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ASX ANNOUNCEMENT

12 May 2020

ELMO Software Limited
(ASX:ELO)

ELMO completes oversubscribed A\$70m placement to accelerate growth strategy

Key Highlights

- Firm commitments received to raise \$70m
- Oversubscribed: strong demand from both local and international investors including existing eligible shareholders and also new institutions
- Strong endorsement of accelerated growth strategy – well capitalised to accelerate organic growth initiatives and fund acquisition opportunities
- Share Purchase Plan to be launched shortly to raise up to an additional \$20m

Successful completion of A\$70 million institutional placement

ELMO is pleased to announce the successful completion of its fully underwritten A\$70 million institutional placement (**Placement**) at an offer price of A\$7.00 per new share (**Placement Price**). The Placement was oversubscribed with strong support from local and international investors including existing eligible shareholders and also new institutions.

Funds raised from the Placement will primarily be used for organic growth initiatives and to fund acquisition opportunities.

ELMO CEO, Danny Lessem said: *"We are thrilled with the strong support for the Placement from a broad range of high quality, local and international funds, endorsing our accelerated growth strategy. We are now well placed and well capitalised to fund acquisition opportunities. We thank our existing shareholders for their ongoing support and welcome new shareholders to our register and we look forward to the next phase of ELMO's growth."*

The Placement Price represents an 11.5% discount to ELMO's closing price of \$7.91 per share on Friday, 8 May 2020, and an 8.8% discount to the five-day VWAP to the same date. Eligible existing institutional shareholders who bid for an amount less than or equal to their 'pro rata' share of New Shares under the Institutional Placement were allocated their bid in full¹. The Placement was conducted within ELMO's existing placement capacity under ASX Listing Rule 7.1.

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 Monday, 18 May 2020 with trading of the New Shares commencing on ASX on the same date.

Share Purchase Plan

As announced on Monday, 11 May 2020, subject to obtaining certain waivers from ASX², 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 Friday, 8 May 2020, 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 worth of New Shares at the lower of:

¹ The Company is seeking certain waivers from ASX with respect to the conduct of the SPP. ASX has indicated that it is minded to grant those waivers, however, ELMO is awaiting formal confirmation of those waivers.

² For this purpose, an eligible institutional shareholder's 'pro-rata' share was estimated by ELMO's beneficial register on 7 May 2020, but without undertaking any reconciliation and ignoring shares that may be issued under the SPP. Accordingly unlike in a rights issue, this may not truly reflect the participating shareholder's actual pro-rata share. The Placement did not give a shareholder a right or entitlement to participate in the Placement and ELMO had no obligation to reconcile assumed holdings (e.g. for recent trading or swap positions when determining a shareholder's 'pro-rata' share).

- (i) the issue price under the Placement (being A\$7.00); and
- (ii) the price that is a 2% discount to the VWAP of ELMO shares on the ASX over the five trading days up to, and including, the closing date of the SPP Offer (rounded down to the nearest cent).

ELMO is aiming to raise up to A\$20 million under the SPP Offer but reserves the right to increase the size of the SPP Offer should there be additional demand from investors. The SPP Offer may also be subject to a scale back of applications at the absolute discretion of the Company.

The New Shares issued under the SPP Offer will rank equally with existing ELMO fully paid ordinary shares on issue.

A prospectus (**SPP Prospectus**) containing further details of the SPP Offer will be released on the ASX separately and is expected to be mailed to all eligible shareholders in Australia and New Zealand on or about Tuesday, 19 May 2020, being the date on which the SPP Offer will open.

For further information regarding the SPP Offer you should contact the ELMO Offer Information Line on +61 1800 218 694 (from within Australia) or +61 1800 218 694 (from outside Australia) between 8.30am and 5.30pm (Sydney time) from the date the SPP Offer opens being Tuesday, 19 May 2020.

Please contact for more information:

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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.