

**ELMO Software Limited**  
(ASX:ELO)

**Strong Q4FY18 Performance**

**Quarterly Cash Report and Company Update**

**Highlights**

***Growth***

- Strong growth in cash receipts during Q4FY18 to \$9.9m , up 86% on prior comparable period (“pcp”)
- Growth in cash receipts for the full year FY18 to \$28.2m, an increase of 55% on pcp
- Closing cash balance of \$46.1m, as at 30 June 2018 - ELMO is well capitalised to fund the Company’s accelerated growth strategy and remains focused on continuing to deliver organic growth across the existing business
- Strong pipeline of sales opportunities going into FY19 with ELMO’s broad solution offering and growing customer base

***Pivot Integration***

- Pivot’s SaaS remuneration solution is commercially integrated with the rest of the ELMO product suite
- Pivot continues to perform well and has met all the financial and non-financial conditions required to trigger the next tranche of the earn-out consideration

***Payroll Integration***

- Positive market response to ELMO Payroll, creating a large and new market opportunity
- On June 19, ELMO’s payroll solution achieved the ATO’s Single Touch Payroll (STP) compliant status for on-demand statutory payroll reporting to the ATO by substantial employers

***Acquisitions***

- Strong pipeline of opportunities remains to make further selective and strategic acquisitions over time
- Continue to apply a disciplined acquisition criterion and focus on opportunities which exhibit a cloud-based complementary technology and/or provide access to a high-quality customer base

***Scalability***

- Continue to build foundations to support the next stage of growth across the business into FY19 and beyond
- Moved head office to 580 George Street, an innovative, creative and highly functional facility designed to boost productivity, attract key talent and support the Company’s strong growth

### CEO Comments

Chief Executive Officer, Danny Lessem said “We are pleased to finish FY18 with a strong fourth quarter. It was a milestone year for ELMO, we expanded our product set from seven to twelve modules, increased our customer base and extended our market opportunities across HR administration and payroll. In addition, we strengthened our financial position, so we are well capitalised to continue delivering sustainable growth.

With our increased opportunity set, broadened platform and enhanced competitive advantage, we are laying the foundations for growth into FY19 and beyond. We are continuing to invest in R&D, and sales & marketing to drive innovation and expand our customer base. We remain focused on delivering organic growth across the business with selective complementary acquisitions, backed by a rigorous due diligence process. Finally, our new head office provides us with an excellent platform for growth while also assisting our people, process management and company culture.”

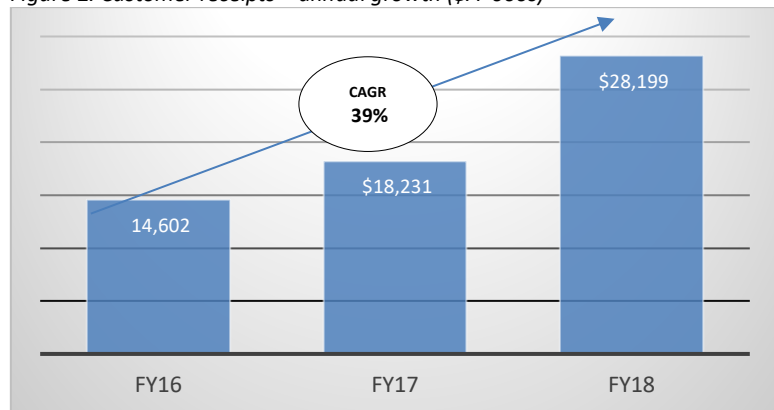
### Growth

There was strong growth in cash receipts for Q4FY18 to \$9.9m, up 86% pcp. Cash receipts for the full year of FY18 came in at \$28.2m, up 55% compared to FY17. As at 30 June 2018, ELMO had a closing cash balance of \$46.1m and is well capitalised to fund the Company’s accelerated growth strategy. With ELMO’s extended platform, which now includes a payroll solution, the Company enters FY19 with a strong sales pipeline and significant opportunity for organic and inorganic growth.

Figure 1. Customer receipts – quarterly growth (\$A ‘000s)



Figure 2. Customer receipts – annual growth (\$A ‘000s)



**Pivot Integration**

Pivot Software's SaaS platform provides ELMO with Australia and New Zealand's leading remuneration solution. Since completion in March 2018, Pivot has commercially integrated with ELMO's existing platform. In addition, Pivot has performed well and has met the financial and non-financial hurdles required to trigger the next tranche of the earn-out consideration.

**Payroll Integration**

There has been a positive market response to the fully integrated and commercially launched ELMO payroll solution and there is a strong pipeline of opportunities for FY19.

**Acquisitions**

ELMO continues to have a strong acquisition pipeline of opportunities. ELMO's mandate and acquisition criteria is focused on acquiring businesses that either offer a complementary cloud-based technology solution and/or provide access to a high quality customer base which offers cross-sale opportunities into ELMO's existing product suite.

**Scalability**

In July 2018, ELMO Head Offices were relocated to 580 George Street, Sydney. In addition to providing a leading facility to foster innovation and increase productivity, the new centrally located and thoughtfully fit-out office will assist with recruitment and retention in an increasingly competitive market for talent.

ELMO's FY18 full year results will be released to ASX pre-market open on 29 August 2018.

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

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**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 employee administration, recruitment, onboarding, learning, performance, remuneration, compliance training and payroll. 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](http://www.elmosoftware.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 2018

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	9,872	28,198
1.2	Payments for		
	(a) research and development		
	(b) product manufacturing and operating costs	(160)	(361)
	(c) advertising and marketing	(739)	(2,256)
	(d) leased assets	(12)	(28)
	(e) staff costs	(4,003)	(13,423)
	(f) administration and corporate costs	(1,620)	(6,438)
1.3	Dividends received (see note 3)		
1.4	Interest received	83	260
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(284)	(284)
1.7	Government grants and tax incentives	0	93
1.8	Other (provide details if material)		
	- GST & FBT Payments	(805)	(1,096)
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>2,333</b>	<b>4,665</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(4,988)	(5,117)
	(b) businesses (see item 10)	(1,229)	(18,600)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments		
	(d) intellectual property	(1,569)	(4,093)
	(e) other non-current assets	(186)	(717)
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) – Bank Balance Acquired from Business Acquisition	0	481
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(7,971)</b>	<b>(28,045)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	46,023	46,023
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	(2,151)	(3,158)
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>43,872</b>	<b>42,865</b>

<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	7,873	26,621
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,333	4,665
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,971)	(28,045)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	43,872	42,865
4.5	Effect of movement in exchange rates on cash held		
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>46,107</b>	<b>46,107</b>

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	46,107	7,873
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>46,107</b>	<b>7,873</b>

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	325
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. <b>Financing facilities available</b> <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.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	(168)
9.3 Advertising and marketing	(812)
9.4 Leased assets	(15)
9.5 Staff costs	(4,203)
9.6 Administration and corporate costs	(1,700)
9.7 Other (provide details if material)	

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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\$33.250	
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	Pivot Remesys Group Holdings Limited	
10.2b	Place of incorporation or registration	New Zealand	
10.3b	Consideration for acquisition or disposal (This Quarter) – Cash and Scrip	A\$1,100,000	
10.4b	Total net assets	A\$900,000	
10.5b	Nature of business	SaaS Cloud based on-line Remuneration Software 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:

  
(Director/Company secretary)

Date: 30 July 2018

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.