



ASX Announcement

CORPORATE DIRECTORY

Chairman
PAUL KRISTENSEN

Founder, Managing
Director
DAVID BUDGE

Business Development
and Marketing Director
NATHAN HENRY

Non-Executive Director
MEL ASHTON

Non-Executive Director
and Company
Secretary
MATHEW WHYTE

Change to Remuneration Package of Managing Director

Aurora Labs Limited ("Aurora" or "the Company") (ASX: A3D) wishes to advise of changes to the remuneration package of its Managing Director, David Budge.

Review Process

The Board (through its Remuneration Committee) undertook a review of Mr Budge's remuneration package.

In conducting this review, the Board sought advice from independent remuneration consultants, Guerdon Associates, on determining the benchmark for market remuneration packages and structuring Mr Budge's revised remuneration package.

The Board considers that Mr Budge's remuneration has been amended to bring it into line with comparable market remuneration for an executive in his position. The revised remuneration package includes:

- short-term incentives linked to strategic business plans and objectives; and
- long-term incentives linked to the Company's share price performance.

The Board considers that this structure imposes financial and non-financial performance milestones which appropriately align Mr Budge's remuneration incentives with the success of the Company's financial and operating objectives.

Profile

Mr Budge is a founding shareholder and director of the Company. He has extensive industry experience in robotics, robotic welding, surfacing engineering, product development and manufacturing processes, becoming recognised for his experience in solving difficult fabrication and surface engineering problems for clients.

Mr Budge has experience developing and manufacturing a range of products for Australian and international markets. He has previously worked for Bossong Engineering, running its plasma transferred arc department. He subsequently worked for Score Pacific in managing its thermal spray department and overseeing research and development on special projects. More recently Mr Budge established and ran Advanced Industrial Manufacturing, a company that specialised in providing robotic welding and specialised technology solutions to the mining and oil and gas sectors.

Mr Budge has been integrally involved in the invention and development of the large majority of the Company's products and systems, including its Rapid Manufacturing Technology.

CONTACT DETAILS

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Mr Budge is currently the Company's largest shareholder, controlling 23,946,785 ordinary shares which represent approximately 23% at the date of this announcement. He also controls 295,000 options (excluding those the subject of the revised remuneration package) and 50,000 performance rights.

Key Changes to Remuneration Package

In accordance with ASX Listing Rule 3.16.4, a summary of the key terms of Mr Budge's revised remuneration package are set out below.

Contract: Mr Budge's employment as Managing Director of the Company will continue on terms set out in his Managing Director Engagement Deed dated 3 May 2017. The terms of this deed were summarised in section 10.4 of the Company's IPO prospectus dated 9 June 2016 which was released to ASX on 12 August 2016.

The deed was previously amended on 10 January 2017 to increase Mr Budge's annual salary from \$160,000 (excluding superannuation) to \$250,000 (excluding superannuation).

Other than the amendments on 10 January 2017 and those the subject of this announcement, the deed remains unchanged.

Salary: Mr Budge's salary has increased from \$250,000 (excluding superannuation) to \$320,000 (excluding superannuation) with effect from 4 May 2019.

Short-Term Incentives: Mr Budge will be entitled to receive a short-term incentive in the form of a cash payment of up to \$160,000 (excluding superannuation) on satisfaction of performance milestones related to a strategic business plan for the expansion of the Company's (including its subsidiaries) business and operations. The milestones include:

- preparing the plan and key strategic objectives for Board consideration and approval, and roll-out of the plan to staff (50% weighting);
- assemble team to implement the plan with a view to achieving the strategic objectives (30% weighting); and
- restructure Managing Director role so as to focus on implementing and delivering on the plan (20% weighting).

The Board will be responsible for determining whether milestones have been satisfied.

Long-Term Incentives: Mr Budge will be entitled to receive 2,000,000 premium exercise price options (**Executive Options**) pursuant to the Company's Employee Incentive Plan.

The grant of the Executive Options is subject to the Company obtaining prior shareholder approval which will be sought at the Company's 2019 annual general meeting. The annual general meeting is to be held on or before 13 December 2019 pursuant to an extension granted by the Australian Securities & Investments Commission. Please see the Company's announcement of 30 October 2019 ('Aurora AGM to be held on 13 December 2019').

The material proposed terms of the Executive Options are as follows:

- **Entitlement:** Each Executive Option entitles the holder to subscribe for 1 fully paid ordinary share in the Company.
- **Exercise prices:**
 - Half of the Executive Options will be exercisable at \$0.50 (Tranche 1 Executive Options).
 - Half of the Executive Options be exercisable at \$0.75 (Tranche 2 Executive Options).
- **Performance conditions:**
 - The Tranche 1 Executive Options are subject to a "Performance Condition" that the published closing price of Company's Ordinary Securities on the ASX market is at least \$1.00 on at least one day prior to 24 months from the date of grant.
 - The Tranche 2 Executive Options are subject to a "Performance Condition" that the published closing price of Company's Ordinary Securities on the ASX market is at least \$2.00 on at least one day prior to 48 months from the date of grant.
- **Vesting conditions:** The Executive Options are subject to vesting conditions that must be satisfied before the options will vest and can be exercised. These conditions are that:
 - the above performance condition is satisfied; and
 - that Mr Budge continues to be employed by the Company or any of its related bodies corporate for at least 12 months from grant.
- **Restrictions on transfer:** The Executive Options cannot be transferred until the vesting conditions have been satisfied, except as permitted by the Board.
- **Quotation:** The Executive Options will not be quoted securities.
- **Approvals:** Exercise of Executive Options is conditional upon the Company first obtaining all required legal, regulatory and shareholder consents or approvals in relation to the same (if any).

Takeover restriction: To the extent that the exercise of Executive Options would contravene the takeover restrictions in the Corporations Act, the exercise will be deferred until such time as the exercise would not contravene the takeover restrictions.

ABOUT AURORA

Aurora is an industrial technology and innovation company that specialises in the development of 3D metal printers, metal powders, digital parts and their associated intellectual property.

Aurora is listed on the Australian Securities Exchange (ASX: A3D).

To learn more about Aurora, please visit: www.auroralabs3d.com



FORWARD LOOKING STATEMENTS

This announcement contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intends', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this announcement, expected to take place, but there cannot be any guarantee that such events will occur as anticipated or at all given that many of the events are outside Aurora's control.

Accordingly, Aurora and the directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur.

For further information, please contact:

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