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## SaaS, cloud-based HR & Payroll solutions

Recruitment | Onboarding | Performance management | Learning and development  
Course library | Succession planning | Employee administration | Rewards & recognition  
Payroll | Remuneration | HR Surveys | Salary Benchmarking

Investor Presentation

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Equity Capital Raising  
27 March 2018

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES



# Agenda

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Business overview  
and performance  
highlights

●  
Equity Capital  
Raising

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Corporate  
Strategy and  
Outlook

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# Financial and operational highlights 1H18

**\$10.6 million**

1H18 pro forma total revenue<sup>1</sup>



36% growth in total revenue on 1H17<sup>1</sup>

**\$1.2 million**

1H18 pro forma EBITDA<sup>1</sup>



Up 151% on 1H17 EBITDA<sup>1</sup>

**\$20.8 million**

Pro forma SaaS revenue run rate<sup>2</sup>



Reflecting 97% of prospectus forecast FY18 SaaS revenue<sup>2</sup>

**1,002**

Customer base<sup>3</sup>



Up 91% since 30 June 2017

**2.48**

Modules per customer<sup>1</sup>



Up from 2.04 since 31 Dec 2016<sup>1</sup>

**93.1%**

Customer retention rate<sup>1,4</sup>

**Strong organic growth, accelerated  
with bolt-on acquisitions**

1. Excludes PeoplePulse, LiveSalary and Pivot Software

2. December 2017 SaaS revenue annualised

3. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software

4. 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



# ELMO at a glance

ELMO is one of Australia and New Zealand's leading providers of integrated cloud human resources "HR" and payroll 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 162 people across 4 offices in Australia and New Zealand<sup>1</sup>



Integrated Human Capital Management (HCM) and Payroll software providing 'hire to retire' software solutions across 12 modules



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 over 15 years



Customer base of 1,002<sup>1,3</sup> organisations and deployed across 13<sup>2</sup> different industries



Primarily targets mid-market organisations (100 - 1,000 employees)



Scalable SaaS, cloud-based platform, multi tenant infrastructure, single source code

1. As at 28 February 2018, includes PeoplePulse, LiveSalary and Pivot Software

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.

3. Includes 400 customers from PeoplePulse, LiveSalary and Pivot Software



# Key achievements 1H18

## New product offerings



Cloud Payroll,  
Rewards & Recognition,  
HR Surveys,  
Salary Benchmarking  
and Remuneration<sup>1</sup>

## Technology enhancements



76 product  
enhancements

## Acquisitions



PeoplePulse  
LiveSalary  
Sky Payroll  
Pivot Software

## Workforce



162 employees<sup>2</sup>

## Awards



Deloitte Fast 500 2017  
Smart50 2017  
Anthill Cool Company 2017

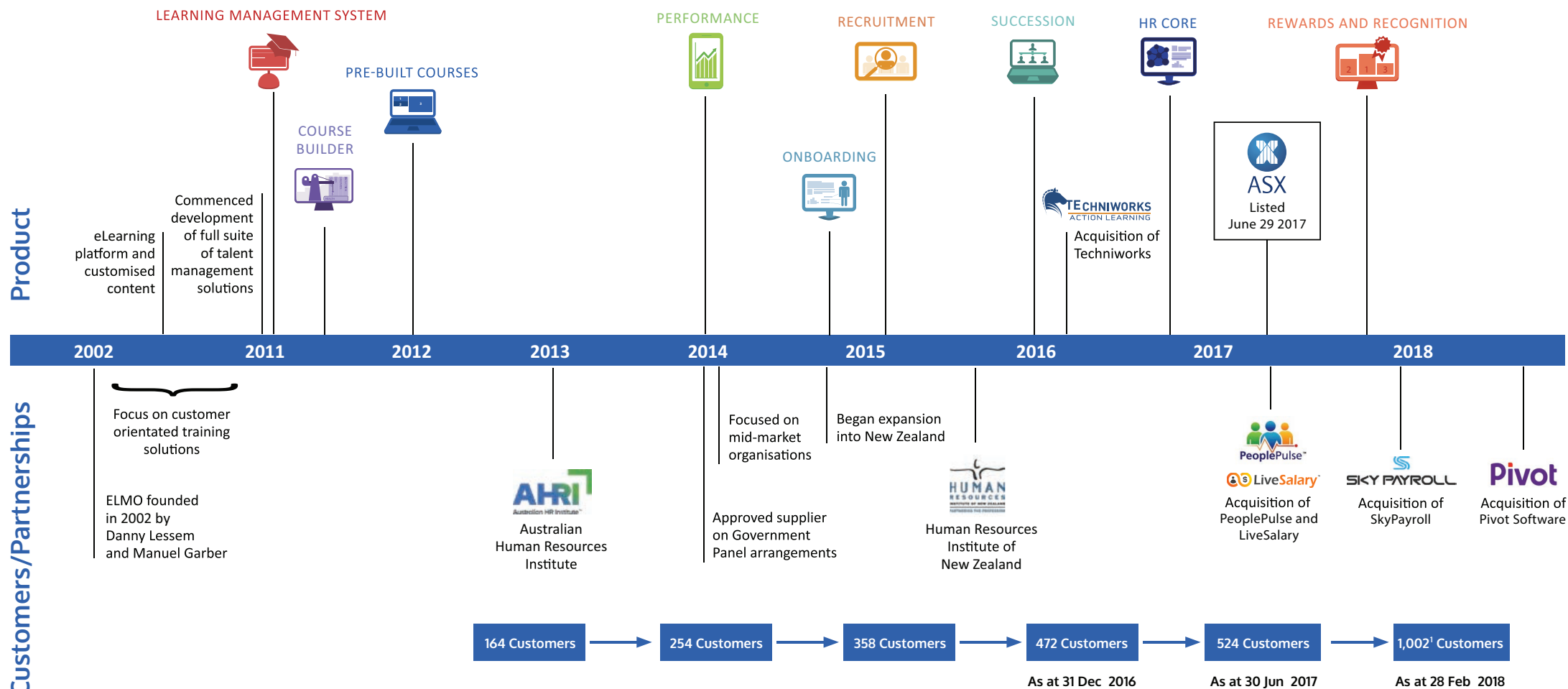


Strong growth in products, customers  
and SaaS revenue

1. As at 28 February 2018, includes PeoplePulse, LiveSalary and Pivot Software  
2. Includes PeoplePulse, LiveSalary and Pivot Software



# ELMO history



1. Includes 400 customers from PeoplePulse, LiveSalary and Pivot Software



# Large and growing addressable market

Total addressable market (TAM)  
for HCM solutions in ANZ ~US\$771m<sup>1</sup>

ANZ talent management  
~US\$416m<sup>1</sup>



ANZ HR admin  
~US\$355m<sup>1</sup>



ANZ target market size ~12,029 organisations<sup>1</sup>  
ELMO currently has ~8% market share in ANZ<sup>1</sup>

ANZ market  
potential customers  
12,029<sup>1</sup>

ELMO's  
market share  
of ~8%

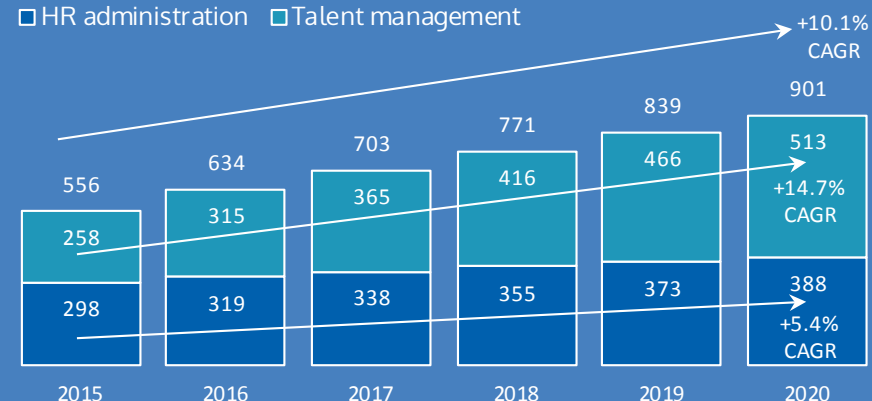
HCM TAM in ANZ ~US\$771m in 2018 growing at 10.1% CAGR from 2015 to 2020<sup>1</sup>

- Talent management solutions growing at an 8.1% CAGR over the next two years to 2020
- ELMO's 1H18 SaaS revenue growth of 34.3% is over 4x the market growth rate

ELMO's recent launch of HR core and Payroll increases the TAM by ~US\$355m

## ANZ HCM MARKET (US\$m)<sup>1</sup>

□ HR administration □ Talent management



1. Frost and Sullivan independent market report



# Leading integrated cloud HR and Payroll solution



PeoplePulse - HR Surveys



Live Salary - Salary Benchmarking



Sky Payroll - Cloud Payroll



Pivot Group - Remuneration





# Broad and diversified customer base

Government				
Education				
Construction and mining				
Professional services				
Healthcare and pharmaceuticals				
Other <sup>1</sup>				



1,002<sup>2</sup> organisations across Australia, New Zealand and Singapore



Largest customer contributes <2.2% of 1H18 revenue<sup>3</sup>



Top 10 customers contribute <12.5% of 1H18 revenue<sup>3</sup>







Industry agnostic

1. Includes finance, IT, telecommunications and media, industrials, hospitality, property, retail, transport and not for profit industries
2. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software
3. Based on statutory SaaS revenue excludes PeoplePulse, LiveSalary and Pivot Software

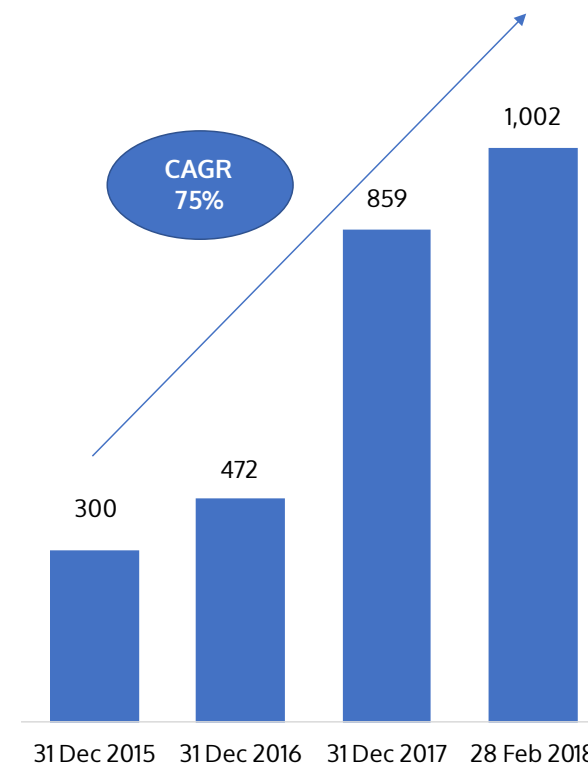


# Strong growth in customer base

## EXAMPLES OF RECENT CUSTOMER WINS

	Contract term	Number of employees	Modules purchased	Industry
	3 years	400	<ul style="list-style-type: none"><li>Recruitment</li><li>Onboarding</li><li>Performance</li><li>Succession</li><li>Learning</li><li>Course Library</li></ul>	Retail
	5 years	2800	<ul style="list-style-type: none"><li>HR Core</li><li>Recruitment</li><li>Onboarding</li><li>Learning</li><li>Course Library</li></ul>	Property
	4 years	200	<ul style="list-style-type: none"><li>HR Core</li><li>Onboarding</li><li>Performance</li><li>Learning</li><li>Course Library</li></ul>	Finance
	3 years	200	<ul style="list-style-type: none"><li>Recruitment</li><li>Onboarding</li><li>Performance</li><li>Learning</li><li>Course Library</li></ul>	Mining

## ELMO's CUSTOMER BASE GROWTH



478 increase in customers  
since 30 June 2017<sup>1</sup>



Average annual 1H18 revenue  
per customer of ~\$34.7k<sup>2,3</sup>



Average modules  
per customer of 2.48<sup>3</sup>



Customer retention of 93.1%<sup>3</sup>

1. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software  
2. Based on pro forma revenue  
3. Excludes PeoplePulse, LiveSalary and Pivot Software



# Investment highlights



## LEADING INTEGRATED CLOUD HR & PAYROLL PLATFORM

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



## BROAD AND DIVERSE CUSTOMER BASE

- Enlarged customer base of 1,002<sup>2</sup>
- Largest customer is <2.2% of 1H18 revenue
- Top 10 customers account for <12.5% of 1H18 revenue
- Industry agnostic



## HIGH RECURRING REVENUE WITH ATTRACTIVE CASH FLOW PROFILE

- 95% recurring revenue
- 36% revenue growth in FY18
- Customer contracts typically ~3 years and pay annually in advance



## LARGE AND GROWING ADDRESSABLE MARKET

- Cloud HCM TAM in ANZ 2018 ~US\$771m growing to ~US\$901m by 2020<sup>1</sup>
- Accelerating penetration of cloud based talent management solutions
- Increasing adoption in mid-market organisations



## 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. Frost and Sullivan independent market report

2. As at 28 February 2018, includes 400 customers from PeoplePulse, LiveSalary and Pivot Software



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Raising



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# Equity Raising Summary

<b>Structure and Size</b>	<ul style="list-style-type: none"><li>• Institutional Placement to raise approximately \$40m via the issue of ~7.4m new shares</li></ul>
<b>Offer Price</b>	<ul style="list-style-type: none"><li>• Placement price of \$5.40 per share, representing:<ul style="list-style-type: none"><li>- 10.1% discount to closing price of \$6.01 per share on 26 March 2018</li><li>- 9.5% discount to 5-day Volume Weighted Average Price (VWAP) of \$5.97 per share</li></ul></li></ul>
<b>Ranking</b>	<ul style="list-style-type: none"><li>• Shares issued via the Institutional Placement will rank equally with existing shares from the date of issue</li></ul>
<b>Share Purchase Plan ("SPP")</b>	<ul style="list-style-type: none"><li>• ELMO will offer eligible Australian and New Zealand shareholders the opportunity to acquire up to \$15,000 in New Shares via a SPP</li><li>• The issue price for shares issued under the SPP will be the same as the Institutional Placement</li><li>• The SPP will be capped at \$5m</li><li>• No brokerage or transaction costs are payable for shares issued under the SPP</li><li>• Shares issued via the SPP will rank equally with existing shares from the date of issue</li><li>• An SPP Offer Booklet containing further details of the SPP offer will be sent to eligible shareholders in due course</li></ul>



# Use of Proceeds

ELMO is undertaking the Institutional Placement to raise approximately \$40m, which will be used as follows:

	\$m <sup>1</sup>
Strengthening the balance sheet to support ongoing research and development, sales and marketing and general corporate purposes	10
Future acquisitions	
- Target with signed non-binding indicative offer	9
- Other opportunities	19
Equity raising costs	2
<b>Total Proceeds<sup>1</sup></b>	<b>40</b>

- Cash position as at 28 Feb 2018 of \$7.4m after deducting the Pivot Software acquisition cash costs of \$7.3m
- Provision for cash earn-out payments related to prior acquisitions of up to \$7.1m<sup>2</sup>

**This equity raising reflects ELMO's ongoing commitment towards its growth strategy that was announced as part of its Initial Public Offering in June 2017 to accelerate organic growth and enhance cross-sell and upsell opportunities across a larger customer base.**

1. Excludes potential proceeds from Share Purchase Plan (which will be used for further acquisitions)  
2. Includes maximum deferred cash consideration payable in relation to the acquisition of Pivot Software, PeoplePulse, LiveSalary and Sky Payroll



## Use of Proceeds (Continued)

- Since listing on the ASX, ELMO has successfully completed three acquisitions of businesses which are highly additive to ELMO's business, the acquisitions help to expand ELMO's product suite and create a more comprehensive product for customers, or grow ELMO's customer base
- 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
  - Completion of this acquisition is subject to due diligence and execution of a binding sale and purchase agreement
  - The transaction is expected to be completed prior to 30 June 2018
- ELMO anticipates completing further acquisitions over the next 12 months
  - The range of valuations of these potential opportunities are between ~\$5m and ~\$30m in total purchase price
  - ELMO is confident it will deploy a substantial portion of its raised funds within the next 12 months
  - Current live opportunities in the pipeline include complementary technologies, new customers and combinations of both



# Accelerated growth strategy

## Why we acquire

- Accelerate organic growth through targeted acquisitions
- Attractive client lists provide significant revenue growth opportunities through cross-sell and upsell
- Favorable valuations as point solutions face headwinds from unified solutions such as ELMO who can unlock the commercial opportunity available
- Sticky products with high customer retention and recurrent SaaS revenues mitigates integration risk
- Track record of acquiring and integrating well and delivering the anticipated synergies. Highly capable and experienced management team focused on strengthening the competitive advantage of the integrated product suite

## What we target

### 1. Complimentary technology to enhance ELMO's suite of modules

- Increases cross-sell ability to existing customers
- Additional adjacent products increases "hooks" for new business acquisition

### 2. Attractive client lists

- Gain market share and increase market penetration
- Leverage operational efficiencies to extract synergies
- Sell ELMO's multiple modules to target client base
- Cross-sell target modules to ELMO customer base



# Equity Raising Timetable Equity Raising Timetable

## Institutional placement

EVENT	DATE
Trading halt and announcement of Institutional Placement and SPP	27 March 2018
Institutional Placement bookbuild	27 March 2018
Trading halt lifted and ELMO shares recommence trading on ASX	28 March 2018
Settlement of Placement	3 April 2018
Allotment of new shares under the Institutional Placement	4 April 2018

## Share Purchase Plan

Record date for determining eligible participation to subscribe for new shares via the SPP	26 March 2018 (7:00pm AEDT)
SPP offer booklet dispatched to eligible shareholders	5 April 2018
SPP open	5 April 2018
SPP closes	18 April 2018
Allotment of new shares under the SPP	26 April 2018
Dispatch of holding statements in respect of new shares issued under SPP	27 April 2018



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# Strong organic growth strategy

Accelerated with bolt-on acquisitions



## Greater usage from existing customers

Increasing penetration amongst existing customer base with average modules per customer of 2.48 at 31 December 2017, up from 2.04 as at 31 December 2016

Strong customer retention rate of 93.1%



## New customers in existing markets

478 new customers, including PeoplePulse, LiveSalary and Pivot Software, added since 30 June 2017

Total customer base, including PeoplePulse, LiveSalary and Pivot Software of 1,002 as of 28 February 2018

Continuation of strong sales momentum

Aim to further increase adoption amongst mid-market firms

Significant opportunity to further penetrate existing markets



## Expand product line

Rewards and Recognition launched in 1H18

Acquired cloud payroll, HR survey, salary benchmarking and remuneration modules

Spent 16.7% of 1H18 revenue on R&D<sup>1, 2</sup>

Continuous development and deployment of new features on existing modules with 76 enhancements released during 1H18

Three new modules slated for release in the next 2-3 years



## Growth through acquisitions

Acquisition of PeoplePulse, LiveSalary, Sky Payroll and Pivot Software

Actively seeking bolt on acquisitions or complimentary technology to augment ELMO's value proposition

Disciplined approach, with significant resource and management expertise to complete integrations well and deliver synergy benefits

1. Includes both expensed and capitalised research and development costs  
2. Based on pro forma revenue



# PeoplePulse & LiveSalary acquisition

November 2017

## Transaction Summary:

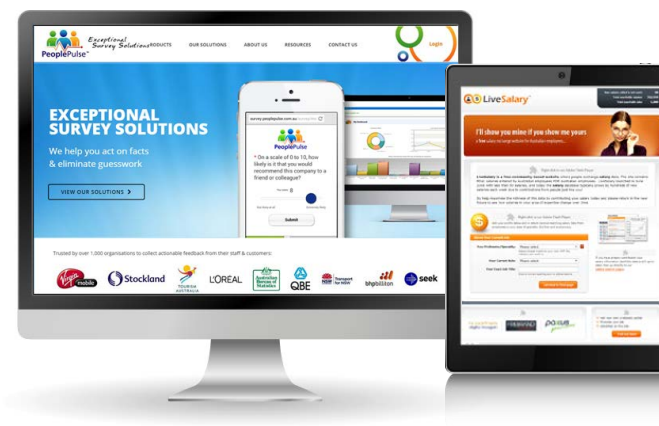
In November 2017, ELMO announced the acquisition of two specialised, SaaS based, HR management software solutions, in one transaction:

- PeoplePulse, an online employee and customer feedback survey platform that includes specialised HR surveys such as staff pulse surveys, onboarding surveys, training evaluations, net promoter scores and exit surveys
- LiveSalary, an online salary database and benchmarking platform to assist customers better recruit, reward and retain employees

## Transaction Highlights:

- **Purchase price \$10m**
  - \$8m payable in cash upfront
  - \$2m cash payable on anniversary of completion
  - \$2m cash payable on the first anniversary of completion should performance targets be met
- **Over 300 customer licenses**
- **FY17 revenue \$4.1m**
  - Over 90% recurring revenue
- **EV/FY17 revenue multiple 2.4x**
- **EPS accretive in FY18 and beyond**
- **Integration well advanced with systems, employees and customers retained**

**PeoplePulse and LiveSalary's highly scalable modules accelerate ELMO's product development program. In addition, the acquisitions represent a logical and complementary fit into ELMO's integrated HR Administration and Talent Management product suite.**





# Sky Payroll acquisition

December 2017

## Transaction Summary:

In December 2017, ELMO announced the acquisition of Sky Payroll a native cloud-based Australian SaaS payroll software system:

- Established in 2014
- 28,000 hours of research and development invested into Sky Payroll's platform
- Over \$300m of employment income has been processed using the system over the last 3 years

## Transaction Highlights:

- Purchase price \$1.4m
  - Initial purchase price of \$1.0m
    - 50/50 in cash and scrip with 24 month escrow
- \$0.2m cash payable on the first and second anniversary of completion
- \$0.2m cash payable on the first and second anniversary of completion should performance targets be achieved

**Payroll is a critical function in HR administration and represents a market opportunity of approximately \$600m.**

**A logical and complementary extension of ELMO's current integrated product suite.**



1. Frost and Sullivan - Payroll Market Report 2017



# Pivot software acquisition

February 2018

## Transaction Summary:

In February 2018, ELMO announced the acquisition of Pivot Software the leading provider of SaaS, cloud based Remuneration software in Australia and New Zealand:

- Operating since 2001, and formed in 2016 by the merger of two regional leaders in Remuneration software, Pivot (NZ based) and Remesys (AUS based)
- 120 customers, 93% revenue retention
- Annual revenues of \$4.5m over the last 12 months, 86% SaaS recurrent revenue, 30% EBITDA margins
- Acquisition expected to be EPS accretive
- Remuneration module can stand alone but also provides complementary fit with ELMO's Performance and Rewards modules

Remuneration management, including salaries, bonuses and complex short-term incentives (STI)/ long-term incentives (LTI), is a key function in human resource (HR) administration. Around 80% of the remuneration process is currently managed using spreadsheets, creating significant growth potential.

## Transaction Highlights:

- \$8.8m initial purchase price settled with a combination of cash and scrip, subject to voluntary escrow
- \$2.4m conditional deferred payment should performance targets be met, which is to be settled with a combination of cash and scrip, subject to voluntary escrow
- Acquisition consideration reflects EV/LTM<sup>1</sup> revenue multiple of 2.0, before synergies
- Cash consideration to be funded from ELMO's existing cash reserves



1. Last twelve months to 31 December 2017



# Integration Strategy

## 1. Integrate Target

### Assimilation

- Management control of operations
- Leverage operational efficiencies
- Tailor commercial standards to be consistent with ELMO's business

## 2. Develop Product

### Build out

- Fully integrate acquired product with ELMO's Cloud HR & Payroll suite
- Innovate and expand platform
- Upgrade functionality of acquired product
- Optimise user experience

## 3. Grow Revenue

### Roll out

- Conversion of acquired customer base
- Onboard and transition customers
- Expand module usage over time through cross-sell of additional modules in the ELMO suite





# Outlook and FY18 guidance upgrade

## Strong momentum into FY18

- Strong revenue growth across existing and new customers
- Enlarged customer base provides additional cross-sell opportunity
- Integration of PeoplePulse, LiveSalary, Sky Payroll and Pivot Software
- Organic growth prospectus forecast reaffirmed

## Business is well positioned for growth

- Launch of new modules including ELMO Rewards & Recognition, Payroll, HR Survey, Salary Benchmarking and Remuneration
  - Increases opportunity to accelerate new customer growth and increase revenue per existing customer
- Continued to expand suite of modules available to new and existing customers
- High recurring revenues and customer retention rates

## Consistent strong organic growth coupled with the accretive contribution of recent acquisitions

	Historical pro forma FY17 (\$000's)	Prospectus forecast pro forma FY18 (\$000's)	Full year impact of acquisitions (\$000's)	New guidance pro forma forecast FY18 (\$000's) <sup>1</sup>	New guidance pro forma FY18 growth vs historical pro forma FY17 (\$000's)
SaaS revenue	15,735	21,548	8,168	29,716	88.9%
Other revenue	1,240	853	631	1,484	19.7%
<b>Total revenue</b>	<b>16,975</b>	<b>22,402</b>	<b>8,798</b>	<b>31,200</b>	<b>83.8%</b>
EBITDA	1,223	2,684	3,044	5,728	368.4%

1. Includes acquisitions: PeoplePulse & LiveSalary, SkyPayroll and Pivot Software



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# Appendix

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ELMO



# Financial performance

- Total revenue increased by 36% compared 1H2017
- EBITDA increased on 1H17 by 151%
- Strong recurring revenue of 95.1% and SaaS revenue growth of 34%
- SaaS revenue run rate of 97%<sup>1</sup>

A\$000 Half year to 31 December	Pro forma 1H18	Pro forma 1H17	Variance
<b>SaaS revenue</b>	<b>10,033</b>	<b>7,471</b>	<b>34.3%</b>
<b>Other income</b>	<b>520</b>	<b>279</b>	<b>86.4%</b>
<b>Total revenue</b>	<b>10,553</b>	<b>7,750</b>	<b>36.2%</b>
<b>Gross profit</b>	<b>9,646</b>	<b>6,936</b>	<b>39.1%</b>
<b>Total operating expenses</b> (excluding depreciation and amortisation)	<b>(8,468)</b>	<b>(6,466)</b>	<b>30.9%</b>
<b>EBITDA</b>	<b>1,179</b>	<b>470</b>	<b>150.9%</b>
EBITDA margin	11.2%	6.1%	83.6%

Financial metrics			
Pro forma cash receipts	10,835	8,362	29.6%
Pro forma cash receipts as a % of pro forma revenue	102.7%	107.9%	(4.8)%
SaaS revenue growth	34.3%	20.9%	64.1%
Recurring revenue	95.1%	96.4%	(1.3)%
Pro forma gross margin	91.4%	89.5%	2.1%
R&D as a % of revenue (R&D spend)	16.7%	12.2%	36.9%

Operational metrics			
Number of customers	859 <sup>2</sup>	472 <sup>3</sup>	82.0%
Average annual revenue per SaaS customer <sup>3</sup>	34.7	31.7	9.5%
Average modules per customer <sup>3</sup>	2.48	2.04	21.5%
Number of employees	130 <sup>2</sup>	85	52.9%

1. December 2017 SaaS revenue annualised

2. Includes PeoplePulse, LiveSalary

3. Excludes PeoplePulse, LiveSalary



# Pro forma income statement

A\$000 Half year to 31 December	1H16	Pro forma 1H17	1H18
SaaS revenue	6,177	7,471	10,033
Other income	160	279	520
<b>Total revenue</b>	<b>6,337</b>	<b>7,750</b>	<b>10,553</b>
Cost of sales	(581)	(814)	(907)
Gross profit	5,756	6,936	9,646
Gross profit margin	90.8%	89.5%	91.4%
Sales and marketing	(1,731)	(3,089)	(4,162)
Research and development	(135)	(63)	(230)
General and administration	(3,026)	(3,314)	(4,076)
Total operating expenses	(4,892)	(6,466)	(8,467)
<b>EBITDA</b>	<b>864</b>	<b>470</b>	<b>1,179</b>



# Reconciliation from statutory to pro forma income statement

A\$000 Half year to 31 December	1H16	Pro forma Historical 1H17	1H18
Statutory revenue	5,995	7,374	10,917
Net impact of Quintessential acquisition	-	-	364
Net impact of Techniworks acquisition and revenue from discontinued operations	342	376	-
<b>Pro forma revenue</b>	<b>6,337</b>	<b>7,750</b>	<b>10,553</b>
Statutory EBITDA	692	570	785
Net impact of Quintessential acquisition	-	-	(137)
EBITDA from discontinued operations	237	247	-
Net impact of Techniworks acquisition	617	274	-
Acquisition costs	-	-	531
Offer costs	-	61	-
Incremental public costs	(682)	(682)	-
<b>Pro forma EBITDA</b>	<b>864</b>	<b>470</b>	<b>1,179</b>



# Statutory balance sheet

	31 December 2016	30 June 2017	31 December 2017
Cash and cash equivalents	2,698	26,601	15,326
Other current assets	3,893	4,443	5,494
<b>Total current assets</b>	<b>6,591</b>	<b>31,044</b>	<b>20,820</b>
Intangibles	5,798	5,971	20,299
Other non-current assets	400	605	512
<b>Total non-current assets</b>	<b>6,198</b>	<b>6,576</b>	<b>20,811</b>
<b>Total assets</b>	<b>12,789</b>	<b>37,620</b>	<b>41,631</b>
Trade payables	1,903	3,014	2,567
Income in advance	7,742	9,072	10,096
Business combination liability	1,000	1,000	4,088
Other current liabilities	452	654	714
<b>Total current liabilities</b>	<b>11,097</b>	<b>13,740</b>	<b>17,465</b>
<b>Total non-current liabilities</b>	<b>891</b>	<b>115</b>	<b>881</b>
<b>Total liabilities</b>	<b>11,998</b>	<b>13,855</b>	<b>18,346</b>
<b>Net assets</b>	<b>801</b>	<b>23,765</b>	<b>23,285</b>



# 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.)

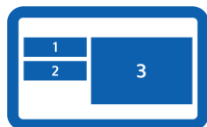
**Create assessments** - Select question type (multi-choice, T/F, drag and drop), insert images/voice-over, randomise questions, and set pass mark

**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



# Solution offerings detail



## 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



## REWARDS & RECOGNITION

**Peer to peer recognition** - Recognise individuals, teams and/or departments with configurable recognition categories

**Manager to employee recognition** - Recognise high performers with comments and points allocation. Integrates with ELMO Performance

**Configurable badges and certificates** - Acknowledge milestones with badges, certificates, loyalty awards; send and receive nominations



## PAYROLL

**Payroll & HR in a single platform** - Reduce administrative tasks while improving synergy, accuracy, compliance and consistency of HR & payroll information

**Better employee visibility** - Employees can access their benefits and payroll in a single portal, increasing self-service and reducing the burden on HR and Finance teams

**Faster and improved reporting** - Create richer, more tailored reporting, enabling you to plan for your workforce in a changing environment



# Solution offerings detail



## HR SURVEYS

### **Integrated or Standalone**

**Solution** - Collect feedback across all ELMO modules directly or from external sources

### **Benchmark Survey Templates**

Library of best practice templates including onboarding, engagement, pulse, NPS etc. Benchmark results against other organisations

**Powerful Insights** - Get powerful and meaningful insights from collected data by using ELMO Survey reporting



## SALARY BENCHMARKING

**Real time, real world data** - Provide salary benchmarks at key decision points of the employee lifecycle

### **Fully integrated salary benchmarks**

- Allows users to research market trends in salary packages

**Reporting and analysis** - Review recruitment budgets alongside our salary benchmark reports to stay talent competitive.



## REMUNERATION

### **Streamline remuneration process**

- Easily manage the end-to-end remuneration allocation and approvals process

**Managers empowered** - Make more informed decisions about the allocation of salary, bonus & equity awards

**Link salary planning with ELMO suite** - Combine performance data with remuneration strategies to align employee performance and remuneration



# Experienced board and management team

## 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



# Key Risks

RISK	Summary
<b>Failure to Retain Existing Customers and Attract New Customers</b>	The success of ELMO's business relies on its ability to attract new customers and to retain and increase revenue from existing customers. ELMO primarily generates revenue through customers utilising modules on their platform by which customers typically pay annual subscription fees in advance. The majority of ELMO's contracts with customers run for three years. ELMO's customers have no obligation to renew their service offering when their contract term ends and ELMO cannot guarantee that all or any of its customers will renew their current service offering after the completion of their contract term. Accordingly, there is a risk that customers reduce or cease usage of ELMO's platform which would result in a reduction in the level of payments they make to ELMO including revenue characterised as recurring revenue
<b>Competition Risks</b>	There are a number of organisations which compete both directly and indirectly with ELMO in the paper-based and business technology solutions sectors. While ELMO is a leading provider of human resource and payroll software solutions in Australia and New Zealand, some of ELMO's competitors may have or may develop competitive advantages over ELMO and may be larger on an international or regional basis and have greater access to capital or other resources. The market share of ELMO's competitors may increase or decrease as a result of various factors such as securing large new customers, developing new technologies and adopting pricing strategies specifically designed to gain market share. These competitive actions may reduce the prices that ELMO is able to charge for its products and services or reduce ELMO's activity levels, both of which would negatively impact the financial performance of ELMO
<b>Ability to Attract and Retain Key Personnel</b>	A perceived critical component of the success of the Company is the ongoing retention of key personnel, specifically, founder and CEO, Danny Lessem, and members of the management and product research and development teams. There is a risk ELMO may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel, or any delay in their replacement, could have a significant negative impact on management's ability to operate the business and achieve financial performance targets and strategic growth objectives
<b>Pricing Risk</b>	ELMO primarily generates revenue by charging annual subscription fees to its customers for the length of the contract which are based on both the type of module as well as the number of users per module. Upon completion of their contract, ELMO's customers may try to renegotiate contract terms for more favourable price discounts which, if capped, would result in a direct reduction in the payments they make to ELMO and have a negative impact on ELMO's financial performance. While ELMO may resist such attempts to renegotiate prices, business economics, market conditions or competitive forces may dictate such terms need to be accepted. In addition, ELMO does not currently incorporate any annual price increase clauses into their contracts such as a price increase based on the level of consumer price index. As a result, ELMO is currently unable to pass on any potential cost increases it may face onto its customers. Consequently, any significant increase in costs that ELMO incurs could have a material adverse effect on ELMO's financial performance
<b>Reliance on ELMO's Talent Management Software Solutions and Failure to Adequately Maintain and Develop It</b>	ELMO's business model depends on ELMO's ability to continue to ensure that ELMO's customers are satisfied with the functionality of ELMO's talent management software solutions. The market for talent management software solutions is subject to evolving industry standards, changing regulations as well as ever changing customer needs and preferences. ELMO's success will depend on its ability to adapt and respond effectively to these changes on a timely basis. There is a risk that ELMO may fail to maintain its software platform adequately or that future updates may introduce errors and performance issues causing customer satisfaction to fall
<b>Reliance on Up-take of SaaS-based Talent Management Software Solutions</b>	ELMO's future revenue and growth depends on the increasing adoption of SaaS-based talent management software solutions. It may be difficult for ELMO to persuade potential customers to change their existing legacy on-premise, manual paper-based or point solution and adopt SaaS-based talent management solutions like ELMO's. If ELMO's solutions are not accepted and used by more mid-market organisations or if the market for talent management solutions fails to grow as expected, ELMO's platform could be adversely affected and revenue growth may slow, which could negatively impact ELMO's operating and financial performance
<b>Failure to Realise Benefits from Product Research and Development</b>	Developing software and technology is expensive and often involves an extended period of time to achieve a return on investment. An important aspect of ELMO's business is to continue to invest in innovation and related product development opportunities. ELMO believes that it must continue to dedicate resources to ELMO's innovation efforts to develop ELMO's software and technology product offering and maintain the Company's competitive position. ELMO may not however, receive benefits from these investments for several years or may not receive benefits from these investments at all
<b>Failure to effectively manage growth</b>	Based on ELMO's projections, ELMO expects further organic and inorganic growth in the future which could place significant strain on current management, operational and finance resources as well as the infrastructure supporting ELMO's platform. ELMO's future success, depends, to a certain extent, on ELMO's ability to effectively manage this growth.



# Key Risks (Continued)

RISK	Summary
<b>Disruption or Failure of Technology and Software Systems</b>	ELMO and its customers are dependent on the performance, reliability and availability of ELMO's platform, data centres and communications systems (including servers, the internet, hosting services and the cloud environment in which ELMO provides its solutions). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external misuse by websites, cyber-attacks or other disruptions including natural disasters, power outages or other similar events
<b>Reliance on Third Party Service Providers</b>	ELMO relies on certain contracts with third party service providers to facilitate the use of ELMO's solutions. In particular, ELMO relies on a third party service provider for the Company's cloud hosting services. ELMO also relies on the use of third party service providers for system documentation, software layers and code management and monitoring and auditing the Company's IT infrastructure and network. Any failure or disruption to the service provided from the third party service providers that ELMO's business relies on to efficiently operate could negatively impact ELMO's operating and financial performance
<b>Loss or Theft of Data and Failure of Data Security Systems</b>	ELMO's products involve the storage of customers' confidential and proprietary information including information regarding their employees. ELMO's business could be materially impacted by security breaches of ELMO's customers' data either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data. There is a risk that any measures taken may not be sufficient to prevent or detect unauthorised access to, or disclosure of, such confidential or proprietary information, and any of these events may cause significant disruption to ELMO's business and operations. This may also expose ELMO to reputational damage, regulatory scrutiny and fines, any of which could materially impact ELMO's operating and financial performance
<b>Protection of Intellectual Property</b>	The value of ELMO's products is dependent on ELMO's ability to protect its intellectual property, including trademarks, copyright and moral rights. There is a risk that ELMO may be unable to detect the unauthorised use of intellectual property rights in all instances. Further, actions that ELMO takes to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of, or copying or circumvention of, ELMO's intellectual property and proprietary information
<b>Success of Sales and Marketing Strategy</b>	ELMO's future success is partly dependent on the realisation of benefits from investment spent on sales and marketing campaigns and initiatives. Promoting awareness of ELMO's brand and reputation is critical to ELMO's success as a SaaS, cloud-based talent management software solutions provider. ELMO expects that sales and marketing investment will continue to increase as the business grows. ELMO may not, however receive benefits from these investments for several years or may not receive benefits from these investments at all. Failure to realise intended benefits from sales and marketing investment could negatively impact ELMO's ability to attract new customers and adversely impact ELMO's operating and financial performance
<b>Breach of Third Party IP Rights</b>	There is a risk that third parties may allege that ELMO's solutions use IP derived by them or from their products without their consent or permission. ELMO may be the subject of claims which could result in disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on ELMO's operations, reputation and financial performance
<b>Failure to Consider Changes in Compliance and Regulatory Environment</b>	ELMO's customers rely on having accurate and up to date information available on their platform including ELMO's eLearning course content library. ELMO constantly monitors changes to the relevant regulatory and compliance legislation that affects its platform, eLearning course content library and the training programs the Company offers. There is a risk that ELMO fails to keep abreast of these changes and subsequently fails to make the necessary updates to ELMO's platform or fails to make the necessary updates in a timely manner which could have an adverse impact on ELMO's customer satisfaction, operations and financial performance
<b>Revenue Recognised Throughout Term of Customer Contracts</b>	ELMO recognises revenue over the term of the agreement with its customers which are typically three years in length. ELMO invoices customers annually, in advance and recognises revenue monthly on a pro- rated basis throughout the term of the contract. As a result, most of the revenue realised in any given period relates to agreements entered into during previous periods. Consequently, a shortfall in demand for ELMO's solutions or losses in the existing customer base may not be reflected in the revenue results of that period but are likely to negatively impact revenue in subsequent periods
<b>Country / Region Specific Risks in New and/or Unfamiliar Markets</b>	ELMO has operations in overseas jurisdictions and is exposed to a range of different legal and regulatory regimes (such as New Zealand and Singapore). As ELMO expands its presence into new international jurisdictions, ELMO is subject to the risks associated with doing business in the relevant regions, which may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks



# Key Risks (Continued)

RISK	Summary
General Economic Conditions	Adverse changes in economic conditions including economic growth rates, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation rates, government policies, international economic conditions and employment rates amongst others are outside of ELMO's control, and have the potential to have an adverse impact on the future operational and financial performance of ELMO
Foreign Exchange Risk	ELMO's financial statements are presented in Australian Dollars. Although only a small portion of current sales revenue is denominated in currencies other than the Australian Dollar, this portion may increase over time as ELMO continues to grow and to expand into overseas jurisdictions. Future changes in the exchange rates in the jurisdictions in which ELMO operates may adversely impact ELMO's operating and financial performance
Unforeseen increased costs Risk	ELMO's future financial performance is dependent, to a certain extent, on the level of capital expenditure that is required to maintain its assets. Any significant unforeseen increase in the capital and operating costs associated with ELMO's operations would impact its future cash flow and profitability
Regulatory and Tax Risks	ELMO is exposed to any changes in regulatory conditions under which it operates in Australia and New Zealand. Such regulatory changes can include, but are not limited to, changes in tax laws and policies, accounting laws, policies, standards and practices, laws and regulations that may impact upon the operations and business practices of ELMO and its management; and employment laws and regulations including laws and regulations related to occupational health and safety. Any change in the current rate of company income tax in Australia and New Zealand may impact upon the financial performance and cash flows, ability to pay dividends and ELMO's share price which in turn could impact shareholder returns
Litigation Risk	In the ordinary course of business, ELMO may be involved in litigation disputes from time to time. Litigation disputes brought by third parties; including but not limited to customers, suppliers, business partners and employees may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of the Company's insurance
Force Majeure Events	Events may occur within or outside Australia that could impact upon the Australian economy, the Company and the price of Shares. These events are outside ELMO's control and include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for ELMO's products and its ability to conduct business. ELMO has only a limited ability to insure against some of these risks
Major Shareholder Risk	ELMO currently has a number of substantial shareholders on its registers. There is a risk that these shareholders or other larger shareholders may sell their shares at a future date. This could cause the price of ELMO shares to decline
Share Price Movements	There are risks associated with any investment in a listed company on the ASX. The value of shares may rise above or below the current share price, depending on the operational and financial performance of ELMO and a number of external factors over which ELMO, its Directors nor its employees have any control. Those external factors include economic conditions in Australia, New Zealand and overseas which may impact equity capital markets; changing investor sentiment in Australia, New Zealand and overseas share markets; changes in fiscal, monetary, regulatory or other government policies and developments and general conditions in the markets in which ELMO proposes to operate and which may impact on the future value and pricing of ELMO shares
Due diligence and integration risks associated with buying a new business	ELMO has recently completed a number of acquisitions and is likely to seek further acquisition in the future. There can be no assurance that suitable future acquisition opportunities will arise or if they do arise that they will be able to be made on acceptable terms. There is also a risk that the acquisitions may fail to meet ELMO's strategic and financial objectives (including, if applicable) the transition of customers from on business to ELMO's business), generate the synergies and benefits that ELMO expected or provide an adequate return on the purchase price. While ELMO will undertake reasonable and appropriate due diligence in respect of additional acquisition opportunities, there is a risk that ELMO's due diligence and analysis may be incomplete or inaccurate. An unforeseen liability that arises after the acquisition, and for which ELMO has no warranty or indemnity protection under the sale and purchase agreement, may impact on the investment and ultimately ELMO's financial performance.
Risk of shareholder dilution	In the future ELMO may wish to elect to issue shares or engage in capital raisings to help fund acquisitions. While ELMO is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period without shareholder approval (subject to certain exceptions), shareholders at the time may be diluted as a result of such issues of shares and capital raisings.



# International Selling Restrictions

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# International Selling Restrictions (Continued)

New Zealand	<p>This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”). The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.</p> <p>Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:</p> <ul style="list-style-type: none"><li>• is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;</li><li>• meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;</li><li>• is large within the meaning of clause 39 of Schedule 1 of the FMC Act;</li><li>• is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or</li><li>• is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.</li></ul>
Singapore	<p>This document and any other materials relating to the offer or sale of the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore, and statutory liability under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”) in relation to the content of prospectuses would not apply. Accordingly, this document or any part thereof and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed in any manner whatsoever, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.</p> <p>This document has been given to you on the basis that you are: (i) a person (being no more than 50 in number) that the Company is making or has made an offer of securities to within the last 12 months pursuant to Section 272B of the SFA; (ii) an existing holder of the Company’s shares pursuant to Section 273(1)(cd) of the SFA; (iii) an “institutional investor” (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA; or (iv) a “relevant person” (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) or 275(1A) of the SFA. You agree to be bound by the disclaimers, limitations and restrictions described herein. In the event that you are not an investor falling within any of the categories set out above, please return this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares immediately.</p> <p>This document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be relied upon by any other person other than persons to whom the New Shares are offered or sold, or for any other purpose. You shall not reissue, distribute, forward or circulate this document or any part thereof in any manner whatsoever to any other person in Singapore.</p> <p>Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to consider carefully whether the investment is suitable for them and seek independent professional advice to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.</p> <p>Accordingly, the Company has represented, warranted and agreed that it has not offered or sold any New Shares or caused the New Shares to be made the subject of an invitation for subscription or purchase, and will not offer or sell the New Shares or cause the New Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed nor will it circulate or distribute this document or any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, applicable provisions of the SFA.</p>