

ASX ANNOUNCEMENT

2 December 2019



ELMO Software Limited

(ASX:ELO)

ELMO expands R&D capability through investment in software development house

- ELMO invests in Hero Brands Pty Ltd a software development house, headquartered in Melbourne with offshore operations in Eastern Europe.
- Hero Brands expands ELMO's Research & Development capability, and provides access to high caliber software engineers.
- ELMO's investment consists of a \$1.18m capital injection in exchange for 50% equity ownership. An additional contingent payment of \$0.5m is payable based on meeting set performance criteria.

Today ELMO Software Limited ("ELMO"), Australia and New Zealand's leading cloud-based HR & payroll solutions provider, has announced an investment in Hero Brands Pty Limited, ("Hero Brands").

Hero Brands is a software development house headquartered in Melbourne with offshore operations based in Eastern Europe. Through the last 12 months Hero Brands generated revenues of \$3m and is EBITDA neutral.

The investment provides ELMO with increased Research and Development capability. ELMO's investment consists of a \$1.18m capital injection in exchange for 50% equity ownership, with an additional contingent payment of \$0.5m payable subject to meeting performance hurdles.

CEO Danny Lessem said, "We are delighted to invest and partner with Hero Brands. I have previously worked with the Vendor and know them well. Expanding our development capacity and capability will assist in delivering our long-term growth strategy."

Authorised by:

Danny Lessem, Co-founder & Chief Executive Officer

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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 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.