



18 October 2021

Dear Shareholders

**Pental Limited Annual General Meeting**

The Notice of Annual General Meeting of Pental Limited (**Pental or the Company**) to be held by videoconference on 18 November 2021 at 11.00am Melbourne time is now available at <https://pental.com.au/investors/>

Safety of our shareholders and staff is our paramount concern. With the COVID-19 pandemic resulting in ongoing health concerns and government restrictions on gatherings and travel, we will hold the meeting by way of live video conference. There will be no physical meeting. Shareholders who wish to participate in the AGM online may do so from their computer or mobile device, by entering the URL into their browser: by entering the URL into their browser:

<https://web.lumiagm.com/336473900>

If you choose to participate in the AGM online, you can log in to the meeting by entering:

1. Your username, which is your Voting Access Code (VAC), which can be located on the first page of your proxy form or Notice of Meeting email.
2. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide for their password details.
3. If you have been nominated as a third party proxy, please contact Boardroom on 1300 737 760

All decisions at the meeting will be determined by poll. This will be carried out online and you will be able to cast votes at the appropriate times whilst the meeting is in progress. There will also be a facility to ask questions and comment during the meeting. Given potential connectivity issues, Shareholders are strongly encouraged to lodge a proxy form to vote at the AGM at least 48 hours before the meeting. A proxy form is enclosed.

Yours sincerely

A handwritten signature in black ink, appearing to read "Oliver Carton".

Oliver Carton  
Company Secretary

**PENTAL LIMITED**  
**ABN 29 091 035 353**  
**NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Annual General Meeting of the members of Pental Limited (**Pental or Company**) will be held by videoconference at 11.00 am AEDT on 18 November 2021.

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**BUSINESS**

**FINANCIAL REPORT**

To receive and consider the Annual Financial Statements, the Directors' Report and Audit Report of the Company and its Controlled Entities for the year ended 30 June 2021.

The above documents are contained in the Annual Report. Shareholders who have elected to receive an electronic copy of the Annual Report can download a copy at Pental.com.au under the "Investors" tab in the "Reports" section. Shareholders who have elected to receive a hard copy of the Annual Report will receive one with this Notice of Meeting.

**RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT**

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

*That the Remuneration Report contained in the Directors' Report for the year ended 30 June 2021 be adopted.*

**Short Explanation**

The Corporations Act requires listed companies to put to Shareholders at the Annual General Meeting a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

Shareholders will be given an opportunity to ask questions concerning the Remuneration Report at the Annual General Meeting.

As stated, Resolution 1 is non-binding.

**Voting Exclusion Statement**

The Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of:

- (a) a Key Management Personnel (**KMP**) named in the Remuneration Report; or
- (b) a Closely Related Party of a KMP,

whether the votes are cast as a Shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a KMP or Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP. If the proxy is the Chairman, and the proxy does not specify the way in which the proxy should vote, the Chairman intends to vote in favour of the resolution

**Important for Resolution 1**

**If you are KMP or a Closely Related Party of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.**

**RESOLUTION 2 - RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF THE CONSTITUTION**

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

- 2.1 *That, having retired pursuant to the Constitution of the Company, Mr Jeff Miciulis be re-elected as a director.*
- 2.2 *That, having been appointed during the year and retired pursuant to the Constitution of the Company, Ms Kerrie Parker be elected as a director.*

**Short Explanation**

The Company's Constitution requires one third of the directors (other than the Managing Director) to retire at each Annual General Meeting, being the directors longest in office since being re-elected by Shareholders at the date of the Annual General Meeting. It also requires any director appointed during the year to retire at the first AGM held after their election. Mr Jeff Miciulis and Ms Kerrie Parker must therefore retire and have offered themselves for election.

Details of the Directors are contained in the Directors' Report section of the Annual Report.

**RESOLUTION 3 – ISSUE OF OPTIONS TO MANAGING DIRECTOR**

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

*That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue of Options to Charlie McLeish or his nominee, as referred to in the Explanatory Statement, is approved.*

**Short Explanation**

The Company proposes to issue Options to the Managing Director Charlie McLeish under the Company's Executive Variable Incentive Plan (EVIP). Mr McLeish is a related party to the Company and therefore the issue of the Options requires Shareholder approval under ASX Listing Rule 10.14. An issue of securities under ASX Listing Rule 10.14 approved by Shareholders is an exception to ASX Listing Rule 7.1. The effect of Resolution 3 will be to allow the Company to issue the Options to Mr McLeish without using the Company's 15% annual placement capacity.

**Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this resolution by or on behalf of Mr McLeish, a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, or an associate of those persons.

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

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

#### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this resolution if:

- (a) the proxy is either:
  - (i) a member of the KMP; 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.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (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 KMP.

#### **RESOLUTION 4 – APPROVAL OF EMPLOYEE VARIABLE INCENTIVE PLAN AND ISSUE OF OPTIONS UNDER THE EMPLOYEE VARIABLE 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 ASX Listing Rule 7.1, 7.1A and 7.2 Exception 13(b) and for all other purposes, approval is given for the Company to issue securities at the discretion of the Board in accordance with the provisions of the Employee Share Option Plan and on the terms and conditions set out in the Explanatory Statement.*

#### **Short explanation**

The Board has extended the EVIP to other senior employees of the Company to assist in the reward, retention and motivation of employees. ASX Listing Rule 7.1 requires approval from shareholders for issues of securities in excess of 15% of the issued capital. There are a number of exceptions to this set out in ASX Listing Rule 7.2, including Exception 13, which allows the issue of securities to an employee incentive plan such as the EVIP, provided that shareholders have approved the issue of securities within the last three years. That approval is the purpose of Resolution 4. The approval if given does not extend to directors or other related parties and separate approval will continue to be sought to issue securities to them.

#### **Voting Exclusion Statement**

In accordance with ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by a person who is eligible to participate in the EVIP. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person changing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## RESOLUTION 5 - CHANGES TO CONSTITUTION - VIRTUAL GENERAL MEETINGS AND NOTICES TO SHAREHOLDERS

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

*That, in accordance with section 136(2) of the Corporations Act, the Company's Constitution be amended as set out in section 6.2 of the Explanatory Statement with effect from the close of the meeting.*

### **Short Explanation**

There is draft legislation to amend the Corporations Act which, if passed as drafted, will in future permit a company to hold shareholder meetings conducted wholly using virtual meeting technology 'if this is required or permitted by the company's constitution'. The Constitution amendments are proposed to allow the Company to have greater flexibility to hold meetings using virtual meeting technology. The proposed Constitution amendments will also clarify when a notice to shareholders that is given by providing sufficient information to access that notice electronically is taken to be given.

## CONDITIONAL RESOLUTION 6 – SPILL RESOLUTION

**Condition for Resolution 6: Resolution 6 will be considered at the AGM only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report. The Explanatory Statement further explains the circumstances in which Resolution 6 will be put to the meeting.**

Conditional on at least 25% of votes being cast against Resolution 1, to consider and if thought fit, to pass the following ordinary resolution:

- 6.1 *a meeting of the Company's members be held within 90 days of the date of the 2021 Annual General Meeting (the spill meeting);*
- 6.2 *each of Mark Hardgrave, Jeff Miciulis\*, Fred Harrison and Kerrie Parker\* cease to hold office immediately before the end of the spill meeting; and*
- 6.3 *resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.*

\* assuming the director is re-elected at this AGM.

### **Short Explanation**

As stated above, the Corporations Act requires listed companies to put to Shareholders at the Annual General Meeting a non-binding resolution concerning the Remuneration Report. If at least 25% of votes are cast against the resolution for two consecutive years, the Company is required to put a resolution to shareholders to hold a meeting to spill the Board (**Spill Resolution**). At the 2020 AGM at least 25% of votes were cast against the resolution, therefore:

1. If less than 25% of Shareholders vote against the Remuneration Report, the requirement to hold a Spill Resolution is not met and the Spill Resolution will not be put to Shareholders; or
2. If at least 25% of shareholders vote against the Remuneration Report the requirement to hold a Spill Resolution is met, and:
  - a. The Spill Resolution will be put to Shareholders; and
  - b. If more than 50% of Shareholders vote in favour of the Spill Resolution a meeting will be held within 90 days at which all directors will stand for re-election.

**Voting Exclusion Statement**

The Company will disregard any votes cast on the proposed resolution by or on behalf of:

(a) a KMP; or

(b) a Closely Related Party of a KMP,

whether the votes are cast as a Shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a KMP or Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP. If the proxy is the Chairman, and the proxy does not specify the way in which the proxy should vote, the Chairman intends to vote against the resolution.

By order of the Board:



Oliver Carton  
Company secretary  
Dated: 18 October 2021

## NOTES

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**IMPORTANT:** Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.

1. A Member entitled to attend and vote at the Annual General Meeting has the right to appoint a person (who does not need to be a Member) as the Member's proxy to attend and vote at the meeting.
2. A Member 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 Member appoints two proxies and the appointment does not specify the proportion or number of the Member's votes each proxy may exercise, each proxy may exercise one half of the Member's votes.
3. The proxy form must be signed by the Member or the Member's attorney. Proxies given by corporations must be executed under seal or signed under the hand of a duly authorised officer or attorney.
4. To be valid, the enclosed proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged:
  - a) at the offices of the Share Registry – Boardroom Pty Ltd GPO Box 3993 Sydney NSW 2001;
  - b) by faxing it to the Share Registry office on fax number (02) 9290 9655;
  - c) online: [www.votingonline.com.au/pentalagm2021](http://www.votingonline.com.au/pentalagm2021);not later than 48 hours before the time for commencement of the meeting being **11.00 am AEDT on 16 November 2021**.
5. A proxy may decide whether to vote on any motion, except where the proxy is required by law, the ASX Listing Rules or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as they think fit.
6. Amendments to the Corporations Act were made which apply to proxy voting. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes mean that:
  - (a) if proxy holders vote, they must cast all directed proxies as directed; and
  - (b) any directed proxies which are not voted will automatically default to the Chairman of the meeting, who must vote as the proxies as directed.
7. A proxy form accompanies this Notice of Meeting.
8. The proxy form accompanying this Notice of Meeting contains detailed instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairman as his or her proxy. You should read those instructions carefully.
9. By appointing the Chairman of the meeting as your proxy in relation to Resolution 1 you expressly authorise the Chairman to vote in favour of Resolution 1 unless:

- For personal use only
- (a) you direct the Chairman to vote against or to abstain from voting on the resolution; or
  - (b) you are a Member of the key management personnel of the Company and its subsidiaries, details of whose remuneration are included in the remuneration report for the year ended 1 July 2021 (**KMP**).
10. The Chairman of the meeting intends to exercise all available proxies by voting in favour of all resolutions except resolution 6 where the Chairman will vote against.
  11. A person may attend the meeting under an appointment of corporate representative pursuant to section 250D of the Corporations Act or Power of Attorney only if a copy of that duly executed appointment or Power of Attorney is lodged with the Share Registry or produced prior to the commencement of the meeting.
  12. The Company has determined that a person's entitlement to vote at the Annual General Meeting will, in accordance with the Corporations Act, be the entitlement of that person set out in the register of Shareholders as at 7:00 pm AEDT 16 November 2021. This means that any Shareholder registered at 7:00 pm AEDT on 16 November 2021 is entitled to attend and vote at the Annual General Meeting.
  13. Shareholders or their attorneys wishing to vote in person should attend the virtual Annual General Meeting.
  14. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting, unless it had already been provided to the Share Registry.



## EXPLANATORY STATEMENT

### INTRODUCTION

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the meeting and the Resolutions proposed to be considered at the Annual General Meeting.

### 1 FINANCIAL STATEMENTS AND REPORT

At the Annual General Meeting, Shareholders will be given an opportunity to ask questions and comment on the Directors' Report, Financial Statements and Independent Auditor's Report for the year ended 30 June 2021.

Shareholders who have elected not to receive a hard copy of the Company's 2021 Annual Report can view or download a copy from the Company's website at [www.Pental.com.au](http://www.Pental.com.au).

The Company's auditors will be present at the meeting and be available to answer questions as to the conduct of the audit and the auditor's report.

### 2 RESOLUTION 1 – REMUNERATION REPORT

In accordance with section 250R(2) of the Corporations Act, listed companies are required to put to Shareholders at the Annual General Meeting a non-binding resolution concerning the Remuneration Report which is contained in the Directors' Report section of the Annual Report.

As stated the resolution is non binding however if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then there are the following consequences. The Corporations Act was amended in June 2011 to introduce the "two-strikes" rule. The two strikes rule provides that if at least 25% of the votes cast (excluding KMP and their Closely Related Parties) on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, members will have the opportunity to vote on a Spill Resolution.

A Spill Resolution is a resolution that a separate meeting be called where all Directors other than the Managing Director retire and can be re-elected.

The Directors recommend that all Shareholders vote in favour of the Remuneration Report. As the Remuneration Report resolution did not pass at the 2020 AGM, a vote against it at this AGM will mean that a Spill Resolution will be put, which is the subject of Conditional Resolution 6.

As stated the Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of:

- (a) a KMP; or
- (a) a Closely Related Party of a KMP.

### **3 RESOLUTION 2 - RETIREMENT OF DIRECTORS BY ROTATION AND BY OPERATION OF THE CONSTITUTION**

The Pental Constitution requires directors appointed during the year to retire and offer themselves for election at the first AGM following their appointment. The Constitution also requires one third of Directors, other than the Managing Director, to retire at each Annual General Meeting. Those directors are eligible to be elected by Shareholders. The rules apply this year to Mr Jeff Miciulis and Ms Kerrie Parker.

The details and experience of Mr Miciulis and Ms Parker are set out in the Directors' Report section of the Annual Report.

The Directors, other than Mr Miciulis and Ms Parker, recommend that all Shareholders vote in favour of these resolutions. Mr Miciulis and Ms Parker decline to make a recommendation as they are the subject of the resolution. The Chairman intends to vote open proxies in favour of them.

### **4 RESOLUTION 3 – ISSUE OF OPTIONS TO MANAGING DIRECTOR**

#### **4.1 General**

The Company proposes, subject to obtaining Shareholder approval, to issue the right to be given 534,000 Options to the Managing Director Charlie McLeish under the Company's Executive Variable Remuneration Plan (EVIP), on the terms as set out in this Notice and Explanatory Statement.

The objective of the issue of the right to Options is to provide a long term incentive for Mr McLeish and give him a stake in the Company, thereby aligning his interest with Shareholders. He must meet Key Performance Indicators set by the Board to be able to exercise the Options, which are therefore also a reward for achieving high level performance.

The Directors in the absence of Mr McLeish consider that the number of Options to be issued to Mr McLeish is appropriate and reasonable remuneration in light of his skills and experience, his leadership of Pental and market benchmarking. The Directors used a third part remuneration expert to devise the EVIP and recommend the number of rights to Options to issue.

The incentive represented by the rights to Options is cost effective and efficient, as opposed to alternative forms of incentive, such as the payment of cash compensation. The EVIP constitutes an employee incentive scheme for the purposes of the ASX Listing Rules.

If the approval is given the Options will be issued to Mr McLeish. If the approval is not given, the Options cannot be issued and the Board will consider alternate long term incentives to be given to Mr McLeish to reward high level performance.

#### **4.2 ASX Listing Rules 10.14 and 10.15**

ASX Listing Rule 10.14 provides that shareholder approval must be obtained where an entity issues equity securities to a director under an employee incentive scheme. Mr McLeish is a Director of the Company.

Pursuant to and in accordance with the requirements of the ASX Listing Rules 10.15, the following information is provided in relation to the proposed issue of Options:

<i>The names of the persons</i>	Charlie McLeish
<i>Which category of Rules 10.14.1 – 10.14.3 the persons fall within and why</i>	Category 10.14.1 as a Director
<i>The number of securities proposed to be issued to the persons under the scheme for which approval is being sought, which may be expressed as a maximum number or formula</i>	The right to have issued 534,000 Options
<i>If the person is a Director, the current remuneration of that person</i>	The current remuneration for Mr McLeish is set out below
<i>The number of securities that have previously been issued to the person under the scheme, and the average acquisition price (if any) paid by the person for those securities</i>	This information is set out below.
<i>A summary of the material terms of the Options</i>	These are set out below
<i>The date on which the securities will be issued</i>	The right to have the Options issued will be issued within 1 month of the date of this meeting
<i>The price or other consideration Pental will receive for the issue</i>	Options will be issued at nil consideration, and are exercisable at nil consideration if vested
<i>A summary of the material terms of the employee incentive scheme</i>	Details of the EVIP are set out below and in the Remuneration Report section of the FY2021 Financial Report. An extract is contained in Annexure 1.

The EVIP is structured so that a proportion of the remuneration of the Executive is payable in rights to receive Options that vest over the long term. In Mr McLeish's case, he has the right to earn the equivalent of \$220,000 in Options. As the options are nil priced, the number to be allotted is calculated by dividing \$220,000 by the 10 day Volume Weighted Average Price (VWAP) for Shares prior to 1st July 2021 being \$0.412.

If Shareholders approve the allocation, Mr McLeish will be given the right to be issued 534,000 Options on 1 July 2022 provided:

- He meets personal KPIs as approved by the Board for FY22; and
- Pental achieves its FY22 Budgeted EBIT.

Options vest and can be exercised three years after issue, being 1 July 2025 (Vesting Date) subject to the following vesting conditions:

- Mr McLeish is an employee at the Vesting Date
- The Pental Share VWAP for 10 days preceding 1st July 2024 exceeds \$0.412

Other material terms of the Options are:

- 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.

- Options expire 10 years from the date of issue;
- In the event of any reconstruction of the issued capital of the Company prior to the expiry date, all rights of the Option holder will be varied in accordance with the ASX Listing Rules.

Details of previous issues of EVIP rights to Options to Mr McLeish are as follows:

<b>Date of grant</b>	<b>No</b>	<b>vesting conditions</b>	<b>Vesting date</b>	<b>Exercise price</b>
1 July 2018	211,765	Employee at vesting; minimum Earnings Per Share of 4.93 cents	1 July 2022	Nil
1 July 2019	685,000	Employee at vesting; Share price of \$0.2921	1 July 2023	Nil
19 November 2020	636,205	Employee at vesting; Share price of \$0.3458	1 July 2024	Nil

Details of Mr McLeish's current salary, as set out in the Remuneration Report section of the Annual Report, are as follows:

<b>Salary &amp; fees</b>	<b>Bonus</b>	<b>Non-Monetary</b>	<b>Superannuation</b>	<b>Rights</b>	<b>Total \$</b>
\$ 475,004	\$ 175,000	\$ 6,198	\$ 24,996	\$ 27,229	708,427

No loan will be provided to Mr McLeish concerning or in connection with the Options.

Details of any securities issued under the EVIP will be published in Pental's Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered under ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the EVIP after this resolution is approved and who were not named in the Notice of Meeting will not participate until after approval is obtained under that rule.

#### **4.3 Section 208 of the Corporations Act**

Section 208 of the Corporations Act requires that 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:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 24 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 grant of the Options constitutes giving a financial benefit and Mr McLeish is a related party of the Company. One of the exceptions to section 208 is the payment of reasonable remuneration. The

Directors other than Mr McLeish have considered that the number of Options to be issued to him is appropriate and reasonable remuneration for the reasons set out in paragraph 4.1.

#### **4.4 ASX Listing Rules 7.1 and 7.2**

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options the subject of Resolution 3 as approval is being obtained under ASX Listing Rule 10.11 (Exception 14 under ASX Listing Rule 7.2). Accordingly, the issue of the Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### **4.4 Recommendation of Directors**

The Directors other than Mr McLeish recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of it. Mr McLeish declines to make a recommendation as he has an interest in this resolution.

### **5 RESOLUTION 4 - APPROVAL OF EMPLOYEE SHARE OPTION PLAN AND ISSUE OPTIONS UNDER THE EMPLOYEE SHARE OPTION PLAN**

#### **5.1 Background**

The EVIP the subject of Resolution 3 has also been extended to key management personnel of Pental. The key terms and provisions of the EVIP are set out in Annexure 1. A copy of the rules of the EVIP will be provided to any shareholder who requests a copy by sending an email via <https://pental.com.au/contact/>.

The Board adopted the EVIP to assist in reward, retention and motivation of employees by enabling them to acquire options under the EVIP. The employees of the Company have been, and will continue to be instrumental in growth of the Company. The Board considers that the EVIP is an appropriate method to reward employees for their performance, to provide long term incentives for participation in the Company's future growth and motivate and generate loyalty from employees.

As explained below, for issues of securities pursuant to the EVIP to be excluded from the Company's placement capacity, this exception must be approved by Shareholders within 3 years before the issue date. The Company is now seeking such Shareholder approval.

#### **5.2 Exception to ASX Listing Rules 7.1 and 7.1A**

Listing Rule 7.1 requires shareholder approval for an issue of equity securities if, over a rolling 12 months period, the amount of equity securities issued (without prior shareholder approval) is more than 15% of the number of ordinary shares on issue at the start of that 12 month period.

Listing 7.1A requires special shareholder approval for a further issue of equity securities if, over a rolling 12 months period, the amount of equity securities issued is more than 10% of the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.2 Exception 13 provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1 and the further 10% limit under Listing Rule 7.1A if the issue of securities is made under an employee incentive scheme and that

employee incentive scheme was approved by shareholders no more than 3 years before the date of issue. The EVIP is regarded as an employee incentive scheme for the purpose of Listing Rule 7.2.

The Company intends that the issue of securities under the EVIP not be included when undertaking the calculations pursuant to Listing Rules 7.1 and 7.1A. Accordingly, it is seeking shareholder approval in order for the Company to be able to continue to issue securities pursuant to the EVIP and have those securities qualify under Exception 13 of Listing Rule 7.2.

Under section 208 of the Corporations Act and ASX Listing Rules 10.11 and 10.14, any specific issue of securities to a director (and/or its associate) or other relevant persons under an employee incentive scheme will need additional shareholder approval. The Company will seek such additional approval before issuing any securities under the EVIP where required, as it has done under Resolution 3.

### **5.3 Technical information required by ASX Listing Rule 7.2**

Pursuant to, and in accordance with, ASX Listing Rule 7.2 Exception 13(b), the following information is provided in relation to Resolution 4:

- 5.3.1. a summary of the key terms of the EVIP is set out in Annexure 1;
- 5.3.2. the number of securities issued under the EVIP since last approved under Listing Rule 7.2 – this is the first approval sought under Listing Rule 7.2;
- 5.3.3. the maximum number of Equity Securities proposed to be issued under the EVIP following the Shareholder approval is no more than 5% of the issued ordinary shares of the Company from time to time over a three year period; and
- 5.3.4. a voting exclusion statement is included in the Notice of Meeting.

### **5.4 Recommendation of Directors**

Directors recommend that shareholder pass this resolution. If it is not passed, the Company will continue to issue shares under the EVIP, however those issues will come from the Company's 15% placement capacity.

## **6 RESOLUTION 5 - CHANGES TO CONSTITUTION - VIRTUAL GENERAL MEETINGS AND NOTICES TO SHAREHOLDERS**

### **6.1 Introduction**

During the current COVID-19 pandemic, the Company has taken advantage of various measures to hold general meetings virtually using technologies, including the *Treasury Laws Amendment (2021 Measures No. 1) Act 2021*. These measures are temporary.

Under the *Treasury Laws Amendment (Measures for Consultation) Bill 2021* exposure draft, it is proposed that the Corporations Act be amended to provide that a company may hold a meeting of its members:

- (a) at one or more physical venues ('physical meetings'),
- (b) at one or more physical venues and using virtual meeting technology ('hybrid meetings'), or
- (c) if required or permitted by a company's constitution, using virtual meeting technology only ('virtual meetings').

There are new Corporations Act provisions regarding giving notices of meetings and other documents to shareholders in hard copy or by electronic means, including by providing shareholders sufficient information to access a document electronically ('online access notice').

The Constitution amendments are proposed to allow the Company to hold virtual meetings in future, in addition to physical meetings and hybrid meetings of members, subject to complying with the requirements of the Corporations Act. The proposed amendments will also clarify when an online access notice is taken to be given, consistent with existing provisions of the Constitution regarding when a document sent by post or electronic means is taken to be given.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

## **6.2 Proposed Constitution amendments**

Regarding use of technology for general meetings and notices to Shareholders, the current Constitution of the Company provides (in part) that:

- *'33 Member - In clauses 34, 35, 38 and 43, 'Member' includes a Member present in person or by proxy, attorney or Representative (clause 33);*
- *A notice convening a general meeting must: '(a) specify the place, date and time of the meeting (and if the meeting is to be held in two or more places, the technology that will be used to facilitate this)' (clause 31.3(a)); and*
- *'An adjourned meeting may take place at a different venue from the initial meeting.'* (clause 37.2).

Clause 95 of the current Constitution of the Company addresses how and when notices to Members and other recipients are taken to be given and received.

The specific Constitution amendments proposed for approval in Resolution 5 are as follows:

Replace clause 33 to read:

### ***'33 Members and technology***

- 33.1** *In clauses 34, 35, 38 and 43, 'Member' includes a Member present in person or by proxy, attorney or Representative.*
- 33.2** *A Member who attends a meeting by using technology as contemplated by **clause 33.3** is taken for all purposes to be present in person at the meeting while so attending.*
- 33.3** *Subject to the Corporations Act, the Company may hold a meeting of its Members using any technology approved by the Directors that gives the Members entitled to attend as a whole a reasonable opportunity to participate. This may include:*
- (a) holding a meeting at one or more physical venues and using such technology; or*
  - (b) holding a meeting using such technology only.*

33.4 *If, before or during a meeting of Members, any technical difficulty occurs, such that the Members entitled to attend as a whole do not have a reasonable opportunity to participate, the chairperson may:*

- (a) adjourn the meeting until the difficulty is remedied or to such other time and place as the chairperson deems appropriate; or*
- (b) subject to the Corporations Act and this Constitution, continue to hold the meeting.'*

Replace clause 31.3(a) to read:

*'(a) specify the one or more places (physical and/or virtual) for the holding of the meeting, the date and time of the meeting and, if applicable, sufficient information to allow Members to participate by using technology as contemplated in **clause 33.3**;'*

Replace clause 37.2 to read:

*'37.2 An adjourned meeting may take place at one or more places (physical and/or virtual) that are different from the initial meeting.'*

Add a new clause 95.1A above clause 95.1 to read:

*'95.1A In **clause 95**, a reference to:*

- (a) a notice includes a document and a notification by electronic means;*
- (b) the Company giving a notice includes the Company giving a Member or other recipient (by electronic means, post or otherwise) sufficient information to allow them to access the notice electronically; and*
- (c) a notice sent includes a notice given as described in **clause 95.1A(b)** such that it will be taken to be served in accordance with **clause 95.2** or **clause 95.3** (as applicable).*

*Without limiting **clause 95**, the Company may also give a notice to a Member or other recipient by any other means permitted by the Corporations Act.'*

In clause 48.6, delete '(a)' and '(b) Schedule 1 sets out a form of appointment of proxy approved by the Directors.' Also delete Schedule 1.

Replace clause 59.1(a) to read: *'the person is a Director retiring by rotation or under **clause 56.2** who seeks re-election; or'*

To reflect the change of name of the Company in 2012, replace each reference to 'Symex Holdings' in the Constitution to be a reference to 'Pental'.

A copy of the Company's current Constitution showing the proposed amendments is available at: <https://pental.com.au/investors/>

### **6.3 Recommendation of Directors**

The Directors recommend that all Shareholders vote in favour of Resolution 5. If Resolution 5 is not passed the changes cannot be made.



## 7      **CONDITIONAL RESOLUTION 6 – SPILL RESOLUTION**

**Shareholders should note that Resolution 6 will be considered at the AGM only if at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report.**

The Corporations Act was amended in June 2011 to introduce the “two-strikes” rule. The two strikes rule provides that if at least 25% of the votes cast (excluding KMP and their Closely Related Parties) on the adoption of the remuneration report at two consecutive AGMs are against adopting the remuneration report, members will have the opportunity to vote on the Spill Resolution.

At last year’s AGM, at least 25% of the votes cast on the resolution to adopt the remuneration report were against adopting the report. This constitutes a “first strike”.

If less than 25% of the votes cast on Resolution 1 are against adopting the remuneration report at the 2021 AGM, then there will be no second strike and the Spill Resolution will not be put to the meeting.

If at least 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report this will constitute a second strike and Resolution 3 will be put to the meeting and voted on as required by section 250V of the Corporations Act.

If put, the Spill Resolution will be considered as an ordinary resolution.

If the spill resolution is passed, a further meeting of members must be held within 90 days (the spill meeting). Immediately before the end of the spill meeting, each of Mark Hardgrave, Jeff Miciulis\*, Fred Harrison and Kerrie Parker\*, being the directors who approved the last Directors’ Report, cease to hold office (the Relevant Directors). Each Relevant Director is eligible to seek re-election as a director of the Company at the spill meeting.

If the spill resolution is passed, Shareholders should note that each of the Relevant Directors intends to stand for re-election at the spill meeting. Shareholders should also note that there are no voting restrictions for the spill meeting and Directors have advised that they will vote their shares to re-elect each Relevant Director.

\* This assumes the director is elected or re-elected at this AGM.

## Annexure 1

### Details of Pental's EVIP

**Executive Variable Incentive Plan (EVIP)** Under Pental's EVIP, executives and selected senior management employees are eligible for both a cash and equity incentive upon the achievement of certain Group level KPI's and personal KPIs set at the commencement of each financial year, weighted as follows:

- Fifty percent of both the cash and equity incentive KPIs relate to the achievement of a target EBIT for the financial year.
- The remaining fifty percent are based on specific KPIs relevant to the participant's particular specialisation.

#### **Variable Incentive – cash**

Variable cash incentive under EVIP is paid shortly after the release of audited full year results. The maximum amount of remuneration under the variable cash incentive plan ranges from 20 to 35 percent of the individual executive / senior management employee's total fixed remuneration.

#### **Variable Incentive – equity**

The variable equity incentive is designed to reward achievement of annual KPIs, assist the retention of key high performing executives and align the rewards to the company's share price. The maximum amount of remuneration under the variable equity incentive plan varies from 30 to 40 percent of the individual executive / senior management employee's total fixed remuneration. The variable equity incentive is delivered as Performance Rights (Rights), which are granted under the existing Executive Performance Rights Plan (Rights Plan) to enable the subsequent acquisition of the share component. The Rights will convert to ordinary shares after three years from the end of financial year of the grant date. Rights will be granted on a face value basis using the last ten business days of the previous financial year Volume Weighted Average Price (VWAP). The variable equity incentive is based upon an assessment of performance against respective KPIs in the year in which it is granted. If the performance criteria is not met within the financial year, the Rights lapse at the end of the same financial year.

The vesting of the Rights is conditional on:

- a) The executive satisfying Group level and personal performance criteria,
- b) The executive being employed by the Group on the vesting date; and
- c) Pental's VWAP share price for the last ten business days preceding the vesting date being equal to or greater than the VWAP for the preceding ten business days from the grant date.

In total, the Rights are held for four years from the grant date. The value to the executive therefore is not at the grant date, rather at the vesting date which is three years from the end of financial year of the grant date. Dividends are not payable on the Rights. Dividends are payable on ordinary shares after conversion of the Rights to ordinary shares.

Under the EVIP, the executives can receive the following annualised remuneration from the vesting of the Rights: **Percentage of total fixed remuneration:**

Charlie McLeish

Up to 40%



#### 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 11.00 am AEDT on Tuesday 16 November 2021.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/pentalagm2021>
- 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 **11.00 am AEDT on Tuesday, 16 November, 2021.** 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/pentalagm2021>

📠 **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

#### Attending the Meeting

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

☐

**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 **Pental 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 on Thursday, 18 November, 2021 at 11.00am (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 1 and 3 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolutions 1 and 3 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 Resolutions 1 & 3) except resolution 6 where voting will be against. 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. In the unlikely event that the Chair changes voting intention an announcement will be made to that effect to ASX.

**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 2.1	Re-election of Director Mr Jeff Miciulis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2.2	Re-election of Director Ms Kerrie Parker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to Managing Director – Charlie McLeish	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Employee Variable Incentive Plan and Issue of Options under the Employee Variable Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Changes to Constitution – Virtual General Meetings and Notices to Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>Conditional Resolution</b>	<b>Against</b>	<b>For</b>	<b>Abstain</b>
Resolution 6	– Spill Resolution	<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 / / 2021