

## ASX Announcement

Symbio Holdings Limited (ASX: SYM)

29 August 2022

# Symbio Reports FY22 Results

## *Achieved FY22 EBITDA guidance*

Symbio Holdings Limited (ASX: SYM or “the Company”), a leading software company specialising in voice communications, today announced its financial results for the full year ended 30 June 2022 (“FY22”), after a transformational year, which has set the foundations for international scale and expansion.

The recent disposal of non-core assets and the strong financial performance has allowed the Board to declare a final dividend of 1.7 cents and a special dividend of 3.0 cents, bringing to total dividends for the year to 8.0 cents, fully franked.

### Financial highlights (continuing business):

- Recurring Revenue up 12% to \$112.3 million (FY21: \$100.3 million)
- Recurring Gross Margin up 8% to \$63.2 million (FY21: \$58.4 million)
  - Now contributing 66% of total Gross Margin of \$95.5 million
- Continuing Underlying EBITDA<sup>1</sup> of \$35.4 million
  - New Baseline for Simplified Business
- Invested \$7.6m of opex to accelerate growth in APAC across all operating segments
- Continuing NPATA of \$14.4 million (FY21: \$15.9 million)
- Earnings per share of 17.29 cents per share (FY21: 18.43 cents per share)
- Fully franked total dividends of 8.0 cents per share (FY21: 7.6 cents per share)
- Net Revenue Retention (NRR) rate of 117% for top 10 customers
- Phone numbers 9% to 6.6 million (FY21: 5.8 million) – 3 year CAGR of 20%
- Strong balance sheet with \$42.6 million in cash and zero drawn debt as at 30 June 2022

### Commenting on the results, Symbio Co-founder and CEO, Mr. Rene Sugo said:

“The 2022 financial year was transformational for Symbio as we divested parts of our non-core business, rebranded from MNF to Symbio, and made solid progress on our APAC expansion plans.

“During FY22, we simplified our operations, restructuring in to three distinct business divisions, each with a clear product offering, experienced leader, target market, and a defined growth plan.

“Our focus continues to be on investing for growth to take advantage of the multi-billion-dollar cloud communication opportunity, which is supported by megatrends including the rapid rise of remote and hybrid work, uptake of Software as a Service (SaaS), and the maturation of voice communications in Asia.

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<sup>1</sup> Continuing Underlying EBITDA excludes restructure and impairment costs, gain or loss on sales of businesses, net interest, share scheme costs, acquisition costs, tax, depreciation and amortisation and results of discontinued operations.

“Domestically, we are gaining market share with a net retention rate of 117% for our top 10 customers and we continue to see strong demand from new clients as cloud communication is further embedded in to ways of working and business operations.

“Our launch in Singapore during the year was a milestone for Symbio and although we did not break even by June 2022 as expected, our solid deal pipeline positions us well to achieve 100,000 phone numbers and profitability in FY23.

“Embarking on a dual-track approach to entering Malaysia proved to be the right strategy. The targeted acquisitions did not meet our strict valuation criteria, so we are progressing with our organic market entry and expect to be live in market by the end of the 2022 calendar year. We are encouraged by customer interest for our services in Asia, reaffirmed in more than 150 meetings at the global US Telecom Week conference in the United States in May.

“Our focus on cash generation is evident in our strong balance sheet, with \$42.6 million in cash, a \$60 million undrawn facility and supportive banks. We believe having ample cash on hand is prudent given our expansion and investment plans.”

### **Operational highlights**

Phone numbers on network reached 6.6 million as at June 2022, up 9% on the previous year. The growth in phone numbers drove Symbio's recurring revenue, which increased 12% to \$112.3 million and supported an 8% increase in recurring gross margin to \$63.2 million. Total gross margin increased 6% to \$95.5 million.

Symbio maintained a strong balance sheet with \$42.6 million in cash and zero drawn debt as of 30 June 2022. This figure was bolstered by \$31 million received from the completion of disposal of direct businesses in August 2021 as well as Express Virtual Meetings (EVM), which concluded in January 2022. The deferred consideration payments are now complete with the final payment received in August.

### **Strategic highlights**

#### *Simplified Business*

Symbio undertook a simplification during FY2022 to focus on the core cloud communication growth opportunity, involving the sale of parts of its 'Direct' business, which concluded in January 2022. To scale more easily in new markets, Symbio is now structured in to three software-as-a-service (SaaS) divisions: Communication Platform as a Service (CPaaS), Telecom as a Service (TaaS), and Unified Communications as a Service (UCaaS). A dedicated chief executive has been appointed to each business division, with clear plans to drive growth. Giorgio Mihaila, a highly experienced cloud services executive, was appointed CEO of CPaaS in July 2022, joining Iain Falshaw (CPaaS CEO) and Jon Cleaver (TaaS CEO) to complete the executive team.

### *Delivering Growth*

Since it launched CPaaS services in June 2021, Symbio's focus in Singapore has been on customer acquisition. Following strong customer demand, Symbio also launched UCaaS services in Q4 2022 with five Cisco partners already signed up and enterprise customers already onboarding. Singapore is expected to reach profitability in FY23.

In Malaysia, Symbio has submitted a formal license application and is proceeding with an organic entry into this market after local acquisitions did not meet its strict valuation criteria. The company expects to officially launch services in Malaysia by the end of the 2022 calendar year.

The company continues to assess potential targets in additional APAC countries and is working closely with advisors on opportunities in Japan, South Korea, Vietnam and Taiwan.

### *Strategic Investment*

The business invested in improving its technology platforms and launched major new product initiatives across all divisions. Highlights include the launch of a globally unique Microsoft Teams product offering fully automated self-service deployments for enterprises and reseller partners. Significant progress has also been made in simplifying and enhancing the SuperCore and GeoCore technology platforms. These software platforms will reduce costs of entering new markets and reduce time to market for new products and features.

The company also addressed talent shortages by launching new talent pools in Malaysia and Vietnam. These new talent pools bring highly experienced software engineering and product capabilities into the team providing augmentation to core engineering capabilities in Australia. These talent pools are expected to grow in FY23 as we continue to invest in the strategy and accelerate the expansion into the APAC region.

### **Outlook & Guidance**

Commenting on the outlook, Rene Sugo said:

"With the right structure in place to execute our strategy, we are squarely focused on investing for growth. Our recurring revenue continues to increase thanks to our unique offering and quality customers, including some of the world's largest software companies, who are increasingly demanding our services.

"Trading since the start of the 2023 financial year has been solid with major customer wins late in Q4/FY22 coming online quickly. We anticipate recurring gross margin growth to accelerate to 20% YoY to circa \$76.0 million in FY23.

"The company is guiding EBITDA of \$36 - \$39 million in FY23 including a further opex investment of \$7.0 million to execute our strategy. These investments will further accelerate recurring gross margin growth in coming years.

“Our strong balance sheet with zero drawn debt and ample cash provides us with the ability to expand in the APAC region in line with our 2030 vision. We are intent on entering Malaysia in 2022 while also scanning the market for opportunities in other APAC countries.”

“Guided by our ambitious 2030 vision to have 100 million numbers on network and coverage in eight Asia Pacific countries with 15% market share in each by 2030, our focus for FY23 will be on expansion, scale and software leadership.”

### **Results briefing**

There will be a webinar and results presentation held on Monday 29 August 2022 at 09:00 am. For registration and details, please visit <https://investors.symbio.global/>

A recorded version of the webinar will be made available for later viewing at the same web address.

This announcement has been authorised for release by the Board.

**ENDS**

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### **About Symbio**

Symbio (ASX: SYM) is a software company changing the way the world communicates.

Symbio's technology replaces old-fashioned telecom networks with software, making it faster and easier to deliver modern cloud-based communication services, unlocking endless new applications for calling, messaging and phone numbers.

Symbio is the backbone for the global cloud communication industry. Over 500 service providers – from telecom start-ups to the world's biggest software companies – rely on Symbio for the connectivity, quality and expertise they need to solve complex communication challenges.

Headquartered in Sydney, Symbio powers billions of calls and messages each year, owns networks in three countries and employs over 450 staff worldwide.

For more information about Symbio visit [www.symbio.global](http://www.symbio.global)