

Financial Year 2020

Annual Results Presentation

MARK FURNESS

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essensys
we power ambition

essensys is the **leading global** provider of mission-critical **SaaS** platforms & on-demand **cloud** services to the **flexible workspace** segment of the commercial real estate industry

Occupiers are demanding faster, more agile real estate solutions









Enabling Flexibility

operate • connect

Our software helps solve the complex operational and experiential challenges faced by multi-site flexible workspace providers.

Our software helps our customers to

-  Increase operational efficiency
-  Improve the occupier experience
-  Engage with their customers
-  Deliver services on demand
-  Manage scale operations effectively
-  Make better, faster, decisions

Highlights FY20

A **resilient** year
Momentum rebuilding



Strong resilient performance



US growth engine



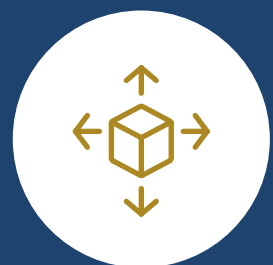
Go-to-market investment



Successful product launches



£7m fund raise



Market opportunity accelerating



+9%
Revenue



+19%
Recurring Revenue



86%
Recurring



19%
EBITDA*
Margin

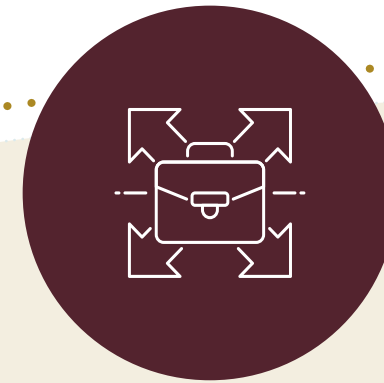
*adjusted for share based payment charges

Operational Highlights



LAND

-  Continued new customer acquisition
-  Momentum building in strategic, high-value accounts
-  Customer wins in Canada, APAC & Europe






EXPAND

-  Continued expansion of top tier customers
-  Successful new product launches
-  R&D investment ramp complete



GROW

-  US sales headcount increased 75%
-  Geographic expansion
-  Real-estate industry reach

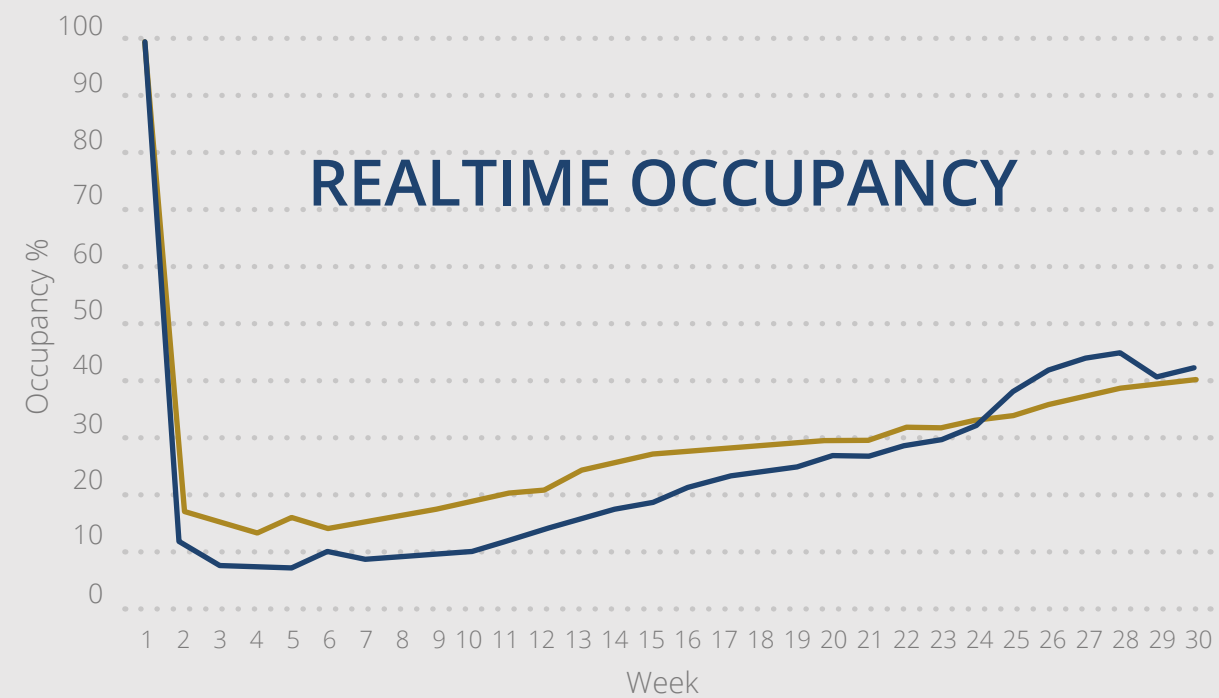
Covid-19

IMPACT

- Short term customer support
- Delayed site activations – limited cancellations
- Extended sales cycles
- Reduced marketplace utilisation

RESPONSE

- Commercial support provided to customers
- Released non-chargeable product updates
- Utilised UK & US government support schemes
- Short-term recruitment freeze
- Deferred non-essential capital expenditure
- Executive salary reductions
- Short term working hours & payroll reduction



● UK ● US

* Measured via Connect

RECOVERY

- Product and software development maintained throughout
- Accelerated investment in GTM
- New business activity increasing – 75% of H1 FY20 levels
- Smart Access being deployed with new & existing customers
- essensys STEP deals signed & in deployment
- Steady recovery in downstream customer occupation



Financial Review

Financial Highlights FY20

£19.7m

ARR
Run Rate

+14%

£22.5m

Revenue

+9%

£20.5m
connect

+7%

£1.9m
operate

+36%

£4.2m

EBITDA*

<->

86%

Recurring

+7%

100%

Net
Retention

-14%

64%

Gross
Margin

+3%

69%

ARR
Gross Margin

-1%

164

Customers

14

Countries

713

Sites

124

Personnel

104 FTE
20 Offshore

4

Offices
Worldwide

Revenue Split

ARR Gross Margin



46%

57%



54%

79%

*adjusted for IPO costs & share based payment charges

connect

operate



87

+13%
Customers



419

+17%
Sites



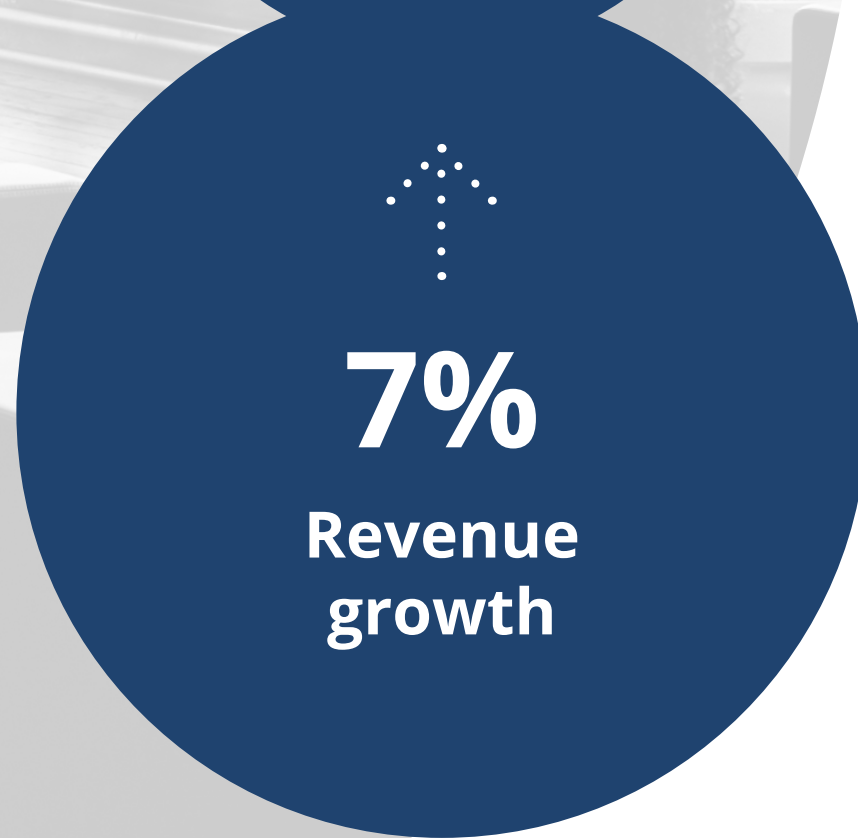
100%

Net
Retention



67%

-1%
ARR
Gross Margin



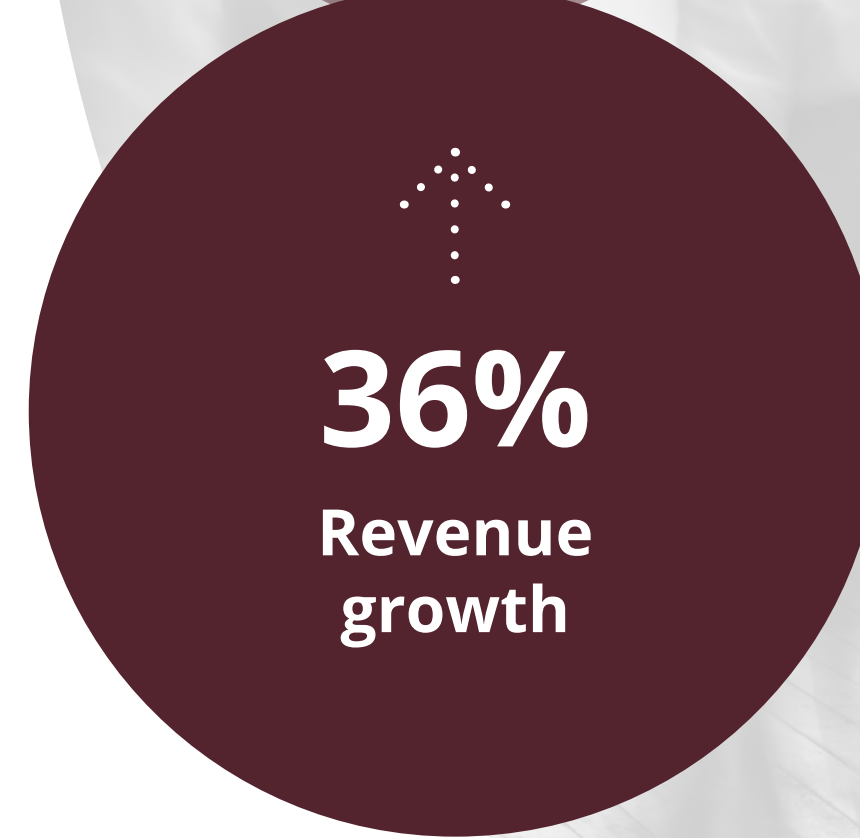
114

-3%
Customers



435

-14%
Sites



101%

Net
Retention



89%

+4%
ARR
Gross Margin

Income Statement

F Y/E July (£'000)	2019 Audited	2020 Audited
Revenue		
Connect recurring	14,916	17,470
Connect non-recurring	4,290	3,082
Operate	1,427	1,947
Total revenue	20,633	22,499
of which: UK	12,853	12,193
US	7,780	10,306
Cost of sales	(7,986)	(8,117)
Gross profit	12,647	14,382
Gross margin %	61%	64%
Overheads	(8,486)	(10,553)
Other operating income	51	386
EBITDA	4,212	4,215
EBITDA margin	20%	
Share option charge	(979)	(514)
IPO Costs	(1,508)	-
Depreciation & Amortisation	(2,747)	(3,225)
EBIT	(1,022)	476
Finance charges (net)	(412)	(130)
PBT	(1,434)	346
Tax	(45)	(191)
PAT	(1,479)	155



Total revenue **+9%**
Recurring revenue **+19%**
US recurring **+45%**



Gross margins up due to increase proportion of recurring revenue



Increased investment in go-to-market

Cashflow Statement

F Y/E July (£'000)	2019 Audited	2020 Audited
EBITDA	4,212	4,215
Changes in Working Capital	(2,186)	197
CJRS/PPP grants in income	-	(386)
Cash from Operations	2,206	4,026
Tax & forex adjs	(93)	45
Net cash flow from operating activities	1,933	4,070
Investing & financing:		
CJRS/PPP grants		386
Payment of intangible asset development costs	(800)	(2,290)
Purchase of property plant & equipment	(722)	(992)
Net interest payments	(415)	(130)
Proceeds / (repayment) of bank loans	(4,644)	-
Proceeds / (repayment) of lease liabilities	(2,020)	(1,926)
Net cash flow from financing & investment	8,601	(4,952)
Net impact of IPO fundraising, dividends & share payback	8,469	6,709
Net Cash Flow	1,801	5,828
Opening Balance	882	2,688
Forex adjustments	5	(20)
Closing Balance	2,688	8,496



Working capital neutral year on year



£2.3m investment in software development



Capex investment to extend geographic reach



£7m fundraise strengthens balance sheet & increases liquidity

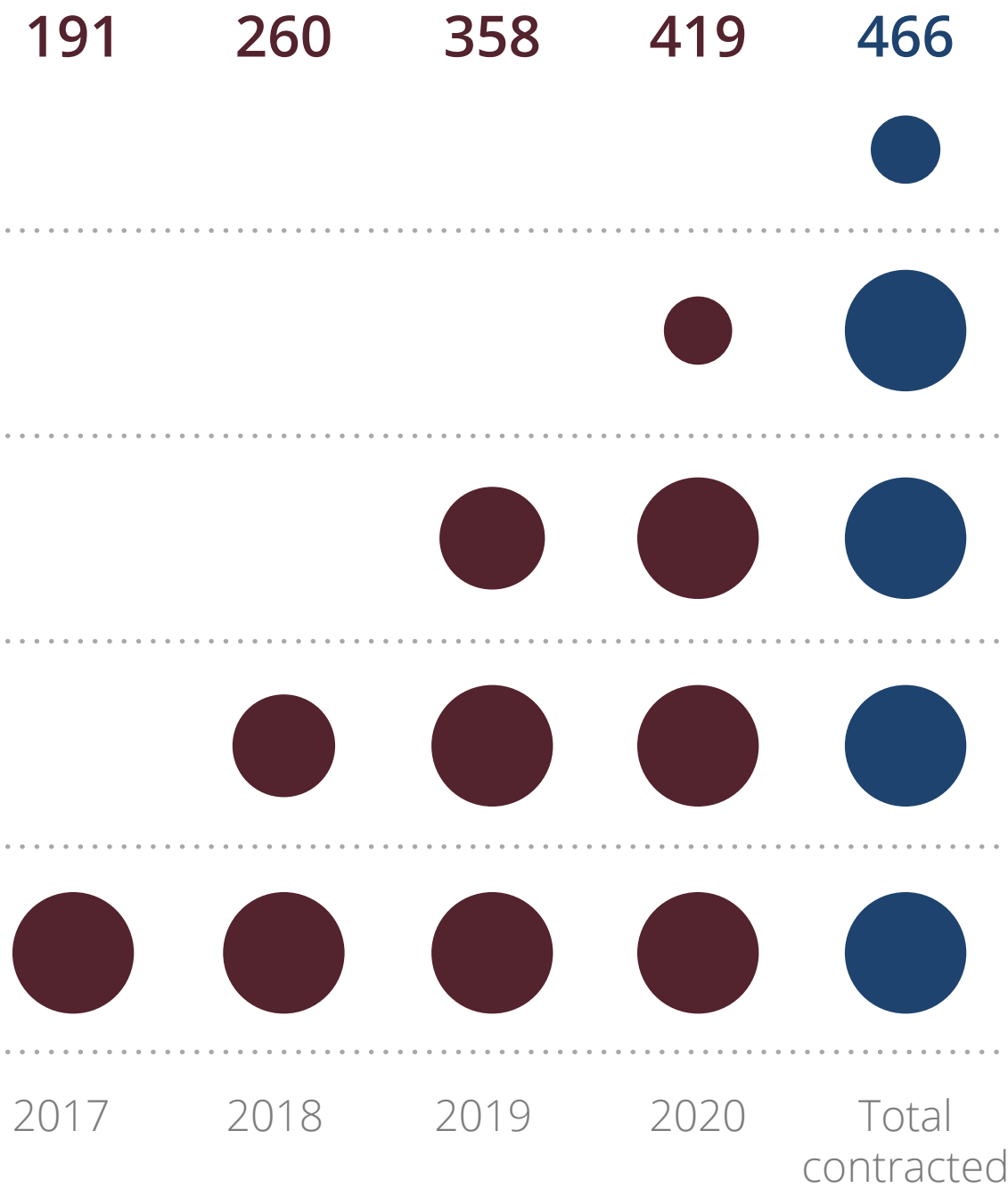
Balance Sheet

F Y/E July (£'000)	31 July 2019 Audited*	31 July 2020 Audited
Fixed assets:		
Goodwill	1,263	1,263
Intangible assets	2,469	3,750
Right of use asset	3,119	2,055
Tangible fixed assets	1,376	1,695
	8,227	8,763
Current assets:		
Inventory	292	323
Trade & other receivables	5,727	5,186
Cash and cash equivalents	2,688	8,496
	8,707	14,005
Creditors < 1 year	(4,426)	(4,121)
Debt & lease liabilities < 1 year	(1,811)	(1,346)
Net current assets / (liabilities)	2,470	8,538
Total assets less current liabilities	10,697	17,301
Lease liabilities > 1 year	(1,637)	(796)
Deferred tax provision	(67)	(409)
Net Assets	8,993	16,096



Key Performance Indicators

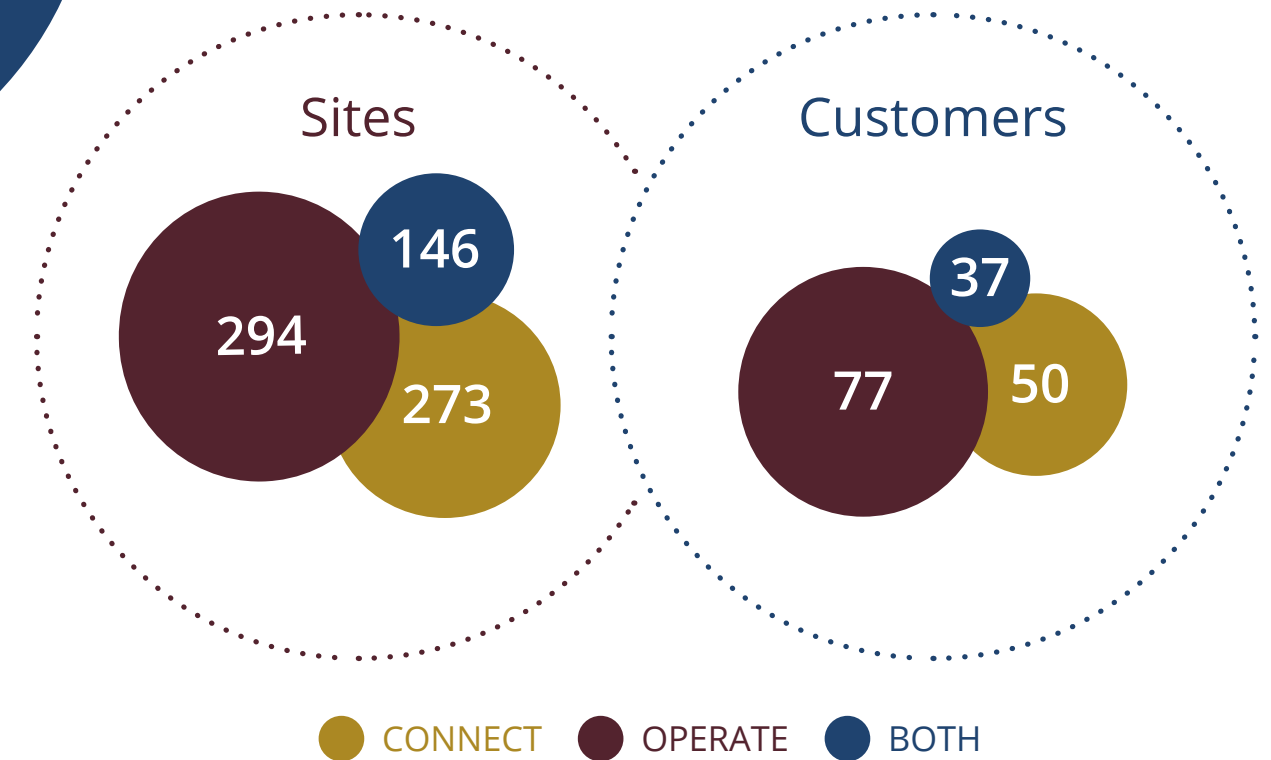
connect Sites



Customer concentration (%)



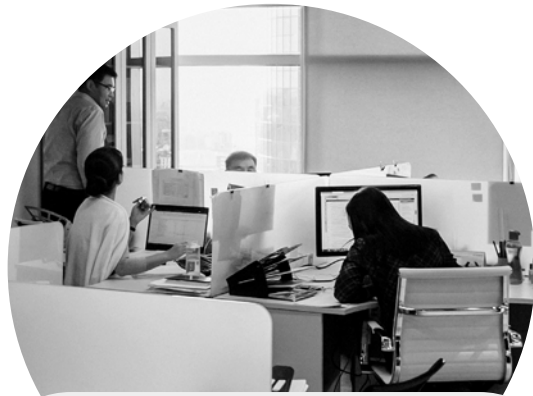
Cross-sell





Market Development

WORKSPACE LIQUIDITY



TRADITIONAL SPACE

Long term space with limited flexibility



TURNKEY WORKSPACE

Move in ready flexible space customized to tenant needs



SHORT TERM WORKSPACE

Dedicated team space for short terms (<2 years) and/or immediate needs



COWORKING MEMBERSHIPS

Ad hoc, individual access to single coworking locations or a coworking network



WORKSPACE ON DEMAND

Individual desks or meeting rooms by the hour, day or week



WORK FROM HOME

Workforce working from home, collaborating virtually with maximum flexibility

OPPORTUNITY FOR A PRODUCTIVE OFFICE EXPERIENCE

60%

of employees are not fully engaged at work

50%

say their working environment does not enable them to work effectively

66%

lack spaces where they can be creative & feel inspired at work

Flexible space is here to stay, but it has evolved into a spectrum of options that provide various levels of real estate flexibility, experience & choice for tenants & landlords alike.

Source: JLL

High Value Strategic Accounts

Significant long-term expansion opportunity

- **ASSET OPERATORS**
manages property on behalf of asset owner
- **ASSET OWNER OPERATORS**
owns & manages property full control
- **FLEX SPACE OPERATORS**
operates flex spaces without owning the space assets
- **FRANCHISE OPERATORS**
owns model & brand for individual operators to operate a space

REPRESENTING
OVER 10 BILLION
SQUARE FEET
OF COMMERCIAL REAL
ESTATE GLOBALLY



DIRECT & DISTRIBUTION CHANNELS

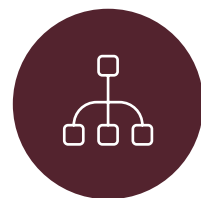
Product Leadership



Flexible office software & technology solution for landlords & property managers



Address growing occupier demand for flexibility



Software for seamless & comprehensive space-as-a-service propositions



Enables simple, fast, & efficient control & management of spaces



Cost effectively deliver move-in ready, friction free & productive workspaces

30% of all office space will be consumed flexibly by 2030



STEP bridges the gap between landlords & flexible workspace operators, allowing both to more easily work together.

Landlords & property managers are also able to self-perform and scale-up their flexible space products in line with demand.

essensys Smart Access

PRODUCT FOCUS

No solutions were available on the market that offered real-time access control, flexibility & security required for our industry.



3 months to develop prototype.
9 months from idea to first customer deployment.



Allows members to interact with physical space in a contactless & safe manner, from doors to lockers to desks & printers, reducing the burden of cleaning & monitoring.

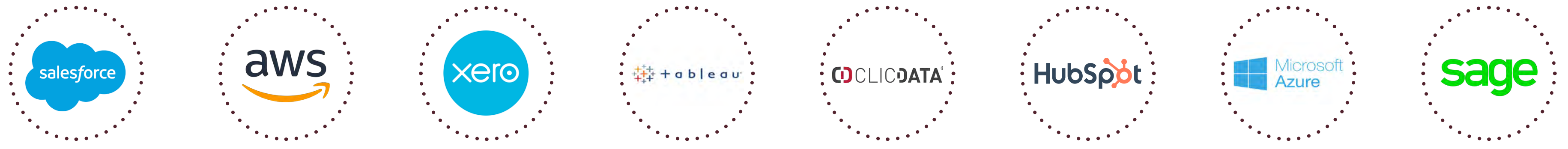
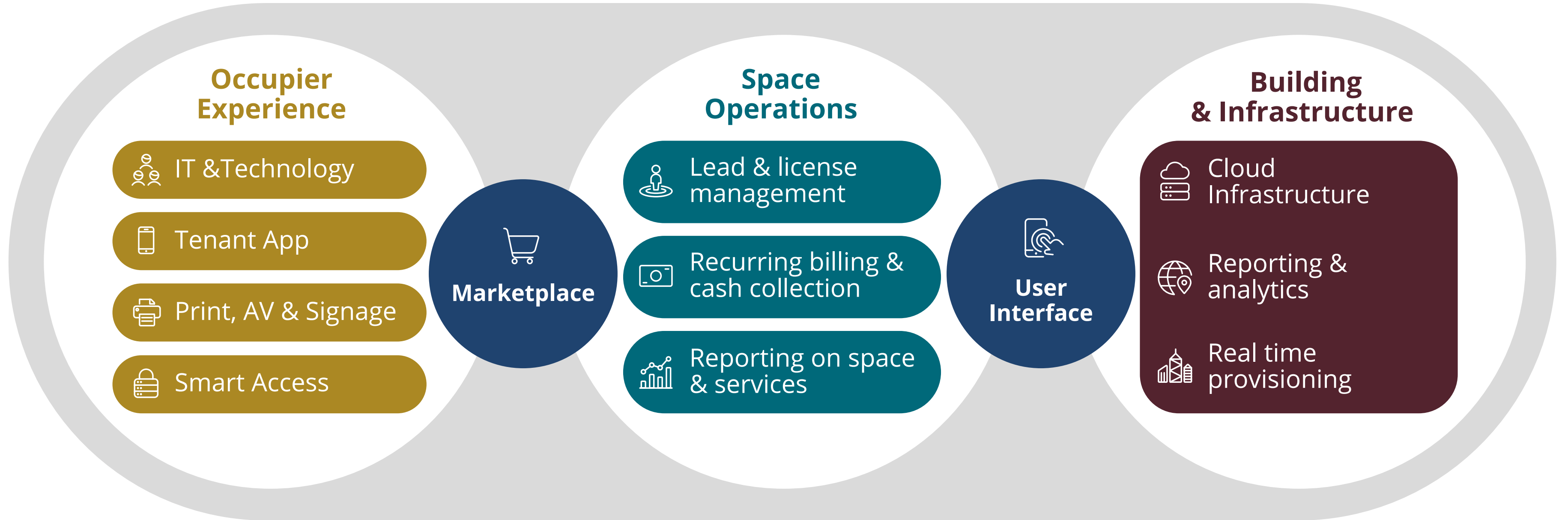
STRONG DIFFERENTIATION

- Private network security and real-time private cloud rules engine
- Cross-platform contactless smartphone access from within a member app

Flex Services Platform

Launching in 2021

Increased **customer value & revenue** opportunity



Integrations

Strategy Execution



North America

Major Market Opportunity



Increased go-to-market investment



North America CEO recruitment



Sales capacity increased 84% YoY



Customer expansion into Central & South America



Early new product success STEP & Smart Access



+45%
Recurring Revenue
Growth YOY

Total US office market is over
11 billion square feet



UK & Europe



MOMENTUM BUILDING

essensys



UK resilient during Covid-19



Accelerating European expansion



Existing business & growing pipeline



European Sales Director appointed



European operating unit being established



Building pan-European sales capacity

"A new kind of building owner is emerging, willing to offer occupiers flexibility, identity & security"

Dorrington, UK

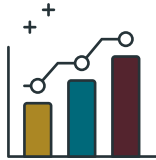
APAC



Regional expansion currently customer led



Regional CEO & go-to-market capability planned for H2 FY21



Product development to support full market entry



Active pipeline for HK, Australia & NZ



First customers expected H1 FY21



KEY REGIONAL MARKETS

- Australia
-
- Hong Kong
-
- Singapore
-
- Malaysia

Outlook





Thank You

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13 October 2020