Q3 FY23 Shareholder Update

27 April 2023

FirstWave

Today's Presenters

JOHN GRANT

Chairman

DANNY MAHER

Managing
Director and CEO

IAIN BARTRAM

CFO and
Company Secretary

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Agenda

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Introduction - Chair

- Pleased with cash result but would have preferred a higher level of sales

- Quarterly reporting doesn't necessarily reflect the long run

- Running a lean business well

Q3 Highlights

Danny Maher – Managing Director and CEO

Q3 Highlights

- Cashflow positive quarter

- Continuing to invest in growth (sales and marketing)

- Some growth in NMIS ARR (+2.3%) and some churn on CyberCision ARR (-2.5%)

- Some deals expected in the quarter have slipped but are not lost

- Non-recurring revenues lower than previous quarter

  - As communicated in the previous quarter's update – Q2 revenues included upgrades of perpetual licenses at the end of financial year in LATAM (December), these are not repeated in Q3

Q3 Financial Performance
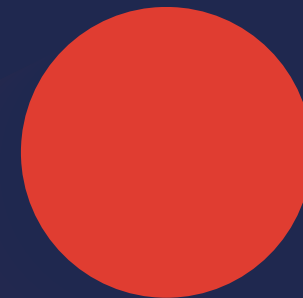
Iain Bartram – CFO and Company Secretary

Q3 Financial Performance – Revenue and Gross Profit

(A$m)	Q2	Q3	△% Q3/Q2
ARR	9.86	9.82	-0.4%
Revenue[1]	3.45	2.84	-17.8%
Gross Profit (statutory)	2.90	2.37	-18.2%
Gross Profit Margin	*83.9%*	*83.6%*	*-0.3ppts*
Gross Profit (proforma[2])	2.63	2.16	-17.8%
Gross Profit Margin	*76.3%*	*76.2%*	*-0.1ppts*

1. Q2 Revenue contains AUD $0.5m in once off licence upgrades
2. Removal of COGS accrual adjustments

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Q3 Financial Performance – Cash

- Q3 closing cash position $7.06m (Q2: $6.67m)

- Cash in quarter **+$0.39m**, compared to **-$1.89m** in Q2

  - Strong collections

  - $1.2m R&D cash receipts

- Normalised monthly cash burn $0.56m per month, including;

  - $0.11m per month estimate for non-recurring revenues

  - $0.40m per month being invested in sales and marketing

- Sufficient funds to reach cashflow breakeven, underpinned by disciplined cost control and expected revenue growth

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CEO Overview

Danny Maher – Managing Director and CEO

Strategic Objectives
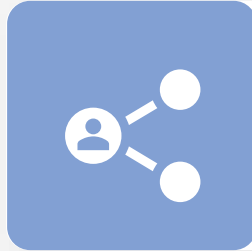
Sales-led culture

Grow faster

Be capital efficient

Key Sales Initiatives

- Two new account managers joined the team

  - One in USA – primarily network management focused

  - One in Australia – placed internally at Telstra and primarily CyberCision focused

- Significant deal in the US continues to progress – slower than hoped but close

- 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 Results

- Extended and doubled contract value with NASA

- Extended contract with John Deere

- Extended contract with Canadian Imperial Bank of Commerce
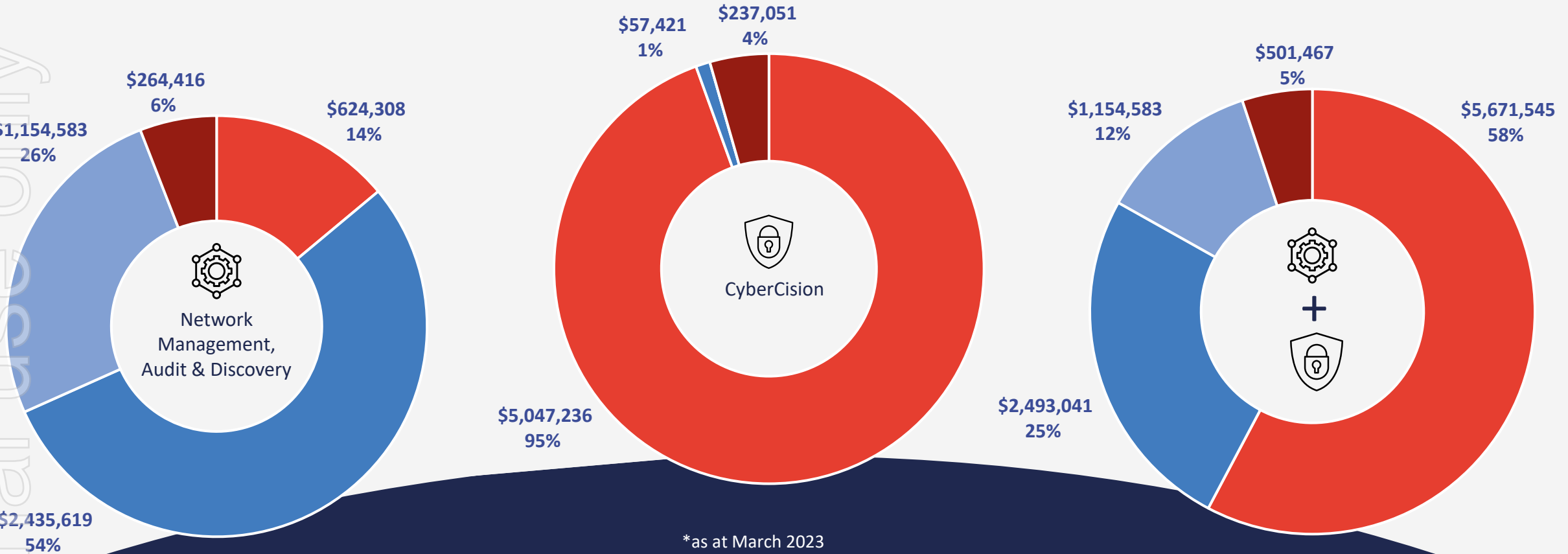
Summary of Current Position

- Continuing to invest in growth

- A positive result from a cash perspective

- Pipeline is good but would have preferred more growth this quarter (slippage, not lost deals)

- Large US contract is taking a little longer to close but is close

# Coffee Microcaps
Presentation 27 April

ARR Breakdown*

Network Management, Audit & Discovery

- $264,416 — 6%
- $1,154,583 — 26%
- $624,308 — 14%
- $2,435,619 — 54%

CyberCision

- $57,421 — 1%
- $237,051 — 4%
- $5,047,236 — 95%

(Network Management + CyberCision)

- $501,467 — 5%
- $1,154,583 — 12%
- $5,671,545 — 58%
- $2,493,041 — 25%

*as at March 2023

Legend: Australia | North America | LATAM | Other Regions

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"Unlocking the Blue Sky" in FirstWave
Product Integration for Enhanced Capabilities
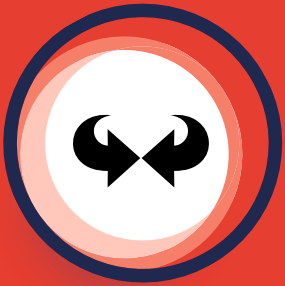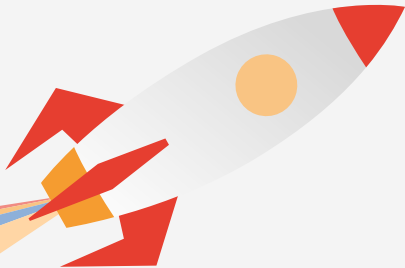
The network management and cyber security markets are converging

Sharing of features and capabilities to each respective solution provides businesses with complete, end-to-end solution for robust network management and cybersecurity capabilities.

With this sharing of features and capabilities we can target new customer segments and enter new markets with a comprehensive and cost-effective solution.

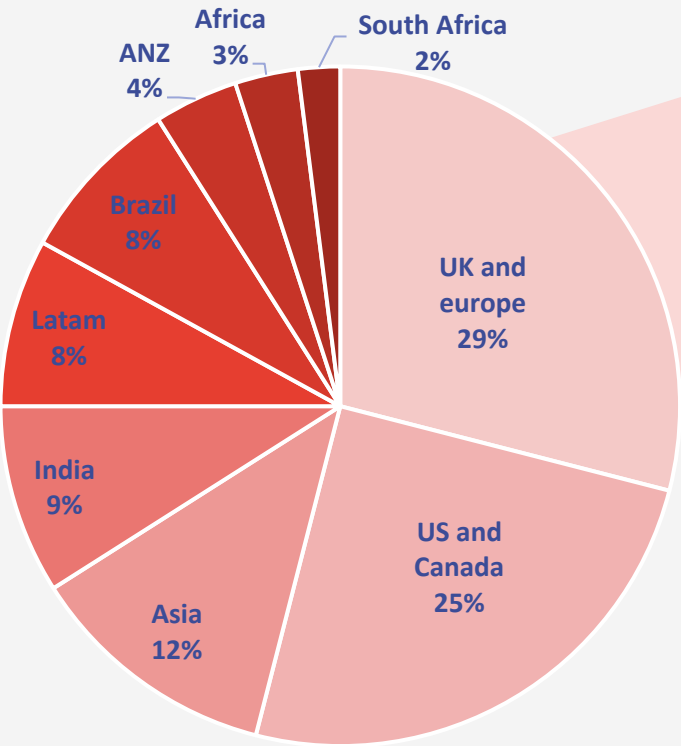**It is a significant growth opportunity with potential substantial rewards.**

Leveraging the feature sets of the network management products and CyberCision together is a focus of our development efforts.

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"Unlocking the Blue Sky" in FirstWave
Leveraging Open Source User Base for Increased Revenue

More than 150,000 companies use FirstWave's "freemium" open source software

Freemium User Base by Region

Pie chart regions:
- UK and europe 29%
- US and Canada 25%
- Asia 12%
- India 9%
- Latam 8%
- Brazil 8%
- ANZ 4%
- Africa 3%
- South Africa 2%

- FirstWave provides paid versions of Network management, audit and discovery software to enterprise, government, and service providers.

- User base of over 150,000 organisations

- A new organisation downloads one of our open source products every 6 minutes

- There is significant potential to leverage this user base to increase revenue and margins for the commercial (paid) versions of FirstWave software

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Q&A

Thank you

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