

24 October 2023

Dear Shareholder,

ANNUAL GENERAL MEETING – NOTICE AND PROXY FORM

Notice is hereby given that the Annual General Meeting ('Meeting') of Shareholders of archTIS Limited ('Company') will be held online by Virtual Meeting Facility, at 4:00pm (AEDT) on Thursday, 23 November 2023.

In accordance with section 110D of the *Corporations Act 2001* (Cth) (as inserted by the *Corporations Amendment (Meeting and Documents) Act 2022* (Cth)), the Company will not be dispatching physical copies of the Notice of Meeting ('Notice') unless specifically requested to do so. Instead, a copy of the Notice is available on the Company's ASX Announcement Platform at www2.asx.com.au (ASX:AR9).

If you have elected to receive communications by email, a copy of your personalised proxy form will be emailed to you. If you have not elected to receive communications by email, a copy of your personalised proxy form will be posted to you, together with this letter for your convenience.

All shareholders will be able to participate in the Meeting by:

- (a) attending and voting their shares at the Meeting via the Virtual Meeting Facility on Thursday 23 November 2023 at 4:00pm (AEDT);
- (b) voting prior to the Meeting by lodging your proxy instructions by no later than 48 hours prior to the Meeting (by 4:00pm (AEDT) on Tuesday, 21 November 2023) by lodging a proxy form either:
 - o online at: <https://investor.automic.com.au/#/loginsah>; or
 - o by post to: Automic, GPO Box 5193, Sydney, NSW, 2001; or
 - o in person to: Automic, Level 5, 126 Phillip Street, Sydney, NSW, 2000; or
 - o by email to: meetings@automicgroup.com.au; or
 - o by any other means permitted on the proxy form; and/or
- (c) lodging questions in advance of the Meeting by emailing the questions to Erlyn Dawson, Company Secretary at erlyn@azc.com.au, by no later than 20 November 2023.

If you are a shareholder, please follow the below step-by-step process to be able to access, vote and ask questions at the meeting:

- 1. Open your internet browser and go to investor.automic.com.au.
- 2. 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.**
- 3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears.
- 4. Click on "**Register**" and follow the steps.
- 5. Click on the URL to join the virtual meeting facility where you can join and listen to the meeting.
- 6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen.
- 7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant, or other professional adviser.

If you have any difficulties obtaining a copy of the Notice, or for any other relevant information please contact the Company Secretary on +61 8 9389 3125 or erlyn@azc.com.au.

Authorised for release by the Board of archTIS Limited.

Yours sincerely,



Erlyn Dawson
Company Secretary
archTIS Limited

ARCHTIS LIMITED
ACN 123 098 671
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 4:00pm AEDT
DATE: 23 November 2023
PLACE: Virtual Meeting Facility

The business of the Meeting affects your shareholding and your vote is important.

This Notice 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.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEDT) on 21 November 2023.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2023 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, 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, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2023."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR MILES JAKEMAN

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

"That, for the purpose of clause 14.2 of the Constitution, Listing Rule 14.5 and for all other purposes, Dr Miles Jakeman, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – DANIEL LAI

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 378,673 Options to Daniel Lai (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

5. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – DANIEL LAI

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,893,364 Performance Rights to Daniel Lai (or their nominee) on the terms and conditions set out in the Explanatory Statement."

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

6. RESOLUTION 5 – APPROVAL OF 7.1A MANDATE

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

7. RESOLUTION 6 – ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

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

“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Incentive Plan Rules and for the issue of a maximum of 15,634,595 securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

8. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its Constitution to increase the issue cap in its conditions to allow for more than 5% of securities to be issued under the Employee Incentive Plan Rules.”

Dated: 11 October 2023

By order of the Board



**Erlyn Dawson
Joint Company Secretary**

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. <p>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:</p> <ul style="list-style-type: none"> (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> (i) does not specify the way the proxy is to vote on this Resolution; and (ii) 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 3 – Issue of Options to Related Party – Daniel Lai	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution.
Resolution 4 – Issue of Performance Rights to Related Party – Daniel Lai	<p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 6 – Adoption of Employee Securities Incentive Plan	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> (a) the proxy is either: <ul style="list-style-type: none"> (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> (a) the proxy is the Chair; and (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 3 – Issue of Options to Related Party – Daniel Lai	Daniel Lai (or their nominee) and any other 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 that person or those persons.
Resolution 4 – Issue of Performance Rights to Related Party – Daniel Lai	
Resolution 6 – Adoption of Employee Securities Incentive Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.

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

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

You may submit your Proxy Form online at <https://investor.automic.com.au/#/home>. Login using your existing username and password or click on “register” and follow the on-screen prompts to create your login credentials. Once logged in, click on “Meetings” and follow the prompts to lodge your proxy. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

In accordance with the Company’s Constitution, the Directors have elected to hold the Meeting virtually and therefore Shareholders will not be able to physically attend the Meeting in person.

Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form prior to the Meeting or attend and vote online at the Virtual Meeting.

Voting online via Virtual Meeting

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 and vote at the virtual meeting:

1. Open your internet browser and go to **investor.automic.com.au**
2. 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**
3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears
4. Click on "**Register**" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
7. Select your voting direction and click "**confirm**" to submit your vote. **Note that you cannot amend your vote after it has been submitted**

Further information and support on how to use the Virtual Meeting platform is available on the Company's website.

You may still attend the Meeting and vote at the Virtual Meeting even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance at the Virtual Meeting will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment will be deemed to be revoked with respect to voting on that resolution.

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 9389 3125.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2023 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <https://www.archtis.com/>.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR MILES JAKEMAN

3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Dr Miles Jakeman, who has served as a Director since 13 February 2020 and was last re-elected on 24 November 2021, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Dr Miles Jakeman is a specialist in business strategy, leadership, high performance team development, and risk management. As a company director, former CEO and technology business founder, he brings deep domain expertise in these areas and has successfully guided companies across global markets to deliver outstanding year-on-year results. After 30 years of industry experience, with the last 20 years as a director, he has also built an excellent network in the government, enterprise, and healthcare sectors.

Dr Jakeman co-founded and was the Managing Director of Australian software and technology success story, The Citadel Group Limited ("Citadel"). During his time as Managing Director, he grew Citadel from a start-up to an ASX-listed company with over 300 staff and a market capitalisation of more than \$400 million. The company was subsequently sold to Pacific Equity Partners for \$503 million.

Dr Jakeman has a Bachelor of Science (Hons), a Graduate Diploma in Asian Studies, a Doctorate of Philosophy (PhD) in Asian Studies and a second PhD in Business Leadership. He is conversant in Bahasa Indonesia, Malay and Tok Pisin. Professionally, Dr Jakeman is a Fellow of the Australian Institute of Company Directors (AICD) and has successfully completed both the AICD Diploma of International Company Directors and the Mastering the Boardroom Advanced Diploma. Dr Jakeman was appointed as a Member of the Order of Australia (AM) for significant service to business, national security, and to the community.

Dr Miles Jakeman is currently a director of GetBusy plc (AIM:GetB)

3.3 Independence

If re-elected the Board considers Dr Miles Jakeman will be an independent Director.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, Dr Miles Jakeman will be re-elected to the Board as an independent Director.

In the event that Resolution 2 is not passed, Dr Miles Jakeman will not join the Board as an independent Director. As the Company currently has only three (3)

Directors, it will need to seek nominations or otherwise identify suitably qualified candidates to join the Company. This will detract from the Board and Company's ability to execute on its strategic vision.

3.5 Board recommendation

The Board has reviewed Dr Miles Jakeman's performance since his appointment to the Board and considers that his skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Dr Miles Jakeman and recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – DANIEL LAI

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 378,673 Options (**Options**) to Daniel Lai (or their nominee) on the terms and conditions set out below.

Resolution 3 seeks Shareholder approval for the issue of the Options to Daniel Lai (or their nominee).

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Options to Daniel Lai (or their nominee) constitutes giving a financial benefit and Daniel Lai is a related party of the Company by virtue of being a Director.

The Directors (other than Daniel Lai who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Options because the agreement to issue the Options, reached as part of the remuneration package for Daniel Lai, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

4.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

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

- 10.11.3 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;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 3 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.11.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Options to Daniel Lai within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Options and may need to negotiate alternative cash forms of remuneration for Mr Lai.

Resolution 3 is independent of all Resolutions.

4.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Options will be issued to Daniel Lai (or their nominee), who falls within the category set out in Listing Rule 10.11.1 as Daniel Lai is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Options to be issued is 378,673;
- (c) the terms and conditions of the Options are set out in Schedule 1;
- (d) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (e) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options);

- (f) the purpose of the issue of the Options is to provide a performance linked incentive component in the remuneration package for Daniel Lai to motivate and reward their performance as a Director and to provide cost effective remuneration to Daniel Lai, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Daniel Lai;
- (g) the current total remuneration package for Daniel Lai is \$359,640, comprising salary of \$300,000, cash bonuses to be paid of \$24,000 and post-employment superannuation of \$35,640. If the Options are issued, the total remuneration package of Daniel Lai will increase by \$22,431 (being the value of the Options based on the Binomial methodology);
- (h) the Options are not being issued under an agreement; and
- (i) a voting exclusion statement is included in Resolution 3 of the Notice.

5. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – DANIEL LAI

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 1,893,364 Performance Rights (**Performance Rights**) to Daniel Lai (or their nominee) on the terms and conditions set out below.

Resolution 4 seeks Shareholder approval for the issue of the Performance Rights to Daniel Lai (or their nominee).

5.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 4.2 above.

The issue of Performance Rights to Daniel Lai (or their nominee) constitutes giving a financial benefit and Daniel Lai is a related party of the Company by virtue of being a Director.

The Directors (other than Daniel Lai who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Performance Rights because the agreement to issue the Performance Rights, reached as part of the remuneration package for Daniel Lai, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

5.3 Listing Rule 10.11

A summary of Listing Rule 10.11 is set out in Section 4.3 above.

The issue of Performance Rights falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 4 seeks the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Listing Rule 10.11.

5.4 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Performance Rights to Daniel Lai within one month after the date of the

Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights (because approval is being obtained under Listing Rule 10.11), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Performance Rights and may need to negotiate alternative cash forms of remuneration for Mr Lai.

Resolution 4 is independent of all Resolutions.

5.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Performance Rights will be issued to Daniel Lai (or their nominee), who falls within the category set out in Listing Rule 10.11.1 as Daniel Lai is a related party of the Company by virtue of being a Director;
- (b) the maximum number of Performance Rights to be issued is 1,893,364;
- (c) the terms and conditions of the Performance Rights are set out in Schedule 2;
- (d) the Performance Rights will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Performance Rights will occur on the same date;
- (e) the issue price of the Performance Rights will be nil. The Company will not receive any other consideration in respect of the issue of the Performance Rights;
- (f) the purpose of the issue of the Performance Rights is to provide a performance linked incentive component in the remuneration package for Daniel Lai to motivate and reward their performance as a Director and to provide cost effective remuneration to Daniel Lai, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Daniel Lai;
- (g) the current total remuneration package for Daniel Lai is \$359,640, comprising salary of \$300,000, cash bonuses to be paid of \$24,000 and post-employment superannuation of \$35,640. If the Performance Rights are issued, the total remuneration package of Daniel Lai will increase by \$198,803 (being the value of the Performance Rights based on the Binomial methodology);
- (h) the Performance Rights are not being issued under an agreement; and
- (i) a voting exclusion statement is included in Resolution 4 of the Notice.

6. RESOLUTION 5 – APPROVAL OF 7.1A MANDATE

6.1 General

Broadly speaking, and subject to a number of exceptions, 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.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, 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 \$28,985,935 (based on the number of Shares on issue and the closing price of Shares on the ASX on 4 October 2023).

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

For note, a special resolution is a resolution requiring at least 75% of votes cast by shareholders present and eligible to vote at the meeting in favour of the resolution.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under 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.

6.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that 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 entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 6.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for:

- (i) advancing the Company's existing operations;
- (ii) business development, promotion and marketing services;
- (iii) the acquisition of new resources, assets and investments (including expenses associated with such an acquisition); and/or
- (iv) general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 4 October 2023.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.053	\$0.105	\$0.158
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	285,580,331 Shares	28,558,033 Shares	\$1,513,576	\$2,998,593	\$4,512,169
50% increase	428,370,497 Shares	42,837,050 Shares	\$2,270,364	\$4,497,890	\$6,768,253
100% increase	571,160,662 Shares	57,116,066 Shares	\$3,027,152	\$5,997,187	\$9,024,338

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 285,580,331 Shares on issue comprising of 285,580,331 existing Shares at the date of this Notice.
2. The issue price set out above is the closing market price of Shares on the ASX on 4 October 2023 (being \$0.105).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. 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%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 5 October 2022 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 23 November 2022, the Company issued 12,857,142 Shares pursuant to the Previous Approval (**Previous Issue**), which represent approximately 4.86% of the total diluted number of Equity Securities on issue in the Company on 23 November 2022, which was 264,223,207.

Further details of the issues of Equity Securities by the Company pursuant to Listing Rule 7.1A.2 during the 12 month period preceding the date of the Meeting are set out below.

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Issue:

Date of Issue and Appendix 2A	Date of Issue: 9 December 2022 Date of Appendix 2A: 9 December 2022
Recipients	Professional and sophisticated investors as part of a placement announced on 2 December 2022 None of the participants in the placement were material investors that are required to be disclosed under Guidance Note 21.
Number and Class of Equity Securities Issued	12,857,142 Shares ²

Issue Price and discount to Market Price¹ (if any)	\$0.105 per Share (at a premium 5% to Market Price).
Total Cash Consideration and Use of Funds	<p>Amount raised: \$1,350,000</p> <p>Amount spent: \$850,000</p> <p>Use of funds: applied towards the launch of Kojensi into international markets, supporting near-term and further account expansions into the Australian Department of Defence and the KPMG DefenceOne Data Program, and creating an NC Protect sales model for ITAR and US Cybersecurity Maturity Model Certification accounts through the Microsoft Co-Sell relationship, as well as for working capital.</p> <p>Amount remaining: \$500,000</p> <p>Proposed use of remaining funds³: per 'use of funds' outlined above and ongoing working capital.</p>

Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code:AR9 (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

6.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

7. RESOLUTION 6 – ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

7.1 General

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Employee Incentive Plan" (**Plan**) and for the issue of up to a maximum of 15,634,595 securities, excluding issues approved by Shareholders under Listing Rule 10.14 or Listing Rule 10.11, under the Incentive Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

7.2 Listing Rule 7.1 and Listing Rule 7.2 Exception 13(b)

Broadly speaking, and subject to a number of exceptions set out in Listing Rule 7.2, 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 shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 6 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years from the date of the Meeting. The issue of any securities to eligible participants under the Plan (up to the maximum number of securities stated in Section 7.3(b) below) 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 Resolution 6 is not passed, the Company will be able to proceed with the issue of securities under the Plan to eligible participants, but any issues of securities will reduce, to that extent, 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 those securities.

7.3 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 6:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule 3;
- (b) the Company has issued 11,120,905 securities under the Plan which was approved by Shareholders on 25 October 2021, of which 3,337,375 remain on issue as convertible securities, 397,144 have been converted to Shares and 7,386,386 subsequently lapsed;
- (c) the maximum number of securities proposed to be issued under the Plan in reliance on Listing Rule 7.2 (Exception 13(b)), is 15,634,595 securities. It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately.

8. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to amend its existing Constitution (**Amended Constitution**) to increase the issue cap in its conditions to allow for more than 5% of securities to be issued under the Employee Incentive Plan Rules.

Under the new Division 1A of Part 7.12 of the Corporations Act, which came into effect on 1 October 2022, offers under an employee incentive plan that do not require a monetary payment (e.g., zero exercise price options or performance rights) can be issued without an issue cap. However, offers requiring a monetary payment (whether upon grant or upon exercise/vesting of the awards and issue of the underlying shares) must be accompanied by an 'ESS offer document' and must comply with an issue cap. The cap is set at 5% under the Corporations Act unless raised by a company's constitution. A company may include a higher issue cap in its constitution to allow for more than 5% of securities to be issued under the plan.

The Amended Constitution has set the issue cap at 10%.

Whilst the Company is not currently proposing to issue securities which would exceed the existing 5% issue cap, it is seeking shareholder approval for this amendment to retain flexibility to reward and motivate employees going forward, whilst ensuring ongoing compliance with regulatory requirements.

A copy of the Amended Constitution is available for review by Shareholders at the office of the Company. A copy of the Amended Constitution can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

SCHEDULE 1 – TERMS AND CONDITIONS OF THE OPTIONS

The terms and conditions of the Options that are proposed to be issued to Mr Daniel Lai pursuant to Resolution 3 are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph(j), the amount payable upon exercise of each Option will be \$0.0792 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on or before the date that is three years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Vesting Conditions**

The Options shall vest over a period of three years, as follows:

- (i) One third of the Options granted to Mr Lai shall vest and become exercisable on 30 June 2024, subject to Mr Lai remaining engaged by the Company on the date of vesting; and
- (ii) The second third of the Options granted to Mr Lai shall vest and become exercisable on 30 June 2025, subject to Mr Lai remaining engaged by the Company on the date of vesting; and
- (iii) Thereafter, the remaining Options will vest and become exercisable on 30 June 2026, subject to Mr Lai remaining engaged by the Company on the date of vesting.

If Mr Lai ceases to be an employee of the Company, the treatment of the Options will be as follows:

- (i) Vested Options must be exercised within 6 months from the date of cessation of employment, or they will lapse; and
- (ii) Unvested Options will lapse immediately at the date of cessation of employment.

(e) **Exercise Period**

The Options are exercisable at any time on and from the satisfaction of the vesting conditions set out in subsection (d) above until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

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 Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of 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 ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (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 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.

(i) **Waiver of vesting conditions on change of control**

Notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the vesting conditions attaching to the Options shall automatically lapse and the Options shall become capable of being exercised on their terms.

(j) **Quotation of Options**

No application for quotation of the Options will be made by the Company.

(k) **Cashless exercise**

On exercise of the Options, the Board may determine, in its sole discretion, to permit the Holder to exercise the Options by way of Cashless Exercise.

If the Options are exercised by Cashless Exercise, on exercise of the Options:

- (i) the Holder will not be required to pay the Exercise Price for the Options in cleared funds; and
- (ii) the Company will only issue or transfer that number of Shares to the Holder that have a value equal to the then total market value of the Shares that would have been issued or transferred to the Holder if the Options had been exercised other than by way of Cashless Exercise, less the total amount of the Exercise Price that would otherwise have been payable on exercise of the Options (with the number of Shares rounded down).

Cashless Exercise means the Holder exercising Options without making any cash payment.

(l) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(m) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(n) **Participation in new issues**

There are no participation 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 without exercising the Options.

(o) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(p) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

The terms and conditions of the Performance Rights that are proposed to be issued to Mr Daniel Lai pursuant to Resolution 4 are as follows:

(a) **Milestone and Expiry Dates**

The Performance Rights are to be issued in four (4) tranches as follows:

	% of over all award	Performance Condition
Tranche 1	30%	Cashflow Positive The Company achieving positive net cash provided by / (used in) operating activities for the financial year ended 30 June 2024, as determined by the Board in its sole discretion on or before 30 September 2024, as verified by reference to the Company's FY2024 audited annual financial statements.
Tranche 2	30%	Annual Recurring Revenue The Company achieving annual recurring revenue for the financial year ended 30 June 2024 of AU\$4,130,594 or more, as determined by the Board in its sole discretion on or before 30 September 2024, as verified by reference to the Company's FY2024 audited annual financial statements.
Tranche 3	20%	Consolidated Group Revenue The Company achieving consolidated group revenue for the financial year ended 30 June 2024 of AU\$8,657,795 or more, as determined by the Board in its sole discretion on or before 30 September 2024, as verified by reference to the Company's FY2024 audited annual financial statements.
Tranche 4	20%	Gross Margin The Company achieving a gross margin percentage of equal to or more than 60% for the financial year ended 30 June 2024, as determined by the Board in its sole discretion on or before 30 September 2024, as verified by reference to the Company's FY2024 audited annual financial statements.

In addition to the Performance Conditions set out above, Mr Lai must remain engaged by the Company for the Performance Rights to vest. Vesting will occur as follows (subject to satisfaction of the Performance Conditions):

(a) 50% on 15 December 2024; and

(b) 50% on 15 June 2025,

(Retention Conditions).

The Performance Rights will expire on the date falling 2 years after the date of their grant (**Expiry Date**).

Independent Verification

Subject to the achievement of a Performance Condition and Retention Condition, an Performance Right will only be able to be converted into a Share after the Company's auditor verifies the achievement of the Performance Condition.

(b) **Notification to holder**

The Company shall notify the holder in writing when the relevant Performance Condition has been satisfied.

(c) **Conversion**

Subject to paragraph (q), upon satisfaction of the applicable Performance Condition, and if Mr Lai remains engaged by the Company, each Performance Right will, at the election of Mr Lai (by notice to the Company in writing), convert into one Share.

(d) **Conversion on change of control**

Subject to paragraph (p) below and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's Shares on issue and being declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

the Performance Right shall automatically convert into Shares, provided that if the number of Shares that would be issued upon such conversion is greater than 10% of the Company's Shares on issue as at the date of conversion, then that number of Performance Rights that is equal to 10% of the Company's Shares on issue as at the date of conversion under this paragraph will automatically convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue. Performance Rights that are not converted into Shares under this paragraph will continue to be held on the same terms and conditions.

(e) **Lapse of an Performance Right**

Any Performance Right that has not been converted into a Share prior to the Expiry Date specified in paragraph (a) will automatically lapse. For the avoidance of doubt, an Performance Right will not lapse in the event a relevant Performance Hurdle is met before the Expiry Date and the Shares the subject of a conversion are deferred in accordance with paragraph (q) below.

(f) **Fraudulent or dishonest action**

If Mr Lai ceases to be an employee or Director of the Company in circumstances where the cessation or termination is specifically referenced to him having been found to have acted fraudulently or dishonestly in the performance of his or her duties, then:

- (i) the Board must deem any Performance Right of the holder to have immediately lapsed and be forfeited; and
- (ii) any Performance Right that have vested will continue in existence in accordance with their terms of issue only if the relevant Performance Condition has previously been met, and any Shares issued on satisfaction of the applicable Performance Condition will remain the property of Mr Lai.

(g) **Ceasing to be an employee or Director**

If Mr Lai ceases to be an employee or Director of the Company in circumstances where the cessation or termination arises because he:

- (i) voluntarily resigns his position (other than to take up employment with a subsidiary of the Company);
- (ii) wilfully breaches the terms of his engagement with the Company or any policy of the Company's published policies regulating his behaviour;
- (iii) is convicted of a criminal offence which, in the reasonable opinion of the Company, might tend to injure the reputation or the business of the Company; or
- (iv) is found guilty of a breach of the Corporations Act and the Board considers that it brings Mr Lai or the Company into disrepute,

then:

- (v) unless the Board decides otherwise in its absolute discretion, will deem any Performance Rights of the holder to have immediately lapsed and be forfeited; and
- (vi) any Performance Rights that have vested will continue in existence in accordance with their terms of issue only if the relevant Performance Condition has previously been met and any Shares issued on satisfaction of the applicable Performance Condition will remain the property of Mr Lai.

(h) **Other circumstances**

The Performance Rights will not lapse and be forfeited where Mr Lai ceases to be an employee or Director of the Company for one of the following reasons:

- (i) death or total permanent disability (in respect of total permanent disability being that because of a sickness or injury, Mr Lai is unable to work in his own or any occupation for which they are suited by training, education, or experience for a period beyond one year);
- (ii) redundancy (being where Mr Lai ceases to be an employee or Director due to the Company no longer requiring his position to be performed by any person); or

- (iii) any other reason, other than a reason listed in paragraph (g)**Error! Reference source not found.** and (h)**Error! Reference source not found.** (not including (g)(i)**Error! Reference source not found.**, in which case the Board may exercise its absolute discretion to allow Mr Lai to retain their Performance Rights), that the Board determines is reasonable to permit Mr Lai to retain his Performance Rights,

and in those circumstances the Performance Rights will continue to be subject to the applicable Performance Condition.

(i) **Share ranking**

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with existing Shares.

(j) **Application to ASX**

The Performance Rights will not be quoted on ASX.

(k) **Timing of issue of Shares on Conversion**

Within 10 Business Days after the date that the Company receives notice in accordance with paragraph (d)**Error! Reference source not found.**, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Performance Rights converted;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If a notice delivered under (k)(ii)**Error! Reference source not found.** 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 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.

(l) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(m) **Participation in new issues**

An Performance Right does not entitle Mr Lai (in their capacity as a holder of Performance Rights) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(n) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all of Mr Lai's rights as a holder of Performance Rights will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(o) **Dividend and Voting Rights**

The Performance Rights do not confer an entitlement to vote on any resolutions proposed by the Company (except as otherwise required by law) or receive dividends.

(p) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of an Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of an Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from Mr Lai will entitle the Company to assume the conversion of an Performance Right will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to Mr Lai request a holder to provide the written notice referred to in paragraph (p)(i) within seven (7) days if the Company considers that the conversion of an Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from Mr Lai will entitle the Company to assume the conversion of an Performance Right will not result in any person being in contravention of the General Prohibition.

(q) **No rights to return of capital**

An Performance Right does not entitle Mr Lai to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(r) **Rights on winding up**

An Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(s) **Tax Deferral**

For the avoidance of doubt, Subdivision 83A-C of the Income Tax Assessment Act 1997, which enables tax deferral on performance rights, applies (subject to the conditions in that Act) to the Performance Rights.

(t) **No other rights**

An Performance Right gives Mr Lai no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(u) **ASX Listing Rule compliance**

The Board reserves the right to amend any term of the Performance Rights to ensure compliance with the ASX Listing Rules.

SCHEDULE 3 – MATERIAL TERMS AND CONDITIONS OF THE EMPLOYEE INCENTIVE PLAN

Eligibility	<p>Employees of the Company are eligible to participate in the Employee Incentive Plan (Plan) if they are:</p> <ul style="list-style-type: none"> (a) an "eligible participant" in relation to the Company or an "associated body corporate" (as those terms are defined in the Class Order), where that person is located in Australia; (b) a US resident who is entitled to receive securities without registration pursuant to the exemption under Rule 701 of the US Securities Act of 1933; (c) any person who is a bona fide employee (including executive directors) of any member of the Company (or any subsidiary) (together, the Group), where that person is a UK resident; or (d) a person who has been determined or selected by the Board to be eligible to participate in the Plan from time to time, <p>(Eligible Person).</p>
Plan Securities	<p>Securities that may be issued under the Plan are options, performance rights, restricted stock units, or such other securities convertible into the capital of the Company and of a similar substance to an option, performance right or restricted stock unit, which the Board approves for issue under the Plan (Plan Securities).</p>
Operation of Plan	<p>The Plan is administered by the Board. The Board may from time to time offer an Eligible Person participation in the Plan and provide details of any conditions of vesting (Vesting Conditions). After accepting that offer by completing the Application Form, the Company may grant the Plan Securities to the Eligible Person, resulting in the Eligible Person becoming a Plan Participant (Plan Participant).</p>
Vesting Conditions	<p>Vesting Conditions required to be satisfied before a Participant can exercise a Plan Security are to be determined by the Board and notified to the Eligible Person in the notice of offer.</p>
Rank of Shares	<p>Shares (issued on exercise or conversion of a Plan Security) rank equally with all existing Shares on and from the date on which the Board issues the Share to the Eligible Employee (Date of Issue) in respect of all rights issues, bonus share issues and dividends which have a record date for determining entitlements on or after the Date of Issue.</p>
Lapse of Plan Securities	<p>A Plan Security lapses on the earliest of:</p> <ul style="list-style-type: none"> (a) the date of exercise or conversion; (b) a change of control event occurring; (c) five years from the date of grant or any earlier date determined by the Board and set out in the offer;

		<p>(d) the date the Board determines that the Plan Security should lapse because the Plan Participant (in the Board's opinion):</p> <ul style="list-style-type: none"> (i) is a bad leaver; (ii) has breached a material obligation under the Plan or any other Group equity participation arrangement; (iii) has breached any restraint of trade or obligation of confidence binding on the Plan Participant in favour of a Group company; or (iv) has done any act which brings a Group company into disrepute; <p>(e) if the Plan Participant ceases to be an Eligible Person in circumstances where the Plan Participant is a good leaver, 180 days after the date the Plan Participant ceases to be employed or engaged by a member of the Group.</p>
Loans		The Board may, from time to time in its absolute discretion, offer Plan Participants (except a Participant who is a US resident) a loan for the purposes of paying the exercise price of any Plan Securities capable of exercise. The offer of such loan will be subject to compliance with the laws of the relevant jurisdiction in which the Plan Participant resides.
Restriction on Dealings	on	Plan Securities held by a Plan Participant are personal to the Plan Participant and may not be exercised by any other person without the consent of the Board (unless the dealing relates to a reorganisation or change in control of the Company).
Amendment		<p>The Board may at any time amend the terms of the Plan, or waive or modify the application of the terms in relation to any Plan Participant, provided that:</p> <ul style="list-style-type: none"> (a) to the extent that any amendment would trigger the requirement for Shareholder approval under the Corporations Act or the Listing Rules, the Company will use reasonable endeavours to obtain that Shareholder approval as promptly as possible, and the exercise of the discretion or other amendments will be conditional upon shareholder approval being obtained; and (b) if a proposed amendment to the Plan would adversely affect the rights of Plan Participants in respect of any Plan Securities and/or Plan Shares then held by them, the Board must obtain the consent of Plan Participants holding not less than 75% of the Plan Securities and/or Plan Shares (as the case may be) affected adversely by the proposed amendment (except in relation to compliance with law or the Listing Rules, correcting a mistake or addressing tax consequences for the Company).

GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 6.1.

AEDT means Australian Eastern Daylight Time.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

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 archTis Limited (ACN 123 098 671).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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 accompanying the Notice.

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.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

Notice means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2023.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Performance Right means the right to acquire a Share.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

WST means Western Standard Time as observed in Perth, Western Australia.

Your proxy voting instruction must be received by **04.00pm (AEDT) on Tuesday, 21 November 2023**, 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:

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