put to shareholders. For each of the resolutions, you will see the proxy votes on your screen.

At any time as I'm running through the resolutions and proxy votes, shareholders can lodge their vote and any questions on any resolution through the portal.

Once I have read through the resolutions, our Company Secretary will have received all your questions and I will address each of them in order. After questions have been answered, I will give shareholders time to finalise their voting and I will then close the voting.

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To ask a question press on the speech bubble icon. This will open a new screen at the bottom of which is a section for you to type your question. Once you have finished typing please press the arrow symbol to send.

Please note that if there are multiple questions from shareholders on one topic, they will be amalgamated by our Company Secretary.

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Voting today will be conducted by way of a poll on all items of business. To provide you with enough time to vote, I will shortly open voting for all resolutions. At that time, if you are eligible to vote at this meeting, a new polling icon will appear.





Selecting this icon will bring up a list of resolutions and present you with voting options. To cast your vote simply select one of the options. There is no need to press a submit or enter button, as the vote is automatically recorded. You can change your vote on any item at any time up until the time I declare voting closed.

I now declare voting open on all items of business.

The polling icon will soon appear, please submit your votes at any time, on any item. With the exclusion of those items that are a conflict for Directors, your Board strongly recommends that you vote FOR all resolutions.

The Notice of this Meeting was circulated to all shareholders as required by the Corporation Act on 29 September 2020 and unless there are any objections, I will take the Notice as read.

Where a proxy vote has been given to the chairman without voting instructions, I intend to vote in favour of each resolution.

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I appoint Nigel Bulling of Computershare Investor Services to be returning officer and to conduct the poll.

Once again, remember you can vote or ask questions at any time on any item until I formally close the voting near the end of proceedings.

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CHAIRMAN'S COMMENTS

Let me now share my comments of the FY20 year and the outlook. As it has been for the entire world, 2020 was profoundly different to any other year for your company. There were five key factors at play:

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- Firstly, the product portfolio was expanded with new products integrated on the company's Cloud Content Security Platform (CCSP) from Cisco for Umbrella Web, Fortinet for Firewall and Trend Micro for Endpoint Protection, together with a new 'bundle' for Remote Worker Cybersecurity. Continued investment in product development is an imperative to ensure your Company remains at the forefront of the cloud-based cybersecurity industry and enhances the attractiveness of CCSP to existing and potential new partners.
- Secondly, FirstWave's channel partner network of Level 1 and Level 2 partners – the critical factor in delivering compounding annuity revenue growth – expanded significantly. In 2020 we grew the number of technology partners from 2 to 4 adding Fortinet and Trend Micro to our existing partners, Cisco and Palo Alto Networks;

We added Digital Wholesale Solutions (DWS) as a Level 1 partner, and subsequent to the year-end, as you'll have seen from recent announcements, added Tata Teleservices and Vi (the new company following the merger of Vodafone and Idea) as new Level 1 Partners in India;

We increased the number of Level 2 partners on the path to revenue from 23 at the start of the year to 130 by the end of the year (including 75 platinum partners through our UK-based Level 1 partner, DWS). This now gives us partner presence on five continents.

We converted 25 more of these partners to billing partners exiting the year with 28 billing partners across the globe – up from 3 at the end of the previous year. This was supported by the continued rollout of additional platforms. We entered 2020 with 6 platforms. By the end of the year, we had 11 deployed across 4 continents.

- Thirdly, we saw the first promising signs of momentum in international annualised recurring revenue (IARR) with the company exiting June at \$448,000 up from \$12,000 at the end of the prior year. While still not a lot of revenue, the trajectory remained positive across the whole year even given the impacts of COVID-19.
- Fourthly, COVID-19 flattened the solid momentum we experienced in international revenues early in the first half by stopping or slowing our partners' sales and marketing activities – but as workforces moved to home working, the requirement for connectivity and increased digitisation exposed





organisations to more cybersecurity risks and this has made FirstWave's solution increasingly relevant for large and small businesses.

- And finally, the cost base was restructured as promised at last year's AGM with a reduction of \$2m annualised, and the capital base was strengthened through two successful capital raises providing \$21.6m. This means that, for the first time since the listing in 2016, the company's key executives now focus almost all their attention for the full year on execution of the FY21 plan.

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In terms of the key financial measures for FY20:

- Total Revenue was \$8.25m, a 7% decline from FY19 attributable to churn in our domestic Telstra base due to the end of life of Cisco's web security appliance without a replacement, and to COVID induced end customer hesitancy;
- As a result, domestic revenues declined 11% while international revenues grew strongly off a very small base;
- A 2% reduction in sales margin reflected expenditure to incentivise end user revenue;
- Costs increased 9% including one-offs associated with the capital raises, development of the FirstWave Rights Plan approved by shareholders at the May EGM, and key executive retention payments, but we met the cost out target for Q2 to Q4 of \$1.3m annualised at \$2m;
- Capitalised labour costs for IP development increased 55% to expand the product portfolio I mentioned earlier; and
- We exited the year with cash of \$15.4m following the raises.

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During the year your company was well served by now retired Directors Sam Saba and Simon Moore, former CEO, David Kirton and former CFO, Jason Singh.

On behalf of the Board and the company I sincerely thank them for their contributions.

As you will also have seen from recent announcements, toward the end of the financial year we took action to strengthen the leadership of the company.

At Board level we:

- Appointed David Acton as a Non-Executive Director of the company, Chairman of the Remuneration and Nominations Committee and a member of the Audit and Risk Committee.
- David brings first class capital markets and operational experience and has already proven to be a strong and valuable contributor.
- Formed a new Board Committee, the Technology and Markets Committee – the TMC, chaired by Non-Executive Director and founder, Scott Lidgett.
- The charter of this committee is to provide critical analysis, guidance and advice on our tech and our go to market to assist the Company to realise significant growth in international recurring revenues.
- Appointed former Cisco Systems Inc, ANZ Chief Technology Officer, Kevin Bloch, as Advisor to the company through the TMC.

Kevin's CV is exceptional and his role is to review FirstWave's current product and commercialisation strategy and develop, with the TMC, a program of work that will help the company deliver its FY21 plan in the short term, and position it for sustained success in the long term.

Towards the end of November we are planning to provide an update for shareholders on the work of the TMC. In particular, we will talk to our product strategy and roadmap and how it will enhance the value of the Company and increase revenues.





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And at the Executive level of course, we:

- Appointed Neil Pollock, formerly the company's Chief Operating Officer, as Chief Executive Officer. Aside from the three years Neil has been with the company, he brings almost thirty years' experience in information and communications technology, telecommunications, data centre technology and military technology across Australia, Asia, India, the Middle East and Europe to the role of CEO; and
- We appointed Iain Bartram as Chief Financial Officer to take over from Interim CFO Murray Scott. Iain brings over twenty years' experience as a hands-on, strategic CFO with multi-site and international experience in high growth, listed and unlisted technology businesses.

Neil now leads an Executive team comprising in addition to Iain:

- Simon Ryan, Chief Technology Officer
- Roger Carvosso, Head of Strategy
- Sundar Bharadwaj, Head of Sales UK, MEA
- Shekila Ramalingam, Head of Sales APAC, ANZ
- Santosh Agrawal, Head of Customer Operations

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Gai Stephens who has served the Company faithfully for the last 3 years as Company Secretary will be leaving in early December and her role will be included in Iain Bartram's responsibilities.

This meeting is her last official assignment, and on behalf of the Company, the Board and the full FirstWave team, I thank her for the commitment she has shown and the contribution she has made.

It has been a very busy business no part more so than that managed by the Company Secretary.

Thank you Gai and I believe I can hear a warm round of applause from shareholders across the network.

Turning now to the current financial year, we provided a detailed update to Shareholders on Wednesday.

In a nutshell we reported that Q1's performance was ahead of plan overall, that the churn in our domestic business appears to have bottomed and is back on a positive trajectory, that IARR as we exited Q1 was up 82% to \$816k from the \$448k in Q4 of FY20, and that our outlook to the half year was to remain on or ahead of plan in spite of the continuing impact of COVID-19 particularly in the UK and Europe.

This is good news of course and, with the prospective growth in our plan accelerating relatively sharply into Q3 and Q4, we also detailed to shareholders where we saw that growth coming from.

The bottom line is that we have the partners on board now that we believe can drive these revenues.

But, and it is not an excuse, we must acknowledge that COVID-19 remains in play and will continue to depress some markets.

We have many 'irons in the fire' around the world and, with the fundamental assertion that scaling revenues remains a 'numbers game', we are working to maximise momentum where we can and minimise effort without losing ground where we can't. I trust you agree this is a responsible approach under the circumstances.

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That concludes my comments. Please enter any questions you have through the portal. I'll wait for a minute for them to come through.

There being no questions, let us now turn to the first item of business – the Financial Statements and Directors' and Auditor's Reports.

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ITEM 1 - FINANCIAL STATEMENTS AND DIRECTORS' AND AUDITORS' REPORTS

The accounts for the year to 30 June 2020 and the reports of the Directors and Auditors thereon have been distributed to members who have requested a copy and been made available on the company's website. I now table those documents on which a resolution is not required.

As stated earlier, the auditors are available to answer any questions shareholders may have. Please enter any questions you have on the reports on the portal.

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Let's now move to the resolutions.

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RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

Resolution 1 is the adoption of the Company's Remuneration Report for the year ended 30 June 2020.

As you will be aware the Corporations Act requires that a resolution be put to the members to adopt the Remuneration Report as disclosed in the Directors' report.

This is set out on pages 12 – 18 of the Company's 2020 Annual Report.

While the vote on this resolution is advisory only and non-binding on the Directors or the Company, it gives members the opportunity to ask questions or make comments concerning the Remuneration Report, and the outcome of the vote will be taken into consideration when reviewing remuneration practices and policies.

Under the Corporations Act, if 25% or more of the votes cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a spill resolution that another meeting be held within 90 days at which all the Company's directors must go up for re-election.

The Corporations Act imposes restrictions on Directors and other key management personnel of the Company; and their closely related parties, from voting in any capacity e.g. as a shareholder, proxy or corporate representative, on this resolution.

This restriction does not apply if the person who is voting, including the Chairman, has been appointed as a proxy for this resolution by another person provided that this other person who appointed the proxy is not themselves a person subject to the restriction.

Where I, as Chairman, have been appointed as a proxy for a person who is permitted to vote on this Resolution 1, then I will vote any open proxies, in favour of Resolution 1.

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The proxies received for resolution 1 are now shown on the slide.

[Slide 15]

RESOLUTION 2 - TO RE-ELECT A DIRECTOR – MR PAUL MACRAE

Resolution 2 on the Notice of Meeting is the re-election of Paul MacRae as a Director.

Mr Paul MacRae joined the company as a Non-executive director in October 2017. He has a successful history of setting up and running businesses in the IT industry in Australia and overseas.

Paul has a strong background in IT security, application software, software development, outsourcing, cloud computing and transactional systems and has been instrumental in growing business at several leading software companies.

Most recently he ran a division of TechnologyOne Limited. Prior to that, he established MessageLabs in Australia & NZ. MessageLabs was ultimately acquired by Symantec to establish their cloud business. He also set up the Global reservation system Galileo in New Zealand and set up and sold an SAP Consultancy business.





I will now read the resolution.

“That Mr Paul MacRae, a Director retiring in accordance with Clause 13.2 of the Company’s constitution, being eligible, is re-elected as a Director of FirstWave Cloud Technology Limited.”

I have pleasure in moving a motion to consider and, if thought fit, to pass Paul’s re-election to the Board of Directors of the company as an ordinary resolution.

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The proxies received for resolution 2 are now shown on the slide.

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RESOLUTION 3 - APPROVAL OF THE 10% PLACEMENT FACILITY

Resolution 3 is the Approval of the 10% Placement Facility.

The purpose of this resolution is to ensure the Company can issue Equity Securities under the 10% Placement Facility. Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote. If Resolution 3 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

I will now read the resolution.

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of additional Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Let me also detail the Voting Exclusion Statement:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of this Resolution 3 by or on behalf of a person (and any associates of such a person) who may participate in, and, other than solely as a holder of shares, obtain a material benefit from the 10% Placement Facility if this Resolution 3 is passed.

However, this does not apply to a vote cast in favour of a resolution by:

- a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on a resolution; and
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

As Chairman, if I have been appointed as a proxy for a person who is permitted to vote on this Resolution 3, I intend to vote undirected proxies in favour of Resolution 3.

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The proxies received for resolution 3 are now shown on the slide.

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That completes reading of the resolutions. Shareholders are reminded that, with the exception of where a resolution concerns a particular Director, your Board unanimously recommends that you vote FOR all resolutions.





I'll now address questions lodged by attendees.

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On Item 1, Gai, can you advise whether there are any questions from shareholders on Item 1 – Statements and Accounts?

We will now move to questions on the resolutions.

On Resolution 1, Gai, can you advise whether there are any questions from shareholders on Resolution 1.

There being no questions, I move the motion to consider and, if thought fit, to pass that, the Remuneration Report set out in the Directors' Report for the year ended 30 June 2020 be adopted.

Please ensure you have lodged your vote on resolution 1.

On Resolution 2, Gai are there any questions on Resolution 2.

There being no questions, I have pleasure in moving the motion to consider and, if thought fit, to pass the approval that, Paul MacRae, a Director retiring in accordance with Clause 13.2 of the Company's constitution and Listing Rule 14.5 and all other purposes, and being eligible, is re-elected as a Director of the Company.

Please ensure you have lodged your vote on resolution 2.

On Resolution 3, Gai, can you advise whether there are any questions from shareholders on Resolution 3?

There being no questions, I move the motion to consider and, if thought fit, that, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of additional Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.

Please ensure you have lodged your vote on resolution 3.

I have now moved a motion on each of the resolutions to be voted on.

Thank you.

Once again, aside from resolutions in which a Director would be conflicted, your Board strongly recommends that you vote FOR all resolutions.

I will now pause for one minute to allow you time to finalise those votes after which I will close the poll.

Please ensure that you have cast your vote on all resolutions.

[After expiry of 1 minute]

I declare the poll closed and formally charge Mr Bulling as returning officer to count the votes.

After the votes have been counted, the results of the poll will be released to the Australian stock exchange and placed on the Company's website.

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CLOSE

That concludes the formal business of the meeting. I thank you all for your attendance and declare the meeting closed.

– ENDS –





FIRSTWAVE
CLOUD SECURITY TECHNOLOGY

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Follow FCT on its Twitter investor relations feed: https://twitter.com/Firstwave_FCT

About FirstWave Cloud Technology Limited (FirstWave)

Leading Australian headquartered global cloud security technology company, FirstWave, has delivered Security as a Service (SaaS) solutions since 2004. FirstWave provides safety through the most accessible and adaptive cloud-based cyber-security solutions that are affordable, easy and fast to implement enabling SaaS. Its unique proprietary cloud-platform orchestration is available for service providers and enterprises of any size, anywhere. In an increasingly vulnerable digital world, FirstWave believes that safe business is good business and that all companies should have access to enterprise-quality cyber-security. FirstWave's infrastructure, management and security processes are certified to ISO 27001 Information Security Management System Standard and ISO 9001 Quality Management System Standard.

www.firstwavecloud.com



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