



2022 Annual Results

for year ended 31 December 2022

**Creating certainty for the
Built Environment**

28 March 2023



Presentation team

Jonathan Hunter – CEO

Having worked in senior positions in the Group for 14 years, Jonathan was appointed Chief Executive Officer in 2020, following three years as Chief Operating Officer, and is responsible for implementing the Group's strategy.

He has played a major role in Eleco's M&A and has been at the forefront of integration activity since the commencement of his directorship in 2016, as well as driving several crucial global growth initiatives.

He played a fundamental role in the transition to a software group during and post divestment of the company's Building Systems division.



Neil Pritchard – CFO

Appointed to the Board in October 2022, Neil brings with him a wealth of international public company experience in technology-driven businesses. He was previously Group Financial Director and Executive Director at Corero Network Security plc, a global leader in real-time, high-performance, automatic DDoS cyber defence solutions and prior to this was Group Financial Director at London-listed technology business CML Microsystems plc Group, and Finance Director of the UK and Eire division of the DAX-listed group Continental AG.

Neil has also held senior financial positions with quoted companies Delta plc Group (now Valmont Industries) and Yule Catto & Co plc, renamed to Synthomer plc Group. Neil has successfully conducted many M&A transactions throughout his career.



2022: Financial and Operational Highlights

A progressive year... in line with expectations

Financial Highlights

ARR* £18.2m (2021: £16.0m)	↑	+14%
TRR* £16.9m (2021: £15.4m)	↑	+10%
TRR as a % of total revenue 64% (2021:56%)	↑	+12%
Total Revenues £26.6m (£27.0m at constant currency) (2021: £27.3m)	↔	-2.5%
EBITDA* £5.2m (2021: 7.2m)	↓	-28%
Profit Before Tax £2.9m (2021: 3.9m)	↓	-26%
Net cash £12.5m** (2021: 10.0m)	↑	+25%
Total Dividends 1.28p (2021: 0.6p)	↑	+113%

Operational Highlights

- Successfully commenced phase two of SaaS Transition
- Several product enhancements and New Permit to Work module for ShireSystem, H2 2022
- Solid progress with Group ESG initiatives
- Top 50 ConTech Partner
- Certified as a Great Place to Work®
- Winner of Project Management Software of the Year at the UK Construction Computing Awards (ninth successive year).
- Strategic divestment completed

* See definitions in Prelims

**Includes £0.4m cash in Assets Held for Sale

2022: Strategic in the progressive year...



Innovate

Product strategies

- Customer platform
- End-to-end building lifecycle
- Data analytics (CO2 & AI)
- Active 4D® BIM
- Next Generation app



Strengthen

- Transformed the business
- Focused on cash generation
- Key leadership positions
- Solid progress on ESG
- Focus on core customer segments & divested non-core



Grow

- Recurring Revenue growth
- Re-energised the US reseller channel.
- Introduced new products into the US
- Invested in customer success capabilities
- Reinitiated M&A search

Who we are



Founded in 1895; Listed (LSE:ELCO) in 1939

Leading developer of innovative, award-winning, digital software solutions for the built environment



255 employees in the
UK, Europe and US



64% SaaS and Subscriptions
14% Perpetual software licensing
23% Services



Direct sales model in core markets
Resellers in other int'l markets



**Core
Markets**

- United Kingdom
- Scandinavia
- Germany
- Netherlands
- USA

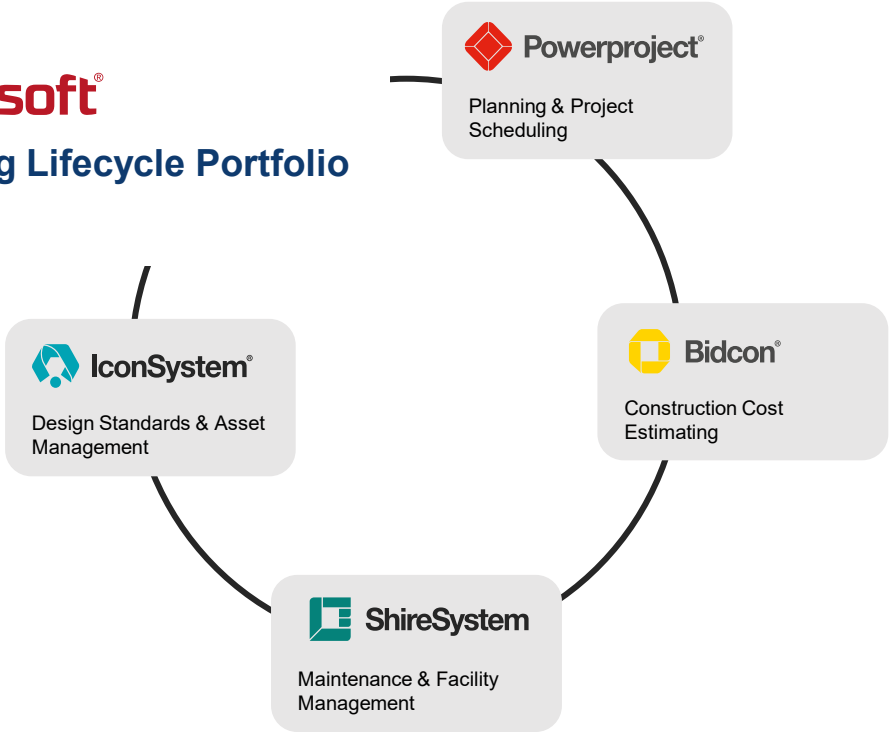


**Key
Market
Positions**


- 90% UK Top 100 General Contractors
- 60% Top 10 UK Retailers
- 18% Top 50 UK Manufacturers (all sectors)
- 80% Sweden's Top 50 Construction Co's
- 70% Europe's floor manufacturers
- 20% US Top 400 ENR General Contractors


Our portfolio of products and services


Elecosoft® Building Lifecycle Portfolio




Visualisation & CAD

**VEEUZE**
Omnichannel marketing and data solutions for the Interior/exterior floor/wall surface segment.

**Statcon**
Structural engineering calculations

**Staircon**
Staircase design/manufacture

**FR Framing**
Timber frame design/manufacture

Elecosoft® Our Building Lifecycle portfolio of products and services

Specifications & property data

Estimations

Bid/Tendering

Planning/Scheduling

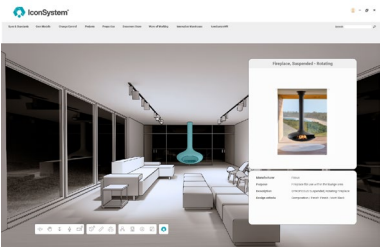
Project Management & Delivery

Building and Asset Maintenance



Design Standards & Asset Management

A cloud-based collaborative software to record, specify, design, and manage building data



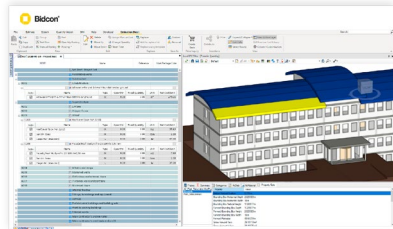
"Without the system, it would be impossible to accurately track changes and the associated costs which these can incur."

Clive Proctor, Sainsbury's



Construction Cost Estimating

Accurate cost estimates for tenders, increases productivity, and reduces risk throughout the lifecycle of a project.



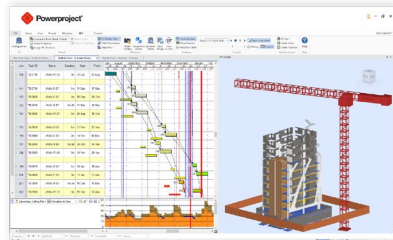
"As soon as we learned there was a quantities package that could support BIM, our ears pricked up."

David Chapell, Clarkson Alliance



Portfolio of Planning & Project delivery solutions

Intuitive scheduling, Active 4D® BIM integration, resource management, site progress



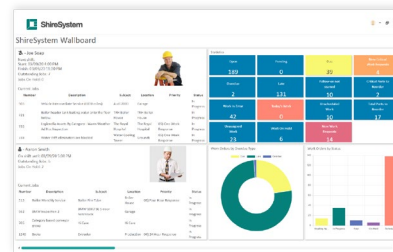
"Anybody can write a simple programme, but Powerproject links all the elements of a project and creates a strategy. This is invaluable..."

Andrew McTavish, Kier



Maintenance & Facility Management

Scalable, combined CMMS and CAFM software to manage multiple locations and assets



"ShireSystem will flag up every morning anything that is about to wear out and needs changing, and I have a list of tasks for the day."

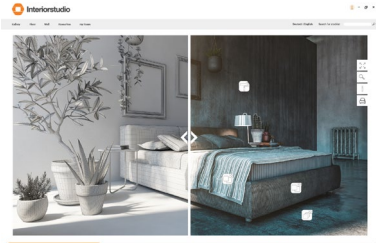
David Cubitt, Sundown Products

Our Visualisation & CAD portfolio of products and services



Modular marketing platform for the interior industry

Configurable for specific omnichannel marketing needs inc' PIM/DAM, in-store solutions, web, ecommerce and AI



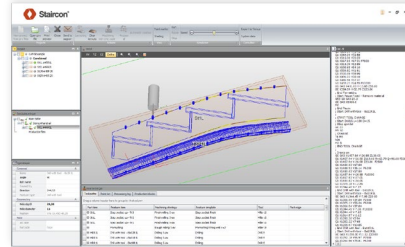
Veeuze applications are deeply integrated on Interface's website and interfaces to ecommerce. "We have been very satisfied with the performance of the floor design tool, which provides our customers with endless possibilities ..."

Graeme Ripley, Interface



Staircase design/manufacture

CAD engineered design and CAM/CNC production software to support the cost-effective production of stairs.



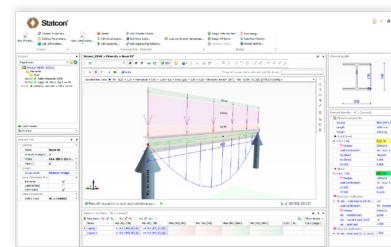
"Staircon has undoubtedly helped us to build our business. We couldn't process this volume of work without it."

Paul Elkin, Excel Stairs



Structural calculations

Eurocode compliant design software & visualisation for automatic load calculations on timber, steel and connectors



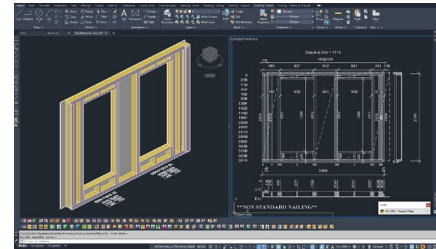
"Statcon has become better and better during the years...the software has a better structure and its quick and easy to work with. I also have a great relationship with the team at Elecosoft."

Niclas Kjell, Martinsons Byggsystem



Timber frame design/manufacture

AutoCAD module for design, engineering and automation of timber frame and flooring factory production



"The benefit it brings is linking data everywhere in the business. The output is all the information we need to run our business. It helps us order, track costs, and so much more than people imagine a drawing can be."

Nick Worboys, Pinewood Structures



Financial report for 2022

Neil Pritchard – CFO

2022: Financial Highlights

ARR* £18.2m (2021: £16.0m)



+14%

TRR* £16.9m (2021: £15.4m)



+10%

TRR as a % of total revenue 64%
(2021:56%)



+12%

Total Revenues £26.6m (£27.0m at
constant currency) (2021: £27.3m)



-2.5%

EBITDA* £5.2m (2021: 7.2m)



-28%

Profit Before Tax £2.9m (2021: 3.9m)



-26%

Net cash £12.5m** (2021: 10.0m)



+25%

Total Dividends 1.28p (2021: 0.6p)



+113%

* See definitions in Prelims

**Includes £0.4m cash in Assets Held for Sale

Review of Group Income Statement

£m	Audited Year to 31 Dec 22	Audited Year to 31 Dec 21	Movement
Total recurring revenues	18.2	16.0	+2.2
Revenue	26.6	27.3	-0.7
Cost of sales	(3.1)	(2.8)	-0.3
Gross profit	23.5	24.6	-1.1
Amortisation of intangible assets	(1.6)	(2.4)	+0.8
Former Directors' payments	-	(0.1)	+0.1
Share-based payments	(0.2)	(0.1)	-0.1
Other administrative expenses	(18.7)	(18.0)	-0.7
Administrative expenses (total)	(20.5)	(20.5)	-
Operating profit	3.0	4.1	-1.1
Net finance costs	(0.1)	(0.2)	+0.1
Profit before tax (PBT)	2.9	3.9	-1.0
Taxation	(0.5)	(1.2)	+0.7
Profit after tax (PAT)	2.4	2.7	-0.3
Total recurring revenues (%)	64%	56%	+8% Abs
Gross profit margin (%)	88.4%	89.9%	-1.5% Abs
Adjusted EBITDA ⁽¹⁾ (£m)	5.4m	7.3m	-1.9m
Basic EPS (p)	2.9p	3.3p	-0.4p
Total dividends (p)	1.28p	0.60p	+0.68p

Overall effect of SaaS transition

TRR 10% growth. **ARR** 14% growth: £18.2m, or 68% of revenues (2021: £16.0m, or 59%)

Revenue on **constant currency** basis **£27.0m** (2021: £27.3m)

Prior year included a **£0.6m R&D impairment** charge

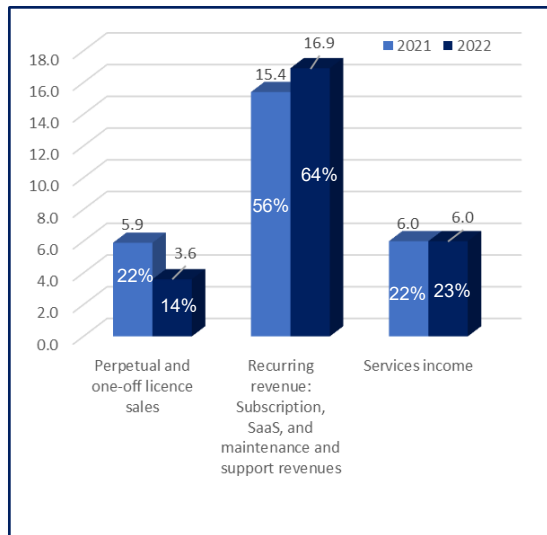
Staff cost and post pandemic impact related **activity**. Includes benefit y-o-y of **£0.3m FX swing**.

19% effective rate (2021: 30%): lower profits, differing mix of profits, PY tax estimate adjustment, PY deferred tax adjustment

Total dividends up 133%; consists of: **Special dividend** re Arcon disposal of **0.58p**; **increased final dividend** of **0.50p** (2021: 0.40p); **interim dividend** of **0.20p** (2021: 0.20p)

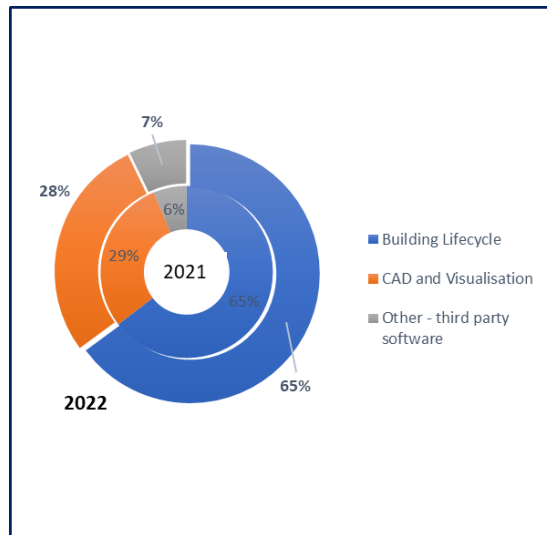
Revenue analysis

Revenue by type



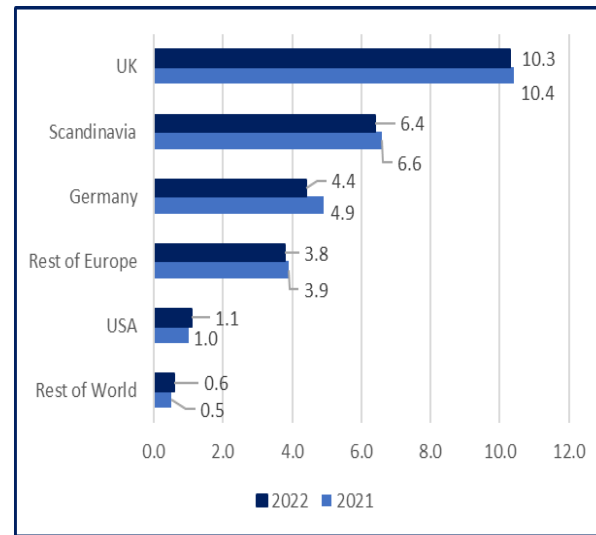
- Recurring revenues up 10% now 64% (2021: 56%)
- Perpetual reduced from 22% to 14% in 2022
- Services income broadly similar at £6.0m (23%)

Revenue by product group



- Building Lifecycle remains largest component
- CAD & Visualisation slightly reduced (Germany)
- Other third party software a similar small %

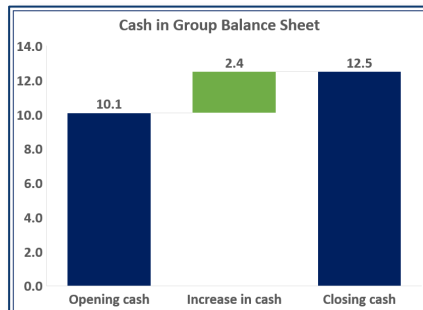
Revenue by geography



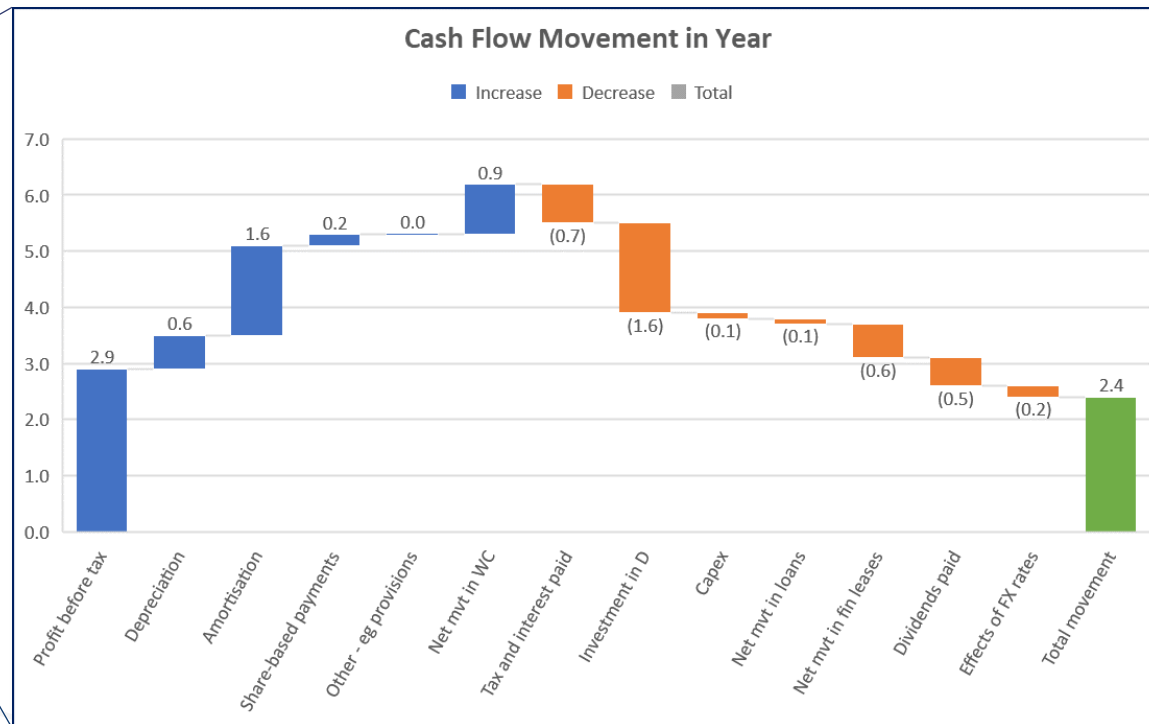
- USA and Rest of World showing gains
- UK and Scandinavia largest components of Group
- European countries showed most reduction under SaaS transition and economic impacts in Germany

Group Cash and Cash Flow

Even with the SaaS transition, the Group remains strongly cash generative



£m	2022	2021
Free Cash Flow ¹	3.8	4.8
Free cash flow as a % of operating profits	127%	117%



Review of Group Balance Sheet

Growth in Balance Sheet strength

£m	Audited Year to 31 Dec 22	Audited Year to 31 Dec 21	Movement
Goodwill	15.3	15.6	-0.3
Capitalised devplt and other intangibles	6.6	6.6	-
Property, plant and equipment ¹ (incl IFRS16)	0.5	0.5	-
Tax and deferred tax ¹	(1.4)	(1.5)	-0.1
Inventories	-	-	-
Trade and other receivables	4.1	4.2	-0.1
Trade, accruals and other payables ¹	(4.0)	(4.4)	+0.4
Provisions	-	(0.1)	+0.1
Assets and liabilities of disposal group held for sale¹	0.4	-	+0.4
Cash	12.1	10.1	+2.0
Borrowings	-	(0.1)	+0.1
Deferred income	(7.8)	(7.1)	-0.7
Net assets / equity	25.8	23.8	+2.0
Net current assets	17.4	14.6	+2.8
Total assets	41.6	39.2	+2.4
Net cash – incl held in disposal group¹	12.5	10.0	+2.5
Net assets per share	31.39p	29.02p	+2.37p

£0.2m **reclassified** as held for sale, remainder FX

Nil net movement: consists of £1.6m of additions, less £1.6m of amortisation

£0.4m **reclassified** as held for sale

Arcon non-core disposal group held for sale **disposed of 20 Feb 2023 for €0.6m (£0.5m)**

Deferred income higher by 10% or £0.7m, reflecting SaaS transition

Cash, including cash in held for sale disposal group, **of £12.5m** (2021: net cash of £10.0m). **The Group no longer has borrowings.**

+£2.0m net assets and 8% net assets per share increase



Solving the challenges of the built environment

Jonathan Hunter – CEO

Strategic Priorities

Innovate

- Strengthen our established portfolio with new billable enhancements
- R&D investments, acquisitions and partnerships
- Active 4D® and user experience (Elecoverse)

Strengthen

- ESG Credentials
- Talent attraction and retention
- Profitable financial platform
- Culture & Values
- Improve operational visibility
- Maintain diversity across our global workforce

Grow

- Customer diversification to gain coverage across built environment
- Go-to-Market initiatives (Sales enablement, premium support, partnerships)
- Customer-centricity by aligning with their needs
- Further support customer success capabilities

Strong demand driven by digitalisation, data standards and ESG adoption

1 Increased lead times and volatile costs pressure margins



Supporting industry cost reduction focus through:

- Increased automation & productivity
- Reporting & data integrity
- Enabling supply chain efficiency
- Leading Industry best practice

2 Development of New Construction Techniques



Supporting industry disruption & change through:

- Leading digitalisation
- Open data formats
- Design for Manufacture and Assembly

3 ESG and Sustainable



Supporting ESG awareness & industry regulation through:

- Embodied Carbon Calculators
- CO2 emission trackers
- Energy analysis tools
- Exoskeletons
- Embedded governance & regulation compliance

4 Ongoing Technological Development and Adoption



Supporting increasing digitalisation through:

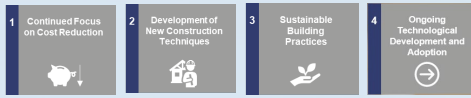
- Customer support using leading industry experience
- Cloud deployment
- Mobile solutions
- Partner integrations
- Leading BIM workflows
- AI & ML

But level of adoption remains low compared with other industries

How customers are using our solutions



INNOVATION

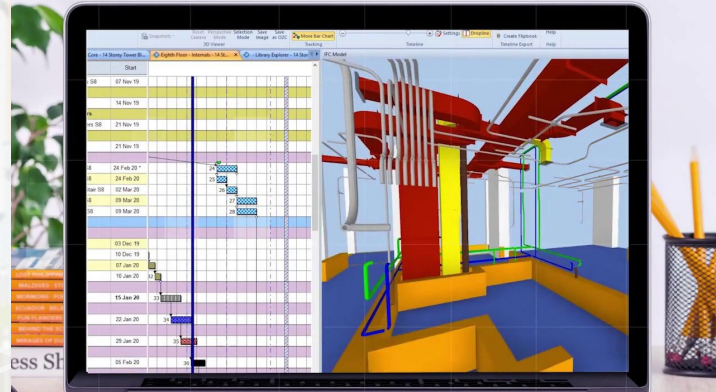


Powerproject used to deliver award-winning £49m learning centre for South Wales Police

- Five separate phases of work integrated into a single, cohesive programme
- IFC models(3D) transposed into Powerproject 4D BIM for the programming of the Learning Centre's concrete frame
- Overall project visibility was key; Powerproject provided for resequencing of works in real time (Active 4D®)
- Sustainability: ambitious planting plan to convert brownfield site into nature conservation area was also programmed into wider activities through Powerproject
- Project delivered in 208 weeks – only 5 weeks behind the original schedule, despite the impact of the pandemic on programme timelines
- **Gold winner at the CIOB Construction Manager of the Year Awards**

"Right from the tender, I used Powerproject to create a resource curve, so I knew exactly what we needed. It's a very informative piece of software. South Wales Police Learning Centre is the most complicated programme we've ever delivered through Powerproject: one phase alone had over 700 bars."

Christopher Purchase, Operations Manager, Willmott Dixon



GROWTH



Pilot programme rollout to ENR #4 US Contractor, STO Building Group

- Structure Tone London, the UK division of STOBG, has been a long-standing Powerproject customer and advocate of the software
- On-site education programmes for Powerproject and Powerproject Vision solutions rolling out in STOBG's Dallas office and in other offices this year
- Leveraging the unique software capabilities of Powerproject and the industry experience of STOBG is a powerful partnership with huge potential
- Feedback provided from STOBG will inform our innovation roadmap
- Eleco continues to focus on solving industry challenges through the power of technology, adding value to STOBG and its growing customer base in the US

"For operations of our size, it is of paramount importance that the scheduling tools help our teams manage, collaborate and communicate in the dynamic environment of today's construction projects. We welcome this collaboration with Elecosoft and look forward to exploring the advantages that Powerproject has to offer."

Stephen Neeson, SVP of Technical Operations, STO Building Group

ELECO®



INNOVATION



Chester Zoo streamlines maintenance using ShireSystem

- Chester Zoo is England's most visited attraction outside London, with 20,000 animals and a 128-acre site including animal habitats, plant rooms, retail outlets, restaurants and residential properties, as well as a fleet of site vehicles and a large agricultural estate
- Moving to a unified approach has allowed the facilities management team to balance priority jobs with planned preventative maintenance
- With an average of 400-500 work requests each month, the team now has complete visibility of all live tasks and their status
- Engineers have the flexibility to check jobs on the go via the Mobile Pro app
- Data insights can be generated to track KPIs such as response times and first fix rates
- The facilities management team has recommended ShireSystem CMMS/CAFM software to other UK zoos

"ShireSystem is the easiest, most user-friendly facilities management software I've used in my career, so I was confident that it would be the best-fit technology for the zoo."

Nick Farrell, Deputy Facilities Manager, Chester Zoo

Summary and Outlook

2022 – growing subscription revenue and enhancing CLV

**Further progress
on strategic
journey**

**Proven and
strengthening
product
portfolio**

**Successfully
transitioning to
SaaS**

**An expanding
and loyal
customer base**

**Strong recurring
revenue and
customer retention**

**Confident in the
outlook for 2023
full year growth**

Thank you

For more information please contact:

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ELECO®





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