

**28 November 2023**

## 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 2023.

## Results Summary

- Revenue: \$169.9m – up 34.5% on FY22
- EBITDA: \$23.2m – up \$15.1m over FY22
- Statutory NPAT: \$10.0m profit v \$3.3m loss in FY22
- Cash: \$49.2m – up \$21.8m over FY22
- No dividend payable
- Results include \$27.6m of one-off revenues, but strong underlying growth means that FY24 revenue guidance has been upgraded to c. \$170m (from previous guidance of \$157m to \$160m for FY24) and FY24 EBITDA is now expected to be between \$20.5m and \$25.5m.

Gentrack has delivered impressive growth in revenue, EBITDA and cash in the 2023 financial year (FY23). We continue to win new customers, including our first contract signing in the Middle East as well as delivering against recent wins and expanding services with existing customers. We have strong net people growth with staff turnover during the year at an all-time low, and at the same time our employees are highly engaged and recommending Gentrack as a great place to work. Finally, we are proud to be working with the leaders in the sectors we serve to help them innovate and move to sustainable solutions.

## Financial performance

Strong revenue results were driven by a 36.7% increase in the Utilities business to \$147.9m for the year. Our underlying growth in the Utilities business excluding insolvencies was up by 47% over FY22.

Bulb and other UK insolvencies represented \$27.6m of FY23 revenue and we do not expect further revenue from these customers in FY24. We believe that the historical occurrence of supplier insolvencies in the UK B2C energy sector is no longer a material threat to our customer base as many of the weaker players have exited and the UK regulator has instituted a more business friendly regulatory approach.

The Veovo airports business also grew strongly, with revenue up 21.3% to \$21.9m with growth in both recurring revenues, up 15.8% and non-recurring revenues up 32.9% over FY22.

EBITDA performance was \$23.2m, \$15.1m higher than FY22. EBITDA growth has been achieved whilst continuing to invest in strategic R&D, all of which has been expensed during the year, and increasing our sales & marketing spend to support international expansion.

We received \$1.6m in R&D tax credits during the year, reducing our UK tax liability. We do not include this within EBITDA as this is a tax credit, but we do disclose it separately from our tax charge in our accounts as "other income".

With strong cash conversion from EBITDA, net cash at 30 September 2023 was \$49.2m, an increase of \$21.8m over the end of the last financial year.

As a result of this strong financial performance, FY23 marks a return to an NPAT profit of \$10.0m against an NPAT loss made in the prior year.

Gentrack's Utilities and Veovo businesses both operate in markets with strong growth potential. The Board continues to believe that the best use of the company's capital is to continue to invest in growth. We have therefore decided not to pay a dividend for FY23. We will continue to keep the use of capital under review.

The underlying growth in both Utilities and Veovo means we are able to upgrade our revenue guidance for FY24 to be at least in line with the FY23's revenue at c. \$170m, despite the loss of 'one off' revenues of \$27.6m from insolvent UK customers. Against this higher revenue guidance, EBITDA is expected to be between \$20.5m and \$25.5m.

### **Growing our energy and water customers in our core markets**

Our underlying growth in Utilities is a result of doing more with both new and existing energy customers in the markets we serve.

In November 2023 we were pleased to announce that Genesis Energy has selected our new g2.0 solution with Salesforce's Energy and Utility Cloud embedded. The g2.0 solution will enable Genesis to service customers digitally across industrial, commercial and residential segments bringing a wide range of innovative products to market. Genesis's decision to choose Gentrack's g2.0 platform to modernise their business is a strong vote of confidence in our product investment strategy. It demonstrates the value customers get from transforming their business with g2.0. For Gentrack it creates the opportunity to sell this market leading product to new customers looking to modernise away from legacy systems, as well as to upsell it to our existing customer base.

EnergyAustralia went live in March with Gentrack to launch its innovative, ground-breaking product 'Solar Home Bundle' on our distributed energy management solution. They have migrated their existing Solar Home Bundle customers to Gentrack, an integrated solution including digital consumer engagement, field services management and automation, and a Virtual Power Plant (VPP) solution. This exciting solution is at the forefront of how people worldwide will generate and consume energy in the future.

In New Zealand we completed the Mercury B2C migration from SAP to Gentrack on the back of Mercury's acquisition of Trustpower in 2022. The platform delivers a lower cost to serve and better business agility for multi play bundles across energy and communications services and great digital experiences for its customers.

In the UK, we have added three more customers (two existing customers and one new to Gentrack) to our Managed Services offering where we help customers deliver improvements in their operational excellence and cost to serve.

We support, through leading water retailers, more than 50% of the UK's businesses with water solutions. During the year we completed the migration of Scottish Water Business Stream's 200k+ business customers from three legacy systems to our cloud-based solution. In Australia we are working to migrate recent contract wins across to our platform and in Fiji, we have now agreed with one of our existing customers, the Water Authority of Fiji, to modernise their platform and transform their business.

The above are just some examples of how we work closely with leaders in our core markets to modernise their business and help them meet sustainability and cost targets. We continue to do more and more with our leading customer base and add new logos.

### **Targeting international expansion for Utilities**

In November 2022 we announced our plan to expand our international footprint, beyond our core markets of the UK, Australia, and New Zealand.

During the year, we opened an office in Singapore, and have grown the local team there to both support the migration to our platform at one of Singapore's energy retailers (customer win in 2022) and to target new business in the wider Southeast Asian region. We are making good progress building a qualified pipeline across several countries in the region.

We have built our European business development team, based from our London office and are pleased with our business development across Europe.

This year we established our Middle Eastern regional hub in Saudi Arabia and are delighted to have booked our first Utilities contract win there in October 2023, covering both energy and water customers. This win, where we will be working alongside Salesforce, demonstrates the strength of this relationship, an essential part of our g2.0 platform.

To support growth in both our core markets and in new markets we have invested in building out our centre of engineering excellence in India. We opened our Pune office in November 2022, and we now have over 100 people there.

## **Growing our airport customers**

The aviation recovery has gone from strength to strength this year. Many airports are at or near to pre-pandemic passenger travel levels, driving a strong demand for digital transformation that can bring improved passenger experiences and better operational experience. For Veovo this has meant new tier 1 and 2 customers in the Middle East and Europe; strong demand for upgrades to our latest platforms for Aero-Billing and Airport Operations across all regions; and expansion opportunities for Passenger Flow solutions at several of our major airport customers. We believe that these contract wins combined with the strong pipeline we have built over that last year in Veovo will set us up for another year of vibrant growth in FY24.

## **Looking Forward**

Our first customer migration to g2.0 and our first wins in the Middle East in both the Utilities and Veovo businesses are important strategic milestones. We continue to build our pipeline in Southeast Asia and EMEA and to sell new products to new and existing customers.

We are excited about the transformation required by the industries that we serve, and the opportunity that represents for Gentrack. For airports, we are seeing pent-up demand being unleashed in modernisation programs which are now following through into contract wins and upgrades. For utilities, no other market requires the level of modernisation that the IT systems in both the energy and water markets require. Our new g2.0 solution is now established. We have the delivery track record to make customer transformations successful, and we have positioned Gentrack as a leader in innovation. It is an exciting time to be in these dynamic markets.

We'd like to thank our customers and shareholders for their continued support and the entire Gentrack team for their achievements this year and for their commitment to Gentrack's future.

## **Guidance**

The strong underlying growth in both Utilities and Veovo means we are able to upgrade our revenue guidance for FY24, from the prior guidance of being between \$157m to \$160m to being at least in line with FY23 revenue at c.\$170m despite the loss of 'one off' revenues of \$27.6m from insolvent UK customers. Against this higher revenue guidance, EBITDA is expected to be between \$20.5m and \$25.5m (12%-15%). This compares to our previous guidance which would have given a range of between c. \$19m and \$27m.

## Presentation Results

Investors are invited to join the presentation of the Half Year Results on Tuesday 28<sup>th</sup> November 2023 at 10.30am NZT/ 8.30am AEST via webcast: [www.virtualmeeting.co.nz/gtkfy23](http://www.virtualmeeting.co.nz/gtkfy23).

It is advised that attendees allow ten minutes prior to the start time to register and download any necessary webcast software. To join via audio only, please see details here: <https://gentrack.com/full-year-results-briefing-2023>

### **ENDS**

Contact details regarding this announcement:

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### **About Gentrack**

We are entering a new era, with utilities worldwide transforming to meet business and sustainability targets. For over 35 years Gentrack has been partnering with the world's leading utilities, and more than 60 energy and water companies rely on us.

Gentrack, with our partners Salesforce and AWS, are leading today's transformation with g2.0, an end-to-end product-to-profit solution. Using low code / no code, and composable technology. G2.0 allows utilities to launch new propositions in days, reduce cost-to-serve and lead in total experience. <https://www.gentrack.com>