

Capral Limited
ABN 78 004 213 692

Corporate Office
Level 4, 60 Phillip Street,
Parramatta NSW 2150
www.capral.com.au

26 March 2021

**CAPRAL LIMITED
ANNUAL GENERAL MEETING**

Dear Shareholder,

On behalf of the Directors of Capral Limited (**Capral**), I am pleased to invite you to attend the 2021 Annual General Meeting (**AGM**) of Capral. Enclosed is the Notice of Meeting setting out the business of the AGM.

Capral's 2021 AGM will be held on Wednesday, 28 April 2021 commencing at 10.00am (Sydney time) at Capral's Corporate Office, Level 4, 60 Phillip Street, Parramatta, New South Wales, Australia. A live webinar via an online meeting platform (**AGM Webinar**) will be available for shareholders to attend and listen to the proceedings of the AGM, ask questions and vote at the AGM.

Capral is required to ensure compliance with safety requirements regarding social distancing and public gatherings at the time of the AGM in respect of any person(s) who wish to attend the AGM in person.

It is therefore essential to register prior to attending the event in person. Register by emailing the Company Secretary at InvestorRelations@capral.com.au as physical attendance places are limited.

The Company encourages all shareholders to exercise their rights to vote and otherwise participate in the business of the AGM but notes that **physical attendance at the AGM is not necessary for the purpose of exercising these rights. The Company strongly encourages shareholders to participate in the AGM by:**

- voting by proxy in advance of the AGM by completing the Proxy Form and returning it to the Company as set out in the Notice of Meeting,
- completing the Question Form enclosed and submitting it with the Company's share registry along with the Proxy Form,
- emailing questions that they would like raised at the AGM to the Company Secretary at InvestorRelations@capral.com.au,
- accessing the Company's presentations which will be lodged with the ASX before the commencement of the AGM,
- listening to the AGM live via AGM Webinar; and
- accessing the results of the AGM which will be lodged with ASX after the AGM.

The link to join the AGM Webinar is <https://web.lumiagm.com/336939680>

Capral Limited
ABN 78 004 213 692
ASX: CAA

Level 4, 60 Phillip St
Parramatta NSW 2150

PO Box 209,
Parramatta CBD BC
NSW 2124

T 02 8222 0112
F 02 8222 0130

www.capral.com.au

I encourage you to complete and return the Proxy Form sent to you no later than 10.00am (Sydney time) on Monday, 26 April 2021, in one of the ways specified in the Notice of Meeting and Proxy Form.

Subject to the abstentions noted in the Explanatory Memorandum, the Directors of Capral unanimously recommend that shareholders vote in favour of all resolutions.

A copy of the Notice of Meeting and a Proxy Form are distributed directly to shareholders.

The Notice of Meeting is also available on Capral's website.

Approved and authorised for release by Capral's Board of Directors.

For further information please contact:

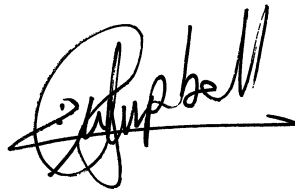
Corporate

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Investors

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Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tertius Campbell', with a long horizontal stroke extending to the right.

Tertius Campbell
CFO and Company Secretary

CAPRAL LIMITED ANNUAL GENERAL MEETING – AGM Webinar

Capral shareholders will be able to join an AGM Webinar of the AGM proceedings and view the AGM procedural slides through a Lumi AGM Webinar.

The link to join the AGM Webinar is set out below.

<https://web.lumiagm.com/336939680>

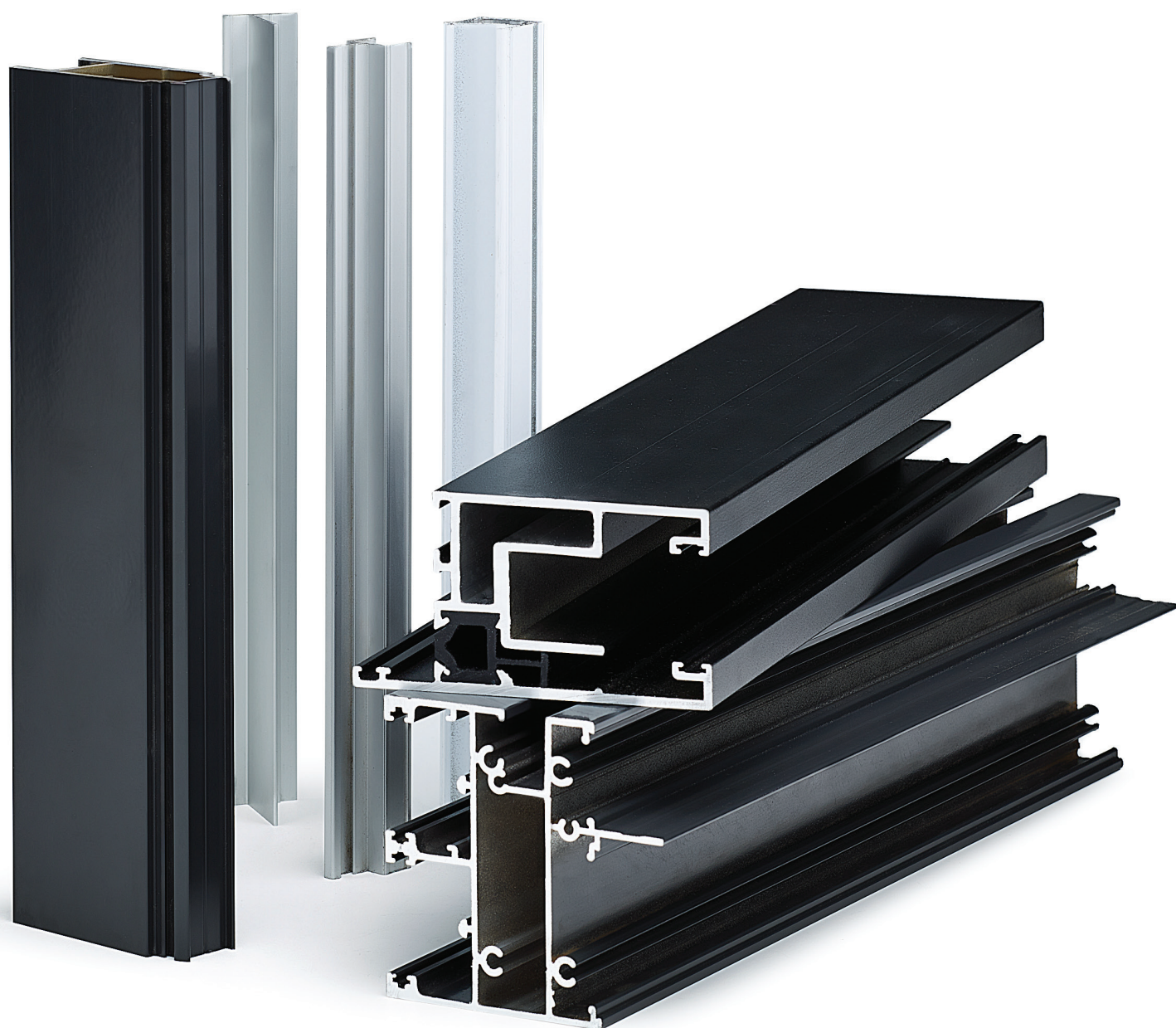
To the extent permitted or required by law, the Company reserves the right to deny entry into the AGM venue or require any person to leave the AGM venue so as to ensure the health and safety of attendees at the AGM. For this reason, shareholders are encouraged to register their attendance with the Company Secretary at InvestorRelations@capral.com.au. To comply with hygiene and social distancing guidelines, AGM refreshments will not be served nor will Directors be able to meet with shareholders after the meeting.

The Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website at <https://www.capral.com.au/about-capral/for-investors/> for future announcements and updates on the AGM arrangements.

If Capral shareholders have any queries regarding joining and participating in the AGM Webinar, please view the online meeting user guide at <https://www.computershare.com.au/virtualmeetingguide>

CAPRAL LIMITED NOTICE OF 2021 ANNUAL GENERAL MEETING OF SHAREHOLDERS

ABN 78 004 213 692



NOTICE OF 2021 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is given that the Annual General Meeting (**AGM**) of Shareholders of Capral Limited (ABN 78 004 213 692) (**Capral**) will be held at 10.00am on **Wednesday 28 April 2021** at Level 4, 60 Phillip Street, Parramatta, New South Wales as well as a virtual meeting (**Meeting**)

BUSINESS

1. STATUTORY REPORTS

Capral's Financial Report and Directors' Report and the Independent Auditor's Report to the Members of Capral (the **Reports**) for the year ended 31 December 2020 will be presented for consideration.

The Reports are contained within Capral's 2020 Annual Report which can be accessed on Capral's website at: <https://www.capral.com.au/about-capral/general-information/annual-reports/>.

2. QUESTIONS

Following the consideration of the Reports, the Chairman of the AGM (**Chairman**) will give shareholders a reasonable opportunity to ask questions about or comment on Capral matters.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to the audit and financial statements, and give the Auditor (Deloitte Touche Tohmatsu, P.O. Box 38, Parramatta NSW 2124, Attention David White) a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the Independent Auditor Report or audit.

3. RESOLUTION 1. RE-ELECTION OF DIRECTOR – MR REX WOOD-WARD

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION:

"That, Mr Rex Wood-Ward, who retires in accordance with Article 70 of Capral's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election, be re-elected as a director."

4. RESOLUTION 2. RE-ELECTION OF DIRECTOR – MS KATHERINE OSTIN

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION:

"That, Ms Katherine Ostin, who retires in accordance with Article 68 of Capral's Constitution and ASX Listing Rule 14.4 and, being eligible, offers herself for re-election, be re-elected as a director."

5. RESOLUTION 3. ADOPTION OF REMUNERATION REPORT

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY NON- BINDING RESOLUTION:

That, Capral's Remuneration Report, included in the Directors' Report for the financial year ended 31 December 2020, be adopted.

Voting Exclusion Statement

A vote on this Resolution 3 must not be cast (in any capacity) by or on behalf of the following persons:

- (a) a member of Capral's Key Management Personnel (**KMP**) whose remuneration details are included in the 2020 Remuneration Report; or
- (b) a Closely Related Party of a member of the KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on this Resolution 3 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or

- (b) the vote is cast by the Chairman and the appointment of the Chairman as proxy:
 - i. does not specify the way the proxy is to vote on the resolution; and
 - ii. expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

In accordance with section 250BD of the Corporations Act 2001 (Cth), a vote must not be cast on Resolution 3 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

See the Explanatory Memorandum for definitions of KMP and Closely Related Parties.

6. RESOLUTION 4. ISSUE OF SHARE RIGHTS AND SHARES TO MR ANTHONY DRAGICEVICH

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION:

"That, the issue to Anthony Dragicevich of:

- (a) up to 86,400 Share Rights on the terms set out in the Explanatory Memorandum; and
- (b) shares in Capral subject to the vesting of those Share Rights, as and on the basis described in the Explanatory Memorandum,

be approved for the purpose of ASX Listing Rule 10.14 and for all other purposes, including for the purpose of Section 200E of the Corporations Act in the event that the issue of shares constitutes a termination benefit in connection with his loss of office, on the terms set out in the Explanatory Memorandum."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of:

- (a) Anthony Dragicevich; or
- (b) an associate of Anthony Dragicevich.

Additionally, in accordance with ASX Listing Rule 14.11, the Company will also disregard any votes cast in favour of Resolutions 4 by or on behalf of a person referred to in rule 10.14.1, 10.14.2, or 10.14.3 who is eligible to participate in the employee incentive scheme in question.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions given to the proxy or attorney to vote on Resolution 4 in that way; or
- (b) the Chairman of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 4; and
 - b. the holder votes on Resolution 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 200E(2A) of the Corporations Act, Capral will disregard any votes cast on Resolution 4 (in any capacity) by or on behalf of Anthony Dragicevich or an associate (as defined in the Corporations Act) of Anthony Dragicevich.

In addition, in accordance with section 250BD(1) of the Corporations Act, a person who has been appointed as a proxy must not vote on Resolution 4 if the person is a member of the KMP at the date of the AGM, or a closely related party of a member of the KMP, unless the proxy appointment specifies the way the proxy is to vote on the resolution. This restriction on voting undirected proxies does not apply to the Chairman where the proxy appointment expressly authorises the Chairman to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of a member of the KMP.

By order of the Board

Tertius Campbell

Chief Financial Officer and Company Secretary
Sydney, 26 March 2021

ATTENDANCE & VOTING AT THE MEETING

In accordance with Corporations Regulation 7.11.37, the Board has determined that Capral shares are taken, for the purposes of determining the right of shareholders to attend and vote at the AGM, to be held by persons who held them at 7:00 pm (Sydney time) on **Monday 26 April 2021**. If you are not the registered holder of a relevant share at that time you will not be entitled to vote in respect of that share.

Shareholders will be able to attend and participate in the Meeting (which will also be broadcast as a live webinar):

- a. From their computer, by entering the URL into their browser: <https://web.lumiagm.com/336939680>
- b. From their mobile device by entering the URL in their browser: <https://web.lumiagm.com/336939680>; and
- c. In person at Level 4, 60 Phillip Street, Parramatta, New South Wales, Australia. Due to COVID19 restrictions, Capral is required to ensure compliance with government requirements regarding social distancing and public gatherings and will seek to comply with any applicable requirements that are in force at the time of the AGM in respect of any person(s) who wish to attend the AGM in person.

Physical attendance places are limited and it is therefore essential to register prior to attending the event in person. If you wish to attend the meeting in person, please register your interest by emailing the Company Secretary at InvestorRelations@capral.com.au by no later than 21 April 2021.

Accessing the Meeting via the online meeting platform

We recommend logging in to the online meeting platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

- 1 Enter <https://web.lumiagm.com/336939680> into a web browser on your computer or online device.
- 2 You will need your Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) (this is printed at the top of your Proxy Form).
- 3 If your holding is registered to an Australian address, your password is your postcode. If your holding is registered to an overseas address, you should refer to the online meeting user guide for more information.

- 4 Proxyholders will need to obtain a username and password by contacting Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the Meeting. For further instructions on how to participate online please view the online meeting user guide at <http://www.computershare.com.au/virtualmeetingguide>.

Voting

There are a number of ways in which you can exercise your vote.

You can:

- 1 cast your vote before the Meeting electronically;
- 2 cast your vote online during the Meeting via the online meeting platform; or
- 3 appoint a proxy before the Meeting electronically or by submitting the Proxy Form provided with this Notice of Meeting.

Detailed instructions on the above options are set out in this Notice of Meeting.

Asking questions

We encourage you to submit questions in advance of the Meeting on any matter that may be relevant to the Meeting. You can do this by logging onto www.investorcentre.com, select 'Voting' then click 'Ask a Question', or alternatively by sending your question to the Company Secretary by email to InvestorRelations@capral.com.au

Questions will be collated and, during the Meeting, the Chair of the Meeting will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the Meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

Shareholders and proxy holders will also have the ability to listen to the discussion at the Meeting and ask questions during the Meeting via the online meeting platform.

You may vote by attending the AGM in person, virtually or by proxy (see below).

Resolutions 1, 2, and 4 are ordinary resolutions. Ordinary resolutions require the support of more than 50% of the votes cast by those shareholders voting in person, by proxy, by representative or by attorney. Resolution 3 is an advisory resolution which does not bind the Board however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Voting on each of the proposed resolutions at the AGM will be conducted by a poll, rather than on a show of hands.

Upon a poll, every person who is present in person or by proxy, or by representative or by attorney, will have one vote for each share held by that person.

The business of the AGM affects your shareholding and your vote is important. You may vote online, by proxy or personal representative.

VOTING ONLINE

You can cast your vote electronically either before the Meeting or during the Meeting as set out below.

Online voting before the Meeting

You can cast your vote before the Meeting at www.investorvote.com.au.

VOTING BY PROXY

A shareholder who is entitled to attend and vote at the AGM may appoint a person, who need not be a shareholder of Capral, as the shareholder's proxy to attend and vote on behalf of the shareholder.

If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you require a second proxy form, please contact Capral's share registry Computershare Investor Services Pty Limited on **1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia)**.

A proxy form accompanies this Notice. Should you wish to appoint a proxy, please complete the proxy form and return it (and any supporting documents attached) by no later than 10:00 am (Sydney time) on **Monday, 26 April 2021** by one of the following methods:

- » **online**, Lodge the Proxy Form online at www.investorvote.com.au and follow the prompts. To use the online lodgement facility, Shareholders will need their Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the Proxy Form.
- » **by mail** to Capral's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, VIC 3001, Australia (a reply paid envelope is enclosed with this Notice of Meeting); or
- » **by mail** to Capral's registered office, c/o Company Secretary, 71 Ashburn Road, Bundamba, QLD 4304, Australia or to Capral's share registry, Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney, NSW 2000, Australia; or
- » **by facsimile** to Capral's share registry, Computershare Investor Services Pty Limited, facsimile number: 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

The Chairman will vote undirected proxies in favour of all resolutions.

If you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, and the proxy form does not specify whether to vote "For", "Against" or "Abstain", your appointment will be taken as a direction to the Chairman to vote in accordance with his stated voting intention, which is to vote in favour of all resolutions.

Shareholders always have the ability to appoint the Chairman as their proxy and direct him to vote contrary to the Chairman's stated voting intention or to abstain from voting on a resolution.

The Chairman intends to vote any undirected proxy in favour of all resolutions including Resolution 3 (Adoption of Remuneration Report) and Resolution 4 (Issue of Share Rights and Shares to Anthony Dragicevich).

Appointment of other Key Management Personnel as your proxy

Due to the voting exclusions and requirements referred to in the Notice of Meeting, if you intend to appoint any other KMP or their Closely Related Parties as your proxy, you are encouraged to direct your proxy on how to vote on Resolution 3 (Adoption of Remuneration Report) and Resolution 4 (Issue of Share Rights and Shares to Anthony Dragicevich) by marking either "For", "Against" or "Abstain" on the proxy form for the relevant item of business.

Definitions

Closely Related Parties are any of the following people:

- » a spouse or child of KMP;
- » a child of KMP's spouse;
- » a dependent of KMP or KMP's spouse;
- » anyone else who is a member of KMP's family who may be expected to influence, or be influenced by the KMP, in the KMP's dealings with Capral; and
- » a company controlled by the KMP.

Key Management Personnel (KMP) are those people described as KMP, and whose remuneration details are included in, Capral's Remuneration Report for the financial year ended 31 December 2020 and includes all directors.

Remuneration Report means Capral's Remuneration Report included in the Directors' Report for the financial year ended 31 December 2020.

Attorney

If the appointment is signed by an attorney, the original power of attorney or a certified copy of it must be sent with the proxy form, unless it has been provided previously to Computershare Investor Services Pty Limited.

Corporate Representatives

A body corporate that is a shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. Such appointment must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as body corporate's representative.

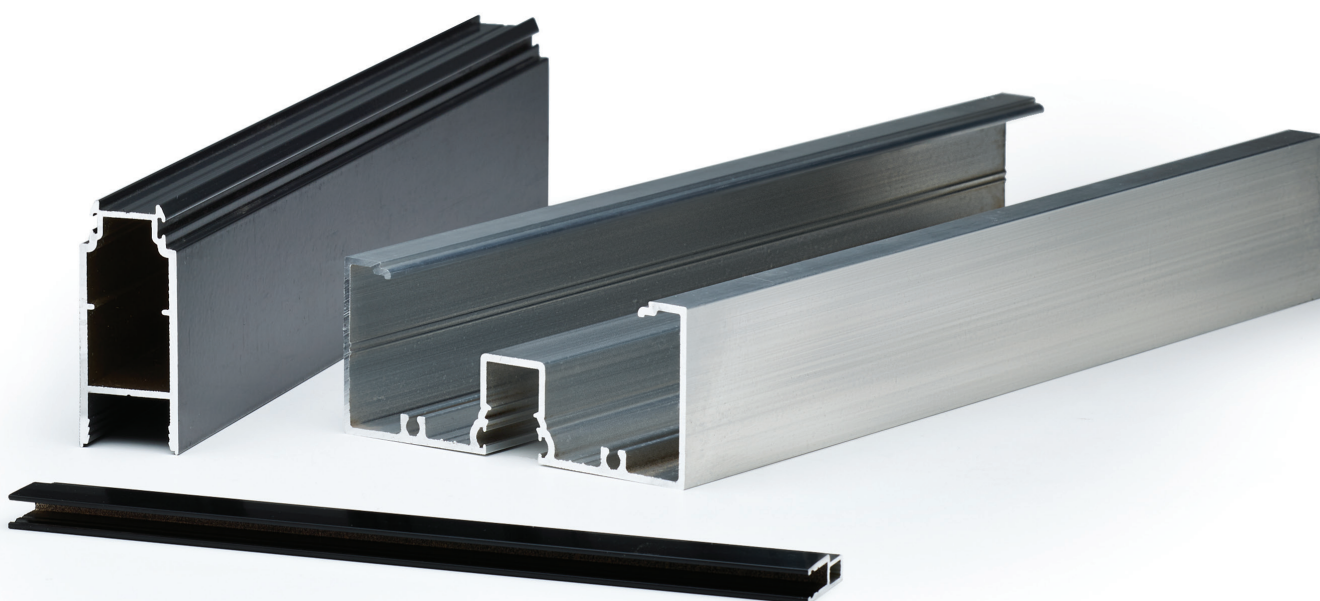
Shareholder Questions

If you wish a question to be put to the Chairman or the Auditor and you are not able to participate in the AGM, please send your question to the Company Secretary via Capral's share registry by one of the methods detailed above. To allow time to collate questions and prepare answers, questions are to be received by 5:00 pm (Sydney time) on **Wednesday 7 April 2021**. Questions submitted in writing to the Company Secretary will be put to the Chairman or Auditor at the Board's discretion. A list of questions for the auditor will be available at the AGM.

Technical difficulties

Technical difficulties may arise during the course of the Meeting. The Chair has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected.

Where they consider it appropriate, the Chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy not later than 48 hours before the commencement of the Meeting.



EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the AGM and forms part of the Notice of Meeting.

1&2 Statutory Reports and shareholder questions

The Financial Report, Directors' Report and Auditor's Report for Capral for the year ended 31 December 2020 will be laid before the AGM in accordance with section 317 of the Corporations Act.

The Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about those reports and about the management of Capral in accordance with section 250S of the Corporations Act. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report in accordance with section 250T of the Corporations Act.

3. Resolutions

Resolutions 1 and 2. Re-election of Directors

Article 70(a) of Capral's Constitution (which is consistent with ASX Listing Rule 14.4) provides that no director shall hold office for a continuous period in excess of 3 years or past the third AGM following the director's appointment, whichever is longer, without submitting for re-election. Article 70(b) provides that a retiring director is eligible for re-election without needing to give any prior notice of an interest to submit for re-election and shall hold office as a director until the end of the AGM at which the director retires.

Accordingly, at this AGM, Mr Rex Wood-Ward and Ms Katherine Ostin are obliged to retire in accordance with Article 70 and 68 of Capral's Constitution and Listing Rule 14.4 and are eligible for re-election. If shareholders do not approve the re-election of Mr Wood-Ward or Ms Ostin then they will cease to be directors at the end of the AGM.

Brief biographical details for each of Mr Wood-Ward and Ms Ostin are set out below and additional information is provided in Capral's 2020 Annual Report.

Mr Rex Wood-Ward

Mr Rex Wood-Ward was appointed as a non-executive director on 6 November 2008 and is Chairman of the Board and a member of the Audit & Risk and the Remuneration & Nomination Committees.

Mr Wood-Ward has over 45 years of international experience in general management, mergers and acquisitions, corporate strategy and structuring, including in manufacturing and distribution.

The Board considers Mr Wood-Ward to be independent and is confident that Mr Wood-Ward brings an independent judgement to bear on Board deliberations.

The Directors of Capral, with Mr Wood-Ward abstaining, unanimously support the re-election of Mr Wood-Ward.

Ms Katherine Ostin

Ms Katherine Ostin was appointed as a non-executive director of Capral on 17 June 2020. She is the Chair of the Audit & Risk Committee and is a member of the Remuneration & Nomination Committee.

The Board considers Ms Ostin to be independent.

Ms Ostin has diverse experience in Audit & Risk management having previously been the KPMG Audit and Assurance Partner responsible for a wide range of listed and unlisted companies. Ms Ostin currently holds board positions at Dusk Group Ltd, Swift Media Ltd and Eftpos Payments Australia Ltd where she also chairs the Audit & Risk Committees.

The Directors of Capral, with Ms Ostin abstaining, unanimously support the re-election of Ms Ostin.

Resolution 3. Adoption of Remuneration Report

The Remuneration Report (which forms part of the Directors' Report) sets out Capral's remuneration for Capral's KMPs.

Section 250R(2) of the Corporations Act requires that at a listed company's annual general meeting, a shareholders' resolution that the Remuneration Report be adopted be put to the vote.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM, in accordance with section 250SA of the Corporations Act.

Non-binding resolution on Remuneration Report

The resolution to adopt the Remuneration Report is advisory only and will not bind the directors or Capral, however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Resolution 4. Issue of Share Rights to Mr Anthony Dragicevich

Mr Dragicevich was appointed to the Board on 15 April 2013.

The Board values the contribution of Mr Dragicevich and considers it to be in the best interests of Capral to align Capral's Managing Director with the interests of shareholders and retain his services.

ASX Listing Rule 10.14 requires shareholder approval by ordinary resolution before a director can be issued securities under an employee incentive scheme.

Shareholder approval is sought for the issue of Share Rights to Mr Dragicevich under Capral's Long Term Incentive Plan 2021. Specific details of the proposed issue are set out below.

A **Share Right** is a right to be issued one Capral ordinary share (**Share**) for nil exercise price upon the satisfaction of certain vesting conditions. 1 Share Right converts into 1 Share upon vesting.

The Board, in its discretion, may satisfy some or all of the Share Rights by acquiring existing Shares rather than issuing new Shares.

Number of Share Rights and Issue Price

If Resolution 4 is passed, then, subject to obtaining shareholder approval, Capral will issue up to 86,400 Share Rights to Mr Dragicevich for nil consideration.

The Share Rights are subject to continuous service requirements and vesting criteria over a three-year performance period from 1 January 2021 to 31 December 2023.

Timing of grant and vesting

The grant date of the Share Rights will be on or about the date of shareholder approval, but in any event no later than 12 months after the AGM. The vesting date of the Share Rights will be 1 March 2024 (subject to satisfaction of the continuous service requirements and the vesting criteria).

Vesting conditions

Vesting of the Share Rights is subject to Mr Dragicevich remaining employed at Capral on the vesting date and the following performance hurdles:

- » 50% of the Share Rights are subject to an Earnings Per Share (EPS) performance condition; and
- » 50% of the Share Rights are subject to a Total Shareholder Return (TSR) performance condition.

EPS performance condition

An EPS target is set each year based on the Net Profit After Tax Target specified by the Board (adjusted for any extraordinary items approved by the Board) divided by the weighted average number of securities on issue during the year.

The Net Profit After Tax Target used for this condition is set at least at minimum Budget level. The Board may adjust EPS to exclude the effects of material business acquisitions or divestments and certain one-off items. Adjustments would be disclosed.

Performance is measured over three years and tested every year. For the Share Rights to vest, actual performance over the three-year performance period must meet, in aggregate, the three annual targets combined (even if the target in any individual year(s) is not met) as set out below:

EPS TARGET RANGE	% RIGHTS VESTING
More than 5% below target	None
5% below target	50
Between 5% below target to 10% above target	Between 50 and 100 (pro rata)
10% above target and higher	100

TSR performance condition

The TSR performance condition is measured against entities with ordinary shares and units (as the case may be) included in the S&P/ASX All Ordinaries Index as at 1 January 2020 but excluding those companies who are classified in the Global Industry Classification Standard sector number 40.

The number of Share Rights subject to the TSR performance condition which may vest will be determined by comparing Capral's TSR against the TSR of each member of this comparator group over the three year performance period from 1 January 2021 to 31 December 2023, and the percentile position of Capral within that comparator group as set out below:

PERCENTILE OF TSR	% RIGHTS VESTING
Less than 50th	None
50th	50
More than 50th less than 75th	Between 50 and 100 (pro rata)
75th and higher	100

Treatment of Share Rights on cessation of employment

The Share Rights will lapse on termination of Mr Dragicevich's employment except in special circumstances (such as death, permanent disability and redundancy) where the Board retains discretion, and then when determining the number of Share Rights that vest, having regard to his performance up until the termination date and the proportion of the unexpired performance period.

Clawback

The Board has discretion to forfeit some or all of the Share Rights and recover some or all Shares issued on vesting of the Share Rights in certain circumstances, including in the event of fraud, material misstatement or misrepresentation of Capral's financial results.

Dividend rights

Share Rights confer no rights to dividends or other distributions, or to participate in a new offer of shares unless and until the Share Rights have vested and Shares are issued by Capral.

Change of control

If there is a change of control, the Board has discretion to convert all or any Share Rights to Shares whether or not Performance Conditions have been met.

Other information

For the purposes of ASX Listing Rule 10.15, the following additional information is provided for shareholders.

- » As Mr Dragicevich is a Director of Capral, under Listing Rule 10.14.1, shareholder approval is required for Mr Dragicevich to acquire equity securities under the employee incentive scheme.
The proposed maximum number of Share Rights (and subsequently, the maximum number of Shares) that may be acquired by Mr Dragicevich under Capral's 2021 LTI Plan and for which shareholder approval is sought is 86,400 Share Rights.
- » Mr Dragicevich's current total remuneration package for FY20 comprises:
 - » a fixed base salary of A\$715,000 (including superannuation);
 - » a variable short-term incentive (bonus) of up to \$715,000, of which any amount above \$357,500 is to be comprised of deferred equity, which Capral may satisfy through the purchase of ordinary shares on-market as allowed under ASX Listing Rule 10.16 or through an issue after obtaining shareholder approval; and
 - » a variable long-term incentive of up to \$357,500 worth of Share Rights, the subject of this Resolution 4.
- » The following securities have been previously issued to Mr Dragicevich for nil average acquisition price under Capral's Long Term Incentive Plan:
 - » 102,670 Share Rights were issued to Mr Dragicevich under the 2020 scheme, following shareholder approval at the 2020 AGM. The acquisition price for those Share Rights was nil.
 - » 78,330 Share Rights were issued to Mr Dragicevich under the 2019 scheme, following shareholder approval at the 2019 AGM. The acquisition price for those Share Rights was nil.
 - » 73,330 Share Rights were issued to Mr Dragicevich under the 2018 scheme, following shareholder approval at the 2018 AGM. The acquisition price for those Share Rights was nil.

- » 67,670 Share Rights were issued to Mr Dragicevich under the 2017 scheme, following shareholder approval at the 2017 AGM. The acquisition price for those Share Rights was nil.
- » 83,330 Share Rights were issued to Mr Dragicevich under the 2016 scheme, following shareholder approval at the 2016 AGM. The acquisition price for those Share Rights was nil.
- » 83,330 Share Rights were issued to Mr Dragicevich under the 2015 scheme, following shareholder approval at the 2015 AGM. The acquisition price for those Share Rights was nil.
- » 66,670 Share Rights were issued to Mr Dragicevich under the 2014 scheme, following shareholder approval at the 2014 AGM. The acquisition price for those Share Rights was nil.
- » The Share Rights are not quoted on the ASX and carry no voting or dividend rights. Shares issued on vesting of the Share Rights will rank equally with fully paid ordinary shares on issue.
- » The Share Rights will be issued to Mr Dragicevich on or about the date of the AGM, but in any event no later than 12 months after the AGM.
- » The issue price for the Share Rights is nil and no money is payable by Mr Dragicevich for a Share on the vesting of a Share Right. Accordingly, no funds will be raised from the issue or conversion of the Share Rights.
- » No loans will be made in relation to the acquisition of the Share Rights or Shares by Mr Dragicevich.
- » Details of any securities issued under Capral's Long Term Incentive Plan will be published in Capral's annual report relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under Capral's Long Term Incentive Plan after this Resolution 4 is approved and who are not named in this notice of meeting, will not participate until approval is obtained under Rule 10.14.

A summary of the material terms of the Share Rights are included above in this Explanatory memorandum.

The Share Rights are being issued to incentivise Mr Dragicevich to deliver the Company's growth strategy and drive financial performance in the interests of shareholders. The Board is satisfied that Mr Dragicevich's remuneration arrangements are competitive relative to ASX market and industry peers.

- » The value that the Company attributes to the Share Rights being issued is \$375,500 and is calculated using the 12-month Volume Weighted Average Price (VWAP) on 1 January 2021.
- » A voting exclusion statement is set out under the wording of Resolution 4 in this notice of meeting.

Listing Rule 7.1 imposes a 15% cap on the number of equity securities that can be issued by Capral without approval of shareholders in any rolling twelve-month period. However, Capral can exclude from the calculation of the 15% limit any securities issued in reliance on an exception to Listing Rule 7.1 or with the approval of shareholders.

If Resolution 4 is passed, any Share Rights and any Shares issued on vesting of those rights will be excluded from the calculation of the 15% limit in reliance on Exception 14 in Listing Rule 7.2.

Accelerated vesting and potential termination benefit

As noted above, the Share Rights may vest on an accelerated basis in certain circumstances. The accelerated vesting of the Share Rights in these circumstances may be considered a retirement benefit.

Section 200B of the Corporations Act requires Capral to obtain shareholder approval before giving a benefit to a director in connection with the director's retirement from office unless the benefit falls within certain exceptions set out in the Corporations Act. A payment will only fall within those exceptions if the amount is less than a prescribed multiple of the director's base remuneration and if the nature of the payment falls within one of the categories set out in the Corporations Act. It is unlikely that these exemptions would apply.

Capral therefore seeks shareholder approval under section 200E of the Corporations Act to enable it to provide these benefits if it chooses.

The total value of the termination benefits that may accrue to Mr Dragicevich will depend on the market price of Capral Shares at the time the Share Rights vest.

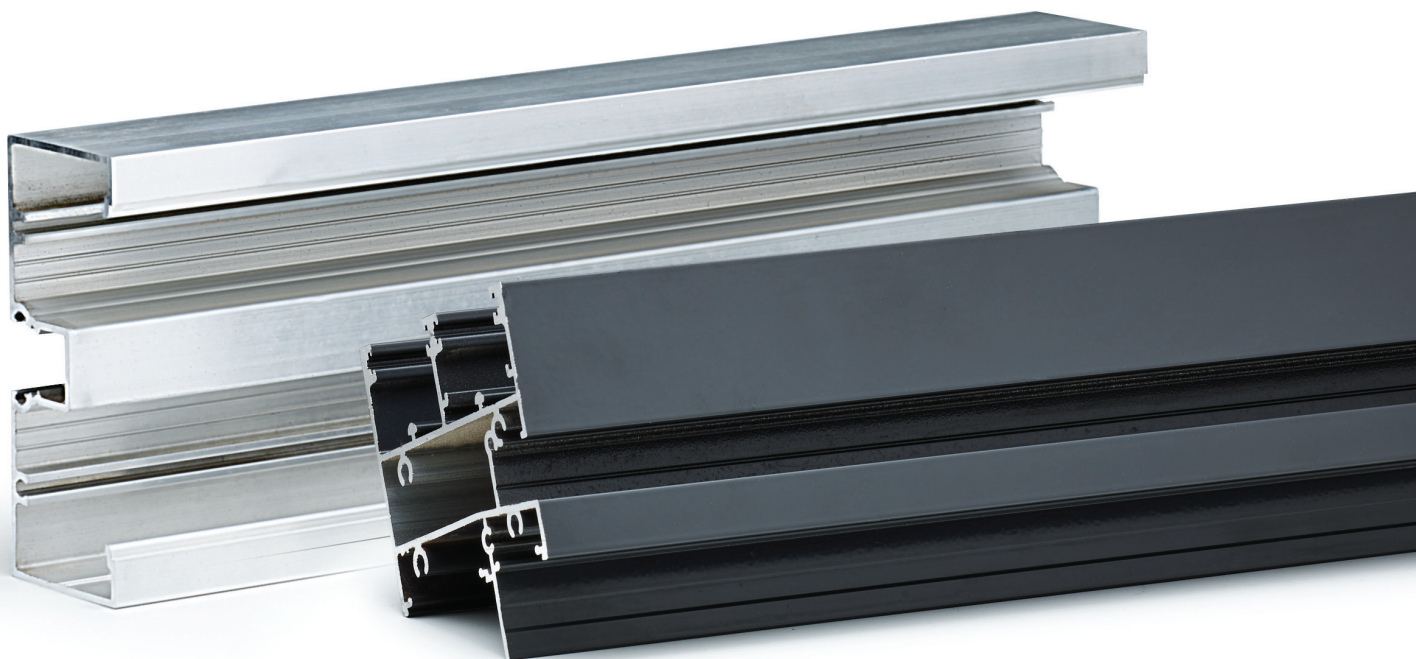
Effect of not approving issue of the Share Rights

If shareholders do not approve the proposed issue of Share Rights to Mr Dragicevich under Resolution 4, the proposed award of Share Rights to him will not proceed and the Board will need to consider alternative remuneration arrangements.

The Board considers it to be important for Capral to be able to offer the Share Rights to the Managing Director as they are in line with market practice and ensure that Capral can attract and retain the right talent and align Mr Dragicevich's interests with those of shareholders.

Director recommendation

The Board (with Mr Dragicevich abstaining) considers that the award of Share Rights to Mr Dragicevich is an appropriate incentive which is in the best interests of Capral and recommends that shareholders vote in favour of Resolution 4.





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