

Q2 FY23 Shareholder Update

31 January 2023



FirstWave

Today's Presenters



JOHN GRANT

Chairman



DANNY MAHER

**Managing
Director and CEO**



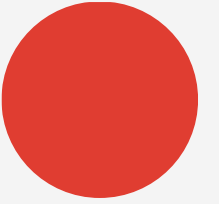
IAIN BARTRAM

**CFO and
Company Secretary**

Agenda

1. Introduction - Chair
2. Q2 Highlights - CEO
3. Q2 Financial Performance - CFO
4. Business Update - CEO
5. Q&A

The Company is in good shape



- Operationally in the best shape since listing
- Sales and marketing in the best shape to deliver revenue growth from a strong pipeline

Q2 Highlights

Danny Maher – Managing Director and CEO



Q2 – A Growing, Manageable Business



- A significant pipeline of sales opportunities, particularly in North America indicates a strong outlook for revenue growth
- Normalised¹ cash burn remains under \$0.5m per month (down from >\$1M in FY22 H1)
- Cash burn is an investment in our growth (primarily sales and marketing) and will reduce further with the growth
- This quarter, much of the growth is in non-recurring revenues (e.g. licence upgrades)

¹Normalised monthly cash burn:

- includes capitalised development labour,
- has a monthly allocation for R&D grant earned against development activities,
- recognised revenue rather than billings, and
- smooths out other timings of cash receipts and expenses.

Q2 Financial Performance

Iain Bartram – CFO and Company Secretary

Q2 Financial Performance – Revenue and Gross Profit

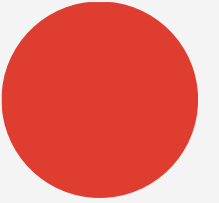


(A\$m)	Q1	Q2	Δ%
			Q2/Q1
ARR	9.71	9.86	1.5%
Revenue *	3.11	3.45	10.9%
Gross Profit (statutory)	2.22	2.90	30.6%
Gross Profit Margin	71.3%	83.9%	12.6ppts
Gross Profit (proforma +)	2.22	2.63	18.7%
Gross Profit Margin	71.3%	76.3%	5ppts

* Revenue contains some large non-recurring items (e.g. AUD \$0.5m licence upgrade)

+ Removal of COGS accrual adjustments

Q2 Financial Performance – Cash



- Q2 closing cash position \$6.68m
- Further \$1.16m expected in Q3 from R&D tax rebates associated with FY22
- Cash used in the quarter \$1.89m (compares to \$1.84m in Q1)
- Normalised monthly cash burn \$0.48m per month
 - Collections \$0.20m down for the quarter on normalised levels
 - No R&D cash receipts in Q2, \$0.25m normalised adjustment
 - Normalised calculation for Q2 has \$0.20m per month in non-recurring revenues
- Sufficient funds to reach cashflow breakeven, supported by good cost controls and expected revenue growth

CEO Overview

Danny Maher – Managing Director and CEO



Strategic Objectives



Sales-led culture



Grow faster



Be capital efficient

Key Sales Initiatives



- Dino Davanzo commenced as CRO based in Sydney
- Strong pipeline providing multiple paths to success
- A significant deal in the US which we are working to close shortly
- Focusing of sales efforts continues with targeting Service Providers and large enterprises in our strongest markets (US, Australia and LATAM)
- Focusing on highest margin products – Network Management and Email Security

Key Sales Outcomes



- Announced a new deal with Viaero Wireless
- Announced an extension of our agreement with Claro Dominican Republic
- Extended our agreement with Telmex
- Signed several new clients – mostly network management clients

Summary of Current Position



- 12 months since acquisition of Opmantek
 - Right sized and reset strategy commencing in January 2022 (prior to tech market head winds)
 - Total OPEX now is less than FirstWave's was prior to acquisition of Opmantek
 - Investing in growth and showing early signs of success
- The company is delivering on its goals
- Strengthening QoQ, set to continue
- A very exciting, growing pipeline
- A manageable, growing business

Q&A



Thank you



FirstWave