

24 August 2022



ELMO Software Limited

(ASX:ELO)

ELMO (ASX:ELO) releases FY22 Financial Results

*Strong ARR growth and increasing operating leverage
to reach operating cash flow breakeven in FY23*

Key Highlights

- Annualised Recurring Revenue ('ARR') of **\$108.2** million, up **29%** compared to 30 June 2021
- Revenue of **\$91.4** million, up **32%** pcp
- Cash receipts of **\$116.9** million, up **46%** pcp
- Underlying EBITDA¹ of **\$7.1** million, up **\$6.5** million pcp
- **\$47.9** million cash balance
- ARR guidance for FY23 **\$134-\$140** million, organic growth of 24% to 29%
- Operating cash flow breakeven forecast for FY23

Sydney, Australia 28 July 2022: ELMO Software Limited ('ELMO' or 'Group') today announced its preliminary FY22 results, reporting strong growth in annualised recurring revenue ('ARR'), revenue, cash receipts and improved operating cash flow.

Group ARR grew to **\$108.2** million, representing **29%** organic growth from 30 June 2021. Revenue increased to **\$91.4** million, up **32%** pcp. Cash receipts grew to **\$116.9** million, up **46%** pcp.

The Group recorded underlying EBITDA of **\$7.1** million, up **\$6.5** million pcp and above the top end of the upgraded guidance range. The cash balance was **\$47.9** million. Total operating cash outflow reduced to negative **\$17.4** million, a **34%** improvement pcp.

ELMO mid-market:

ELMO mid-market ARR grew to **\$96.1** million, up **29%** pcp. Revenue grew to **\$80.5** million, up **27%** pcp. ELMO added **788** new mid-market customers in FY22 and now has a customer base of **3,472** organisations. The mid-market gross profit margin increased to **89.4%**, an improvement of 60 basis points. ARR churn reduced to 8.8% in FY22. Net dollar retention was **100.1%**, an improvement of 440 basis points.

¹ FY22 and FY21 comparative EBITDA excludes non-recurring items and non-cash share based payments

Breathe small business:

Breathe, small business ARR grew to **\$12.1** million, up **34.0% pcp**. Revenue grew to **\$10.9** million, up **98.4% pcp**. Breathe added **3,241** small business customers and now has a customer base of **11,198** organisations. The small business gross profit margin improved 480 basis points to **94.3%**. ARR churn in the small business segment decreased to 9.5% in FY22. Net dollar retention improved to **106.1%**. The lifetime value of the small business customer base grew to **\$120** million, an increase of **\$60** million from 30 June 2021.

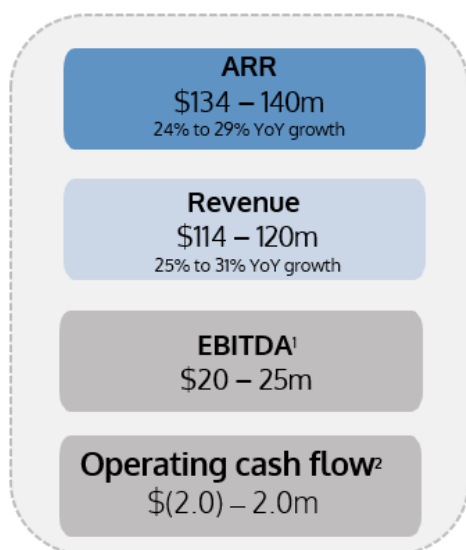
ELMO Software CEO Danny Lessem said: “I’m extremely pleased with ELMO’s FY22 results. Our Group organic growth accelerated as small and medium sized businesses continue to adopt cloud-based solutions to manage an increasingly flexible or hybrid workforce.

“We have seen an improvement in our operating metrics across both mid-market and small business segments.

“A reduction in churn and an improved GP margin resulted in a substantial increase in the lifetime value of our customer base to \$1.1 billion. This is a 75% increase on FY21.

“Our strong brand in the markets we operate, our many years of investment into our product and the increased adoption of people management software, have ensured that we have strong momentum going into FY23. Despite the broader macroeconomic environment, this momentum is supported by our sales pipeline which underpins our FY23 guidance.

“In addition, we continue to see increased operational efficiencies as we reap the benefits of scale. We expect to reach operational cashflow breakeven in FY23.”

Outlook:**FY23 Group guidance**

1. EBITDA guidance excludes significant non-recurring transactions and non-cash share-based payments

2. Operating cash flow excludes significant non-recurring transactions and financing costs

Results Webcast:

ELMO CEO **Danny Lessem** and CFO **James Haslam** will host a webcast to discuss the result at **9.30am** (Sydney AEDT) today **Wednesday 24 August 2024**.

Webcast link: https://bit.ly/ELO_FY22Results_Webcast

Participants are encouraged to pre-register for the webcast.

-ENDS-

Authorised by:

Danny Lessem, Chief Executive Officer

Contacts

Investor & Media Enquiries

Darryl Garber

Chief Commercial Officer

+61 2 8405 4686

investors@elmosoftware.com.au

About ELMO

Established in 2002, ELMO Software offers cloud-based solutions for small businesses and mid-market organisations to manage people, process, pay and expenses. Spanning across Australia, New Zealand and the United Kingdom, 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