

## ASX:AND Ansarada Announcement - 27 October 2022

**Q1 results - Building a stronger Ansarada despite challenging M&A markets. Revenue growth 27%, Customer growth 51%, LTM cash flow positive with \$18m in cash and zero debt.**

### Quarterly Report Q1 FY23

#### Q1 Highlights

- **Lower M&A market affecting volume, progress building new recurring revenue streams in new less economically sensitive markets**
- **Record Customer Growth: +51% vs pcp**
  - Record customer<sup>1</sup> numbers of 5,632 total, up 51% year over year (YoY)
  - Subscriber<sup>2</sup> numbers ending 2,702 total, flat YoY
  - Significant growth in the ecommerce customer acquisition channel<sup>3</sup>, ending with 564 active customers up 53% YoY
  - Non-Deal customers increased to 528, up 439% YoY
- **Strong Revenue Growth, +27% vs pcp**
  - Total revenue<sup>4</sup> of \$12.9m in Q1, up 27% YoY, up 1% quarter on quarter (QoQ)
  - ARPA<sup>5</sup> up 25% YoY at \$1,292 in Q1, up 1% quarter on quarter
- **Cash flow negative in Q1. Return to cash flow positive in 2H with \$17.9m net cash to fund growth strategy**
  - Negative cash flow from operations (ADJ)<sup>6</sup> of \$0.3m in Q1, positive \$12.2m over last 12 months
  - Zero debt with cash balance of \$17.9m ending September 30, 2022
  - Disciplined investments in growth initiatives including digital channel and expanding products to serve multiple use cases
- **Positive outlook for FY23, Q2 underpinned by contracted deferred revenue and sales pipeline - resume Cash flow positive in 2H**
  - Deferred revenue contracted of \$16.4m in Q1 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 market<sup>7</sup> to drive long term 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 30 September 2022.

Sam Riley, CEO said, “The Ansarada team have delivered good results with continued transformation and growth in Q1 FY23.

We are disciplined in managing our expenditure and our execution of strategy to build sophisticated but simple to use products for high risk and high value use cases. This is attracting and retaining our quality customer base while simultaneously building a more scalable and efficient Ansarada. Our focus is on ensuring these results generate attractive financial returns and better performance regardless of economic conditions.

Importantly, while M&A activity is lower given market conditions, we continue making solid progress accelerating the growth of our non deal related revenue streams which are less economically sensitive than M&A deals. Revenues from infrastructure and Procure (Tenders) and Governance Risk and Compliance was 16% of total revenue in the quarter compared to 7% pcp.

We have a generational opportunity to become the software of choice in our \$52bn addressable market and build scale with sustainable recurring revenues. I would like to thank the team at Ansarada for making this possible through their commitment to seeing positive change delivered for our business and most importantly our customers”

	FY22 Q1	FY23 Q1	% variance
<b>Customers</b>	<b>3,724</b>	<b>5,632</b>	<b>51%</b>
<b>Subscribers</b>	<b>2,707</b>	<b>2,702</b>	<b>0%</b>
<b>ARPA</b>	<b>1,038</b>	<b>1,292</b>	<b>25%</b>
<b>AASB revenue</b>	<b>\$10.2m</b>	<b>\$12.9m</b>	<b>27%</b>
<b>Deferred Revenue</b>	<b>\$16.4m</b>	<b>\$14.5m</b>	<b>12%</b>
<b>Cash Flow from Operations (Adj)</b>	<b>\$2.5m</b>	<b>-\$0.3m</b>	<b>-114%</b>
<b>Cash Balance</b>	<b>\$23.0m</b>	<b>\$17.9m</b>	<b>-22%</b>

## Operational Performance

The Group saw a 51% increase in pro forma customer numbers compared to Q1 FY22, with total customer numbers reaching 5,632. Subscription customers ended 2,702, consistent YoY.

New wins<sup>8</sup> in Q1 were down 11% YoY reflecting a lower volume M&A macro environment in Q1 FY23.

Our e-commerce customer acquisition channel continued to improve its key metrics from acquisition to conversion, delivering +53% customer growth YoY. With a fast payback on customer acquisition costs and a strong balance sheet, we are well placed to continue scaling in FY23.

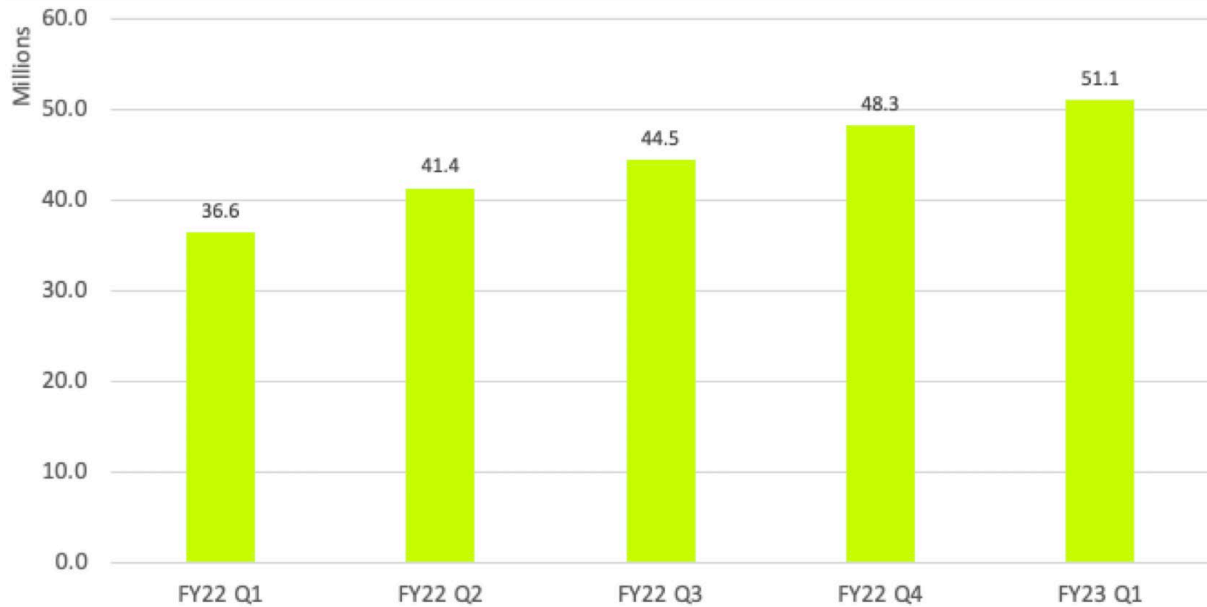
During the quarter, revenue reached \$12.9 million, up 27% YoY.

In addition to our customer growth, ARPA increased 25% YoY from \$1,038 in Q1 FY22 to \$1,292 in Q1 FY23.

Deferred revenue contracted from 30 June FY22 to \$16.4m end of Q1 FY23, but up 12% YoY, with the majority to be recognised over the following 12 months which provides confidence for continued financial performance.

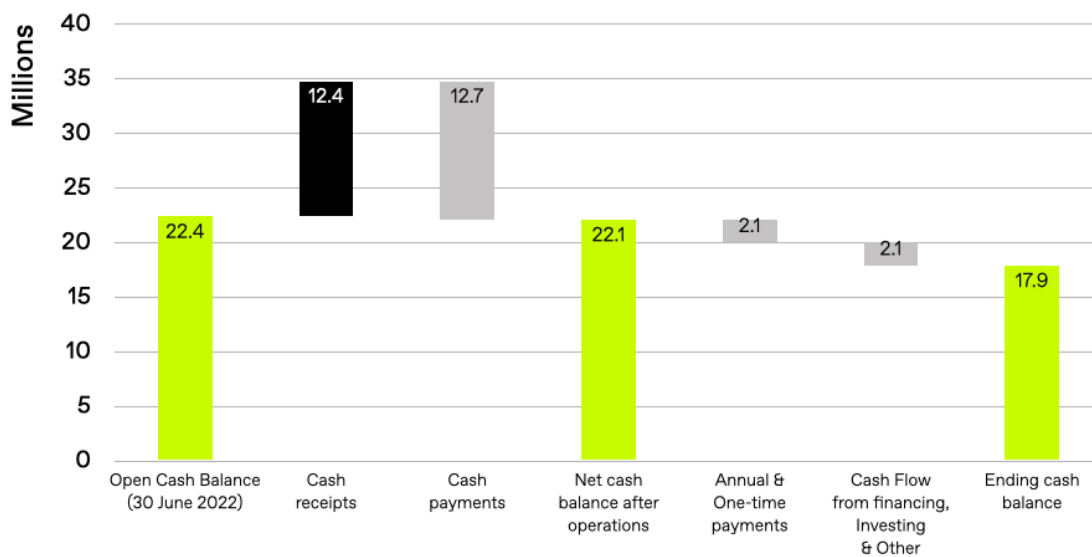
The Group continues to build revenue scale and self fund its growth. Market-leading deals, board, Procure & GRC software solutions, with attractive customer base and acquisition channels contributes to a higher quality revenue profile.

## LTM Revenue (AASB)



The Group's cash flow balance reduced to \$17.9 million as at September 30, 2022, driven by -\$2.5 million in cash flow from operations. Cash flow from operations adjusted for one-time or annual payments (\$2.1 million) was -\$0.3 million. Cash flow from operations less capex (free cash flow) was negative in Q1 at \$4.1 million.

## Q1 FY23 Cash Flow Bridge



The Group has a significant cash balance and no debt and expects to continue to self fund its growth strategy and return to generating positive cash flows in 2H FY23. Cash collections reached \$12.4 million in Q1, up 7% YoY.

## Financial Summary

During the quarter, the Group recorded cash receipts from customers of \$12.4 million, up 7% YoY.

Cash payments during the quarter were primarily directed towards staff costs (\$9.0 million), research & development (\$0.1 million), product and operating costs (\$1.5 million), advertising & marketing (\$2.4 million) along with administration & corporate costs (\$1.6 million). Net operating cash flows for the quarter was -\$2.5 million.

The Group's closing cash balance was \$17.9 million as at 30 September 2022.

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

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 as we head into the historical seasonal low holiday period (Dec & Jan).

-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](http://www.ansarada.com) or email at [investors@ansarada.com](mailto:investors@ansarada.com)

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<sup>1</sup> 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 merger plus TriLine GRC from Q2 FY22 onwards. Active customers includes 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

<sup>2</sup> 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.

<sup>3</sup> Ecommerce customers refers to Customers acquired through the ecommerce channel.

<sup>4</sup> 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 30 September 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.

<sup>5</sup> ARPA represents the average monthly revenue generated from customers on subscription-based contracts (includes Ecommerce channel in all periods and Triline GRC from Q2 FY22).

<sup>6</sup> 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).

<sup>7</sup> <https://www.grandviewresearch.com/industry-analysis/enterprise-governance-risk-compliance-egrc-market>

<sup>8</sup> A win represents Ansarada closing a paying subscription/contract customer.

## 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 2022

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	12,367	12,367
1.2 Payments for		
(a) research and development	(87)	(87)
(b) product manufacturing and operating costs	(1,516)	(1,516)
(c) advertising and marketing	(2,398)	(2,398)
(d) leased assets	(157)	(157)
(e) staff costs	(9,041)	(9,041)
(f) administration and corporate costs	(1,641)	(1,641)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,471)</b>	<b>(2,471)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(66)	(66)
(d) investments	-	-
(e) intellectual property	(1,006)	(1,006)
(f) other non-current assets	(507)	(507)

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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,579)</b>	<b>(1,579)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	(333)	(333)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(333)</b>	<b>(333)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	22,438	22,438
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,471)	(2,471)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,579)	(1,579)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(333)	(333)
4.5	Effect of movement in exchange rates on cash held	(133)	(133)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>17,922</b>	<b>17,922</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	17,922	17,922
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,922</b>	<b>17,922</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1,301
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>		



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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,471)
8.2 Cash and cash equivalents at quarter end (item 4.6)	17,922
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	17,922
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	7.3
<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: 27 October 2022.....

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.

## 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 \$17.9 million as at 30 September 2022.

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 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	Cumulative Expenditure
Redemption of Ansarada Convertible Notes <sup>1</sup>	\$25 million	\$25 million	\$0	\$25 million
Product Design and Development <sup>2</sup>	\$3.5 million	\$0.7 million	\$0.3 million	\$1.0 million
Sales and Marketing	\$4.0 million	\$2.6 million	\$0.2 million	\$2.8 million
Integration Costs	\$0.5 million	\$0	\$0	\$0
Transaction Costs <sup>3</sup>	\$8.7 million	\$7.8 million	\$0	\$7.8 million
Additional working capital	\$10.3 million	\$5.3 million	\$0	\$5.3 million

Total	\$45 million	\$41.4 million	\$0.5 million	\$41.9 million
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<sup>1</sup> 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

<sup>2</sup> 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

<sup>3</sup> 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.

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

Payments to related parties and their associates during Q1 was \$1.3 million. These payments were related to gross salaries, annual short-term incentives (STI) and superannuation to S. Riley, S. Clout, D. Pullini and P. James.