

28 February, 2017: ASX Company Announcements Platform

FirstWave on track for strong second half in FY2017

Leading Australian Cloud Security technology company, **FirstWave Cloud Technology Limited (ASX: FCT) ('FirstWave' or 'the Company')** is pleased to report solid first half performance for the six months ended 31 December 2016. The Company has performed exceptionally well during the period and is strongly placed for growth in the second half and into FY2018.

Key half-year financial and operational achievements include:

- HY revenue increasing 10% to \$2.85M;
- Annualised monthly recurring revenue now \$5.3M as at 31 Dec 2016, up ~33% (Dec 2015: \$3.9M), growing to over \$10M by end of FY2017;
- Monthly recurring revenue at 31 December averaged \$425,000, up ~30% year-on-year (Dec 2015: \$327,000);
- Total contracted revenue (order book) up 55% to \$4.2M (Dec 2015: \$2.7M);
- Telstra customer numbers increased 20% in 12 months to 154 (Dec 2015: 128);
- Two Telco partnerships now in place – Telstra and Bharti Airtel's Nextra Data; and
- Platform node numbers up 80% in 12 months to nine (9).

Solid operational progress achieved in the half

FirstWave delivered excellent operational progress in its first half as an ASX-listed company. Significant investment has been made enhancing the Company's cloud-based Security as a Service (**SaaS**) platform with new products added and partnerships strengthened.

Growth in new contracts: In July, Next Generation Firewalls (**NGFW**) were integrated into FCT's platform, delivering new cloud security services to Telstra's enterprise and government (**E&G**) customers. Forty-five NGFW contracts were secured during the half which have made a positive contribution to FCT's growing average monthly recurring revenue (**MRR**) streams. NGFW contract numbers are expected exceed 150 by financial year end.

As well, major Tier 1 E&G contracts were locked in, including a three-year, \$500,000 contract with a South Australian government department for email security for 200,000 users, and in January, a 30-month contract with Qantas for web security, valued at \$1.14 million and adding \$38,000 in MRR. The Company was also accepted on to the NSW Government Procurement Scheme, and the Federal Government's panel for the Department of Infrastructure & Regional Development, providing excellent visibility for FCT amongst government.

Broadened customer reach through investment in FCT's SaaS platform: During the period FCT continued to invest in its SaaS platform, adding new security services (NGFW as noted above) and strengthening its web, email, and firewall capabilities with new partnerships. During the half, FCT integrated a new cloud security service incorporating Cisco's Advanced Malware Protection (**AMP**) cloud-based solution into FCT's Telstra's cloud security gateway infrastructure. The Company was also invited to become a Managed Security Services Provider (**MSSP**) for Palo Alto Networks through the provision of Palo Alto's market-leading NextWave security service offering.

FCT also broadened its target market to incorporate the SME sector through the launch of FirstCloud, a virtual firewall security platform for SMEs built on the world's most recognised and cost effective cloud security service infrastructure, Amazon Web Services (**AWS**).

Four (4) new platform nodes have been implemented to provide additional diversity and support the growing demand in existing and recently launched Next Generation Firewall products.

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As a result of these new services and partnerships, FirstWave has significantly expanded the size of its domestic addressable target market to now incorporate Telstra's top tier E&G customers, which number 3,500, as well as the 20,000 SMEs that are demanding more sophisticated and cost effective cloud security.

With the announcement earlier in the month regarding the agreement with Bharti Airtel's Nxtra Data, and the new contracts secured with Telstra Global in Singapore and Hong Kong, FCT's SaaS platform is already appealing to new international Telco partners and enterprise-grade customers operating in Asia.

Management commentary

FirstWave's Managing Director, Steve O'Brien said: *"FirstWave's first half has been a period of significant progress and we have delivered on the key objectives we set out to achieve. We secured new partnerships and broadened demand for our market-leading SaaS platform, greatly expanded our customer base with new, impressive tier 1 customer wins and multiple new SME contracts, greatly enhanced our monthly recurring revenue base, and delivered much more predictability to our growing, underlying revenue streams.*

"The second half has commenced strongly for FirstWave, revenue streams are accelerating rapidly and we are confident of achieving cash breakeven in the fourth quarter.

"FirstWave's pipeline is extremely robust and the opportunities through our Telstra partnership are now starting to materialise. Coupled with our recently announced expansion into Asia and India through new agreements with Telstra Global and Nxtra Data respectively, we are confident of maintaining these very high levels of growth.

"With increasing revenue streams and a cash balance of \$3.3 million, FirstWave is sufficiently funded to achieve current growth objectives in the domestic market. We look forward to reporting on progress."

Outlook

As previously stated FirstWave expects to exit FY2017 with an annualised recurring revenue rate of more than \$10M, and average MRR of Enterprise customers of approximately \$3,200.00

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For further information, please contact:

Steve O'Brien
Managing Director
+61 2 9409 7000

For media and investor inquiries: Ben Jarvis, Six Degrees Investor Relations: 0413 150 448



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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