

29 September 2023

Notice of Annual General Meeting

Southern Cross Electrical Engineering Limited ("SCEE Group") will hold its 2023 Annual General Meeting at 9:00am WST on Tuesday 31 October 2023 at Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth WA.

Pursuant to ASX Listing Rule 3.17.1 a copy of the Notice of Annual General Meeting and accompanying Proxy Form and Notice and Access Letter that will be dispatched to shareholders today are attached.

Authorised for release by Colin Harper – Company Secretary

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SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF ANNUAL GENERAL MEETING

and

EXPLANATORY STATEMENT

and

PROXY FORM

Date of Meeting:	Tuesday 31 October 2023
Time of Meeting:	9:00am (WST)
Place of Meeting:	Parmelia Hilton Perth Fremantle Room 14 Mill Street Perth WA 6000

This Notice of Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (**Company**) will be held at 9:00am (WST) on Tuesday, 31 October 2023 at the Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of the Notice of Meeting describes the various matters to be considered at the Annual General Meeting. This also includes a glossary of terms used. Shareholders should read the Explanatory Statement in full before deciding how to vote.

AGENDA

FINANCIAL REPORTS

To receive and consider the financial report of the Company and the reports of the Directors and auditor for the year ended 30 June 2023.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass as a non-binding ordinary resolution:

That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2023 be adopted.

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

Voting prohibition

A vote must not be cast on Resolution 1 in any capacity (and the Company will disregard any such vote) by, or on behalf of, a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report or their Closely Related Parties.

However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chairman to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2: RE-ELECTION OF MR SIMON BUCHHORN AS DIRECTOR

To consider and, if thought fit, to pass as an ordinary resolution:

That, for the purpose of clause 13.3 of the Company's Constitution, Listing Rule 14.5 and for all other purposes, Mr Simon Buchhorn, who retires in accordance with clause 13.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.

RESOLUTION 3: AMENDMENTS TO THE SENIOR MANAGEMENT LONG TERM INCENTIVE PLAN

To consider, and if thought fit, to pass as an ordinary resolution:

*That for the purpose of Listing Rule 7.2, Exception 13(b) and for all other purposes, Shareholders approve the amendments to the Senior Management Long Term Incentive Plan (**Plan**), the terms and conditions of which are summarised in the Explanatory Statement, and the grant of Performance Rights or Options under the Plan and the issue of Shares upon the vesting of such Performance Rights or Options, as required.*

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of a person who is eligible to participate in the Plan or an associate of that person (or those persons).

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

- (a) a person as 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 Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman 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 the directions given by the beneficiary to the holder to vote that way.

Voting prohibition

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 3 if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; 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 Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution 3 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 4: ISSUE OF PERFORMANCE RIGHTS TO MR GRAEME DUNN FOR THE 2023/2024 FINANCIAL YEAR

To consider and, if thought fit, to pass as an ordinary resolution:

That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve, as further described in the Explanatory Statement, the grant of 915,974 Performance Rights (and the issue of Shares following any vesting of the Performance Rights) in accordance with the Plan to a Director of the Company, Mr Graeme Dunn (or his nominee), in relation to the 2023/2024 financial year.

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of Mr Graeme Dunn (or his nominee) or an associate of that person (or those persons).

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

- (a) a person as 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 Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman 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 the directions given by the beneficiary to the holder to vote that way.

Voting prohibition

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 4 if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

The above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 5: AMENDMENT TO TERMS OF PERFORMANCE RIGHTS

To consider and, if thought fit, to pass as an ordinary resolution:

That, subject to Resolution 2 being passed and pursuant to Listing Rule 6.23.4 and for all other purposes, approval is given for the Company to amend the terms of 3,622,916 Performance Rights previously issued in accordance with the relevant Senior Management Long Term Incentive Plan for the 2022, 2023 and 2024 financial years on the terms and conditions set out in the Explanatory Statement.

Voting exclusion

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who holds a Performance Right that is the subject of the approval under this Resolution or an associate of that person (or those persons).

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

- (a) a person as 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 Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman 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 the directions given by the beneficiary to the holder to vote that way.

Voting prohibition

A person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 5 if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; 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 Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution 5 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 6: RENEWAL OF PROPORTIONAL TAKEOVER APPROVAL PROVISIONS

To consider and, if thought fit, to pass as a special resolution:

That, pursuant to sections 136(2) and 648G of the Corporations Act 2001 (Cth), the proportional takeover approval provisions in clause 11 of the Constitution of the Company are renewed for a period of three years from the date of this Meeting.

RESOLUTION 7: APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass as a special resolution:

That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to have additional capacity to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue provided for in Listing Rules 7.1A, 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.

By Order of the Board



Colin Harper
Company Secretary
29 September 2023

Important information for Shareholders

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

Required majorities

Resolutions 1 to 5 are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the Resolution.

Resolutions 6 and 7 are special resolutions. A special resolution requires a 75% majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the Resolution.

All Resolutions will be decided on a poll.

Proxies

All Shareholders who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise one-half of the votes (disregarding fractions).

To vote by proxy, please complete and return the Proxy Form enclosed with this Notice of Meeting as soon as possible.

Details for sending your Proxy Form are as follows:

By Mail: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia

Facsimile: Australia: 1800 783 447 / International: +61 3 9473 2555

For online voting: Visit www.investorvote.com.au

By mobile: Scan the QR Code on your proxy form and follow the prompts

Custodian voting: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

For all enquiries call 1300 307 262 (within Australia) or +61 3 9415 4671 (outside Australia).

To be effective, a completed Proxy Form must be received by **no later than 9.00am (WST) on Sunday, 29 October 2023**, being not less than 48 hours prior to the commencement of the meeting. Proxies received after this time will be invalid.

Where the Proxy Form is executed under power of attorney, the power of attorney must be lodged in the same way as the Proxy Form.

The Chairman of the Meeting intends to vote all undirected proxies **in favour** of each item of business, provided the Chairman of the Meeting is entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice. However, in

exceptional circumstances, the Chairman of the Meeting may change his voting intention, in which case an ASX announcement will be made.

Corporate representatives

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual as its representative to attend and vote at the Meeting and exercise any other powers the body corporate can exercise at the Meeting. The appointment may be a standing one. The representative should bring to the Meeting evidence of his or her appointment as the body corporate's representative, including any authority under which the appointment is signed, with their Appointment of Corporate Representative form, unless it has previously been given to the Company. An appointment form is included with the Meeting materials.

Where a body corporate appoints a proxy, the proxy form must be signed by a duly appointed attorney or by a director jointly with either another director or a company secretary or, for a proprietary company that has a sole director who is also the sole company secretary, that director.

Voting entitlements

The Board has determined that, for the purpose of voting at the Meeting, Shareholders are those persons who are the registered holders of the Company's Shares at 9.00am (WST) on Sunday 29 October 2023.

Further information

If you need any further information about this Notice of Meeting or attendance at the Annual General Meeting please contact Mr Colin Harper, the Company Secretary, on 08 9236 8300.

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

EXPLANATORY STATEMENT TO SHAREHOLDERS

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be transacted at the Annual General Meeting of the Company to be held at 9.00am (WST) on Tuesday, 31 October 2023. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

FINANCIAL REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting the financial report, the Directors' report (including the Remuneration Report) and the auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the Meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

The Company's 2023 Annual Report is available on the ASX website and the Company's website at www.scee.com.au.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R(2) of the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, the Managing Director and senior executives and is set out in the Company's 2023 Annual Report. The vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions and make comments on the Remuneration Report at the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2: RE-ELECTION OF MR SIMON BUCHHORN AS DIRECTOR

Mr Buchhorn was last re-elected as a Director of the Company on 26 October 2021. Pursuant to clause 13.3(c)(iii) of the Company Constitution, if no person is standing for election or re-election due to having held office for a period in excess of 3 years or beyond the third annual general meeting following that Director's election, then the Directors who have been in office the longest since their election must retire at an annual general meeting. Accordingly, Mr Buchhorn is required to resign and being eligible, has offered himself for re-election as a Director of the Company.

The Board has considered Mr Buchhorn's independence and considers that he is an independent Director.

Mr Buchhorn has served on the Board since 2015 and brings significant experience in electrical contracting and operational performance both domestically and internationally. He is also a graduate of the Australian Institute of Company Directors.

Mr Buchhorn has a comprehensive understanding of SCEE Group's operations having been employed by the Company for over 30 years prior to retiring in 2014. During this time he worked in a number of key positions across the business including over 6 years as Chief Operating Officer and a period as interim Chief Executive Officer. He was also the General Manager of SCEE Group's LNG focused joint venture KSJV.

Mr Buchhorn is a member of the Audit and Risk Management Committee.

Technical information required by ASX Listing Rule 14.1A

If Resolution 2 is passed, Mr Simon Buchhorn will be re-elected as a Director.

If Resolution 2 is not passed, Mr Simon Buchhorn will resign as a Director at the end of the Meeting.

Directors' recommendation

The Directors (other than Mr Buchhorn) support the re-election of Mr Buchhorn and recommend that Shareholders vote in favour of Resolution 2. The Board considers that Mr Buchhorn provides an important contribution to the Board, given his significant industry experience and his role as a member of the Audit and Risk Committee.

RESOLUTION 3: AMENDMENT TO THE SENIOR MANAGEMENT LONG TERM INCENTIVE PLAN

Background

The Southern Cross Electrical Engineering Limited Rules of the Senior Management Long Term Incentive Plan (**Plan**) was last approved by Shareholders at the 2021 AGM. As SCEE is proposing to make changes to the terms of the Plan, Resolution 3 seeks Shareholder approval for the amendments to the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The Plan enables the Company to grant long term incentives in the form of Options and/or Performance Rights (**Incentive Securities**) to senior management. Senior management, as defined in the Plan, are the full-time or part-time employees (including the Managing Director and other Executive Directors) of the Company and its subsidiaries (**Group**) whom the Board considers, act in senior management roles within the Group. Mr Graeme Dunn, the Managing Director, is currently the sole person referred to in Listing Rule 10.14 who is entitled to participate in the Plan.

The Board believes that the Group benefits from being able to provide the Group's senior management with an opportunity to potentially acquire an ownership interest in the Company through the grant of Incentive Securities.

The Board also believes that the Group benefits from the flexibility of having an equity based plan allowing the Board to grant Incentive Securities which will only vest on the satisfaction of appropriate vesting conditions set by the Board.

The Board believes that grants of Incentive Securities made to eligible participants under the Plan provide a powerful tool to underpin the Group's employment strategy, and that the Plan will:

- (a) recognise the ability and efforts of senior managers who have contributed to the success of the Group;
- (b) provide incentives to the senior managers to achieve the long term objectives of the Group and to improve the performance of the Group;

- (c) attract staff of experience and ability to work for the Group; and
- (d) foster and promote loyalty between staff and its senior managers.

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

Changes to the Senior Management Long Term Incentive Plan

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee incentive schemes (**New Rules**). The legislation, which took effect on 1 October 2022, replaced and expanded the ASIC Class Order [CO 14/1000] (together, the **Class Order**). Under the Class Order, issue caps of 5% of a listed entity's fully paid shares applied over a rolling period of 3 years (irrespective of whether monetary consideration is required) when relying on Class Order relief. Under the New Rules, there is no cap on issues made where no monetary consideration is payable by a participant on the issue or transfer of interests offered under the plan or where the interests offered are options or incentive rights on the exercise of such securities. Where monetary consideration is paid by participants on the issue, transfer or exercise of interests under the plan the number of interests under an employee incentive plan issued over a 3 year period must not exceed 5% of the issued share capital unless the entity's constitution specifies a different issue cap. To reflect the New Rules the 5% issue cap which applied (irrespective of whether monetary consideration is payable by participants under the plan) has been deleted from the Plan.

Additionally, amendments to the Plan clarify that a participant who ceases to be a senior manager after having served the full Performance Period, but before the Board determines whether all of the relevant conditions attaching to the exercise of Incentive Securities have been satisfied in accordance with the Plan rules, will be entitled to retain their Incentive Securities until the Board makes such a determination. The amendments also allow participants who cease to be senior managers to exercise vested Incentive Securities until the expiry date instead of within 30 days of the date the participant ceases to be a senior manager.

Minor changes have also been made to the Plan wording for the sake of clarity.

For completeness a summary of the other key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan with these amendments is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan with these amendments can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

Listing Rule 7.1 and Listing Rule 7.2 (Exception 13(b))

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue, without the approval of its shareholders, more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

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

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 approval of the scheme was obtained for the purposes of 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 that notice of meeting.

Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to grant Incentive Securities to eligible participants under the amended Plan without using any of the Company's 15% annual placement capacity under Listing Rule 7.1 and without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will still be able to grant Incentive Securities under the Plan without the amendments the subject of Resolution 3 as the Plan was approved at the Company's 2021 AGM.

Technical information required by Listing Rule 7.2 (Exception 13(b))

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13(b)), the following information is provided in relation to Resolution 3:

- (a) a summary of the key terms of the Plan is set out in Schedule 1;
- (b) the Plan was most recently approved by Shareholders at the Company's 2021 annual general meeting as noted above. Since the last approval by Shareholders, the Company has issued 4,070,898 Performance Rights and no Options to senior management personnel under the Plan;
- (c) the maximum number of Incentive Securities which can be issued under the Plan within the 3 year period from the date this Resolution 3 is passed is 10,000,000. The maximum number is not intended to be a prediction of the actual number of securities to be issued under the Plan, simply a ceiling for the purposes of Listing Rule 7.2 (Exception 13(b)). It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately; and
- (d) a voting exclusion statement is included in Resolution 3 of this Notice.

Directors' recommendation

The Directors (other than Mr Graeme Dunn who declines to make a recommendation based on his interest in the outcome of this Resolution) recommend that Shareholders vote in favour of Resolution 3.

RESOLUTION 4: ISSUE OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR FOR THE 2023/2024 FINANCIAL YEAR

Background

Resolution 4 seeks Shareholder approval for the grant of 915,974 Performance Rights to Mr Graeme Dunn, a Director of the Company, (or his nominee) under the Plan.

The Company's executive remuneration structure is set out in more detail in the Remuneration Report in the 2023 Annual Report.

Based on the Plan and as set out below, Shareholder approval is being sought to issue to Mr Dunn (or his nominee) 915,974 Performance Rights with respect to the 2023/2024 financial year. These Performance Rights are subject to specific vesting conditions (as set out below) and will not vest until such time as the performance conditions are met.

The Plan

The main features of the Plan that are particular to the issue of Performance Rights are summarised in Schedule 1 and the background to Resolution 3. If Resolution 3 is not passed, the Performance Rights the subject of Resolution 4 (if approved by Shareholders) will be issued under the Plan without the amendments the subject of Resolution 3.

Subject to Shareholder approval of Resolution 4, the Performance Rights to be granted to Mr Dunn for the 2023/2024 financial year will not vest (and the underlying Shares will not be issued and depending on the participant's election the cash will not be paid) unless certain performance conditions have been satisfied.

The grant of Performance Rights is designed to reward long term sustainable business performance which is aligned to the long term strategic objectives of the Company.

It is proposed that 50% of Mr Dunn's performance conditions for the 2023/2024 financial year will be performance tested against total shareholder return (**TSR**) performance, and the other 50% be tested against earning per share (**EPS**) performance over a 3 year period from a Start Date of 30 June 2023 to a Test Date of 30 June 2026.

Absolute TSR

TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the growth in a company's share price over the period as well as the dividends received during that period. The formula for calculating TSR is:

$$\frac{(\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\text{Dividends Received})}{\text{Share Price at Start Date}}$$

A volume weighted average share price (**VWAP**) will be used to determine Share Price at the Start Date and Share Price at the Test Date. The VWAP for the Share Price at Start Date will be based on the VWAP over the five trading days prior to the start of the relevant performance period and the VWAP for the Share Price at the Test Date will be based on the VWAP over the five trading days prior to the end of the relevant performance period.

Mr Dunn's TSR performance conditions will include:

- a threshold target of 8% per annum (compounded over the period from the Start Date to the Test Date); and
- a stretch performance of 12% per annum (compounded over from the Start Date to the Test Date).

The percentage of Mr Dunn's Performance Rights that are tested against TSR which vest will be determined as follows:

TSR performance over relevant Performance Period	Performance vesting outcomes (applied to 50% of the total Performance Rights granted)
Less than 8% per annum compounded	0% vesting
8% per annum compounded	50% vesting
Between 8% and 12% per annum compounded	Pro-rata vesting between 50% and 100%
At or above 12% per annum compounded	100% vesting

EPS

The Company's EPS performance will be measured in the 2026 financial year. EPS measures the portion of a company's profit allocated to each ordinary share and serves as an indicator of a company's profitability.

For the purposes of performance testing the Performance Rights, EPS is determined as the Basic EPS for the year, as prescribed by the accounting standards and set out in the Company's financial reports, adjusted to remove the following items from the calculation of profit or loss attributable to ordinary shareholders in the year, in order to reflect the company's underlying profitability:

- (a) amortisation of acquired intangibles;
- (b) unwinding of interest on deferred acquisition consideration payments;
- (c) adjustments to the assessment of deferred consideration payable; and
- (d) acquisition costs.

A threshold target and a stretch target will also be used for Mr Dunn's EPS targets. Mr Dunn will only receive Performance Rights that are tested against EPS if he achieves at least the threshold target. The Performance Rights that are tested against EPS will vest as set out in the following table.

EPS performance in 2026 financial year	Performance vesting outcomes (applied to 50% of the total Performance Rights granted)
Less than 8% compound annual growth from EPS in the 2023 financial year	0% vesting
8% compound annual growth from EPS in the 2023 financial year	50% vesting
Between 8% and 12% compound annual growth from EPS in the 2023 financial year	Pro-rata vesting between 50% and 100%
At or above 12% compound annual growth from EPS in the 2023 financial year	100% vesting

Regulatory information

Related party transaction

The grant of the Performance Rights to Mr Dunn, a Director of the Company, is a financial benefit for the purposes of the related party provisions in Chapter 2E of the Corporations Act. However, the Directors (other than Mr Dunn) have determined that the remuneration package for Mr Dunn, including the grant of the Performance Rights, constitutes reasonable remuneration having regard to the circumstances of the Company and Mr Dunn (including the responsibilities involved in his office). Accordingly, and in reliance on this statutory exception to the related party requirements, Shareholder approval under Chapter 2E of the Corporations Act is not being sought in this case.

Listing Rule 10.14

Listing Rule 10.14 provides that a listed company 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 Company;
- 10.14.2 an associate of a Director of the Company; or
- 10.14.3 a person whose relationship with the company 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 its shareholders.

The grant of Performance Rights to Mr Dunn falls within Listing Rule 10.14.1 and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

Resolution 4 seeks the required Shareholder approval to the grant of the Performance Rights to Mr Dunn under and for the purposes of Listing Rule 10.14.

Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to issue the Performance Rights to Mr Dunn (or his nominee(s)) 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 grant of the Performance Rights (because approval is being obtained under Listing Rule 10.14), the grant of the Performance Rights to Mr Dunn will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not proceed with the issue of the Performance Rights to Mr Dunn under the Plan.

Technical information required by Listing Rule 10.15

In accordance with Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval. The following information is provided for the purposes of Listing Rule 10.15:

- (a) The Performance Rights will be granted to Mr Graeme Dunn (or his nominee(s)).
- (b) Mr Dunn falls within the category set out in Listing Rule 10.14.1 by virtue of him being a Director.
- (c) The maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to Mr Dunn is 915,974 Performance Rights for the 2023/2024 financial year.
- (d) Under his employment agreement as Managing Director and Chief Executive Officer, Mr Dunn is entitled to receive a current total remuneration package for the financial year ending 30 June 2024 comprising a base salary (inclusive of superannuation) of \$808,500, a variable Short Term Incentive cash bonus of up to 75% of his base salary, being \$606,375, depending on the achievement of certain short term objectives. Subject to the approval of Resolution 4, Mr Dunn will also be entitled to participate in the FY24 Long Term Incentive scheme in the form of Performance Rights in relation to the Company's performance over the period from 30 June 2023 to 30 June 2026 (refer to Schedule 2 for an indicative valuation of these Performance Rights).

Shareholders have previously approved Mr Dunn's participation in the FY22 and FY23 Long Term Incentive Schemes and the Performance Rights which have been granted to Mr Dunn under these schemes are being performance tested over the periods from 30 June 2021 to 30 June 2024 and 30 June 2022 to 30 June 2025 respectively. The maximum value received should all of these Performance Rights vest, based on the fair value ascribed to these Performance Rights at grant date, would be \$308,969 in respect of the FY22 Performance Rights and \$512,218 in respect of the FY23 Performance Rights, recognised over the respective three year performance periods for each grant.

The Remuneration Report sets out further details of Mr Dunn's remuneration.

- (e) Since the Plan was last approved by Shareholders at the 2021 AGM, the Company has issued 1,610,169 Performance Rights and no Options to Mr Dunn for nil consideration under the Plan.
- (f) A summary of the material terms of the Performance Rights to be granted to Mr Dunn are set out above.

- (g) The Company has agreed to issue the Performances Rights to Mr Dunn, subject to Shareholder approval, for the following reasons:
- (i) it is appropriate to provide Mr Dunn with a long term incentive element in his remuneration package;
 - (ii) Performance Rights, rather than Options, are viewed as a better alternative to remunerate executives who are tasked with achieving certain specific strategic outcomes;
 - (iii) the grant of Performance Rights is intended to align Mr Dunn's performance with successful Company outcomes for the benefit of Shareholders and also to provide him with an incentive to remain in the Company;
 - (iv) the remuneration for Mr Dunn, including the proposed grant of Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of the Managing Director and Chief Executive Officer of the Company and market levels of remuneration for Managing Directors and Chief Executive Officers of similar companies;
 - (v) the Performance Rights are unquoted securities. Accordingly, the grant of the Performance Rights has no immediate dilutionary impact on Shareholders; and
 - (vi) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed.
- (h) The fair value of the Performance Rights will be determined at the date the Performance Rights are granted to Mr Dunn. In order to provide the information required by Listing Rule 10.15 an indicative valuation has been calculated using the valuation methodology set out in Schedule 2.
- (i) The Performance Rights will be granted to Mr Dunn 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 Performance Rights will be issued on one date.
- (j) The issue price of the Performance Rights will be nil. The price payable on the vesting of each Performance Right is nil and no price is payable for any Shares issued on exercise of the Performance Rights.
- (k) A summary of the material terms of the Plan is set out in Schedule 1.
- (l) There is no loan proposed to be provided in relation to the proposed grant of the Performance Rights to Mr Dunn under the Plan.
- (m) Details of any Performance Rights granted under the 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.
- (n) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Plan after Resolution 4 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (o) A voting exclusion statement is included in Resolution 4 of this Notice.

Directors' recommendation

The Directors (other than Mr Dunn who declines to make a recommendation based on his interest in the outcome of this Resolution) recommend that Shareholders vote in favour of Resolution 4.

RESOLUTION 5: AMENDMENT TO TERMS OF PERFORMANCE RIGHTS

Background

The Company has issued Performance Rights under the Plan approved by Shareholders from time to time to eligible senior managers, as determined by the Board, with respect to the Company's 2022, 2023 and 2024 financial years as follows (**Affected Performance Rights**):

Position	2022 financial year	2023 financial year	2024 financial year	Total
Graeme Dunn, Managing Director	605,821	1,004,348	Nil	1,610,169
Chris Douglass, Chief Financial Officer	359,477	600,000	547,205	1,506,682
Other Senior Managers who are not Key Management Personnel	127,820	197,826	180,419	506,065
Total	1,093,118	1,802,174	727,624	3,622,916

The 2022 financial year, 2023 financial year and 2024 financial year Performance Rights will not vest (and the underlying Shares will not be issued) unless the following vesting (or performance) conditions have been satisfied:

- (a) 50% of the Performance Rights will be performance tested against Absolute Total Shareholder Return (TSR) performance over a 3 year performance period from 30 June 2021 to 30 June 2024 for the 2022 financial year Performance Rights, from 30 June 2022 to 30 June 2025 for the 2023 financial year Performance Rights and from 30 June 2023 to 30 June 2026 for the 2024 financial year Performance Rights; and
- (b) 50% of the Performance Rights will be performance tested against Earnings Per Share (**EPS**) performance in the third year of the performance period.

Proposed amendments

Subject to Resolution 3 being passed, for consistency the Company is seeking Shareholder approval to amend the terms of the Affected Performance Rights to reflect the Plan as amended by Resolution 3. The key changes to the Plan are summarised the background to Resolution 3, Schedule 1 also contains a summary of the key terms of amended Plan (**Proposed Amendments**).

Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the terms of the Affected Performance Rights will be amended to include the Proposed Amendments.

If Resolution 5 is not passed, the terms of the Affected Performance Rights will remain unchanged.

Listing Rules

Listing Rule 6.23.4 provides that a change to the terms of options which is not prohibited under Listing Rule 6.23.3 can only be made if holders of ordinary securities approve the change. Listing Rule 6.23.4 also extends to Performance Rights. The proposed change is one which is not prohibited by Listing Rule 6.23.3. Accordingly, Listing Rule 6.23.4 requires Shareholder approval for this change to the terms of the Affected Performance Rights.

The Directors (other than Mr Dunn who declines to make a recommendation based on his interest in the outcome of this Resolution) recommend that Shareholders vote in favour of Resolution 5.

RESOLUTION 6: RENEWAL OF PROPORTIONAL TAKEOVER APPROVAL PROVISIONS IN CONSTITUTION

Background

A proportional takeover bid is an off-market offer or bid to purchase a proportion of Shares in a certain bid class (**Proportional Takeover Bid**). Section 648G of the Corporations Act allows a company to include in its constitution provisions preventing the registration of a transfer of securities resulting from a proportional takeover bid, unless the relevant holders of the securities approve the bid (**Proportional Takeover Provisions**). Under the Corporations Act Proportional Takeover Provisions may only apply for a maximum period of three years, unless renewed earlier.

Accordingly, a special resolution pursuant to section 648G of the Corporations Act is being put to Shareholders to renew Clause 11 of the Constitution. If renewed by Shareholders, Clause 11 will continue to operate for a further three years from the date of this Meeting (i.e. until 31 October 2026), subject to further renewal. A special resolution requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by section 648G of the Corporations Act

(a) Effect of proposed proportional takeover provisions

Where an offer has been made under a Proportional Takeover Bid for the Shares in the Company the Directors must convene a meeting of the holders of the relevant class of Shares to vote on a resolution to approve that bid. The meeting must be held and the resolution voted on at least 13 days before the offer period under the bid ends. To be passed the resolution must be approved by a majority of votes at the meeting excluding votes by the bidder and its associates.

However under the Corporations Act if the meeting is not held in time then a resolution to approve the proportional takeover bid will be deemed to have been passed. If the resolution to approve the takeover bid is passed (or deemed to have been passed) the transfer of Shares resulting from the acceptance of an offer under the bid will be permitted and the transfer will be registered.

If the resolution is rejected the registration of any transfers of Shares arising from an offer under the Proportional Takeover Bid will be prohibited and the bid will be deemed to be withdrawn.

(b) Reasons for Proportional Takeover Provisions

Without clause 11 of the Constitution a Proportional Takeover Bid for the Company may enable a bidder to obtain practical control of the Company by acquiring less than a majority interest without ever offering to acquire 100% of the Company's Shares. This means that a bidder may obtain effective control of the Company without offering to pay an adequate control premium which reflects the price payable for 100% ownership of the Company.

If a Proportional Takeover Bid is made it may therefore result in:

- (i) control of the Company changing without Shareholders having the opportunity to dispose of all their Shares; and
- (ii) Shareholders being exposed to the risk of being left with a minority interest in the Company which carries with it the risk of suffering loss following such a change of control if the market price of the Company's shares decreases or the Company's shares become less attractive and, accordingly, more difficult to sell.

Clause 11 of the Constitution allows Shareholders to decide whether a Proportional Takeover Bid is acceptable in principle, and assists in ensuring that any such bid is appropriately priced.

(c) Present acquisition proposals

At the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) Review of advantages and disadvantages for the period during which the Proportional Takeover Provisions have been in effect

The Corporations Act requires a retrospective review of the advantages and disadvantages to Directors and Shareholders of the Proportional Takeover Provisions, for the period during which the provisions have been in effect. While the Proportional Takeover Provisions have been in effect there have been no Proportional Takeover Bids for the Company, therefore there are no examples against which to review the advantages or disadvantages of the existing Proportional Takeover Provisions contained in clause 11 of the Constitution. The Directors are not aware of any potential takeover bids which were discouraged by clause 11 of the Constitution.

(e) Potential advantages and disadvantages

The Directors (in their capacity as Directors) do not consider the proportional takeover provisions to have any potential advantages or disadvantages for them. They therefore remain free to make a recommendation on whether an offer under a Proportional Takeover Bid should be accepted.

The potential advantages of the Proportional Takeover Provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a Proportional Takeover Bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any Proportional Takeover Bid is structured to be attractive to a least a majority of Shareholders which in turn would arguably ensure that any bid is appropriately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the Proportional Takeover Bid by knowing the view of the majority of Shareholders which may assist the individual Shareholder with their decision to accept or reject an offer under a Proportional Takeover Bid.

The potential disadvantages of the Proportional Takeover Provisions for Shareholders include:

- (i) that Proportional Takeover Bids may be discouraged by the additional procedural steps that are involved with the Proportional Takeover Provisions;
- (ii) potential lost opportunities for Shareholders to sell a portion of their Shares at a premium where the majority of Shareholders reject an Proportional Takeover Bid; and
- (iii) that the likelihood of a Proportional Takeover Bid succeeding may be reduced.

The Board does not believe the potential disadvantages outweigh the potential advantages of renewing the Proportional Takeover Provisions and as a result consider that the Proportional Takeover Provisions in the Constitution are in the interests of Shareholders and accordingly, recommend that Shareholders vote in favour of Resolution 6.

RESOLUTION 7: APPROVAL OF 10% PLACEMENT FACILITY

Background

Listing Rule 7.1A enables eligible entities to seek shareholder approval to have the capacity to issue "Equity Securities" (being shares, options and other securities as defined in the Listing Rules (**Equity Securities**)) up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

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

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility without Shareholder approval.

The actual number of Equity Securities that the Company will have capacity to issue under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described below).

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

(b) Equity Securities

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice of Meeting, has on issue one class of Equity Securities, being ordinary shares. The number of Shares currently on issue is 262,672,451.

(c) Formula for calculating 10% Placement Facility

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

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

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;
- (c) plus the number of Shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of Shares under the entity's 15% placement capacity without shareholder approval; and
- (d) less the number of Shares cancelled in the 12 months.

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

D is 10%

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

Technical information required by ASX Listing Rule 14.1A

If Resolution 7 is passed, the Company will be able to issue Placement Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue Placement Securities without Shareholder approval under ASX Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in ASX Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

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

- (a) Subject to the approval of Resolution 7, the 10% Placement Facility under Listing Rule 7.1A is valid from the date of this Meeting and expires on the earlier to occur of:
 - (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 ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) (**10% Placement Period**).
- (b) Any Equity Securities issued under the 10% Placement Facility must be in an existing quoted class of Equity Securities and be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in that class, over the 15 ASX trading days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the following table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

The following table is included for illustrative purposes only and shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares for

variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 (as described above) as at the date of this Notice, subject to Resolution 7 being approved by Shareholders.

The table also shows:

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

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.415 50% decrease in Issue Price	\$0.83 Issue Price	\$1.66 100% increase in Issue Price
Current Variable 'A' 262,672,451	10% Voting Dilution	26,267,245 Shares	26,267,245 Shares	26,267,245 Shares
	Funds Raised	\$10,900,907	\$21,801,813	\$43,603,627
50% increase in current Variable 'A' 394,008,677	10% Voting Dilution	39,400,868 Shares	39,400,868 Shares	39,400,868 Shares
	Funds Raised	\$16,351,360	\$32,702,720	\$65,405,441
100% increase in current Variable 'A' 525,344,902	10% Voting Dilution	52,534,490 Shares	52,534,490 Shares	52,534,490 Shares
	Funds Raised	\$21,801,813	\$43,603,627	\$87,207,253

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) 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%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- (iv) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1. Also the table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) As at the date of this Notice, there are currently 262,672,451 Shares on issue.

(vii) The issue price is \$0.83 being the closing price of the Shares on the ASX on 15 September 2023.

- (d) The Company has a publicly stated strategy of growing through expansion into adjacent and complementary sectors both organically and through acquisitions. Accordingly, in the event the Company issues any Equity Securities under the 10% Placement Facility the Company intends to use the funds raised towards the consideration for acquisitions and general working capital purposes. The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The Company will determine the allottees on a case-by-case basis having regard to factors including, but not limited to, the following:
- (i) the identification of appropriate acquisition opportunities and consideration of the appropriate ways in which to fund the consideration for such acquisitions;
 - (ii) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (iii) the financial situation and solvency of the Company;
 - (iv) the effect of the issue of the Equity Securities on the control of the Company; and
 - (v) advice from corporate, financial and broking advisors (if available).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. If the Company is successful in acquiring new businesses, assets or investments, the allottees under the 10% Placement Facility may include vendors of the new businesses, assets or investments.

- (f) The Company did not obtain Shareholder approval under Listing Rule 7.1A in the 12 month period preceding the date of this Meeting. Accordingly, the Company has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting.
- (g) 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 respect of this Resolution 7.

The Directors recommend that Shareholders vote in favour of Resolution 7.

GLOSSARY

The following terms and abbreviations used in this Explanatory Statement have the following meaning:

2021 AGM	means SCEE's annual general meeting held on 26 October 2021.
ASX:	means the Australian Securities Exchange or ASX Limited, as appropriate.
Board:	means the board of directors of the Company.
Change of control:	means if: (a) if a person becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; or (b) a person becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company.
Closely Related Parties:	means those parties of the Key Management Personnel are as defined in the Corporations Act and include certain of their family members, dependents and companies they control.
Company or SCEE:	means Southern Cross Electrical Engineering Limited (ABN 92 009 307 046).
Constitution:	means the constitution of the Company.
Corporations Act:	means the Corporations Act 2001 (Cth).
Director:	means a current member of the Board.
Explanatory Statement:	means this Explanatory Statement.
FY22	means the financial year ending 30 June 2022.
FY23	means the financial year ending 30 June 2023.
FY24	means the financial year ending 30 June 2024.
Incentive Securities	means Options and/or Performance Rights.
Key Management Personnel:	means the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the key management personnel for the financial year ended 30 June 2023.
Listing Rules:	means the listing rules of the ASX and any other rule of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express, written waiver by ASX.
Managing Director:	means the managing director of the Company.
Meeting or	

Annual General Meeting:	means the meeting convened by the Notice.
Notice or Notice of Meeting:	means the notice convening the Annual General Meeting which accompanies this Explanatory Statement.
Option:	means an option to acquire the value of a Share subject to payment of an exercise price and satisfaction of any other conditions.
Performance Right:	means an entitlement to the value of one Share, subject to vesting and satisfaction of performance conditions, granted in accordance with the Plan.
Plan:	means the Southern Cross Electrical Engineering Limited Rules of the Senior Management Long Term Incentive Plan approved at the Company's 2021 AGM.
Proxy Form:	means the proxy form accompanying this Notice.
Related Party:	means a "related party" as defined in section 9 of the Corporations Act.
Remuneration Report:	means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2023.
Resolution:	means a resolution included in the Notice.
Shares:	means fully paid ordinary shares in the capital of the Company.
Shareholders:	means holders of Shares.
Trading Day	has the meaning given to that term in the Listing Rules.
WST:	means Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 - Summary of the Plan

Participation

As part of the Company's strategy, the Board wishes to be in a position to grant Options and/or Performance Rights (**Incentive Securities**) under the Plan to senior management or an approved nominee to achieve the objectives outlined above.

Common Rules

The main features of the Plan as approved at the Company's 2021 AGM have been summarised below:

1. **Eligible Participants:** All full-time employees and permanent part-time employees (including the Executive Directors and the Managing Director) of the Group whom the Board have determined are in a senior management role, are eligible participants under the Plan. Shareholder approval is required before any Director or related party of the Company can participate in the Plan;
2. **Limits on Entitlements:** The maximum number of Incentive Securities that are issuable under the Plan, when combined with the number of Shares issued during the previous three years pursuant to the Plan on exercise of the Incentive Securities or any other employee incentive scheme of the Company but disregarding any offer made, or Incentive Securities acquired or Shares issued by way of or as a result of:
 - (a) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (c) an offer made under a disclosure document,must not exceed 5% of the total number of the Company's issued Shares.
3. **Individual Limits:** The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.
4. **Amendments to Plan:** The Board may at any time and from time to time by resolution alter the Plan. However, any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws. Generally amendments to the Plan will not affect the terms of Incentive Securities that have already been issued under the Plan unless the resolution specifically says otherwise.
5. **Disposal of Incentive Securities:** Without the approval of the Board, no Incentive Securities issued under the Plan may be transferred, be made the subject of an option or a third party right (such as a charge or security), or otherwise be dealt with or disposed of by the eligible participant. If an eligible participant contravenes this requirement of the Plan, the Incentive Securities will lapse.
6. **Forfeiture:** If an eligible participant acts fraudulently, dishonestly or has wilfully breached his or her obligations to the Company Group, the Board will have the discretion to determine that any Incentive Securities granted to the eligible participant will lapse.
7. **Suspension or Termination:** The Board may suspend or terminate the Plan at any time, without notice, but the suspension or termination will not affect any Incentive Securities already granted.

8. **Alteration in Share Capital:** If there is a reorganisation of the share capital of the Company, including consolidation, subdivision, reduction or return of issued capital, the number of or exercise price of an Incentive Security will be adjusted in the way specified by the Listing Rules from time to time.
9. **Bonus Issue:** If there is a bonus issue of Shares to Shareholders:
- (a) in relation to the Incentive Securities that are to be settled in Shares, the number of shares, to which an eligible participant is entitled to receive upon the exercise of an Incentive Security will be increased by the number of Shares which the eligible participant would have received if the Incentive Security, as applicable, had been exercised before the record date for the bonus issue; and
 - (b) in relation to the Incentive Securities that are to be settled in cash, the cash amount payable by the Company to the participant will be adjusted by adding to the amount payable the value equal to the Market Price less the Exercise Price (if any) multiplied by the number of Shares which the holder of the Incentive Security would have received if the Incentive Security had been exercised before the record date for the bonus issue.
10. **No Participation Rights:** There are no participation rights or entitlements inherent in the Incentive Securities. An eligible participant will only be entitled to participate in new issues of capital offered to Shareholders to the extent that the Incentive Securities have been exercised and the eligible participant has become a Shareholder.

Rules for granting Incentive Securities

The Board may issue a written invitation to an eligible participant to receive a grant of Incentive Securities (**Invitation**).

The Invitation will set out the terms on which the Incentive Securities will be granted and exercised. Participation in the Plan is subject to the acceptance of the Invitation by the eligible participant (or their nominee) within a specified period. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the issue of Incentive Securities under the Plan.

The main features of the Plan (and the terms and conditions to be attached to the Plan) as approved at the Company's 2021 AGM (unless stated otherwise) which are particular to the issue of Incentive Securities are summarised as follows:

1. **Consideration Payable:** the Board will have the discretion to determine if any consideration is payable for the grant of the Incentive Securities. The amount of consideration payable, if any, will be set out in the Invitation.
2. **Exercise of Incentive Securities:** An eligible participant can exercise the Incentive Securities at any time before the date on which they lapse, provided this date is outside of a Closed Period specified under the Company's securities trading policy (unless the Board otherwise approves) by issuing a notice to the Board setting out the number of Incentive Securities to be exercised, paying the exercise price nominated in the Invitation for each Incentive Security that is being exercised. At the election of the participant, up to 50% of vested Incentive Securities held by participants in respect of a given performance period to be settled on exercise by the payment of cash instead of through the issue or transfer of Shares. The Board also has the discretion to impose conditions on the Incentive Securities (other than the payment of an exercise price) which must be satisfied either before the Incentive Securities are exercised or before the Incentive Securities vest. If such conditions are set out in the Invitation they must be met in accordance with the terms of the Invitation.

3. **Exercise Price:** The exercise price for each Incentive Security will be set out in the Invitation. The exercise price in respect of an Incentive Security may be reduced in accordance with the terms of the Plan if a pro rata issue of Shares is made to Shareholders before the Incentive Security is exercised. The Company will only change the exercise price in accordance with the Listing Rules.
4. **Vesting:** Subject to the satisfaction of any conditions attaching to the Incentive Securities, within 10 business days of the exercise of the Incentive Securities, the Company must:
 - (i) to the extent the Incentive Securities are to be settled in Shares, issue Shares to the eligible participant (or, if applicable, their nominee) without any further action being required on the part of the eligible participant; or
 - (ii) to the extent the Incentive Securities are to be settled in cash, the Company must pay the Participant the Market Price less the Exercise Price multiplied by the number of Incentive Securities to be settled in cash as specified in the exercise notice.
5. **Market Price:** The market price used in the calculation of cash to paid by the Company to the extent Incentive Securities are to be settled in cash is the weighted average sale price of the Shares recorded on the ASX over the 5 consecutive Trading Days immediately preceding, the earlier of:
 - (i) the day the participant provides a valid exercise notice; and
 - (ii) the date the participant ceases to be a senior manager on the event that Vested Incentive Securities have not been exercised prior to this date; or

in circumstances where there has been no trading in the Shares during 5 consecutive Trading Days immediately preceding the Price Date, the last sale price recorded for Shares on the ASX.
6. **Term and Lapse:** The term of the Incentive Securities is determined by the Board in its absolute discretion and will be specified in the Invitation. Incentive Securities will lapse if they are not exercised by the expiry date set in the Invitation. The Incentive Securities may also lapse if the eligible participant's employment is terminated for cause.
7. **Ceasing to be a Senior Manager:** Under the Plan (as amended under Resolution 3) the eligible participant (or their nominee or legal representative as applicable) may exercise the Incentive Securities prior to the expiry date provided the vesting conditions have been satisfied and the performance period for the Incentive Securities has been served by participant. If an eligible participant ceases to a senior manager prior to the end of the relevant performance period for the Incentive Securities all Incentive Securities that have not vested will lapse. If Resolution 3 is not passed, then all Incentive Securities that have not vested will lapse if an eligible participant ceases to be a senior manager even if the performance period for the Incentive Securities has been served by the participant. Additionally, in respect of vested Incentive Securities an eligible participant may only exercise the Incentive Securities within 30 days of the date the participant ceases to be a senior manager. However, the Board retains a discretion in the event of Redundancy, Retirement, Permanent Disablement or Death to waive the vesting conditions for some or all of the Incentive Securities or allow them to continue to be exercisable until the expiry date upon the satisfaction of the applicable conditions.
8. **Restriction on dealing with Shares:** All Shares issued to a participant under the Plan will be subject to the Company's Securities Trading Policy. In addition, the Board has the discretion to impose further restrictions on Shares issued to a participant under the Plan in the Invitation.
9. **Takeover Bid or Change of Control:** In the event of:
 - (a) a Change of Control of the Company; or

(b) approval by the court of a merger of the Company by way of scheme of arrangement,

all Incentive Securities which have not been exercised by the eligible participant will vest and may be exercised notwithstanding the conditions set out in the Invitation, other than the payment of the Exercise Price.

For personal use only

Schedule 2 - Valuation of Performance Rights

The fair value of the Performance Rights proposed to be granted to Mr Graeme Dunn pursuant to Resolution 8 will be determined at the date the Performance Rights are granted using the Monte Carlo Simulation (TSR component) and Binomial Tree (EPS component) valuation methodologies. For the purposes of complying with Listing Rule 10.15 an indicative fair value has been calculated using these methodologies and the assumption that the Performance Rights had been granted on 12 September 2023.

The key inputs used in determining the indicative fair values were as follows:

Variable	Input
Illustrative grant date	12 September 2023
Vesting date	30 June 2026
Share price at illustrative grant date	\$0.785
Expected life	2.8 years
Volatility	30%
Risk free interest rate	3.82%
Dividend yield	6.0%

Based on the above, the Company has calculated an indicative value of all Performance Rights to be granted to Mr Dunn pursuant to Resolution 4 is \$492,336, comprising:

	TSR component	EPS component
Number of Performance Rights	457,987	457,987
Fair value per Performance Right	\$0.410	\$0.665
Total	\$187,775	\$304,561

Any change in the inputs applied in the Monte Carlo Simulation and Binomial Tree valuation methodologies between the date of the indicative valuation (12 September 2023) and the date the Performance Rights are granted would have an impact on their value.



Southern Cross Electrical Engineering Ltd
ABN 92 009 307 046

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SAMPLE SUBURB
SAMPLETOWN VIC 3030

Need assistance?



Phone:
1300 307 262 (within Australia)
+61 3 9415 4671 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **9:00am (AWST) on Sunday, 29 October 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

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 registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at 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

PIN: 99999

For Intermediary Online subscribers (custodians) go to 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.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

☐ **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.



IND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Southern Cross Electrical Engineering Limited hereby appoint

☐ the Chairman
of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Southern Cross Electrical Engineering Limited to be held at the Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth, WA 6000 on Tuesday, 31 October 2023 at 9:00am (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4 and 5 by marking the appropriate box in step 2.

Step 2

Items of Business

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

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-election of Mr Simon Buchhorn as Director	☐	☐	☐
Resolution 3	Amendments to the Senior Management Long Term Incentive Plan	☐	☐	☐
Resolution 4	Issue of Performance Rights to Mr Graeme Dunn for the 2023/2024 Financial Year	☐	☐	☐
Resolution 5	Amendment to Terms of Performance Rights	☐	☐	☐
Resolution 6	Renewal of Proportional Takeover Approval Provisions	☐	☐	☐
Resolution 7	Approval of 10% Placement Capacity	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically





Southern Cross Electrical Engineering Ltd
ABN 92 009 307 046

Need assistance?



Phone:

1300 307 262 (within Australia)
+61 3 9415 4671 (outside Australia)



Online:

www.investorcentre.com/contact

SXERM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

Southern Cross Electrical Engineering Limited Annual General Meeting

The Southern Cross Electrical Engineering Limited Annual General Meeting will be held on Tuesday, 31 October 2023 at 9:00am (AWST). You are encouraged to participate in the meeting using the following options:



MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit www.investorvote.com.au and use the below information:



Control Number: 999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

For your proxy appointment to be effective it must be received by 9:00am (AWST) on Sunday, 29 October 2023.



ATTENDING THE MEETING IN PERSON

The meeting will be held at:
Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth, WA 6000

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.