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ASX ANNOUNCEMENT

19 September 2019

ELMO Software Limited
(ASX:ELO)

Completion of A\$55m underwritten placement and secondary sell down

ELMO Software Limited (**ELMO** or **Company**) is pleased to provide an update regarding the equity raising announced last night.

Successful completion of A\$55 million institutional placement

ELMO is pleased to announce the successful completion of its fully underwritten A\$55 million institutional placement (**Placement**) at an offer price of A\$6.00 per new share (**Placement Price**).

ELMO CEO, Danny Lessem said: *"We are very pleased with the level of institutional support for the raising both from existing and new shareholders, and we welcome our new shareholders to our register. We look forward to the next phase of the company's growth with their support"*.

The Placement Price represents an 8% discount to the last closing price of ELMO shares on ASX on Wednesday, 18 September 2019, and a 10.5% discount to the five day VWAP to the same date.

New shares issued under the Placement will rank equally with existing ELMO ordinary shares on issue. Allotment of the New Shares issued under the Placement is expected to occur on Tuesday, 24 September 2019, with trading of the new Shares commencing on ASX on Wednesday, 25 September 2019.

Secondary Sell-down

Following strong demand, existing ELMO pre-IPO shareholders, JLAB Investments (No. 2) Pty Limited, The Garber Family Trust, and Lessem Trading Pty Ltd., sold approximately 2.3 million, 2.3 million and 1.2 million ELMO shares respectively under a secondary sell-down at the Placement Price, which represents an increase of the total secondary sell-down to \$35 million (**Secondary Sell-down**).

JLAB Investments (No. 2) Pty Limited, The Garber Family Trust, and Lessem Trading Pty Ltd. have each confirmed their intention to remain as supportive and committed investors in the Company, and have committed not to sell any further ELMO shares until at least 120 days from date the Placement was announced. Further details of the changes to the selling shareholders' holdings as a result of the Secondary Sell-down will be provided in a Change of Director's Interest Notice and Notices of Change of Interest of Substantial Holder which will be lodged with ASX.

Share Purchase Plan

As announced on Wednesday, 18 September 2019, ELMO will conduct an offer of new ELMO shares under a share purchase plan offer (**SPP Offer**) to existing shareholders in the Company with a registered address in Australia and New Zealand as at 7.00pm (Sydney time) on Tuesday, 17 September 2019, and who are not in the United States or acting for the account or benefit of a person in the United States.

The SPP Offer will provide each eligible shareholder with the opportunity to apply for up to A\$30,000 of new ELMO shares at the lower of: (i) the Placement Price (being A\$6.00); and (ii) the price that is a 2% discount to the VWAP of ELMO shares on ASX over the five trading days up to, and including, the closing date of the SPP (rounded down to the nearest cent). The SPP will raise a maximum of A\$5 million and applications that exceed that amount will be scaled back.



The SPP offer booklet containing further details regarding the SPP Offer, including the terms and conditions for participation, will be lodged with ASX on or about Tuesday, 24 September 2019 and will be despatched to eligible shareholders in Australia and New Zealand shortly thereafter.

For further information regarding the SPP Offer you should contact the ELMO Offer Information Line on 1300 222 378 (from within Australia) or +61 1300 222 378 (from outside Australia) between 8.30am and 5.30pm (Sydney time) from the date the SPP Offer opens being Thursday, 26 September 2019.

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About ELMO Software Limited

Founded 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.

Further information about ELMO can be found at www.elmosoftware.com.au.

IMPORTANT NOTICE

*This announcement may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be unlawful. The New Shares have not been, and will not be registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which ELMO has no obligation or intention to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable U.S. state securities laws.*

The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with ELMO's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at www.asx.com.au.