SaaS, cloud-based

Talent management software solutions

- ✓ RECRUITMENT
- ✓ ONBOARDING
- ✓ PERFORMANCE MANAGEMENT
- ✓ LEARNING AND DEVELOPMENT
- ✓ COURSE LIBRARY
- ✓ SUCCESSION PLANNING
- ✓ EMPLOYEE ADMINISTRATION

2017 Morgan Stanley Micro-Cap Conference

19 September 2017

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- **FY** refers to the full year to 30 June.
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ELMO at a glance

ELMO is one of Australia and New Zealand's leading providers of integrated talent management software solutions

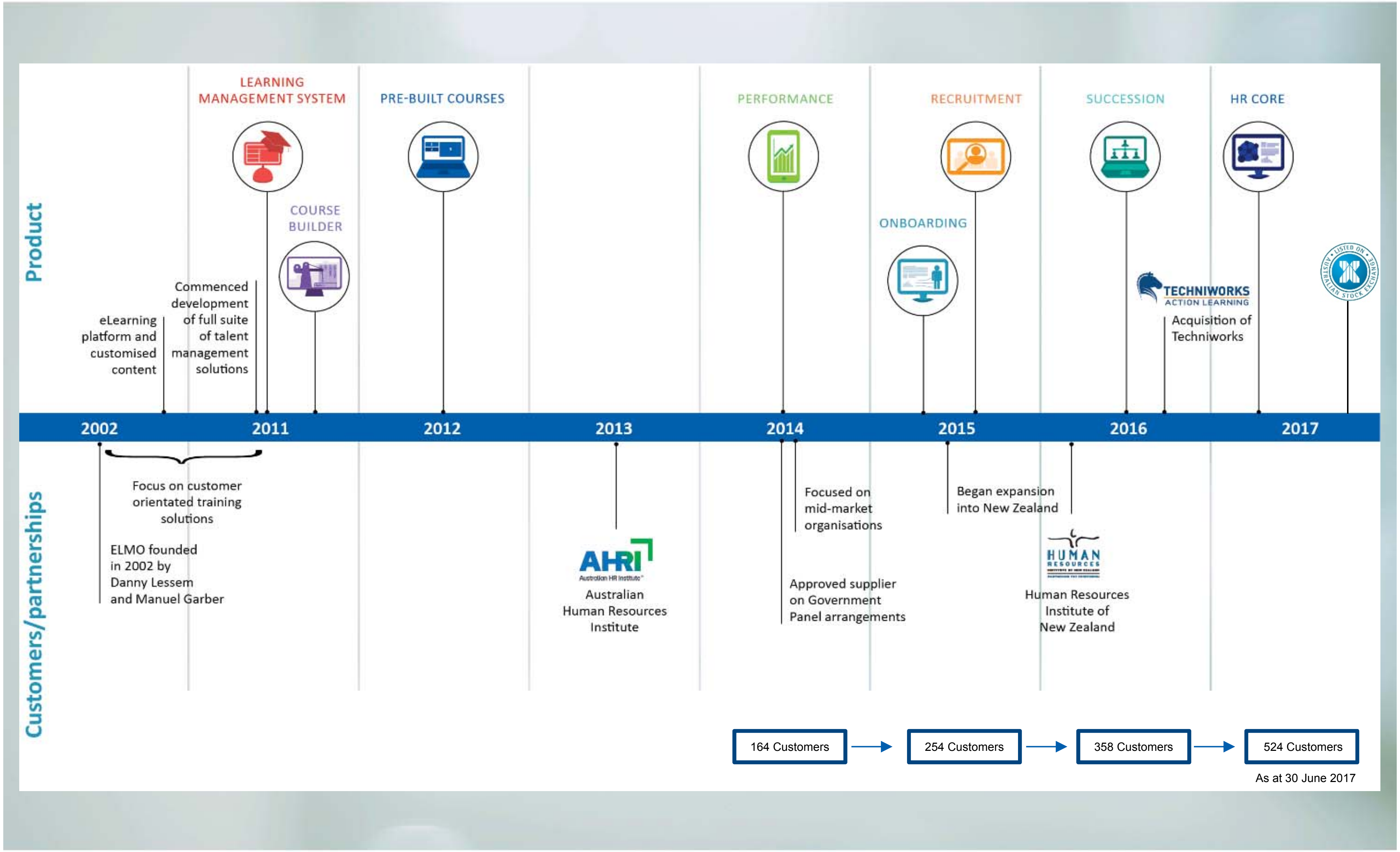
ELMO's SaaS, cloud-based platform provides organisations with a centralised approach to managing an employee's lifecycle from 'hire to retire'

ELMO employs 106 people with 4 offices in Australia and New Zealand[1]

- Integrated Human Capital Management (HCM) software providing 'hire to retire' software solutions across 7 modules
- Primarily targets mid-market organisations (100 – 1,000 employees)
- Scalable SaaS, cloud-based platform, multi tenant infrastructure, single source code
- Customer base of 524[1] organisations and deployed across 13[2] different industries
- Platform, technology, software solutions and learning content is developed and maintained in-house by ELMO's Australian based team
- Over 400 eLearning course content library covering a broad range of topics which has been developed for over 15 years

1. *As at 30 June 2017*
2. *Includes construction and mining, education, finance, government, healthcare and pharmaceuticals, hospitality, industrials, IT, telecommunications and media, not for profit organisations, professional services, property, retail and transport.*

ELMO history



Leading integrated talent management platform

Large and growing addressable market

Total addressable market (TAM) for HCM solutions in ANZ
~US$556[1]

ANZ HR admin
~US$298m[1]

ANZ talent management
~US$258m[1]
ELMO
Main focus

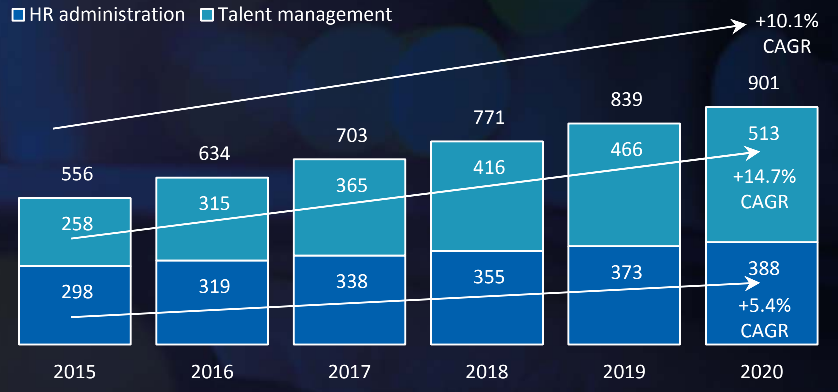
ANZ target market size ~12,029 organisations[1]
ELMO currently has ~4% market share in ANZ[1]

- TAM for ANZ HCM solutions is growing at 10.1% CAGR from 2015-2020[1]
- Talent management solutions TAM in ANZ of ~US$258m growing at 14.7% CAGR from 2015-2020[1]

  ELMO's FY17 SaaS revenue growth of ~31% is over 2x the market growth rate

- Talent management is comprised of 70% SaaS-based solutions, expected to increase to 80% by FY18[1]

ANZ HCM MARKET (US$M)[1]



1. Frost and Sullivan independent market report.

Why ELMO targets the mid-market and why ELMO wins

BENEFITS OF THE MID-MARKET			
	Large and growing addressable market	Limited competition – underserviced market	Abundance of greenfield sites with no solution
	Shorter sales cycles	Trend towards HR automation	Simpler implementations

WHY ELMO WINS

ELMO Optimised for the mid-market	Enterprise focused solutions
✔ Unified talent management solution (not a point solution) allows customers to add modules seamlessly as their requirements expand	✘ More complex to use
✔ Easy to use yet with high functionality	✘ Expensive and typically includes large implementation costs
✔ Affordable and typically no implementation costs	✘ Large customer priority
✔ Fast and simple to implement	✘ Longer and more complicated implementation process

Broad, diversified customer base

ELMO

Government	Australian Government Australian Taxation Office	NSW Government Family & Community Services Ageing, Disability & Home Care	Queensland Government	The Government of Western Australia Department of Education
Education	RMIT University	Macquarie University	Murdoch University	QUT
Construction and mining	TAYLOR	BMD Construction	KOMATSU	australbricks
Professional services	cbus	HLB Mann Judd Accountants | Business and Financial Advisers	Grant Thornton An instinct for growth	propell national valuers
Healthcare and pharmaceuticals	Healthscope	Sonic Healthcare Limited	I-MED Network Radiology	Merck Sharp & Dohme
Other[1]	IBM, Kmart, 中国银行 Bank of China, VicSuper, Pacific Brands, Hawker Pacific, Beef + Lamb New Zealand, Sonic Healthcare, Villa Maria New Zealand, Queensland Country Credit Union, Toshiba, MSS Security, Lite n' Easy, Fusion retail brands pty ltd, Fujitsu, Staples, Australian Military Bank, Assetlink			

- 524[2] organisations across Australia, New Zealand and Singapore
- Largest customer contributes <2.9% of FY17 revenue[3]
- Top 10 customers contribute <16% of FY17 revenue[3]
- Industry agnostic

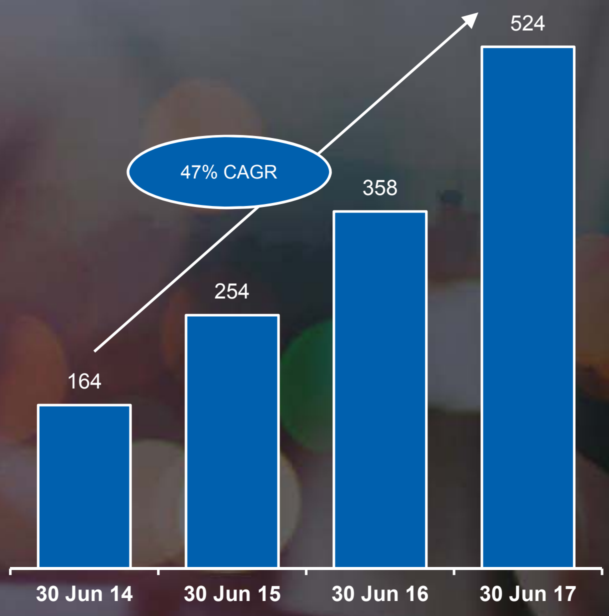
1. Includes finance, IT, telecommunications and media, industrials, hospitality, property, retail, transport and not for profit industries
2. As at 30 June 2017
3. Based on statutory SaaS revenue

Customers

EXAMPLES OF RECENT CUSTOMER WINS

	Contract term	Number of employees	Modules purchased	Industry
Bank Australia	3 years	400	• Course Library • Learning • Onboarding • Performance • Recruitment • Succession	Finance
DAIKIN	3 years	500	• Course Library • Learning • Onboarding • Performance • Recruitment	Industrials
Government of South Australia	3 years	1,500	• Course Library • Learning • Performance	Government
silverchef	3 years	340	• Course Library • Learning • Onboarding • Performance • Recruitment	Finance
TUH Health Fund	3 years	200	• Course Library • Learning • Onboarding • Performance • Recruitment • Succession	Healthcare and pharmaceuticals

ELMO's CUSTOMER BASE GROWTH



166 additional customers added during FY17[1]

Average annual FY17 revenue per customer of ~$33.2k[2,3]

Average modules per customer of 2.29

Customer retention of 92.3%

1. *Includes 82 customers from Techni Works acquisition*
2. *Based on pro forma revenue*
3. *Excludes Techni Works*

Financial and operational highlights

$17.0 million
FY17 pro forma revenue

31% growth in FY17 SaaS revenue
Up 4% on prospectus forecast[1]

$1.2 million
FY17 pro forma EBITDA

Up 42% on prospectus forecast[1]

$19.1 million
SaaS revenue run rate

Reflecting 89% of forecast FY18 pro forma SaaS revenue[2]

524
Customer base[3]

Up 11% since 31 December 2016

2.29
Modules per customer

Up from 2.22 since June 30 2016[4]

92.3%
Customer retention rate[5]

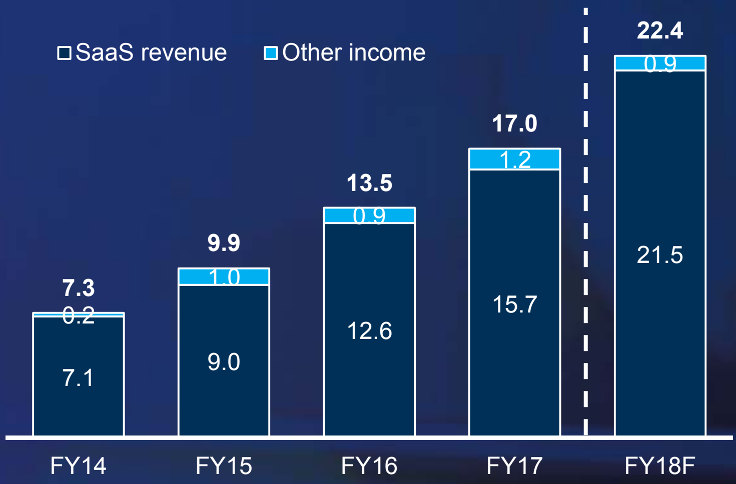
38.6% pro forma SaaS revenue CAGR (FY14 – FY17)[3]

1. *Vs. pro forma FY17 forecast as per IPO Prospectus on a like-for-like basis*
2. *June 2017 SaaS revenue annualised*
3. *As at 30 June 2017*
4. *Excludes Techni Works*
5. *Customer retention is calculated by dividing the number of customers in the reference period who were customers at the end of the prior period by the number of customers at the end of the prior period*

Financial snapshot

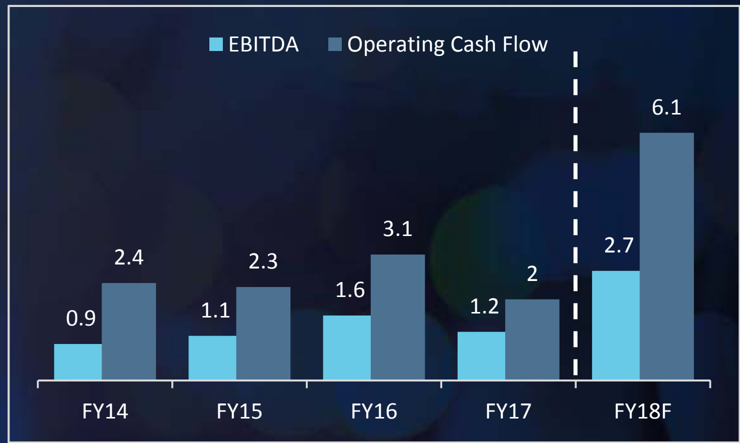
- Strong revenue visibility with 93% recurring revenue[1] and typical contract length of 3 years
- Customers pay annual license fees in advance – contributing to positive working capital position throughout the year
- Strong cash position of $26.6m at 30 June 2017

PRO FORMA HISTORICAL AND FORECAST REVENUE ($M)



	FY14	FY15	FY16	FY17	FY18F
Recurring revenue	**97%**	**90%**	**93%**	**93%**	**96%**
SaaS revenue growth[3]		**37%**	**50%**	**31%**	**40%**

PRO FORMA EBITDA VS. OPERATING CASH FLOW ($M)



	FY14	FY15	FY16	FY17	FY18F
Operating cash flow conversion[2]	**253%**	**218%**	**195%**	**165%**	**227%**

1. *Excludes RTO division.*
2. *Operating cash flow conversion is operating cash flow expressed as a percentage of EBITDA.*
3. *Excludes Techni Works.*

Growth strategy

Greater usage from existing customers

- Increasing penetration amongst existing customer base with average modules per customer of 2.29, up from 2.22 as at June 2016
- Strong customer retention rate of 92.3%

New customers in existing markets

- 166 new customers, including Techni Works customers, added during FY17
- Total customer base, including Techni Works, of 524 as at 30 June 2017
- Continuation of strong sales momentum
- Aim to further increase adoption amongst mid-market firms
- Significant opportunity to further penetrate existing markets

Expand product line

- Succession & HR Core module launched in FY17
- Spent 15% of FY17 revenue on R&D[1, 2]
- Continuous development and deployment of new features on existing modules with 128 enhancements released during FY17
- 4 new modules slated for release in the next 2-3 years

Growth through acquisitions

- Completed acquisition of Techni Works during FY17
- Actively seeking bolt on acquisitions or complimentary technology to augment ELMO's value proposition

Geographic expansion

- NZ customer base of 31, up 41% since 31 December 2016
- 264% increase in NZ revenue base from FY16

1. *Includes both expensed and capitalised Research and Development costs.*
2. *Based on pro forma revenue.*

Acquisition Case Study – Techni Works

OVERVIEW

- Techni Works provides off-the-shelf and custom-built eLearning courses specifically developed for the Australian work environment and an internal LMS platform
- Established in 1999
- 83 organisations including all levels of Government, tertiary institutions and large corporations

RATIONALE

- 82 new customers added to ELMO's customer base[1]
- Upsell and cross-sell opportunity to ELMO's full suite of talent management solutions
- ELMO's infrastructure allowed operating efficiencies to be extracted, resulting in substantial uplift in EBITDA contribution

FY17 Summary

- EBITDA margin grew from 17.93% to 86.3%
- Successful migration of customers onto ELMO platform
- Successful cross-sell of ELMO modules into Techni Works customer base

CUSTOMER CASE STUDY: WA GOVERNMENT AGENCY

Contract extended to 3 years under ELMO's platform

1. One Techni Works customer was an existing customer of ELMO.
2. 46 additional courses is net of overlapping courses between Techni Works and ELMO.

Company highlights

LEADING INTEGRATED TALENT MANAGEMENT PLATFORM

- Broad, integrated suite of modules
- Cloud delivery
- Single source code
- Extensive course library/ proprietary learning content

BROAD AND DIVERSE CUSTOMER BASE[1]

- CAGR of customer base ~47% since FY14, 524 active customers
- Largest customer is < 2.9% of revenue
- Top 10 customers account for < 16% of total revenue
- Industry agnostic

HIGH RECURRING REVENUE WITH ATTRACTIVE CASH FLOW PROFILE

- 93% recurring revenue
- > 38% pro forma SaaS revenue CAGR (FY14 – FY17)
- Customer contracts typically ~3 years and pay annually in advance

LARGE AND GROWING ADDRESSABLE MARKET

- Global talent management TAM ~US$6.1 billion (ANZ ~US$258m)
- Accelerating penetration of cloud-based talent management solutions
- Increasing adoption in mid-market

MULTIPLE LEVERS TO DRIVE GROWTH

- Increasing module usage from existing customers
- New customers in ANZ
- Continued product innovation to broaden solution offering
- Strategic acquisition opportunities

EXPERIENCED MANAGEMENT TEAM

- Danny Lessem founded ELMO in 2002, > 20 years software experience
- Stable management team with strong track record of growth and innovation
- Executive incentives aligned through equity ownership

1. *Includes Techni Works*

APPENDIX

Financial performance

- Revenue, EBITDA are ahead of prospectus forecast
- Strong recurring revenue of 93% and SaaS revenue growth of 31% (excluding Techni Works)
- Pro forma cash receipts as a % of pro forma revenue of over 112%
- SaaS revenue run rate of 89% of FY18 prospectus forecast[1]

A$(000) June year end	**Pro forma FY16**	**Pro forma FY17**	**Pro forma FY17 prospectus forecast**	**vs. FY16**	**vs. FY17 prospectus forecast**
SaaS revenue	12,588	15,735	15,706	25.0%	0.2%
Other income	901	1,240	652	37.7%	90.2%
Total revenue	**13,489**	**16,975**	**16,358**	**25.8%**	**3.8%**
Gross profit	**12,247**	**15,286**	**14,765**	**24.8%**	**3.5%**
Total operating expenses	10,680	14,063	13,904	31.7%	1.1%
EBITDA	**1,567**	**1,223**	**861**	**-21.9%**	**42.1%**
EBITDA margin	*11.6%*	*7.2%*	*5.3%*		
Financial metrics					
Pro forma cash receipts	15,704	19,039	19,035		
Pro forma cash receipts as a % of pro forma revenue	*116.4%*	*112.2%*	*116.4%*		
SaaS revenue growth	*40.4%*	*25.0%*	*24.8%*		
SaaS revenue growth (excl Techni Works)	*50.0%*	*31.0%*	*30.8%*		
Recurring revenue	*93.0%*	*93.0%*	*96.0%*		
Pro forma gross margin	*90.8%*	*90.1%*	*90.3%*		
R&D as % of revenue (Total R&D spend)	*16.0%*	*15.1%*	*15.2%*		
Operational metrics					
Number of customers	358	524	536	46.3%	(2.2)%
Revenue per SaaS customer (excl Techni Works)	31.6	33.2	32.5	5.2%	2.3%
Modules per customer (excl Techni Works)	2.22	2.29	2.29	3.2%	0.0%
Employees	80	106	106	32.5%	-

1. *June 2017 SaaS revenue annualised*

Solution offerings detail

HR CORE

- **Leave management** – Leave requisition and authorisation workflows
- **Organisation charts** – Overview of organisation's structure and reporting relationships
- **Employee self-service** – Enables employees to access and update personal information, request leave and access payroll slips from any device, anywhere and at any time
- **Manager self-service** – Enables managers to access employee information, approve leave requests and view team analytics from any device, anywhere and at any time

RECRUITMENT

- **Job requisition** – Select the required job position, add specific requirements, alert recruitment manager, track and monitor progress, and customise approval workflows
- **Talent pool** – Search existing employees, search the candidate database, match job criteria, and rank candidates
- **Job posting** – Integrate with job boards and social media, preset posting rules, and track costs
- **Branded careers webpage** – Embed customer organisation's website, customise branding, incorporate company media, and post jobs automatically

ONBOARDING

- **Personalised onboarding webpage** – Present company information and video, guidelines for onboarding process, onboarding task list, and team member introductions
- **Workflows and approvals** – Configure process and select stakeholders, prerequisites, time delays, and conditions
- **Electronic forms** – Configurable forms, document upload facility, and integration with ATO and other 3rd parties

PERFORMANCE

- **Performance appraisals** – Configure to customer's requirements, features goal setting, competency models, development plans and 360 reviews
- **Manager team view** – Access direct and indirect reports, view current status of appraisals, search facility, export and print
- **Succession planning** – Identify high performers, mitigate flight risk, recruit from within, foster strategic succession
- **Configurable reports** – Generate at the click of a button, choose fields for comparison, coloured graphs for visual display, export to Excel and/or PDF, and email reports

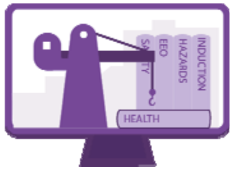
Solution offerings detail

SUCCESSION

- **Ensure business continuity** – Determine role criticality, identify high performers and mitigate flight risk
- **Employee career progression** – View succession pathways, identify skills gaps and create development plans
- **Foster strategic succession** – Match high potential employees to critical roles and compare candidate suitability by skills, performance, potential and aspirations

LEARNING

- **Learner's view** – Personalised learning plan, eLearning courses, instructor-led training (ILT), policy acknowledgements, assessments and surveys
- **Course catalogue** – Course self-selection, search facility, configurable enrolment rules, access to over 400 pre-built eLearning courses
- **Manager team view** – Access direct and indirect reports, view current status of learning, search facility, export and print
- **Configurable reports** – Generate at the click of a button, choose files for comparison, use coloured graphs for visual display, export to Excel and/or PDF, automate report emails



COURSE BUILDER

- **Create courses** – Insert images/movies, edit text, record voice-over, and use interactive features (buttons, rollovers, hotspots, etc.)
- **Create assessments** – Select question type (multi-choice, T/F, drag and drop), insert images/voice-over, randomise questions, and set pass mark
- **Create surveys** – Select question type (multiple choice or free text), compulsory and anonymous optionality
- **Preview and publish** – Customer branding, update customer in real-time, publish ELMO or SCORM compliant LMS

PRE-BUILT COURSES

- **Best practice eLearning content** – Compliance sources updates, quality assurance, expert instructional design
- **Course editor** – Accessible via the Internet, no programming skills required, access to ELMO royalty free image library, upload your own multimedia
- **Course features** – Customer branding, multimedia enabled, touch screen optimised, modify content with the ELMO course editor
- **Assessment features** – Automatic marking, multimedia enabled, touch screen optimised, modify Q&As with ELMO course editor

Experienced board and management team

ELMO

Board

Jim McKerlie
CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR
Joined ELMO in 2017

Danny Lessem
CO-FOUNDER AND CHIEF EXECUTIVE OFFICER
Founded ELMO in 2002

Trevor Lonstein
CHIEF FINANCIAL OFFICER
Joined ELMO in 2014

David Hancock
INDEPENDENT NON-EXECUTIVE DIRECTOR
Joined ELMO in 2017

Senior Executives

Gordon Starkey
CHIEF OPERATING OFFICER
Joined ELMO in 2007

Samuel Sun
CHIEF TECHNOLOGY OFFICER
Joined ELMO in 2010

Darryl Garber
CHIEF COMMERCIAL OFFICER
Joined ELMO in 2011

Monica Watt
GENERAL MANAGER HUMAN RESOURCES
Joined ELMO in 2015

- ✔ Deep knowledge of the technology and HCM sector
- ✔ Strong founder commitment (Danny owns 22.1%)
- ✔ Stable management team – average tenure of 6 years
- ✔ Incentives of key management aligned to the success of the company
- ✔ History of growth and innovation