

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 		



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- 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



Suzanne Yeates
Company Secretary
intelliHR Holdings Limited

