



30 September 2019

## **Finzsoft Solutions Limited (NZX:FIN) Reports Audited Financial Results for the Year End 30 June 2019**

The Directors of Finzsoft Solutions Limited are pleased to report on the Group performance for Year Ended 30 June 2019.

As shareholders may be aware, the first half of FY19 was a particularly challenging period for Finzsoft. With those issues now behind us, management and the renewed Board has leveraged our new product focused business model to drive growth in recurring revenue and profitability.

The restructuring of our operating and delivery models, together with a move to a product first consumption-based model for both Service and Infrastructure activities, has led to an increase in recurring revenue (7.4%) and a deliberate decrease in non-recurring revenue (-23.4%). When combined with an ongoing focus on reducing operating expenses (-29.5%), the underlying profitability of the business (as measured by EBITDA) has increased by 126.4%. It has also provided the business with the flexibility to scale both domestically and internationally and respond to dynamic market conditions.

Finzsoft is continuing to develop and enhance its proven solutions that empower people to interact and transact anytime, anywhere and in the way they want, through automated, seamless, connected and lifestyle orientated digital experiences. Our market is now defined by the intersection of Application Programming Interface (API) economies. That is, the ability of a finance or banking organisation to dynamically and seamlessly consume, access, extend and integrate the plethora of third party fintech products with their existing core(s) or systems' of records. Our competitors' banking and fintech solutions are typically unable to expose the functionality required for integration purposes. We believe the consumption of Finzsoft's next generation products reflects their validation of Finzsoft's foundation product design principle, that only an open system can empower change, attract volume and create value in a market defined by fast changing API economies.

Our next generation Open Connected Core (OCC) offering is designed to empower customers to rapidly evolve to meet or disrupt the needs of a dynamic market. This capability will empower customers to:

- leverage the power of Sovereign's functionally rich and proven system-of-record; and
- dynamically and seamlessly access, extend and integrate Finzsoft or third party systems-of-engagement products including, but not limited to, Origination, New Introducer Channels, Mobile Banking, Internet Banking, CRM, Publishing, channel and point-of-sale management solutions, and leverage the exponential growth in new fintech or disruption enablers and plug-in offerings.

Finzsoft has traditionally adopted an operating model of material reinvestment in its proprietary solution(s) without dilution of shareholders' interests through capital raising. With the announcement in July 2019 of the first material sale of its next generation product, OCC, the company signalled a material increase in its research and development into next generation products. The development of these new product(s), their application to and promotion in new markets including the Americas and Europe, will require capital investment over and above Finzsoft's traditional cash reinvestment model. The Board is actively engaged in assessing conditional offers of and opportunities to fund its strategic product investment(s) through both debt and capital instruments. The Board proposes to announce its nominated funding model(s) in the coming months.



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Key performance highlights for the period include:

- Operating revenue of \$12.481 million is down on the same period last year (30 June 2018: \$14.639 million).
- Net profit after tax of \$67k is an increase on the same period last year (30 June 2018: \$734k loss).
- EBITDA of \$978k is up on the same period last year (30 June 2018: \$432k).
- Recurring revenue continues to increase (7.4% increase, 30 June 2019: \$4.513 million vs 30 June 2018: \$4.203 million).
- Operating expenses continue to decrease (29.5% decrease, 30 June 2019: \$3.128 million vs 30 June 2018: \$4.436 million).
- Finzsoft continues to enjoy a stable and committed customer base supporting underlying recurring revenue.

We would like to expressly thank our customers for their support of the Board, management and importantly of the mission critical products they consume from Finzsoft.

Having regard to all the matters noted, the Board has concluded that it is appropriate for the company to prepare these financial statements on a going concern basis (refer also Note 1(b)).

Our vision in developing a world-class digital open connected core to empower and enable API economies, reflects Finzsoft's continued commitment to lead through disruption through its product, delivery and pricing models, adopting a technology led approach. Nearly three decades since launching, our journey is neither stagnate nor complete. We believe the best is yet to come.

Signed for and on behalf of the board of directors.



R MCKINNON  
Chairman



A HOLLIDAY  
Director

Dated this 30th day of September 2019