



ELMO Software

HR | Payroll | Expense Management



FY21 Results

Investor Presentation

ASX:ELO

9 August 2021



Agenda

- Company overview and business highlights
- Financial results and outlook
- Q&A

Results FY21
(ASX:ELO)

FY21 ELMO group results snapshot

Delivering on our growth strategy

\$83.8 million

Annualised recurring revenue (ARR)

▲ 52.1% growth from FY20

\$69.1 million

Revenue

▲ 38.1% growth from FY20

\$0.4 million

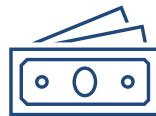
EBITDA

▲ Up \$3.3m from FY20



26.0%

FY21 organic ARR growth



\$79.8 million

Cash Receipts



\$81.9 million

Cash on hand

Strong ARR growth and positive EBITDA

Company overview

A leading provider of cloud HR, payroll and expense management solutions

Convergent solution

- ✓ Multiple modules/revenue streams
- ✓ Integrated solution
- ✓ Competitive advantage: width of solution

Robust SaaS business model

- ✓ Recurrent subscription revenue
- ✓ High customer retention
- ✓ Land and expand strategy



**Convergent solution providing customers with an all-in-one platform
to manage people, process and pay**

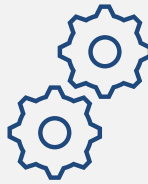
Executing on the growth strategy

Three pillar strategy driving expansion

Key pillars of our expansion strategy:



1. Segment Expansion



2. Module Expansion



3. Geographic Expansion



Multiple levers to continue high growth into FY22

Segment expansion

Growth opportunities across two key market segments



Small business solution
(<50 employees)

- ✓ >9,000 customers
- ✓ Market penetration: <3%
- Update**
- ✓ Contextualised for local market
- ✓ Added modules in the UK platform with initial cross-sales completed
- ✓ Introduced to ANZ in 2H21, ramping up in FY22



Mid-market solution
(50 - 2,000 employees)

- ✓ >3,000 customers
- ✓ Market penetration: ANZ <8%, UK <3%
- Update**
- ✓ Expenses module integrated into ELMO platform
- ✓ New modules Predictive Analytics and Experiences
- ✓ ELMO launched in the UK in FY22

Fit for purpose solution for each market segment

1. Frost & Sullivan independent market report 2019/2020

Module expansion

Continuing to broaden our customer offering



Module expansion driving **convergence**:



Land and expand

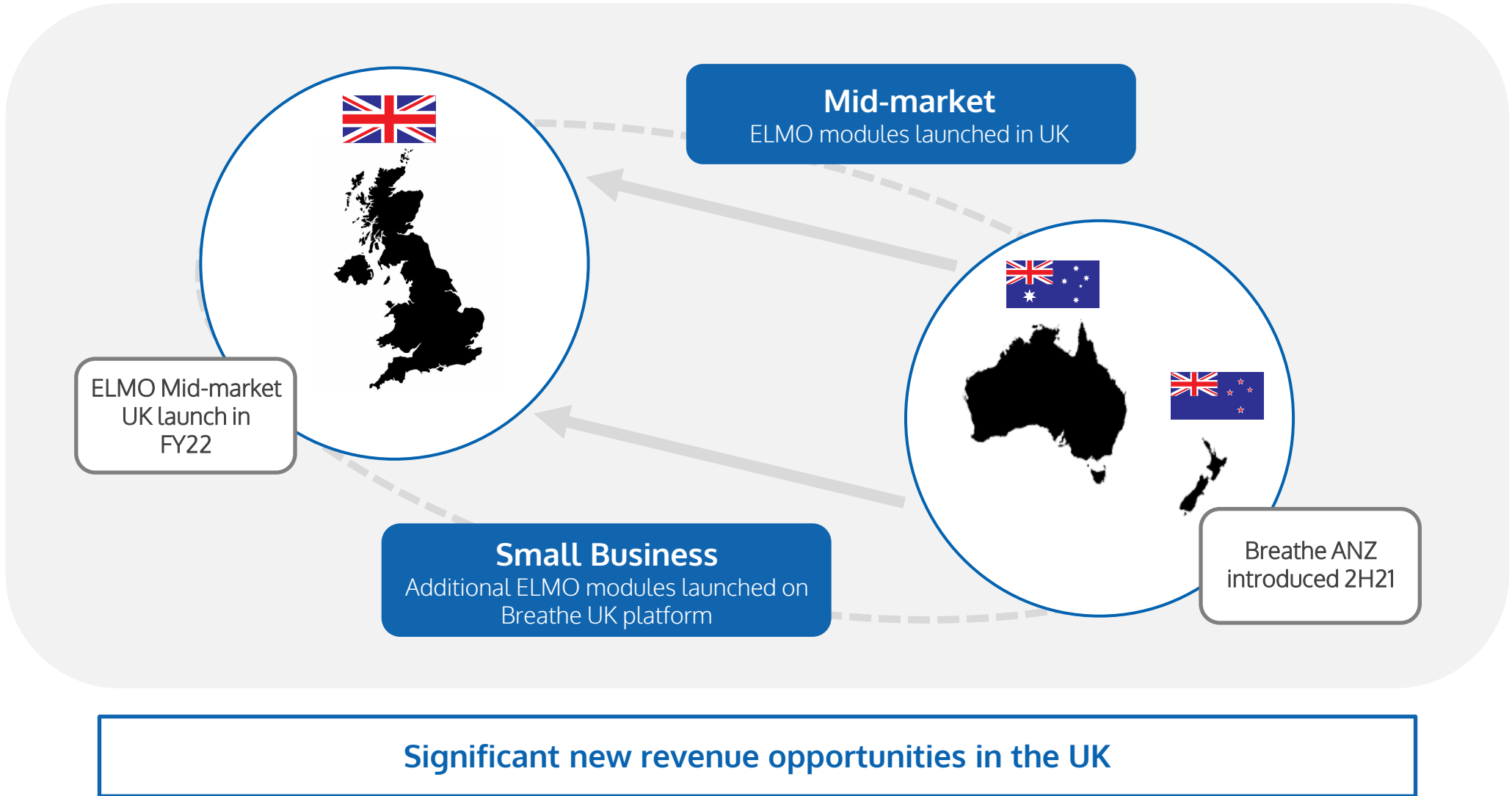
Point of difference

Interoperability

Breadth of solution is our key competitive advantage

Geographic expansion

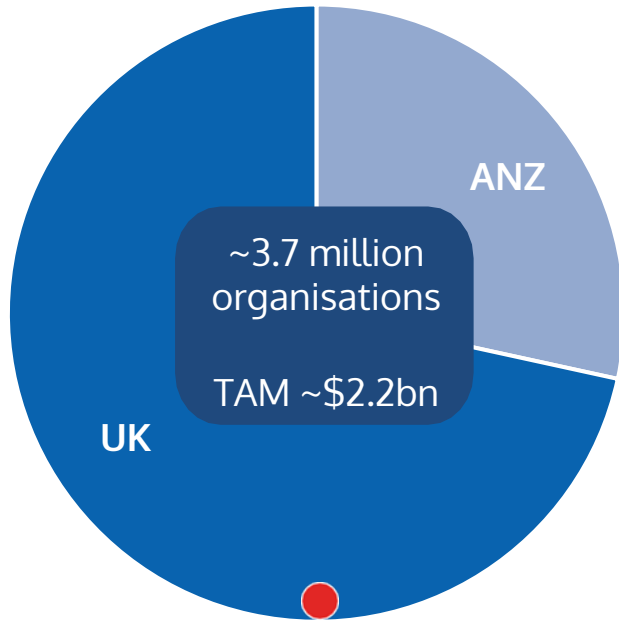
Leveraging our technology in the UK and rolling out Breathe in ANZ



ELMO Group Total Addressable Market (TAM)

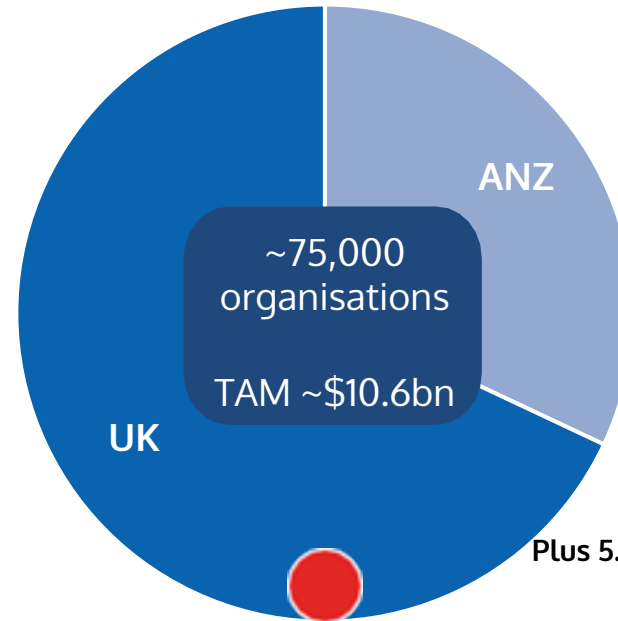
Large market opportunity and headroom for growth

Small business TAM^{1,2}
(<50 employees)



breathe
Market penetration
<3% organisations

Mid-market TAM^{1,3}
(50+ employees)



ELMO
Market penetration
<5% organisations

\$12.8 billion opportunity across small business and mid-market

1. Frost & Sullivan independent market report 2019/2020
2. Assumes full penetration of Breathe platform
3. Assumes full penetration of ELMO platform

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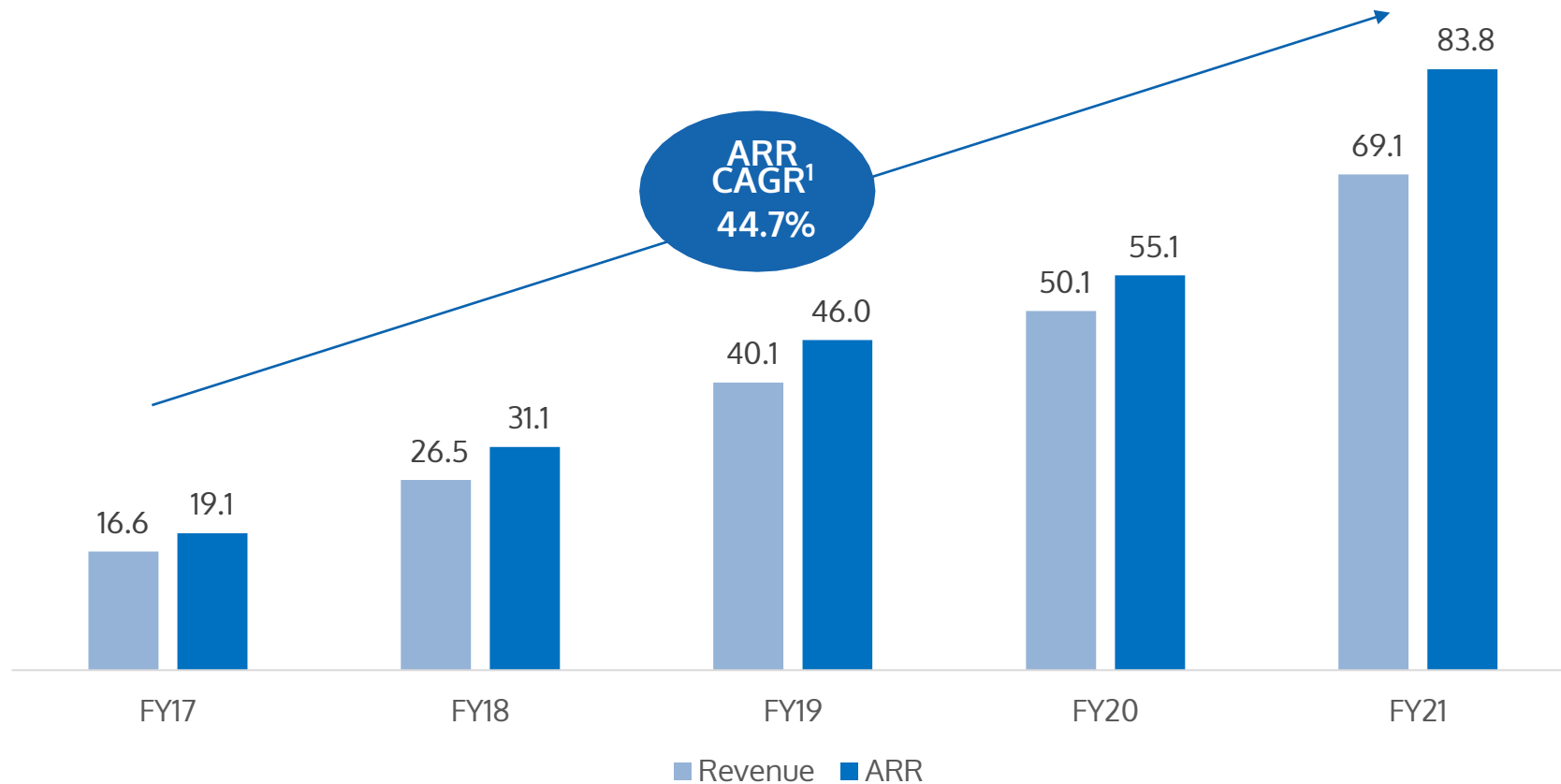
Results FY21
(ASX:ELO)

Group Annualised Recurring Revenue growth

ARR CAGR of 44.7% per annum from IPO in FY17

- ARR \$83.8 million at June 2021, up 52.1% from FY20
- High level of subscription revenue at 96.7%

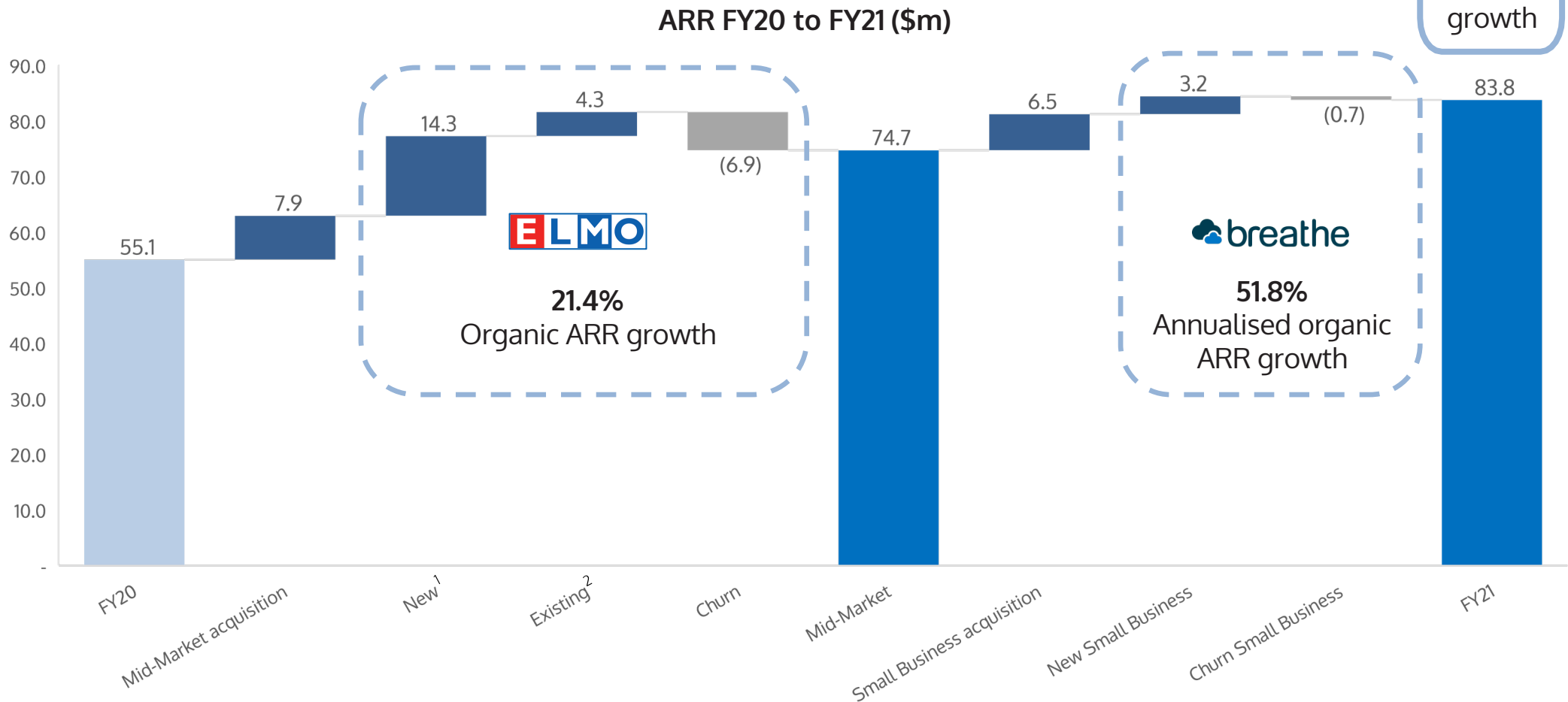
ARR and Revenue FY17 to FY21 (\$m)



1. ARR CAGR FY17 to FY21

Group ARR growth

Organic growth accelerating



ELMO Group organic growth of 26.0% in FY21

1. New business represents sales to new clients
 2. Existing new business represents cross sell modules and/or additional usage from existing clients

FY21 mid-market dashboard

Returning to high growth and generating positive EBITDA



Financial

\$74.7 million

Annualised recurring revenue (ARR)

▲ 35.7% growth from FY20

\$63.6 million

FY21 revenue

▲ 27.1% growth from FY20

\$1.6 million

EBITDA

▲ up \$4.5m from FY20

Operational

86.4%

Gross Profit Margin

▲ Up 1.0% from FY20

95.7%

Net customer dollar retention

▼ Customer retention rate 84.2%

\$555 million

Lifetime value (LTV) of customer base at 30 June 2021

▼ down \$47m from 30 June 2020

Customer

3,114

Customer base

▲ 85.1% growth from 30 June 2020

3.3

Modules per new customer at 30 June 2021¹

▼ Total modules per customer of 2.3

\$24.0k

Average ARR per customer at 30 June 2021

▼ down \$8.7k from 30 June 2020

1. Includes Webexpenses customers who had 1.0 module per customer on average

FY21 small business dashboard

High growth at 51.8% on an annualised ARR basis



Revenue

\$9.0 million

Annualised recurring revenue (ARR)

\$5.5 million

FY21 revenue

\$(1.2) million

EBITDA

Operational

89.5%

Gross Profit Margin

~86.6%

Annualised customer retention rate

\$60 million

Lifetime value (LTV) of customer base at 30 June 2021

Customer

9,069

Customer base

1.2

Modules per new customer at 30 June 2021

\$995

Average ARR per customer at 30 June 2021

FY21 summary financial results

Income statement (\$m)	FY21	FY20	Movement	Movement %
Subscription revenue	66.8	48.9	18.0	36.7%
Professional fees and other revenue	2.3	1.2	1.1	93.2%
Total revenue	69.1	50.1	19.1	38.1%
Gross profit ¹	59.9	42.8	17.1	40.0%
Other income	1.8	2.0	(0.2)	(8.7%)
Sales and marketing expenses	(27.4)	(22.2)	(5.2)	23.3%
Research and development expenses	(11.2)	(5.7)	(5.6)	97.7%
General and administrative expenses	(22.7)	(19.8)	(2.9)	14.9%
Total operating expenses	(61.4)	(47.7)	(13.7)	28.7%
EBITDA	0.4	(2.9)	3.3	113.9%

Financial and Operational Metrics	FY21	FY20	Movement	Movement %
Annualised recurring revenue	83.8	55.1	28.7	52.1%
Subscription revenue %	96.7%	97.6%	(90 bps)	n/a
Gross margin %	86.6%	85.3%	130 bps	n/a
S&M spend as a % of revenue	39.7%	44.4%	(480 bps)	n/a
R&D spend as a % of revenue ²	44.6%	47.1%	(250 bps)	n/a
G&A spend as a % of revenue	32.8%	39.5%	(660 bps)	n/a
Headcount	535	384	151	39.2%

Signs of operating leverage with declining spend ratios

1. Gross profit excludes \$2.3m of amortisation (FY20: \$0.6m) of capitalised commission included in the accounts
 2. R&D spend includes the income statement expense and capitalised costs in the reference period

High LTV/CAC ratio

Highlights the strong payback on customer acquisition investment

Mid-market Lifetime Value (LTV)¹



	FY20	FY21
Average ARR per customer (\$000s)	32.7	24.0
ARR churn (%)	7.8%	11.6%
Gross profit margin (%) ²	85.3%	86.4%
LTV per customer (\$000s)	358	178
Total mid-market LTV (\$000s)	602,000	555,000

Mid-market CAC

	FY20	FY21
Total customer base CAC (\$000s) ³	14,884	15,274
Number of customers won	337	660
Average CAC (\$000s) ³	44.2	27.0
Mid-market LTV / CAC Ratio	8.1	6.6

Small Business LTV¹



	FY21
Average ARR per customer (\$)	995
Annualised ARR churn (%)	13.6%
Gross profit margin (%)	89.5%
LTV per customer (\$)	6,600
LTV for small business (\$000s)	60,000

Small Business CAC

	FY21
Total customer base CAC (\$) ³	2,479
Number of customers won	2,590
Average CAC (\$) ³	960
Small Business LTV / CAC Ratio	6.9

ELMO Group LTV (\$000s)	602,000	615,000
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Lifetime value of ELMO group \$615 million

1. Calculations based on customer number as at 30 June 2021 in the financial period.

2. Gross profit excludes \$2.6m of amortisation (1H20: \$0.6m) of capitalised commission included in the accounts

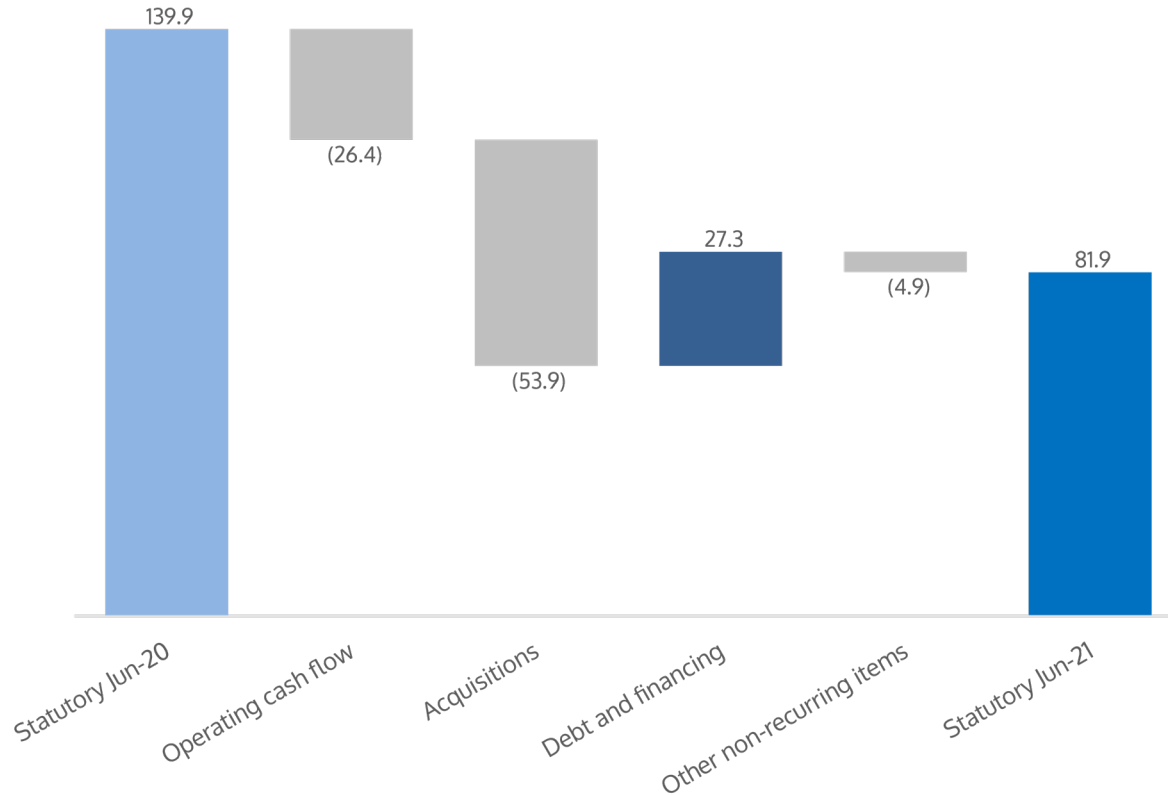
3. Average CAC reflects total sales and marketing expenses associated with securing new customers divided by the total number of new customers added in the period. CAC calculations for mid-market include annualised customer base costs for Webexpenses. CAC calculations for Small Business include annualised customer base costs for Breathe

Group cash flow

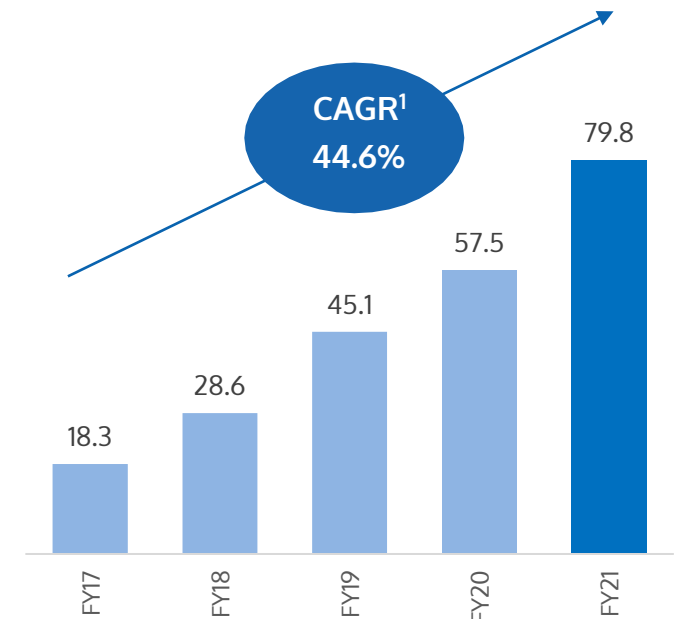
Record cash receipts

- Total cash receipts in FY21 of \$79.8m, up 38.8% on FY20
- Bank balance of \$81.9 million as at 30 June 2021
- Well capitalised to fund ongoing investment for growth
- Operating cash outflow \$26.4 million

FY21 Cash Flow (\$m)



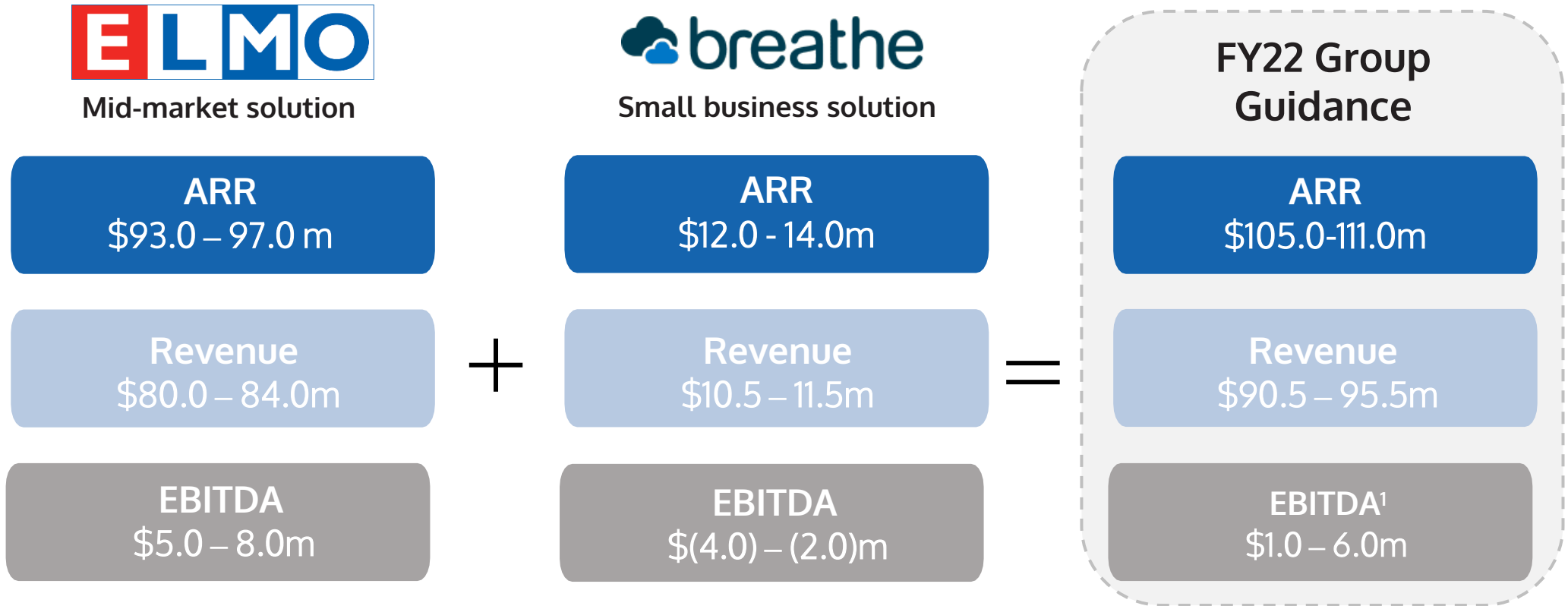
Cash receipts (\$m)



1. CAGR from FY17 to FY21

FY22 guidance

Breaking through \$100 million in Annualised Recurring Revenue



Strong growth anticipated across the ELMO group

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

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Appendix

Glossary

Term	Definition
Annualised recurring revenue (ARR)	<i>Annualised recurring revenue at June 2021</i>
Customer retention rate	<i>Customer retention is calculated by dividing the number of customers in the current period who were active customers at the end of the prior period by the number of customers at the end of the prior period</i>
Lifetime value (LTV)	<i>LTV is calculated by multiplying the average ARR per customer over the past 12 months by gross profit margin (%) divided by ARR churn</i>
TAM	<i>Total Addressable Market</i>
Net customer dollar retention	<i>Customer dollar retention is calculated by dividing the ARR at June 2021 by the ARR at June 2020 of the same customer cohort</i>
CAGR	<i>Compound annual growth rate</i>
EBITDA	<i>Earnings before interest, taxation, depreciation and amortisation</i>
CAC	<i>Customer acquisition cost: includes the allocation of sales and marketing costs associated with acquiring new customers</i>

History

ANZ's leading unified cloud HR, payroll, expense management solution

LEARNING MANAGEMENT SYSTEM



COURSE BUILDER



PRE-BUILT COURSES



PERFORMANCE



ONBOARDING



RECRUITMENT



SUCCESSION



HR CORE



SURVEY



PAYROLL



REWARDS AND RECOGNITION



REMUNERATION



ROSTERING / TIME & ATTENDANCE



CONNECT



VIDEO LIBRARY



EXPENSES



EXPERIENCES



PREDICTIVE PEOPLE ANALYTICS



2002

...

2013

2014

2015

2016

2017

2018

2019

2020

2021

ELMO founded in 2002 by Danny Lessem and Manuel Garber

eLearning platform and customised content

Commenced development of full suite management solutions



Focused on mid-market organisations

Approved supplier on Government Panel arrangements

Began expansion into New Zealand



Acquisition of Techniworks



Acquisition of PeoplePulse and LiveSalary



Acquisition of SkyPayroll



Acquisition of Pivot Software



Acquisition of HROnboard



UTS Partnersip



Acquisition of BoxSuite



Acquisition of Vocam



Acquisition of Breathe



Acquisition of Webexpenses

524 Customers

As at 30 June 2017

1,031 Customers

As at 30 June 2018

1,341 Customers

As at 30 June 2019

1,682 Customers

As at 30 June 2020

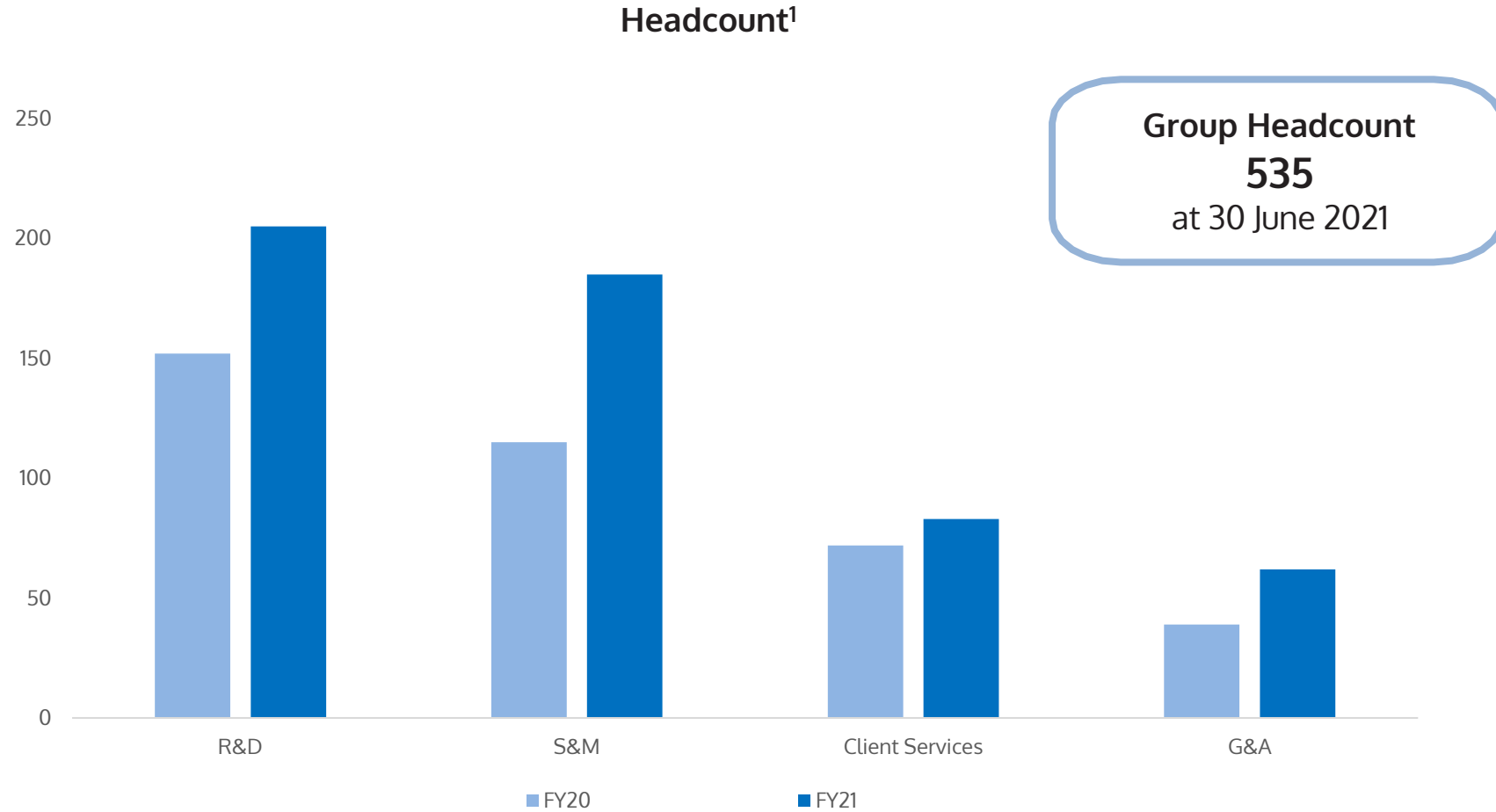
10,038 Customers

As at 31 December 2020 (includes Breathe)

12,183 Customers

As at 30 June 2021 (includes Breathe)

Headcount



1. Headcount relates to consolidated ELMO Group employees excluding Hero Brands joint venture

Balance Sheet

(\$m)	30 June 2021	30 June 2020	Movement	% movement
Cash and cash equivalents	81.9	139.9	(57.9)	(41.4%)
Other current assets	17.8	12.3	5.5	44.4%
Total current assets	99.7	152.2	(52.5)	(34.5%)
Intangibles	188.6	73.0	115.6	158.5%
Other non-current assets	28.2	21.1	7.1	33.4%
Total non-current assets	216.8	94.1	122.7	130.4%
Total assets	316.5	246.3	70.2	28.5%
Trade and other payables	14.6	10.8	3.8	35.1%
Contract liabilities	34.6	26.6	8.0	29.9%
Loans and borrowings	30.0	-	30.0	100.0%
Deferred consideration	35.5	6.7	28.8	429.9%
Other liabilities	34.9	22.9	12.0	52.5%
Total liabilities	149.7	67.1	82.6	123.2%
Net assets	166.8	179.2	(12.4)	(6.9%)

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investors.elmosoftware.com.au

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