



ASX Release: 19 October 2021

Update regarding material customer contracts

Following a trading halt that was granted by the ASX on Monday 18 October, FirstWave Cloud Technology (**FirstWave** or **the Company**) provides the following update in relation to material customer contracts.

Following completion of a detailed review by FirstWave Executive Chairman John Grant and CFO Iain Bartram, the Company received two unrelated requests concerning the terms of FirstWave's resale of Simplifyd Systems' web security service, WebProtectDNS. Specifically, the terms require payment from FirstWave's partners in advance of them receiving revenue from end users.

On Saturday 16 October, FirstWave received formal communication from Telum Technologies Nairobi (Telum), seeking to pause and revise key terms of its contract. FirstWave also received a similar request from Moja Access, CSquared's operating company in Kenya (CSquared).

FirstWave views the combined impact of the requests to pause the contracts as material for the Company. The two contracts represented AU\$1.95 million of the AU\$3.0 million IARR reported at FirstWave's Q4 FY21 update, and this revenue will be excluded from FirstWave's calculation of IARR at the close of Q1 FY22.

To explain in more detail, one of Telum's partners, a Kenya-based ISP that has contracted to provide WebProtectDNS to 300,000 of its DNS connected customers, has requested to pause and revise key terms of its contract with Telum until it can resolve a technical problem that has left it unable to invoice its customers for the service. Subsequently, Telum requested that FirstWave pause invoicing under its contract until it begins to receive revenue.

CSquared has indicated that it is unwilling to remit revenue to FirstWave before receiving revenue from end users and has requested revisions to the terms of its contract to reflect this.

After careful consideration of its options, the Company agreed to pause the contracts, accept the revised terms in principle and finalise the details with the customers.

While the terms of FirstWave's contracts with CSquared and Telum are clear and FirstWave could have exercised its rights under those contracts, the Company's view is that it is preferable to continue the contracts and relationships under revised terms. Both partners remain committed to rolling out the service and their contracts with FirstWave remain on foot.

In light of these requests, moving forward, FirstWave will adopt a more conservative view of contract risk and revenue recognition in some of its markets. The Company has examined all contracts for WebProtectDNS and is confident there is no further legacy exposure.

While obviously disappointing in the short-term, FirstWave believes this outcome to be in the long-term interests of its shareholders and partners.

ENDS

This notice has been approved by the Board of Directors of the Company.





FIRSTWAVE
CLOUD SECURITY TECHNOLOGY

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About FirstWave Cloud Technology Limited (FirstWave)

FirstWave, a leading Australian global cybersecurity technology company, has delivered cybersecurity-as-a-service (CSaaS) solutions since 2004, in line with its mission is to democratise enterprise-grade cybersecurity-as-a-service for the SMB market.

In an increasingly connected and vulnerable digital world, FirstWave believes that safe business is good business and that all companies should have access to enterprise-grade cybersecurity irrespective of size. FirstWave's infrastructure, management and security processes are certified to ISO 27001 Information Security Management System Standard and ISO 9001 Quality Management System Standard.



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