

ASX:AND Ansarada Announcement - 24 October 2023

Quarterly Report Q1 FY24 - Executing strategy to build a scaled, high margin business with recurring revenues, 19% ARR growth and continued positive cash flow generation.

FY24 Q1 Highlights

- Execution of freemium strategy drives strong growth in customer base despite continued subdued M&A deal volumes.
- High quality, non-deal revenues continue to grow including recurring revenue streams in less cyclical markets.
- **Record Customer Growth: +122% vs pcip**
 - Record customer¹ numbers of 12,499 total, up 122% year over year (YoY)
 - Freemium² customers 9,680, +302%, opportunity to convert to paid subscriptions
 - Subscriber³ numbers ending 2,681 total, -1% YoY, flat QoQ
 - Significant growth in the ecommerce customer acquisition channel⁴, ending with 1,235 active customers up 119% YoY
 - Non-Deal⁵ customers increased to 706, up 34% YoY
- **Annual Recurring Revenue \$11.6m, LT target \$100m**
 - ARR⁶ \$11.6m, +19% year over year with revenue contributions from all products
 - Total revenue⁷ of \$13.3m in Q1, 3% YoY, -2% quarter on quarter (QoQ). Revenue from Deals decreased by 3% YoY. Deferred revenue of \$18.6m, up 14% YoY.
 - Revenue from Deals decreased by 3% YoY. Non-Deal Revenue increased by 28% highlighting Ansarada's progress in building complementary new revenue streams
 - ARPA⁸ up 8% YoY at \$1,419 in Q1, 9% QoQ
- **Cash flow positive in Q1 - significant improvement on pcip. \$21.6m net cash to fund growth strategy**
 - Positive cash flow from operations of \$1.9m in Q1, compared to -\$2.5m in pcip. Ansarada has now generated positive cash flow from operations of \$10.3m over last 12 months
 - Cash balance with zero debt of \$21.6m ending September 30, 2023
 - Cash flow self-funds investments in growth strategy outlined on investor day 2023 including digital channel, ESG and expanding products to serve multiple use cases
- **Positive outlook for 1H FY24, underpinned by contracted deferred revenue⁹ - maintain cash flow positive**
 - Good start to FY24. Q1 cash performance ahead of expectations. Revenue growth regardless of subdued M&A deal volumes. Deferred revenue contracted of \$18.6m end of Q1 with the majority to be recognised over the next 12 months. Sales pipeline and new customer wins lay foundations for continued growth and positive cash flow in FY24 and beyond.
 - ARR target \$100m with continued disciplined execution of strategy to build scale in \$52bn addressable market¹⁰ to drive high quality recurring revenues, sustainable growth and operating leverage

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 30 September 2023.

Sam Riley, CEO noted, "Ansarada delivered revenue growth, a strong increase in customers and positive cash flows in Q1 despite the continuing challenging macro deal environment. ARR grew by 19% with revenue across all products. Revenues increased by 3% over Q1, and non-deal revenues improved by 28%.

Importantly, we are making progress in executing our strategy to build a stronger Ansarada with over \$100m of high-quality ARR. The targeted investments in freemium customer growth, new product development and leveraging our digital channel are beginning to deliver the anticipated returns.

Freemium customers grew by 302%, creating a pipeline of conversion opportunities. Our new Sustainability solution, which radically simplifies and reduces the cost for companies to manage their Sustainability and ESG needs is gaining traction. We also delivered significant growth in the ecommerce customer acquisition channel, ending the quarter with 1,235 active customers, up 119% YoY. These achievements strengthen our business and build the foundations for sustainable growth.

We also continue to manage cash carefully. Q1 was the fourth consecutive cash flow positive quarter with over \$1.9m of positive cash flow from operations. With \$21.6m of cash and zero debt on the balance sheet, we can continue to self-fund our growth ambitions.

We have started FY24 well and have a confident outlook. While the macro deal environment remains subdued, our non-deal pipelines are improving, deferred revenues at record levels and we begin the year with our highest annual recurring revenue."

	Q1FY23	Q1FY24	% variance
Total Customers	5,632	12,499	122%
Freemium Customers	2,407	9,680	302%
Subscribers	2,702	2,681	-1%
ARPA	1,319	1,419	8%
AASB revenue	\$12.9m	\$13.3m	3%
Deferred Revenue	\$16.4m	\$18.6m	14%
Cash Flow from Operations	-\$2.5m	\$1.9m	177%
Cash Balance	\$17.9m	\$21.6m	20%

Operational Performance

The Group saw a 122% increase in pro forma customer numbers compared to Q1 FY23, with total customer numbers reaching 12,499. Subscription customers ended 2,681, down 1% YoY driven by challenging macroeconomic conditions in M&A specifically, affecting new win volumes vs prior year.

Our e-commerce customer acquisition channel continued to improve its key metrics from acquisition to conversion, delivering +119% customer growth YoY. With a fast payback on customer acquisition costs and a strong balance sheet, we are well placed to continue scaling in FY24.

During the quarter, revenue reached \$13.3 million, 3% YoY. The Group's LTM revenue increased 2% vs LTM September 2022.

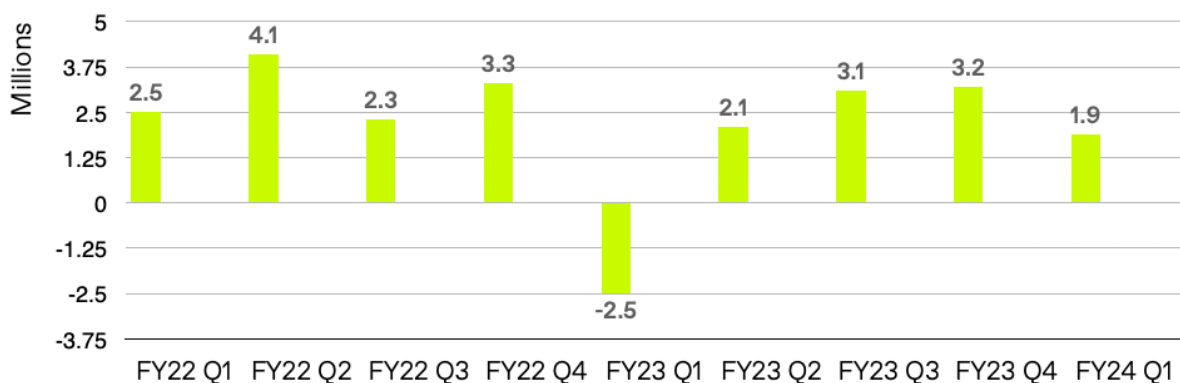
In addition to our customer growth, ARPA increased 8% YoY from \$1,319 in Q1 FY23 to \$1,419 in Q1 FY24.

Deferred revenue contracted increased to \$18.6m at the end of Q1 FY24, up 14% 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 \$21.6 million as at September 30, 2023, driven by positive \$1.9 million in cash flow from operations. Cash flow from operations less capex (free cash flow) was positive in Q1 at \$0.5 million.

Cash Flow from Operations



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 through FY24. Cash flow from operations increased to \$1.9m in Q1 FY24, up from -2.5m in Q1 FY23.

Financial Summary

During the quarter, the Group recorded cash receipts from customers of \$13.2 million, up 7% YoY.

Cash payments during the quarter were primarily directed towards staff costs (\$7.1 million), research & development (\$0.1 million), product and operating costs (\$1.1 million), advertising & marketing (\$1.6 million) along with administration & corporate costs (\$1.5 million). Net operating cash flows for the quarter was \$1.9 million.

The Group's closing cash balance was \$21.6 million as at 30 September 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 continued cash flow positivity in FY24

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, recurring revenue 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. Corporate freemium customers are included in Q4 FY23 after successful roll out and testing in Q3 FY23. Corporate freemium customers at the end of Q3 FY23 would have increased the total freemium from 3,450 to 5,540. Corporate freemium customers will be included going forward.

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.. 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.

⁸ ARPA represents the average monthly revenue generated from customers on subscription-based contracts (includes TriLine GRC from Q2 FY22 onwards but excludes Procure subscriptions)

⁹ 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.

¹⁰ <https://www.grandviewresearch.com/industry-analysis/enterprise-governance-risk-compliance-egrc-market>

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 \$21.6 million as at 30 September 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.

Q1 FY24 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 FY23	Funds used in Q1 FY24	Cumulative Expenditure
Redemption of Ansarada Convertible Notes ¹	\$25 million	\$25 million	\$0	\$0	\$25 million
Product Design and Development ²	\$3.5 million	\$0.7 million	\$0.8 million	\$0	\$1.5 million
Sales and Marketing	\$4.0 million	\$2.6 million	\$0.5 million	\$0	\$3.1million
Integration Costs	\$0.5 million	\$0	\$0	\$0	\$0
Transaction Costs ³	\$8.7 million	\$7.8 million	\$0	\$0	\$7.8 million
Additional working capital	\$10.3 million	\$5.3 million	\$0	\$0	\$5.3million
Total	\$45 million	\$41.4 million	\$1.3 million	\$0	\$42.7 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 Q1 was \$0.6 million. These payments were related to gross salaries and superannuation to S. Riley, S. Clout, D. Pullini and P. James.

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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")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	13,179	13,179
1.2 Payments for		
(a) research and development	(87)	(87)
(b) product manufacturing and operating costs	(1,113)	(1,113)
(c) advertising and marketing	(1,569)	(1,569)
(d) leased assets	(46)	(46)
(e) staff costs	(7,137)	(7,137)
(f) administration and corporate costs	(1,437)	(1,437)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	112	112
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	1,902	1,902
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(8)	(8)
(d) investments	-	-
(e) intellectual property	(1,095)	(1,095)
(f) other non-current assets	(285)	(285)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	(1,388)	(1,388)

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	(525)	(525)
3.10	Net cash from / (used in) financing activities	(525)	(525)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	21,593	21,593
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,902	1,902

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,388)	(1,388)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(525)	(525)
4.5	Effect of movement in exchange rates on cash held	23	23
4.6	Cash and cash equivalents at end of period	21,605	21,605

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	21,605	21,593
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)	21,605	21,593

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	581
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	1,902
8.2 Cash and cash equivalents at quarter end (item 4.6)	21,605
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	21,605
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: 24 October 2023

Authorised by: Board of Directors
(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.