

ASX Release

25 February 2022

1H22 result - Growth

Bravura Solutions Limited (ASX:BVS) (Bravura) has today announced its half-year results for the period ended 31 December 2021.

1H22 results - growth

- Revenue up 14% to A\$132.3m (A\$115.7m in 1H21)
- EBITDA¹ up 61% to A\$25.3m (A\$15.8m in 1H21)
- NPAT up 69% to A\$15.3m (A\$9.0m in 1H21)
- EBITDA margin¹ increased to 19% (14% in 1H21)
- 1H22 EPS up 68% to 6.2cps
- Unfranked interim dividend declared of 3.7cps, bringing the dividend payout ratio to 60% of 1H22 NPAT

Strategy update

- Bravura's key markets have seen a number of developments, including: (1) Superannuation Fund Consolidation (2) vertical integration leading to value chain disruption, (3) a heightened desire for lower operational costs, and (4) greater need for improvement in end customers' digital experiences, (5) continuing Regulatory change.
- Bravura's technology strategy has evolved to focus on: (1) increasing the portfolio of microservices, (2) extending hybrid cloud capability, and (3) increasing digitalisation and automation capabilities.
- Bravura's commercial strategy continues to focus on long term contracts with a greater component of recurring revenue. This enables clients to spread their investment over a greater period of time.
- This evolution in Bravura's strategy broadens its total addressable market.

Strong financial position

- Strong financial position with cash of A\$50.6m as at 31 December 2021.
- Bravura paid Contingent Consideration for Delta Financial Systems (Delta) of A\$6.8m in August 2021.
- Operating cash flow (excluding taxes paid) was A\$17.5m in 1H22, reflecting operating cashflow to EBITDA cash conversion of 69% (61% in 1H21). This is in line with the long-term trend.
- Bravura continues to evaluate a pipeline of additional acquisitive and organic growth opportunities.

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

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%

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

- Wealth Management revenue grew 10% and EBITDA grew 7%. EBITDA margin 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 pcp, 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.

Commenting on the group performance, Mr Parsons, Chief Executive Officer said:

“Bravura’s 1H22 results are encouraging and the return to both revenue and EBITDA growth is very welcome. We are beginning to see the positive effects of our strategic investments. We continue to sell and deploy our new solutions, which together with increasing economic activity as our core markets emerge from COVID-19, makes us optimistic for future growth”.

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.

Teleconference details

A teleconference and webcast briefing for analysts and investors will be held at 9:00am Australian Eastern Daylight Time (AEDT). Participants **must** pre-register for the teleconference and can do so here:

<https://s1.c-conf.com/diamondpass/10019221-sdmae0.html>

Once registered, participants will receive a calendar invite with dial-in numbers, a passcode and unique PIN which is to be quoted when dialling into the call.

Webcast link: <https://webcast.openbriefing.com/8417/>

The webcast is accessible 15 minutes before the briefing starts.

Once registered, participants will receive a calendar invite with dial-in numbers, a passcode and a unique PIN which is to be quoted when dialling into the call.

– 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.