



4 November 2019

## **ASX ANNOUNCEMENT**

### **TYPOGRAPHICAL ERROR IN NOTICE OF ANNUAL GENERAL MEETING**

**Brisbane, Australia** – ImpediMed Limited (ASX:IPD), a medical software technology company that non-invasively measures, monitors and manages fluid status and tissue composition using bioimpedance spectroscopy (BIS), advises of a typographical error in its Notice of Annual General Meeting for the annual general meeting to be held on 12 November 2019.

There is no change to the resolutions for the meeting. The correction relates to the Key Performance Indicators (KPIs) which apply to the performance rights proposed to be issued to the Chief Executive Officer and Managing Director, Mr Rick Carreon, as set out in Item 5 of the Notice. The original Notice (on page 11 of the Explanatory Notes in the first column of the vesting table) incorrectly states that KPI 1 is “Accelerate BIS and method of use inclusion in cancer guidelines for SOZO” and KPI 2 is “Contracted Revenue Pipeline growth over 3 years”. Rather, KPI 1 is “Contracted Revenue Pipeline growth over 3 years” and KPI 2 is “Total Shareholder Return (3-year)”. The correct KPIs are referred to throughout the remainder of the Notice. In particular, the discussion of the KPIs under the heading “Performance Conditions” (pages 11 to 13 of the Notice) is correct and that disclosure remains unchanged.

ImpediMed apologises for any inconvenience caused by this typographical error. The corrected Notice of Annual General Meeting is attached.

### **Contact Details**

**Richard Carreon**  
**Managing Director & CEO**

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### **About ImpediMed**

Founded and headquartered in Brisbane, Australia with US and European operations, ImpediMed is a medical software technology company that non-invasively measures, monitors and manages fluid status and tissue composition using bioimpedance spectroscopy (BIS).

ImpediMed produces a family of FDA cleared and CE Marked medical devices, including SOZO® for multiple indications including heart failure and lymphoedema, sold in select markets globally.

For more information, visit [www.impedimed.com](http://www.impedimed.com).



**IMPEDIMED LIMITED**

**ACN 089 705 144**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Shareholders of ImpediMed Limited (**Company** or **ImpediMed**) will be held at the offices of Johnson Winter & Slattery in Sydney, Level 25, 20 Bond Street, Sydney NSW 2000 on Tuesday 12 November 2019 at 9.00am (AEDT) (**Meeting**).

The Explanatory Notes to this Notice provide additional information on the matters to be considered at the Meeting. The Explanatory Notes and the Proxy Form form part of this notice.

**BUSINESS OF THE MEETING**

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**Item 1: Financial Statements and Reports**

To receive and consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2019.

**Item 2: Remuneration Report**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"To adopt the Remuneration Report for the year ended 30 June 2019."*

Notes:

- (i) In accordance with section 250R of the Corporations Act 2001, the vote on this resolution will be advisory only and will not bind the Directors or the Company.
- (ii) A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

**Item 3: Election of Directors**

**Item 3.1: Re-election of Mr Amit Patel**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"That Mr Amit Patel, being a Director who is retiring in accordance with clause 16 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."*

**Item 3.2: Re-election of Mr Don Williams**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"That Mr Don Williams, being a Director who is retiring in accordance with clause 16 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company."*

**Item 4: Grant of Options to Mr Richard Carreon, Chief Executive Officer and Managing Director**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"That for the purposes of Part 2D.2 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant and issue of 1,992,612 Options to Mr Richard Carreon, and the issue of Shares on the exercise of those Options, under the ImpediMed Employee Incentive Plan and on the terms and conditions set out in the Explanatory Notes."*

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

**Item 5: Grant of Performance Rights to Mr Richard Carreon, Chief Executive Officer and Managing Director**

To consider and, if thought fit, pass the following as an ordinary resolution of the Company:

*"That for the purposes of Part 2D.2 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given to the grant and issue of 1,962,871 Performance Rights to Mr Richard Carreon, and the issue of Shares on the vesting of those Performance Rights, under the ImpediMed Employee Incentive Plan and on the terms and conditions set out in the Explanatory Notes."*

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

**Item 6: Approval of additional 10% capacity to issue equity securities under ASX Listing Rule 7.1A**

To consider, and if thought fit, pass the following resolution as a special resolution of the Company:

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given to the Company having the additional capacity to issue equity securities under ASX Listing Rule 7.1A on the terms and conditions as detailed in the Explanatory Notes."*

Note: A voting exclusion statement applies to this resolution (see Explanatory Notes for details).

**Item 7: Amendment to Constitution**

To consider, and if thought fit, pass the following resolution as a special resolution of the Company:

*"That, Rule 13.3(a) of the Constitution of the Company is amended in the manner set out in the Explanatory Notes."*

**Item 8: Executive Share Plan**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*"That, for the purposes of Listing Rule 7.2, Exception 9(b) and for all other purposes, approval is given to the issue of securities under the ImpediMed Executive Share Plan on the terms and conditions set out in the Explanatory Notes."*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

#### **Item 9: Grant of Shares under the Executive Share Plan to Mr Richard Carreon**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue of Shares to Mr Richard Carreon (or his nominee), under the ImpediMed Executive Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

#### **Items 10: Grant of Shares under the Non-Executive Director Share Plan to Non-Executive Directors**

##### **Item 10.1: Grant of Shares to Mr Scott Ward**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, subject to the passing of the resolution in Item 7, approval is given for the issue of Shares to Mr Scott Ward (or his nominee), under the ImpediMed Non-Executive Director Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

##### **Item 10.2: Grant of Shares to Ms Judith Downes**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, subject to the passing of the resolution in Item 7, approval is given for the issue of Shares to Ms Judith Downes (or her nominee), under the ImpediMed Non-Executive Director Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

##### **Item 10.3: Grant of Shares to Mr Don Williams**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, subject to the passing of the resolution in Item 7, approval is given for the issue of Shares to Mr Don Williams (or his nominee), under the ImpediMed Non-Executive Director Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

##### **Item 10.4: Grant of Shares to Mr Amit Patel**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, subject to the passing of the resolution in Item 7, approval is given for the issue of Shares to Mr Amit Patel (or his nominee), under the ImpediMed Non-Executive Director Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

#### **Item 10.5: Grant of Shares to Mr Gary Goetzke**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, subject to the passing of the resolution in Item 7, approval is given for the issue of Shares to Mr Gary Goetzke (or his nominee), under the ImpediMed Non-Executive Director Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

#### **Item 10.6: Grant of Shares to Dr Robert Graham**

To consider, and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, subject to the passing of the resolution in Item 7, approval is given for the issue of Shares to Dr Robert Graham (or his nominee), under the ImpediMed Non-Executive Director Share Plan and on the terms and conditions set out in the Explanatory Notes.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

#### **Item 11: Spill Resolution**

Note: this Resolution will only be considered and voted on if the outcome of Item 2 of this Notice of Meeting is such that at least 25% of the votes cast are against the adoption of the Remuneration Report. See Item 11 of the Explanatory Notes for further details.

To consider and, if thought fit, pass the following resolution as an ordinary resolution of the Company:

*“That, subject to and conditional on at least 25% of the votes cast on the resolution proposed in Item 2 (Remuneration Report) being cast against the adoption of the Remuneration Report:*

- a) an extraordinary general meeting of the Company (**Spill Meeting**) be held within 90 days after the passing of this resolution;*
- b) all of the Directors of the Company in office at the time when the Board resolution to make the Directors’ Report for the financial year ended 30 June 2019 was passed (other than the Managing Director), and who remain Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting.”*

Note: A voting exclusion applies to this resolution (see Explanatory Notes for details).

## ENTITLEMENT TO VOTE

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The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company as at 7.00pm (AEDT) on Sunday 10 November 2019 (**Entitlement Time**).

This means that if you are not the registered holder of a Share in the Company at the Entitlement Time, you will not be entitled to vote at the Meeting.

## ANNUAL REPORT

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Copies of the Company's full Annual Report may be accessed at our website [www.impedimed.com](http://www.impedimed.com) by clicking on the "Investors" tab and then the "Financial reports" tab.

## VOTING OPTIONS AND PROXIES

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If you do not plan to attend the Meeting in person, you are encouraged to complete and return the Proxy Form which accompanies this Notice of Annual General Meeting.

### Voting by Proxy

A Shareholder who is entitled to attend and vote at this Meeting is entitled to appoint not more than two proxies to attend and vote in place of the Shareholder.

If the Shareholder appoints two proxies, the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If no proportion or number of votes is specified, each proxy may exercise half of the Shareholder's votes. If the specified proportion or number of votes exceeds that which the Shareholder is entitled to, each proxy may exercise half of the Shareholder's votes. Any fractions of votes brought about by the apportionment of votes to a proxy will be disregarded.

A proxy need not be a Shareholder of the Company. A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

Subject to the specific proxy provisions applying to Items 2, 4, 5, 8, 9 and 10.1-10.6 (see the Explanatory Notes below):

- if a Shareholder has not directed their proxy how to vote, the proxy may vote as the proxy determines; and
- if a Shareholder appoints the Chair of the Meeting as proxy and does not direct the Chair how to vote on an item of business, the Chair will vote in accordance with the Chair's voting intention as stated in this Notice of Meeting.

### Proxy Voting by the Chair

For Item 2 (Remuneration Report), Item 4 (Grant of Options to the CEO) Item 5 (Grant of Performance Rights to the CEO), Item 8 (Executive Share Plan), Item 9 (Grant of Shares under the Executive Share Plan) and Items 10.1 – 10.6 (Grant of shares to Non-Executive Directors), where the Chair is appointed as a Shareholder's proxy and that Shareholder has not specified the way in which the Chair is to vote on Items 2, 4, 5, 8, 9 and 10.1-10.6, the Shareholder is expressly authorising the Chair to vote in accordance with the Chair's voting intentions for these items of business, even though Items 2, 4, 5, 8, 9 and 10.1-10.6 are connected directly or indirectly with the remuneration of Key Management Personnel.

The Chair intends to vote all undirected proxies **in favour** of Items 2 to 10.6 in the Notice of Meeting. The Chair intends to vote all undirected proxies **against** Item 11, if it is put to the Meeting.

## Proxy Forms

To be effective, the Proxy Form must be completed, signed and lodged (together with the relevant original power of attorney or a certified copy if the proxy is signed by an attorney) with the Company's share registry, as an original or by facsimile, **no later than 9.00am (AEDT) on Sunday 10 November 2019 (Proxy Deadline)**.

Proxy forms may be submitted in one of the following ways:

- (i) **By mail** to Link Market Services Limited using the reply paid envelope or Locked Bag A14, Sydney South NSW 1235. Please allow sufficient time so that it reaches Link Market Services Limited by the Proxy Deadline;
- (ii) **By fax** to Link Market Services Limited on +61 2 9287 0309;
- (iii) **Online** via the Company's Share Registry website at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Please refer to the Proxy Form for more information; or
- (iv) **By hand delivery** to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000 or 1A Homebush Bay Drive, Rhodes NSW 2138.

Proxy Forms and Powers of Attorney must be received by the Proxy Deadline.

## CORPORATE REPRESENTATIVES

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Where a shareholding is registered in the name of a corporation, the corporate Shareholder may appoint a person to act as its representative to attend the Meeting by providing that person with:

- (i) a letter or certificate authorising him or her as the corporation's representative, executed in accordance with the corporation's constitution; or
- (ii) a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

BY ORDER OF THE BOARD



**Leanne Ralph**  
Company Secretary  
03 October 2019

## Explanatory Notes

### ITEM 1 – Financial Statements

As required by section 317 of the Corporations Act the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be presented at the Meeting. The Financial Report contains the financial statements of ImpediMed Limited.

There is no requirement for a formal resolution on this Item.

The Chair of the Meeting will allow a reasonable opportunity at the Meeting for Shareholders to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the Meeting to ask the Company's auditor, Ernst & Young (EY), questions about the Auditor's Report, the conduct of its audit of the Company's Financial Report for the financial year ended 30 June 2019, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of EY in relation to the conduct of the audit.

Shareholders may submit written questions to the Company in relation to the above matters. Written questions must be received no later than 5.00pm (AEDT) on Monday, 4 November 2019. A form to facilitate the submission of questions is attached to this Notice and it includes details on the return of this form to the Share Registry.

### ITEM 2 – Adoption of remuneration report

#### Reasons for Resolution

In accordance with section 300A of the Corporations Act, the Company has prepared a Remuneration Report for the consideration of Shareholders. As provided by section 250R(3) of the Corporations Act, the resolution on this item of business is advisory only and does not bind the Board or the Company.

ImpediMed is committed to establishing a remuneration strategy that effectively aligns KMP remuneration with shareholder value creation and that supports achievement of the Group's strategic goals in essential areas, including product development, clinical trials, regulatory approvals and market expansion of its SOZO® product. The Board's Remuneration Committee works to balance Australian corporate governance and remuneration best-practices with the business' need to provide remuneration that will attract, retain and motivate key US-based executive talent in a highly competitive market.

ImpediMed's business strategy is to provide medical technology to measure, monitor and manage fluid status and tissue analysis. In the financial year 2020, the plan is to implement and promote a lymphoedema prevention program in key new centres and expand existing customers into additional oncological diseases using our SOZO® product platform with state of the art BIS technology to seamlessly integrate into a hospital or clinic setting. The Group will provide educational seminars to increase awareness of our technology, continue clinical and economic publications and actively pursue having our BIS technology included in clinical guidelines.

The Group's planned transformation to a high-growth medical technology company makes it critical to be able to retain and attract specialised talent, including the highly sought-after skilled information-technology talent that is necessary to achieve the important regulatory, clinical and commercial milestones on which the success of our strategy depends.

The Company operates in the United States and only 10% of employees are resident in Australia. Thus the majority of the Company's executives and senior managers are recruited and retained within the US employment environment. In order to compete for talent in that environment, the Group must adopt at least some common US remuneration practices, a number of which are not standard practice in Australia.

As detailed more fully in the Remuneration Report, the remuneration philosophy at ImpediMed targets fixed remuneration for executives at the median of its US peers and variable remuneration above the median for exceptional performance. In order to determine executive compensation, the Remuneration Committee uses benchmarking data from a peer group of comparable companies and reviews the pay plans and practices of other relevant companies. When considering companies for ImpediMed's peer group, the Remuneration Committee considers companies that are similar in size (i.e. revenue, market capitalisation and employee numbers), scope and complexity; operate in similar or related businesses to the Group; and, may compete with ImpediMed for key talent (e.g., companies based in southern California and the west coast of the US). The peer group is reviewed on a regular basis. The Remuneration Committee may also consider other factors such as internal equity, individual performance, tenure, leadership skills and an ability to impact the Group's performance. Reflecting this approach, the Company proposes to issue, subject to Shareholder approval, Performance Rights to Mr Carreon, the vesting of which will depend on the Group's performance against specified benchmarks. These are described in more detail in relation to Item 5 below.

## Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of this resolution.

## Voting Exclusion Statement

As required by the Corporations Act, the Company will disregard any votes cast on Item 2 by any member of the Company's Key Management Personnel (**Key Management Personnel** or **KMP**) or a Closely Related Party of any such member unless the person:

- (a) votes as a proxy appointed by writing (on behalf of a person who is entitled to vote on this Item 2) that specifies how the person is to vote on Item 2; or
- (b) is the Chair of the Meeting and votes as a proxy appointed by writing (on behalf of a person who is entitled to vote on this Item 2) that authorises the Chair to vote on the resolution even though that resolution is connected with the remuneration of a member of the Company's KMP.

**What this means for Shareholders:** If you intend to appoint a member of the KMP (such as one of the Directors) as your proxy, please ensure that you direct them how to vote on the proposed resolution in Item 2. If you intend to appoint the Chair of the Meeting as your proxy, you can direct him how to vote by marking the boxes for Item 2 (for example, if you wish to vote for, against or abstain from voting), or you can choose not to mark any of the boxes for Item 2 and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of this item of business).

## ITEM 3 – Election of Directors

In accordance with the Company's Constitution and the Listing Rules, an election of Directors must be held at each annual general meeting.

Clause 16.1 of the Constitution states that one-third of all Directors (excluding the Managing Director and Directors appointed during the year by the Board) must retire at every annual general meeting and are eligible to stand for re-election. The Directors to retire pursuant to clause 16.1 of the Constitution are the Directors (other than the Managing Director) who have held office the longest since being appointed or last being elected. In the case where Directors were elected on the same day, the Directors to retire are determined by agreement between the Directors, or a ballot.

Mr Amit Patel and Mr Don Williams have elected to retire at the Meeting and are offering themselves for re-election.

The election of each of the candidates must be considered and voted on as a separate resolution. Details of the candidates are outlined below.

### ITEM 3.1: -Re-election of Mr Amit Patel

Mr Patel was appointed to the board in March 2017 and was elected by Shareholders in November 2017. He currently serves on the Audit and Risk Management Committee and the Nomination Committee.

Amit is a Co-Founder and CEO of Murata Vios, Inc. (formerly Vios Medical, Inc.), which has created an FDA-cleared patient management platform that integrates IoT-based monitoring, remote care services, and big data analytics to alleviate gaps in patient vigilance across in-hospital and home environments. Murata Vios is currently commercialising its monitoring and services solution across major hospital systems in the US and India.

Prior to founding Vios, Amit was with HeartFlow where he created a joint go-to-market strategy with GE Healthcare's imaging division, managed the DeFACTO clinical study across multiple UK sites, and developed a health economic story for the NHS. Prior to HeartFlow, Amit was with Medtronic's Corporate Development group and was responsible for acquisitions, minority investments, and joint ventures spanning existing businesses and strategic whitespace areas. Amit has an MBA from Stanford University and a Bachelors of Biomedical Engineering from the University of Minnesota.

Having had regard to the ASX Corporate Governance Principles and Recommendations (3rd edition) (**ASX Principles**), the Board considers Mr Patel to be an independent director.

## Directors' Recommendation

The Board unanimously (other than Mr Patel) supports the election of Mr Patel and recommends that Shareholders vote in favour of this resolution.

### **ITEM 3.2: Re-election of Mr Don Williams**

Mr Williams was appointed to the board in March 2017 and was elected by Shareholders in November 2017. He currently Chairs the Remuneration Committee and serves on the Audit and Risk Management Committee and the Nomination Committee.

Mr Williams has more than 35 years of experience-providing strategic guidance and operational over-sight as a Certified Public Accountant (CPA) and an accredited public company director. Mr Williams has significant experience assisting companies and management teams with initial public offerings, complex business challenges and analysis of financial reporting matters. His breadth of experience includes a diverse set of growing domestic and international companies including venture financings, public equity offerings, public debt offerings, mergers and acquisitions, and interaction with the US Securities and Exchange Commission and Public Company Accounting Oversight Board.

While at both Ernst & Young and Grant Thornton, Mr Williams was focused on the Life Sciences Industry. For over 15 years, he directed Ernst & Young's Venture Capital and Emerging Growth Markets in the Southeast Market and in the Pacific Southwest Market. During his seven years at Grant Thornton he was the National Leader of the United States Life Sciences Industry. His oversight of the National Life Sciences Industry included setting strategy, establishing the sales and marketing plan and oversight of industry operations.

Having had regard to the ASX Principles, the Board considers Mr Williams to be an independent director.

#### **Directors' Recommendation**

The Board unanimously (other than Mr Williams) supports the election of Mr Williams and recommends that Shareholders vote in favour of this resolution.

### **ITEMS 4 and 5: Grant of Options and Performance Rights to Mr Richard Carreon, Chief Executive Officer and Managing Director**

Item 4 seeks Shareholder approval for the issue of Options to Mr Carreon under the Company's Employee Incentive Plan (EIP). If Shareholder approval is obtained, the Company will issue Mr Carreon with 1,922,612 Options under the EIP and on the terms described below.

Item 5 seeks Shareholder approval for the grant of 1,962,871 Performance Rights to, and the issue of Shares on the vesting of those Performance Rights, to Mr Carreon under the EIP. If Shareholder approval is obtained, the Company will issue Mr Carreon with 1,962,871 Performance Rights under the EIP and on the terms described below.

A full copy of the EIP rules are available on the Company's website.

#### **Details of Mr Carreon's remuneration**

As noted in the Remuneration Report, and the discussion in the Explanatory Notes relating to Item 2 (Remuneration Report), the Remuneration Committee has reviewed the Company's remuneration framework in response to previous concerns raised by Shareholders. An important element of the revised framework is that the at-risk remuneration mix for Key Management Personnel will shift to a greater proportion of performance based remuneration, in line with US and Australian market practice.

The remuneration for Mr Carreon for FY20 will comprise the following components:

- Fixed remuneration of US\$516,334 per annum;
- An at-risk short term incentive of up to 140% of fixed remuneration subject to the achievement of specified targets; and
- An at-risk long term incentive (LTI) of up to 65% of Mr Carreon's fixed remuneration subject to the achievement of specified time-based and performance targets and based on the inputs detailed in Items 4 and 5 below. This will comprise:
  - o If Item 4 is approved by Shareholders, 1,922,612 Options under the EIP as a long term incentive representing 19% of Mr Carreon's base salary; and
  - o If Item 5 is approved by Shareholders, 1,962,871 Performance Rights under the EIP as a long term performance incentive, representing 46% of Mr Carreon's base salary.

#### **Item 4: Details of grant of Options**

The number of Options to be granted to Mr Carreon has been calculated as follows:

- Expected LTI award value as Options (US\$): US\$96,243
- Expected LTI award value as Options (A\$): A\$139,483 (at an exchange rate of US\$1.00 = A\$0.69 as at 11 September 2019)
- Options to be granted:  $1,992,612 = \text{A\$139,483} \div \text{A\$0.07}$ , being the calculated fair market value using the Black-Scholes valuation model based on the 5 day VWAP of A\$0.15 of Shares on 11 September 2019. .

#### **Timing of grant**

If Item 4 is approved by Shareholders, the Company expects to offer Mr Carreon the Options under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant, and the Options will be issued shortly thereafter and in any case no later than 12 months after the Meeting.

#### **Exercise Price**

The exercise price of the Options will be the five day volume weighted average market price of the Shares at the close of trading on the day prior to the date of grant.

#### **Basis on which Options vest**

Subject to Mr Carreon's continued employment with the Company, one-quarter of the total number of Options granted will vest annually, on the anniversary date of the grant. This equates to 498,153 Options vesting on each anniversary of the date of grant of the Options each year for four years.

The Options are exercisable at the exercise price upon vesting and for a period of 7 year's from date of grant. On exercise, Mr Carreon will become entitled to receive one Share for each Option that has vested (subject to the terms of the issue of the Options relating to bonus issues and capital reorganisations of the Company).

The EIP only contemplates the grant of options or performance rights over Shares. There is no ability for the Company to provide any cash equivalent on exercise.

Subject to the terms of the EIP, all Options which have not vested shall automatically lapse and be forfeited without consideration upon cessation of Mr Carreon's employment with the Company.

#### **Item 5: Details of grant of Performance Rights**

The number of Performance Rights to be granted to Mr Carreon has been calculated as follows:

- Expected LTI award value as Performance Rights (US\$): US\$237,016
- Expected LTI award value as Performance Rights (A\$): A\$343,502 (at an exchange rate of US\$1.00 = A\$0.69 as at 11 September 2019)
- Performance Rights to be granted:  $1,962,871 = \text{A\$343,502} \div \text{A\$0.175}$ , being the closing price of the Shares on 11 September 2019. .

#### **Timing of grant**

If Item 5 is approved by Shareholders, the Company expects to offer Mr Carreon the Performance Rights under a letter of offer shortly following the Meeting. The date of that offer will be the date of the grant, and the Performance Rights will be issued shortly thereafter and in any case no later than 12 months after the Meeting.

#### **Basis on which Performance Rights vest**

Mr Carreon's Performance Rights will vest to the extent that the Performance Conditions set out below are satisfied at the end of the 3 year Performance Period (being from 1 July 2019 to 30 June 2022).

Upon vesting, ImpediMed will cause the relevant number of Shares (if any) to be issued or transferred to Mr Carreon. One vested Performance Right entitles Mr Carreon to one Share. No amount is payable by Mr Carreon for the issue or transfer of Shares on vesting of the Performance Rights.

As is the case with Options issued under the EIP, there is no ability for the Company to provide any cash equivalent on exercise.

Subject to the terms of the EIP, all Performance Rights which have not vested shall automatically lapse and be forfeited without consideration upon cessation of Mr Carreon's employment with the Company.

### Opportunity

The total number of Performance Rights that vest will depend on the extent to which specific key performance indicator (KPI) targets are achieved. There are two Performance Conditions (see below), which are weighted equally such that one half of the award will be assessed independently against each measure. The extent to which Performance Rights will vest is as follows:

- Threshold performance – 50% of the Target number of Performance Rights will vest
- At target performance – 100% of the Target number of Performance Rights will vest
- Maximum performance – 200% of the Target number of Performance Rights will vest.

Threshold performance is the minimum level of performance required before any Performance Rights will vest. Target performance has been set with a level of 'stretch' built in, and therefore, the maximum number of Performance Rights will only vest in the case of exceptional performance.

The Performance Conditions were established by evaluating the key strategic objectives for the Company, with the focus being on supporting the Company's long-term business strategy and Shareholder value. The Board is of the view that the attainment of these strategic objectives are key drivers for the Company's development and success over the performance period.

The number of Performance Rights that vest at relevant performance level for each Performance Condition (or KPI) established by the Board is summarised in the table below:

		Number of Performance Rights that vest at relevant performance level		
		Threshold (50% of Target)	Target	Maximum (200% of Target)
KPI 1: Contracted Revenue Pipeline growth over 3 years	50%	373,500	747,000	1,494,000
KPI 2: Total Shareholder Return (3-year)	50%	373,500	747,000	1,494,000
<b>TOTAL</b>		<b>747,000</b>	<b>1,494,000</b>	<b>2,988,000</b>

### Performance Conditions

The Performance Rights offered are subject to the two Performance Conditions, with Threshold, Target and Maximum targets defined for each that reflect increasing levels of complexity, challenge and strategic value:

#### (i) **KPI 1: Contracted Revenue Pipeline (CRP)**

KPI 1 has been adopted on the basis that Contracted Revenue Pipeline growth is a key measure of ImpediMed's progress. Contracted Revenue Pipeline consists of future period revenue amounts related to Total Contract Value (TCV) that are yet to be reported as revenue. Certain customer contracts that make up the Group's CRP contain cancellation clauses related to services yet to be performed. The Contracted Revenue Pipeline assumes no churn, highlighting the importance of customer experience and satisfaction. Achieving the Target will result in achieving Contracted Revenue Pipeline growth over a 3 year period based on specific internal milestones. CRP is calculated based on the total contracts signed as of 30 June 2022 less the revenue previously recognized on those contracts.

For KPI 1, CRP growth measures the increase in CRP over the Performance Period from 1 July 2019 to 30 June 2022. The value of CRP as at 1 July 2019 was A\$8.7 Million.

The KPI 1 vesting levels are summarised in the following table.

<b>KPI 1: Contracted Revenue Pipeline as at 30 June 2022</b>		<b>% of KPI 1 Performance Rights that vest</b>
Below Threshold	Less than A\$46 m	Nil
At Threshold	A\$46 m	50%
Between Threshold and Target	A\$46 m to A\$54 m	50% plus an additional amount progressively vesting on a straight line basis between Threshold and Target
At Target	A\$54 m	100%
Between Target and Maximum	A\$54 m to A\$62 m	100% plus an additional amount progressively vesting on a straight line basis between Target and Maximum
At Maximum	A\$62 m	200%

(ii) **KPI 2: Total Shareholder Return (TSR 3-YR)**

KPI 2 has been adopted on the basis that shareholder return will be primarily influenced by the Company's successful expansion of its LDex technology and SOZO platform through its Lymphedema Prevention program and is a key measure of ImpediMed's performance.

For KPI 2, on the basis that no dividends will be paid, TSR will be determined by the increase in the Company's share price over the Performance Period from 1 July 2019 to 30 June 2022, calculated using a 20-day volume weighted average share price at the start and end of the Performance Period. The TSR vesting hurdles require compound average annual share price growth of 50% for Threshold vesting, 100% compound annual growth for Target vesting and 150% compound annual growth for Maximum vesting.

The KPI 2 TSR vesting hurdles are summarized in the following table:

<b>KPI 2: ImpediMed TSR over the period from 1 July 2019 to 30 June 2022</b>		<b>% of KPI 2 Performance Rights that vest</b>
Below Threshold	Less than 50% pa compound	Nil
At Threshold	50% pa compound	50%
Between Threshold and Target	Between 50% and 100% pa compound	50% plus an additional amount progressively vesting on a straight line basis between Threshold and Target
At Target	100% pa compound	100%
Between Target and Maximum	Between 100% and 150% pa compound	100% plus an additional amount progressively vesting on a straight line basis between Target and Maximum
At Maximum	150% pa compound	200%

These TSR vesting hurdles are extremely challenging. To illustrate, based on the closing share price at 30 June 2019 of A\$0.11375:

- Achieving Threshold TSR vesting would require the share price to increase to A\$0.38 by 30 June 2022
- Achieving Target TSR vesting would require the share price to increase to A\$0.91 by 30 June 2022
- Achieving Maximum TSR vesting would require the share price to increase to A\$1.78 by 30 June 2022.

The extent to which a Performance Condition is satisfied will be determined by the Remuneration Committee at the end of the three year performance period. The Remuneration Committee may determine that a Performance Condition has been satisfied to an extent between Threshold and Maximum, in which case the percentage of Performance Rights of Target that vest will be that determined by the Remuneration Committee.

It should be noted that these Performance Conditions have been developed with regard to the current regulatory and competitive landscape in which ImpediMed operates. Should there be significant change in these environmental factors which necessitate a change in the Company's strategic direction, the Board will take this into account in assessing performance.

The performance measures used under the Company's LTI plan will be reviewed annually by the Board for all new grants.

#### **Why Shareholder approval is sought**

Listing Rule 10.14 provides that the Company must not permit any Directors to acquire securities under an employee incentive scheme without the approval of Shareholders.

Accordingly:

- Item 4 seeks the approval by Shareholders pursuant to Listing Rule 10.14 to grant and issue 2,453,500 Options to Mr Carreon and to the issue of Shares on the exercise of those Options; and
- Item 5 seeks the approval by Shareholders pursuant to Listing Rule 10.14 to grant and issue 2,988,000 Performance Rights to Mr Carreon and to the issue of Shares on the vesting of those Performance Rights.

If an approval under Listing Rule 10.14 is obtained then the securities issued to Mr Carreon will not be counted towards the Company's placement capacity under Listing Rule 7.1.

#### **Shareholder approval – Corporations Act**

Under Part 2D.2 of the Corporations Act, subject to a number of exemptions, Shareholder approval must be obtained before the Company (or a Related Body Corporate or prescribed superannuation fund in relation to the Company) can give a person a "benefit" in connection with the person's retirement from a managerial or executive office.

Under the EIP, where a participant in that plan ceases to be an employee of ImpediMed all unvested Options and Performance Rights held by that participant lapse. However, the Board has discretion as to how unvested Options or Performance Rights are to be treated in circumstances where the participant ceases employment because of death, total and permanent disability, retirement or redundancy, or for any other reason with the approval of the Board. In the context of exercising this discretion, providing Shares to the person may constitute a termination benefit regulated by Part 2D.2 of the Corporations Act.

For a person who holds a managerial or executive office with the Company (or a Related Body Corporate), if Options or Performance Rights vest because a person ceases to be employed due to death, disability or any other reason in the Board's discretion, the person will receive a benefit in connection with retirement from office, or position of employment regulated by Part 2D.2 of the Corporations Act. The value of the benefit received will be the market price of the Shares that are received following the exercise of the Options or the vesting of the Performance Rights.

In determining the remuneration of Mr Carreon, including the number of Options and Performance Rights to be issued to him if Shareholders approve Items 4 and 5, the Board considered benchmarking data from a peer group of comparable companies and considered the pay plans and practices of other companies considered relevant. On an expected value basis, Mr. Carreon's target total direct compensation (i.e., fixed remuneration, target short-term incentive and expected value of long-term incentives) is positioned between the 25th and 50th percentile of the peer group. The maximum number of Performance Rights will be achieved only if the Performance Conditions, which reflect the Company's key strategic objectives over the 3 year performance period, are achieved at the maximum level. These conditions are described in more detail above.

For the purposes of the exception contained in section 211(1) of the Corporations Act, the financial benefit to be given by the grant of Options and Performance Rights to Mr Carreon is considered to constitute reasonable remuneration given the circumstances of the Company and Mr Carreon's role and responsibilities. Shareholder approval is not therefore sought for the purposes of Chapter 2E of the Corporations Act.

## Other information

Options and Performance Rights are issued subject to the following:

**Cessation of employment:** Where a participant ceases employment prior to vesting, the award is forfeited unless the Board applies its discretion to allow vesting at, or post, cessation of employment.

**Clawback:** The Board has a clawback policy which provides the Board discretion to clawback variable pay of LTI participants in the event of a serious misconduct or fraud by the employee or other specific events.

**Change of Control:** In a situation where there is likely to be a change of control of the Group, the Board may have the discretion to determine whether some, none or all of the Options and Performance Rights will vest.

### Additional information required by Listing Rule 10.15

Listing Rule 10.15 requires the following information to be disclosed in relation to the Options and Performance Rights proposed to be granted to Mr Carreon under the EIP:

#### (i) Number and price of securities

The number of Options that may be acquired by Mr Carreon is 1,922,612. No payment for the Options is required by Mr Carreon and the exercise price of the Options will be calculated in accordance with the formula described above.

The number of Performance Rights that may be acquired by Mr Carreon is 1,962,871. The maximum number of Shares that may be acquired by Mr Carreon on the vesting of Performance Rights is 1,962,871. No payment for the Performance Rights is required by Mr Carreon and, on vesting, Shares will be issued to Mr Carreon for no consideration.

#### (ii) Securities issued under the EIP received since the last approval

No Options or Performance Rights were issued to Mr Carreon during the year ended 30 June 2019, even though Shareholders approved the issue to Mr Carreon of a maximum of 2,453,500 Options and 2,988,000 Performance Rights at the 2018 AGM.

In July 2019, 139,366 ordinary shares were issued to Mr Carreon upon exercising previously issued Options at an acquisition cost of A\$0.11 per share.

In October 2019, 352,501 ordinary shares are expected to be issued to Mr Carreon for a zero acquisition price following the vesting of previously issued Performance Rights.

#### (iii) Persons who are entitled to participate in the EIP

Participation in the EIP and the number of Options or Performance Rights offered to each individual participant is determined by the Board. Options or Performance Rights may be granted to certain senior executives of the Company on an annual basis as part of their annual remuneration review. Mr Carreon is the only person referred to in Listing Rule 10.14 who is currently entitled to participate in the EIP.

#### (iv) Terms of any related loan

There is no loan provided in relation to the acquisition of Options or Performance Rights by Mr Carreon.

### Voting exclusion

The Company will disregard any votes cast in favour on Items 4 and 5 by or on behalf of Mr Carreon (being the only Director who is eligible to participate in the EIP) and any associate of Mr Carreon. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on Items 4 or 5 unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on Items 4 or 5 (as applicable); or
- (b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on Items 4 or 5

(as applicable) even though the resolution is connected directly or indirectly with the remuneration of KMP of the Company.

### Directors' Recommendation

The Board unanimously (other than Mr Carreon) recommends that Shareholders vote in favour of each resolution in Items 4 and 5.

## ITEM 6 – Approval of additional 10% capacity to issue equity securities under ASX Listing Rule 7.1A

### General

Listing Rule 7.1A permits eligible entities to seek shareholder approval by special resolution at an Annual General Meeting to issue an additional 10% of its issued capital by way of placements over a 12-month period (**10% Placement Capacity**). The additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

If Shareholders approve the resolution in Item 6, the effect will be to allow the Directors to issue equity securities under Listing Rule 7.1A during the period of 12 months following the Annual General Meeting without using the Company's 15% placement capacity under Listing Rule 7.1.

Item 6 is a special resolution 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).

### Eligibility

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

The Company hereby seeks Shareholder approval by way of special resolution to have the ability to issue equity securities under the 10% Placement Capacity.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 which 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 as follows:

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

**A** is the number of fully paid ordinary securities on issue 12 months before the date of issue or agreement:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of shareholders under Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- less the number of fully paid ordinary securities cancelled in the 12 months;

Note that **A** has the same meaning in the 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 issue or agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rules 7.1 or 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has one class of quoted securities, being Shares (ASX Code: IPD).

If the Company issues any equity securities under the 10% Placement Capacity, the entity must, pursuant to Listing Rules 7.1A.4 and 3.10.5A:

- (a) give to the ASX a list of the names of persons to whom the Company allotted equity securities and the number of equity securities caused to be allotted to each (but this list is not required to be released to the market); and
- (b) disclose to the market the details of the dilution to the existing holders of ordinary securities caused by the issue; where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement rather than as a pro rata issue; the details of any underwriting arrangements and fees payable to the underwriter; and any other fees or costs incurred in connection with the issue.

#### Required information

The following information is provided to Shareholders to allow them to assess the resolution in Item 6, including for the purposes of Listing Rule 7.3A.

#### Minimum price

Any equity securities issued by the Company Under Listing Rule 7.1A can only be issued at a price that is no less than 75% of the volume weighted average market price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) the date on which the securities are issued if the securities are not issued within five trading days of the date on which the issue price is agreed.

#### Dilution to existing Shareholders

If the resolution in Item 6 is approved by Shareholders and the Company issues securities under the 10% Placement Capacity, the additional economic and voting interests in the Company will be diluted. There is a risk that the market price of the Company's securities may be significantly lower on the issue date than on the date of the Annual General Meeting and the securities may be issued at a price that is at a discount to the market price on the issue date.

The table below shows a number of hypothetical scenarios for a 10% placement as required by Listing Rule 7.3A.2 where the number of the Company's shares on issue (variable "A" in the formula in Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the share price has decreased by 50%, remained current or increased by 100% based on the closing share price on ASX at 6 September 2018.

Number of shares on issue at 6 September 2018 Variable "A"	Additional 10% Dilution - Shares issued & funds raised	Dilution		
		\$0.065	\$0.13	\$0.26
		Issue price at half current market price	Issue price at current market price	Issue price at double current market price
<b>507,256,947</b>  Current Variable A  (see below assumptions)	Shares issued	50,725,694	50,725,694	50,725,694
	Funds raised	\$3,297,170	\$6,594,340	\$13,188,680
<b>760,885,420</b>  50% increase in current Variable A	Shares issued	76,088,542	76,088,542	76,088,542
	Funds raised	\$4,945,755	\$9,891,510	\$19,783,020
<b>1,014,513,894</b>  100% increase in current Variable A	Shares issued	101,451,389	101,451,389	101,451,389
	Funds raised	\$6,594,340	\$13,188,680	\$26,377,361

The dilution table uses the following assumptions which the Company does not represent will necessarily occur:

- (a) the “issue price at current market price” is the closing price of the shares on ASX on 03 September 2019;
- (b) Variable A is 507,256,947 which equates to the number of current shares on issue at 03 September 2019;
- (c) the Company issues the maximum number of securities available under the additional 10% placement;
- (d) the table shows only the effect of issues of securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (e) no options are exercised into shares, or performance rights vest, before the date of issue of equity securities;
- (f) 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%;
- (g) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of the placements under Listing Rule 7.1A, based on that Shareholder's holding at the date of the Annual General Meeting; and
- (h) funds raised are before any capital raising costs which may be incurred.

#### **10% Placement Period**

Shareholder approval under Listing Rule 7.1A is valid from the date of the Annual General Meeting until the earlier of:

- (a) 12 months after the Annual General Meeting; or
- (b) the date of approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

#### **Purpose of 10% additional placement**

The Company may seek to issue securities under the 10% placement for either:

- (a) cash consideration. The Company may use the funds for working capital, investing activities (including possible complementary business acquisitions if any are identified and approved by the Board), meet financing commitments or capital management activities deemed by the Board to be in the best interests of the Company; or
- (b) non-cash consideration for transactions deemed by the Board to be in the best interests of the Company. In such circumstances the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

The Company will comply with any disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any securities under Listing Rule 7.1A.

#### **Allocation policy**

The Company's allocation policy is dependent upon the prevailing market conditions at the time of any proposed issue pursuant to the 10% placement. The identity of allottees of equity securities will be determined on a case by case basis having regard to factors including but not limited to the following:

- (a) the methods of raising funds that are then available to the Company;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from professional and corporate advisers (if applicable).

Allottees under the 10% placement have not been determined as at the date of this Notice of Meeting and may include existing and/or new Shareholders but cannot include any related parties or associates of a related party of the Company.

#### **Information provided for compliance with Listing Rule 7.3A.6**

The Company last obtained Shareholder approval under Listing Rule 7.1A at the 2018 AGM.

The Company issued, in the 12 months preceding the date of the Meeting, a total of 129,381,292 equity securities, representing 31.1% of the total number of equity securities on issue at the commencement of that 12 month period.

Details of the equity securities the Company has issued in the 12 month period preceding the date of the Meeting are set out in the table below:

Date of issue	Allottee/s	Equity Security	Number of Equity Securities	Price (and discount to market if any)	Key terms
22-Feb-2019	Employees	Shares	100,000	\$0.18 / 22.4%	Exercise of options - same terms as existing Shares
22-Feb-2019	Employees	Shares	210,666	\$0.11 / 52.6%	Exercise of options - same terms as existing Shares
08- Mar-2019	Employees	Shares	194,333	\$0.11 / 55.5%	Exercise of options - same terms as existing Shares
12-Mar-2019	Employees	Options	410,000	\$0.00 / 100%	Grant of options - an exercise price of \$0.23. The Options will vest over a four-year period with one-quarter of the number of Total Options granted above vesting annually, on each one-year anniversary of the Date of Grant, with an expiry date for all Options ranging from 01 October 2025 to 01 January 2026
12- Apr-2019	Employees	Shares	279,800	\$0.11 / 45.8%	Exercise of options - same terms as existing Shares
08- May-2019	Employees	Shares	25,533	\$0.11 / 44.4%	Exercise of options - same terms as existing Shares
16- Jul-2019	Employees	Shares	750,032	\$0.11 / 12.0%	Exercise of options - same terms as existing Shares
16-Jul-2019	Employees	Options	533,000	\$0.00 / 100%	Grant of options – an exercise price of \$0.135. The Options will vest over a four-year period with one-quarter of the number of Total Options granted above vesting annually, on each one-year anniversary of the Date of Grant, with an expiry date for all Options of 01 April 2026

Date of issue	Allottee/s	Equity Security	Number of Equity Securities	Price (and discount to market if any)	Key terms
16-Jul-2019	Employees	Performance Rights	175,000	\$0.00 / 100%	Grant of performance rights - an exercise price of nil and the performance vesting conditions as outlined in Appendix 3B of 16 July 2019.
24-Jul-2019	Various new and existing Shareholders – via an Entitlement Offer	Shares	126,602,928	\$0.11 / 24.1%	Entitlement Offer - same terms as existing Shares
06-Aug-2019	Employees	Shares	100,000	\$0.00 / 100%	Vesting of performance rights - same terms as existing Shares

#### Compliance with Listing Rules 7.1A.4 and 3.10.5A

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give ASX:

- (a) a list of the names of the persons to whom the Company issues the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (b) the information required by Listing Rule 3.10.5A for release to the market.

#### Voting exclusion statement

The Company will disregard any votes cast in favour of Item 6 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue of securities, except a benefit solely by reason of being a holder of ordinary securities, and any associates of the aforementioned persons.

However, the Company need not disregard any votes if:

- (a) it is cast as proxy for a person entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

At the date of the Notice of Meeting, the Company has not invited and has not determined to invite any particular existing Shareholder or an identifiable class of existing Shareholder to participate in an offer under Listing Rule 7.1A. Accordingly, no existing Shareholder will be excluded from voting on this Item 6.

#### Directors' Recommendation

The Board unanimously recommends that Shareholders vote in favour of Item 6.

#### ITEM 7: Amendment to Constitution

Under the Constitution, the Directors' remuneration is to be paid out of the funds of the Company. There is currently no provision for the Directors' remuneration to be satisfied either in whole or in part by non-cash benefits, such as the issue of Shares.

The Company proposes to establish the Non-Executive Director Share Plan (**NED Share Plan**) to enable the Non-Executive Directors (**NEDs**) to take their remuneration in Shares rather than cash, thereby preserving the Company's cash reserves. The NED Share Plan is described below in the notes to Items 10.1 to 10.6.

An amendment to the Constitution is required to allow for the NEDs' remuneration to be satisfied by the issue of Shares under the NED Share Plan, and for this benefit to accrue at the time of issue.

It is proposed that the current clause 13.3(a) of the Constitution is deleted and replaced by the following new clause 13.3(a). Note that it is not proposed that clause 13.3(b) be amended, however, for reference the entire new clause 13.3 is outlined below.

### 13.3 Remuneration of directors

- (a) Subject to **rule 13.3(b)**, the Directors are to be paid for their services as Directors *as follows*:
- (i) *the remuneration of Directors is to be provided:*
    - (A) *in whole by the payment of cash;*
    - (B) *with the agreement of the director concerned, in part or whole by the provision of non-cash benefits (including the issue or purchase of shares in the Company or the grant of options to subscribe for such shares); or*
    - (C) *with the agreement of the director concerned, in part by the payment of cash and in part by the provision of non-cash benefits;*
  - (ii) *the Directors' remuneration accrues from day to day, except for any non-cash benefit which is taken to accrue at the time the benefit is provided, subject to the terms on which the benefit is provided; and*
  - (iii) *the amount of remuneration of the Directors is to be divided among them in such proportion and manner as they agree, or in default of agreement, equally.*
- This rule does not apply to the remuneration of the Managing Director.*
- (b) Subject to **rule 17.1**, the Directors' remuneration for their services as Directors is by fixed sum and not a commission on or percentage of profits or operating revenue and may not be increased except at a general meeting where particulars of the proposed increase have been given to the shareholders in the notice convening the meeting.

### Directors' Recommendation

The Board does not make any recommendation in respect of this Item 7 given the interest of the NEDs.

### ITEM 8: Executive Share Plan

The Company is proposing to remunerate its senior executive staff, including the CEO/MD, (**Executives**) with Shares in exchange of cash. The purpose of this proposal is to:

- = align the financial interests of Executives with those of the Shareholders;
- facilitate the acquisition Shares by the Executives; and
- preserve cash reserves by remunerating the Executives with Shares in lieu of cash.

The Company has established an Executive Share Plan that governs the issue of Shares to Executives.

Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12-month period without requiring Shareholder approval. Under exception 9(b) of Listing Rule 7.2, an issue of securities made under an employee incentive scheme is excluded from the application of Listing Rule 7.1 (and Listing Rule 7.1A), if within three years before the date of issue, the issue of securities under terms of the scheme is approved by Shareholders.

Shareholders have not been asked to approve the rules of the Executive Share Plan prior to this Meeting. Should Shareholders approve the resolution in Item 8, Shares issued under the Executive Share Plan will be excluded from any calculation of securities for the purposes of Listing Rule 7.1 for the next three years.

There have been no Shares issued under the Executive Share Plan as at the date of this Notice.

### Terms of the Executive Share Plan

A summary of the terms of the Executive Share Plan—is included in **Appendix 1** to this Notice. Capitalised terms in the summary refer to definitions in the plan rules.

### **Voting exclusion**

The Company will disregard any votes cast in favour of the proposed Item 8 by or on behalf of Mr Carreon (being the only Director who is eligible to participate in the Executive Share Plan), and any associate of Mr Carreon. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, no KMP of the Company or a Closely Related Party of such a member may vote as a proxy on the proposed Item 8 unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed Item 8; or
- (b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on the proposed Item 8 even though the resolution is connected directly or indirectly with the remuneration of KMP of the Company.

### **Directors' Recommendation**

The Board unanimously (other than Mr Carreon) recommends that Shareholders vote in favour of this resolution.

### **ITEM 9: Grant of Shares under the Executive Share Plan to Mr Richard Carreon**

As outlined in the notes to Item 8, the Company is proposing to remunerate its senior executive staff, including Mr Carreon as CEO/MD, with fully paid ordinary Shares in exchange of cash and the Company has established an Executive Share Plan that governs to issue of these Shares.

The initial participation period is 1 July 2019 to 20 June 2020 (inclusive) (**FY20 Participation Period**), but may be extended by the Board for future financial years (**Subsequent Participation Periods**).

Listing Rule 10.14 provides that an entity must not permit a director of the Company to acquire securities under an employee incentive scheme without the approval of Shareholders. The Executive Share Plan is an employee incentive scheme for the purpose of the Listing Rules and therefore, Shareholders are asked to approve the issue of Shares under the Executive Share Plan to Mr Carreon for the purpose of Listing Rule 10.14.

If approval is given under Listing Rule 10.14 for this Item, then a separate approval will not be required under Listing Rule 7.1. Accordingly, if this resolution is approved, the issue of Shares will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

The following information is provided to Shareholders pursuant to Listing Rule-10.15A to allow them to assess Item 9:

#### **(i) Number and price of securities**

The maximum number of Shares to be granted under the Executive Share Plan is 5,000,000. Shares to be granted to executives will accrue on a quarterly basis and the number of Shares to be issued will typically be determined at the end of each quarter based on a volume weighted average market price calculation. Accordingly, the number of Shares which may be issued to Mr Carreon under the Executive Share Plan cannot be precisely calculated in advance.

#### **How the number of Shares to be issued to Mr Carreon will be determined**

Mr Carreon may elect to participate in the Executive Share Plan in respect of:

- (a) up to 20% of his gross annual base salary (excluding all compulsory superannuation amounts); and
- (b) up to 20% of any amount awarded to him as a short term incentive (excluding all compulsory superannuation amounts).

All taxes required to be deducted from these amounts will be deducted before the amounts are applied to the issue of Shares.

The Company must issue a number of whole Shares (disregarding any fractional entitlement) determined by dividing the relevant participating amount of salary or short term incentive (**STI**) by the volume weighted average market price of

Shares on ASX over the 20 trading day period on the business day prior to the allocation date (**Market Value**). The allocation date is:

- (a) in respect of the first quarter of the FY20 Participation Period, the first business day following the 2019 AGM; and
  - (b) in respect all subsequent quarters, the first business day following the conclusion of that-quarter,
- unless otherwise resolved by the Board.

The CEO/MD is currently paid his cash remuneration and fees in US dollars. The CEO/MD's cash remuneration will be converted to US dollars prior to calculating the number of Shares to be issued. The currency conversion will be at the prevailing exchange rate as published by Oanda.com on the business day prior to an allocation date.

The Executive Share Plan limits the aggregate number of Shares that may be issued under the plan to 5,000,000 Shares.

#### **Illustrative example**

For example, assuming:

- Mr Carreon elects to participate the maximum amount of 20% under the Executive Share Plan (and assuming his full short term incentive is paid for FY20);
- a personal tax rate of 50%;
- the Market Value is A\$0.13; and
- an AUD/USD exchange rate of 0.69 applies,

then approximately 805,872 Shares would be issued to the CEO/MD in the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.16%.

A greater or lower number of Shares may be issued under the Executive Share Plan to Mr Carreon in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are issued, the level of Mr Carreon's salary and STI from time to time, the extent to which Mr Carreon participates in the Executive Share Plan for the applicable Participation Period and the AUD/USD exchange rate from time to time.

#### **(ii) Securities issued under the Executive Share Plan received since the last approval**

The Executive Share Plan was approved by the Board on 01 October 2019. No Shares have been issued under this plan to date.

#### **(iii) Persons who are entitled to participate in the Executive Share Plan**

Executives of the Company are entitled to participate in the Executive Share Plan. Mr Carreon is the only participant of the plan for which approval under Listing Rule 10.14 is required.

#### **(iv) Terms of any related loan**

There will be no loan provided in relation to the issue of Shares to Mr Carreon.

#### **(v) Timing of grant**

If Item 9 is approved by Shareholders, the Company expects to issue Shares in respect of Mr Carreon's salary for the first quarter of the FY20 Participation Period, on the first business day following the 2019 AGM and in respect all subsequent quarters, the first business day following the conclusion of that quarter. No Shares will be issued to Mr Carreon in respect of his salary later than 3 years after the Meeting.

Generally, STIs are determined following the completion of the audited annual accounts of the Company each FY. Shares in relation to Mr Carreon's STI for a Participation Period will be issued following the determination by the Board of the STI to be awarded to Mr Carreon (if any) and receipt of a STI Election Form from Mr Carreon specifying the percentage of his STI which he elects to participate in the Executive Share Plan (capped at 20%). No Shares will be issued to Mr Carreon in respect of his STI later than 3 years after the 2019 AGM.

#### **(vi) Other information**

Details of any Shares issued under the Executive Share Plan will be published in each annual report of the Company relating to a period in which Shares have been issued. The annual report will also state that approval for the issue of the Shares to Mr Carreon was obtained under Listing Rule 10.14.

Any additional Directors (or other persons listed in Listing Rule 10.14) who become entitled to participate in the Executive Share Plan after Item 9 is approved and who were not named in this Notice, will not participate until any approval is obtained under Listing Rule 10.14.

#### **Voting exclusion**

The Company will disregard any votes cast in favour of the resolution in the proposed Item 9 by or on behalf of Mr Carreon (being the only Director entitled to participate in the Executive Share Plan), and any associate of Mr Carreon. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, no KMP of the Company or a Closely Related Party of such a member may vote as a proxy on the proposed Item 9 unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed Item 9; or
- (b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on the proposed Item 9 even though the resolution is connected directly or indirectly with the remuneration of KMP of the Company.

#### **Directors' Recommendation**

The Board unanimously (other than Mr Carreon) recommends that Shareholders vote in favour of this resolution.

#### **ITEMS 10.1 – 10.6: Grant of Shares under the Non-Executive Share Plan to Non-Executive Directors**

As stated above in the notes to Item 7, the Company is proposing to remunerate its **(NEDs)** with fully paid ordinary Shares in lieu of cash under the proposed NED Share Plan. The purpose of this proposal is to:

- align the financial interests of NEDs with those of the Shareholders;
- facilitate the acquisition of Shares by the NEDs; and
- preserve cash reserves by remunerating the NEDs with Shares in lieu of cash.

The proposal does not result in any increase in NED remuneration.

The Company has, subject to Shareholders' approval of Item 7, established the NED Share Plan to govern the issue of Shares to the NEDs. The NED Share Plan is described below and a full copy of the plan rules can be accessed on the Company's website.

The initial participation period of the NED Share Plan is 1 July 2019 to 20 June 2020 (inclusive) **(FY20 Participation Period)**, but may be extended by the Board for subsequent financial years **(Subsequent Participation Periods)**.

If Shareholder approval is given to Item 7 and Items 10.1 -10.6, all NEDs will participate in respect of 100% of their annual director fee for the FY20 Participation Period (excluding compulsory superannuation where applicable). Participation for Subsequent Participation Periods and the percentage of their annual director fee is to be determined by the Board. A NED who is issued Shares under the NED Share Plan may hold those Shares directly or transfer them to a trustee or nominee to hold the Shares for the NED.

Listing Rule 10.14 provides that an entity must not permit a director of the Company to acquire securities under an employee incentive scheme without the approval of shareholders. The NED Share Plan is an employee incentive scheme for the purpose of the Listing Rules and therefore, Shareholders are asked to approve the issue of Shares under the NED Share Plan to the NEDs for the purpose of Listing Rule 10.14. If approval is given under Listing Rule 10.14 for each resolution in Items 10.1 to 10.6, then a separate approval will not be required under Listing Rule 7.1. Accordingly, if these resolutions are approved, the issue of Shares will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

The following information is provided to Shareholders pursuant to Listing Rule 10.15A to allow them to assess the resolutions in Items 10.1 to 10.6:

**(i) Number and price of securities**

The maximum number of Shares to be granted under the Executive Share Plan is 10,000,000. Shares will accrue on a quarterly basis and the number of Shares to be issued will typically be determined at the end of each quarter based on a volume weighted average market price calculation. Accordingly, the number of Shares which may be issued to current and future NEDs under the NED Share Plan cannot be precisely calculated in advance.

The number of Shares to be issued to each NED will be determined by dividing the NED's Fees (defined below) for a quarter by the volume weighted average market price of the Shares on ASX over the 20 trading day period ending on the business day prior to the relevant allocation date (**Market Value**) for a quarter. The allocation date is:

- (a) in respect of the first quarter of FY20, the first business day following the 2019 AGM; and
- (b) in respect all subsequent quarters, the first business day following the conclusion of that quarter,

unless otherwise resolved by the Board.

Fractional entitlements to Shares will be disregarded.

The fees of a NED (**Fees**) include:

- the gross amount payable by the Company by way of annual remuneration to the NED for his or her services as a director or as a member of any standing committee of the Board, but, unless the Board determines otherwise, excludes any special and additional remuneration paid out of the funds of the Company for any extra services performed or special exertions made by the NED; plus
- the gross amount (if any) payable by a subsidiary of the Company by way of remuneration to the NED for his or her services as a director of that subsidiary; plus
- such other amount as the Board determines for the purposes of the NED Share Plan from time to time,

but excluding all compulsory superannuation amounts paid or to be paid by the Company or a subsidiary of the Company on behalf of the NED.

If at any time the Board determines that the issue of Shares to a NED would result in the Company breaching the Constitution, the Listing Rules, or any applicable law or is otherwise inappropriate in the circumstances, the Company will not issue shares to that NED.

The NED Share Plan limits the aggregate number of Shares that may be issued under the plan to 10,000,000 Shares.

The US-based NEDs are currently paid their cash remuneration and fees in US dollars. For such US-based persons, the Market Value will be converted to US dollars prior to calculating the number of Shares to be issued. The currency conversion will be at the prevailing exchange rate as published by Oanda.com on the business day prior to an allocation date.

Illustrative examples of the potential number of Shares to be issued to each NED under the NED Share Plan are outlined further below.

**(ii) Securities issued under the NED Share Plan received since the last approval**

The NED Share Plan was approved by the Board on 01 October 2019 subject to Shareholders' approval of Item 7. No Shares have been issued under the plan to date.

**(iii) Persons who are entitled to participate in the Non-Executive Share Plan**

Listing Rule 10.15A.8 states that the notice of meeting to approve the acquisition of securities under Listing Rule 10.14 must include a statement to the effect that any additional persons who become entitled to participate in the employee incentive scheme after the resolution is approved and who are not named in the notice of meeting will not participate until approval is obtained under Listing Rule 10.14. The Company has applied for and the ASX has granted, a waiver to this listing rule to the extent necessary to permit the Notice, in relation to Items 10.1-10.6, to state that the NEDs in office from time to time may participate in the NED Share Plan without naming them.

As at the date of this Notice, the names of all people who are entitled to participate in the NED Share Plan are Scott Ward, Judith Downes, Don Williams, Amit Patel, Gary Goetzke and Robert Graham, being all of the NEDs of the Company. Future NEDs in office from time to time may also participate in the NED Share Plan.

As stated above, a NED may hold Shares issued under the NED Share Plan directly or transfer them to a trustee or nominee to hold the Shares for the NED.

**(iv) Terms of any related loan**

There will be no loan provided in relation to the issue of Shares to NEDs.

**(v) Timing of grant**

If Items 10.1 – 10.6 are approved by Shareholders, the Company proposes to issue Shares in respect of the first quarter of the FY20 Participation Period, on the first business day following the 2019 AGM and in respect all subsequent quarters for the FY20 Participation Period and Subsequent Participation Periods, on the first business day following the conclusion of that quarter, unless the Board resolves otherwise. No Shares will be issued to the NEDs under the NED Share Plan later than 3 years after the 2019 AGM, unless Shareholder approval for the issue of Shares under NED Share Plan is refreshed prior to that date.

**(vi) Other information**

Details of any Shares issued will be published in each annual report of the Company relating to a period in which Shares have been issued. The annual report will also state that approval for the issue of Shares was obtained under Listing Rule 10.14.

**Voting exclusions**

The Company will disregard any votes cast in favour of the resolutions in the proposed Items 10.1 to 10.6 (inclusive) by or on behalf of any NED of the Company, and any associate of the NEDs. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, no KMP of the Company or a Closely Related Party of such a KMP may vote as a proxy on the resolutions in proposed Items 10.1 – 10.6 (inclusive) unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on the proposed Items 10.1 – 10.6; or
- (b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on the proposed Items 10.1 – 10.6 even though the resolution is connected directly or indirectly with the remuneration of KMP of the Company.

**Item 10.1 - Illustrative example – Issue of Shares to Mr Scott Ward**

For FY20, Mr Ward's gross annual NED fee is US\$115,000. Accordingly, as an illustrative example, assuming:

- a Market Value of A\$0.13;
- an AUD/USD exchange rate of 0.69,

a total of 1,282,051 Shares would be issued to Mr Ward in respect of the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.25%.

A greater or lower number of Shares may be issued under the NED Share Plan to Mr Ward in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are issued to NEDs under the NED Share Plan, the level of Mr Ward's compensation from time to time and the AUD/USD exchange rate.

**Item 10.1 - Directors' Recommendation**

The Board unanimously (other than Mr Ward) recommends that Shareholders vote in favour of this resolution.

#### **Item 10.2 - Illustrative example – Issue of Shares to Ms Judith Downes**

For FY20, Ms Downes' gross annual NED fee is A\$75,000. Accordingly, as an illustrative example, assuming a Market Value of A\$0.13, a total of 576,923 Shares would be issued to Ms Downes in respect of the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.11%.

A greater or lower number of Shares may be issued under the NED Share Plan to Ms Downes in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are issued to NEDs under the NED Share Plan and the level of Ms Downes' compensation from time to time.

#### **Item 10.2 - Directors' Recommendation**

The Board unanimously (other than Ms Downes) recommends that Shareholders vote in favour of this resolution.

#### **Item 10.3 – Illustrative example – Issue of Shares to Mr Don Williams**

For FY20, Mr Williams' gross annual NED fee is US\$82,500. Accordingly, as an illustrative example, assuming:

- a Market Value of A\$0.13;
- an AUD/USD exchange rate of 0.69,

a total of 919,732 Shares would be issued to Mr Williams in respect of the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.18%.

A greater or lower number of Shares may be issued under the NED Share Plan to Mr Williams in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are issued to NEDs under the NED Share Plan, the level of Mr Williams' compensation from time to time and the AUD/USD exchange rate.

#### **Item 10.3 – Directors' Recommendation**

The Board unanimously (other than Mr Williams) recommends that Shareholders vote in favour of this resolution.

#### **Item 10.4 – Illustrative example – Issue of Shares to Mr Amit Patel**

For FY20, Mr Patel's gross annual NED fees are US\$67,500. Accordingly, as an illustrative example, assuming:

- a Market Value of A\$0.13;
- an AUD/USD exchange rate of 0.69,

a total of 752,508 Shares would be issued to Mr Patel in respect of the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.15%.

A greater or lower number of Shares may be issued under the NED Share Plan to Mr Patel in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are issued to NEDs under the NED Share Plan, the level of Mr Patel's compensation from time to time and the AUD/USD exchange rate.

#### **Item 10.4 – Directors' Recommendation**

The Board unanimously (other than Mr Patel) recommends that Shareholders vote in favour of this resolution.

#### **Item 10.5 – Illustrative example – Issue of Shares to Mr Gary Goetzke**

For FY20, Mr Goetzke's gross annual NED fees are US\$67,500. Accordingly, as an illustrative example, assuming:

- a Market Value of A\$0.13;
- an AUD/USD exchange rate of 0.69,

a total of 752,508 Shares would be issued to Mr Goetzke in respect of the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.15%.

A greater or lower number of Shares may be issued under the NED Share Plan to Mr Goetzke in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are

issued to NEDs under the NED Share Plan, the level of Mr Goetzke's compensation from time to time and the AUD/USD exchange rate.

#### **Item 10.5 – Directors' Recommendation**

The Board unanimously (other than Mr Goetzke) recommends that Shareholders vote in favour of this resolution.

#### **Item 10.6 – Illustrative example – Issue of Shares to Dr Robert Graham**

For FY20, Dr Graham's gross annual NED fee is A\$67,500. Accordingly, as an illustrative example, assuming a Market Value of A\$0.13, a total of 519,230 Shares would be issued to Dr Graham in respect of the FY20 Participation Period. Based on the current issued share capital of the Company, this would dilute Shareholders by 0.10%.

A greater or lower number of Shares may be issued under the NED Share Plan to Dr Graham in respect of the FY20 Participation Period and Subsequent Participation Periods depending on factors such as the share price when Shares are issued to NEDs under the NED Share Plan and the level of Dr Graham's compensation from time to time.

#### **Item 10.6 – Directors' Recommendation**

The Board unanimously (other than Dr Graham) recommends that Shareholders vote in favour of this resolution.

#### **ITEM 11 – Spill Resolution (conditional item)**

The Corporations Act now includes a "two strikes" rule in relation to remuneration reports. The two strikes rule provides that, if at least 25% of the votes cast on the resolution to adopt the remuneration report at two consecutive annual general meetings are against adopting the remuneration report, Shareholders will have the opportunity to vote on a Spill Resolution (described below) at the second annual general meeting.

At the 2018 AGM, 44.3% of the votes cast on the resolution to adopt the Remuneration Report were against adopting the report (the "first strike").

Accordingly, Item 11 (**Spill Resolution**) is required to be included in this Notice of Meeting by Division 9 of Part 2G.2 of the Corporations Act because the adoption of the Remuneration Report contained in the Company's 2018 Annual Report was passed by a majority of less than 75% at the 2018 AGM.

*Item 11 is a "conditional" resolution. It will only be put to the Meeting if 25% or more of the votes cast on Item 2 are cast against the adoption of the Remuneration Report, which will constitute a "second strike".*

If Item 2 passes on a majority of more than 75%, the Spill Resolution will be deemed withdrawn and any votes cast on the Spill Resolution prior to the withdrawal of the Spill Resolution will be treated as invalid.

#### **Majority required for Spill Resolution**

If the Spill Resolution is put to the meeting the Spill Resolution will be carried if it is passed by an ordinary majority of votes cast (more than 50%). If the Spill Resolution is valid and carried, a spill meeting must be held within 90 days of the passing of the Spill Resolution (**Spill Meeting**). If a Spill Meeting is required, the date of the meeting will be notified to Shareholders in due course.

#### **The Spill Meeting**

If a Spill Meeting is held, pursuant to section 250V(1)(b)(i) of the Corporations Act, the Directors listed below, being the non-executive Directors who were in office when the Board approved the last Directors' Report, will cease to hold office immediately before the end of the Spill Meeting (unless they resign before the Spill Meeting):

- (i) Mr Scott Ward;
- (ii) Ms Judith Downes;
- (iii) Mr Don Williams\*;
- (iv) Mr Amit Patel\*;
- (v) Mr Gary Goetzke; and
- (vi) Dr Robert Graham.

\*This assumes these directors are re-elected / elected at this Meeting pursuant to Items 3.1 and 3.2 respectively.

Each of these Directors is eligible to stand for re-election at the Spill Meeting.

The Spill Meeting, if required, will be subject to a separate notice in accordance with the Constitution of the Company and the Corporations Act. Nominations for director appointments at the Spill Meeting may be made in accordance with the Constitution of the Company and may include the Directors listed above.

A voting exclusion applies to Item 11 (see below). This voting exclusion will not apply to the Spill Meeting and all Shareholders will be entitled to vote on the director appointments at the Spill Meeting.

#### **Directors' Recommendation**

The Board unanimously recommends that Shareholders vote **against** this resolution.

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on Item 11 by a KMP of the Company or a Closely Related Party of such a KMP unless:

- (a) the person votes as a proxy appointed by writing that specifies how the person is to vote on Item 9; or
- (b) the person is the Chair and votes as a proxy appointed by writing that authorises the Chair to vote on Item 9 even though the resolution is connected directly or indirectly with the remuneration of the KMP of the Company.

#### **Chair's Voting Intention**

The Chairman of the Meeting intends to vote all available undirected proxies **in favour of the resolutions in Items 2, 3, 4, 5, 6, 7, 8, 9 and 10.1 – 10.6, and against the resolution in Item 11 (if this item is put to the Meeting).**

## GLOSSARY

**10% Placement Capacity** has the meaning given in Item 6 of the Notice.

**2018 AGM** means the annual general meeting of the Company held on 17 October 2018.

**2019 AGM** means the annual general meeting of the Company being held on 12 November 2019.

**A\$ or \$** means Australian dollars.

**AEDT** means Australian Eastern Daylight Savings Time as observed in Sydney, Australia.

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

**ASX** means ASX Limited ACN 008 624 691.

**ASX Principles** means the ASX Corporate Governance Principles and Recommendations (3rd edition).

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

**Closely Related Party** has the meaning as defined in section 9 of the Corporations Act.

**Company** means ImpediMed.

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

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

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

**EIP** means the Employee Incentive Plan adopted by the Board on 2 October 2014 and approved by Shareholders at the 2017 AGM (and includes the US Sub-Plan).

**Eligible Entity** means an entity that at the date of the Meeting:

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

**Entitlement Time** means 7.00pm (AEDT) on Sunday 10 November 2019.

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

**Executive Share Plan** means the Executive Share Plan adopted by the Board on 01 October 2019 and for approval by Shareholders at this Meeting.

**Explanatory Notes** means the Explanatory Notes accompanying and forming part of the Notice.

**FY19** means the financial year ended 30 June 2019.

**FY20** means the financial year ended 30 June 2020

**Group** means the Company and subsidiaries of the Company.

**ImpediMed** means ImpediMed Limited (ACN 089 705 144) (ASX code: IPD).

**Incentive** means a Share, an Option or a Performance Right.

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

**Key Management Personnel** (or **KMP**) has the meaning as defined in section 9 of the Corporations Act.

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

**NED Share Plan** means the Non-Executive Share Plan approved the Board on 01 October 2019.

**Notice or Notice of Meeting or Notice of Annual General Meeting** means this notice of annual general meeting and the Explanatory Notes accompanying the Notice and the Proxy Form.

**Option** means an option to acquire a Share under the EIP or other employee incentive plan, as the context requires.

**Performance Right** means a performance right to acquire a Share under the EIP.

**Proxy Deadline** means 9.00am (AEDT) on Sunday, 10 November 2019.

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

**Related Body Corporate** has the meaning set out in section 50 of the Corporations Act.

**Remuneration Report** means the remuneration report set out in the Directors' Report section of the Company's annual financial report for the year ended 30 June 2019.

**Right** means a performance right to acquire a Share under the EIP.

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

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

**US\$** means United States of America dollars.

**US Sub-Plan** means the United States sub-plan of the EIP.

## APPENDIX 1

### SUMMARY OF THE TERMS OF THE EXECUTIVE SHARE PLAN

<b>Purpose</b>	<p>The Company has established the Executive Share Plan to:</p> <ul style="list-style-type: none"> <li>align the financial interests of Executives with those of the Shareholders;</li> <li>facilitate the acquisition of Shares by the Executives; and</li> <li>preserve cash reserves by remunerating the Executives with Shares in lieu of cash.</li> </ul>
<b>Duration</b>	Initial participation period of 1 July 2019 to 30 June 2020 (inclusive) ( <b>FY20 Participation Period</b> ), but may be extended by the Board for subsequent financial years ( <b>Subsequent Participation Periods</b> ).
<b>Participation</b>	<p>The Board may determine the executives (being a Vice President and/or a member of the senior executive team) (<b>Executives</b>) who are eligible to participate in the Executive Share Plan from time to time.</p> <p>Each Executive who is eligible to participate in the Executive Share Plan may elect to participate in respect of up to:</p> <ul style="list-style-type: none"> <li>20% of his or her gross salary (excluding all compulsory superannuation amounts); and</li> <li>20% of his or her STI amount (excluding all compulsory superannuation amounts),</li> </ul> <p>for each Participation Period.</p>
<b>Allocation of Shares</b>	<p>Shares are issued to Executives quarterly in arrears. First issue will occur following the 2019 AGM in respect of the first quarter of FY20. For subsequent quarters, Shares will be issued on the first business day following the conclusion of the quarter, unless otherwise resolved by the Board.</p> <p>The number of Shares issued is calculated by dividing the applicable salary for the quarter or STI by the market value of the Shares (see below). Fractions are disregarded.</p>
<b>Market Value</b>	<p>Market Value is the volume weighted average market price of Shares (calculated in accordance with the Listing Rules) over the 20 trading day period ending on the business day prior to the applicable issue date.</p> <p>The Market Value will be converted to the same currency as the applicable salary or STI amount of the Executive prior to the calculation of the number of Shares. Such currency conversion will be at the prevailing exchange rate as published by Oanda.com on the business day prior to an issue date.</p>
<b>Source of Shares</b>	New issue only.
<b>Rights attaching to Shares</b>	Shares will rank equally in all respects with other Shares of the Company on issue.
<b>Restrictions on Shares</b>	No transfer or other restrictions to apply to Shares as they are being issued in lieu of salary and STI which has already been earned. Usual restrictions and black-out periods under the Company's securities trading policy will continue to apply.
<b>Cessation of office or employment</b>	On cessation of employment (or upon an Executive providing notice of resignation or retirement) during a quarter, the Board may choose to pay cash or Shares to the Executive for that quarter (or partial quarter).
<b>Plan limit</b>	The Company must not issue more than 5,000,000 Shares under the Executive Share Plan.
<b>Termination of participation</b>	An Executive may elect to terminate his or her participation in the Executive Share Plan at any time.