

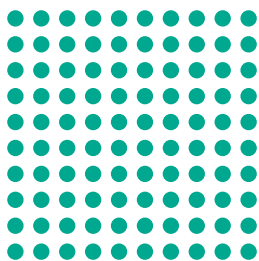
NOTICE OF

2023

Annual General Meeting
of Shareholders

CAPRAL LIMITED

ABN 78 004 213 692



Notice of 2023 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 (Sydney Time) on Thursday 27 April 2023 as a virtual meeting (Meeting)

BUSINESS

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 2022 will be presented for consideration.

The Reports are contained within Capral's 2022 Annual Report which can be accessed on Capral's website at: <https://www.capral.com.au/about-capral/general-information/annual-reports/>.

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 related 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 Xenia Delaney) a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the Independent Auditor Report or audit.

RESOLUTION 1. RE-ELECTION OF DIRECTOR – KATHERINE OSTIN

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

"That Katherine Ostin, who retires from the Board in accordance with article 69 of the Company's Constitution and ASX Listing Rule 14.5 and being eligible offers herself for re-election, be re-elected as a director."

RESOLUTION 2. ADOPTION OF REMUNERATION REPORT

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

"That, Capral's Remuneration Report, included in the Directors' Report for the financial year ended 31 December 2022, be adopted."

Voting Exclusion Statement

A vote on this Resolution 2 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 2022 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 Resolution 2 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 and specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- (b) the vote is cast by the Chair of the Meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair 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 2 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.

RESOLUTION 3. APPROVAL TO ISSUE SECURITIES UNDER THE CAPRAL LIMITED LONG TERM INCENTIVE PLAN

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

*"That, for the purposes of ASX Listing Rule 7.2 Exception 13(b) and for all other purposes, the Capral Limited Long Term Incentive Plan (**Plan**) as described in the Explanatory*

Memorandum accompanying and forming part of this Notice of Meeting be adopted and approved."

Voting Exclusion Statement

For the purposes of ASX Listing Rule 14.11 and the Corporations Act, the Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

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

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

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

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 3 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.

RESOLUTION 4. ISSUE OF SHARE RIGHTS AND SHARES TO MR ANTHONY DRAGICEVICH UNDER CAPRAL'S LONG TERM INCENTIVE PLAN

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

"That, the issue to Anthony Dragicevich of:

- (a) *up to 44,400 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 Resolution 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 and an associate of that person or those persons.

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:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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

24 March 2023

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 **Tuesday 25 April 2022**. 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 AGM Webinar:

From their computer, by entering the URL into their browser: <https://meetnow.global/M6CGVZL>; and

From their mobile device by entering the URL in their browser: <https://meetnow.global/M6CGVZL>

ACCESSING THE AGM WEBINAR

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

- (1) Enter <https://meetnow.global/M6CGVZL> 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 review the online meetings user guide at <http://www.computershare.com.au/virtualmeetingguide>

QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Auditor's Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit.

All shareholders will have a reasonable opportunity to ask questions during the AGM via the virtual AGM platform.

Shareholders who prefer to register questions in advance of the AGM are invited to do so. Please email any questions to the Company Secretary (InvestorRelations@capral.com.au) or please complete the enclosed shareholder question form and return to the Share Registry. To allow time to collate questions and prepare answers, please submit any questions by 5.00pm (Sydney time) 20 April 2023.

Questions received in advance by email or mail will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders. Shareholders will also have the opportunity to ask questions during the AGM via the AGM Webinar.





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 virtually at the AGM Webinar; 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.

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.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all resolutions. The Chair of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolution 1, 3 and 4 are ordinary resolutions, which require a simple majority of votes cast by Shareholders present and entitled to vote on the resolutions.

Resolution 2, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

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 Tuesday, 25 April 2023 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 lodgment 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 2 (Adoption of Remuneration Report), Resolution 3 (Approval to Issue Securities under the Capral Limited Long Term Incentive Plan) 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 2 (Adoption of Remuneration Report), Resolution 3 (Approval to Issue Securities under the Capral Limited Long Term Incentive Plan) 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 the KMP;
- a child of the KMP's spouse;
- a dependent of the KMP or the KMP's spouse;
- anyone else who is a member of the 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 2022 and includes all directors.

Remuneration Report means Capral's Remuneration Report included in the Directors' Report for the financial year ended 31 December 2022.

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.

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.

Statutory Reports and shareholder questions

The Financial Report, Directors' Report and Auditor's Report for Capral for the year ended 31 December 2022 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.

Resolutions

Resolution 1 – Re-Election of Director Katherine Ostin

ASX Listing Rule 14.5 provides that an entity must hold an election of directors at each annual general meeting. The Company's Constitution sets out the requirement for determining which Directors are to retire by rotation at an annual general meeting.

Katherine Ostin was appointed as a non-executive director of Capral on 17 June 2020 and was elected on 25 April 2021. Katherine retires by rotation and being eligible seeks re-election. If shareholders do not approve the re-election of Katherine Ostin, then she will cease to be director at the end of the AGM.

Katherine is an experienced company director and has significant experience in finance and accounting, audit, risk, governance, strategy and business development. She is currently a non-executive director of a diverse portfolio of both listed and non-listed companies and is Chair of their respective Audit & Risk Committees. Katherine has also previously served as a non-executive director for a number of not-for-profit entities. Ms. Ostin was a senior Partner in Audit Assurance & Risk Consulting with KPMG, holding various leadership roles over her 12 years as a Partner from 2005 to December 2017. In her 24 years with KPMG, Katherine has worked across a broad number of sectors in Australia, Asia, the US and the UK.

The Board has also considered whether Katherine Ostin has any interest, position or relationship that may interfere with each of her independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations

(4th edition). The Board considers that Katherine Ostin (if elected), will continue to be an independent Director.

Katherine Ostin is the Chair of the Audit & Risk Committee and is a member of the Remuneration & Nomination Committee. Prior to submitting herself for election, Katherine Ostin has confirmed that she would continue to have sufficient time to properly fulfil her duties and responsibilities to the Company.

The Board supports the election of Katherine Ostin as she will contribute to the Board significant experience in the areas of Audit and Risk.

For the reasons set out above, the Directors, with Katherine Ostin abstaining, unanimously recommend Shareholders vote in favour of Resolution 1.

Resolution 2. – 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 the section of the Directors' Report dealing with the remuneration of Directors and key management personnel (**KMP**) of the Company (**Remuneration Report**) be put to the vote of Shareholders for adoption by way of a non-binding vote.

Following consideration of the Remuneration Report, the Chair of the Meeting will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote.

Shareholders can view the full Remuneration Report in the Annual Report which is available on the Company's website at <https://www.capral.com.au/about-capral/general-information/annual-reports/>



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.

The Directors abstain, in the interests of good corporate governance, from making a recommendation in relation to Resolution 2.

Resolution – 3: Approval of Issue of Securities under the Capral Long Term Incentive Plan – Exception to Listing Rule 7.1

Resolution 3 seeks Shareholder approval to adopt the Capral Long Term Incentive Plan (**Long Term Incentive Plan or Plan**).

Capral established the Plan to reward its senior executives and eligible employees. Generally, under the Plan performance share rights are granted to senior executives and eligible employees. Each performance share right entitles the participant to one share in Capral, and each performance option entitles the participant to exercise the option, and acquire one share in Capral, at the time of vesting. Vesting is subject to meeting the conditions and financial considerations under the Plan.

The ASX Listing Rules

ASX Listing Rule 7.1 generally restricts listed companies from issuing more than 15% of their fully paid ordinary issued share capital in any 12 month period without shareholder approval.

However, there are exceptions to this restriction. Listing Rule 7.2, Exception 13(b) states that the general Listing Rule requirements for shareholder approval will not apply to an issue under an employee incentive scheme if, within three years before the date of the issue, shareholders approve the issue of securities under the scheme as an exception to the rule.

If the Capral Long Term Incentive Plan is approved by shareholders, issues under the Capral Long Term Incentive Plan over the next three years will fall under this ASX Listing Rule exception and will not affect the Company's ability to separately issue up to 15% of its total fully paid ordinary securities in any 12 month period (without having to obtain further shareholder approval). However, the exception does not apply to Directors and their associates, who are deemed related parties of the Company, and issues to such persons will require separate approval under Listing Rule 10.14.

The purpose of the Capral Long Term Incentive Plan

The Company has established a long term incentive plan to assist in the motivation, retention and reward of eligible employees.

The Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company.

Shareholder approval for the Plan has not been previously sought from Shareholders under ASX Listing Rule 7.2 (Exception 13(b)). Accordingly, this would be the first time that the Company has sought Shareholder approval for the Plan.

If approval is obtained from Shareholders, the maximum number of equity securities (as defined by the ASX Listing Rules) proposed to be issued under the Long Term Incentive Plan for the three years following the approval is 5% of the current number of fully paid ordinary shares on issue (which is 888,364 shares). The maximum number of equity securities is not intended to be a prediction of the actual number of equity securities to be issued under the Long Term Incentive Plan but is specified for the purposes of setting a ceiling on the number of equity securities approved to be issued under and for the purposes of ASX Listing Rule 7.2, Exception 13(b).

It is not envisaged that the maximum number of equity securities for which approval is obtained will be issued immediately or even at all.

A summary of the terms of the Plan is set out in Attachment A.

The Plan is designed to provide incentives to, and attract and retain, eligible employees, while aligning the interests of employees with the interests of shareholders.

The Directors consider that the Plan is a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as increased cash-based remuneration.

If shareholders do not approve the Plan, this may impact the Company's ability to incentivise eligible employees and align their interests with those of shareholders. The Board may need to consider alternative remuneration arrangements, which may not be consistent with the Company's remuneration principles, including cash payments.

An approval under this Resolution 3 is only available to the extent that:

- any issue of equity securities under the Plan does not exceed the maximum number of securities proposed to be issued as set out below; and
- there is no material change to the terms of the Plan.

For the purposes of ASX Listing Rule 7.2 Exception 13 the following information is provided:

- A summary of the terms of the Plan is set out in Attachment A.
- This is the first time that Shareholder approval is being sought for the adoption of the Plan.
- Subject to Shareholder approval, the maximum number of equity securities proposed to be issued under the Plan within the three-year period from the date this Resolution is approved is 888,364 equity securities. This maximum number is not intended to be a prediction of the actual number of equity securities proposed to be issued under the Plan.
- A voting exclusion statement is included in this Notice.

The Board (with Mr Dragicevich abstaining as he is eligible to participate in the Plan) recommend Shareholders vote in favour of Resolution 3.

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 2023. 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. Alternatively, the Board may determine to make a cash payment in lieu of the issue or transfer of Shares.

Number of Share Rights and Issue Price

If Resolution 4 is passed, then, Capral will issue up to 44,400 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 2023 to 31 December 2025.

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 3 years after the AGM. The vesting date of the Share Rights will be 1 March 2026 (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 Reange	% Rights Vesting
5% below target	50
More than 5% below target	None
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 2023 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 2023 to 31 December 2025, 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 the Plan and for which shareholder approval is sought is 44,000 Share Rights.
- Mr Dragicevich's current total remuneration package for FY23 comprises:
 - a fixed base salary of A\$747,500 (including superannuation);
 - a variable short-term incentive (bonus) of up to \$747,500, of which any amount above \$373,750 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 \$373,750 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:
 - 49,000 Share Rights were issued to Mr Dragicevich under the 2022 scheme, following shareholder approval at the 2022 AGM. The acquisition price for those Share Rights was nil.
 - 86,400 Share Rights were issued to Mr Dragicevich under the 2021 scheme, following shareholder approval at the 2021 AGM. The acquisition price for those Share Rights was nil.
 - 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 3 years 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 outlined 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 \$373,750 and is calculated using the 12-month Volume Weighted Average Price (**VWAP**) on 1 January 2023.
- 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.

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.



ATTACHMENT A

SUMMARY OF THE KEY TERMS OF THE CAPRAL LIMITED LONG TERM INCENTIVE PLAN

The terms of the Capral Long Term Incentive Plan are set out in the Plan Rules.

The Plan provides flexibility for the Company to grant options to acquire Shares, rights to acquire Shares and/or Shares as incentives (**Awards**), subject to the terms of individual offers.

A summary of the key terms of the Plan is set out in the table below.

Term	Description
Eligibility	<p>The Board has the discretion to determine which employees are eligible to participate in the Plan, and the number and type of Awards that they will be offered (Plan Eligible Employee).</p> <p>The definition of employee under the Plan rules includes any permanent employee (either full-time or part-time) or a director of the Group or any other person whom the Board determines to be eligible to participate in the Plan.</p>
Awards	<p>The Board has the discretion to set the terms and conditions on which it will offer Awards under the Plan.</p> <p>The Board may determine that the Awards will be subject to performance, service, or other conditions which must be satisfied or waived before the Award vests (Vesting Conditions) and, if so, will specify those Vesting Conditions in the invitation to each Plan Eligible Employee.</p> <p>In addition, the Board may determine that Awards in the form of options or rights will be subject to further conditions which must be satisfied or waived before vested options or rights may be exercised (Exercise Conditions).</p> <p>The Board may, at its discretion, vary, reduce or waive any Vesting Conditions and/or Exercise Conditions attaching to Awards at any time, subject to applicable law.</p>
Acquisition price	<p>The grant of Awards under the Plan may be subject to the payment of an acquisition price by the participant as determined by the Board, or otherwise Awards may be granted at no cost to the participant.</p>
Exercise price	<p>The exercise of Awards in the form of options or rights may be subject to payment of an exercise price by the participant as determined by the Board.</p>
Shares as an Award or on vesting of an Award	<p>Shares granted under the Plan or issued or transferred on the exercise of options or rights will rank equally in all respects, and carry the same rights and entitlements, as other issued Shares, including dividend and voting rights.</p>
Vesting of Shares	<p>Shares granted under the Plan which have not been forfeited under the Plan will vest if and when any applicable Vesting Conditions have been satisfied or waived by the Board.</p>
Vesting and exercise of options and rights	<p>Awards which have not lapsed under the Plan will vest if and when any applicable Vesting Conditions have been satisfied or waived by the Board. However, vested options or rights will not become exercisable until any applicable Exercise Conditions have been satisfied or waived by the Board.</p> <p>Following the valid exercise of an option or right, the Company will issue or arrange the transfer of such number of Shares to the participant that relate to the option or right being exercised. Alternatively, the Board may determine to make a cash payment in lieu of the issue or transfer of Shares.</p>

Term	Description
Forfeiture / lapse of Awards	<p>Unless otherwise determined by the Board, a Share granted under the Plan will be forfeited, and an option or right will lapse, in certain circumstances including:</p> <ul style="list-style-type: none"> • where the Board determines that any Vesting or Exercise Condition applicable to the Award cannot be satisfied; • in the case of an option or right, on the Expiry Date applicable to the option or right; • in certain circumstances if the participant's employment is terminated (see 'Cessation of employment' below); • if the Board determines that the Award is liable to clawback (see 'Clawback and malus' below) • if the Board determines that the Award will be forfeited or lapse in the event of a change of control in respect of the Company; and • where the participant purports to dispose of the Award, or enter into any arrangement in respect of the Award, in breach of any disposal or hedging restrictions.
Participation rights of options and rights	<p>Options and rights do not confer the right to participate in new issues of Shares or other securities in the Company.</p> <p>However, subject to the Listing Rules, the Plan provides for adjustments to be made to the number of Shares which a participant would be entitled on the exercise of options or rights or the exercise price (if any) of the options or rights in the event of a bonus issue or pro-rata issue to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) or a reorganisation of capital.</p>
Restrictions	<p>Awards may not be sold, transferred, mortgaged, pledged, charged, granted as security or otherwise disposed of, without the prior approval of the Board, or unless required by law.</p> <p>Participants must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any unvested Shares, or options or rights.</p>
Quotation	<p>Awards, except Shares, will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the Listing Rules.</p>
Cessation of employment	<p>The Board has discretion to determine, subject to compliance with applicable law, the treatment of an Award if a participant ceases to be employed by a Group Company prior to the vesting or exercise of an Award, or an Award ceasing to be subject to any disposal restrictions as a term of the invitation or at the time of cessation.</p>
Clawback and malus	<p>The Plan provides the Board with broad clawback powers. If, for example, the Board becomes aware of a material misstatement in the Company's financial statements, that a participant has committed an act of fraud, negligence or gross misconduct or failed to comply in a material respect with any restrictive covenant or that some other event has occurred which, as a result, means that a participant's Award should be reduced or extinguished, or should not vest, then the Board may clawback or adjust any such Award at its discretion to ensure no unfair benefit is derived by the participant.</p>
Change of control	<p>If a change of control event occurs with respect to the Company, the Board may determine, in its discretion, the manner in which all unvested Shares, or options or rights, will be dealt with.</p>



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