

ASX:AND Ansarada Announcement - 30 July 2024

Q4 results - Revenue growth of 8%, continued customer expansion, 22% ARR growth and positive cash flow generation Quarterly Report FY24

Q4 Highlights

- **Continued progress expanding the customer base, growing recurring revenue streams and driving earnings growth and strong cash flows**
- **Record customer growth, +30% vs pcp**
 - Record customer¹ numbers of 13,366 total, up 30% year over year (YoY)
 - Freemium² customers 10,623, +49% YoY, opportunity to convert to paid subscriptions
 - Subscriber³ numbers ending 2,661 total, flat YoY
 - Significant growth in the ecommerce customer acquisition channel⁴, ending with 1,453 active subscribers, up 55% YoY
 - Non-Deal⁵ customers decreased to 205, -61% YoY due to a reduction in freemium customers, offset with growth in revenue
- **Robust Revenue Growth, +8% vs pcp**
 - Total revenue⁶ of \$14.7m in Q4, +8% YoY, up 3% QoQ
 - ARPA⁷ up 25% YoY at \$1,617 in Q4
 - ARR⁸ \$14.7M, +22% YoY
- **Cash flow positive in Q4 with \$30.5m net cash to fund growth strategy**
 - Positive cash flow from operations of \$5.3m in Q4, positive \$17.3m over last 12 months
 - Zero debt with cash balance of \$30.5m ending June 30, 2024
 - Strong cash position provides capability to invest in growth initiatives including digital channel and expanding products to serve multiple use cases
- **Outlook for FY25, underpinned by contracted deferred revenue⁹ - maintain cash flow positive in FY25**
 - Continued disciplined execution of strategy to grow high quality recurring revenues, build scale in \$50bn addressable market¹⁰ and 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 quarter period to 30 June 2024.

Sam Riley, CEO said, "I am pleased to report Ansarada finished FY24 with a strong quarter. Despite a subdued deal environment, in Q4 our revenue grew 8% and deferred revenue increased 35%. We delivered \$2.6m of adjusted EBITDA with operating leverage. Cash flow was positive and we finished the period with \$30.5 million of net cash to continue self funding our growth strategy. This

performance demonstrates our ability to execute our product development and digital customer acquisition strategies. We are on track to build a scalable high margin business with recurring revenues as we laid out at Investor Day last year.

We start FY25 with some confidence. With over \$23m of deferred revenue, a pipeline of new customer wins, and a strong balance sheet, we expect to continue delivering more growth and positive cash flows.”

	Q4FY23	Q4FY24	% variance
Total Customers	10,312	13,366	30%
Freemium Customers	7,121	10,623	49%
Subscribers	2,668	2,661	0%
ARPA	1,296	1,617	25%
AASB revenue	\$13.6m	\$14.7m	8%
Deferred Revenue	\$17.1m	\$23.1m	35%
Cash Flow from Operations	\$3.2m	\$5.3m	66%
Cash Balance	\$21.6m	\$30.5m	41%

Operational Performance

The Group saw a 30% increase in pro forma customer numbers compared to Q4 FY23, with total customer numbers reaching 13,366. Subscribers ended 2,661, flat YoY.

Our ecommerce customer acquisition channel continued to improve its key metrics from acquisition to conversion, delivering +55% customer growth YoY. With a fast payback on customer acquisition costs and a strong balance sheet, we are well placed to continue scaling in FY25.

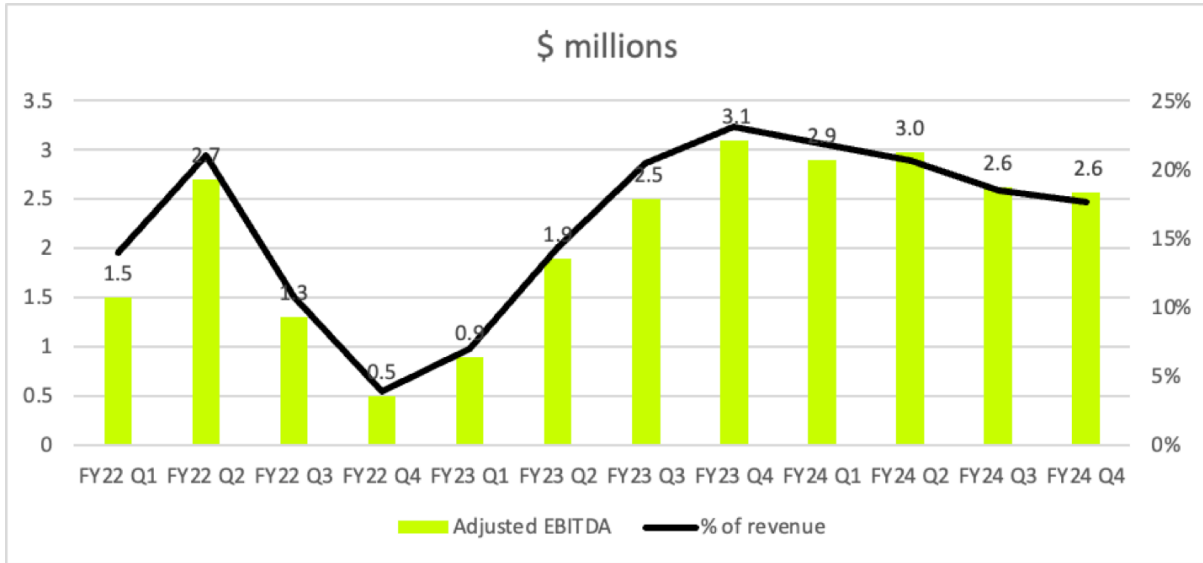
During the quarter, revenue reached \$14.7 million, +8% growth YoY. The Group’s LTM revenue increased 10% vs LTM June 2023.

In addition to our customer growth, ARPA increased 25% YoY from \$1,296 in Q4 FY23 to \$1,617 in Q4 FY24.

The Group improved the quality of the revenue base, with a 22% increase in ARR¹¹ YoY with an ARR Subscriber retention¹² of 90% and a net dollar retention rate of 103%¹³ (a measure of how much revenue Ansarada retains from its existing customers YoY).

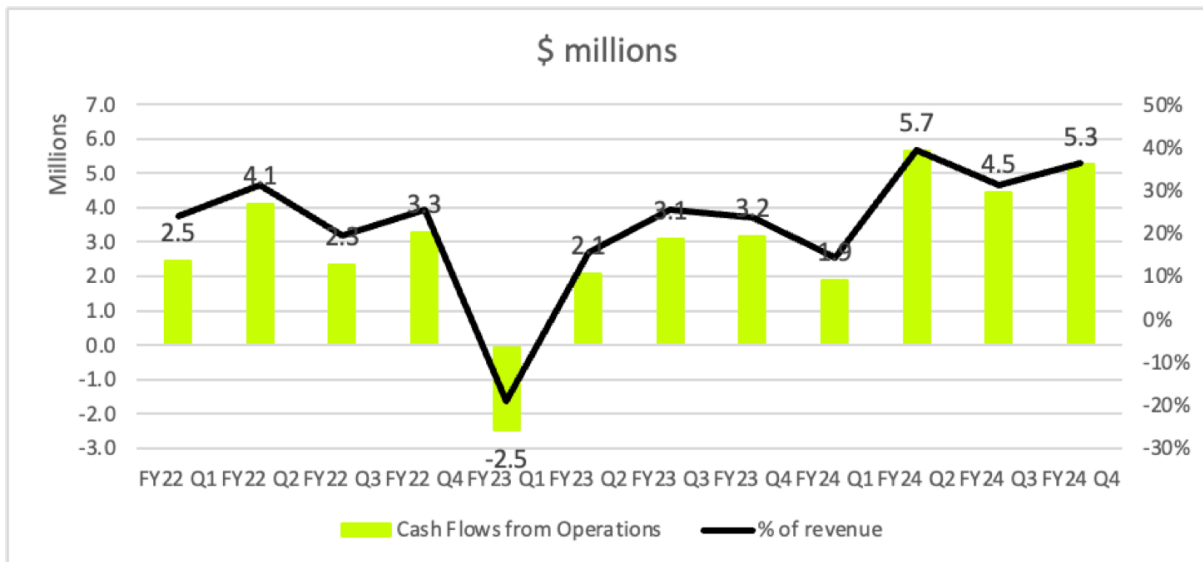
Deferred revenue which is contracted, increased to \$23.1 million at the end of Q4 FY24, up 35% YoY, with the majority to be recognised over the following 12 months, which provides confidence for continued financial performance.

Adjusted EBITDA¹⁴ decreased by \$0.5 million compared to Q4 FY23, which can be attributed to an 8% rise in revenue and offset with a 16% increase in cost of revenue and operating costs. This increase in operating costs as a percentage of revenue, from 75% in Q4 FY23 to 80% in Q4 FY24, was driven by increased marketing spend driving momentum into FY25 as shown by the 35% increase in deferred revenue.



The Group continues to build revenue scale and a balance sheet capable of self-funding its growth initiatives. Ansarada has a range of software solutions (Deals, Procure & GRC), an attractive customer base and efficient acquisition channels which contributes to building a higher quality revenue profile.

The Group's cash flow balance was \$30.5 million as at June 30, 2024. Q4 cash flow from operations was \$5.3 million with strong collections in Q4 due to Government contract renewals. Cash flow from operations less cash outflow from investing activities (free cash flow) was positive in Q4 at \$4.2 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 FY25. Cash collections reached \$18.4 million in Q4, up 39% YoY.

During the quarter, the Group recorded cash receipts from customers of \$18.4 million.

Cash payments during the quarter were primarily directed towards staff costs (\$6.4 million), research & development (\$0.1 million), product and operating costs (\$1.3 million), advertising & marketing



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(\$2.3 million) along with administration & corporate costs (\$3.1 million). Net operating cash flows for the quarter was \$5.3 million.

Aggregate amount of payments to related parties and their associates was \$0.3 million. These payments were related to gross salaries and superannuation to S. Riley, S. Clout, D. Pullini, N. Hobhouse and P. James.

The Group's closing cash balance was \$30.5 million as at 30 June 2024.

Outlook

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

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 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 30 June 2024.. 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 <https://www.grandviewresearch.com/industry-analysis/enterprise-governance-risk-compliance-eqrc-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=EA1alQobChMItP667JSV9glVoJhmAh3MkwCjEAAYAiAAEgIXGfD_BwE

¹¹ 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

¹² 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

¹³ 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

¹⁴ 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.

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 June 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	18,366	62,704
1.2 Payments for		
(a) research and development	(92)	(363)
(b) product manufacturing and operating costs	(1,317)	(4,958)
(c) advertising and marketing	(2,344)	(7,692)
(d) leased assets	(19)	(146)
(e) staff costs	(6,359)	(24,711)
(f) administration and corporate costs	(3,098)	(7,975)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	187	591
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(102)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	5,324	17,348
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(66)	(106)
(d) investments	-	-
(e) intellectual property	(541)	(4,668)
(f) other non-current assets	(566)	(1,657)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(1,173)	(6,431)
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	(387)	(1,982)
3.10	Net cash from / (used in) financing activities	(387)	(1,982)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	26,806	21,593
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,324	17,348

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,173)	(6,431)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(387)	(1,982)
4.5	Effect of movement in exchange rates on cash held	(60)	(18)
4.6	Cash and cash equivalents at end of period	30,510	30,510

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	30,510	26,806
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)	30,510	30,510

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	272
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)	5,324
8.2 Cash and cash equivalents at quarter end (item 4.6)	30,510
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	30,510
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: 30 July 2024.....

Authorised by: By the 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.