

ASX:AND Ansarada Announcement - 23 February 2023

1H results - Revenue growth of 12%, continued customer expansion, 45% ARR growth and return to positive cash flow generation.

Half Year Report FY23

1H Highlights

- **Strong progress expanding the customer base and building new complementary, recurring revenue streams in less economically sensitive markets. Lower M&A market affecting deal volumes and revenue growth.**
- **Record Customer Growth: +66% vs pcp**
 - Record customer¹ numbers of 6,092 total, up 66% year over year (YoY)
 - Freemium² customers 2,999, +913%, opportunity to convert to paid subscriptions
 - Subscriber³ numbers ending 2,575 total, -8% YoY
 - Significant growth in the ecommerce customer acquisition channel⁴, ending with 640 active customers up 45% YoY
 - Non-Deal⁵ customers increased to 617, up 234% YoY
- **Robust Revenue Growth, +12% vs pcp**
 - Total revenue⁶ of \$26.1m in 1H, +12% YoY, up 5% vs 2H FY22
 - ARPA⁷ up 16% YoY at \$1,293 in 1H FY23
 - ARR⁸ \$10.1M, +45% with growth across all products and regions
- **Cash flow positive in Q2 with \$18.7m net cash to fund growth strategy**
 - Positive cash flow from operations (ADJ)⁹ of \$2.3m in 1H, positive \$8m over last 12 months
 - Zero debt with cash balance of \$18.7m ending December 31, 2022
 - Cash flow self-funds investments in growth initiatives including digital channel 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 \$16.8m in Q2 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 transition to high quality recurring revenues and build 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 three-month period to 31 December 2022.

Sam Riley, CEO said, “At Ansarada we believe when information and processes are structured correctly, organisations gain better insights and the confidence required to achieve better outcomes. We are driven by a mission to provide order to businesses and organisations in chaos. Providing the world’s leading software to solve these problems is creating tremendous opportunities for long term sustainable growth and is mitigating the impact of the temporary reduction in M&A deal volumes.

In 1H we continued to build on the foundations to reach our targets of \$100m Annual Recurring Revenue and scale in the \$50bn+ global GRC/ ESG market.

We added record numbers of new customers, up 66%, increased ARR by 45% and in Q2 delivered on our commitment to return to cash flow positive. In particular our freemium strategy is proving highly effective. Our freemium customers provide us with an exciting opportunity for future revenue growth. We enter 2H with confidence and have a positive outlook. With a growing customer base, increasing recurring revenues, almost \$17m of deferred contracted revenue and around \$19m of net cash on our balance sheet, we are well placed to self-fund ongoing profitable growth.

	1H FY22	1H FY23	% variance
Total Customers	3,670	6,092	66%
Freemium Customers	296	2,999	913%
Subscribers	2,805	2,575	-8%
ARPA	1,119	1,293	16%
AASB revenue	\$23.4m	\$26.1m	12%
Deferred Revenue	\$15.6m	\$16.8m	8%
Cash Flow from Operations (Adj)	\$6.8m	\$2.3m	-67%
Cash Balance	\$20.9m	\$18.7m	-11%

Operational Performance

The Group saw a 66% increase in pro forma customer numbers compared to 1H FY22, with total customer numbers reaching 6,092. Subscription customers ended 2,575, down 8% YoY.

New wins¹² in 1H were down 28% YoY reflecting a lower volume global M&A macro environment in 1H FY23.

Our e-commerce customer acquisition channel continued to improve its key metrics from acquisition to conversion, delivering +45% 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.

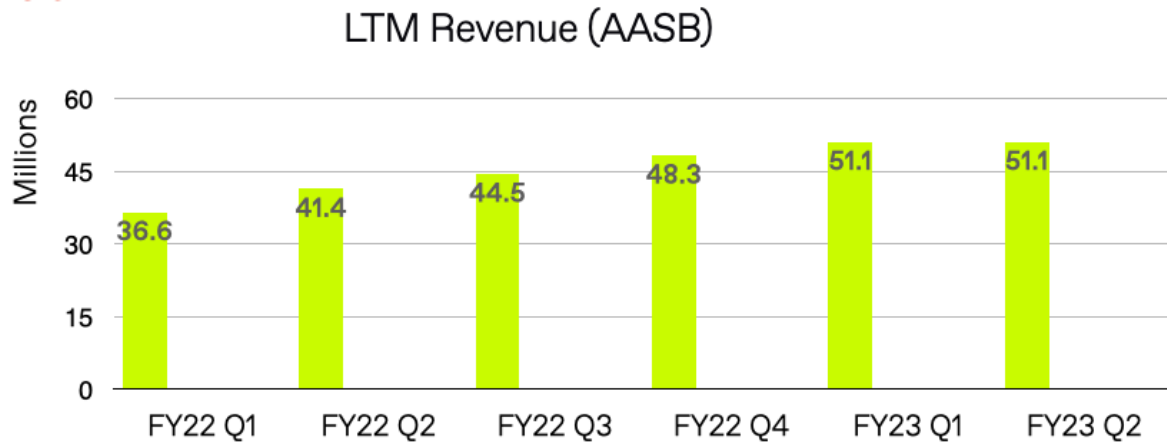
During the half-year, revenue reached \$26.1 million, +12% growth YoY. The Group’s LTM revenue increased 23% vs LTM Dec 2021.

In addition to our customer growth, ARPA increased 16% YoY from \$1,119 in 1H FY22 to \$1,293 in 1H FY23.

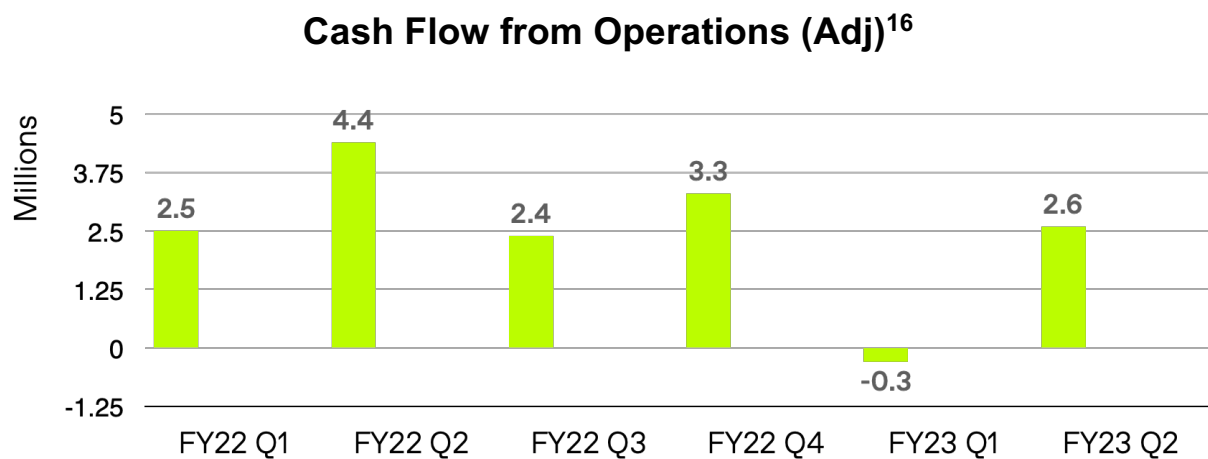
The Group improved the quality of the revenue base, with a 45% increase in ARR¹³ year on year with an ARR Subscriber retention¹⁴ of 89% and a 113% net dollar retention¹⁵. The 113% net dollar retention is a measure of how much revenue Ansarada retains from its existing customers and illustrates that the Company is generating additional revenue from these customers year over year.

Deferred revenue contracted increased to \$16.8m end of 1H FY23, up 8% 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. Ansarada has market-leading Deals, Board, 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 \$18.7 million as at December 31, 2022. Q2 cash flow from operations was \$2.2 million with cash flow from operations adjusted for one-time or annual payments (\$0.4 million) at \$2.6 million. Cash flow from operations less capex (free cash flow) was positive in Q2 at \$0.8 million.



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 \$27.8 million in 1H, up 7% YoY.

Financial Summary

During the quarter, the Group recorded cash receipts from customers of \$27.8 million, up 7% YoY.

Cash payments during the half year were primarily directed towards staff costs (\$15.5 million), research & development (\$0.2 million), product and operating costs (\$3.1 million), advertising & marketing (\$5.2 million) along with administration & corporate costs (\$3.8 million). Net operating cash flows for the half-year was -\$0.4 million, with Q2 contributing positive \$2.2 million.

The Group's closing cash balance was \$18.7 million as at 31 December 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 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 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, Procure, Board and other non-deal related products.

⁶ AASB recognised revenue for the period ending 31 December 2022. Last twelve months (LTM measure the accumulation of the prior 12 months AASB recognised revenue. \$0.2 million in revenue recorded in Q1 FY23 related to a specific contract that related to a prior period in FY22.

⁷ ARPA represents the average monthly revenue generated from customers on subscription-based contracts (includes TriLine GRC from Q2 FY22 onwards but excludes Procure subscriptions)

⁸ 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.

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>
<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=EAlaIqobChMlP667JSV9gIVoJhmAh3MkwCjEAAYAiAAEqlXGfD_BwE

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

¹³ 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

¹⁴ 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

¹⁵ 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

¹⁶ 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, non-recurring consultancy and restructure payments) or costs associated with prior periods (including Short Term Incentive payments in Q1 FY23 only)