

22 November 2022



ELMO Software Limited

(ASX:ELO)

Annual General Meeting *Chair and CEO Addresses*

Barry Lewin, Chair

Good afternoon and welcome to ELMO Software Limited's 2022 Annual General Meeting.

My name is Barry Lewin. I am an Independent, Non-Executive Director and Chair of ELMO Software Limited.

On behalf of ELMO, I would like to acknowledge the Gadigal People of the Eora Nation, the traditional custodians of the land and pay my respects to elders both past, present and emerging.

This meeting is being webcast and I welcome those joining online. We have a quorum, and I am pleased to declare the meeting open.

I'd like to welcome and introduce my fellow directors. Kate Hill and Leah Graeve and ELMO's CEO and Co-founder, Danny Lessem, who joins us here in Sydney. Welcome also to our Company Secretary, Anna Sandham.

The agenda for today's meeting will include a business update by CEO Danny Lessem and CFO James Haslam. I will then provide an update on the recommended proposal for the acquisition of ELMO by K1 Investment Management.

Finally, I will move on to the formal section of AGM proceedings which will include voting on the resolutions outlined in the Notice of Meeting released to the ASX on the 21st of October followed by Q&A. Now over to you, Danny.

Danny Lessem, CEO

Thank you, Barry. ELMO offers a convergent solution, providing medium and small businesses an all-in-one platform to manage people, process and pay. ELMO has two distinct market segments that we address with two fit-for-purpose platforms. The ELMO mid-market business focuses on organisations with 50 to 2,000 employees and the Breathe small business solution caters for businesses that typically have fewer than 50 employees.

At 30 June 2022, we had grown to over 570 staff members with offices across Australia, New Zealand and the United Kingdom. Through FY22, Annualised Recurring Revenue ('ARR') grew to \$108.2 million, representing organic growth of 29% when compared to 30 June 2021. Revenue rose to \$91.4 million, up 32% on the prior comparative period. Underlying EBITDA came in at positive \$7.1 million, up \$6.5 million on the prior comparative period. Cash receipts came in at a very strong \$116.9 million, up 46%.

I will now hand over to James to give you the latest trading update.

James Haslam, CFO

Thank you, Danny.

The ELMO Group continues to grow with ARR increasing to \$111.0 million at 30 September 2022, reflecting a 25.4% organic increase when compared to 30 September 2021. Year to date revenue increased to \$27.4 million, up 32.3% when compared to the same period in FY21. EBITDA grew to \$2.0 million, up \$1.3 million pcp.

Through the year to date the Group has collected \$32.9 million in cash receipts (18.7% growth on pcp). ELMO remains well capitalised and funded to break even with a cash balance of \$43.4 million at 30 September 2022.

Capital management and the commitment to operating cash flow breakeven remained a focus through 1Q23 as demonstrated by the reduction in the rate of cash burn to \$1.2 million per month through 1Q23. I'll now hand back to Barry.

Barry Lewin, Chair

Thanks, James. I will now update you on the indicative timetable for the recommended proposal for the acquisition of ELMO by K1 investment management (K1).

As previously announced to the ASX on Thursday 13 October 2022, prior to entering into the proposed transaction, ELMO had received a number of approaches expressing interest in ELMO and was in discussions with select parties in the context of maximising shareholder value. The ELMO Board established an Independent Board Committee (IBC) to consider these acquisition proposals.

The IBC considers the proposed transaction to be in the best interests of ELMO Shareholders having regard to the significant premium to pre-announcement trading, the certainty of value delivered by the Cash Consideration, and the support of ELMO's CEO and Co-Founder, Danny Lessem, and ELMO's major shareholders JLAB Investments (No. 2) Pty Ltd and Garber Family Trust¹, who hold or control a combined 23.4% of ELMO's ordinary shares outstanding and have both confirmed their intention to vote in favour of the Scheme.

The IBC unanimously recommends that ELMO Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of ELMO Shareholders.

The following dates are based on current planning, but may change.

- **First court date:** 16 December 2022
- **Scheme meeting:** 30 January 2023
- **Second court date:** 1 February 2023
- **Effective date:** 2 February 2023
- **Scheme record date:** 9 February 2023
- **Implementation date:** 16 February 2023

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Authorised by:

This announcement was authorised by Barry Lewin, Chair of ELMO.

¹ Regiton Group Pty Ltd as the trustee of the Garber Family Trust

Contacts

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About ELMO

Established in 2002, ELMO Software offers cloud-based solutions for small businesses and mid-market organisations to manage people, process, pay and expenses. Spanning across Australia, New Zealand and the United Kingdom, 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