

ASX:AND Ansarada Announcement - 26 April 2023
Q3 results - Executing strategy to build a scaled, high margin business with recurring revenues, 36% ARR growth and continued positive cash flow generation.

Quarterly Report Q3 FY23

Q3 Highlights

- **Challenging market conditions continue to affect M&A volumes, however execution of freemium strategy drives high growth in customer base. Non-deal revenues continue to grow including recurring revenue streams in less economically sensitive markets.**
- **Record Customer Growth: +43% vs pcp**
 - Record customer¹ numbers of 6,472 total, up 43% year over year (YoY)
 - Freemium² customers 3,450, +189%, opportunity to convert to paid subscriptions
 - Subscriber³ numbers ending 2,501 total, -10% YoY
 - Significant growth in the ecommerce customer acquisition channel⁴, ending with 779 active customers up 68% YoY
 - Non-Deal⁵ customers increased to 508, up 55% YoY
- **Annual Recurring Revenue \$10.7m, LT target \$100m**
 - ARR⁶ \$10.7M, +36% with growth across all products
 - Total revenue⁷ of \$12.0m in Q3, flat YoY, down 9% quarter on quarter (QoQ)
 - ARPA⁸ up 4% YoY at \$1,360 in Q3, 1% QoQ
- **Cash flow positive in Q3. Continue to generate positive cash flows in Q3 with \$20.2m net cash to fund growth strategy**
 - Positive cash flow from operations (ADJ)⁹ of \$3.1m in Q3, positive \$8.7m over last 12 months
 - Zero debt with cash balance of \$20.2m ending March 31, 2023
 - Cash flow self-funds investments in strategy outlined on investor day 2023 including digital channel, ESG and expanding products to serve multiple use cases
- **Positive outlook for 2H FY23, underpinned by contracted deferred revenue¹⁰ - maintain cash flow positive in 2H**
 - Deferred revenue contracted of \$15.9m in Q3 with the majority to be recognised over the next 12 months, coupled with sales pipeline of new customer wins provides confidence for continued financial performance
 - Continued disciplined execution of strategy to build scale in \$52bn addressable market¹¹ to drive high quality sustainable growth

Ansarada Group Limited (ASX: AND), a global information governance software provider, is pleased to report on its quarterly activities and cash flows for the three-month period to 31 March 2023.

Sam Riley, CEO said, "As we outlined at our Investor Day in March, we have the vision, strategies and execution plans to deliver \$100m of Annual Recurring Revenue (See link to Investor Day: <https://www.ansarada.com/investor-relations>). Q3 demonstrated Ansarada is executing and delivering on these key strategies despite the weaker macro deal environment. In Q3 we delivered positive EBITDA margin, ARR growth and positive cash flow. Our freemium customer acquisition strategy drove record customer growth, +43% YoY. Annual Recurring Revenue increased to \$10.7m and with positive cash flow we closed the quarter with over \$20m in net cash to fund our organic growth strategy.

Late in the quarter Q3 we launched a new product that radically simplifies and reduces costs for companies to manage their Sustainability / ESG needs. 50+ companies have already signed up. We will continue strengthening Ansarada with new product launches that help organisations bring order to critical processes, deliver better customer experiences, and improve our profitability.

Q4 is a seasonally strong quarter for us. We are seeing deal volumes improve, and our pipelines are up. With freemium customers to convert, digital channels to leverage and more operational efficiencies, we expect further positive cash flows and EBITDA."

	FY22 Q3	FY23 Q3	% variance
Total Customers	4,525	6,472	43%
Freemium Customers	1,195	3,450	189%
Subscribers	2,792	2,501	-10%
ARPA	1,302	1,360	4%
AASB revenue	\$12.1m	\$12.0m	0%
Deferred Revenue	\$16.5m	\$15.9m	-4%
Cash Flow from Operations (Adj)	\$2.4m	\$3.1m	28%
Cash Balance	\$21.1m	\$20.2m	-4%

Operational Performance

The Group saw a 43% increase in pro forma customer numbers compared to Q3 FY22, with total customer numbers reaching 6,472. Subscription customers ended 2,501, down 10% YoY driven by challenging macroeconomic conditions in M&A specifically, affecting new win volumes vs prior year. New wins¹² were down 6% YoY in Q3 FY23.

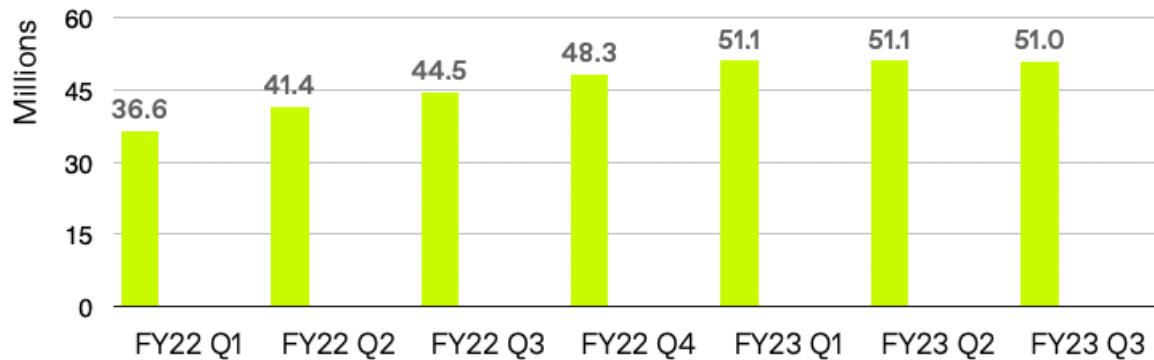
Our e-commerce customer acquisition channel continued to improve its key metrics from acquisition to conversion, delivering +68% customer growth YoY. With a fast payback on customer acquisition costs and a strong balance sheet, we are well placed to continue scaling in 2H FY23.

During the quarter, revenue reached \$12.0 million, flat YoY. The Group's LTM revenue increased 15% vs LTM March 2022.

In addition to our customer growth, ARPA increased 4% YoY from \$1,302 in Q3 FY22 to \$1,360 in Q3 FY23.

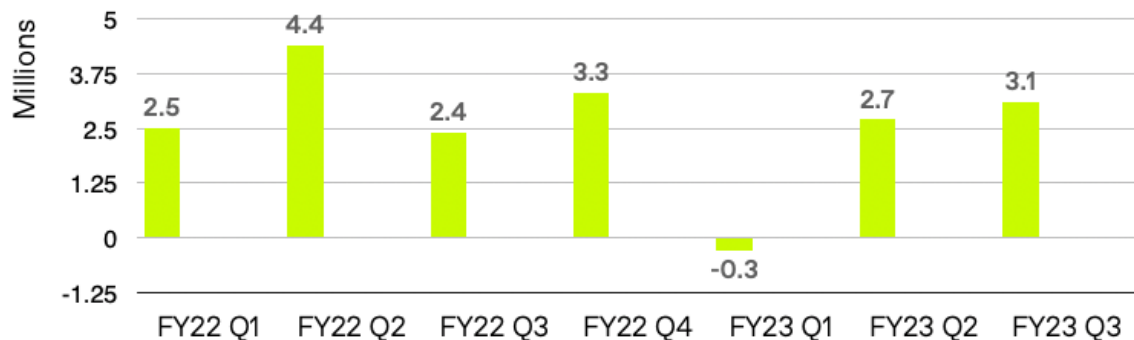
Deferred revenue contracted from 30 June FY22 to \$15.9m end of Q3 FY23, down 4% YoY, with the majority to be recognised over the following 12 months which provides confidence for continued financial performance.

The Group continues to build revenue scale and self-fund its growth. Market-leading Deals, Board, Procure, GRC and ESG software solutions, an attractive customer base and acquisition channels contributes to a higher quality revenue profile.



The Group's cash flow balance increased to \$20.2 million as at March 31, 2023, driven by positive \$3.1 million in cash flow from operations. Cash flow from operations less capex (free cash flow) was positive in Q3 at \$1.6 million.

Cash Flow from Operations (Adj)



The Group has a significant cash balance and no debt and expects to continue to self-fund its growth strategy and continue generating positive cash flows in 2H FY23. Cash collections reached \$11.4 million in Q3, down 15% YoY.

Financial Summary

During the quarter, the Group recorded cash receipts from customers of \$11.4 million, down 15% YoY.

Cash payments during the quarter were primarily directed towards staff costs (\$5.5 million), research & development (\$0.1 million), product and operating costs (\$0.7 million), advertising & marketing (\$0.6 million) along with administration & corporate costs (\$1.3 million). Net operating cash flows for the quarter was \$3.1 million.

The Group's closing cash balance was \$20.2 million as at 31 March 2023.

The Group funded operations through operating cash flows and cash reserves and will be strategically investing in growth initiatives in line with the Group's stated objectives in the prospectus relating to capital and growth. Additionally, Ansarada remains open to pursuing strategic, technologically aligned and culturally compatible acquisitions to accelerate growth.

Outlook - growth and return to cash flow positivity in 2H FY23

Lower M&A market activity impacting volumes as we progress building new recurring revenue streams in new less economically sensitive markets.

We will continue our focus on efficiency, maximising digital strengths, improving conversion rates and our strong Procure pipeline.

-ENDS-

This announcement was authorised for release by the Board of Ansarada Group Limited.

About Ansarada (ASX:AND)

Ansarada is a SaaS Platform with products used by the world's top companies, advisors and governments to govern their most critical information and processes in Deals and Transaction Management, Board Management, Compliance and Procure. Ansarada enables organisations across the globe to be run more efficiently, with reduced risk and an increased ability to make fast confident decisions.

Ansarada is purpose-driven with a mission to help organisations be confident in every critical decision throughout their lifecycle so they can fully realise their potential.

For more information please visit www.ansarada.com or email at investors@ansarada.com

¹ Customers refers to active customers and includes consolidated customers numbers for both Ansarada NewCo Pty Ltd and Ansarada Group Limited (formerly thedocyard) including periods prior to the FY21 merger plus TriLine GRC from Q2 FY22 onwards. Active customers include any subscription/contract with an active platform. Customers may have more than one deal platform, board portal or governance solution open at any given time. Customer numbers include customers acquired through the freemium strategy.

² Freemium customers refers to customers that are utilising the products and services of Ansarada but have not yet hit the trigger point for payment. Ansarada offers free access to most products giving the customer the opportunity to experience value before converting to a paid subscriber.

³ Subscriber refers to pro forma active subscription contracts/customers at period end. Pro forma includes consolidated subscriber numbers for both Ansarada NewCo Pty Ltd and Ansarada Group Limited (formerly thedocyard) including periods prior to the merger and TriLine from the date of acquisition.

⁴ Ecommerce customers refers to Customers acquired through the ecommerce channel.

⁵ Non-Deal customers include active customers from GRC, ESG, Procure, Board and other non-deal related products.

⁶ ARR or Annual recurring revenue refers to revenue, normalised on an annual basis, that Ansarada expects to receive from its ARR Subscribers for providing them with Ansarada's products or services. It is calculated by annualising MRR: Monthly Recurring Revenue (MRR) x 12. ARR Subscribers refers to the subscribers with an enterprise contract that generate annual recurring revenue.

⁷ Unaudited AASB Revenue. Final audited AASB revenue may vary due to year-end adjustments and completion of the audit process. AASB Revenue for period ending 31 December 2022. Last twelve months (LTM) measures the accumulation of the prior 12 months AASB revenue. \$0.2 million in revenue recorded in Q1 FY23 related to a specific contract that related to a prior period in FY22.

⁸ARPA represents the average monthly revenue generated from customers on subscription-based contracts (includes TriLine GRC from Q2 FY22 onwards but excludes Procure subscriptions). The reported ARPA for historical periods has been corrected due to a billing system upgrade that impacted historical figures. The changes are considered immaterial and do not affect any AASB reported figure including cash flows, revenue or profits. The following is a reconciliation between reported ARPA and the corrected ARPA:

	FY22 Q3	FY22 Q4	FY23 Q1	FY23 Q2	FY23 Q3
Reported ARPA	1,299	1,281	1,292	1,294	
Current ARPA	1,302	1,293	1,319	1,352	1,360

⁹ Cash Flow From Operations is the amount of cash generated by the regular operating activities of a business for the specified time period. Adjusted Cash Flow From Operations ('Cashflow (ADJ)') adjusted for one time (including business combination costs and restructure payments) or costs associated with prior periods (including Short Term Incentive payments in Q1 FY23 only).

¹⁰ Deferred revenue consists of Platform Subscription and Transactional Usage which are expected to be recognised on a straight-line basis over the remaining life of the contract.

¹¹ <https://www.grandviewresearch.com/industry-analysis/enterprise-governance-risk-compliance-egrc-market>

¹² A win represents Ansarada closing a paying subscription/contract customer.

Annexure

In accordance with ASX Listing Rule 4.7C, Ansarada Group provides the following information:

Proceeds from the issue of shares related to the merger totalled \$45.0 million. The Group recorded one-off cash payments relating to the repayment of the Convertible Notes of \$25.0 million and transaction costs related to the issue of equity securities of \$6.8 million. The Company's closing cash balance was \$20.2 million as at 31 March 2023.

Net funds received by Ansarada were approximately \$14.3 million after the repayment of Convertible Note holders and transaction related costs from the issue of shares.

Q3 FY23 is a period which is covered by the Use of Funds statement as outlined in the Prospectus dated 8 December 2020.

A summary of the expenditure to date is outlined below:

Use of Funds	Funds allocated under Prospectus	Funds used in FY22	Funds used in Q1 FY23	Funds used in Q2 FY23	Funds used in Q3 FY23	Cumulative Expenditure
Redemption of Ansarada Convertible Notes ¹	\$25 million	\$25 million	\$0	\$0	\$0	\$25 million
Product Design and Development ²	\$3.5 million	\$0.7 million	\$0.3 million	\$0.5 million	\$0	\$1.5 million
Sales and Marketing	\$4.0 million	\$2.6 million	\$0.2 million	\$0.2 million	\$0	\$3.0 million
Integration Costs	\$0.5 million	\$0	\$0	\$0	\$0	\$0
Transaction Costs ³	\$8.7 million	\$7.8 million	\$0	\$0	\$0	\$7.8 million
Additional working capital	\$10.3 million	\$5.3 million	\$0	\$0	\$0	\$5.3 million
Total	\$45 million	\$41.4 million	\$0.5 million	\$0.7 million	\$0	\$42.6 million

¹ Prospectus outlined \$21 million plus an additional \$4 million out of existing cash held by Ansarada will be used to fund the redemption of Ansarada Convertible Notes

² Includes costs associated with the exercise of Ansarada's option to acquire 100% of the share capital in Pyramid Vietnam SPV under the PYCO MSA

³ Prospectus outlined Transaction costs of approximately \$5.7 million in costs relating to the Offer, with the remaining \$3.0 million related to transaction costs associated with the merger which will be paid out of the Company and Ansarada's existing cash balances.

⁴ Ansarada acquired TriLine GRC for a purchase price of \$5.3 million from cash on the 29th October 2021.

Payments to related parties and their associates during Q3 was \$0.2 million. These payments were related to gross salaries and superannuation to S. Riley, S. Clout, D. Pullini and P. James.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Ansarada Group Limited

ABN

19 602 586 407

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,441	39,239
1.2 Payments for		
(a) research and development	(80)	(250)
(b) product manufacturing and operating costs	(680)	(3,792)
(c) advertising and marketing	(640)	(5,882)
(d) leased assets	(92)	(387)
(e) staff costs	(5,514)	(20,969)
(f) administration and corporate costs	(1,349)	(5,161)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	68	109
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(50)	(50)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	3,104	2,857
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(66)
(d) investments	-	-
(e) intellectual property	(1,218)	(3,584)
(f) other non-current assets	(305)	(909)

For personal use only

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash acquired from business combination)	-	-
2.6	Net cash from / (used in) investing activities	(1,523)	(4,559)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) - IFRS lease payments and purchase of treasury shares	(340)	(1,086)
3.10	Net cash from / (used in) financing activities	(340)	(1,086)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	18,695	22,438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,104	2,857

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Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,523)	(4,559)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(340)	(1,086)
4.5	Effect of movement in exchange rates on cash held	246	532
4.6	Cash and cash equivalents at end of period	20,182	20,182

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	20,182	18,695
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	20,182	18,695

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	240
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	3,104
8.2 Cash and cash equivalents at quarter end (item 4.6)	20,182
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	20,182
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 April 2023

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.