

**ASX ANNOUNCEMENT**  
**18 March 2020**



**ELMO Software Limited**  
(ASX:ELO)

### **March 2020 Business update**

**ELMO Software Limited (ASX:ELO) (ABN: 13 102 455 087) ("ELMO", or the "Company")** is providing a business update to the market in response to the changing macroeconomic environment.

#### **FY20 Updated Guidance**

As a result of the disruption to the everyday operations of Australian and New Zealand ("ANZ") businesses by the COVID-19 outbreak, we are anticipating the deferral of purchasing decisions by prospective and existing ELMO customers.

As such our guidance with respect to Annualised Recurring Revenue ("ARR"), Revenue and EBITDA will be affected.

ELMO's updated guidance for FY20 is:

- **Revenue:** \$50m to \$52m (previously \$53.3m - \$55.3m)
- **EBITDA:** (\$4m) to (\$6m) (previously (\$1m) – (\$3m))

It is still unknown when businesses will recommence their normal procurement cycles, which could be either side of the new financial year, therefore it is too early to provide guidance on ARR. Guidance on this metric will be reinstated when customers return to normal procurement cycles.

#### **Capital Position**

ELMO is well capitalised with a cash balance of **\$71m** and no debt as at 29 February 2020.

ELMO operates on a Software as a Service ("SaaS") business model which has a high level of recurrent subscription revenue from the existing customer base.

The combination of a strong cash balance and predictable recurring revenues ensures ELMO is well placed in the current macro environment and can continue to selectively invest in growth.

#### **Operations**

ELMO's operations will continue without disruption through this period.

As a cloud-based solution the ELMO platform will continue to operate without requiring staff to be in the office. Similarly, the business tools that ELMO uses for its operations are cloud-based platforms that can be accessed remotely.

## **Outlook**

As a response to the disruption to businesses caused by the requirement for widespread remote working, in the medium term we expect an acceleration in the adoption of cloud-based technology.

Cloud-based platforms reduce the risk to business operations and enable effective remote based working. As one of the leading providers of cloud-based HR software in ANZ, ELMO will be well placed to benefit from this accelerated digital transformation.

## **Authorised by:**

The Board of Elmo Software Limited

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## **About ELMO**

Established in 2002, ELMO is a cloud-based HR & Payroll software provider. The company offers customers a unified platform to streamline processes for HR, and also manage payroll and rostering / time & attendance. 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).