

ASX ANNOUNCEMENT

November 24, 2020



Level 28
108 St Georges Terrace
Perth WA 6000

ABN 98 103 348 947
ASX CNW

Contract success drives solid H1 outlook

HIGHLIGHTS

- Record revenue and earnings expected for H1 FY21
- New contract wins provide solid foundation for FY21 results
- ACT business unit revenue up 68% on prior year
- H1 revenue expected to be in excess of \$50m
- Strong balance sheet, increasing cash and debt free
- Significant progress with Federal Government

Cirrus Networks Holdings Limited ("Cirrus" or the "Company") (ASX: CNW) is pleased to provide the following trading update.

On track for record H1

Following a solid Q1 and a number of contract wins complemented by an increasing pipeline of work, Cirrus is on track to deliver another record revenue and earnings result for H1 FY21. The result is underpinned by the ongoing success in government and resource sectors which have powered the economy during Covid-19. Highlighting this is the ACT business unit which is 68% up (unaudited) on prior year revenue at the end of October.

Another pleasing aspect of the year to date result is the performance of services across the business. To the end of October, unaudited services revenue was 15% up on prior year with gross margin up 19.9%. These results continue to highlight the success of a services focused strategy as the business grows and develops into a national managed services provider of choice.

While the economy continues to operate within the uncertainty of the global pandemic, the business expects conditions experienced year to date to continue for the remainder of H1, barring any significant change across the company's major customer sectors due to Covid-19. Cirrus expects to report revenue in excess of \$50m for H1 FY21 with underlying EBITDA (excluding options expense) significantly up on prior year before any impact of the Federal Government job keeper program*.

This strong trading performance and continued focus on working capital management will see improvement in cash generated year on year. The business expects cash at bank to be in excess of \$6.5million at 31 December and debt free.

* Cirrus expects job keeper to contribute an additional \$1.5m in earnings and cash for H1 FY21.

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Some of the key contract wins by the Company during H1FY21 are set out below:

Federal Government Success

Department of Defence win

Partnering with Deloitte, Cirrus has been successful through open tender for the architecting, testing and implementation of an Integrated Continuous Assurance (ICA) system for the Federal Government Department of Defence. Selected for bringing together two best of breed organisations, with strong reputations for delivery success, this project represents a significant opportunity to further strengthen the Department's cyber security posture. The contract represents circa \$1 million in professional service work which has commenced and will continue over the next 12 months.

Innovative storage solution extension

Further to the ASX announcement on 14 Jan 2019, "Cirrus wins Federal government agency storage contract", the Company is pleased to announce the relevant agency has triggered an early optional extension and increased capacity as part of the storage as a service contract. The contract, which was for an initial 3 year period, now runs to Dec 2022 supporting the agencies primary and secondary data storage.

The contract provides for the services to meet high performance and availability requirements across the platform. Cirrus initially won the tender with a cost effective innovative solution and unique OPEX based monthly consumption charging model. The extension of the contract is worth in excess of \$3 million over the remaining contract term.

First success with Services Australia

Cirrus is proud to announce it has successfully tendered for the supply of next generation security product licensing and maintenance with our technology partner Checkpoint. The contract is for an initial term of 1 year with 4x1 year extension options. The initial supply is worth in excess of \$3.5m and will be completed in H1 FY21.

This win represents a first step in our engagement with a new tier 1 Federal Government Department. It shows our ability in providing cost effective supply of product and maintenance services.

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Growing reputation

Cirrus has also won, through open tender, 3 further contracts with leading Federal Government Departments. The contracts are valued in excess of \$4m worth of support, service and equipment comprising product resale and professional services. Contracts will be completed and closed in H1 FY21 within standard terms and conditions of sale. A key factor in Cirrus' success with these departments is its growing reputation for quality service and delivery across a range of collaboration, storage, converged infrastructure, enterprise backup and security platforms.

Resources driving the economy

Cirrus has continued to support the resources sector, winning in excess of \$10m of work over a number of resources contracts for products and services in WA during FY21 year to date.

The business has delivered contracts in advanced technology solutions to support mining operations in both corporate and IoT environments including autonomous vehicles along with network refresh delivering advanced services via Software Defined Networking (SDN) and Hyperconverged Data Centre refresh to increase ease of management and automation.

Speaking on the update, Cirrus Managing Director, Matt Sullivan, said:

"It has been a great start to the FY21 financial year and we are confident it will be another strong performance for the half. I am extremely proud of the contribution made by all our wonderful staff across every location and pleased to be recognized for our customer focused, value-based solutions partnership with leading Resources companies and Federal, State and Local Government Agencies. As a growing Australian ASX listed company we are honoured to be working as partners with blue chip Australian companies and Government on building the road to Australia's economic recovery."

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The Board of Directors at Cirrus has authorized the release of this announcement.

| Contact for further information | | |
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ABOUT CIRRUS

Cirrus Networks Holdings Limited (ASX: CNW) is an innovative IT solutions provider who works with businesses to understand their technological needs and implement world leading solutions that are both cost effective and provide long term operational gain. The diverse reach of Cirrus means the company is able to provide a wide range of solutions including:

- Data Centre and Cloud
- Convergence
- Storage
- Data management (including big data)
- Network design and optimisation
- Business continuity and Cyber Security
- End user computing
- Unified communications and IP Telephony, and;
- High quality IT Service Management, Consulting and Project Management services.

Excellent service and an innovative, holistic approach have seen Cirrus quickly grow an extensive base of blue-chip clients across industry sectors. The rapid expansion of Cirrus has seen the company receive a number of awards as one of Australia's fastest growing technology companies.

The Cirrus offering was strengthened further in 2015 with the acquisition of Perth-based IT Solutions Provider, L7 Solutions. Since then, an assertive national expansion strategy has enabled Cirrus to establish a robust Eastern states presence with the recent acquisitions of Melbourne based IT Provider, NGage Technology Group and leading Canberra IT services company Correct Communications.