

Asure Software (NASDAQ: ASUR) Surpasses Expectations with Record-Breaking Q4 and FY 22 Financial Results, Raises Guidance for 2023

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The fourth quarter of 2022 earnings season is winding down with 94% of S&P 500 (NYSE: SPY) companies having already reported results. Overall, Q4 2022 was slightly bullish when considering 68% of S&P 500 companies reported a positive EPS surprise and 66% of components reported a positive revenue surprise. Unfortunately, the revenue and income surprises could largely be chalked up to low expectations.

Earnings growth for the fourth quarter 2022 came in at a combined -4.8% for the S&P 500. According to [Factset](#), this represents the first time the S&P 500 has reported a year-over-year decline in earnings growth since the third quarter of 2020 (-5.7%).

To make matters worse, earnings revisions from December 31, 2022, estimated earnings growth of -3.3%. This means, on an overall basis for the S&P 500, companies saw worse earnings growth declines than were estimated. The first quarter of 2023 doesn't look to be much better for the index, as 76 companies in the S&P 500 have issued negative EPS guidance, compared to only 21 components issuing positive guidance.

Not all Q4 2022 earnings have been a disappointment, however. Asure Software (NASDAQ: ASUR) just released record Q4 and full-year 2022 financial results that blew the top off of expectations. With these latest results, Asure's increases its consecutive earnings estimate [beat streak](#) to the last ten quarterly periods.

ASUR: Breaking Down the Record Q4/FY 22 Results

Asure Software, a cloud-based human capital management (HCM) services provider to small and medium businesses (SMBs), released its Q4 and full-year 2022 financial results after the market close on February 27, 2023.

Q4 2022 Results

For the fourth quarter, the HCM provider generated record quarterly revenues of \$29.3 million, which represents an impressive growth of 39% from Q4 2021. Recurring revenues topped \$24.1 million, up 25% year-over-year. EBITDA for the quarter rose \$3.5 million y/y to \$5 million. Adjusted EBITDA rose \$3.7 million y/y to \$6 million.

For context, Asure had previously issued **guidance** for the fourth quarter estimating a revenue range between \$23.5 million to \$24 million and an adjusted EBITDA range between \$3 million and \$3.5 million.

If we take the higher end of the Q4 guidance into account, Asure's actual Q4 2022 revenue came in 22% higher than its \$24 million estimate. Meanwhile, adjusted EBITDA came in a whopping 71.42% higher than the \$3.5 million high-end estimate.

Full-Year 2022 Results

Turning to the full-year 2022 **results**, Asure reported total revenue of \$95.8 million, up 26% y/y. Recurring revenue jumped 21% y/y to \$86.2 million. EBITDA came in at \$8.8 million, compared to last year's \$13.5 million result. However, last year's EBITDA included an extraordinary gain of \$18.8 million. Adjusted for the extraordinary gain, Asure's 2021 EBITDA would have been \$3.4 million. Adjusted EBITDA for 2022 increased \$4.2 million to \$11.8 million.

Again, Asure reports very strong top and bottom-line results on a year-over-year basis, but let's compare the results to the company's FY 22 guidance. For the year 2022, Asure originally estimated a revenue range between \$90 million and \$90.5 million. Adjusted EBITDA was expected to come between \$10.5 million and \$11 million.

If we again focus on the higher end of the guidance ranges, Asure's total revenue for the year came out 5.86% higher than estimated. Adjusted EBITDA came in greater than 7.27% compared to management's guidance.

Asure Issues Q1 2023 Guidance and Raises Full-Year 2023 Estimates

After finishing strong in 2022 and hitting the ground running to start 2023, Asure's management has raised its full-year 2023 revenue and adjusted EBITDA guidance. The company also provided its initial guidance for Q1 2023.

Previously-issued guidance for the year 2023 originally estimated a revenue range between \$98 million and \$102 million, with an adjusted EBITDA range between 14% and 16%.

Asure now estimates total revenues between \$105 million and \$107 million, on an adjusted EBITDA range between 15% and 17% for the full-year 2023.

This is a robust guidance increase that likely takes into consideration Asure's big-name partnerships that have been secured with Intuit (NASDAQ: INTU) TurboTax, H&R Block (NYSE: HRB), and ZayZoon through the first two months of 2023. In addition, the current uncertain economic environment continues to be an ideal situation for Asure, as SMBs look to continue streamlining operations, cut costs and stay competitive for top employee talent.

In its Q4 2022 earnings release, Asure also issued its initial guidance for the first quarter of 2023. The HCM provider estimates revenues coming between \$29 million and \$30 million for the quarter, with an adjusted EBITDA range of \$6 million and \$6.5 million.

Wall Street Analysts Blown Away By Asure's Strong Results, Reiterate Bullish Outlooks

Analysts covering Asure have been bullish for the past several months. However, the six prestigious analysts covering the stock just took another step in their bullish belief of Asure's outlook. After the company's robust financial results, all six analysts took the opportunity to reiterate their "buy" ratings and even raised their price targets.

- Five-star analyst, **Richard Baldry** of Roth MKM, reiterated his "buy" rating and rose his price target to \$23.00 from \$16.00.
- Five-star analyst, **Jeff Van Rhee** of Craig-Hallum, reiterated a "buy" rating and increased his price target to \$18.00 from \$14.00.
- Five-star analyst, **Vincent Colicchio** of Barrington, reiterated a "buy" rating and rose his price target to \$15.00 from \$12.00.
- Five-star analyst, **Ryan MacDonald** of Needham, reiterated a "buy" rating and increased his price target to \$20.00 from a previous target of \$14.00.
- Four-and-half-star analyst, **Bryan Bergin** of Cowen & Co., reiterated a "buy" and rose his price target to \$15.00 from \$13.00.
- Four-star analyst, **Eric Martinuzzi** of Lake Street, reiterated a "buy" rating and increased his price target to \$17.00 from \$8.00.

Overall, Asure Software continues to reliably outpace earnings expectations, as the Q4 2022 results mark the tenth consecutive quarterly period of beating estimates. This comes during a time when larger-cap stocks in the S&P 500 collectively saw negative earnings growth during the fourth quarter of 2022 and warned of negative EPS guidance for the first quarter of 2023.

Asure's HCM suite of products and services continues to hold great value among its SMB clients, as can be seen with the strong recurring revenue. The company has an astounding client retention rate, combined with its strong drive to build partnerships and add new offerings to its client base, which continues to be a winning formula for Asure. If 2023 is anything like 2022, Asure Software is on track for another big year ahead.

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