

18 April 2019

Dear Shareholder

NON-RENOUNCEABLE RIGHTS ISSUE

On 17 April 2019 intelliHR Holdings Limited (**Company**) announced a placement of 8,333,333 fully paid ordinary shares to raise \$1 million (**Placement**) and a non-renounceable pro rata offer of approximately 23 million fully paid ordinary shares (**New Shares**) at an issue price of \$0.12 per New Share, with 1 attaching option (exercise price \$0.30 expiring 30 April 2021) for every 2 New Shares issued (**Rights Issue**).

The Rights Issue is offered on the basis of 1 New Share for every 5 Shares held as at 7:00pm (EST) on 29 April 2019 (**Record Date**) held by shareholders with a registered address in Australia or New Zealand, and will raise up to approximately \$2.76 million (before costs).

The Rights Issue is not underwritten.

The Directors intend to apply the proceeds from the Offer and Placement as follows:

| Use of funds (\$'000) (approx.) ¹ | Minimum Subscription | Full Subscription |
|---|----------------------|-------------------|
| Ongoing R&D and product enhancement | 781 | 1,494 |
| <ul style="list-style-type: none"> Platform enhancements to improve ability to integrate additional modules to create a complete people solution for customers Continuing investment in analytics, natural language processing and reporting functionality to maintain and widen product advantage over competition | | |
| Investment in sales and marketing to expand growth pipeline | 919 | 1,757 |
| <ul style="list-style-type: none"> Targeting run rate of 4 new customers per sales person per month Current sales team approaching capacity given growth in current lead generation pipeline New sales staff to be brought on-line as required to meet growth opportunities | | |
| General working capital to enable ongoing execution of business strategy ^{2, 3} | 210 | 419 |
| <ul style="list-style-type: none"> Continue to grow customer base to increase headcount beyond 8,000 users, targeting cash-flow breakeven ARR | | |



- Global expansion strategy re-affirmed by recent wins resulting in product roll-out throughout US, New Zealand, UK, Canada, Thailand and India

| | | |
|----------------------------------|--------------|--------------|
| Costs of the Offer and Placement | 90 | 90 |
| Total use of funds | 2,000 | 3,760 |

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 Funds raised will, in the event less than Full Subscription is received, be allocated firstly towards the costs of the Offer and then pro-rata between the above items.
- 3 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

The Company expects the Rights Issue to be conducted in accordance with the following timetable:

| | |
|--|---------------|
| Ex date – Shares trade ex Entitlement (Ex Date) | 26 April 2019 |
| Record date to determine Entitlement (Record Date) | 29 April 2019 |
| Prospectus with Entitlement and Acceptance Form dispatched | 2 May 2019 |
| Offer opens for receipt of Applications | |
| Closing date for acceptances | 16 May 2019 |
| Deferred settlement trading commences | 17 May 2019 |
| Notify ASX of under-subscriptions | 21 May 2019 |
| Issue of New Shares | 23 May 2019 |
| Deferred settlement trading ends | |
| Dispatch of shareholding statements | 24 May 2019 |



The Directors may extend the Closing Date in accordance with the Listing Rules and Corporations Act. As such the date the New Shares are expected to commence trading on ASX may vary.

The New Shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary shares in the Company. Application has been made for the quotation of the New Shares on ASX.

The Rights Issue will be offered under a prospectus which was lodged with ASIC on 18 April 2019 (**Prospectus**). The Prospectus will be sent to Eligible Shareholders shortly after the Record Date. Shareholders should consider the Prospectus carefully in deciding whether to acquire securities offered under the Rights Issue.

The capital structure of the Company before and after completion of the Rights Issue is set out below:

| | |
|--|-------------|
| Shares currently on issue (inclusive of shares to be issued under the Placement) | 114,887,007 |
| Total convertible securities currently on issue | 13,421,068 |
| New Shares offered under the Prospectus | 22,977,401 |
| New Options offered under the Prospectus (consisting attaching New Options under the Offer and 4,166,667 New Options to be issued under the Placement) | 15,655,367 |

From 2 May 2019, please contact the Offer Information Line on 1300 658 099 (within Australia) or +61 1300 658 099 (from outside Australia) if you have any queries. Alternatively, email investor.relations@intellihr.co, or consult your stockbroker or professional adviser.

We look forward to your participation in the Rights Issue.

Yours faithfully

A handwritten signature in black ink, appearing to read "S. Yeates".

Suzanne Yeates
Company Secretary
intelliHR Holdings Limited

