

NOTICE OF ANNUAL GENERAL MEETING

12 November 2020

Data#3 Limited

ABN 31 010 545 267

The Annual General Meeting of Data#3 Limited (“Data#3”, the “company”) will be held at 10:30am (Brisbane time) on Thursday 12 November 2020 for the purpose of transacting the business set out in this notice. The meeting will be delivered as a virtual meeting using the online platform provided by our share registry, Link Market Services, at <https://agmlive.link/DTL20>

Information about the virtual meeting will be available on Data#3’s AGM website one month prior to the meeting: <https://investor.data3.com/investor-centre/?page=annual-general-meetings>

ORDINARY BUSINESS

Item 1: Financial statements and reports

To receive the financial report, directors’ report and independent auditor’s report for Data#3 and its controlled entities for the year ended 30 June 2020.

Note:

This item of business does not require shareholders to vote on a resolution or to approve these reports.

Item 2: Adoption of the remuneration report (Resolution 1)

To consider and, if thought fit, pass the following resolution in accordance with section 250R(2) of the Corporations Act 2001 (Cth) (“Corporations Act”):

‘To adopt the remuneration report for the year ended 30 June 2020.’

Note:

This resolution is advisory only and does not bind the company or the directors. The directors will consider the outcome and comments made by shareholders on the remuneration report at the meeting when reviewing the company’s remuneration policies.

Voting exclusion:

The company will disregard any vote cast on Resolution 1 by, or on behalf of

- (a) a member of the key management personnel (“KMP”) as disclosed in the remuneration report; and*
- (b) a closely related party (“CRP”) (such as close family members and any controlled companies) of those persons,*

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the proxy form, or by the Chairman of 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.

Item 3: Election of Mr Richard Anderson (Resolution 2)

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

'That Mr Richard Anderson, who retires by rotation and being eligible, be re-elected as a director of the company in accordance with the company's constitution.'

Item 4: Election of Mr Mark Gray (Resolution 3)

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

'That Mr Mark Gray, who retires by rotation and being eligible, be re-elected as a director of the company in accordance with the company's constitution.'

Item 5: Approval to issue Rights to a related party: Mr Laurence Baynham (Resolution 4)

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

'That, for the purposes of ASX Listing Rule 10.14, and all other purposes, approval is given for the company to grant a maximum of 27,510 'Rights' (as that term is defined in the Explanatory Notes) to Mr Laurence Baynham (or his nominee), who is a director of the company.'

Voting exclusion:

The company will disregard any vote cast in favour of Resolution 4 by, or on behalf of

(a) a member of the KMP; and

(b) their CRP,

in contravention of section 250BD of the Corporations Act; and

(c) in accordance with ASX Listing Rule 14.11, a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in any employee incentive scheme in relation to the entity.

However, the company need not disregard a vote if

(a) it is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the proxy form; or

(b) by the Chairman of 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; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate or 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.*

By order of the board

Terence Bonner
Company Secretary and General Counsel
12 October 2020

ATTENDANCE VIA ONLINE PLATFORM

We recommend logging on to the online platform at least 30 minutes prior to the scheduled start time for the meeting using the following instructions:

1. Enter <https://agmlive.link/DTL20> into a web browser on your computer or online device.
2. Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) printed at the top of the Proxy Form.
3. Proxyholders will need their proxy code which Link Market Services will provide via email prior to the meeting.

Shareholders are encouraged to lodge their votes and submit any written questions ahead of the meeting by logging in to their portfolio or holding(s) via the share registry's website at www.linkmarketservices.com.au

Votes must be received by 10.30am (Brisbane time) on Tuesday 10 November 2020.

DETERMINATION OF ENTITLEMENT TO ATTEND AND VOTE

The company has determined under regulation 7.11.37 *Corporation Regulations 2001* (Cth) that for the purposes of voting at the meeting or adjourned meeting, shares in the company will be taken to be held by the persons who are registered as shareholders as at 7:00pm (Brisbane time) on Tuesday 10 November 2020. Transactions registered after that time will be disregarded in determining entitlements to attend and vote.

PROXIES

If you are a shareholder entitled to attend and vote, you may choose to appoint a proxy.

The proxy need not be a shareholder of the company. 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 not specified, each proxy may exercise half of the votes.

To appoint a second proxy, please contact the Data#3 share registry (refer to the contact details below).

To be effective, the appointing document, together with the original or a certified copy of the power of attorney (if any) under which the voting form is signed, must be received no later than 10.30am (Brisbane time) on Tuesday 10 November 2020 (48 hours before the commencement of the meeting).

CORPORATE REPRESENTATIVES

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the company will require written proof of the representative's appointment, which must be lodged with or presented to the company before the meeting.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the Corporations Act, a reasonable opportunity will be given to shareholders to direct questions to the Chairman about, or to make comments on, the management of Data#3 at the meeting.

Similarly, a reasonable opportunity will be given to shareholders to ask Data#3's external auditor, Pitcher Partners, questions relevant to

- a) the conduct of the audit;
- b) the preparation and content of the auditor's report;
- c) the accounting policies adopted by Data#3 in relation to the preparation of its financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to Pitcher Partners if the question is relevant to the content of the audit report or the conduct of its audit of Data#3's financial report for the year ended 30 June 2020. Relevant written questions for Pitcher Partners must be received no later than 5:00pm (Brisbane time) on Thursday 5 November 2020.

Please send any written questions for Pitcher Partners:

- to Data#3's share registry - refer to the contact details below; or
- to Data#3 - by fax: 1300 32 82 32, or by email: info@data3.com.au by no later than 5:00pm (Brisbane time) on Thursday 5 November 2020.

CONTACT DETAILS FOR SHARE REGISTRY

Link Market Services Limited
Locked Bag A14
SYDNEY SOUTH NSW 1235

Online: www.linkmarketservices.com.au
Telephone: +61 1300 554 474
Fax: +61 2 9287 0309
Email: registrars@linkmarketservices.com.au

EXPLANATORY NOTES

Item 1: Financial statements and reports

The Corporations Act requires the company to lay before the Annual General Meeting the financial report, directors' report and the independent auditor's report for the previous financial year. Copies of these reports have been sent to shareholders and are available on the company's website – www.data3.com.au

No resolution is required for this item, but shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The company's auditor will also be present at the meeting and shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the company and the independence of the auditor.

Item 2: Adoption of remuneration report (Resolution 1)

A resolution for the adoption of the remuneration report is required to be considered and voted on in accordance with the Corporations Act. The remuneration report is set out on pages 26 to 35 of the company's 2020 annual report and identifies Data#3's key management personnel. They include all directors of the company and those other persons having authority and responsibility for planning, directing and controlling the activities of Data#3, directly or indirectly.

This remuneration report

- explains the principles used to determine the nature and amount of remuneration paid to key management personnel of Data#3;
- explains the link between the remuneration of key management personnel and Data#3's performance;
- provides details of the actual remuneration elements paid to key management personnel;
- provides a summary of the terms of employment of the Chief Executive Officer and Managing Director, and other key management personnel.

A reasonable opportunity will be provided for discussion of the remuneration report at the meeting. The resolution is advisory only and does not bind the company or the directors. The directors will consider the outcome of the vote and comments on the remuneration report made by shareholders at the meeting when reviewing the company's remuneration policies.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this item.

As a result of recent amendments to the Corporations Act, the Chairman of the meeting is entitled to vote undirected proxies on this resolution that is connected with the remuneration of the company's key management personnel. If you appoint the Chairman as your proxy and wish to support this resolution, please mark an 'X' in the box at Step 1 on the voting form.

Any undirected proxies held by other key management personnel or any of their closely related parties will not be voted on this item.

Directors' recommendation

As Resolution 1 relates to matters including the remuneration of the directors, the directors make no recommendation regarding Resolution 1 in the interests of good corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act.

Item 3: Election of Mr Richard Anderson (Resolution 2)

Richard Anderson has served as a non-executive director of Data#3 Limited since 1997 and as Chairman since 2000. Richard is required to retire by rotation at the 2020 Annual General Meeting, and being eligible, stands for re-election in accordance with the company's constitution.

Information regarding Richard's qualifications, experience, and responsibilities is summarised below:

R A Anderson, OAM, BCom, FCA, FCPA (Chairman, Non-executive Director)

Richard Anderson is a member of the board of and Lindsay Australia Limited and is also President of Guide Dogs Queensland. Formerly a partner of PricewaterhouseCoopers, Richard was the firm's Managing Partner in Queensland and a member of the firm's National Committee. He previously has been a member of the board of Namoi Cotton Limited, Villa World Group and the Capital Markets Board of Queensland Treasury Corporation, and President of CPA Australia in Queensland.

Special responsibilities:

Chairman of the board

Member of the audit and risk committee

Member of the remuneration and nomination committee

As part of the assessment of Richard's independence, the board specifically reviewed whether his tenure with the company had impacted on his independence. The board determined that Richard continued to be independent, and that his appointment remains in the best interests of Data#3 because of the substantial knowledge and expertise he brings to the board, and his stewardship in facilitating a stable, planned renewal of the board. The board has further determined that Richard has not formed associations with management or others that might compromise his ability to fulfil his role as an independent director.

Directors' recommendation

The directors, with Richard Anderson abstaining, recommend that shareholders vote in favour of Resolution 2, and the Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 4: Re-election of Mr Mark Gray (Resolution 3)

Mark Gray has served as a non-executive director of Data#3 Limited since August 2017. Mark Gray is required to retire by rotation at the 2020 Annual General Meeting, and being eligible, stands for re-election in accordance with the company's constitution.

Information regarding Mark Gray's qualifications, experience, and responsibilities is summarised below:

A M Gray, DUniv, B.Econ (Hons), FAICD, SF (FINSIA) (Non-executive Director)

Mark Gray is the Chairman of Sugar Terminals Limited and Tailored Superannuation Solutions and a non-executive director of the Royal Flying Doctor Service of Australia (National Board and Queensland Section), Queensland Urban Utilities, genomiQa and Queensland Cricket. Previous senior executive appointments include Under Treasurer of the Queensland Treasury Department, Chief Executive Officer of the Queensland Competition Authority and the Queensland Independent Commission of Audit, Office Head at Macquarie Group and Executive Director with BDO.

Special responsibilities:

Chairman of the remuneration and nomination committee (since August 2019)

Member of the audit and risk committee

Directors' recommendation

The directors, with Mark Gray abstaining, recommend that shareholders vote in favour of Resolution 3, and the Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 5: Approval to Issue of Rights to a related party: Mr Laurence Baynham (Resolution 4)

Laurence Baynham is Managing Director and Chief Executive Officer of the company, and a related party of the company by virtue of him being a director.

Accordingly, the company seeks shareholder approval for the purposes of ASX Listing Rule 10.14 and for all other purposes to grant a maximum of 27,510 performance rights with the key terms detailed below ("**Rights**") and any fully paid ordinary shares ("**Shares**") issued on vesting of those Rights to Laurence Baynham (or his nominee).

Subject to obtaining the required shareholder approval detailed below, the Rights will be issued under and subject to the terms of the Data#3 Limited Long Term Incentive Plan ("**LTIP**") approved at the annual general meeting for the company held in 2018, and otherwise on the terms set out below ("**Rights Issue**").

ASX Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire securities under an employee incentive scheme:

- 10.14.1 a director of the company;
- 10.14.2 an associate of a director of the company;
- 10.14.3 a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders, unless it obtains the approval of its shareholders.

The Rights Issue falls within Listing Rule 10.14.1 and therefore requires the approval of Data#3's shareholders under Listing Rule 10.14.

The board has decided to grant these Rights as part of Laurence Baynham's remuneration package, and in recognition of his contribution to the company. The board considers the grant of Rights to be a cost-effective long-term incentive method, which further aligns the interests of the Managing Director and Chief Executive Officer with shareholders by linking long-term incentives to growth in the company's earnings per share.

If Resolution 4 is passed, the company will be able to proceed with the Rights Issue on the terms (and with the effects) detailed below.

If Resolution 4 is not passed, the company will not be able to proceed with the Issue and will consider other ways to recognise Laurence Baynham's contribution to the company and incentive methods.

If approval is obtained pursuant to ASX Listing Rule 10.14, the company is entitled to rely on ASX Listing Rule 10.12 (exception 8) as an exception to any requirement that may otherwise apply requiring shareholder approval under ASX Listing Rule 10.11. Similarly, approval will not be required under Listing Rule 7.1.

Key terms of the Rights

The Rights will be subject to the following key terms and conditions:

- each Right is a right for Laurence Baynham (or his nominee) to be issued one Share upon satisfaction of the following vesting conditions ("**Relevant Vesting Conditions**"):
 - Laurence Baynham remains an employee of the company on the date the Relevant Vesting Conditions are satisfied;
 - the Rights will vest on a straight-line proportional basis, from 0 up to a maximum of 27,510 Shares based on the actual cumulative earnings per share over a 3 year period ending on 30 June 2023 ("**Vesting Period**") compared to a target as determined by the board;
- notwithstanding the specific vesting conditions outlined above, in accordance with the LTIP rules the board may, in its absolute discretion, waive or alter the Relevant Vesting Conditions;
- prior to vesting the Rights will not be transferrable other than with the written consent of the board;
- prior to vesting the Rights do not carry any dividend or voting rights; and
- the Rights will automatically vest (subject to another determination by the board) such that the corresponding number of Shares will be delivered for the benefit of Laurence Baynham upon satisfaction of the Relevant Vesting Conditions.

In accordance with the requirements under ASX Listing Rule 10.15

- (a) Laurence Baynham is a director ("**LR 10.14 Party**");

- (b) the number of Rights that may be acquired by Laurence Baynham in accordance with this resolution is 27,510 calculated based on a volume weighted average price of the Shares for the 5 day trading period commencing on the day after the 19 August 2020 announcement to the ASX of the company's results for the year ended 30 June 2020, being \$5.816 per Share;
- (c) for the purposes of ASX Listing Rule 10.15.4, the details of Laurence Baynham's current total remuneration package, excluding the proposed Rights Issue, are detailed in the company's 2020 annual report, and a summary is set out below:

	\$
Cash salary	531,000
Increase in accrued long service leave	15,312
Superannuation	21,003
Short-term bonus	280,732
Long-term incentive	297,406
Total remuneration package for FY20	1,145,453

- (d) for the purposes of ASX Listing Rule 10.15.5, Laurence Baynham has previously been granted the following Rights under the LTIP:
- 98,160 Rights as disclosed in the company's 2019 annual report; and
 - 65,574 Rights as disclosed in the company's 2020 annual report, ("**Previous Issues**").
- (e) for the purposes of ASX Listing Rule 10.15.5, the average acquisition price for the Previous Issues was nil and they have a nil exercise price;
- (f) for the purposes of ASX Listing Rule 10.5.6, Rights are being issued rather than Options (being the two types of Securities that are able to be issued under the LTIP), for consistency with the Previous Issues;
- (g) for the purposes of ASX Listing Rule 10.15.8, the Rights will be granted for nil consideration on the basis their grant represents an incentive for future performance, and will be subject to the Relevant Vesting Conditions, and the Rights have a nil exercise price;
- (h) whilst participating in the LTIP is open to all executive and non-executive directors, the board has determined that Laurence Baynham, as the company's current executive director, is the only director eligible to participate in the LTIP at this time;
- (i) subject to shareholder approval, it is intended that the Rights will be issued within five days after the annual general meeting, but in any event will be issued no later than twelve months after the meeting in accordance with ASX Listing Rule 10.15.7;
- (j) for the purposes of ASX Listing Rule 10.15.10, there are no loan arrangements with Laurence Baynham in relation to the acquisition of the Rights; and
- (k) for the purposes of ASX Listing Rule 10.15.11:
- Details of any Rights or Options issued under the LTIP will be published in the company'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 by ASX Listing Rule 10.14 who become entitled to participate in an issue of Rights or Options under the LTIP after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.

Other general terms of the Rights

The other general terms of the Rights are:

- should the company undergo any reconstruction of capital, the number of Rights may be adjusted in the board's discretion in accordance with the ASX Listing Rules and other laws as applicable at the time of the reorganisation;
- all Shares issued pursuant to vesting of the Rights will, subject to the constitution of the company, rank equally in all respects (other than in respect of dividends, rights issues or bonus issues declared prior to allotment) with the existing Shares at the date of issue and allotment;
- the Rights do not entitle the holder to participate in any new issues by the company without having vested into Shares; and
- the Rights will not be quoted on the ASX.

Corporations Act

Under Chapter 2E of the Corporations Act a public company cannot give a financial benefit to a related party unless an exception applies or shareholders have, in a general meeting, approved the giving of that financial benefit.

Laurence Baynham is a related party of the company due to the fact that he is a director. The issue of the Rights will constitute the giving of a financial benefit to a related party for the purposes of section 229(3)(e) of the Corporations Act.

The board of the company (excluding Laurence Baynham) considers that the issue of the Rights to Laurence Baynham constitutes reasonable remuneration within the meaning of the exception in section 211 (1) of the Corporations Act on the basis that the Rights are a necessary part of the incentive and remuneration package for Laurence Baynham in his current role and having regard to the circumstances of the company, the duties and responsibilities of Laurence Baynham and market levels of remuneration for people in his position in similar sized companies.

Existing interests and the dilutionary effect on other shareholders' interests

The effect that the grant and vesting of the Rights will have on the interest of Laurence Baynham relative to other shareholders' interests is set out in the following table:

Details as at the date of this Notice of Meeting	Number
The total number of Shares on issue in the capital of the company	153,974,950
Shares currently held by director (including indirect interests)	136,591
% of Shares currently held by director (including indirect interests)	0.09%
Rights to be issued under Resolution 4 to director (or his nominee) following the Annual General Meeting	Maximum of 27,510
The total number of Shares on issue in the capital of the company following the vesting of all Rights held by director (assuming no other Rights or Options were exercised and no other Shares or other equity securities are issued)	153,974,950
Shares that will be held following the vesting of all Rights held by director (assuming no other Rights or Options or Shares are held by, exercised or vested by Laurence Baynham (including indirect interests)	Maximum of 327,835
% of Shares that would be held by director following the vesting of all Rights assuming no other Awards held by other parties were exercised or vested (as applicable) (and assuming no other Rights or Options or Shares are held by, exercised or vested by Director (including indirect interests)	Maximum of 0.21%

Directors' recommendation

The directors abstain from making a recommendation in relation to Resolution 4, in the interests of good corporate governance.