

## International Expansion Strategy Underpins Record First-Half Growth

- Contracted annual recurring revenue grew by a record \$919,000 to \$2,874,000, an increase of 82% on 1H20 and 47% on 2H20.
- Contracted subscribers increased by a record 14,639 to a total of 29,170 as at 31 December 2020, an increase of 147% on 1H20 and 101% on 2H20.
- Invoiced revenue growth of 81% over 1H20 and 38% over 2H20, with annualised invoiced revenue as at 31 December of \$2,595,855.
- Three successful enterprise contract wins delivered a 288% increase in 1H21 new subscribers per account, with a 58% YOY increase in ARR per account.
- Total new contracted customers in 1H21 increased 60% YOY to 43 new customers added.
- Net Cash used in 1H Operations reduced by 20% YOY, supporting a strong forward cash position of \$6.859m as at 31 December 2020.

intelliHR Limited (ASX: IHR) announces record performance for 1H21 with significant improvement across all major metrics, including revenue, cash flows, customer numbers, and customer retention.

### Financial Performance

Invoiced revenue in 1H21 from continuing operations increased by 81% to \$0.98 million compared with 1H20 and 38% compared with 2H20. Total contracted headcount doubled in 1H21.



The accelerating growth experienced over 1H21 was driven by the recent North American and UK market expansion with 7 new customer contracts in those jurisdictions. These included a major cornerstone enterprise customer. APAC growth continued over the half including the addition of two new enterprise customers despite the impact of Covid-19.

The international expansion strategy is yielding early results, with intelliHR now supporting businesses across 18 countries. Global subscribers now account for 41% of total subscribers, which provides validation of the potential for global growth. The business has also continued to see strong customer and revenue retention with less than 0.5% of revenue lost in the last 12 months despite the impact of Covid-19.

Managing Director, Robert Bromage, said, "This half demonstrates that intelliHR has the product suite and capability to execute upon its global growth strategy. Over 40% of our subscribers are now located outside



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*Australia and we have entered a new phase in our revenue generation with three international enterprise customers added in 1H21. This increased average customer headcount by 45%. intelliHR's recent continued Enterprise success has established its credibility as having a strongly differentiated people management solution capable of competing with leading industry incumbents."*

*"We are pleased to see a strong enterprise pipeline emerging. Our customer base now spans 18 countries, and we are positioning to grow more aggressively as we continue to expand our North America team, as well as increasing our commitment toward the UK market."*

*"With multi-language support to be added to the platform in the coming weeks, our plan is to target Europe with expectations of market entry later this year, significantly increasing our addressable market", Mr Robert Bromage said.*

Contracted annual recurring revenue grew by \$0.919 Million to \$2.874 million in the half, representing a 47% increase over 2H20 and 82% increase over 1H20. The acceleration in the December quarter 2020 was driven by the North American expansion with over 50% of the subscriber growth coming from this market. The Americas team grew from two to six over the half and will continue to grow in 2H21 matched to a growing sales pipeline.

Total expenses increased by \$1,474,128 being an increase of 63.7% compared with 1H20. The largest component was an increase of \$1,022,518 to Employee Benefits Expenses due to planned team growth, together with a \$729,062 non-cash increase in expenses from the issue of employee share benefits. NPAT loss for the consolidated entity amounted to \$3,033,010 or \$2,303,948 excluding the Share Based Payments adjustment for the issue of employee share benefits during the 6 months, this compares to 1H20 spend of \$2,315,628.

Cash receipts from customers grew by 52% to \$1.082 million over the previous corresponding period, and 37% on 2H20. Net Operating Cash used in 1H21 reduced by 20% YOY despite increasing investment into the North American Market expansion. At the end of 1H21, intelliHR continues to maintain a strong forward cash position of \$6.859m as at 31 December 2020.

### **Stronger Customer Growth and Successful New Enterprise Contracts**

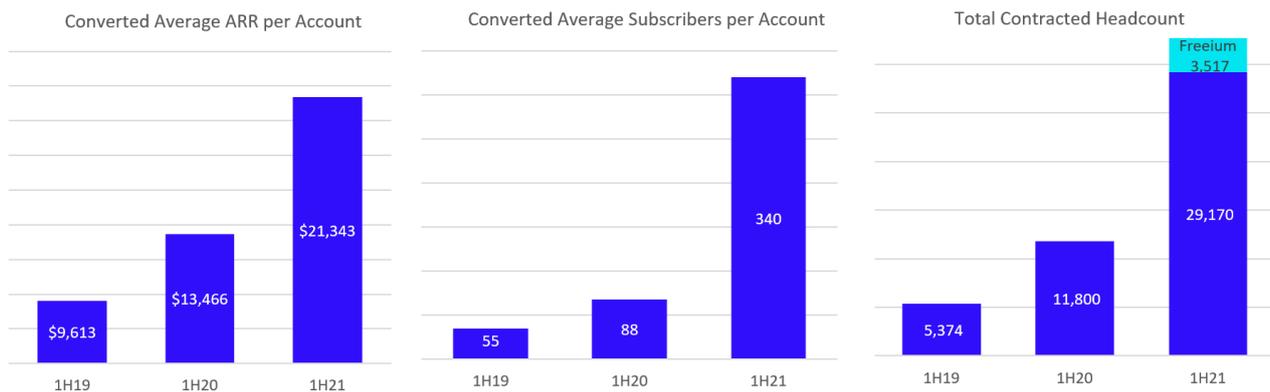
Strong 1H21 growth was achieved due to the acquisition of a record 43 new paying customers, increasing total contracted customers to 151, 60% higher than 2H20. Increasing Enterprise contract wins also drove a 288% increase in average subscribers per new customer in 1H21 to 340.

Enterprise accounts also drove an increase in average contracted ARR per customer to \$21,343 in 1H21, compared to \$13,466 for 1H20. The total number of contracted subscribers rose to 29,170, more than doubling over the course of 1H21.



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Invoiced subscribers increased by 12,954 or 133% in 1H21 compared with 2H20. Importantly, with much of the acceleration in 1H21 achieved in the December quarter 2020 and with these customers still being on-boarded, 'subscribers yet to be invoiced' increased to 6,490 at the end of 1H21. As a result, invoiced headcount is expected to increase commensurately as these implementations are finalised.



## Operational Performance

intelliHR undertook further product development into large-scale data management and core HR record keeping enablement projects, including:

- a key front-end technology transformation supporting the extension of language translation of the platform, opening up new geographic markets. Initial languages to be rolled out imminently include French Canadian, French, English (US) and Spanish.
- a range of scaling and self-service onboarding initiatives including an automated billing system and customer facing data upload automation.
- extension of intelliHR's public API, which increases the endpoints and functionality and extends the potential range of integration possibilities with enterprise payroll systems.
- further investment in R&D into analytics and AI to deliver additional functionality including insight generation to underpin business decision-making.

intelliHR continued to build its technology ecosystem, with recent partnerships with Keypay, JobAdder, Greenhouse and Kineo all operating well, along with our first enterprise client commercial transaction with GO1.

intelliHR continues to pursue integration partnerships in Australia and overseas with other platforms which complement and deepen the broader HR technology eco-system. This provides benefits to existing customers and enhances intelliHR's value proposition to new customers. Integrations are being prioritised as a key aspect of increasing penetration into global markets.



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## Strategy and Outlook

intelliHR's key areas of focus for 2H21 include:

- accelerating international expansion specifically in the Americas and UK markets, being timed to align with a recovering global economy;
- building a 'best of breed' marketplace ecosystem with complementary global technology vendors leveraging strategic partnerships for integration-led global expansion; and
- continuing to invest in R&D to maintain intelliHR's market-leading position.

~ 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](http://www.intellihr.com.au)

