



annual results presentation

financial year 2019

Mark Furness

Chief Executive Officer & Founder

Alan Pepper

Chief Financial Officer

our vision

to power the worlds largest
community of tech driven
flexible workspaces



what we do

connect **operate**

Our technology replaces manual processes, operational friction and legacy supply chains with **software and process automation.**



increase

- ✓ efficiency
- ✓ occupier experience
- ✓ customer engagement

reduce

- ✓ time to value
- ✓ operational overhead
- ✓ friction
- ✓ people



Flexible workspace providers can **scale their business without the cost and challenge** of scaling their back-office operations.

highlights

fy 19

Excellent progress across business
strong maiden set of results



Revenue

+26%

Recurring

+26%



EBITDA*

+31%

EBITDA* margin

20%



**Strong performance
across all KPIs**



**Key contract
wins**



**Post IPO strategy
execution**



**Product
leadership**



**Geographic
expansion**



**Positive market
backdrop**

operational highlights

expanded



Opportunity in North America



Sales team increase

Geographic coverage



extended



essensysCloud reach



New US data centre

Connect in mainland Europe



enhanced

connect  operate

Future unified platform



Offshore dev centre scale up

Accelerated development



market backdrop

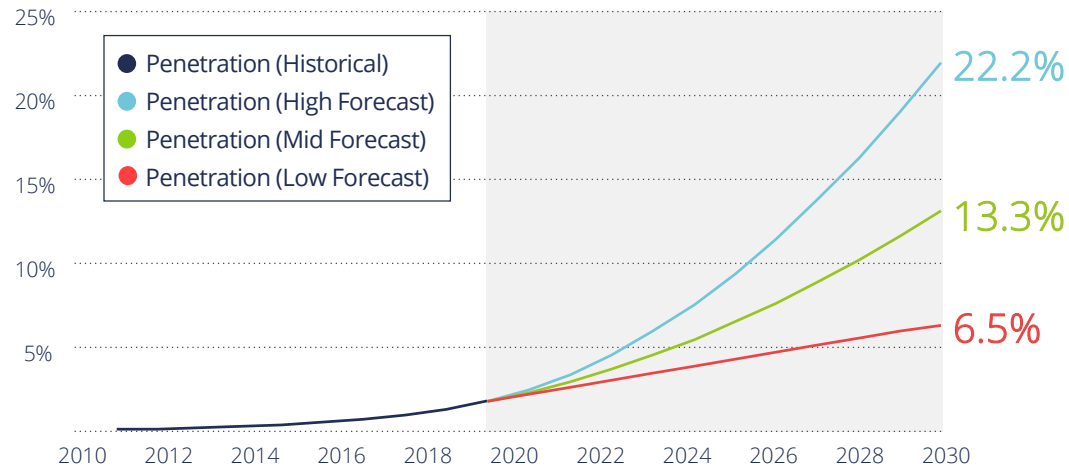


flexible workspace industry

'The demand for flexibility is the **single biggest threat**, and **opportunity**, to owners of office space'

Source: Knight Frank

Flex office penetration forecast




Source: CBRE

Landlords and commercial real estate industry accelerating response to demand

 Buy Blackstone THE CARLYLE GROUP	 Build CUSHMAN & WAKEFIELD TISHMAN SPEYER	 Partner INDUSTRIOUS Hines
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Space as a service
becoming the demand default

30% of all office space to be consumed as flexible space by 2030
from **2.5% today**



north america

established growth engine



**Growing rapidly,
adoption accelerating**

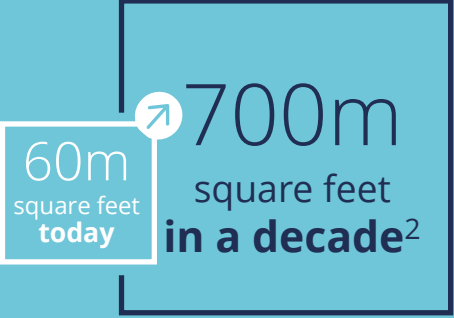
**Still less
than 1%**
of overall US
office market¹

Long runway
Structural and generational



2020 2030 2040

Penetration increasing



60m square feet today → 700m square feet in a decade²



Canada



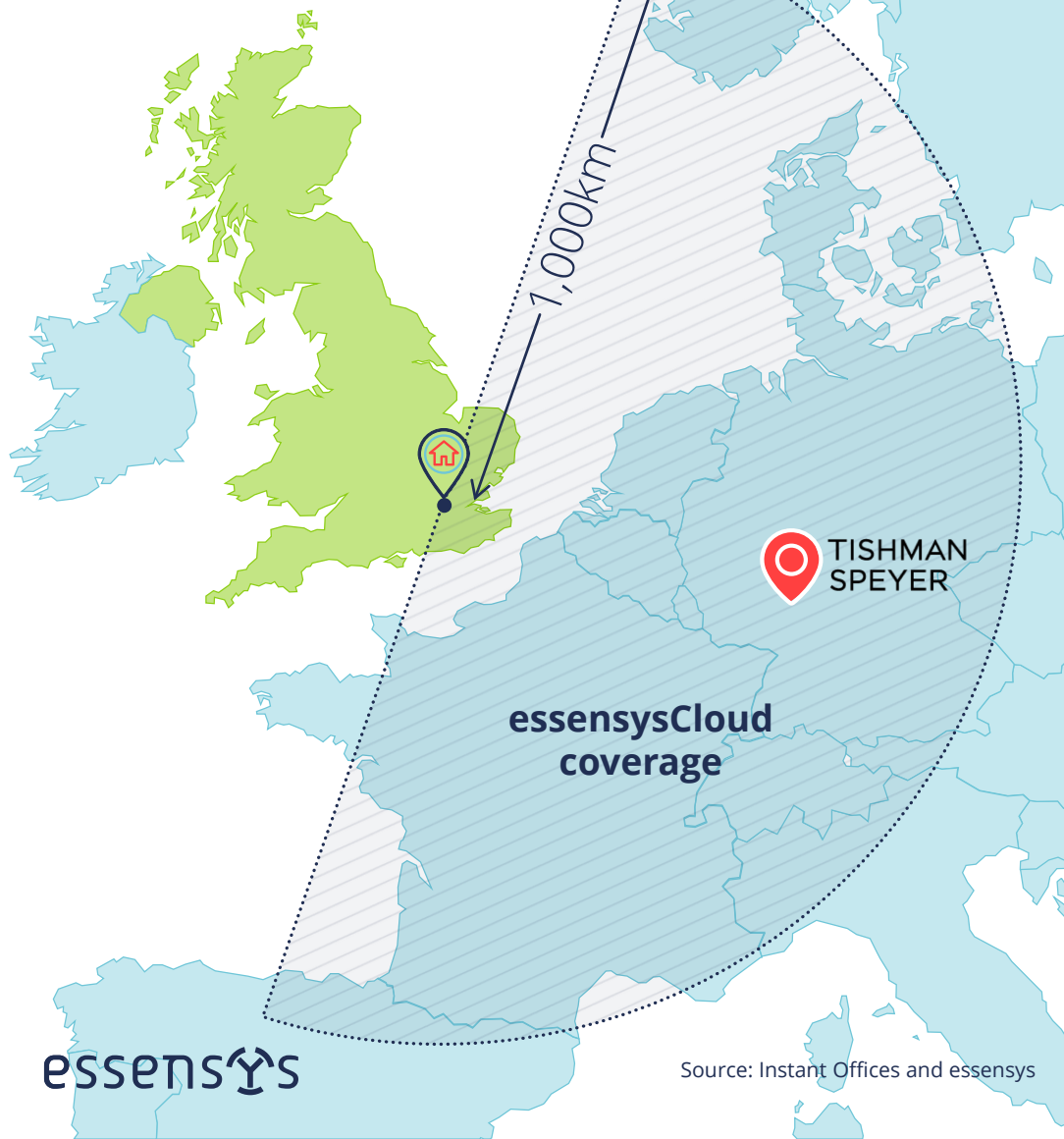
Source: 1 - JLL. 2 - CBRE. 3 - Toronto Global



Toronto 3rd biggest CRE market in North America
after New York and Los Angeles³



europa



EMEA and UK **+50%** of global market

+3,500 Flexible workspace locations

excl. WeWork and IWG plc

50 cities



UK



Brexit uncertainty



Operator opportunities if property market softens



London world's most mature market



US operators entering the UK market



Europe



Mainland Europe **strong markets**



First Connect site now live in Frankfurt



Increasing Operate wins



Connect addressable market **increased by 66%**

asia pacific

2021

APAC forecast to become world's
largest flexible workspace market

Largest APAC markets Number of centres 2019

Hong Kong	322
Tokyo	244
Sydney	244
Melbourne	242
Shanghai	239
Singapore	227

Source: Instant Offices



Good progress in Australia with
21 Operate locations this year



Development of full
market entry strategy



Meticulous
planning



Leverage
Operate



Clear
ROI



Quality
of team

opportunity in a downturn



Quality of operator crucial



Disciplined, scale operators with strong balance sheets benefit



Improved stock availability



Partnership models accelerate



We enable delivery of flex model



defensive characteristics of our business

Quality of customer base

long term established operators with scale

Geographic diversity

balanced market exposure

Structural drivers underpin growth

long-term and here to stay

Landlord and CRE brands

increasing proportion of new customers

Scale back investment phase

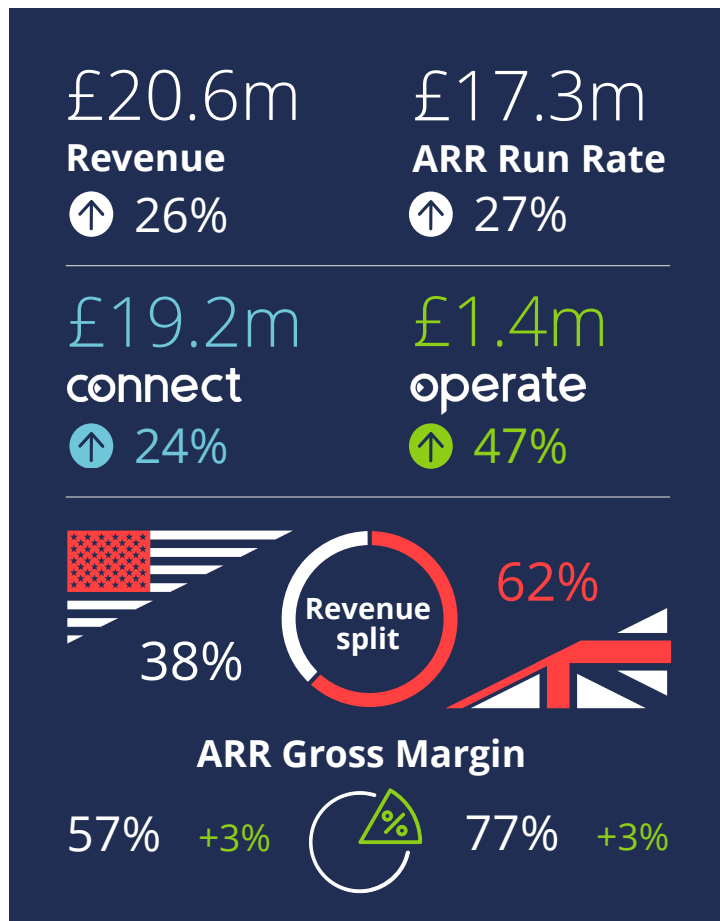
extending lifecycle of existing products
and reducing new release velocity provides
a short-term opportunity to improve
cashflows and profitability

financial review



financial highlights

fy 2019



£4.2m EBITDA* \uparrow 31%

79% Recurring $+3\%$

114% Net retention $+1\%$

61% Gross margin \leftrightarrow

70% ARR Gross margin $+2\%$



167 Customers \uparrow 5%



18 Countries $+5$



752 Sites \uparrow 5%



144 Personnel
85 FTE
59 offshore



4 Offices worldwide

our products

connect



operate



income statement

Y/E July (£'000)	2018 Audited*	2019 Audited*
Revenue		
Connect recurring	11,911	14,916
Connect non-recurring	3,556	4,290
Operate	977	1,427
Total revenue	16,444	20,633
of which: UK	11,926	12,853
US	4,518	7,780
Cost of sales	(6,414)	(7,986)
Gross profit	10,030	12,647
<i>Gross margin %</i>	61%	61%
Overheads	(6,887)	(8,486)
Other operating income	79	51
EBITDA	3,222	4,212
<i>EBITDA margin</i>	20%	20%
Share option charge	-	(979)
IPO Costs	-	(1,508)
Depreciation & Amortisation	(2,441)	(2,747)
EBIT	781	(1,022)
Finance charges (net)	(365)	(412)
PBT	416	(1,434)
Tax	(24)	(45)
PAT	392	(1,479)

* Additional detail derived from management accounts



cashflow statement

Y/E July (£'000)	2018 Audited*	2019 Audited*
EBITDA	3,222	4,212
Changes in Working Capital	(624)	(2,186)
Cash from Operations	2,598	2,026
Tax & forex	(112)	(93)
Net cash flow from operating activities	2,486	1,933
<i>Investing & financing:</i>		
Payment of intangible asset development costs	(554)	(800)
Purchase of property plant & equipment	(176)	(722)
Deferred consideration re Hubcreate acquisition	(242)	-
Net interest payments	(281)	(415)
Proceeds / (repayment) of bank loans	23	(4,644)
Proceeds / (repayment) of lease liabilities	(1,664)	(2,020)
Net cash flow from financing & investment	(2,894)	(8,601)
Net impact of IPO fundraising, dividends & share buyback	-	8,469
Net Cash Flow	(408)	1,801
Opening Balance	1,293	882
Forex adjustments	(3)	5
Closing Balance	882	2,688

* Additional detail derived from management accounts



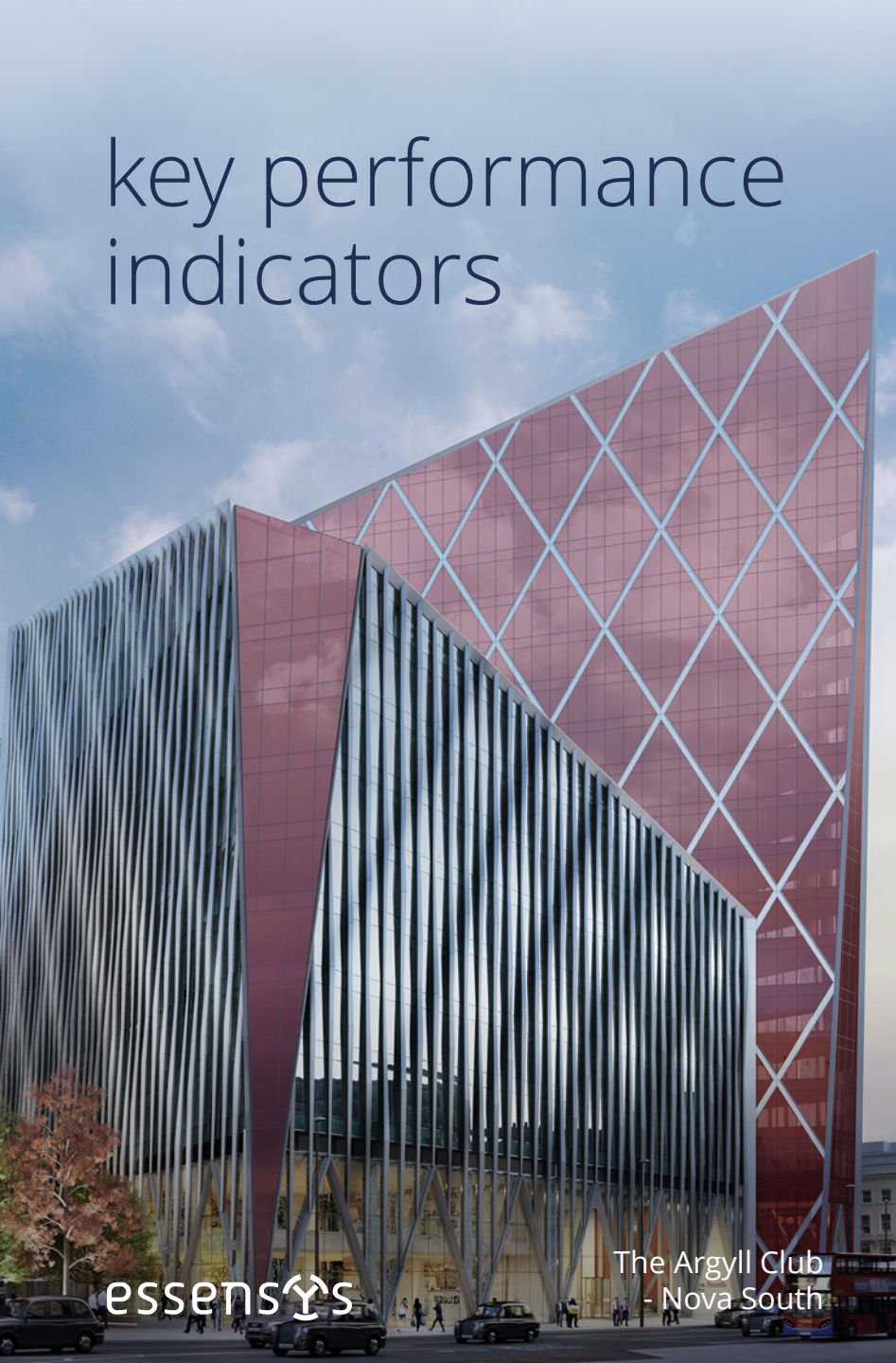
CARR – Financial District

balance sheet

Y/E July (£'000)	2018 Audited*	2019 Audited*
Fixed assets:		
Goodwill	1,263	1,263
Intangible assets	2,411	2,469
Right of use asset	3,751	3,119
Tangible fixed assets	943	1,376
	8,368	8,227
Current assets:		
Trade and other receivables	6,775	6,019
Cash and cash equivalents	882	2,688
	7,657	8,707
Creditors < 1 year	(4,086)	(4,426)
Debt & lease liabilities < 1 year	(3,420)	(1,811)
Net current assets / (liabilities)	151	2,470
Total assets less current liabilities	8,519	10,697
Debt > 1 year	(3,857)	-
Lease liabilities > 1 year	(1,639)	(1,637)
Deferred tax provision	-	(67)
Net Assets	3,023	8,993



key performance indicators

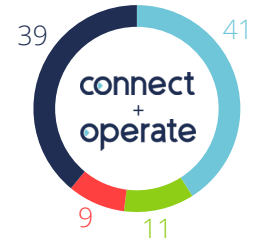


LTV: CAC
5.9 : 1



Customer concentration (%)

- Top 3
- Top 5
- Top 10
- Rest



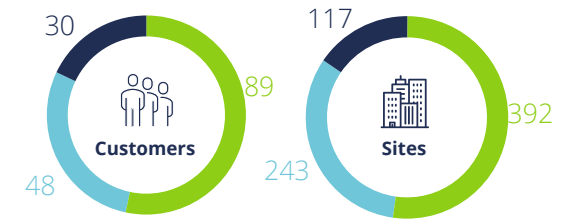
Net retention

116% connect 100% operate

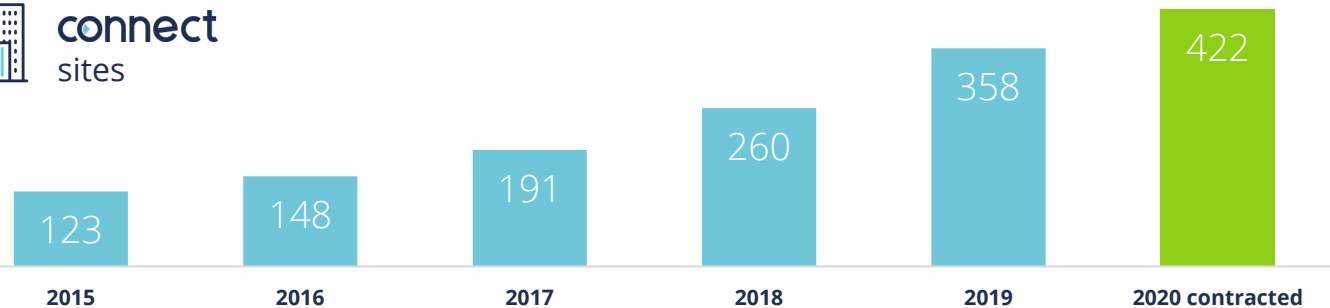


Cross-sell

- connect
- operate
- Both



connect sites



post ipo strategy execution



West Coast office fully operational
Time zone cover

Sales team expansion
Already contributing

Increase of Connect addressable market

essensysCloud expansion 2019



Seattle
San Francisco
Dallas
Toronto
New York 1
New York 2
London 1
London 2

Seattle and Toronto to be added calendar Q4 2019, Dallas added in August 2019

connect



Germany



Canada

Strengthen leadership team



James Shannon
Chief Product Officer

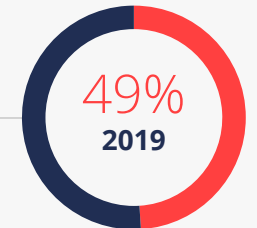
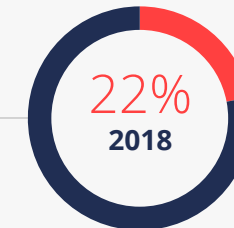


Meyer Prinsloo
Chief Marketing Officer

Development team scale up






R&D as % of headcount






growth drivers

Best ever year for new customer wins

	Connect sites added
 oxford innovation	10
 TISHMAN SPEYER	07
 VENTURE X THE FUTURE OF WORKSPACE	06

Strong growth for existing customers

	Connect sites added
 CLARENDON BUSINESS CENTRES	10
 INDUSTRIOUS	24
 Serendipity Labs [®]	06

New market entrants



Hines



The Flexible Workspace Solutions Continuum

Most flexible ← → Most permanent

								
	Coworking	Meeting/ event space	Incubator/ accelerator	Serviced offices	Enterprise solutions	Turnkey	Short-term lease	Long-term lease/own
Client segments	Freelancers/ Start-Ups	Entrepreneurs, SMEs*, Large Enterprises	Start-Ups/ Entrepreneurs	Sales Offices/ Regional Offices/ Small Business	SMEs*, Start-Ups & Large Enterprises	SMEs*, Start-Ups & Large Enterprises	SMEs*, Start-Ups & Large Enterprises	SMEs* & Large Enterprises

essensys

Source: CBRE

product leadership

operate



Performance




Lower cost





Complex Business Model




Mobile



Customisable



Localisation



essensysCloud




zoom aws


cisco Webex

Microsoft Azure


Marketplace




Access



AV



Print



unified platform

connect operate



outlook



strong foundations

efficient growth
excellent visibility



Highly effective sales & marketing

industry focussed



Fully developed pipeline

US
UK



Net retention

growing customers



Existing customer growth and future plans



Post year end wins



Well equipped for future growth opportunities

M&A and new markets

summary

01

Established
market leader

02

High quality
customer base

03

Efficient
profitable
growth

04

Early stages of
adoption

05

Deeply
embedded
position



essensys

thank you

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