

# // NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the fourteenth Annual General Meeting (“**Annual General Meeting**” or “**2020AGM**”) of FlexiGroup Limited (“**Company**” or “**flexigroup**”) will be held on Thursday 19 November 2020 commencing at 4.00 pm AEDT.

In response to the global COVID-19 pandemic and government restrictions on physical gatherings, the 2020AGM will be held as a virtual meeting (online only). There will be no physical meeting where shareholders and proxies can attend in person. A virtual general meeting is also permitted by amendment made under section 5 of the Corporations (Coronavirus Economic Response) Determination (NO.3) issued by the Commonwealth Treasurer dated 21 September 2020.

## >> 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 2020.

#### 2. Remuneration Report

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

“That the Remuneration Report (which forms part of the Directors’ Report) for the financial year ended 30 June 2020 be adopted.”

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

#### 3. Re-election of director

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

“That Christine Christian AO, 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**.”

### SPECIAL BUSINESS

#### 4. Approval of the change of Company name

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

“That the Company adopt as its new name, humm Group Limited.”

#### 5. Approval of participation in the flexigroup Long Term Incentive Plan

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

“That, for all purposes, approval is given for the grant of 2,000,000 Options to Ms Rebecca James under the Long Term Incentive Plan

(“**LTIP**”), on the terms described in the Explanatory Statement accompanying and forming part of this Notice of Meeting.”

### VOTING EXCLUSION STATEMENTS

#### Item 2

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.

If you appoint the Chairman of the 2020AGM 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 2020AGM 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 the resolution in Item 5 by any Director of **flexigroup** who is eligible to participate in the LTIP and an associate of any such person. However, this does not apply to a vote cast in favour of the 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

- (b) 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
- (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 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.

### Items 2 and 5

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

- a vote must not be cast on a resolution in Item 2 or 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 2 or 5. However, this voting exclusion does not apply if the KMP is the Chairman of the 2020AGM acting as proxy and their appointment expressly authorises the Chairman of the 2020AGM to exercise the proxy even if that item is connected directly or indirectly with the remuneration of a member of the KMP; and
- if you appoint the Chairman of the 2020AGM as your proxy, and you do not direct your proxy how to vote on the resolution on the proxy form, you will be expressly authorising the Chairman of the 2020AGM to exercise your proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the 2020AGM.

### 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 Tuesday 17 November 2020 will be entitled to vote.

All voting at the 2020AGM will be by way of a poll.

### VOTING IN PERSON

Shareholders wishing to vote in person or their attorneys or, in the case of a shareholder or proxy which is a corporation, corporate representatives, should participate in the virtual AGM by logging in online at <https://agmlive.link/FXL20>.

#### Voting by attorney

If a shareholder executes or proposes to execute a document, or do any act, by or through an attorney which is relevant to that shareholder's shareholding in the Company, that shareholder must deliver the instrument appointing the attorney to the Share Registry for notation.

Shareholders wishing to vote by attorney at the AGM must, if they have not already presented an appropriate power of attorney to the Company for notation, deliver to the Share Registry (at the address or email address set out in the section headed "Lodgement of Proxy

Forms" below) the original instrument appointing the attorney or a certified copy of it no later than 48 hours before the start of the 2020AGM.

Any power of attorney granted by a shareholder will, as between the Company and that shareholder, continue in force and may be acted on, unless express notice in writing of its revocation or the death of the relevant shareholder is lodged with the Company.

#### Corporate Shareholders and Proxies

Corporate shareholders and proxies wishing to appoint a representative to attend and vote at the 2020AGM on their behalf must provide the representative with:

- a properly executed letter or certificate authorising the person to act as the corporate shareholder's or proxy's representative; or
- a copy of the resolution of the corporate shareholder or proxy appointing the representative, certified by a secretary or director of the shareholder or proxy.

### 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.

You may appoint a proxy to vote on your behalf by either:

- completing and returning the proxy form which accompanies this document in the manner specified below; or
- appointing a proxy online via <https://agmlive.link/FXL20> by following the instructions on that website.

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.

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 to Link Market Services Limited at Level 12, 680 George Street, Sydney NSW 2000;
- (b) by post to Link Market Services Limited in the enclosed reply-paid envelope (where provided);
- (c) by fax to Link Market Services Limited on +61 2 9287 0309; or
- (d) online at [www.linkmarketservices.com.au](http://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 or, if you choose to appoint a proxy online, doing so, no later than 48 hours prior to the Annual General Meeting (i.e. no later than 4.00 pm (AEDT) on Tuesday, 17 November 2020).

Please note that if you wish to revoke your proxy appointment, you will need to inform the Share Registry of this revocation before the commencement of the 2020AGM. You may do so by contacting the Share Registry on +61 1800 881 432 Monday to Friday between 9am and 5pm (Sydney time). Unless your proxy's appointment is revoked, you will not be allowed to vote at the 2020AGM in any other capacity. This means that if you appoint a proxy prior to the 2020AGM but then decide to attend the 2020AGM yourself, your proxy retains the ability to vote, not you.

Proxies participating in the virtual 2020AGM will receive an email from the Share Registry prior to the 2020AGM containing details of their Proxy Number which they will need to use for their online registration process. Proxies are asked to log in online 15 minutes prior to the time designated for the commencement of the 2020AGM, if possible, to register and to obtain a Voting Card.

## VOTING

All voting at the 2020AGM will be conducted by way of a poll, and not by a show of hands.

## GUIDE TO PARTICIPATING IN THE VIRTUAL 2020AGM

Please see the accompanying guide provided by the Share Registry which includes the various requirements and helpful tips to guide your participation in the virtual meeting, including how to register, how to ask questions and how to cast or change your vote.

Dated 16 October 2020

By order of the Board



**Isobel Rogerson**  
Company Secretary

## >> Explanatory Notes

### On the business to be transacted at the FlexiGroup Limited 2020 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 2020 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 2020AGM.

### 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 or is available at the Company's website: [www.flexigroup.com.au](http://www.flexigroup.com.au)

The Company's Remuneration Report for the financial period ended 30 June 2020 is set out in the Directors' Report which forms part of the Company's 2020 Annual Report, a copy of which was provided to shareholders 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 Directors unanimously recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

### Item 3. Re-election of Christine Christian, AO

Under the provisions in the Company's Constitution relating to the re-appointment of Directors, Christine Christian AO will retire at the 2020AGM and offer herself for re-election.

Prior to her Board career, Christine was CEO of Dun & Bradstreet Australia and New Zealand from 1997 to 2012, Chairman of Dun & Bradstreet Consumer Credit Services and Executive Director of Dun & Bradstreet India.

Christine is currently a director of Lonsec Fiscal Group, the Victorian Managed Insurance Authority, MaxCap Group and New York based Powerlinx Inc. She is Deputy President and board member of the State Library of Victoria and a member of the La Trobe University Council.

Prior to submitting herself for re-election, Ms Christian acknowledged to the Company that she would have sufficient time to properly fulfil her duties to the Company.

### BOARD RECOMMENDATION

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

## >> Special Business

### Item 4. Approval of change of Company name

The Board is recommending that the Company name be changed to reflect the simplification and transformation of the historic **flexigroup** business – which has grown over the years through organic and inorganic means – into a business which will leverage the Group's most recognised brand, **hummm**.

The Board believes the leadership position created under the **hummm** brand has provided the appropriate catalyst to reconsider the Group's name and brand proposition.

The Company has a clear and differentiated proposition: interest-free buying power for everything, everywhere, and for everybody. The unification of our proposition – interest free instalment payments for consumers and SMEs – supports the unification of our product and corporate branding. Under one unified brand the Company can lead a new frontier and push into new and evolving solutions that will drive the way customers live, shop and budget.

By delivering group brand awareness, and aligning all product brands, the Company can create resonance with customers and retailers, delivering multiple benefits to the Company and shareholders, whether through reduction in the costs of sale, or through driving revenue benefits from cross promoting all products to all retailers and customers via a unified app and seller portal. The **hummm** ecosystem is powered by a common credit and insights engine enabling the Company to continually enhance and adapt our platform.

Under the humm Group Limited banner the Company aims to deliver one strong, clear and simple proposition to our customers and partners across Australia, New Zealand and Ireland. A new name will simplify our story to customers, retailers and clarify our significant market position.

## BOARD RECOMMENDATION

The Directors unanimously recommend that shareholders vote in favour of the resolution to adopt the new company name of humm Group Limited.

### Item 5. Approval of participation in the flexigroup Long Term Incentive Plan

#### Cancellation of existing Options and grant of FY21 LTI

In 2019, **flexigroup** implemented the new Transformation Incentive Plan (“**LTIP**”) for the CEO and key executives to support the Company’s growth and transformation which is critical to **flexigroup**’s strategy.

Under the LTIP, the CEO (and other eligible executives) was entitled to receive grants of Options to acquire shares in the Company, subject to meeting performance and service conditions.

Options under the LTIP were proposed to be granted to further align the CEO’s variable remuneration with share price growth and shareholders’ interests but did not provide the full benefits of share ownership (such as dividend and voting rights) unless and until the performance hurdles are met and the Options vest and are exercised.

At the 2019 AGM, shareholders approved a three year mega-grant of Options to the CEO and those Options were granted in December 2019 (“**2019 Options**”).

Due to the impact of COVID-19 on market conditions and the Company’s share price, the Board no longer considers the 2019 Options to be an effective reward or retention mechanism for the executive team. Therefore, the Board intends to cancel the 2019 Options (for no consideration to the participants), and the cancellation takes effect whether or not shareholders approve this resolution.

Following a review of the LTIP and current economic landscape, the Board determined that an annual grant of options is a more effective approach, as it gives the Board flexibility to review and set target/s on an annual basis as circumstances change. In addition, setting measures and hurdles linked to a three-year award is extremely challenging in the current environment.

On that basis, for the FY21 grant to the CEO and key senior executives, the Board has determined that the Options will be granted subject to one performance measure based on satisfaction of a Share Price performance hurdle over a two-year performance period. In setting the target, the Board focused on the alignment with shareholders and rewarding executives based on an increase in the share price of **flexigroup**.

### Approval of participation in the flexigroup Long Term Incentive Plan

Shareholders are being asked to approve the proposed grant of 2,000,000 Options under the **flexigroup** Long Term Incentive Plan (“**LTIP**”) to Ms James.

The Options are to be granted to Ms James to align the incentive with the strategic time horizon under the Company’s growth and transformation strategy. Options are proposed to be granted because they provide immediate share price exposure but do not provide shareholder entitlement (such as dividends and voting rights) until Options vest and are exercised.

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;
- is in the best interests of the Company as a whole; and
- is 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 (which 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.

If approval is not obtained from Shareholders, then the Board will consider whether to proceed with the grant or make the grant on different terms.

### Key terms of the Options grant

The terms of the Options that will be granted to Ms James (subject to shareholder approval) are set out below.

TERM	DETAIL										
Number of Options	<p>Subject to shareholder approval, Ms James will be granted 2,000,000 Options under the Plan in respect of the long term component of Ms James' remuneration package for FY21.</p> <p>The number of Options has been determined by the Board based on the total Option pool and Ms James' role in the growth of the Company and return to shareholders.</p> <p>The Options will be subject to meeting the performance hurdle over the performance period.</p>										
Terms of Options	<p>Each Option is a right to acquire one share in the Company. Options vest and become exercisable subject to the achievement of the performance hurdle set out below and payment of the \$1.38 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> <p>Options will expire 5 years from the grant date (to the extent they have not lapsed or been exercised prior to that date).</p>										
Date of Grant	<p>If shareholder approval is obtained, the Options will be granted following the 2020AGM (but in any event within 12 months of the 2020AGM).</p>										
Performance hurdle and performance period	<p><b>Actual Share Price hurdle</b></p> <p>The Options will be subject to a Share Price performance hurdle (Share Price hurdle) over an approximately 2-year performance period (which ends following the FY22 annual results announcement).</p> <p>The Share Price hurdle will be tested by measuring the Company's share price at the end of the performance period, based on the 20 trading-day VWAP following the FY22 annual results announcement.</p> <p>The vesting schedule is as follows:</p> <table border="1"> <thead> <tr> <th>Share Price at the end of the performance period</th> <th>% of Options that vest</th> </tr> </thead> <tbody> <tr> <td>&lt; \$1.50</td> <td>Nil</td> </tr> <tr> <td>\$1.50 to \$2.00</td> <td>33-50%</td> </tr> <tr> <td>\$2.00 to \$2.50</td> <td>50-100%</td> </tr> <tr> <td>&gt; \$2.50</td> <td>100%</td> </tr> </tbody> </table> <p>The Board retains discretion to adjust the Share Price hurdle and/or vesting schedule to ensure that Ms James (and any other participant) is neither advantaged nor disadvantaged by matters outside management's influence that materially affect achievement of the Share Price hurdle.</p> <p><b>Early vesting opportunity during FY21</b></p> <p>50% of the Options are eligible to vest earlier than the end of the performance period if the share price reaches \$2.00 at any time prior to 30 June 2021. The \$2.00 share price target is tested using a 20 trading-day VWAP.</p> <p>If the \$2.00 share price target is met during FY21, half of the eligible Options (25% of the total Options) will vest immediately upon meeting the target and the remaining half of the eligible Options (25% of the total Options) will vest at the end of the performance period, subject to Ms James' continued employment.</p> <p>If early vesting occurs, the remaining 50% of the total Options will be tested at the end of the original performance period and vest to the extent that the Share Price hurdle is achieved in accordance with the above vesting schedule.</p>	Share Price at the end of the performance period	% of Options that vest	< \$1.50	Nil	\$1.50 to \$2.00	33-50%	\$2.00 to \$2.50	50-100%	> \$2.50	100%
Share Price at the end of the performance period	% of Options that vest										
< \$1.50	Nil										
\$1.50 to \$2.00	33-50%										
\$2.00 to \$2.50	50-100%										
> \$2.50	100%										

TERM	DETAIL
Vesting and Exercise of Options	<p>To the extent that Options vest, either at the end of the performance period or earlier in FY21 where the \$2.00 share price target is achieved by 30 June 2021, the Options that vest become exercisable.</p> <p>Upon exercise and payment of the exercise price, 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).</p> <p>The Board retains discretion to settle Options using new-issue or market purchased shares, or in cash, or by providing the 'net' number of Shares (in which case Ms James will receive the number of Shares equal to the value of Shares that would have received upon exercise of Options less the total Exercise Price payable).</p>
Cessation of employment	<p>If Ms James ceases employment with the Company prior to the vesting of Options, the treatment of the Options will depend on the circumstances of cessation.</p> <p>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 for any other reason prior to the vesting of Options, a pro-rata number of Options (which reflects the portion of the performance period served) will stay "on-foot" post-cessation and will be tested against the performance hurdle at the end of the performance period and may vest at the original vesting date.</p> <p>To the extent the \$2.00 share price target is achieved in FY21, 25% of the total Options (which would otherwise be subject only to Ms James' continued employment) would also stay "on-foot" and would vest at the original vesting date (but would not be subject to the performance hurdle).</p> <p>If Options do not vest at the end of the performance period, they will lapse (no re-testing occurs).</p> <p>After ceasing employment, to the extent any Options subsequently vest, Ms James will have 60 days following vesting to exercise the vested Options.</p> <p><b>Cessation following the vesting</b></p> <p>If Ms James ceases employment and holds vested Options, Ms James will have 60 days following cessation, or until the Expiry Date (if earlier), to exercise her Options.</p> <p><b>Board discretion</b></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:</p> <ul style="list-style-type: none"> <li>• the number of Options granted and held by Ms James in accordance with the LTIP;</li> <li>• the number of Options held by Ms James which the Board determines should vest; and</li> <li>• the Company's share price at the time such Options are exercised, and Shares are acquired.</li> </ul> <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"> <li>• the financial performance of the Company;</li> <li>• the personal performance of Ms James;</li> <li>• the number of years of Ms James' service with the Company;</li> <li>• the circumstances in which Ms James leaves the Company;</li> <li>• the proportion of the Performance Period served by Ms James as at the date her employment ceases; and</li> <li>• performance against the vesting conditions as at the date Ms James' employment ceases.</li> </ul>
Change of Control	<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"> <li>• fraud, dishonesty, or gross misconduct;</li> <li>• bringing the Company into disrepute;</li> <li>• breaching obligations to the Company, including compliance with any Company Clawback Policy and any other applicable Company policy;</li> <li>• failure to perform any other act reasonably and lawfully requested; or</li> <li>• 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.</li> </ul>
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> <p>Shares allocated upon vesting of Options will not be subject to any further trading restrictions.</p>
Other Matters	<p>No loan will be made by <b>flexigroup</b> 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.</p>

#### The CEO's total remuneration package for FY21

Ms James' total remuneration package for FY21 is set out below:

REMUNERATION ELEMENT	OPPORTUNITY
Fixed Remuneration (inclusive of Base Salary plus Superannuation)	\$850,000
Short-Term Incentive (STI)	94% of Fixed Remuneration at maximum (i.e. \$796,875)
Long-Term Incentive – FY21 grant	2,000,000 Options at an Exercise Price of \$1.38 (for nil consideration) on the terms set out in this Notice.

Further information regarding the CEO's executive remuneration arrangements is detailed on pages 54 to 63 of the 2020 Annual Report.

#### Previous awards under the Plan

4,454,104 Options were previously granted to the CEO under the LTIP for nil consideration. As noted above, the Board intends to cancel 2019 Options.

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



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### **Overview of Corporations Act requirements**

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.

### **BOARD RECOMMENDATION**

The Directors unanimously recommend that shareholders vote in favour of the proposed grant of 2,000,000 Options under the **flexigroup** LTIP to Ms James.

## >> 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 in accordance with the terms of the grant and the Plan Rules;
- (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 retains discretion to settle Options using new-issue or market purchased shares, or in cash, or by providing the 'net' number of Shares (in which case Ms James will receive the number of Shares equal to the value of Shares that would have received upon exercise of Options less the total Exercise Price payable).

### 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.

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### **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.