

Notice of Annual General Meeting 2019

October 2019

Dear Shareholder

Annual General Meeting 2019

On behalf of the Directors of FlexiGroup Limited (**flexigroup** or the Company), I am pleased to invite you to attend FlexiGroup Limited's 2019 Annual General Meeting ("2019 AGM"). Enclosed is the Notice of Meeting setting out the business of the 2019 AGM.

flexigroup's 2019 AGM will be held on Friday, **15 November 2019 commencing at 4.00 pm (AEDT)** at the offices of PwC, Level 19/2 Riverside Quay, Southbank VIC 3006.

If you are attending the 2019 AGM, please bring your Proxy Form with you to facilitate a faster registration and entry. If you are unable to attend the 2019 AGM, I encourage you to complete and return the enclosed Proxy Form no later than 4.00pm (AEDT) on Wednesday, 13 November 2019 in one of the ways specified in the Notice of Meeting and Proxy Form.

I also encourage you to read the Notice of Meeting (including the Explanatory Notes) and the Proxy Form and consider directing your proxy how to vote on each resolution by marking the "for" box, the "against" box or the "abstain" box on the Proxy Form.

The Directors of FlexiGroup Limited recommend that shareholders vote in favour of all resolutions proposed to be placed before the 2019 AGM.

I look forward to welcoming you at the 2019 AGM.

Yours sincerely



Andrew Abercrombie
Chairman

Notice is hereby given that the thirteenth Annual General Meeting (Annual General Meeting or 2019 AGM) of FlexiGroup Limited (Company or **flexigroup**) will be held on Friday 15 November 2019 at the offices of PricewaterhouseCoopers, Level 19/2 Riverside Quay, Southbank VIC 3006 commencing at 4.00 pm AEDT.

Agenda

ORDINARY BUSINESS

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2019.

2. Remuneration Report

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

"That the Remuneration Report (which forms part of the Directors' Report) for the financial year ended 30 June 2019 be adopted".

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

3. Re-election of Rajeev Dhawan

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

"That Rajeev Dhawan, who retires in accordance with ASX Listing Rule 14.5 and Article 10.3(a) of the Company's constitution, and being eligible, be re-elected as a Director of FlexiGroup Limited."

4. Election of John Wylie AM

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

"That John Wylie AM, having been appointed as an additional Director since the last Annual General Meeting be elected as a Director of FlexiGroup Limited."

SPECIAL BUSINESS

5. Approval of participation in the flexigroup Long Term Incentive Plan and Termination Benefits

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

"That, for the purposes of ASX Listing Rule 10.14 and section 200B of the *Corporations Act 2001* (Cth) and for all other purposes, approval is given for the grant of 4,454,104 Options to Ms Rebecca James under the Long Term Incentive Plan (LTIP) and the provision of benefits to Ms James under the LTIP including in connection with Ms James ceasing to hold a managerial or executive office in the Company, on the terms described in the Explanatory Notes accompanying and forming part of this Notice of Meeting."

VOTING EXCLUSION STATEMENTS

Item 2

1. In accordance with sections 250R and 250BD of the *Corporations Act 2001* (Cth) (Corporations Act), subject to paragraph 2, a vote must not be cast (in any capacity) on the resolution in Item 2 by or on behalf of a member of the Company's key management personnel (KMP) (including the Directors) details of whose remuneration are included in the Remuneration Report or their closely related parties (such as close family members or any controlled entities), regardless of the capacity in which the votes are cast except that a vote may be cast on the resolution in Item 2 by a KMP, or a closely related party of a KMP if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the resolution in Item 2 and the vote is not cast on behalf of a KMP or their closely related parties.
2. If you appoint the Chairman of the 2019 AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 2 on the proxy form, you will be expressly authorising the Chairman of the 2019 AGM to exercise your proxy, even though Item 2 is connected directly or indirectly with the remuneration of the Company's KMP, which includes the Chairman.

Item 5

For the purpose of ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Item 5 by any Director of **flexigroup** who is eligible to participate in the LTIP, the CEO, and any associate of any such person. However, the Company need not disregard a vote if it is:

- (a) cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) cast by the person chairing 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 5

For the purpose of section 250BD of the *Corporations Act*:

1. a vote must not be cast on Item 5 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on Item 5. However, this voting exclusion does not apply if the KMP is the Chairman of the 2019 AGM acting as proxy and their appointment expressly

- authorises the Chairman of the 2019 AGM to exercise the proxy even if that item is connected directly or indirectly with the remuneration of a member of the KMP; and
2. if you appoint the Chairman of the 2019 AGM as your proxy, and you do not direct your proxy how to vote on Item 5 on the proxy form, you will be expressly authorising the Chairman of the 2019 AGM to exercise your proxy even if Item 5 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the 2019 AGM.

ENTITLEMENT TO ATTEND AND VOTE

The Board has determined that, for the purposes of determining voting entitlements at the Annual General Meeting, those persons who are registered as holding shares in the Company at 7.00 pm (AEDT) on Wednesday, 13 November 2019 will be entitled to vote.

PROXIES

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A shareholder may appoint not more than two proxies. A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Annual General Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the Annual General Meeting.

If such evidence is not received before the Annual General Meeting, then the body corporate (through its representative) will not be permitted to act as a proxy.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. If you wish to appoint a proxy, please complete and submit the Proxy Form accompanying this Notice of Annual General Meeting, by following the instructions contained in the Proxy Form.

On a show of hands, every person present and entitled to vote shall have one vote. If you have appointed a proxy and the proxy appointed is also a shareholder, or proxy for

another shareholder, any direction to the proxy on how to vote may not be effective on a show of hands.

Your directions will be effective if a poll is held, subject to any applicable voting exclusions.

Shareholders can direct their proxy how to vote by following the instructions on the Proxy Form, and are encouraged to do so.

The Chairman of the Meeting intends to vote all available proxies able to be voted **in favour of** each item of business set out in this Notice of Meeting.

LODGEMENT OF PROXY FORMS

Proxy Forms may be lodged with the Company's Share Registry:

- (a) by hand at Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000;
- (b) by post to Link Market Services Limited in the enclosed reply-paid envelope;
- (c) by fax to Link Market Services Limited on +61 2 9287 0309; or
- (d) online at www.linkmarketservices.com.au.

To be effective, your Proxy Form and the Power of Attorney or other authority (if any) under which it is signed (or a copy of the Power of Attorney or other authority, certified as a true copy by Statutory Declaration), must be received no later than 48 hours prior to the Annual General Meeting (i.e. no later than 4.00 pm (AEDT) on Wednesday, 13 November 2019) in one of the ways specified above.

Dated 4 October, 2019

By order of the Board



Isobel Rogerson
Company Secretary

Explanatory Notes

On the business to be transacted at the FlexiGroup Limited 2019 Annual General Meeting

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the Annual General Meeting. These Explanatory Notes form part of the Notice of Annual General Meeting and should be read with the Notice of Annual General Meeting.

Ordinary Business

Item 1. Financial Report, Directors' Report and Auditor's Report

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of the Company for the financial year ended 30 June 2019 will be laid before the Annual General Meeting. Shareholders will be provided with the opportunity to ask questions or raise comments about the reports or on the management of the Company. Also, a reasonable opportunity will be given to shareholders to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

As there is no requirement for a formal resolution on this item, a resolution will not be put to the 2019 AGM.

Item 2. Remuneration Report

Under the Corporations Act, the Company is required to include, in the Directors' Report, a detailed Remuneration Report setting out certain prescribed information relating to Directors' and executives' remuneration and submit this for adoption by ordinary resolution of shareholders at the Annual General Meeting.

The Company's Remuneration Report for the financial period ended 30 June 2019 is set out in the Directors' Report which forms part of the Company's 2019 Annual Report, a copy of which has been made available to shareholders or was provided with this Notice of Annual General Meeting.

The Remuneration Report discusses matters including the remuneration policy of the Company, the remuneration paid to Directors and executives who are members of the Company's KMP, and the relationship between the remuneration of those Directors and executives and performance.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

BOARD RECOMMENDATION

The Board unanimously recommends that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Item 3. Re-election of Rajeev Dhawan

Under the provisions in the Company's Constitution relating to the re-election of Directors, Rajeev Dhawan will retire at the 2019 AGM and offer himself for re-election.

Rajeev is currently a partner of Equity Partners. Rajeev has over 23 years' venture capital and private equity experience (through Hambro-Grantham; Colonial First State Private Equity and currently Equity Partners) with a particular focus

on the mid-market segment and has been a Director of a number of listed and unlisted portfolio companies including Royal Wolf; IBA Healthcare; Snowball; E-Co Products. He has extensive experience in M&A, turnarounds and optimising strategic and operational performances of businesses.

Given Rajeev's tenure on the Board, the Directors, other than Rajeev, have considered and confirmed Rajeev's independence. In determining Rajeev's independence, the Directors took account of the range of factors recommended in the ASX Corporate Governance Council Corporate Governance Principles and Recommendations to be considered in assessing independence, together with the tests suggested by the Australian Institute of Company Directors (AICD), and in particular Rajeev's behaviour and mindset. The Board has determined Rajeev brings intelligent inquiry and independent opinion, and is not a dominant board member whose views are automatically deferred to without investigation.

Prior to submitting himself for re-election, Mr Dhawan acknowledged to the Company that he would have sufficient time to properly fulfil his duties to the Company.

BOARD RECOMMENDATION

The Directors (with Mr Dhawan abstaining) recommend that shareholders vote in favour of the election of Mr Dhawan as a Director.

Item 4. Election of John Wylie AM

John Wylie was appointed as a non-executive Director of the Company on 21 March 2019. As provided by **flexigroup's** constitution, John offers himself for election.

John Wylie is Principal of advisory and investment firm Tanarra Group. He was previously CEO of the Australian business of global financial services firm Lazard. He co-founded advisory and investment firm Carnegie Wylie & Company in 2000 which was acquired by Lazard in 2007, and before that was Chair of investment bank Credit Suisse First Boston in Australia. In these roles, Mr Wylie has advised companies and governments globally for over 30 years. Additionally, John is the Chair of the Australian Sports Commission, and President of the Library Board of Victoria. He was formerly Chairman of the Melbourne Cricket Ground Trust, and in that role chaired the MCG Redevelopment Steering Committee for the 2006 Commonwealth Games.

John is also involved in a wide range of not-for-profit community activities primarily through The John and Myriam Wylie Foundation which he established with his wife, Myriam, in May 2011. The John and Myriam Wylie Foundation provides financial and non-financial support for worthy and well-run organisations in all walks of life, especially in education, Indigenous, health and sport, and

medical research in Australia. It has to date supported over 50 organisations and causes.

Mr Wylie holds a Master of Philosophy degree from Oxford University where he was a Rhodes Scholar, and a Bachelor of Commerce with First Class Honours from the University of Queensland. He was made a member of the Order of Australia in 2007.

Prior to submitting himself for election, Mr Wylie acknowledged to the Company that he would have sufficient time to properly fulfil his duties to the Company.

BOARD RECOMMENDATION

The Directors (with Mr Wylie abstaining) recommend that shareholders vote in favour of the election of Mr Wylie as a Director.

Special Business

Item 5. Approval of participation in the Long Term Incentive Plan and Termination Benefits

Shareholders are being asked to approve the proposed one-off grant of 4,454,104 Options under the LTIP to Ms James and approve the provision of benefits to Ms James under the LTIP including in connection with Ms James ceasing to hold a managerial or executive office in the Company. The Options are granted to Ms James with respect to the three year performance period and not an annual grant in order to align the incentive with the strategic time horizon under the Company's transformation strategy. **flexigroup** does not propose granting any additional Options to Ms James during the performance period.

The Board believes that the terms of the overall proposed remuneration, including the terms of the participation in the LTIP, are reasonable in **flexigroup's** circumstances.

The Directors recommend that shareholders vote in favour of the resolution in Item 5 on the basis that the overall proposed remuneration for Ms James, which includes Ms James' participation in the LTIP, the grant of Options to Ms James under the LTIP and the provision of benefits to Ms James on the terms described in these Explanatory Notes is:

- reasonable having regard to the circumstances of the Company;
- in the best interests of the Company as a whole; and
- consistent with the Company's remuneration policy, in particular the Company's policy of linking remuneration to achievement, and the objective of attracting and retaining highly skilled executives and Directors.

The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (4th edition) note that equity-based remuneration can be an effective form of remuneration for executives.

The ASX Listing Rules (Listing Rules) and the Corporations Act set out a number of regulatory requirements which must be satisfied. These are summarised below. However, as Ms James is not a director of the Company, no shareholder approval is required under the ASX Listing Rules in order to grant Options to Ms James. However, shareholder approval is being sought in any event for the proposed grant of Options for transparency and as a matter of good corporate governance.

The approval of this resolution by shareholders will also result in the Options granted to Ms James being an exception to the approval requirements in ASX Listing Rule 71.

5.1 Overview of ASX Listing Rule and Corporations Act requirements

ASX Listing Rule 10.14 provides that a listed company may only permit a director of a company to acquire securities under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of shareholders.

Part 2D.2.2 of the Corporations Act provides that a company, its associates and any prescribed superannuation fund in connection with the company are prohibited from giving a person who holds a "managerial or executive office" a benefit in connection with their ceasing to hold an office or position of employment with the company unless shareholders approve the giving of the "benefit" or an exemption applies. "Benefit" is defined broadly in the Corporations Act to include most forms of valuable consideration.

Retirement benefits under the Corporations Act include a range of payments or benefits given in connection with a person ceasing to hold an office or position of employment (and whether or not contractually obliged to be given) including termination payments or other benefits such as an accelerated or automatic vesting of share-based payments at or due to a person ceasing to hold an office or position of employment.

5.2 Key terms of the Options grant

flexigroup is proposing to implement a new Long Term Incentive Plan for the CEO and key executives to support the Company's growth and the three-year transformation program which is critical to **flexigroup's** strategy. The terms of the Options that will be granted to Ms James (subject to shareholder approval) are set out below.

TERM	DETAIL										
Details of the proposed LTI grant	<p>Subject to shareholder approval, Ms James will be granted a maximum of 4,454,104 Options under the Plan.</p> <p>The Options will be granted in three tranches:</p> <ul style="list-style-type: none"> • Tranche 1: 1,336,231 Options will be subject to the Compound Annual Cash Earnings Per Share (EPS) Growth Rate performance condition (EPS hurdle) • Tranche 2: 1,781,642 Options will be subject to the Actual Share Price performance condition (Actual Share Price hurdle) • Tranche 3: 1,336,231 of Options will be subject to the Absolute Return on Equity (ROE) performance condition (ROE hurdle) <p>The performance conditions will be tested over the following performance periods:</p> <ul style="list-style-type: none"> • For the EPS and ROE hurdles – commencing on 1 July 2019 and ending on 30 June 2022 • For the Actual Share Price hurdle – commencing on 1 July 2019 and ending 30 calendar days following the FY22 annual results announcement. <p>The Options are granted with respect to the above performance periods, and not an annual grant. flexigroup does not propose granting any additional Options to the CEO during the performance period.</p>										
Terms of Options	<p>Each Option is a right to acquire one share in the Company, subject to the achievement of the performance hurdles set out below and payment of the \$2.00 Exercise Price.</p> <p>Options do not carry any dividend or voting rights.</p> <p>Options are non-transferable (except in limited circumstances or with the consent of the Board).</p>										
Date of Grant	<p>If shareholder approval is obtained, the Options will be granted following the AGM (but in any event within 12 months of the AGM).</p>										
Performance Conditions	<p>Tranche 1: EPS hurdle</p> <p>30% of the Options will be subject to the Compound Annual Cash EPS Growth Rate hurdle which measures the growth rate between the beginning and end of the performance period on a compounding basis.</p> <p>Broadly, Cash EPS measures the earnings generated by the Company attributable to each Share. Cash EPS will be calculated by dividing Cash NPAT for the relevant period (refer definition below) by the weighted average number of ordinary shares outstanding during the period.</p> <p>Cash NPAT is defined as Statutory Profit after Tax, adjusted for the after tax effect of material infrequent items that the Board believes do not reflect ongoing operations of the Group, and amortisation of acquired intangible assets.</p> <p>The vesting schedule for Options subject to the EPS hurdle is as follows:</p> <table border="1"> <thead> <tr> <th>Growth in the Company's Cash EPS Over the Performance Period</th> <th>Proportion of Tranche 1 Options Capable of Vesting</th> </tr> </thead> <tbody> <tr> <td>< 10% CAGR</td> <td>Nil</td> </tr> <tr> <td>10% to 20% CAGR</td> <td>30%</td> </tr> <tr> <td>> 20% to 25% CAGR</td> <td>Straight line vest</td> </tr> <tr> <td>> 25% CAGR</td> <td>100%</td> </tr> </tbody> </table>	Growth in the Company's Cash EPS Over the Performance Period	Proportion of Tranche 1 Options Capable of Vesting	< 10% CAGR	Nil	10% to 20% CAGR	30%	> 20% to 25% CAGR	Straight line vest	> 25% CAGR	100%
Growth in the Company's Cash EPS Over the Performance Period	Proportion of Tranche 1 Options Capable of Vesting										
< 10% CAGR	Nil										
10% to 20% CAGR	30%										
> 20% to 25% CAGR	Straight line vest										
> 25% CAGR	100%										

TERM	DETAIL										
	<p>Tranche 2: Actual Share Price hurdle</p> <p>40% of the Options will be subject to the Actual Share Price hurdle, tested at the end of the performance period. The Actual Share Price hurdle will be determined by the Volume Weighted Average Price of flexigroup shares calculated over the 30 calendar days following the FY22 annual results announcement.</p> <p>The vesting schedule for Options subject to the Actual Share Price hurdle is as follows:</p> <table border="1"> <thead> <tr> <th style="text-align: center;">Share Price Performance at the End of the Performance Period vs Target</th> <th style="text-align: center;">Proportion of Tranche 2 Options Capable of Vesting</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< \$2.50</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">\$2.50 to \$3.50</td> <td style="text-align: center;">33%</td> </tr> <tr> <td style="text-align: center;">> \$3.50 to \$4.25</td> <td style="text-align: center;">Straight line vest</td> </tr> <tr> <td style="text-align: center;">> \$4.25</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	Share Price Performance at the End of the Performance Period vs Target	Proportion of Tranche 2 Options Capable of Vesting	< \$2.50	Nil	\$2.50 to \$3.50	33%	> \$3.50 to \$4.25	Straight line vest	> \$4.25	100%
Share Price Performance at the End of the Performance Period vs Target	Proportion of Tranche 2 Options Capable of Vesting										
< \$2.50	Nil										
\$2.50 to \$3.50	33%										
> \$3.50 to \$4.25	Straight line vest										
> \$4.25	100%										
	<p>Tranche 3: ROE hurdle</p> <p>30% of the Options will be subject to the absolute ROE hurdle, tested at the end of the performance period. Broadly, ROE measures the amount of Cash NPAT generated as a percentage of average shareholders' equity.</p> <p>ROE is defined as Cash NPAT (defined above) divided by the Average Total Equity of flexigroup.</p> <p>Average Total Equity is derived as the simple average of current and prior years' Total Equity per the Group's annual published statutory financial statements.</p> <p>The vesting schedule for Options subject to the ROE hurdle is as follows:</p> <table border="1"> <thead> <tr> <th style="text-align: center;">ROE Performance at the End of the Performance Period</th> <th style="text-align: center;">Proportion of Tranche 3 Options Capable of Vesting</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">< 15%</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: center;">15% to 18%</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">> 18% to 22%</td> <td style="text-align: center;">Straight line vest</td> </tr> <tr> <td style="text-align: center;">> 22%</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	ROE Performance at the End of the Performance Period	Proportion of Tranche 3 Options Capable of Vesting	< 15%	Nil	15% to 18%	30%	> 18% to 22%	Straight line vest	> 22%	100%
ROE Performance at the End of the Performance Period	Proportion of Tranche 3 Options Capable of Vesting										
< 15%	Nil										
15% to 18%	30%										
> 18% to 22%	Straight line vest										
> 22%	100%										
	<p>The Board retains discretion to adjust the performance conditions to ensure that Ms James is neither advantaged nor disadvantaged by matters outside management's influence that materially affect achievement of the performance conditions.</p>										
Vesting and Exercise of Options	<p>To the extent that the performance conditions have been achieved at the end of the performance period (i.e. FY22), the relevant number of Options will be eligible for vesting on the Vesting Dates as follows:</p> <ul style="list-style-type: none"> • 1/3rd of the eligible Options two months after the FY22 results announcement (around October 2022), subject to continued employment; • 1/3rd of the eligible Options two months after the FY23 results announcement (around October 2023), subject to continued employment; and • Balance of the eligible Options two months after the FY24 results announcement (around October 2024), subject to continued employment. <p>Upon exercise, the relevant number of Shares will be allocated to the Participant, and no further trading restrictions will apply to the Shares (subject to the Company's Trading Policy). The Board retains discretion to settle Options using new-issue or market purchase shares, or in cash, or by providing the 'net' number of Shares.</p> <p>Unexercised Options will automatically expire 6 years from the grant date.</p>										

TERM	DETAIL
<p>Cessation of employment</p>	<p>If Ms James ceases employment with the Company prior to the vesting or exercise of Options, the treatment of the Options will depend on the circumstances of cessation.</p> <p>Where Ms James ceases employment within the first two years of the performance period (other than for death) all Options will lapse at cessation. Where Ms James ceases employment prior to the vesting of Options due to resignation or termination for cause, all of her unvested Options will lapse at cessation.</p> <p>Where Ms James ceases employment prior to the vesting of Options for any other reason, the following treatments will apply:</p> <p>Cessation prior to the end of the performance period</p> <p>A pro-rata number of Options (which reflects the portion of the relevant 5 year vesting period served) stays “on-foot” post-cessation and will be tested against the performance conditions at the end of the applicable performance period and vests at the original vesting dates. Ms James will have 60 days following vesting to exercise the Options.</p> <p>Cessation following the end of the performance period but prior to vesting</p> <p>The Options that are available for vesting stay “on-foot” post-cessation and vest on the original Vesting Dates.</p> <p>The Participant will have 60 days following vesting to exercise their Options.</p> <p>The Board retains discretion to determine an alternate treatment, including to accelerate vesting of the Options. The accelerated vesting of Options under the LTIP in connection with the cessation of employment will constitute a termination benefit under the Corporations Act. The value of any such benefit cannot be ascertained as at the date of this Notice of Meeting. The value of the benefit will depend on the:</p> <ul style="list-style-type: none"> • number of Options granted and held by Ms James in accordance with the LTIP; • number of Options held by Ms James which the Board determines should vest; and • market price of Shares at the time such Options are exercised, and Shares are acquired. <p>Key matters, events or circumstances which will, or are likely to, affect the calculation of the value of any accelerated vesting of Options include:</p> <ul style="list-style-type: none"> • the financial performance of the Company; • the personal performance of Ms James; • the number of years of Ms James’ service with the Company; • the circumstances in which Ms James leaves the Company; • the proportion of the Performance Period served by Ms James as at the date her employment ceases; and • performance against the vesting conditions as at the date Ms James’ employment ceases.
<p>Change of Control</p>	<p>The Board retains discretion to determine the treatment of unvested Options with respect to a Change of Control. Where the Board does not exercise its discretion, the Plan Rules provide a default treatment for a pro-rata number of the unvested Options to vest and become exercisable based on the proportion of the vesting period that has passed at the time of the event and the extent to which the Performance Conditions have been satisfied at that time.</p>

TERM	DETAIL
Malus and Clawback	<p>The Board retains discretion to lapse a number or all of the Options, or request that Ms James repay an amount or transfer a certain number of Shares to the Company in certain circumstances, including:</p> <ul style="list-style-type: none"> • fraud, dishonest, or gross misconduct; • bringing the Group into disrepute; • breaching obligations to the Group, including compliance with any Company Clawback Policy and any other applicable Company policy; • failure to perform any other act reasonably and lawfully requested; or • delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk, and results or is likely to result in a detrimental impact on Company performance.
Disposal Restriction	<p>Ms James may not dispose of, deal in, or grant a security interest over any interest in, an Option without the prior consent of the Board, which may be given subject to such conditions as the Board sees fit in relation to the proposed dealing.</p>
Other Matters	<p>No loan will be made by flexigroup in relation to the acquisition of the Options by Ms James under the LTIP.</p> <p>As at the date of this Notice of Meeting, there is no Director who is eligible to participate in the LTIP. However, it is possible that Ms James will be appointed as a Director of the Company after the date of this Notice of Meeting. If this occurs, Ms James will be the only Director who is currently eligible to participate in the LTIP. Details of any securities issued under the LTIP and a statement that approval for the issue of securities was obtained under ASX Listing Rule 10.14 will be published in each Annual Report of the Company for the period in which the relevant securities were granted.</p>

A voting exclusion statement applicable to Item 5 is set out in the Notice of Meeting.

BOARD RECOMMENDATION

The Board unanimously recommends that shareholders vote in favour of Item 5.

Schedule 1

SUMMARY OF THE LTIP RULES

The LTIP is part of the Company's remuneration strategy and is designed to align the interests of the Company's management and shareholders and assist the Company in the attraction, motivation and retention of executives. In particular, the LTIP is designed to provide relevant executives with an incentive for future performance thereby encouraging those executives to remain with the Company and contribute to the future performance of the Company.

Under the LTIP, eligible persons participating in the LTIP may be granted Options on terms and conditions determined by the Board from time to time. An Option is a right to acquire a Share, subject to the satisfaction of applicable vesting and/or exercise conditions.

A grant of Options is subject to both the LTIP Rules and the terms of the specific grant as determined by the Board. The Board is responsible for administering the LTIP in accordance with the LTIP Rules and the terms and conditions of specific grants of Options to participants in the LTIP.

Eligibility and Participation

The Board may determine which persons will be eligible to participate in the LTIP from time to time. Eligible persons may be invited to apply to participate in the LTIP. The Board may in its discretion accept such applications.

Options

A person participating in the LTIP (Executive) may be granted Options on terms and conditions, including tenure conditions and performance hurdles, determined by the Board. The Board will determine the exercise price payable on exercise of a vested Option. The Board may also determine the exercise period of an Option.

Consideration for Grant

The Board may determine the amount (if any) payable for the grant of an Option from time to time.

Vesting

Following the satisfaction of the performance hurdles applying to an Option, the Option vests on, and becomes exercisable on or after, a date predetermined by the Board (**Vesting Date**), provided that the Executive remains employed by the Company as at that date.

Automatic and Accelerated Vesting

Unless the Board determines otherwise, early vesting (prior to the relevant Vesting Date) of a pro-rata number of Options will automatically occur if there is a change of control for the purposes of the LTIP Rules.

The Board may, in its discretion, decide to accelerate the vesting of all or part of the Options held by an Executive in specified circumstances including a takeover bid, scheme of arrangement, the death, total and permanent disablement, or cessation of employment for other reasons (e.g. retirement) of that Executive.

Lapse

An unvested Option will lapse on the earliest of:

- (a) failure to satisfy the vesting conditions prior to the expiry of the exercise period applicable to that Option;
- (b) the expiry of the exercise period applicable to that Option;
- (c) an Executive breaching the prohibition against hedging Options;
- (d) the Executive ceasing to be employed by the Company (other than due to death);
- (e) a variation of capital event (such as a capital reorganisation, share split, etc) occurring in relation to the Company and the Board determining that unvested Options should lapse;
- (f) the Company disposing of a material business or asset and the Board determining that unvested Options should lapse;
- (g) a change of control occurring in relation to the Company and the Board determining that unvested Options should lapse; or
- (h) where, in the opinion of the Board, an Executive has obtained, or may obtain, an unfair benefit or has sustained, or may sustain, a loss as a result of an act of any person which constitutes fraud, dishonesty or breach of obligations (including, without limitation, a material misstatement of financial information) and the Board determining that unvested Options should lapse.

Where an Executive ceases to be an Employee of the Group and at that time holds vested Options, all vested Options must be exercised by the earlier of 60 days following cessation or the Option Expiry Date, or within such other period determined by the Board.

Where a Participant holds a vested Option at the date of a change of control, all vested Options must be exercised by the earlier of 60 days from the date of the change of control or the expiry date, or within such other period determined by the Board.

Exercise

Following the vesting date or the automatic or accelerated vesting of an Option, the vested Option may be exercised by the Executive subject to any exercise conditions and the payment of the exercise price (if any), and the Executive will then be allocated or issued Shares according to the number

of Shares comprised in each vested Option exercised by the Executive. The Board may also determine to settle an Option in cash rather than allocate or issue Shares.

Delivery of Shares on Exercise of Vested Options

The Board has the discretion to have Shares issued or transferred to an Executive or to the Trustee (on behalf of an Executive) on the exercise of vested Options. Any Shares issued under the LTIP will rank equally with those Shares traded on ASX at the time of issue except for any rights attaching to those Shares by reference to a record date prior to the date of issue.

Malus and Clawback

The Board retains discretion to lapse a number or all of the Options, or request that a Participant repay an amount or transfer a certain number of Shares to the Company where, in the opinion of the Board, an Executive has obtained, or may obtain, an unfair benefit as a result of his or her act which constitutes fraud, or dishonest or gross misconduct in relation to the affairs of the Group or any Group Company, brings the Group or any Group Company into disrepute, is in breach of his or her obligations to the Group or any Group Company, including compliance with any Company Clawback Policy and any other applicable Company policy, constitutes a failure to perform any other act reasonably and lawfully requested of the Executive or has the effect of delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk, and results or is likely to result in a detrimental impact on Company performance following the end of a period.

Adjustment

In the event of any capital reorganisation by the Company (including any bonus issues and rights issues) or a change of control, an Executive's Options and the Shares allocated to the Executive on exercise of the Executive's Options, will be adjusted as set out in the LTIP Rules and otherwise in accordance with the Listing Rules. In general, it is intended that the Executive will not receive any advantage or disadvantage from such adjustment.

Restrictions on Transfer of Options

An Executive may not dispose of, deal in, or grant a security interest over any interest in, an Option without the prior consent of the Board, which may be given subject to such conditions as the Board sees fit in relation to the proposed dealing. The transfer or transmission of an Option is permitted where it is effected by force of law, on death of an Executive to the Executive's legal representative.

Administration of the LTIP

Any power or discretion of the Board conferred under the LTIP Rules may be delegated by the Board to a committee consisting of the Company's officers and/or employees, a related body corporate and/or a third party for such periods, and on such conditions, as the Board sees fit.

The Board may at any time, by written instrument, amend all or any of the provisions of the LTIP Rules including with retrospective effect. Any amendment to the LTIP Rules must not materially reduce the rights of any participant as those rights existed before the date of the amendment (with limited exceptions).

The Board may suspend or terminate the LTIP at any time. The suspension or termination of the LTIP must not prejudice the existing rights (if any) of Executives. The Board may also amend the LTIP Rules, provided that subject to specified exceptions, there is no reduction of the rights of Executives in respect of Shares allocated or Options granted under the LTIP prior to the date of such amendment.

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
FlexiGroup Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1800 881 432 (free call within Australia)



X99999999999

PROXY FORM

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

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **4:00pm (AEDT) on Friday, 15 November 2019 at PricewaterhouseCoopers, Level 19, 2 Riverside Quay, Southbank VIC 3006 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 2 and 5: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies able to be voted, in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his voting intention on any Resolution, in which case an ASX announcement will be made.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
2 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Rajeev Dhawan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of John Wylie AM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of participation in the flexigroup Long Term Incentive Plan and Termination Benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 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 votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This Proxy Form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this Proxy Form. If executed by a company, the Proxy Form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the Proxy Form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this Proxy Form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in 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 (subject to any applicable voting exclusion). If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this Proxy Form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that Proxy 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; and
- return both Proxy Forms together.

SIGNING INSTRUCTIONS

You must sign this Proxy Form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this Proxy Form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this Proxy Form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm (AEDT) on Wednesday, 13 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your Proxy Form by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

FlexiGroup Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS PROXY FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**