

CIRRUS

# Cirrus Networks Holdings Ltd

Next Generation National Managed Services Provider

INVESTOR PRESENTATION H1 FY22

PERTH | CANBERRA | MELBOURNE



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# About Cirrus

*"Next Generation National Managed Services Provider"*

## CAPITAL STRUCTURE 31 JAN 2022

\*Directors and Management hold  
12% of shares on issue

Description	Holders	Shares
Shares on issue	1,389	930,006,385
Unlisted Options	28	48,633,929
Fully Diluted Share Capital	1,417	978,640,314

**Debt Free**

**CASH AT 31 DEC 2021**

**\$6.6M**

**DEFERRED TAX ASSET  
\$4.05M**

**SHARE PRICE 2.9c  
MARKET CAP  
\$27.0M**

- Fast growing Australian IT Solutions company
- Operations in WA, ACT and Victoria
- Strategically focused on mid-market/mid-tier Managed Services
- Alternative to multinationals offering capability, agility and sustainability in Australian sovereign entity
- Strong Managed Service pipeline.

# About Cirrus

*Directors and Management hold 12% of shares on issue*

## Paul Everingham

NON-EXECUTIVE  
CHAIRMAN

**Appointed as a director and  
board member 23 July 2018  
and as Chairman 7 Dec 2021**

Mr Everingham is Chief Executive Officer of the Chamber of Minerals & Energy of Western Australia.

Prior to joining the Chamber of Minerals & Energy, Paul held numerous senior executive roles in business and government including; Chief Executive of Marketforce Australia, a leading Australian advertising agency; Founder and Managing Director of GRA Everingham Advisory, Western Australia's premier government relations advisory business; Executive Director of the Liberal Party of Australia (WA); and as a Senior Adviser in the Commonwealth Treasury.

## Chris McLaughlin

CEO AND MANAGING  
DIRECTOR

**Appointed 1 October 2021**

Chris has been a member of the Cirrus executive team for six years and has held various executive and senior management positions in technology.

During his career Chris has overseen many significant business transformation and growth initiatives, delivering people-focused performance, greater customer outcomes and ongoing corporate value.

At Cirrus, Chris has been instrumental in developing the national managed services and professional services business lines, including with the Federal Government.

## Daniel Rohr

NON-EXECUTIVE  
DIRECTOR

**Appointed 2 July 2015**

Daniel Rohr is a Chartered Accountant with a Bachelor of Commerce degree and has over 25 years management, corporate advisory, finance and accounting experience across a range of listed and unlisted companies in Australia and overseas.

He is currently the CFO of HealthEngine Pty Limited and has acted as a corporate advisor for a number of listed and non-listed businesses in the IT and mining sectors. Mr Rohr has extensive experience in managing the development of high growth companies in the digital, mining, real estate and financial services industries.

## Adam Waterworth

NON-EXECUTIVE  
DIRECTOR

**Appointed 23 December 2021**

Adam Waterworth is an investor and analyst with over 15 years of professional experience as global equities and fixed income fund manager, investment research analyst and in business development and operations.

Mr Waterworth was a fund manager at Perth-based global fund manager Packer & Co from 2012 to 2021. Prior to this Adam was an investment analyst at global investment bank Lazard in Sydney and in Paris from 2005 to 2012, working within the company's asset management arm. Adam holds a Bachelor of Engineering (Electronic Commerce) with Honours and a Bachelor of Commerce (Finance & Accounting) from the University of Sydney.

# Who we are



## Advisory Services



**Pushing the transformation envelope** - We engage our clients via a consultancy approach and push technology innovation specific for the industry type.

**Business Strategy**

**Business Process**

**Project Management**

## Integration Services



**Relentless market disruption** - Staying on top of the emerging technology trends helps us stay ahead of competitors that are too slow to adapt, embrace and seize the available market.

## Managed Services



**Annuity focus** - Providing longer term relationships, investment predictability and the opportunity for continuous service improvement.

**Security Services**





# Our Customers

## ACT



## Western Australia



## Victoria



# Our Partners

## Connectivity & Collaboration



## Analytics, Reporting & IoT



## Security



## Cloud



## Hybrid Cloud Centre



## National Technical Practices 100+ Trained Engineers

### Networks

Route, Switch, Wireless  
and Firewalls

### Collaboration

Telephony, Video,  
Meetings and Teams

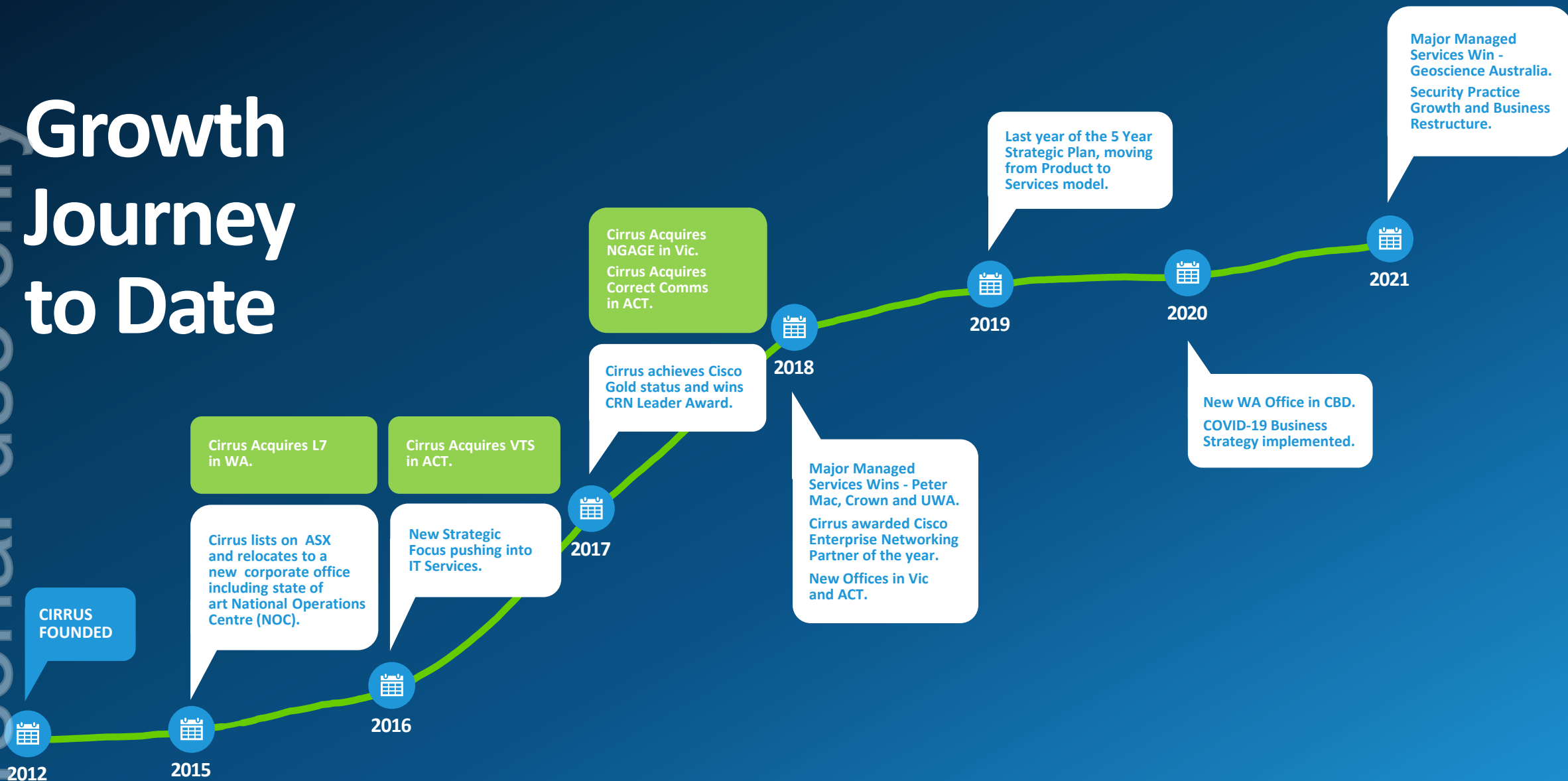
### Cyber Security

Multi-domain  
information security

### Hybrid Cloud

Storage, Compute,  
Hypervisor and Cloud

# Growth Journey to Date

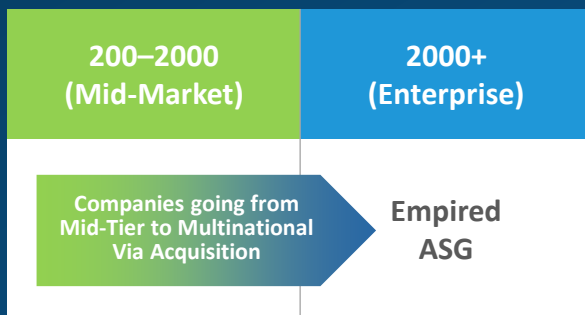







# Company Positioning

Cirrus is a market leader in  
Mid-Market Managed Services

- ✓ Strong Competency
- ? Not key element for the market segment



CLIENT SEGMENT	 0–200 (Small/SME)	 200–2000 (Mid-Market)	 2000+ (Enterprise)
AGILITY	✓	✓	?
AUSTRALIAN SOVEREIGNTY	✓	✓	?
VALUE	✓	✓	✓
CAPABILITY	?	✓	✓
SUSTAINABILITY	?	✓	✓
Competitive Advantage in the client segment	Small Niche Startup	Cirrus Networks	Multinationals

# H1 FY22 Highlights

## Half of Two Quarters

- Q2 Business Restructure yielding \$1M overhead savings from Q1 overhead amount
- Business expects Q2 overheads to be consistent for the remaining quarters of the year
- Significant growth to deliver record Managed Services recurring revenue – up 37% Yr on Yr
- Significant contract wins with Service Australia and Geoscience as well as obtaining preferred provider for CSIRO Scientific Compute goods and services panel
- Successful transition and operation at Geoscience Managed Service
- Continued strong performance in Key markets - Government and Resources
- Expansion of Cyber Security and digital offerings including obtaining Microsoft Gold Status.

# H1 FY22 Results

## Reset for H2 and beyond

- Disappointing Q1 – key negative impacts:
  - > disruptive and costly failed low-ball hostile takeover attempt
  - > supply chain delays and labour impacts from pandemic
- Significant restructure in Oct 2021 with new Chairman and CEO including Board refresh
- Restructure had immediate impact on sales engine, margin expansion and overhead
- Significant Q2 improvement even though only two full months of new structure
- Lower cost base providing foundation for strong earnings growth in traditionally higher H2 period.

	Q1 HY22 Pre restructure \$	Q2 HY22 Post restructure \$	Quarter on Quarter Improvement %	HY ENDED 31 DEC 2021 \$
Revenue	20,722,372	23,812,151	15%	44,534,523
Gross Margin	2,942,333	3,305,540	12%	6,247,873
Blended Margin	14%	14%		14%
Overhead	3,778,258	2,848,725	25%	6,626,983
Adjusted EBITDA (Pre Options)	(835,925)	456,815		(379,110)
Depreciation and amortisation	(377,633)	(379,983)		(757,616)
One off corporate activity expenses	(1,010,678)	(63,272)		(1,073,950)
STATUTORY NET PROFIT/(LOSS)	(2,224,236)	13,560		(2,210,676)
Operating Cashflows	(3,146,632)	2,639,815		(506,817)

# H1 FY22 Challenges

## Significant Headwinds

- Disruptive and costly failed low-ball hostile takeover attempt impacting management, staff and customers
- Supply chain continues to delay delivery/recognition of technology sales
  - > Backorder \$9M (v \$5.5M Prior Year)
  - > Balances were significantly lower pre-pandemic
- Continued uncertainty around COVID-19 and it's ongoing impacts
- Tight labour market causing availability and cost pressures

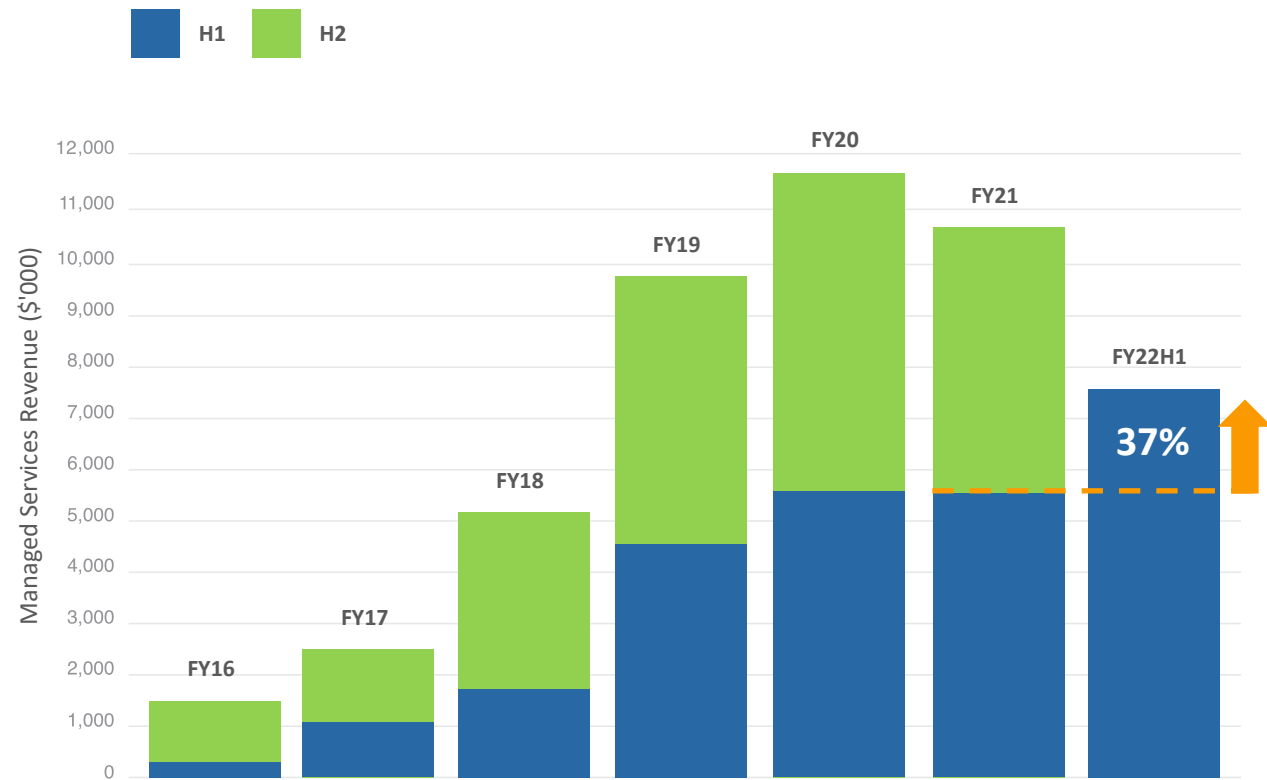
# Managed Services Focus

## Overview

- Multi-year reoccurring revenue contracts
- High margin contracts
- Provides a stream of complementary adhoc IT solution projects
- Australian based National Operations Centre with location-based support
- Continues to grow with some good East Coast opportunities for H2 FY22
- 37% Increase in Managed Service revenue compared to FY2 H1

## FY22 H1

- Extension/Options exercised on contracts
- Strong Managed Service pipeline
- Successful transition to steady state operations on Geoscience.

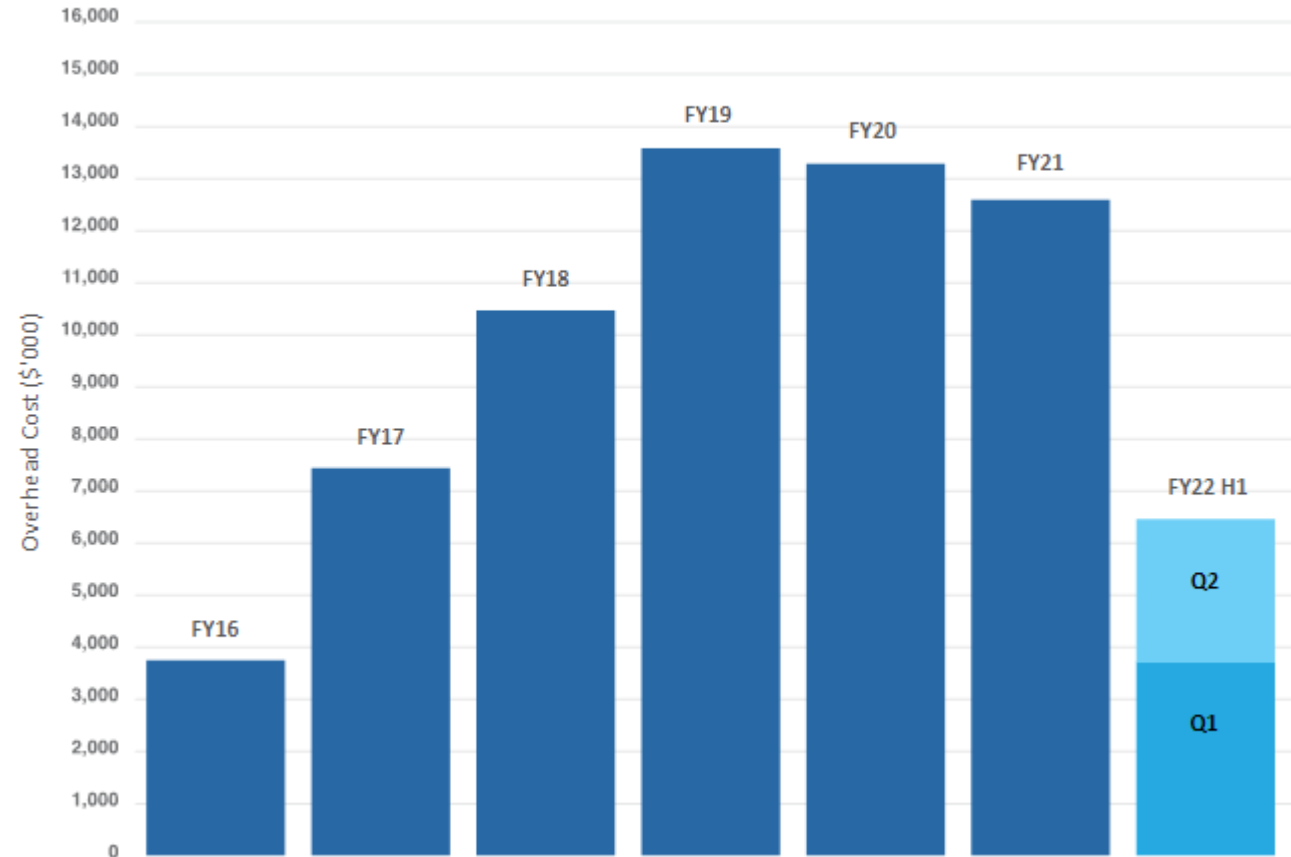




# Cost Management

## Significant Business Restructure

- Structured business along business unit lines with focus on customer outcomes
- Continued to yield benefit of CirrusWay business systems powered by Netsuite/OpenAir and Microsoft Power BI overlay
- Reviewed and automated processes to deliver improved efficiency and governance.

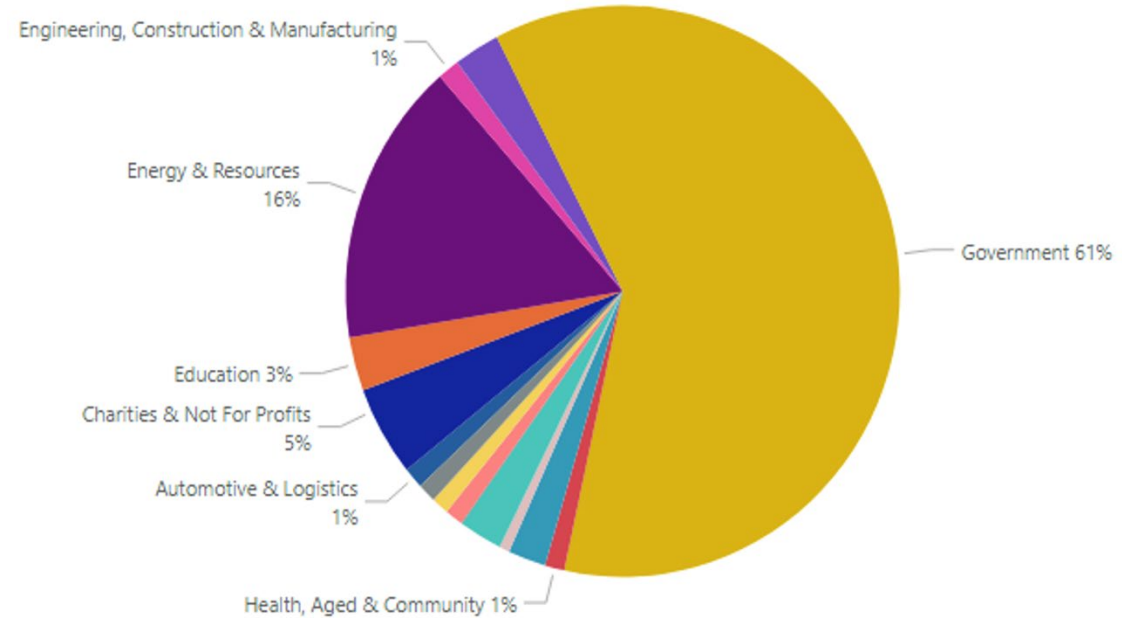


# Industry Sectors and Clients

## Spread of clients across key sectors

- Cirrus continues it's strong position in Government and resources with significant growth opportunities
- We remain focused on growth opportunities Nationally across services
- Positioned for expansion in a number of large corporate and government clients.

### Revenue by Sector



### Revenue by Customer



# Strategic Priorities

1

## Grow Managed Service Recurring Revenue

- Key-market focus 200–2000 seats
- Promote operational excellence and reference ability.

2

## Expand transformation offerings for digital, data and cloud

- Advisory agile approach
- Use Microsoft Gold and other technology partners as a platform for growth.

3

## Broaden Offerings for Cyber Security and Consulting Practice

- Leverage Defence Industry Security Program (DISP) certified Canberra secure NOC.

4

## Accelerate Acquisition Plan

- Build out geographic diversity along with Managed Service and Security capability.

# Business Capabilities

## Legend

- Strong Presence and Capability
- Strategic Priorities
- Partner



# Disruptive failed hostile takeover

Low-ball attempt at 3.2c versus Independent Expert Valuation of 3.8c–4.2c

- On 30 July 2021 Webcentral Group launched a 3.2c on-market takeover for Cirrus, today Webcentral holds 18.5% of Cirrus
- Since the takeover was launched the Cirrus share price has fallen 3% from pre takeover price, whilst the bidder Webcentral share price has fallen 40%, compared to the Australian stock market (S&P ASX All Ordinaries Index) falling 5% and Australian tech shares (S&P ASX200 Information Technology Index) falling 20%
- The 3.2c bid was a low-ball zero-premium bid and is 16-24% below the September 2021 Independent Expert Valuation range
- Significant cost to the business defending against this low - ball hostile attempt.

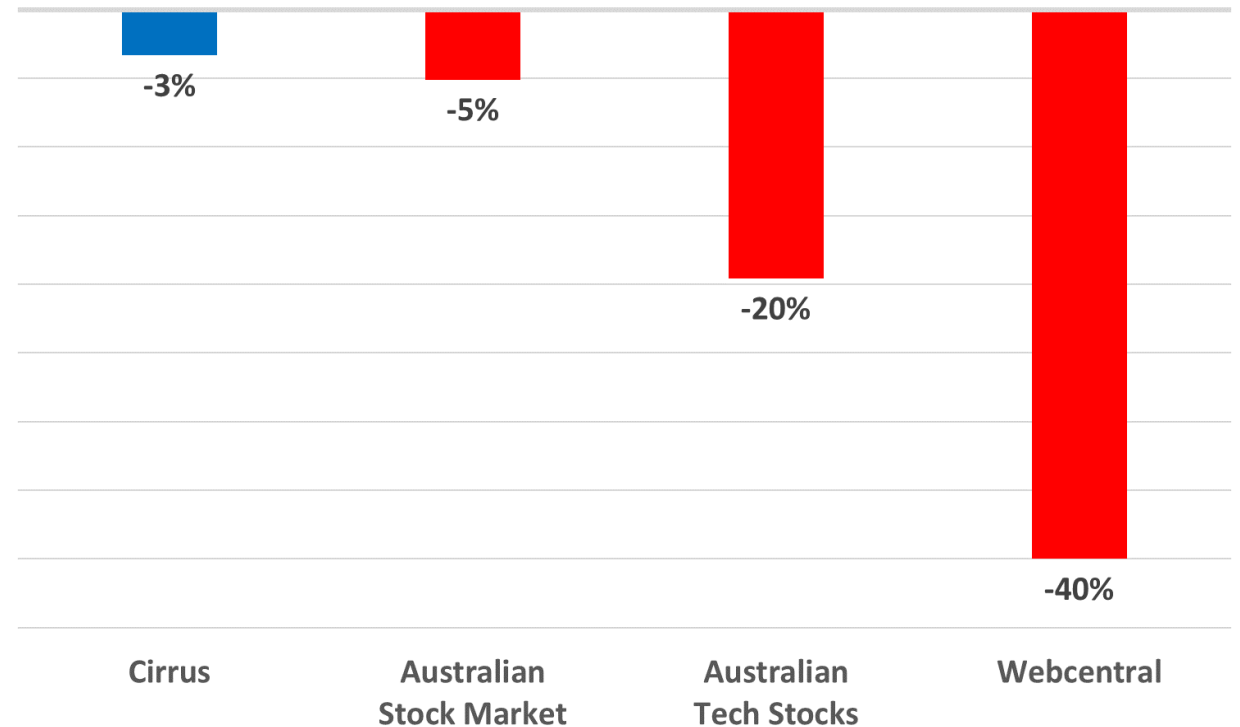


# Disruptive failed hostile takeover

Since the September 2021 Independent Valuation Cirrus has undertaken a number of actions to step away from this September 2021 Independent Expert Valuation

- Completed a business restructure that reduced overhead cost \$1m from Q1 to Q2
- The business expects overhead levels for the remainder of the year to be consistent with Q2 levels
- Refocused on strategically focused managed services business
- Strong pipeline progress and development.

Price Performance Since Takeover Date 30/07/2021



Source: FactSet

# National Offices

ACT



Equinox 4  
Level 1, 70 Kent St  
Deakin ACT 2600

Victoria



Level 2, 5 Queens Rd  
Melbourne VIC 3004

WA



Level 28  
108 St Georges Terrace  
Perth, WA 6000