

ASX:AND Ansarada Announcement - 27 February 2024

1H results - Revenue growth of 6%, continued customer expansion, 7% ARR growth, Adjusted EBITDA growth of 113% and positive cash flow generation.

Half Year Report FY24

1H Highlights

- **Continued progress expanding the customer base, building recurring revenue streams and investment gains in operational efficiency driving higher margins and cash flows.**
- **Record Customer Growth: +125% vs pcp**
 - Record customer¹ numbers of 13,691 total, up 125% year over year (YoY)
 - Freemium² customers 10,874, +263%, opportunity to convert to paid subscriptions
 - Subscriber³ numbers ending 2,678 total, 4% YoY
 - Significant growth in the ecommerce customer acquisition channel⁴, ending with 1,325 active customers up 107% YoY
 - Non-Deal⁵ customers decreased to 192, -69% YoY due to a reduction in freemium customers but growth in revenue
- **Robust Revenue Growth, +6% vs pcp**
 - Total revenue⁶ of \$27.7m in 1H, +6% YoY, up 8% vs 2H FY23
 - ARPA⁷ up 15% YoY at \$1,485 in 1H FY24
 - ARR⁸ \$11.9M, +7% YoY
- **Cash flow positive in Q2 with \$24.6m net cash to fund growth strategy**
 - Positive cash flow from operations of \$7.6m in 1H, positive \$13.9m over last 12 months
 - Zero debt with cash balance of \$24.6m ending December 31, 2023
 - Cash flow self-funds investments in growth initiatives including digital channel and expanding products to serve multiple use cases
- **Positive outlook for 2H FY24, underpinned by contracted deferred revenue⁹ - maintain cash flow positive in 2H**
 - Adjusted EBITDA¹⁰ growth of 113%, \$5.9m in 1H FY24
 - As at 1H FY24, Deferred revenue was \$19.1 million an increase of 14% YoY. The majority of the revenue is 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 high quality recurring revenues and building scale in \$50bn 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 half-year period to 31 December 2023.

Sam Riley, CEO said, "In 1H we made good progress executing on our growth strategy to build a scalable high margin business with recurring revenues. We delivered record customer growth, up 125% and healthy revenue growth up 6%. Cash flow was positive and we finished the period with \$24.6 million of cash to continue self funding our growth strategy.

We enter the second half of the financial year with momentum. With over \$19m of deferred revenue, and a pipeline of new customer wins, we expect to continue delivering more growth and positive cash flows."

| | 1HFY23 | 1HFY24 | % variance |
|----------------------------------|---------|---------|------------|
| Total Customers | 6,092 | 13,691 | 125% |
| Freemium Customers | 2,999 | 10,874 | 263% |
| Subscribers | 2,575 | 2,678 | 4% |
| ARPA | 1,293 | 1,485 | 15% |
| | | | |
| AASB revenue | \$26.1m | \$27.7m | 6% |
| | | | |
| Deferred Revenue | \$16.8m | \$19.1m | 14% |
| Cash Flow from Operations | -\$0.4m | \$7.6m | 2007% |
| Cash Balance | \$18.7m | \$24.6m | 31% |

Operational Performance

The Group saw a 125% increase in pro forma customer numbers compared to 1H FY23, with total customer numbers reaching 13,691. Subscribers ended 2,678, up 4% YoY.

Our e-commerce customer acquisition channel continued to improve its key metrics from acquisition to conversion, delivering +107% 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 FY24.

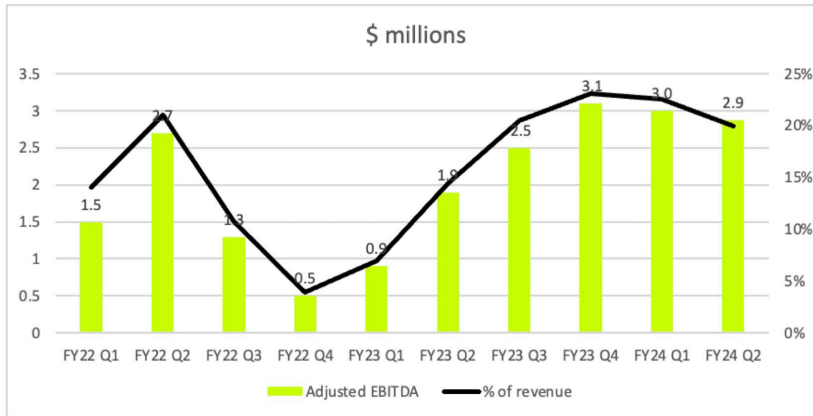
During the half-year, revenue reached \$27.7 million, +6% growth YoY. The Group's LTM revenue increased 4% vs LTM Dec 2022.

In addition to our customer growth, ARPA increased 15% YoY from \$1,293 in 1H FY23 to \$1,485 in 1H FY24.

The Group improved the quality of the revenue base, with a 7% increase in ARR¹² year on year with an ARR Subscriber retention¹³ of 87% and a 95% Net Dollar Retention¹⁴. Net Dollar Retention was affected by the reduction in spend of \$0.5M ARR with the largest Procure customer. The 95% Net Dollar Retention is a measure of how much revenue Ansarada retains from its existing customers.

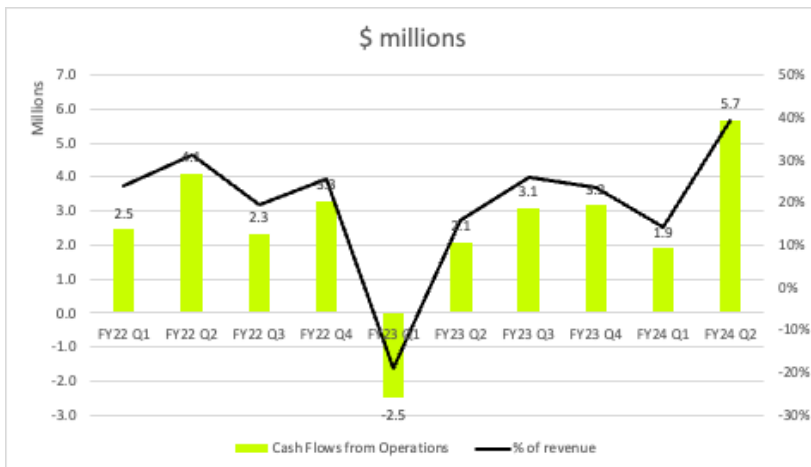
Deferred revenue contracted increased to \$19.1 million end of 1H FY24, up 14% YoY, with the majority to be recognised over the following 12 months which provides confidence for continued financial performance.

Adjusted EBITDA¹⁵ increased by \$3.3 million compared to 1H FY23, which can be attributed to a 6% rise in revenue, a 25% reduction in cost of revenue, and a decline in operating costs as a percentage of revenue. This decrease in operating costs as a percentage of revenue, from 90% in 1H FY23 to 80% in 1H FY24, was driven by investment gains in operational efficiencies and successful cost management strategies.



The Group continues to build revenue scale and self-fund its growth. Ansarada has market-leading Deals, Procure & GRC software solutions, an attractive customer base and efficient acquisition channels which contributes to building a higher quality revenue profile.

The Group's cash flow balance was \$24.6 million as at December 31, 2023. 1H cash flow from operations was \$7.6 million with strong collections in Q2 due to Government contract renewals. Cash flow from operations less cash outflow from investing activities (free cash flow) was positive in 1H at \$4.0 million.



The Group has a significant cash balance and no debt and expects to continue to self-fund its growth strategy and generate positive cash flows in 2H FY24. Cash collections reached \$29.4 million in 1H, up 6% YoY.

Outlook - growth and continued to cash flow positivity in 2H FY24

Continued progress expanding the customer base, building recurring revenue streams and with ongoing investments in operational efficiency driving higher margins and cash flows.

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



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-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 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 an active subscription contracts/customers at period end.

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

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

⁶ AASB recognised revenue for the period ending 31 December 2023. Last twelve months (LTM) measures the accumulation of the prior 12 months AASB recognised revenue.

⁷ ARPA represents the average monthly revenue generated from customers on subscription-based contracts (excluding Procure subscriptions)

⁸ Annual Recurring Revenue (ARR) refers to revenue, normalised on an annual basis, that Ansarada expects to receive from its Enterprise Subscribers for providing them with Ansarada's products or services. Enterprise Subscribers are a subset of our total subscribers and are defined as multi-product or multiple use under a single subscription including Governance, Risk & Compliance, some Procure and Deals contracts and Board products. Where the use case is Deals, enterprise would include a single agreement that includes more than five associated deal rooms. Where we have assessed that an existing customer has moved from being classified as transactional to enterprise, the prior year comparative figure is restated to aid comparability. In the current year, this change predominantly relates to customers on master service agreements that we have assessed meet the definition of enterprise and therefore ARR.

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 Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding non-cash share-based expense, non-cash impairments, capital raising, business combination fees, redundancies expenses and other abnormal one-time costs.

¹¹ <https://www.grandviewresearch.com/industry-analysis/enterprise-governance-risk-compliance-egrc-market>
<https://www.theinsightpartners.com/reports/investor-esg-software-market/#:~:text=The%20investor%20ESG%20software%20market,initiatives%20to%20promote%20ESG%20investment>
<https://www.grandviewresearch.com/industry-analysis/procurement-as-a-service-market>
https://www.marketsandmarkets.com/Market-Reports/virtual-data-room-market-74439915.html?gclid=EAlalQobChMlP667JSV9glVoJhmAh3MkwCjEAAYAiAAEqlXGfD_BwE

¹² 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

¹³ Customer Retention refers to the ARR subscribers that remain as active paying subscribers after a 12 month period. Retention is calculated as $[1 - (\text{churn} / \text{opening ARR Subscribers})]$ over a 12 month period

¹⁴ Net Dollar Retention refers to the amount of monthly recurring revenue in a period generated from ARR Subscribers active in a corresponding period 12 months earlier divided by the MRR from that prior period

¹⁵ Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation, excluding non-cash share-based expense, non-cash impairments, capital raising, business combination fees, redundancies expenses and other abnormal one-time costs.