ASX Release

29 November 2021

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FirstWave to acquire Opmantek; launches $14m Equity Raising

FirstWave Cloud Technology Limited (ASX: FCT) (FirstWave or the Company), the global cybersecurity technology company, is pleased to announce its proposed acquisition of Opmantek Limited (Opmantek), a fast-growing provider of enterprise-grade network management, automation and IT audit software to Managed Service Providers (MSP) and medium-to-large businesses world-wide (Acquisition).

FirstWave today also launched an equity offering to raise up to $14m (Equity Raising) comprising:

- $7 million non-renounceable pro-rata entitlement offer (Entitlement Offer); and
- $7 million institutional placement (Placement).

FirstWave will be providing a webinar update on the Acquisition and Equity Raising this morning, details of which will be provided in due course.

Proposed acquisition of Opmantek

Opmantek provides proprietary world-class network management, automation and IT audit solutions. Opmantek is incorporated in Australia with a headquarters in San Francisco and offices in Australia, USA and Mexico.

The Acquisition will be transformative for FirstWave, bringing substantial operational, financial and strategic benefits including:

- Product Expansion - FirstWave's product portfolio will expand to provide an end-to-end solution for network discovery, management and cybersecurity
- New Channels - New global MSP channel and a direct sales force serving mid-market and enterprise customers that include Microsoft, Telmex, NextLink and NASA
- US Market Access - Immediate access to the large and lucrative US market with approximately 60% of Opmantek's Annualised Recurring Revenue (ARR) coming from North America (including Canada, Mexico, and USA)
- Additional SaaS Revenue – Opmantek is a fast-growing SaaS business that generated $3.4m of ARR at 100% gross margin in June 2021
- Synergies - Substantial cross-sell and up-sell opportunities and immediate cost synergies estimated at $2m
- Strengthened Leadership Team – Opmantek's major shareholder and Executive Chairman, Danny Maher to become FirstWave's Managing Director, and CEO and US-based Craig Nelson to become Chief Revenue Officer and Head of Global Sales.

FirstWave Executive Chairman, John Grant, said: *"Rarely do you find two companies that fit together as perfectly as FirstWave and Opmantek. In a case of the whole being greater than the sum of its parts, both companies bring highly complementary business models, product offerings and geographic footprints. The combination significantly expands the growth potential of both companies by providing truly global reach, an expanded product portfolio and material operational, strategic and financial benefits.*

"For FirstWave this is a transformative transaction, as we will gain access to Opmantek's channel partners and sales force in the US, the world's most lucrative market for cybersecurity, as well as Canada and Latin America, both large markets where we do not currently have a foothold. We will also benefit from the experience and leadership of Opmantek's Executive Chairman, Danny Maher, who will become CEO and MD of FirstWave on completion."

Opmantek's Executive Chairman, Danny Maher, said: *"The acquisition by FirstWave will enable the integration of Opmantek's software onto FirstWave's CyberCision Open Security Management Platform and create an end-to-end solution for network discovery, management and cybersecurity that is globally unique. I will be joining as FirstWave's CEO and am excited by a belief that we have an incredible opportunity to be the automated network and security management platform of choice for MSPs globally."*

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About Opmantek
Established on 29th October 2010, Opmantek develops and markets cloud-enabled automated enterprise network management and IT audit software.

Opmantek's flagship product is Network Management Information System (NMIS) which provides management and monitoring, configuration and compliance, anomaly detection and automation. NMIS related products generate approximately 80% of Opmantek's revenue, 85% of which is recurring.

Opmantek also provides Open-AudIT - a network discovery and audit software that scans an organisation's network and stores the configurations of the discovered devices.

NMIS and Open-AudIT are provided under a freemium business model and used by over 150,000 companies across 178 countries.

The company employs 26 full-time equivalent staff operating from offices in Australia, the US and Mexico.

Opmantek's clients are MSPs as a channel and medium-to-large enterprises as direct clients that typically employ more than 300 staff. Enterprise clients include Microsoft, Telmex, Claro, NextLink and NASA.

Financial Performance
Opmantek generated $4.0m of revenue in FY21 and an EBITDA loss of $0.8m.

Recurring revenue was $3.2m (80% of total revenue) from annual software subscriptions and non-recurring revenue was $0.8m from perpetual license sales and consulting.

ARR has grown rapidly to $3.4m in June 2021, up 59% over the previous 12 months.

Opmantek owns all its IP and as such 100% of revenue flows through as gross profit.

Strategic Rationale

Expanded product portfolio
The proposed Acquisition will materially expand FirstWave's product offering and will allow it to offer an end-to-end solution for network discovery, management and cybersecurity.

FirstWave's cybersecurity as a service will protect and remediate vulnerabilities identified by Opmantek's audit and network management platform.

Opmantek's network management platform will further enhance FirstWave's offering providing end-to-end visibility of the network and IT environment, enabling IT teams to detect faults, review current and historical network performance and predict future failures.

New Channels to Market
Opmantek provides FirstWave with a new MSP channel ideally suited to sell CyberCision. It also provides a direct sales capability to medium-to-large sized companies.

Expanded Global Reach
The Acquisition provides FirstWave with a truly global presence and immediate entry into the large and lucrative North American (including Canada, Mexico, and USA) market. North America is Opmantek's largest market accounting for approximately 60% of its revenue and it has a local team selling through an existing partner network and to blue-chip clients.

Opmantek also has an office in Latin America and over 150,000 customers using its products under a freemium model across 178 countries. Over time, FirstWave plans to market CyberCision to these customers.

Bolsters FirstWave's Team
Opmantek brings a team of 26 experienced staff. A number of vacant senior roles in each organisation will be filled as a result of the Acquisition and the avoidance of duplication will create immediate cost synergies of $2m.

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Danny Maher, Opmantek's Executive Chairman will become FirstWave's Managing Director and CEO. Danny has deep experience in the IT and software sector having led Opmantek for over 10 years and was an executive and shareholder in Netstar which was acquired by Logicalis in 2009. Upon completion of the Acquisition and Equity Raising, Danny will hold approximately 258m FirstWave shares (15.5% of the total issued shares).

Craig Nelson will assume the role of Chief Revenue Officer and Head of Global Sales. Craig is based in San Francisco and has extensive experience in enterprise software sales.

Ray Kiley will join the Board as a non-executive director. Ray was the former CEO of Intelledox (acquired by Smart Communications). Ray was a corporate lawyer and was formerly a divisional General Counsel at Telstra.

Improved Financial Metrics
The Acquisition will add $4m of additional revenue at 100% gross margin and around $3.4m of fast-growing ARR.

FirstWave has identified $2m of immediately realisable cost synergies which, combined with the $2.5m of cost savings FirstWave announced in its FY22 Q1 update, will significantly improve cash flow.

A pro forma Profit and Loss for FY21 is presented below (note this does not include the identified cost synergies of $2m or the $2.5m of cost savings announced in Q1 FY22).

FY21 (AUD $'000)	FirstWave	Opmantek	Adjustment	Combined Pro forma
Recurring Revenue	7,595	3,236		10,831
Non-recurring revenue	380	796		1,176
Revenue	7,975	4,033		12,008
Cost of Goods Sold	(3,672)	-		(3,672)
Gross Profit	4,303	4,033		8,336
Other Income	2,427	367	111	2,905
Operating costs	(14,912)	(5,187)	329	(19,770)
EBITDA	(8,182)	(787)	440	(8,528)
Gross Profit %	54%	100%		69%
EBITDA Margin %	(103)%	(20)%		(71)%

On completion and subject to the intended raise of $14m, FirstWave's combined net cash position of $16.8m will be sufficient for the business to reach cash flow breakeven.

Proposed Acquisition Terms and Timetable
Opmantek is an unlisted public company with approximately 60 shareholders.

FirstWave intends to acquire 100% of Opmantek via an all-scrip takeover under which approximately 691m new FirstWave shares will be issued to Opmantek's shareholders (the Offer).
Opmantek's shareholders holding more than 80% of Opmantek's shares have committed to accept the Offer and Opmantek's board unanimously recommends shareholders accept the Offer (in the absence of a superior offer).
Following completion of the Acquisition and Equity Raising, Opmantek shareholders will hold approximately 42% of FirstWave's issued shares.

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Key Terms and Condition of the Offer include:

- Acceptance by Opmantek shareholders holding at least 90% of the shares in Opmantek
- Senior Opmantek management will be escrowed - 50% of their shares escrowed until after release of FirstWave's FY23 results (Aug 2023) and 50% until after release of the H1 FY24 results (Feb 2024)
- All other Opmantek shareholders will be escrowed – 50% of their shares until the release of FY22 results (Aug 2022) and 50% until after release of the H1 FY23 results (Feb 2023)
- No material adverse change in Opmantek's recurring revenue
- No prescribed occurrences.

Offer Timetable of Acquisition

- Announcement of Offer 29th November 2021
- Bidder's Statements dispatched 3rd December 2021
- Closing Date of the Offer 4th January 2022

Overview of Equity Raising

FirstWave is pleased to announce that the Company has received firm commitments from new and existing professional and sophisticated investors to raise $7 million (before costs) through a two-tranche placement of approximately 100 million new fully paid ordinary shares (New Shares). The Entitlement Offer will seek to raise a further $7 million (before costs) through the issue of approximately 100 million New Shares. New Shares issued under the Equity Raising will rank equally with existing fully paid shares from the date of issue.

The Equity Raising will be conducted at A$0.07 per New Share ('**Offer Price'**), which implies:
• A 18.5% discount to the Theoretical Ex-Rights Price ('TERP') of A$0.086 per share on 24 November 2021[1]; and
• A 22.2% discount to the last closing price of A$0.09 on 24 November 2021.

Executive Chairman, John Grant, said "We are delighted with the support received from existing shareholders and welcome a number of new institutional and sophisticated shareholders to FirstWave. With the Placement completed and the upcoming Entitlement Offer fully underwritten, the Equity Raising has been very successful. This transaction and the proposed acquisition are transformational for FirstWave and we are excited to execute on the opportunity ahead as a combined business. We now look forward to completing the Entitlement Offer which opens on Monday, 6 December 2021 and closes 5.00pm Wednesday, 15 December 2021."

Following completion of the Equity Raising, FirstWave will have in excess of $16.8 million in cash. Use of funds will be for:

- Transaction costs
- Repayment of Opmantek loan
- Working capital expected to fully fund the combined business to cashflow breakeven
- Integration.

Morgans Corporate Limited is Sole Lead Manager and Underwriter to the Equity Raising.

Placement Details
The new shares under the Placement will be issued under two tranches under the Company's existing ASX Listing Rule 7.1 placement capacity. The first tranche of approximately 40 million shares is anticipated to settle on Monday, 6 December 2021 with the shares being allotted on Tuesday, 7 December 2021. The second tranche of approximately 60 million shares is subject to completion of the Acquisition and accordingly, is anticipated to settle on Friday, 7 January 2022 with the shares being allotted on Monday, 10 January 2022.

Entitlement Offer
The Entitlement Offer, which is fully underwritten, will raise a further $7 million through the issue of approximately 100 million New Shares. Eligible shareholders at the Record Date of 7.00pm AEDT on

[1] The Theoretical Ex rights Price (TERP) is calculated by reference to FirstWave's closing price on 24 November 2021 of A$0.09 per share, being the last trading date prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which FirstWave's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP. TERP includes the New Shares issued under the Institutional Placement.

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Thursday, 2 December 2021, with registered addresses in Australia and New Zealand (Eligible Shareholders) will be invited to participate in the Entitlement Offer, at the same Offer Price of $0.07 per New Share as the Placement. The Entitlement Offer will open on Monday, 6 December 2021 and close 5.00pm AEDT on Wednesday, 15 December 2021.

Eligible shareholders will be entitled to subscribe for 3 New Shares for every 23 FirstWave's existing Shares held as at 7:00pm Australian Eastern Daylight Time **AEDT** on 2 December 2021.

Eligible Shareholders can choose to take up all, part or none of their entitlement. Eligible Shareholders who apply for their entitlement in full will have the ability to apply for additional shares in excess of their entitlement (Additional New Shares). The allotment of the Additional New Shares will be determined by the Company in consultation with the Lead Manager, Morgans Corporate Limited.

Further details about the Entitlement Offer will be set out in a booklet (Entitlement Offer Booklet), which the Company expects to despatch (along with personalised entitlement and acceptance forms) to Eligible Shareholders no later than Monday, 6 December 2021. A copy of the Entitlement Offer Booklet will be available on the ASX website. Eligible Shareholders are encouraged to carefully read the Entitlement Offer Booklet.

Equity Raising Timetable

Trading Halt	Thursday, 25 November 2021
Placement Bookbuild opens	Thursday, 25 November 2021
Announcement of the Offer (Non-Renounceable Entitlement Offer & Placement) and trading halt lifted	Monday, 29 November 2021
Shares trade ex-entitlement	Wednesday, 1 December 2021
Record date for determining Eligible Shareholders	7:00pm AEDT Thursday, 2 December 2021
Entitlement Offer opens and booklets despatched	Monday, 6 December 2021
Settlement of New Shares issued under the Tranche 1 Placement	Monday, 6 December 2021
Allotment of New Shares issued under the Tranche 1 Placement	Tuesday, 7 December 2021
Entitlement Offer closes	5:00pm AEDT Wednesday, 15 December 2021
Settlement of the Entitlement Offer	Monday, 20 December 2021
Allotment of New Shares under the Entitlement Offer	Tuesday, 21 December 2021
Quotation and Normal Trading on ASX of New Shares issued under the Entitlement Offer	Wednesday, 22 December 2021
Despatch of holding statements	End of December 2021
Completion of Opmantek Merger	Tuesday, 4 January 2022
Settlement of New Shares issued under the Tranche 2 Placement	Friday, 7 January 2022
Allotment of New Shares issued under the Tranche 2 Placement	Monday, 10 January 2022

**The above timetable is indicative only and subject to change. Subject to the ASX Listing Rules and Corporations Act and other applicable laws, the Company reserves the right to vary these dates and times without notice.*

ENDS

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

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About FirstWave Cloud Technology Limited (FirstWave)

FirstWave, a leading Australian global cybersecurity technology company, has delivered cybersecurity-as-a-service solutions since 2004, in line with its mission is to democratise enterprise-grade cybersecurity-as-a-service for the SMB market. In an increasingly connected and vulnerable digital world, FirstWave believes that safe business is good business and that every business should have access to enterprise-grade cybersecurity. FirstWave's infrastructure, management and security processes are certified to ISO 27001 Information Security Management System Standard and ISO 9001 Quality Management System Standard.