

ASX Announcement

29 January 2020



ELMO Software Limited

(ASX:ELO)

Second Quarter Cash Report, Preliminary 1H FY20 Results and Company Update

Highlights

- Over the last twelve months to 31 December 2019 (LTM) ELMO has collected **\$52.4m** of cash receipts, growth of **40.6%** on the previous LTM (12 months to 31 December 2018).
- Recorded the largest second quarter cash receipts in ELMO's history of **\$15.4m**, up **57.2%** on 2Q FY19.
- Annualised Recurring Revenue (ARR) of **\$52.0m** at 31 December 2019, an increase of **42.8%** from 31 December 2018.
- Consistent with the growth strategy, 1H FY20 was a key investment period with additional headcount recruited across client services, R&D and sales & marketing with total FTE of **368** as at 31 December 2019 reflecting a **66.5%** increase from 31 December 2018.
- In addition to headcount ELMO invested into Hero Brands a software development house, headquartered in Melbourne with offshore operations in Eastern Europe.

Unaudited headline results

- Statutory revenue of **\$23.6m** for 1H FY20 an increase of 33.9% compared to 1H FY19.
- Cash receipts for 1H FY20 of **\$27.4m** reflects the largest half year in ELMO's history.
- **1,478** active customers as at 31 December 2019, an increase of **349** customers compared to 31 December 2018, an uplift of **30.9%**
- Closing cash balance of **\$78.2m** at 31 December 2019 including the receipt of **\$15.0m** from the Share Purchase Plan (SPP) in October 2019.

	31 December 2019	31 December 2018	Growth
ARR (\$m)	52.0	36.4	42.8%
Statutory revenue (\$m)	23.6	17.7	33.9%
Cash receipts (\$m)	27.4	20.1	36.3%
Customers	1,478	1,129	30.9%

CEO and Co-founder, Danny Lessem said, “We have had a strong first half in FY20 with the highest half year cash collection in ELMO’s history. Our convergent solution continues to gain market traction evidenced by the growing customer base. We are executing on our strategy to increase customer share in the ANZ region and we are successfully cross selling modules across our enlarged customer base.

The first half was an important investment period for the business on two fronts. Firstly, we continue to invest in additional headcount in each of client services, sales & marketing and research & development. Secondly, we invested into Hero Brands, taking a 50% ownership stake, which provides ELMO with increased research & development capability and increases our capacity.

Both these investments will drive innovation and expand our valuable customer base, extend our competitive advantage and ensure sustained growth from new and existing customers.

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.”

ARR and revenue growth

ARR has grown to \$52.0m as of 31 December 2019, up 42.8% on pcp. This has been driven by new customer acquisition coupled with cross-sell to ELMO’s existing customer base. Statutory revenue for 1H FY20 is \$23.6 million, up 33.9% on pcp.

Figure 1 – Annual Recurring Revenue (A\$m)

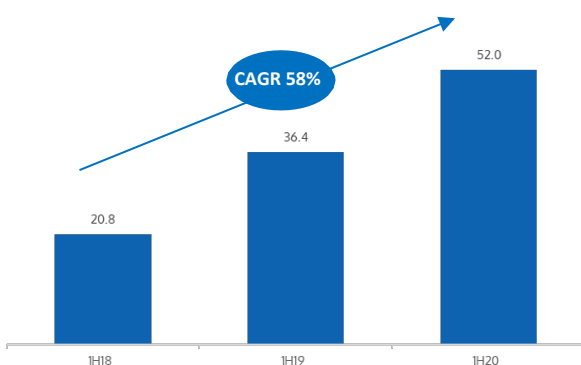
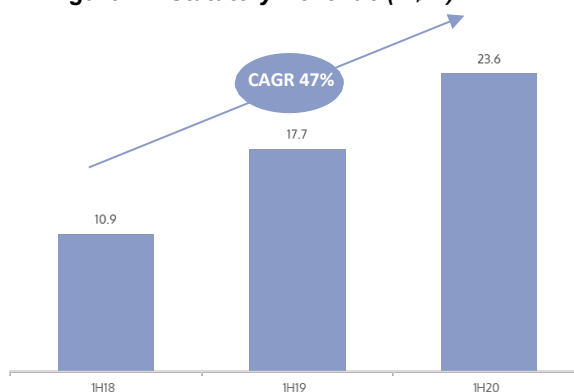


Figure 2 – Statutory Revenue (A\$m)



Cash receipts

There was strong growth in cash receipts in the 12 months to 31 December 2019 of \$52.4 million, an increase of 40.6% when compared to the 12 months ended 31 December 2018.

2Q FY20 cash receipts of \$15.4m, up 57.2% on pcp and 28.0% on the previous quarter. Cash receipts in 2Q FY20 reflected the highest second quarter collections in ELMO's history.

Figure 3 – Customer receipts – trailing last 12 months (A\$m)

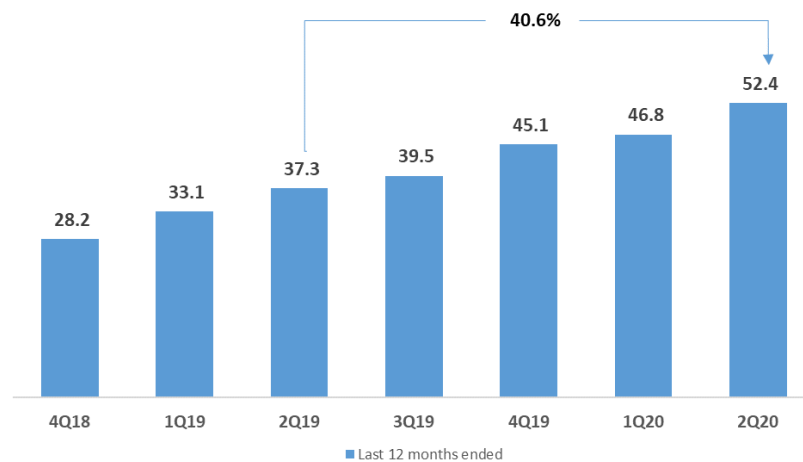
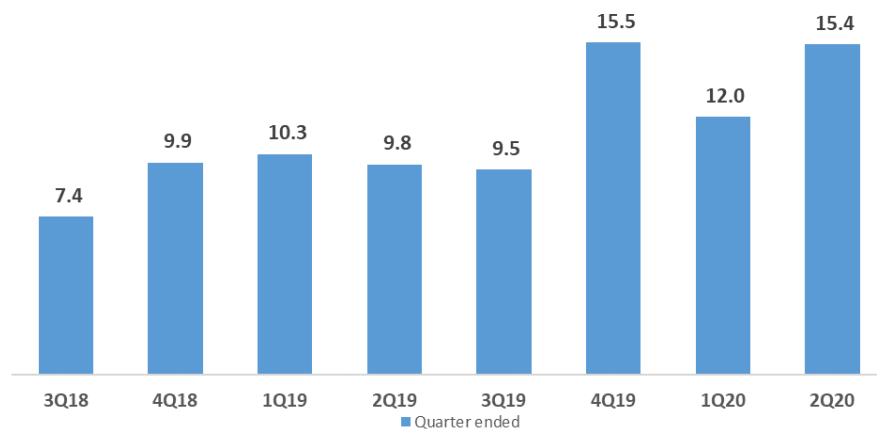


Figure 4 – Customer receipts - quarterly (A\$m)



With ELMO's broadened platform and wider view of the addressable market, the Company enters 2H FY20 with a strong sales pipeline and a significantly enhanced opportunity for long term sustainable growth.

ELMO's 1H FY20 half year results will be released to ASX pre-market open on 12 February 2020.

About ELMO

Established in 2002, ELMO is a cloud-based HR & Payroll software provider. The Company offers customers a unified platform to streamline processes for HR, and also manage payroll and rostering / time & attendance. ELMO operates on a Software as a Service ("SaaS") business model based on recurrent subscription revenues.

For more information, please visit www.elmosoftware.com.au.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Elmo Software Limited

ABN

13 102 455 087

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		15,382	27,399
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(273)	(574)
(c) advertising and marketing		(1,268)	(2,645)
(d) leased assets		(52)	(108)
(e) staff costs		(8,223)	(18,077)
(f) administration and corporate costs		(2,429)	(5,448)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		294	373
1.5 Interest and other costs of finance paid		-	-
1.6 Income taxes paid		(82)	(82)
1.7 Government grants and tax incentives		-	-
1.8 Other – GST		(357)	(1,512)
1.9 Net cash from / (used in) operating activities		2,992	(674)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(334)	(1,297)
	(b) businesses (see item 10)	(517)	(3,619)
	(c) investments	(1,180)	(1,180)
	(d) intellectual property	(4,357)	(8,380)
	(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	Other – Leases	(963)	(2,019)
2.6	Net cash from / (used in) investing activities	(7,351)	(16,495)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	15,004	70,004
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	41	41
3.4	Transaction costs related to issues of shares, convertible notes or options	(188)	(2,430)
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)	-	-
3.10	Net cash from / (used in) financing activities	14,857	67,615

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	67,681	27,733
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,992	(674)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,351)	(16,495)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	14,857	67,615
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	78,179	78,179

5.	Reconciliation of cash and cash equivalents 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	78,178	67,681
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	78,178	67,681

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	261
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. Payments to related entities of the entity and their associates	Current quarter \$A'000
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. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	300
9.3 Advertising and marketing	1,500
9.4 Leased assets	60
9.5 Staff costs	10,500
9.6 Administration and corporate costs	3,000
9.7 Other (provide details if material)	
- Tangible and Intangibles	4,500
- Leases	1,000

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1a	Name of entity	getBoxsuite Pty Ltd	
10.2a	Place of incorporation or registration	Melbourne - VICTORIA	
10.3a	Consideration for acquisition or disposal (This Quarter) - Cash	A\$400,000	
10.4a	Total net assets	A\$213,000	
10.5a	Nature of business	Roster and Time & Attendance Solutions	
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\$117,000	

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: 
(Company secretary)

Date: 29 January 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.