



14 February 2022

ELMO Software Limited

(ASX:ELO)

## ELMO releases first half FY22 results

*Reports strong ARR growth, positive EBITDA and reduced churn*

### Key Highlights

- Annualised Recurring Revenue ('ARR') of **\$98.3** million, up **35%** compared to 30 June 2021
- Revenue of **\$43.1** million, up **41%** pcp
- Cash receipts of **\$56.0** million, up **63%** pcp
- EBITDA of **\$0.3** million up **\$0.9** million pcp
- **\$58.4** million cash balance
- ARR guidance for FY22 upgraded on 1 February to **\$107.0-\$113.0** million

**Sydney, Australia 14 February 2022:** ELMO Software Limited ('ELMO' or 'Group') today announced its business update for H1 FY22, reporting strong growth in annualised recurring revenue ('ARR'), revenue and cash receipts.

Group ARR grew to a record **\$98.3** million, representing **35%** organic growth on an annualised basis from 30 June 2021. Revenue increased to **\$43.1** million for the half, up **41%** pcp. Cash receipts grew to **\$56.0** million, up **63%** pcp. The Group recorded EBITDA of **\$0.3** million, up **\$0.9** million pcp and a cash balance of **\$58.4** million.

On February 1 2022, ELMO upgraded its FY22 ARR guidance to **\$107.0** to **\$113.0** million (previously \$105.0 to \$111.0 million) on the back of strong trading conditions due to the increased adoption of cloud-software solutions by businesses to manage remote or hybrid workforces.

ELMO's mid-market business continued to grow strongly, to **3,281** customers at 31 December 2021. Mid-market ARR grew to **\$87.4** million, up **34%** pcp. Mid-market revenue for the half grew to **\$38.0** million, up **31.4%** pcp. The mid-market gross profit margin was **84.2%**, down **2.2%** pcp. ARR churn improved to **9.3%** over the period which translates to a net dollar retention of **103%**.

The small business solution, Breathe, grew rapidly with annualised ARR growth of **41%**. The Breathe customer base grew to **10,232** at 31 December 2021. Gross profit margin remains high, at **89.4%**. ARR churn improved to **10.0%** over the period which translates to a net dollar retention of **101%**.

Operating leverage continues to improve with a reduction in key spend ratios across the business which has driven the positive EBITDA and reduced operating monthly cash burn by **36% pcp**.

**Commenting on the result, CEO Danny Lessem said the first half of FY22 was a solid result for the ELMO Group.**

"The ELMO Group has experienced strong growth in the first half of FY22. We are continuing to experience increased demand as more organisations adopt cloud-based technology to manage disparate workforces.

“The COVID-19 pandemic has accelerated the move to hybrid working which has in turn increased adoption by businesses of cloud-based systems to manage their people, allowing us to upgrade our guidance.

“We launched two new modules to market in the half that respond to the changing nature of the workplace environment; COVIDSecure and Experiences.

“Our UK acquisitions are performing exceptionally well and provide a solid foundation to increase our market share in the region.

“We are on the cusp of surpassing the \$100 million in ARR milestone and have solid momentum to continue this growth going into the second half of FY22.”

**Outlook: FY22 Group Guidance:**

A\$m	Guidance
<b>Annualised Recurring Revenue</b>	<b>107.0 - 113.0</b> (28% to 35% YoY growth)
<b>Revenue</b>	<b>91.0 - 96.0</b> (32% to 39% YoY growth)
<b>EBITDA</b>	<b>1.5 - 6.5</b>

**Results Webcast**

Mr Danny Lessem (CEO and Co-Founder) and Mr James Haslam (CFO) will present the FY22 half year results via webcast at **9.30am AEDT** today, **15 February 2022**.

Webcast link:

<https://bit.ly/ELMO1H22ResultsWebcast>

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>

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## **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](http://www.elmosoftware.com.au)