



ELMO Software Limited
ACN 102 455 087

NOTICE OF ANNUAL GENERAL MEETING 2017

Notice is given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of ELMO Software Limited (**ELMO** or **Company**) will be held:

Date: Tuesday, 28 November 2017

Time: 2.30pm (AEDT time)

Venue: Norton Rose Fulbright Australia
Level 18, Grosvenor Place,
225 George Street, Sydney,
New South Wales, Australia

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the AGM. The Explanatory Memorandum, Entitlement to Attend and Vote section and Proxy Form are part of this Notice of Meeting.



11 October 2017

Dear Shareholder,

On behalf of the Directors of ELMO Software Limited (**ELMO**), I am pleased to invite you to attend the first Annual General Meeting (**AGM**) of ELMO as a listed entity. Enclosed is the Notice of Meeting setting out the business of the AGM.

ELMO's 2017 AGM will be held on Tuesday, 28 November 2017 commencing at 2.30pm (AEDT time) at the offices of Norton Rose Fulbright Australia, Level 18, Grosvenor Place, 225 George Street, Sydney, New South Wales, Australia.

If you are attending the AGM, please bring your Proxy Form with you to facilitate a faster registration. If you are unable to attend the AGM, I encourage you to complete and return the enclosed Proxy Form no later than 2.30pm (AEDT time) on Sunday, 26 November 2017 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the enclosed Notice of Meeting (including the Explanatory Memorandum) and the Proxy Form and consider directing your proxy how to vote in each resolution by marking either the "for" box, the "against" box or the "abstain" box on the Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of ELMO unanimously recommend that shareholders vote in favour of all resolutions.

Following the conclusion of the AGM, you are welcome to join the Board and Management for light refreshments.

Thank you for your continued support of ELMO and I look forward to your attendance and the opportunity to meet with you.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J. McKerlie', followed by a horizontal line.

Jim McKerlie
Chairman

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A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report, and the Independent Auditor's Report of the Company for the financial year ended 30 June 2017.

All shareholders can view the Annual Report which contains the Financial Report for the year ended 30 June 2017 on the Company's website at <http://investors.elmotalent.com.au/Investors/?page=Home>.

B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- a. the conduct of the audit;
- b. the preparation and content of the Independent Auditor's Report;
- c. the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- d. the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of relevant written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the Meeting.

C. ITEMS FOR APPROVAL

Resolution 1. Election of Director – James McKerlie

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That James McKerlie, who retires in accordance with clause 68.2 of the Company's Constitution and being eligible for election, is elected as a Director of the Company."

Resolution 2. Election of Director – David Hancock

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That David Hancock, who retires in accordance with clause 68.2 of the Company's Constitution and being eligible for election, is elected as a Director of the Company."

Resolution 3. Election of Director – Trevor Lonstein

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

"That Trevor Lonstein, who retires in accordance with clause 68.2 of the Company's Constitution and being eligible for election, is elected as a Director of the Company."

Resolution 4. Adoption of Remuneration Report

To consider and if thought fit, pass the following as a non-binding ordinary resolution of the Company:

"That the Company's Remuneration Report for the financial year ended 30 June 2017, as set out in the Directors' Report, is adopted."

The Remuneration Report is contained in the 2017 Annual Report (available at <http://investors.elmotalent.com.au/Investors/?page=Home>). Please note that, in accordance with section 250R(3) of the *Corporations Act 2001* (Cth) (**Act**), the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

A vote on Resolution 4 must not be cast (in any capacity) by, or on behalf of, the following persons:

- a. a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the 2017 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

Notice of Annual General Meeting

However, a person described above may cast a vote on Resolution 4 as a proxy if the vote is not cast on behalf of a person described above and either:

- a. the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- b. the vote is cast by the chair of the Meeting and the appointment of the chair as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

“Key management personnel” and “closely related party” have the same meaning as set out in the *Corporations Act 2001* (Cth).

Resolution 5. Issue of Options under the ELMO Senior Executive Equity Plan – Trevor Lonstein

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of 119,019 options to Trevor Lonstein under the ELMO Senior Executive Equity Plan on the terms set out in the ELMO Equity Plan and as described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 5 by any Director of the Company who is eligible to participate in the ELMO Equity Plan and their associates. The Non-Executive Directors are ineligible to participate in either the ELMO Senior Executive Equity Plan or the High Performer Equity Plan, the only equity incentive schemes within the Group. As a result, Non-Executive Directors will not be excluded from voting on Resolution 5.

However, the Company need not disregard a vote cast on Resolution 5 if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a vote must not be cast on Resolution 5 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

Resolution 6. Approval of Additional Share Issue Capacity under ASX Listing Rule 7.1A

To consider and, if thought fit, pass the following as a special resolution of the Company:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the Shareholders of the company approve the issue of equity securities up to 10% of the issued capital of Elmo Software Limited (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions described in the Explanatory Memorandum which forms part of the Notice of Meeting.”

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by a person who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this resolution is passed, and any associates of such persons. As at the date of this Notice of Meeting, there are no potential allottees to whom shares may be issued under this resolution. On that basis, no Shareholders are currently excluded from voting.

However, the Company need not disregard a vote cast on Resolution 6 if:

- a. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7. Appointment of Deloitte Touche Tohmatsu as Auditor

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

“That, in accordance with section 327B(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, Deloitte Touche Tohmatsu having been nominated by a shareholder and consented in writing to act in the capacity of Auditor, be appointed as the Auditor of ELMO Software Limited.”

BY ORDER OF THE BOARD



Anna Sandham
Company Secretary

11 October 2017

Entitlement to Attend and Vote

In accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Board has determined that persons who are registered holders of shares of the Company as at 7.00pm (AEDT time) on Sunday, 26 November 2017 being two days before date of Meeting, will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Appointment of Proxy

If you are a shareholder entitled to attend and vote, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the *Corporations Act 2001* (Cth) (the **Act**) to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company.

A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the Share Registry of the Company no later than 2.30pm (AEDT time) on Sunday, 26 November 2017 (48 hours before AGM). Proxies must be received before that time by one of the following methods:

Online (preferred): www.linkmarketservices.com.au

By post: **ELMO Software Limited**
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

By facsimile: 02 9287 0309 (within Australia)
+61 2 9287 0309 (from outside Australia)

By delivery in person: **Link Market Services Limited**
1A Homebush Bay Drive
Rhodes NSW 2138
(during business hours only)

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Power of Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 2.30pm (AEDT time) on Sunday, 26 November 2017, being 48 hours before the AGM.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative.

A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

IMPORTANT: If you appoint the Chairman of the Meeting as your proxy, or the Chairman becomes your proxy by default, and you do not direct your proxy how to vote on resolutions 4 and 5, then by submitting the proxy form you will be expressly authorising the Chairman to exercise your proxy on the relevant resolution, even though the resolutions are connected, directly or indirectly, with the remuneration of the KMP.

SHAREHOLDER QUESTIONS

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so. Please log onto www.linkmarketservices.com.au, select Voting then click 'Ask a Question'.

This includes any questions for the Chairman or Deloitte Touche Tohmatsu (our external auditor).

To allow time to collate questions and prepare answers, please submit any questions by 2.30pm (AEDT time) on Tuesday, 21 November 2017 (being no later than the fifth business day before the AGM is held). Questions will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders.

ENCLOSURES

Enclosed are the following documents:

- a proxy form to be completed if you would like to be represented at the AGM by proxy. Shareholders are encouraged to use the online voting facility that can be accessed on ELMO's share registry's website at www.linkmarketservices.com.au to ensure the timely and cost effective receipt of your proxy; and
- a reply paid envelope for you to return the proxy form.

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of shareholders of the Company (**Shareholders**) in relation to the business to be conducted at the Company's AGM to be held on Tuesday, 28 November 2017.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1, 2, 3, 5 and 7 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the resolution.

Resolution 4, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

Resolution 6 is to be voted on as a special resolution. For a special resolution to be passed at least 75% of the votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the resolution.

Resolution 1. Election of Director – James McKerlie

The Board appointed James McKerlie as an independent Non-Executive Director and Chairman of the Company pursuant to clause 68.1 of the Constitution on 5 June 2017. In accordance with clause 68.2 of the Constitution, James McKerlie retires from office at the conclusion of the AGM and is eligible for election as a Director of the Company.

Mr McKerlie currently serves as a member of ELMO's Audit and Risk Committee and is Chairman of its Nomination and Remuneration Committee.

Mr McKerlie has over 30 years' of experience across digital, media, technology, energy and professional services industries and is currently a Non-Executive Director of Beach Energy, and Chair of Lithium Consolidated Minerals Exploration Limited and Bambu Digital Pty Limited.

Mr McKerlie served as the Chairman of Drillsearch Energy for many years prior to merging with Beach Energy (ASX: BPT). In addition, his other board experience includes Chairman of onthefloor.com.au, CircumPacific Ltd (TSXV), Two Way TV Ltd, Acer Energy and Ambassador Energy. He was Executive Chairman of Bullseye Digital for 16 years before it was sold to Ogilvy. Mr McKerlie has also held senior roles as Partner in Charge Consulting at Deloitte, and as a Managing Partner at KPMG.

Mr McKerlie holds a Bachelor of Economics and a Diploma in Financial Management from the University of New England. He is a fellow of the Institute of Chartered Accountants, Australian Institute of Company Directors and Institute of Management Consultants.

The Directors, with James McKerlie abstaining, unanimously recommend Shareholders vote in favour of this Resolution 1.

Resolution 2. Election of Director – David Hancock

The Board appointed David Hancock as an independent Non-Executive Director of the Company pursuant to clause 68.1 of the Constitution on 5 June 2017. In accordance with clause 68.2 of the Constitution, David Hancock retires from office at the conclusion of the AGM and is eligible for election as a Director of the Company.

Mr Hancock currently serves as Chairman of ELMO's Audit and Risk Committee and is a member of its Nomination and Remuneration Committee.

David Hancock has over 25 years' experience in financial services and a variety of governance roles. Mr Hancock is currently Chairman of Freedom Insurance Group Limited (ASX: FIG), Chairman of Finclear Pty Limited, an ASX general and clearing participant, Non-Executive Director at Tower Insurance (ASX: TWR) and Group Head and Executive Director at Afterpay (ASX: AFY).

Mr Hancock was the Chief Executive Officer at Tower Insurance (ASX/NZX: TWR). Prior to this, he was an Executive General Manager at the Commonwealth Bank (ASX: CBA) and was Managing Director and Head of Asia/Australia/Japan Equities for JP Morgan.

Mr Hancock is a member of the Australian Institute of Company Directors and holds a Bachelor of Business from the Queensland University of Technology.

The Directors, with David Hancock abstaining, unanimously recommend Shareholders vote in favour of this Resolution 2.

Resolution 3. Election of Director – Trevor Lonstein

The Board appointed Trevor Lonstein as an Executive Director of the Company pursuant to clause 68.1 of the Constitution on 6 March 2017. Mr Lonstein also holds the position as Chief Financial Officer of ELMO having joined the Company in 2014. In accordance with clause 68.2 of the Constitution, Trevor Lonstein retires from office at the conclusion of the AGM and is eligible for election as a Director of the Company.

Mr Lonstein currently serves as a member of ELMO's Nomination and Remuneration Committee.

Mr Lonstein has over 15 years of experience in accounting and finance. Mr Lonstein is responsible for all aspects of the accounting and finance function within ELMO, from ensuring efficient, controlled and timely recording and reporting systems, to budgeting, forecasting, and cash flow analysis.

Prior to joining ELMO, Mr Lonstein owned and operated Adrite Digital Colour Printing and held senior roles as Senior IT Project Manager at Allens Arthur Robinson, Ships Financial Controller at Orient Cruise Lines – MV Marco Polo and a career of over eight years in auditing with Deloitte Touche Tohmatsu's member firms in England and Australia.

Mr Lonstein holds a Bachelor of Commerce in Accounting and Finance from the University of Cape Town in South Africa and is a Fellow of the Institute of Chartered Accountants in England and Wales.

The Directors, with Trevor Lonstein abstaining, unanimously recommend Shareholders vote in favour of this Resolution 3.

Resolution 4. Adoption of Remuneration Report

Section 250R(2) of the *Corporations Act 2001* (Cth) (the **Act**) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on ELMO's website at <http://investors.elmotalent.com.au/Investors/?page=ASX-Announcements>.

Following consideration of the Remuneration Report, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors or the Company. However the Board will take the outcome of the vote into account in setting remuneration policy for future years.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution 4.

Resolution 5. Issue of Options under the ELMO Senior Executive Equity Plan to Trevor Lonstein

Please refer to the Company's Remuneration Report in the 2017 Annual Report for details on the Company's approach to Remuneration which includes fixed and at risk remuneration.

This resolution deals with the proposed grant of options under the Senior Executive Equity Plan (**SEEP**) to Mr Trevor Lonstein, Chief Financial Officer and a Director of the Company. The SEEP is intended to align the interest of Mr Lonstein with the interests of Shareholders and is governed by the rules of the ELMO Equity Plan. Awards under the SEEP are structured as an Option to receive Shares in the Company at a future date subject to Mr Lonstein paying the exercise price (**SEEP Option**). The Company has agreed, subject to obtaining shareholder approval to grant a total of 119,019 SEEP Options to Mr Lonstein.

The ASX Listing Rules (**Listing Rules**) and the Act set out a number of regulatory requirements which must be satisfied. These are summarised below.

Listing Rule 10.14 requires the approval of ordinary shareholders to issue securities under an employee incentive scheme to a Director of the Company. Accordingly, approval for the grant of the SEEP Options to Mr Lonstein is required. Approval of this resolution will result in the grant of SEEP Options to Mr Lonstein falling within exception 14 in Listing Rule 7.2 (in addition to exception 9, which already applies). Therefore, the issue of securities to Mr Lonstein will not be included in the 15% calculation for the purposes of Listing Rule 7.1. The issue of Shares in the Company on the exercise of the SEEP Options will also be excluded from Listing Rule 7.1.

Purpose of the Plan

The Company has established the Plan to assist in the motivation, retention and reward of senior executives. The Plan is designed to align the interests of senior executives with Shareholders by providing an opportunity for the participants to receive an equity interest in the Company. Details about the SEEP were described in the ELMO Prospectus dated 6 June 2017 (**Prospectus**).

Other members of senior management, selected by the Board, have been granted SEEP Options under the Plan on similar terms to Mr Lonstein. As disclosed in the Prospectus, Mr Danny Lessem, the Chief Executive Officer and Managing Director has agreed with the Board that for Financial Year 2018 he will not participate in any short term incentive plan or long term incentive program. Any future awards granted to Mr Lessem will be submitted to a future AGM for approval by Shareholders.

Calculation of the Proposed Number of SEEP Options

The number of SEEP Options to be granted has been calculated by dividing the total value of the award by the fair value of the Options.

It is proposed that Mr Lonstein be granted 119,019 SEEP Options. The Options will be granted to Mr Lonstein for nil financial consideration.

Vesting Conditions

Vesting will be subject to a Relative Total Shareholder Return hurdle (**RTSR Hurdle**), which compares the total shareholder return performance of the Company with each of the entities in a peer group comprising the constituent companies in the S&P/ASX 300 excluding mining and energy companies.

RTSR is a measure of how much value has been created by the Company. It does this by measuring the change in the Company's Share price and the amount of dividends paid on the Company's Shares over a certain period. It can also be used as a measure of the value derived by a Shareholder by investing in the Company, because the amount made by a Shareholder will be the sum of Share price growth and dividends paid on the Shares.

Explanatory Memorandum

The RTSR of each of the entities in a comparator group will be measured from the start of the period to the end of the performance period.

The RTSR Hurdle for the period will be determined in accordance with the principles set out in the table below:

Company's RTSR percentile rank against comparator group	Vesting percentage
Less than 50th	Nil
At 50th	65%
Between 50th to 75th	66-99% on a straight line basis
At or above 75th	100%

Additional Terms of the SEEP Options

- SEEP Options do not carry any dividend or voting rights prior to vesting.
- In respect of vested SEEP Options, the Board may in its absolute and unfettered discretion determine to make a cash payment in lieu of allocating some or all of the Shares (Cash Equivalent Value) and any Cash Equivalent Value paid will be calculated in accordance with the Rules.
- The Company's obligation to allocate Shares on vesting of the SEEP Options may be satisfied by issuing new shares, procuring the transfer to, or procuring the setting aside for the participant the number of shares in respect of which Options have vested.
- The Plan contains provisions which give the Board the ability, in certain circumstances, to impose clawback, including the lapse of unvested SEEP Options and forfeit of shares allocated upon vesting of SEEP Options (e.g. in the event of fraud, dishonesty or material breach of obligations to the Group).
- The SEEP Options will vest in three tranches over a three year period from the grant date in the following proportions:
 - Year 1 – 20%
 - Year 2 – 30%
 - Year 3 – 50%
- Performance will be tested at the end of each vesting period (in years 1, 2 and 3) to determine the extent to which ELMO has satisfied the TSR performance condition;
- Participants will have three years from vesting to exercise any vested SEEP Options. SEEP Options may only be exercised during a four week trading window after the release of the half year results, release of full year results, or the annual general meeting. The Board will retain discretion to impose disposal restrictions on the award of future SEEP Options;
- In the event, in the Board's opinion, there is the likely result of a change in the control (as defined in the Plan rules) of the Company, the Board has discretion to determine that all or a specified number of the SEEP Options vest.
- In the event there is any corporate action by, or capital reconstruction in relation to the Company (including but not limited to return of capital), adjustments may be made to the number of Options and/or the number of Shares to which Mr Lonstein is entitled upon vesting in accordance with the Listing Rules or in a manner that the Board considers appropriate.
- In the event of cessation of employment, unvested SEEP Options will be treated as follows:
 - If Mr Lonstein ceases employment due to termination for cause, all of the unvested SEEP Options will lapse unless the Board determines otherwise;
 - If Mr Lonstein ceases employment prior to the Conversion Date other than as a Good Leaver (detailed below), all of the unvested SEEP Options will lapse unless the Board determines otherwise;
 - If Mr Lonstein ceases employment prior to the Conversion Date due to ill health, total permanent disability or sale of the business (Good Leaver), the unvested SEEP Options remain on foot and subject to the original vesting conditions, and tested in the normal course following the end of the Performance Period, vesting on a pro-rata basis. If Mr Lonstein ceases employment prior to the Conversion Date due to death, the SEEP Options will be retained on a pro-rata basis and the remainder of the unvested options will lapse; and
 - In any other circumstance, such as retirement or redundancy, the Board has the discretion to allow for vesting.
- The Board has the discretion to lapse any or all unvested SEEP Options it deems appropriate in the circumstances.
- Under the Plan rules, any dealing in respect of a SEEP Option is prohibited, unless the Board determines otherwise or the dealing is required by law.

Technical information for the purposes of the ASX Listing Rules

In accordance with the requirements of ASX Listing Rule 10.15, the following information is provided with respect to Resolution 5:

- Mr Trevor Lonstein is a Director of the Company.
- The number of SEEP Options to be awarded to Mr Trevor Lonstein has been calculated by dividing the value of the applicable Plan award by the Fair Value for each tranche of SEEP Options which equates to 119,019 SEEP Options over 3 years.
- The SEEP Options will be allocated at no cost to Mr Lonstein but Mr Lonstein will be required to pay the exercise price to exercise any vested SEEP Options.
- No SEEP Options have been awarded.
- Under the terms of the Plan, all Executive Directors are entitled to participate in the Plan, being Mr Danny Lessem and Mr Trevor Lonstein. Mr Danny Lessem has agreed with the Board that he will not participate in the SEEP for the Financial Year 2018. Non-Executive Directors are not eligible to participate in the Plan.
- A voting exclusion statement is set out under Resolution 5 in the Notice of Meeting.
- There is no loan attaching to the award under the Plan.
- The Company is expected to award the SEEP Options shortly after the AGM but in any event no later than 12 months after the AGM.
- If approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under Listing Rule 7.1.

The Directors (apart from Mr Lonstein), who do not have an interest in the outcome of the relevant resolution, unanimously recommend that Shareholders vote in favour of this Resolution for the reasons set out below:

- *The Directors consider that it is important for the Company to be able to attract and retain experienced Directors and that the proposed grant of SEEP Options to Mr Lonstein is appropriate taking into account his level of experience and contribution to the Company;*
- *The Directors consider that the proposed number of SEEP Options to be granted to Mr Lonstein is appropriate to:*
 - *Motivate Mr Lonstein to pursue long-term growth and success of the Company (within an appropriate control framework);*
 - *Align the interests of key leadership with the long-term interests of the Company's shareholders; and*
 - *Ensure a clear correlation between performance and remuneration, in accordance with the Company's remuneration policy.*
- *The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) note that equity-based remuneration can be an effective form of remuneration for executives.*

Resolution 6. Approval of Additional Share Issue Capacity under ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables mid to small cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placement over a 12 month period (**10% Placement Facility**). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- a. it has a market capitalisation of \$300 million or less; and
- b. it is not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will satisfy both these criteria at the date of the AGM.

Accordingly, Resolution 6 is seeking approval of ordinary Shareholders by special resolution for the issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine, on the terms as described in this Explanatory Memorandum.

At the date of this Notice, the Company has on issue 54,171,584 fully paid ordinary shares and a capacity to issue:

- a. 8,125,738 equity securities under ASX Listing Rule 7.1; and
- b. 5,417,158 equity securities under ASX Listing Rule 7.1A (if Resolution 6 was approved).

The actual number of equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 6 will be to allow the Directors to issue equity securities under ASX Listing Rule 7.1A during a 10% placement period, without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Explanatory Memorandum

Information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

- The minimum price at which the equity securities will be issued will be no less than 75% of the volume weighted average price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
 - a. the date on which the price at which the securities are to be issued is agreed; or
 - b. if the securities are not issued within 5 trading days of the date in paragraph a, the date on which the securities are issued.
- If Resolution 6 is approved by Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing ordinary Shareholders face the risk of economic and voting dilution as a result of the issue of securities which are the subject of this Resolution, to the extent that such securities are issued, including:
 - a. the market price of equity securities in that class may be significantly lower on the issue date than on the date on which this approval is being sought; and
 - b. the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date, which may have an effect on the amount of funds raised by the issue of the equity securities.
- The following table gives examples of the potential dilution of existing ordinary Shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable “A”, calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

- a. two examples where variable “A” has increased by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- b. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Number of shares on issue ¹	Issue price (per share)	Dilution		
		\$1.25	\$2.50	\$5.00
		50% decrease in Issue Price	Issue Price	100% increase in Issue Price
54,171,584 (Current)	Shares issued	5,417,158	5,417,158	5,417,158
	Funds raised	\$6,771,448.00	\$13,542,896.00	\$27,085,792.00
81,257,376 (50% increase)	Shares issued	8,125,738	8,125,738	8,125,738
	Funds raised	\$10,157,172.00	\$20,314,344.00	\$40,628,688.00
108,343,168 (100% increase)	Shares issued	10,834,317	10,834,317	10,834,317
	Funds raised	\$13,542,896.00	\$27,085,792.00	\$54,171,584.00

- The table has been prepared on the following assumptions:
 - a. the Company issues the maximum number of equity securities available under the 10% Placement Facility in ASX Listing Rule 7.1A;
 - b. no unlisted Options (including any Options issued under the 10% placement facility) are exercised before the date of issue of ordinary shares under ASX Listing Rule 7.1A;
 - c. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - d. the table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder’s holding at the date of the AGM;
 - e. the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
 - f. the issue of equity securities under the 10% Placement Facility consists only of shares; and
 - g. the issue price is \$2.50 per share², being the closing price of the shares on ASX on 27 September 2017.

1. Variable “A” in Listing Rule 7.1A.2.

2. Closing price on 27 September 2017 was \$2.50 per share.

- If any of the shares being approved by this Resolution are issued, they will be issued during the placement period, that is, within 12 months of the date of the AGM (i.e. by 28 November 2018) and the approval being sought under Resolution 6 will cease to be valid if ordinary Shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) prior to 28 November 2018.
- The Company may seek to issue the equity securities for the following purposes:
 - a. cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued development of the Company's current assets and/or general working capital; or
 - b. non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.
- The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of allottees of equity securities that may be issued (subject to shareholder approval of Resolution 6) have not been determined as at the date of this Notice but may include existing Shareholders and/or parties who are not currently Shareholders and are not related parties or associates of the Company. Any potential allottees will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - a. the methods of raising funds available to the Company (including but not limited to, rights issue or other issues in which existing security holders can participate), while balancing interest from potential allottees with the interests of existing Shareholders;
 - b. the effect of the issue of equity securities on the control of the Company and balancing the interests of existing Shareholders. Allocation will be subject to takeover thresholds;
 - c. the financial situation and solvency of the Company and its need for working capital at any given time; and
 - d. advice from corporate, financial and broking advisors (if applicable).
- The Company has not previously sought approval under ASX LR 7.1A.
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting. Potential allottees under the 10% Placement Facility (should it be approved) have not been identified as at the date of this Notice, but may include existing Shareholders and/or parties who are not currently Shareholders and are not related parties or associates of the Company.

Resolution 6 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the resolution.

The Directors unanimously recommend Shareholders vote in favour of Resolution 6.

Resolution 7. Appointment of Deloitte Touche Tohmatsu as Auditor

Deloitte Touche Tohmatsu (**Deloitte**) has held the office of auditor since 5 June 2017. Under section 327A(2) of the Act, Deloitte holds office until the Company's first AGM. Thereafter, section 327B(1)(a) of the Act requires EMLO Software Limited to appoint an auditor at its first AGM. Deloitte has given, and has not withdrawn, its consent to act as external auditor of ELMO Software Limited.

In accordance with section 328B(1) of the Act, notice in writing nominating Deloitte as auditor has been given to the Company by a shareholder. A copy of this notice is contained in Attachment A to this Notice.

The Directors unanimously recommend Shareholders vote in favour of Resolution 7.

Attachment A

Notice of Nomination of Auditor ELMO Software Limited

11 October 2017

Jim McKerlie
Chairman
ELMO Software Limited

Dear Jim,

NOMINATION OF DELOITTE TOUCHE TOHMATSU AS AUDITOR OF ELMO SOFTWARE LIMITED (ABN 13 102 455 087)

I, Lessem Trading Pty Limited, being a shareholder of ELMO Software Limited, nominate Deloitte Touche Tohmatsu for the appointment as auditor of ELMO Software Limited at its 2017 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an attachment to the Notice of Meeting and Explanatory Memorandum for the 2017 Annual General Meeting of ELMO Software Limited as required by section 328B(3) of the Corporations Act 2001 (Cth).

Yours faithfully,



Danny Lessem
Lessem Trading Pty Limited




ABN 13 102 455 087


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
ELMO Software Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of ELMO Software Limited (Company) and entitled to attend and vote hereby:

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:30pm on Tuesday, 28 November 2017 at Norton Rose Fulbright Australia, Level 18, Grosvenor Place, 225 George St, Sydney (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 4 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 4 and 5 even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).


The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Election of Director – James McKerlie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval of issue of options under ELMO Senior Executive Equity Plan – Trevor Lonstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – David Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of Additional Share Issue Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Trevor Lonstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Appointment of Deloitte Touche Tohmatsu as Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

 * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

ELO PRX1701C

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Voting Form, you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

If you wish to appoint a Director (other than the Chairman) or other member of the KMP or their closely related parties as your proxy, you must specify how they should vote on Resolutions 4 and 5 by marking the appropriate box (either for/against/abstain). If you do not specify how your proxy should vote, your proxy will not be able to exercise your vote for Resolutions 4 and 5.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:30pm on Sunday, 26 November 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Only Proxy Forms issued by the Company will be deemed valid and accepted by the Company.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

ELMO Software Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**