

ASX ANNOUNCEMENT

July 6, 2023



Level 28
108 St Georges Terrace
PERTH WA 6000

ABN 98 103 348 947
ASX CNW

FY23 Trading Update

Continued momentum delivers record results

HIGHLIGHTS

- Record full year revenue, EBITDA, profit before tax, operating cash flow generation and net cash balance
- Revenue (unaudited) of \$112m, up 8% on FY22
- Adjusted EBITDA of \$4.8m, up \$2.7m or 126% on FY22
- Cash from Operations for the year of \$5.4m
- Strong debt-free Balance Sheet maintained, Net Cash of \$13.9m as at 30 June
- Solid FY24 earnings outlook and pipeline

Cirrus Networks Holdings Limited ("Cirrus" or the "Company") (ASX: CNW) has today announced its unaudited full year FY23 results as the Company continues its journey to become a leading Australian owned technology solutions and managed service provider to Government and large enterprises.

RECORD REVENUE FOR FY23

Cirrus is expected to deliver consolidated FY23 revenue (unaudited) of \$112m, a record for the Company and an increase of 8% on the prior year.

This record result reflects the continued strong momentum in Cirrus' business, the quality and robustness of the Company's service offering and its client base which includes Government (Federal, State and Local) and Tier-1 major Australian Resources companies.

Gross Margins improved year on year to 14.3% of Revenue (increasing from 13.5% in FY22). Gross Profit was \$16m, 14% higher than FY22, and increased year-on-year across all major product and service categories.

RECORD SERVICES CONTRIBUTION

Total services revenue (Professional and Managed) was \$34m, an increase of 10% on FY22 (\$30.8m).

Professional Services and annuity Managed Services advanced on the previous year and were 11% and 9% higher respectively.

The record annuity Managed Services revenue and margin were delivered without any contribution from the Icon Water Managed Service contract. Revenues from this large Managed Services contract are now anticipated to commence in early FY24 and together with a strong pipeline of new contracts and qualified opportunities (including a number of tenders lodged awaiting final outcomes), Cirrus is confident its Professional and Managed Service revenues will continue to grow during FY24.

ASX ANNOUNCEMENT

July 6, 2023



Level 28
108 St Georges Terrace
PERTH WA 6000

ABN 98 103 348 947
ASX CNW

	2023 (Unaudited)	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)
NORMALISED EBITDA	4,830,634	2,153,674	2,082,766	3,797,016	2,187,485
Foreign exchange	(31,243)	(42,253)	(41,500)	(120,889)	(2,058)
ADJUSTED EBITDA	4,799,391	2,111,421	2,041,266	3,676,127	2,185,427
JobKeeper incentive	-	-	1,635,000	-	-
One off corporate transaction fees	(24,505)	(625,400)	(109,474)	-	-
Restructure and redundancy costs	(97,692)	(513,775)	(166,861)	(73,322)	(267,510)
Amortisation and Depreciation	(525,805)	(732,776)	(710,906)	(740,659)	(663,196)
Amortisation – Right-of-use assets	(663,618)	(637,976)	(738,960)	(757,375)	-
Net Interest	(48,257)	(101,680)	(640,129)	(584,833)	(175,404)
Share based compensation expensed	(375,429)	45,414	(464,449)	(398,026)	(303,038)
NET PROFIT BEFORE TAX	3,064,084	(454,772)	845,487	1,121,912	776,279
CASH FROM OPERATIONS	5,385,376	3,013,549	2,776,918	2,942,145	2,383,181
NET CASH	13,883,009	9,580,888	7,744,311	5,568,470	3,612,769

RECORD PROFIT RESULT AND HIGH CASH CONVERSION

FY23 Adjusted EBITDA was \$4.8m (unaudited), up \$2.7m or 126% on the prior year. This record earnings result reflects the growth in revenues (in particular services revenues which are a major strategic focus) and increased operating leverage. Cirrus continues to improve operational efficiencies and reduce overhead costs (down 5% from FY22) with FY23 representing the fourth consecutive year of overhead cost reduction.

The business generated cash from operations of \$5.4m (FY22: \$3.0m) representing a cash conversion rate of 112% (compared to EBITDA).

STRONG BALANCE SHEET AND RECORD CASH

Cirrus' Balance Sheet strengthened with closing cash of \$13.9m and no financial debt. The Company retains a significant deferred tax asset.

FY24 OUTLOOK REMAINS STRONG

Following the strongest financial year in the Company's history and with significant ongoing momentum, Cirrus is well placed to deliver another record result for FY24. FY24 growth and profitability will be underpinned by the commencement of the significant Icon Water contract, strong product backlog, opportunity pipeline, and continued focus on overhead cost controls.

Consistent with its objectives and supported by a strong Balance Sheet, the Company will continue its active pursuit of business opportunities (organic and inorganic) to drive growth and profitability.

ASX ANNOUNCEMENT

July 6, 2023



Level 28
108 St Georges Terrace
PERTH WA 6000

ABN 98 103 348 947
ASX CNW

Commenting on the FY23 result, Cirrus Managing Director, Chris McLaughlin, said:

"It is very pleasing to report these record results and the continued strong momentum in the business. This marks the third consecutive strong half earnings result, with growing revenue and margins being achieved with a relatively lower cost base. I want to recognize and thank the wonderful Cirrus staff across all our locations who have continued the drive to improve and innovate in delivering great client outcomes and enhanced business value."

"The significant ongoing momentum, growing pipeline of quality opportunities and enviable client base, coupled with a solid debt free Balance Sheet and \$13.9m of cash, puts the business in the strongest position it has ever been going into a new financial year and provides confidence to deliver continued improvement in FY24 earnings."

ENDS

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

Contact for further information		
Chris McLaughlin Managing Director	Matt Green Chief Financial Officer	08 6180 4222 investor@cirrusnetworks.com.au cirrusnetworks.com.au

ABOUT CIRRUS

Cirrus Networks Holdings Limited (ASX: CNW) is an innovative Managed Services and IT Solutions provider who engages nationally with organisations and government agencies to understand business needs and convert these to technology outcomes which result in real business value and efficiencies. We implement and manage leading solutions that are flexible, cost effective and of tangible operational benefit.

The diverse reach of Cirrus means the company can provide a wide range of solutions across:

- Networks and Connectivity
- Data Centre and Cloud
- Storage and Data Management
- Business Continuity and Disaster Recovery
- Cyber Security
- Workspace and End User Computing
- AI Compute and Virtualisation
- Unified communications and Telephony
- IT Service Management, Technology Consulting and Project Management Services.

Australian sovereignty, excellent service and an innovative, holistic approach have seen Cirrus quickly grow an extensive base of blue-chip clients across industry, government and non-for-profit sectors. Cirrus was founded and is headquartered in Perth but has expanded into Canberra and Melbourne via a number of strategic acquisitions.

Cirrus is a rapidly growing IT solutions provider exposed to the megatrends of AI and digitisation.