

ELMO Software

HR | Payroll | Time & attendance



Annual General Meeting of Shareholders

ASX:ELO

26 November 2019





Danny Lessem
Chief Executive Officer

Company overview

A leading provider of integrated cloud HR, payroll, rostering / time & attendance software in Australia & New Zealand (ANZ)

ELMO's convergent solution provides customers with an all-in-one, frictionless platform to manage people, process and pay

ONE vendor
ONE dashboard
ONE user-experience

Snapshot¹



349 employees – as at 30 September 2019



6 Offices throughout the ANZ region



Customer base of 1,341 organisations



Scalable SaaS cloud-based platform



ANZ = regional focus



ANZ Total Addressable Market \$2.4bn²

1. As at 30 June 2019 unless otherwise stated
2. Frost & Sullivan independent market report 2019

Financial and operational highlights FY19

Continuing to deliver on our growth strategy

\$46.0 million

Annualised recurring revenue (ARR)¹



47.8% growth in ARR from FY18

\$42.6 million

FY19 pro forma revenue²



\$40.1m FY19 statutory revenue
up 51.2% on FY18

86.6%

Gross profit margin



High gross profit margin

1,341

Customers as at 30 June 2019



Customers increased 30.1%
since 30 June 2018

92.1%

Customer retention³



110.8% customer dollar retention⁴,
net of churn

\$621 million

Lifetime value (LTV) of customer
base at 30 June 2019⁵



Up \$156m from \$465m at 30 June
2018 on an ARR basis

**Capital raise of \$70m from institutional and retail investors
in September 2019 to fuel growth in FY21 and beyond**

1. June 2019 subscription revenue annualised. Subscription revenue was formerly referred to as "SaaS revenue"

2. Pro forma revenue includes the full year impact of FY19 acquisitions

3. Customer retention is calculated by dividing the number of customers in the current period who were active customers at the end of the prior period by the number of customers at the end of the prior period

4. Customer dollar retention is calculated by dividing the incremental ARR in FY19 by the ARR spend in FY18 of the same customer cohort

5. LTV is calculated by multiplying the average ARR per customer over the past 12 months by gross profit margin (%) divided by revenue churn

Large and growing addressable market

Significant headroom for growth in ANZ

ANZ Total Addressable Market (TAM)
50+ employee organisations^{1,2,3}

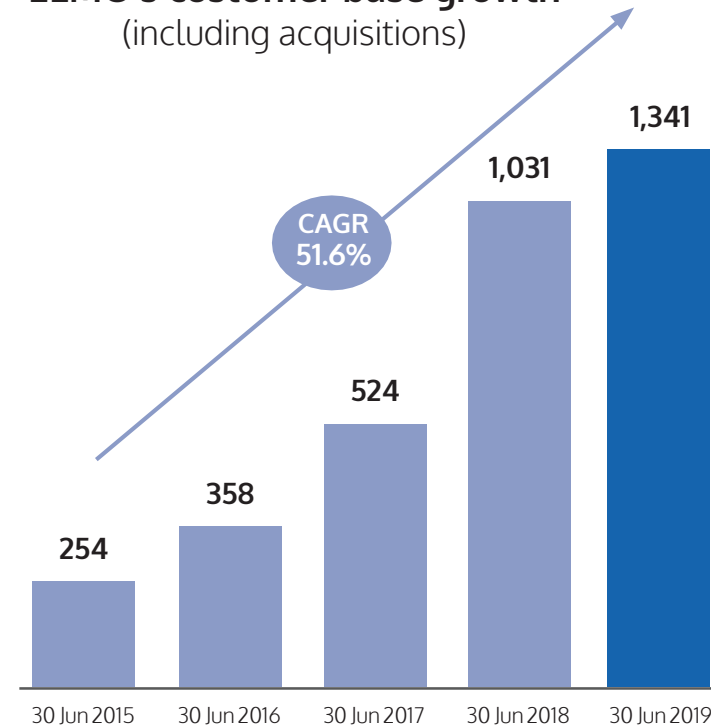
ANZ market potential
~23,813 organisations²

Total Addressable Market
~\$2.4bn

ELMO

Market penetration
~5.6% organisations with
average of 2.4 out of 13 modules

ELMO's customer base growth
(including acquisitions)



Large opportunity for growing customer base and increasing module saturation of existing customer base

1. Frost & Sullivan independent market report 2019

2. TAM includes organisations from 50 to 200 employees (lower mid-market) across Talent Management, HR Core, Payroll and Rostering / Time & Attendance

3. Assumes full penetration of ELMO modules across all organisations

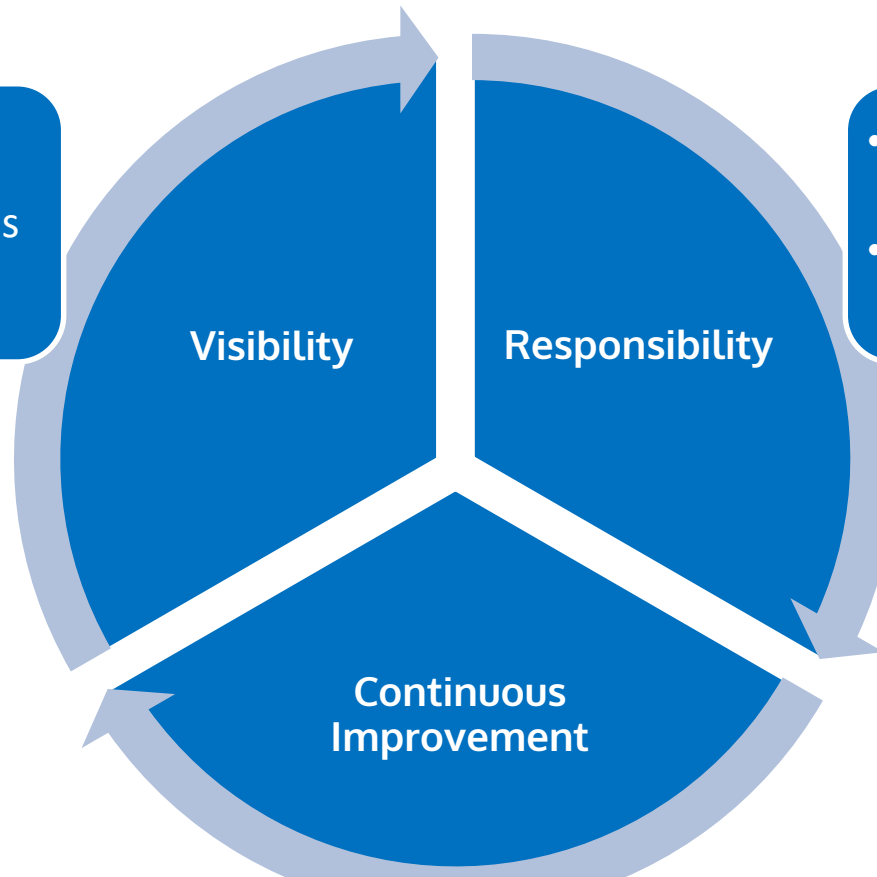


Monica Watt
Chief Human Resources Officer

People & Culture

Aligning ELMONians to corporate objectives

- Align ELMONians to corporate objectives
- Foster culture that creates “Agents of change” not passengers



- Actualise ELMONians full potential
- Delegation in a flat structure to achieve goals

- Individuals constantly challenged to perform and innovate
- Professional development

Recruitment, Performance & Retention

Objectives, measures & employee value proposition (EVP)

Recruitment

- Employee referral scheme
- Specialist recruiters
- Market Analysis

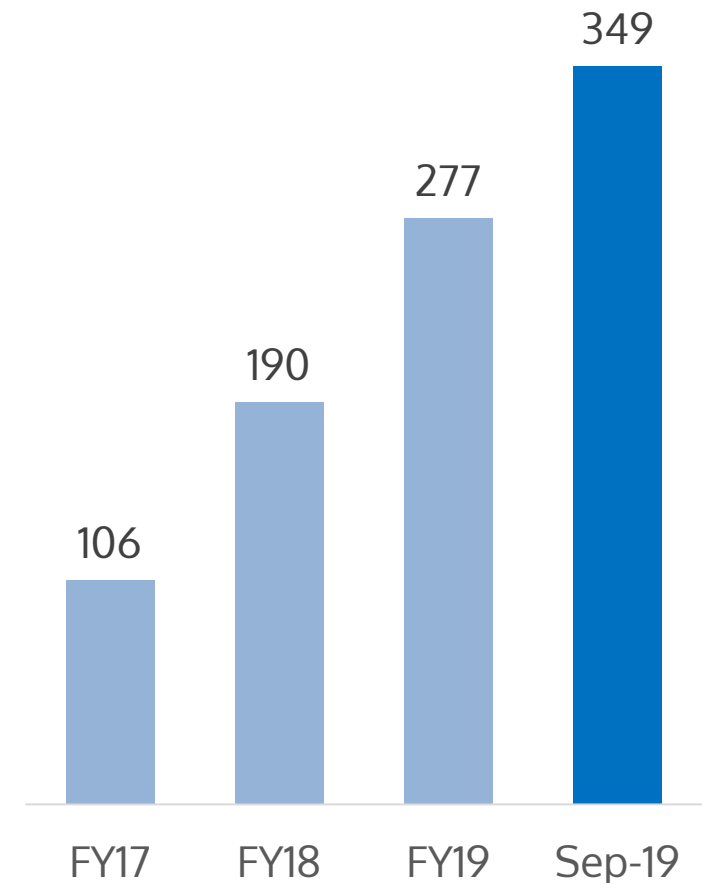
Performance




- Pay for performance
- Rewards and recognition
- Check ins: Quarterly Objectives and Key Results (OKR), feedback loops

Retention

- Learning and development
- Career pathways
- EVP - Work environment and wellbeing

Headcount





Gordon Starkey
Chief Operating Officer

Market leader in ANZ

Positioned to be the pre-eminent convergent platform provider of cloud HR, payroll, rostering / time & attendance software in ANZ



Land



Increase new customers

Expand

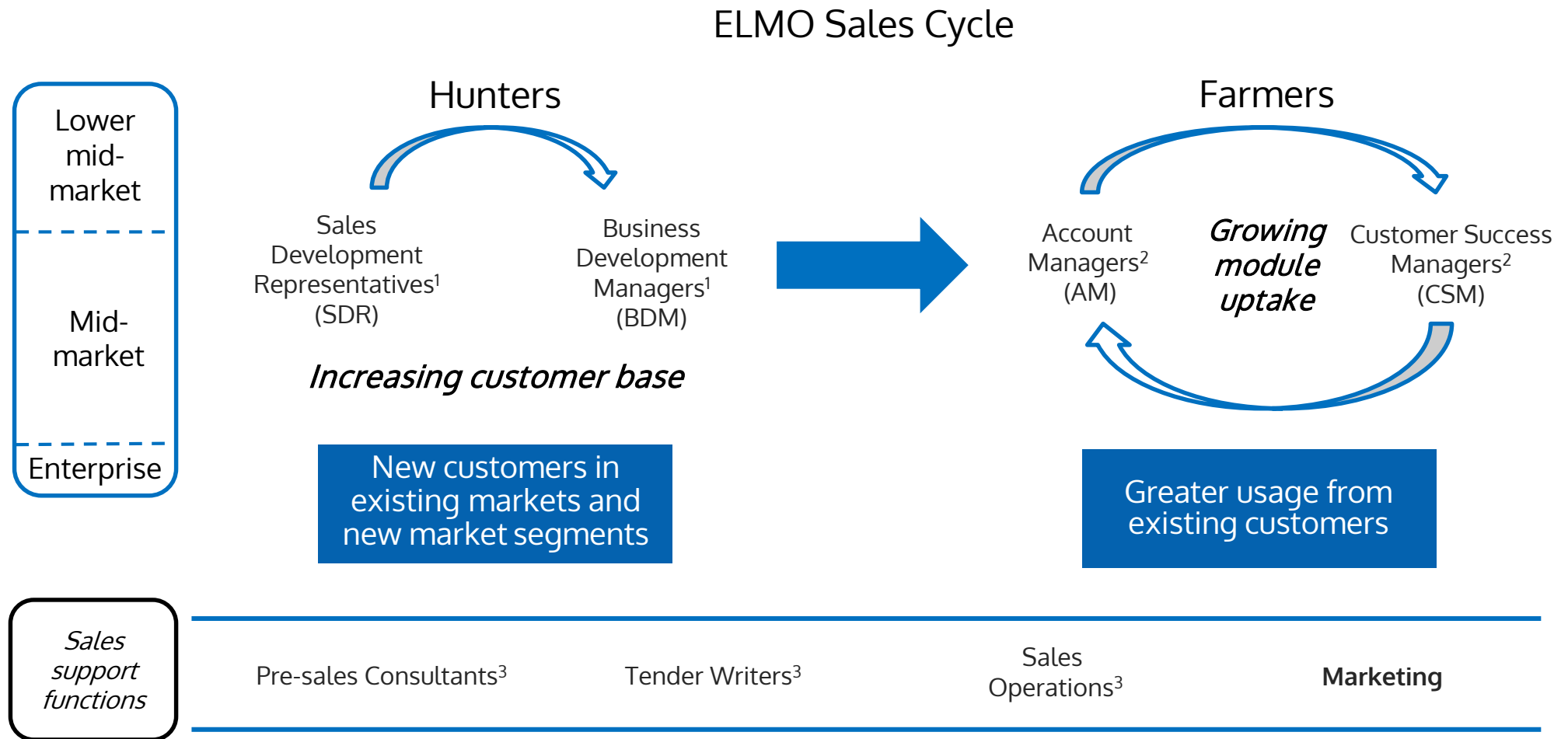


Retain customers
Cross-sell to existing customers

Scalable Sales & Marketing structure to facilitate growth

Sales structure

ELMO's sales engine built on a scalable foundation to enable long term growth



1. SDRs are responsible for opportunity generation. BDMs focus on the acquisition of new customers

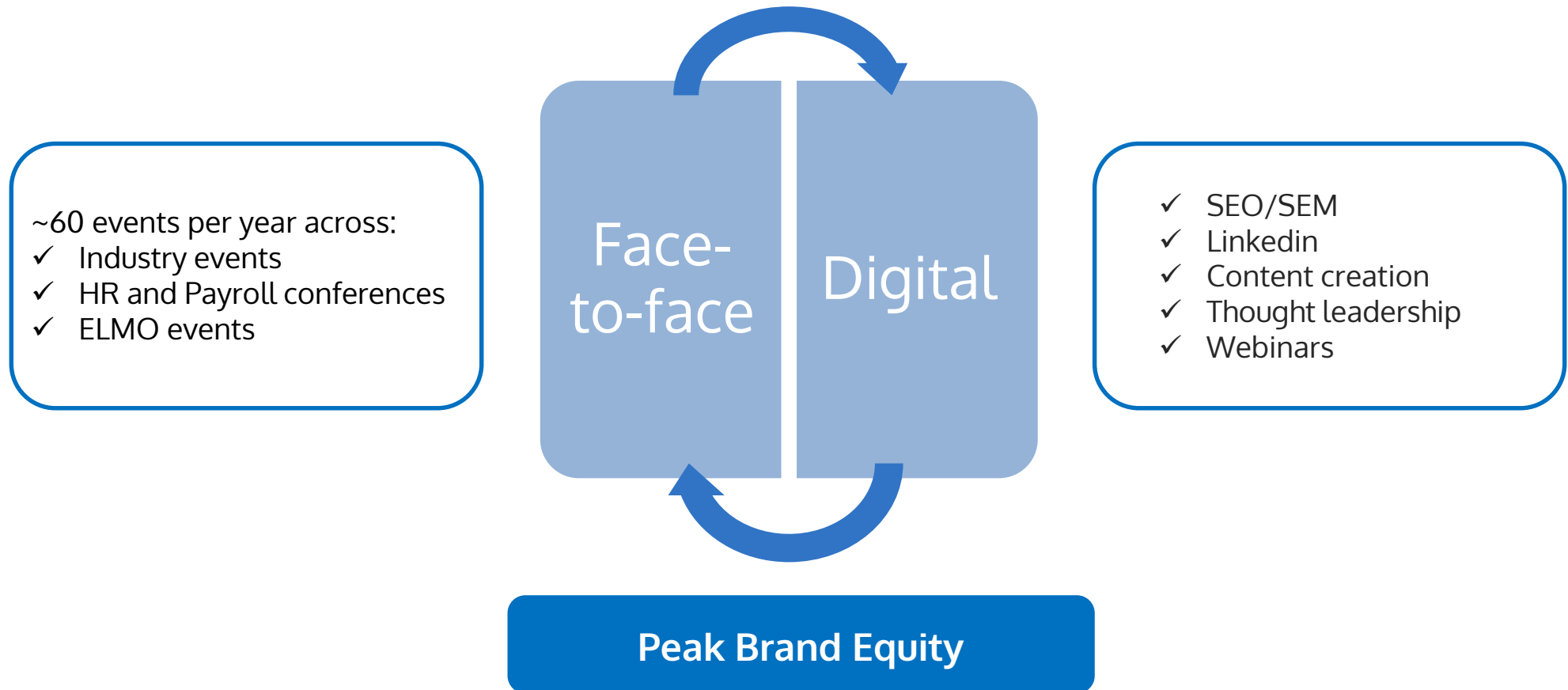
2. AMs are responsible for existing client management and cross-sell. CSMs focus on client retention and engagement

3. Pre-sales Consultants provide highly contextualised demonstrations. Tender Writers assist in the formation of formal procurement and RFP responses. Sales operations manage leading edge sales and marketing tools

Marketing Strategy

ELMO manages a wide ranging marketing strategy to capitalise on our peak brand equity

Multiple touch points on clients





Darryl Garber
Chief Commercial Officer



Growth through selective strategic acquisitions

Our organic growth strategy is accelerated by selective acquisitions for complementary technology or attractive customer base

What we acquire

1. Complementary technology to enhance ELMO's suite of modules

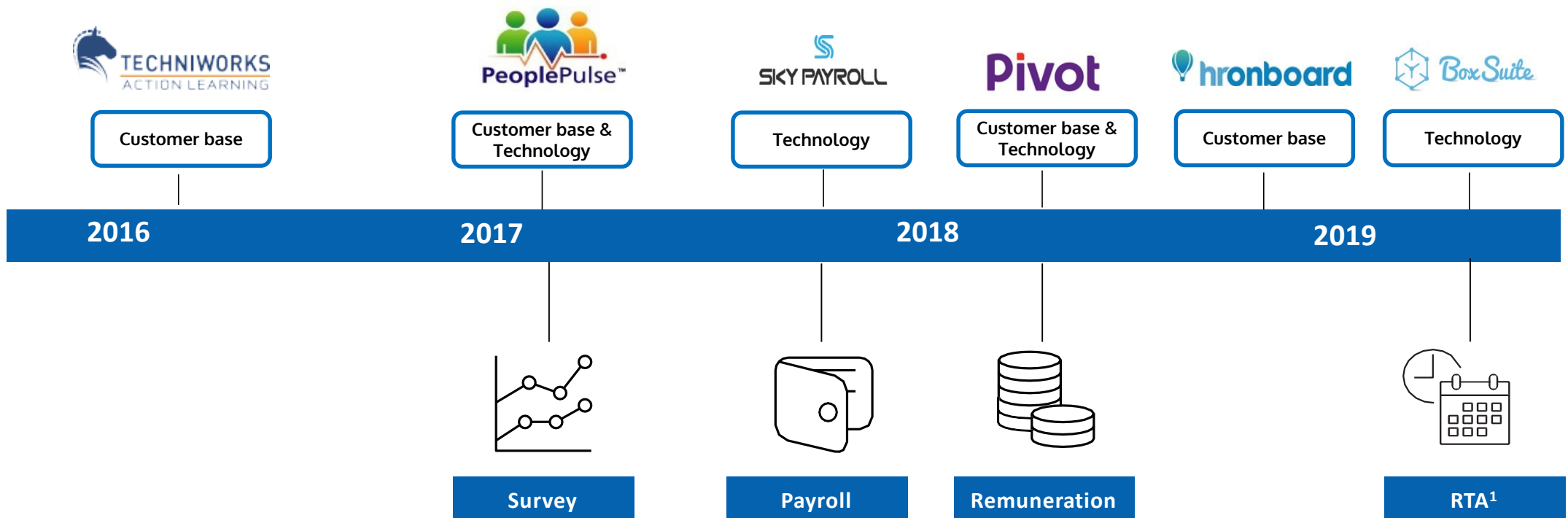
- Cross-sell acquired modules to existing ELMO customers
- Increased revenue opportunity to new customers
- Enhanced competitive advantage of a wider suite

2. Attractive customer base

- Cross-sell ELMO modules to acquired customer base
- Gain market share

Acquisitions

ELMO has completed 6 acquisitions since 2016

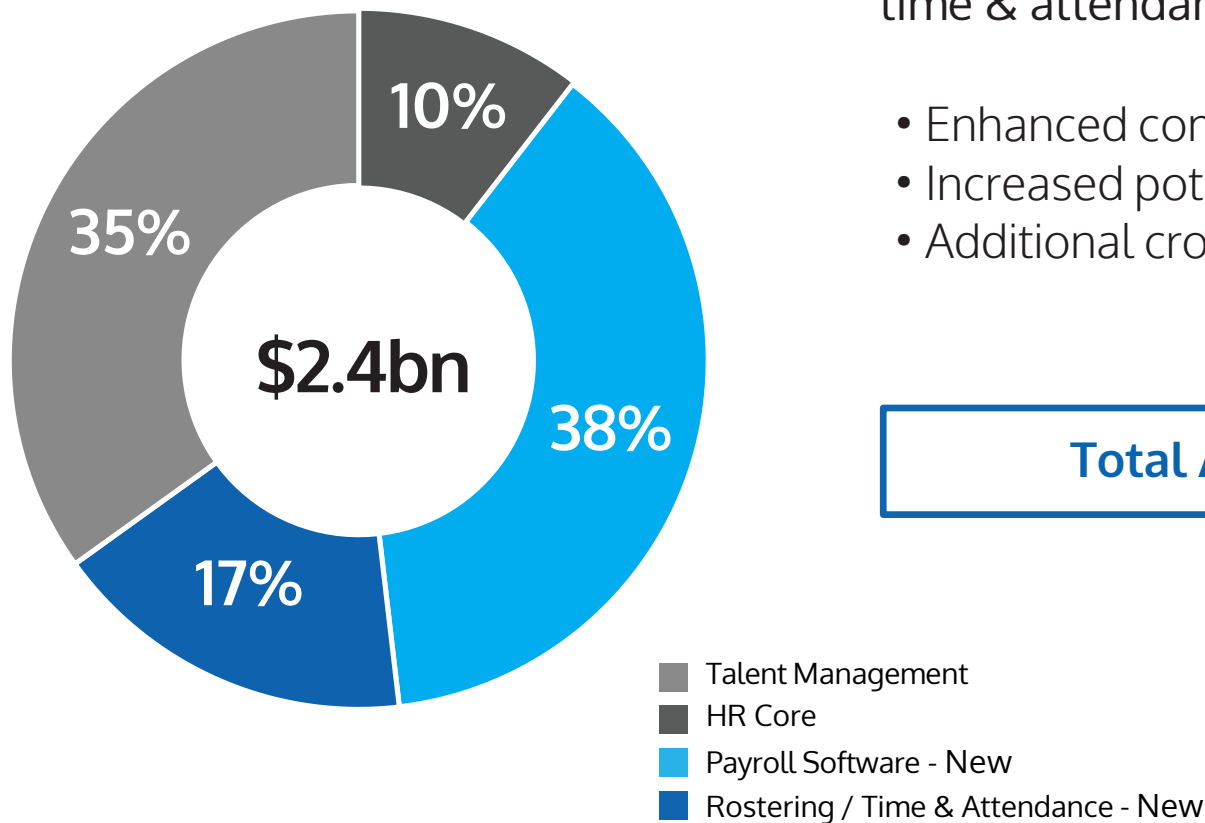


1. Rostering / time & attendance (RTA)

Expanding market opportunity

Elmo has significantly expanded it's market opportunity with the recent entry into payroll and rostering / time & attendance

Market size (ANZ) by product



Extended product suite by adding payroll and rostering / time & attendance:

- Enhanced competitive advantage from a broader suite
- Increased potential of sales to new customers
- Additional cross-sell opportunity from existing customers

Total Addressable Market of \$2.4bn¹

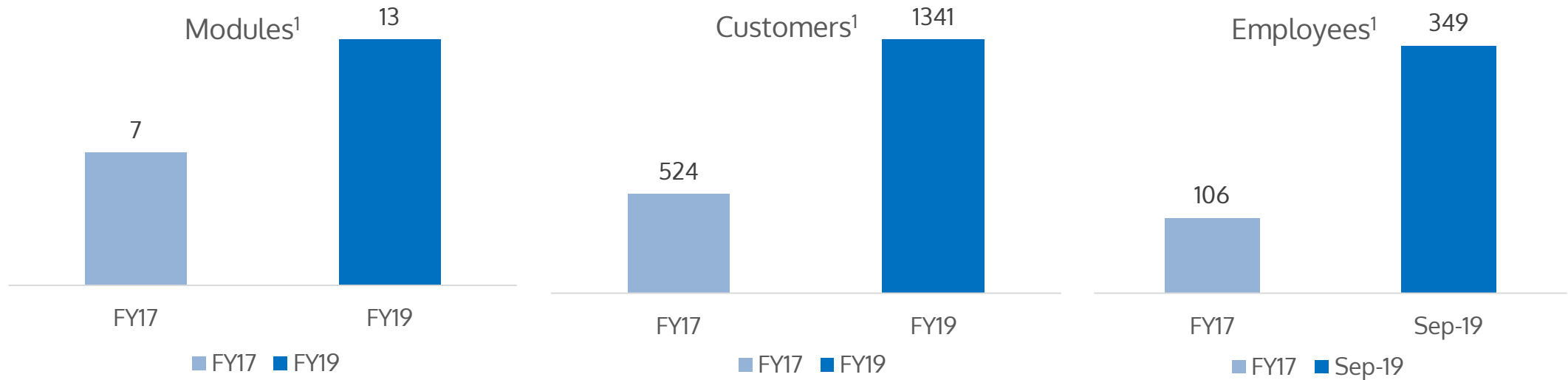
1. Frost & Sullivan independent market report 2019



Samuel Sun
Chief Technology Officer

High growth business

Increased customer numbers, interoperable modules and investment in talent



Building a convergent platform that is broad in functionality and simple in usability

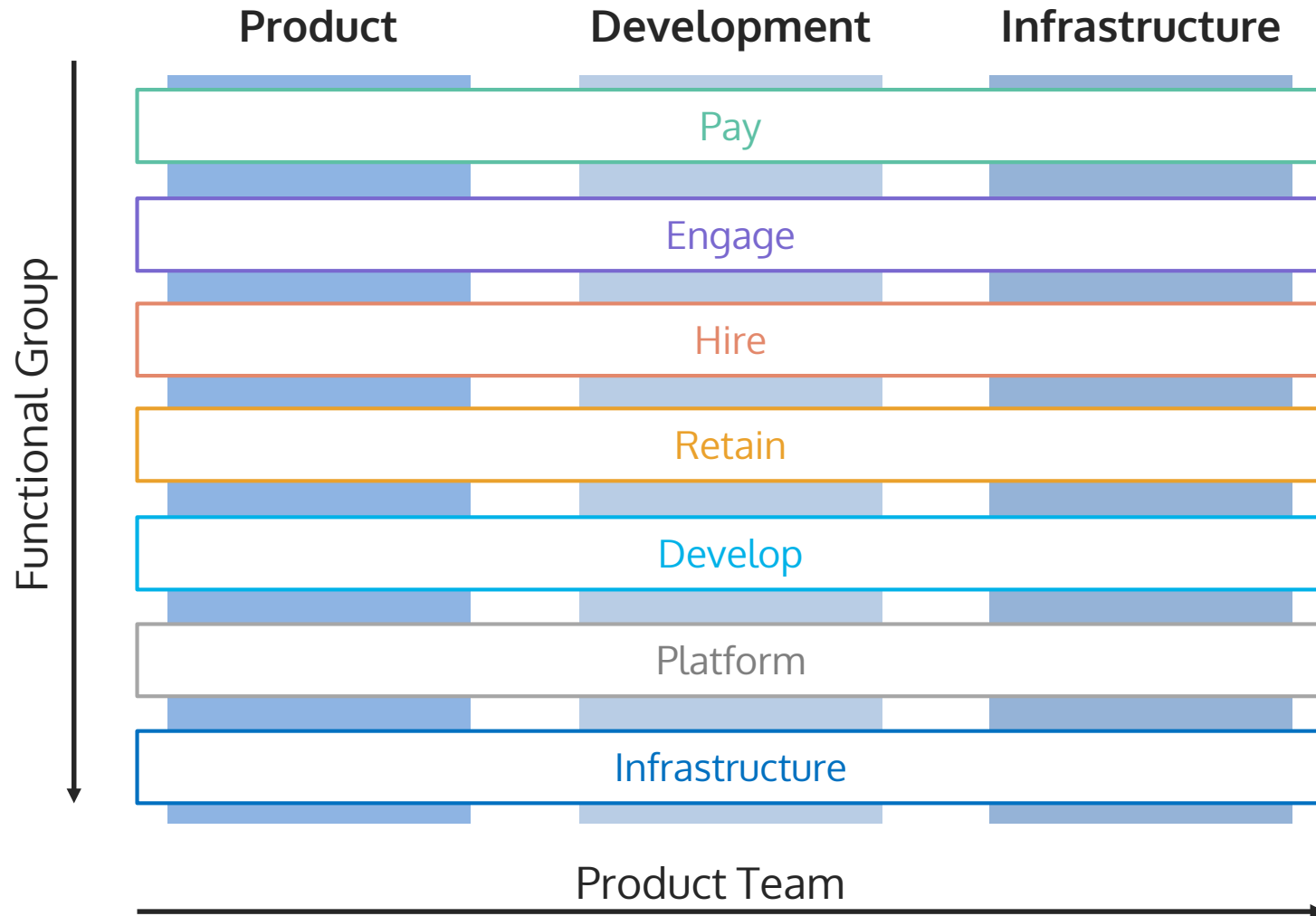
To support our continuous growth:

- Scalable organisational structure, promoting autonomy within teams and alignment across teams
- Evolve process to provide agility that empowers us to excel in our current state and prepare for the future state

1. All information presented as at 30-Jun unless otherwise stated

R&D matrix structure

The matrix structure is a scalable foundation to support sustainable, rapid growth



Vertically, three functional groups:

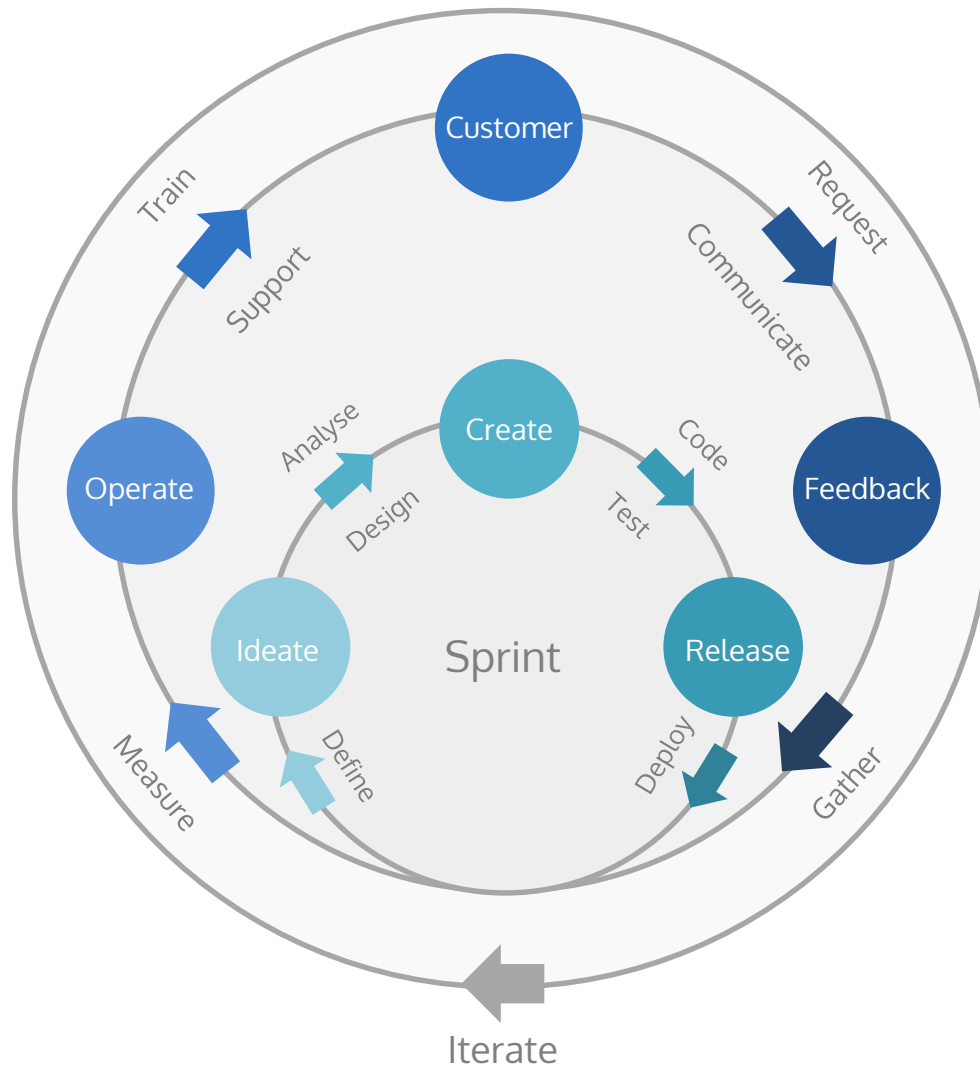
- ✓ Product
- ✓ Development
- ✓ Infrastructure

Horizontally, multiple product based teams are formed by members from different functional groups

Autonomy in each product team enables agility and effectiveness, while alignment in functional groups cultivates standards and efficiency

Agile Development Cycle

With continuous development and deployment, we are able to rapidly evolve the functionality, usability and interoperability of the platform



- 1 Based on our customer-centric strategy, multiple channels are established to help us hear and understand our customers
- 2 Development is divided into Sprints to convert feedback into solution, in small chunks and by fast delivery
- 3 As training and support are provided to our customers, more feedback will be received to inform our continuous improvement

Preparing for the Future State

Supporting the continuous growth of ELMO



With the scalable structure and agile process in place, we are well placed to support the continuous growth of ELMO

Collaborating with University of Technology Sydney in using AI technology to enable predictive analytics on our platform



James Haslam
Chief Financial Officer

Measuring success

Continued focus on Annual Recurring Revenue (ARR) and Lifetime Value (LTV)

ARR

- Leading indicator of revenue
- Subscription based
- New business, cross-sell and renewals

\$46.0m
FY19

Gross profit

- Cost of delivery includes:
 - Implementation, training and support teams
 - Hosting costs

86.6%
FY19

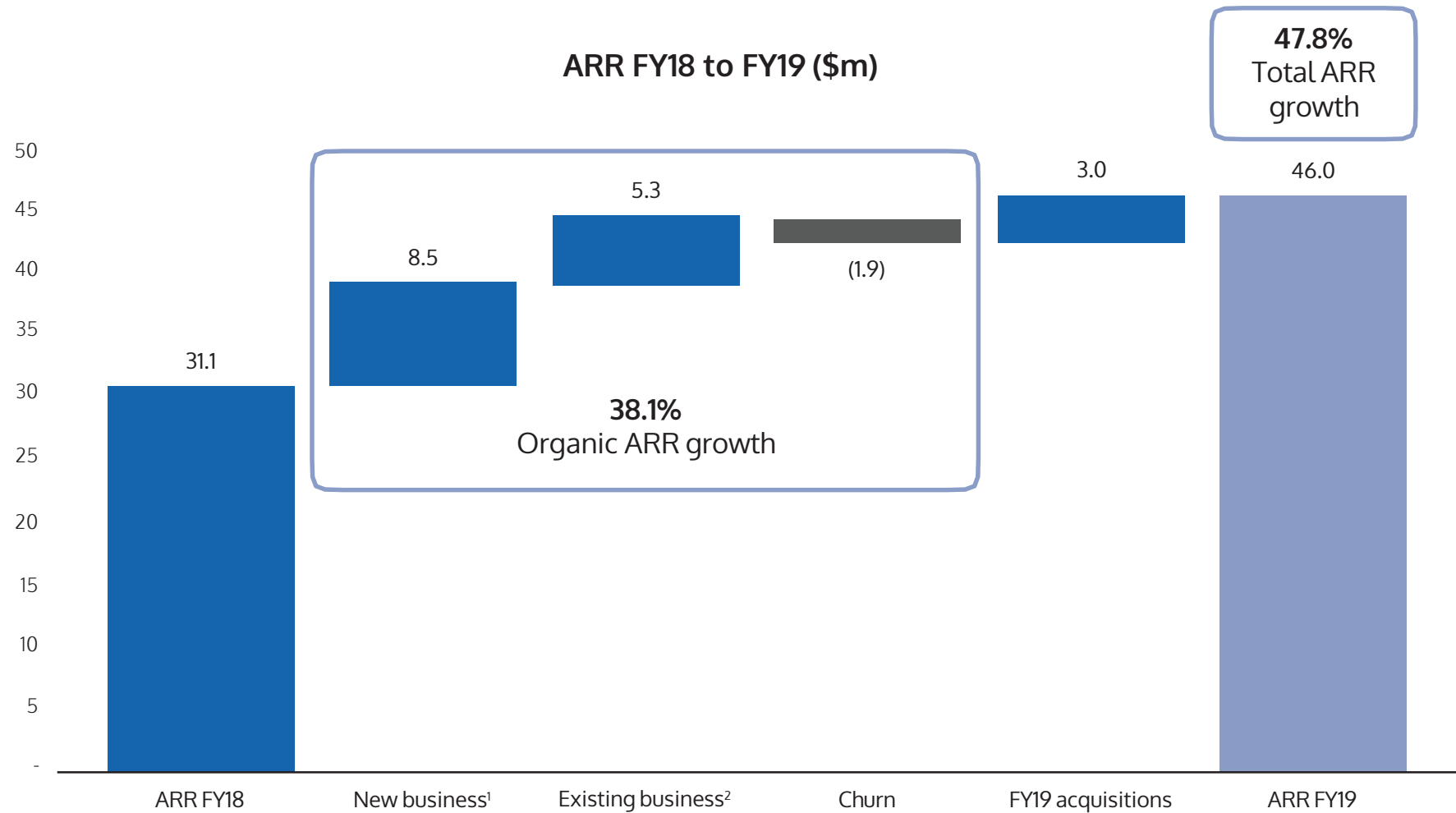
LTV

- Combination of ARR growth, gross profit margin and customer retention
- LTV to cost of customer acquisition ratio = 10x

\$621m
FY19

ARR growth

Continued focus on strong ARR growth, both organically and from acquisitions



1. New business represents sales to new clients

2. Existing business represents cross-sell modules and/or additional usage from existing clients

FY20 guidance

Continued focus on growing through FY20

Strong momentum into FY20

- Positive outlook for organic growth across the business
- High degree of subscription revenue¹, 95.4% of FY19 statutory revenue
- FY19 ARR of \$46.0m

Larger market opportunity

- More multi-module sales with broadened product set
- Unique integrated offering spanning HR, payroll and rostering / time & attendance
- Increased traction in new market segment (lower mid-market of <200 employees)

Investing in sustainable growth

- Sales & Marketing - focus on customer acquisition and cross-sell
- Research & Development - expedite evolution of product suite
- Client Services - to accelerate customer onboarding and enhance customer experience

FY20 Guidance Confirmed

ARR

\$61 - 63m

Revenue

\$53 - 55m

EBITDA²

(\$1 - 3m)

1. Subscription revenue was formerly referred to as "SaaS revenue"

2. Does not include one off transactional related items

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investors.elmosoftware.com.au

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