



**READCLOUD LIMITED**  
**ACN 136 815 891**

# **Notice of Annual General Meeting**

## **Explanatory Statement and Proxy Form**

Date of Meeting:  
**Monday, 7 February 2022**

Time of Meeting:  
**2.00pm (AEDT)**

*Due to the ongoing COVID-19 pandemic, the meeting will be held in a virtual manner via a video-conferencing facility. If you are a shareholder who wishes to attend and participate in the virtual meeting, please register in advance as per the instructions outlined in this Notice of Meeting. Shareholders are strongly encouraged to lodge their completed proxy forms in accordance with the instructions in this Notice of Meeting.*

*Following recent modifications brought to the Corporations Act which renewed the temporary relief for companies to use electronic communications to send meeting materials, **no hard copy** of the Notice of Annual General Meeting and Explanatory Statement will be circulated. The Notice of Meeting has been given to those entitled to receive by use of one or more technologies. The Notice of Meeting is also available on the Australian Stock Exchange Announcement platform and on the Company's website (<https://readcloud.com/>).*

*This Notice of Annual General Meeting and Explanatory Statement should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional advisor without delay*

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM** or **Meeting**) of Shareholders of ReadCloud Limited (**Company**) will be held virtually by a video-conferencing facility on Monday, 7 February 2022 at 2.00pm (AEDT).

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances as a result of COVID-19. While the COVID-19 situation remains volatile and uncertain, based on the best information available to the Board at the time of the Notice, the Company intends to hold the Meeting by electronic means and therefor conduct a poll on the resolutions in the Notice using the proxies filed prior to the Meeting and allow votes to be cast during the Meeting.

Shareholders are encouraged to submit their proxies as early as possible, and in any event, prior to the cut-off date for proxy voting as set out in the Notice. To lodge your proxy, please follow the directions on your personalised proxy form.

Shareholders will be able to ask questions and the Company has made provision for Shareholders who register their attendance before the start of the meeting to also cast their votes on the proposed resolutions at the AGM.

The virtual meeting can be attended using the following details:

**When:** Monday, 7 February at 2.00pm (AEDT)

**Topic:** RCL Annual General Meeting

**Register in advance for the virtual meeting:**

[https://us02web.zoom.us/webinar/register/WN\\_HL4TaoMmRla9f\\_yHbjNwEQ](https://us02web.zoom.us/webinar/register/WN_HL4TaoMmRla9f_yHbjNwEQ)

After registering, you will receive a confirmation email containing information about joining the meeting. As noted previously, **the Company strongly recommends that its Shareholders lodge a directed proxy as soon as possible in advance of the Meeting** even if they are planning to attend the Meeting online.

The Company is happy to accept and answer questions submitted prior to the meeting by email to [mleydin@leydinfreyer.com.au](mailto:mleydin@leydinfreyer.com.au). The Company will address relevant questions during the meeting or by written response after the Meeting (subject to the discretion of the Company not to respond to unreasonable and/or offensive questions). If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement to the ASX.

Any shareholders who wish to attend the AGM should therefore monitor the Company's website and its ASX announcements for any updates about the AGM. If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, the Company will make further information available through the ASX website at [asx.com.au](http://asx.com.au) (ASX: RCL) and on its website at <https://readcloud.com/>.

# READCLOUD LIMITED

ACN 136 815 891

Registered office: 284 Bay Street, Brighton, Victoria 3186

## AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, includes defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

### ORDINARY BUSINESS

#### Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the three-month financial period ended 30 September 2021.

*Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly, no resolution will be put to shareholders on this item of business.*

#### Resolution 1: Adoption of Remuneration Report

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

*"That for the purpose of Section 250R(2) of the Corporations Act, the Remuneration Report (included in the Directors' Report) for the three-month financial period ended 30 September 2021 be adopted."*

*A voting exclusion statement as set out below in this Notice applies to this Resolution.*

#### Resolution 2: Re-election of Mr Darren Hunter as a Director of the Company

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

*"That Mr Darren Hunter, who retires by rotation pursuant to Listing Rule 14.4 and Clause 15.4 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company as described in the Explanatory Statement."*

#### Resolution 3: Approval of the Company's Employee Incentive Plan

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

*"That, under and for the purposes of ASX Listing Rule 7.2 Exception 13(b), and for all other purposes including section 259B and 260C of the Corporations Act 2001 (Cth), approval is given for the Company to adopt an equity incentive plan, being the proposed "Equity Incentive Plan" and to issue under the Plan up to the greater of 5,988,246 Equity Securities or the number of Equity Securities which is equal to 5% of the number of issued ordinary shares of the Company at the time of the applicable issue, as described in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."*


### SPECIAL BUSINESS

#### Resolution 4: Approval of 10% Placement Facility

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

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 on the terms and conditions in the Explanatory Statement."*

**By order of the Board**

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

**Melanie Leydin**  
**Company Secretary**  
Dated: 28 December 2021

## Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting. On a poll, shareholders have one vote for every fully paid ordinary share held.

### 3. Voting

In accordance with the rules applicable to general meetings using virtual technology pursuant to section 250J of the Corporations Act, each of the resolutions proposed at the Meeting will be decided on a poll.

### 4. Proxies

- a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- b. Each shareholder has a right to appoint one or two proxies.
- c. A proxy need not be a shareholder of the Company.
- d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution or the Corporations Act.
- e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
- f. 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 half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
- g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
- h. If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy.
- i. To be effective, proxy forms must be received by the Company's share registry (Boardroom Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 2.00pm (AEDT) on Saturday, 5 February 2022. Any proxy received after that time will not be valid for the scheduled meeting.

### 5. Corporate Representative

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

### 6. How the Chair will vote Undirected Proxies

Subject to the restrictions set out in Note 7 below, the Chair of the meeting will vote undirected proxies in favour of all of the proposed resolutions. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

### 7. Voting Exclusion Statement:

#### Resolution 1

In accordance with sections 250R(4) and 250BD(1) of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purported to be cast, on this resolution by, or on behalf of, 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 (**KMP voter**), unless the KMP voter is casting a vote on this resolution on behalf of a person who is not a KMP voter (including as a proxy) and either:

- (a) the KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the KMP voter is by the Chair of the meeting and the appointment of the Chair as proxy:
  - a. does not specify the way the proxy is to vote on the resolution; and
  - b. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or the consolidated entity.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair will vote any proxies which do not indicate on their Proxy Form the way the Chair must vote, in favour of this Resolution. In exceptional circumstances, the Chair may change his or her voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on 1 – see **Restriction on KMPs voting undirected proxies** below.

#### Resolutions 2

There are no voting exclusions on this resolution.

#### Resolution 3

The Company will disregard any votes cast in favour on this resolution by or on behalf of a person who is eligible to participate in the EIP and any associates.

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

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

A further restriction also applies to Key Management Personnel and their closely related parties voting undirected proxies on these resolutions – see **Restriction on KMPs voting undirected proxies** below.

#### **Resolution 4**

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement on this Resolution is not currently required by Listing Rule 7.3A.7.

#### **8. Special Resolutions**

Resolution 4 is a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

#### **9. Restriction on KMPs voting undirected proxies:**

A vote must not be cast as proxy on any of Resolutions 1 or 3 by a member of the Key Management Personnel (as defined by the Corporations Act) or a closely related party of Key Management Personnel.

However, a person described above (a “**Restricted Voter**”) may cast a vote on any of Resolutions 1 or 3 as a proxy if:

- (a) The Restricted Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution(s); and
- (b) The Chair is the Restricted Voter and the written appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution(s) or expressly authorises the Chair to exercise the proxy even though the resolution(s) is or are connected with the remuneration of a member of the Key Management Personnel.

If you appoint the Chair as your proxy and you do not direct the Chair how to vote, you will be expressly authorising the Chair to exercise the proxy even if the relevant resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

#### **10. Enquiries**

Shareholders are invited to contact the Company Secretary on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

## EXPLANATORY STATEMENT

### Purpose of Information

This Explanatory Statement (**Statement**) accompanies and forms part of the Company's Notice of Annual General Meeting (**Notice**) for the 2021 Annual General Meeting (**Meeting**).

The Notice incorporates, and should be read together, with this Statement.

### Receipt and consideration of Accounts & Reports

A copy of the Financial Report for the three-month financial period ending 30 September 2021 which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution cost associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years.

Alternatively, you may access the 30 September 2021 Financial Report at the Company's website: <https://readcloud.com/> or via the Company's announcement platform on ASX. Except as set out in Resolution 1, no resolution is required on these reports.

Shareholders will have the opportunity to ask questions about or make comments on, the 30 September 2021 Financial Report and the management of the Company. The auditor will be invited to attend, to answer questions about the audit of the Company's 30 September 2021 Financial Statements.

### Resolution 1: Adoption of Remuneration Report

#### **Background**

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 30 September 2021 Financial Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty-five (25%) per cent of the total votes cast on that resolution and accordingly, a spill resolution will not under any circumstances be required for the Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

#### **Board Recommendation**

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Directors unanimously recommend that shareholders vote in favour of this Resolution to adopt the Remuneration Report.

## ***Voting Exclusions***

Refer to Notes 7 and 9 for voting exclusions.

## **Resolution 2: Re-election of Mr Darren Hunter as a Director of the Company**

### ***Background***

Clause 15.4 of the Constitution requires that at every Annual General Meeting, one third of Directors (excluding the Managing Director) shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr Darren Hunter being eligible, offers himself for re-election.

Mr Hunter was appointed as a Non-Executive Director of the Company on 3 August 2015.

Mr Hunter commenced his career in IT in 1984. Following a number of varied and senior roles he co-founded IWL, a financial planning and online stockbroking software provider in 1997. IWL was listed on the ASX in 1999 and provided Westpac and National Australia Bank with their online broking capabilities. Darren's role was that of CIO and group strategy. IWL grew into an ASX 300 company with over 500 employees and was eventually acquired by CBA for \$373 million. He commenced with ReadCloud in 2015 in the role of Chief Information Officer.

### ***Board Recommendation***

The Board (with Mr Hunter abstaining), recommends that shareholders vote in favour of the re-election of Mr Hunter. The Chair of the meeting intends to vote undirected proxies in favour of Mr Hunter's re-election.

## ***Voting Exclusions***

There are no voting exclusions on this resolution.

## **Resolution 3: Adoption of Employee Incentive Plan**

### ***Background***

The Company is seeking shareholder approval to adopt a new Employee Incentive Plan (**EIP**) to replace its current Employee Share Option Plan (**ESOP**) in order to assist in the motivation, retention and reward of employees of the Company and its subsidiaries. The EIP is seeking to replace the previous shareholder-approved ESOP.

The Board is committed to incentivising and retaining the Company's Directors, employees and consultants in a manner which promotes alignment of their interests with shareholder interests. Additionally, the Board considers equity-based compensation an integral component of the Company's remuneration platform as it allows it to be fiscally prudent by conserving cash resources while still enabling it to offer market-competitive remuneration arrangements.

The Plan will enable employees, Directors or such other persons as the Board should deem fit, to receive shares, options to acquire shares in the Company, other securities, or rights or interests such as performance rights.

No directors or their associates can or will be issued shares, options or other securities or rights under the Plan unless shareholder approval of specific issues to them is obtained. Under the Plan the Company may acquire shares on market to be held on trust for directors or their associates.

Approval is sought to issue up to 5,988,246 Equity Securities (Shares, Options or other Rights including performance rights each conditionally entitling the applicable holder to one fully paid ordinary share upon exercise or achievement of the applicable milestone). Any additional issues under the Plan above that number will require further Shareholder approval, unless the total number of securities issued, other than issues to certain parties whose participation in the Plan is excluded from the threshold by operation of the Corporations Act 2001 or the ASX Listing Rules, does not exceed 5% of the then issued shares of the Company.

The objects of the Plan are to:

- attract and retain Eligible Persons by providing them with an incentive to join and remain employed or engaged with the Group in the long term;
- incentivise the performance of Eligible Persons in achieving the strategic objectives of the Group;
- recognise the ongoing ability of Eligible Persons and their expected efforts and contribution in the long term to the performance and success of the Group; and

- provide Eligible Persons with the opportunity to acquire securities in the Company in accordance with these Rules,

with the result of aligning interests between the Company and Eligible Persons.

If this Resolution is passed, the Company will be able to issue Equity Securities under the plan to eligible participants over a period of 3 years. The issue of any Equity Securities to eligible participants under the Plan (up to the maximum number of 5,988,246 Securities) will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of securities under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If this Resolution is not passed, the Company will be able to proceed with the issue of Equity Securities under the Plan to eligible participants, but any issues of securities will reduce, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Equity Securities.

### **ASX Listing Rules**

ASX Listing Rule 7.1 requires that shareholder approval is required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.2 exception 13(b) provides an exception to ASX Listing Rule 7.1 for securities issued under an employee incentive scheme within 3 years after shareholder approval of the scheme. The Company therefore seeks approval of the Plan under ASX Listing Rule 7.2 Exception 13(b) so that issues of securities under the Plan do not impede the capacity of the Company to issue up to a further 15% of its capital without shareholder approval.

Since the Company's refresh of its ESOP in November 2020 the Company has issued 300,000 options under the ESOP. Since the ESOP's inception, a total of 935,000 options issued under the ESOP have been cancelled, lapsed or expired since being issued. 585,000 options issued under the ESOP have to date been exercised. Currently there are 1,025,000 options on issue pursuant to the ESOP.

A summary of material terms and conditions of the Company's EIP is set out below.

<b>Eligibility</b>	Any director, employee or consultant of the Company or associated body corporates who is decided by the Board to be an eligible participant for the purposes of the EIP.
<b>Plan Securities</b>	Plan Securities issued under the EIP consist of restricted or unrestricted shares ( <b>Plan Shares</b> ), or rights to acquire shares ( <b>Plan Rights</b> ). Plan Rights include options, performance rights, restricted share units or such other securities convertible into the capital of the Company and of a similar nature to an option, performance right or restricted share unit, which the Board approves for issue under the EIP.
<b>Grant of Plan Securities</b>	The Board may offer any number of Plan Securities to eligible participants on the terms the Board decides, subject to the EIP rules, any applicable laws or the Listing Rules. The offer must be in writing and specify, amongst other things, the number and type of Plan Securities for which the eligible participant may apply, the amount payable (if any) for the grant, issue or exercise (as applicable) of each Plan Security, the period within which the Plan Security may be exercised (if applicable), any conditions of vesting ( <b>Vesting Conditions</b> ) and any transfer conditions (time-based or other conditions determined by the Board) before shares can be freely transferable. An eligible participant is required to give the Company a signed application form to accept the offer. If the Company accepts the application form, it may grant accepted Plan Securities to that participant.
<b>Dilution Limit</b>	An offer of Plan Securities must not be made to an Australian resident if the total of: (a) the number of underlying Plan Shares which are the subject of the offer; and

	<p>(b) underlying Shares issued or which may be issued as a result of any outstanding grants of Plan Securities, or similar offer under a predecessor or other employee incentive plan, made at any time during the previous 3-year period,</p> <p>would exceed 5% of the number of shares in the Company on issue at the time of the offer.</p>
<b>Lapse</b>	Plan Rights shall lapse in accordance with specific offer terms or events contained in the EIP rules, which include cessation of employment, change in control, breach by the participant and expiry (which will be 5 years from issue in the ordinary course).
<b>Converting rights to shares</b>	<p>A participant issued with Plan Rights has the option to acquire Plan Shares once the Vesting Conditions for those Plan Rights have been satisfied or waived in full. The Board may waive or vary Vesting Conditions, subject to the ASX Listing Rules and Corporations Act.</p> <p>If a Plan Right is required to be exercised, the participant can exercise the Plan Right by either paying the applicable exercise price or using a cashless exercise facility (if permitted). The cashless exercise entitles a participant to set-off the exercise price against the number of shares which the participant is entitled to receive on exercise of the applicable Plan Rights.</p> <p>Once a Plan Right is exercised, the Company will issue or transfer the Plan Shares to that participant.</p>
<b>Loans</b>	The Board may, from time to time in its absolute discretion, offer eligible participants a loan solely for the purpose of acquiring Plan Shares, including for the purpose of paying the exercise price for any Plan Rights. The Loan will be secured by the Plan Shares and limited recourse to those Plan Shares. The Company may hold the certificates or impose a holding lock over the secured Plan Shares.
<b>Transfer</b>	Transfer of Plan Securities is restricted. Plan Rights are not ordinarily transferable and Plan Shares may only be transferred once any Transfer Conditions are satisfied or the shares are issued as Unrestricted Shares.
<b>Clawback</b>	In certain circumstances the Board may clawback any Plans Shares issued to a participant where the Board is of the opinion that participant has breached the EIP rules or otherwise damaged the Company.
<b>Rights of Participants</b>	<p><b>No conferred rights</b></p> <p>Participation in the EIP does not:</p> <ul style="list-style-type: none"> <li>(a) confer any right or entitlement if such right is subject to shareholder approval;</li> <li>(b) confer on an employee the right to receive an invitation to participate in the EIP;</li> <li>(c) confer on a participant the right to continue as an employee;</li> <li>(d) affect any right the Company may have to terminate the employment of a Participant; and</li> <li>(e) may not be used to increase damages in any action brought against the Company in respect of a termination.</li> </ul> <p><b>Other schemes</b></p> <p>Participation in the EIP does not affect, and is not affected by, participation in any other employee incentive scheme operated by the Company unless the terms of the other scheme provide otherwise.</p> <p><b>General meetings</b></p> <p>A Participant is not entitled to attend or vote at general meetings of holders of shares in their role as a Participant alone.</p> <p><b>New issues</b></p> <p>Participants are not entitled to participate in offers of new securities by the Company unless they have been issued shares on the exercise of the Plan Securities.</p> <p><b>Bonus issues</b></p> <p>Participants with Plan Rights yet to be exercised will be entitled to the benefit</p>

	<p>of any bonus issues by the Company as if the right had been issued by the date the Company determines bonuses.</p> <p><b>Reorganisation</b></p> <p>If there is a reorganisation of capital of the Company, then the rights of a Participant (including the underlying shares over which an option is exercisable) are to be changed to the extent necessary to comply with the Listing Rules applying to the reorganisation of capital. at that time.</p>
<b>Change of Control</b>	<p>In the event of a change of control (as defined in the EIP rules), the Board may give notice to the participants waiving all vesting conditions and transfer conditions and requiring all participants to comply with the exercise and conversion terms for the rights they wish to exercise, and sell their Plan Securities as part of the change on control event.</p>
<b>Tax</b>	<p>The Company is not responsible for any tax which may become payable by a participant in connection with rights or securities under the EIP. If the Company is obliged to collect taxes in respect of a participant the Company may collect those taxes from the participant by deducting those taxes from amounts due to the Participant or selling Plan Securities to satisfy the debt.</p>
<b>Administration</b>	<p>The EIP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the EIP.</p>
<b>Termination and amendment</b>	<p>The EIP may be terminated or suspended at any time by the Board if the termination or suspension does not adversely affect the rights of participants. The Board may also decide not to issue any new invitations at any time.</p> <p>The EIP rules may be amended at any time by the Board. except where the amendment adversely affects the rights of participants and their Plan Securities, in which case, the Board must obtain consent of the holders of at least 75% of the Plan Securities affected..</p>

### **Corporations Act**

Approval is also sought for the purposes of sections 259B and 260C of the Corporations Act 2001 (Cth).

The Plan provides for the Company to take security over shares issued under the Plan, and to place restrictions on transfer and voting which may also constitute taking security over its own shares. Section 259B(1) of the Corporations Act provides that a company must not take security over shares in itself except as permitted by the Corporations Act. Section 259B(2) provides that the Company may take security over shares in itself under an employee share scheme that has been approved by shareholders at a general meeting.

Under section 260C(4) of the Corporations Act, a company may financially assist a person to acquire its shares if the financial assistance is given under an employee share scheme that is approved by shareholders at a general meeting. The Plan provides that the Company may make loans in respect of shares or other securities issued or to be acquired under the Plan and/or acquire shares or other securities to be held on trust for eligible participants. This may be considered to be the Company providing financial assistance for the acquisition of its own shares or other securities.

### **Director Recommendation**

As the Directors of the Company are excluded from voting pursuant to the Listing Rules, they make no recommendation to the shareholders in respect of the EIP. The Chair in his capacity as proxy holder intends to vote undirected proxies in favour of approving this Resolution.

### **Voting Exclusions**

Refer to Notes 7 and 9 for voting exclusions on this Resolution.

## **Resolution 4: Approval of 10% Placement Facility**

### **Background**

Listing Rule 7.1A enables an eligible entity to issue up to 10% of its issued share capital through placements over a 12-month period after the Annual General Meeting ("**10% Placement Facility**"). An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is, at the date of this Notice, an eligible entity.

The Company is seeking shareholder approval by way of a special resolution to have the ability, if required, to issue equity securities under the 10% Placement Facility. The effect of this Resolution is to allow the Directors to issue equity securities under Listing Rule 7.1A during the 10% Placement Period (as defined below) without, or in addition to, using the Company's 15% placement capacity under Listing Rule 7.1.

### **Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A commences on the date of this Annual General Meeting and expires on the first to occur of the following:

- (i) the date that is 12 months after the date of this Annual General Meeting;
- (ii) the time and date of the Company's next Annual General Meeting; and
- (iii) the time and date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

### **(10% Placement Period).**

The Company will only issue and allot the equity securities approved under the 10% Placement Facility during the 10% Placement Period.

### **Outcome of this Resolution**

If Shareholders approve this Resolution:

- the number of equity securities permitted to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below); and
- the Company will be able to issue equity securities up to the combined 25% limits in Listing Rules 7.1 and 7.1A without further shareholder approval.

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 Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

### **Formula for calculating 10% Placement Facility**

The maximum number of equity securities that may be issued by the Company under the 10% Placement Facility pursuant to Listing Rule 7.1A2 is calculated in accordance with the following formula:

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

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

**D** is 10%

**E** is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The ability of an entity to issue equity securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. The actual number of equity securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula stated above.

### ***Type and number of equity securities***

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. The Company, as at the date of the Notice, has one class of quoted equity securities, being Shares, as follows:

- 119,764,921 Shares.

### ***Minimum issue price and cash consideration***

The equity securities will be issued at an issue price of not less than 75% of the VWAP for the Company's equity securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) 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 securities; or
- (ii) if the equity securities are not issued within 10 trading days of the date in paragraph (i) above, the date on which the equity securities are issued.

### ***Purpose of the funds raised***

The purposes for which the funds raised by an issue under the 10% Placement Facility may be used by the Company include:

- (i) consideration for the acquisition(s) of the new assets and investments, including the expenses associated with such acquisition(s); and
- (ii) continued expenditure on the Company's current business and/or general working capital.

### ***Dilution***

If this Resolution is approved by Shareholders and the Company issues equity securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the dilution table below.

Shareholders may be exposed to economic risk and voting dilution, including the following:

- (i) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Annual General Meeting; and
- (ii) the equity securities may be issued at a price that is at a discount 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 the equity securities.

The dilution table shows the hypothetical dilution of existing Shareholders on the basis of the market price of Shares as at 17 December 2021 (**Current Share Price**) and the current number of Shares for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The dilution table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Issue Price		
		\$0.1275 50% decrease in Current Share Price	\$0.255 Current Share Price	\$0.51 100% increase in Current Share Price
<b>Current Variable A</b> 119,764,921 Shares	<b>10% Voting Dilution</b>	11,976,492 Shares		
	<b>Funds raised</b>	\$1,527,002	\$3,054,005	\$6,108,010
<b>50% increase in current Variable A</b> 179,647,382 Shares	<b>10% Voting Dilution</b>	17,964,738 Shares		
	<b>Funds raised</b>	\$2,290,504	\$4,581,008	\$9,162,016
<b>100% increase in current Variable A</b> 239,529,842 Shares	<b>10% Voting Dilution</b>	23,952,984 Shares		
	<b>Funds raised</b>	\$3,054,005	\$6,108,010	\$12,216,021

The dilution table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Options are exercised into Shares before the date of the issue of the Equity Securities;
- 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%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The Current Share Price is \$0.255 being the closing price of the Shares on ASX on 17 December 2021.

### **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to relevant factors including, but not limited to, the following:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of the equity securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders, subject to compliance with Listing Rule 10.11, and/or new Shareholders who are not related parties or associates of a related party of the Company.

### **Previous issues**

The Company:

- has not issued, nor agreed to issue, any equity securities under Rule 7.1A.2 in the 12-month period preceding the date of the Meeting; and
- had not agreed, before the 12-month period referred to in the preceding paragraph, to issue any equity securities under rule 7.1A.2 where such securities remain unissued as at the date of the Meeting.

### **Special Resolution**

The ability to issue equity securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution. This means it requires approval of 75% of the votes cast by Shareholders present or represented, and eligible to vote.

***Directors Recommendations***

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

***Voting Exclusions***

As at the date of dispatch of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 and, therefore, a voting exclusion statement is not required by Listing Rule 7.3A.7.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**10% Placement Facility**” has the meaning as defined in the Explanatory Statement for Resolution 4;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEDT**” means Australian Eastern Daylight Time.

“**Board**” means the Directors acting as the board of Directors of the Company;

“**Chair**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**Closely Related Party**” means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means ReadCloud Limited ACN 136 815 891;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director 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;

“**EIP**” means the Employee Incentive Plan;

“**ESOP**” means the Employee Share Option Plan;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Statement**” means the explanatory statement which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means this Notice of Meeting including the Explanatory Statement;

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of the Company for the three-month financial period ended 30 September 2021;

“**Resolution**” means a resolution referred to in the Notice;

“**Share**” means a fully paid ordinary share in the capital of the Company;

“**Shareholder**” means shareholder of the Company;

“**Trading Day**” means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

“**VWAP**” means volume weighted average market price as defined in the Listing Rules.



#### All Correspondence to:

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

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00pm (AEDT) on Saturday, 5 February 2022.**

### 🖥 TO VOTE ONLINE

**STEP 1: VISIT** <https://www.votingonline.com.au/rclagm2022>

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

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

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

##### Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

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

#### STEP 3 SIGN THE FORM

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

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

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

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

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

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore 2:00pm (AEDT) on Saturday, 5 February 2022. Any Proxy Form received after that time will not be valid for the scheduled meeting.

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

🖥 **Online** <https://www.votingonline.com.au/rclagm2022>

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia

👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

☐

#### Your Address

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

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

## PROXY FORM

### STEP 1 APPOINT A PROXY

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

☐

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

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held **virtually via Zoom on Monday, 7 February at 2.00pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

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

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

### STEP 2 VOTING DIRECTIONS

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

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Darren Hunter as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of the Company's Employee Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Facility (Special)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2022