



# ELMO Software

HR | Payroll | Expense Management

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H1 FY22 Results  
Investor Presentation

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ASX:ELO  
14 February 2022



# Agenda

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

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H1 FY22 Results  
(ASX:ELO)

# H1 FY22 ELMO Group Financial Highlights

Continuing to deliver on our growth strategy

**\$98.3 million**

Annualised recurring revenue (ARR)



35% annualised organic growth compared to 30 June 2021

**\$43.1 million**

Revenue



41% growth from H1 FY21

**\$0.3 million**

EBITDA



\$0.9 million growth from H1 FY21<sup>1</sup>



**\$56.0 million**

Cash Receipts  
growth of 63% on H1 FY21



**\$58.4 million**

Cash on hand  
as at 31 December 2021



**Guidance** upgraded at  
1 February 2021

**Record half year results and upgraded FY22 guidance**

1. H1 FY22 and H1 FY21 comparative EBITDA excludes non-recurring items and non-cash share based payments

# Group overview

A leading provider of cloud HR, payroll and expense management solutions across ANZ & UK

## Convergent solution

- ✓ Multiple modules/revenue streams
- ✓ Integrated solution
- ✓ Competitive advantage: width of solution
- ✓ Two fit-for-purpose platforms

## Robust SaaS business model

- ✓ High recurrent subscription revenue
- ✓ High customer retention
- ✓ High level of organic growth
- ✓ Land and expand strategy



Mid-market solution



Small business solution

Providing customers with an all-in-one platform  
to manage people, process and pay

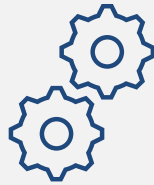
# Executing on the growth strategy

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 through FY22 and beyond**

# Segment expansion

Growth opportunities across two key market segments



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

- ✓ >3,000 customers
- ✓ Market penetration: ANZ <10%, UK <3%

## Update

- ✓ New modules **COVIDSecure** and **Experiences**
- ✓ Contextualised for the UK market
- ✓ UK activities ramping up in FY22



**Small business solution**  
(<50 employees)

- ✓ >10,000 customers
- ✓ Market penetration: ANZ <1%, UK: <3%

## Update

- ✓ Added modules in the UK platform with initial cross-sales completed
- ✓ Contextualised for the ANZ market
- ✓ ANZ activities ramping up in FY22

**Fit for purpose solution for each market segment**

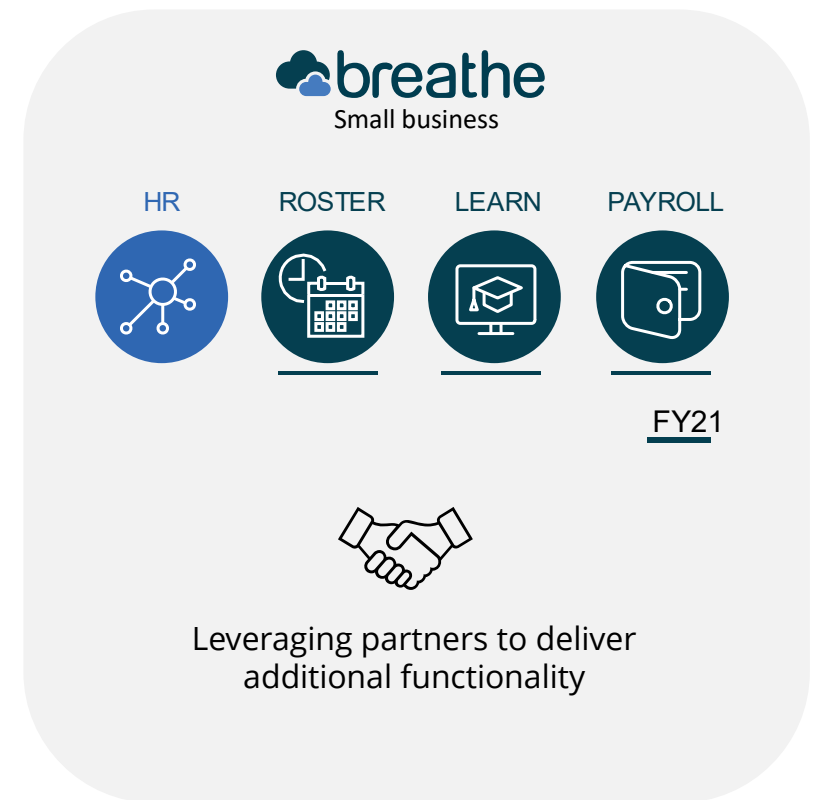
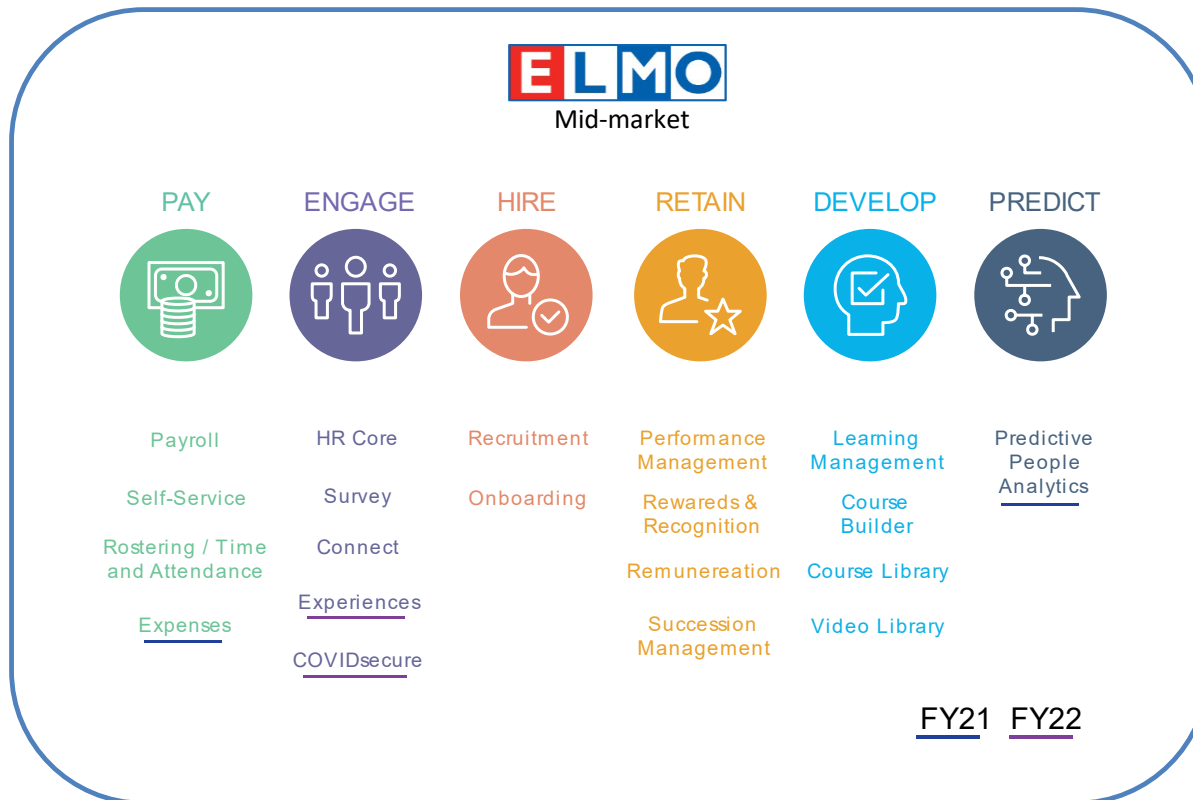
1. Frost & Sullivan independent market report 2019/2020

# Module expansion

Continuing to broaden our customer offering



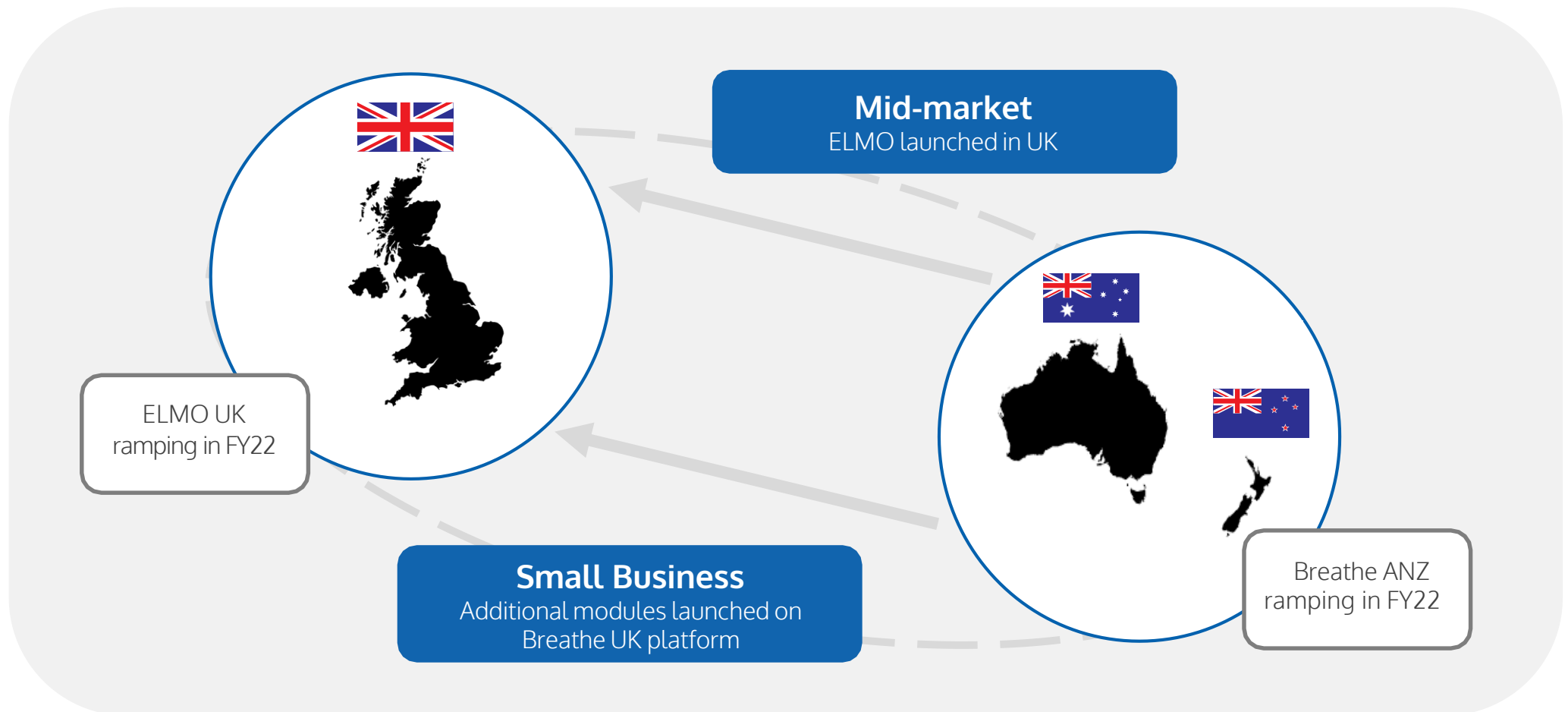
Module expansion driving convergence:



Breadth of solution is our key competitive advantage

# Geographic expansion

Leveraging our technology in the UK and ramping up Breathe in ANZ

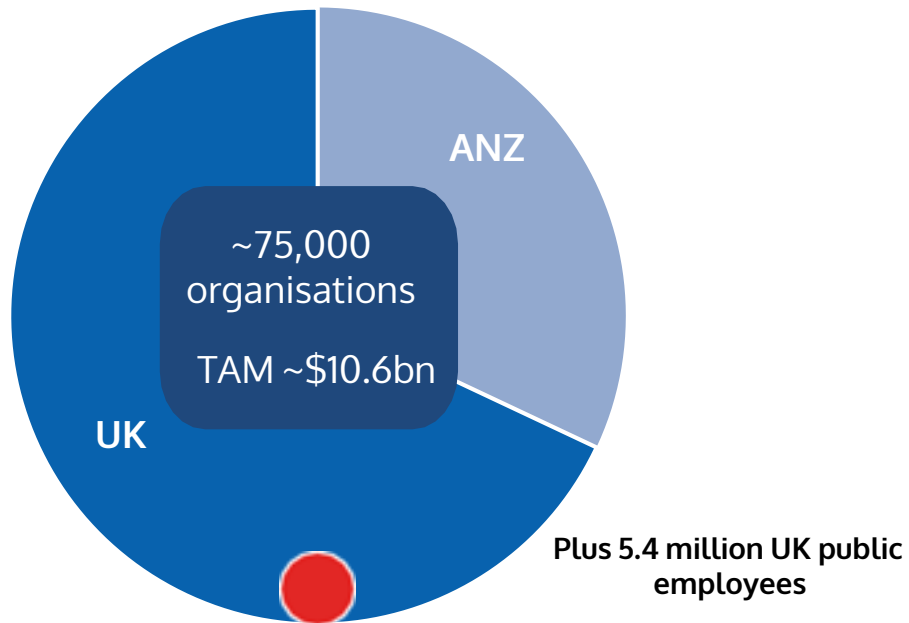


**Significant new revenue opportunities in ANZ and the UK**

# ELMO Group Total Addressable Market (TAM)

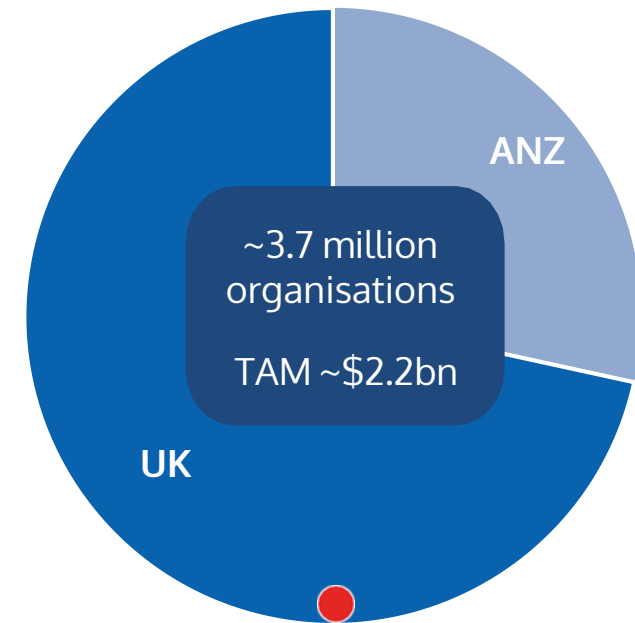
Large market opportunity and headroom for growth

**Mid-market TAM<sup>1,2</sup>**  
(50+ employees)



**Market penetration**  
<5% organisations

**Small business TAM<sup>1,2</sup>**  
(<50 employees)



**Market penetration**  
<3% organisations

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

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

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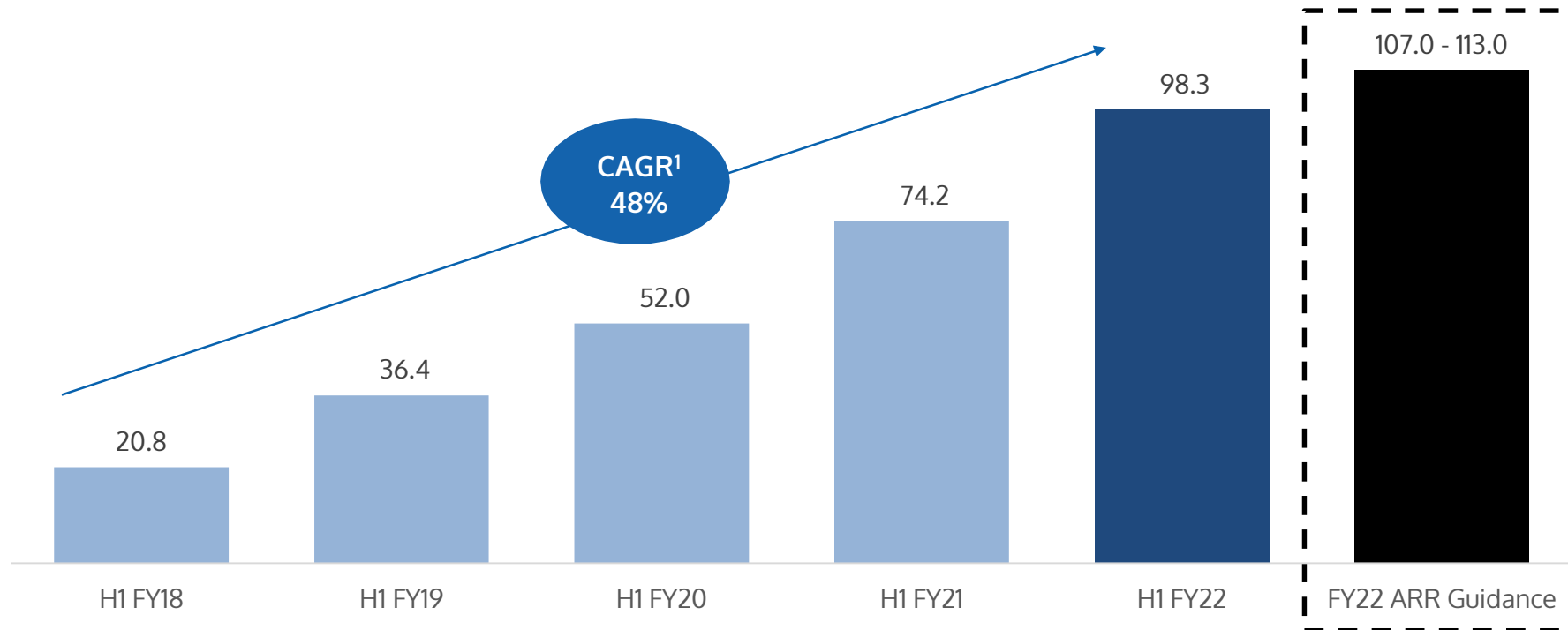
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Results H1 FY22  
(ASX:ELO)

# Group Annualised Recurring Revenue growth

ARR CAGR of 48% per annum since H1 FY18

- ARR \$98.3 million at 31 December 2021
- Organic ARR growth of 36% CAGR from H1 FY18<sup>2</sup>

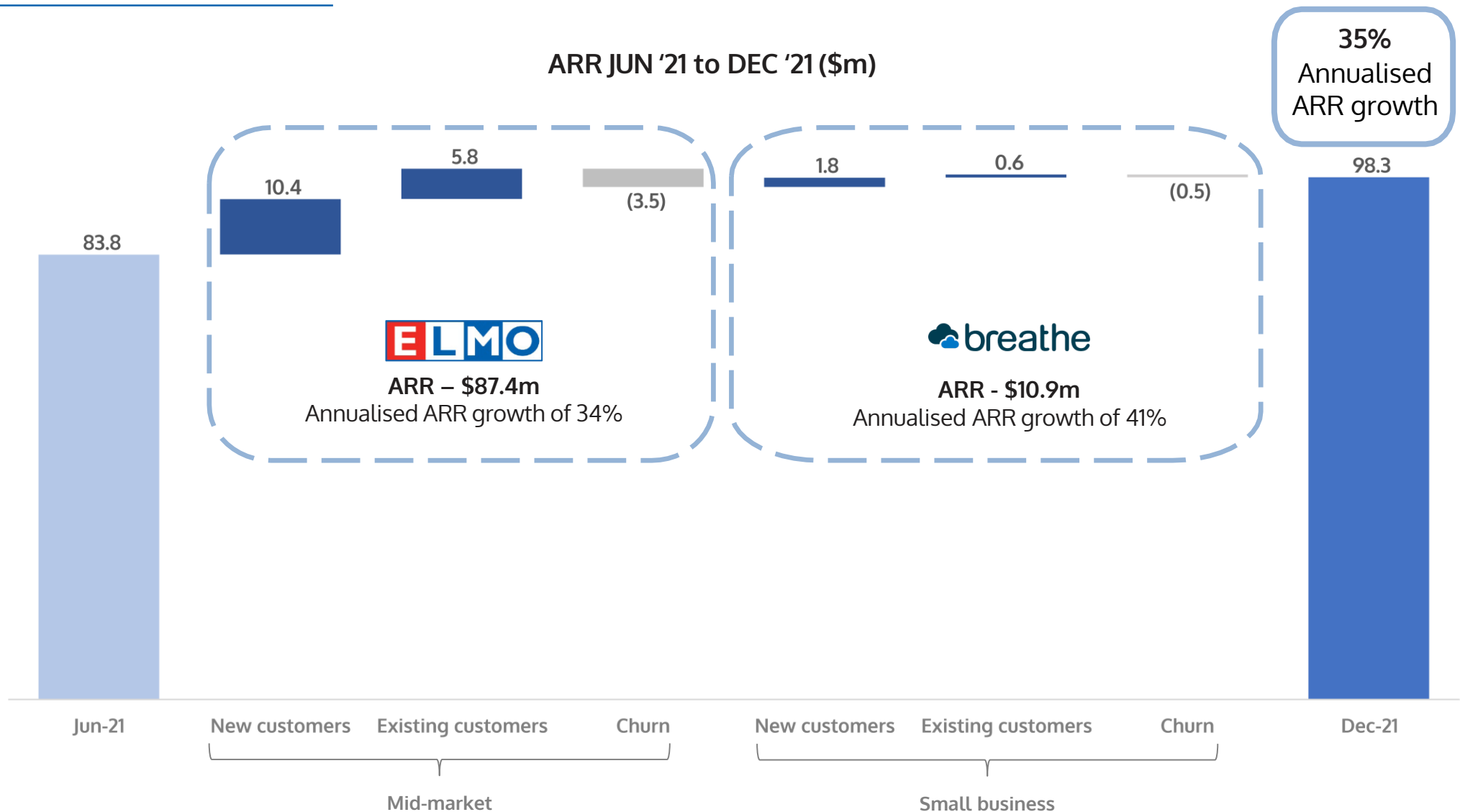


1. CAGR from H1 FY18 to H1 FY22
2. Organic growth excludes opening ARR from acquisitions

# Group ARR growth

Organic growth accelerating through H1 FY22

ARR JUN '21 to DEC '21 (\$m)



# H1 FY22 mid-market dashboard

Annualised ARR growth of 34% and reduced churn



## Financial

**\$87.4 million**

Annualised recurring revenue (ARR)

▲ 34% annualised growth from 30 June 2021

**\$38.0 million**

H1 FY22 revenue

▲ 31.4% growth from H1 FY21

**\$1.0 million**

EBITDA

▲ up \$1.6m from H1 FY21

## Operational

**84.2%**

Gross Profit Margin

▼ Down 2.2% from FY21

**103.0%**

Net customer dollar retention

▲ ARR churn 9.3% annualised

**\$710 million**

Lifetime value (LTV) of customer base at 31 December 2021

▲ up \$155m from 30 June 2021

## Customer

**3,281**

Customer base

▲ Includes 416 new customers from 30 June 2021

**2.6**

Modules per customer at 31 December 2021<sup>1</sup>

▲ up from 2.3 at 30 June 2021

**\$26.7k**

Average ARR per customer at 31 December 2021

▲ up \$2.7k from 30 June 2021

1. Includes Webexpenses customers

# H1 FY22 small business dashboard

Annualised ARR growth of 41% and reduced churn



## Financial

**\$10.9 million**

Annualised recurring revenue (ARR)

▲ 41% annualised growth from  
30 June 2021

**\$5.1 million**

H1 FY22 revenue

▲ 192% growth from H1 FY21

**\$(0.7) million**

EBITDA

## Operational

**89.4%**

Gross Profit Margin

▼ Down 0.1% from FY21

**100.5%**

Net customer dollar retention

▲ ARR churn 10.0% annualised

**\$79 million**

Lifetime value (LTV) of customer  
base at 31 December 2021

▲ Up \$19m from 30 June 2021

## Customer

**10,232**

Customer base

▲ Includes 1,799 new customers  
from 30 June 2021

**1.3**

Modules per customer at 31  
December 2021

▲ up from 1.2 at 30 June 2021

**\$1.1k**

Average ARR per customer at 31  
December 2021

▲ Up 6.8% from 30 June 2021

# H1 FY22 summary financial results

Income statement (\$m)	H1 FY22	H1 FY21 <sup>1</sup>	Movement	Movement %
Subscription revenue	42.1	29.8	12.3	41.1%
Professional fees and other revenue	1.0	0.8	0.2	27.7%
<b>Total revenue</b>	<b>43.1</b>	<b>30.6</b>	<b>12.5</b>	<b>40.8%</b>
Gross profit <sup>2</sup>	36.5	27.1	9.4	34.9%
Other income	0.0	0.1	(0.1)	(86.8%)
Sales and marketing expenses	(17.6)	(12.8)	(4.8)	37.4%
Research and development expenses	(8.1)	(4.8)	(3.3)	68.8%
General and administrative expenses	(10.5)	(10.2)	(0.3)	3.4%
Total operating expenses	(36.2)	(27.8)	(8.4)	30.4%
<b>EBITDA</b>	<b>0.3</b>	<b>(0.6)</b>	<b>0.9</b>	<b>(153.3%)</b>

Financial and Operational Metrics	H1 FY22	H1 FY21 <sup>1</sup>	Movement %	Movement %
Annualised recurring revenue	98.3	74.2	24.1	32.5%
Subscription revenue %	97.6%	97.4%	20 bps	n/a
Gross margin %	84.8%	88.6%	(380 bps)	n/a
S&M spend as a % of revenue	40.8%	41.8%	290 bps	n/a
R&D spend as a % of revenue <sup>3</sup>	44.2%	45.2%	320 bps	n/a
G&A spend as a % of revenue	24.5%	33.3%	1190 bps	n/a
Headcount	572	524	48	9.2%

**Growth is being complemented by enhanced operating leverage**

1. H1 FY21 financials exclude non-cash share-based payments and non-recurring items

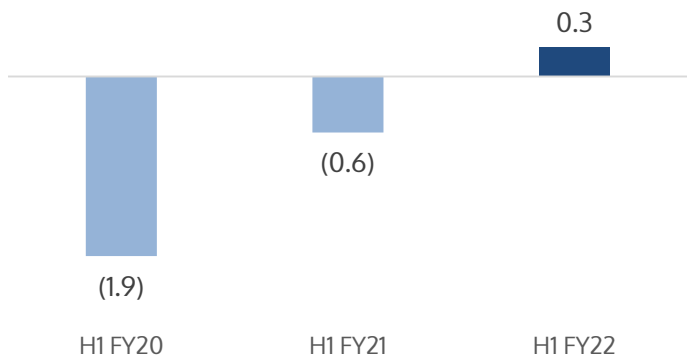
2. Gross profit excludes \$1.7m of non-cash amortisation related to capitalised sales commissions (H1 FY21: \$1.0m)

3. R&D spend includes the income statement expense and capitalised costs in the reference period

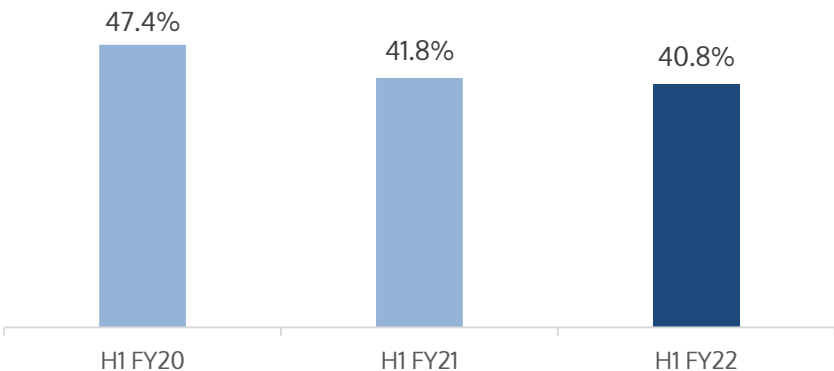


# H1 FY22 Operating cost efficiencies driving positive EBITDA

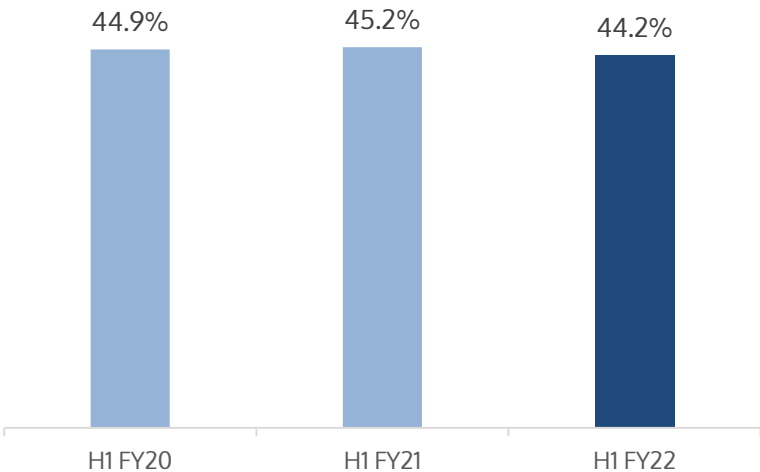
EBITDA (\$m) of Revenue H1 FY20 to H1 FY22



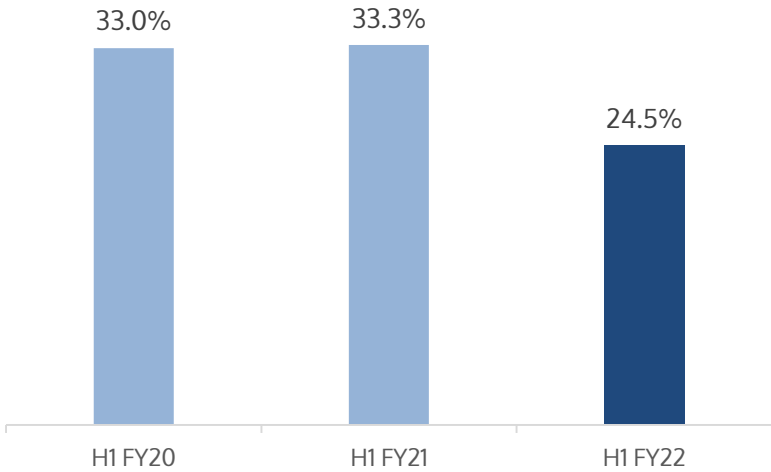
S&M spend % of Revenue H1 FY20 to H1 FY22



R&D spend % of Revenue H1 FY20 to H1 FY22



G&A spend % of Revenue H1 FY20 to H1 FY22



# High LTV/CAC ratio

LTV/CAC ratio has expanded across both the mid-market and small business segments



## Mid-market Lifetime Value (LTV)<sup>1</sup>

	LTM Jun-21	LTM Dec-21
Average ARR per customer (\$000s)	24.0	26.7
LTM ARR churn (%)	11.6%	10.4%
LTM Gross profit margin (%) <sup>2</sup>	86.4%	84.3%
LTV per customer (\$000s)	178	216
<b>Total mid-market LTV (\$000s)</b>	<b>555,000</b>	<b>710,000</b>

## Mid-market CAC

	LTM Jun-21	LTM Dec-21
Total customer base CAC (\$000s) <sup>3</sup>	17,842	21,082
Number of customers won	660	773
Average CAC (\$000s) <sup>3</sup>	27.0	27.3
<b>Mid-market LTV / CAC Ratio</b>	<b>6.6</b>	<b>7.9</b>



## Small Business LTV<sup>1</sup>

	LTM Jun-21	LTM Dec-21
Average ARR per customer (\$)	995	1063
LTM Annualised ARR churn (%)	13.6%	12.3%
LTM Gross profit margin (%) <sup>2</sup>	89.5%	89.3%
LTV per customer (\$)	6,600	7,700
<b>LTV for small business (\$000s)</b>	<b>60,000</b>	<b>79,000</b>

## Small Business CAC

	LTM Jun-21	LTM Dec-21
Total customer base CAC (\$) <sup>3</sup>	2,479	2,724
Number of customers won	2,590	3,580
Average CAC (\$) <sup>3</sup>	960	761
<b>Small Business LTV / CAC Ratio</b>	<b>6.9</b>	<b>10.1</b>

<b>ELMO Group LTV (\$000s)</b>	<b>615,000</b>	<b>789,000</b>
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**Lifetime value of ELMO group increased to \$789 million**

1. Calculations based on customer number as at end of financial period.

2. Gross profit excludes capitalised commissions

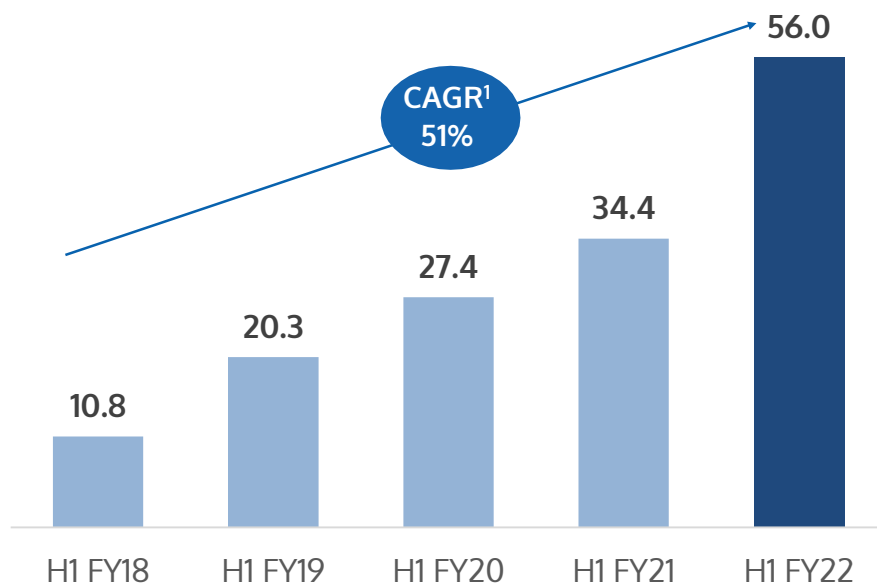
3. Average CAC reflects total sales and marketing expenses associated with securing new customers divided by the total number of new customers added in the period.

# Group cash receipts

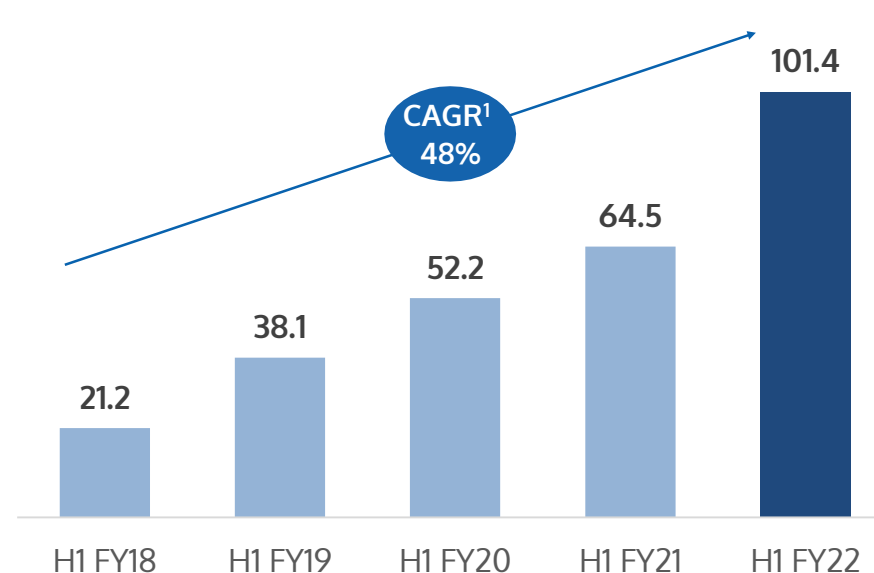
Cash receipts up 63% on H1 FY21

- Cash receipts in H1 FY22 of \$56.0m, up 63% on H1 FY21
- Over \$100 million of cash receipts over the last 12 months

Cash Receipts H1 FY18 to H1 FY22 (\$m)



Cash Receipts trailing 12 months (\$m)



Over \$100 million of cash receipts across the last 12 months

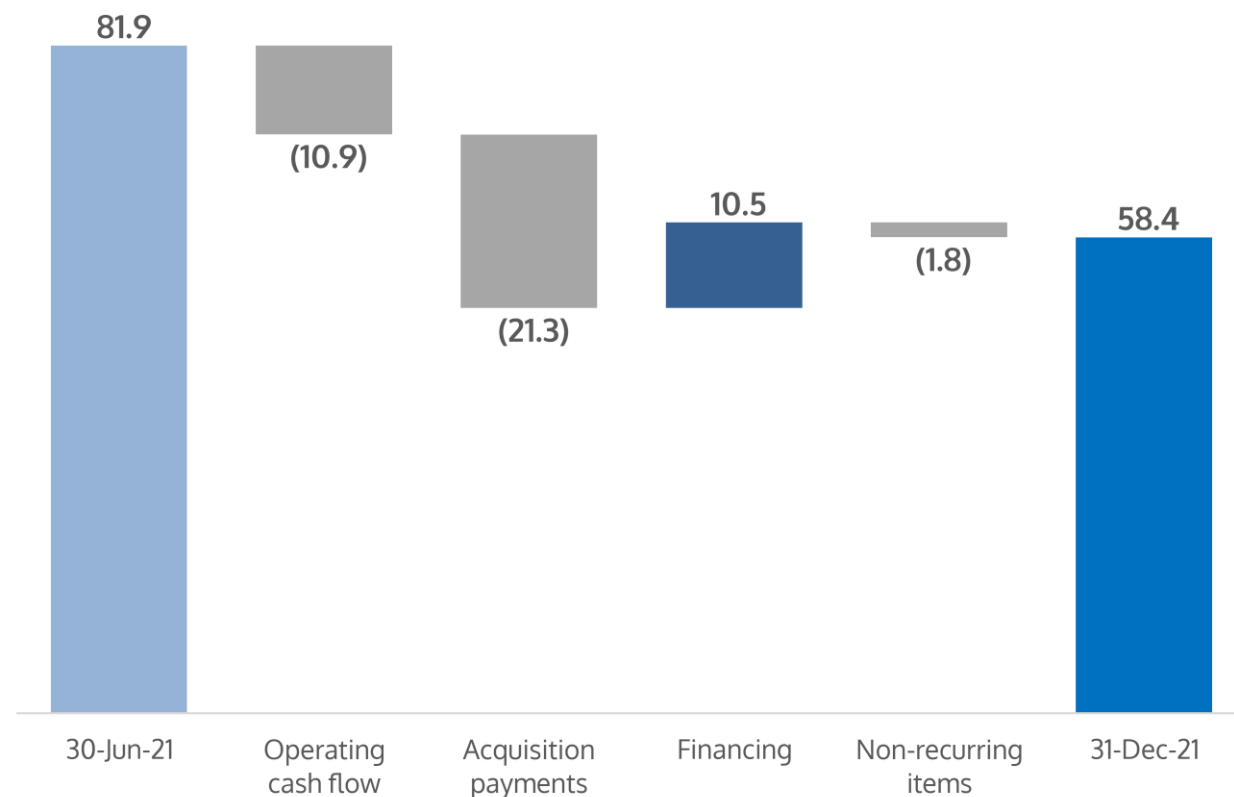
1. CAGR from H1 FY18 to H1 FY22

# Group cash balance

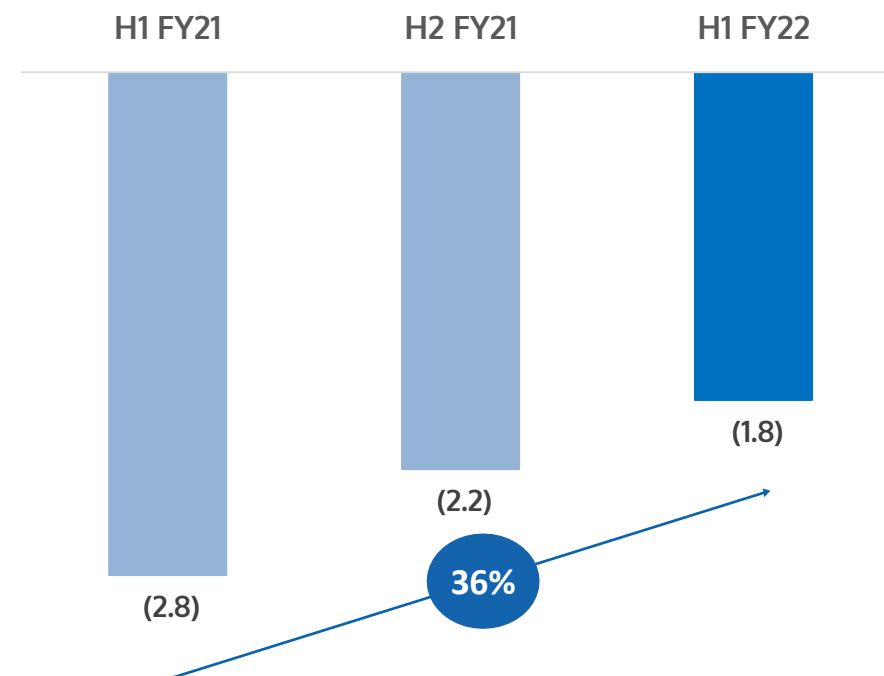
Well capitalised with reducing operating cash burn

- Well capitalised with a cash balance of \$58.4 million as at 31 December 2021
- Cash burn reduced by 36% compared to H1 FY21

Cash flow 30 Jun – 31 Dec 2021 (\$m)

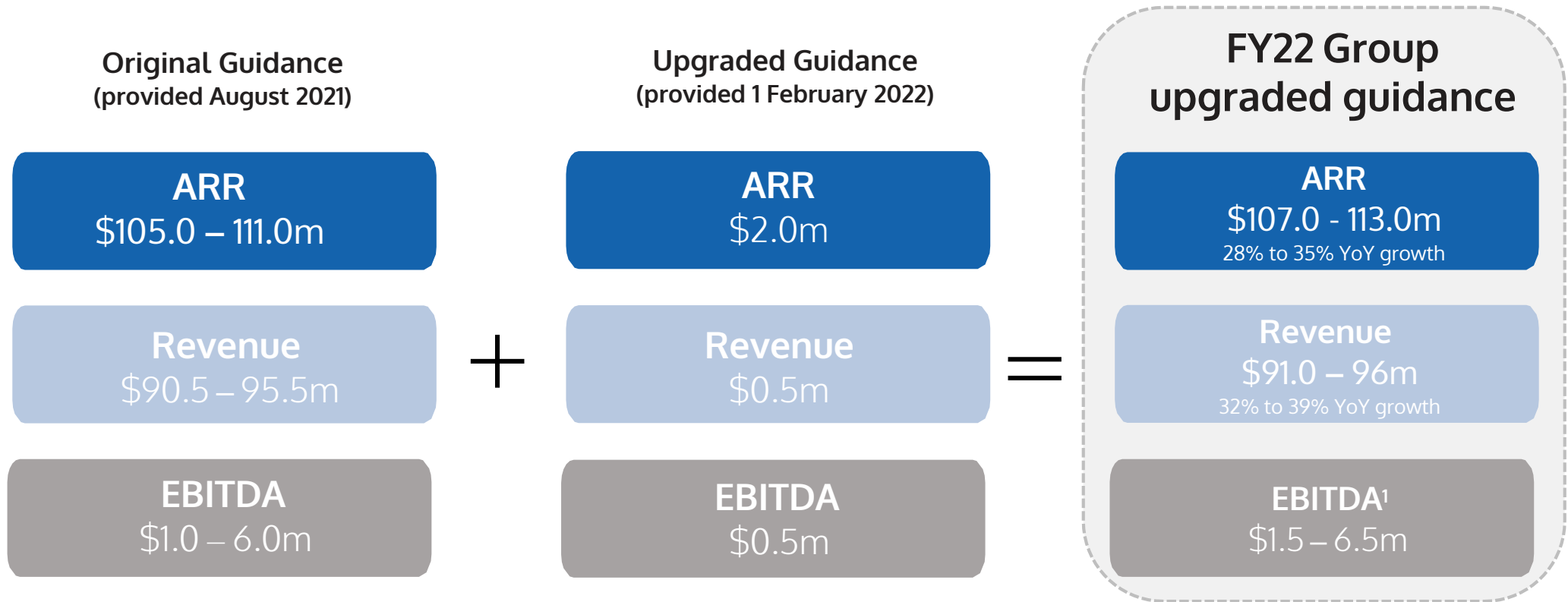


Operating monthly cash burn  
H1 FY21 to H1 FY22 (\$m)



# Upgraded FY22 guidance

Breaking through \$100 million in Annualised Recurring Revenue



Growth through H1 FY22 has exceeded expectations

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

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Results FY21  
(ASX:ELO)



# Appendix

# Glossary

Term	Definition
Annualised recurring revenue (ARR)	<i>Annualised recurring revenue at December 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 December 2021 by the ARR at June 2021 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>

# Balance Sheet

(\$m)	31-Dec-21	30-Jun-21	\$ mvmt	% mvmt
Cash and cash equivalents	58.4	81.9	(23.5)	(28.7%)
Other current assets	24.9	24.0	1.0	4.0%
<b>Total current assets</b>	<b>83.4</b>	<b>105.9</b>	<b>(22.6)</b>	<b>(21.3%)</b>
Intangibles	177.6	182.4	(4.8)	(2.6%)
Other non-current assets	39.5	28.2	11.2	39.8%
<b>Total non-current assets</b>	<b>217.1</b>	<b>210.6</b>	<b>6.5</b>	<b>3.1%</b>
<b>Total assets</b>	<b>300.5</b>	<b>316.5</b>	<b>(16.1)</b>	<b>(5.1%)</b>
Trade and other payables	13.9	14.6	(0.7)	(5.1%)
Contract liabilities	41.2	34.6	6.6	19.2%
Loans and borrowings	40.5	30.0	10.5	35.0%
Deferred consideration	31.8	35.5	(3.7)	(10.4%)
Other liabilities	40.6	34.9	5.6	16.2%
<b>Total liabilities</b>	<b>168.0</b>	<b>149.7</b>	<b>18.3</b>	<b>12.2%</b>
<b>Net assets</b>	<b>132.5</b>	<b>166.8</b>	<b>(34.4)</b>	<b>(20.6%)</b>

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