

16 February 2021



ELMO Software Limited

(ASX:ELO)

## **ELMO (ASX:ELO) releases 1H21 Financial Results**

*Delivering on ELMO's growth strategy*

### **Key Highlights**

- Annualised Recurring Revenue ("ARR") of **\$74.2** million, up **42.8%** pcp
- Statutory Revenue of **\$30.6** million, up **29.3%** pcp
- EBITDA of **(\$0.8)** million, up **\$1.8** million pcp
- Cash receipts of **\$34.4** million, up **25.5%** pcp
- **2,892** mid-market customers, up **95.7%** pcp
- **7,146** Breathe small business customers
- Well capitalised with **\$71.3** million cash on hand, plus new **\$34.5** million debt facility<sup>1</sup>
- Guidance reaffirmed

**Sydney, Australia 16 February 2021:** ELMO Software Limited ("ELMO") today announced results for the half year ending 31 December 2020, reporting strong growth in annualised recurring revenue ("ARR"), statutory revenue, cash receipts and customers.

Group ARR grew 42.8% to a record \$74.2 million, driven by organic growth and acquisitions.

Statutory revenue rose 29.3% to \$30.6 million. Over 97% of revenue was subscription based, which is recurrent in nature. Cash receipts grew 25.5% to \$34.4 million. After the acquisition of Breathe, a small business platform, ELMO is pleased to provide separate metrics for each of the mid-market and small business segments.

ELMO's mid-market business continued to grow strongly, to 2,892 customers, up 95.7% pcp. Mid-market ARR grew to \$67.3 million, up 29.5% pcp. Statutory revenue grew to \$28.9 million, up 22.5% pcp. The mid-market gross profit margin increased to 88.5%, up from 84.6% pcp. New customers purchased an average of 4.0 modules at 31 December 2020.

In the small business segment, Breathe grew its customer base to 7,146 at 31 December 2020. Gross profit margin remained high, at over 90%.

ELMO remains well capitalised to fund growth initiatives. In addition to \$71.3 million cash on hand, ELMO has secured a new \$34.5 million debt facility.

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<sup>1</sup> Credit approved term sheet with Commonwealth Bank of Australia, 3 year term, 2.6% interest

CEO and Co-Founder Danny Lessem said: “ELMO’s growth journey continued in 1H21 as we delivered on our stated growth strategy.

Our growth strategy is underpinned by three pillars: segment expansion, module expansion and geographic expansion.

*Segment expansion:*

With the acquisition of Breathe, ELMO now services two distinct market segments, the small business market (<50 employees) and the mid-market (50 to 2,000 employees). The small business market segment is a new \$2.2 billion opportunity.

*Module expansion:*

We continue to broaden ELMO’s all-in-one solution, offering new modules to our new and existing customers. These new modules create additional revenue streams and increase our competitive moat. In the half, we were able to add an expense management module to the suite through the acquisition of Webexpenses, providing a significant cross-sell opportunity.

*Geographic Expansion:*

In 1H21 we also laid important foundations to build out ELMO’s business in a new geography, the United Kingdom (UK). The acquisitions of Breathe and Webexpenses are powerful examples of ELMO expanding its market opportunity in line with its growth strategy. Both businesses are based in the UK. Breathe places ELMO as the preeminent provider of HR solutions to small businesses in the region and Webexpenses provides a solid operational and mid-market customer base there.

ELMO is well capitalised with robust cash levels and a new debt facility.

We remain well placed to benefit from the tailwinds in the adoption of cloud-based business tools, including HR-technology.”

## Outlook

ELMO reaffirms the guidance provided in January 2021:

<b>A\$m</b>	<b>Guidance</b>
<b>ARR</b>	81.5 - 88.5
<b>Revenue</b>	65.0 - 71.0
<b>EBITDA</b>	(2.4) - (7.4)

## Results Webcast

ELMO management will host a webcast to discuss the result at **9.30am** (Sydney AEDT), 16 February 2021.

Webcast link:

<http://bit.ly/ELMO1H21ResultsWebcast>

Participants are encouraged to pre-register for the webcast. A replay of the webcast will be available shortly after the event on the ELMO investor website:

<https://investors.elmosoftware.com.au/Investors>

## Contacts

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## About ELMO

Established in 2002, ELMO is a cloud-based HR, payroll and expense management provider. The company offers customers a unified platform to help organisations streamline their people, process and pay. ELMO operates on a software-as-a-service ("SaaS") business model based on recurrent subscription revenues.

For more information, please visit [www.elmosoftware.com.au](http://www.elmosoftware.com.au)