ELMO Software Limited
ABN 13 102 455 087

ASX ANNOUNCEMENT

24 January 2019

ELMO acquires rostering and time & attendance solution

Transaction highlights:

- Acquisition of Get BoxSuite Pty Ltd **("BoxSuite"),** a SaaS, cloud-based specialist in workplace rostering and time & attendance (including award interpretation for calculation of pay rates) for casual and shift-based employees
- Large new market opportunity with over 5.92 million casual and shift-based employees across Australia and New Zealand, which represents a ~$426 million market[1]
- BoxSuite is a logical extension to ELMO's existing array of solutions and is a natural adjacency to the Company's HR & Payroll platform
- BoxSuite's rostering module enables organisations to schedule shifts and monitor staff costs while its time & attendance software enables organisations to efficiently record and manage employee hours, calculate appropriate remuneration rates, and seamlessly integrate with external payroll platforms
- Total acquisition consideration of $1.4 million, with $1.0 million payable on completion and a $0.4 million deferred payment
- The acquisition of BoxSuite is firmly in line with ELMO's growth strategy to supplement the Company's strong organic growth with complementary technology to offer customers an integrated product suite of HR & payroll solutions

ELMO today announces the execution of a binding sale agreement to acquire 100% of the shares in BoxSuite. BoxSuite is a SaaS, cloud-based specialist software provider for workplace rostering and time & attendance management, which includes an in-built award interpreter for the calculation of appropriate remuneration rates. The total acquisition consideration is $1.4 million, which is to be settled in cash, of which $1.0 million is to be paid on completion with a deferred payment of $0.4 million based on agreed milestones. The transaction is expected to complete in late January 2019.

BoxSuite accelerates ELMO's entry into the large $426 million rostering and time & attendance market across Australia and New Zealand. BoxSuite brings cost advantages compared to organic in-house development, as well as earlier realisation of the commercial benefits that an enlarged product suite offers. BoxSuite's modules are a natural adjacency to ELMO's existing HR & Payroll platform and provides a suitable solution for the Company's existing customers who employ casual and shift-based employees.

Established in 2015, BoxSuite was developed by its founder Jeremy Scott, who has also played a key role in the development of other market leading cloud solutions, such as the labour hire platform, Sidekicker. Since 2015, BoxSuite has rostered over 5 million shifts for organisations across Australia and New Zealand.

In Australia and New Zealand, there are approximately 5.92 million casual and shift-based employees, which together, represent a ~$426 million total available market. It is estimated that

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[1] Frost & Sullivan 2018

approximately 60% of the casual and shift-based employee market is managed through the use of manual based processes[1]. The current market landscape for rostering and time & attendance software is fragmented and is mainly serviced by a variety of single point solution providers. The addition of BoxSuite to ELMO's platform uniquely positions ELMO as the only Australian company who can provide a one-stop-shop for cloud HR, payroll and rostering/time & attendance software solutions.

BoxSuite currently generates SaaS revenues of ~$100k and is EBITDA neutral. ELMO aims to accelerate growth in this segment with its advanced distribution mechanism, sales and marketing engine and deep industry relationships, while targeting the cross-sell opportunities available across the Company's customer base of 1,000+ organisations.

ELMO CEO Danny Lessem said, "This acquisition provides cutting edge native SaaS, cloud-based technology to disrupt the large and growing rostering and time & attendance market. Our customers have been calling out for us to add a rostering and time & attendance solution to manage their shift-based workers. Rostering and time & attendance is a lucrative market and has been on our product development roadmap for some time. ELMO will now be in a unique position as the only SaaS vendor in the Australian and New Zealand market to offer a single-integrated solution with HR, payroll and rostering/time & attendance."

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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.

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