



ELMO Software Limited
 ABN 13 102 455 087

ASX ANNOUNCEMENT

31 July 2017

Appendix 4C Commentary for the Fourth Quarter of Financial Year 2017

Strong Cash Flow Generation and Delivers on Prospectus FY17 Forecast

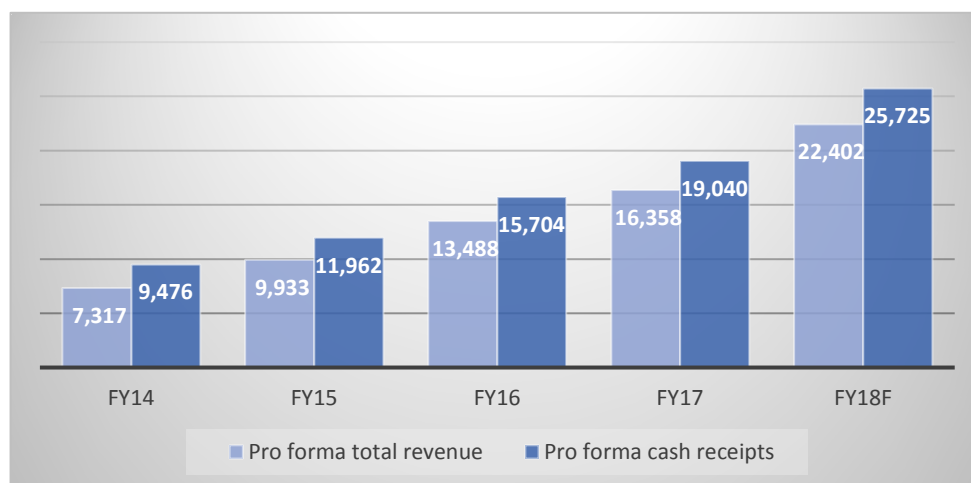
Fourth Quarter Highlights

- Record Q4FY17 cash receipts from customers of \$5.3m, highlighting ELMO’s strong ongoing growth and cash generating ability
- FY17 pro forma cash receipts from customers of \$19.0m, which is in line with Prospectus forecast
- Q4FY17 net cash from operating activities was \$0.6m, compared to \$0.1m for the first three quarters of FY17
- FY17 pro forma cash receipts as a percentage of pro forma forecast revenue of 116.4%, demonstrating a positive working capital position as annual license fees are paid in advance
- \$26.6m cash balance as at June 30th 2017

ELMO is well placed to accelerate the delivery of its strong growth strategy by increasing its market share and developing and commercialising additional modules for its growing customer base.

ELMO Chief Executive Officer, Danny Lessem said, “We are pleased to have delivered record cash flow in Q4 in conjunction with successfully completing the IPO. With the additional funds raised at IPO, we are well placed to execute on our exciting growth strategies. We affirm the FY18 prospectus forecasts.”

Continuing growth: Pro forma total revenue versus pro forma cash receipts (\$'000s)¹



1. FY17 and FY18 pro forma total revenue as per Prospectus forecast. FY17 pro forma cash receipts include actual results as per the 4C plus cash receipts from Techni Works pre-acquisition for FY17 and cash equivalent receipts. FY18 pro forma cash receipts as per Prospectus forecast.



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Business Update

- Strong Q4FY17 shows increased market traction and customer growth
- Successful IPO completed on June 29th, raising a total of \$25m pre-costs to accelerate ELMO's growth strategy
- Investing in technology, product development and sales and marketing team to deliver on growth potential

FY18 Prospectus Forecast Affirmed

- FY18 SaaS revenue expected to be \$21.6m (total revenue expected to be \$22.4m), representing 37% growth versus FY17 Prospectus forecast
- FY18 EBITDA expected to be \$2.7m, representing an increase of 312% versus FY17 Prospectus forecast

ELMO expects to release its full year results for FY17 on August 30th 2017 pre market open.

For further information please contact:

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About ELMO

Established in 2002, ELMO is a cloud-based software provider that automates HR processes in the employee lifecycle from 'hire-to-retire'. The company offers customers a unified platform to streamline processes for employee administration, recruitment, onboarding, learning, performance and compliance training. ELMO operates on a Software as a Service (SaaS) business model based on recurrent subscription revenues.

For more information please visit www.elmotalent.com.au

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 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,315	18,231
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(61)	(185)
(c) advertising and marketing	(434)	(1,525)
(d) leased assets	(2)	(2)
(e) staff costs	(2,970)	(11,118)
(f) administration and corporate costs	(1,366)	(3,988)
1.3 Dividends received (see note 3)		
1.4 Interest received	13	30
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	536	536
1.7 Government grants and tax incentives	5	106
1.8 Other (provide details if material) GST	(397)	(1,317)
1.9 Net cash from / (used in) operating activities	639	768
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(59)
(b) businesses (see item 10)	0	(1,036)
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property		
	(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 (provide details if material)		
2.6	Net cash from / (used in) investing activities	(3)	(1,095)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	25,000	26,200
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	(2,009)	(2,269)
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	22,991	23,931

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	2,994	3,017
4.2	Net cash from / (used in) operating activities (item 1.9 above)	639	768
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(1,095)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	22,991	23,931

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	26,621	26,621

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	26,621	2,994
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)	26,621	2,994

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	290
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	

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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	

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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	(77)
9.3 Advertising and marketing	(714)
9.4 Leased assets	(3)
9.5 Staff costs	(4,008)
9.6 Administration and corporate costs	(1,571)
9.7 Other (provide details if material)	
- Costs related to recent IPO	(885)
- Costs related to office relocation	(57)
- Purchase of Property, Plant & Equipment	(33)
- Further payments for business acquisition	(150)
- Tax payments and GST payments	(250)
- Other	(155)
9.8 Total estimated cash outflows	(7,903)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Techni Works Pty Ltd and its 100% owned subsidiary	
10.2 Place of incorporation or registration	Queensland Australia	
10.3 Consideration for acquisition or disposal	A\$1,036,000	
10.4 Total net assets	A\$22,500	
10.5 Nature of business	SaaS Cloud based on-line training course provider	

Notes

1. In our Financial reporting, Staff costs are usually split between R&D, Sales & Marketing, General and Administration Expense Accounts. However, for the purposes of this Appendix 4C, all staff costs have been grouped into 1.2 (e) Staff Costs.
2. Staff Costs include cash payments for capitalised R&D and commissions.

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: 31 July 2017

Print name: Anna Sandham

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.