



ACN 602 638 531

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**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY STATEMENT**

**PROXY FORM**

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**Date of Meeting**

Tuesday, 17 November 2020

**Time and Place of Meeting**

10:30 a.m. (WST)  
15 McCabe Street  
North Fremantle WA 6159

***Due to the ongoing COVID-19 pandemic, the Company is taking precautions to facilitate an in person meeting in accordance with COVID-19 restrictions. If the situation in relation to COVID-19 changes in a way affecting the ability to facilitate an in person meeting as currently proposed, the Company will provide a further update ahead of the meeting by way of an ASX announcement on the ASX Market Announcements Platform.***

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of BauMart Holdings Limited (**Company** or **BauMart**) is to be held at:

**Venue:** 15 McCabe Street  
North Fremantle Western Australia 6159

**Date:** Tuesday, 17 November 2020

**Time:** 10:30 a.m. (WST)

This Notice should be read in conjunction with the accompanying Explanatory Statement.

Shareholders are urged to attend or vote by lodging the Proxy Form attached to this Notice. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor without delay.

### Agenda

#### Financial and Other Reports – Year Ended 30 June 2020 (no resolution required)

To receive and consider the financial report and the reports of the Directors and the Auditor for the year ended 30 June 2020.

**Note:** There is no requirement for Shareholders to approve these reports.

#### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **non-binding resolution**:

*“That the Remuneration Report of the Company (as contained in the Directors’ Report) for the year ended 30 June 2020 be adopted.”*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### Voting Prohibition Statement:

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

- a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- a Closely Related Party of such a member.

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

- the voter is appointed as a proxy in writing that specifies the way the proxy is to vote on this Resolution; or
- expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### Resolution 2 – Re-election of Director – Mr Michael Crichton

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That Mr Michael Crichton, being a director of the Company who, having been appointed on 19 March 2015, retires in accordance with clause 13.2 of the Company’s Constitution, Listing Rule 14.5 and for all other purposes, and being eligible and offering himself for re-election, be re-elected as a Director of the Company.”*

#### Resolution 3 – Approval of Employee Incentive Plan

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.2 exception 13(b), and for all other purposes, Shareholders approve the Company’s Employee Incentive Plan (Plan) on the terms and conditions set out in the Explanatory Statement.”*

#### Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the Plan or an associate of such person, regardless of the capacity in which the vote is cast; or as a proxy by a person who is a member of the Key Management Personnel or a Closely Related Party of such a member.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Resolution 4 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

#### Voting Exclusion Statement:

If, at the time of the Meeting, the Company is proposing to make an issue of Equity Securities under the 10% Placement Facility, it will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person.

However, the Company will not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### Other Business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Annual General Meeting.

### Impact of COVID-19 on the Meeting

The health and safety of Shareholders and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

## NOTICE OF ANNUAL GENERAL MEETING

Based on the best information available to the Board at the time of this Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings.

If the situation in relation to COVID-19 were to change in a way that affects the position above, the Company will provide an update ahead of the Meeting by releasing an ASX announcement.

### Explanatory Statement

The Explanatory Statement accompanying this Notice is incorporated in and comprises part of this Notice.

Shareholders are referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used both in this Notice and the Explanatory Statement.

### Proxies

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on behalf of the Shareholder;
- a proxy need not be a Shareholder of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (eg "the Company Secretary"); and
- where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the Shareholder's voting rights. If no such proportion is specified, each proxy may exercise half of the Shareholder's votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging proxy forms.

### Voting Entitlements

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company's share register 48 hours before the meeting will be entitled to attend and vote at the Annual General Meeting.

### Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.

### Attorneys

If an attorney is to attend the meeting on behalf of a Shareholder, a properly executed original (or originally certified copy) of an appropriate power of attorney must be received by the Company by the deadline for the receipt of Proxy Forms, being no later than 48 hours before the Annual General Meeting.

**By order of the Board**



**Natalie Teo**  
**Company Secretary**  
**BauMart Holdings Limited**

20 October 2020

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of BauMart Holdings Limited (**Company** or **BauMart**).

The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

### Financial Statements and Report

Under the Corporations Act, the Directors of the Company must table the Financial Report, the Directors' Report and the Auditor's Report for BauMart for the year ended 30 June 2020 (**2020 Annual Report**) at the Meeting.

These reports are set out in the 2020 Annual Report. Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the 2020 Annual Report.

In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises that the 2020 Annual Report is available at the Company's website: [www.baumart.com.au](http://www.baumart.com.au).

There is no requirement either in the Corporations Act or the Company's Constitution for Shareholders to vote on, approve or adopt the Annual Report. Shareholders will have a reasonable opportunity at the Meeting to ask questions about or make comments on the 2020 Annual Report and on the management of the Company.

### Resolution 1 – Adoption of Remuneration Report

#### General

The Directors' Report for the year ended 30 June 2020 contains a Remuneration Report which sets out the policy for the remuneration of Directors and executives of the Company. Under section 250R(2) of the Corporations Act, the Remuneration Report is required to be submitted for adoption by a resolution of Shareholders at the Annual General Meeting.

#### Voting consequences

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on the resolution at the annual general meeting are against adoption of the Remuneration Report, then:

- if comments are made on the Remuneration Report at the annual general meeting, the Company's remuneration report for the financial year ending 30 June 2020 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's 2020 annual general meeting, at least 25% of the votes cast on the resolution are voted against adoption of the remuneration report, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of Directors of the Company (**Spill Resolution**). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than any Managing Director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

#### Previous voting results

At the Company's 2019 annual general meeting, all of the votes cast, of those shareholders who exercised their right to vote, were in favour of the remuneration report for the 2019 financial year.

#### Proxy Restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report (who is not the Chair) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Remuneration Report identifies the Company's Key Management Personnel for the 2020 financial year.

#### Voting intention

The Chair of the Meeting intends to vote all undirected proxies in favour of the Resolution.

### Resolution 2 – Re-election of Director – Mr Michael Crichton

Clause 13.2 of the Constitution requires that at every annual general meeting, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

Mr Crichton retires by rotation at this Meeting and, being eligible, offers himself for re-election.

Mr Crichton has been involved in the logistics and construction industry for over 20 years. He spent 12 years in senior management positions at TNT Express Worldwide and DHL Worldwide Express in South Australia and Western Australia.

Mr Crichton went on to establish new apprenticeship programs with MPA Skills (Master Plumbers and Painters Association WA) before taking on a consulting role in the construction industry, specialising on apprenticeships, on behalf of the Western Australian State Government for 10 years.

The Board considers Mr Crichton to be independent because as a non-executive director, he is free from any interest, position, association or relation that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of his judgement.

If Resolution 2 is passed, Mr Crichton will be appointed as a Non-Executive Director of the Company.

If Resolution 2 is not passed, Mr Crichton will not be appointed as a Non-Executive Director of the Company.

#### Board recommendation

The Board has considered Mr Crichton's performance since his appointment to the Board and considers that Mr Crichton's skills and experience will continue to enhance the Board's ability to perform its role.

The Board (other than Mr Crichton) is not aware of any additional information that would be considered material to Shareholders' decision to elect Mr Crichton and recommends Shareholders vote in favour of the Resolution.

#### Voting intention

The Chair of the Meeting intends to vote all undirected proxies in favour of the Resolution.

### Resolution 3 – Approval of Employee Incentive Plan

#### General

Resolution 3 seeks Shareholder approval for the adoption of the Company's Employee Incentive Plan (**Plan**) in accordance with Listing Rule 7.2 (Exception 13(b)).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.



## EXPLANATORY STATEMENT

Listing Rule 7.2 (Exception 13(b)) sets out an exception to Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue a limited number of securities under the Plan to eligible participants over a period of 3 years without impacting on the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to rely on Exception 13(b) under Listing Rule 7.2 and the issue of securities under the Plan to eligible participants will remain subject to the 15% placement capacity on issuing securities without shareholder approval set out in Listing Rule 7.1.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issues of securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

### Specific information required by Listing Rule 7.2 Exception 13

- (a) A summary of the key terms and conditions of the Plan are set out in Annexure 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.
- (b) Shareholders should note that the Plan is intended to replace the Company's previous employee option scheme which was adopted by the Company and approved by Shareholders in 2015.
- (c) The Plan is replacing the previous employee option scheme to take into account the changing circumstances of the Company and regulatory environment in which it operates.
- (d) No securities have been issued under the previous employee option scheme.
- (e) The maximum number of securities proposed to be issued by the Company under the Plan over the next 3 years is 7,237,238 Shares (being 5% of the Company's current issued capital of 144,744,757 Shares).
- (f) A voting exclusion statement is included in the Notice.

### Board recommendation

For good corporate governance reasons, the Board does not make a recommendation for this Resolution.

### Voting intention

The Chair of the Meeting intends to vote all undirected proxies in favour of the Resolution.

## Resolution 4 – Approval of 10% Placement Facility

### General

Listing Rule 7.1A enables an eligible entity (as defined below) to issue Equity Securities totaling up to 10% of its issued share capital through placements over a 12 month period after the entity's annual general meeting at which a special resolution for the purposes of Listing Rule 7.1A is passed (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An 'eligible entity' for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of less than \$300 million.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Annual General Meeting must be in favour of Resolution 4 for it to be passed.

### Listing Rule 7.1A

Any Equity Securities issued under Listing Rule 7.1A must be the same class as an existing class of the Company's quoted securities.

As at the date of this Notice, the Company has one quoted class of Equity Securities, being its ordinary fully paid shares (ASX: BMH).

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of shares on issue 12 months before the date of issue or agreement:
  - (a) plus the number of fully paid shares (**Shares**) issued in the 12 months under an exception in Listing Rule 7.2 (other than exceptions 9, 16 or 17);
  - (b) plus the number of Shares issued in the previous 12 months on the conversion of convertible securities within rule 7.2 exception 9 where:
    - i. the convertible securities were issued or agreed to be issued before the commencement of the 12 month period;
    - ii. the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or 7.4;
  - (c) plus the number of Shares issued in the 12 months under an agreement to issue securities within rule 7.2 exception 16, where:
    - i. the agreement was entered into before the commencement of the previous 12 month period; or
    - ii. the agreement or issue was approved, or taken under the Listing Rules to have been approved, under rules 7.1 or 7.4;
  - (d) plus the number of partly paid Shares that became fully paid in the previous 12 months;
  - (e) plus the number of Shares issued in the previous 12 months with the approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval; and
  - (f) less the number of fully paid shares cancelled in the 12 months.

*Note that "A" has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

Variable A in Listing Rule 7.1A.2	Dilution			
	Number of Shares issued under 10% Placement Facility	Funds raised based on issue price of \$0.10 50% decrease in Market Price	Funds raised based on issue price of \$0.20 Current Market Price	Funds raised based on issue price of \$0.30 50% increase in Market Price
<b>Current Variable A</b> 144,744,757	14,474,476 Shares	\$1,447,448	\$2,894,895	\$4,342,343
<b>50% increase in current Variable A</b> 217,117,136	21,711,714 Shares	\$2,171,171	\$4,342,343	\$6,513,514
<b>100% increase in current Variable A</b> 289,489,514	28,948,951 Shares	\$2,894,895	\$5,789,790	\$8,684,685

### Specific information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:
- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table above. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date.

The table above shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of Shares has decreased by 50% and increased by 50% as against the current market price.

### The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at

the time of issue. This is why the voting dilution is shown in each example as 10%.

3. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
  4. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
  6. The current market price used is \$0.20 based on the closing price as at 9 September 2020.
- (c) The Company will only issue the Equity Securities during the period commencing from the date of the Annual General Meeting at which the approval is obtained until the earlier of:
- (i) the date that is 12 months after the date of the Meeting;
  - (ii) the time and date of the Company's next annual general meeting; and
  - (iii) the time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking),
- (10% Placement Period).**
- (d) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company may use the funds raised towards its existing divisions (e.g. sales and marketing), the acquisition of new assets or investments (including expenses associated with such acquisitions) and/or general working capital.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the persons to whom the Equity Securities will be issued will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
  - (ii) the methods of raising funds that are available to the Company including, but not limited to, an entitlements issue or other issue in which existing security holders can participate;
  - (iii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iv) the financial situation and solvency of the Company;
  - (v) prevailing market conditions; and

## EXPLANATORY STATEMENT

- (vi) advice from corporate, financial and broking advisers (if applicable).

The Company notes that:

- (i) it may decide to issue Equity Securities under the 10% Placement Facility for cash consideration to raise funds for the acquisition of new assets or investments and/or product development for its existing divisions and general working capital;
- (ii) prior to undertaking any fundraising, the Board will have regard to whether it is in the Company's best interest to structure such a fundraising as an entitlements issue to all of the Company's existing Shareholders at that time.

The persons issued securities under the 10% Placement Facility have not been determined as at the date of this Notice but are likely to be investors who are sophisticated and/or professional investors for the purposes of section 708 of the Corporations Act. No Equity Securities will be issued under Listing Rule 7.1A to related parties of the Company.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2019 Annual General Meeting held on 12 November 2019 (**Previous Approval**). The Company has not issued Equity Securities pursuant to the Previous Approval in the 12 months preceding the date of this Notice of Meeting.
- (g) When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.3
- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholders will be excluded from voting on Resolution 4.

### Board recommendation

The Board believes that Resolution 4 is in the best interests of the Company and recommends Shareholders vote in favour of the Resolution.

### Voting intention

The Chair of the Meeting intends to vote all undirected proxies in favour of the Resolution.

## Glossary

\$ means an Australian dollar.

**Annual General Meeting or Meeting** means the annual general meeting the subject of this Notice.

**Annual Report** has the same meaning as Financial Report.

**ASX** means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Auditor's Report** means the auditor's report in the Financial Report.

**Board** means the board of directors of the Company.

**Closely Related Party** means a closely related party of a member of Key Management Personnel as defined in section 9 of the Corporations Act, being

- (a) a spouse or child of the member;
- (b) a child of that member's spouse;
- (c) a dependent of that member or of that member's spouse;
- (d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;
- (e) a company that is controlled by that member; or
- (f) any other person prescribed by the regulations.

**Company** or **BauMart** means BauMart Holdings Limited (ACN 602 638 531).

**Constitution** means the Company's constitution.

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

**Director** means a Director of the Company and **Directors** means the directors of the Company.

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act.

**Equity Security** means:

- (a) a share;
- (b) a unit in a trust;
- (c) a right to a share or option or unit in a trust;
- (d) an option over an issued or unissued security;
- (e) a convertible security; or
- (f) any security that ASX decides to classify as an equity security.

**Explanatory Statement** means this explanatory statement accompanying the Notice of Annual General Meeting.

**Key Management Personnel** means key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, broadly including those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

**Financial Report** means the annual financial report of the Company and its controlled entities prepared under Chapter 2M of the Corporations Act.

**Listing Rules** mean the official listing rules of ASX.

**Notice** means this notice of meeting including the Explanatory Statement.

**Proxy Form** means a proxy form attached to the Notice.

**Remuneration Report** means the remuneration report as contained in the Directors' report section of the Company's annual financial report for the year ended 30 June 2020.

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

**Shareholder** means a member of the Company.

**WST** means Western Standard Time, as observed in Perth, Western Australia.

In this Notice, words importing the singular includes the plural and vice versa.

## ANNEXURE A

### Summary of key terms and conditions of the Employee Incentive Plan (**Plan**)

- (a) In the Plan, **Award** means:
- (i) options issued for nil monetary consideration to subscribe for a Share issued in accordance with the Plan and subject to the satisfaction of any vesting conditions, performance conditions and/or exercise conditions and payment of the relevant exercise price (**Options**);
  - (ii) entitlements of a participant to one Share, subject to the satisfaction of any vesting conditions and/or performance conditions (for which no consideration is payable upon the automatic conversion) (**Performance Rights**); and
  - (iii) Shares offered to employees:
    - a. who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; and
    - b. in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment,
 subject to restriction periods (**Deferred Share Award**).
- (b) **Eligibility:** Participants in the Plan may be:
- (i) full-time or part-time employee, including an Executive Director;
  - (ii) a non-executive Director;
  - (iii) a contractor;
  - (iv) casual employee where they are, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position; or
  - (v) a person to whom an Offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming covered by one of paragraphs (i), (ii), (iii) or (iv) above, (**Eligible Person**).
- (c) **Administration of Plan:** Subject to the requirements of the Listing Rules and the Corporations Act, the Board will administer the Plan and determine:
- (i) the persons to whom the Awards will be offered under the Plan; and
  - (ii) the number of Awards which may be offered to those persons.
- (d) **Offer:** Following determination that an Eligible Person may participate in the Plan, the Board may from time to time make an offer in writing to an Eligible Person. Each offer must specify, in clear, concise and effective manner:
- (i) the date of the offer, and the final date the offer must be accepted by (Final Acceptance Date);
  - (ii) the name and address of the Eligible Person to whom the offer is made;
  - (iii) the type of Awards being offered;
  - (iv) the maximum number of Awards being offered;
  - (v) in the case of an Option, the exercise price and the exercise period;
  - (vi) the vesting conditions (if any), the performance conditions and performance period (if any), the test dates (if any) and/or exercise conditions (if any) relating to the Awards being offered;
  - (vii) the term and expiry date or end date (if any);
  - (viii) the summary of any rights attaching to the Awards;
  - (ix) agreement with the Eligible Person for the Company to supply details to third parties (including the share registry of the Company) where required by law; and
  - (x) any other matters required to be specified in the Offer by either the Corporations Act, the Listing Rules or an applicable ASIC Class Order or instrument of relief, and attach an Application and a copy of this Plan.
- (e) **Restriction Conditions:** Awards may be subject to restriction conditions (such as a period of employment) which must be satisfied before the Shares can be sold, transferred, or encumbered.
- (f) **Power of Attorney:** In consideration of the issue of the Awards, each Participant irrevocably appoints each Director and the Secretary (as appointed from time to time) of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including for the purposes of giving effect to the buy-back or sale of forfeited Shares, and the application of the proceeds of the sale of forfeited Shares.
- (g) **Plan limit:** The Directors will not make an Offer or issue Awards in accordance with the Plan unless they have reasonable grounds to believe that the number of underlying Shares that form part of the issued capital of the Company that have been or may be issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of underlying Shares in that class on issue:
- (i) underlying Shares that may be issued under the Offer; and
  - (ii) underlying Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
    - a. an employee incentive scheme covered by ASIC Class Order [CO 14/1000]; and
    - b. an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (h) **Restriction on transfer:** Shares, or any beneficial or legal interest in Shares, may not be transferred, encumbered or otherwise disposed of, or have a security interest granted over them, unless all restrictions on the transfer, encumbrance or disposal of the Shares have been met, the Board has waived such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.
- (i) **Rights attaching to Shares:** Any Shares issued by the Company to an Eligible Person will rank equally with all existing Shares on and from the date of issue.





ACN 602 638 531

## PROXY FORM

MR SAM SAMPLE  
UNIT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE WA 6060

### 1. Appointment of Proxy

I/We being a member/s of BauMart Holdings Limited and entitled to attend and vote hereby appoint

☐

the Chairman of the  
Meeting  
(mark with an 'X')

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of BauMart Holdings Limited to be held at 15 McCabe Street, North Fremantle Western Australia 6159, on Tuesday, 17 November 2020 commencing at 10.30 a.m. (WST) and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote undirected proxies **in favour** of each of the items of business. In exceptional circumstances the Chairman may change his voting intentions on any resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**Chairman authorised to exercise proxies on remuneration-related matters:** If I/we appoint the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes your proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Resolution 1 even though that item is connected directly or indirectly with the remuneration of a member of key management personnel of BauMart Holdings Limited, which includes the Chairman. I/we acknowledge that if the Chairman of the Meeting is my/our proxy and I/we have not marked any of the boxes opposite Resolution 1, the Chairman of the Meeting intends to vote my/our proxy in favour of Resolution 1.

*Note:* You can direct the Chairman how to vote by marking the boxes below (for example if you wish to vote against or abstain from voting).

### 2. Items of Business

**Voting directions to your proxy – please mark ☒ to indicate your directions**

	<u>FOR</u>	<u>AGAINST</u>	<u>ABSTAIN</u>
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Mr Michael Crichton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### 3. Signature of Securityholder(s)

**Please sign here**

**THIS SECTION MUST BE SIGNED IN ACCORDANCE WITH THE INSTRUCTIONS OVERLEAF TO ENABLE YOUR DIRECTIONS TO BE IMPLEMENTED.**

Individual or Securityholder 1

Individual/ Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone



ACN 602 638 531

## HOW TO COMPLETE THE PROXY FORM

### 1. Appointment of Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company.

If you have appointed a company as your proxy and a representative of that company wishes to attend the meeting, the representative will be required to provide the Company with the appropriate written documentation evidencing that the person is a representative of the proxy. Should you require it, the Company will provide you with a corporate representative form free of charge. Please contact the Company Secretary if you require a corporate representative form.

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote for in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies, you must specify the percentage of votes or numbers of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Section 1.

### 2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 3. Signing Instructions

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

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

**Joint Holding:** where the holding is in more than one name, all of the securityholders should sign.

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

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

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the Company's registered office or at the address given below no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by post or email to BauMart Holdings Limited:-

PO Box 4324  
Mosman Park South WA 6912

Email: [info@baumart.com.au](mailto:info@baumart.com.au)