

## ASX Announcement

29 October 2019



ELMO Software Limited

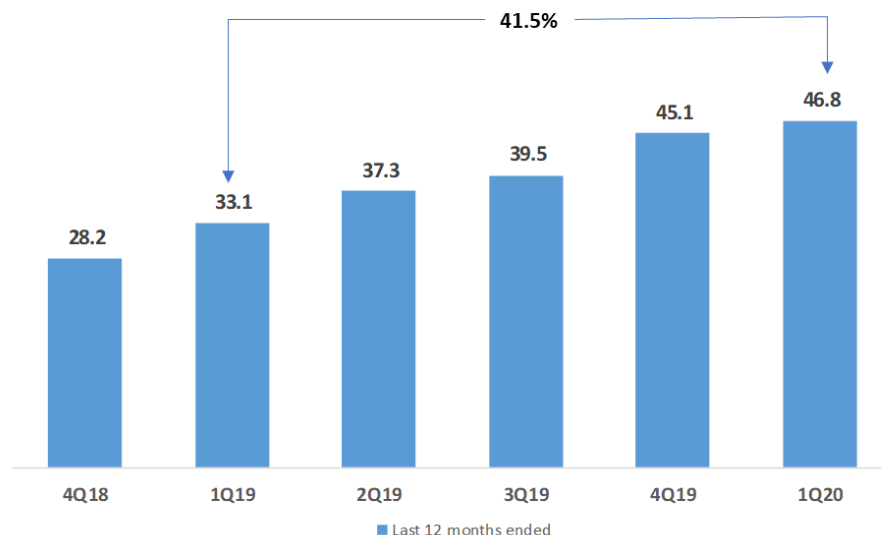
(ASX:ELO)

## First Quarter Cash Report and Company Update

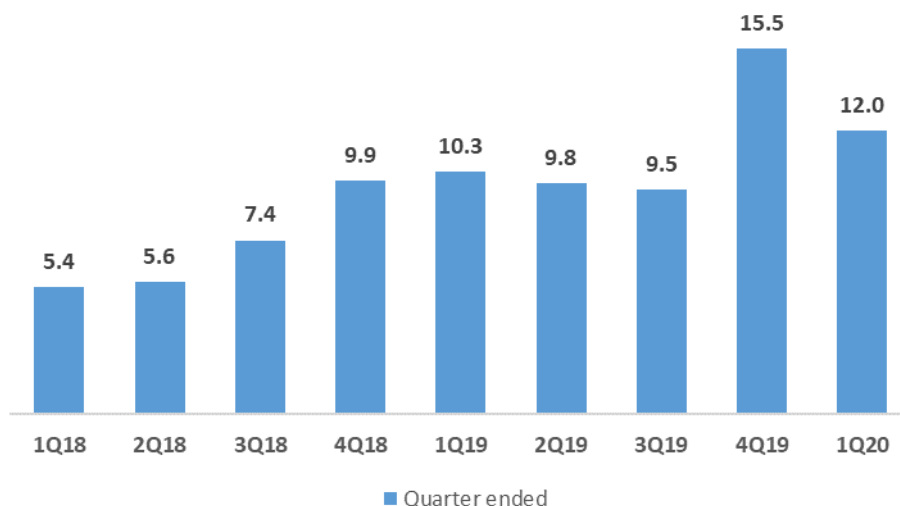
### Highlights

- Over the last twelve months to 30 September 2019 (LTM) ELMO has collected **\$46.8m** of cash receipts, growth of **41.5%** on the previous LTM (12 months to 30 September 2018)
- Recorded the largest Q1 cash receipts in ELMO's history of **\$12.0m**, up **17.0%** on Q1 FY19
- Successful capital raise of a **\$55.0m** placement in Q1 plus **\$15.0m** Share Purchase Plan (SPP) in October 2019 (Q2) – these funds underpin the next phase of growth
- Closing cash balance of **\$67.8m** at 30 September 2019 (excluding the \$15m from the SPP) ensuring ELMO remains well capitalised to deliver investment throughout the business to support continued organic growth and future M&A
- Consistent with the growth strategy, Q1 was a key investment period with additional headcount recruited across client services, R&D and sales & marketing with total headcount of **349** as at 30 September 2019 reflecting a **26.0%** increase from 30 June 2019
- Announced a strategic partnership with the University of Technology Sydney (UTS) to develop an Artificial Intelligence (AI) driven predictive analytics platform
- Pro forma FY20 Annualised Recurring Revenue (ARR), revenue and EBITDA guidance is re-affirmed

**Figure 1 – Customer receipts – trailing last 12 months (A\$m)**



**Figure 2 – Customer receipts - quarterly (A\$m)**



Chief Executive Officer, Danny Lessem highlighted, “We have made a positive start to the new financial year with the strongest first quarter cash collections in ELMO’s history. Our convergent solution is gaining market traction and broader customer support. We are executing on our strategy to increase customer share in the lower mid-market (50 – 200 employee organisations) and we are successfully cross selling modules across our broad customer base.

Q1 was an important investment period for the business. In line with our strategy we invested in client services, sales & marketing and research & development. These investments will drive innovation and expand our valuable customer base.

We also commenced our partnership with the world class data faculty at the University of Technology Sydney (UTS). We are leveraging their deep expertise in Artificial Intelligence (AI) and predictive analytics to build new products that will provide HR and payroll professionals with a deeper understanding of their workforce, so that they can make more informed business decisions at a faster pace. These new tools should generate additional revenue streams and increase our competitive advantage.

In September we announced the successful completion of a fully underwritten A\$55m institutional placement and a \$15m Share Purchase Plan. We were pleased with the level of investor support for the capital raise and welcome a number of new investors to the register. The SPP, which closed in Q2, also received strong support and was oversubscribed. The Board determined to increase the size of the SPP to ensure this demand was substantially met. With these new funds available we are well placed to strengthen and extend our competitive position.

Our focus continues to be on delivering organic growth supplemented by strategic acquisitions: laying the foundations for our continued growth momentum in FY20 and beyond.”

### **Annual General Meeting**

ELMO will hold its 2019 Annual General Meeting on Tuesday 26<sup>th</sup> November at 2pm (Sydney time) at the ELMO office, Level 27, 580 George Street, Sydney.

A separate Notice of Meeting is available on the ASX.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Elmo Software Limited

**ABN**

13 102 455 087

**Quarter ended ("current quarter")**

30 September 2019

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		12,017	12,017
1.2 Payments for			
(a) research and development			
(b) product manufacturing and operating costs		(301)	(301)
(c) advertising and marketing		(1,377)	(1,377)
(d) leased assets		(56)	(56)
(e) staff costs		(9,854)	(9,854)
(f) administration and corporate costs		(3,019)	(3,019)
1.3 Dividends received (see note 3)			
1.4 Interest received		79	79
1.5 Interest and other costs of finance paid			
1.6 Income taxes paid			
1.7 Government grants and tax incentives			
1.8 Other – GST (provide details if material)		(1,156)	(1,156)
<b>1.9 Net cash from / (used in) operating activities</b>		<b>(3,666)</b>	<b>(3,666)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(963)	(963)
	(b) businesses (see item 10)	(3,102)	(3,102)
	(c) investments		
	(d) intellectual property	(4,023)	(4,023)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Leases	(1,056)	(1,056)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9,144)</b>	<b>(9,144)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	55,000	55,000
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(2,242)	(2,242)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>52,758</b>	<b>52,758</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	27,733	27,733
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,666)	(3,666)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9,144)	(9,144)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	52,758	52,758
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>67,681</b>	<b>67,681</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	67,681	27,733
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>67,681</b>	<b>27,733</b>

<b>6.</b>	<b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	382
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1      Aggregate amount of payments to these parties included in item 1.2	
7.2      Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3      Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1      Loan facilities		
8.2      Credit standby arrangements		
8.3      Other (please specify)		
8.4      Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1      Research and development	
9.2      Product manufacturing and operating costs	220
9.3      Advertising and marketing	1,800
9.4      Leased assets	110
9.5      Staff costs	9,150
9.6      Administration and corporate costs	2,500
9.7      Other (provide details if material)	
a)    Tangible & intangible assets	4,000
b)    Leases	1,050

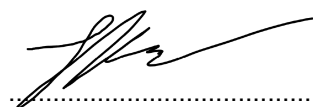
10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1a	Name of entity	HROnboard Pty Ltd	
10.2a	Place of incorporation or registration	Melbourne - VICTORIA	
10.3a	Consideration for acquisition or disposal (This Quarter) - Cash	A\$2,935,000	
10.4a	Total net assets	(A\$2,348,000)	
10.5a	Nature of business	SaaS Cloud – Employee Onboarding Software	

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.b	Other expenses of acquisition in relation to future target acquisitions	A\$167,000	

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
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Company secretary

Date: 29 October 2019

Print name: James Haslam

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.