

intelliHR Growth Acceleration Converting to Revenue

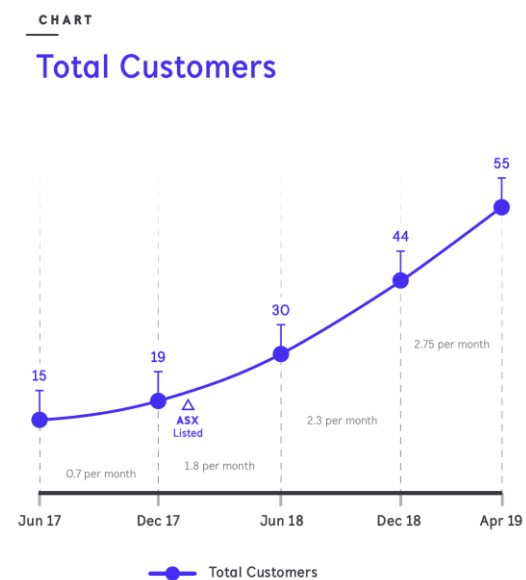
Highlights

- Milestones: Over 8,000 contracted subscribers; \$1.1M Annual Recurring Revenue (ARR); sales velocity quadruples
- 4 months to April 2019 contracted circa \$500,000 ARR and \$92,500 in Professional Services Fees
- May 2019 subscription revenues grew 37% month on month as recent contracts are successfully onboarded
- Revenue retention, a key SaaS success metric, at 111% year on year to end of April 2019

intelliHR Holdings Limited (ASX:IHR) is demonstrating accelerated growth of both contracted customers and revenues received. Key drivers of this have been growth of the sales pipeline and optimisation of the sales process to win new business faster. The business has also honed its product and market focus upon People Management to better leverage the competitiveness of our Performance HR capabilities enabling us to convert more new business faster.

New Milestones Reached with Continued Record Customer and Subscriber Growth

As at 3 May 2019, intelliHR had 8,114 contracted subscribing users with 55 customers. Over the past 18 months customer win velocity has almost quadrupled from 0.7 wins per month to 2.75 wins per month. IntelliHR's efficient sales performance is now returning \$7 for every \$1 invested in sales and marketing. As well, another key SaaS metric of 12-month ARR covering all conversion costs is also being achieved.



The business has also optimised marketing directly to the mid-to-enterprise sized marketplace. This has resulted in larger customer wins improving the average customer size from 91 subscribers per customer in 2017 to an average of 170 subscribers per customer. This also significantly increases the value of each new customer win, represented as larger ARR growth. Average customer size is expected to continue to grow supported by recent customer wins largely being in the 300 to 1,000 subscribers category.

The total sales pipeline sits at 248 active customer sales opportunities with potential total ARR estimated to be in excess of \$21M. This provides us with confidence that intelliHR has a strong base to continue its accelerated sales growth into the future.



Sales Success Realising Future Value – our SaaS Revenue Model

intelliHR generates income from ongoing subscription fees and once off professional services fees. Close to \$500,000 in Subscriptions and a further \$92,500 in Professional Services Fees have been newly contracted in just the last 4 months, demonstrating strong future revenue growth potential of the business.

Subscription Fees

The number of contracted subscribers is a key measure of shareholder value creation as it translates directly into ARR. Standard user subscriptions are \$15 per employee per month.

The business successfully grew this key revenue item by 53% in H1 FY19 and, in H2 FY19 to date, has already grown it by a further 79%. This represents an addition of close to \$500,000 in ARR in just the last 4 months, more than doubling the result achieved in the previous half. As at 3 May 2019, contracted ARR surpassed \$1.1M. Revenue retention for the 12 months to 30 April 2019 was excellent at 111%.

The business is now demonstrating a strengthening growth model, with ARR growth accelerating each half on half for the past 2 years. It is a key business performance goal to continue to replicate this exponential growth.

Professional Service Fees

Each new customer is charged professional services fees for implementation services, training and process redesign consulting workshops. Customer growth is another key measure of shareholder value creation as it directly transfers to the generation of this additional source of revenue.

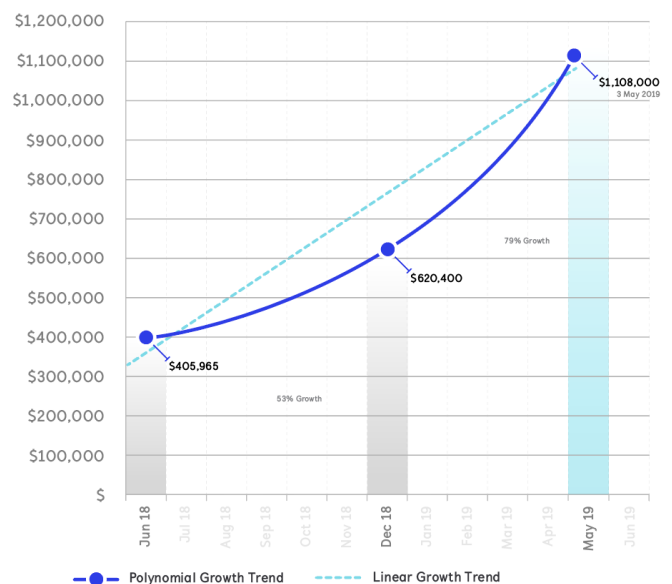
In 2019, the business has capitalised on its high value creation for customers through our design thinking led implementations by successfully increasing the pricing of these services. The price of a standard implementation has increased from \$3,000 to \$9,500 plus GST and \$3,900 plus GST for additional workshops. Some customers have purchased up to 3 additional workshops as part of their implementation. Customer wins in H2 FY19 to date have resulted in \$92,500 in contracted professional services fees.

Professional services fees are expected to grow over the coming year to increasingly contribute to intelliHR's overall revenue. Services delivered as part of the implementation are amortised over the life of the contract in line with revenue recognition accounting standards.

The business is rapidly growing ARR as well as professional services revenue. Together, they provide an indication of intelliHR's future revenue generation potential.

CHART

Contracted Annual Recurring Revenue Growth



H1 & H2 FY19 Contracted Customer Wins Drives Subscription & Implementation Revenues in May

May 2019 invoiced subscription revenues grew 37% on the previous month as a result of the business successfully onboarding 953 previously contracted subscribers during April 2019. Of the 8,114 current contracted subscribers, a total of 4,511 have now converted to invoiced subscribers with a further 3,603 still to be added to the platform through implementations in the coming months.

The business experiences a seasonal impact around Christmas when new customer implementations are typically deferred for sales completed during the months of November, December and January. The month of February saw implementation scheduling recommence, which is now being reflected in strong invoiced subscriber growth and monthly cash receipts.

Metric Summary

	H1 2018 as at 31 December 2017	H2 2018 as at 30 June 2018	H1 2019 as at 31 December 2018	H2 2019* as at 3 May 2019
Customer Numbers	19	30	44	55
Growth	4	11	14	11
Headcount	2,492	3,284	5,170	8,114
Growth	475	792	1,886	2,944
Invoiced Subscribers	1,878	2,288	3,286	4,511
Growth	1,096	410	998	1,225

*As at 3 May 2019 (2 months to go in H2 and further growth expected)

Lead Generation Acceleration Strategies

A focus to expand integration and partnership sales channels is also now well under way and expected to add further momentum to intelliHR's sales results this year.

The business is actively pursuing relationships both within Australia and abroad for potential integrations that may support new customer lead generation opportunities (i.e. the payroll platforms of Xero and ADP and the recruitment platforms of both Lever and Greenhouse). Separately, intelliHR recently signed its 23rd partner to its program to efficiently pursue enterprise level organisations. This partner distribution model allows intelliHR's sales team to successfully target the ideal mid-market customer, leveraging the trusted advisor status of Partners.



Why Customers buy intelliHR?

intelliHR is an all-in-one HR software solution that automates a wide range of manual and/or paper-based HR tasks, eliminating low value tasks and administration time for HR teams, people leaders and staff. It also provides essential compliance functionality as well as best practice tools in performance management. intelliHR's advanced HR analytics capabilities are market leading and a key differentiator.

IntelliHR's market potential is expansive in that most customers do not have this type of technology. Where customers have had some form of HR technology, intelliHR has typically replaced multiple applications with its all-in-one solution, this includes replacement of local and global competitor products.

The results for customers are immediate cost savings together with productivity gains for all staff in their business as everyone uses the application. intelliHR improves customers' existing HR processes and gives them the ability to effectively manage their workforce no matter where they may be across the world.

In 2016 we rolled out intelliHR, and in 2017 we had our best financial year yet. That makes a massive statement to show how valuable an investment in people and technology can be.



FUJITSU

Sarah Gatehouse
National Manager People & Culture,
Fujitsu General Australia

The value of intelliHR's people management platform to its customers is reflected in its strong customer retention to date and its global relevance is evidenced by the expansion of subscribers to eight countries.

intelliHR Business Model – Endorsed with 111% Year on Year Revenue Retention

intelliHR's product strategy is a "customer for life" strategy, with our Retention metrics already supporting a 7-year customer life-time, where ongoing subscription fees provide intelliHR with consistent, long-term income. The all-in-one pricing model supports this strategy, enhancing customer stickiness as customers utilize multiple features on the intelliHR product set delivering value for money and a return on investment through improved performance, culture and higher staff retention.

Signed for and on behalf of intelliHR Holdings Limited:

Robert Bromage
Managing Director
intelliHR Holdings Limited

About intelliHR

intelliHR is an Australian HR technology business developing and currently marketing a next-generation cloud-based people management and data analytics platform. Delivered to customers by a SaaS business model, it is disruptive and advanced technology leveraging AI specifically Natural Language Processing in the application. It is scalable to a global market and is industry agnostic. For more information visit www.intellihr.com.au.

