

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

ASX Release

06 March 2023

1H FY23 Result

Bravura Solutions Limited (ASX:BVS) (Bravura) has today released its half-year results for the period ended 31 December 2022 as well as revised guidance for FY23.

1H23 Result:

- Revenue down 11% to A\$118m (A\$132m in 1H22)
- Total expenses up 17% to A\$125m (A\$107m in 1H22)
- EBITDA loss of A\$(7.0)m (down A\$32.3m from A\$25.3m in 1H22)
- Adjusted NPAT² loss of A\$14.2m (down A\$30.3m from A\$16.1m in 1H22)
- No dividend declared in 1H23 to provide cashflow support

Strategy update:

- Bravura has developed a clear strategic plan that targets a return to profitability, underpinned by clearly defined business outcomes and financial targets
- The plan is built around four key strategic pillars:
 - Shifting to a product-centric business model
 - Ensuring operational excellence
 - Strengthening its go-to-market capability
 - Engaging its team members
- The Company has initiated an Organisational Change Program that will target approximately \$25-\$30m in annualised cost benefits once fully implemented. The costs associated with the change program will be approximately \$19-\$24m¹
- Key management appointments have been made including Managing Director of EMEA, Chief Technology Officer, Chief Operating Officer and Chief Strategy, Marketing & Commercial Officer

Financial position:

- R&D spend for 1H23 was \$8.3m or 7% of revenue
- OCF was \$2.2m, down from \$14.1m in 1H22, FCF³ was \$(17.1m), down from \$11.4m in 1H22
- Existing facility drawdown of \$9.5m for working capital requirements
- Cash of A\$32.7m and net cash of A\$23.2m as at 31 December 2022
- Cash of A\$19.8m as at 20 February 2023
- Total non-cash impairment of A\$176m, including A\$163m of Goodwill and A\$13m of work in progress development

¹ Further details of the strategic review and change program are included in the investor presentation

² Adjusted NPAT is calculated by excluding non-recurring items. In H1FY23 \$175.9m impairment charges, \$0.5m termination charges and \$0.2m cloud-based software implementation expenses were included as non-recurring items

³ Free cash flow = operating cash flow – capital expenditure – capitalised software expense – leases – contingent consideration

A\$m	1H22	1H23	\$ chg	% chg
Wealth Management	82.7	77.3	(5.4)	(6.6%)
Funds Administration	49.7	41.1	(8.7)	(17.5%)
Total Revenue	132.3	118.3	(14.0)	(10.6%)
Wealth Management	19.7	3.2	(16.5)	(83.7%)
Funds Administration	25.3	15.0	(10.3)	(40.6%)
Corporate	(19.7)	(25.3)	(5.6)	(28.2%)
EBITDA¹	25.3	(7.0)	(32.3)	nm
Adjusted NPAT²	16.1	(14.2)	(30.3)	nm
NPAT	15.3	(190.9)	(206.1)	nm
EPS (A\$ cps)²	6.2	(5.7)	(11.9)	nm
DPS (A\$ cps)²	6.1	0.0	(6.1)	nm

¹ Includes \$0.7m (H1 FY22: \$0.8m) of accretion expense associated with lease liabilities accounted for under IFRS16.

² Adjusted NPAT, EPS and DPS are calculated by excluding non-recurring items, including \$175.9m impairment charges, \$0.5m termination charges and \$0.2m cloud-based software implementation expenses.

Summary:

- Wealth Management revenue declined 7% to A\$77.3 in 1H23, whilst EBITDA declined A\$16m to A\$3m in 1H23. EBITDA margin decreased to 4% (23% in 1H22). The decline was predominately attributable to the impact of FX, decline in non-recurring licence fees, continued operational investment in the Alta platform and support for new APAC projects
- Funds Administration revenue declined 21% to A\$41 in 1H23, whilst EBITDA declined A\$10m to A\$15m in 1H23. EBITDA margin decreased to 37% (41% in 2H22). The decline was predominately attributable to the impact of FX, decline in non-recurring licence fees, partially offset by reduced costs as resources were redeployed
- Operating expenses (pre corporate costs) rose \$12.7m in 1H23 vs the pcp on continued wage pressures, investment in key resources in APAC ahead of key client work, and cloud investment
- Corporate costs rose \$5.6m in 1H23 on additional executive hires, increased travel, and one-off Cost of Living Allowances
- Negative EPS of 5.7c (down from 6.2c in 1H22)

Revised guidance for FY23:

- Stronger 2H revenue expected, however reduced from prior expectations:
 - 2H revenue higher than 1H driven by program change work with existing customers
 - Currently experiencing recent delays and uncertainties regarding two new material opportunities, including Colonial First State (CFS)
 - The trend of lower existing and new project work post COVID in EMEA is expected to continue
 - Total operating costs to remain elevated – 2H expected to be in-line with 1H after approximately \$2m of Organisational Change Program targeted cost savings
- Net cash position expected to change by \$(35)-\$(40)m in 2H23, inclusive of expected Organisational Change Program implementation costs and prior to the impact of the equity raise proceeds

FY23 Guidance	Current	Previous
Revenue	\$240–245m	\$270 – 275m
EBITDA	(\$10) – (5m)	\$10 – 15m
Adjusted NPAT ²	(\$24) – (19m)	(\$5) – 0m
Cashflow	Negative	Likely negative

Commenting on the results, Libby Roy, Chief Executive Officer said:

“The first half was undoubtedly a difficult period with our performance impacted by a number of operational and market-related challenges. However, after conducting a wide-ranging strategic review of our business and having taken some tough but necessary decisions, I believe we now have a plan in place that will allow us to better manage and monetise our suite of high-quality, mission-critical products and build on our strong customer base. I am confident in the team’s ability to execute on this plan and achieve our targets of delivering an estimated \$25-30m in annualised cost benefits once fully implemented.”

Teleconference details

A teleconference and webcast briefing for analysts and investors will be held at 11:30am Australian Eastern Daylight Time (AEDT). Participants **must** pre-register for the teleconference and can do so here:

<https://s1.c-conf.com/diamondpass/10029363-lodz5u.html>

Participants who register will receive a calendar invite and a unique code which is to be quoted when dialing into the call.

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. This announcement should not be distributed or released in the United States.

The securities to be offered and sold in the equity raising have not been, and will not be, registered under the U.S. Securities Act of 1933 as amended (the "U.S. Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable securities laws of any state or other jurisdiction of the United States.

² Adjusted NPAT excludes significant one-off items including impairment charges, severance and termination charges and cloud-based software implementation expenses

– ENDS –

Authorised for release by the Board of Directors, Bravura Solutions Limited

For investor enquiries, please contact:

Matt Gregorowski, Citadel-MAGNUS

E: mgregorowski@citadelmagnus.com

T: +61 422 534 755

About Bravura Solutions Limited

Bravura Solutions Limited is a leading provider of software solutions for the wealth management, life insurance, and funds administration industries. Our solutions are underpinned by functionally rich technology that enables modernisation, consolidation, and simplification. Our software solutions enable our clients to increase speed to market, provide a seamless digital experience and address ongoing changes in financial services regulation. Backed by over 30 years of experience, our on-premise, managed, hosted and cloud solutions are used by many of the world's leading financial institutions, who entrust trillions of dollars in assets held in accounts to our systems. We support our clients with a team of more than 1,500 people in 16 offices across Australia, New Zealand, United Kingdom, Europe, Africa, and Asia.

To learn more, visit www.bravurasolutions.com.