

29 November 2022

Market Announcement

Gentrack Group Limited (NZX/ASX: GTK), a leading provider of software solutions for utilities and airports, today released its results for the full-year to 30 September 2022.

Results Summary

- Revenue: \$126.3m - up 19.5% on FY21
- EBITDA \$8.1m - down \$4.6m in line with guidance & tech investment
- Statutory NPAT: (\$3.3m) loss v \$3.2m profit in FY21
- Cash: \$27.4m - up \$1.4m over FY21
- G2 Launched: our technology stack modernised as cloud native
- No Dividend payable

The fiscal year 2022 has been a successful year for Gentrack with progress on a number of fronts. Across both Utilities and Airports (Veovo), we won several new customers and are successfully expanding into larger customers in line with our strategy. Finally, our peoples' pride and engagement is strong and continues to improve - helping us to deliver great results across our customer programs.

Financial performance

Strong revenue results were driven by a 21.6% increase in the Utilities business to \$108.2m. This impressive growth was achieved against the backdrop of UK insolvencies at the start of the year in the B2C energy market. Our underlying growth, excluding those insolvencies was 24.3%. Veovo's annual recurring revenue continued to grow up 9.2% over FY21, underpinning total Veovo revenue growth of 7.9% to \$18.1m.

EBITDA performance was \$8.1m, \$4.6m lower than FY21 after funding our planned increase in strategic R&D spend alongside growing our Sales & Marketing base and investment in our people capability.

Our cash position improved against the backdrop of business growth, which allowed us to both invest in our products and our people and generate cash in the

year. Net cash at \$27.4m on 30 September 2022 was \$1.4m higher than the prior year.

In light of the NPAT loss, the Board has decided not to pay a Dividend.

Business growth

FY22 has reinforced Gentrack's increasing win rate and innovation with existing customers. We secured 6 new logos in our Utilities business including Mercury, now New Zealand's largest energy supplier, who chose to integrate their newly acquired Trustpower business onto the Gentrack platform to grow their multi-segment business and achieve market leading operational metrics. We see growth opportunities in Australia, New Zealand and the UK across both the water and energy sectors.

Looking forward, we plan to expand beyond these core geographies and have launched our 50 in 15 Program; the first big step towards our global leadership by striving to service 50 million meter points in 15 countries. During the year we secured a major new customer in Singapore which is an example of the progress we are making in growing our pipeline in the wider APAC region. Alongside Asia, we will focus on expanding out into EMEA from our UK base.

Our Veovo business has consistently grown its recurring revenue across the aviation downturn. In the period we won AVINOR's (Norway) nationwide Prediction and Forecasting platform as well as expanding our scope with Tier one airports in US, Europe, Hong Kong and Australia. This reinforces our success in selling to, and servicing, the larger airports and airport groups which are our key growth target.

Our technology and delivery capabilities

In September 2022, we launched our new composable, cloud based, technology stack, G2. This is a key milestone for our Utilities business and brings together three technology leaders; Gentrack, Salesforce and AWS, to create a modern next generation platform. This will allow our existing customers the opportunity to benefit from greater flexibility and innovation and positions us well to win and service new Tier one & Tier two operators.

At Veovo, our investments during the pandemic in 'Airport 4.0' technology brings cloud based, AI powered forecasting and intelligent automation. These investments are showing positive signs in both new customer pipeline and upsells at existing customers.

Supplementing great software with capable service delivery is key to success. We have continued to demonstrate our capability as a Transformation Powerhouse which provides us with a strong competitive edge. For example, the consolidation of nPower's and E.ON's I&C business onto our platform during the year was one of the largest business transformations in the industry. We have successful transformation programs underway in all of our core markets helping our customers modernise their technology and work in a much more agile and automated manner. Similarly, at Veovo we have moved all of our passenger predictability customers to the cloud.

Market dynamics

Both water and energy are essential services which should be less impacted in the event of a global economic downturn. Meanwhile, sustainability targets for energy and water are still in effect and are driving an increasingly accelerating trend of IT and business transformations in the sector which will benefit Gentrack.

The UK government has taken corrective action to stabilise the UK B2C energy market. We have not seen any further customer insolvencies since December 2021, and we expect this market stabilisation will continue. Bulb, which was placed into special administration in December, remains a customer, although the government run process to sell this business looks closer to completion. We have supported the administrators of Bulb throughout the year including adding additional services from our Managed Services offering.

The aviation sector is now seeing passenger numbers and travel demand returning. We see signs that this recovery will result in new business as airports seek to invest in ways to improve efficiency and service and catch up with pent up IT demand for modernisation.

Inflation is of course an issue for all businesses. We retain a strong focus on cost control, underpinned by well-constructed contracts that allow us to reflect inflation impacts in our pricing.

We are pleased with the progress made in the year, on sales, on delivering customer transformations, on building our people capability and modernising our technology. The water, energy and airports industries are in need of transformation and Gentrack is well positioned to capture the global market opportunity.

We'd like to thank all our customers and shareholders for their continuing support of Gentrack this year. We'd also like to recognise the tremendous achievements of the whole Gentrack Team in driving the renewal of the business this year. We look

forward to creating even more value for our shareholders as we support our customers in the transformation of their businesses.

Updated Guidance

We now expect to achieve our previous FY24 revenue target of \$130m in FY23. FY24 revenue guidance is updated to \$150m.

For FY23 we expect growth in our utilities business to be in the high single digits over FY22's outturn of \$108m. As a result total group revenue including Veovo is expected to be in excess of \$130m.

From FY25 we expect the full impact of UK customer insolvencies to be behind us. The underlying growth in our core markets and the global opportunity means we are targeting utilities revenue CAGR to be in the high teens (percentage) from 2025 onwards. With our planned investment in global expansion, we are now targeting our utilities EBITDA to reach 12-17% in FY24 and then 15-20% from FY25.

We are targeting Veovo, our airports business, to grow by 15% CAGR over the next five years. We expect EBITDA to be within 15- 20% range