

Q2 FY23 Investor Update

Optimatech.io

30 January 2023



Quarter Highlights

Q2 FY23 ARR has seen improvement from \$11.7m to \$11.9m (+\$0.3m / +2%) including \$1.4m ARR contract renewals and \$0.5m in contract upgrades from our existing clients signed during the quarter. Cashflow continues to see improvements albeit Q2 FY23 was impacted by the exclusion of US Rebate Business cash flow.

Subsequent to 31 December 2022, the Company received a further cash inflow of \$1.3m from a Research and Development Tax Incentive. Further cash inflow of \$1.25m is expected in next 10 months subject to meeting hold back conditions of US Rebates Sale. With \$7.2m of cash on hand at the end of December 2022, the Company remains well positioned for growth.

	Q2 FY23		Q1 FY23	Q2 FY22
Platform ARR from continuing operations	\$11.9m	▲	\$11.7m +\$0.2 / +2%	\$11.7m +\$0.3 / +2%
Gross Margin	48.9%	▼	49.1% -\$0.2%pt	45.1% +3.8%pt
Operating Cashflow ² (excluding one offs)	\$(3.0m)	▼	\$(2.6m) -\$0.5m / -18%	\$(3.7m) -\$0.7m / -19%
Cash Balance	\$7.2m	▼	\$7.5m -\$0.3m / -3%	\$7.9m -\$0.7m / -8%
Annualised Churn	4.0%	▲	8.7% +4.7%pt	9.6% +5.6%pt

Highlights

- New Global Partner Agreement signed with JLL while BP EV ramp up continues with scaling in Germany, Luxembourg and Spain in the latter part of the quarter. Major Partner discussions in Europe have progressed with a focus on our Universal Billing Solution/Net-Zero data reporting product.
- \$1.4m ARR renewals, lead by two key AU clients.
- \$0.5m contract upgrades from existing clients including Origin & Cushman & Wakefield (AU). Origin extending partnership to 2025.
- Operating Cashflow has improved from \$(3.7m) in Q2 FY22. The business continues to balance investment with executing on operating efficiencies, however Q2 FY23 was impacted by the loss of revenue from the US Rebate Business sale. Note: \$(3.0m) operating cashflow excludes receipt of proceeds of \$3.1m from the US Rebate Business sale.
- The Company is continuing to invest in key growth levers - technology, sales capability, brand, marketing and product.

Notes:

1 Underlying EBITDA is a non-IFRS measure that is used by the board of directors and management (who are identified as the Chief Operating Decision Makers ('CODM')) to assess the underlying performance of the business. It is calculated as profit or loss before income tax, depreciation and amortisation, share-based payments, interest and other income, government grants, finance costs, foreign exchange and other significant items that are one-off in nature. It also excludes discontinued operations.

2 Cash flow above represents cash movement excluding net monies generated via capital raise, the exercise of options, payments made in relation to earnout, the impact of one-off R&D incentives, investments in businesses and Fx movements.

Material events during the quarter

SALE OF US REBATE BUSINESS

(Bill Identity Inc)

On 1 November 2022, Optima Technology entered into and completed an Asset Purchase Agreement under which it agreed to sell its US Rebate Business (owned by subsidiary Bill Identity Inc) to Constellation (Nasdaq: CEG).

Why the US Rebate Business was sold:

With the strategic reset of the Optima Technology business, the sale of the non-core Rebate Business allows complete focus of the Company's efforts and investment, first and fast in the UK to capitalise on strong Net Zero tailwinds and further expand the already existing UK channel partner network into Europe.

The Purchase Price for the transaction was US\$2.80 million (~AU\$4.36 million).

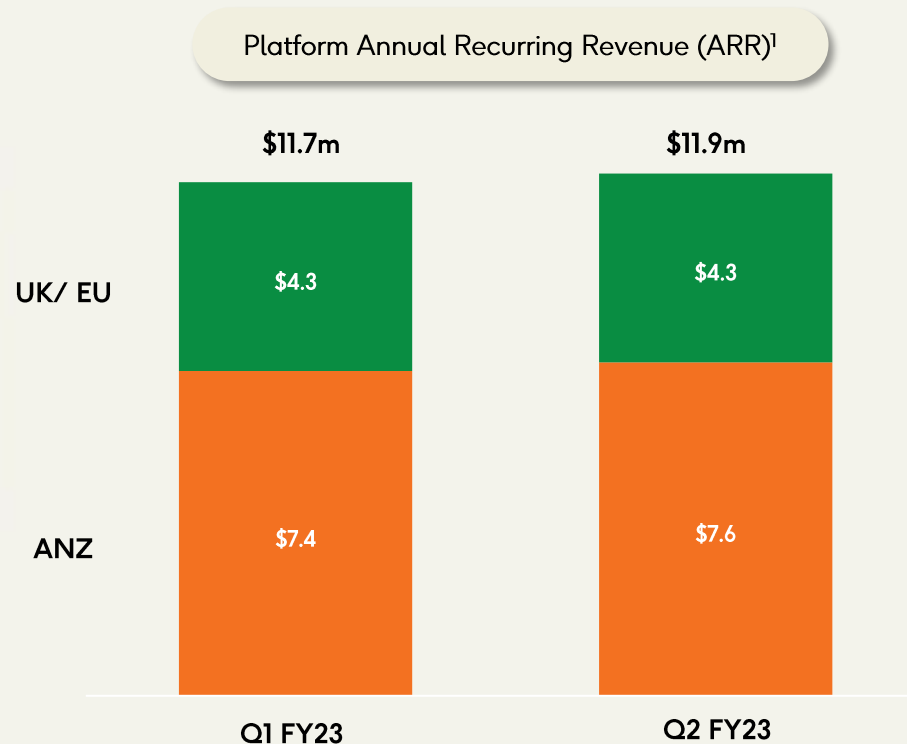
Of the Purchase Price amount, US\$2.00 million (~AUD3.11 million) was received in cash on closing, with the remaining US\$0.80 million (~AUD1.25 million) being held back. Of this amount, US\$0.30 million (~AUD0.47 million) is being held back for a period of 6 months and US\$0.50 million (~AUD0.78 million) is being held back for a period of 12 months. The concept of a 'holdback amount' is customary in the United States for deals of this nature.

Optima Technology and Constellation have also entered into a Transitional Services Agreement for Bill Identity Inc to provide administrative and support services to Constellation.

Bill Identity Inc (as vendor) has provided customary warranties and indemnities under the Asset Purchase Agreement.

Annualised Recurring Revenue

Q2 FY23 ARR has seen improvement to \$11.9m, with \$1.4m ARR contract renewals being signed during the Quarter. Total contract upgrades from existing clients equated to \$0.5m.



Comments

- Q2 FY23 ARR increase of \$0.2m, taking total ARR to \$11.9m.
- Renewals of \$1.4m ARR in Q2 is a testament to Optima Technology's ongoing product value delivered to clients.
- Contract upgrades of \$0.5m in Q2 from existing clients, include Origin & Cushman & Wakefield (AU). Origin partnership extended to 2025.
- New deal signings were led by new global contract with JLL, a Partner Panel Global deal signed in December. Other signings for Q2 included Inenco & Open Energy Market. Revenue from these signings are expected to flow through over the coming quarters.
- Q2 FY23 annualised churn of 4.0% is now tracking lower than the prior quarter average annualised churn from Q1 FY23 which was 8.7%. In the prior comparable period, Q2 FY22, annualised churn was 9.6%.

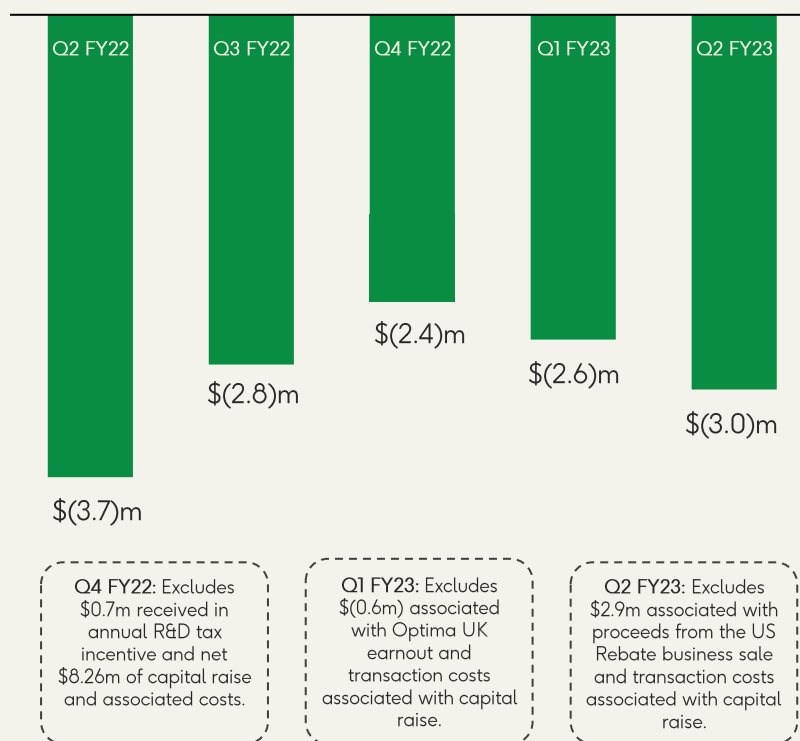
Notes

1. Platform ARR is calculated as annualised revenue (excluding credits, adjustments) for the relevant quarterly period, excludes Rebate business and discontinued operations

Cash Flow Optimisation

Operating efficiency initiatives have provided significant improvement in cashflows reducing from \$(3.7m) in Q2 FY22 to \$(2.4m) in Q4 FY22 and \$(2.6m) in Q1 FY23. Q2 FY23 cashflow of \$(3.0m) *excludes* \$2.9m proceeds from the sale of the US Rebate Business on 1 November 2022. Subsequent to 31 December 2022, the Company received a further cash inflow of \$1.3m from a Research and Development Tax Incentive. Further cash inflow of \$1.25m is expected in next 10 months subject to meeting hold back conditions of US Rebates Sale. With \$7.2m of cash on hand at the end of December 2022, the Company remains well positioned for growth.

Cash flow¹



Comments

Q4 FY22 cash flow \$(2.4m) and Q2 FY 23 cashflow \$(3.0m) improved relative to Q1 FY22 \$(4.9m), underpinned by:

- Completion of exit from ~20 unprofitable US **contracts saving ~+\$4m** on an annualised basis
- “Right-sizing” the Executive & AU team, **saving a total of ~+\$2m** (incremental to +\$1m previously communicated) on an annualised basis
- Enhanced cost efficiencies, including rationalising and consolidation of vendors and continued R&D claims (note +\$0.7m impact from R&D claims is not included in cash flow in the chart opposite)
- Note that cash flow is in part influenced by the seasonality of upfront customer receipts which in part explains the favourable nature of Q4 FY22 and Q1 FY23.
- Despite the significant reduction in cash burn over the last 5 Quarters, the company has continued to efficiently invest in new growth levers - technology, sales capability, brand, marketing and product, which better positions the business for future Net Zero market reporting demand.
- The net impact of no longer including the US Rebates cash flow equates to \$0.3m for the quarter.












At 31 December 2022, the company held \$7.2M in cash.

Note: on 1 November 2022 the business also received a payment of US\$2.0m (AU\$3.1m) less transaction costs of AU\$0.2m as the first payment in consideration for the sale of the US Rebate Business.

¹ Cash flow above represents cash movement excluding net monies generated via sale of the US Rebates Business, capital raise, the exercise of options, payments made in relation to earnout, the impact of one-off R&D incentives, investments in businesses and Fx movements.

Execution and investment roadmap – UK & Europe














Since February's strategy presentation, Optima Technology has focused on expansion first and fast in the UK and Europe, targeting demonstrating the benefits of its new GTM model and supporting products.

	Mar 22	Sep 22	Dec 22
New segments and markets	 C&I ¹ (UK) ongoing expansion	 SME ² / Residential (UK)	 Launch Europe Product Sales
Investment in product assets	 Executing Cloud build	 Collection & Parsing/Extraction  New electric vehicle solution	 Complex Billing testing for delivery
Investment in tech capability	 Development squad growth 2x for 10 – 12 months	 Ongoing ESG + Product Investment	 Ongoing ESG + Product Investment + scope 3
Investment in sales channel	 UK broker channel ongoing	 Sales team established – Energy specialists and Professional Services channel UK	 Sales team established Europe - Broker followed by Energy Specialist
Investment in marketing	-	 Channel launch via marketing – UK energy Specialist and Professional Services	 Channel launch via marketing – Europe Broker followed by Energy Specialists
	 Completed  In-progress		

Notes
 1. C&I: Commercial and Industrial.
 2. SME: Small/Medium Sized Enterprises.

Execution and investment roadmap – Australia/APAC

Australia progress leverages the learnings from initial expansion into the UK and Europe noting tech capability secured, product development focused on global partner rollout. Channel recruitment pushed back but now completed.

	Mar 22	Sep 22	Dec 22
New segments and markets	-	-	 Improved penetration in ANZ with C&I ¹ , SME ² ,
Investment in product assets	 Waste Scope features	 Partner enablement UI scoping	 Partner enablement UI scoping
Investment in tech capability	 Refresh of Tech Onshore / Offshore mix	 Investment in Product team	 Development squad for platform refresh
Investment in sales channel	-	 Channel focused Sales team established – Broker and Energy Specialist	 Channel focussed Sales team established – Broker and Energy Specialist
Investment in marketing	 Brand / Website refresh	 Channel launch via marketing – ANZ (Brokers and Energy specialist)	 Channel launch via marketing – ANZ (Brokers and Energy Specialist)
 Completed  In-progress  To be completed			

Notes

1. C&I: Commercial and Industrial.
2. SME: Small/Medium Sized Enterprises.

A circular inset image in the top left corner showing an aerial view of a dense, dark green forest.

About Optima Technology

Optima Technology (the trading name of Optima Technology Group Limited) is a technology company that offers accurate, automated and secure energy management solutions now focused on Net Zero reporting as well as Bill Management and Procurement Planning.

Optima Technology is an Australian based SaaS company with offices in Australia and the United Kingdom.

This Presentation has been authorised by the Board of Directors of the Company.

Disclaimer

This Presentation may contain forward looking statements which may be identified by words such as 'believes', 'estimates', 'expects', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties. Such statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Announcement, are expected to take place. Such forward looking statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. The Company has no intention to update or revise forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Announcement, except where required by law. The Company cannot and does not give assurances that any results, performance or achievements expressed or implied in any forward looking statements contained in this Announcement will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

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