



4 May 2022

ELMO Software Limited

(ASX:ELO)

ELMO business update

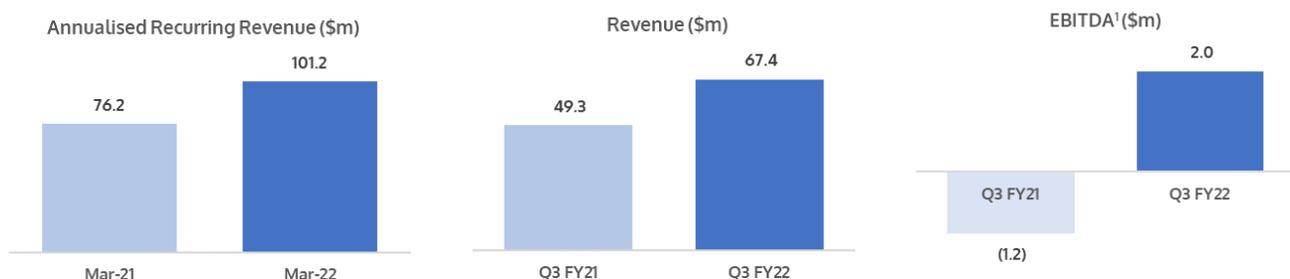
ARR now exceeds \$100 million, growing organically at 33% pcp and tracking to the top end of guidance

Key Highlights

- Annualised Recurring Revenue ('ARR') closed at a record **\$101.2** million, an increase of **33%** pcp
- Revenue of **\$67.4** million, up **37%** pcp
- EBITDA of **positive \$2.0** million, up **\$3.2** million pcp, from negative \$1.2 million
- Year to date cash receipts of **\$84.3** million, up 53% pcp
- **\$51.4** million cash balance
- Release of two new modules: Hybrid Work and Wellbeing
- FY22 upgraded guidance re-affirmed

Sydney, Australia 4 May 2022: ELMO Software Limited ('ELMO' or 'Group') today announced its unaudited business update for the third quarter of FY22 ('Q3 FY22'), reporting strong growth in annualised recurring revenue ('ARR'), revenue, EBITDA and cash receipts.

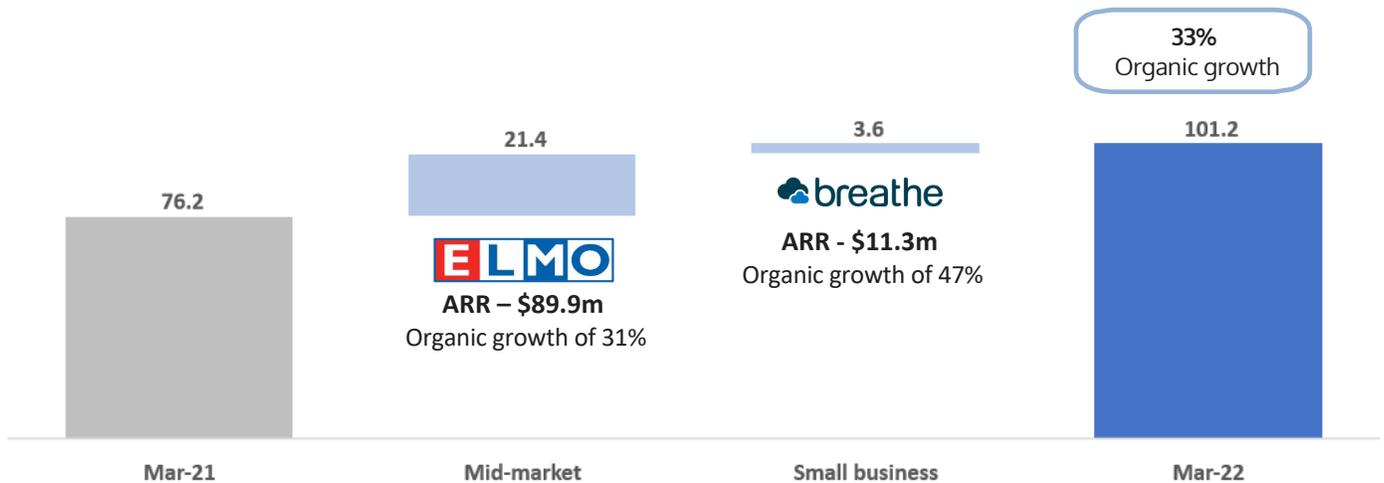
Group financial metrics



Note 1: EBITDA' does not reflect non-recurring items

The ELMO Group continues to demonstrate strong growth. ARR surpassed \$100 million, growing to a record **\$101.2 million** at 31 March 2022, reflecting a **33%** organic increase when compared to 31 March 2021. Year to date revenue increased to **\$67.4 million**, up **37%** when compared to the same period in FY21. EBITDA grew to **\$2.0 million**, up \$3.2 million pcp. The Group is pleased to reaffirm the FY22 upgraded guidance, provided on 1 February 2022.

ARR March 2021 to March 2022 (\$m)



ELMO - Mid-market:

Mid-market ARR grew to \$89.9 million, a 31% increase compared to Q3 FY21. This highlights the continued strong growth currently experienced in the mid-market. Growth is being driven through securing new customers and the cross sell of modules to existing customers.

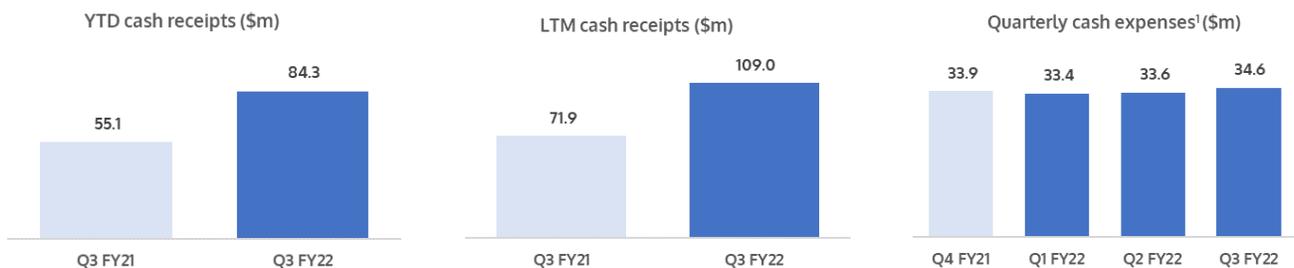
Breathe - Small business market:

ARR generated in the small business segment has continued to grow rapidly, recording growth of 47% through the past 12 months. The growth in the small business segment is being driven by the onboarding of new customers and the cross sell of new modules introduced since acquisition.

Capital management and cash flow:

Through the year to date the Group has collected \$84.3 million in cash receipts (53% growth on pcp), which included collections of \$28.3 million through Q3 FY22 – matching the quarterly record set in Q2 FY22. ELMO remains well capitalised and funded to breakeven with a cash balance of \$51.4 million at 31 March 2022.

Capital management and the commitment to operating cash flow breakeven remained a focus through Q3 FY22 as demonstrated by the stable operating cash spend across the last 12 months. This trend is expected to continue through Q4 FY22 and will be complemented by Q4 receipts, which has historically been the most significant quarter.



Note 1: Cash expenses exclude non-recurring items of \$2.3m through FY22

Product update:

ELMO released two new modules over the period, **Hybrid Work** and **Wellbeing**. Developed in-house, 'Hybrid Work' empowers organisations to coordinate their hybrid working model. With the new module, employers can quickly see who is in the office on each day as employees are able to schedule their time in or out of the office in advance.

Through a partnership with Acacia Connection, a specialist provider of employee assistance programs (EAP), ELMO's 'Wellbeing' module provides employees with confidential, professional, short-term and solution-focused counselling. The module leverages the wider ELMO Software suite to improve access to important mental health and wellbeing information (including the Acacia EAP service) via the ELMO dashboard.

Commenting on the quarterly result, CEO and Co-founder Danny Lessem said, "ELMO continues to experience strong growth as small and medium sized businesses adopt cloud-based solutions to manage an increasingly flexible or hybrid workforce. ARR grew 33% in Q3 and I am pleased we are tracking toward the top end of our guidance range which is also translating to the pleasing level of EBITDA.

"The mid-market business performance continues to perform strongly. The small business product continues to generate high levels of growth as small businesses rapidly automate people processes and adopt the new modules that we have launched in the Breathe platform.

"We launched two new modules over the period being Hybrid Work and Wellbeing. The new modules respond to the changing ways work is done and the growing need for businesses to support employees' mental health and wellbeing. The new modules enhance our competitive edge in the marketplace and provide new revenue streams.

"Finally, we have strong momentum coming into Q4, which is historically our strongest quarter. We expect ARR growth to continue at the high levels we are experiencing. We also continue to leverage our cost base as we expect to cross the cash flow breakeven point in the second half of FY23."

-ENDS-

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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