



Chair and CEO Address 2023 Annual General Meeting

Good morning, ladies and gentlemen and welcome. It is 10.00 am, and I have confirmed with the Company Secretary that we have a quorum of members, so I declare this 2023 Annual General Meeting of Shareholders of FirstWave Cloud Technology Limited, open.

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

Before moving to the formal business of today's meeting, I would like to make a few comments on the year under review, then hand over to your CEO, Danny Maher, for his report before offering you an opportunity to put any questions or comments to us.

The 12 months to June 30, 2023, was FirstWave's first full financial year following the transformative acquisition of Opmantek Limited in January 2022.

I am happy to report the integration of Opmantek into the broader FirstWave business went exceptionally well, and the product, synergy and growth expectations that underpinned the acquisition were largely realised.

Essentially, we were able to maintain momentum around growth more than doubling gross profit while maintaining a cost base that was less than the original FirstWave business by itself. By any measure, this is an excellent achievement and one we hope shareholders appreciate.

While the integration of Opmantek is now complete, the process of transforming FirstWave continues.

Our priorities over the last 18 months have not changed.

Firstly, we want to continue building our brand, product, and presence in key target markets in USA, Latin America and Australia. During the year, we made several key appointments to the business development teams in these markets.

Secondly, we want to be a company that grows strongly and sustainably, with revenue increasing year on year. Danny and the management team are doing this by continuing to build a sales-led culture across the business and focusing on the products and markets with the greatest opportunity.

And thirdly, we want to be cashflow positive as quickly as possible striking the appropriate balance between operating at the lowest cost possible, and sensible investment in our people and products that does not compromise growth. This is best evidenced by our disciplined approach to spending and ensuring we are only making investments where we see clear value for the business in the short to medium term.

While we have made significant progress over the last 12 months, there remain challenges.

We have been building a strong pipeline of high-quality opportunities over many months. We can manage the smaller ones but as I've said before, building businesses needs these 'bread and butter' opportunities to be realised on an ongoing basis, but also needs conversion of a series of larger opportunities to take the business to the next level. Invariably we are winning the



recommendations from the technical teams in these larger opportunities but converting them into sales and revenue from there at the pace we had hoped for has been much more challenging than we expected.

We attribute these extended purchasing cycles to a much lower desire by decision makers to change, and a more considered approach to spending by companies in our target markets, both as a result of economic uncertainty.

We have clear line of sight to the transactions that will allow us to reach our goal of being cash flow positive, but the next few months will be critical. Danny will expand on this in his comments.

I would like to thank my fellow Board members, including our two retiring Board members, Paul MacRae and David Hwang.

Paul tells me he has been with FirstWave for 15 years, 4 months and 3 days - a long time before the listing in 2016. He has provided critical insights particularly related to packaging and pricing of our software for the global market, human resources and remuneration, and enterprise sales processes. His commitment to the Company's success is to be commended and I thank him personally on behalf of the Company for the tenacity and patience that has seen him ride all the ups and downs the Company has been through.

David's time with the Company has been shorter than Paul's, but his insights and guidance particularly on all matters relating to operating as an ASX listed company and ensuring corporate governance meets the standards expected, has been invaluable, timely and has saved considerably on advisor fees. He has also brought a calm pragmatism to Board discussions. Thanks David from me and on behalf of the Company.

With that, let me now hand over to Danny.

CEO's Address 2023 Annual General Meeting

Thank you John, and welcome shareholders.

I will commence with an overview of the 2023 financial year before providing an update on our progress in the current year.

The 12 months to June 30, 2023, were a year of change and transformation for FirstWave as we completed the integration of Opmantek and started on the path to maximising the benefits we highlighted when outlining the rationale for the acquisition - almost two years ago now.

The financial results indicate the positive transformation we made during the year.

- Revenue was up 34% to \$12.5 million;
- Gross profit was up 56% to \$9.6 million ;
- Expenses, excluding the non-cash CyberCision impairment of \$7.6 million, were down 14% to \$18.1 million;
- The operating loss, excluding the impairment, was \$5.9 million, which is 57% lower than the \$13.5 million reported in the previous year and
- Net cash used in operating activities and payments for intangibles was down 58% to \$4.66 million, and we reached our target of having a normalised cash burn below \$500,000 per month.



Achieving these results in a period where our people were subject to significant change and restructuring is a testament to their commitment and our products' underlying strength and value.

Our network management business achieved the vast majority of growth in the 2023 year, and we determined to record an impairment of \$7.6 million against the value of the CyberCision™ platform and undertake a restructuring of the development team.

The restructure and impairment reflect where we see the best short to mid-term revenue opportunities for the business and will not affect existing clients of the CyberCision platform. We still see several opportunities for CyberCision, particularly the Information Security Manual (ISM) compliant sovereign email security platform being developed with Telstra.

Across the business, the increased revenue was driven by many important new, subscription based network monitoring client wins and renewals, including L3Harris, Arizona College of Nursing and Raytheon in North America.

Several existing network monitoring clients extended and increased their licence agreements, including NASA in North America, which agreed to extend and expand its licences to support the Artemis missions.

In September of this year, we acquired the assets of Saisei Networks.

The all-scrip transaction is set to deliver us approximately \$1 million in annual revenue, 50 new clients and a cash boost of roughly \$200,000. We also inherited six new network management and automation software specialists.

Strategically, acquiring Saisei expands our expertise in network management and automation while providing more North American Service Providers that we will look to upsell our complete NMIS solution.

As highlighted by John, one of the biggest challenges we face is deal slippage when converting our pipeline of sales opportunities into revenue.

We have mentioned several times a potentially large transaction in the United States. While we remain deep in the procurement process for this transaction, internal change that is beyond our control has delayed it several times. We have been assured the company they will revisit our proposal in early 2024. It is an excellent client that will further enhance our credentials in the market, and we will leave no stone unturned in our efforts to close the deal while of course nothing is ever certain until a deal is done.

The progress of this deal is indicative of the complexity of closing out large sales as a small company in the current economic environment.

We have made some changes to the business recently to ensure we are focused on enhancing the sales-led culture we have instilled across the company.

Our Chief Revenue Officer, Dino Davanzo, has been given responsibility for marketing and product strategy, our CFO, Iain Bartram, has been appointed COO to focus on operations, customer support and development. This has freed up some of my time to focus on sales, marketing and business development and converting opportunities to revenue.

Our recent Q1 update provided a detailed assessment of our cash position, which is worth revisiting.

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Normalised cash usage remained just under \$500,000 per month during the first quarter. This quarter traditionally has high levels of spending relating to annual licences or services, with additional one-off costs this year associated with redundancies. At the end of the quarter, we had \$2.95 million in cash reserves.

Our cash usage will be lower over the next quarters, and we have budgeted to be close to cashflow breakeven for Q2 and Q3 combined. In stating that, I wish to emphasise the cyclical nature of our revenues and that December as the end of financial year for most countries, including the USA and Latin American is our most significant month for renewals. These end of calendar year renewals coupled together with the receipt of our R&D tax concession and savings associated with the restructuring of the business are the primary reasons we expect minimal cash burn in Q2 and Q3.

We have a positive outlook while acknowledging we still have some work to do to reach our goal of being cash flow positive on an ongoing quarterly and annual basis. We must remain absolutely focused on growing our revenue, both recurring and non-recurring, and our success over the next few months will be critical to our ongoing strategy.

I remain a confident and committed CEO and shareholder, and I look forward to the next quarterly update when we can continue to see how we are tracking against our goals.

ENDS

This announcement has been authorised for release by the Board of FirstWave.

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About FirstWave:

FirstWave is a leading provider of enterprise-grade network management, cybersecurity, automation, and IT audit software, with 150,000 organisations using their software across 178 countries and enterprise clients, including Microsoft, Telmex, Claro and NASA. The company's platforms provide a comprehensive end-to-end solution for network discovery, management, and cybersecurity for its Partners.