

ASX Announcement

15 July 2020



ELMO Software Limited

(ASX:ELO)

Fourth Quarter Cash Report – Record annual cash receipts and well capitalised for growth

Highlights

- Record level of annual cash receipts of **\$57.5m** through FY20, up **27.4%** on FY19
- Cash receipts of **\$16.8m** for Q4FY20, up **26.2%** on the previous quarter and **8.4%** above Q4FY19
- Closing cash balance of **\$139.9m** with no debt at 30 June 2020 ensuring ELMO remains well capitalised to continue investing in organic growth and execute strategic acquisitions
- Release of new module - ELMO Connect
- Successful capital raise, consisting of \$70m institutional placement and \$2.8m Share Purchase Plan
- Inclusion in S&P/ASX300 Index

Figure 1 – Customer receipts – trailing last 12 months (A\$m)

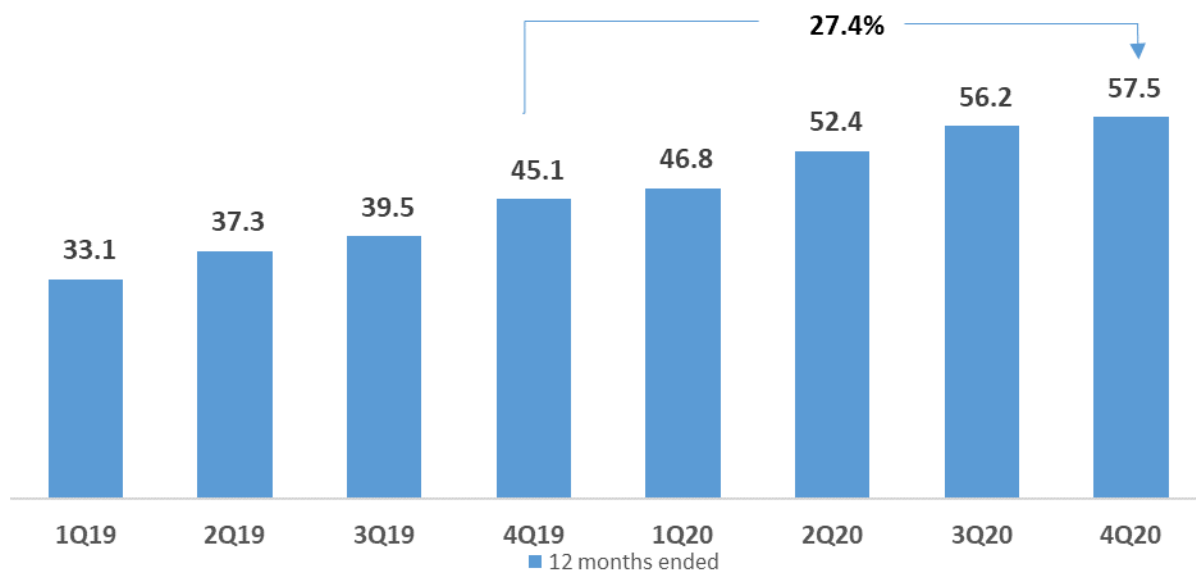
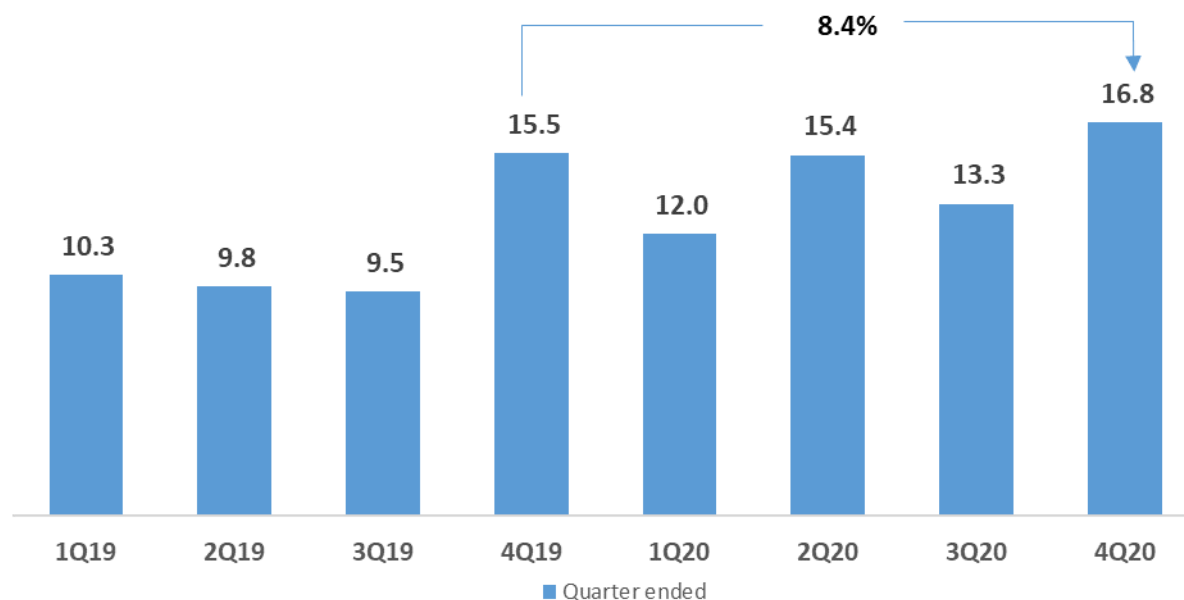


Figure 2 – Customer receipts - quarterly (A\$m)



ELMO Software Limited ("ELMO") CEO, Danny Lessem said, "Despite the challenges associated with COVID-19, ELMO continued its growth trajectory in the fourth quarter.

Cash receipts for the full year FY20 reached a record \$57.5m, up 27.4% on FY19. Cash collection of \$16.8m in Q4FY20 reflected an increase of 26.2% on the previous quarter and 8.4% on Q4FY19.

During the quarter, ELMO announced the launch of ELMO Connect, a new communications module allowing businesses to instant message and initiate Zoom Conference calls from within ELMO's cloud-based platform.

In May, we announced the successful completion of a fully underwritten A\$70m institutional placement, followed by the completion of a \$2.8m Share Purchase Plan in June. These new funds leave ELMO well placed to strengthen our competitive position and continue our growth trajectory. We have an active acquisition pipeline and remain well capitalised, with a closing cash balance of \$139.9m.

On June 22, ELMO reached an important milestone, being admitted to the S&P/ASX300 Index. The index inclusion is an important step in ELMO's evolution as a listed company.

We continue to actively manage COVID-19 related risks to our workforce and community, with an appropriate mix of remote and office-based working depending on the location.

ELMO's focus remains on delivering organic growth supplemented with strategic acquisitions, continuing our growth trajectory into FY21 and beyond. We are well placed to benefit from the acceleration in the adoption of cloud-based business tools, including HR technology."

ELMO advises that it will release its FY20 full year results pre-market open on **6 August 2020**, and details of the webcast will be released to the ASX on 20th of July.

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. Fees paid to directors totalled \$248,000 for the period.

For more information, please visit www.elmosoftware.com.au.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ELMO SOFTWARE LIMITED

ABN

13 102 455 087

Quarter ended ("current quarter")

30 JUNE 2020

| 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 | 16,791 | 57,498 |
| 1.2 Payments for | | |
| (a) research and development | - | - |
| (b) product manufacturing and operating costs | (683) | (1,817) |
| (c) advertising and marketing | (649) | (4,022) |
| (d) leased assets | (52) | (212) |
| (e) staff costs | (8,289) | (34,838) |
| (f) administration and corporate costs | (1,574) | (9,022) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 317 | 752 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes | 195 | 17 |
| 1.7 Government grants and tax incentives | 1,730 | 1,730 |
| 1.8 Other – GST (provide details if material) | (886) | (3,225) |
| 1.9 Net cash from / (used in) operating activities | 6,900 | 6,861 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|-------------------------------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) businesses | (158) | (6,332) |
| | (c) property, plant and equipment | (413) | (1,929) |
| | (d) investments | - | (1,180) |
| | (e) intellectual property | (5,761) | (19,658) |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other – Leases (provide details if material) | (1,038) | (4,205) |
| 2.6 | Net cash from / (used in) investing activities | (7,370) | (33,304) |

| | | | |
|-------------|---|---------------|----------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | 72,798 | 142,802 |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | 510 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | (2,222) | (4,678) |
| 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 | 70,576 | 138,634 |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|--|----------------------------|-------------------------------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 69,818 | 27,733 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 6,900 | 6,861 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (7,370) | (33,304) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 70,576 | 138,634 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 139,924 | 139,924 |

| | | | |
|------------|---|----------------------------|-----------------------------|
| 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 | 139,924 | 69,818 |
| 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) | 139,924 | 69,818 |

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1 - Directors
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

248

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|-------------------------------------|
| - | - |
| - | - |
| - | - |
| - | - |

7.5 Unused financing facilities available at quarter end

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- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities**\$A'000**

| | | |
|-----|--|---------|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9, 2.1e, 2.5 less Item 1.7) | (1,629) |
| 8.2 | Cash and cash equivalents at quarter end (Item 4.6) | 139,924 |
| 8.3 | Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.4 | Total available funding (Item 8.2 + Item 8.3) | 139,924 |
| 8.5 | Estimated quarters of funding available (Item 8.4 divided by Item 8.1) | 85.9 |

- 8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

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.

Date: 15 July 2020

Authorised by: By the board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.