

*Not for release to US wire services or distribution in the United States*

**ASX ANNOUNCEMENT**

19 May 2020

**Settlement of Placement**

**SPP Offer opens**

***Placement***

ELMO Software Limited (**Company** or **ELMO**) confirms that it has settled the proceeds, and issued the shares taken up by investors, under the A\$70 million institutional placement announced on 11 May 2020. ELMO issued approximately 10,000,000 million shares at an issue price of A\$7.00 per share. The shares have been issued within ELMO's placement capacity under ASX Listing Rule 7.1. The placement shares commenced trading on ASX yesterday.

***Share purchase plan offer***

ELMO announces that it has today lodged with ASIC, and despatched to shareholders who are eligible to participate in the share purchase plan, a prospectus (**SPP Prospectus**) and personalised application form for the share purchase plan that was announced to the market on 11 May 2020 (**SPP Offer**). A copy of the SPP Prospectus is attached to this release. The SPP Prospectus contains important information for Eligible Shareholders (as defined below) in relation to the SPP Offer.<sup>1</sup> To apply, go to the Company's website at [www.elmosoftware.com.au](http://www.elmosoftware.com.au), click the ELMO SPP button and follow the instructions on how to apply, including ensuring that you read a copy of the SPP Prospectus before making your application.

***Eligible Shareholders***

"**Eligible Shareholders**" are those shareholders who (i) were entered in ELMO's share register as a holder of ELMO shares at 7.00pm (Sydney time) on Friday, 8 May 2020, and (ii) have an address on ELMO's share register in Australia and New Zealand, and (iii) are not in the United States, or acting for the account or benefit of persons in the United States.

Eligible Shareholders who are nominees or custodians holding shares on behalf of eligible beneficiaries (as defined in the SPP Prospectus) may also participate in the SPP Offer, subject to the terms set out in the SPP Prospectus.

***SPP Offer***

ELMO is aiming to raise up to A\$20 million under the SPP Offer but ELMO reserves the right to increase the size of the SPP Offer should there be strong demand from investors. The SPP Offer may also be subject to a scale back of applications. Any scale back will be on a pro rata basis.

The SPP Offer will provide each Eligible Shareholder with the opportunity to apply for up to A\$30,000 of new fully paid ordinary shares in ELMO (**New Shares**) at the lower of:

- (i) the issue price under the Placement (being A\$7.00); and
- (ii) the price that is a 2% discount to the VWAP of ELMO shares on the ASX over the five trading days up to, and including, the closing date of the SPP Offer (rounded down to the nearest cent).

Proceeds from the SPP Offer will be used in conjunction with the proceeds of the Placement to accelerate organic growth initiatives within ELMO and to fund acquisition opportunities.

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<sup>1</sup> ELMO confirms that ASX granted the Listing Rule waivers sought by the Company and referred to in ELMO's ASX announcement dated 11 May 2020.

Eligible Shareholders who wish to participate in the SPP Offer must read the SPP Prospectus carefully before applying, including considering the key risks related to ELMO and the risks of investing in ELMO shares that are set out in Section 7 of the SPP Prospectus. Participation in the SPP Offer is entirely voluntary. If an Eligible Shareholder is unsure of what action to take, they should consult their financial or other professional adviser as soon as possible.

### ***How to apply***

The SPP Offer opens today and will close at **5:00pm (Sydney time) on Monday, 1 June 2020 (Closing Date)**. Eligible Shareholders who wish to participate in the SPP Offer are encouraged to apply as soon as possible and before the Closing Date.

Unfortunately, due to COVID-19, regular mail services in Australia and New Zealand may be adversely affected, so in order to expedite and facilitate applications, Eligible Shareholders are encouraged to apply on-line from today by clicking on the ELMO SPP offer website at [www.elmosoftware.com.au](http://www.elmosoftware.com.au) and following the instructions to complete an application.

Alternatively, Eligible Shareholders may also apply for new shares under the SPP Offer by following the instructions in the SPP Prospectus and the personalised application form accompanying the SPP Prospectus (once received through the post), which will include details required to complete any payment by BPay®.

Eligible Shareholders must pay their application monies in Australian currency only (either by BPay® through their Australian financial institution or by cheque).

### ***Enquiries on the SPP Offer***

If you have any questions in relation to the SPP Offer, or how to participate in the SPP Offer, please contact the ELMO Offer Information Line on 1800 218 694 (from within Australia) or +61 1800 218 694 (from outside Australia) between 8.30am and 5.30pm (Sydney time) until the closing date of the SPP Offer on Monday, 1 June 2020.

### **SPP Offer - Indicative Timetable\*\***

Event	Date (2020)
SPP Prospectus despatched to shareholders	Tuesday, 19 May
SPP Offer opens	Tuesday, 19 May
SPP Offer closes	5:00pm (Sydney time) Monday, 1 June, unless extended
Announcement of result of SPP Offer	Thursday, 4 June
Allotment of New Shares issued under the SPP Offer	Tuesday, 9 June
Despatch of holding statements and normal trading of New Shares issued under SPP Offer	Wednesday, 10 June

**\*\* These dates are indicative only and are subject to change. ELMO, reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend this indicative timetable. In particular, ELMO reserves the right to extend the Closing Date, accept late applications under the SPP Offer (either generally or in particular cases), and to withdraw or vary the SPP Offer without prior notice. Any extension of the closing date will have a consequential effect on the date for the allotment and issue of New Shares.**

**Please contact for more information:**

**Danny Lessem**

Chief Executive Officer

+61 2 8305 4600

[investors@elmosoftware.com.au](mailto:investors@elmosoftware.com.au)

**Michael Brown**

Investor Relations

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[investors@elmosoftware.com.au](mailto:investors@elmosoftware.com.au)

**About ELMO Software Limited**

Founded in 2002, ELMO is a cloud-based HR & Payroll software provider. The Company offers customers a unified platform to streamline processes for HR, and also manage payroll and rostering / time & attendance. ELMO operates on a Software as a Service ("SaaS") business model based on recurrent subscription revenues.

Further information about ELMO can be found at [www.elmosoftware.com.au](http://www.elmosoftware.com.au)

**IMPORTANT NOTICE**

*This announcement may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be unlawful. The New Shares have not been, and will not be registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which ELMO has no obligation or intention to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws.*

*The information in this announcement is of general background and does not purport to be complete. It should be read in conjunction with ELMO's other periodic and continuous disclosure announcements lodged with ASX Limited, which are available at [www.asx.com.au](http://www.asx.com.au).*

*This announcement contains certain "forward-looking statements". Forward-looking statements can generally be identified by the use of forward looking words such as "forecast", "estimate", "likely", "anticipate", "believe", "expect", "future", "project", "opinion", "opportunity", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan", "propose", "to be", "foresee", "aim", "will" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, and include statements in this announcement regarding the conduct and outcome of the Placement and SPP and the use of the proceeds. Forward-looking statements, opinion and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections and guidance on future earnings and estimates are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and may involve significant elements of subjective judgement, assumptions as to future events that may not be correct, known and unknown risks, uncertainties and other factors, many of which are outside the control of ELMO. A number of factors could cause actual results, performance or achievements to vary materially from any forward-looking statements and the assumptions on which statements are based, including but not limited to the risk factors set out in the investor presentation released by ELMO to ASX today. Except as required by applicable law or regulation (including the ASX Listing Rules), ELMO undertakes no obligation to provide any additional or updated information or update any forward-looking statements, whether as a result of new information, future events or results, or otherwise.*





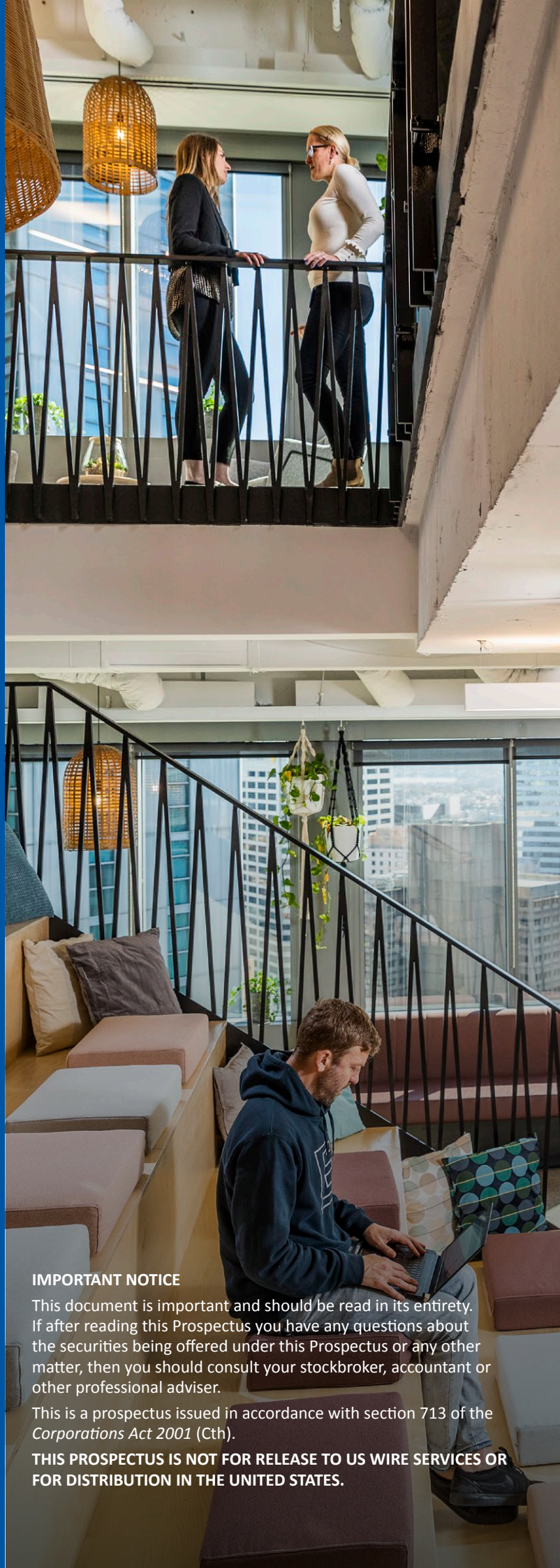
# Share Purchase Plan Offer to Eligible Shareholders

## PROSPECTUS

For an offer to Eligible Shareholders to participate in a Share Purchase Plan by subscribing up to A\$30,000 of fully paid ordinary shares in ELMO Software Limited



ELMO Software Limited  
ACN 102 455 087



### IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

This is a prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth).

**THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES OR FOR DISTRIBUTION IN THE UNITED STATES.**

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**Prospectus**

This Prospectus relates to the offer of New Shares by ELMO Software Limited ACN 102 455 087 (**ELMO or Company**) under a share purchase plan (**SPP Offer**).

This Prospectus is dated 19 May 2020 and was lodged with ASIC and ASX on that date. None of ASIC and ASX, or their respective officers, take responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No New Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. New Shares allotted and issued pursuant to this Prospectus will be allotted and issued on the terms and conditions set out in this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to the ASX and does not include all information that is generally required to be included in a document of this type. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

**No Representation other than in this Prospectus**

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to this Prospectus.

**Prospectus does not contain investment advice**

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular circumstances. It is important that you read and consider the information in this Prospectus in full before deciding to apply for New Shares and consider the risks that could affect the performance of the New Shares as set out in Section 7 of this Prospectus.

If you are in any doubt about whether to participate in the SPP Offer, you should seek advice from your financial, taxation or other professional adviser before participating.

**Obtaining a Prospectus and Application Form**

This Prospectus will be issued in paper form and as an electronic prospectus. This Prospectus and an Application Form will be available by visiting [www.elmosoftware.com.au](http://www.elmosoftware.com.au).

If you receive this Prospectus as an electronic prospectus, please ensure that you have received the entire Prospectus accompanied by an Application Form. If you have not, please contact the Company on the ELMO Offer Information Line at the details below.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Paper copies of this Prospectus and an Application Form can be obtained free of charge during the offer period (as set out in the Timetable) by calling the ELMO Offer Information Line on 1800 218 694 (from within Australia) or +61 1800 218 694 (from outside Australia). The ELMO Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday during the offer period.

**Risk factors**

Potential investors should be aware that subscribing for New Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the New Shares in the future. Investors should consider consulting their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

## **Website**

No document or information on the Company's website is incorporated by reference into this Prospectus.

## **Restrictions of foreign jurisdictions**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

No action has been taken to register or qualify the New Shares being offered under the SPP Offer or otherwise permit a public offering of the New Shares in any jurisdiction other than Australia and New Zealand. This Prospectus may not be distributed to or relied on by persons outside Australia or New Zealand.

This Prospectus may not be released or distributed in the United States or to any person acting for the account or benefit of a person in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be unlawful. The New Shares to be offered and sold in the SPP Offer have not been, and will not be, registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which ELMO has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US securities laws.

THIS PROSPECTUS IS NOT FOR RELEASE TO US WIRE SERVICES OR FOR DISTRIBUTION IN THE UNITED STATES.

## **Shareholders resident in New Zealand**

The New Shares under the SPP Offer are not being offered or sold to the public in New Zealand other than to Eligible Shareholders to whom the offer of New Shares under the SPP Offer is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This document has not been registered, filed or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## **Financial information and forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 7.

## **Taxation implications**

The Directors do not consider it appropriate to provide Eligible Shareholders advice regarding the taxation consequences of applying for New Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any taxation consequences to Eligible Shareholders. As a result, Eligible Shareholders should consult their own professional tax adviser in connection with applying for New Shares under this Prospectus.



19 May 2020

Dear Shareholder,

### **ELMO Software Limited - Share Purchase Plan Offer**

On behalf of the Directors of ELMO Software Limited (**ELMO**), I am pleased to offer you the opportunity to participate in this share purchase plan (**SPP Offer**). The SPP Offer allows Eligible Shareholders to purchase up to A\$30,000 worth of new fully paid ordinary shares in ELMO (**New Shares**), without incurring brokerage or transaction costs.

### **Capital Raising**

On Monday, 11 May 2020, ELMO announced its intention to raise up to A\$90 million by way of:

- (a) a fully underwritten private placement of New Shares to certain existing and new institutional investors (**Placement**) to raise approximately A\$70 million; and
- (b) a share purchase plan (**SPP**) offer of New Shares to existing shareholders to raise up to A\$20 million (subject to the Company's right to increase the size of the SPP Offer should demand from Eligible Shareholders exceed A\$20 million),

(together, **the Capital Raising**).

Proceeds from the Capital Raising will be used for organic growth initiatives within ELMO and to fund potential future acquisition opportunities. The Company is looking to capitalise on an increased pipeline of acquisition opportunities and to take advantage of tailwinds in the adoption of cloud-based software due to mass remote-based working. ELMO has a disciplined approach to capital deployment and a proven track record of executing and delivering growth from acquisitions.

### **Placement**

On 12 May 2020, ELMO announced the completion of the Placement of New Shares to institutional and professional investors. The Placement raised a total of A\$70 million before costs.

### **SPP Offer Price**

The SPP Offer provides Eligible Shareholders with the opportunity to purchase up to A\$30,000 of New Shares at an issue price of the lower of:

- (i) the issue price of Shares under the Placement (being A\$7.00); and
- (ii) the price that is a 2% discount to the VWAP of ELMO shares on the ASX over the five trading days up to, and including, the closing date of the SPP Offer (rounded down to the nearest cent).

The price at which Shares were issued under the Placement was an 11.5% discount to the closing price of the Shares on 8 May 2020, the last day on which the Shares traded on ASX before the announcement of the Capital Raising, and an 8.8% discount to the 5 day volume weighted average price of the Shares on ASX up to that date.



Eligible Shareholders may apply for a parcel of New Shares with a minimum value of A\$2,000 up to a maximum value of A\$30,000 (in A\$1,000 increments). The SPP Offer aims to raise A\$20 million and is not underwritten, but the Company reserves the right to increase the size of the SPP Offer should demand from Eligible Shareholders exceed A\$20 million. The proposed limit on the SPP Offer is considered appropriate to provide the opportunity for a significant number of ELMO's retail shareholders to achieve a pro rata allocation having regard to the total size of the Capital Raising. Applications may be scaled back at the absolute discretion of ELMO, with any scale back being applied on a pro rata basis. New Shares issued under the SPP Offer will rank equally with existing Shares on issue.

## **Participation**

Participation in the SPP is optional and is open to Eligible Shareholders who, at 7.00pm (Sydney time) on Friday, 8 May 2020, were entered in ELMO's share register as a holder of Shares and whose address in ELMO's share register is in Australia or New Zealand and who are not in the United States or acting for the account or benefit of persons in the United States.

Eligible Shareholders who are Custodians holding Shares on behalf of Eligible Beneficiaries are also invited to participate in the SPP on the terms and conditions set out in this Prospectus.

The SPP opens on Tuesday, 19 May 2020 and closes at 5.00 pm on Monday, 1 June 2020.

This Prospectus contains further information about the SPP Offer, including the terms and conditions of the SPP. The terms and conditions set out the relevant criteria for determining eligibility to participate in the SPP as well as rules relating to applications for New Shares under the SPP Offer. The Board recommends you read this Prospectus in conjunction with ELMO's continuous disclosure notices on ASX (at [www.asx.com.au](http://www.asx.com.au), ASX ticker code: ELO), including the ASX announcement and Investor Presentation lodged with respect to the Capital Raising.

Before deciding whether or not to participate in the SPP Offer, Eligible Shareholders should read the risks set out in Section 7 of this Prospectus. There is also a risk that the market price of the shares may rise or fall between the date of this Prospectus and the time of issue of New Shares under the SPP Offer. This means that the price you pay for the New Shares issued to you may be less than or more than the market price of Shares at the date of this Prospectus or the time of issue.

If you have any questions in relation to how to participate in the SPP Offer after reading this Prospectus, please call the ELMO Offer Information Line on 1800 218 694 (from within Australia) or +61 1800 218 694 (from outside Australia), or consult your financial or other professional adviser. The ELMO Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday during the offer period. Alternatively, you can access information about the SPP Offer and the Prospectus online at [www.elmosoftware.com.au](http://www.elmosoftware.com.au).

On behalf of the Board, I thank you for your continued support of ELMO.

Yours faithfully



**Barry Lewin**  
**Chairman**  
**ELMO Software Limited**

### 3 Timetable and Summary of SPP Offer

#### 3.1 Timetable

Event	Date
Record date for Eligible Shareholders to subscribe for New Shares via the SPP Offer ( <b>Record Date</b> )	7.00pm (Sydney time) Friday, 8 May
Announcement of the SPP Offer	Monday, 11 May 2020
Lodge Prospectus with ASIC and ASX	Tuesday, 19 May 2020
SPP Prospectus despatched to Eligible Shareholders	Tuesday, 19 May 2020
SPP Opening Date	Tuesday, 19 May 2020
SPP Closing Date	5:00pm (Sydney time) Monday, 1 June
Completion announcement date (and notice of scale backs, if any)	Thursday, 4 June 2020
Allotment Date for New Shares	Tuesday, 9 June 2020
Despatch of holding statements for New Shares	Wednesday, 10 June 2020
New Shares commence trading on ASX on a normal settlement basis	Wednesday, 10 June 2020

*\*\* These dates are indicative only and are subject to change. ELMO, reserves the right, subject to the Corporations Act and the ASX Listing Rules, to amend this indicative timetable by sending a revised timetable to ASX. In particular, ELMO reserves the right to extend the Closing Date, accept late applications under the SPP Offer (either generally or in particular cases), and to withdraw or vary the Placement or SPP Offer without prior notice. Any extension of the closing date will have a consequential effect on the date for the allotment and issue of New Shares.*

### 3.2 Summary of SPP Offer

You should read this Section in conjunction with the details of the SPP Offer set out in Section 4 of this Prospectus.

Key SPP details	Summary
<b>SPP Offer and investment amount</b>	<p>Eligible Shareholders of ELMO may subscribe for up to A\$30,000 of new fully paid ordinary shares in ELMO without brokerage or other transaction costs.</p> <p>The offer aims to raise up to A\$20 million. However, the Company reserves the right to increase the size of the SPP Offer should demand from Eligible Shareholders exceed A\$20 million. The proposed limit on the SPP Offer is considered appropriate to provide the opportunity for a significant number of ELMO's retail shareholders to achieve a pro rata allocation having regard to the total size of the Capital Raising.</p> <p>Eligible Shareholders may apply for New Shares in parcels valued at a minimum of A\$2,000 and thereafter in subsequent A\$1,000 increments up to a maximum of A\$30,000 of New Shares.</p> <p>The number of New Shares issued to an applicant will be rounded down to the nearest whole New Share after dividing the application monies by the SPP Offer Price. Applications may be scaled back at the absolute discretion of ELMO.</p>
<b>Purpose of the SPP</b>	<p>The proceeds of the Placement and the SPP Offer will be used for organic growth initiatives within ELMO and to fund potential future acquisition opportunities.</p>
<b>Voluntary participation</b>	<p>Participation in the SPP is entirely voluntary.</p> <p>Before you decide whether to participate in the SPP, ELMO recommends you seek independent financial advice from your stockbroker, accountant or other professional adviser and consider the key risks facing ELMO's business and the key risks of investing in Shares that are set out in Section 7 of this Prospectus.</p> <p>If you do not wish to participate in the SPP, you need not take any further action.</p>
<b>SPP Offer Price</b>	<p>The SPP Offer Price for the New Shares is the lower of:</p> <ul style="list-style-type: none"><li>(i) the issue price under the Placement (being A\$7.00); and</li><li>(ii) the price that is a 2% discount to the VWAP of ELMO shares on the ASX over the five trading days up to, and including, the closing date of the SPP Offer (rounded down to the nearest cent).</li></ul> <p>The price at which the Shares were issued under the Placement was an 11.5% discount to the closing price of the Shares on 8 May 2020, the last day on which the Shares traded on ASX before the announcement of the Capital Raising, and an 8.8% discount to the 5 day VWAP of the Shares on ASX up to that date.</p> <p>There is a risk that the market price of the shares may rise or fall between the date of this Prospectus and the time of issue of New Shares under the SPP Offer. This means that the price you pay for</p>

Key SPP details	Summary
	<p>the New Shares issued to you may be less than or more than the market price of Shares at the date of this Prospectus or the time of issue.</p> <p>Your application is unconditional and may not be withdrawn even if the market price of shares is less than the SPP Offer Price.</p>
<b>Eligible Shareholders</b>	<p>Eligible Shareholders are eligible to participate in the SPP Offer, being shareholders who:</p> <ol style="list-style-type: none"> <li>(1) were a registered holder of Shares at 7.00pm (Sydney time) on the Record Date, being 8 May 2020;</li> <li>(2) have a registered address in either Australia or New Zealand; and</li> <li>(3) are not in the United States and are not acting for the account or benefit of a person in the United States.</li> </ol> <p>The SPP Offer is also being extended to Eligible Shareholders who are Custodians to participate in the SPP on behalf of Eligible Beneficiaries on the terms and conditions provided in this Prospectus.</p>
<b>Not transferable</b>	<p>The SPP Offer is personal to you and cannot be transferred to any person.</p>
<b>How to apply</b>	<p>You may apply for New Shares under the SPP, by reviewing a copy of this Prospectus and doing one of the following:</p> <ul style="list-style-type: none"> <li>• following the directions on the Application Form and making payment directly from an Australian bank account by BPAY®;</li> <li>• making an application through the offer site at <a href="http://www.elmosoftware.com.au">www.elmosoftware.com.au</a>, and making payment in Australian currency by BPAY® or by cheque made payable to "ELMO SPP" sent to the address set out below; or</li> <li>• completing the Application Form and sending it together with your payment by cheque made payable to "ELMO SPP" and drawn in Australian currency for the relevant amount to the Company's share registry, Link Market Services Limited (<b>Registry</b>), at the following address by no later than 5.00pm (Sydney time) on the closing date of 1 June 2020:</li> </ul> <p style="text-align: center;"><b>Mailing Address</b></p> <p style="text-align: center;">ELMO Software Limited C/- Link Market Services Limited GPO Box 3560 Sydney NSW 2001</p> <p>Your completed Application Form and cheque or transfer for the appropriate amount must be received by the Registry prior to the close of the SPP Offer at 5.00pm (Sydney time) on Monday, 1 June 2020. Due to current delays with postage you are encouraged to make any postal application as soon as possible and well in advance of the Closing Date.</p>
<b>Rights attached to</b>	<p>New Shares issued under the SPP Offer will rank equally with all</p>

Key SPP details	Summary
<b>New Shares</b>	<p>other Shares on issue.</p> <p>Details on the rights and liabilities attaching to Shares (including the New Shares) is set out in Section 6 of this Prospectus.</p>
<b>Custodians</b>	<p>The SPP Offer is being extended to Eligible Shareholders who are Custodians and who wish to apply for New Shares on behalf of certain Eligible Beneficiaries.</p> <p>The SPP is being offered to Custodians as the registered Shareholder. Custodians are not required to participate on behalf of Eligible Beneficiaries. Custodians may choose whether or not to extend the SPP Offer to their Eligible Beneficiaries.</p> <p>Notwithstanding the foregoing, Custodians may not participate in the SPP Offer on behalf of, and may not distribute this Prospectus or any documents relating to this SPP to, any person in the United States. In the event that a Custodian is acting for the account or benefit of a person in the United States, it is not permitted to participate in respect of that person.</p> <p>If you wish to apply as a Custodian under the SPP Offer to receive New Shares for one or more Eligible Beneficiaries, you must complete and submit an additional “<b>Custodian Certificate</b>” that contains further certifications and details before your application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected. By applying as a Custodian on behalf of Eligible Beneficiaries to purchase New Shares, you certify (amongst other things) that each Eligible Beneficiary has not exceeded the A\$30,000 limit under the SPP Offer.</p> <p>To request a Custodian Certificate or for further information about the custodian application process, please contact the ELMO Offer Information Line on 1800 218 694 (from within Australia) or +61 1800 218 694 (from outside Australia), or consult your financial or other professional adviser. The ELMO Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday during the offer period. Alternatively, you can access information about the SPP Offer and the Prospectus online at <a href="http://www.elmosoftware.com.au">www.elmosoftware.com.au</a>.</p>
<b>Issue of New Shares</b>	<p>The New Shares under the SPP are expected to be issued on or around Tuesday, 9 June 2020.</p> <p>Holding statements for the New Shares issued under the SPP Offer are expected to be despatched on or around Wednesday, 10 June 2020.</p>
<b>Oversubscriptions and scale back</b>	<p>The amount that each Eligible Shareholder can apply for under the SPP Offer is capped at A\$30,000. The SPP Offer aims to raise up to A\$20 million and is not underwritten. However, the Company reserves the right to increase the size of the SPP Offer should demand from Eligible Shareholders exceed A\$20 million.</p> <p>ELMO may, in its absolute discretion, scale back the number of New Shares that will be issued to individual Shareholders under the SPP Offer. Any scale back will be applied on a pro rata basis, either based on the size of the Eligible Shareholder's existing holding of Shares or based on the number of New Shares that the Eligible Shareholder has applied for. If this happens you may be issued New Shares to a value that is less than the value of New Shares that you applied for</p>

Key SPP details	Summary
	and the difference will be refunded to you (without interest).
<b>Refunds</b>	Any application monies refunded by ELMO will be paid by cheque or direct credit (the payment method will be determined by ELMO in its absolute discretion) in Australian currency. By applying for New Shares, each Shareholder authorises ELMO to pay any monies to be refunded by using the payment instructions of the Shareholder recorded in the Registry's records if ELMO should elect to pay in this manner.
<b>More information</b>	If you have any questions in relation to how to participate in the SPP Offer please contact the ELMO Offer Information Line on 1800 218 694 (from within Australia) or +61 1800 218 694 (from outside Australia), or consult your financial or other professional adviser. The ELMO Offer Information Line will be open from 8.30am to 5.30pm (Sydney time), Monday to Friday during the offer period. Alternatively, you can access information about the SPP Offer and a copy of this Prospectus online at <a href="http://www.elmosoftware.com.au">www.elmosoftware.com.au</a> .
	If you have any questions in relation to whether an investment in ELMO through the SPP is appropriate for you, please contact your stockbroker, accountant or other professional adviser.



## **4 Details of the SPP Offer**

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### **4.1 Overview of the SPP Offer**

ELMO offers each Eligible Shareholder the opportunity to purchase a minimum of A\$2,000 and thereafter in subsequent A\$1,000 increments up to a maximum of A\$30,000 of new fully paid ordinary shares in ELMO subject to and in accordance with the terms and conditions set out in this Section 4.

The purpose and effect of the SPP Offer is set out in Section 5 of this Prospectus.

The New Shares to be issued pursuant to this Prospectus are of the same class and will rank equally in all respects with the then issued and outstanding Shares in the Company. The rights and liabilities attaching to the Shares (including the New Shares) are further described in Section 6 of this Prospectus.

The SPP Offer to each Eligible Shareholder (whether as a Custodian or on its own account) is made on the same terms and conditions.

### **4.2 Eligible Shareholders**

You are an Eligible Shareholder who is eligible to participate in the SPP Offer if you:

- (a) were a registered holder of ELMO Shares at 7.00pm (Sydney time) on the Record Date, being 8 May 2020;
- (b) have a registered address in either Australia or New Zealand; and
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States.

Eligible Shareholders who are Custodians may participate in the SPP Offer in accordance with Section 4.3 below.

The SPP Offer is not made to holders of Shares with a registered address outside of Australia and New Zealand, or that are in the United States or are acting for the account or benefit of a person in the United States, and accordingly those shareholders may not participate.

### **4.3 Joint Holders and Custodians**

If two or more persons are registered on the share register as jointly holding Shares, they are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder, and a certification given by any of them is taken to be a certification given by all of them.

Subject to these terms and conditions, Eligible Shareholders who are Custodians may participate in the SPP Offer on behalf of each Eligible Beneficiary on whose behalf they hold Shares.

An **Eligible Beneficiary** is a person:

- (a) on whose behalf a Custodian holds Shares as at the Record Date;
- (b) who has a registered address in either Australia or New Zealand; and
- (c) who is not in the United States and is not acting for the account or benefit of a person in the United States.

#### 4.4 Application for New Shares

Eligible Shareholders must apply for a minimum of A\$2,000 worth of New Shares and may apply for further New Shares in subsequent A\$1,000 increments up to a maximum of A\$30,000 of New Shares.

Eligible Shareholders may apply for New Shares under the SPP Offer by reviewing a copy of this Prospectus and doing one of the following:

- (a) making a payment for the appropriate amount via BPAY® on the internet or by telephone, using the details on the Application Form (New Zealand based shareholders cannot apply using BPAY® unless they have an Australian bank account). Please ensure that your payment is received by the Registry before 5.00 pm (Sydney time) on Monday, 1 June 2020. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should take this into consideration when making any electronic payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY® are received in time. You will be deemed to have completed the Application Form accompanying this Prospectus under this option but you do not need to return the Application Form;
- (b) making an application for New Shares by completing your details on the offer site at [www.elmosoftware.com.au](http://www.elmosoftware.com.au) and making your payment in Australian currency by BPAY® or sending your payment by cheque made payable to "ELMO SPP" to the Registry at the address set out below;
- (c) completing the application form accompanying this Prospectus and sending it together with your payment by cheque made payable to "ELMO SPP" and drawn in Australian currency for the correct amount to the Registry at the following address by no later than 5.00 pm (Sydney time) on Monday, 1 June 2020:

**Mailing Address**

ELMO Software Limited  
C/- Link Market Services Limited  
GPO Box 3560  
Sydney NSW 2001

Due to current delays with postage, you are encouraged to make any postal applications as soon as possible and well in advance of the Closing Date.

Do not forward cash. Receipts for payment will not be issued.

Eligible Shareholders who receive more than one offer under the SPP (for example, because the Eligible Shareholder holds Shares in more than one capacity or in different registered holdings) may apply on different Application Forms for New Shares but may not apply for New Shares with an aggregate value of more than A\$30,000.

If an Eligible Shareholder wishes to subscribe for New Shares as a Custodian for one or more Eligible Beneficiaries, you must also complete and submit a Custodian Certificate before the application will be accepted. Applications by Custodians that are not accompanied by a duly completed Custodian Certificate will be rejected.

ELMO and its officers and agents may accept or reject an application for New Shares in whole or in part at their discretion including, without limitation, if:

- (a) the application does not comply with these terms and conditions;
- (b) it appears you are not an Eligible Shareholder;
- (c) your BPAY® payment or Application Form and payment by cheque is not received by the Registry by 5.00 pm (Sydney time) on Monday, 1 June 2020;

- (d) paying by cheque, your Application Form is incomplete, incorrectly completed or is otherwise determined by ELMO to be invalid;
- (e) your details in the application submitted through the offer site at [www.elmosoftware.com.au](http://www.elmosoftware.com.au) are incomplete, or incorrectly completed or are otherwise determined by ELMO to be invalid;
- (f) paying by cheque, your cheque is dishonoured or has been incorrectly completed;
- (g) the amount of your cheque or BPAY® payment is not equal to the amount of your application, in which event ELMO will:
  - (i) refund in full your application monies and not allot any New Shares to you; or
  - (ii) allot to you the number of New Shares that would have been allotted to you had you applied for the highest designated amount that is less than the amount of your payment and refund to you the excess of your application monies;
- (h) ELMO believes that you are applying to purchase more than A\$30,000 of New Shares in aggregate (including as a result of Shares you hold directly, jointly or through a custodian or nominee arrangement);
- (i) your application is for less than A\$2,000 of New Shares or not for an amount in an A\$1,000 increment; or
- (j) payment of the application monies is not submitted in Australian currency.

You cannot withdraw or revoke your application once you have made your application or paid your application monies.

#### 4.5 **SPP Offer Price**

The issue price per New Share (**SPP Offer Price**) will be the lower of:

- (i) the issue price under the Placement (being A\$7.00); and
- (ii) the price that is a 2% discount to the VWAP of ELMO shares on the ASX over the five trading days up to, and including, the closing date of the SPP Offer (rounded down to the nearest cent).

The price at which the Placement Shares were issued under the Placement was an 11.5% discount to the closing price of the Shares on 8 May 2020, the last day on which the Shares traded on ASX before the announcement of the Capital Raising, and an 8.8% discount to the 5 day VWAP of the Shares on ASX up to that date.

The current market price of Shares can be obtained from the ASX – [www.asx.com.au](http://www.asx.com.au), and may be listed in major financial newspapers circulating in Australia.

You agree to pay the SPP Offer Price per New Share for the number of New Shares calculated under Section 4.6 or, if there is a scale back, the number of New Shares calculated under Section 4.8.

#### 4.6 **Calculation and issue of New Shares**

If you apply for New Shares under the SPP, you will apply for a certain value, rather than a certain number, of New Shares. If your application is accepted, ELMO will divide the value of your application monies (taking into account the terms of this Section 4.6) by the SPP Offer Price (as set out in Section 4.5) in order to determine the number of New Shares which, subject to scale back, will be issued to you.

If the calculation in this Section 4.6 produces a fractional number of New Shares, the number of New Shares issued to you will be rounded down to the nearest whole New Share.

New Shares will be issued to applicants on the Allotment Date, being 9 June 2020.

New Shares issued under the SPP will rank equally in all respects with existing Shares as at the Allotment Date. The rights and liabilities attaching to Shares (including the New Shares) are set out in Section 6 of this Prospectus.

ELMO will apply to the ASX for quotation of the New Shares issued under the SPP Offer. It is anticipated that the New Shares will be admitted to quotation on the ASX as soon as practicable after their issue.

The Registry is expected to send holding statements in respect of the New Shares issued under the SPP on or around the Allotment Date.

#### **4.7 Effect of applying to participate**

By making an application or paying your application monies, you:

- (a) are deemed to have accepted the SPP Offer and you irrevocably and unconditionally agree to the terms and conditions of the SPP and the terms and conditions of the Application Form and agree not to do any act or thing that would be contrary to the spirit, intention or purpose of the SPP;
- (b) warrant that all details and statements in your application are true and complete and not misleading (including by omission);
- (c) agree that your application will be irrevocable and unconditional (that is, it cannot be withdrawn);
- (d) warrant that you are an Eligible Shareholder and are eligible to participate in the SPP Offer, and agree to provide (and if applicable direct your nominee or Custodian to provide) any requested substantiation of your eligibility to participate in the SPP Offer and of your holding of Shares on the Record Date;
- (e) acknowledge that no interest will be paid on any application monies held pending the issue of New Shares or subsequently refunded to you for any reason;
- (f) acknowledge that ELMO and its officers and agents are not liable for any consequences of the exercise or non-exercise of discretions referred to in these terms and conditions;
- (g) agree to pay the SPP Offer Price per New Share up to the maximum value of your application monies (as determined by ELMO in its absolute discretion);
- (h) warrant, acknowledge and agree that:
  - (i) you are not in the United States and are not acting for the account or benefit of a person in the United States;
  - (ii) the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia (and its external territories) or New Zealand, and therefore, the New Shares to be offered and sold under the SPP Offer may not be offered and sold, directly or indirectly, in the United States unless they have been registered under the US Securities Act (which ELMO has no obligation or intention to do or procure), or are offered and sold in a transaction exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
  - (iii) if you are acting as a trustee, nominee or Custodian, each beneficial holder on whose behalf you are participating in the SPP Offer is resident in Australia or New Zealand, and you have not sent this Prospectus, or any materials relating to the SPP Offer to any person outside of Australia and New Zealand;

- (i) warrant that you have not, and agree that you will not, send, release or distribute any materials relating to the SPP Offer in the United States or to any person in the United States or to any person acting for the account or benefit of a person in the United States;
- (j) if you (or any other person for whom you are acquiring or procuring New Shares) are in New Zealand, you (and any such person):
  - (i) are a person who: (i) is an investment business within the meaning of clause 37 of Schedule 1 of the Financial Markets Conduct Act 2013 (New Zealand) (**FMC Act**), (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act, (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act, or (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act;
  - (ii) acknowledge that: (i) Part 3 of the FMC Act shall not apply in respect of the offer of New Shares to you, (ii) no product disclosure statement under the FMC Act may be prepared in respect of the offer of New Shares and (iii) any information provided to you in respect of the offer is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain;
  - (iii) warrant that if in the future you elect to directly or indirectly offer or sell any of the New Shares allotted to you, you undertake not to do so in a manner that could result in: (i) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act, or (iii) ELMO or its directors incurring any liability; and
  - (iv) warrant that: (a) any person for whom you are acquiring New Shares meets one or more of the criteria specified in subsection (i) above, and (b) you have received, where required, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act;
- (k) if you are applying for New Shares on your own behalf (and not as Custodian), acknowledge and agree that you are not applying for New Shares with an aggregate application price of more than A\$30,000 (including any New Shares which a Custodian has applied to purchase on your behalf under the SPP Offer) even though you may have received more than one offer under the SPP Offer or received offers in more than one capacity under the SPP Offer.
- (l) if you are a Custodian and are applying on behalf of an Eligible Beneficiary on whose behalf you hold Shares, acknowledge and agree that:
  - (i) you are a Custodian;
  - (ii) you held Shares on behalf of the Eligible Beneficiary as at the Record Date who has instructed you to apply for New Shares on their behalf under the SPP Offer and that the Eligible Beneficiary was provided with a copy of this Prospectus before giving such instruction;
  - (iii) you are not applying for New Shares on behalf of any Eligible Beneficiary with an aggregate application price of more than A\$30,000 under the SPP Offer; and
  - (iv) the information in the Custodian Certificate submitted with your Application Form is true, correct and not misleading;
- (m) acknowledge that ELMO may scale back your application in accordance with Section 4.8;
- (n) accept the risks associated with any refund that may be issued to you by cheque, direct credit or bank transfer;

- (o) are responsible for any dishonour fees or other costs ELMO may incur in presenting a cheque for payment which is dishonoured;
- (p) agree to be bound by the Constitution (as it may be amended from time to time in the future);
- (q) represent that you are in compliance with all relevant laws and regulations;
- (r) acknowledge that ELMO may vary the timetable set out in this Prospectus at its discretion by lodging a revised timetable with the ASX, including extending the SPP Offer, closing the SPP Offer early or withdrawing the SPP Offer completely;
- (s) acknowledge that the market price of Shares may rise or fall between the date of the opening of the SPP Offer and the Allotment Date and that the SPP Offer Price you pay for New Shares may exceed the market price of Shares on the Allotment Date;
- (t) acknowledge that there are risks associated with acquiring and holding Shares, including those risks described in Section 7 of this Prospectus;
- (u) acknowledge that none of ELMO or its subsidiaries or their respective directors, officers, employees, agents or advisers has provided you with any financial product or investment advice or taxation advice in relation to the SPP Offer, or has any obligation to provide such advice;
- (v) authorise ELMO and its officers and agents to do anything on your behalf necessary for New Shares to be issued to you in accordance with these terms and conditions and to register you as the holder(s) of New Shares issued to you;
- (w) acknowledge that ELMO may at any time and in its absolute discretion determine that your application is valid or invalid, in accordance with the terms and conditions of the SPP Offer;
- (x) declare that you are at least 18 years of age and have full legal capacity and power to perform all your rights and obligations in respect of the SPP Offer; and
- (y) authorise ELMO and its officers and agents to correct minor or easily rectified errors in, or omissions from, your Application Form and to complete the Application Form by the insertion of any missing or minor detail.

#### **4.8 Oversubscriptions and scale back**

ELMO may in its absolute discretion increase the amount to be raised under the SPP Offer and accept subscriptions under the SPP Offer that exceed A\$20 million in aggregate.

ELMO may in its absolute discretion undertake a scale back of applications for New Shares. Any scale back will be applied on a pro rata basis, either based on the size of the Eligible Shareholder's existing holding of Shares or based on the number of New Shares that the Eligible Shareholder has applied for. If there is a scale back, you may receive less than the parcel of New Shares for which you have applied.

If a scale back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allotted will be rounded down to the nearest whole number of New Shares.

If there is a scale back, the difference between the application monies received from you, and the number of New Shares allocated to you multiplied by the SPP Offer Price, will be refunded to you without interest.

#### **4.9 Dispute resolution**

ELMO may settle, in any manner it deems appropriate, any difficulties, anomalies or disputes which may arise in connection with, or by reason of, the operation of the SPP whether generally or in relation to any participant or any application for New Shares, and its decision



shall be conclusive and binding on all participants and other persons to whom the determination relates.

The powers of ELMO under these terms and conditions may be exercised by the directors of ELMO or any delegate or representative of them.

#### 4.10 **Variation and termination**

Subject to any regulatory requirements, ELMO reserves the right at any time to:

- (a) amend or vary the terms of the SPP Offer;
- (b) waive strict compliance with any provision of these terms of the SPP Offer;
- (c) increase the amount to be raised under the SPP Offer;
- (d) withdraw the SPP Offer or suspend or terminate the SPP Offer;
- (e) vary the timetable for the SPP, including the Closing Date;
- (f) accept late applications under the SPP Offer;
- (g) not accept an application, not issue New Shares, or issue New Shares to a value less than that applied for under the SPP Offer by an Eligible Shareholder (including a Custodian applying on behalf of one or more Eligible Beneficiaries); and
- (h) undertake a scale back in accordance with Section 4.8.

Subject to any regulatory requirements, any such amendment, variation, waiver, suspension, withdrawal, non-acceptance or termination will be binding on all Eligible Shareholders even where ELMO does not notify you of that event.

In the event that the SPP Offer is withdrawn or terminated, all application monies will be refunded. No interest will be paid on any money returned to you.

#### 4.11 **Privacy policy**

Chapter 2C of the Corporations Act requires information about a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. This information must continue to be included in the public register if you cease to be a securityholder.

ELMO and the Registry may collect personal information to process your application, implement the SPP Offer and administer your holding of Shares. The personal information contained in the share register is also used to facilitate payments and corporate communications (including financial results), annual reports and other information to be communicated to holders of Shares, and to ensure compliance with legal and regulatory requirements, including Australian taxation laws and the Corporations Act.

Your personal information may be disclosed to joint investors, the Registry, securities brokers, third party service providers (including print and mail service providers, technology providers and professional advisers), related entities of ELMO and its agents and contractors, and the ASX and other regulatory authorities, and in any case, where disclosure is required or allowed by law (which may include disclosures to the Australian Taxation Office and other government or regulatory bodies or where you have consented to the disclosure). In some cases, the types of organisations referred to above to whom your personal information may be disclosed may be located overseas.

Link Market Services Limited's privacy policy is available on their website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**4.12 Costs of participation**

ELMO will not charge any brokerage, commissions or other transaction costs in respect of the application for, and allotment of, New Shares under the SPP Offer.

**4.13 No Underwriting**

The SPP Offer is not underwritten meaning that there is no guaranteed minimum amount that will be raised under the SPP Offer.

**4.14 Securities will be quoted**

An application for Official Quotation of the New Shares offered pursuant to this Prospectus has been made to ASX.

If ASX does not grant Official Quotation of the New Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any New Shares.

The fact that ASX may grant Official Quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered under this Prospectus.

**4.15 Inconsistency**

The terms and conditions of the SPP Offer set out in this Prospectus prevail to the extent of any inconsistency with the Application Form.

## 5 Purpose and effect of the Capital Raising

### 5.1 Purpose of the Capital Raising

Pursuant to the Capital Raising (comprising both the Placement and the SPP Offer), ELMO is aiming to raise up to A\$90 million (of which A\$70 million has already been raised under the Placement). The SPP Offer aims to raise A\$20 million but ELMO reserves the right to increase the size of the SPP Offer should demand from Eligible Shareholders exceed A\$20 million. The proposed limit on the SPP Offer is considered appropriate to provide the opportunity for a significant number of ELMO's retail shareholders to achieve a pro rata allocation having regard to the total size of the Capital Raising.

The combined proceeds raised under the Capital Raising will be invested in strategic initiatives such as organic growth initiatives within ELMO and to fund future acquisitions. The Company is looking to capitalise on an increased pipeline of acquisition opportunities and to take advantage of tailwinds in the adoption of cloud-based software due to mass remote-based working. ELMO has a disciplined approach to capital deployment and a proven track record of executing and delivering growth from acquisitions.

### 5.2 Effect on capital structure

The effect of the Capital Raising on the capital structure of ELMO, based on the A\$70 million raised under the Placement, and assuming three separate outcomes for the amount raised under the SPP Offer (A\$15 million, A\$20 million or A\$30 million), is set out below.

Shares and Options <sup>1</sup>	Number (A\$15 million SPP)	Number (A\$20 million SPP)	Number (A\$30 million SPP)
Shares currently on issue	75,228,716	75,228,716	75,228,716
Shares issued pursuant to the Placement	10,000,000	10,000,000	10,000,000
New Shares to be issued under the SPP Offer <sup>3, 4</sup>	2,142,857	2,857,142	4,285,714
<b>Total</b>	<b>87,371,573</b>	<b>88,085,858</b>	<b>89,514,430</b>
Options on issue <sup>2</sup>	1,196,369	1,196,369	1,196,369
Performance rights on issue <sup>2</sup>	72,504	72,504	72,504
<b>Total share capital (on a fully diluted basis)</b>	<b>88,640,446</b>	<b>89,354,731</b>	<b>90,783,303</b>

**Notes:**

1. The rights and liabilities attaching to Shares are summarised in section 6 of this Prospectus.
2. Each Option and Performance Right on issue entitles the holder to one ordinary share in the capital of ELMO subject to the satisfaction of any vesting conditions and in the case of the options the payment of the option exercise price.
3. Based on an SPP Offer Price of A\$7.00.
4. SPP shares subject to rounding for each Eligible Shareholder.

### 5.3 Financial effect of the Capital Raising

The financial effect of the SPP Offer is that it will increase the Company's cash reserves by the eventual amount raised under the SPP Offer.

In addition to the A\$70 million raised by the Company under the Placement, on the assumption that the Company raises A\$20 million under the SPP Offer, the Company's cash reserves on an unaudited pro forma basis as at 31 March 2020 (being the date of lodgement of the Company's last Appendix 4C with ASX) will be A\$157.3 million, as follows:

Action	A\$ (million)
Cash reserves – 31 March 2020 (unaudited)	69.8
Add: Placement proceeds	70.0
Add: SPP Offer proceeds <sup>1</sup>	20.0
Less: expenses of the Capital Raising	2.5
<b>Pro forma cash reserves – 31 March 2020 (unaudited)</b>	<b>157.3</b>

<sup>1</sup>Assumes the SPP Offer raises A\$20 million. If the SPP Offer raises less than that amount, or more than that amount, the Company's unaudited pro forma cash reserves as at 31 March 2020 shown above will be decreased or increased respectively by the difference between the amount actually raised and A\$20 million.

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law. Summaries of the significant rights and liabilities attaching to the Shares and of the other material provisions of the Constitution are set out below. The summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

**6.1 Voting**

At a general meeting, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands (unless a Shareholder has appointed more than one proxy) and one vote on a poll for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

**6.2 Dividends**

The Board may pay any interim and final dividends that, in its judgment, the financial position of ELMO justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

As at the date of this Prospectus, ELMO does not currently generate profits and accordingly does not currently pay any dividends.

**6.3 Issue of further Shares**

The Board may (subject to the Constitution, the ASX Listing Rules and the Corporations Act) issue or grant options for, or otherwise dispose of, Shares on such terms and the Board decides.

**6.4 Variation of class rights**

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. The rights attached to a class of Shares may be varied or cancelled by:

- the holders of at least 75% of the issued Shares in the class consenting in writing; or
- a special resolution passed at a separate meeting of the holders of Shares in that class.

**6.5 Transfer of Shares**

Subject to the Constitution and to any restrictions attached to a Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, any other ASX requirements and the Corporations Act or via a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may refuse to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules.

**6.6 General meeting and notices**

Each Shareholder is entitled to receive notice of, attend and vote, at general meetings of ELMO and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. ELMO must give at least 28 days' written notice of a general meeting.

**6.7 Winding up**

Subject to the Constitution, the Corporations Act and any preferential rights attaching to any class or classes of Shares, Shareholders will be entitled on a winding up to a share in any

surplus assets of ELMO in proportion to the Shares held by them. If ELMO is wound up, the liquidator may, with the sanction of a special resolution, divide the whole or part of ELMO's property among Shareholders and decide how the division is to be carried out as between Shareholders or different classes of Shareholders.

#### **6.8 Unmarketable parcels**

In accordance with the ASX Listing Rules, the Board may sell Shares which constitute less than a marketable parcel by following the procedures set out in the Constitution.

#### **6.9 Proportional takeover provisions**

The Constitution requires Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless they are renewed by Shareholders passing a special resolution by the third anniversary of either the date that those rules were adopted or the date those rules were last renewed.

#### **6.10 Directors – appointment and removal**

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of nine Directors, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at general meetings of ELMO.

No Director (excluding any managing director) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint a Director in addition to the existing Directors to fill a casual vacancy on the Board, and that Director (apart from the managing director) will then hold office until the conclusion of the next annual general meeting of ELMO.

#### **6.11 Directors – voting**

Questions arising at a meeting of the Board must be decided by a majority of votes cast by the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote.

#### **6.12 Directors – remuneration**

Under the Constitution, the Board may decide the remuneration from ELMO to which each Director is entitled for his or her services as a Director. However, the total amount provided to all Directors for their services as Directors must not exceed in aggregate in any financial year the amount fixed by ELMO in general meetings.

Directors may be paid for travel and other expenses incurred in attending to ELMO affairs, including attending and returning from meetings of Directors or committees or general meetings. Any Director who devotes special attention to the business of ELMO or who performs services which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of ELMO.

#### **6.13 Powers and duties of Directors**

The business and affairs of ELMO are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within ELMO's power and the powers that are not required by law or by the Constitution to be exercised by ELMO in the general meeting.

#### **6.14 Preference Shares**

ELMO may issue preference shares including preference shares which are, or at the option of ELMO or holders are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of ELMO.



#### 6.15 **Amendments**

The Constitution may be amended only by a special resolution passed by Shareholders.

An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Risk Factor	Summary
<b>COVID-19 Business Risk</b>	While ELMO has been monitoring the ongoing impact of the Coronavirus pandemic ( <b>COVID-19</b> ) on its operations, the full impact is not currently ascertainable due to the unknown length of time that the economy, businesses and people will be required to adhere to certain regulatory requirements related to COVID-19. COVID-19 could potentially continue to impact suppliers, customers, employees and the Company's ability to sell its products. The impact of these factors, if they eventuate, could have a detrimental effect on the Company's financial performance, and depending on the extent of the disruption, any effect could be material.
<b>Failure to Retain Existing Customers and Attract New Customers</b>	The success of ELMO's business relies on its ability to attract new customers and to retain and increase revenue from existing customers. ELMO primarily generates revenue through customers utilising modules on their platform by which customers typically pay annual subscription fees in advance. The majority of ELMO's contracts with customers run for three years. ELMO's customers have no obligation to renew their service offering when their contract term ends and ELMO cannot guarantee that all or any of its customers will renew their current service offering after the completion of their contract term. Accordingly, there is a risk that customers reduce or cease usage of ELMO's platform which would result in a reduction in the level of payments they make to ELMO including revenue characterised as recurring subscription revenue.
<b>Acquisition Risks</b>	<p>ELMO has recently completed a number of acquisitions and is likely to seek further acquisitions in the future, including in overseas jurisdictions such as the United Kingdom. There can be no assurance that suitable future acquisition opportunities will arise or if they do arise that they will be able to be made on acceptable terms.</p> <p>While ELMO will take every effort to ensure that any acquisition is successfully integrated and the benefits realised, there is a risk that the acquisitions may fail to meet ELMO's strategic and financial objectives including, if applicable, the transition of customers from one business to ELMO's business, generate the synergies and benefits that ELMO expected or provide an adequate return on the</p>

Risk Factor	Summary
	<p>purchase price. There are also regulatory, cultural and control risks that arise when making acquisitions in overseas jurisdictions and as ELMO's business expands.</p> <p>While ELMO will undertake reasonable and appropriate due diligence in respect of additional acquisition opportunities, there is a risk that ELMO's due diligence and analysis may be incomplete or inaccurate. An unforeseen liability that arises after the acquisition, and for which ELMO has no warranty or indemnity protection under the sale and purchase agreement, may impact on the investment and ultimately ELMO's financial performance.</p>
<b>Competition Risks</b>	<p>There are a number of organisations which compete both directly and indirectly with ELMO in the paper-based and business technology solutions sectors. While ELMO is a leading provider of human resource and payroll software solutions in Australia and New Zealand, some of ELMO's competitors may have or may develop competitive advantages over ELMO and may be larger on an international or regional basis and have greater access to capital or other resources. The market share of ELMO's competitors may increase or decrease as a result of various factors such as securing large new customers, developing new technologies and adopting pricing strategies specifically designed to gain market share.</p> <p>These competitive actions may reduce the prices that ELMO is able to charge for its products and services or reduce ELMO's activity levels, both of which would negatively impact the financial performance of ELMO.</p>
<b>Ability to Attract and Retain Key Personnel</b>	<p>A perceived critical component of the success of the Company is the ongoing retention of key personnel, specifically, founder and CEO, Danny Lessem, and members of the management and product research and development teams. There is a risk ELMO may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel, or any delay in their replacement, could have a significant negative impact on management's ability to operate the business and achieve financial performance targets and strategic growth objectives.</p>
<b>Pricing Risk</b>	<p>ELMO primarily generates revenue by charging annual subscription fees to its customers for the length of the contract which are based on both the type of module as well as the number of users per module. Upon completion of their contract, ELMO's customers may try to renegotiate contract terms for more favourable price discounts which, if capped, would result in a direct reduction in the payments they make to ELMO and have a negative impact on ELMO's financial performance. While ELMO may resist such attempts to renegotiate prices, business economics, market conditions or competitive forces may dictate such terms need to be accepted. In addition, ELMO does not currently incorporate any annual price increase clauses into their contracts such as a price increase based on the level of consumer price index.</p>

Risk Factor	Summary
	As a result, ELMO is currently unable to pass on any potential cost increases it may face onto its customers. Consequently, any significant increase in costs that ELMO incurs could have a material adverse effect on ELMO's financial performance.
<b>Reliance on ELMO's Cloud HR and Payroll Solutions and Failure to Adequately Maintain and Develop it</b>	ELMO's business model depends on ELMO's ability to continue to ensure that ELMO's customers are satisfied with the functionality of ELMO's HR & payroll software solutions. The market for HR & payroll solutions is subject to evolving industry standards, changing regulations as well as ever changing customer needs and preferences. ELMO's success will depend on its ability to adapt and respond effectively to these changes on a timely basis. There is a risk that ELMO may fail to maintain its software platform adequately or that future updates may introduce errors and performance issues causing customer satisfaction to fall.
<b>Reliance on Up-take of SaaS-based HR and Payroll Solutions</b>	ELMO's future revenue and growth depends on the increasing adoption of SaaS, cloud-based HR & payroll solutions. It may be difficult for ELMO to persuade potential customers to change their existing legacy on-premise, manual paper-based or point solution and adopt SaaS, cloud-based HR & Payroll solutions like ELMO's. If ELMO's solutions are not accepted and used by more mid-market and lower mid-market organisations or if the market for HR & payroll solutions fails to grow as expected, ELMO's platform could be adversely affected and revenue growth may slow, which could negatively impact ELMO's operating and financial performance.
<b>Failure to Realise Benefits from Product Research and Development</b>	Developing software and technology is expensive and often involves an extended period of time to achieve a return on investment. An important aspect of ELMO's business is to continue to invest in innovation and related product development opportunities. ELMO believes that it must continue to dedicate resources to ELMO's innovation efforts to develop ELMO's software and technology product offering and maintain the Company's competitive position. ELMO may not however, receive benefits from these investments for several years or may not receive benefits from these investments at all.
<b>Failure to Effectively Manage Growth</b>	Based on ELMO's projections, ELMO expects further organic and inorganic growth in the future, including by way of acquisitions in overseas jurisdictions, which could place significant strain on current management, operational and finance resources as well as the infrastructure supporting ELMO's platform. ELMO's future success, depends, to a certain extent, on ELMO's ability to effectively manage this growth.
<b>Disruption or Failure of Technology and Software Systems</b>	ELMO and its customers are dependent on the performance, reliability and availability of ELMO's platform, data centres and communications systems (including servers, the internet,

Risk Factor	Summary
	<p>hosting services and the cloud environment in which ELMO provides its solutions). There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, “bugs” or “worms”, malware, internal or external misuse by websites, cyber-attacks or other disruptions including natural disasters, power outages or other similar events.</p>
<p><b>Reliance on Third Party Service Providers</b></p>	<p>ELMO relies on certain contracts with third party service providers to facilitate the use of ELMO’s solutions. In particular, ELMO relies on a third party service provider for the Company’s cloud hosting services. ELMO also relies on the use of third party service providers for system documentation, software layers and code management and monitoring and auditing the Company’s IT infrastructure and network. Any failure or disruption to the service provided from the third party service providers that ELMO’s business relies on to efficiently operate could negatively impact ELMO’s operating and financial performance.</p>
<p><b>Loss or Theft of Data and Failure of Data Security Systems</b></p>	<p>ELMO’s products involve the storage of customers’ confidential and proprietary information including information regarding their employees. ELMO’s business could be materially impacted by security breaches of ELMO’s customers’ data either by unauthorised access, theft, destruction, loss of information or misappropriation or release of confidential customer data. There is a risk that any measures taken may not be sufficient to prevent or detect unauthorised access to, or disclosure of, such confidential or proprietary information, and any of these events may cause significant disruption to ELMO’s business and operations. This may also expose ELMO to reputational damage, regulatory scrutiny and fines, any of which could materially impact ELMO’s operating and financial performance.</p>
<p><b>Protection of Intellectual Property</b></p>	<p>The value of ELMO’s products is dependent on ELMO’s ability to protect its intellectual property, including trademarks, copyright and moral rights. There is a risk that ELMO may be unable to detect the unauthorised use of intellectual property rights in all instances. Further, actions that ELMO takes to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of, or copying or circumvention of, ELMO’s intellectual property and proprietary information.</p>
<p><b>Success of Sales and Marketing Strategy</b></p>	<p>ELMO’s future success is partly dependent on the realisation of benefits from investment spent on sales and marketing campaigns and initiatives. Promoting awareness of ELMO’s brand and reputation is critical to ELMO’s success as a SaaS, cloud-based HR &amp; payroll software solutions provider. ELMO expects that sales and marketing investment will continue to increase as the business grows. ELMO may not, however receive benefits from these investments for several years or may not receive benefits from these investments at all. Failure to realise intended benefits from sales and</p>

Risk Factor	Summary
	marketing investment could negatively impact ELMO's ability to attract new customers and adversely impact ELMO's operating and financial performance.
<b>Breach of Third Party IP Rights</b>	There is a risk that third parties may allege that ELMO's solutions use IP derived by them or from their products without their consent or permission. ELMO may be the subject of claims which could result in disputes or litigation, which could result in the payment of monetary damages, cause delays and increase costs, which in turn could have an adverse impact on ELMO's operations, reputation and financial performance.
<b>Failure to Consider Changes in Compliance and Regulatory Environment</b>	ELMO's customers rely on having accurate and up to date information available on their platform including ELMO's eLearning course content library. ELMO constantly monitors changes to the relevant regulatory and compliance legislation that affects its platform, eLearning course content library and the training programs the Company offers. There is a risk that ELMO fails to keep abreast of these changes and subsequently fails to make the necessary updates to ELMO's platform or fails to make the necessary updates in a timely manner which could have an adverse impact on ELMO's customer satisfaction, operations and financial performance.
<b>Revenue Recognised Throughout Term of Customer Contracts</b>	ELMO recognises revenue over the term of the contract with its customers which is typically three years in length. ELMO invoices customers annually, in advance and recognises revenue monthly on a pro-rated basis throughout the term of the contract. As a result, most of the revenue realised in any given period relates to contracts entered into during previous periods. Consequently, a shortfall in demand for ELMO's solutions or losses in the existing customer base may not be reflected in the revenue results of that period but are likely to negatively impact revenue in subsequent periods.
<b>Country / Region Specific Risks in New and/or Unfamiliar Markets</b>	ELMO has operations in overseas jurisdictions and is exposed to a range of different legal and regulatory regimes (such as New Zealand, the UK, Philippines and Singapore). As ELMO expands its presence into new international jurisdictions, ELMO is subject to the risks associated with doing business in the relevant jurisdictions, which may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks. In acquiring entities based in overseas jurisdictions, it may take some time for ELMO to become accustomed to the local legal and regulatory systems and frameworks that are relevant to the business.
<b>General Economic Conditions</b>	Adverse changes in economic conditions including economic growth rates, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation rates, government policies, international economic conditions and employment rates amongst others are outside of ELMO's control, and have the potential to have an adverse impact on the future operational

Risk Factor	Summary
	and financial performance of ELMO.
<b>Foreign Exchange Risk</b>	ELMO's financial statements are presented in Australian Dollars. Although only a small portion of current sales revenue is denominated in currencies other than the Australian Dollar, this portion may increase over time as ELMO continues to grow and to expand into overseas jurisdictions. Future changes in the exchange rates in the jurisdictions in which ELMO operates may adversely impact ELMO's operating and financial performance.
<b>Risk of Unforeseen Increased Costs</b>	ELMO's future financial performance is dependent, to a certain extent, on the level of capital expenditure that is required to maintain its assets. Any significant unforeseen increase in the capital and operating costs associated with ELMO's operations would impact its future cash flow and profitability.
<b>Regulatory and Tax Risks</b>	ELMO is exposed to any changes in regulatory conditions under which it operates in Australia and New Zealand. Such regulatory changes can include, but are not limited to, changes in tax laws and policies, accounting laws, policies, standards and practices, laws and regulations that may impact upon the operations and business practices of ELMO and its management; and employment laws and regulations including laws and regulations related to occupational health and safety. Any change in the current rate of company income tax in Australia and New Zealand may impact upon the financial performance and cash flows, ability to pay dividends and ELMO's share price which in turn could impact shareholder returns.
<b>Litigation Risk</b>	In the ordinary course of business, ELMO may be involved in litigation disputes from time to time. Litigation disputes brought by third parties including, but not limited to, customers, suppliers, business partners and employees may adversely impact the financial performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of the Company's insurance.
<b>Force Majeure Events</b>	Events may occur within or outside Australia that could impact upon the Australian economy, the Company and the price of ELMO shares. These events are outside ELMO's control and include, but are not limited to, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on the demand for ELMO's products and its ability to conduct business. ELMO has only a limited ability to insure against some of these risks.
<b>Major Shareholder Risk</b>	ELMO currently has a number of substantial shareholders on

Risk Factor	Summary
	its share register. There is a risk that these shareholders or other larger shareholders may sell their shares at a future date. This could cause the price of Shares to decline.
<b>Share Price Movements</b>	There are risks associated with any investment in a listed company on the ASX. The value of the Shares may rise above or below the current share price, depending on the operational and financial performance of ELMO and a number of external factors over which ELMO, its Directors and its employees do not have any control. Those external factors include economic conditions in Australia, New Zealand and overseas which may impact equity capital markets; changing investor sentiment in Australia, New Zealand and overseas share markets; changes in fiscal, monetary, regulatory or other government policies; and developments and general conditions in the markets in which ELMO proposes to operate and which may impact on the future value and pricing of the Shares.
<b>Risk of Shareholder Dilution</b>	In the future ELMO may elect to issue shares or engage in capital raisings to help fund acquisitions or other strategic investments. While ELMO is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period without shareholder approval (subject to certain exceptions), shareholders at the time may be diluted as a result of the issue of Shares.
<b>Other Risks</b>	The above risks should not be taken as a complete list of the risks associated with an investment in ELMO or in the New Shares. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of ELMO shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by ELMO in respect of the Shares (including the New Shares).



**8.1 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities. The New Shares which will be issued pursuant to this Prospectus are in the same class as Shares that have been continuously quoted on the official list of the ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a “transaction specific prospectus” to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class of securities that has been continuously quoted by ASX in the three months prior to the date of the Prospectus. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of the New Shares on the Company and the rights and liabilities attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from the lodgement of the Company’s annual financial report for the financial year ended 30 June 2019 up to the date of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market operated by ASX.

Generally, information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the annual financial report most recently lodged by the Company with ASIC;
  - (ii) any half-year financial report lodged by the Company with ASIC after the lodgement of that annual financial report and before the lodgement of this Prospectus with the ASIC; and
  - (iii) any continuous disclosure documents given by the Company to ASX after the lodgement of the annual financial report referred to in paragraph (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the Company's principal place of business during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

Date	Description of Announcement
18/05/2020	Cleansing Notice
15/05/2020	Appendix 2A
12/05/2020	ELMO completes oversubscribed A\$70 million placement to accelerate growth strategy
11/05/2020	Appendix 3B
11/05/2020	Equity raising – investor presentation
11/05/2020	ELMO launches A\$70 million placement and SPP to accelerate growth
11/05/2020	Trading halt
20/04/2020	ELMO launches new communications module
08/04/2020	Appendix 4C and Business Update
02/04/2020	Change of Director's Interest Notice – Kate Hill
18/03/2020	March 2020 Business Update
05/03/2020	Appendix 2A
02/03/2020	Appendix 2A
27/02/2020	Proposed issue of Securities - ELO
25/02/2020	Appendix 2A
18/02/2020	Appendix 2A
12/02/2020	Acquisition of Vocam
12/02/2020	1H 2020 Results Presentation
12/02/2020	Appendix 4D and half year financial statements
29/01/2020	FY20 Half Year Results Presentation Details
29/01/2020	Appendix 4C, Preliminary 1H FY20 Results and Company Update
23/01/2020	Release of shares from escrow
10/01/2020	Change of Director's Interest Notice – Kate Hill
17/12/2019	Appendix 3B
02/12/2019	ELMO invests in software development house
26/11/2019	2019 AGM recording available online
26/11/2019	Results of Meeting
26/11/2019	AGM Presentation
26/11/2019	AGM Chair and CEO address
12/11/2019	2019 AGM and Management Presentations
29/10/2019	Appendix 4C – quarterly and Company Update
24/10/2019	2019 Notice of Annual General Meeting/Proxy Form
24/10/2019	Appendix 4G and Corporate Governance Statement

Date	Description of Announcement
24/10/2019	2019 Annual Report to shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website [www.elmosoftware.com.au](http://www.elmosoftware.com.au).

## 8.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last closing prices of the Shares on ASX during the three months immediately preceding 13 May 2020 (being the latest practicable date prior to the lodgement of this Prospectus with ASIC) and the respective dates of those prices were:

	Price	Date
Highest	A\$8.24	14 February 2020
Lowest	A\$4.00	30 March 2020
Last close	A\$7.09	13 May 2020

The A\$7.00 SPP Offer Price represents a discount of 11.5% to the last market price of Shares on 8 May 2020, being the last trading date before the announcement of the Placement and the SPP Offer.

## 8.3 Substantial Shareholders

Based on the latest publicly available information, as at 13 May 2020, being the latest practicable date prior to the lodgement of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
JLAB Investments (No.2) Pty Ltd	13,655,865	18.15%
Immersion Capital Master Fund Ltd	12,108,910	16.72%
Lessem Trading Pty Ltd	10,823,149	14.39%
Mr Manuel Garber & Mrs Bessie Garber	9,656,482	12.84%

**Note:** The interests above do not take into account any change arising as a consequence of the recently completed Placement.

## 8.4 Effect on Control of the Company

The SPP Offer will not have an effect on control of the Company as each Eligible Shareholder may only apply for a maximum of A\$30,000 of New Shares.

## 8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;

- (b) any property acquired or proposed to be acquired by the Company in connection with:
    - (i) its formation or promotion; or
    - (ii) the SPP Offer; or
  - (c) the SPP Offer,
- and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:
- (d) as an inducement to become, or to qualify as, a Director; or
  - (e) for services provided in connection with:
    - (i) the formation or promotion of the Company; or
    - (ii) the SPP Offer.

## 8.6 Director's interests

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus is set out in the table below:

Director	Shares	Options
Barry Lewin	15,000 <sup>2</sup>	Nil
Danny Lessem	10,823,149 <sup>3</sup>	Nil
Kate Hill	3,955 <sup>4</sup>	Nil
	1,470 <sup>5</sup>	
	5,000 <sup>6</sup>	
Leah Graeve	Nil	Nil

### Notes:

- The holdings noted above exclude any proposed participation by any Director in the SPP Offer.
- Mr Lewin has an indirect interest in Shares registered in the name of B&E Lewin Investments Pty Ltd as trustee for the Barry Lewin Superannuation Fund.
- Mr Lessem has an indirect interest in Shares registered in the name of Lessem Trading Pty Ltd as trustee for the Lessem Trading Trust.
- Ms Hill participates in the ELMO Non-executive Director Equity Plan under which shares held in Ms Hill's name are restricted for the nominated deferral period.
- Under the ELMO No-executive Director Equity Plan, Ms Hill has accrued the right to be issued 1,470 Shares, which will be issued to Ms Hill as soon as practicable following the end of the next financial quarter (and subject to any closed window trading restrictions).
- Ms Hill has an indirect interest in Shares registered in the name of Dunford Super Pty Limited as trustee for Dunford Super Fund

## 8.7 Litigation

As at the date of this Prospectus, ELMO is not involved in any legal proceedings against the Company and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## 8.8 Remuneration of Directors

Please refer to the remuneration report, which is contained on page 43 of the Company's latest annual financial report for the financial year ended 30 June 2019 (**Annual Report**), for full details of the remuneration of the Company's executive and non-executive directors.

Related party transactions (if any) are disclosed on page 88 of the Company's Annual Report.

The Annual Report was lodged with ASX on 24 October 2019 and is available on the company's announcements platform at the ASX website – [www.asx.com.au](http://www.asx.com.au) (ASX code: ELO).

## **8.9 Interests of experts and advisers**

Other than as set out in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company;
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the SPP Offer; or
- (c) the SPP Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the SPP Offer.

## **8.10 Consents**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the New Shares), the Directors, the persons named in the Prospectus with their consent as proposed Directors, any underwriter, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Link Market Services Limited has given its written consent to being named in this Prospectus as the Registry in the form and manner in which it is named. Link Market Services Limited has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

### **8.11 Expenses of the SPP Offer**

The total expenses of the SPP Offer are estimated to be approximately A\$70,000 (excluding GST).

### **8.12 Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Shares.

### **8.13 ASX waivers**

In connection with the conduct of the SPP the Company has obtained a waiver from ASX from Listing Rule 7.1 so that the New Shares issued under the SPP do not need shareholder approval for the purposes of Listing Rule 7.1, notwithstanding that the SPP is being conducted under this Prospectus rather than in accordance with the conditional relief provided under the ASIC Instrument. In addition, the Company has also obtained a waiver from ASX Listing Rule 10.11 on the same basis to allow related parties of the Company to participate in the SPP without shareholder approval.

### **8.14 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company participates in the Clearing House Electronic Subregister System (**CHESS**). CHESS is operated by ASX Settlement Pty Ltd (**ASPL**), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued to an investor under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

### **8.15 Governing law**

This Prospectus, the SPP Offer, and the contracts formed on acceptance of the SPP Offer are governed by the laws in force in New South Wales.

Any dispute arising out of, or in connection with this Prospectus or the SPP Offer will be determined by the courts of New South Wales. By accepting the SPP Offer, you agree to submit to the non-exclusive jurisdiction of the courts in New South Wales.

#### **8.16 Director's authorisation**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'B. Lewin', with a stylized, cursive script.

**Barry Lewin**  
**Chairman**  
**ELMO Software Limited**

**A\$ or \$** means the lawful currency of the Commonwealth of Australia.

**Allotment Date** means the date specified in the timetable set out in Section 3.1.

**Application Form** means the application form either attached to or accompanying this Prospectus.

**ASPL** means ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Instrument** means the ASIC Corporations (Share and Interest Purchase Plan) Instrument 2019/547.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHESS.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Capital Raising** means the Placement and the SPP Offer.

**CHESS** means the Clearing House Electronic Subregister System operated by ASPL.

**Closing Date** means the date specified in the timetable set out in Section 3.1 (unless extended or closed early).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**COVID-19** has the meaning given to it in Section 7.

**Custodian** means a custodian within the definition at paragraph 4 of the ASIC Instrument.

**Custodian Certificate** has the meaning given to it in Section 3.2.

**Directors** means the directors of the Company as at the date of this Prospectus.

**ELMO or Company** means ELMO Software Limited ACN 102 455 087.

**Eligible Beneficiary** is a person specified in Section 4.3.

**Eligible Shareholders** are Shareholders specified in Section 4.2.

**New Shares** means the Shares offered under the SPP Offer.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.



**Placement** has the meaning given to it in Section 2.

**Placement Shares** means the Shares issued under the Placement.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out in Section 3.1.

**Registry** means the share registry for the Company, Link Market Services Limited.

**Section** means a section of this Prospectus.

**Securities** mean Shares and/or Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**SPP** or **Share Purchase Plan** has the meaning given in Section 2.

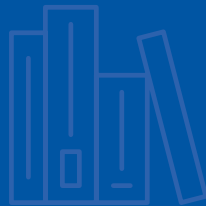
**SPP Offer** has the meaning given in Section 2.

**SPP Offer Price** has the meaning given in Section 4.5.

**US Securities Act** means the US Securities Act of 1993, as amended.

**VWAP** means volume weighted average price.

<p><b>Directors</b></p> <p>Barry Lewin <i>Independent Non-executive Chairman</i></p> <p>Danny Lessem <i>Co-founder and Chief Executive Officer</i></p> <p>Kate Hill <i>Independent Non-executive Director</i></p> <p>Leah Graeve <i>Independent Non-executive Director</i></p>	<p><b>Registered Office</b></p> <p>Level 12 680 George Street Sydney NSW 2000</p> <p>Telephone: 02 8280 7355</p> <p>Website: <a href="http://www.elmosoftware.com.au">www.elmosoftware.com.au</a></p> <p><b>Principal place of business</b></p> <p>Level 27 580 George Street Sydney NSW 2000</p>
<p><b>Joint Company Secretaries</b></p> <p>James Haslam</p> <p>Anna Sandham</p>	<p><b>Registry</b></p> <p>Link Market Services Limited Level 12 680 George Street Sydney NSW 2000</p>
<p><b>ASX Code</b></p> <p>ELO</p>	<p><b>ELMO Offer Information Line</b></p> <p>Within Australia: 1800 218 694</p> <p>Outside Australia: +61 1800 218 694</p> <p>Operating hours: 8.30am to 5.30pm (Sydney time), Monday to Friday during the offer period.</p>



**ELMO Software Limited**  
ACN 102 455 087