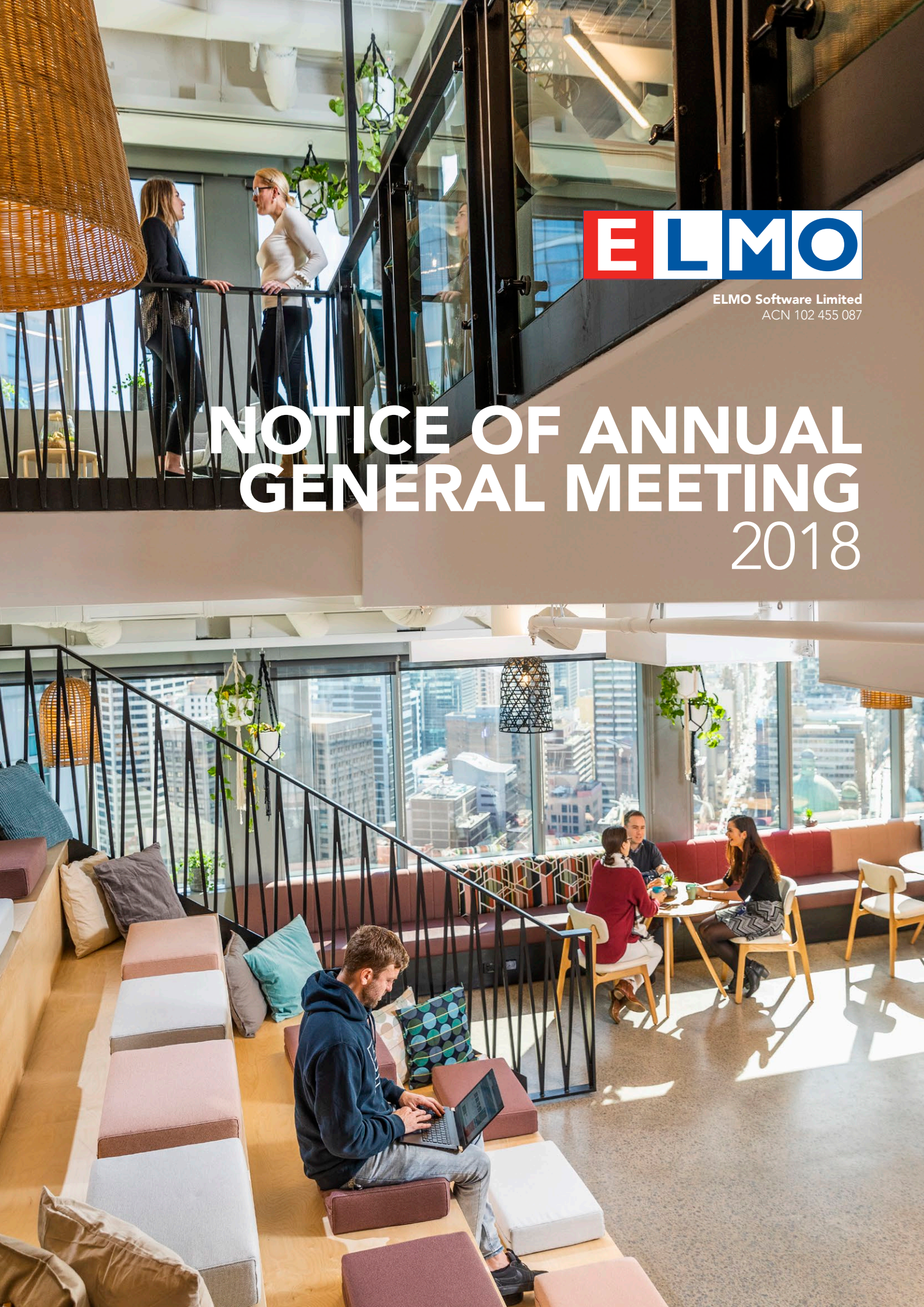




ELMO Software Limited
ACN 102 455 087

NOTICE OF ANNUAL GENERAL MEETING 2018





23 October 2018

Dear Shareholder,

On behalf of the Directors of ELMO Software Limited (**ELMO**), I am pleased to invite you to attend the 2018 Annual General Meeting (**AGM**) of ELMO. Enclosed is the Notice of Meeting setting out the business of the AGM.

ELMO's 2018 AGM will be held on Thursday, 22 November 2018 commencing at 2.00pm (Sydney time) at the ELMO offices, Level 27, 580 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 2.00pm (Sydney time) on Tuesday, 20 November 2018 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 to be proposed at the AGM.

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 'B. Lewin'.

Barry Lewin
Chairman

Notice of Annual General Meeting

Notice is given that the Annual General Meeting (AGM or Meeting) of shareholders of ELMO Software Limited ACN 102 455 087 (ELMO or Company) will be held:

Date: Thursday, 22 November 2018
Time: 2.00pm (Sydney time)
Venue: ELMO office
 Level 27, 580 George Street
 Sydney, New South Wales

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.

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 2018.

All shareholders can view the Annual Report which contains the Financial Report for the year ended 30 June 2018 on the Company's website at <https://investors.elmosoftware.com.au>.

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. 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 2018, as set out in the Directors' Report, is adopted."

The Remuneration Report is contained in the 2018 Annual Report (available at <https://investors.elmosoftware.com.au>). 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 1 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 2018 Remuneration Report; or
- b. a closely related party of such a KMP (including close family members and companies the KMP controls).

However in accordance with Section 250D of the Corporations Act 2001 (Cth), a person described above may cast a vote on Resolution 1 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).

Notice of Annual General Meeting

Resolution 2. Election of Director – Kate Hill

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

"That Kate Hill, who was appointed since the last annual general meeting to fill a casual vacancy on the Board, 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 – Barry Lewin

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

"That Barry Lewin, who was appointed since the last annual general meeting to fill a casual vacancy on the Board, 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. Re-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 by rotation in accordance with clause 69.2 of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company."

Resolution 5. Ratification of issue of Placement Shares

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,916,176 Shares (at an issue price of \$5.40 each) on 4 April 2018 to institutional, sophisticated and professional investors on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- a person who participated in the issue the subject of Resolution 5; or
- an associate of those persons.

However, the Company need not disregard a vote if:

- 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
- 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 6. Non-Executive Director Equity Plan

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

"That the grant of share rights under the Non-Executive Director Equity Plan to Non-Executive Directors in office from time-to-time be approved for the purposes of ASX Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Memorandum."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- a Director of the Company who is eligible to participate in the ELMO Non-Executive Director Equity Plan (NED Equity Plan); or
- an associate of any of those Directors.

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

- 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
- 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.

Only Non-Executive Directors are eligible to participate in the NED Equity Plan so therefore only Ms Kate Hill and Mr Barry Lewin and their associates will be excluded from voting on Resolution 6. The Executive Directors, Mr Danny Lessem and Mr Trevor Lonstein are ineligible to participate in the NED Equity Plan. As a result, Executive Directors will not be excluded from voting on Resolution 6.

In accordance with section 250BD of the Corporations Act 2001 (Cth), a vote must not be cast on Resolution 6 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 where 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 7. 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 61,538 options to Trevor Lonstein under the ELMO Senior Executive Equity Plan on the terms set out in the ELMO Senior Executive Equity Plan and as described in the Explanatory Memorandum which forms part of the Notice of Meeting, is approved."

Notice of Annual General Meeting

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- a. any Director of the Company who is eligible to participate in an ELMO Employee Equity Plan; or
- b. an associate of any of those Directors.

However, the Company need not disregard a vote cast on Resolution 7 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.

The Non-Executive Directors are ineligible to participate in an ELMO Employee Equity Plan (namely either the ELMO Senior Executive Equity Plan or the High Performer Equity Plan). As a result, Non-Executive Directors will not be excluded from voting on Resolution 7.

In accordance with section 250BD of the Corporations Act 2001 (Cth), a vote must not be cast on Resolution 7 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 where 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.

BY ORDER OF THE BOARD



Anna Sandham
Company Secretary
12 October 2018

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 (Sydney time) on Tuesday, 20 November 2018 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 2.00pm (Sydney time) on Tuesday, 20 November 2018 (being 48 hours before the 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.

Notice of Annual General Meeting

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 2.00pm (Sydney time) on Tuesday, 20 November 2018, 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 1, 6 and 7, 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 2.00pm (Sydney time) on Thursday, 15 November 2018. 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 Thursday, 22 November 2018.

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.

Resolution 1, relating to the Remuneration Report, is advisory only and does not bind the Directors or the Company.

Resolutions 2 to 7 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present in person or by proxy and entitled to vote on the resolution.

Resolution 1. 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 <https://investors.elmosoftware.com.au>.

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 good governance, from making a recommendation in relation to this Resolution 1.

Resolution 2. Election of Director – Kate Hill

On 8 June 2018, the Board appointed Kate Hill as an independent Non-Executive Director of the Company pursuant to clause 68.1 of the Constitution to fill the casual vacancy that arose following the resignation of David Hancock from the Board.

In accordance with clause 68.2 of the Constitution, Kate Hill must retire from office at the conclusion of the AGM and being eligible offers herself for election as a Director of the Company.

Ms Hill currently serves as the Chair of ELMO's Audit and Risk Committee and is a member of its Nomination and Remuneration Committee.

Kate has over 20 years' experience as an audit partner with Deloitte Touche Tohmatsu, advising privately owned and small cap ASX listed clients. She has worked extensively in regulated environments including assisting with Initial Public Offerings, capital raising and general compliance, as well as operating in an audit environment. She also held several leadership positions within Deloitte and built an audit practice serving private clients in the Western Sydney office. She served on the Deloitte Australia board of partners for 2 years.

Kate is currently a Director of Countplus Limited (ASX: CUP) and is the Chair of their Audit and Risk Committee as well as being a member of their Acquisitions Committee. She is also the Company Secretary for Kazia Therapeutics Limited (ASX: KZA).

Kate is a member of the Institute of Chartered Accountants in Australia and New Zealand, and a graduate of the Australian Institute of Company Directors.

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

Resolution 3. Election of Director – Barry Lewin

On 10 October 2018, the Board appointed Barry Lewin as an independent Non-Executive Director and Chairman of the Company pursuant to clause 68.1 of the Constitution to fill the casual vacancy that arose following the resignation of Jim McKerlie from the Board. In accordance with clause 68.2 of the Constitution, Barry Lewin must retire from office at the conclusion of the AGM and being eligible offers himself for election as a Director of the Company.

Mr Lewin currently serves as the Chair of ELMO's Nomination and Remuneration Committee and is a member of the Audit & Risk Committee.

Barry is the Founder and Managing Director of Melbourne-based corporate advisory firm SLM Corporate Pty Ltd where he advises public and private companies on mergers, acquisitions, transaction structuring, debt and equity issues, business sales and on all aspects of corporate governance. Prior to establishing SLM Corporate in 1999, Barry spent 12 years as an in-house counsel to a number of ASX-listed companies.

Explanatory Memorandum

Barry is non-executive Chairman of ASX-listed Praemium Limited (ASX:PPS), and has held previous directorships at ASX-listed Senetas Corporation Limited (ASX:SEN) and Clean TeQ Holdings Limited (ASX:CLQ), where he also served as Chairman of the Audit Committee. He has degrees in Commerce and Law and holds an MBA from Swinburne University.

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

Resolution 4. Re-election of Director – Trevor Lonstein

The Board appointed Trevor Lonstein as an Executive Director of the Company on 6 March 2017 and he was elected as a Director by shareholders at the 2017 AGM. Mr Lonstein has held the position of Chief Financial Officer of ELMO from the time he joined the Company in 2014.

In accordance with clause 69.2 of the Constitution, the Company must hold a re-election of directors at every AGM. Directors being elected under clause 68.2 of the Constitution do not count for this purpose. Being the only Director eligible for re-election at the AGM under the terms of the Constitution, Trevor Lonstein retires from office at the conclusion of the AGM and being eligible offers himself for re-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 4.

Resolution 5. Ratification of issue of Placement Shares

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 5 seeks ratification under Listing Rule 7.4 of the issue of 2,916,176 Shares that was made on 4 April 2018 to institutional, sophisticated and professional investors under the Institutional Placement announced to the ASX in March 2018 in order to restore the ability of the Company to issue further Shares within the 15% limit during the next 12 months.

Additional information required by ASX Listing Rule 7.5

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- 2,916,176 Shares were issued;
- the Shares were issued at an issue price of \$5.40 each;
- the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- the Shares were issued to institutional, sophisticated and professional investors, all unrelated parties of the Company who qualify under the requirements of sections 9 and 708 of the Corporations Act and who were identified by Morgan Stanley Australia Securities Limited and Wilsons Corporate Finance Limited as joint lead managers to the issue;
- net proceeds raised from the issue are being, and will be used to fund future acquisitions, strengthen the balance sheet to support ongoing research & development, sales and marketing and general corporate purposes; and
- A voting exclusion statement is set out under Resolution 5 in the Notice of Meeting.

The Directors unanimously recommend Shareholders vote in favour of this Resolution 5.

Resolution 6. Non-Executive Director Equity Plan

The Company is seeking shareholder approval for the ELMO Non-executive Director Equity Plan (**NED Equity Plan**).

Background

Following a full review by the Board of the Company's existing remuneration arrangements for its Directors, the Board and the Remuneration Committee have decided that each Non-executive Director (**NED**) will have the opportunity to acquire share rights under the NED Equity Plan.

NEDs may elect to sacrifice, on a pre-tax basis, some or all of their NED fees to acquire Share Rights.

Explanatory Memorandum

The NED Equity Plan is intended to support NEDs in building their shareholdings in the Company, share in the long-term growth of the Company and continue to enhance the alignment of interests with shareholders generally.

The Company notes that governance bodies are supportive of directors holding a meaningful shareholding in the companies on which they serve, and the proposed NED Equity Plan will help facilitate this for ELMO's Directors (particularly those who are new to the Board).

The Board confirms that the share rights granted under the NED Equity Plan will not be subject to performance conditions (although the share rights are subject to continued service – see further details below). This is in line with best practice governance standards which recommend that NEDs generally should not receive equity with performance hurdles attached as it may lead to bias in their decision-making and compromise their objectivity.

For Financial Year 2019, the terms of the grants made to NEDs, under the NED Equity Plan will require that the shares allocated on exercise of the share rights must be sourced through on-market purchases. Accordingly, grants of share rights to NEDs will not result in any dilution to shareholders and do not require shareholder approval under the Listing Rules.

However, despite the fact that no new shares will be issued in respect of the share rights (and therefore shareholder approval is not required), the Board is nonetheless seeking this shareholder approval in the interests of transparency and good corporate governance.

Overview of the NED Equity Plan

Under the NED Equity Plan, NEDs are eligible to apply to sacrifice some or all of their NED fees into Share Rights as part of their remuneration.

Share Rights will typically be granted once each financial quarter and the first Grant Date is expected to occur on the first day of the financial quarter beginning after the later of (i) receipt by the Company of shareholder approval for the Award and (ii) receipt by the Company of a valid Application from a NED participant.

Share Rights will lapse if the Participant ceases as a director of ELMO or any of its related bodies corporate (**Director**) before the relevant Vesting Date. There are no dividend or voting rights with respect to Share Rights awarded to a Participant. However, the Trustee may determine to make a trust distribution to a Participant, equal to the amount of dividends a Participant would have received had they held Shares rather than Share Rights.

Provided a Participant remains a Director, Share Rights will vest on the first business day of the financial quarter beginning after each Grant Date and a Participant will then be allocated Restricted Shares that will be subject to the Restriction Period.

Restricted Shares will be held by the Trustee on a Participant's behalf during the Restriction Period.

During the Restriction Period, a Participant will be entitled to:

- receive any dividends paid on Shares (the Trustee will distribute these funds to a Participant); and
- direct the Trustee how to vote the Restricted Shares held on a Participant's behalf.

The Restriction Period will end on the earlier of:

- a Participant ceasing to be a Director;
- the time period a Participant nominates in their Application (up to a maximum of 15 years from the Grant Date); or
- the Board determining the Restriction Period should end.

Following the end of the Restriction Period, the Restricted Shares will be transferred from the Trustee to the Participant and the Participant is then free to deal with the Shares as they wish, subject to compliance with the ELMO Securities Dealing Policy as it is applicable.

Upon their issue, Restricted Shares will rank equally with other Shares and ELMO will apply for quotation of the Restricted Shares on the ASX.

Fees sacrificed will be converted to Share Rights in accordance with the following formula:

"Equity Amount" (\$) for the relevant period / *Value per Share Right*

Where:

- "Equity Amount" is the amount of fees sacrificed by the NED at the time of the relevant Grant Date
- the Value per Share Right for the purposes of the Award will be equal to the volume weighted average market price of ELMO's ordinary shares traded on the ASX for the 10 trading day period before the Grant Date.

If there is a transaction or event that the Board determines is likely to result in a change of control of ELMO, the Board may in its discretion determine that any unvested Share Rights will vest and that Restricted Shares are no longer subject to the Restriction Period.

If prior to the Vesting Date, there is a Reorganisation of ELMO, the Share Rights of each Participant will be adjusted in the manner required to comply with the Listing Rules; and if new Share Rights are awarded, the new Share Rights will be subject to the same terms and conditions as the original tranche of Share Rights to which the new Share Rights relate.

If at any time the Board determines that the allocation of Share Rights or Restricted Shares would result in ELMO breaching its constitution, any policy, any law, the ASX Listing Rules or is otherwise inappropriate in the circumstances, the Board may defer the allocation of share rights.

Explanatory Memorandum

The operation of the NED Equity Plan will not increase the remuneration of Directors. The NED Equity Plan does not constitute any form of incentive, it is merely a mechanism for the NEDs to invest in the Company at market value and build their equity holding using pre-tax remuneration.

Additional information

The Company provides the following additional information in respect of the proposed grant of equity to current NEDs under the NED Equity Plan for FY2019, FY2020 and FY2021.

- The maximum number of securities that may be acquired by current and future NEDs cannot be precisely calculated as it depends on:
 - The amount of remuneration a NED elects to sacrifice to acquire Share Rights; and
 - The share price at the time when Share Rights are granted to NEDs.
- There have been no prior awards made under the NED Equity Plan.
- All Non-Executive Directors are entitled to participate in the NED Equity Plan. At the date of this Notice of Meeting, the only Non-executive Directors are Ms Kate Hill and Mr Barry Lewin.
- No loans will be made available in relation to the acquisition of Share Rights or Restricted Shares under the NED Equity Plan.
- Details of any securities issued under the NED Equity Plan will be published in each Annual Report of the Company relating to a period in which securities have been issued and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.
- If Resolution 6 is approved, it is anticipated that NEDs will be able to participate in the NED Equity Plan from the time shareholder approval is granted. While it is intended that the NED Equity Plan will continue to operate indefinitely, new securities will only be issued under the NED Equity Plan up until 22 November 2021 unless shareholder approval for the issue of securities under the NED Equity Plan is refreshed prior to that date.
- As noted above, it is intended that Restricted Shares received on the automatic exercise of Share Rights under the NED Equity Plan will be satisfied through on-market purchases of shares at the prevailing market price.
- If approval is given by Members under Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.
- If approval is given by Members under Listing Rule 10.14, any securities issue to a NED will not be calculated as a "directors' fee" for the purposes of the total agreement amount of directors fees payable in accordance with Listing Rule 10.17.

The Executive Directors, with Ms Hill and Mr Lewin abstaining, both unanimously recommend that Shareholders vote to approve Resolution 6.

Resolution 7. Issue of Options under the ELMO Senior Executive Equity Plan to Trevor Lonstein

Please refer to the Company's Remuneration Report in the 2018 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 ELMO 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 Equity Plan Rules (**Rules**) lodged with the ASX on 27 June 2017. 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 61,538 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 SEEP

The Company has established the SEEP to assist in the motivation, retention and reward of senior executives. The SEEP 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 SEEP 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 2019 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.

Explanatory Memorandum

It is proposed that Mr Lonstein be granted 61,538 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.

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 SEEP 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 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 Rules, any dealing in respect of a SEEP Option is prohibited, unless the Board determines otherwise or the dealing is required by law.

Explanatory Memorandum

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 7:

- Mr Trevor Lonstein is an Executive 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 61,538 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. The exercise price will be due and payable at the time any SEEP Options are exercised. The Exercise Price payable for each SEEP Option is \$5.50, which is equal to the share price on the valuation date of 1 July 2018.
- Shareholders approved the issue of 119,019 SEEP Options to Mr Trevor Lonstein at the 2017 Annual General Meeting. They were issued at no cost to Mr Lonstein.
- Under the terms of the Rules, all Executive Directors are entitled to participate in the SEEP, 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 or 2019. Non-Executive Directors are not eligible to participate in the SEEP.
- A voting exclusion statement is set out under Resolution 7 in the Notice of Meeting.
- There is no loan attaching to the award under the SEEP.
- 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, with Mr Lonstein abstaining, 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.*



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 **2:00pm on Thursday, 22 November 2018 at the ELMO office, Level 27, 580 George Street, Sydney, New South Wales** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 6 and 7: 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 1, 6 and 7 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 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Ratification of issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Election of Director – Kate Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Non-Executive Director Equity Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Election of Director – Barry Lewin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Issue of Options under the ELMO Senior Executive Equity Plan – Trevor Lonstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Director – Trevor Lonstein	<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 PRX1801C

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 Resolutions are 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 1, 6 and 7 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 1, 6 and 7.

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 **2:00pm on Tuesday, 20 November 2018**, 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.**