

30 August, 2016: ASX Company Announcements Platform

FirstWave poised for strong growth in FY2017 after 37% increase in full year in revenue

Highlights:

- Full year revenue of \$6.4 million up 37% and at higher end of guidance
- Gross margin up over 40% year-on-year
- Customer acquisition very strong across all products and services
- Telstra NGFW tender pipeline at 40+
- Tendering activity at record levels
- International rollout imminent
- FCT now rapidly scaling up – strong growth forecast for FY2017

Leading Australian Cloud Security technology company, **FirstWave Cloud Technology Limited (ASX:FCT) ("FirstWave")** is pleased to report full year financial results for the year ended 30 June 2016 and the outlook for FY2017.

FCT's organic growth for the year has been particularly strong. Revenue was up 37% to \$6.4 million (FY2015: \$4.7 million), which is at the higher end of guidance provided in June. Gross margin was pleasing, growing more than 40% year-on-year, and illustrating the high margin nature of FCT's contract base.

The Company has established a solid growth platform for FY2017 and beyond. Over 15 new Telstra Corporation enterprise customers, including government and corporates, were added during the year as a result of the launch of the Next Generation Firewall (NGFW) product alone. Across all product and services, including web, email, cloud security and firewall, FirstWave's sales pipeline and tendering activity is at record levels.

The first licensing of FirstWave's Cloud Content Security Gateway (CCSG) to Telstra occurred in FY2016, and this was a major milestone and revenue driver for the Company. This has further validated FirstWave's technology and is a key catalyst for the strong 2017 outlook.

FirstWave's Managing Director, Steve O'Brien said: *"Financial year 2016 has been a year of strong capital investment in terms of both capacity and capability. Revenue growth is encouraging, and we can confirm that this is just the beginning of a steep growth trajectory for FirstWave. Gross margin improvement is also pleasing and reflects well on the margins FirstWave will continue to deliver from existing and future contracts."*

Outlook

FirstWave is well placed to substantially grow revenue in FY2017 and scale up its operations. In Australia, growth will be driven from new contracts across all product categories. Of particular focus is the progressive conversion of the 40+ tenders into new revenue generating contracts from the recently added Next Generation Firewall (NGFW) product. This conversion is already occurring.

Secondly, the Company is in active discussions with telcos, cloud storage providers, and data centre operators outside Australia about marketing and selling FirstWave's cloud security solution through these channels. Some discussions are at an advanced stage and present considerable scope for FirstWave.



Steve O'Brien added: *"FY2017 has commenced well for FirstWave as witnessed by the recurring revenue generating contracts announced in late July. Building on this revenue base in Australia is a key priority, and this channel alone represents a major opportunity for the Company. We are already witnessing more tenders coming through."*

"Negotiations with international telcos are progressing and we have a number of near-term opportunities to launch our product suite in international markets. This too represents a major growth platform for FirstWave from FY2017 onwards."

"We continue to work proactively with our partners – Palo Alto, Cisco and IBM – to enhance our Software as a Service (SaaS) cloud security offering. Ensuring we have a market-leading platform underpins future revenue growth."

"We look forward to updating shareholders very shortly on tender conversions, a new revenue generating partnership we are close to signing, and progress on international expansion. FirstWave is poised for considerable growth this year."

- ENDS -

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Follow FCT on its Twitter investor relations feed: https://twitter.com/Firstwave_FCT

About FirstWave Cloud Technology

Australian cloud technology company, FirstWave, operates a technology business in the burgeoning cloud based IT managed security services market, having created an intelligent carrier grade cloud security platform for business. First Wave has delivered Software as a Service (SaaS) solutions since 2004 in a form similar to what we call "cloud" today and has a long standing relationship with Telstra. FirstWave offers a comprehensive cloud security and analytics technology solutions suite that, along with advanced mail, web & NGFW content controls, now offers unified, integrated x-threat vector advanced malware protection technology solution for any business or enterprise moving to or operating in the cloud. Over 300 customers already trust FirstWave including the largest Australian financial institutions, state and federal government, utilities, ASX listed and private companies in the mining and retail sectors. www.firstwave.com.au

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