21 October 2021

ELMO Software Limited

(ASX:ELO)
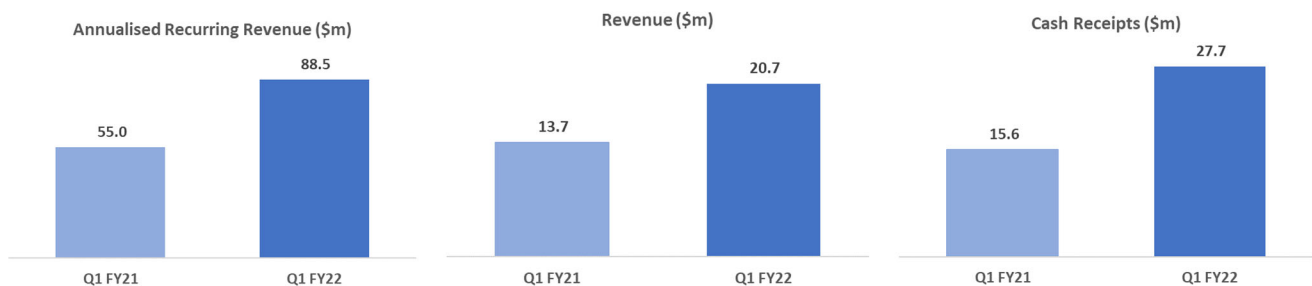
ELMO business update

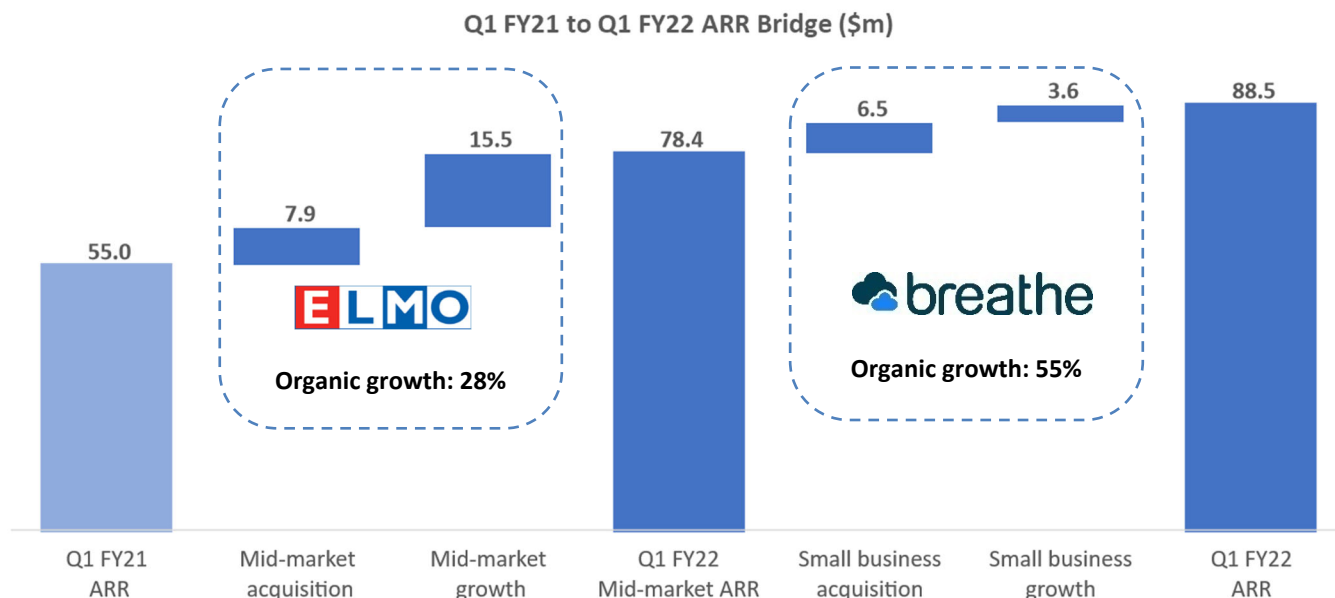## Strong Q1 with ARR growth of 61%

Key Highlights

- Annualised Recurring Revenue ('**ARR**') of **$88.5** million, up **61%** pcp
- Organic ARR growth of **35%** pcp
- Revenue of **$20.7** million, up **52%** pcp
- Cash receipts of **$27.7** million, up **78%** pcp
- **$75.7** million cash balance
- Release of two new modules: Experiences and COVIDsecure

Sydney, Australia 21 October 2021: ELMO Software Limited ('**ELMO**' or '**Group**') today announced its business update for the first quarter of FY22 ('**Q1 FY22**'), reporting strong growth in annualised recurring revenue ('**ARR**'), revenue and cash receipts.

Group financial metrics

Group ARR grew to a record **$88.5** million, up **61%** pcp. This included organic growth of **35%** pcp. Revenue increased to **$20.7** million, up **52%** pcp. Cash receipts grew to **$27.7** million, up **78%** pcp**.** The Group recorded a cash balance of **$75.7** million.

Q1 FY21 to Q1 FY22 ARR Bridge ($m)

ELMO - Mid-market:

Mid-market ARR grew to $78.4 million, a 43% increase compared to Q1 FY21. Organic growth through the last 12 months was 28% across the mid-market, highlighting the continued acceleration in ARR and the return towards pre-COVID growth rates. Organic growth is being driven through securing new customers coupled with the cross sell to existing customers.

Breathe - Small business market:

ARR generated in the small business segment has continued to grow rapidly, recording growth of 55% through the past 12 months. The growth in the small business segment is being driven by the onboarding of new customers and also the cross sell of new modules introduced since acquisition.

Capital management and cash flow:

Through the quarter the Group collected a record $27.7 million in cash receipts, which represented a 78% increase on pcp. At 30 September 2021 the Group reported a cash balance of $75.7 million.

Product update:

ELMO released two new modules over the period, Experiences and COVIDsecure. Experiences enhances employee engagement within an organisation. The COVIDsecure module enables businesses to record, monitor and report on their employees' COVID vaccination and test status, assisting businesses to reopen safely.

Acquisitions update:

The ELMO Group reached significant milestones for both the Webexpenses and Breathe acquisitions.

During the quarter, the ELMO mid-market solution was officially launched in the UK, leveraging the Webexpenses operational footprint and the Breathe small business platform was officially launched in Australia.

Commenting on the quarterly result, CEO and Co-founder Danny Lessem said, "Q1 was a strong quarter for the ELMO Group with the majority of the growth being organic.

"The mid-market business performance continues to return towards pre-COVID levels with growth accelerating. The Breathe small business segment continues to generate high levels of growth as small businesses rapidly automate people processes.

"We launched two new modules over the period being Experiences and COVIDsecure. We have already seen traction with the new modules and they are contributing to incremental ARR growth.

"We are very excited to have launched ELMO mid-market in the UK and Breathe small business in Australia during the quarter, providing us with exciting new revenue opportunities for future growth.

"Finally, we have strong momentum coming into Q2 with a positive macroeconomic backdrop and with small and medium sized businesses continuing to adopt cloud-based solutions to manage a flexible workforce."

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Contacts

Investor Enquiries	**Media Enquiries**
Darryl Garber	Mick Gibb
Chief Commercial Officer	Media & Communications Manager
+61 2 8405 4600	+61 423 149 494
investors@elmosoftware.com.au	media@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