

Q3 FY23 Investor Update

Optimatech.io

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Quarter Highlights

Annualised Recurring Revenue improved to \$12.0m in Q3 FY23, vs \$11.9m prior period and \$11.7m prior year.

Organic cashflow remained stable at ~\$3.1m for the quarter with further improvements expected in the following quarters as a result of cost optimization program recently announced. During the quarter, the Company received a one-off cash inflow of \$1.3m from a Research and Development Tax Incentive.

	Q3 FY23		Q2 FY23	Q3 FY22
Platform ARR from continuing operations	\$12.0m	▲	\$11.9m +\$0.1 / +0.5%	\$11.7m +\$0.3 / +2%
Platform Gross Margin ¹	50.6%	▲	48.9% +\$1.7%pt	47.6% +3.0%pt
Total Organic Cashflow ² (excluding one offs)	\$(3.1m)	▼	\$(3.0m) -\$0.1m / -4%	\$(2.7m) -\$0.4m / -11%
Organic Cashflow – Platform ³ (excluding one offs)	\$(3.1m)	▲	\$(3.2m) +\$0.1m / +4%	\$(3.4m) +\$0.3m / +10%
Cash Balance	\$5.1m	▼	\$7.2m -\$2.2m / -30%	\$4.3m +\$0.7m / +15%
Annualised Churn	4.9%	▼	4.0% -0.9%pt	1.9% +2.9%pt

Highlights

- **New Business Revenue** for Troocost (UK). Major Partner discussions in Europe are progressing with a focus on our Global Billing Solution/Net-Zero data reporting product.
- **\$0.9m ARR renewals**; \$0.5m AU and \$0.4m UK
- **\$0.2m contract upgrades** from existing clients including BP.
- **Total organic cashflow** was flat from \$(3.0)m in Q2 FY23 to \$(3.1)m in Q3 FY23.
- **Organic cashflow - platform** has improved from \$(3.2)m in Q2 FY23 to \$(3.1)m in Q3 FY23. The reduction in cash spend follows company's recently announced action towards cost optimisation across its operations in the UK and Australia in March 2023. Savings have been driven by the recently announced Board changes, reduction in staff headcount and reduction in other overhead costs. Business expects organic cashflows to improve further in succeeding quarters as full impact of these savings is realised.
- Note that as of Q3 FY23, total organic cashflow is not impacted the rebate business, which was sold off in Nov-22.

Notes:

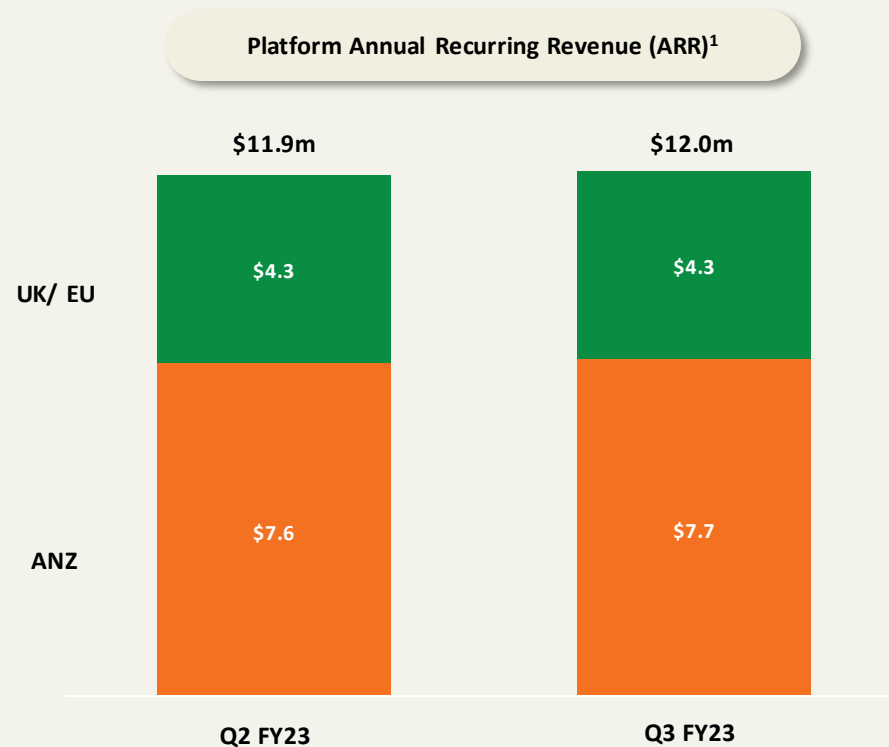
1. Gross Profit is a non IFRS measure that is calculated as Statutory revenue less cost of products sold. Gross Margin represents Gross profit divided by Revenue.

2. Total Organic cashflow 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, the US rebates discontinued operation, redundancy payments and Fx movements.

3. Organic Cashflow – Platform represents total organic cashflow less cashflow associated with US Rebates business

Annualised Recurring Revenue (ARR)

Q3 FY23 ARR has seen improvement to \$12.0m, with \$0.9m contract renewals being signed during the quarter and upgrades from existing clients equating to \$0.2m.



Comments

- Q3 FY23 ARR increase of \$0.1m, taking total ARR to \$12.0m.
- Renewals of \$0.9m ARR in Q3 is a testament to Optima Technology's ongoing product value delivered to clients
- Contract upgrades of \$0.2m in Q3 from existing clients.
- New deal signings for Q3 include Telex, Smarter Business Solutions, Select NRG & Zenengi. Revenue from these signings are expected to flow through over the coming quarters.
- Q3 FY23 annualised churn of 4.9% is now tracking higher than the prior quarter average annualised churn from Q2 FY23 which was 4.0% but overall reduced from prior year churn of ~7% post covid. The increase was largely driven by clients sighting cost savings initiatives and macroeconomic pressures. In the prior comparable period, Q3 FY22, a annualised churn was 1.9%.

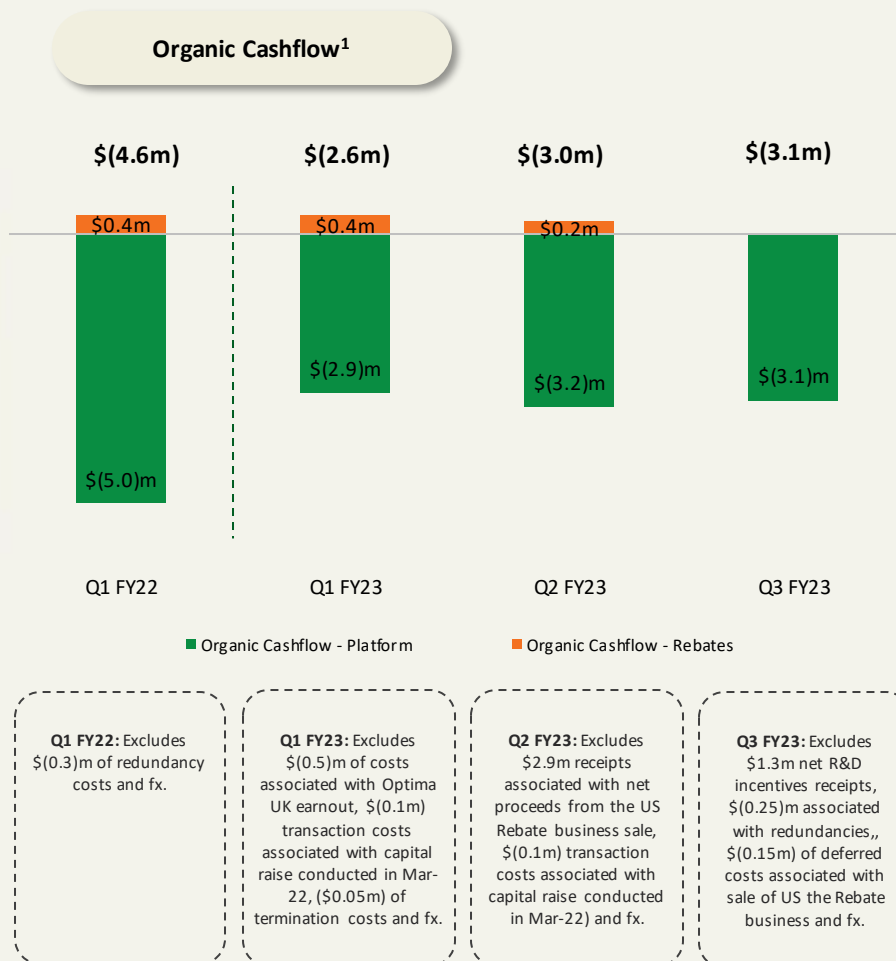
Notes

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

Cash Flow Optimisation

Operating efficiency initiatives have provided significant improvement in organic cashflows reducing from \$(4.6m) in Q1 FY22 to \$(3.0m) in Q3 FY23.

At 31 March 2023, the Company held \$5.1M in cash, which is less than 2 qtrs based on existing operating activities. The Company has received enquiries from third parties regarding the potential purchase of the Company's Australian business operations. One party, representing a syndicate of investors, has already submitted a non-binding, indicative offer. The offer is subject to due diligence and the procurement of finance, and the proposed purchase price includes terms which need further exploration. The Company has sought additional information in respect of that offer and has allowed the interested parties the opportunity to commence early-stage due diligence. The Company is also exploring capital raising opportunities.



Comments

Q3 FY23 cash flow \$(3.1m) was flat to prior quarter. However, Organic Cashflow – Platform improved from \$3.2m to \$3.1 driven by:

- Company's recent action towards cost optimisation across its operations in the UK and Australia in March 2023. Savings have been driven by the recently announced Board changes, reduction in staff headcount and reduction in other overhead costs. Business expects organic cashflows to improve further in succeeding quarters as full impact of these savings is realised.
- During Q3 FY23, the Company received a cash inflow of \$1.3m from a Research and Development Tax Incentive (one off in nature; excluded from the chart on this slide)
- Note that as of Q3 FY23, total organic cashflow is not impacted the rebate business, which was sold off in Nov-22. The net impact of no longer including the US Rebates cash flow equates to an average of ~\$0.5m per quarter over the previous 4 quarters. One-off cash inflows of ~\$1.20m are expected in 2-tranches over the next 7 months subject to meeting hold back conditions of US Rebates Sale.
- At 31 March 2023, the company held \$5.1M in cash.

¹ Organic cashflow 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, the US rebates discontinued operation, redundancy payments 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.

	March 22	3-6 months	9-12 months
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.

	March 22	3-6 months	9-12 months
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, 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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