

ELMO Software Limited
(ASX:ELO)

Fourth Quarter Cash Report, Preliminary FY19 Results and Company Update

Highlights

- Record growth in cash receipts during Q4FY19 to \$15.5m, up 63% on the previous quarter and 57% above Q4FY18
- Cash receipts for the full year FY19 of \$45.1m, an increase of 60% on FY18
- Annualised Recurring Revenue ("**ARR**"), a lead indicator for future revenue, of \$46.0 million as at 30 June 2019, up 48% on FY18¹

Unaudited headline results

- Pro forma revenue of \$42.6 million for FY19², above updated guidance announced on 28 February 2019
- Statutory revenue of \$40.1 million for FY19, up 51% on FY18
- 1,341 active customers³ as at 30 June 2019, an increase of 310 customers compared to 30 June 2018 reflecting a 30% uplift
- Closing cash balance of \$27.7m, as at 30 June 2019.

	30 June 2019	30 June 2018	Growth
ARR (\$m)	46.0	31.1	47.8%
Statutory revenue (\$m)	40.1	26.5	51.3%
Cash receipts (\$m)	45.1	28.2	59.8%
Customers	1,341	1,031	30.1%

Chief Executive Officer, Danny Lessem said "We are pleased to finish FY19 with a record quarter. We have delivered impressive growth across our key metrics, specifically the ARR, over the period, driven by new customer acquisition and successful module cross-sell to our existing customer base.

Our growth initiatives and convergent solution are resonating with the market and we are starting to see pleasing traction in the lower mid-market (50 to 200 employee organisations) and with the new modules that have been integrated into our product suite over the year. We remain focussed on investing in client services, sales & marketing and research & development to drive innovation and expand our valuable customer base.

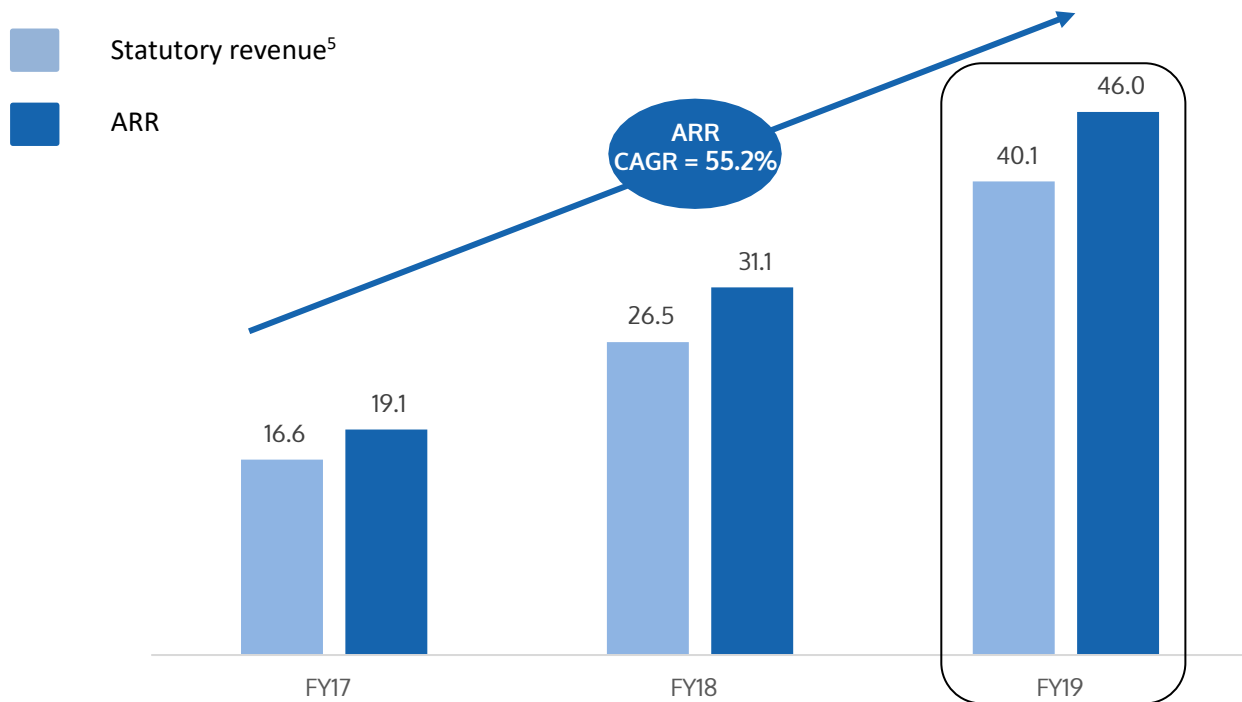
We have strategically increased our market opportunity, broadened the platform and enhanced ELMO's competitive advantage. Our focus continues to be on delivering organic growth supplemented by strategic acquisitions; laying the foundations for sustainable growth into FY20 and beyond."

1. June 2019 subscription revenue annualised
2. Pro forma revenue includes the estimated revenue from acquisitions as if they were owned by ELMO from 1 July 2018
3. Includes acquisitions

Growth⁴

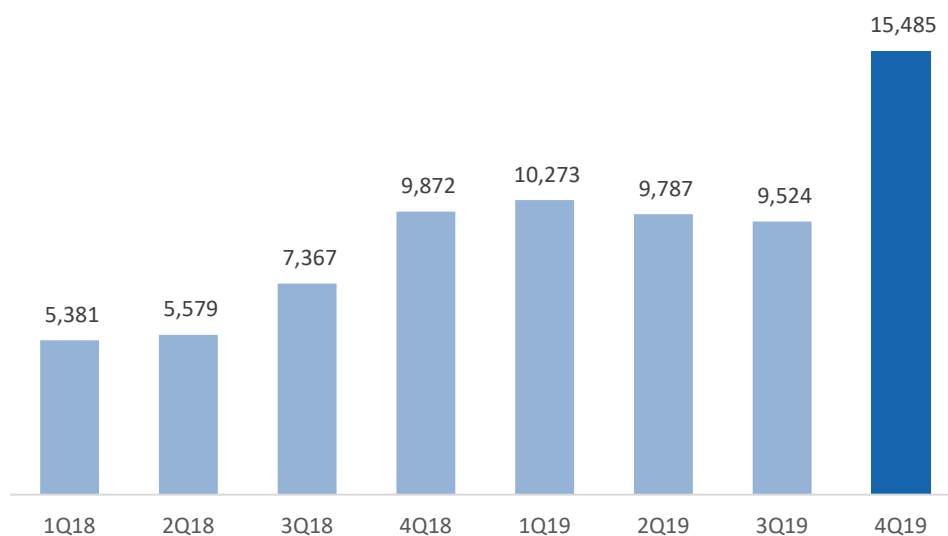
ARR has grown to \$46.0m as of 30 June 2019, up 47.8% on pcp. This has been driven by new customer acquisition coupled with cross-sell to ELMO's existing customer base. Pro-forma revenue for FY19 is \$42.6 million, ahead of the \$42.4 million guidance announced on 28 February 2019. Statutory revenue has grown to \$40.1m in FY19, up 51.3% on pcp.

Statutory revenue and ARR (\$m)



There was strong growth in cash receipts for Q4FY19 of \$15.5m, up 56.9% on pcp and 62.6% on the previous quarter. Cash receipts for the full year FY19 came in at \$45.1m, up 59.8% compared to FY18.

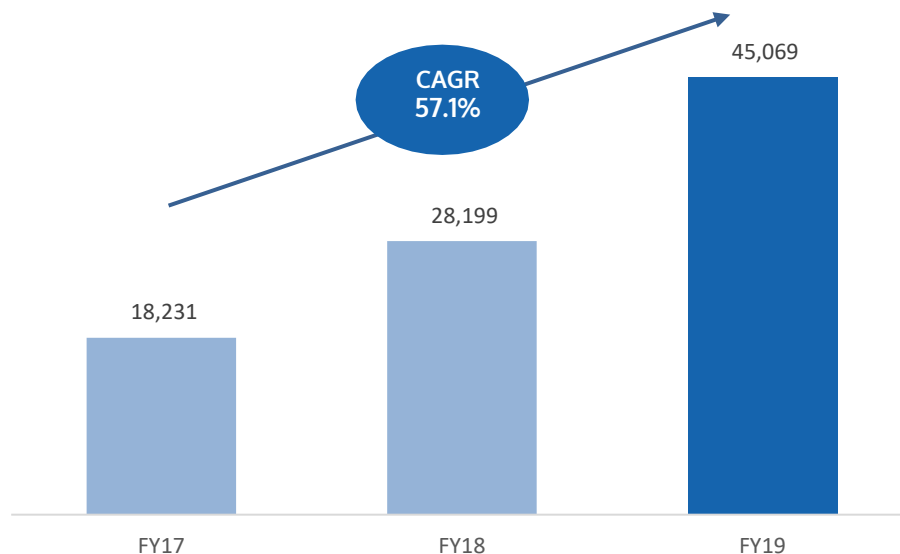
Figure 1. Customer receipts – quarterly growth (\$A '000s)



4. Unaudited financials

5. Statutory revenue includes professional services and other income

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



With ELMO's broadened platform and wider view of the addressable market, the Company enters FY20 with a strong sales pipeline and a significantly enhanced opportunity for long term sustainable growth. It is intended that ELMO's FY19 full year results will be released to ASX pre-market open on 15 August 2019.

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

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 2019

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	15,485	45,068
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(227)	(739)
(c) advertising and marketing	(717)	(3,717)
(d) leased assets	(47)	(160)
(e) staff costs	(6,287)	(23,750)
(f) administration and corporate costs	(2,795)	(12,098)
1.3 Dividends received (see note 3)		
1.4 Interest received	156	833
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(253)	(406)
1.7 Government grants and tax incentives		
1.8 Other – GST (provide details if material)	(734)	(2,193)
1.9 Net cash from / (used in) operating activities	4,581	2,838

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment (net of landlord incentive)	(337)	(1,397)
(b) businesses (see item 10)	(257)	(14,964)
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) intellectual property	(2,769)	(7,959)
	(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) – fit out lease incentive	-	3,160
2.6	Net cash from / (used in) investing activities	(3,363)	(21,160)

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	(12)	(51)
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	(12)	(51)

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	26,527	46,106
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,581	2,838
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,363)	(21,160)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(12)	(51)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	27,733	27,733

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	27,733	26,527
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)	27,733	26,527

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	210
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	220
9.3 Advertising and marketing	1,925
9.4 Leased assets	110
9.5 Staff costs	9,000
9.6 Administration and corporate costs	2,750
9.7 <i>Other</i>	
Tangible and intangible assets	1,500
Deferred consideration	2,950

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions (\$A,000)	Disposals (\$A,000)
10.1f Other expenses of acquisition in relation to future target acquisitions	\$257	

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: 25 July 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.