

# Q1 FY23 Shareholder Update

27 October 2022



**FirstWave**

# Today's Presenters



**JOHN GRANT**

**Chair**



**DANNY MAHER**

**Managing  
Director and CEO**



**IAIN BARTRAM**

**CFO and  
Company Secretary**

# Agenda

1. Introduction - Chair
2. Q1 Highlights - CEO
3. Q1 Financial Performance - CFO
4. Strategy Update - CEO
5. Wrap-up - CEO
6. Q&A

# Q1 Financial Highlights

Danny Maher – Managing Director and CEO



# Q1 has been a good launching pad for the year



- Integration of Opmantek was completed prior to the start of the quarter
- A significant pipeline of sales opportunities has grown, particularly in North America, and indicates a strong outlook for revenue growth
- Cash on hand of \$8.57m
- Normalised<sup>1</sup> cash burn is on target, exiting Q1 at a run rate at \$0.5m per month and decreasing (down from >\$1M in FY22 H1)

<sup>1</sup>Normalised 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.

# Q1 Financial Performance

Iain Bartram – CFO and Company Secretary



# Q1 Financial Performance – Revenue and Gross Profit



(A\$m)	Q4 FY22	Q1 FY23	Δ%
			Q1/Q4
ARR	10.92	9.71	-11.0%
Revenue	2.89	3.11	7.5%
Gross Profit	2.09	2.22	6.0%
Gross Profit Margin	72.3%	71.3%	-1.0ppts

ARR reduction of \$1.21m relates to:

- \$0.39m of recharges at zero margin,
- \$0.32m from customers where payments were not being made,
- \$0.50m remaining is the net of client wins and losses in the quarter with a notable \$0.57m of losses due to clients terminating broader agreements with FirstWave’s channel partners and not directly related to FirstWave’s services.

# Q1 Financial Performance – Cash



- Q1 closing cash position \$8.57m
- Cash used in the quarter \$1.84m (Appendix 4C)
- Normalised monthly cash burn \$0.52m (average across Q1)
  - Q1 exit and forecast for Q2 <\$0.50m per month
- Stated goal of reducing cash burn from \$1.0m to \$0.50m achieved
- Post acquisition of Opmantek, burning half the cash and generating 2X the gross profit
- On track to reach cash flow breakeven

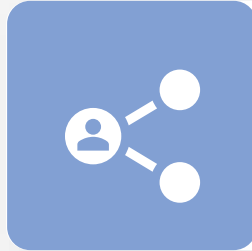


# CEO Overview

Danny Maher – Managing Director and CEO



# Strategic Objectives



**Sales-led culture**



**Grow faster**



**Be capital efficient**

# Key Sales Initiatives



- Commercial agreement reached to launch a secure sovereign, ISM compliant email platform for Australian government and large enterprise
- IoT management emerging as a space for FirstWave to become an industry leader replicating the success with IoT management for Microsoft
- Telstra relationship reinforced, including direct engagement with their sales team
  - Collaborative sales planning and agreed targets being established
  - New marketing initiatives
  - Continued work on new initiatives with the product team
- Diversified pipeline providing multiple paths to success
  - Previously mentioned 2 highly significant deals in North America continue to progress

# Sales and Marketing



- Focusing of sales efforts continues with Service Providers (our main clients) in our strongest markets (USA, Australia and LATAM)
- Focusing on highest margin products – Email Security and Network Management
- New North American Sales Director has been appointed – commenced September 26
- New CRO – joining on November 2nd in Sydney
- Current US based CRO moves to advisory on key US accounts working with North American Sales Director
- One brand strategy launched

# Product Development



- Release of Enterprise Services Monitoring
  - Changing the way network management is performed – business views rather than technology or geographical views
  - Already released to (and in use by) a significant Australian Government client
- First integration of Opmantek IP with CyberCision to be released in Q3
  - Leveraging the opEvents product
  - Enhancement to email protection
  - Advanced automation
  - Potential for further enhancements / feature pull through

# Summary of Current Position



- Cash burn continues to reduce
- Double gross profit with lower OPEX than pre Opmantek acquisition
- Company is delivering on its goals
- Strengthening QoQ which will continue
- A very exciting, growing, diversified pipeline

Note: AGM 10am AEDT, Thursday 24 November

# Q&A



Thank you



**FirstWave**