



redflow

Redflow Limited
ACN 130 227 271

Notice of Annual General Meeting

to be held on

Date: Thursday, 23 November 2023

Time: 10.00am (Brisbane time)/ 11.00am (AEDT)

Place: The Jindalee Hotel
Sinnamon Road
Jindalee, Queensland 4074

This is an important document and requires your attention.

If you are in any doubt about how to deal with this document, please consult your legal, financial or other professional advisor.

Notice of Annual General Meeting

Notice is given that an Annual General Meeting (**AGM**) of Redflow Limited ACN 130 227 271 (**Redflow**) will be held at **10.00am (Brisbane time)** (11.00am AEDT) on **Thursday, 23 November 2023** at The Jindalee Hotel, Sinnamoon Road, Jindalee, Queensland 4074.

Agenda

Ordinary Business

1 Financial statements and reports

To receive and consider the Financial Report, Directors Report and Independent Auditor's Report for Redflow and its controlled entities for the financial year ended 30 June 2023.

2 Resolution 1 – Adoption of the Remuneration Report

To consider and if thought fit, to pass the following resolution as a non-binding ordinary resolution under section 250R(2) of the Corporations Act:

'That the Remuneration Report for the year ended 30 June 2023 is hereby adopted.'

- Notes:**
- (1) *This resolution is advisory only and does not bind Redflow or the Directors.*
 - (2) *If 25% or more of votes that are cast are voted against the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which all of Redflow's Directors (other than the Managing Director) must stand for re-election.*

3 Resolution 2 – Election of Adele Fraser as Director

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

'That, Adele Fraser, who was appointed to the Board to fill a casual vacancy on 23 February 2023 and who retires in accordance with clause 17.8 of Redflow's Constitution, and being eligible, be elected as a Director of Redflow.'

4 Resolution 3 – Approval of Enhanced Placement Capacity

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

'That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of such a number of shares equal to up to 10% of the issued capital of Redflow, at the time of the issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and as described in the Explanatory Memorandum accompanying the Notice of Meeting.'

Director remuneration

5 Resolution 4 - Approval for grant of performance rights to Managing Director

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

'That for the purpose of ASX Listing Rule 10.14, section 200E of the Corporations Act and for all other purposes, approval be given for the grant of 1,000,000 performance rights to Timothy Harris, in accordance with the terms and conditions of Redflow's Performance Rights Plan and as described in the Explanatory Memorandum accompanying the Notice of Meeting.'

Voting exclusion notes

Resolution 1 - Adoption of Remuneration Resolution

Redflow will disregard and not count any votes cast (in any capacity) on Resolution 1 by or on behalf of either or both the following persons:

- (a) a member of Redflow's Key Management Personnel; or
- (b) a Closely Related Party of a member of Redflow's Key Management Personnel, unless:
- (c) the person:
 - (i) does so in relation to a resolution where they hold a Directed Proxy; or
 - (ii) is the Chairman of the meeting and is expressly authorised to exercise the proxy even though the resolution is a Remuneration Resolution; and
- (d) the vote is not cast on behalf of a person described in paragraphs (a) and (b) above.

Resolution 3 – Approval of Enhanced Placement Capacity

If at the time the approval is sought Redflow is proposing to make an issue of equity securities under ASX Listing Rule 7.1A.2, Redflow will disregard any votes cast in favour of this Resolution by or on behalf of any person (or any associates of such a person) who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in Redflow).

However, this does not apply to a vote cast in favour of a resolution 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 Chairman 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 Chairman to vote on the resolution as the Chairman decides;
 - (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.
-

**Resolution 4–
Approval for grant
of performance
rights to Managing
Director**

Redflow will disregard any votes cast in favour of this Resolution by or on behalf of a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Performance Rights Plan or any associate of those persons. However, this does not apply to a vote cast in favour of a resolution 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 Chairman 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 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 addition, pursuant to section 250BD of the Corporations Act, Redflow's Key Management Personnel and their Closely Related Parties are not permitted to cast a vote as a proxy for another person who is permitted to vote, unless:

- (a) the proxy holds a Directed Proxy; or
- (b) the proxy is the Chairman of the Meeting and he is expressly authorised to exercise the proxy even though the resolution is a Remuneration Resolution.

Further, pursuant to section 200E(2A) of the Corporations Act, a vote on the Resolution must not be cast (in any capacity) by the Managing Director or any of his associates. However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the resolution; and
- (b) it is not cast on behalf of the person or an associate of that person.

Dated: 24 October 2023

By order of the Board

**Trudy Walsh
Company Secretary**



Notes

- 1 The Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the share register at 7pm (Sydney time) 21 November 2023. Accordingly, those persons are entitled to attend and vote at the Annual General Meeting.
- 2 If you are eligible, you may vote by attending the Annual General Meeting or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.
- 3 To vote by proxy, please complete, sign and return the **enclosed** proxy form in accordance with the following instructions. If you require an additional proxy form, Redflow will supply it on request.
- 4 A member who is entitled to vote at the Annual General Meeting, may appoint one proxy if the member is only entitled to one vote or one or two proxies if the member is entitled to more than one vote. A proxy need not be a member of Redflow.
- 5 Where the member appoints 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

- 6 The proxy form must be signed by the member or the member's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.
- 7 To be effective, the proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by Boardroom Pty Ltd (**Share Registry**) at least 48 hours before the time for holding of the Annual General Meeting or any adjourned meeting (or such lesser period as the Directors may permit):
- (a) By mail c/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001
 - (b) By facsimile to (02) 9290 9655 (within Australia) or +61 2 9290 9655 (outside Australia).
- 8 Any proxy form received after this deadline will be treated as invalid.
- 9 Each resolution will be conducted by a poll. Redflow considers voting by poll to be in the interests of members as a whole and ensures the views of as many members as possible are represented at the Annual General Meeting.
- 10 A member of Redflow's Key Management Personnel or their Closely Related Party must not, whether in person or by proxy, in their own right vote on the adoption of the Remuneration Report in Resolution 1.
- 11 A person appointed as proxy may vote or abstain from voting as he or she thinks fit except in the following circumstances:
- (a) the proxy holds a Directed Proxy;
 - (b) where the proxy is voting in relation to a Remuneration Resolution and the proxy is either a Redflow Key Management Personnel or a Closely Related Party and holds an Undirected Proxy; or
 - (c) the proxy is required by law or Redflow's constitution to vote in a certain manner or abstain from voting.
- 12 If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your Undirected Proxy in accordance with his intentions set out below.
- 13 The Chairman intends to vote all Undirected Proxies in favour of all resolutions.
- 14 The following definitions apply in this document:

Closely Related Party means the closely related parties of Key Management Personnel as defined in the Corporations Act, and includes certain members of their family, dependants and companies they control.

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

Directed Proxy means a proxy form which specifies how the proxy is to vote.

Key Management Personnel of Redflow are the Directors of Redflow and those other persons having authority and responsibility for planning, directing and controlling the activities of Redflow, directly or indirectly. The Remuneration Report identifies Redflow's key management personnel for the financial year to 30 June 2023.

Remuneration Resolution means a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel and includes Resolutions 1 and 4 in this Notice of Meeting.

Shareholder means a holder of shares in Redflow.

Undirected Proxy means a proxy form which does not specify how the proxy is to vote.

Explanatory Memorandum

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of the resolutions to be put to the Annual General Meeting to be held on Thursday, 23 November 2023. This Explanatory Memorandum should be read with, and form part of, the accompanying Notice of Annual General Meeting.

1 Financial statements and reports

The Redflow Limited 2023 Annual Report (which includes the Financial Report, the Directors Report and the Independent Auditor's Report) will be presented to the Annual General Meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman of the Annual General Meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the management of Redflow. Shareholders will be given a reasonable opportunity to ask the Independent Auditor questions about the conduct of the audit and the content of the Auditor's Report.

Shareholders are requested to ask any general question they have in relation to the management or operation of Redflow at this time as there will be no general question time at the end of the Meeting.

2 Resolution 1 – Adoption of the Remuneration Report for the year ended 30 June 2023

The Remuneration Report of Redflow for the financial year ended 30 June 2023 is set out in Redflow's 2023 Annual Report.

The Remuneration Report sets out Redflow's remuneration arrangements for Directors, including the Managing Director and Redflow's Key Management Personnel. The Chairman of the Annual General Meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report at the Annual General Meeting. The resolution is advisory only and does not bind Redflow or its Directors. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Annual General Meeting when reviewing Redflow's remuneration policies.

A voting exclusion applies to Key Management Personnel and their Closely Related Parties in certain circumstances – please see the voting exclusion in the notes to Resolution 1.

Under the Corporations Act, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill' resolution) that another meeting be held within 90 days at which all of Redflow's Directors (other than the Managing Director) must stand for re-election.

As the Directors have a personal interest in the proposed Resolution 1, they make no recommendations as to how Shareholders should vote on the Resolution.

3 Resolution 2 – Election of Adele Fraser as Director

3.1 Background

3.2 Rule 17.8 of Redflow's Constitution states the Board have the power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. That Director will hold office until the end of the next annual general meeting of the Company when the Director may be re-elected. **Election of Adele Fraser**

Ms Fraser was appointed to fill a casual vacancy as a Non-Executive Director on 23 February 2023. Ms Fraser retires at the conclusion of the forthcoming Annual General Meeting and being eligible,

offers herself for election. Ms Fraser is the General Manager Finance at Australian Naval Infrastructure and prior to that held management positions at PwC, initially in South Africa and later in Australia.

Ms Fraser has an honours degree in Financial Reporting, Auditing, Taxation and Management Accounting, and a Graduate Diploma of Chartered Accounting. She is a Fellow of Chartered Accountants Australia and New Zealand (FCA) and a Graduate of the Australian Institute of Company Directors (GAICD).

Ms Fraser currently serves as the Chair of Redflow's Audit and Risk Committee.

The Board supports the election of Ms Fraser. The Board considers that her appointment will enhance the desired skills and experience of the Board as outlined in the adopted Board Skills Matrix.

The Board considers Ms Fraser to be an independent director.

The Directors (with Ms Fraser abstaining) unanimously recommend that Shareholders vote in favour of this Resolution.

4 Resolution 3 – Approval of Enhanced Placement Capacity

4.1 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables eligible entities to issue shares up to 10% of their issued share capital through placements over a 12-month period after the Annual General Meeting (**Enhanced Placement Capacity**). This Enhanced Placement Capacity is in addition to Redflow's 15% placement capacity under ASX Listing Rule 7.1 (**15% Placement Capacity**).

Redflow is an eligible entity for the purposes of ASX Listing Rule 7.1A. Redflow has a market capitalisation of less than \$300 million and is not included in the S&P ASX 300 Index.

Resolution 3 seeks Shareholder approval for Redflow to continue to have Enhanced Placement Capacity to issue equity securities without Shareholder Approval. Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders attending the meeting and eligible to vote (in person, online, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

If approved, the effect of Resolution 3 will be to allow the Directors to issue shares under the Enhanced Placement Capacity pursuant to ASX Listing Rule 7.1A during the Enhanced Placement Period without Shareholder approval in addition to Redflow's 15% Placement Capacity.

If Resolution 3 is not passed, Redflow will not be able to issue shares under the Enhanced Placement Capacity pursuant to ASX Listing Rule 7.1A and will remain subject to the 15% Placement Capacity limit on issuing shares without Shareholder approval set out in ASX Listing Rule 7.1.

4.2 Calculation of the Enhanced Placement Capacity

The actual number of shares that Redflow will have capacity to issue under the Enhanced Placement Capacity will be calculated at the date of issue of the shares in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, being:

(A x D) – E

Where:

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

- (i) plus the number of fully paid ordinary securities issued in the 12 months under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- (ii) plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - (A) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (B) the issue of, or agreement to issue the convertible securities was approved, or taken under these rules to have been approved under ASX Listing Rules 7.1 or 7.4;
- (iii) plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
 - (A) the agreement was entered into before the commencement of the relevant period; or
 - (B) the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rules 7.1 or 7.4;
- (iv) plus the number of any other fully paid ordinary securities issued in the Relevant Period with approval under ASX Listing Rules 7.1 or 7.4;
- (v) plus the number of any other fully paid ordinary securities that became fully paid in the relevant period; and
- (v) less the number of fully paid ordinary securities cancelled in the last 12 months.

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

D is 10%

E the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the last 12 months immediately preceding the date of issue of the shares where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4.

4.3 Minimum Issue Price

The issue price of shares issued under the Enhanced Placement Capacity will not be less than 75% of the volume weighted average price of shares in the same class calculated over the 15 trading days immediately before:

- (a) the date on which the price at which the shares are to be issued is agreed by Redflow and the recipient of the shares; or
- (b) if the shares are not issued within 10 trading days of the date in paragraph 4.3(a) above, the date on which the shares are issued.

4.4 Enhanced Placement Period

Shareholder approval of the Enhanced Placement Capacity is valid, and shares will only be issued, from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained (which is expected to be 23 November 2023);
- (b) the time and date of Redflow's next annual general meeting; or
- (c) the time and date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(Enhanced Placement Period).

4.5 Dilution of existing Shareholders

(a) ***Dilution risks***

If Resolution 3 is approved by Shareholders and Redflow issues shares under the Enhanced Placement Capacity, the existing Shareholders' voting power in Redflow will be diluted as shown in the below table.

(b) ***Economic risks***

There is a risk that:

- the market price for Redflow's shares may be significantly lower on the date of the issue of the shares than on the date of this Annual General Meeting; and
- the shares may be issued at a price that is at a discount to the market price for Redflow's shares on the issue date.

If shares are issued at a discount to the net tangible asset value per share (**NTA**) there may be a negative impact on NTA.

(c) ***Potential dilution of existing ordinary Shareholders***

The below table shows the dilution of existing Shareholders on the basis of the market price of shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at 6 October 2023. The table also shows:

- two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities Redflow has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		\$0.10 50% decrease in issue price	\$0.20 issue price	\$0.40 100% increase in issue price
Current Variable A 236,874,977 shares	10% voting dilution	23,687,498	23,687,498	236,687,498
	Funds raised	\$2,368,750	\$4,737,500	\$9,474,999
50% increase in Variable A 355,312,466 shares	10% voting dilution	35,531,247	35,531,247	35,531,247
	Funds raised	\$3,553,125	\$7,106,249	\$14,212,499
100% increase in Variable A 473,749,954 shares	10% voting dilution	47,374,995	47,374,995	47,374,995
	Funds raised	\$4,737,500	\$9,474,999	\$18,949,998

Notes

The table has been prepared on the following assumptions:

- (a) Redflow issues the maximum number of shares available under the Enhanced Placement Capacity.
- (b) 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%.
- (c) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Enhanced Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (d) The table shows only the effect of issues of shares under ASX Listing Rule 7.1A, not under the 15% Placement Capacity under ASX Listing Rule 7.1.
- (e) The issue price is \$0.20, being the closing price of the shares on ASX on 6 October 2023.
- (f) The number of shares on issue is 236,874,977 being the number of shares on issue as at 6 October 2023.

4.6 Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the Enhanced Placement Capacity as follows:

- (a) Redflow may issue shares under the Enhanced Placement Capacity for cash consideration in order to provide additional funding to support Redflow's activities, for example, funds raised may be applied towards operating costs and overheads, additional machinery and equipment purchases, additional inventory or research and development.
- (b) Redflow's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Enhanced Placement Capacity. The identity of the allottees of shares will be determined on a case-by-case basis having regard to factors including but not limited to the following:
 - (i) the methods of raising funds that are available to Redflow, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the shares on the control of Redflow;
 - (iii) the financial situation and solvency of Redflow; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).

- (c) The allottees under the Enhanced Placement Capacity have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new shareholders who are not related parties or associates of a related party of Redflow.

4.7 Shareholder Approval previously obtained under ASX Listing Rule 7.1A

Redflow obtained Shareholder approval under ASX Listing Rule 7.1A at Redflow's last Annual General Meeting held on 24 November 2022.

4.8 Information required under ASX Listing Rule 7.3A.6

Redflow has not issued or agreed to issue shares under Listing Rule 7.1A.2 in the 12 months preceding the date of the Annual General Meeting.

4.9 Voting Exclusion Statement – ASX Listing Rule 7.3A.7

A voting exclusion statement is included in the Notice of Meeting. However, at the date of the Notice of Meeting, Redflow has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the shares. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

The Directors believe that Resolution 3 is in the best interests of Redflow and unanimously recommend that Shareholders vote in favour of this Resolution.

5 Resolution 4 – Approval for grant of performance rights to Managing Director

5.1 Remuneration policy

Redflow's performance depends upon the quality of its executives. Their compensation structure is designed to strike an appropriate balance between fixed and variable remuneration, rewarding capability and experience and providing recognition for contribution to Redflow's overall goals and objectives.

In deciding the remuneration and incentives of Tim Harris, the CEO and Managing Director, the Board considers that there should be an appropriate mix of remuneration comprising cash and securities to link his remuneration to the financial performance of Redflow.

Equity-based incentives consistent with Redflow's remuneration policy better aligns the performance of the Managing Director and Board with Redflow's financial performance. The Board also believes that an equity-based remuneration component helps it to attract and retain the best executives.

The Directors consider the remuneration policy to be a sensible and well-balanced policy which allows them to adjust the remuneration mix appropriately to Redflow's changing circumstances.

5.2 Disclosure of Director remuneration

Details of the nature and amount of remuneration of each Director is disclosed annually in Redflow's Remuneration Report contained in its Annual Report.

5.3 ASX Listing Rule requirements

ASX Listing Rule 10.14 provides that a listed company must not permit a director to acquire equity securities under an employee incentive scheme without shareholder approval.

As Tim Harris is the Managing Director of the Company, the proposed grant of performance rights under the Company's Performance Rights Plan (**Plan**) falls within ASX Listing Rule 10.14.1. Resolution 4 seeks the required approval of the Shareholders under and for the purposes of ASX Listing Rule 10.14.

If approval is given under ASX Listing Rule 10.14, Redflow will be able to grant the performance rights to Tim Harris and approval will not be required under ASX Listing Rule 7.1.

If Resolution 4 is not passed, Redflow will not be able to grant the equity securities to Mr Tim Harris.

If this occurs, Redflow intends to re-negotiate a replacement long term incentive opportunity with the Managing Director which could include the re-negotiation of the amount, terms and form of the long term incentive.

5.4 Corporations Act requirements

Section 200B of the Corporations Act requires shareholder approval by ordinary resolution, and in accordance with the provisions of section 200E of the Corporations Act, in order to access the exemption from the prohibition on a company giving a person a benefit in connection with that person's retirement from an office or employment in that company where that person is, or was in the three years prior to his or her retirement, in a managerial or executive office in that company.

Where the Managing Director ceases employment with the Company, the Performance Rights will immediately lapse. However, the Board retains a discretion to determine a different treatment for the Performance Rights on cessation of employment.

The Board has not determined whether it will exercise its discretion or, in what circumstances, it may exercise its discretion or what conditions it might require. But the Board considers that it should have the flexibility to exercise its discretion in the appropriate circumstances in the interests of the Company.

An exercise of the Board's discretion may result in the Company providing a benefit to the Managing Director in connection with his retirement from office. The value of that benefit cannot be determined in advance, as many of the factors that will or are likely to affect that value (such as the Company's share price) will not be known until the benefit is decided to be given (if at all). Shareholder approval is sought for the provision of such a benefit which may arise in the circumstances described above.

Shareholder approval under Chapter 2E of the Corporations Act (related party benefits) is not required because the issue of Performance Rights is considered to be reasonable remuneration and falls within the exception to the requirement for shareholder approval.

5.5 Proposed Grant

It is proposed to seek shareholder approval for the grant a total of 1,000,000 Performance Rights to Tim Harris.

Mr Harris has been the CEO since late March 2018. He has guided Redflow through its transformation from an R&D organisation into a commercially focused sales and marketing entity with a quality manufacturing facility in Thailand and significant existing and potential sales opportunities in Australia, the USA and in other countries. The Board believes that it is essential that Tim remains with Redflow for the foreseeable future and that it is appropriate to seek shareholder approval for the award of Performance Rights a part of his remuneration package.

The award which will comprise 3 tranches, as follows:

Tranche	Number of Performance Rights	Vesting Conditions												
Tranche 1	Up to 500,000	<p>Loyalty – Provided that Mr Harris has remained continuously employed as Chief Executive Officer (or such other executive position as determined by the Board) of Redflow at each Loyalty Testing Date, Performance Rights will vest as follows:</p> <table border="1" data-bbox="676 461 1406 804"> <thead> <tr> <th>Loyalty Testing Date</th> <th>Percentage of Performance Rights that vest</th> <th>Number of Performance Rights that vest (on a pre-consolidation basis)</th> </tr> </thead> <tbody> <tr> <td>30 June 2024</td> <td>40%</td> <td>200,000</td> </tr> <tr> <td>30 June 2025</td> <td>30%</td> <td>150,000</td> </tr> <tr> <td>30 June 2026</td> <td>30%</td> <td>150,000</td> </tr> </tbody> </table> <p>Any Performance Rights that have not vested under this Vesting Condition by the relevant Loyalty Testing Date, will lapse and be cancelled.</p>	Loyalty Testing Date	Percentage of Performance Rights that vest	Number of Performance Rights that vest (on a pre-consolidation basis)	30 June 2024	40%	200,000	30 June 2025	30%	150,000	30 June 2026	30%	150,000
Loyalty Testing Date	Percentage of Performance Rights that vest	Number of Performance Rights that vest (on a pre-consolidation basis)												
30 June 2024	40%	200,000												
30 June 2025	30%	150,000												
30 June 2026	30%	150,000												
Tranche 2	Up to 250,000	<p>Operational KPIs – The Performance Rights vest as follows if the following conditions are satisfied:</p> <p>(a) Mr Harris has remained continuously employed as Chief Executive Officer (or such other executive position as determined by the Board) of Redflow until 30 June 2026 (Service Condition); and</p> <p>(b) agreed operational key performance indicators (KPIs) are satisfied on the following Testing Dates:</p> <table border="1" data-bbox="738 1236 1461 1489"> <thead> <tr> <th>Tranche</th> <th>Number of Performance Rights</th> <th>Testing Date</th> </tr> </thead> <tbody> <tr> <td>Tranche A</td> <td>100,000</td> <td>30 June 2024</td> </tr> <tr> <td>Tranche B</td> <td>75,000</td> <td>30 June 2025</td> </tr> <tr> <td>Tranche C</td> <td>75,000</td> <td>30 June 2026</td> </tr> </tbody> </table> <p>Any Performance Rights that do not vest on their relevant Testing Date will be re-tested at the following Testing Date based on the KPIs for that next Testing Date.</p> <p>For the avoidance of doubt, no Performance Right in this Tranche can be exercised until 1 July 2026.</p> <p>Any Performance Rights that have not vested under this Vesting Condition by the final Testing Date of 30 June 2026, will lapse and be cancelled.</p>	Tranche	Number of Performance Rights	Testing Date	Tranche A	100,000	30 June 2024	Tranche B	75,000	30 June 2025	Tranche C	75,000	30 June 2026
Tranche	Number of Performance Rights	Testing Date												
Tranche A	100,000	30 June 2024												
Tranche B	75,000	30 June 2025												
Tranche C	75,000	30 June 2026												

Tranche 3	Up to 250,000	<p>Market Capitalisation Target – The Performance Rights vest as follows if the following conditions are satisfied:</p> <p>(a) the Service Condition; and</p> <p>(b) the relevant Market Capitalisation Target is achieved during the Performance Period as set out below:</p> <table border="1" data-bbox="715 474 1422 819"> <thead> <tr> <th>RFX Market Capitalisation Target*</th> <th>Performance Period</th> <th>Number of Performance Rights that vest (on a pre-consolidation basis)</th> </tr> </thead> <tbody> <tr> <td>A\$110m or greater</td> <td rowspan="3">1 July 2023 to 30 June 2026</td> <td>100,000</td> </tr> <tr> <td>A\$170m or greater</td> <td>75,000</td> </tr> <tr> <td>A\$250m or greater</td> <td>75,000</td> </tr> </tbody> </table> <p><i>* The Market Capitalisation Target is the total market capitalisation of Redflow and its subsidiaries over any 20 consecutive trading days during the Performance Period.</i></p> <p>For the avoidance of doubt, no Performance Right in this Tranche can be exercised until 1 July 2026. Any Performance Rights that have not vested under this Vesting Condition by 30 June 2026 will lapse and be cancelled.</p>	RFX Market Capitalisation Target*	Performance Period	Number of Performance Rights that vest (on a pre-consolidation basis)	A\$110m or greater	1 July 2023 to 30 June 2026	100,000	A\$170m or greater	75,000	A\$250m or greater	75,000
RFX Market Capitalisation Target*	Performance Period	Number of Performance Rights that vest (on a pre-consolidation basis)										
A\$110m or greater	1 July 2023 to 30 June 2026	100,000										
A\$170m or greater		75,000										
A\$250m or greater		75,000										

5.6 Exercise Period

If the Performance Rights vest, the first exercise date for each tranche of Performance Rights is:

- (a) Tranche 1 – the date on which the relevant tranche of Performance Rights vest; and
- (b) Tranches 2 and 3 – 1 July 2026.

The last exercise date for all tranches of Performance Rights is 6 years from the date of grant.

5.7 Managing Director's remuneration

Tim Harris' remuneration package for FY24 comprises:

- (a) **Fixed remuneration** – \$500,500 inclusive of Superannuation;
- (b) **Bonus scheme** – STI up to \$200,200 (or such other amount approved by the Board) subject to satisfactory performance KPIs; and
- (c) **Share based incentives** – 1,000,000 performance rights subject to shareholder approval being obtained (**Performance Rights**).

5.8 Information required by ASX Listing Rule 10.15

Number of performance rights previously issued to Tim Harris under the Plan and the average acquisition price (if any)	<p>Redflow has issued 46,000,000 performance rights (on a pre-consolidation basis) to Tim Harris under the Plan (with Shareholder approval obtained at the 2018, 2019, 2020, 2021 and 2022 Annual General Meeting).</p> <p>No acquisition price was paid by Tim Harris for the issue of the performance rights.</p>
A summary of the material terms of the Performance Rights	<p>Mr Harris will be granted unlisted Performance Rights. Shares issued on vesting and exercise of the Performance Rights will rank equally in all respects with the fully paid ordinary shares in Redflow.</p>
Explanation of why Performance Rights are being issued	<p>The Board considers that a 3-year incentive opportunity delivered through Performance Rights which vest subject to service and performance to be appropriate to reward the Managing Director for sustainable long-term growth. The Performance Rights are aligned to shareholder value creation as a hurdle includes market capitalisation targets.</p>
The value Redflow attributes to the Performance rights	<p>See paragraph 5.10</p>
Date by which Performance Rights will be granted	<p>Expected to be issued within 3 months after the date of the Annual General Meeting (AGM) and in any event no later than 3 years after the date of the AGM.</p>
Price of the Performance Rights	<p>Nil</p>
Terms of loan in relation to the grant of Shares	<p>Not applicable</p>
Required Statements	<p>Details of any securities issued under the Plan will be published in the annual report relating to a period in which securities have been issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.</p> <p>Any additional persons (covered by ASX Listing Rule 10.14) who become entitled to participate in the 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 ASX Listing Rule 10.14.</p>

5.9 Material terms of the Plan

The key terms of the Plan are:

- (a) **Eligibility** – a person is eligible to participate in the Plan if he or she is a full or part-time employee, director, officer, contractor or consultant of the Company who is determined by the Board to be eligible to receive a grant of Performance Rights under the Plan (**Eligible Employees**).
- (b) **Description** – a Plan under which Eligible Employees may become the holder of Performance Rights in the Company.
- (c) **Voluntary participation** – participation in the Plan is voluntary and no Eligible Employee is required to participate in the Plan.
- (d) **Invitation to participate** – the Board may make invitations to any Eligible Employees to apply for up to a specified number of Performance Rights.
- (e) **Performance Rights** – each Performance Right confers on its holder the entitlement to be provided with one fully paid Share on the exercise of that Performance Right.
- (f) **Exercise of Performance Rights** – a Performance Right can only be exercised where the Performance Conditions attaching to the Performance Right have been satisfied, the Performance Right has not lapsed, the Exercise Price of the Performance Right has been paid and the exercise of the Performance Right will not breach the Company's Constitution, any Company policy, the *Corporations Act 2001* (Cth) or any other applicable law.
- (g) **Risks lies with Eligible Employees** – if any Eligible Employees is issued Performance Rights and participates in the Plan, the risk of loss to that Eligible Person as the holder of Performance Rights arising for any reason whatsoever lies with the Eligible Employee.
- (h) **Operation of the Plan** – the Plan is administered by the Board and where the Plan provides for a determination, decision, approval or opinion of the Board or Company (**Decision**), that Decision may be made or given by the Board in its absolute discretion.
- (i) **Amendments** – The Board may at any time amend, add to, delete, revoke or otherwise vary any or all of the Performance Conditions, terms of issue of the Performance Right or the rules of the Plan in any manner it thinks fit in its absolute discretion. However, it may not do so in a way that would decrease a participant's right to Performance Rights acquired prior to the amendment, unless it's for the purpose of complying with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.
- (j) **Termination** – the Board may suspend or terminate the Performance Rights Plan at any time in its absolute discretion. However, the rules of the Plan will continue to apply to any Performance Rights issued under the Plan prior to that suspension or termination.
- (k) **Governing law** – the Plan is governed by the law of Queensland.

5.10 Value of Performance Rights

Each Performance Right will be valued as at the date of grant.

Redflow intends to value the Performance Rights using principles set out in Australian Accounting Standards Board AASB 2 Share Based Payments and the Black Scholes Valuation Methodology for the Performance Rights with non-market vesting conditions (being Tranches 1 and 2) and the Monte Carlo Valuation Methodology for the Performance Rights with market based vesting conditions (being Tranche 3) (**Valuation Methodology**).

The table below provides an example for illustrative purposes of the value of each tranche of Performance Rights using the key inputs contained in the valuation methodology below.

Tranche	Performance Right Value (per Performance Right)	Value per Tranche
Tranche 1	\$0.215	\$107,500
Tranche 2	\$0.215	\$53,750
Tranche 3	For Performance Rights with a market capitalisation target of A\$110 million: \$0.135 For Performance Rights with a market capitalisation target of A\$170 million: \$0.098 For Performance Rights with a market capitalisation target of A\$250 million: \$0.066	\$25,846

Shareholders should be aware that this is indicative only for illustrative purposes. The actual Performance Right value may be different due to differences in the final inputs around the date of grant.

5.11 Valuation Methodology

The application of the Valuation Methodology requires a number of inputs, some of which must be assumed. The key inputs used in the Valuation Methodology are summarised in the table below:

Key Driver	Inputs	Explanation
Valuation Date	23 November 2023	The grant date for the Performance Rights for accounting purposes will be on or around 23 November 2023.
Share Price	\$0.215	As per the Performance Rights terms, the grant date of the Performance Rights will be on or around 23 November 2023. As the underlying share price of the Performance Rights is contingent on trading data in the future, the closing price as at 2 October 2023 has been adopted as a proxy for the underlying share price.

Market Capitalisation/ Implied Share Price Target*	Tranche 3 - Target 1 - A\$110m or greater (implied share price target \$0.4677) Target 2 - A\$170m or greater (implied share price target \$0.7228) Target 3 - A\$250m or greater (implied share price target \$1.0630)	The Performance Rights (market based) have been issued with varying market price capitalisation vesting conditions. For Target 1 to be met, the Redflow market capitalisation must be \$110m or greater between 1 July 2023 to 30 June 2026 (over any 20 consecutive trading days). For Target 2 to be met, the Redflow market capitalisation must be \$170m or greater between 1 July 2023 to 30 June 2026 (over any 20 consecutive trading days). For Target 3 to be met, the Redflow market capitalisation must be \$250m or greater between 1 July 2023 to 30 June 2026 (over any 20 consecutive trading days).
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Exercise Price	\$Nil	As per the terms of the Performance Rights, all Tranches have an exercise price equal to \$Nil.
Volatility of Share Price	75%	Based on information which includes the historic volatility of the Company over a 5 year period up to 2 October 2023.
Risk Free Rate	4.10%	Based on information including the yield of 2 year and 3 year Australian Government bonds as at 2 October 2023.
Time to Maturity	2.6 years	Calculated as the period of time from the grant date to the expected exercise date for the Performance Rights assuming Performance Rights are exercised once vested.
Annual Dividend Yield	Nil%	Nil as Redflow currently does not pay dividends.

* Based on 235,181,880 issued shares as at 2 October 2023.

5.12 Impact on capital structure

Until exercised, the grant of Performance Rights will not impact on the number of ordinary shares on issue in Redflow. If all the proposed Performance Rights were exercised, an additional 1,000,000 fully paid ordinary shares may be issued, representing approximately 0.42% of the total issued share capital as at the date of this Notice of Meeting (assuming that no other securities were exercised or shares issued by Redflow between the date of this Notice of Meeting and the date the Performance Rights are exercised).

5.13 Tax consequences

As far as Redflow is aware, there are no adverse taxation consequences to Redflow arising from the proposed grant of Performance Rights.

5.14 Voting exclusion

A voting exclusion applies to Resolution 4 – please see the voting exclusion note in relation to Resolution 4 on page 4 of this document.

5.15 Directors' recommendations

The Directors (with Mr Harris abstaining) recommend that Shareholders vote in favour of Resolution 4.



All Correspondence to:

- By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- By Fax:** +61 2 9290 9655
- Online:** www.boardroomlimited.com.au
- By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

OUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10.00am (Brisbane time)/ 11.00am (AEDT) on Tuesday 21 November 2023.**

TO APPOINT A PROXY ONLINE

STEP 1: VISIT <https://www.votingonline.com.au/rfx2023agm>

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10.00am (Brisbane time)/ 11.00am (AEDT) on Tuesday 21 November 2023.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- Online** <https://www.votingonline.com.au/rfx2023agm>
- By Fax** + 61 2 9290 9655
- By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- In Person** Boardroom Pty Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Redflow Limited

ABN 49 130 227 271

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/we being a member/s of **Redflow Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **The Jindalee Hotel, Sinnamon Road, Jindalee, Queensland 4074 on Thursday, 23 November 2023 at 10.00am (Brisbane time)/ 11.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 & 4, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 1 & 4 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 1 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Adele Fraser as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Enhanced Placement Capacity (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for grant of Performance Rights to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2023