

20 February 2020

IntelliHR Achieves Record Revenue and Strong Cash Position

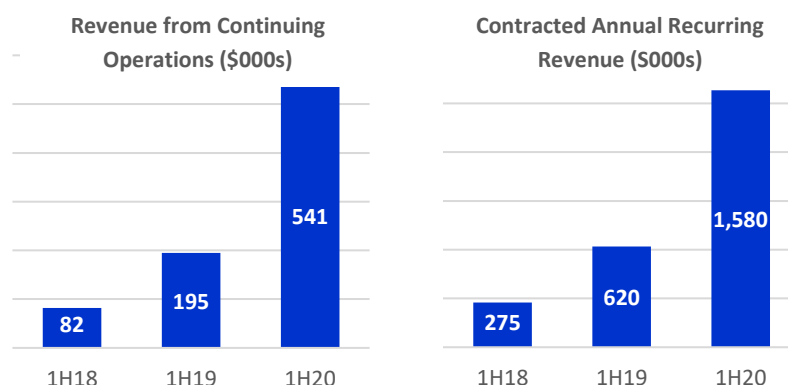
- Revenue from continuing operations up 178% over pcip with total revenue doubling
- Contracted annual recurring revenue up 155% on pcip and 30% on 2H19
- Cash receipts from customers up 134% on pcip
- Customer numbers increased by 44.8% over 2H19 with invoiced subscribers increasing by 66.8% from 1 July 2019

intelliHR Limited (ASX: IHR) announces a pleasing performance for 1H20 with significant improvements across all major metrics, including revenue, cash flows, customer numbers and usage, and cost reduction.

Financial Performance

Total revenue doubled over the previous corresponding period to \$0.55 million.

Revenue from continuing operations increased by 178% to \$0.54 million compared with the previous corresponding period and 91% compared with 2H19.



Revenue has grown as a result of the acquisition of new customers, conversion of subscribers yet to be invoiced into invoiced subscribers, and the organic growth of our existing customers which is reflected in intelliHR's revenue retention rate of 124% for the 12 months ending December 2019.

Managing Director, Robert Bromage, said, "This half shows solid evidence of a new phase in our revenue generation as we gain strong sales momentum and expand our global footprint. Our customer base now spans 11 countries and is set to grow more aggressively as we establish a local sales and marketing team in North America to service the Northern Hemisphere where six customers are already using the intelliHR platform."

Contracted annual recurring revenue in the half grew to \$1.58 million, representing a 30% increase over 2H19 and a 155% increase over 1H19, and was largely attributable to a more targeted sales and marketing approach.



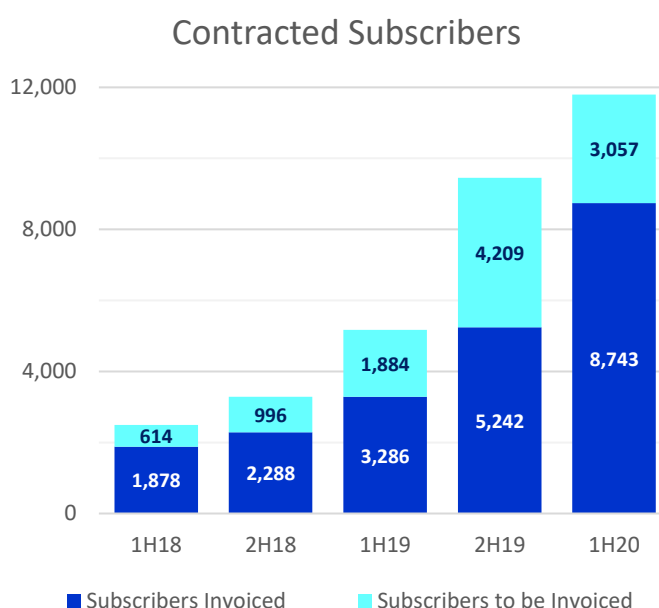
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Total expenses decreased by 9.3% or approximately \$0.3 million compared with the previous corresponding period with NPAT for the half resulting in a loss of \$2.32 million, an improvement of \$0.57 million or 20% on the previous corresponding period that was largely due to higher revenue and optimisation of costs.

Cash receipts from customers grew by 134% over the previous corresponding period to \$0.71 million while cash payments to suppliers and employees were down by 13.5% on the previous corresponding period. Net cash from operations increased by \$0.6 million resulting in net outflow of \$1.15 million, representing a 34.7% improvement from 1H19. Cash at end of the half was \$1.22 million before the addition of \$2.74 million of new placement funds received in January 2020.

Customer Growth

Customer numbers increased by 26 to 84, representing a 44.8% growth in the customer base compared with 2H19. The total number of subscribers increased to 11,800, representing a 24.9% improvement on the last half. Invoiced subscribers increased to 8,743 or by 66.8% from the beginning of 1H20. Equally, the conversion of subscribers yet to be invoiced improved with a decrease of 1,152 or 27.4% over 2H19. Subscriber usage has increased significantly from 1,387 in 3Q16 to 49,537 in 2Q20, a multiple of 35 times in four years.



Mr Bromage said, "The increase in our subscriber usage indicates how intrinsic our platform is becoming in human resources functions in organisations around the world. The more data points we have, the more accurately our customers can predict various key drivers of a workplace such as employee sentiment, attrition rates, cultural shifts and much more. Our analytical capability is a key differentiator for our platform and sets us apart from our competition."



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Operational Performance

Over the half, the business continued to build its technology ecosystem with partnerships signed with Aotal (HR app marketplace), SnapHire (recruitment), and Go1 (learning content), as well as joining the Xero app marketplace with integration certification and resulting access to Xero's Australian customers.

intelliHR continues to pursue integration partnerships in Australia and overseas with other platforms to target efficient customer growth and leverage co-marketing opportunities. Similarly, the first commercial transaction with technology ecosystem partner, Greenhouse, was completed in early January 2020.

Greenhouse is a leading, US-based recruiting software and applicant tracking system with which intelliHR has a commercial revenue sharing arrangement that will help it penetrate the North American market.

Further product development into large-scale data management and core HR record keeping enablement projects included:

- launching the public API – giving flexibility to connect intelliHR with other technologies used across business operations
- releasing custom fields – increasing product flexibility with the release of fully customisable fields that enable businesses to record individual employee preferences specific to their business
- a renewed mandatory job requirements function – ensuring employees are suitably qualified and have the requisite training and qualifications to perform their roles
- upgrading self-service actions – providing platform access to employees for self-service administrative purposes
- further investment in R&D into analytics and AI – continued work to deliver a range of new functionality including attrition prediction and insight generation to underpin business decision-making.

Strategy and Outlook

As announced to the market in December 2019, intelliHR issued new equity capital totalling \$2.74 million to Colinton Capital Partners, increasing its relevant interest to a 19.9% stake in the business. Received in January 2020, the new capital will be used to fund the domestic and international growth strategy as well as continued investment in R&D. The business also received the second tranche of funds under a successful placement conducted in 2H19 with the receipt of \$1.59 million during the half.

In the past five months, three new board appointments have been made with the addition of Alan Bignell, Nicole Cook and David Slocomb. Between them, they bring a vast bank of financial, strategic, technical, management, human resources, and global SaaS experience and knowledge to the board at a time when the business is facing increased demand for its product as it expands into new geographical regions.



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“The business’s improved cash position combined with its growth strategy make this an exciting time for intelliHR,” said Mr Bromage. “We’re building an HR platform that is embedded in customers’ core business operations, pursuing rapid growth in annual recurring revenue, and actively seeking integration partnerships to broaden the sales pipeline and fast-track global expansion,” he added.

“intelliHR has shifted another gear over the last half with customer numbers, subscribers and usage data all showing significant uplift. The Colinton investment as well as significant increases in cash receipts from customers, a stronger board and a rapidly growing market that is forecast to reach \$30 billion by 2025, all intersect to create a unique opportunity to become the leading provider of a cutting-edge AI based SaaS HR toolkit for the next generation.”

~ ENDS ~

Authorised by the Board of intelliHR.

Further Information

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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

