

5 May 2021

Dear Shareholder,

### Etherstack plc Annual General Meeting

I am pleased to invite you to Etherstack plc's ("Etherstack") Annual General Meeting ("AGM"), which will be held at 9.00 am (London time) on 15th June 2021.

**In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the 2021 AGM be held online only and all resolutions will be decided based on proxy votes.**

The information for accessing the meeting is included with the attached Notice of Meeting. Participating in the Meeting virtually will enable shareholders to view the Meeting live and ask (written) questions. The virtual Meeting will not be a fully integrated 'webcast' style meeting. Only the Chairman of the Meeting or other Company presenters will be able to be heard (with no video).

The accompanying Notice of Annual General Meeting describes the business that will be proposed and sets out the procedures for your participation and voting. Your participation in our AGM is important to Etherstack and a valuable opportunity for the Board to consider, with shareholders, the performance of the Group.

Please note that only Shareholders, Chess Depository Interest ("CDI") holders, proxy holders and corporate representatives will be eligible to ask questions of the Directors.

The Directors are unanimously of the opinion that all of the resolutions to be proposed are in the best interests of Shareholders and of Etherstack as a whole. Accordingly, they seek your vote in favour of all resolutions.

Yours sincerely



**Peter Stephens**  
Chairman

For personal use only



## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Etherstack plc (the “Company”) will be held at 9.00 am (London time) on 15 June 2021, to consider and, if thought fit, pass the resolutions set out below.

The Meeting will be conducted as a virtual meeting via

<https://webcast.boardroom.media/etherstack-plc/20210615/NaN608624d0987d04001a7fa67a>

due to the status of the global COVID-19 pandemic. Information on how to access the Virtual Meeting Room is enclosed with this Notice of Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes the matters to be considered.

**All resolutions will be decided based on proxy votes.**

### AS ORDINARY RESOLUTIONS

1. **Resolution 1 – Receive the 2020 Annual report**

To receive and adopt the accounts of the Company for the year ended 31 December 2020 and the Directors’ and Auditors’ reports thereon.

2. **Resolution 2 – Re-appointment and remuneration of Auditors**

To re-appoint Grant Thornton UK LLP as auditors to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

3. **Resolution 3 – Authority to allot Shares**

In substitution for any existing authorisation under section 551 of the Companies Act 2006 but without prejudice to the exercise of any such authorisation prior to the date of this resolution, the Directors of the Company are generally and unconditionally authorised in accordance with that section to allot Shares in the Company and to grant rights (“relevant rights”) to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £130,080 such authorisation to expire at midnight on 15 June 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or agreement which would or might require Shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot Shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

4. **Resolution 4 – To re-elect Paul Barnes as a Director**

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4, and for all other purposes, Paul Barnes retires as a Director and being eligible, seeks re-election.

5. **Resolution 5 – To re-elect David Deacon as a Director**

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4, and for all other purposes, David Deacon retires as a Director and being eligible, seeks re-election.

6. **Resolution 6 – Adoption of Performance Rights Plan**

That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.

A voting exclusion statement applies to this Resolution. Please see below.

7. **Resolution 7 – Proposed issue of performance rights to David Deacon**

THAT, subject to the passing of Resolution 6, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 1,500,000 Performance Rights to Mr David Deacon (or their nominee) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.

A voting exclusion statement applies to this Resolution. Please see below.

8. **Resolution 8 – Proposed issue of performance rights to Peter Stephens**

THAT, subject to the passing of Resolution 6, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 150,000 Performance Rights to Mr Peter Stephens (or their nominee) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.

A voting exclusion statement applies to this Resolution. Please see below.

9. **Resolution 9 – Proposed issue of performance rights to Paul Barnes**

THAT, subject to the passing of Resolution 6, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 150,000 Performance Rights to Mr Paul Barnes (or their nominee) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.

A voting exclusion statement applies to this Resolution. Please see below.

10. **Resolution 10 – Proposed issue of performance rights to Scott Minehane**

THAT, subject to the passing of Resolution 6, for the purposes Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 150,000 Performance Rights to Mr Scott Minehane (or their nominee) under the Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.

A voting exclusion statement applies to this Resolution. Please see below.

**AS SPECIAL RESOLUTIONS**

11. **Resolution 11 – Proposed allotment of equity securities**

THAT subject to the passing of Resolution 3 and in substitution for any existing power under sections 570 and 573 of the Companies Act 2006 (the “Act”) but without prejudice to the exercise of any such power prior to the date of this Resolution, the Directors of the Company are empowered in accordance with those sections to allot equity securities (within the meaning of section 560 (1), (2) and (3) of the Act) either pursuant to the Resolution 3 or by way of a sale of treasury shares, in each case as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities (otherwise than pursuant to sub-paragraph (b) below) up to an aggregate nominal amount of £52,032; and

- (b) the allotment of equity securities in connection with an offer to all holders of ordinary shares of 0.4p each in the capital of the Company (“Ordinary Shares”) in proportion (as nearly as may be) to the respective numbers of Ordinary Shares held by them (but subject to such exclusions, limits or restrictions or other arrangements as the Directors of the Company may consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory or otherwise howsoever); and such power shall expire when the Resolution 3 is revoked or would (if not renewed) expire, but so that this power shall enable the Company to make an offer or agreement before such expiry which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement as if such expiry had not occurred.

## 12. Resolution 12 – Authority for share buyback

THAT the Company is generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the “Act”) to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 0.4p each in the capital of the Company (“Ordinary Shares”), and to cancel or hold in treasury such shares provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 13,007,950 (representing 10 per cent of the Company’s issued ordinary Share capital);
- (b) the minimum price which may be paid for an Ordinary Share is 0.4p;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall not be more than the higher of (i) an amount equal to 5 per cent above the average market value of the Ordinary Shares for the five business days immediately preceding the date on which the Ordinary Share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the current highest independent bid on the trading venue where the purchase is carried out;
- (d) this authority shall expire at midnight on 15 June 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company unless previously renewed, revoked or varied by the Company in general meeting; and
- (e) the Company may at any time before the expiry of this authority make a contract to purchase Ordinary Shares which would or might be executed wholly or partly after the expiry of this authority and may make a purchase of Ordinary Shares pursuant to any such contract.

## 13. Resolution 13 – Approval of 7.1A Mandate

THAT, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal 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 otherwise on the terms and conditions set out in the Explanatory Statement.

### Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Companies Act.

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution	Resolution Title	Excluded Persons
6	Adoption of Performance Rights Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.
7	Proposed Issue of Performance rights to David Deacon	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including David Deacon) or an associate of that person or those persons.
8	Proposed Issue of Performance rights to Peter Stephens	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Peter Stephens) or an associate of that person or those persons.
9	Proposed Issue of Performance rights to Paul Barnes	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Paul Barnes) or an associate of that person or those persons.
10	Proposed Issue of Performance rights to Scott Minehane	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Scott Minehane) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. 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
  - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Record Date

The Directors have fixed the close of business on the day which is 2 days before the date of the Meeting as the record date for determination of Shareholders entitled to notice of and the right to vote at the Meeting. The record date for determination of CDI holders entitled to notice of and the right to vote is set out on the CDI voting instruction form.

## Participation at the AGM

**In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the 2021 Annual General Meeting to be held online only and all Resolutions will be decided based on proxy votes.**

The information for accessing the meeting is included with the attached Notice of Meeting. Participating in the Meeting virtually will enable shareholders to view the Meeting live and ask (written) questions. The virtual Meeting will not be a fully integrated 'webcast' style meeting. Only the Chairman of the Meeting or other Company presenters will be able to be heard (with no video).

Shareholders will be able to log in to the online platform from 8.30am (London time) on the date of the Meeting.

The Meeting will be held virtually and may be accessed by Shareholders at:

<https://webcast.boardroom.media/etherstack-plc/20210615/NaN608624d0987d04001a7fa67a>

As noted above, the webcast will include the ability for Shareholders to ask questions in relation to the business of the meeting. Shareholders are also invited to submit questions in advance of the meeting. Given time constraints and the possibility that similar/overlapping questions may be raised, it is possible that not all questions are individually raised and addressed at the meeting. Questions and responses will be posted onto the Company's website after the meeting.

You may email your questions to the Company Secretary at [shareholderhelp@etherstack.com](mailto:shareholderhelp@etherstack.com). Please ensure that your questions are received no later than 5:00pm on 11 June 2021.

### Proxy voting by holders of Shares

Shareholders are requested to complete, sign, date and return the proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or fax number 08707036101 (or +44 3707036101 if you are sending from outside the UK) by 11.00 am (London time) on 11 June 2021.

### Proxy voting by holders of CDIs

CDI holders are requested to complete, sign and return the enclosed CDI Voting Instruction Form to Computershare Investor Services Limited, at GPO Box 242, Melbourne, Victoria, 3001 Australia (free fax number within Australia: 1800 783 447 or outside Australia: +61 3 9473 2555) in order to direct CHES Depository Nominees Pty Ltd. ("CDN") to vote the relevant underlying Common Shares on his or her behalf or may instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the Common Shares underlying the CDIs in person at the meeting. In either case, the CDI Voting Instruction Form needs to be received at the address shown on the Form not less than 96 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or an adjournment thereof.

By order of the Board



**Paul Barnes FCCA**  
**Company Secretary**

Registered Office: 3rd Floor, 30-31 Friar Street Reading Berkshire RG1 1DX

Date: 5 May 2021

Notes:

1. As a member, you are entitled to appoint one or more proxies to exercise all or any of your rights to speak and vote at the meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. A form of proxy accompanies this notice. To be valid, your proxy form and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive no later than by 11.00 am (London time) on 11 June 2021.
3. If you appoint a proxy, this will not prevent you participating in the meeting.
4. Any corporation which is a member can authorise one or more person(s) to act as its representative(s) at the meeting.
5. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to participate and vote at the meeting a member must first have his or her name entered in the Company's register of members by no later than the close of business on the day that is two days before the date of the meeting or, if this meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to participate and vote at the meeting.
6. Except as provided above, members who have general queries about the meeting should email [shareholderhelp@etherstack.com](mailto:shareholderhelp@etherstack.com).

## Explanatory notes to the Resolutions

### Resolution 1: Receive the 2020 Annual report

The Directors are required by company law to present the 2020 Annual report comprising the 2020 financial statements, the Directors report and the Auditors report on the financial statements to the meeting. These can be viewed on the Etherstack website:

<https://www.etherstack.com/investor/pdf/2191389.pdf>

### Resolution 2: Re-appointment and remuneration of Auditors

The Company is required at each general meeting at which financial statements are laid, to appoint auditors who will remain in office until the next general meeting at which financial statements are laid.

Grant Thornton UK LLP has expressed willingness to continue in office. In accordance with company law and good corporate governance practice, Shareholders are asked to authorise the Audit & Risk Committee to determine the auditors' remuneration.

### Resolution 3: Authority to allot Shares

This Resolution asks Shareholders to renew the Directors' authority to allot new Shares. The authority, if approved, will expire on the later of 15 June 2022 and the date of the 2022 Annual General Meeting. The authority will allow the Directors generally to allot new Shares, and grant rights to subscribe for, or convert other securities into Shares up to a nominal value of £130,080 which is, in accordance with good corporate governance practice, equivalent to approximately 25 per cent of the total issued ordinary Share capital of the Company. The Directors consider it desirable, however, to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

### Resolution 4 and 5: Re-election of Directors

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Under clause 93.1 of the Company's Articles of Association, any Director who was not appointed or re-appointed at one of the preceding two annual general meetings shall retire from office and be eligible for re-appointment, so that the Company holds an election of directors each year. This means that all of the Directors shall retire from office in rotation. In the current year, Paul Barnes and David Deacon are seeking re-election.

Director biographies are summarised below.

#### Paul Barnes, FCCA MCSI – Non-Executive Director

Paul has wide experience in venture development, financial strategy and management, corporate finance and M&A disciplines.

Paul started his career with the City of London accounting firm Melman Pryke & Co (now part of Grant Thornton). Following qualification, he then worked in both accountancy practice and commerce, specialising in developing businesses in a wide range of activities from software development and commercial property to regulated commodities brokers, taking senior management positions with a successful freight importer and a full-service executive jet aviation company.

Paul co-founded and raised funds for various successful "start-up" businesses in property and telecommunication sectors including UK Telecom plc and subsequently in the securities industry and healthcare and biomass renewable sectors.

Paul has been a key member of the teams in the development and admission to the London Stock Exchange's AIM market of both Tristel plc and Oxford Catalysts plc raising substantial funds for both companies, where he served as the Executive Finance Director and in the establishment of Amersham Investment Management Limited an FCA regulated investment management firm.



Paul is a Fellow of the Association of Chartered Certified Accountants, a registered auditor in the UK and a member of the UK's Chartered Institute for Securities and Investment.

Paul joined Etherstack in 2002 as Finance Director and CFO, and held these positions throughout the development and expansion of Etherstack until December 2011. Paul was appointed a Director of Etherstack plc in February 2012.

### **David Deacon – Chief Executive Officer, Executive Director**

David has over 20 years' experience in the wireless communications industry. Prior to Etherstack, David founded and ran an Australian wireless technology company, Indian Pacific Communications Pty Ltd, for six years until it was sold to a public company in April 2000. Before this, David led software development teams involved in wireless research and development in Perth and Sydney.

David founded Etherstack in 2002 and has been Chief Executive Officer since that date. In this time, David has overseen Etherstack's growth into a global operation and the development of industry leading wireless communications technology assets.

## **Resolution 6 – Adoption of Performance Rights Plan**

### **General**

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Performance Rights Plan" (**Performance Rights Plan**) and for the issue of Performance Rights under the Performance Rights Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Performance Rights Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Performance Rights Plan and the future issue of Performance Rights under the Performance Rights Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 6 is passed, the Company will be able to issue Performance Rights under the Performance Rights Plan to eligible participants over a period of 3 years. The issue of any Performance Rights to eligible participants under the Performance Rights Plan (up to the maximum number of Performance Rights stated below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 6 is not passed, the Company will be able to proceed with the issue of Performance Rights under the Performance Rights Plan to eligible participants, but any issues of Performance Rights will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Performance Rights.

### **Technical information required by Listing Rule 7.2 (Exception 13)**

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 6:

- (a) a summary of the key terms and conditions of the Performance Rights Plan is set out in Schedule 1;
- (b) the Company has not issued any Performance Rights under the Performance Rights Plan as this is the first time that Shareholder approval is being sought for the adoption of the Performance Rights Plan; and
- (c) the maximum number of Securities proposed to be issued under the Performance Rights Plan, following Shareholder approval, is 4,680,000 Performance Rights, which includes the Performance Rights proposed to be issued under Resolution 6. It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately.

## Resolutions 7 to 10 – Proposed Issue of Performance rights to Directors

### General

Company has agreed, subject to obtaining Shareholder approval and Resolution 6, to issue the following Performance Rights pursuant to the Performance Rights Plan and on the terms and conditions set out below (**Incentive Performance Rights**):

Director	Incentive Performance Rights	Milestone
David Deacon, CEO (Resolution 7)	750,000	The Company achieving a volume weighted average price of shares ( <b>VWAP</b> ) of at least \$2.00 over any twenty consecutive trading day period
	750,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period
Peter Stephens, Non-Executive Chairman (Resolution 8)	75,000	The Company achieving a VWAP of at least \$2.00 over any twenty consecutive trading day period
	75,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period
Paul Barnes, Non-Executive Director (Resolution 9)	75,000	The Company achieving a VWAP of at least \$2.00 over any twenty consecutive trading day period
	75,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period
Scott Minehane, Non-Executive Director (Resolution 10)	75,000	The Company achieving a VWAP of at least \$2.00 over any twenty consecutive trading day period
	75,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period

### Listing Rule 10.14

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Incentive Performance Rights to the Directors falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 7 to 10 seeks the required Shareholder approval for the issue of the Incentive Performance Rights under and for the purposes of Listing Rule 10.14.

### Technical information required by Listing Rule 14.1A

If Resolutions 7 to 10 are passed, the Company will be able to proceed with the issue of the Incentive Performance Rights to the Directors under the Performance Rights Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Incentive Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Incentive Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolutions 7 to 10 are not passed, the Company will not be able to proceed with the issue of the Incentive Performance Rights to the Directors under the Performance Rights Plan.

### Technical information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolutions 7 to 10:

- (a) the Incentive Performance Rights will be issued to the following persons:
- (i) David Deacon (or their nominee) pursuant to Resolution 7;
  - (ii) Peter Stephens (or their nominee) pursuant to Resolution 8;
  - (iii) Paul Barnes (or their nominee) pursuant to Resolution 9; and
  - (iv) Scott Minehane (or their nominee) pursuant to Resolution 10,
- each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (b) the maximum number of Incentive Performance Rights to be issued to the Directors (being the nature of the financial benefit proposed to be given) is 1,950,000 comprising:
- (i) 1,500,000 Incentive Performance Rights to David Deacon (or their nominee) pursuant to Resolution 7;
  - (ii) 150,000 Incentive Performance Rights to Peter Stephens (or their nominee) pursuant to Resolution 8;
  - (iii) 150,000 Incentive Performance Rights to Paul Barnes (or their nominee) pursuant to Resolution 9; and
  - (iv) 150,000 Incentive Performance Rights to Scott Minehane (or their nominee) pursuant to Resolution 10;
- (c) the terms of the Incentive Performance Rights have been approved by the Etherstack Remuneration Committee
- (d) the total remuneration package for each of the Directors for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Director	Current Financial Year	Previous Financial Year <sup>1</sup>
David Deacon	US\$262,106	US\$261,968
Peter Stephens	US\$55,697	US\$49,013
Paul Barnes	US\$59,094	US\$52,067
Scott Minehane	US\$52,712	US\$43,671

**Notes:** 1 Comprising Directors' fees/salary, insurance benefits and superannuation payments.

- (e) as this is the first time that the Shareholder approval is being sought for the adoption of the Performance Rights Plan (being the subject of Resolution 6), no Performance Rights have been previously issued under the Performance Rights Plan;
- (f) a summary of the material terms and conditions of the Incentive Performance Rights are set out below in Schedule 2;
- (g) the Incentive Performance Rights are unquoted performance rights. The Company has chosen to grant the Incentive Performance Rights to the Directors for the following reasons:
- i. the Incentive Performance Rights are unlisted, therefore the grant of the Incentive Performance Rights has no immediate dilutionary impact on Shareholders;
  - ii. the issue of Incentive Performance Rights to the Directors will further align the interests of the Directors with those of Shareholders;
  - iii. the issue of the Incentive Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and
  - iv. it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Performance Rights on the terms proposed;
- (h) the Company values the Incentive Performance Rights at AUD \$692,250 (being AUD\$ 0.39 each for the AUD\$2.00 Incentive performance rights and AUD \$0.32 each for the AUD \$3.00 Incentive Performance Rights) based on the Monte Carlo Simulation valuation methodology (refer to Schedule 3 for further information);
- (i) the Incentive Performance Rights will be issued to the Directors (or their nominee) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Performance Rights will be issued on one date;
- (j) the issue price of the Incentive Performance Rights will be nil, as such no funds will be raised from the issue of the Incentive Performance Rights;
- (k) a summary of the material terms and conditions of the Performance Rights Plan is set out in Schedule 1;
- (l) no loan is being made to the Directors in connection with the acquisition of the Incentive Performance Rights;
- (m) details of any Performance Rights issued under the Performance Rights Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (n) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Performance Rights Plan after Resolution 6 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

## Resolutions 11 and 12: Treasury shares

The Board is seeking authority to buy back Shares in the Company. The overall purpose of the buyback resolution is to provide the Company with flexibility in the conduct of its capital management initiatives, whether through on or off-market share buybacks. There may be circumstances when share purchases may be in the best interests of the Shareholders and therefore authority is sought for the Company or any of its subsidiaries, to purchase up to ten per cent of the issued ordinary Share capital of the Company during the period stated below. The Directors will exercise this authority only after careful consideration, taking into account prevailing market conditions, other investment opportunities and the overall financial position of the Company. The authority will expire on the later of 15 June 2022 and the date of the next Annual General Meeting. The maximum price that may be paid for an ordinary share (exclusive of expenses) is 105 per cent of the average middle market quotation for the five business days immediately preceding the purchase and the minimum price that may be paid for an ordinary share (exclusive of expenses) is its nominal value.

Pursuant to the 2006 Act, the Company can hold the shares which have been repurchased itself as treasury shares and resell them for cash, cancel them (either immediately or at a point in the future), or use them for the purposes of its employee share plans. Whenever any shares are held as treasury shares, all dividend and voting rights on these shares are suspended. Any shares purchased under the authority, if approved, would be either held as treasury shares or cancelled.

## Resolution 13: Approval of 7.1A Mandate

### General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of AUD\$77,397,303 (based on the number of Shares on issue and the closing price of Shares on the ASX on 28 April 2021).

Resolution 13 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 13 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 13 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

### Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 13:

#### (a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- i. the date that is 12 months after the date of this Meeting;
- ii. the time and date of the Company's next annual general meeting; and
- iii. the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 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 by the entity and the recipient of the Equity Securities; or
- ii. if the Equity Securities are not issued within 10 trading days of the date in i above, the date on which the Equity Securities are issued.

(c) **Use of funds under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate towards activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 13 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 28 April 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)			Dilution		
			50% decrease in issue price (\$0.298)	Issue price (\$0.595)	100% increase in issue price (\$0.893)
Current	130,079,502	10% voting dilution	13,007,950	13,007,950	13,007,950
		Funds raised	\$3,869,865	\$7,739,730	\$11,609,595
50% increase in current	195,119,253	10% voting Dilution	19,511,925	19,511,925	19,511,925
		Funds raised	\$5,804,797	\$11,609,595	\$17,414,393
100% increase in current	260,159,004	10% voting Dilution	26,015,900	26,015,900	26,015,900
		Funds raised	\$7,739,730	\$15,479,460	\$23,219,190

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 130,079,502 Shares on issue as at the date of this Notice of Meeting;
2. The issue price set out above is the closing market price of the Shares on the ASX on 28 April 2021
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- i. the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- ii. the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- i. the purpose of the issue;
- ii. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- iii. the effect of the issue of the Equity Securities on the control of the Company;
- iv. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- v. prevailing market conditions; and
- vi. advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 15 June 2020 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 15 June 2020, the Company has not issued any Equity Securities pursuant to the Previous Approval.

(g) **Voting Exclusion Statement**

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.



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## GLOSSARY

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**\$ or AUD\$** means an Australian dollar

**£** means a pound sterling, the official currency of the United Kingdom.

**US\$** means a United States dollar.

**10% Placement Capacity** has the meaning given in the Explanatory Statement.

**Annual General Meeting or Meeting** means the meeting convened by the Notice.

**Associated Body Corporate** means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**ASX** means ASX Limited.

**ASX Listing Rules or Listing Rules** means the Listing Rules of ASX.

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

**CDI** means Chess Depository Interest.

**Company** means Etherstack plc.

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

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of AUD \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Notice or Notice of Meeting** means this notice of meeting including the Explanatory notes to the resolutions and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Performance Right** means a right to acquire a Share, subject to satisfaction of any vesting conditions.

**Performance Rights Plan** means the Performance Rights Plan to be adopted by the Company, being the subject of Resolution 6 as summarised in Schedule 1.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

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

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

**Special resolution** means a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

**Variable A** means “A” as set out in the formula in Listing Rule 7.1A.2.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

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The material terms and conditions of the Performance Rights Plan (**Performance Rights Plan**) are summarised below:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any Associated Body Corporate of the Company (each, a **Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participant**).
- (b) **Offer:** The Board may, from time to time, at its absolute discretion, make a written offer to any Eligible Participant to apply for Performance Rights, upon the terms set out in the Performance Rights Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Vesting conditions:** A Performance Right may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Performance Right (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Performance Rights have been granted under the Performance Rights Plan or their nominee where the Performance Rights have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Performance Rights due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
    - (A) a Relevant Person ceasing to be an Eligible Participant due to:
      - (I) death or total or permanent disability of a Relevant Person; or
      - (II) retirement or redundancy of a Relevant Person;
    - (B) a Relevant Person suffering severe financial hardship;
    - (C) any other circumstance stated to constitute “special circumstances” in the

- terms of the relevant offer made to and accepted by the Participant; or
- (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,
- (together, **Special Circumstances**), or
- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of a Performance Right:** A Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right occurring;
- (ii) a Vesting Condition in relation to the Performance Right is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Performance Right only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Performance Rights to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of vested Performance Rights only, a Relevant Person ceases to be an Eligible Participant and the Performance Rights granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
- (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Board does not exercise its discretion to vest the Performance Right; and
- (vii) the expiry date of the Performance Rights.
- (h) **Not transferrable:** Subject to the Listing Rules, and except as otherwise provided for by an offer, Performance Rights are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (i) **Shares:** Shares resulting from the vesting of the Performance Rights shall, subject to any sale restrictions (refer to paragraph k) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Exercise price:** To the extent the ASX Listing Rules or any applicable law specify or require a minimum price be paid by the Eligible Person on the exercise of a vested Performance Right, the exercise price in respect of a Performance Right offered under an Offer must not be less than the £0.004 (**Exercise Price**).
- (k) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Performance Rights (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

- (l) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends. The Company will not apply for quotation of any Performance Rights on the ASX.
- (m) **No participation rights:** There are no participation rights or entitlements inherent in the Performance Rights and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (n) **No change:** A Performance Right does not confer the right to a change in Exercise Price or the number of underlying Shares over which the Performance Right can be exercised.
- (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- (p) **Amendments:** Subject to express restrictions set out in the Performance Rights Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Performance Rights Plan, or the terms or conditions of any Performance Rights granted under the Performance Rights Plan including giving any amendment retrospective effect.

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**SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE PERFORMANCE RIGHTS**


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**(a) Milestones**

The Performance Rights will be issued in the following tranches and will vest upon achievement of the following milestones:

Director	Incentive Performance Rights	Performance hurdle
David Deacon, CEO (Resolution 7)	750,000	The Company achieving a volume weighted average price of shares ( <b>VWAP</b> ) of at least \$2.00 over any twenty consecutive trading day period
	750,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period
Peter Stephens, Non-Executive Chairman (Resolution 8)	75,000	The Company achieving a VWAP of at least \$2.00 over any twenty consecutive trading day period
	75,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period
Paul Barnes, Non-Executive Director (Resolution 9)	75,000	The Company achieving a VWAP of at least \$2.00 over any twenty consecutive trading day period
	75,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period
Scott Minehane, Non-Executive Director (Resolution 10)	75,000	The Company achieving a VWAP of at least \$2.00 over any twenty consecutive trading day period
	75,000	The Company achieving a VWAP of at least \$3.00 over any twenty consecutive trading day period

(each being a **Milestone**).

**(b) Notification to holder**

The Company must notify the holder within 5 Business Days if a Milestone has been achieved.

**(c) Conversion**

Subject to paragraph (m), upon achievement of the relevant Milestone, each Performance Right will, at the election of the holder by notice to the Company in writing, convert into one fully paid ordinary share in the capital of the Company (**Share**).

**(d) Conversion**

The Company will issue Shares within 15 Business Days after the Company receives notice from the holder in accordance with paragraph (c).

**(e) Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(f) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(g) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(h) **Expiry Date**

Each Performance Right shall expire (**Expiry Date**) on the earlier of the holder ceasing to be a director of the Company in any capacity and 31 December 2026.

If the Milestone attached to the relevant Performance Right has not been satisfied by the Expiry Date, the relevant Performance Rights will automatically lapse.

(i) **Consideration**

The Performance Rights will be issued for nil consideration and no consideration will be payable upon the conversion of the Performance Rights into Shares.

(j) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(l) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (d) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification

from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(q) **Plan**

The terms of the Performance Rights are supplemented by the terms of the Company's Performance Rights Plan (being the subject of Resolution 6). Refer to Schedule 1 for a summary of the Performance Rights Plan.



### SCHEDULE 3 – VALUATION OF INCENTIVE PERFORMANCE RIGHTS

The Incentive Performance Rights to be issued to the Directors pursuant to Resolutions 7 to 10 have been independently valued.

Using a Monte Carlo Simulation valuation model and based on the assumptions set out below, the Incentive Performance Rights were ascribed the following value:

Item	
Value of the underlying Shares	AUD\$692,250
Valuation date	26 April 2021
Expiry date	31 December 2026
Volatility pa	65%
Risk-free interest rate	0.70%
<b>Total Value of Incentive Performance Rights</b>	\$692,250
David Deacon (Resolution 7)	\$532,500
Peter Stephens (Resolution 8)	\$53,250
Paul Barnes (Resolution 9)	\$53,250
Scott Minehane (Resolution 10)	\$53,250

**Note:** The valuation noted above is not necessarily the market price that the Incentive Performance Rights could be traded at and is not automatically the market price for taxation purposes.

For personal use only



ESK

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be received by **7.00pm (Sydney time) Thursday 10 June 2021**.

# CDI Voting Instruction Form

## How to Vote on Items of Business

Each CHESS Depository Interest (CDI) is equivalent to one share of Company Common Stock, so that every 1 (one) CDI registered in your name at 7.00pm (Sydney time) on Thursday 10 June 2021 entitles you to one vote.

You can vote by completing, signing and returning your CDI Voting Instruction Form. This form gives your voting instructions to CHESS Depository Nominees Pty Ltd, which will vote the underlying shares on your behalf. You need to return the form no later than the time and date shown above to give CHESS Depository Nominees Pty Ltd enough time to tabulate all CHESS Depository Interest votes and to vote on the underlying shares.

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable.

## Lodge your Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## CDI Voting Instruction Form

Please mark  to indicate your directions

### STEP 1 CHESSE Depository Nominees Pty Ltd will vote as directed

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#### Voting Instructions to CHESSE Depository Nominees Pty Ltd

I/We being a holder of CHESSE Depository Interests of Etherstack plc hereby direct CHESSE Depository Nominees Pty Ltd to vote the shares underlying my/our holding at the Annual General Meeting of Etherstack plc to be held online, on Tuesday, 15 June 2021 at 9.00am (London time) and at any adjournment or postponement of that meeting. By execution of this CDI Voting Form the undersigned hereby authorises CHESSE Depository Nominees Pty Ltd to appoint such proxies or their substitutes to vote in their discretion on such business as may properly come before the meeting.

### STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing CHESSE Depository Nominees Pty Ltd or their appointed proxy not to vote on your behalf and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Receive the 2020 Annual report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-appointment and remuneration of Auditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Authority to allot Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	To re-elect Paul Barnes as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	To re-elect David Deacon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Proposed issue of performance rights to David Deacon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Proposed issue of performance rights to Peter Stephens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Proposed issue of performance rights to Paul Barnes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Proposed issue of performance rights to Scott Minehane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Proposed allotment of equity securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Authority for share buyback	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

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

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

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

ESK

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Computershare

(f) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(g) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(h) **Expiry Date**

Each Performance Right shall expire (**Expiry Date**) on the earlier of the holder ceasing to be a director of the Company in any capacity and 31 December 2026.

If the Milestone attached to the relevant Performance Right has not been satisfied by the Expiry Date, the relevant Performance Rights will automatically lapse.

(i) **Consideration**

The Performance Rights will be issued for nil consideration and no consideration will be payable upon the conversion of the Performance Rights into Shares.

(j) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(l) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (d) would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification

- i. the date that is 12 months after the date of this Meeting;
- ii. the time and date of the Company's next annual general meeting; and
- iii. the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 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 by the entity and the recipient of the Equity Securities; or
- ii. if the Equity Securities are not issued within 10 trading days of the date in i above, the date on which the Equity Securities are issued.

(c) **Use of funds under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate towards activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 13 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 28 April 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

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## Explanatory notes to the Resolutions

### Resolution 1: Receive the 2020 Annual report

The Directors are required by company law to present the 2020 Annual report comprising the 2020 financial statements, the Directors report and the Auditors report on the financial statements to the meeting. These can be viewed on the Etherstack website:

<https://www.etherstack.com/investor/pdf/2191389.pdf>

### Resolution 2: Re-appointment and remuneration of Auditors

The Company is required at each general meeting at which financial statements are laid, to appoint auditors who will remain in office until the next general meeting at which financial statements are laid.

Grant Thornton UK LLP has expressed willingness to continue in office. In accordance with company law and good corporate governance practice, Shareholders are asked to authorise the Audit & Risk Committee to determine the auditors' remuneration.

### Resolution 3: Authority to allot Shares

This Resolution asks Shareholders to renew the Directors' authority to allot new Shares. The authority, if approved, will expire on the later of 15 June 2022 and the date of the 2022 Annual General Meeting. The authority will allow the Directors generally to allot new Shares, and grant rights to subscribe for, or convert other securities into Shares up to a nominal value of £130,080 which is, in accordance with good corporate governance practice, equivalent to approximately 25 per cent of the total issued ordinary Share capital of the Company. The Directors consider it desirable, however, to have the maximum flexibility permitted by corporate governance guidelines to respond to market developments and to enable allotments to take place to finance business opportunities as they arise.

### Resolution 4 and 5: Re-election of Directors

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Under clause 93.1 of the Company's Articles of Association, any Director who was not appointed or re-appointed at one of the preceding two annual general meetings shall retire from office and be eligible for re-appointment, so that the Company holds an election of directors each year. This means that all of the Directors shall retire from office in rotation. In the current year, Paul Barnes and David Deacon are seeking re-election.

Director biographies are summarised below.

#### Paul Barnes, FCCA MCSI – Non-Executive Director

Paul has wide experience in venture development, financial strategy and management, corporate finance and M&A disciplines.

Paul started his career with the City of London accounting firm Melman Pryke & Co (now part of Grant Thornton). Following qualification, he then worked in both accountancy practice and commerce, specialising in developing businesses in a wide range of activities from software development and commercial property to regulated commodities brokers, taking senior management positions with a successful freight importer and a full-service executive jet aviation company.

Paul co-founded and raised funds for various successful "start-up" businesses in property and telecommunication sectors including UK Telecom plc and subsequently in the securities industry and healthcare and biomass renewable sectors.

Paul has been a key member of the teams in the development and admission to the London Stock Exchange's AIM market of both Tristel plc and Oxford Catalysts plc raising substantial funds for both companies, where he served as the Executive Finance Director and in the establishment of Amersham Investment Management Limited an FCA regulated investment management firm.

Notes:

1. As a member, you are entitled to appoint one or more proxies to exercise all or any of your rights to speak and vote at the meeting. A proxy need not be a member of the Company. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise the rights attached to any one share.
2. A form of proxy accompanies this notice. To be valid, your proxy form and any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority should be sent to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to arrive no later than by 11.00 am (London time) on 11 June 2021.
3. If you appoint a proxy, this will not prevent you participating in the meeting.
4. Any corporation which is a member can authorise one or more person(s) to act as its representative(s) at the meeting.
5. In accordance with Regulation 41 of the Uncertified Securities Regulations 2001, to have the right to participate and vote at the meeting a member must first have his or her name entered in the Company's register of members by no later than the close of business on the day that is two days before the date of the meeting or, if this meeting is adjourned, at the close of business on the day two days prior to the adjourned meeting. Changes to entries on that register after that time shall be disregarded in determining the rights of any member to participate and vote at the meeting.
6. Except as provided above, members who have general queries about the meeting should email [shareholderhelp@etherstack.com](mailto:shareholderhelp@etherstack.com).

## Participation at the AGM

**In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the 2021 Annual General Meeting to be held online only and all Resolutions will be decided based on proxy votes.**

The information for accessing the meeting is included with the attached Notice of Meeting. Participating in the Meeting virtually will enable shareholders to view the Meeting live and ask (written) questions. The virtual Meeting will not be a fully integrated 'webcast' style meeting. Only the Chairman of the Meeting or other Company presenters will be able to be heard (with no video).

Shareholders will be able to log in to the online platform from 8.30am (London time) on the date of the Meeting.

The Meeting will be held virtually and may be accessed by Shareholders at:

<https://webcast.boardroom.media/etherstack-plc/20210615/NaN608624d0987d04001a7fa67a>

As noted above, the webcast will include the ability for Shareholders to ask questions in relation to the business of the meeting. Shareholders are also invited to submit questions in advance of the meeting. Given time constraints and the possibility that similar/overlapping questions may be raised, it is possible that not all questions are individually raised and addressed at the meeting. Questions and responses will be posted onto the Company's website after the meeting.

You may email your questions to the Company Secretary at [shareholderhelp@etherstack.com](mailto:shareholderhelp@etherstack.com). Please ensure that your questions are received no later than 5:00pm on 11 June 2021.

### Proxy voting by holders of Shares

Shareholders are requested to complete, sign, date and return the proxy. A proxy will not be valid unless it is deposited by mail or by fax at the office of Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or fax number 08707036101 (or +44 3707036101 if you are sending from outside the UK) by 11.00 am (London time) on 11 June 2021.

### Proxy voting by holders of CDIs

CDI holders are requested to complete, sign and return the enclosed CDI Voting Instruction Form to Computershare Investor Services Limited, at GPO Box 242, Melbourne, Victoria, 3001 Australia (free fax number within Australia: 1800 783 447 or outside Australia: +61 3 9473 2555) in order to direct CHES Depository Nominees Pty Ltd. ("CDN") to vote the relevant underlying Common Shares on his or her behalf or may instruct CDN to appoint such CDI holder or his or her nominee as proxy to vote the Common Shares underlying the CDIs in person at the meeting. In either case, the CDI Voting Instruction Form needs to be received at the address shown on the Form not less than 96 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or an adjournment thereof.

By order of the Board



**Paul Barnes FCCA**  
**Company Secretary**

Registered Office: 3rd Floor, 30-31 Friar Street Reading Berkshire RG1 1DX

Date: 5 May 2021



## NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of Etherstack plc (the “Company”) will be held at 9.00 am (London time) on 15 June 2021, to consider and, if thought fit, pass the resolutions set out below.

The Meeting will be conducted as a virtual meeting via

<https://webcast.boardroom.media/etherstack-plc/20210615/NaN608624d0987d04001a7fa67a>

due to the status of the global COVID-19 pandemic. Information on how to access the Virtual Meeting Room is enclosed with this Notice of Meeting.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes the matters to be considered.

**All resolutions will be decided based on proxy votes.**

### AS ORDINARY RESOLUTIONS

**1. Resolution 1 – Receive the 2020 Annual report**

To receive and adopt the accounts of the Company for the year ended 31 December 2020 and the Directors’ and Auditors’ reports thereon.

**2. Resolution 2 – Re-appointment and remuneration of Auditors**

To re-appoint Grant Thornton UK LLP as auditors to hold office until the conclusion of the next annual general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

**3. Resolution 3 – Authority to allot Shares**

In substitution for any existing authorisation under section 551 of the Companies Act 2006 but without prejudice to the exercise of any such authorisation prior to the date of this resolution, the Directors of the Company are generally and unconditionally authorised in accordance with that section to allot Shares in the Company and to grant rights (“relevant rights”) to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal amount of £130,080 such authorisation to expire at midnight on 15 June 2022 or, if earlier, at the conclusion of the next Annual General Meeting of the Company, unless previously renewed, revoked or varied by the Company in general meeting, save that the Company may at any time before the expiry of this authorisation make an offer or agreement which would or might require Shares to be allotted or relevant rights to be granted after the expiry of this authorisation and the Directors of the Company may allot Shares or grant relevant rights in pursuance of any such offer or agreement as if the authorisation conferred hereby had not expired.

**4. Resolution 4 – To re-elect Paul Barnes as a Director**

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4, and for all other purposes, Paul Barnes retires as a Director and being eligible, seeks re-election.

**5. Resolution 5 – To re-elect David Deacon as a Director**

For the purposes of clause 93.1 of the Company’s Articles of Association, ASX Listing Rule 14.4, and for all other purposes, David Deacon retires as a Director and being eligible, seeks re-election.

5 May 2021

Dear Shareholder,

### Etherstack plc Annual General Meeting

I am pleased to invite you to Etherstack plc's ("Etherstack") Annual General Meeting ("AGM"), which will be held at 9.00 am (London time) on 15th June 2021.

**In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, we have determined that it is prudent for the 2021 AGM be held online only and all resolutions will be decided based on proxy votes.**

The information for accessing the meeting is included with the attached Notice of Meeting. Participating in the Meeting virtually will enable shareholders to view the Meeting live and ask (written) questions. The virtual Meeting will not be a fully integrated 'webcast' style meeting. Only the Chairman of the Meeting or other Company presenters will be able to be heard (with no video).

The accompanying Notice of Annual General Meeting describes the business that will be proposed and sets out the procedures for your participation and voting. Your participation in our AGM is important to Etherstack and a valuable opportunity for the Board to consider, with shareholders, the performance of the Group.

Please note that only Shareholders, Chess Depository Interest ("CDI") holders, proxy holders and corporate representatives will be eligible to ask questions of the Directors.

The Directors are unanimously of the opinion that all of the resolutions to be proposed are in the best interests of Shareholders and of Etherstack as a whole. Accordingly, they seek your vote in favour of all resolutions.

Yours sincerely



**Peter Stephens**  
Chairman

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