

**Design Milk Co Limited**

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# DESIGN MILK CO LIMITED

## **Notice of 2021 Annual General Meeting**

Explanatory Statement | Proxy Form

Tuesday, 23 November 2021

**8.00AM AEDT**

**Virtual Meeting**

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

# Contents

Venue and Voting Information	2
Notice of Annual General Meeting – Agenda and Resolutions	5
Notice of Annual General Meeting – Explanatory Statement	13
Glossary	24
Annexure A - Management Incentive Plan Rules	26
Proxy Form	Attached

## Important Information for Shareholders about the Company's 2021 AGM

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at 21 October 2021.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at <http://www.design-milk.com/>. Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the 2021 AGM as a virtual meeting, in a manner that is consistent with the Treasury Laws Amendment (2021 Measures No. 1) Act 2021.

## Venue and Voting Information

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 8.00AM AEDT on Tuesday, 23 November 2021 as a **virtual meeting**.

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic.

Shareholders that have an existing account with Automic will be able to watch, listen, and vote online.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting. An account can be created via the following link [investor.automic.com.au](http://investor.automic.com.au) and then clicking on "**register**" and following the prompts. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

To access the virtual meeting on the day:

1. Open your internet browser and go to [investor.automic.com.au](http://investor.automic.com.au)
2. Login with your username and password or click "**register**" if you haven't already created an account. **Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting**

3. After logging in, a banner will display at the bottom of your screen to indicate that the meeting is open for registration, click on **"Register"** when this appears. Alternatively, click on **"Meetings"** on the left-hand menu bar to access registration.
4. Click on **"Register"** and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting. Note that the webcast will open in a separate window.

Shareholders will be able to vote (see the "Voting virtually at the Meeting" section of this Notice of Meeting below) and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to Company Secretary at [sapir@design-milk.com](mailto:sapir@design-milk.com) at least 48 hours before the AGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

## Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

## Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the AGM can do so through the online meeting platform powered by Automic.

Once the Chair of the Meeting has declared the poll open for voting click on "Refresh" within the platform to be taken to the voting screen.

Select your voting direction and click "confirm" to submit your vote. Note that you cannot amend your vote after it has been submitted

For further information on the live voting process please see the **Registration and Voting Guide** at <https://www.automicgroup.com.au/virtual-agms/>

## Voting by proxy

To vote by proxy, please use one of the following methods:

<b>Online</b>	Lodge the Proxy Form online at <a href="https://investor.automic.com.au/#/loginsah">https://investor.automic.com.au/#/loginsah</a> by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.  For further information on the online proxy lodgment process please see the <b>Online Proxy Lodgment Guide</b> at <a href="https://www.automicgroup.com.au/virtual-agms/">https://www.automicgroup.com.au/virtual-agms/</a>
<b>By post</b>	Automic, GPO Box 5193, Sydney NSW 2001
<b>By hand</b>	Automic, Level 5, 126 Phillip Street, Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting. **Proxy Forms received later than this time will be invalid.**

## Power of Attorney

If the proxy form is signed under a power of attorney on behalf of a shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already provided it to the Share Registry.

## Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide the Share Registry with adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

# Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of Design Milk Co Limited ACN 006 908 701 will be held at 8.00AM AEDT on Tuesday, 23 November 2021 as a **virtual meeting (Meeting)**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 8.00AM AEDT on Sunday, 21 November 2021.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## Agenda

### Ordinary business

#### Financial statements and reports

*"To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."*

**Note:** This item of ordinary business is **for discussion only and is not a resolution**.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

# Resolutions

## **Remuneration Report**

### **1. Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s Annual Financial Report for the financial year ended 30 June 2021.”*

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

**Voting Exclusion Statement:** In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company’s key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person’s Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as Restricted Voter). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- (b) it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote “against”, or to abstain from voting on, this Resolution.

## **Re-election of Directors**

### **2. Resolution 2 – Re-election of Michael Hill as Director**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That Michael Hill, a Director who retires by rotation in accordance with the Company's Constitution and ASX Listing Rule 14.4, and being eligible offers himself for re-election as a Director of the Company, effective immediately."*

## **ASX Listing Rule 7.1A (Additional 10% Capacity)**

### **3. Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities**

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- (a) 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
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting 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
- (iii) 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.

## **Adoption of Management Incentive Plan**

### **4. Resolution 4 – Adoption of Management Incentive Plan**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (exception 13(b)), Sections 257B(1), 259(2) and 260C(4) of the Corporations Act, and for all other purposes, the Shareholders of the Company approve the adoption of an Management Incentive Plan, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) a person who is eligible to participate in the Management Incentive Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting 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
- (iii) 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.

**Voting Prohibition Statement:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 4 if:

- (a) the proxy is either:
  - (i) a member of the Company's Key Management Personnel; or
  - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.



## **Issue of Incentive Options to Directors under the Company's Management Incentive Plan**

### **5. Resolution 5 – Approval of Issue of Incentive Options to Michael Hill, Director of the Company**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 300,000 unlisted management options under the Company's Management Incentive Plan to Michael Hill, Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Management Incentive Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting 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
- (iii) 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 vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- (a) the proxy is either:
  - (i) a member of the Company's Key Management Personnel; or
  - (ii) a closely related party of a member of the Company's Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company's Key Management Personnel.

## 6. **Resolution 6** – Approval of Issue of Incentive Options to Christopher Colfer, Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 300,000 unlisted management options under the Company’s Management Incentive Plan Christopher Colfer, Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Management Incentive Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 6 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting 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
- (iii) 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 vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- (a) the proxy is either:
  - (i) a member of the Company’s Key Management Personnel; or
  - (ii) a closely related party of a member of the Company’s Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company’s Key Management Personnel.

## 7. **Resolution 7** – Approval of Issue of Incentive Options to Michael Everett, Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 300,000 unlisted management options under the Company’s Management Incentive Plan to Michael Everett, Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Management Incentive Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 7 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting 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
- (iii) 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 vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if:

- (a) the proxy is either:
  - (i) a member of the Company’s Key Management Personnel; or
  - (ii) a closely related party of a member of the Company’s Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company’s Key Management Personnel.

## 8. **Resolution 8** – Approval of Issue of Incentive Options to Arnaud Massenet, Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 300,000 unlisted management options under the Company’s Management Incentive Plan to Arnaud Massenet, Director of the Company (or his nominee), and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Management Incentive Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 8 by:

- (i) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (ii) the Chair of the Meeting 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
- (iii) 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 vote on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 8 if:

- (a) the proxy is either:
  - (i) a member of the Company’s Key Management Personnel; or
  - (ii) a closely related party of a member of the Company’s Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company’s Key Management Personnel.

### **BY ORDER OF THE BOARD**

Sapir Elias  
Company Secretary

# Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 8.00AM AEDT on Tuesday, 23 November 2021 as a **virtual meeting**.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

## Agenda

### **Ordinary business**

#### Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2021 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at <https://design-milk.com/design-milk-co-investor-relations/>.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

#### **Written questions of the auditor**

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions must be received at least five business days before the Meeting, which is by 16 November 2021.

# Resolutions

## **Remuneration Report**

### **Resolution 1 – Adoption of Remuneration Report**

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at <https://design-milk.com/design-milk-co-investor-relations/>.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2022 Annual General Meeting (**2022 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2022 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2022 AGM. All of the Directors who were in office when the 2022 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

#### **Voting**

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

## **Re-election of Director**

### **Resolution 2 – Re-election of Michael Hill as Director**

Clause 13.2 of the Company's Constitution requires that, if the Company has 3 or more Directors, a third (or the number of Directors nearest to one third, rounded upwards) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Clause 13.2 of the Company's Constitution provides that a retiring Director is eligible for re-election. ASX Listing Rule 14.4 also provides that each Director must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

Michael Hill was appointed a Director of the Company on 17 January 2014 and was last re-elected as a Director at the 2018 AGM. Accordingly, under this Resolution, Michael Hill retires as a Director, and being eligible, seeks re-election as a Director of the Company at this AGM.

Member of the Chartered Accountants Australia and New Zealand Experience and expertise: Formerly a partner at Ernst & Young, Mike has been involved in working with management teams and boards across a number of companies and industries for more than 20 years. He is the Managing Director and Chief Information Officer and Founder of the Bombora Special Investment Growth Fund. Prior to Bombora he was an investment partner with Ironbridge, a private equity Investment fund which invested US\$1.5 billion. Mike has served as Chairman of multiple ASX-listed companies over the past six years.

#### **Directors' recommendation**

The Directors (excluding Michael Hill) recommend that Shareholders vote for this Resolution.

### **ASX Listing Rule 7.1A**

#### **Resolution 3 – ASX Listing Rule 7.1A Approval of Future Issue of Securities**

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.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to add an additional 10% capacity.

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 less than the amount prescribed by ASX (currently \$300 million).

As of the date of this Notice of Meeting, the Company has a market capitalisation of approximately \$14.88 million and therefore is an eligible entity. If at the time of the Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

This Resolution seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution 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 this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without Shareholder approval provided for in 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.

### **Information Required by ASX Listing Rule 7.3A**

The following information is provided to Shareholder for the purposes of Listing Rule 7.3A.

#### Period for which the approval will be valid

An approval under this Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) the date which is 12 months after the date of the annual general meeting at which the approval is obtained;
- (b) the time and date of the entity's next annual general meeting; and
- (c) the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

#### Minimum price at which the equity securities may be issued under Listing Rule 7.1A

Any equity securities issued under Listing Rule 7.1A.2 must be an existing quoted class of the Company's equity securities and issued for cash consideration.

The issue price per equity security must not be less than 75% of the volume weighted average market price of the equity securities in that class, calculated over 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at the equity securities are to be issued is agreed by the Company and the recipient of the equity securities; and
- (b) if the equity securities are not issued within 10 trading days of the date in paragraph (a), the date on which the equity securities are issued.

#### Purposes for which the funds raised by an issue of equity securities under Listing Rule 7.1A may be used

As noted above, any equity securities issued under Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of equity securities under Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue.

As at the date of this Notice, the Company has not formed an intention to offer any equity securities under Listing Rule 7.1A during the Listing Rule 7.1A mandate period, if Shareholders approve this Resolution. However, if Shareholders approved this Resolution and the Company did raise funds from the issue of equity securities under Listing Rule 7.1A, based on the Company's existing plans, the Company considers that the funds may be used for the following purposes:

- (a) raising funds to further develop the Company's business;
- (b) raising funds to be applied to the Company's working capital requirements; and
- (c) raising funds to acquire assets.

#### Risk of economic and voting dilution to existing ordinary Securityholders

If this Resolution is approved, and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' economic and voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the Company's equity securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and



- (b) the equity securities may be issued at a price that is at a discount (as described above) to the market price for the Company's equity securities on the issue date;

which may have an effect on the amount of funds raised by the issue of equity securities under Listing Rule 7.1A.

The table below shows the potential dilution of existing Securityholders on the basis of 3 different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2:

Variable "A" ASX Listing Rule 7.1A.2		Potential Dilution and Funds Raised		
		\$0.205 50% decrease in issue price	\$0.41 issue prices <sup>(b)</sup>	\$0.82 100% increase in issue price
<b>"A" is the number of shares on issue, being 36,292,792 Shares<sup>(a)</sup></b>	<b>10% voting dilution<sup>(c)</sup></b>	3,629,279	3,629,279	3,629,279
	<b>Funds raised</b>	\$744,002	\$1,488,004	\$2,976,009
<b>"A" is a 50% increase in shares on issue, being 54,439,188 Shares</b>	<b>10% voting dilution<sup>(c)</sup></b>	5,443,919	5,443,919	5,443,919
	<b>Funds raised</b>	\$1,116,003	\$2,232,007	\$4,464,014
<b>"A" is a 100% increase in shares on issue, being 72,585,584 Shares</b>	<b>10% voting dilution<sup>(c)</sup></b>	7,258,558	7,258,558	7,258,558
	<b>Funds raised</b>	\$1,488,004	\$2,976,009	\$5,952,018

**Notes:**

- (a) Based on the total number of fully paid ordinary Shares on issue as at 20 October 2021.
- (b) Based on the closing price of the Company's Shares on ASX as at 20 October 2021.
- (c) The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under Listing Rule 7.1A.
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of equity securities under Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Statement.
- (e) The table shows the effect of an issue of equity securities under Listing Rule 7.1A only, not under the Company's 15% placement capacity under Listing Rule 7.1.

**Allocation policy for issues under Listing Rule 7.1A**

The Company's allocation policy and the identity of the allottees of equity securities under Listing Rule 7.1A will depend on a number of factors, including:

- (a) the Company's intentions in relation to the possible issue of equity securities (for cash consideration) during the Listing Rule 7.1A mandate period;
- (b) the structure and timeframe of the capital raising opportunities available to the Company and any alternative methods for raising funds that are available to the Company (such as a pro rata offer or an offer under a share purchase plan);
- (c) the potential effect on the control of the Company;
- (d) the Company's financial position and the likely future capital requirements; and
- (e) advice from the Company's corporate or financial advisors.

Based on the Company's historical cashflow reports and capital raising activities in the past 12 months, the Company considers that it may raise funds during the Listing Rule 7.1A mandate period, although this cannot be guaranteed. As of the date of this Notice, no specific intention to issue equity securities in relation to any parties, investors or existing Securityholders have been formed. In addition, no intentions have been formed in relation to the possible number of issues, or the time frame in which the issues could be made. Subject to the requirements of the Listing Rules and the Corporations Act, the Board of Directors reserve the right to determine at the time

of any issue of equity securities under Listing Rule 7.1A, the allocation policy that the Company will adopt for that issue.

If and when the determination is made to proceed with an issue of equity securities during the Listing Rule 7.1A mandate period, details regarding the allottees and purposes of issue will be disclosed pursuant to the Company's obligations under Listing Rules 3.10.3 and 7.1A.4.

Offers made under Listing Rule 7.1A may be made to parties (excluding any related parties) including professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to whom the Company is able to make an offer of equity securities.

The Company has not issued or agreed to issue equity securities under Listing Rule 7.1A.2 in the 12 months preceding the AGM.

This Resolution is a Special Resolution. For a Special Resolution to be passed, at least 75% of the votes validly cast on the resolution by Shareholders (by number of ordinary shares) must be in favour of this Resolution.

#### **Directors' recommendation**

The Board of Directors recommend that Shareholders vote for this Resolution.

### **Adoption of Management Incentive Plan**

#### **Resolution 4 – Adoption of Management Incentive Plan**

##### **Background**

The Company's Management Incentive Plan (**Incentive Plan**) was last approved by Shareholders of the Company on 27 November 2018. As of the date of this Meeting, almost three years would have lapsed since this date. Accordingly, the Company seeks Shareholder approval to re-adopt the Incentive Plan for the purposes set out in this Explanatory Statement.

The Incentive Plan aims to align the interests of the Company's directors, senior executives, management and employees and other eligible participants with the delivery of sustainable value to Shareholders. This alignment of interests is important in ensuring that eligible participants are focused on delivering sustainable returns to Shareholders, whilst allowing the Company to attract and retain directors and employees of a high calibre. The Incentive Plan aims to link the short to long-term remuneration of participants with the economic benefit derived by Shareholders over the relevant measurement period and forms part of the Company's overall remuneration strategy.

A summary of the key terms of the Incentive Plan is set out in Annexure A, and a copy of the rules of the Incentive Plan is available upon request from the Company.

##### **ASX Listing Rules**

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.

If this Resolution is approved by Shareholders for all purposes under the Corporations Act and the ASX Listing Rules, including ASX Listing Rule 7.2 (exception 13(b)), it will have the effect of enabling the securities issued by the Company under the Incentive Plan to be automatically excluded from the formula to calculate the number of securities which the Company may issue in any 12 month period using Listing Rule 7.1 (15% capacity) during the next three year period.

Since the Incentive Plan was last approved by Shareholders on 27 November 2018, the Company advises that it has issued 1,075,320 unlisted options (on a post-consolidation basis). If this Resolution is approved by Shareholders, the Company will issue up to a maximum of 3,629,279

incentive securities (which represents 10% of current number of shares on issue) under the Incentive Plan during the three-year period following approval (for the purposes of exception 13).

### **Shareholder loans**

The Board may, in its discretion, also determine that the Company will provide limited recourse loans to participants to use to pay the subscription price for the purchase of Loan Funded Shares under the Incentive Plan.

### **Permit the Company to take security over its own Shares**

Section 259B(1) of the Corporations Act prohibits a company taking security over shares in itself or in a company that controls it, unless one of the exceptions in subsections 259B(2) or 259(3) applies. Section 259(2) of the Corporations Act permits the taking of security by a Company over its own Shares, if the security is taken over shares issued under an employee share scheme approved at a meeting of shareholders via an Ordinary Resolution.

Employee share scheme is defined widely by the Corporations Act and includes the Incentive Plan.

Accordingly, Shareholder approval is being sought under this Resolution to approve the Incentive Plan in order for the Company to take security over its own Shares issued under the Incentive Plan if required to do so.

### **Exemption for financial assistance**

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares in the company or a holding company of the company only if:

- (a) giving of the assistance does not materially prejudice the interests of the company or its shareholders, or the company's ability to pay its creditors;
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (c) the assistance is exempted under section 260C of the Corporations Act.

Section 260C(4) of the Corporations Act provides an exemption to financial assistance, if the financial assistance is given under an employee share scheme approved at a meeting of shareholders via an Ordinary Resolution.

As noted above and set out in Annexure A, the terms of the Incentive Plan envisages the giving of financial assistance by the Company to eligible and invited participants in the form of interest free, limited recourse loans to acquire Loan Funded Shares in the Company.

Although the Board does not consider that the giving of financial benefit under the Incentive Plan will materially prejudice the interests of the company or its shareholders, or the company's ability to pay its creditors, Shareholder approval is being sought under this Resolution to enable the Company to qualify for the special exemption offered by section 260C(4) of the Corporations Act.

### **Employee share scheme buy-back**

Section 257B(1) of the Corporations Act sets out the procedure for various forms of share buy-back, including an "employee share scheme buy-back". In order for the Company to undertake a buy-back of Shares under the Incentive Plan using the employee share scheme buy-back procedure under the Corporations Act, the Incentive Plan must be approved by Shareholders of the Company.

Accordingly, Shareholder approval is being sought under this Resolution to approve the Incentive Plan in order for the Company to undertake a buy-back of Shares under the Incentive Plan using the employee share scheme buy-back procedure under the Corporations Act.

### **Directors Recommendation**

The Board of Directors recommend that Shareholders vote for this Resolution.

## **Issue of Incentive Options**

### **Resolutions 5 to 8 – Approval of Issue of Incentive Options to Directors of the Company under the Company's Management Incentive Plan**

#### **Background**

Shareholder approval is being sought to adopt an employee incentive scheme entitled "Management Incentive Plan" (**Incentive Plan**) under Resolution 4 of this Notice of Meeting.

The Company seeks to invite each of the Directors of the Company, subject to Shareholder approval that is sought under Resolutions 5 to 8, to participate in the Incentive Plan by subscribing for the following securities under the Incentive Plan.

- (a) Resolution 5 - 300,000 Incentive Options to Michael Hill (**Hill Incentive Options**)
- (b) Resolution 6 - 300,000 Incentive Options to Christopher Colfer (**Colfer Incentive Options**)
- (c) Resolution 7 - 300,000 Incentive Options to Michael Everett (**Everett Incentive Options**)
- (d) Resolution 8 - 300,000 Incentive Options to Arnaud Massenet (**Massenet Incentive Options**)

((a) – (d) together, the **Incentive Options**)

A summary of the material terms of the Incentive Options are as follows:

<b>Table A</b>	
<b>Type of Incentive Security</b>	<b>Material terms</b>
Incentive Options	<ul style="list-style-type: none"><li>• Each Incentive Option is exercisable at A\$0.50 (50 cents) for one fully paid ordinary share.</li><li>• The Incentive Options will expire on the date which is 3 years from the date of issue.</li><li>• Shares issued on the conversion of the Incentive Options will rank equally with all existing fully paid ordinary shares issued by the Company.</li></ul>

#### **Director and Related Party Approvals**

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme unless it obtains the approval of its shareholders:

- (a) a director of the Company;
- (b) an associate of a director of the Company; or
- (c) a person whose relationship with the Company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

As each of the persons in Resolutions 5 to 8 are Directors of the Company, the proposed issue of Incentive Options constitutes the acquisition of securities under an employee incentive scheme for the purposes of Listing Rule 10.14 and therefore requires the approval of the Company's shareholders under Listing Rule 10.14.

To this end, Resolutions 5 to 8 seek the required Shareholder approval to issue the Incentive Options to each of the Directors under Resolutions 5 to 8 under and for the purposes of Listing Rule 10.14.

If approval is obtained under Listing Rule 10.14, in accordance with Listing Rule 10.12 (exception 8), separate approval is not required under Listing Rule 10.11.

If Resolution 5 is passed, the Company will be able to proceed with the proposed issue of the Hill Incentive Options to Michael Hill.

If Resolution 5 is not passed, the Company will not be able to proceed with the proposed issue of the Hill Incentive Options to Michael Hill.

If Resolution 6 is passed, the Company will be able to proceed with the proposed issue of the Colfer Incentive Options to Christopher Colfer.

If Resolution 6 is not passed, the Company will not be able to proceed with the proposed issue of the Colfer Incentive Options to Christopher Colfer.

If Resolution 7 is passed, the Company will be able to proceed with the proposed issue of the Everett Incentive Options to Michael Everett.

If Resolution 7 is not passed, the Company will not be able to proceed with the proposed issue of the Everett Incentive Options to Michael Everett.

If Resolution 8 is passed, the Company will be able to proceed with the proposed issue of the Massenet Incentive Options to Arnaud Massenet.

If Resolution 8 is not passed, the Company will not be able to proceed with the proposed issue of the Massenet Incentive Options to Arnaud Massenet.

#### **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Incentive Options constitutes the giving of a financial benefit.

A “related party” for the purposes of the Corporations Act and the Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a public company.

For each of Director for whom the issue of Incentive Options were considered, the other non-conflicted Directors considered the proposed issue, and formed the view that the giving of the financial benefit to that Director was reasonable remuneration given the circumstances of the Company, the quantum of the Incentive Options, the terms of the Incentive Options, and the responsibilities held by that Director in the Company.

Accordingly, the non-conflicted Directors of the Company believe that the issue of these Incentive Options to each of the Directors under Resolutions 5 to 8 fall within the “reasonable remuneration” exception as set out in section 211 of the Corporations Act, and relies on this exception for the purposes of this Resolution. Therefore, the proposed issue of Incentive Options to Directors under Resolutions 5 to 8 requires Shareholder approval under and for the purposes of Listing Rule 10.11 only.

#### **Information Required by ASX Listing Rule 10.15**

The following information in relation to the issue of Incentive Options to under Resolutions 5 to 8 is provided to Shareholders for the purposes of ASX Listing Rule 10.15:

- (a) The allottees are:
  - (i) The allottee of the Hill Incentive Options is Michael Hill;

- (ii) The allottee of the Colfer Incentive Options is Christopher Colfer;
- (iii) The allottee of the Everett Incentive Options is Michael Everett; and
- (iv) The allottee of the Massenet Incentive Options is Arnaud Massenet.
- (b) Each of Michael Hill, Christopher Colfer, Michael Everett, and Arnaud Massenet are Directors of the Company and fall within the category referred to in ASX Listing Rule 10.14.1.
- (c) The maximum number of Incentive Options that may be acquired by each of the allottees are as follows:
- (i) 300,000 Incentive Options to Michael Hill
  - (ii) 300,000 Incentive Options to Christopher Colfer
  - (iii) 300,000 Incentive Options to Michael Everett
  - (iv) 300,000 Incentive Options to Arnaud Massenet

- (d) The current total remuneration package received by each of the relevant Directors is:

Name	Current Salary	Value of options proposed to be issued under Resolutions 5 to 8	Current total remuneration package
Michael Hill	\$0	\$49,806	\$49,806
Christopher Colfer	\$0	\$49,806	\$49,806
Michael Everett	\$0	\$49,806	\$49,806
Arnaud Massenet	\$0	\$49,806	\$49,806

- (e) Since the Management Incentive Plan was last approved by Shareholders on 27 November 2018, the Company has issued the following Incentive Options to the Directors of the Company:

Name	Number of securities received*	Acquisition price for each security
Michael Hill	141,330 incentive options exercisable at \$0.65 (65 cents) expiring 19 October 2025	Nil
Christopher Colfer	141,330 incentive options exercisable at \$0.65 (65 cents) expiring 19 October 2025 200,000 incentive options exercisable at \$0.40 (40 cents) expiring 26 February 2026	Nil
Michael Everett	141,330 incentive options exercisable at \$0.65 (65 cents) expiring 19 October 2025	Nil
Arnaud Massenet	141,330 incentive options exercisable at \$0.65 (65 cents) expiring 19 October 2025 300,000 incentive options exercisable at \$0.40 (40 cents) expiring 26 February 2026	Nil

\* The Company consolidated its securities on the 12 February 2021. The options in the table above reflect the number of securities on a post-consolidation basis.

- (f) The material terms of the Incentive Options are set out in Table A above, with further key terms set out at above. The Incentive Options will also be issued pursuant to the Incentive

Plan, which is subject to Shareholder approval under Resolution 4 of this Notice of Meeting, and a copy of which is set out in Annexure A.

- (g) The Company has decided to choose this type of equity security as it is unlisted (therefore has no immediate dilutionary impact on shareholders) and the terms can be structured to assist in aligning the interests of the holders with Shareholders of the Company.

The Incentive Options are valued at \$0.166 per option, which equates to a value of \$49,806.00 per Director.

- (h) The Incentive Options will be issued no later than 3 years from the date of this Meeting (or such later date as permitted by any ASX waiver or modification of ASX Listing Rules) and it is anticipated that Incentive Options will be issued simultaneously.
- (i) The Incentive Options will be granted for nil cash consideration and, accordingly, no funds will be raised.
- (j) The material terms of the Incentive Plan are set out in Annexure A of this Notice of Meeting.
- (k) Details of any securities issued under the Incentive Plan will be published in each annual report of the Company relating to a period which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the Incentive Plan after the Resolutions 5 to 8 are approved and who were not named in the notice of meeting will not participate until approval is obtained under ASX Listing Rule 10.14.

## Enquiries

Shareholders are asked to contact the Company Secretary on [sapir@design-milk.com](mailto:sapir@design-milk.com) if they have any queries in respect of the matters set out in these documents.



# Glossary

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

**Annual Financial Report** means the 2021 Annual Report to Shareholders for the period ended 30 June 2021 as lodged by the Company with ASX on 27 August 2021.

**Annual General Meeting** or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

**ASIC** means Australian Securities and Investment Commission.

**Associate** has the meaning given to it by the ASX Listing Rules.

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

**ASX Listing Rules** or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

**Auditor's Report** means the auditor's report of Crowe Sydney dated 27 August 2021 as included in the Annual Financial Report.

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

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Chair** means the person chairing the Meeting.

**Closely Related Party** of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporation Regulations 2001* (Cth).

**Company** means Design Milk Co Limited ACN 006 908 701.

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

**Corporations Act** means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

**Director** means a current director of the Company.

**Directors' Report** means the report of Directors as included in the Annual Financial Report.

**Dollar** or "\$" means Australian dollars.

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

**Incentive Plan** means the employee incentive scheme entitled "Management Incentive Plan" for which Shareholder approval is being sought for the adoption of under Resolution 4 of this Notice of Meeting.

**Incentive Options** means the Securities that may be granted by the Company pursuant to the terms of the Incentive Plan.



**KMP** means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting dated 22 October including the Explanatory Statement.

**Option** means an option which, subject to its terms, could be exercised into a Share.

**Ordinary Resolution** means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**Performance Right** means a performance right which, subject to its terms, could convert to a Share.

**Proxy Form** means the proxy form attached to this Notice of Meeting.

**Remuneration Report** means the remuneration report as set out in the Annual Financial Report.

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

**Restricted Voter** means a member of the Company's KMP and any Closely Related Parties of those members.

**Securities** mean Shares and/or Options (as the context requires).

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

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

**Share Registry** means Automatic Registry Services.

**Special Resolution** means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

**Spill Meeting** means the meeting that will be convened within 90 days of the 2022 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2022 AGM.

**Spill Resolution** means the resolution required to be put to Shareholders at the 2022 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2022 AGM.

**Trading Day** has the meaning given to that term in ASX Listing Rule 19.12.

**VWAP** means the volume weighted average market (closing) price, with respects to the price of Shares.

## Annexure A – Management Incentive Plan Rules

For personal use only

# Management Incentive Plan Rules

**Design Milk Co. Limited**  
(ACN 006 908 701)

# 1 DEFINITIONS, INTERPRETATION AND PURPOSE

## 1.1 Definitions

In these Rules, unless the contrary intention appears:

**Applicable Laws** means any one, several or all of the following as the context requires:

- (a) Corporations Act;
- (b) Corporations Regulations;
- (c) any other laws;
- (d) the Listing Rules;
- (e) the Constitution; and
- (f) any guidance note, regulatory guide, policy statement, class order, declaration, guideline, or other policy or procedure pursuant to the provisions of which either ASIC or ASX is authorised or entitled to regulate, implement or enforce, either directly or indirectly, the provisions of any of the foregoing statutes, regulations, rules, deeds or agreements or any conduct or proposed conduct of any person pursuant to any of the above mentioned statutes, regulations, rules, deeds or agreements.

**Associated Body Corporate** means any:

- (a) related body corporate of the Company; and
- (b) entity designated by the Board to be an associated body corporate for the purposes of these Rules.

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

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

**Board** means all or some of the Directors acting as a board.

**Business Day** means a day that is each of the following:

- (a) a Business Day within the meaning given in the Listing Rules; and
- (b) a day that banks are open for business in Sydney, New South Wales.

**Change of Control Event** means where:

- (a) a court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (b) any person becomes bound or entitled to acquire shares in the Company under:

- For personal use only
- (i) section 411 of the Corporations Act (upon a scheme of arrangement being approved); or
  - (ii) Chapter 6A of the Corporations Act (compulsory acquisition following a Takeover Bid);
- (c) a Takeover Bid or other offer is made to acquire more than 75% of the voting shares of the Company and has become unconditional;
  - (d) the Company passes a resolution for voluntary winding up;
  - (e) an order is made for the compulsory winding up of the Company; or
  - (f) a person or a group of associated persons obtains a relevant interest in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board.

**Company** means Design Milk Co. Limited ACN 006 908 701.

**Constitution** means the constitution of the Company as amended and replaced from time to time.

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

**Corporations Regulations** means any and all regulations made under the Corporations Act.

**Director** means a director of the Company from time to time.

**Incentive Securities** means any one of or combination of securities that may be issued to Participants under these Rules, which includes:

- (a) Options, which are rights to acquire a Share upon payment of an exercise price, which can contain vesting conditions, which must first be satisfied before the opportunity to exercise the options arises;
- (b) Performance rights, which are rights to receive a Share for no cash payment at a pre-determined ratio, provided that vesting conditions have been satisfied;
- (c) Performance shares, which is a beneficial interest in a Share with limited rights, which converts to a fully paid ordinary share, provided that appropriate vesting conditions (as approved by ASX) have been satisfied;
- (d) Deferred share awards, which are Shares issued to Participants, whom via their election (as applicable) or at the Board's discretion, in lieu of any wages, salaries, in fees or other remuneration; and
- (e) Loan shares, which are limited recourse shares acquired via a loan where some or all of the issue price is funded by way of a loan (which will be documented on terms as determined by the Board, with the relevant loan shares secured by the Company) made to the Participant by the Company to enable the Participant to acquire Shares in the Company.

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

**Participant** means a full-time or part-time employee or a Director of the Company, or an Associated Body Corporate or a person engaged by the Company as a consultant, who is invited by the Board to hold Incentive Securities under the terms of these Rules and is issued Incentive Securities under these Rules.

**Rules** means these rules as altered or added to from time to time and a reference to a provision of these rules is a reference to that provision as altered or added to from time to time, and for the avoidance of doubt, includes the Incentive Securities.

**Share** means an ordinary share in the capital of the Company.

## 1.2 Interpretation

For the purposes of these Rules, unless the contrary intention appears:

- (a) the singular includes the plural and vice-versa;
- (b) words denoting a gender include all genders;
- (c) if a word or phrase is defined cognate words and phrases have corresponding definitions;
- (d) a reference to a related body corporate of the Company is a reference to a body corporate that is so related within the meaning of the Corporations Act;
- (e) a reference to these Rules includes all schedules, attachments and annexures to them; and
- (f) a reference to a statute, ordinance, code or other law includes regulations and other statutory instruments under it and consolidations, amendments, re-enactments or replacements or any of them.

## 1.3 Purpose

These Rules aims to align the interests of the Company's directors, senior executives, management and employees and other eligible participants with the delivery of sustainable value to Shareholders. This alignment of interests is important in ensuring that eligible participants are focused on delivering sustainable returns to Shareholders, whilst allowing the Company to attract and retain directors and employees of a high calibre. These Rules aims to link the short to long-term remuneration of participants with the economic benefit derived by Shareholders over the relevant measurement period and forms part of the Company's overall remuneration strategy.

## 2

### GRANT OF INCENTIVE SECURITIES

The Board in its absolute discretion, subject to Applicable Laws, may from time to time issue Incentive Securities to Participants having regard, in each case, to all or any of the following matters as determined by the Board:

- (a) the position held by the proposed Participant with the Company or with an Associated Body Corporate;
- (b) the length of the period of service of the proposed Participant with the Company or with an Associated Body Corporate;

- (c) the contribution to the Company or to an Associated Body Corporate that has been made by the proposed Participant;
- (d) the potential contribution of the proposed Participant to the Company or to an Associated Body Corporate;
- (e) the remuneration or fee of the proposed Participant for services rendered to the Company or an Associated Body Corporate;
- (f) whether the proposed Participant has met any performance criteria set by the Board; and
- (g) any other matters that the Board considers to be relevant.

### **TERMS OF INCENTIVE SECURITIES**

#### **3.1 Board discretion**

The Board in its absolute discretion will determine the terms of the Incentive Securities (such as issue price, exercise price, vesting conditions, performance hurdles, loan terms and restriction periods) issued under these Rules, which may be waived or varied by the Board on a case by case basis.

Any power or discretion which is conferred on the Board under these Rules may be exercised in the interests and for the benefit of the Company, and is not subject to any fiduciary or other obligation to any other person.

In the event of a Change of Control Event, the Board in its absolute discretion may waive or accelerate unsatisfied vesting conditions in relation to some or all of the Incentive Securities. Furthermore, if a takeover bid is made to acquire all of the issued Shares of the Company, Participants may accept the takeover bid in respect of any Shares which they hold notwithstanding the restriction period in respect of those Shares has not expired.

#### **3.2 Issue of Incentive Securities to Directors or other related parties**

Incentive Securities may only be issued to a Director or related party of the Company pursuant to these Rules, if the issue complies with the requirements (if any) of the Corporations Act and the Listing Rules.

#### **3.3 Cancellation of Incentive Securities**

The Board in its absolute discretion may cancel the Incentive Securities issued to Participants at any time including upon cessation of employment of a Participant or the death, bankruptcy or winding-up of a Participant.

#### **3.4 Variation to capital structure**

If prior to the vesting, exercise or conversion of Incentive Securities (as the case may be), the Company undergoes a reorganisation of capital (other than by way of a bonus issue or issue of cash), the terms of all existing Incentive Securities will be changed to the extent necessary to comply with the Listing Rules and the Corporations Act.

#### 4 LIMITS ON NUMBER OF INCENTIVE SECURITIES THAT CAN BE ISSUED

An offer of Incentive Securities under these Rules must not be made if the aggregate number of the following will exceed 10% of the issued Shares as on that date when the issue is proposed to take place:

- (a) the number of Shares which are subject of the offer of the Incentive Securities;
- (b) the total number of Shares which are the subject of any outstanding offers of Incentive Securities; and
- (c) the total number of Shares which would be issued under all outstanding Incentive Securities that have been granted but which have not yet been exercised, converted, terminated or expired.

For the purposes of this 10% limit, the limit does not count:

- (a) an offer to a person situated outside Australia;
- (b) an offer that did not need disclosure because of section 708 of the Corporations Act;
- (c) an offer made under a disclosure document (such as a prospectus) as defined in the Corporations Act; and
- (d) any Incentive Securities which have expired or were cancelled after its issue.

#### 5 SUSPENSION OR TERMINATION OF THESE RULES

The Board may suspend or terminate these Rules at any time, in which case the Company shall not make any further grants of Incentive Securities under these Rules during the suspended or terminated period. However, during that period the Board shall otherwise continue to administer these Rules in accordance with these Rules in respect of all Incentive Securities which have already been granted until all Incentive Securities have been exercised, expired or repaid (as the case may be).

#### 6 OVERRIDING RESTRICTIONS ON ISSUE, EXERCISE AND VARIATION

Regardless of anything else in these Rules, Incentive Securities may not be offered, issued, exercised or varied if to do so:

- (a) would contravene the Corporations Act or the Listing Rules; or
- (b) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, a Participant's country of residence or in the opinion of the Board compliance with those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable expense in the circumstances.



## **7 ADMINISTRATION OF THESE RULES**

### **7.1 Delegation**

- (a) These Rules shall be in all respects administered under the directions of the Board or a committee of the Board.
- (b) The Board or committee of the Board may appoint, for the proper administration and management of these Rules, such secretary or executives or staff or other persons as it considers desirable and may delegate to those persons such powers and authorities as may be necessary or desirable for the administration and management of these Rules.

### **7.2 Procedures**

Subject to these Rules, the Board may make such regulations and establish such procedures for the administration and management of these Rules as it considers appropriate.

### **7.3 Holding Statements**

Each Participant shall be issued with a holding statement stating the number of any Incentive Securities held by that Participant:

- (a) on the date of issue of any Incentive Securities; and
- (b) within 10 Business Days of the exercise or conversion of any Incentive Securities (as the case may be).

### **7.4 Disputes**

If any disagreement or dispute with respect to the interpretation of these Rules or the terms of the granting of the Incentive Securities arises, such disagreement or dispute shall be referred to the Board and the decision of the Board shall, in the absence of manifest error, be final and binding upon all parties.

### **7.5 Exercise of discretion and amendments**

The Board may, subject to any express provision in these Rules, the Listing Rules or the Corporations Act to the contrary:

- (a) do any act, matter or thing or make any decision, determination or resolution;
- (b) conditionally or unconditionally give or withhold any consent or approval; or
- (c) amend the terms of these Rules, any offer made under the Rules after its issue and any terms of Incentive Securities granted under the Rules after its issue,

as contemplated by these Rules in its absolute uncontrolled and unexaminable discretion and is not obliged to give reasons for so doing.

## **8 NOTICES**

Notices under these Rules may be handed to the person concerned or posted by ordinary prepaid post to the person's last known address or given in such manner as the Board from time to time determines.

## **9 COMPANY'S RIGHTS NOT WAIVED**

### **9.1 Participation does not affect the right of the Company in respect of the Participants**

- (a) The Company's right to terminate or vary the terms of employment or engagement of any Participant shall not be prejudiced in any way by any Participant holding Incentive Securities, or anything contained in these Rules.
- (b) Further, holding Incentive Securities, the rights or benefits of a Participant under these Rules or the inability or restricted ability of a Participant to exercise or convert Incentive Securities (as the case may be), or to hold all of the Incentive Securities, shall not be used as grounds for granting or increasing damages in any action brought by any Participant against the Company whether in respect of any alleged wrongful dismissal or otherwise.

### **9.2 No representation as to the price of Shares**

- (a) None of the Company, its Directors, officers or employees represents that the Company's Share price will attain, maintain or exceed any price.
- (b) A Participant who chooses to exercise or convert any Incentive Securities, or hold any Incentive Securities does so at their own risk in that they may suffer financial detriment if the Company's Share price falls.

## **10 TAX**

The Company is not responsible for any tax which may become payable by a Participant in connection with the Rules.

## **11 GOVERNING LAW**

These Rules shall in all respects be governed by and shall be construed in accordance with the laws of New South Wales.

## **12 SEVERANCE**

If any provision in these Rules is void, voidable by any party or illegal, it shall be read down so as to be valid and enforceable or, if it cannot be so read down, the provision (or where possible, the offending words) shall be severed from these Rules without affecting the validity, legality or enforceability of the remaining provisions (or parts of those provisions) of these Rules, which shall continue in full force and effect.



DESIGN MILK CO LIMITED | ABN 15 006 908 701

# Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

## [HolderNumber]

Holder Number:  
[HolderNumber]

Your proxy voting instruction must be received by **8.00am (AEDT) on Sunday, 21<sup>st</sup> November 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise, if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, 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.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

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

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

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### Lodging your Proxy Voting Form:

##### Online:

Use your computer or smartphone to appoint a proxy at  
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.**



##### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

##### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

##### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

##### BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

##### PHONE:

1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

