

ASX Release

25 February 2022

Correction to 1H22 Results Presentation

Bravura Solutions Limited (ASX:BVS) (Bravura) released its 1H22 Results Presentation to the market, today. The Company has identified three typographical errors.

On slide 12, the EBITDA increase should read 61% (and not 56%).

On slide 14, the second graph, the column identified as H221 should read 19% of group revenue R&D spend (not 15%) and the column identified as H122 should read 22% of group revenue R&D spend (not 16%).

The updated 1H22 Results Presentation is attached.

– ENDS –

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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 to our systems. We support our clients with a team of more than 1,400 people in 17 offices across Australia, New Zealand, United Kingdom, Europe, Africa, and Asia.

To learn more, visit www.bravurasolutions.com.



1H22 Results Presentation

25 February 2022

Agenda

- 1** Who we are
- 2** Group results
- 3** Strategy
- 4** Outlook & Guidance

OUR PURPOSE

Making our clients successful

OUR MISSION

We develop innovative technology solutions that power the world's financial institutions

OUR VALUES

We are people who strive to deliver **excellence** in everything we do

We are people who respect and embrace our **diversity**

We are people who achieve through **collaboration**

WHY WE MATTER

Developing mission critical core record keeping systems to power the worlds leading financial companies

Our clients entrust more than \$5 trillion of assets to our solutions



Greater than 80% recurring revenue¹



Majority of revenue underpinned by 7-13 year long-term client contracts



~A\$260m revenue over last 12 months¹



Strong net cash position



Presence in 6 countries with 1,450+ FTEs



81% of staff are developers and consultants



A\$250m+ invested across the product suite



Development centres in Australia, New Zealand, India and Poland

1. Based on revenue from 1 January 2021 to 31 December 2021

What we do

Bravura provides digital software solutions supporting sophisticated financial services products

Core record keeping

- Investment products
- Wrap platforms
- Superannuation and pension
- Life insurance
- Private wealth and portfolio admin
- Funds administration
- Financial planning software
- Unit registry

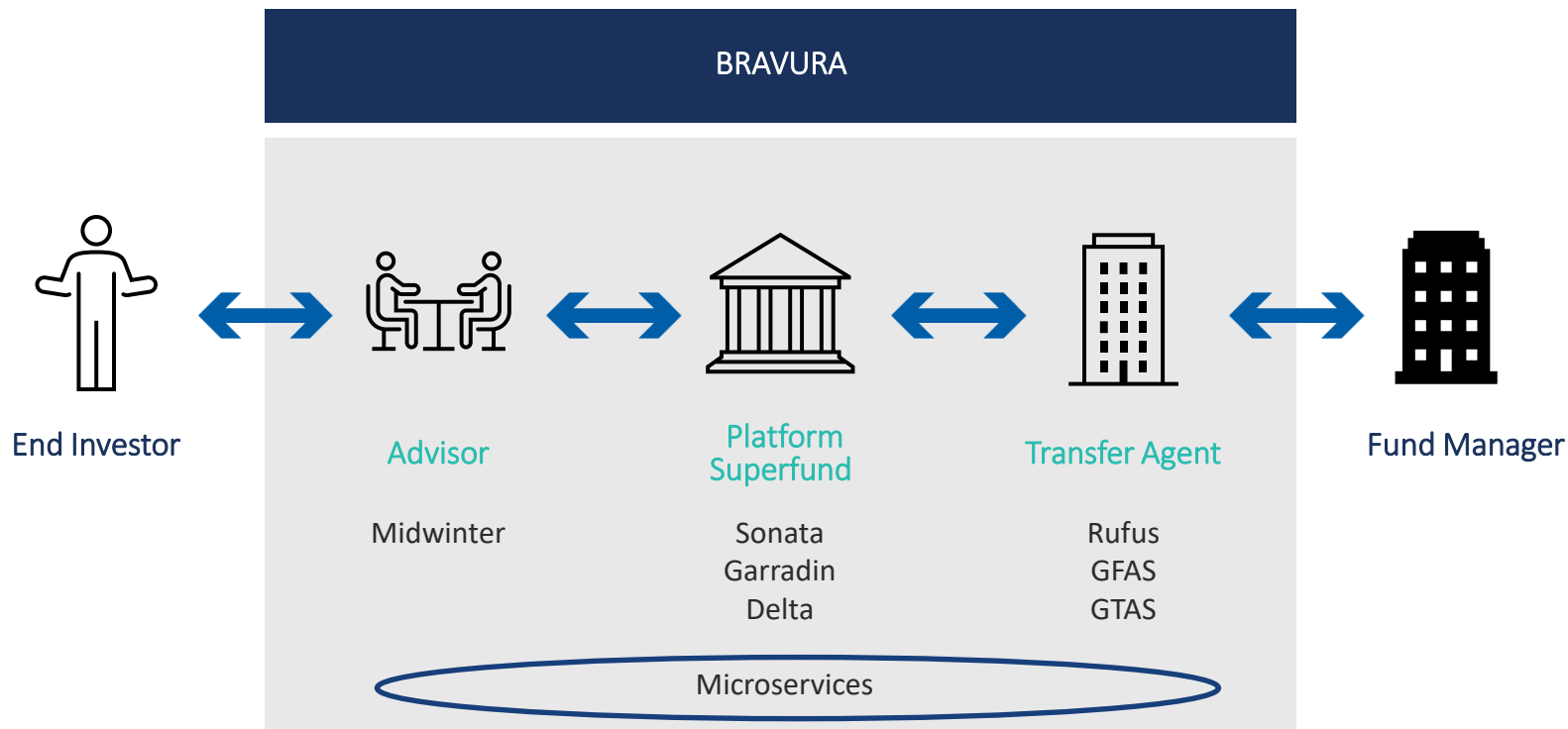
Process support

- Automation
- New product creation
- Product distribution
- Client on-boarding
- Compliance and auditing
- Administration, workflow and correspondence
- Valuations and modelling

Capabilities

- Cloud deployment
- On-premises and hybrid cloud
- Full managed service
- Compliant across multiple jurisdictions
- Highly secure record keeping
- Scalable, modern technology
- Enterprise solutions and eco-system of microservices

Value Chain Coverage



Social Responsibility

Diversity and Inclusiveness

- ✓ The Global D&I Leadership Team champions employee networks for Gender, LGBT+, Neurodiversity, Social Mobility, Race & Ethnicity and Disability
- ✓ Our bWell programme covers the whole company to support the mental health of our people with internal (over 20 trained mental health first-aiders) and external support
- ✓ We run formal mentoring programmes for women in our workspaces
- ✓ Increased female people leaders from 23% to 28%
- ✓ We support schooling in disadvantaged areas

People

- ✓ Enhanced parental leave offering for primary and secondary carers
- ✓ Increased paid leave for volunteering
- ✓ Introduced new “Ways of Working” and cultural mindsets that drive empowerment, flexibility, wellness and community
- ✓ Globally coordinated COVID-19 response. COVID Warriors in India sourced oxygen, plasma donations
- ✓ Increased focus on Graduate Recruitment and delivering experience-led Onboarding
- ✓ Launch of Anywhere Leadership Experience focused on leading successful, connected hybrid teams in the new era of work
- ✓ Increased access to role-based training, such as AWS, SAFe and Bravura product suite

Sustainability

- ✓ Established an environmental working group to support our application for ISO 14001 certification in Environmental Managements Systems (expected to be granted in FY22)
- ✓ Focused on carbon footprint reduction by using video conferencing as the preferred format for meetings
- ✓ Actively recycling and managing waste from our offices

Group Results

1H22 Result – Growth

Revenue
\$132.3m

EBITDA
\$25.3m

NPAT
\$15.3m

EPS
6.2c

- **Revenue growth of 14%¹**
- **Recurring Revenue comprised 81% of 1H22 group revenue, with Contracted Recurring Revenue up 20%**
- The Delta acquisition for 1H21 contributed an additional \$4.1m in revenue in 1H22
- **EBITDA grew 61%¹ to A\$25.3m**
- **Group EBITDA margin 19% (14% in 1H21)**
- **NPAT grew 69%¹ to A\$15.3m**
- **EPS up 68% to 6.2c, dividend declared of 3.7cps**

1. Compared to 1H21.

1H22 Result – Growth

A\$m	1H21	1H22	\$ chg	% chg
Wealth Management ¹	75.2	82.6	7.4	10%
Funds Administration	40.5	49.7	9.2	23%
Total revenue	115.7	132.3	16.6	14%
Wealth Management ¹	18.5	19.7	1.2	7%
Funds Administration	16.9	25.3	8.3	49%
Corporate	-19.7	-19.7	0.0	0%
EBITDA ²	15.8	25.3	9.6	61%
D&A	-5.8	-6.6	-0.8	15%
Cloud-based software implementation costs ³	0.0	-0.8	-0.8	
EBIT	10.0	17.9	7.9	79%
Net interest and FX expense ²	0.6	-0.8	-1.4	-231%
Profit before tax	10.5	17.1	6.6	62%
Tax expense	-1.5	-1.8	-0.3	20%
NPAT ⁴	9.0	15.3	6.3	69%
EPS (A\$ cps)	3.7	6.2	2.5	68%

- **Wealth Management** revenue grew 10% and EBITDA grew 7%. EBITDA margin² decreased to 24% (25% in 1H21). \$4.1m of the revenue growth was attributable to a full period of Delta.
- **Funds Administration** revenue grew 23% and EBITDA grew 49%. EBITDA margin increased to 51% (42% in 1H21). Included in the Funds Administration revenue was the licence associated with a major contract renewal.
- **Corporate costs** remained flat despite investment in sales capability and the full period impact of Delta.
- **Depreciation and amortisation** increased by A\$0.8m compared to pcip, arising from the amortisation of intangibles from recent acquisitions.
- **EBITDA** up 61% to A\$25.3m (A\$15.8m in 1H21).with an EBITDA margin of 19% (14% in 1H21).
- **EPS** up 68% to 6.2c, dividend declared of 3.7cps.

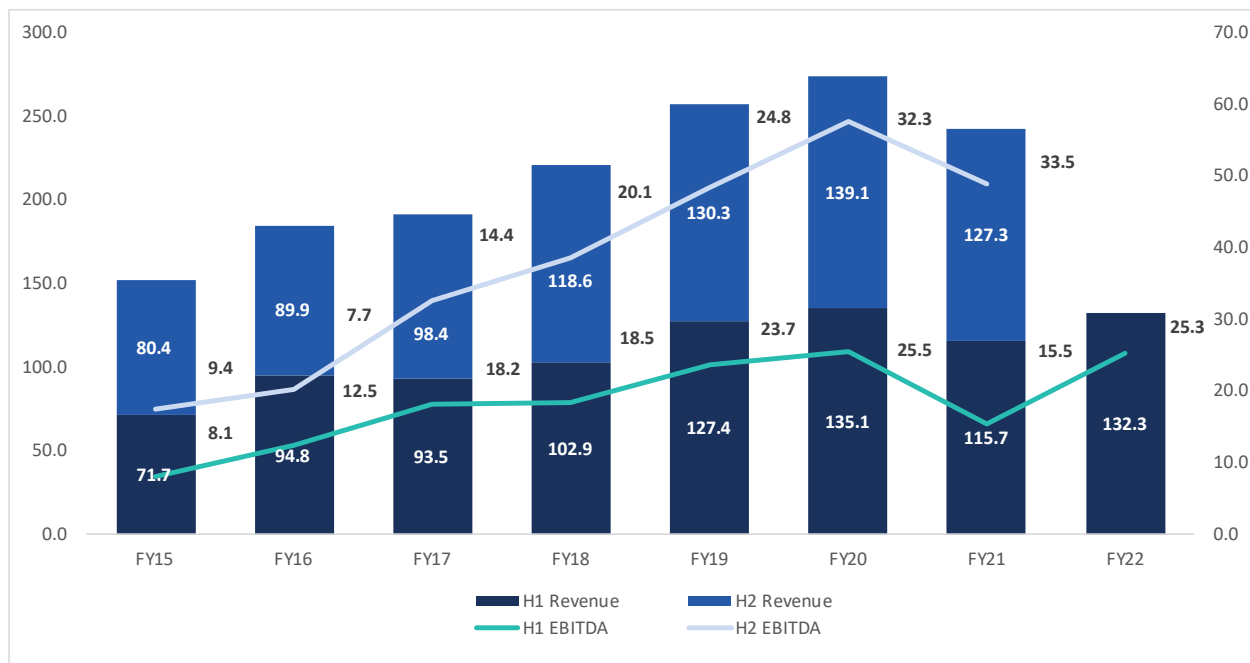
1. The Delta Financial Systems acquisition in 1H21 is reported within Wealth Management..

2. Includes A\$0.8m (1H21: A\$0.9m) of accretion expense associated with lease liabilities accounted for under IFRS16.

3. Cloud-based software implementation costs are non-recurring



Long-term Revenue and EBITDA



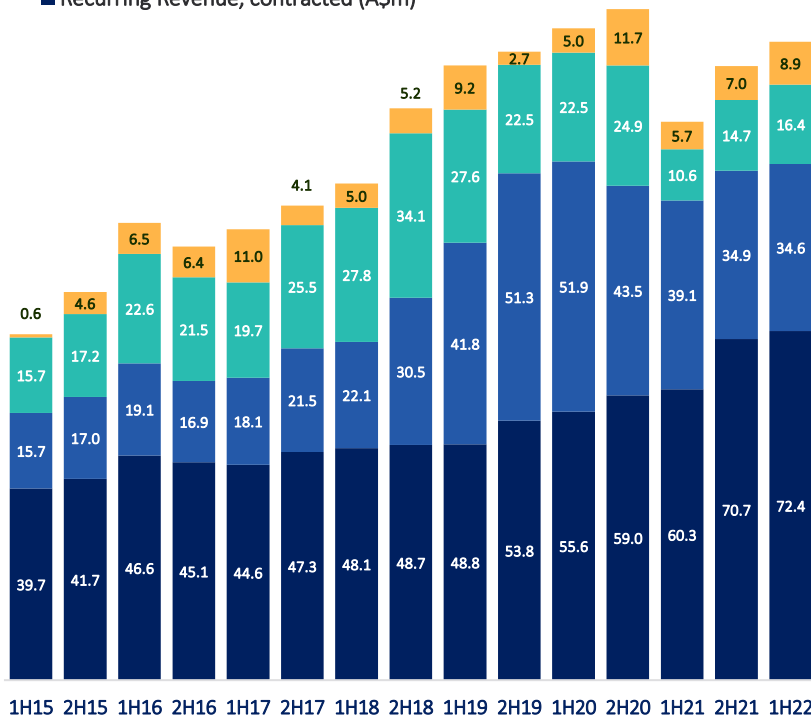
- **Revenue** increased by 14% and **EBITDA¹** by 61% on pcp.
- The **improved revenue result** was achieved through a 20% increase of the Contracted Recurring Revenue highlighting the value of long term client contracts.
- The **improved EBITDA¹ result** was driven by revenue growth and efficient management of the operational costs. This resulted in the **EBITDA Margin increasing to 19% (14% in 1H21)**.

1. Bravura has consistently included occupancy costs as accounted for under IFRS16 in the calculation of EBITDA.



Recurring Revenue – 81% in 1H22

- Licence fees (A\$m)
- Project fees (A\$m)
- Recurring Revenue, attached (A\$m)
- Recurring Revenue, contracted (A\$m)



- Recurring Revenue** comprises revenue that is contracted for the contract term plus project work post initial implementation. Majority of the revenue has **contract terms of 7-13 years**
 - Contracted Recurring Revenue** comprises revenues contracted for the contract term and typically includes maintenance, managed services, hosting, cloud and SaaS.
 - Attached Recurring Revenue** comprises in-production professional services from ongoing client demand (attached services).
- Project fees** comprise professional services from initial implementation and development requirements.
- Licence fees** are earned on a one-off basis.

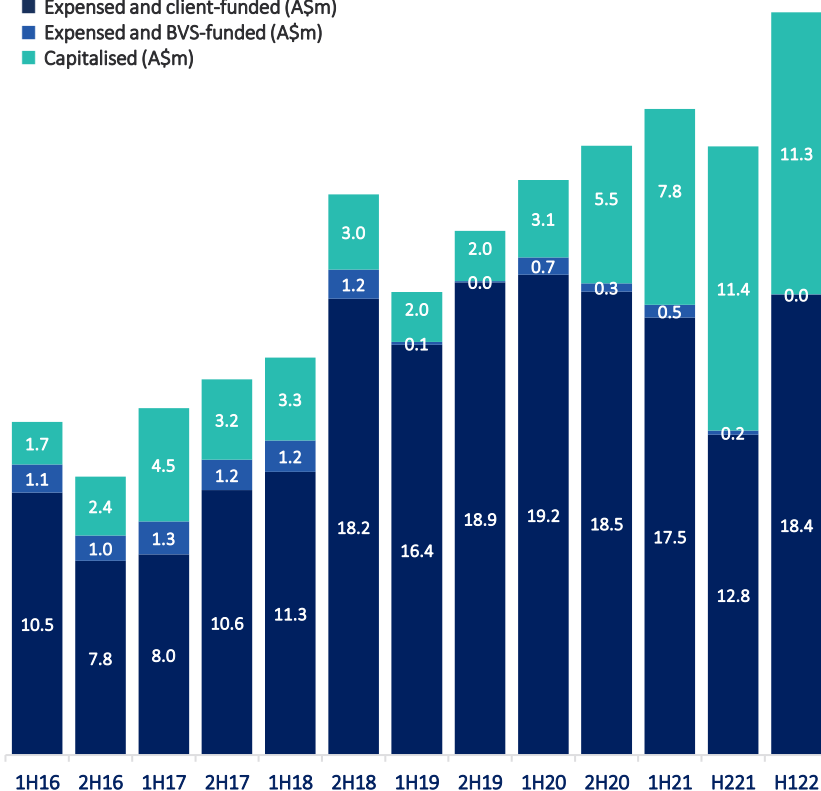
Growing our Recurring Revenue base

- Contracted Recurring Revenue was up 20%** in 1H22 compared to the pcip highlighting the value of long-term contracts.
- Attached Recurring Revenue declined 11%** in 1H22 compared to pcip with work being delayed and reprioritised by clients, predominately in the UK. Despite this decrease, Attached Recurring Revenue still accounted for 33% of the total Recurring Revenue base, highlighting the strong relationships held with clients.
- Non-recurring revenue increased by 55%** driven by project fees resulting from new client wins and licences from renewals and new client wins.



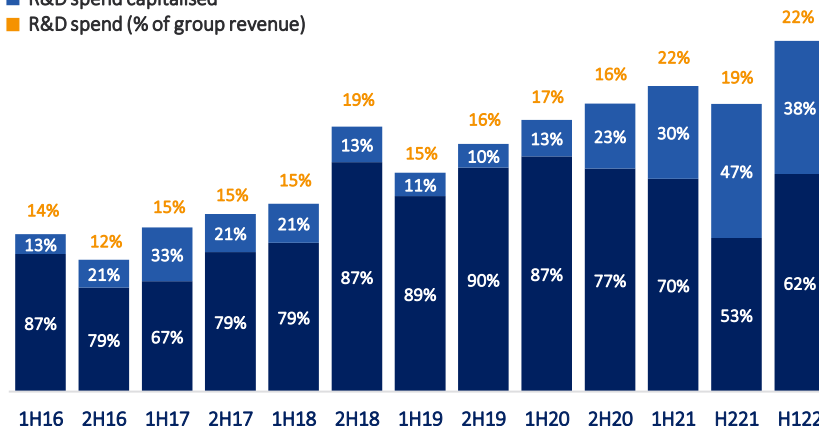
Research & Development Investment of \$29.7m

- Expensed and client-funded (A\$m)
- Expensed and BVS-funded (A\$m)
- Capitalised (A\$m)



- 1H22 group R&D investment was A\$29.7m, of which 38% was capitalised (A\$11.3m).
- Bravura's current R&D program is focused on consumption-based services predominantly for the development of microservices, Australian wrap functionality, Sonata Alta, Rufus, GFAS, Cloud, and the extension of digital advice capability
- The R&D program strengthens Bravura's product functionality relative to competitors and expanding Bravura's total addressable market.

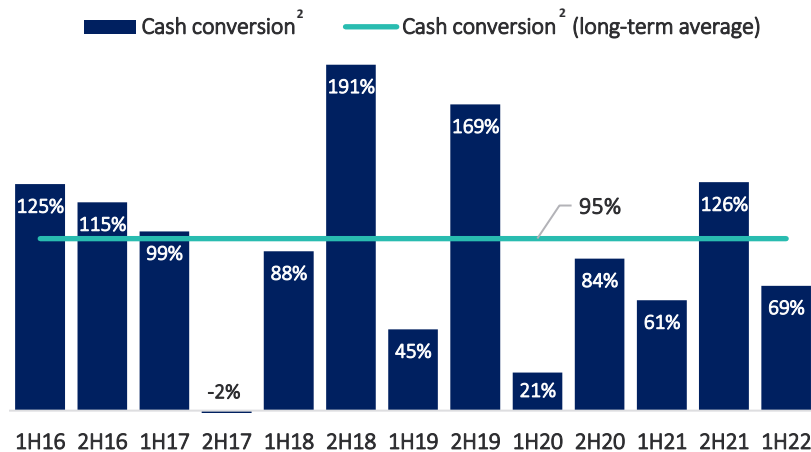
- R&D spend expensed
- R&D spend capitalised
- R&D spend (% of group revenue)



Strong Balance Sheet

- Bravura is in a robust financial position, with cash of A\$50.6m at balance date. Bravura continues to evaluate a pipeline of additional acquisitive, organic growth opportunities and continues its R&D programme.
- Intangible assets have increased to A\$260.7m reflecting the continued investment in R&D driving future revenue opportunities.
- Operating cash flow¹ (excluding taxes paid) was A\$17.5m, reflecting operating cashflow to EBITDA conversion of 69% (61% in 1H21), consistent with the long-term trend.

A\$m	30 Jun 2021	31 Dec 2021
Cash	73.6	50.6
Trade receivables	40.2	42.8
Contract assets	23.4	25.1
Intangible assets	252.6	260.7
Property, plant and equipment	54.4	51.7
Other assets	13.6	19.2
Total assets	457.8	450.1
Trade payables	13.5	9.5
Contract liabilities	31.7	28.0
Borrowings	0.0	0.0
Lease liabilities	36.8	35.0
Other liabilities	46.1	43.7
Total liabilities	128.0	116.2
Net assets	329.8	334.0



1. Further detail on operating cash flow is provided on slide 16.

2. Cash conversion refers to operating cash flow to EBITDA conversion.

Cash Flow Statement

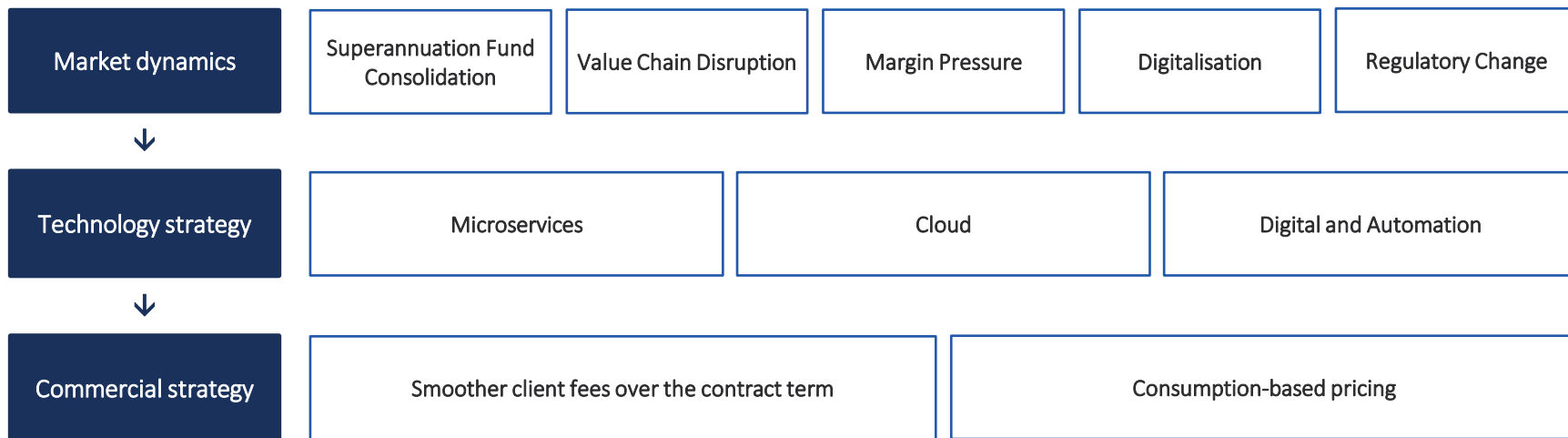
A\$m	1H21	1H22
Receipts from customers	113.8	130.9
Payments to suppliers and employees	-104.4	-113.4
Interest received	0.2	0.0
Income taxes paid	-1.4	-3.4
Total operating cash flow (direct method)	8.2	14.1
Purchase of property, plant, and equipment	-4.0	-3.2
Payments for capitalised software development	-7.9	-11.3
Acquisition of subsidiaries	-23.2	0.0
Contingent Consideration	0.0	-6.8
Total investing cash flow	-35.1	-21.3
Payments of share issue costs	0.0	0.0
Finance costs paid	-0.1	-0.2
Rental lease interest payments	-0.9	-0.8
Rental lease principal payments	-3.0	-3.4
Dividend paid	-11.2	-11.8
Total financing cash flow	-15.3	-16.2
Cash at the beginning of the period	99.1	73.6
Net change in cash	-42.2	-23.4
Effects of exchange rate changes on cash	-0.4	0.5
Cash at the end of the period	56.4	50.6

A\$m	1H21	1H22
EBITDA¹	15.8	25.3
<i>Trade, other debtors, and contract assets</i>	-4.5	-5.3
<i>Other current assets</i>	0.0	0.0
<i>Deferred tax assets</i>	1.9	0.5
<i>Trade and other payables</i>	-3.1	-2.6
<i>Contract liabilities</i>	0.4	-3.7
<i>Deferred tax liabilities</i>	-1.6	0.6
<i>Provisions and other liabilities</i>	-0.8	2.0
Change in working capital	-7.7	-8.5
Income taxes paid	-1.4	-3.4
Interest received	0.1	0.0
Other items	1.4	0.7
Total operating cash flow (indirect method)	8.2	14.1

1. Bravura has consistently included occupancy costs as accounted for under IFRS16 in the calculation of EBITDA.

Strategy Update

Bravura's Strategy



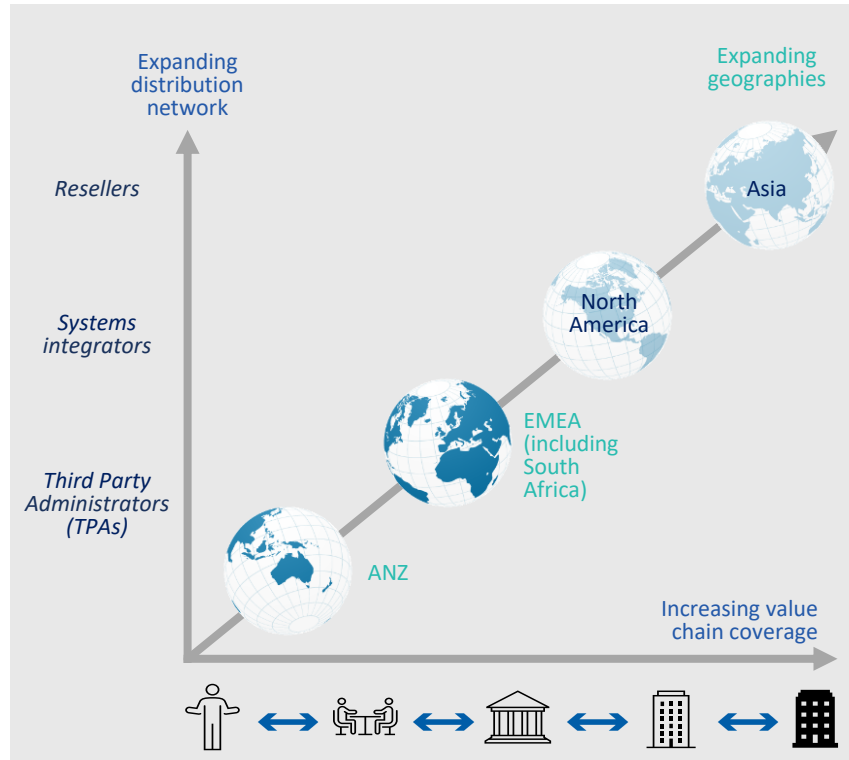
Client outcomes

- ✓ Smoother cost profile
- ✓ Lower cost to serve through automation
- ✓ Easier, more manageable implementations

Shareholder outcomes

- ✓ Expanding total addressable market
- ✓ Increasing Contracted Recurring Revenue
- ✓ More consistent revenue and margin profile

Vectors for Growth



▪ New Geographies

- Currently supporting clients in UK, South Africa, Australia, New Zealand, also running business in Luxembourg, Dublin, USA
- Opportunity for further expansion into continental Europe and USA

▪ Value Chain Coverage

- Additional opportunities with private wealth managers, private banks, boutique fund managers, advisors outside of Australia

▪ Distribution Channels

- Build on successful model with Transfer Agents
- Partnerships with Business-Process-as-a-Service providers

Outlook & Guidance

Outlook and Guidance

Outlook

- ✓ Industry structural demand for BPaaS, microservices, cloud and consumption-based services is strengthening
- ✓ COVID-19 has accelerated digital transformation
- ✓ Bravura is starting to see increasing market confidence as a result of the relaxation of COVID-19 restrictions in the UK
- ✓ Bravura will emerge stronger as a result of the strategic initiatives and investment in R&D to develop an ecosystem of microservices increasing its total addressable market
- ✓ Demand exceeds supply for software developers, IT project/programme managers, IT consultants and cloud resources resulting in increased salary costs to recruit and retain

FY22 guidance

- ✓ We expect revenue growth to continue in 2H22, resulting in full year revenue growth in excess of 10% against FY21
- ✓ In order to support further revenue growth over the next 3-5 years, Bravura has accelerated operational investment in key strategic initiatives during FY22, including:
 - **Sonata Alta** – we expect Sonata revenue in Australia to grow in FY22. In order to support continued growth within the Australian market we have invested significantly in operational capability
 - **Cloud** – operational investment has accelerated, globally, to support the increasing number of clients looking to consume our solutions in the cloud, driving future revenue growth
 - **People** – in order to retain key resources, and attract and train the best talent in a competitive, high inflationary market we have seen the average employment cost per FTE increase by over 10%
- ✓ Our sales pipeline continues to build, however some opportunities are shifting to FY23. We are also seeing operating costs increasing at a similar rate to revenue. FY22 EBITDA will be in the range of \$45m to \$50m and we are now revising our guidance for FY22 NPAT to be in the range of \$25m to \$30m, which is below previous guidance provided at the November 2021 AGM



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