



# ELMO Software

HR | Payroll | Expense Management



FY22 Business Update

ASX:ELO  
28 July 2022



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# FY22 ELMO group business update

Continuing to deliver on our growth strategy

**\$108.2 million**

Annualised recurring revenue (ARR)

▲ 29% organic growth  
compared to 30 June 2021

**\$91.4 million**

Revenue

▲ 32% growth from FY21

**\$7.1 million**

Underlying EBITDA<sup>2</sup>

▲ \$6.5 million growth from FY21



**\$116.9 million**

Cash Receipts  
growth of 46% on FY21



**\$47.9 million**

Cash on hand  
as at 30 June 2022

**Record result through FY22 setting the platform for reaching  
operating cash flow breakeven in FY23**

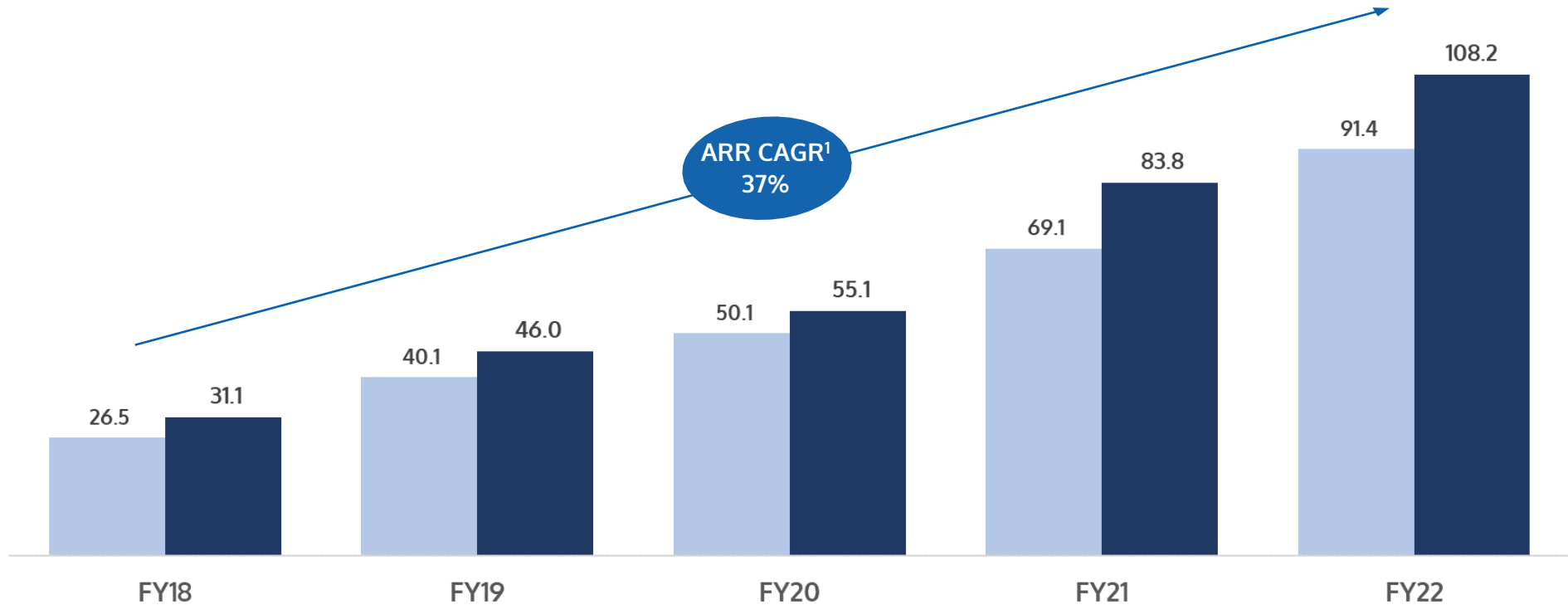
1. Unaudited headline results
2. FY22 and FY21 comparative underlying EBITDA excludes non-recurring items and non-cash share based payments

# Group Annualised Recurring Revenue growth

ARR CAGR of 37% since FY18

- ARR **\$108.2** million at June 2022
- Organic ARR CAGR growth **36%** from FY18
- Revenue CAGR growth **36%** from FY18

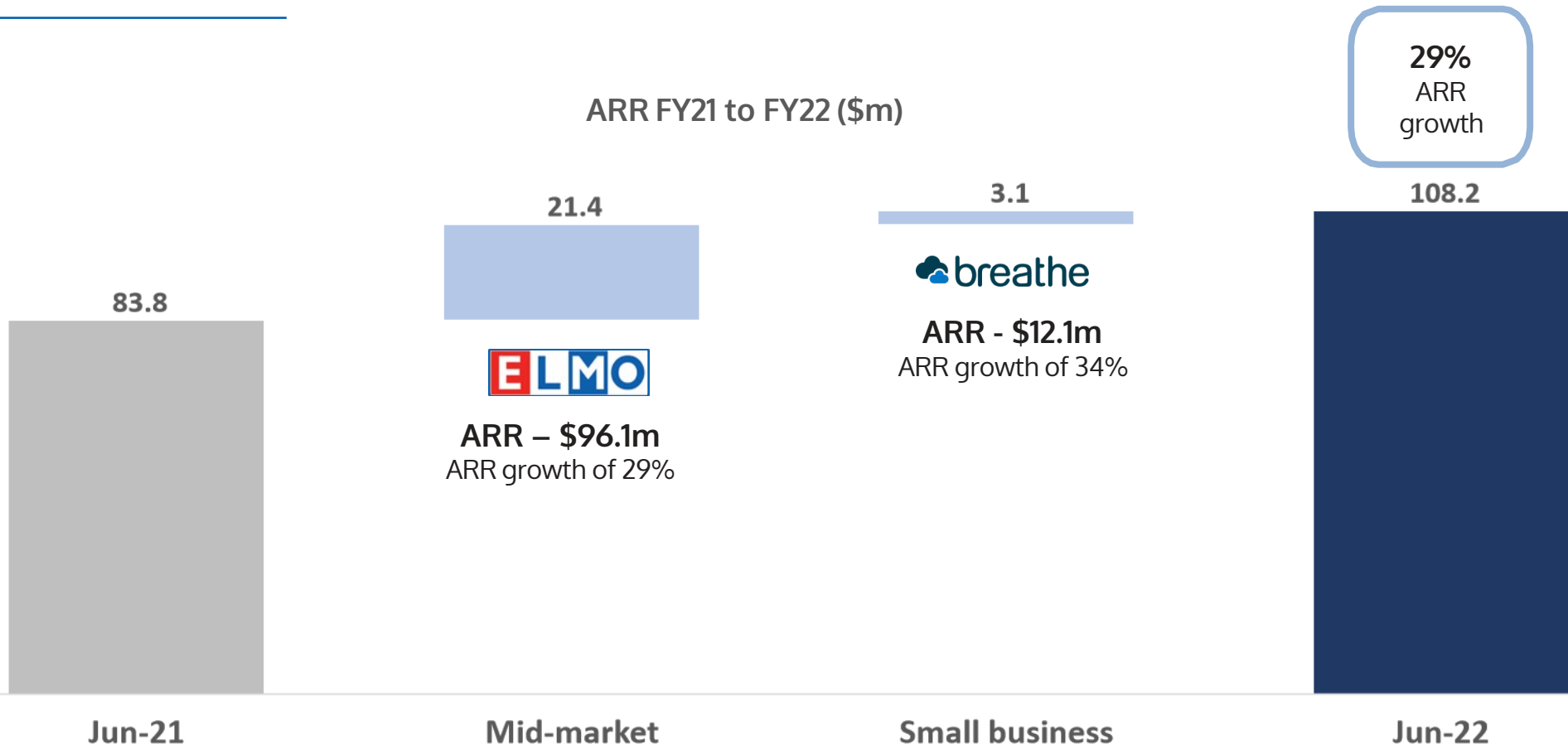
ARR and revenue FY18 to FY22 (\$m)



1. Total ARR CAGR from FY18 to FY22

# Group ARR growth

High organic growth through both market segments



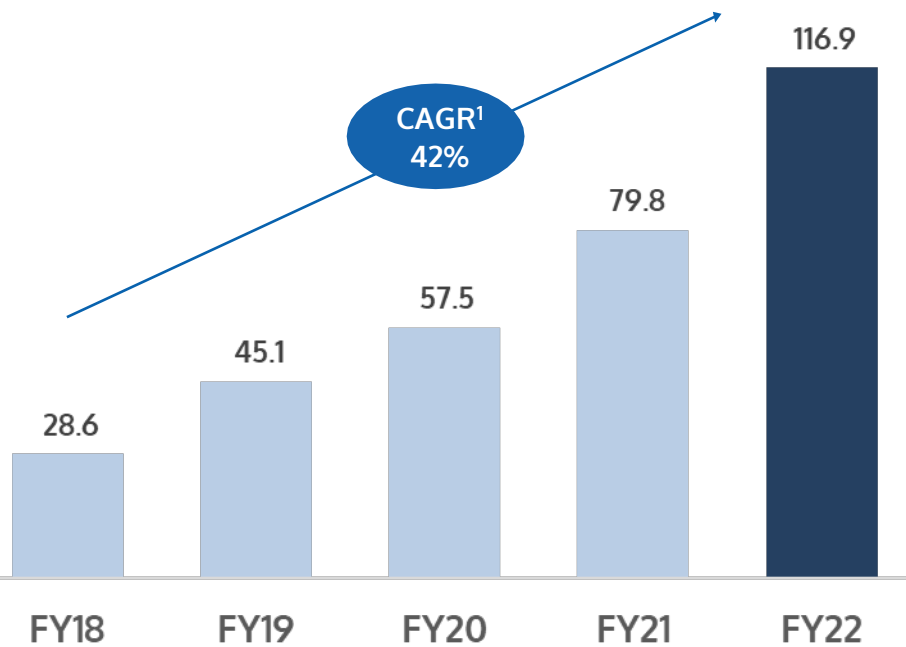
**ELMO Group organic growth of 29% since June 2021**

# Group cash receipts

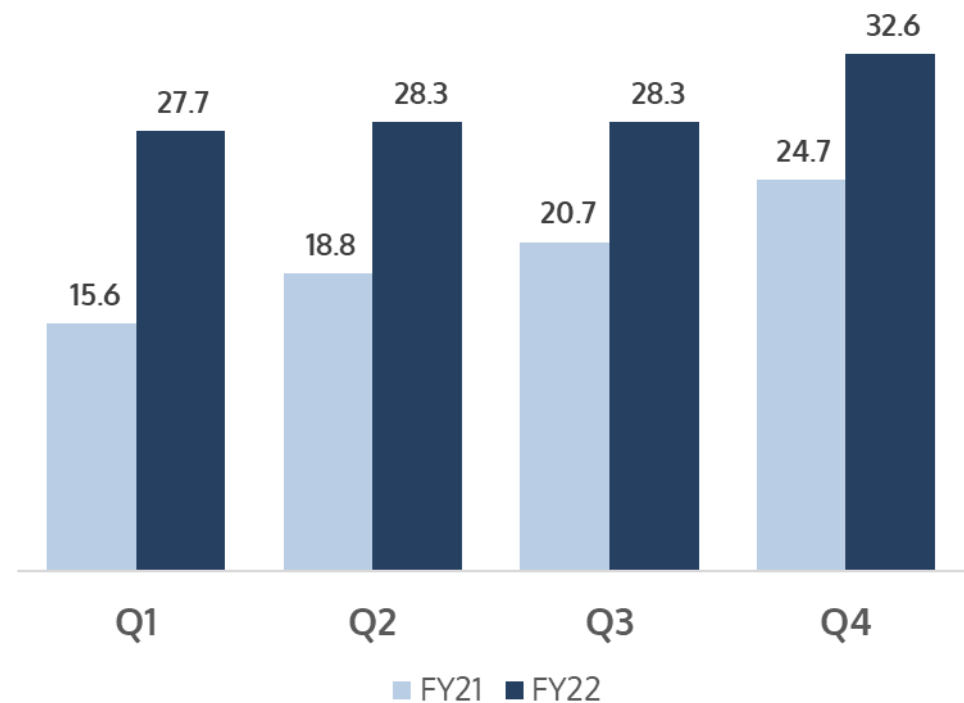
Strong quarterly cash profile heading into FY23

- Cash receipts in FY22 of **\$116.9** million, up **46%** on FY21

Cash Receipts FY18 to FY22 (\$m)



Quarterly cash receipts FY21 v FY22 (\$m)



Approaching \$120 million of annual cash receipts

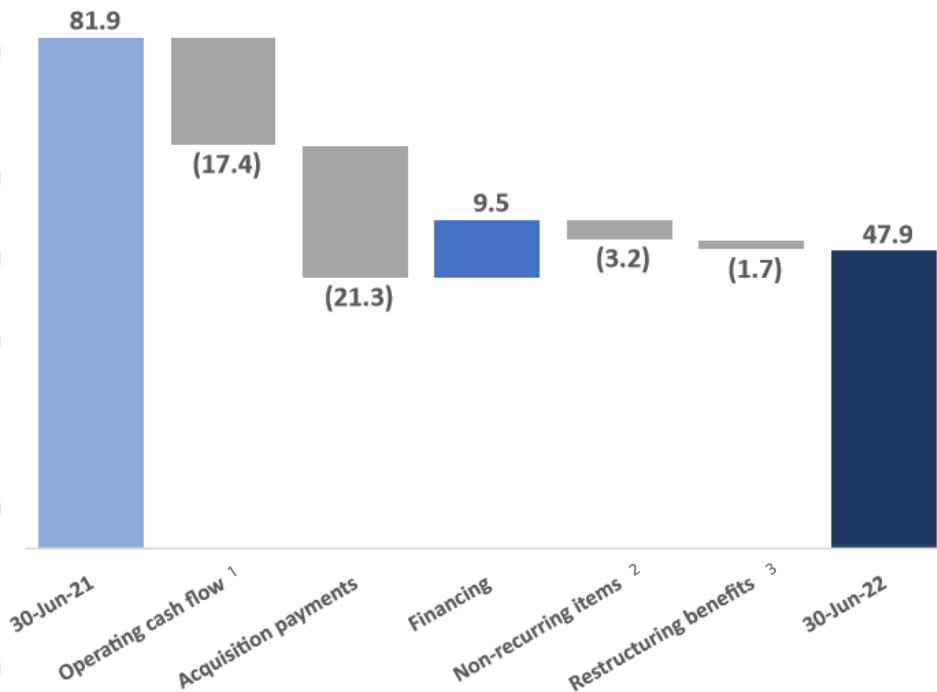
1. CAGR from FY18 to FY22

# Group cash balance

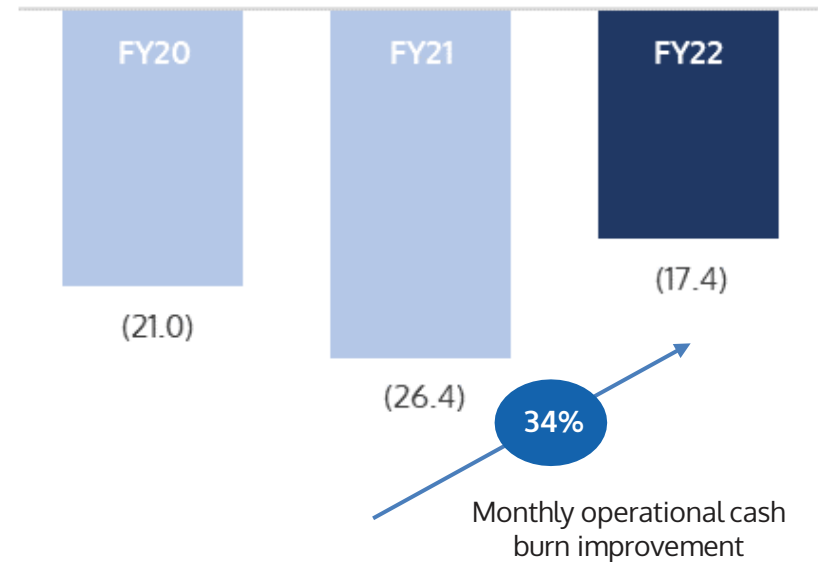
Well capitalised with reducing operating cash burn

- Well capitalised with a cash balance of \$47.9 million as at 30 June 2022
- Operating cash burn reduced by 34% compared to FY21

Cash flow 30 June 2021 – 30 June 2022



Operating cash flow<sup>1</sup> FY20 to FY22



Operating cash burn improved significantly through FY22

1. Operating cash flow includes capitalised expenses and BAU capex

2. Non-recurring costs primarily relate to fit out costs on new office space in Melbourne and Brisbane

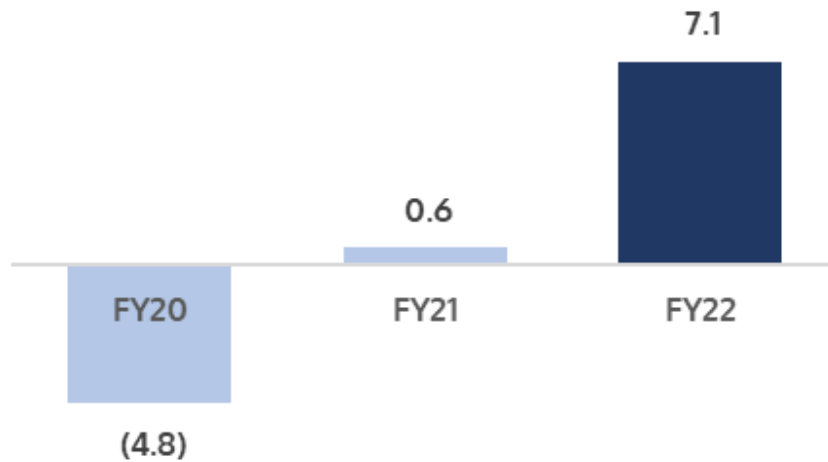
3. Restructuring benefits reflect costs incurred in FY22 that are not expected to re-occur in FY23 as a result of internal restructuring initiatives

# Pathway to operational cash flow breakeven

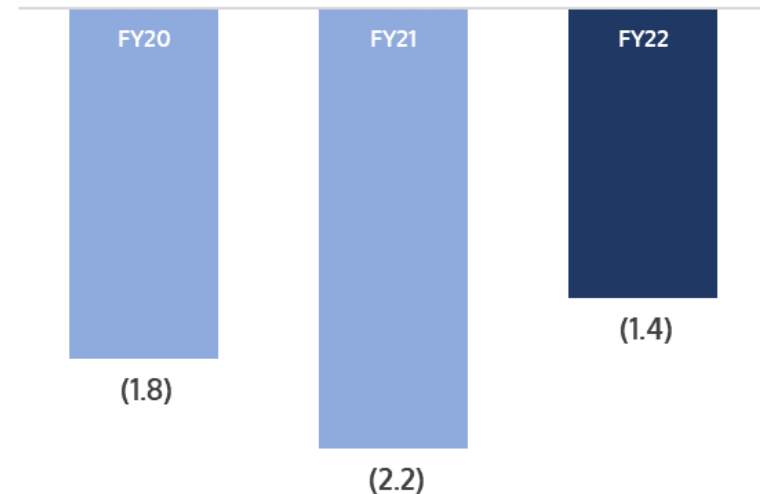
ARR scale and growth complemented by key restructuring initiatives

- Accelerating underlying EBITDA which has increased **11.1x** since FY21
- **34%** reduction in operating cash burn

Underlying EBITDA<sup>1</sup> FY20 to FY22



Monthly operating cash flow<sup>2</sup> FY20 to FY22



**Investment phase completed and existing cost base to be leveraged through FY23**

1. Underlying EBITDA excludes capitalised expenses, share based payments, non-recurring expenses and restructuring benefits relating to costs which are not expected to be incurred in future years  
2. Operating cash flow includes capitalised expenses and BAU capex

# FY23 key initiatives

Focus on enhancing unit economics

Area	Driver	Timing
<b>Corporate</b>	<ul style="list-style-type: none"> <li>Regional focus with the expansion of the executive team to include two UK based executives.</li> <li>Expanded team is expected to streamline decision making with a focus on delivery in the UK.</li> </ul>	Effective from 1 July
<b>Client services</b>	<ul style="list-style-type: none"> <li>Evolving client services to incorporate offshore implementation support in lower cost regions.</li> <li>Focus on growing SE Asia operations which represents significant savings when compared to like for like ANZ and UK resources.</li> </ul>	Gross margin benefits partially realised and expected to increase through FY23
<b>Sales and marketing</b>	<ul style="list-style-type: none"> <li>Simplifying Go-To-Market (GTM) strategy to focus on more mature and complementary module packages.</li> <li>Creation of a Customer Experience Team to enhance customer retention.</li> </ul>	Benefits expected to begin to be realised through FY23
<b>Research &amp; development</b>	<ul style="list-style-type: none"> <li>Investment phase materially complete with no new module releases planned through FY23.</li> <li>Focus through FY23 on maintenance and building out increased functionality on existing modules.</li> <li>Increased use of lower cost, offshore R&amp;D support through the Hero Teams Joint Venture with a focus on SE Asia.</li> </ul>	Partially realised with acceleration expected through FY23 leading to a significant reduction in % of revenue spent
<b>General &amp; administration</b>	<ul style="list-style-type: none"> <li>Adoption of hybrid work practices which has created surplus office requirements in Sydney and Perth and there are expected savings from reducing this office footprint.</li> <li>Consolidation of offices in Brisbane (ELMO and Webexpenses).</li> </ul>	Savings expected to be realised in FY23
<b>Capital management</b>	<ul style="list-style-type: none"> <li>\$47.9m of cash held at 30 June 2022. With total drawn debt of \$40.5m there is significant headroom to achieve cash flow break even. The repayment of a portion of the facility is under review.</li> </ul>	Drawn facility level under review in Q1 FY23

**Initiatives expected to support reaching operational cash flow breakeven in FY23**



# FY23 guidance

Achieving high growth and cash flow break even in FY23

Mid-Market



**ARR**  
\$119 – 124m

**Revenue**  
\$100 – 105m

**EBITDA**  
\$17 – 20m

Small Business



**ARR**  
\$15 – 16m

**Revenue**  
\$14 – 15m

**EBITDA**  
\$3 – 5m

+

=

## FY23 Group guidance

**ARR**  
\$134 – 140m  
24% to 29% YoY growth

**Revenue**  
\$114 – 120m  
25% to 31% YoY growth

**EBITDA<sup>1</sup>**  
\$20 – 25m

**Operating cash flow<sup>2</sup>**  
\$(2.0) – 2.0m

Cash flow break even forecast for FY23

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

2. Operating cash flow excludes significant non-recurring transactions and financing costs

# Appendix



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# Glossary

Term	Definition
Annualised recurring revenue (ARR)	<i>Annualised recurring revenue at June 2022</i>
TAM	<i>Total Addressable Market</i>
CAGR	<i>Compound annual growth rate</i>
EBITDA	<i>Earnings before interest, taxation, depreciation and amortization</i>

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