



ELMO Software Limited
ABN 13 102 455 087

ASX ANNOUNCEMENT

27 March 2018

\$40m Institutional Placement and Share Purchase Plan

Key Highlights

- ELMO Software Limited (“ELMO”) to undertake a \$40 million Institutional Placement and offer a Share Purchase Plan (“SPP”) to eligible existing shareholders
- The Institutional Placement will be undertaken at a fixed price of \$5.40 per share, representing a 10.1% discount to the closing price on 26 March 2018, and a 9.5% discount to the 5 day VWAP
- ELMO has recently signed a non-binding indicative offer letter for a potential acquisition of a complementary business for a total consideration of approximately \$8.65m
- Proceeds from the Institutional Placement and SPP will be used to fund future acquisitions, strengthen the balance sheet and for general corporate purposes

Background and Use of Proceeds

Since listing on the ASX, ELMO has successfully completed three complementary and strategic acquisitions. These acquisitions have helped expand ELMO’s product suite and create a more comprehensive product for customers, as well as grow the Company’s customer base. This reflects ELMO’s ongoing commitment towards its growth strategy that was announced as part of its Initial Public Offering in June 2017, accelerating organic growth and enhancing cross-sell and upsell opportunities across a larger customer base.

As a continuation of delivering upon ELMO’s successful strategy, ELMO has signed a non-binding indicative offer letter for a potential acquisition of a complementary business for a total consideration of approximately \$8.65 million, completion of which remains subject to due diligence and execution of a binding sale and purchase agreement. Proceeds from the placement will be used to fund future acquisitions, strengthen the balance sheet to support ongoing research and development, sales and marketing and for general corporate purposes. The company is confident it will deploy a substantial portion of its raised funds within the next 12 months, primarily for acquisition opportunities valued between ~\$5 million and ~\$30 million in total consideration price. The live opportunities in the pipeline include complementary technologies, new customers and combinations of both.

ELMO Chairman, Jim McKerlie said: *“The company has made great progress towards creating a leading integrated cloud HR & Payroll platform. There are several unique opportunities to continue on this growth path and funding the Company to make additional acquisitions and internal expansion of capacity is critical.”*

Institutional Placement

The Institutional Placement is being conducted at a fixed price of \$5.40 per share, which represents a 10.1% discount to the closing price of ELMO shares on 26 March 2018 (the last trading day prior to this announcement), and a 9.5% discount to the 5 day VWAP as at the same date. The shares that are issued under the Institutional Placement will rank equally with existing ELMO fully paid ordinary shares on issue. The new shares to be issued under the Institutional Placement will be issued within ELMO’s existing placement capacity under ASX Listing Rule 7.1 and 7.1A.



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ELMO advises that a trading halt in the Company's securities will remain in place pending the outcome of the Institutional Placement. The Institutional Placement is expected to settle on Tuesday, 3 April 2018.

Share Purchase Plan

A SPP will immediately follow the Institutional Placement, under which, eligible existing ELMO shareholders will be given the opportunity to acquire additional shares in ELMO at the same issue price as shares issued under the Institutional Placement. The SPP will not be underwritten and will be capped at \$5 million (and will be subject to ELMO's discretion to scale back applications if necessary). Participation in the SPP will be optional.

Existing shareholders with registered addresses in Australia or New Zealand as at 7.00pm (Sydney time) on 26 March 2018 (the "Record Date") will be entitled to subscribe for up to \$15,000 in new ELMO shares through the SPP, subject to the terms and conditions of the SPP which will be set out in the SPP Offer Booklet. Shares issued under the SPP will rank equally with existing shares of ELMO.

Further information in relation to the SPP, including the terms and conditions of the SPP, will be outlined in a separate SPP Offer Booklet which will be despatched to eligible shareholders on or about 4 April 2018.

Indicative Timetable

Key dates for the Institutional Placement and SPP are as follows:

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| Institutional Placement conducted: | 27 March 2018 |
| Trading in ELMO shares resumes: | 28 March 2018 |
| Settlement of Institutional Placement: | 3 April 2018 |
| Allotment of Institutional Placement Shares: | 4 April 2018 |
| Record Date for SPP: | 7:00pm, 26 March 2018 |
| SPP Offer Period: | 5 April 2018 – 18 April 2018 |
| Allotment of SPP Shares: | 26 April 2018 |

This timetable (and each reference to a date specified in the timetable) is indicative only and ELMO may, at its discretion, vary any of the above dates by lodging a revised timetable with the Australian Securities Exchange ("ASX"). Further information on the capital raising will be lodged with the ASX and included on ELMO's website.

Morgan Stanley Australia Securities Limited and Wilsons Corporate Finance Limited are acting as Joint Lead Managers and Bookrunners for the Institutional Placement.

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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 employee administration, recruitment, onboarding, learning, performance, remuneration, compliance training and payroll. ELMO operates on a Software as a Service ("SaaS") business model based on recurrent subscription revenues.



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For more information please visit www.elmotalent.com.au



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This announcement contains forward-looking statements, which can usually be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or words of similar effect. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of ELMO, and which may cause actual outcomes to differ materially from those expressed in the statements contained in this announcement. Undue reliance should not be placed on these forward-looking statements. These forward-looking statements are based on information available to ELMO as of the date of this announcement. Except as required by law or regulation (including ASX Listing Rules), ELMO undertakes no obligation to update these forward-looking statements.

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A number of figures, amounts, percentages, estimates, calculations of value and fractions in this document are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

Statements in this announcement are made only as at the date of this announcement.