

16 July 2024

Cirata plc
("Cirata" or the "Company")
Q2 Trading Update and Outlook

Cirata plc (LSE: CRTA) today announces a trading update for the quarter ended 30 June 2024. Cirata has separately launched today a Placing of Ordinary Shares.

Summary

- Bookings for Q2 2024 of \$1.7m, representing 143% growth sequentially over Q1 FY24 and YoY growth also of 143%.
- 16 contracts signed with 44% of the value of the contracts coming from 'new & growth' contracts.
- Continued to strengthen pipeline volume and quality, driven by increasing customer, partner and sales activity.
- Marketing activity increased quarter on quarter, generating healthy inbound leads.
- Cash position of \$9.1m as at 30 June 2024.
- Further cost efficiency programme commenced, targeting reduction in annualised costs from c.\$23m to c. \$20m^[1].

Outlook

With the current pipeline, prospects in progress (including those delayed from Q2) and six months of the year remaining, the Board is retaining its FY24 booking guidance^[2] as, with strong execution, it remains achievable although demanding with expected bookings Q4 weighted. We believe we will continue to see improving levels of sales activity, both direct and through partners as we trade through H2 and our Go-To-Market (GTM) continues to mature.

The Board believes that the current levels of lead generation and early-stage pipeline support the medium-term ambition of the Company.

¹ Annualized overhead run rate commencing FY25

² FY24 Bookings guidance \$13-15m

Trading Update

Bookings in Q2 2024 were \$1.7m (Q2 2023: \$0.7m), with the business mix driven by DevOps software, accounting for 63% of bookings and Data Integration (DI) software accounting for 37% of bookings.

In total, 16 new contracts were signed in the quarter of which 7 were 'new & growth' contracts, including the second phase to the previously announced deal with GM, which validates the Company's 'land & expand' strategy.

Significant renewals secured in the quarter included Oppo's 3-year, \$592,000 maintenance and support renewal for Supply Management Cloud, and [31]

Deal slippage remained a feature of Q2 performance. Some of the significant potential deals in Q2 slipped, and following consultation with our customers, we have an expectation that these will now conclude in H2 matching the customer critical timelines. The team delivered some improvement on closing smaller deals, which is encouraging, but challenges remain around the complex nature of larger enterprise sales for data integration, with complexity from customer and partner procurement processes. Establishing greater sales cycle predictability, therefore, remains a key priority for management to enable Cirata to move beyond its current non-linear growth trajectory. Today, the sales team is more established which provides greater confidence in sales cycle management and deal closure predictability.

Business Review

Following a review of the strategy completed in April 2024, several strategic decisions were validated with primary data input from customers, partners and market data, namely:

1. Grow and invest in the two product lines - Data Integration (potential triple digit annual growth) & Dev Ops (potential double digit annual growth). Functionally, there is a separation between DI and Dev Ops sales & Product/Engineering teams to execute for growth;
2. Establish two Data Integration sales geographies (Americas & International) and a dedicated global Dev Ops focus; and
3. Continue the tactical 8-12 quarters growth plans whilst developing long-term strategic growth plans in growth markets based on our core competencies of DI/Dev Ops towards Hybrid Cloud & AI.

At the appropriate time, the Company will host a Capital Markets Day to expand on this strategic intent.

³ Renewal amount for the whole of the 3-year term

During the past six months, the Marketing function has 'test driven' various elements of the marketing mix and there is growing evidence that digital marketing and account-based marketing efforts are starting to deliver meaningful inbound leads. The Marketing team is now doubling-down on certain activities that are yielding improved lead generation metrics such as a 200% increase in Q2 over Q1 LinkedIn add performance and an 80% increase in organic search traffic.

The new GTM organisation is bedding down and leads from partners and customer activity levels are increasing and contributing to pipeline growth.

Whilst the first two quarters have been slower than expected or desired, the January 1 reconfiguration of the GTM approach accompanied by greater clarity around Cirata's product offerings have served to improve momentum, which is encouraging. The pipeline is higher quality, better qualified and more robust compared to this point last year or indeed 6 months ago.

Stephen Kelly, Chief Executive Officer, commented:

"Overall, we are making good progress although I feel this is not represented in the headline numbers and I felt we could have reached further in Q2 if it wasn't for some material deal slippage which we expect to complete in Q4. Nevertheless, the team did deliver improved sales conversions and certain deals initially slated for Q2 close are now slated for H2 close, are aligned to customer timelines and consistent with our reconfirmed FY24 bookings guidance.

As part of our ongoing efficiency and effectiveness drive, we have started a fresh cost alignment program to further reduce annualised costs from \$23m to circa \$20m by the end of December 2024. This compares to the overall annualised cost base of \$45m at the end of March FY23. Our goal is to deliver sustainable high growth with a fraction of the previous cost base as we improve GTM productivity and market alignment across the Company.

As I have said before, the recovery of Cirata is likely to be non-linear but those who know me understand that I am very ambitious when it comes to the growth aspirations I have for companies I lead. With 6 to 12 month sales cycles and the need to re-build the pipeline from its embryonic form when the new management team arrived, sustainable bookings growth is taking longer than I had hoped. We can, however, foresee some major contracts in Q4 FY24 in the pipeline which bodes well for a strong end of FY24 performance consistent with our retained guidance. I want to thank our colleagues who show great commitment to Cirata as well as our customers and investors for their support."

This announcement contains information that qualifies or may qualify as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

The person responsible for arranging the release of this announcement on behalf of Cirata plc is Larry Webster, Company Secretary.

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About Cirata

Cirata, accelerates data-driven revenue growth by automating data transfer and integration to modern cloud analytics and AI platforms without downtime or disruption. With Cirata, data leaders can leverage the power of AI and analytics across their entire enterprise data estate to freely choose analytics technologies, avoid vendor, platform, or cloud lock-in while making AI and analytics faster, cheaper, and more flexible. Cirata's portfolio of products and technology solutions make strategic adoption of modern data analytics efficient and automated.

For more information about Cirata, visit www.cirata.com

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