

## ASX Announcement

8 April 2020

ELMO Software Limited

(ASX:ELO)

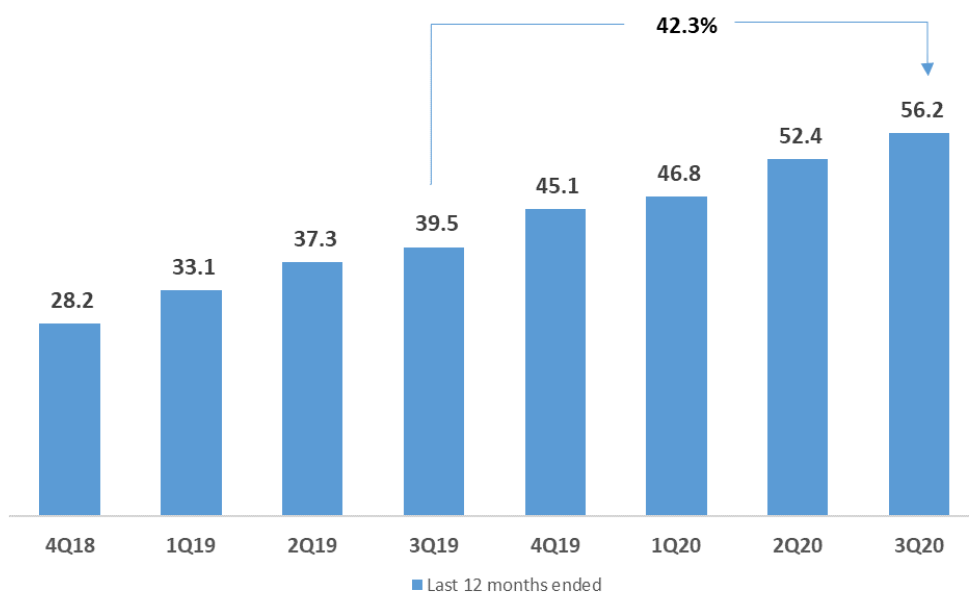


### Third Quarter Cash Report – Record Q3 cash receipts and well capitalised

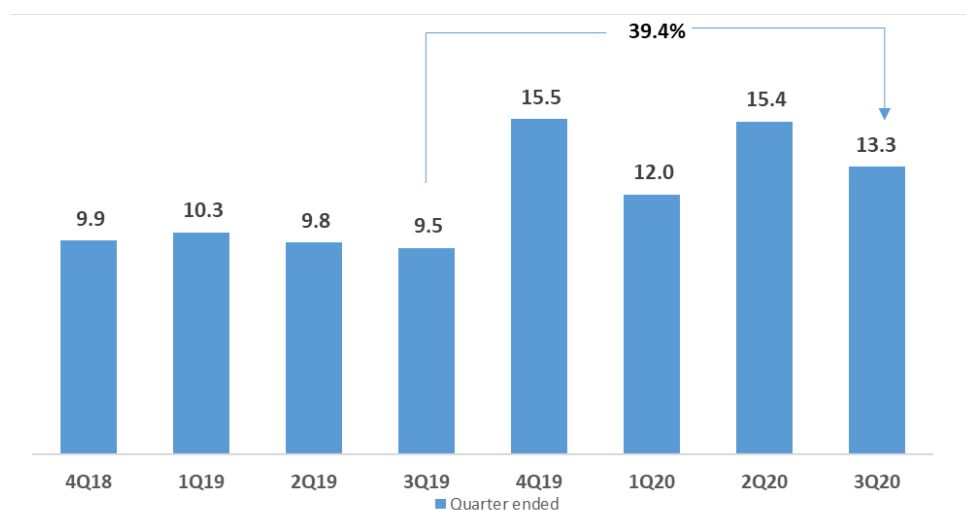
#### Highlights

- Over the last twelve months to 31 March 2020 (LTM) ELMO has collected **\$56.2m** of cash receipts, growth of **42.3%** on the previous LTM (12 months to 31 March 2019)
- Recorded the largest Q3 cash receipts in ELMO's history of **\$13.3m**, up **39.4%** on Q3 FY19
- Closing cash balance of **\$69.8m** with no debt at 31 March 2020 ensuring ELMO remains well capitalised to manage through the current COVID-19 pandemic and also to take advantage of acquisition opportunities
- Completed the acquisition of Vocam in February 2020, a leader in HR and safety video e-learning content with offices in Australia and the United Kingdom
- Successful company-wide shift to remote working since 23 March 2020 with no disruption to our customers or operations proving the resilience of our business model
- FY20 revenue and pro forma EBITDA guidance issued on 18 March 2020 is re-affirmed
- ELMO is well placed to benefit from the anticipated acceleration in the adoption of cloud-based business tools including HR technology throughout the ANZ region and beyond

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



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



CEO and Co-founder, Danny Lessem said, “We have continued momentum from our strong first-half with our highest third quarter cash collection in ELMO’s history of \$13.3m, an increase of 39.4% when compared to 3Q FY19.

At the end of March 2020, we remain well capitalised holding \$69.8m of cash and are debt free. The combination of this cash balance and the high level of recurrent subscription revenue from the existing customer base highlights the resilience of our business model and means we are well placed to navigate the disruption in business caused by the COVID-19 pandemic.

As a result of the broad disruption in Australia and New Zealand (ANZ) we provided updated guidance on 18 March 2020 for revenue and EBITDA. The updated guidance was predicated on the expectation of the deferral of purchasing decisions into FY21 by prospective and existing customers. Today we reaffirm the revised guidance.

Furthermore, we have taken steps to manage the risk to our workforce and community by adopting company-wide remote working since 23 March 2020. ELMO’s solution and the business tools used in ELMO’s operations are cloud-based, providing our customers with an uninterrupted service.

During the quarter we also completed the acquisition of Vocam, a leader in HR and safety video e-learning content. The acquisition provides ELMO with a strong customer base of 150 organisations in Australia, New Zealand and the United Kingdom for potential cross-sell of ELMO modules. It also provides the ability to cross-sell Vocam’s video library to ELMO’s customer base, with some initial sales already successfully completed.

Beyond this period we believe ELMO will be in a strong position as we anticipate an acceleration in the adoption of cloud-based business tools including HR technology throughout the ANZ region and beyond.”

**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. Fees paid to directors totalled \$282,000 for the period.

For more information, please visit [www.elmosoftware.com.au](http://www.elmosoftware.com.au).

**For further information please contact:****Danny Lessem**

Chief Executive Officer

+61 2 8305 4600

[investors@elmosoftware.com.au](mailto:investors@elmosoftware.com.au)**Michael Brown**

Investor Relations

+61 400 248 080

[investors@elmosoftware.com.au](mailto:investors@elmosoftware.com.au)

## Appendix 4C

### Quarterly cash flow 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 MARCH 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (nine months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,308	40,707
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(560)	(1,134)
(c) advertising and marketing	(728)	(3,373)
(d) leased assets	(52)	(160)
(e) staff costs	(8,472)	(26,549)
(f) administration and corporate costs	(2,000)	(7,448)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	62	435
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(96)	(178)
1.7 Government grants and tax incentives	-	-
1.8 Other – GST (provide details if material)	(826)	(2,339)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>636</b>	<b>(39)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (nine months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	(2,555)	(6,174)
	(c) property, plant and equipment	(219)	(1,516)
	(d) investments	-	(1,180)
	(e) intellectual property	(5,517)	(13,897)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Leases (provide details if material)	(1,148)	(3,167)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(9,439)</b>	<b>(25,934)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	70,004
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	469	510
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(26)	(2,456)
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>443</b>	<b>68,058</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (nine 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 period	78,178	27,733
4.2	Net cash from / (used in) operating activities (item 1.9 above)	636	(39)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9,439)	(25,934)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	443	68,058
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>69,818</b>	<b>69,818</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	69,818	78,178
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>69,818</b>	<b>78,178</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 - Directors
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
282
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Amounts included in 6.1 relate to directors fees paid in the period

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Items 1.9, 2.1e and 2.5)	(6,029)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	69,818
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	69,818
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>11.6</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

## **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.

Date: 8 April 2020

Authorised by: By the board  
(Name of body or officer authorising release – see note 4)

## **Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.