

ASX RELEASE

25 January 2023

## Quarterly Update for the Period Ending 31 December 2022

***“Strong Quarter contributing to record half-yearly customer receipts and total income in 1H FY23”***

### Highlights

- Continued growth and positive momentum in quarterly receipts from customers of \$4.5 million, contributing to a record half-yearly total customer receipts of \$11.3 million for 1H FY23, up 27% compared to 1H FY22.
- Total income of \$4.0 million (unaudited) for the Quarter, contributing to a record half-yearly total income of \$9.7 million (unaudited) for 1H FY23, up 18% compared to 1H FY22.
- In 1H FY23, Orcoda achieved positive cash flows from operations of \$434k, despite cash outflows from operations of \$1.2 million for the Quarter primarily attributable to the timing of working capital movements; continued investments in sales & marketing and software development; and recruiting additional skill staff for large projects, exceptional division restructuring and one-off legacy costs in the Betta Group.
- The investments and restructuring costs incurred in FY23 to date are positioning Orcoda businesses for sustainable, profitable growth in the long term. Several SaaS and Betta Group infrastructure services contracts are to be finalised in 2H FY23.
- A robust balance sheet with cash and cash equivalents of \$2.0 million and available working capital of \$3.0 million as of 31 December 2022 to fund investments to drive growth.

Orcoda Limited (ASX: ODA) (“Orcoda” or “the Company”) is pleased to provide shareholders and investors with an overview of activities to accompany Appendix 4C for the quarter ending 31 December 2022 (“Quarter”, “Reporting Period”).

**Commenting on the Quarter, Orcoda Managing Director, Geoff Jamieson, said:** *“During the Quarter, we have continued to deliver strong customer receipts and total income, which increased from the corresponding quarter last year. For 1H FY23, we achieved record half-yearly customer receipts and total income of \$11.3 million and \$9.7 million, representing growth of 27% and 18% over the corresponding period last year, respectively.*

*“In 1H FY23, we delivered positive cash flows from operations of \$434k. However, the Quarter had a cash outflow from operations of \$1.2 million. This outflow was primarily attributable to the timing of working capital movements; continued investment in sales & marketing and software development; and recruiting additional skill staff for large projects, exceptional division restructuring and one-off legacy costs within the Betta Group.*

*We are ensuring the Company is well positioned for sustained, profitable growth in the long term. We are already benefitting from these investments. Several sizeable SaaS and infrastructure services contracts are anticipated to be executed in this Quarter.*

*I am excited about Orcoda continuing to be a leader in providing intelligent transport and logistic technology solutions and services to clients against the broader digital transformation that is accelerating within every one of our markets.”*

## Financial

### Customer Receipts and Cash Flows

The Company recorded receipts from customers of \$4.5 million for the Quarter, up 3.5% from the previous corresponding quarter, driven by the underlying growth of Betta Group and our software technology platforms. For 1H FY23, total customer receipts were \$11.3 million, up 27% from the previous corresponding period.

Quarterly cash outflows from operations this period were \$1.2 million. The cash outflows were primarily attributable to the timing of working capital movements, continued investments in sales & marketing and software development, and recruitment of additional skill staff for large projects, exceptional division restructuring and legacy costs in Betta Group. For 1H FY23, total cash inflows from operations were \$434k.

### Total Income (Unaudited)

Orcoda delivered a total income of \$4.0 million (unaudited) for the Quarter, up 6.3% from the previous corresponding quarter. For 1H FY23, total income was \$9.7 million (unaudited) an increase of 18% compared with 1H FY22.

### Cash Position

Orcoda ended the Quarter with a cash and cash equivalent balance of \$2.0 million and available working capital (inclusive of unused facilities) of \$3.0 million.

## Operational

### Resource Logistics Division

During the transition period with new management, Betta Group has delivered substantial revenue and customer receipts by executing existing work orders and winning new work from key clients. During the Quarter, the cash flow and profitability of Betta Group was negatively impacted by higher operating costs primarily due to wage increases necessary for staff retention in a tight labour market for the industry and recruitment of key talents, as well as some exceptional costs related to workforce restructuring in a division and some legacy issues. With the changes implemented, Betta Group is well-positioned to capture future opportunities and deliver sustainable, profitable growth. Notably, Betta Group has secured a higher schedule of rates from its key clients and has been awarded a large infrastructure services contract subject to contract signing and to be delivered during 2H FY23.

We have also received a purchase order and been awarded a long-term contract subject to contract signing with a mining company to use our proprietary Orcoda Workforce Logistics System (OWLS) to manage their workforce accommodation.

Further updates to the market regarding contract wins will be provided in accordance with ASX continuous disclosure guidelines.

### **Healthcare and Transport Logistics Division**

During the Quarter, the division continued to service its loyal customer base in the healthcare and transport logistics segments via a SaaS / recurring revenue model.

Through our teaming agreement with Teletrac Navman, a leading global telematics company and Telstra, we are in the advanced stages of signing with several Australian transport providers to use Orcoda Logistics Management System (OLMS) to manage their fleet operations.

On the back of significant interest from prospective clients, the division is also developing a car management software product by leveraging our existing booking platform technology and know-how. If successfully commercialised, the market opportunities could be significant for Orcoda.

### **Corporate**

During the Quarter, we significantly invested in sales and marketing to promote the Orcoda solutions to our target clients. We are seeing tangible results from the increased inbound enquiries and dialogues with prospective clients, which have culminated in the mandate of several SaaS contracts in both our Resource Logistics Division and Healthcare and Transport Logistics Division, subject to contract signing, as mentioned above.

We have published our base-line Environmental, Social and Governance (**ESG**) report in January. In the future, we will release bi-annual ESG disclosure reports. We value ESG considerations as they allow us to identify risks and improvements, which lead to better-informed decisions and business outcomes.

We continue to execute our long-term vision of developing an eco-system of Intelligent Transport Management Systems (**ITMS**) to drive continual digital transformations and optimisations of our clients' supply chain processes and deliver a fully integrated and connected transport ecosystem.

Our strategy is to actively position ourselves as a leading player in the transport related smart city infrastructure and electrification build-out, which we expect will accelerate across Australia over the next decade. We believe our logistics software platforms and Betta Group, which provides the installation and project management capabilities, give us a unique competitive edge in achieving our strategy.

Orcoda Technology is responsible for providing R&D, product development support and IT functions for all the Company's divisions. Orcoda is committed to researching and developing new products to build on competitive advantages. The projects and programs reflect Orcoda's support for Australian-based R&D, being an initiative that helps Orcoda improve and innovate our logistical software solutions and refine their implementation.

### **Listing Rule 4.7C.1 and 4.7C.3**

The Company has detailed the primary material business activities during the Quarter in the paragraphs above. Further, it provides a breakdown of expenditure under Appendix 4C 1.2 not already detailed as follows:

1.2 (b) product manufacturing and operating costs of \$2,157k, related to cost of goods sold of \$1,588k associated with Betta, \$422k related to the Mt Buller project and \$147k on Healthcare and Transport Logistics Division's vehicle costs and license fees.

1.2 (f) administration and corporate costs of \$1,410k, relate to admin, sales and corporate costs associated with running the Public Company and its subsidiaries of \$1,183k and expenditure of \$227k to related parties (the amount included payments to the Managing Director, Geoffrey Jamieson, of \$206k; the Chairman, Nicholas Johansen, of \$14k; and Non-Executive Director, Brendan Mason, of \$7k).

### **Q2 Update Conclusion**

The Company is continuing to grow organically by developing opportunities in each division and pursuing potential acquisitions that are value accretive to our shareholders. We are looking forward to a future where dividends are being paid to shareholders.

The Company sincerely thanks shareholders, staff, clients and suppliers for their continued loyalty and support. Orcoda looks forward to updating the market over the coming period.

**For more information, please contact:**

**Company:**

**Geoff Jamieson**

Managing Director

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-ENDS-

*This ASX release is authorised by the Board of Orcoda Limited.*

### **ABOUT ORCODA**

*Orcoda Limited (ASX: ODA) is a leading provider of smart technology solutions for transport logistics and transport services with expertise in business efficiency and optimisation of processes. We are operational efficiency specialists who supply best-in-class solutions combining technology, management expertise and contracting services that makes our clients among the most productive and cost-effective organisations in their respective industries.*

*Our clients are from a diverse array of industry sectors and include some of Australia's largest companies operating in the resources (mining, oil & gas and infrastructure), transport logistics and healthcare transport sectors.*

*Orcoda's combined expertise is focused on three key sectors of transport logistics technology and transport services: road, rail and air. We pride ourselves on enabling our clients to generate fast, accurate and reliable information, ensuring they are able to make the best business decisions the first time, every time and on time.*

*Please sign up to our Interactive Investor Hub <https://investorhub.orcoda.com/> for our company announcements, receive updates and interact with Orcoda management.*

[www.orcoda.com](http://www.orcoda.com)

## Appendix 4C

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

**Name of entity**

Orcoda Limited

**ABN**

86 009 065 650

**Quarter ended ("current quarter")**

31 December 2022

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		4,467	11,311
1.2 Payments for			
(a) research and development		(201)	(446)
(b) product manufacturing and operating costs		(2,157)	(5,473)
(c) advertising and marketing		(394)	(398)
(d) leased assets			
(e) staff costs		(1,494)	(2,907)
(f) administration and corporate costs		(1,410)	(2,488)
1.3 Dividends received (see note 3)			
1.4 Interest received		0	0
1.5 Interest and other costs of finance paid		(54)	(84)
1.6 Income taxes refunded		0	498
1.7 Government R&D grants and tax incentives		11	421
1.8 Other (provide details if material)			
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(1,232)</b>	<b>434</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire or for:			
(a) entities		0	(500)
(b) businesses			
(c) property, plant and equipment		(27)	(55)
(d) investments			
(e) intellectual property			
(f) other non-current assets			

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	27	27
	(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 (provide details if material)	0	11
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>0</b>	<b>(517)</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	(16)	(31)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(149)	(277)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(35)	(70)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(200)</b>	<b>(178)</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	3,452	2,481
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,232)	434
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	(517)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(200)	(378)
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,020</b>	<b>2,020</b>

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	1,911	3,344
5.2	Call deposits	109	108
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,020</b>	<b>3,452</b>

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	227
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. See attached Activity Report.</i>		

<b>7.</b>	<b>Financing facilities</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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities approved but not drawn	0	0
7.2	Credit standby arrangements	950	0
7.3	Other (R&D refund)	0	0
7.4	<b>Total financing facilities</b>	950	0
7.5	<b>Unused financing facilities available at quarter end</b>		950
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.		
	NAB overdraft facility undrawn		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,232)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,020
8.3	Unused finance facilities available at quarter end (item 7.5)	950
8.4	Total available funding (item 8.2 + item 8.3)	2,970
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.41
	<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: 24<sup>th</sup> January 2023

Authorised 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.