



FirstWave Cuts Losses as Foundation for FY25

Network management and cybersecurity software group FirstWave Cloud Technology Limited (ASX: FCT) announced that it has made significant progress towards the goal of being cashflow positive in FY25.

The company today released its full-year results for the year to June 30, 2024, with the loss for the consolidated entity after providing for income tax and excluding impairments, falling to \$3.08 million from \$5.86 million in the prior year. The company commented that “normalised cash burn” (loosely translated to average cash burn per month, excluding non-recurring revenue and assuming no new sales) was now circa \$280K per month down from circa \$580K per month at the start of the year. This reduction was the result of a substantial focus on operational improvement and synergies which lowered operating costs for the year by \$4.17 million to \$16.82 million from \$20.99 million in FY23.

The company reported total revenue for the year of \$11.28 million, down 9.7% from the prior year primarily due to one-off non-recurring revenues in FY23.

Key highlights from the year include:

- The acquisition of 100% of the assets of network automation software company Saisei Networks Inc. (www.saisei.com). FirstWave issued 40,571,428 new shares to Saisei as payment for the business’s assets. The transaction included \$200,000 in cash receivables.
- Raising \$2.5 million via the issue of convertible notes (with a conversion price of 3.6 cents) to Danish asset management and specialist small-cap financier Formue Nord A/S (Formue Nord).
- Extension of the company’s Professional Services Agreement (PSA) with Telstra for a further 15 months.
- Extension of the company’s NMIS agreement with US space agency NASA.
- Extension of the company’s NMIS agreement with Mexico’s largest telecommunications group, Telmex, including the addition of Telmex as a reseller of FirstWave’s industry-leading Network Management Information System (NMIS) platform.
- The appointment of US-based technology executive Daniel Friel as a Non-Executive Director.

FirstWave CEO Danny Maher said the company made significant organisational and operational changes during the year to reduce cash usage while continuing to invest in the future growth of the business.

“FirstWave today is a very different company to the one it was when it acquired Opmantek in 2022,” he said. “Our key, short-term objective has been to make the company cash flow positive for FY25.

“We are in a position now where achieving this goal will require only a modest level of sales and no significant churn.”

Mr Maher said the company experienced some deal slippage in FY2024 as it had in the previous financial year and that the team is focused on increasing the company’s recurring revenue (ARR).

“We ended the year with ARR at \$10.06 million up around 8% from the start of the year and, while we would have liked to have seen greater growth, particularly from some larger transactions, we were able to replace churn with new or enhanced contracts with clients and deliver some advances. The focus continues to be on converting a number of significant opportunities in our pipeline and those opportunities continue to progress well.

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"Some of the churn was unwanted, and other parts of the churn were proactive decisions by the management team to lower our costs and effectively exit unprofitable contracts. As the largest shareholder, I am thrilled with our progress with blue chip clients such as Microsoft, NASA, Telmex and Telstra and I look forward to further growth as a substantial, global technology company."

ENDS

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

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About FirstWave:

FirstWave is a global software company formed in 2004. The company is a leading provider of enterprise-grade network management, automation, audit and cybersecurity software, with over 150,000 organisations using FirstWave software across 178 countries. Clients include Microsoft, Telmex, Telstra, Claro and NASA.