



Dear Stockholders,

Our 2015 results represent the strongest performance in our company history. We further solidified our market leadership, continued our profitable growth and delivered financial results that exceeded expectations. We are very proud of this performance and our incredible team that achieved it.

For the fiscal year 2015, revenue increased 57% to \$253.9 million. While investing in our growth strategy, we maintained strong levels of profitability: net income increased 50% to \$22.3 million; non-GAAP adjusted net income grew 53% to \$52.2 million; and adjusted EBITDA was \$74.7 million, a 62% increase from 2014. We also generated \$34.9 million in free cash flow during 2015 and plan to take advantage of our strong cash position by continuing to invest in research and development, data centers and security infrastructure.

Strong momentum across our entire business drove our outstanding performance in 2015. We expanded our user base and drove increased adoption of our offerings, including our Encompass[®] all-in-one mortgage management solution. Total Encompass seat bookings reached an all-time high of 49,500. We saw our customers grow their businesses, add more seats and conduct more transactions across the Ellie Mae Network[™]. We also observed a continued shift of mortgage origination volume from mega lenders to large and mid-size lenders. We expanded our market share and ended the year with approximately 136,000 active Encompass users, a 25% increase over 2014.

Compliance remained a key driver for automation and the demand for Encompass in 2015. We spent much of the year focused on ensuring that our customers would be prepared for the RESPA-TILA Integrated Mortgage Disclosure rule, the industry's largest regulation change to date, now called "Know Before You Owe". The new rule took effect in the fourth quarter of 2015, and our work to develop software, create new workflows and business rules, and facilitate learning through webinars and regional events around the country paid off. Lenders sought out our all-in-one solution to adeptly navigate the challenges created by the new regulation for their mortgage operations. Even with Know Before You Owe behind us, more regulatory and agency changes are expected over the next several years.

In terms of market dynamics, mortgage originations shifted toward purchases in 2015, and forecasters expect it to remain purchase-dominant for the foreseeable future. Although economists forecast a slow rise in interest rates, purchase volumes are projected to grow for both 2016 and 2017.

In 2016, we will build on the successes of the last year through key initiatives that include:

- Encompass CRM[™], our next generation customer relationship management (CRM) solution. Recently launched, Encompass CRM seamlessly integrates our recent acquisition of Mortgage Returns, a leading provider of marketing automation solutions for the mortgage industry. Encompass CRM provides one-to-one marketing, relationship management and business intelligence to help lenders capture and keep the attention of referral partners, prospects and clients.
- Expanding our go-to-market plans for AllRegs[®] solutions, which will enable us to further penetrate our existing customer base. Our AllRegs solutions gained strong traction throughout 2015 and has further positioned Ellie Mae as a cornerstone of compliance solutions, education and training, loan product and guideline data and analytics.
- Rolling out our strategic partnerships and Encompass integrations with Fannie Mae and Freddie Mac that were established in 2015. We expect these integrations will allow our customers to more easily originate and deliver high-quality loans to these government sponsored enterprises.
- Introducing initial phases of our open platform and the next generation of Encompass. An incredible ecosystem of customers, partners and business has developed around Encompass during the last 12 years. We expect that our plan for an open platform will allow us to expand this ecosystem further by increasing the number of products and services that are available to our customers and partners.

Our 2015 results are a testament to how we are helping lenders achieve loan quality, regulatory compliance and operational efficiency through greater automation. We see continued opportunity to expand our market share and fulfill our vision of automating the entire mortgage industry.

Finally, I would like to express my gratitude to Ellie Mae's dedicated employees for their continued contributions, drive and dedication that helped make this past year a resounding success. I also want to thank our customers, partners and stockholders for their continuous support.

Sincerely,



Jonathan Corr
President and Chief Executive Officer

Statements in this letter, including those regarding our forecasts, business outlook, expectations and beliefs, among others, are forward-looking statements and actual results could differ materially from our current expectations. Stockholders and investors should review the information set forth under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015, filed with the SEC on February 25, 2016.

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