# **Candy Club Holdings Limited**

ACN: 629 598 778

# Notice of Annual General Meeting

**Date:** 30 July 2021

Time: 10:00am (AEST)

Venue: Virtual Meeting

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

# Candy Club Holdings Limited ACN 629 598 778 Notice of Annual General Meeting

#### **MEETING DETAILS**

Notice is hereby given that the Annual General Meeting of Candy Club Holdings Limited ACN 629 598 778 will be held by virtual meeting on 30 July 2021 at 10:00am AEST.

Due to the current Victorian Government COVID-19 non-essential gathering limits and social distancing requirements, the Company encourages shareholders to vote on resolutions via proxy form and join the Meeting via web conference facility. Proxy forms can be lodged online, by post or in person by following the proxy lodgement instructions on the proxy form, proxy forms must be received by the Company's share registry, Automic, by 10:00am AEST on 28 July 2021.

If you are a shareholder and you wish to virtually attend the AGM (which will be broadcast as a live webinar), please pre-register in advance for the virtual meeting here: https://us02web.zoom.us/webinar/register/WN\_sUd-Kk\_gR4Wa-q1dfc-MDg

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the AGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

# Important notes:

- 1. You may vote on the items of business to be considered at the Meeting, either at the virtual Meeting or by completing and returning the proxy enclosed herein.
- 2. Discussion will take place on all the items of business set out below.
- 3. The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.
- 4. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.
- 5. As explained in the 'voting exclusion statement' and/or 'voting prohibition statement' below, certain Shareholders are excluded from voting in relation to particular Resolutions and the Company must disregard any votes cast by those Shareholders. Please do not vote if your vote must be disregarded.

#### 1. AGENDA FOR THE MEETING

# Item 1 - Financial statements and reports

The Meeting will consider the financial statements and reports of the Company including the income statement, balance sheet, statement of changes in equity, cash flow statement, the notes to the financial statements, the Directors' declaration and the reports of the Directors and Auditors for the period ended 31 December 2020.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

A representative of Company's external auditor, HLB Mann Judd, will be present at the Meeting and Shareholders will be given a reasonable opportunity to ask the Company's external auditor questions in relation to the conduct of the audit, the auditor's report, the accounting policies adopted by the Company in relation to the preparation of financial statements, and the independence of the auditor.

The Company's 2020 Annual Report can be viewed online at <a href="www.candyclub.com">www.candyclub.com</a> and on the ASX website <a href="www.asx.com.au">www.asx.com.au</a>.

Shareholders are requested to submit any written questions relating to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2020 to the Company's external auditor by no later than 10:00am AEST on 23 July 2021. A representative of HLB Mann Judd will provide answers to the questions at the Meeting.

#### Item 2 – Ordinary Resolutions

#### **Resolution 1: Adoption of Remuneration Report**

To consider and if thought fit, pass the following resolution as a non-binding resolution:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the period ended 31 December 2020 and included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company."

# **Voting Prohibition Statement:**

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

- a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- a Closely Related Party of such a member.

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

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

# Resolution 2: Re-election of Mr. Chi Kan Tang as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, Mr. Chi Kan Tang, a Director who retires by rotation in accordance with Article 104.2(d) of the Company's Constitution and ASX Listing Rule 14.5, and being eligible, offers himself for re-election as a Director of the Company, effective immediately."

# Resolution 3: Ratification of Prior Issue of Options to Sequoia Corporate Finance Pty Ltd under ASX Listing Rule 7.1

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the prior issue and allotment of 3,000,000 Options on 24 December 2020 to Sequoia Corporate Finance Pty Ltd on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue or is a counterparty to the agreement being approved (namely, the Lead Manager); or
- an Associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Resolution 4: Ratification of Prior Issue of Placement Shares to the Placement Participants under ASX Listing Rule 7.1

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the prior issue and allotment of 3,331,985 Placement Shares on 20 April 2021 to the Placement Participants on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meetina."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf:

- a person who participated in the issue or is a counterparty to the agreement being approved (namely, the Placement Participants);
- an Associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Resolution 5: Ratification of Prior Issue of Placement Shares to the Placement Participants under ASX Listing Rule 7.1A

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the prior issue and allotment of 30,815,742 Placement Shares on 20 April 2021 to the Placement Participants on the

terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meetina."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue or is a counterparty to the agreement being approved (namely, the Placement Participants);
   or
- an Associate of those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Resolution 6: Issue of Director Placement Shares to Related Party - Mr. James Baillieu

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue and allotment of 7,785,865 Director Placement Shares to Mr. James Baillieu, Director of the Company, and/or his nominee on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr. James Baillieu;
- a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an Associate of the persons described above.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Resolution 7: Issue of Director Placement Shares to Related Party - Mr. Chi Kan Tang

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders of the Company approve the issue and allotment of 5,580,500 Director Placement Shares to Mr. Chi Kan Tang, Director of the Company, and/or his nominee on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr. Chi Kan Tang
- a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an Associate of the persons described above.

However, the Company need not disregard a vote if it is cast by:

• a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or

- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### Resolution 8: Issue of Director Placement Shares to Related Party - Ms. Lai Tin Tang

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue and allotment of 852,273 Director Placement Shares to Ms. Lai Tin Tang, the mother of Mr. Chi Kan Tang, Director of the Company, and/or her nominee on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Ms. Lai Tin Tang;
- a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an Associate of the persons described above.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Resolution 9: Issue of Director Options to Related Party - Mr. Andrew Clark

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue and allotment of 2,675,000 Director Options to Mr. Andrew Clark, Director of the Company, and/or his nominee on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr. Andrew Clark and/or his nominee;
- a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an Associate of the persons described above.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

#### Resolution 10: Issue of Director Options to Related Party - Mr. Keith Cohn

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, the Shareholders approve the issue and allotment of 5,350,000 Director Options to Mr. Keith Cohn, Director of the Company, and/or his nominee on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr Keith Cohn and/or his nominee:
- a person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- an Associate of above of the persons described above.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

# Resolution 11: Issue of VLL Shares to VLL9 LLC

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue and allotment of 8,942,168 VLL Shares to VLL9 LLC on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- VLL9 LLC
- any other 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 the Company); or
- an Associate of above of the persons described above.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the
  proxy or attorney to vote on this Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o 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
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

# Resolution 12: Approval of amendment to the terms of existing Legacy ESOP Options

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rules 6.23.2 and 6.23.4 and for all other purposes, Shareholders approve the proposed amendment to the terms of the existing Legacy ESOP Options to allow the cashless exercise of such Options and acceleration of the vesting on a change in Control in the manner, and on the terms and conditions, set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who holds any Legacy ESOP Option; or
- an Associate of that person or those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides: or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - o 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way

**Voting Prohibition Statement:** in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

# Resolution 13: Approval of Amendments to the terms of Existing 2019 ESOP Options

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rules 6.23.2 and 6.23.4 and for all other purposes, Shareholders approve the proposed amendment to the terms of the Existing 2019 ESOP Options to allow the cashless exercise of such Options and acceleration of the vesting on a change in Control in the manner, and on the terms and conditions, set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who holds any Existing 2019 ESOP Option; or
- ullet a person who is eligible to participate in the 2019 ESOP; or

• an Associate of that person or those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

# Resolution 14: Approval of 2021 ESOP

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.2 (exception 13(b)) and for all other purposes, the Shareholders approve the adoption of the employee share option plan titled "Candy Club Holdings Limited 2021 Employee Share Option Plan', and any issue of Options under that plan within three years from the date of passage of this Resolution as an exception to ASX Listing Rule 7.1, on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who is eligible to participate in the 2021 ESOP; or
- an Associate of that person or those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- 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
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

# Resolution 15: Approval of amendment to the terms of Existing KMP Options

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rules 6.23.2 and 6.23.4 and for all other purposes, Shareholders approve the proposed amendment to the terms of the Existing KMP Options to allow the cashless exercise of such Options in the manner, and on the terms and conditions, set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who holds any Existing KMP Option; or
- an Associate of that person or those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the
  proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 this Resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:** in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

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

# Item 3 – Special Resolution

# Resolution 16: Approval of 10% Placement Capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, the Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an Associate of that person or those persons.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- 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
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- 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
- the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 2. Information for shareholders

## **Entitlement to attend and vote at the Meeting**

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that for the purpose of ascertaining a person's entitlement to vote at the Meeting, a person will be recognized as a Shareholder and the holder of Shares and will be entitled to vote at the Meeting if that person is registered as a holder of those Shares at 7:00 p.m. AEST on 28 July 2021.

#### Votes

Voting on each Resolution will be on a poll, every Shareholder present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each Share held by him, her or it.

In the case of joint Shareholders, all holders may attend the Meeting but only one holder may vote at the Meeting in respect of the relevant Shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant Shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant Shares is counted.

Shareholders who wish to vote virtually on the day of the AGM will need to login to the Automic website (<a href="https://investor.automic.com.au/#/home">https://investor.automic.com.au/#/home</a>) with their username and password.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account as soon as possible and well in advance of the Meeting to avoid any delays on the day of the Meeting.

# How do I create an account with Automic?

To create an account with Automic, please go to the Automic website (<a href="https://investor.automic.com.au/#/home">https://investor.automic.com.au/#/home</a>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

# I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a *username* and *password*) are advised to take the following steps to attend and vote virtually on the day of the AGM:

- 1. Login to the Automic website (<a href="https://investor.automic.com.au/#/home">https://investor.automic.com.au/#/home</a>) using your username and password.
- 2. **(Registration on the day)** If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.

(Live voting on the day) If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

For further information on the live voting process please see the **Registration and Voting Guide** at <a href="https://www.automicgroup.com.au/app/uploads/2021/01/Virtual-Meeting-Registration-and-Voting-Shareholder-Guide-V2.pdf">https://www.automicgroup.com.au/app/uploads/2021/01/Virtual-Meeting-Registration-and-Voting-Shareholder-Guide-V2.pdf</a>.

Shareholders may register to join the online meeting at https://us02web.zoom.us/webinar/register/WN sUd-Kk gR4Wa-q1dfc-MDg

It is recommended that Shareholders wishing to attend the Meeting login from 9:45am (AEST) on 30 July 2021.

Further details of how to join the online meeting, how to ask questions and how to vote are set in the Online Meeting Guide which can be accessed at: <a href="https://www.automicgroup.com.au/app/uploads/2021/01/Virtual-Meeting-Registration-and-Voting-Shareholder-Guide-V2.pdf">https://www.automicgroup.com.au/app/uploads/2021/01/Virtual-Meeting-Registration-and-Voting-Shareholder-Guide-V2.pdf</a>.

The Online Meeting Guide includes details of how to ensure your browser is compatible with the online platform, and a step-by-step guide to logging in, navigating the site and asking questions and voting at the meeting.

#### **Proxies**

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote on behalf of the Shareholder

Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

A proxy need not be a Shareholder and may be a body corporate.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Meeting.

If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on the Resolutions by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business. An instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filed in will be deemed to be given in the favour of the Chair of the Meeting.

# Voting by Proxy if appointment specifies way to vote:

Section 250BB(1) of the *Corporations Act* provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution, and if that appointment does specify the way the proxy is to vote, then the following applies:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution then the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on then the proxy must vote on a poll and must vote as directed; and
- (d) if the proxy is not the chair then the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed.

# Transfer of non – chair proxy to chair in certain circumstances:

Section 250BC of the Corporations Act provides that if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - if a record of attendance is made for the meeting the proxy is not recorded as attending the meeting;
  - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

#### Undirected vote – Resolutions 2 to 8, 11 and 16

Subject to the voting restrictions set out in the Voting Exclusion Statements, the Chair will vote undirected proxies on, and in favour of, Resolutions 2 to 8, 11 and 16.

#### Direction to Chair for Resolutions 1, 9, 10 and 12 to 15

If the proxy is the Chair, the Chair can also vote undirected proxies on Resolutions 1, 9, 10 and 12 to 15 provided that proxy form expressly authorises the Chair to vote on Resolutions 1, 9, 10 and 12 to 15 even though Resolutions 1, 9, 10 and 12 to 15 are connected with the remuneration of key management personnel.

The Chair will not vote any undirected proxies in relation to Resolutions 1, 9, 10 and 12 to 15 unless the Shareholder expressly authorises the Chair to vote in accordance with the Chair's stated voting intentions in their proxy form – Subject to the voting restrictions set out in the Voting Exclusion Statements and the Voting Prohibition Statements, the Chair intends to, and, if so authorized by a Shareholder, will, vote undirected proxies on, and in favour of, Resolutions 1, 9, 10 and 12 to 15.

A form of proxy accompanies this Notice.

A corporate Shareholder must sign the proxy form in accordance with its Constitution or otherwise in accordance with the Corporations Act.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company's share registry, Automic, by mail at GPO Box 5193 Sydney NSW 2001, in person Level 5, 126 Phillip Street Sydney NSW 200, by email at meetings@automicgroup.com.au or online at <a href="https://investor.automic.com.au/#/loginsah">https://investor.automic.com.au/#/loginsah</a> by 10:00am AEST on 28 July 2021.

Proxy Forms received later than this time will be invalid.

### Questions

The Meeting is intended to give Shareholders opportunity to hear both the Chairman and the Group Chief Executive Officer to talk about the year that has just passed and also give some insight into the Company's prospects for the year ahead.

A reasonable opportunity will be given to Shareholders to ask questions and/or make comments on the management of the Company at the Meeting.

A reasonable opportunity will be given for Shareholders to ask questions of the Company's external auditor, HLB Mann Judd. These questions should be relevant to:

- (a) the conduct of the audit;
- (b) the preparation and contents of the audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to HLB Mann Judd if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2020. Relevant written questions for HLB Mann Judd must be received by the Company no later than 10:00am AEST on 23 July 2021. A representative of HLB Mann Judd will provide answers to the questions at the Meeting.

If you have any questions in regard to this Notice, please contact the Company Secretary, Justyn Stedwell, on +61(0) 3 8395 5446.

# **EXPLANATORY STATEMENT**

This Explanatory Statement is to be read in conjunction with the Notice of Meeting.

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read the Notice of Meeting and this Explanatory Statement in full before making any decision in relation to the Resolutions.

### Item 1 - Annual Report

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be laid before the Meeting. These reports are contained in the 2020 Annual Report, which is available online at <a href="https://www.candyclub.com">www.candyclub.com</a> and on the ASX website <a href="https://www.asx.com.au">www.candyclub.com</a> and on the ASX website <a href="https://www.asx.com.au">www.asx.com.au</a>.

During this item of business, Shareholders will be given the opportunity to ask questions about, or make comments on, the management of the Company generally but there will be no formal resolution put to the Meeting.

Similarly, a reasonable opportunity will be given to Shareholders, as a whole, to ask the Company's Auditor, HLB Mann Judd, questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of its financial statements and the independence of the Auditor in relation to the audit for the financial year ended 31 December 2020.

Shareholders are requested to submit written questions relating to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2020 to the Company's external Auditor no later than 10:00am AEST on 23 July 2021. A representative of HLB Mann Judd will provide answers to the questions at the Meeting.

# Item 2 - Ordinary Resolutions

#### Resolution 1: Adoption of remuneration report

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 31 December 2020.

The Remuneration Report sets out details of the remuneration received by the Directors and key Company executives, in addition to describing Board policy in respect of remuneration.

Resolution 1 seeks Shareholder approval of the adoption of the Remuneration Report by the Company.

The outcome of this resolution is not binding on the Company or the Board. However, sections 250U to 250Y of Corporations Act which set out a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report provide that:

- (a) A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.
- (b) A 'second strike' will occur if the resolution to adopt the Remuneration Report at the following Company's Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need

to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Board believes the Remuneration of the Company's Key Management Personnel (KMP) is appropriate and in line with market rates. The Remuneration Report is set out in the Company's Annual Report. The Annual Report can be online at <a href="https://www.candyclub.com">www.candyclub.com</a> and on the ASX website <a href="https://www.asx.com.au">www.candyclub.com</a> and on the ASX website <a href="https://www.asx.com.au">www.asx.com.au</a>, (ASX Code: CLB).

# Resolution 2: Election of Mr. Chi Kan Tang as a Director

#### **Background**

ASX Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting. Additionally, Article 104.2 of the Company's Constitution requires that there must be an election of Directors at each annual general meeting of the Company, which may deal with one or more of the following:

- (a) a person standing for election as a new Director having nominated in accordance with Article 107 of the Company's Constitution;
- (b) any Director who was appointed either to fill a casual vacancy or as an addition to the existing Directors and standing for election as a Director;
- (c) any Director who is retiring at the end of the annual general meeting due to the tenure limitation and standing for re-election; or
- (d) if no person or Director is standing for re-election in accordance with subparagraphs (a)-(c) above, then the Director who has been a Director the longest without re-election must retire and stand for re-election.

Under the Company's Constitution, Article 104.2 does not apply to the Managing Director.

As there is no person or Director standing for re-election in accordance with subparagraphs (a)-(c) above, then the Director who has been a Director the longest without re-election must retire and stand for re-election for the purposes of Article 104.2 of the Company's Constitution. It has been agreed that Mr Chi Kan Tang will retire and stand for re-election at this Meeting.

Mr Chi Kan Tang was appointed a Director of the Company on 24 October 2018 and has not sought reelection since appointment.

Under this Resolution, Mr. Chi Kan Tang has elected to retire, and being eligible, seeks re-election as a Director of the Company at this Meeting.

# Experience

Mr. Chi Kan Tang is the founding partner of Asia Summit Capital, a private equity firm established in 2014, focused on consumer growth and the technology sector in Indonesia and Southeast Asia. Prior to this, Mr. Chi Kan Tang developed considerable experience in the online and landbase gaming industry with particular expertise in markets within the Asia-Pacific region.

In 2003, Mr. Chi Kan Tang co-founded AsianLogic Limited, a Hong Kong based gaming company. During his time at Asianlogic, he took on numerous senior roles and responsibilities from CFO in the early stages of the company growth, to Business Development Director and was promoted to Chief Officer of Asianlogic from 2009 to 2014.

Mr. Chi Kan Tang has also launched a series of SMEs including multiple F&B, leisure and 7-Eleven franchises in Hong Kong and the Philippines.

Mr. Chi Kan Tang is a qualified Chartered Professional Accountant (CPA) and Chartered Financial Analyst (CFA) and holds a Bachelor of Commerce from the University of Alberta.

### Directors' recommendation

The Directors (excluding Mr. Chi Kan Tang) recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 2.

# Resolution 3: Ratification of Prior Issue of Options to Sequoia Corporate Finance Pty Ltd under ASX Listing Rule 7.1

# **Background**

On 24 December 2020, the Company issued 3,000,000 unlisted Options Sequoia Corporate Finance Pty Ltd ("Sequoia") as part of the consideration for corporate services provided to the Company. The Options are unlisted Options, each exercisable at A\$0.18 per Option and expiring on 31 May 2023.

The Options were issued by utilizing the Company's 15% placement capacity under ASX Listing Rule 7.1.

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of 3,000,000 unlisted Options to Sequoia on 24 December 2020.

#### ASX Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the unlisted Options to Sequoia did not fit within any of the exceptions set out in ASX Listing Rule 7.2 and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in ASX Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1 for the 12 month period following the date of issue of the Options.

# ASX Listing Rule 7.4

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under ASX Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities in the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to ratify the prior issue and allotment of the 3,000,000 unlisted Options to Sequoia under ASX Listing Rule 7.1 for the purposes of ASX Listing Rule 7.4.

If this Resolution is passed, the issue of the 3,000,000 unlisted Options to Sequoia will be <u>excluded</u> in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Options.

If this Resolution is not passed, the issue of the 3,000,000 unlisted Options to Sequoia will be <u>included</u> in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Options.

# **Technical information required by ASX Listing Rule 7.5**

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5.

Persons to whom securities will be issued	The Options were issued Sequoia Corporate Finance Pty Ltd, which is an advisor of the Company. However, Sequoia Corporate Finance Pty Ltd was not, and is not, a related party of the Company, member of the Company's Key Management Personnel, substantial holder of the Company, or an associate of any of these parties.

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The Company issued 3,000,000 Options, pursuant to ASX Listing Rule 7.1.		
The Options are unlisted Options, each exercisable at A\$0.18 an expiring on 31 May 2023. The full terms of the Options are set out in Annexure B.		
Shares issued on conversion of the Options will rank equally in all aspect with all existing fully paid ordinary Shares issued in the capital of the Company at the time.		
The Options were issued on 24 December 2020.		
The Options were issued in part consideration for the corporate services provided by Sequoia Corporate Finance Pty Ltd to the Company. Accordingly, they were issued for nil cash consideration.		
The Options were valued at \$0.0771 per Option (or \$231,300 in total) at the time of their issuance on 24 December 2020.		
It is noted that the valuation is based on the Black Scholes valuation methodology assuming volatility of 96%.		
Funds were not raised from the issue of the Options as the Options were issued to Sequoia Corporate Finance Pty Ltd in part consideration for corporate services provided to the Company.		
If the Options are exercised, the Company intends to use the funds raised from the exercise of those Options for general working capital.		
The Options were issued in accordance with the Corporate Advisor Agreement entered into between the Lead manager and the Company on or around 2 July 2020.		
Below is a summary of the material terms of the Corporate Advisor Agreement:		
(a) the Company entered into the Corporate Advisor Agreement with the Lead Manager for the provision of corporate advisory services for a minimum period of 6 months commencing on 10 July 2020, and thereafter, on a month-by-month basis;		
(b) under the Corporate Advisor Agreement, the Company agreed to pay the Lead Manager, in arrears, a monthly retainer fee of \$1,000 (plus GST) per month for the first three months commencing on 2 July 2020 and \$5,000 (plus GST) per month for the following three months;		

	(c) the Company would pay the Lead Manager a fee of 6% of the amount raised under the capital raising (exclusive of GST) and, if the capital raising was completed by 31 December 2020, issue 3,000,000 Options with an exercise price of 150% of the price at which the new Shares were issued under the capital raise;
	(d) if the Company receives or makes an acceptable offer to the shareholders of the Company for a sale of the Company shares or assets, the Lead Manager may also be entitled to a completion fee equal to 4% of the aggregate consideration received from all sources; and
	(e) the Corporate Advisor Agreement contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.
Voting exclusion statement	A voting exclusion statement is included in Resolution 3 of the Notice.

# Directors' recommendation

The Directors recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 3.

#### Resolutions 4 and 5: Ratification of Prior Issue of Placement Shares

#### Background

On 14 April 2021, the Company announced that it had successfully completed an institutional placement of up to 48.6 million Shares ("**Placement Shares**") at an issue price of A\$0.22 per Share to raise up to A\$10.7 million (before costs), which would be completed in two tranches as follows:

- (a) **First Tranche**: the raising of A\$7.5 million from institutional and other sophisticated investors, via the issuance of 34,147,727 Placement Shares utilizing the Company's combined 25% placement capacity under ASX Listing Rules 7.1 and 7.1A; and
- (b) **Second Tranche**: the raising of A\$3 million from related parties, subject to the Company obtaining any necessary Shareholder approval under the Corporations Act and/or the ASX Listing Rules,

(collectively referred to as the "Placement").

The First Tranche of the Placement completed on 20 April 2021, which resulted in the issue of 34,147,727 Placement Shares at an issue price of A\$0.22 per Placement Share for which Shareholder ratification is being sought under Resolutions 4 and 5.

# ASX Listing Rules 7.1 and 7.1A

Resolutions 4 and 5 propose that Shareholders of the Company approve and ratify the prior issue and allotment of 34,147,727 Placement Shares, which were issued on 20 April 2021.

3,331,985 Placement Shares were issued under ASX Listing Rule 7.1 (which is the subject of Resolution 4) and 30,815,742 Placement Shares were issued under ASX Listing Rule 7.1A (which is the subject of Resolution 5).

As detailed in Resolution 3 of this Explanatory Statement, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

At the Company's annual general meeting held on 31 July 2020, the Company sought and obtained approval of its Shareholders under ASX Listing Rule 7.1A to increase this 15% limit by an extra 10% to 25%.

The issue of the Placement Shares to the Placement Participants did not fit within any of the exceptions (to ASX Listing Rules 7.1 and 7.1A) and, as it has not been approved by the Company's Shareholders, it effectively uses up part of the expanded 25% limit in ASX Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rules 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Shares under Tranche 1 of the Placement (noting that the extra 10% limit under ASX Listing Rule 7.1A will expire at the next AGM (or earlier as provided in ASX Listing Rule 7.1A.1) unless re-approved by the Company's Shareholders under Resolution 15).

# **ASX Listing Rule 7.4**

ASX Listing Rule 7.4 allows the Shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1.

A note to ASX Listing Rule 7.4 also provides that an issue made in accordance with ASX Listing Rule 7.1A can be approved subsequently under ASX Listing Rule 7.4 and, if it is, the issue will then be excluded from variable "E" in ASX Listing Rule 7.1A.2 (which means that the Company's capacity to issue further Equity Securities without Shareholder approval under ASX Listing Rule 7.1A is not reduced).

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, Resolutions 4 and 5 seeks Shareholder approval to ratify the prior issue of Placement Shares to the Placement Participants for the purposes of ASX Listing Rule 7.4.

If Resolutions 4 and 5 are passed, the issue of the Placement Shares to the Placement Participants will be <u>excluded</u> in calculating the Company's 25% limit in ASX Listing Rules 7.1 (15%) and 7.1A (10%), effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares to the Placement Participants.

If either or both of Resolutions 4 and 5 are not passed, the issue of the Placement Shares that are the subject of the disapproved Resolution(s) will be <u>included</u> in calculating the Company's 25% limit in ASX Listing Rules 7.1 and 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of those Placement Shares.

#### Technical information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5.

The following information is provided to shareholders for the purposes of 7.5% Eisting Nate 7.5.			
Persons to whom securities will be issued	The Placement Shares issued under Tranche 1 of the Placement (that are the subject of Resolutions 4 and 5) were issued to professional and other sophisticated investors, who are clients of Bell Potter, and none of whom were, and are a related party of the Company, member of the Company's Key Management Personnel, substantial holder of the Company, adviser to the Company or an Associate of any of these parties.		
Number and class of securities	The Company issued:		
issued	<ul> <li>3,331,985 Placement Shares under Tranche 1 of the Placement pursuant to ASX Listing Rule 7.1, for which Shareholder approval is being sought under Resolution 4; and</li> </ul>		
	<ul> <li>30,815,742 Placement Shares under Tranche 1 of the Placement pursuant to ASX Listing Rule 7.1A, for which Shareholder approval is being sought under Resolution 5.</li> </ul>		
Terms of issue	The Placement Shares (that are the subject of Resolutions 4 and 5) are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and rank equally in all aspect with the then issued Shares of the Company.		
Date of Issue	The Placement Shares (that are the subject of Resolutions 4 and 5) were issued on 20 April 2021.  The Placement Shares were issued at an issue price of A\$0.22 per Placement Share.		
Issue price per security			
Purpose of issue and intended use of funds	As per Company's announcement on 14 April 2021, the purpose of the issuance of the Placement Shares to the Placement Participants was to raise funds to be used by the Company to acquire inventory, fund customer acquisition lead generation campaigns, CAPEX, recruitment of sales staff, general working capital and costs of the Placement.		

A summary of the material terms of the agreement under which the Securities were or will be issued	The Placement Shares were not issued to the Placement Participants under any agreement.	
Voting statement exclusion	<ul> <li>A voting exclusion statement is included in:</li> <li>Resolution 4 of the Notice, in relation to 3,331,985 Placement Shares issued under ASX Listing Rule 7.1, for which Shareholder approval is being sought under Resolution 4; and</li> </ul>	
	<ul> <li>Resolution 5 of the Notice, in relation to 30,815,742 Placement Shares issued under ASX Listing Rule 7.1A, for which Shareholder approval is being sought under Resolution 5.</li> </ul>	

# **Directors' recommendation**

The Directors recommend Shareholders vote in favour of Resolutions 4 and 5. The Chair intends to vote all available proxies in favour of Resolutions 4 and 5.

#### Resolution 6 to 8: Issue of Placement Shares to Related Parties

#### **Background**

As detailed in the announcement on 14 April 2021 and above, the Company's Related Parties, Mr James Baillieu, Mr Chi Kan Tang and Ms. Lai Tin Tang (or their nominees), wish to participate in Tranche 2 of the Placement on the same terms as unrelated Placement Participants in the Tranche 1 of the Placement.

Accordingly, Resolutions 6 to 8 seek the required Shareholder approval to issue the following Placement Shares to related parties of the Company under and for the purposes of ASX Listing Rule 10.11:

- (a) 7,785,865 Placement Shares to Mr. James Baillieu, Director of the Company (Resolution 6);
- (b) 5,580,500 Placement Shares to Mr. Chi Kan Tang, Director of the Company (Resolution 7); and
- (c) 852,273 Placement Shares to Ms. Lai Tin Tang, mother of Mr. Chi Kan Tang (Resolution 8),

(collectively, "Director Placement Shares").

#### Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Director Placement Shares (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the ASX Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The non-conflicted Directors of the Company (being Mr. Keith Cohn, Mr. Andrew Clark and Mr. Chi Kan Tang in the case of Resolution 6, and Mr. Keith Cohn, Mr. Andrew Clark and Mr. James Baillieu in the case of Resolutions 7 and 8) considered the issue of these Director Placement Shares to each of the persons named under Resolutions 6, 7 and 8 (as applicable) and formed the view that the giving of this financial benefit are on arm's length terms, as the securities are proposed to be issue on the same terms as offered to unrelated parties of the Company under the Placement.

Accordingly, the non-conflicted Directors of the Company (being Mr. Keith Cohn, Mr. Andrew Clark and Mr. Chi Kan Tang in the case of Resolution 6, and Mr. Keith Cohn, Mr. Andrew Clark and Mr. James Baillieu in the case of Resolutions 7 and 8) consider that the issue of these Director Placement Shares to each of the persons named under Resolutions 6, 7 and 8 (as applicable) fall within the "arm's length terms" exception as set out in section 210 of the Corporations Act, and relies on this exception for the purposes of these Resolutions.

# **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, the Company, as a listed company, must not issue Equity Securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue of agreement, a substantial (30%+) holder in the Company;

- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an Associate of a person referred to in (a) to (c) above; and
- (e) a person whose relationship with the Company or a person referred to in (a) to (d) above is such that, in the ASX's opinion, the issue or agreement should be approved by Shareholders,

(each a "LR10.11 Party") without obtaining the approval of its Shareholders.

As Mr. James Baillieu and Mr. Chi Kan Tang are Directors of the Company, and Ms. Lai Tin Tang is the mother of Mr. Chi Kan Tang, they are each considered a LR10.11 Party for the purposes of ASX Listing Rule 10.11.

The proposed issue of the Director Placement Shares does not fall within any of the exceptions in ASX Listing Rule 10.12, and therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11.

To this end, Resolutions 6 to 8 seek the required Shareholder approval to issue the Director Placement Shares to the respective persons named under Resolutions 6 to 8 under and for the purposes of ASX Listing Rule 10.11.

If Resolutions 6 to 8 are passed, the Company will be able to proceed with the proposed issue of the Director Placement Shares under Tranche 2 of the Placement within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rues) and will raise additional funds of up to A\$3,128,099.70 (before costs), which will be used in the manner set out below.

If any one or more of Resolutions 6 to 8 are not approved, the Company will not be able to proceed with the issue of the Director Placement Shares that are the subject of the disapproved Resolution(s) and will not raise the corresponding funds from the related parties named in those disapproved Resolution(s).

# ASX Listing Rule 7.2, Exception 14

Exception 14 of ASX Listing Rule 7.2 provides that where shareholder approval is obtained under ASX Listing Rule 7.1, additional shareholder approval is not required under ASX Listing Rule 7.1.

Accordingly, if any one or more of Resolutions 6 to 8 are approved by the Shareholders under ASX Listing Rule 10.11, in accordance with Exception 14 of ASX Listing Rule 7.2, the issue of the Director Placement Shares that are the subject of the approved Resolution(s) will not use up any of the Company's 15% limit in ASX Listing Rule 7.1 (and subject to the passage of Resolution 15 by the Shareholders, the Company's additional 10% limit in ASX Listing Rule 7.1A).

# Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Placement Shares to each of the persons named under Resolutions 6 to 8 is provided to Shareholders for the purposes of ASX Listing Rule 10.13.

	1			
Persons to whom securities will	The Director Placement Shares will be issued to:			
be issued	Mr. James Baillieu (Resolution 6);			
	Mr. Chi Kan Tang ( <b>Resolution 7</b> ); and			
	Ms. Lai Tin Tang (Resolution 8).			
	Each of Mr. James Baillieu and Mr. Chi Kan Tang are Directors of the Company and fall into the category of LR10.11 Parties referred to in ASX Listing Rule 10.11.1.			
	As Ms. Lai Tin Tang, is the mother of Chi Kan Tang, a Director of the Company, she is a related party and falls into the category of LR10.11 Parties referred to in ASX Listing Rule 10.11.1.			
Number of securities to be issued	The number of Director Placement Shares to be issued is as follows:			
	• 7,785,865 to Mr. James Baillieu ( <b>Resolution 6</b> );			
	• 5,580,500 to Mr. Chi Kan Tang ( <b>Resolution 7</b> ); and			
	852,273 to Ms. Lai Tin Tang ( <b>Resolution 8</b> ).			
Terms of issue	The Director Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms as the Company's existing Shares and will rank equally in all aspect with the then issued Shares of the Company.			
Date of issue	If Shareholder approval is obtained for Resolution 6, 7 or 8 (as applicable), the issue of the Director Placement Shares that are the subject of the Resolution will occur no later than one month after the date of this Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules), and if all approved, at the same time.			
Issue price per security	The Director Placement Shares will be offered at an issue price of A\$0.22 per Placement Share being the same issue price as the Placement Shares issued to the Placement Participants under Tranche 1 of the Placement. The Company will not receive any other consideration for the issue of Director Placement Shares.			
Purpose of issue and intended use of funds	The purpose of the issue of the Director Placement Shares is to raise up to A\$3,128,099.70 to be used by the Company to acquir inventory, fund customer acquisition lead generation campaigns CAPEX, recruitment of sales staff, general working capital and the cost of the Placement.			
Summary of any other material terms of the agreement under which the securities are issued (if any)	The Director Placement Shares are not being issued to Mr. James Baillieu, Mr. Chi Kan Tang and Ms. Lai Tin Tang under an agreement.			

# Voting exclusion statement

A voting exclusion statement is included in:

- Resolution 6 of the Notice, in relation to the proposed issuance of 7,785,865 Director Placement Shares to Mr James Baillieu;
- Resolution 7 of the Notice, in relation to the proposed issuance of 5,580,500 Director Placement Shares to Mr Chi Kan Tang; and
- Resolution 8 of the Notice, in relation to the proposed issuance of 852,273 Director Placement Shares to Ms. Lai Tin Tang.

#### Directors' interest and recommendation

Other than Mr. James Baillieu, none of the current Board members have a material personal interest in the outcome of Resolution 6. Based on the information available, including that contain in this Explanatory Statement, all of the Directors (excluding Mr. James Baillieu) recommend Shareholders vote in favour of Resolution 6. The Chair intends to vote all available proxies in favour of Resolution 6.

Other than Mr. Chi Kan Tang, none of the current Board members have a material personal interest in the outcome of Resolutions 7 and 8. Based on the information available, including that contain in this Explanatory Statement, all of the Directors (excluding Mr. Chi Kan Tang) recommend Shareholders vote in favour of Resolutions 7 and 8. The Chair intends to vote all available proxies in favour of Resolutions 7 and 8.

# Resolution 9 and 10: Issue of Director Options to Related Parties – Mr Andrew Clark and Mr Keith Cohn

# **Background**

The Company proposes to issue:

- (a) to Mr. Andrew Clark and/or his nominee, 2,675,000 Options; and
- (b) to Mr. Keith Cohn and/or his nominee, 5,350,000 Options

which are exercisable at A\$0.24 per Option and expiring on the date that is four (4) years from the date of issue and are otherwise issued on the terms and conditions set out below (each a "Director Option").

The issue of Director Options to the Directors as a form of incentive based remuneration is common practice in listed companies and further encourages and rewards efforts by directors to improve the performance of the Company to the commercial benefit of all Shareholders.

These Director Options are intended to provide remuneration that is linked to the performance of the Company in the future. The benefit would only be received from the Director Options upon the Share price exceeding the exercise price of the Director Options and thereby warranting their exercise.

Under the Company's current circumstances, the non-conflicted Directors (being Mr James Baillieu and Mr. Chi Kan Tang Chi) consider that the incentive noted above, represented by the issue of the Director Options, is a cost effective and efficient reward and incentive to provide, as opposed to the payment of cash compensation only.

In addition, the Director Options may provide the Company with additional funding (if and to the extent the Director Options are exercised).

Accordingly, Resolutions 9 and 10 seek the required Shareholder approval to issue the following Director Options to the Directors of the Company under and for the purposes of ASX Listing Rule 10.11:

- (a) 2,675,000 Director Options to Mr. Andrew Clark and/or his nominee (Resolution 9); and
- (b) 5,350,000 Director Options to Mr. Keith Cohn and/or his nominee (Resolution 10).

# Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of Director Options (which is a type of equity security, for the purposes of the Chapter 2E of the Corporations Act) constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the ASX Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company or an entity controlled by a director of a public company. The definition of "related party" also includes a person whom there is reasonable grounds to believe will become a "related party" of a public company.

The Directors (other than Mr. Andrew Clark and Mr Keith Cohn who have a material personal interest in Resolutions 9 and 10) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options to Mr. Andrew Clark and Mr Keith Cohn and/or their nominees because they form part of the remuneration of Mr. Andrew Clark and Mr Keith Cohn as officers of the Company and the remuneration is reasonable given Mr. Andrew Clark's and Mr Keith Cohn's circumstances and the circumstances of the Company.

Accordingly, it is in the view of the Company that Shareholder approval is not required for the issue of the Director Options to Mr. Andrew Clark and Mr Keith Cohn (and/or their nominees). Hence, Shareholder

approval will not be sought under Chapter 2E for the issue of these Director Options to Mr. Andrew Clark and Mr Keith Cohn (and/or their nominees).

# **ASX Listing Rule 10.11**

As detailed above, ASX Listing Rule 10.11 provides that unless one of the exceptions in ASX Listing Rule 10.12 applies, the Company, as a listed company, must not issue Equity Securities to any LR10.11 Party without Shareholder approval.

As Mr. Andrew Clark and Mr Keith Cohn are Directors of the Company, they are each a LR10.11 Party for the purposes of ASX Listing Rules 10.11. The proposed issue of Director Options does not fall within any of the exceptions in ASX Listing Rule 10.12, and therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11.

To this end, Resolutions 9 and 10 seek the required Shareholder approval to issue the Director Options to each of the Directors named under Resolution 9 and 10 under and for the purposes of ASX Listing Rule 10.11.

If Resolutions 9 and/or 10 are passed, the Company will be able to proceed with the proposed issue of the Director Options that are the subject of the approved Resolution(s) within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

Additionally, as Shareholder approval has been obtained under ASX Listing Rule 10.11, in accordance with ASX Listing Rule 7.2 (exception 14), the issue of the Director Options that are the subject of the approved Resolution(s) will not use up any of the Company's 15% limit in ASX Listing Rule 7.1 (and subject to the passage of Resolution 15 by the Shareholders, the Company's additional 10% limit in ASX Listing Rule 7.1A) and will not require a separate Shareholder approval under and or the purposes of ASX Listing Rule 7.1.

If Resolution 9 is not passed, the Company will not be able to proceed with the proposed issue of the Director Options to Mr Andrew Clark (and/or his nominee) and the Company may be required to renegotiate with Mr Andrew Clark such other reasonable remuneration as may be applicable for his engagement with the Company, which may include the payment of additional cash remuneration, reducing the Company's cash reserve.

If Resolution 10 is not passed, the Company will not be able to proceed with the proposed issue of the Director Options to Mr Keith Cohn (or his nominee) and the Company may be required to re-negotiate with Mr Keith Cohn such other reasonable remuneration as may be applicable for his engagement with the Company, which may include the payment of additional cash remuneration, reducing the Company's cash reserve.

#### Information required by ASX Listing Rule 10.13

The following information in relation to the issue of the Placement Shares to each of the persons named under Resolutions 9 and 10 is provided to Shareholders for the purposes of ASX Listing Rule 10.13.

be issued	•	Mr. Andrew Cl
	•	Mr. Keith Cohn
	Eac	h of Mr Androu

Persons to whom securities will | The Director Options will be issued to:

- Mr. Andrew Clark and/or his nominee (Resolution 9);
- Mr. Keith Cohn and/or his nominee (Resolution 10).

Each of Mr. Andrew Clark and Mr. Keith Cohn are Directors of the Company and fall into the category of LR10.11 Parties referred to in ASX Listing Rule 10.11.1.

Number of constitue to be invest	The number of Director Ontions to be issued in an fallence.	
Number of securities to be issued	The number of Director Options to be issued is as follows:  • 2,675,000 to Mr. Andrew Clark and/or his nominee (Resolution 9); and	
	• 5,350,000 to Mr. Keith Cohn and/or his nominee ( <b>Resolution 10</b> ).	
Terms of issue	The Director Options are unlisted Options which are exercisable at A\$0.24 each and expire on the date that is four (4) years from the date of issue.	
	The full terms of the Director Options are set out in Annexure A.	
Date of issue	If Shareholder approval is obtained for Resolutions 9 and/or 10, the issue of the Director Options that are the subject of the approved Resolution(s) will occur no later than one month after the date of this Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules), and if both approved, at the same time.	
Issue price per security	The Director options will be issued for nil consideration as they constitute a fee for services provided by Mr Andrew Clark (for <b>Resolution 9</b> ) and Mr Keith Cohn (for <b>Resolution 10</b> ). The Company will not receive other consideration in respect of the issue of the Directors (other than in respect of funds received on exercise of the Director Options)	
Purpose of issue and intended use of funds	The purpose of the issue of the Director Options is to provide cost- effective remuneration to Mr Andrew Clark and Mr Keith Cohn, enabling the Company to spend a greater proportion of its cash reserves on its operation than it would if alternative cash forms of remuneration were given to them Options.	
	It is noted that under terms of the Director Options, the holders of the Director Options may elect to use the cashless exercise of the Director Options.	
	If and to the extent that the Director Options are exercised using the cashless exercise facility, no funds will be raised from the exercise of the Director Options.	
	If and to the extent that the Director Options are exercised for cash payment of the exercise price, the Company intends to use the funds raised from the exercise of those Options for general working capital.	

Total remuneration package of the relevant LR10.1 Party	The remuneration and emoluments from the Company to Mr Andrew Clark and Mr Keith Cohn for the financial year ended 31 December 2020 are set out in the table below:			
	LR10.11. Party	Financial Year ended 31 December 2020		
	Andrew Clark	US\$428,848		
	Keith Cohn	US\$1,083,941		
	Notes:  1. includes Director	s fees and statutory superannuation.		
Valuation of the securities	The value of the Director Options and the pricing methodology is set out in Schedule 1.			
	Each Director Option is valued at \$0.0868 per Option.			
	It is noted that the valuation is based on the Black Scholes valuation methodology assuming volatility of 91%.			
	Based on the valuation of each Director Option (namely \$0.0868 per Option), the table below sets out the total value of Director Options to be issued to each of Mr Andrew Clark and Mr Keith Cohn:			
	Andrew A\$232,190 Clark			
	Keith Cohn	A\$464,380		
Summary of any other material terms of the agreement under which the securities are issued (if any)	The Director Options are not being issued to Mr Andrew Clark, Mr Keith Cohn (and/or their nominees) under an agreement.			
Voting exclusion statement	A voting exclusion statement is included in:			
	<ul> <li>(a) Resolution 9 of the Notice, in relation to the proposed issuance of 2,675,000 Director Options to Mr Andrew Clark and/or his nominees; and</li> <li>(b) Resolution 10 of the Notice, in relation to the proposed issuance of 5,350,000 Director Options to Mr Keith Cohn and/or his nominees.</li> </ul>			

# Directors' interests and recommendation

Other than Mr Andrew Clark, none of the current Board members have a material personal interest in the outcome of Resolution 9. Based on the information available, including that contained in this Explanatory Statement, all of the Directors (excluding Mr. Andrew Clark) recommend Shareholders vote in favour of Resolution 9. The Chair intends to vote all available proxies in favour of Resolution 9.

Other than Mr. Keith Cohn, none of the current Board members have a material personal interest in the outcome of Resolution 10. Based on the information available, including that contain in this Explanatory Statement, all of the Directors (excluding Mr. Keith Cohn) recommend Shareholders vote in favour of Resolution 10. The Chair intends to vote all available proxies in favour of Resolution 10.

# Resolution 11: Issue of VLL Shares to VLL9 LLC

#### Background

As announced on 14 April 2021, the Company secured a debt facility from a Venture Lending & Leasing IX Inc ("VLL"), which is a part of a leasing Silicon Valley equity/debt venture firm, Western Technology Investment ("WTI"), of US\$7.5 million ("Debt Facility"), to be drawn down in two tranches.

The first tranche in the sum of US\$5 million was drawn-down in April 2021.

The second tranche of US\$2.5 million will be available for drawdown, subject to the key performance indicators being achieved.

The funds raised under the Debt Facility would allow the Company to:

- (a) accelerate its growth further by allowing for the investing in hiring of additional staff, marketing campaigns, the acquisition of inventory and the increase in its working capital facilities; and
- (b) pay out the Company's then existing facility with Crossroads Financial LLC of approximately US\$1.75m (inclusive of the early termination fee of US\$80,000) ("Crossroads Facility").

As part of the Debt Facility, it was proposed that VLL9 LLC, the parent company of VLL, be granted a warrant to purchase up to A\$1,959,990 worth of either: (i) Shares; (ii) Shares in a subsequent financing round undertaken by the Company, on the following key terms ("Warrant"):

- (a) the Warrant was exercisable at A\$0.237 per Share, or at subsequent round prices if exercised at that time;
- (b) the value of the Warrant exercisable into Shares was to vest 50% upon closing and 50% ratably on draws made under the Debt Capital, subject to the Company obtaining any necessary Shareholder approval for the grant of the said Warrant;
- (c) the Warrant would expire on 31 October 2026;
- (d) VLL9 LLC could exchange the Warrant for a Success Bonus of US\$2 million upon the Company undergoing a change of control event or on expiry of 30 June 2026 if the Warrant was not exercised by that time; and
- (e) If Shareholder approval for the grant of the Warrant was not obtained by 31 August 2021, VLL shall be entitled to be paid, in cash, a Break Fee (in lieu of the Warrant up to an estimated amount of US\$2.1 million (assuming full US\$7.5 million advanced)), and/or the Success Bonus.

The key terms of the Debt Facility and Warrant are summarized in the Company's announcements on 14 April 2021.

As announced on 30 June 2021, a Debt Facility Amendment No. 1 Agreement had been entered into to amend the terms of the Debt Facility such that:

- (a) the Company would issue 8,942,168 VLL Shares to VLL9 LLC, the parent company of VLL for nil consideration by no later than 15 August 2021, subject to the Company obtaining any necessary Shareholder approval required by the ASX Listing Rules and/or the Corporations Act;
- (b) provided that 8,942,168 VLL Shares are issued to VLL9 LLC by no later than 15 August 2021, the Company will no longer be required to grant the Warrant and to pay the Success Bonus and the Break Fee, as originally provided for as part of the Debt Facility; and
- (c) in the event that the Company fails to issue 8,942,168 VLL Shares to VLL9 LLC by 15 August 2021 for any reason (including, for example, as a result of Resolution 11 not being passed), then:
  - (i) the original terms (including the obligation to grant the Warrant and to pay Success Bonus and Break Fee) (as amended by the amendment referred to in paragraph (ii)) shall remain in force; and

- (ii) the time by which the Company must obtain Shareholder approval for the grant of the Warrant will be extended from 31 August 2021 to 30 September 2021; and
- (iii) subject to and upon the Company obtaining the necessary Shareholder approval for the grant of the Warrant by 30 September 2021, the Warrant will be granted to VLL9 LLC. In that event, the Company may be liable to pay the Success Bonus as detailed above; and
- (iii) if the Company fails to obtain Shareholder approval for the grant of the Warrant by 30 September 2021, then the Success Bonus and/or Break Fee will be payable by the Company to VLL.

It is noted that the 8,942,168 VLL Shares:

- (a) will be issued at a deemed issue price of A\$0.145 per Share (being the closing price for the Shares as at 28 June 2021); however no cash payment will be made by VLL9 LLC to the Company; and
- (b) are notionally valued at A\$1,296,614.36 (based on the deemed issue price of A\$0.145 per Share);
- (c) are not to be issued to VLL9 LLC (if Resolution 11 is passed) in consideration for fees payable to VLL for the provision of the Debt Facility. Rather, if Resolution 11 is passed, they are to be issued in substitution of the obligation of the Company to grant the Warrant and to pay Success Bonus and Break Fee as originally provided in the terms of the Debt Facility; and
- (d) will not be subject to voluntary escrow; and
- (e) will represent 2.55% of the total issued Shares of the Company post-completion of the Share issuance and assuming that apart from the Shares to be issued to VLL9 LLC, no other Shares will be issued after the date of this Notice (whether by way of new share issuance or conversion of any convertible securities or for any other reasons) and no Options will be exercised.

#### ASX Listing Rules 7.1

As summarised in Resolution 3 of this Explanatory Statement above, subject to a number of exceptions in ASX Listing Rule 7.2, ASX Listing Rule 7.1 limits the amount of Equity Securities that the Company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

While at the Company's annual general meeting held on 31 July 2020, the Company sought and obtained approval of its Shareholders under ASX Listing Rule 7.1A to increase this 15% limit by an extra 10% to 25%, the proposed issue of the VLL Shares to VLL9 LLC (which is the subject of Resolution 11):

- (a) does not fall within any of the exceptions in ASX Listing Rule 7.2; and
- (b) unless Resolutions 3 and 4 are approved, would exceed the Company's current 15% limit in ASX Listing Rule 7.1; and
- (c) cannot be issued utilising the Company's available 10% limit in ASX Listing 7.1A (if any), as the VLL Shares will be issued for nil cash consideration.

It therefore requires the approval of Shareholders under ASX Listing Rule 7.1.

Resolution 11 seeks Shareholder approval, under and for the purpose of ASX Listing Rule 7.1 for the issue of 8,942,168 VLL Shares for nil cash consideration to VLL9 LLC as part of the Debt Facility.

If Resolution 11 is passed, the Company will be able to proceed with the issuance of 8,942,168 VLL Shares to VLL9 LLC by 31 August 2021 under, and in accordance with, the terms of the Debt Facility. Additionally, the issuance of those VLL Shares will be excluded from the calculation of the Company's 15% limit, effectively increasing the number of Equity Securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 11 is not passed (and Resolutions 3 to 5 are also not passed), the Company may be unable to proceed with the issuance of 8,942,168 VLL Shares to VLL9 LLC under the terms of the Debt Facility unless it can otherwise do so at a later date under its placement capacity pursuant to ASX Listing Rule 7.1. The failure to issue the 8,942,168 VLL Shares to VLL9 LLC under the terms of the Debt Facility by 15 August 2021 would result in the Loan documents not being amended by the Debt Facility Amendment No. 1 Agreement and the original terms (including the obligation to grant the Warrant and to pay Success Bonus and Break Fee) shall remain in force.

Alternatively, if Resolution 11 is not passed (and Resolutions 3 to 5 are passed), the Company may still be able to proceed with the issuance of the 8,942,168 VLL Shares to VLL9 LLC under the terms of the Debt Facility. In that event, the issue of those VLL Share to VLLP LLC will be included from the calculation of the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If the 8,942,168 VLL Shares are not issued to VLL9 LLC, and the original terms of the Loan documents are to remain in force, then the Company may be required to grant the Warrant, and/or to pay Success Bonus and/or Break Fee to VLL9 LLC. In such circumstances, the Company will have until 30 September 2021 to obtain shareholder approval for the grant of the Warrant.

# Technical information required by ASX Listing Rule 7.1

The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.1.

Persons to whom securities will be issued	The VLL Shares will be issued to VLL9 LLC, which is not a related party of the Company, member of the Company's Key Management Personnel, substantial holder of the Company, adviser to the Company or an Associate of any of these parties.	
Maximum number of Shares to be issued	8,942,168 VLL Shares	
Terms of issue	The VLL Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares and will rank equally in all aspect with the then issued Shares of the Company.	
Date of Issue	If Resolution 11 is passed, the VLL Shares will be issued on or before 15 August 2021, as currently provided under the terms of the Debt Facility.	
Issue price per security	The VLL Shares are to be issued for nil cash consideration. They are to be issued as consideration for VLL agreeing to amend the Debt Facility Agreement by removing the obligation of the Company to grant the Warrants and/or to pay the Success Bonus and/or Break Fee, as originally provided for in the Debt Facility Agreement.	
	The VLL Shares are to be issued at the deemed issue price of \$0.145 per Share (for which no cash consideration will be paid to the Company).	
	Based on the deemed issue price of \$0.145, the VLL Shares are estimated to have a notional value of \$1,296,614.36.	

Purpose of issue and intended use of funds	The purpose of the issuance of the VLL Shares is to remove the obligation of the Company to grant the Warrant and/or to pay the Break Fee and/or the Success Bonus as originally provided for in the Debt Facility Agreement. No funds will be raised or received from the issuance of the VLL Shares.
A summary of the material terms of the agreement under which the Securities were or will be issued	The VLL Shares are to be issued under the Debt Facility Amendment No. 1 Agreement, which amended the Debt Facility Agreement in the manner described above.
will be issued	The key terms of the Debt Facility Agreement (as amended by the Debt Facility Agreement No.1 Agreement) are summarised in Annexure C.
Voting exclusion statement	A voting exclusion statement is included in Resolution 11 of the Notice.

# Directors' recommendation

The Directors recommend Shareholders vote in favour of Resolution 11. The Chair intends to vote all available proxies in favour of Resolution 11.

# Resolutions 12 and 13: Approval of Amendments to the terms of existing Legacy ESOP Options and the Existing 2019 ESOP Options

#### General

As at the date of this Notice, the Company has on issue:

- (a) 279,472 Legacy ESOP Options, issued pursuant to the 2015 ESOP; and
- (b) 9,023,436 Existing 2019 ESOP Options issued pursuant to the 2019 ESOP.

As at the date of this Notice, the Company has also agreed to issue, but has not issued, the following Options under the 2019 ESOP:

- (a) 80,000 Options (exercisable at A\$0.17 per Option and expiring on a date yet to be determined), of which one quarter will vest on 10 May 2022 and one-thirty-sixth of the balance will vest every month thereafter; and
- (b) 25,000 Options (exercisable at A\$0.17 per Option and expiring on a date yet to be determined), of which one quarter will vest on 24 May 2022 and one-thirty-sixth of the balance will vest every month thereafter,

# ("Proposed 2019 ESOP Options").

The 2015 ESOP was in place prior to the Company's IPO in or around November 2018 whilst the 2019 ESOP was adopted by the Company upon the Company obtaining the requisite Shareholder approval for its adoption at the Company's annual general meeting held on 8 May 2019 ("2019 AGM").

A summary of the key terms of the 2015 ESOP and the 2019 ESOP were set out in the Company's IPO Prospectus dated 30 November 2018 (for the 2015 ESOP) and the Company's Notice of 2019 AGM (for the 2019 ESOP), copies of which are available on the Company's ASX announcement platform.

The terms of both the 2015 ESOP and the 2019 ESOP do not currently provide for automatic acceleration of the vesting of the Options issued pursuant to those plans if a Change in Control Event (as defined below) occurs. Instead, they give the Board the discretion to determine if all unvested Options vest immediately in such circumstances.

It is also noted that while the 2015 ESOP allows the Company to establish a cashless exercise facility for the payment of the exercise price for the Options that are exercised by the Optionholders, no cashless exercise facility was established at the time when the Legacy ESOP Options were granted. As such, the terms of the Legacy Options presently do not allow for cashless exercise.

The terms of the 2019 ESOP currently contemplate the exercise of Options issued in a traditional manner, being the payment of the exercise price in cash with receipt of one new Share per Option exercised. As such, the 2019 ESOP presently does not allow for cashless exercise.

The Company is proposing to vary the terms of the Legacy ESOP Options and the Existing 2019 ESOP Options to:

- (a) include a cashless exercise mechanism ("Cashless Exercise Mechanism"); and
- (b) provide for an automatic acceleration of the vesting of the Options that are subject to vesting conditions, where a takeover, scheme of arrangement or other transaction that may result in a person becoming entitled to exercise control over the Company ("Change in Control Event") occurs, resulting in a person obtaining or acquiring Control of the Company ("Automatic Vesting Acceleration"),

### ("Proposed Option Terms Amendment").

Copies of the proposed amended terms of the Legacy ESOP Options (if Resolution 12 is passed) and the Existing 2019 ESOP Options (if Resolution 13 is passed), incorporating the Cashless Exercise Mechanism and

the Automatic Vesting Acceleration as contemplated by the Proposed Option Terms Amendment, are attached to this Notice as Annexure D and Annexure E respectively.

The proposed amendments to the terms of the Legacy ESOP Options and the Existing 2019 ESOP Options to include the Cashless Exercise Mechanism and the Automatic Vesting Acceleration have been conditionally approved by the Board, with such approval being subject to Shareholder approval under ASX Listing Rule 6.23.4 at the Meeting.

However, the Proposed Option Terms Amendment does not need to be separately approved by each individual holder of the Legacy ESOP Options or Existing 2019 ESOP Options (as applicable) under the terms of the 2015 ESOP and the 2019 ESOP.

Relevantly, under the terms of the 2015 ESOP, the Board has discretion to amend any term or agreement to which the Legacy ESOP relate, provided that such amendment would not materially and adversely affect the rights of any holder of the Legacy ESOP Options without his or her consent. The Board considers that the Proposed Option Terms Amendment would not adversely affect the rights of the holders of the Legacy ESOP Options. On the contrary, the Board considers that the Proposed Option Terms Amendment will benefit the holders of the Legacy ESOP Options for the reasons set out below.

Under the terms of the 2019 ESOP, the Board has discretion to vary the terms and conditions to which the Existing 2019 ESOP Options, to the full extent permissible by the ASX Listing Rules and the law. The Board considers that that the Proposed Option Terms Amendment are permissible by the ASX Listing Rules, subject to the Company obtaining Shareholder approval under ASX Listing Rule 6.23.4.

# Proposed Option Terms Amendment – Automatic Vesting Acceleration

The Board has since approved an amendment to the 2015 ESOP and the 2019 ESOP to allow for the Automatic Vesting Acceleration of the Legacy ESOP Options and the Existing 2019 ESOP Options where an entity acquires or obtains Control of the Company as a result of the occurrence of a Chang in Control Event.

The inclusion of the Automatic Vesting Acceleration in the terms of the Legacy ESOP Options and the Existing 2019 ESOP Options will therefore provide certainty on the vesting of those Options where an entity acquires or obtains Control of the Company as a result of the occurrence of a Chang in Control Event.

The Board considers the inclusion of the Automatic Vesting Acceleration in the Legacy ESOP Options and the Existing 2019 ESOP Options to be appropriate and consistent with maintaining the alignment between incentivising KMP, on one hand, and long-term Shareholder interests, on the other hand.

# Proposed Option Terms Amendment – Cashless Exercise Mechanism

The Cashless Exercise Mechanism will enable holders of the Legacy ESOP Options and the Existing 2019 ESOP Options (as applicable) to set-off the exercise price for the Options exercised, against the number of Shares which they are entitled to receive upon the exercise of their Options.

Whether the Cashless Exercise Mechanism will be utilised by an Optionholder (assuming Resolutions 12 and 13 are approved) will be at the absolute discretion of the Optionholder. That is, the Optionholder may decide to not use the Cashless Exercise Mechanism but exercise their Options in the traditional manner. However, any decision by an Optionholder to use the Cashless Exercise Mechanism will be subject to Board approval at the relevant time.

If an Optionholder elects to exercise any of the Legacy ESOP Options or the Existing 2019 ESOP Options (as the case may be) ("Plan Options") and use the Cashless Exercise Mechanism, the Optionholder will only be entitled to that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the exercise price otherwise payable for the Plan Options and the market value of the Shares at the time of exercise. The market value will be based on the volume weighted average price ("VWAP") of the Company's Shares on the ASX over the 5 trading days prior to the notice of exercise being given by the Optionholder, unless otherwise determined by the Board at its sole discretion.

Expressed as formula, the number of Shares that an Optionholder is entitled to when using the Cashless Exercise Mechanism to exercise the Plan Options will be determined in the following manner:

$$A = \frac{O \times (MV - EP)}{MV}$$

Where:

A = the number of Shares to be issued to the Optionholder under the Cashless Exercise Mechanism

**EP** = the exercise price of the Plan Option being exercised (per Plan Option)<sup>1</sup>

**O** = the number of the Shares which would be issued to the Optionholder if the exercise price is paid per Plan Option under the traditional exercise mechanism

**MV** = the Market Value of one Share, being the VWAP of Shares on the ASX over 5 trading days prior to the notice of exercise being delivered to the Company by the Optionholder, unless otherwise determined by the Board.

# Worked example

The example below has been provided to demonstrate the difference between the traditional exercise and the Cashless Exercise Mechanism:

- (a) Each Plan Option entitles its hold to subscribe for 1 Share.
- (b) 200,000 Plan Options are to be exercised, each with an exercise price of A\$0.10 per Option
- (c) all 200,000 Plan Options vest and the Optionholder is entitled to exercise them;
- (d) at the time the Optionholder exercises the vested Plan Options, the Market Value of the Company's Shares is A\$0.15 (where the Market Value is determined based on the 5-trading day VWAP calculated immediately prior to the date the Optionholder delivered the notice of exercise to the Company).

### Calculation using the Cashless Exercise Mechanism

Using the details from the above example, the Cashless Exercise Mechanism will work:

Number of Plan Options exercised x Exercise Price = <b>TEP</b>	A\$20,000
Number of Plan Options x Market Value = MEP	A\$30,000
MEP – TEP = EB (being the economic benefit to the relevant Optionholder)	A\$10,000

<sup>&</sup>lt;sup>1</sup> Where the exercise of the Plan Option being exercised is in USD (which is the case for the Legacy ESOP Options), for the purpose of determining the number of Share that will be issued under the Cashless Exercise Mechanism, the exercise price will be the first converted to AUD, based on the applicable USD/AUD currency exchange rate at close of business on the date the notice of exercise is delivered to the Company by the Optionholder, unless otherwise determined by the Board at its sole discretion.

EB / Marjet Value = Shares issued to the Optionholder without the Optionholder paying any money

A\$10,000 / A\$0.15 = 66,666 Shares (rounded down)

Thus, the difference in how the Cashless Exercise Mechanism will operate in comparison to how the existing Plan Option terms currently work is shown in the table below:

	the Plan Options are exercised under tional exercise mechanism	How the Cashless Exercise Mechanism will operate			
Under the terms of the 2015 ESOP and the 2019 ESOP (as applicable), an Optionholder is required to pay A\$20,000 to the Company to exercise the Plan Options.  In return, the Optionholder will be issued 200,000 Shares.  If Resolutions 12 and 13 are passed, then the Optionholder may elect to not pay an amount to the Company but will receive # Shares only (see calculation below for how this is determined).					
econd (being the r	ediately following such exercise, the net omic benefit to the optionholder is A\$10,000 g the total value of the Shares (A\$30,000) and money the Optionholder paid to exercise the ed Option at A\$0.10 (A\$20,000)).	Upon making such an election, the net economic benefit to the Optionholder is A\$10,000 as they will have received A\$10,000 worth of Shares (based on a Market Value of A\$0.15).			
Thus:	:	Thus:			
(a)	the Optionholder will pay A\$20,000 to the Company; and	<ul><li>(a) the Optionholder will pay \$0;</li><li>(b) 66,666 New Shares will be issued to the</li></ul>			
(b)	200,000 new Shares will be issued to the Optionholder; and the Company will receive A\$20,000.	Optionholder; and (c) the Company will receive \$0 cash.			

Effect of the inclusion of the Cashless Exercise Mechanism to the Legacy ESOP Options and the Existing 2019 ESOP Options

The proposed Cashless Exercise Mechanism will only affect the manner in which the Legacy ESOP Options and the Existing 2019 ESOP Options are exercised. It will not change the entitlements of the holders of those Options.

In addition, as demonstrated by the worked example above, the net position of an Optionholder is the same irrespective of whether the Legacy ESOP Options or the Existing 2019 ESOP Options (as applicable) are exercised in a traditional manner or by using the Cashless Exercise Mechanism.

There are a number of benefits in offering the Cashless Exercise Mechanism. These include:

- (a) it limits dilution to existing Shareholders as fewer Shares are issued under the Cashless Exercise Mechanism;
- (b) it makes exercising the Legacy ESOP Options or the Existing 2019 ESOP Options (as applicable) more attractive prospect for the Optionholders who may otherwise not have the necessary funds available to fund the exercise in a traditional manner; and
- (c) it makes retention of the Shares issued on exercise more attractive as the Optionholder would not need to sell all or part of the Shares to recoup the monies paid to exercise the Legacy ESOP Options or Existing 2019 ESOP Options (as the case may be).

Whilst the Company would receive less cash where the Cashless Exercise Mechanism is used, this is not seen as a material consideration as the Legacy ESOP Options or the Existing 2019 ESOP Options (as applicable) were not issued for the purpose of raising funds, but principally to provide reasonable remuneration for the recipients, and also to assist in attracting, incentivising and rewarding the employees and directors of the Group.

For completeness, the Company notes that:

- (a) if all the Legacy ESOP Options were vested and exercised in traditional manner, the Company would raise approximately US\$810.47; and
- (b) if all the Existing 2019 ESOP Options were vested and exercised in traditional manner, the Company would raise approximately A\$1,434,857.58.

Whilst there is no certainty that any or all of the Legacy ESOP Options and the Existing 2019 ESOP Options will vest or otherwise be exercised, if Shareholders approve Resolutions 12 and 13 and all of the Legacy ESOP Options and the Existing 2019 ESOP Options via Cashless Exercise Mechanism (as applicable), the Company will not be raising any funds up to the maximum potential amount noted above.

The Company notes that the trading price for the Shares as at the date of this Notice is above the exercise price of all Legacy ESOP Options and approximately 160,000 of the total of 9,023,436 Existing 2019 ESOP Options on issue.

### Options affected by the Proposed Option Terms Amendment

The table in Part A of Schedule 1 sets out the details of the Legacy ESOP Options whilst the tale in Part B of Schedule 1 sets out the details of Existing 2019 ESOP Options as at 16 June 2021.

As noted in the tables, as at 16 June 2021:

- (a) of the total 279,472 Legacy Options:
  - (i) 213,247 are vested Legacy Options and the remaining 66,225 Legacy Options are unvested;
  - (ii) none of the Legacy Options currently on issue are held by the Directors and/or their Associates; and
- (b) of the total Existing Options:
  - (i) 1,445,569 are vested Options and the remaining 7,577,867 Options are unvested;
  - (ii) none of the Options currently on issue are held by the Directors and/or their Associates.

**Resolution 12** deals only with the Legacy ESOP Options specified in Part A of Schedule 1, being all of the Options issued under the 2015 ESOP and which, at the date of this Notice, have not been exercised, have not lapsed and have not expired.

**Resolution 13** deals only with the Existing 2019 ESOP Options specified in Part B of Schedule 1, being all of the Options issued under the 2019 ESOP and which, at the date of this Notice, have not been exercised, have not lapsed and have not expired.

# ASX Listing Rule 6.23.4

Shareholder approval is being sought under Resolution 12 to approve the amendment of the terms of the Legacy ESOP Options already on issue as at the date of the Notice, by incorporating the Proposed Option Terms Amendment, in accordance with the requirements of ASX Listing Rule 6.23.4.

Shareholder approval is being sought under Resolution 13 to approve the amendment of the terms of the Existing 2019 ESOP Options already on issue as at the date of the Notice, by incorporating the Proposed Option Terms Amendment, in accordance with the requirements of ASX Listing Rule 6.23.4.

ASX Listing Rule 6.23.4 provides that a change to the terms of existing Options on issue which is not prohibited under the ASX Listing rules can only be made if Shareholders have first approved the change.

The Proposed Option Terms Amendment to the terms of the Existing Legacy ESOP Options listed in Part A of Schedule 1 and the Existing 2019 ESOP Options listed in Part B of Schedule 1 would not have the effect of reducing the exercise price of the relevant Option (as the next economic benefit to the participant is the same whether the cashless exercise mechanism is used or is not used), increasing the period for exercise (as the period for exercise remains unchanged) or increasing the number of securities received on exercise (as the number of securities received on exercise will be reduced), which are prohibited by ASX Listing Rule 6.23.3.

If Resolutions 12 and 13 are approved, it will:

- (a) allow cashless exercise for the Legacy ESOP Options and the Existing 2019 ESOP Options; and
- (b) provide for an automatic acceleration of the vesting of the Options that are subject to vesting conditions upon the occurrence of a Change in Control Event.

If Resolution 12 is not approved, the Proposed Option Terms Amendment to the Legacy ESOP Options will not take effect, the Cashless Exercise Mechanism will not be available for the Legacy ESOP Options and there will be no Automatic Vesting Acceleration. Therefore, the terms of the Legacy ESOP Options will remain as currently drafted, which are summarised in the Company's IPO Prospectus.

If Resolution 13 is not approved, the Proposed Option Terms Amendment to the Existing 2019 ESOP Options will not take effect, the Cashless Exercise Mechanism will not be available for the Existing 2019 ESOP Options and there will be no Automatic Vesting Acceleration for the Existing 2019 ESOP Options, and the terms of the Existing 2019 ESOP Options will remain as currently drafted, which are set out in the Company's Notice of 2019 AGM.

#### Directors' interests and recommendation

It is noted that none of the Directors and their Associates presently hold any Legacy ESOP Options or the Existing 2019 ESOP Options. As such, none of the current Board members have a material personal interest in the outcome of Resolutions 12 and 13.

Based on the information available, including that contained in this Explanatory Statement, all of the Directors recommend Shareholders vote in favour of Resolutions 12 and 13. The Chair intends to vote all available proxies in favour of Resolutions 12 and 13.

## Resolution 14: Approval of 2021 ESOP

#### General

As previously noted:

- (a) at the time of the Company's IPO in November 2019, the Company had an existing 2015 ESOP in place, which was established prior to the Company's IPO and its ASX listing and under which certain Options had been granted prior to the IPO;
- (b) after its successful listing on the ASX, with the Shareholder approval at the 2019 AGM, the Company adopted the 2019 ESOP to apply in respect of new Options to be granted after the IPO and its ASX listing and under which Options have been granted since the IPO.

A summary of the terms of the 2015 ESOP and the 2019 ESOP were set out in the Company's IPO Prospectus dated 30 November 2018 (for the 2015 ESOP) and the Company's Notice of 2019 AGM (for the 2019 ESOP), copies of which are available on the Company's ASX announcement platform.

As contemplated in Resolutions 12 and 13 above, the Company is seeking Shareholder approval to vary terms of the Legacy ESOP Options and Existing 2019 ESOP Options only (being those issued and existing at the time of this Notice) but will not apply to any new Options which may be issued by the Company after the date of this Notice. The Company intends that a Cashless Exercise Mechanism and the Automatic Vesting Acceleration also apply in relation to any future Options which may be issued by the Company as an incentive to employees or directors of the Group.

Accordingly, the Board proposes to replace the existing 2019 ESOP with new employee share plan rules titled '2021 Employee Share Option Plan' ("2021 ESOP") which includes a Cashless Mechanism and the Automatic Vesting Acceleration on the same terms as that proposed for the Legacy ESOP Options and the Existing 2019 ESOP Options above.

The adoption of the 2021 ESOP has been conditionally approved by the Board, with such approval being subject to Shareholder approval under ASX Listing Rule 7.2, Exception 13 at the Meeting.

If this Resolution is passed, the Company intends that all additional Options to be granted after the date of the Meeting will be granted under the 2021 ESOP and no further Options will be granted under the previous 2015 ESOP or 2019 ESOP.

# ASX Listing Rule 7.2 Exception 13

This Resolution seeks the approval of Shareholders for the adoption of the 2021 ESOP in accordance with ASX Listing Rule 7.2, Exception 13.

As summarised in Resolutions 3 and 11 of this Explanatory Statement above, subject to specified exceptions, ASX Listing Rule 7.1 limits the amount of Equity Securities that the Company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

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

If this Resolution is passed, the Company will have the ability to issue Options to eligible participants under the 2021 ESOP over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

If this Resolution is not passed, and if the Board decides to issue any Option under the 2021 ESOP (notwithstanding the non-approval), any Options issued will be included in calculating he Company's 15% limit in ASX Listing rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

# Alternatively, if:

- (a) this Resolution is not passed; and
- (b) the Board decides not to adopt the 2021 ESOP and instead continues to issue Options under the existing 2019 ESOP (which does not include the Cashless Exercise Mechanism and the Automatic Vesting Acceleration),

by virtue of the Shareholder approval obtained for that 2019 ESOP under ASX Listing 7.2, Exception 13 at the 2019 AGM, Options issued under the existing 2019 ESOP will be excluded from the calculation of the Company's 15% placement capacity under ASX Listing Rule 7.1 until 7 May 2022. However, unless the Shareholder approval can be obtained, under ASX Listing Rule 7.2, Exception 13, for the 2019 ESOP, any Options issued thereafter will be included in the calculation of the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

It is noted that the terms of the proposed 2021 ESOP are materially no different from the terms of the 2019 ESOP presently in place and which was approved by the Shareholders at the 2019 AGM, except for amendments to include the Cashless Mechanism, the Automatic Vesting Acceleration and other administrative changes.

## Specific information required by ASX Listing Rule 7.2 Exception 13(b)

In accordance with ASX Listing Rule 7.2 Exception 13(b), the following information is provided in relation to the 2021 ESOP:

- (a) A summary of the terms of the 2021 ESOP is set out in Schedule 2. In addition, a copy of the proposed 2021 ESOP is available for review by Shareholders at the Registered Office of the Company and a copy of the said 2021 ESOP can also be provided upon request to the Company;
- (b) 9,023,436 Options have been granted under the 2019 ESOP since the Company obtained the Shareholder approval under ASX Listing Rule 7.2, Exception 13 for the 2019 ESOP at the 2019 AGM. The 2019 ESOP was not in place, and as such, no Options were granted under the 2019 ESOP, between the date of the Company's ASX listing and the date of the 2019 AGM. It is noted that all of the 9,023,436 Options remain on issue. Details of these Options are set out in Part B of Schedule 1.
- (c) No Options have previously been granted or issued under the 2021 ESOP.
- (d) As at the date of this Notice, the Company proposes to issue a total of 35,652,380 Options under the 2021 ESOP within the three year period following approval of this Resolution. It is however noted that this maximum number is not intended to be a prediction of the actual number of securities to be issued under the 2021 ESOP, but is instead a ceiling for the purposes of ASX Listing Rule 7.2 Exception 13(b).
- (e) A voting exclusion statement is included in Resolution 14 of this Notice.

# Directors' interests and recommendation

All of the Directors are "eligible employees" under the 2021 ESOP and therefore may have a material personal interest in this Resolution. Accordingly, the Directors abstain, in the interest of good corporate governance, from making a recommendation in relation to this Resolution 14.

## Resolution 15: Approval of Amendments to the terms of the Existing KMP Options

#### General

As at the date of this Notice, the Company has a total of 15,600,000 Existing KMP Options, a breakdown of which is contained in Schedule 3.

It is noted that the terms of the Existing KMP Options currently contemplate the exercise of Options in a traditional manner, being the payment of the exercise price in cash with receipt of one new Share per Option exercised. As such, the terms of the Existing KMP Options presently do not allow for cashless exercise.

As contemplated in Resolutions 12 and 13 above, the Company is seeking Shareholder approval to vary terms of the Legacy ESOP Options and Existing 2019 ESOP Options only (being those issued and existing at the time of this Notice) but will not apply to any unlisted Options issued to and held by Sabone Internet Investments LLC, a company controlled by Mr Keith Cohn, outside of the 2015 ESOP and the 2019 ESOP (such as the Existing KMP Options).

The Company intends that a Cashless Exercise Mechanism will also apply to the Existing KMP Options.

Resolution 15 seeks to amend the terms of the Existing KMP Options issued to and held by Sabone Internet Investments LLC, a company controlled by Mr Keith Cohn, outside of the 2015 ESOP and the 2019 ESOP, and which have yet to be exercised or lapse. The Resolution does not seek approval for a change in exercise period, the exercise price or the expiry date of the Existing KMP Options.

It is noted that the proposed amendments to the terms of the Existing KMP Options to include the Cashless Exercise Mechanism have been conditionally approved by the Board ("**Proposed KMP Options Amendment**"), with such approval being subject to Shareholder approval under ASX Listing Rule 6.23.4 at the Meeting.

However, the Proposed KMP Options Amendment does not need to be separately approved by each individual holder of the Existing KMP Options under the terms of the Existing KMP Options.

# Proposed KMP Options Amendments- Cashless Exercise Mechanism

The Cashless Exercise Mechanism will enable holders of the Existing KMP Options to set-off the exercise price for the Options exercised, against the number of Shares which they are entitled to receive upon the exercise of their Options.

Whether the Cashless Exercise Mechanism will be utilised by an Optionholder (assuming Resolution 15 is approved) will be at the absolute discretion of the Optionholder. That is, the Optionholder may decide to not use the Cashless Exercise Mechanism but exercise their Options in the traditional manner. However, any decision by an Optionholder to use the Cashless Exercise Mechanism will be subject to Board approval at the relevant time.

If an Optionholder elects to exercise any of the Existing KMP Options and use the Cashless Exercise Mechanism, the Optionholder will only be entitled to that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the exercise price otherwise payable for the Existing KMP Options and the market value of the Shares at the time of exercise. The market value will be based on the volume weighted average price ("VWAP") of the Company's Shares on the ASX over the 5 trading days prior to the notice of exercise being given by the Optionholder, unless otherwise determined by the Board at its sole discretion.

A worked example of how the Cashless Exercise Mechanism will operate in respect of the Existing KMP Options (if Resolution 15 is approved) is set out in the Explanatory Statements for Resolutions 12 and 13 (as if each reference to "Plan Options" in that worked example was a reference to the Existing KMP Options).

# Effect of the inclusion of the Cashless Exercise Mechanism to the Existing KMP Options

The proposed Cashless Exercise Mechanism will only affect the manner in which the Existing KMP Options are exercised. It will not change the entitlements of the holders of those Options.

In addition, as demonstrated by the worked example in Resolutions 12 and 13 above, the net position of an Optionholder is the same irrespective of whether the Existing KMP Options are exercised in a traditional manner or by using the Cashless Exercise Mechanism.

There are a number of benefits in offering the Cashless Exercise Mechanism. These include:

- (a) it limits dilution to existing Shareholders as fewer Shares are issued under the Cashless Exercise Mechanism;
- (b) it makes exercising the Existing KMP Options more attractive prospect for the Optionholders who may otherwise not have the necessary funds available to fund the exercise in a traditional manner; and
- (c) it makes retention of the Shares issued on exercise more attractive as the Optionholder would not need to sell all or part of the Shares to recoup the monies paid to exercise the Existing KMP Options.

Whilst the Company would receive less cash where the Cashless Exercise Mechanism is used, this is not seen as a material consideration as the Existing KMP Options were not issued for the purpose of raising funds, but principally to provide reasonable remuneration for the recipients, and also to assist in attracting, incentivising and rewarding the KMP and Employees of the Group (in that instance, Mr Keith Cohn).

For completeness, the Company notes that if all of the Existing KMP Options were exercised in traditional manner, the Company would raise approximately \$3,900,000.

Whilst there is no certainty that any or all of the Existing KMP Options will be exercised, if Shareholders approve Resolution 15 and all of the Existing KMP Options via Cashless Exercise Mechanism (as applicable), the Company will not be raising any funds up to the maximum potential amount noted above.

# ASX Listing Rule 6.23.4

Shareholder approval is being sought under Resolution 15 to approve the amendment of the terms of the Existing KMP Options already on issue as at the date of the Notice, by incorporating the Proposed KMP Options Amendment, in accordance with the requirements of ASX Listing Rule 6.23.4.

The Proposed KMP Options Amendment to the terms of the Existing KMP Options would not have the effect of reducing the exercise price of the relevant Option (as the next economic benefit to the participant is the same whether the cashless exercise mechanism is used or is not used), increasing the period for exercise (as the period for exercise remains unchanged) or increasing the number of securities received on exercise (as the number of securities received on exercise will be reduced), which are prohibited by ASX Listing Rule 6.23.3.

If Resolution 15 is approved, it will allow cashless exercise for the Existing KMP Options.

If Resolution 15 is not approved, the Proposed KMP Options Amendment to the Existing KMP Options will not take effect, the Cashless Exercise Mechanism will not be available for the Existing KMP Options and the terms of the Existing EMP Options will remain as currently drafted, which allows the exercise of the Existing KMP Options in traditional manner only.

### Directors' interests and recommendation

It is noted that Mr Keith Cohn has a material personal interest in the outcome of Resolutions 15 as they presently hold Existing KMP Options.

Based on the information available, including that contained in this Explanatory Statement, the Directors (with Mr Keith Cohn abstaining) recommend Shareholders vote in favour of Resolution 15.

## Resolution 16: Approval of 10% Placement Capacity

#### General

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under ASX Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of A\$300 million or less. The Company is an eligible entity for these purposes.

As at 18 June 2021, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$54.76m (based on the number of Shares on issue and the closing price of Shares on the ASX on 18 June 2021).

Any Equity Securities issued under the additional 10% placement capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has two class of quoted Equity Securities on issue, being Shares (ASX Code: CLB) and Listed Options (ASX Code: CLBO).

This Resolution seeks Shareholder approval by way of a special resolution for the Company to have the additional 10% capacity provided for in ASX Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

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

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

This Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at this Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### Formula for calculating 10% Placement Facility

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

# $(A \times D) - E$

**A** is the number of shares on issue at the commencement of the Relevant Period:

- a) plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2 (other than exception 9, 16 or 17);
- b) plus the number of fully paid ordinary Shares 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 Rule 7.1 or 7.4;
- c) plus the number of fully paid ordinary Shares 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 Rule 7.1 or ASX Listing Rule 7.4;
- d) plus the number of partly paid Shares that became fully paid in the Relevant Period;
- e) plus the number of fully paid shares issued in the Relevant Period with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This may include fully paid ordinary Shares issued in the Relevant Period under an agreement to issue securities within ASX Listing Rule 7.2 exception 17 where the issue is subsequently approved under ASX Listing Rule 7.1; or
- f) less the number of fully paid shares cancelled in the 12 months.

### **D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement has not been subsequently approved by the holders of the ordinary Shares under ASX Listing Rule 7.4.

Relevant Period means the 12 month period immediately preceding the date of the issue or agreement.

Convertible Securities has the meaning given to that term in the ASX Listing Rules (for example, Options).

It is noted that securities issued with the shareholder approval under ASX Listing Rule 7.1 are not considered to have been issued or agreed to be issued under ASX Listing Rule 7.1A. Securities issued without shareholder approval with the benefit of waiver from ASX Listing Rue 7.1 are treated as being issued with shareholder approval under ASX Listing Rule 7.1 unless the terms of the waiver provides otherwise.

# Information required by ASX Listing Rule 7.3A

The following information is provided to Shareholder for the purposes of ASX Listing Rule 7.3A.

# (a) Period for which the approval will be valid

An approval under this ASX Listing Rule 7.1A will commence on the date of the Meeting and will expire on the first to occur of the following:

- (i) the date which is 12 months after the date of the Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- the time and date on which Shareholders approve a transaction under ASX Listing Rule 11.1.2

   (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking),

('LR7.1A Mandate Period').

# (b) Minimum price at which the Equity Securities may be issued under ASX Listing Rule 7.1A

Any Equity Securities issued under ASX Listing Rule 7.1A.2 must be an existing quoted class of the Company's Equity Securities and issued for cash consideration.

Additionally, the issue price per Equity Security must not be less than 75% of the volume weighted average market price for the Equity Securities in that class, calculated over 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; and
- (ii) if the Equity Securities are not issued within 10 trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

# (c) Purposes for which the funds raised by an issue of Equity Securities under ASX Listing Rule 7.1A may be used

As noted above, any Equity Securities issued under ASX Listing Rule 7.1A.2 must be issued for cash consideration. Accordingly, every issue of Equity Securities under ASX Listing Rule 7.1A.2 will have an accompanying proposed use of funds at the time of issue.

As at the date of this Notice, the Company has not formed an intention to offer any equity Securities under ASX Listing Rule 7.1A during the LR7.1A Mandate Period, if Shareholders approve this Resolution.

However, based on the Company's existing plans, the Company intends to use funds raised by an issue of Equity Securities under ASX Listing 7.1A during the LR7.1A Mandate Period for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.

# (d) Risk of economic and voting dilution to existing Shareholders

If this Resolution is approved, any issue of Equity Securities under ASX Listing Rule 7.1A will dilute the interests of Shareholders who do not receive any Shares under the issue.

Shareholders should note that there is a risk that:

- the market price for the Company's Equity Securities in that class may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and
- (ii) the Equity Securities may be issued at a price that is at a discount (as described above) to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of Equity Securities under ASX Listing Rule 7.1A.

The table 1 below shows the potential dilution of existing Shareholders on the basis of 3 different assumed issue prices and values for the variable "A" in the formula in rule 7.1A.2 where the number of the Company's Shares on issue (Variable "A" in the formula in ASX Listing Rule 7.1A.2) has remained current or increased by either 50% or 100% and the Share price has decreased by 50%, remained current or increased by 100% based on the closing price of the Company's Shares on ASX as at 25 May 2021:

		Poter	ntial Dilution and Funds Ra	aised
		A\$0.08	A\$0.16	A\$0.32
Variable "A" ASX Listing Rule	7.1A.2	50% decrease in issue	issue prices(b)	100% increase in issue
		price		price
"A" is the number of shares	10% voting	34,230,516 Shares	34,230,516 Shares	34,230,516 Shares
on issue,	dilution <sup>(c)</sup>			
being 342,305,155 Shares <sup>(a)</sup>	Funds raised	A\$2,738,441	A\$5,476,882	A\$10,953,765
"A" is a 50% increase in	10% voting	51,345,773 Shares	51,345,773 Shares	51,345,773 Shares
shares on issue, being	dilution <sup>(c)</sup>			

513,457,733 Shares	Funds raised	A\$4,107,662	A\$8,215,324	A\$16,430,647
"A" is a 100% increase in shares on issue, being	10% voting dilution(c)	68,461,031 Shares	68,461,031 Shares	68,461,031 Shares
684,610,310 Shares	Funds raised	A\$5,476,882	A\$10,953,765	A\$21,907,530

#### Notes:

- a. The above table is based on the total number of fully paid ordinary Shares on issue as at 26 May 2021.
- b. The above table is based on the closing price of the Company's Shares on ASX as at 25 May 2021.
- c. The table assumes that the Company issues the maximum number of ordinary Shares available to be issued under ASX Listing Rule 7.1A.
- e. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of Equity Securities under ASX Listing Rule 7.1A based on that Shareholder's holding at the date of this Explanatory Statement.
- e. The table shows the effect of an issue of Equity Securities under ASX Listing Rule 7.1A only, not under the Company's 15% placement capacity under ASX Listing Rule 7.1.
- f. The table assumes that no Options (including any Options issued under the 10% Placement Capacity) are exercised into Shares before the date of issue of Equity Securities;
- g. 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%.
- h. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of issues of Equity Securities under ASX Listing Rules 7.1A.
- i. "Funds raised: are before any capital raising costs which may be incurred.

# (e) Allocation policy for issues under ASX Listing Rule 7.1A

The Company's allocation policy and the identity of the allottees of Equity Securities under ASX Listing Rule 7.1A will be determined on a case by case basis having regard to the relevant factors, including:

- (i) the Company's intentions in relation to the possible issue of Equity Securities (for cash consideration) during the LR 7.1A Mandate Period;
- (ii) the structure and timeframe of the capital raising opportunities available to the Company and any alternative methods for raising funds that are available to the Company (such as a pro rata offer or an offer under a share purchase plan);
- (iii) the potential effect on the control of the Company;
- (iv) the Company's financial position and the likely future capital requirements; and
- (v) advice from the Company's corporate or financial advisors.

The recipients of the Equity Securities to be issued under ASX Listing Rule 7.1A have not yet been determined, but may include professional and sophisticated investors, existing Shareholders of the Company, clients of Australian Financial Service Licence holders and/or their nominees, or any other person to whom the Company is able to make an offer of Equity Securities, who are not related parties, or Associates of a related party of the Company.

# (f) Issue or agreement to issue Equity Securities under ASX Listing Rule 7.1A in the 12 months prior to the Meeting

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 31 July 2020 ("Previous Approval").

The total number of Equity Securities the Company has issued or agreed to issue Equity Securities under ASX Listing Rule 7.1A.2 pursuant to the Previous Approval in the 12 months preceding the date of Meeting is:

Total Equity Securities issued or agreed to be issued	
under ASX Listing Rule 7.1A.2 in the 12 months prior	54,673,080
to the Meeting ("A")	

Percentage that "A" represents based on the total number of Equity Securities on issue at the commencement of that 12-month period (fully diluted)

Further details of these issues or agreements to issue are set out in the table below:

Number/Class of Equity Securities issued	Terms of the securities issued	Price and discount to closing market price on the date of issue (if any) or agreement to issue	Consideration details	Allottees of the Securities
Issued on 1 Decem	ber 2020			
21,230,832 fully paid ordinary shares	The Shares were fully paid on issue and rank equally in all aspects with the then issued Shares of the Company.	Issue price of 12 cents per Share. Closing market price on the date of issue was 14 cents, which represents a discount of 14.29%.	raised: A\$2,547,699.84.	Institutional and other sophisticated investors, none of whom are a related party of the Company, a member of KMP, a substantial holder in the Company, an adviser to the Company or Associate of any of them.
Issued on 2 Decem	ber 2020			
2,626,506 fully paid ordinary shares	The Shares were fully paid on issue and rank equally in all aspects with the then issued Shares of the Company.	Issue price of 12 cents per Share. Closing market price on the date of issue was 14.5 cents, which represents a discount of 17.24%.	raised: A\$315,180.72.	Institutional and other sophisticated investors, none of whom are a related party of the Company, a member of KMP, a substantial holder in the Company, an adviser to the Company or Associate of any of them.
Issued on 20 April 2	2021			
30,815,742 fully paid ordinary shares	paid on issue and rank equally in all aspects with the then issued Shares of the Company.  No discount. Closing market price on the date of issue was 21.5 cents.  Roundiscount. Closing market price on the date of issue was 21.5 cents.  Use of funds: raised will be use Company to inventory, customer accilead general car CAPEX, recruit sa		raised: A\$6,779,463.24.  Amount of that cash spent: Nil  Use of funds: Funds raised will be used by the Company to increase inventory, fund customer acquisition lead general campaigns, CAPEX, recruit sales staff and for general working	Institutional and other sophisticated investors, none of whom are a related party of the Company, a member of KMP, a substantial holder in the Company, an adviser to the Company or associate of any of them.

It is noted that the Company has not agreed to issue any Equity Securities under ASX Listing Rule 7.1A.1 other than referred to above.

Additionally, the Company has not agreed, before the 12 month period preceding the date of the Meeting, to issue any Equity Securities under ASX Listing Rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

# Voting exclusion statement

A voting exclusion statement is included in Resolution 16 of this Notice. In this regard, as at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A.2. Notwithstanding,

# **Directors' recommendation**

The Board of Directors recommend that Shareholders vote for this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 16.

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors
Candy Club Holdings Limited

#### **GLOSSARY**

In the Notice of Meeting and Explanatory Statement the following terms have the following meanings:

**2015 ESOP** means the employee share option plan adopted by CCH, which the Company had assumed the obligations thereunder, as summarized in the IPO Prospectus.

2019 AGM means the annual general meeting of the Company held on 8 May 2019.

**2019 ESOP** means the employee share option plan adopted by the Company and approved by the Shareholders at the Company's Annual General Meeting held on 8 May 2019.

**2021 ESOP** means the employee share option plan titled '2021 Employee Share Option Plan Rules" intended to be adopted by the Company and for which Shareholder approval is being sought under Resolution 15.

**2020 Annual Report** means the Directors' Report, Financial Report and Independent Auditor's Report in respect of the period ended 31 December 2020.

AEST means Australian Eastern Standard Time.

**Associate** has the meaning given to that term in Chapter 19 of the ASX Listing Rules.

**ASX** means ASX Limited ACN 008 624 691 or, as the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the listing rules of ASX.

AS means Australian dollars.

**Board** means the Board of Directors of the Company.

Borrower mean Candy Club Holdings Inc and Candy Club, LLC.

**Break Fee** means the break fee that was to be payable by the Company under the Debt Facility Supplement Agreement and described in the Company's announcement on 14 April 2021.

**CCH** means Candy Club Holdings, Inc, a subsidiary of the Company.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Candy Club Holdings Limited ACN 629 598 778.

**Constitution** means the constitution of the Company.

**Control** has the meaning given to that term in the Corporations Act.

**Corporate Advisor Agreement** means the corporate advisor agreement entered into between the Company and the Lead Manager on 2 July 2020.

Corporations Act means Corporations Act 2001 (Cth).

**Debt Facility** means the debt facility of up to US\$7.5 million that granted by VLL to the Company in April 2021, the key terms of which are detailed in the Company's announcements on 14 April 2021.

**Debt Facility Agreement** means: the loan and security agreement between Candy Club Holdings Inc and Candy Club, LLC and VLL dated 5 April 2021, as amended and supplemented by the Debt Facility Supplement Agreement and the Debt Facility Amendment No. 1 Agreement.

**Debt Facility Supplement Agreement** means the Supplement to the Loan and Security Agreement dated as of April 2021 between Candy Club Holdings, Inc and VLL.

**Debt Facility Amendment No. 1 Agreement** means the agreement entitled "Amendment No. 1 to Loan Documents" entered into between Candy Club Holdings Inc and Candy Club, LLC and VLL in or around June 2021, details of which are set out in the Company's announcement on 30 June 2021.

**Director Options** means the Options (exercisable at A\$0.24 per Option and expiring on 4 years from the date of issue) to be issued to Related Parties, which are the subject of Resolutions 9 and 10 (as applicable).

**Director Placement Shares** means the Placement Shares to be issued pursuant to the Tranche 2 of the Placement, which are the subject of Resolutions 6, 7 and 8 (as applicable).

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

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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

**Explanatory Statement** means the explanatory statement to this notice of Annual General Meeting.

**Existing 2019 ESOP Options** means the Options that were granted to employees and directors of the Group prior to, and remain on issue and have not lapsed as at, the date of this Notice, as detailed in Part B of Schedule 1.

**Existing KMP Options** means those unlisted Options that were issued to Mr Keith Cohn or its controlled entity, Sabone Internet Investments LLC., outside of the 2015 ESOP and 20019 ESOP, as detailed in **Schedule 3**.

**Group** means the group comprising of the Company as the holding company, and its subsidiaries (including, without limitation, CCH and Candy Club, LLC).

**IPO** means the initial public offering of the Shares under and pursuant to the IPO Prospectus.

**IPO Prospectus** means the prospectus dated 30 November 2018.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**KMP** means Key Management Personnel.

Lead Manager means Sequoia Corporate Finance Pty Ltd.

**Legacy ESOP Options** means the Options that were granted to the employees and directors of the Group under the 2015 ESOP prior to, and remain on issue and have not lapsed as at, the date of this Notice, as detailed in Part B of Schedule 1.

**LR10.11 Party** means any person descried in Resolutions 6 to 8 of the Explanatory Statement, being a person falling within the ambits of ASX Listing Rules 10.11.1, 10.11.2, 10.11.3, 10.11.4 and/or 10.11.5.

**Meeting** or **AGM** means the Annual General Meeting of the Shareholders of the Company to be held on 30 July 2021, to which the Notice of Meeting and Explanatory Statement relate.

**Notice** or **Notice** of **Meeting** means this notice of Annual General Meeting of the Company dated 30 June 2021.

**Option** means an option to acquire a Share.

Optionholder means the holder of any Option.

**Placement** means the placement of up to 48.6 million Shares at an issue price of A\$0.22 per Share to raise up to A\$10.7 million, as announced on 14 April 2021.

Placement Shares means the Shares issued or to be issued pursuant to the Placement.

**Placement Participants** means those professional and sophisticated investors who participated in, and were issued Placement Shares under, the Tranche 1 of the Placement.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution referred to in the Notice.

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

**Shareholder** means a holder of Shares.

Success Bonus means the success bonus of US\$2 million that was to be payable by the Company under the Debt Facility Supplement Agreement upon the Company undergoing a change of control event or on expiry of 30 June 2026 if the Warrant not exercised by that time, as detailed in the Company's announcement on 14 April 2021.

**Subsidiary** has the meaning given to it in the Corporations Act.

Tranche 1 means the tranche 1 of the Placement, as described in Resolution 4 of the Explanatory Statement.

Tranche 2 means the tranche 2 of the Placement, as described in Resolution 4 of the Explanatory Statement.

**US\$** means the currency of United States.

**VLL** means Venture Lending & Leasing IX. Inc.

VLL Shares means the Shares proposed to be issued to VLL9 LLC, which is the subject of Resolution 11.

**VLL9 LLC** means Venture Lending Leasing IX, LLC, the parent company of VLL.

**Warrant** means the warrant intended to be issued under the Debt Facility Supplement Agreement, as detailed in Resolution 11 of the Explanatory Statement.

# Schedule 1 – Details of existing Legacy ESOP Options and Existing 2019 ESOP Options

# Part A – Legacy ESOP Options

The table below details the Option that were issued under the 2015 ESOP, and have not been exercised, lapsed or expired, as 16 June 2021.

	Date of Issue	Number of options issued	Exercise price	Vesting	Number of Options vested as at 16 June 2021	Number of Options unvested as at 16 June 2021	Expiry Date
1	27/11/2017	34,124	US\$0.0029	1/4 vest 12 months after the Grant Date, then 1/36 of the balance vest every month thereafter	29,864	4,260	27/11/2021
2	18/06/2022	133,698	US\$0.0029	1/4 vest 12 months after the Grant Date, then 1/36 of the balance vest every month thereafter	94,703	38,995	15/08/2022
3	13/09/2017	26,340	US\$0.0029	1/4 vest 12 months after the Grant Date, then 1/36 of the balance vest every month thereafter	24,694	1,646	13/09/2021
4	4/06/2018	85,310	US\$0.0029	1/4 vest 12 months after the Grant Date, then 1/36 of the balance vest every month thereafter	63,986	21,324	4/06/2022
Total		279,472			213,247	66,225	

# Part B – Existing 2019 ESOP Options

The table below details the Option that were issued under the 2019 ESOP, and have not been exercised, lapsed or expired, as at the date of this Notice.

	Date of Issue	Number of options issued	Exercise Price	Vesting Conditions	Number of Options vested as at 16 June 2021	Number of Options unvested as at 16 June 2021	Expiry Date
1	3/07/2019	3,395	A\$0.16	2,837 options have vested. 1/36 of the balance vest on 23 July, 2019, then 1/36 of the balance vest every month thereafter	1,839	1,556	27/03/2023
2	3/07/2019	695,484	A\$0.16	1/4 vested on 19 November, 2019 1/36 of the balance vest every month thereafter	376,720	318,764	27/03/2023
3	3/07/2019	1,738,710	A\$0.155	1/4 vested on 6 February, 2020 1/36 of the balance vest every month thereafter	941,801	796,909	27/03/2023
4	3/07/2019	57,118	A\$0.155	31,499 of the options have vested. 1/36 of the balance vest on 10 July, 2019, 1/36 of the balance vest every month thereafter	30,939	26,179	27/03/2023
5	3/07/2019	41,729	A\$0.155	1/4 vested on 9 January, 2020. 1/36 of the balance vest every month thereafter	22,603	19,126	27/03/2023
6	14/11/2019	80,000	A\$0.076	1/4 vested on 3 June, 2020. 1/36 of the balance vest every month thereafter	40,000	40,000	23/10/2023

	Date of Issue	Number of options issued	Exercise Price	Vesting Conditions	Number of Options vested as at 16 June 2021	Number of Options unvested as at 16 June 2021	Expiry Date
6	14/11/2019	80,000	A\$0.076	<ul><li>1/4 vested on 5 November,</li><li>2020.</li><li>1/36 of the balance vest</li><li>every month thereafter</li></ul>	31,667	48,333	23/10/2023
7	13/01/2021	50,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	50,000	13/01/2025
8	13/01/2021	50,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	50,000	13/01/2025
9	13/01/2021	50,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	50,000	13/01/2025
10	13/01/2021	50,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	50,000	13/01/2025
11	13/01/2021	40,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	40,000	13/01/2025
12	13/01/2021	25,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	25,000	13/01/2025

	Date of Issue	Number of options issued	Exercise Price	Vesting Conditions	Number of Options vested as at 16 June 2021	Number of Options unvested as at 16 June 2021	Expiry Date
13	13/01/2021	400,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	400,000	13/01/2025
14	13/01/2021	500,000	A\$0.13	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	500,000	13/01/2025
15	8/03/2021	4,000,000	A\$0.20	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	4,000,000	4/03/2025
16	8/03/2021	1,067,000	A\$0.20	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	1,067,000	4/03/2025
17	2/06/21	45,000	A\$0.17	1/4 vest 12 months after the grant date, then 1/36 of the balance vest every month thereafter	0	45,000	06/05/2025
18	2/06/21	50,000	A\$0.17	50,000 vest 12 months after the grant date	0	50,000	06/05/2025
Total		9,023,436			1,445,569	7,577,867	

**Note**: as at the date of this Notice, the Company has agreed to issue, but has not issued, the following Options under the 2019 ESOP:

- (a) 80,000 Options (exercisable at A\$0.17 per Option and expiring on a date yet to be determined), of which one quarter will vest on 10 May 2022 and one-thirty-sixth of the balance will vest every month thereafter; and
- (b) 25,000 Options (exercisable at A\$0.17 per Option and expiring on a date yet to be determined), of which one quarter will vest on 24 May 2022 and one-thirty-sixth of the balance will vest every month thereafter,

If Resolution 13 is passed, the Company intends to issue these Options under the 2021 ESOP.

# Schedule 2 – Summary of the key terms of the 2021 ESOP

# **Key terms**

A summary of the key terms of the 2021 ESOP are provided below:

Securities offered	The 2021 ESOP provides for options ( <b>Plan Options</b> ) to be granted at no cost to selected Eligible Employees.
	A Plan Option is an option to acquire an ordinary share in the Company (each a <b>Share</b> ) upon payment of an exercise price.
Eligible Employees	Under the 2021 ESOP, the Board may issue the Plan Options to employees, contractors and directors of the Group and their related bodies corporate, and to other persons determined by the Board (Eligible Employees).
	The <b>Group</b> consists of the Company, its Subsidiaries and any other entity declared by the Board to be a member of the group for the purposes of the 2021 ESOP.
Maximum number of Plan Options offered	The 2021 ESOP (and therefore the Plan Options) must comply with ASIC class order CO14/1000 and the U.S. Internal Revenue Code (as applicable), including, but not limited to:
	(a) imposing limits on the number of securities offered such that:
	<ul> <li>the total Plan Options issued pursuant to the ESOP and in reliance on CO14/1000 must not exceed 5% of the total issued capital of the Company on a rolling three year basis; and</li> </ul>
	<ul> <li>the total number of Shares over which Plan Options may be issued to U.S. Eligible Employees pursuant to the U.S. Internal Revenue Code must not exceed 10,000,000 Shares;</li> </ul>
	(b) Plan Options will only be available to be issued to Eligible Employees in reliance of CO14/1000 after three months after quotation of the Company on the ASX.
	A <b>U.S. Eligible Employee</b> is an Eligible Employee who resides in or otherwise is subject to tax in the United States.
Exercise price, vesting conditions, exercise period and lapsing	The Board may determine the exercise price, vesting conditions, exercise period and lapsing conditions and any other terms applicable to a grant of a Plan Option.
conditions	However, where Plan Options to be granted are to any U.S. Eligible Employee, then the exercise price must not be less than the fair market value of the Shares subject to the Plan Options, as determined in accordance with Section 409A of the U.S. Internal Revenue Code.
	As at the date of this Notice, under Section 409A of the U.S. Internal Revenue Code, the fair market value of Shares is the closing price of the Shares on the day immediately preceding the date when the Board approves the grant, or

	where the grant of the Plan Options is conditional on certain conditions being fulfilled (other than Shareholders approval), those conditions are fulfilled, whichever occurs later.			
Exercise	After the Plan Options have vested, participants may then choose to exercise their Plan Options at any time within the specified exercise period by lodging with the Company secretary:			
	(a) a notice of exercise of the Plan Options (Notice of Exercise);			
	(b) for US Participants, the execution of an Exercise Agreement that sets forth and complies with the US securities and regulations;			
	(c) a cheque for the exercise price for each Share to be issued upon the exercise of the relevant Plan Options (unless the relevant participant is entitled, and has elected, to use the cashless exercise facility, see below); and			
	(d) the holding statement or certificate for the Plan Options that are the subject of the Notice of Exercise.			
	At the time of exercise of the Plan Options, subject to Board approval at that that time, the participant may elect not to be required to provide payment of the exercise price for the number of Plan Options specified in the Notice of Exercise, but that on exercise of those number of ESOP Options, the Compan will issue to the participant that number of Shares equal in value to the positive difference between the Market value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Plan Options (Cashless Exercise Facility).			
	'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over five (5) trading days immediately preceding that given date, unless otherwise determined by the Board in its absolute discretion.			
	Notwithstanding the forgoing, if the Market Value on the date of delivery of the Notice of Exercise pursuant to which the Cashless Election was sought to be made, is less than the Exercise Price, then the Cashless Exercise Facility is not available for use in respect of the Plan Options that are the subject of the Notice of Exercise.			
	The issue of the Shares on exercise of the vested Plan Options will occur in accordance with the ASX Listing Rules.			
Quotation	The Plan Options will not be quoted on the ASX. However, upon exercise of the Plan Options into Shares, the Company must apply for the official quotation of the Shares arising from the exercise in accordance with the ASX Listing Rules.			
Dividend or voting rights	The Plan Options will not carry any dividend or voting rights.			
Control transaction	In the event of a takeover, scheme of arrangement or other transaction that may result in a person becoming entitled to exercise control over the Company (Change in Control Event), the Board has discretion to determine whether any unissued Shares on exercise of the Plan Options should be issued, lapse or become subject to different issuing conditions.			

	Where the occurrence of a Change in Control Event results in an actual change in Control of the Company, all unvested Plan Options will immediately vest (even if the vesting conditions have not been achieved) and all Plan Options will become fully exercisable.			
Ceasing employment	In general, where an Eligible Employee ceases employment with the Company prior to the Plan Options being issued and the Plan Options having not vested, all unissued Plan Options and unvested Plan Options will lapse on:			
	<ul> <li>in relation to an Eligible Employee who is not a U.S. Eligible Employee, that date; and</li> </ul>			
	• in relation to a U.S. Eligible Employee only:			
	<ul> <li>3 months from the date of termination or cessation of the employment (other than as a result of death or permanent disability); or</li> </ul>			
	<ul> <li>6 months from the date of death or permanent disability of that U.S. Eligible Employee.</li> </ul>			
	However, in certain circumstances approved for this purpose by the Boar the Board may determine the treatment of any unissued Plan Options are unvested and vested Plan Options.			
	In circumstances where termination is as a result of criminal conviction dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Eligible Employee'd duties, Board may declare that any Plan Options (vested or unvested) have lapsed.			
Reconstruction of capital	If at any time the issued capital of the Company is constructed, all rights of a Plan Option holder are to be changed in a manner consistent with the ASX Listing Rules at the time of the reconstruction, or if the ASX Listing Rules do not apply, shall be proportionately adjusted for any increase or decrease in the number of issued Shares.			
Participation in new issues	There are no participation rights or entitlements inherent in the Plan Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options without exercising the Plan Options.			
Bonus Issue	If the Company makes a bonus issue to the Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend re-investment), the number of Shares over which a Plan Option is exercisable shall be increased number of Shares which the holder of that Plan Option would have received if the Plan Option had been exercised prior to the record date for the bonus issue.			
Change in exercise price	A Plan Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Plan Option can be exercised.			

Transferability	In relation to Plan Options held by U.S. Eligible Employees, a Plan Option held by a U.S. Eligible Employee, the Plan Option is only transferrable if permitted under Rule 701 of the U.S. Securities Act of 1993.	
	In relation to other Plan Options, they are only transferrable with the consent of the Board, by the force of law, upon death to the Plan Option holder's legal personal representative or upon bankruptcy to the relevant Plan Option holder's trustee in bankruptcy.	
Administration	The 2021 ESOP will be administered by the Board which, subject to the ASX Listing Rules and applicable legal requirements, is given the power to make all required determinations under the 2021 ESOP and to waive or modify the application of the terms of the 2021 ESOP and the securities offered under it as it considers appropriate.	
Amendment	The 2021 ESOP and the terms of the rules can only be amended in compliance with all applicable laws (including the ASX Listing Rules).	
Term of the ESOP	The Board may suspend or terminate the ESOP at any time. However, t 2021 ESOP shall terminate 10 years from the earlier of (i) the date the Boa approves the 2021 ESOP; or (ii) the date the Shareholders approve the 20 ESOP.	

A copy of the 2021 ESOP will be available for inspection at the Company's registered office during normal business hours.

As this is a new 2021 ESOP, no securities have been issued under it to date.

# Schedule 3 – Details of Existing KMP Options

The table below details the Existing KMP Options that are on issue and have not been exercised, lapsed or expired, as at the date of this Notice.

Date of Issue		Number of options issued	Exercise Price	Expiry Date
4	17/01/2019 <sup>1</sup>	5,200,000	A\$0.20	15/01/2024
5	17/01/2019 <sup>1</sup>	5,200,000	A\$0.25	15/01/2024
6	17/01/2019 <sup>1</sup>	5,200,000	A\$0.30	15/01/2024
Total		15,600,000		

# Notes:

1. These Options are held by Sabone Internet Investments LLC, which is controlled by Mr Keith Cohn.

## Annexure A - Terms of Issue of Director Options

- (a) Subject to (h), each Director Option entitles its holder to subscribe in cash for one Share upon exercise of the Director Option.
- (b) Subject to paragraph (p), each Director Option is exercisable at the exercise price of A\$0.24 per Option (Exercise Price).
- (c) Each Director Option will expire on the date that is four years from the date of issue of the said Director Option (Expiry Date). Director Options not exercised during the Exercise Period will automatically lapse on the Expiry Date.
- (d) Additionally, each Director Option automatically lapses without any claim against the Company on the occurrence of any of the following events:
  - (i) upon the bankruptcy, liquidation or winding up of the holder of the Director Option or the happening of any other event that results in the holder being deprived of the legal or beneficial ownership of the Director Option; or
  - (ii) upon the liquidation or winding up of the Company for any reason other than by the way of members" voluntary winding up.
- (e) The Director Options are exercisable at any time on or prior to the Expiry Date (Exercise Period) provided that they have not lapsed pursuant to paragraph (d).
- (f) The Director Options may be exercised during the Exercise Period by:
  - (i) notice in writing to the Company in the manner specified on the Director Option Certificate (Notice of Exercise); and
  - (ii) unless the holder of the Director Option is entitled, and has elected, to use the Cashless Exercise Facility (as defined below) under paragraph (h) below in respect of that Director Option, payment of the Exercise Price for each Director Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (g) A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Director Option being exercised in cleared funds (Exercise Date).
- (h) Cashless exercise of Director Options
  - (i) Subject to the Board approval and paragraph (h)(vi), a holder of Director Options is entitled to, and may elect to, pay the Exercise Price for all or some of the Director Options by using the cashless exercise facility provided for under this paragraph (h) (Cashless Exercise Facility).
  - (ii) A holder of Director Options may make the election in paragraph (h)(i) (Cashless Election) at the time of exercise of the Director Options by specifying, in the Notice of Exercise, the number of Director Options for which the Exercise Price is to be paid using the Cashless Exercise Facility (Cashless Exercise Options), subject to the Board approval at that time and paragraph (h)(vi) below.
  - (iii) Subject to paragraph (h)(vi) below, the Cashless Exercise Facility entitles a holder of Director Options to set-off the Exercise Price for the Director Options that are the subject of the Cashless Election against the number of Shares which they are entitled to receive upon exercise of those Director Options. By using the Cashless Exercise Facility, the holder of Director Options will receive Shares to the value of the surplus after the Exercise Price for the Director Options has been set off, as determined in accordance with paragraph (h)(iv).
  - (iv) If a Cashless Election is made by a holder of Director Options in respect of the Cashless Exercise Options in accordance with paragraph (h)(iii), then subject to paragraph (h)(vi) and the Cashless Exercise Facility is available for use, then the holder of the Director Options will:

- (A) not be required to pay the Exercise Price in respect of the exercise of the Cashless Exercise Options; and
- (B) only be allocated and issued, under paragraph (i) below, that number of Shares determined in accordance with the following formula ("Adjusted Number of Shares"):

A=(O x (MV-EP))/MV

Where:

A = the Adjusted Number of Shares

EP = the Exercise Price of the Cashless Exercise Options (per Option)

O = the number of Cashless Exercise Options'

MV = the Market Value of one Share determined as of the date of delivery to the Company of the Notice of Exercise pursuant to which the Cashless Election was made.

- (v) In this paragraph (h), **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date, unless otherwise determined by the Board in its absolute discretion.
- (vi) Notwithstanding the forgoing, if the Market Value on the date of delivery of the Notice of Exercise pursuant to which the Cashless Election was sought to be made, is less than the Exercise Price, then the Cashless Exercise Facility is not available for use in respect of the Director Options that are the subject of the Notice of Exercise.
- (i) The Company will:
  - subject to paragraph (h), in accordance with the timetable set out in Appendix 8A of the ASX Listing Rules, allot and issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (iii) if admitted to the Official List of the ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Director Options in accordance with the ASX Listing Rules.

If a notice delivered under paragraph (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (j) The Company will not apply for official quotation by ASX of the Director Options.
- (k) Subject to the Corporations Act, the ASX Listing Rules, and the constitution of the Company (including, any restriction or escrow arrangements imposed by ASX), each Option is freely transferable.

- (I) Shares issued upon the exercise of the Director Options will rank pari passu with the then issued Shares of the Company.
- (m) The Company will apply for official quotation by ASX of the Shares issued upon exercise of Director Options, subject to any restriction obligations imposed by ASX.
- (n) The Director Options will not give any right to participate in dividends unless and until Shares are issued upon exercise of the relevant Director Options.
- (o) There are no participation rights or entitlements inherent in the Director Options and holders of the Director Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Option. The Company will ensure that holders of the Director Options will be given at least seven business days' notice to allow for the exercise of Director Options prior to the record date in relation to any offers of Securities made to Shareholders.
- (p) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the lapsing of the Director Options, the number of Director Options or the rights attaching to the Director Options or both will be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (q) Subject to paragraph (p), the Director Options do not confer the right to a change in the Exercise Price or a change in the number of underlying Shares over which the Director can be exercised.
- (r) If there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.

## Annexure B - Terms of Issue of Lead Manager Options

- (a) Each Lead Manager Option entitles its holder to subscribe in cash for one Share upon exercise of the Lead Manager Option.
- (b) Subject to paragraph (o), each Lead Manager Option is exercisable at the exercise price of A\$0.18 per Option (Exercise Price).
- (c) Each Lead Manager Option will expire on 31 May 2023 (Expiry Date). Lead Manager Options not exercised during the Exercise Period will automatically lapse on the Expiry Date.
- (d) Additionally, each Lead Manager Option automatically lapses without any claim against the Company on the occurrence of any of the following events:
  - (i) upon the bankruptcy, liquidation or winding up of the holder of the Lead Manager Option or the happening of any other event that results in the holder being deprived of the legal or beneficial ownership of the Lead Manager Option; or
  - (ii) upon the liquidation or winding up of the Company for any reason other than by the way of members" voluntary winding up.
- (e) The Lead Manager Options are exercisable at any time on or prior to the Expiry Date (Exercise **Period**) provided that they have not lapsed pursuant to paragraph (d).
- (f) The Lead Manager Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Lead Manager Option Certificate (**Notice of Exercise**) and payment of the Exercise Price for each Lead Manager Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (g) A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Lead Manager Option being exercised in cleared funds (Exercise Date).
- (h) The Company will:
  - in accordance with the timetable set out in Appendix 8A of the ASX Listing Rules, allot and issue the number of Shares required under these terms and conditions in respect of the number of Lead Manager Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (iii) if admitted to the Official List of the ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Lead Manager Options in accordance with the ASX Listing Rules.

If a notice delivered under paragraph (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) The Company will not apply for official quotation by ASX of the Lead Manager Options.

- (j) Subject to the Corporations Act, the ASX Listing Rules, and the constitution of the Company (including, any restriction or escrow arrangements imposed by ASX), each Option is freely transferable.
- (k) Shares issued upon the exercise of the Lead Manager Options will rank pari passu with the then issued Shares of the Company.
- (I) The Company will apply for official quotation by ASX of the Shares issued upon exercise of Lead Manager Options, subject to any restriction obligations imposed by ASX.
- (m) The Lead Manager Options will not give any right to participate in dividends unless and until Shares are issued upon exercise of the relevant Lead Manager Options.
- (n) There are no participation rights or entitlements inherent in the Lead Manager Options and holders of the Lead Manager Options will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Lead Manager Options. The Company will ensure that holders of the Lead Manager Options will be given at least seven business days' notice to allow for the exercise of Lead Manager Options prior to the record date in relation to any offers of Securities made to Shareholders.
- (o) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the lapsing of the Lead Manager Options, the number of Lead Manager Options or the rights attaching to the Lead Manager Options or both will be reconstructed in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reconstruction.
- (p) Subject to paragraph (o), the Lead Manager Options do not confer the right to a change in the Exercise Price or a change in the number of underlying Shares over which the Director can be exercised.
- (q) If there is any inconsistency between any of the preceding terms and conditions and the ASX Listing Rules, then the ASX Listing Rules prevail to the extent of the inconsistency.

# Annexure C – Key terms of the Debt Facility

Summary terms of the Debt Offer				
Overview	A commitment of US\$7.5 million in two tranches by VLL.			
	First drawdown was for US\$5 million, and was made available in or around April 2021.			
	The second drawdown is for US\$2.5 million, available if the Company meets key performance indicators by August / September 2021, which include reaching agreed B2B revenue projections and not exceeding agreed operating expenditure.			
	The Company considers it is currently on track to exceed the agreed B2B revenue projection and to not exceed the agreed operating expenditure.			
Use of funds	General purposes, unrestricted			
Ranking and	This debt will rank as first priority lien and be secured by all of the Company's assets			
Security				
Interest rate	12% per annum paid monthly			
Term	42 months (12 months interest only and 30 months principal and interest) commencing in or around April 2021.			
Other details	Other details			
Other terms	"Late charge fee" of 5% of the instalment due is payable by the Company if it is late in making any payment by more than 5 days			
	If Mr. Keith Cohn ceases for any reason to serve actively as Chief Executive Officer of the Borrower ("Key Man Event") then the Borrower must deposit US\$1m into an escrow account controlled by WTI. If the Borrower fails to pay the US\$1m into the escrow account within 30 days of such Key Man Event, then that will constitute an event of default under the terms of the Debt Facility.			

Annexure D – Proposed amended terms of the Option Terms comprised in the Legacy ESOP Options

See attached

#### **SCHEDULE – OPTION TERMS**

- 1. Each Option entitles the holder, on exercise, to one Share in the Company at the Exercise Price per Option exercised.
- 2. Shares issued on exercise of Options will rank equally with other Shares of the Company.
- 3. Where an Option granted under this Plan is subject to a Vesting Condition:
  - the Option will not vest and become exercisable unless the Vesting Condition (if any)
     has been satisfied during the Vesting Period;
  - subject to achievement of the relevant Vesting Conditions (if any) during the Vesting
     Period, the option shall vest and become exercised upon expiration of the Vesting
     Period; and
  - (c) as soon as reasonably practicable after the end of the relevant Vesting Period, the Board will determine whether and to what extent any Vesting Condition has been satisfied or waived.
- 4. The Board may, in its discretion, determine that an Option vests and becomes exercisable prior to the expiration of the applicable Vesting Period or achievement of the relevant Vesting Condition.
- 5. Acceleration of vesting
  - (a) Without limiting the generality of clause 4, if an entity acquires or obtains Control of the Company as a result of the occurrence of any Event, all unvested Plan Options will vest, and become exercisable, immediately upon completion of such acquisition.
  - (b) In this clause 5:
    - (i) **Control** has the meaning given to it in section 50AA of the Corporations Act;
    - (ii) An **Event** occurs where:
      - (A) a Takeover Bid is made for the Company and the Board resolves to recommend the bid; or
      - (B) a Takeover Bid is made for the Company and the bid is declared unconditional at a time prior to the bidder being entitled to 50% of the issued shares in the Company; or

- (C) a court convenes a meeting of shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the shares in the Company may change; or
- (D) any transaction that may result in the sale of at least 50% of the issued Shares in the capital of the Company; or
- (E) any other transaction or event is proposed that in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company.
- (iii) Takeover Bid has the meaning given in section 9 of the Corporations Act.
- 6. Subject to clause 7, each Option, once vested, can be exercised at any time prior to their Expiration Date in accordance with clauses 3 and 5 of the Option Agreement and the provisions in clause 9(a)(iv) of the CCH 2015 Plan. Any Option that has not been exercised prior to the relevant Expiration Date automatically lapses on the Expiration Date.

# 7. Cashless exercise of Options

- (a) Subject to the Board approval and clause 7(f), an Optionholder is entitled to, and may elect to, pay the Exercise Price for all or some of the Options by using the cashless exercise facility provided for under this clause 7 ("Cashless Exercise Facility").
- (b) An Optionholder may make the election in clause 7(a) ("Cashless Election") at the time of exercise of the Options by specifying, in the Exercise Agreement, the number of Options for which the Exercise Price is to be paid using the Cashless Exercise Facility ("Cashless Exercise Options"), subject to the Board approval at that time and Clause 7(f).
- (c) Subject to clause 7(f), the Cashless Exercise Facility entitles the Optionholder to set-off the Exercise Price for the Options that are the subject of the Cashless Election against the number of Shares to which the Optionholder is entitled to receive upon exercise of those Options. By using the Cashless Exercise Facility, the Optionholder will receive Shares to the value of the surplus after the Exercise Price for the Options has been set off, as determined in accordance with clause 7(d).
- (d) If a Cashless Election is made by an Optionholder in respect of the Cashless Exercise Options in accordance with clause 7(f), then subject to clause 7(f), and the Cashless Exercise Facility is available for use, then the Optionholder will:
  - (i) not be required to pay the Exercise Price in respect of the exercise of the Cashless Exercise Options; and

(ii) only be allocated and issued, under the Option Agreement and the Exercise Agreement, that number of Shares determined in accordance with the following formula ("Adjusted Number of Shares"):

$$A = \frac{0 \times (MV - EP)}{MV}$$

Where:

A = the Adjusted Number of Shares

EP = the Exercise Price of the Cashless Exercise Options (per Option)

O = the number of Cashless Exercise Options'

MV = the Market Value of one Share determined as of the date of delivery to the Company of the Exercise Agreement pursuant to which the Cashless Election was made.

- (e) In this clause 7, **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date, unless otherwise determined by the Board in its absolute discretion.
- (f) Notwithstanding the forgoing, if the Market Value on the date of delivery of the Notice of Exercise pursuant to which the Cashless Election was sought to be made, is less than the Exercise Price, then the Cashless Exercise Facility is not available for use in respect of the Options that are the subject of the Exercise Agreement.
- 8. For the avoidance of doubt, to the extent of any inconsistency between these Options Terms, the Option Agreement and the Exercise Agreement:
  - (a) these Option Terms and the Option Agreement; and
  - (b) the Option Agreement and the Exercise Agreement shall be reach and construed as subject to the provisions of these Option Terms.
- 9. Notwithstanding anything else in the CCH 2015 Incentive Plan, the Option Agreement, or these terms of Options, an Option may not be exercised if to do so:
  - (a) would contravene the Corporations Act or the ASX Listing Rules (as applicable); or
  - (b) would contravene the local laws of, or the rules or requirements of any regulatory or statutory body in, the Optionholder's country of resident or in the opinion of the Board compliance with those local laws, rules or requirements would be impractical or result in any unnecessary or unreasonable expense in the circumstances.

- 10. Such notice is, once given to the Company, irrevocable.
- 11. An Option will lapse immediately on the Expiration Date.
- 12. Options may not be transferred.
- 13. If the Company is admitted to the official list of the ASX on the date of exercise, the Company will apply to ASX for official quotation of Shares issued on the exercise of Options. However, quotations of Options on the ASX will not be sought.
- 14. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 9 Business Days after the issue is announced.
- 15. If the Company makes a Bonus Issue, each Optionholder holding any Options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those Options, the number of Shares which would have been issued under the Bonus Issue ("Bonus Shares") to a person registered as holding the same number of Shares as that number of Shares to which the Optionholder may subscribe for, pursuant to the exercise of those Options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
- 16. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any Options, the number of Options to which each Optionholder is entitled or the exercise price of his or her Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

In this Schedule:

**ASX** means the ASX Limited ACN 008 624 691 or the Official List of the Australian Securities Exchange, as the context requires.

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

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

**Bonus Issue** means a Pro Rata Issue of Shares to holders of Shares for which no consideration is payable by them.

**Business Days** has the meaning given to it in the ASX Listing Rules.

**CCH** means Candy Club Holdings, Inc (File Number 5716998) a corporation incorporated in the State of Delaware, United States of America.

**CCH 2015 Incentive Plan** means the Candy Club Holding Inc 2015 Incentive Plan adopted by CCH on 25 March 2015, as varied from time to time.

Company means Candy Club Holdings Ltd ACN 629 598 778.

Corporations Act means the Corporations Act 2001 (Cth).

**Expiration Date** means, in relation to an Option, the date on which the Option will lapse if it is not exercised before then, being the last date of the Vesting Period.

Exercise Price means, in relation to an Option, the amount payable upon exercise of the Option.

**Option** means an option to acquire one fully paid ordinary share in the Company.

Option Agreement has the meaning given to it under the CCH 2015 Incentive Plan.

**Optionholder** means a registered holder of an Option.

**Pro Rata Issue** means an issue which has been offered to all holders of Shares on a pro rata basis.

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

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

**Vesting Condition** means the Optionholder continuing to be employed by Candy Club Australia, CCH or their related entities, whereby the Relevant Options or the Converted Options (as the case may be) shall vest in accordance with the following:

- (a) 25% of the Relevant Options or Converted Options (as the case may be) shall vest and be exercisable on the date being 12 months from the Date of Grant; and
- (b) 75% of the Relevant Options or Converted Options (as the case may be) shall vest and be exercisable rateably on a monthly basis for the remaining 36 months of the Vesting Period.

**Vesting Period** means the period in respect of which the relevant Vesting Condition is to be satisfied, being the period of 48 months commencing from the Date of Grant

# Annexure E – Proposed amended terms of the Existing 2019 ESOP Options

See attached

#### **SCHEDULE**

#### 1. ENTITLEMENT

- (a) Subject to Clause 1.1(a)(i)(A)7, each Plan Option will entitle its holder to subscribe for and be issued, credited as fully paid, the number of Shares as determined in accordance with the Offer Notice, upon vesting and exercise of that Plan Option and full payment of the applicable Exercise Price in accordance with these Rules.
- (b) A Plan Option is only transferable with the consent of the Board (which it may refuse in its absolute discretion) or by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy; except that, for Plan Options granted to U.S. Eligible Employees, a Plan Option is only transferable if permitted under Rule 701 of the U.S. Securities Act of 1933.
- (c) Where the Participant purports to transfer a Plan Option other than in accordance with Clause 1(b), the Plan Option immediately lapses.
- (d) Upon the grant of the Plan Options, a certificate or an uncertified holding statement for the Plan Options will be issued by the Company to the Participant.

#### 2. VESTING, EXERCISE AND LAPSE OF PLAN OPTIONS

# 2.1 Vesting of Plan Options

- (a) Where a Plan Option granted under this Plan is subject to a Performance Condition or Performance Conditions:
  - (i) subject to Clauses 2.1(b), 4, 6 and 7 of this Schedule and Rule 7.2 of the Plan, the Plan Option will not vest, nor become exercisable, unless the Performance Conditions (if any) have been satisfied; and
  - (ii) as soon as reasonably practicable after the end of the relevant Performance
    Period, the Board will determine whether and to what extent any Performance
    Condition has been satisfied or waived.
- (b) The Board may, in its discretion, determine that a Plan Option vests and becomes exercisable prior to the date specified by the Board in the Offer Notice.

#### 2.2 Lapse of unvested Plan Options

Subject to the Board's overriding discretion, an unvested Plan Option granted to a Participant will lapse upon the earliest to occur of:

- (a) 5pm on its Expiry Date;
- (b) an event described in Rule 3.6(b) of the Plan;
- (c) an event described in Clause 1(c), 4.1(a), 5, 6 or 7 of this Schedule;
- (d) failure to satisfy the Performance Conditions by the end of the Performance Period.

#### 2.3 Exercise of Plan Options

- (a) Subject to Clause 2.1 of this Schedule, a Plan Option is exercisable by the holder lodging with the Company Secretary:
  - (i) A notice of exercise of that Plan Option in the form attached to this Schedule ("Notice of Exercise");
  - (ii) For U.S. Participants, the execution of an Exercise Agreement that sets forth and complies with the U.S. securities laws and regulations;
  - (iii) unless the holder of the Plan Option is entitled, and has elected, to use the Cashless Exercise Facility (as defined below) under Clause 1.1(a)(i)(A)7 in respect of that Plan Option, a cheque for the Exercise Price for each Share to be issued upon the exercise of that Plan Option; and
  - (iv) The holding statement or certificate for that Plan Option issued under Clause 1 of this Schedule.
- (b) A Participant may, subject to this Clause 2.3, only exercise its Plan Option:
  - (i) If the Plan Option was subject to a Performance Condition, to the extent the Performance Condition was satisfied or waived, in accordance with Clause 2.1 of this Schedule or the Rules;
  - (ii) after the Vesting Date;
  - (iii) before its Expiry Date; and
  - (iv) if the Plan Option has not lapsed in accordance with Clauses 2.2 and 2.5 and these Rules.
- (c) The exercise of some Plan Options only does not affect the Participant's right to exercise other Plan Options at a later time. If the Participant exercises less than all Plan Options represented by the certificate then the Company will cancel the certificate and issue a new certificate for the balance.

(d) The lapse conditions imposed on the Plan Options under these Rules cease to apply to the Shares transferred or allotted to the Participant upon exercise of the Plan Options in accordance with this Schedule and the Rules.

# 2.4 Cashless exercise of Plan Options

- (a) Subject to the Board approval and Clause 0, a Participant is entitled to, and may elect to, pay the Exercise Price for all or some of the Plan Options by using the cashless exercise facility provided for under this clause 1.1(a)(i)(A)7 ("Cashless Exercise Facility").
- (b) A Participant may make the election in clause 1.1(a)(i)(A)7(a) ("Cashless Election") at the time of exercise of the Plan Options by specifying, in the Notice of Exercise, the number of Plan Options for which the Exercise Price is to be paid using the Cashless Exercise Facility ("Cashless Exercise Options"), subject to the Board approval at that time and Clause 0.
- (c) Subject to Clause 0, the Cashless Exercise Facility entitles a Participant to set-off the Exercise Price for the Plan Options that are the subject of the Cashless Election against the number of Shares to which the Participant is entitled to receive upon exercise of those Plan Options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Exercise Price for the Plan Options has been set off, as determined in accordance with Clause 2.4(d).
- (d) If a Cashless Election is made by a Participant in respect of the Cashless Exercise Options in accordance with clause 1.1(a)(i)(A)7(b), then subject to Clause 0 and the Cashless Exercise Facility is available for use, then the Participant will:
  - (i) not be required to pay the Exercise Price in respect of the exercise of the Cashless Exercise Options; and
  - (ii) only be allocated and issued, under clause 3.1, that number of Shares determined in accordance with the following formula ("Adjusted Number of Shares"):

$$A = \frac{0 \times (MV - EP)}{MV}$$

Where:

A = the Adjusted Number of Shares

EP = the Exercise Price of the Cashless Exercise Options (per Option)

O = the number of Cashless Exercise Options'

MV = the Market Value of one Share determined as of the date of delivery to the Company of the Notice of Exercise pursuant to which the Cashless Election was made.

- (e) In this Clause 2.4, **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date, unless otherwise determined by the Board in its absolute discretion.
- (f) Notwithstanding the forgoing, if the Market Value on the date of delivery of the Notice of Exercise pursuant to which the Cashless Election was sought to be made, is less than the Exercise Price, then the Cashless Exercise Facility is not available for use in respect of the Plan Options that are the subject of the Notice of Exercise.

#### 2.5 Lapse of vested Plan Options

Subject to the Board's overriding discretion, a vested Plan Option granted to an Eligible Employee (or his or her Permitted Nominee) will lapse upon the earliest to occur of:

- (a) 5pm on its Expiry Date; or
- (b) where the Eligible Employee is not a U.S. Eligible Employee, termination or cessation of the employment of that Eligible Employee for any reason; or
- (c) in relation to a U.S. Eligible Employee only:
  - 3 months from the date of termination or cessation of the employment of that
     U.S. Eligible Employee other than as a result of death or permanent disability;
     or
  - (ii) 6 months from the date of death or permanent disability of that U.S. Eligible Employee; or
- (d) an event described in Rule 3.6(b); or
- (e) an event described in Clauses 1(c), 4, 5, 6 or 7 of this Schedule.

#### 3. ALLOCATION OF SHARES - ON EXERCISE OF PLAN OPTIONS

#### 3.1 Allocation

Subject to the provisions of this Schedule (including Clauses 1.1(a)(i)(A)7 and 4) and the Rules, upon the valid exercise of vested Plan Options and, subject to Clause 1.1(a)(i)(A)7, payment of the applicable Exercise Price, the Company must issue or procure the transfer to:

- (a) the Participant (or his or her personal representative); or
- (b) a trustee who is to hold Shares on behalf of the Participant,

of the resulting number of Shares as outlined in the terms and conditions of a grant or invitation issued pursuant to Clause 3.1(a) (which may include a formula for calculating the relevant number of Shares).

#### 3.2 Ranking of Shares

All Shares upon the exercise of a Plan Option in accordance with this Plan will rank equally in all respects with other Shares for the time being on issue, except with regard to any rights attaching to such other Shares by reference to a record date prior to the date of allocation of those Shares.

# 3.3 Listing on ASX

- (a) Plan Options will not be listed for quotation on the ASX.
- (b) However, if the Company is listed on the Official List of the ASX at the time of the exercise of an Option Plan in accordance with the Rules, the Company will apply for quotation of Shares issued upon exercise of the Option Plan under the Plan within the period required by ASX or the ASX Listing Rules.

#### 3.4 Transfer restrictions

- (a) The Board may, in its discretion, impose any trading or other restrictions in respect of Shares issued or transferred on the exercise of a vested Plan Option.
- (b) The Board must provide the Participant with details of any such restrictions at the time of a grant or invitation pursuant to Clause 3.1(a).
- (c) The Board may implement any procedure it considers appropriate to restrict a

  Participant from trading in Shares while they remain subject to these Rules including,
  without limitation, imposing a Holding Lock on the Shares or arranging for Shares to be
  held on trust.

#### 3.5 Alternate satisfaction of Plan Options

Notwithstanding any rule under the Plan, the Board may determine that, upon exercise of a vested Plan Option, the Participant will receive a cash payment in full satisfaction of the Shares that would otherwise be allocated on exercise of that Plan Option (after deduction of any amount required by law to be withheld).

#### 4. CESSATION OF EMPLOYMENT

# 4.1 Unvested Plan Options

- (a) Where a Participant holding unvested Plan Options (or its Associated Eligible Employee) ceases to be an employee (including a non-executive director) or contractor of the Group, those Plan Options immediately lapse unless as otherwise determined by the Board in accordance with Clause 4.1(b).
- (b) Notwithstanding Clause 4.1(a), where a Participant holding unvested Plan Options (or its Associated Eligible Employee) ceases to be an employee (including a non-executive director) or contractor of the Group due to a Qualifying Reason, the Board may, in its discretion, determine the treatment of those unvested Plan Options.
- (c) The Board will give written notice to each Participant of the number of Plan Options that vest pursuant to Clause 2.1.

#### 4.2 Forfeiture of Shares allocated on vesting of Plan Options

- (a) Subject to Clause 4.2(b), the Board may, at its discretion, determine that a Participant will forfeit his or her interest in any Shares that are allocated to the Participant on vesting or exercising of Plan Options if before the issuance of the Shares so allocated, the Participant (or its Associated Eligible Employee):
  - (i) is dismissed for cause;
  - (ii) resigns; or
  - (iii) is terminated in circumstances that, in the opinion of the Board, involve a failure by the Participant (or its Associated Eligible Employee) to meet performance objectives in connection with his or her employment.
- (b) No forfeiture of any Shares (or any interest in any such Shares) that are allocated to a U.S. Participant on vesting or exercising of his or her Plan Options, may be made under clause 4.2(a) except to the extent permitted to, and in compliance with, the Law in the U.S. (including the U.S. Code).

# 4.3 When employment ceases

For the purposes of this Plan, a Participant (or its Associated Eligible Employee) will not be treated as ceasing employment, a directorship or other contractual relationship until such time as the Participant (or its Associated Eligible Employee) is no longer an employee, contractor or non-executive director (as relevant) of the Group.

#### 5. FRAUD, DISHONESTY OR MATERIAL MISSTATEMENT

# 5.1 Action of Participant

Where, in the opinion of the Board, a Participant or former Participant (or its Associated Eligible Employee):

- (a) acts fraudulently or dishonestly; or
- (b) is in breach of his or her obligations to the Group;
- (c) is convicted of a criminal offence or is guilty of any other wilful or recklessly indifferent conduct which, in the opinion of the Board, may injure or tend to injure the reputation and/or the business or operations of a Group Company; or
- (d) is knowingly involved in a material misstatement of financial statements;

then the Board may determine that, subject to compliance with applicable Law (if any):

- (e) the Performance Conditions and/or Performance Period applying to the Plan Options should be reset or altered (as the case may be);
- (f) all or any Plan Options of the Participant that have not vested or have vested but not been exercised, shall lapse;
- (g) the offer of all or any Plan Shares, shall lapse;
- (h) all or any Shares held by the Participant (or its Associated Eligible Employee) following exercise of Plan Options are forfeited; and/or
- (i) where Shares that have been allocated to the Participant upon exercise of Plan Options have been sold, that the Participant repay all or part of the net proceeds of such a sale to the Company.

#### 5.2 Actions of others

Where, in the opinion of the Board, a Plan Option vests, or may vest, as a result of the fraud, dishonesty, breach of obligations or knowing material misstatement of financial statements by an employee (including a non-executive director) or contractor of the Group other than the Participant and, in the opinion of the Board, the Plan Option would not otherwise have vested, the Board may determine that the Plan Option has not vested and may, subject to applicable laws, determine any treatment in relation to the Plan Option (including resetting Performance Conditions, deeming Shares to be forfeited and/or new Plan Options be granted) to ensure that no unfair benefit is obtained by a Participant as a result of the actions of another person.

# 6. RECONSTRUCTIONS, NEW ISSUES, BONUS ISSUES AND OTHER OFFER NOTICES AND BUSINESS DIVESTMENTS - PLAN OPTIONS

#### 6.1 Reconstruction

In the event of any reorganisation (including consolidation, sub-division, reduction, capital return, buy back or cancellation) of the issued share capital of the Company, the rights attaching to Plan Options must be changed to comply with the ASX Listing Rules applying to that reorganisation at the time of the reorganisation and, if the ASX Listing Rules do not apply, shall be proportionately adjusted for any increase or decrease in the number of issued Shares.

#### 6.2 New Issue of Shares

- (a) Participants will not be entitled to participate in any new issue of Shares as a result of holding Plan Options unless they have become entitled to exercise their Plan Options under the Plan and do so prior to the record date for the determination of entitlements to the new issue and participate as a result of being a holder of Shares.
- (b) If the Company proposes to make a new issue of Shares, it must give to each Participant who holds vested Plan Options no less than 10 Business Days' notice of that new issue of Shares before the record date for determining entitlements to the new issue, so as to permit the Participant to exercise any vested Plan Option which, on its terms, may be exercised before the record date.

#### 6.3 Bonus Issue

If the Company makes a Bonus Issue to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares over which a Plan Option is exercisable will be increased by the number of Shares which the Participant would have received if the Plan Option had been exercised prior to the record date for the Bonus Issue.

## 6.4 Rights Issue

If the Company makes a pro-rata issue to the holders of Shares (other than a bonus issue), the Exercise Price of a Plan Option will not be reduced.

#### 6.5 Notice of meeting

A holder of a Plan Option is not entitled to:

- (a) notice of, or to vote or attend at, a meeting of the shareholders of the Company; or
- (b) receive any dividends declared by the Company,

unless and until the Plan Option is exercised and the holder of the Plan Option holds Shares as a result of the exercise.

#### 7. CHANGE OF CONTROL - PLAN OPTIONS

#### 7.1 Takeover bid or scheme of arrangement

- (a) If an Event occurs prior to the vesting of a Plan Option, then the Board may, in its absolute discretion, determine whether:
  - (i) some or all unvested Plan Options vest or lapse (whether subject to conditions or not); or
  - (ii) some or all of the unvested Plan Options remain subject to the applicable Performance Conditions (or substitute Conditions),

having regard to any matter the Board considers relevant, including, without limitation, the circumstances of the Event, the extent to which the applicable Conditions have been satisfied and/or the proportion of the Period that has elapsed at that time.

#### (b) An **Event** occurs where:

- (i) a Takeover Bid is made for the Company and the Board resolves to recommend the bid; or
- (ii) a Takeover Bid is made for the Company and the bid is declared unconditional at a time prior to the bidder being entitled to 50% of the issued shares in the Company; or

- (iii) a court convenes a meeting of shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the shares in the Company may change; or
- (iv) any transaction or event is proposed that:
  - (A) may result in the sale of at least 50% of the issued Shares in the capital of the Company; or
  - (B) in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company.

# 7.2 Acquisition of shares in another Company

If a company ("Acquiring Company") obtains Control of the Company and the Company, the Acquiring Company and the Participant agree, a Participant may be provided with securities in the Acquiring Company or its parent or its subsidiary in substitution for Plan Options, on substantially the same terms and subject to substantially the same conditions as the Plan Options, but with appropriate adjustments to the number and kind of securities the subject of the Plan Options.

#### 7.3 Actual change in Control of the Company

Without limiting Clauses 7.1 and 7.2, if an entity acquires or obtains Control of the Company as a result of the occurrence of any Event, all unvested Plan Options will vest immediately upon completion of such acquisition.

#### 7.4 Definition of Control

In this Clause 7, Control has the meaning given to it in section 50AA of the Corporations Act.

#### 7.5 Notification of vesting

The Board will give written notice to each Participant of the extent to which Plan Options vest pursuant to this Rule 7.

# 8. NATURE OF RIGHTS

A Participant does not have a legal or beneficial interest in any Shares by virtue of acquiring or holding a Plan Option. A Participant's rights under the Plan Options are purely contractual and personal. In particular, a Participant is not entitled to participate in or receive any dividend or other shareholder benefits until its Plan Options have vested and been exercised and Shares have been allocated to the Participant as a result of the exercise of those Plan Options.

#### Attachment to Schedule 1 - Form of Notice of Exercise

The Company Secretary
Candy Club Holdings Limited
Level 6, 505 Little Collins Street
Melbourne VIC 3000

Dear Sir/Madam,

[#name of optionholder] hereby give notice of the exercise of the number of options Plan Options granted pursuant to the Company's Employee Share Option Plan (Plan) and exercisable at [#] (Exercise Price).

Total number of Plan Options that are being	
exercised (Relevant Options)	
Total number of Relevant Options to be exercised	
using the Cashless Exercise Facility, if approved by	
the Board (Cashless Plan Options)	

The certificate(s) for these Plan Options is/are enclosed and the Optionholder, encloses a cheque made payable to "Candy Club Holdings Limited" for [#] (being the total of the Exercise Price payable on the exercise of the Relevant Options (other than the Cashless Plan Options, if the Board approves my/our election to use the Cashless Exercise Facility).

By lodging this Notice of Exercise the Optionholder hereby:

- confirm my/our election to use the Cashless Exercise Facility for the Cashless Plan Options, subject to the Board approval in accordance with the terms upon which the Plan Options were granted to me/us;
- 2. applies for the number of Shares as determined in accordance with the terms upon which the Plan Options were granted to me/us; and
- 3. agrees to be bound by the constitution of the Company.

Capitalised terms used in this letter have the same meaning as in the Plan.

Signed by

[option holder]

In the presence of



Candy Club Holdings Limited | ABN 629 598 778

# **Proxy Voting Form**

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Your proxy voting instruction must be received by 10.00am (AEST) on Wednesday, 28 July 2021, being not later than 48 hours before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

# SUBMIT YOUR PROXY

# Complete the form overleaf in accordance with the instructions set out below. YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: https://investor.automic.com.au/#/home Shareholders sponsored by a broker should advise their broker of any changes.

#### STEP 1 - APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

#### STEP 2 - VOTES ON ITEMS OF BUSINESS

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

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

**Individual**: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney**: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies**: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address**: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

# CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

#### Lodging your Proxy Voting Form:

#### Online:

Use your computer or smartphone to appoint a proxy at

https://investor.automic.com.au/#/loginsah

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



#### BY MAIL:

Automic GPO Box 5193 Sydney NSW 2001

#### IN PERSON:

Automic

Level 5, 126 Phillip Street Sydney NSW 2000

#### BY EMAIL:

meetings@automicgroup.com.au

# BY FACSIMILE:

+61 2 8583 3040

#### All enquiries to Automic:

**WEBCHAT:** https://automicgroup.com.au/

**PHONE:** 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)

# STEP 1- How to vote

#### APPOINT A PROXY:

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Candy Club Holdings Limited, to be held virtually at 10.00am (AEST) on Friday, 30 July 2021 herebu:

**Appoint the Chair of the Meeting (Chair)** OR if you are not appointing the Chair of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

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- 1												

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

# AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution(s) 1,9,10,12,13,14 and 15 (except where I/we have indicated a different voting intention below) even though Resolution(s) 1,9,10,12,13,14 and 15 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### VIRTUAL PARTICIPATION AT THE AGM:

The company is pleased to provide shareholders with the opportunity to attend and participate in a virtual Meeting through an online meeting platform powered by Automic, where shareholders will be able to watch, listen, and vote online.

To access the virtual meeting:

- 1. Open your internet browser and go to investor.automic.com.au
- Login with your username and password or click "register" if you haven't already created an account. Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting

Further information on how to do this is set out in the Notice of Meeting. The Explanatory Notes that accompany and form part of the Notice of Meeting describe the various matters to be considered.

# 4

# STEP 2 – Your voting direction

Res	solutions	For	Against	Abstain	Resolutions	For	Against Abstain				
1.	Adoption of Remuneration Report				9. Issue of Director Options to Related Party - Mr. Andrew Clark						
2.	Re-election of Mr. Chi Kan Tang as a Director				10. Issue of Director Options to Related Party - Mr. Keith Cohn						
3.	Ratification of Prior Issue of Options to Sequoia Corporate Finance Pty Ltd				11. Issue of VLL Shares to VLL9 LLC						
4.	Ratification of Prior Issue of Placement Shares to the Placement Participants under ASX Listing Rule 7.1				12. Approval of amendment to the terms of existing Legacy ESOP Options						
5.	Ratification of Prior Issue of Placement Shares to the Placement Participants under ASX Listing Rule 7.1A				13. Approval of Amendments to the terms of Existing 2019 ESOP Options						
6.	Issue of Director Placement Shares to Related Party - Mr. James Baillieu				14. Approval of 2021 ESOP						
7.	Issue of Director Placement Shares to Related Party - Mr. Chi Kan Tang				15. Approval of amendment to the terms of Existing KMP Options						
8.	Issue of Director Placement Shares to Related Party - Ms. Lai Tin Tang				16. Approval of 10% Placement Capacity						
	Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.										

# STEP 3 – Signatures and contact details

Individual or Securityholder 1	Securityholder 2	Securityholder 3	٦
Sole Director and Sole Company Secretary Contact Name:	Director	Director / Company Secretary	
Email Address:			
Contact Daytime Telephone		Date (DD/MM/YY)	