



ELMO Software Limited
ABN 13 102 455 087

ASX ANNOUNCEMENT

30 January 2018

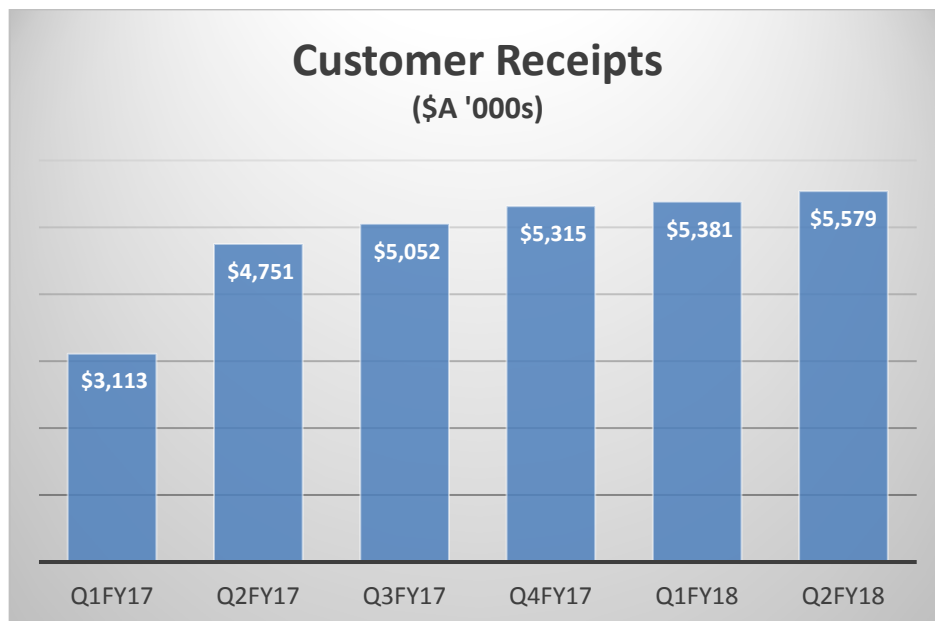
Solid Q2FY18 Performance

Quarterly Cash Report

Highlights

- Solid growth in cash receipts of \$5.6m in Q2FY18, an increase of 17% on pcp (Q2 FY17)¹
- Strong cash receipts of \$10.96m for 1HFY18, an increase of 39% on pcp (1HFY17)¹
- Successfully delivering on the Company's strategic growth initiatives with the completion of the acquisition of three new modules within the Human Resource (HR) Software Solution space, PeoplePulse, LiveSalary and Sky Payroll, and the release of ELMO's new in-house designed and developed Rewards and Recognition module
- These investments continue to add new complementary market leading technologies to broaden ELMO's easy to use, integrated product suite as well as increasing the customer base into which ELMO can cross sell its solutions
- Net cash balance of \$15.3m as at 31 December 2017
- Prospectus forecast for FY18 reaffirmed; FY18 SaaS revenue expected to be \$21.6m and FY18 EBITDA expected to be \$2.7m, representing an increase of 37% and 120% versus FY17 pro forma, respectively²

Solid Q2FY18: Quarterly cash receipts (\$'000)³



¹ Inclusive of acquisition

² Prospectus forecast for FY18 SaaS revenue and FY18 EBITDA does not include any contributions from the acquisition

³ Actual cash receipts from customers includes acquisitions from the date acquired



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Executing ELMO's growth strategy

ELMO Chief Executive Officer, Danny Lessem said, "Q2 was a significant period for ELMO. We continued to execute on our strong organic growth strategy as well as making prudent investments in complementary new technologies and customer bases to drive additional growth.

In December, we launched the in-house designed and developed ELMO Rewards and Recognition module. This new module drives employee engagement and addresses the need for organisations to recognise, reward and retain their employees. The release is consistent with our product development roadmap of releasing four new in-house modules within two to three years.

We also made selective and disciplined acquisitions during the quarter: PeoplePulse, LiveSalary and Sky Payroll. These acquisitions provide new market leading modules and deep domain expertise. They also add new customers to which we can cross sell our enlarged integrated product suite. We are now well advanced in integrating these businesses and look forward to delivering the anticipated returns over time.

Payroll is a critical function in HR administration. It presents a logical, large and timely growth opportunity for ELMO. The software payroll market in Australia is worth approximately \$600m per annum and over 43% of payroll staff in the mid-market sector report into HR.

Sky Payroll is a leading Australian software payroll solution with a pure SaaS DNA and presents as a logical and highly complementary extension to ELMO's current suite of modules. Under the leadership of Mike Smith (ex MD Sage MicrOpay), we are ideally positioned to leverage the strategic opportunity presented by the introduction of mandatory payroll reporting to the ATO (Single Touch Payroll Reporting) as of 1st July and gain traction in the large payroll market.

We are fully engaged in executing on this strategic opportunity and will update the market further at the half year results"

1HFY18 Results will be released to market pre market open on the 27th February 2017. An investor conference call will be held at 9.30am. Details will be provided closer to the date.

For further information please contact:

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Chief Executive Officer
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Investor Relations
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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-retain'. The company offers customers a unified platform to streamline processes for employee administration, payroll, 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")

31 December 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	5,579	10,959
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(90)	(146)
(c) advertising and marketing	(500)	(1,177)
(d) leased assets	(7)	(11)
(e) staff costs	(2,863)	(5,919)
(f) administration and corporate costs	(1,698)	(3,279)
1.3 Dividends received (see note 3)		
1.4 Interest received	68	141
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		58
1.8 Other (provide details if material) GST	(113)	(286)
1.9 Net cash from / (used in) operating activities	376	340
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(61)	(86)
(b) businesses (see item 10)	(8,313)	(8,586)
(c) investments		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	(735)	(1,524)
(e) other non-current assets	(321)	(414)
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	(9,429)	(10,610)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares		
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		(1,007)
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		(1,007)

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	24,397	26,621
4.2 Net cash from / (used in) operating activities (item 1.9 above)	376	340
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9,429)	(10,610)
4.4 Net cash from / (used in) financing activities (item 3.10 above)		(1,007)

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	15,344	15,344

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	15,344	24,397
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)	15,344	24,397

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
259

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7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000

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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	(99)
9.3 Advertising and marketing	(588)
9.4 Leased assets	(10)
9.5 Staff costs	(4,482)
9.6 Administration and corporate costs	(1,759)
9.7 Other (provide details if material)	
- Purchase of Property, Plant & Equipment	(66)
- Further payments for business acquisition	(540)
- Tax payments and GST payments	(487)
- Other	(0)
9.8 Total estimated cash outflows	(8,031)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1a Name of entity	Techni Works Pty Ltd and its 100% owned subsidiary	
10.2a Place of incorporation or registration	Queensland Australia	
10.3a Consideration for acquisition or disposal (This Quarter)	A\$262,000	
10.4a Total net assets	A\$22,500	
10.5a Nature of business	SaaS Cloud based on-line training course provider	

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1b Name of entity	Quinntessential Marketing Consulting	
10.2b Place of incorporation or registration	New South Wales Australia	
10.3b Consideration for acquisition or disposal (This Quarter)	A\$8,051,000	
10.4b Total net assets	A\$553,000	
10.5b Nature of business	SaaS Cloud based on-line Survey and Salary Benchmarking provider	

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

Print name: Anna Sandham

Date: 30 January 2018

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.