

Eleco Plc
("Eleco", "Group" or the "Company")

Year-end Trading Update

***Progressive SaaS transition underpins record Annualised Recurring Revenue growth
Trading in line with expectations***

The Board of Eleco Plc (AIM: ELCO), the AIM-listed construction software specialist, is pleased to provide a trading update for the year ended 31 December 2022, based on unaudited management accounts for the period.

Annualised Recurring Revenues¹ (ARR) at 31 December 2022 were approximately £18.2m (at 31 December 2021: £16.0m). Total Recurring Revenues (TRR), a key metric for the Group, has increased to c£16.9m, or 64% of total revenue in 2022, representing an 8% uplift on the comparable period (2021: TRR of £15.4m, or 56% of total revenues).

As a result of this transition away from upfront perpetual licences, unaudited revenues for the year ended 31 December 2022 are anticipated to be £26.6m (£27.0m in constant currency terms). This, together with earnings for the period, is in line with market expectations².

Cash generation remains strong, with an increase in free cash flow ahead of market expectations¹ resulting in a significant increase in cash to £12.5m at 31 December 2022 (31 December 2021: £10.0m).

The Company's debt-free, robust cash status, while maintaining a consistent dividend policy, allows for the retention of surplus cash for corporate development initiatives to promote and invest in the future growth of the Group.

Jonathan Hunter, Eleco's CEO, commented:

"2022 has been a progressive year which has seen Eleco deliver another strong performance and progress on its SaaS journey. We ceased offering Powerproject perpetual licences in the UK and our new cloud-based Lean planning software, Asta Connect, is set for release imminently. This is closely aligned to the significant strides made in the successful transformation of our business into a customer-centric, high recurring revenue organisation.

In accordance with the Group's ESG objectives, cultural and employee value initiatives were developed and implemented to address the inflationary pressures across the Group and support the retention of existing colleagues and attraction of new talent.

The progress in growing recurring revenues represents an important strategic step forward for the Group. Our employees' continuing dedication and outstanding effort on the SaaS/subsription transition will deliver sustainable revenue growth and greater predictability of earnings for Eleco going forward.

When we commenced the transition to SaaS at the end of 2021, we announced that revenue and profit would be temporarily reduced for the first 18 months of the three-year process. H1 of 2023 will therefore mark the mid-point of that transition. Looking forward to FY23 as a whole, we expect to see growth in total revenues for the first time since we announced the SaaS transition.

We firmly believe that our strategic progress and growth endorses our transition to a SaaS model. We end the year with a strong balance sheet and growth in recurring revenue. This solid financial foundation gives the Board confidence in the year ahead and we will continue to look for opportunities to accelerate our growth, both organically and through acquisitions."

² ARR is defined as normalised annualised recurring revenues and includes revenues from subscription licenses, contract values of annual support and maintenance, and SaaS contracts.

¹ Market consensus for 2022 revenues was £27.3m, EBITDA of £5.1m, EBIT of £2.7m and free cash flow at £2.1m

Enquiries:

Eleco plc	+44 (0)20 7422 8000
Jonathan Hunter, Chief Executive Officer	
Neil Pritchard, Chief Financial Officer	
finnCap Limited	+44 (0)20 7220 0500
Geoff Nash/ Emily Watts/Seamus Fricker (Corporate Finance)	

Charlotte Sutcliffe / Harriet Ward (Sales)	
SEC Newgate UK	+44 (0)20 3757 6882
Elisabeth Cowell/Bob Huxford	eleco@secnewgate.co.uk

About Eleco plc

Eleco plc is a London Stock Exchange AIM-listed (AIM: ELCO) specialist international provider of software and related services to the Architectural, Engineering, Construction and Owner/Operator (AECO) industries and interior furnishing industries from centres of excellence in the UK, Sweden, Germany, Netherlands and the US.

The Company's market-leading Elecosoft software solutions are developed by teams in the United Kingdom, Sweden and Germany, and its solutions cover project management, estimating, timber engineering, CAD and visualisation, asset and facility management and cloud-based digital marketing solutions. For further information please visit www.eleco.com.

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