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FOR IMMEDIATE RELEASE:

## **iWEBGATE HALF YEAR RESULTS**

### **Highlights**

- Substantial growth across the Asia-Pacific region, with rapid growth in end users to reach over 800,000, delivering significant revenue uplift during the period
  - Revenue generated in H1 FY16 was \$475,840, up 77.5% on H1 FY15 figures, driven by growth in customer receipts
  - Underlying net loss for the period was \$4,219,365 due to associated platform development and commercialisation costs, including the building of sales infrastructure
- High profile new Board appointments, strengthening the managerial capabilities of the business
- Positive outlook ahead for iWebGate as it continues acquire new customers through its Telstra relationship and expands into Europe with imminent commercial contracts

iWebGate Limited (ASX:IWG) ("**iWebGate**"; "**Company**") is pleased to report its half-year results for the period ended 31 December 2015.

### **Financial Summary**

Total revenue generated by iWebGate during the six months to 31 December 2015 grew 77.5% to \$475,840 (\$268,122 H1 FY15).

The revenue increase was driven by growth in Telstra related activities during the last quarter. Additionally, the Company received its initial revenues from its partnerships with North American Universities during the period.

Operating costs during the period were \$4.0m, an increase of 158% (\$2.5m H1 FY15). The higher cost base is attributable to an increase in operating costs associated with commercialisation and platform development, including a significant increase in sales and marketing as the team was expanded to grow the Company's customer base in Australia.

The Company reported a net underlying loss for H1 FY16 of \$4.2 (\$3.9m H1 FY15). This represents a 6.8% increase on H1 FY15 and is attributable to costs associated with the developing and commercialising the iWebGate platform, including strengthening the customer sales infrastructure in response to demand across the business.

### **Strong Operational Progress**

During the period, iWebGate's products continued to receive positive recognition within the security industry. Its enterprise networking products were awarded the highest possible security rating by SecureState, a leading US-based independent information security management consulting firm, following detailed penetration testing and simulated real-world cyber attacks and breach attempts.

Similarly, iWebGate's Launchpad platform also achieved the highest NIST compliance rating following assessment by CyberRx, a risk intelligence service offered by US-based, award winning IT and cybersecurity firm e-Management. This provides strong independent validation of the platform and has strengthened the Company's value proposition in sensitive market verticals, such as national defense.

### **Asia Pacific (APAC)**

Delivering growth in the APAC region remains a strong focus for iWebGate and considerable success was achieved by the Company during the half year period, resulting in strong end user growth.

In August 2015, the Company signed a landmark agreement making iWebGate's Workspace suite of cyber security and network products available to hundreds of thousands of Telstra customers at small, medium and enterprise-level organisations across Australia through Telstra's AppDirect marketplace.

Following the launch of its products on AppDirect, the Company commenced a program to build a substantial network for Telstra and non-Telstra partners to on-sell the Company's Workspace suite to customers of all sizes. This network has experienced rapid growth and now includes over 60 partners.

In response to strong and positive initial interest in the Company's Workspace suite from its growing partner network, iWebGate increased its sales and support force Australia-wide during the half year, to accommodate the uptake of the product suite by end customers. This expert sales and support team continues to provide support and training to the growing partner network, underpinning sales demand for Workspace.

Through this network and via direct customers, iWebGate has rapidly reached over 800,000 end users of its platform in the APAC region. These users are expected to significantly drive revenue growth in the coming months.

### **Europe and US**

While generating revenue from its Telstra customers has been a core focus, iWebGate continues to focus on expanding into the European and US geographic markets. In Europe, the Company has established a focused business development initiative and is progressing advanced discussions with number of potential partners and customers, including several European telcos, carriers and direct customers.

iWebGate's US subsidiary, iWebGate Corp, successfully expanded the scope of its existing government-to-government contract with a large US state government and progressed to the next phase of its contract to provide its network security services to a leading North American University.

### **Corporate Achievements**

During the half year, iWebGate received strong support from investors and successfully raised \$3 million in capital. \$2 million of this was raised via a share placement to mostly new US and Australian investors. Additionally, new US-based investors provided a senior debt facility for \$1 million and a proportion of the equity.

EAS Advisors, a leading New York based investment advisory, was appointed as US corporate and strategic advisors to the Company in October 2015, to help the Company access US capital and accelerate its go to market strategy in Australia.

## **Board and Management Enhancement**

During the half-year period a number of high level appointments were made to the Company's Board, bringing substantial and varied leadership experience to iWebGate.

Former top Microsoft Executive, Kathryn Foster was appointed as Non-Executive Directors of iWebGate in November 2016. Ms Foster joined with a strong background in technology, sales and early stage start up companies as well as over 20 years' experience and network contacts from creating and running large internet based businesses across 232 geographies, including key global roles at Microsoft.

Also in November 2015 James Tsiolis was appointed as Non-Executive Director and, subsequent to the end of the period in February 2016, he became Executive Chairman of the Board. Mr Tsiolis brings over 25 years of experience in funds management and capital markets. He is a founder and remains Chief Executive Officer of Strategic Capital Management Limited (SCML), an investment management and advisory firm.

Furthermore, in December 2015, the Board was further strengthened when top-tier international finance executive, Kevin Greene, was appointed Non-Executive Director. Mr Greene brings over 30 years of extensive international finance experience through roles with large private and public companies throughout his career. At the same time, Mark Harrell, Managing Director of iWebGate stepped down from the Board and remains on the management team as Managing Director for the APAC region.

## **Outlook**

Following the successful launch of its Workspace suite of products to Telstra customers last year, iWebGate has rapidly built its end user customer base to reach over 800,000. The Company expects this strong momentum to continue and anticipates reaching over one million end users of its cyber security platform in 2016.

This significant milestone, along with sustained growth momentum in the Company's Telstra and non-Telstra partner channels who on-sell its products across Australia and the Company's investment into its enhanced expert sales team and customer sales infrastructure, is expected to deliver further customer growth and revenue uplift in H2 FY16.

Additionally, the Company is excited about the opportunities presented in Europe and expects revenue from its European operations to commence during H2 FY16.

## **Commenting on the half year results Tim Gooch, CEO of iWebGate, commented:**

*"We are encouraged by the performance of our product portfolio in the domestic market of Australia during the period. This is an extremely exciting phase for iWebGate as we move towards further commercialisation of the Company's unique cyber security and network delivery platform. With strong growth in our partner channels delivering rapid growth in the number of Telstra customers signing up to the platform we expect there to be continued and sustained revenue uplift throughout calendar year 2016.*

**-Ends-**

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## About iWebGate

**iWebGate, Limited** (ASX: IWG) is a technology company providing network solutions to organisations of all sizes. iWebGate's software creates a new network communication environment out front of firewalls, analogous to a secure and collaborative reception area for all networks. To compliment this innovation, we have also created interlinking technology commanding computer devices, applications and users connect through this best practice design.

For the first time, iWebGate's software is enabling large and influential partners to deliver best of breed security and a wide range of mobility solutions as-a-Service to their customers. Our patented and multi-award winning software is currently available through the Telstra Marketplace with plans to rapidly expand offerings in the US and Europe.

iWebGate is well positioned to help many enterprises and government agencies. The worldwide cybersecurity and mobility market continues to grow rapidly and is expected to increase from US\$75 billion in 2015 to US\$170 billion by 2020.

For more information, please visit: [www.iwebgate.com](http://www.iwebgate.com)