

# Q1 FY24 Shareholder Update

26 October 2023



**FirstWave**

# Today's Presenters



**JOHN GRANT**

**Chair**



**DANNY MAHER**

**Managing Director  
and CEO**



**IAIN BARTRAM**

**COO, CFO and  
Company Secretary**

# Agenda

1. Introduction - Chair
2. Q1 Highlights - CEO
3. Q1 Financial Performance - CFO
4. Business Update - CEO
5. Q&A

# Q1 Highlights

Danny Maher – Managing Director and CEO



# Q1 Highlights



## Strategic pivot in investments to maximise and accelerate opportunities

- Strong sales pipeline for NMIS in US and LATAM where greatest value for FCT lies.
- Organisational restructuring of executive, product development and marketing which will lower ongoing costs by \$1.5m annually.
- Non-cash Saisei acquisition enhances NMIS IP and brings customers, revenue and people.
- Normalised cash usage under \$0.5m per month.

# Q1 Financial Performance

Iain Bartram – CFO



# Q1 Financial Performance – Revenue and Gross Profit



(A\$m)	Q4 FY23	Q1 FY24	Δ%
			Q1/Q4
<b>ARR</b>	9.33	10.00	7.2%
<b>Revenue</b>	3.10	2.85	-8.1%
<b>Gross Profit (pro forma<sup>1</sup>)</b>	2.45	2.20	-10.0%
<b>Gross Profit Margin</b>	79.0%	77.4%	-1.6ppts

<sup>1</sup> The cost of goods sold used to arrive at Gross Profit is the actual operating cost in the period and excludes any adjustments from prior periods to provide an accurate analysis of company performance.

Figures are unaudited

# Q1 Financial Performance – Cash



**Q1 has seasonally high cash usage (which is normal and internally budgeted).  
The next two quarters expected to be cashflow breakeven.**

- Q1 closing cash position \$2.95m (Q4: \$5.61m):
  - \$2.65m cash used in Q1
    - \$0.97m payments relating to annual licences
    - \$0.15m in catch-up payments
    - \$0.19m in one-off payments relating to redundancies
    - Lower future costs by \$1.5m pa post redundancies
    - No R&D grant income in the period (annual receipt expected in Q2)
- Normalised\* monthly cash used \$0.50m:
  - \$0.10m per month from non-recurring revenues.
- **NMIS renewals in December and R&D grant means Q2 and Q3 should be cashflow break-even.**

\* Normalised includes: capitalised development labour, monthly allocation for R&D grant, revenue rather than collections, and smooths out other timings.



# Business Update

Danny Maher – Managing Director and CEO





## Company's activities focused where greatest opportunities exist

- Service Providers are our main clients (~75% of GP).
- Direct to market offerings are important (~25% of GP).
- Geographical growth focus is on USA, LATAM and Australia.
- We will engage on inbound opportunities from outside these geographies.
- NMIS is our highest margin product with the most significant IP and core to international growth.
- CyberCision continues to be a focus in particular with the sovereign ISM government platform.
- Global CyberCision clients are being consolidated on to the Sydney platform.

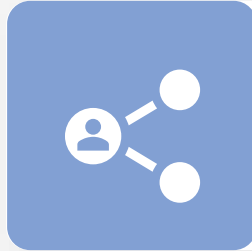
# Saisei Acquisition



## Enhances NMIS functionality and growth opportunities

- Adds approximately \$1 million in annual revenue.
- Delivers over 50 new clients – mostly North American telecommunications organisations.
- All scrip transaction increased the company's cash reserves by approximately \$200,000.
- Brings six new network management and automation software developers.
- Expands the company's expertise in network management and automation.

# Strategic Objectives



**Sales-led culture**



**Grow faster**



**Be capital efficient**

# Sales-led Culture



## Strategic and organisational restructure focused on converting sales pipeline to revenue

- Chief Revenue Officer (CRO) Dino Davanzo extends responsibility to include marketing and product strategy globally.
  - Product Manager Guy Brunson joins reporting to CRO.
  - Saisei CTO John Harper joins reporting to CRO.
- CFO Iain Bartram appointed COO to focus on operations, customer support and development.
- CEO Danny Maher to focus on sales, marketing, technology direction and company strategy.

# Grow faster



## Continuing to invest in sales and marketing

- ARR growth the major focus (growth within Q1 was 7.2%).
- Saisei's General Manager Jerome Fink joins under FirstWave's CRO to spearhead the growth of Saisei's technology and cross-selling of NMIS.
- Strong presence as platinum Sponsor of the (highly significant) WISPAPALOOZA conference in Las Vegas.

# Be Capital Efficient



## Capital investments targeted for strategic leverage

- \$1.5M annualised savings in personnel restructure.
- Total OPEX now (FirstWave + Opmantek + Saisei) is lower than FirstWave's "standalone".
- Consolidation of CyberCision platforms continues to reduce operational support costs and create a density of customers on a smaller number of platforms that can leverage economies of scale.

# In Closing



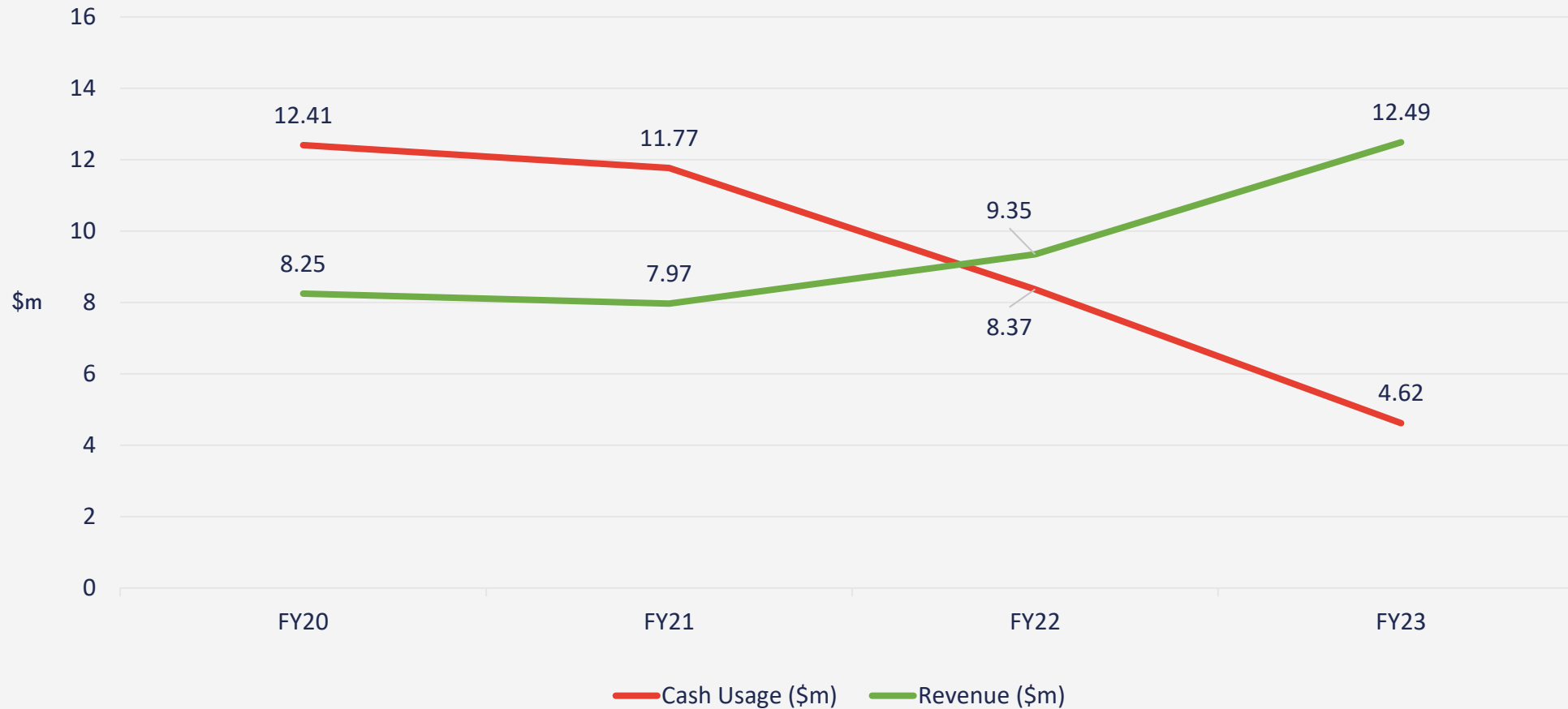
## Cash flow breakeven continues to be the primary focus

- The pipeline remains strong.
- Sales results are key to achieving cash flow breakeven.

**A picture tells a thousand words ...**



# What we mean by transformation



Cash usage has been derived from combining operating cashflows and payments for intangibles (ie. capitalised development costs) and excluding transaction costs

# Q&A



Thank you



**FirstWave**