

ASX Announcement

16 October 2020

2020 Annual General Meeting

In accordance with Listing Rule 3.17, attached are the following documents:

1. Notice of Annual General Meeting 2020
2. Proxy Form; and
3. A Letter to Shareholders regarding arrangements for the 2020 Annual General Meeting that will be dispatched to the Shareholders in lieu of the Notice of Meeting

Yours faithfully

Mark Licciardo
Company Secretary

Authorised for release by the Board of Kogan.com Limited.

ENDS

For further information please contact:

relations@kogancorporate.com

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About Kogan.com

Kogan.com is a portfolio of retail and services businesses that includes Kogan Retail, Kogan Marketplace, Kogan Mobile, Kogan Internet, Kogan Insurance, Kogan Travel, Kogan Money, Kogan Cars and Kogan Energy. Kogan is a leading Australian consumer brand renowned for price leadership through digital efficiency. The company is focused on making in-demand products and services more affordable and accessible.

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ABN 96 612 447 293

NOTICE OF

ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (the **Meeting**) of Shareholders of Kogan.com Limited (**the Company, Kogan.com** or **ASX:KGN**) will be held as follows:

Friday, 20 November 2020
10:00am (Melbourne Time)

Venue: <https://web.lumiagm.com/378-740-360>

ITEMS OF BUSINESS

Item 1 - Financial Statements and Reports

To receive and consider the Company's Annual Financial Report, including the Directors' Report and Audit Report for the year ended 30 June 2020.

Item 2 - Adoption of Remuneration Report

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

"That the Company adopt the Remuneration Report for the year ended 30 June 2020 in accordance with Section 250R(2) of the Corporations Act."

Notes:

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

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Item 2 by or on behalf of:

- a member of the Key Management Personnel whose remuneration details are disclosed in the Remuneration Report for the year ended 30 June 2020, or their closely related parties, in any capacity; or
- a member of the Key Management Personnel as at the time the resolution is voted on at the Meeting, or any of their closely related parties, as a proxy.

However, this does not apply to a vote cast in favour of Item 2 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with an express authorisation in the proxy appointment to cast votes even if the resolution is connected directly or indirectly with the remuneration of Key Management Personnel, and in accordance with a direction given to the Chair to vote on the resolution as the Chair decides.

The Chair intends to vote all undirected proxies in favour of Item 2.

Item 3 – Re-election of Board endorsed Mr Harry Debney

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

"That Mr Harry Debney, who retires in accordance with clause 23.10 of the Constitution and ASX Listing Rule 14.4 and, being eligible, be re-elected as a Director of the Company."

Item 4 – Election of Non-Board endorsed Director

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

"That Stephen Mayne, having offered himself for election, be elected as a Director of the Company."

Item 5 – Approval of Grant of Options to Directors

5.1 Approval of Grant of Options to Mr Ruslan Kogan

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 for all other purposes, approval is given for the grant of 3,600,000 Options (each a Retention Option) to Mr Ruslan Kogan under the Kogan.com Limited Equity Incentive Plan on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting.”

5.2 Approval of Grant of Options to Mr David Shafer

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 for all other purposes, approval is given for the grant of 2,400,000 Options (each a Retention Option) to Mr David Shafer under the Kogan.com Limited Equity Incentive Plan on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting.”

Note: Each resolution in Item 5 will be voted on separately.

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Item 5.1 or 5.2 by or on behalf of:

- a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- an associate of a person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question; or
- a member of the Key Management Personnel as at the time the resolution is voted on at the Meeting or any of their closely related parties, as a proxy.

However, this does not apply to a vote cast in favour of Item 5.1 or 5.2 by:

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

The Chair intends to vote all undirected proxies in favour of Item 5.1 and Item 5.2.

Item 6 – Ratification of prior issue of Shares under the Placement

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue by the Company of 8,733,625 Shares to certain institutional investors on 17 June 2020 under the Placement at an issue price of \$11.45 per Share, as announced on 10 June 2020 and otherwise on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of Item 6 by or on behalf of:

- a person who participated in the Placement; or
- an associate of a person who participated in the Placement.

However, this does not apply to a vote cast in favour of Item 6 by:

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

The Chair intends to vote all undirected proxies in favour of Item 6.

OTHER INFORMATION

An Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

All Shareholders should read the Explanatory Memorandum carefully and in its entirety.

Shareholders who are in doubt regarding any part of the business of the Meeting should consult their financial or legal adviser for assistance.

VOTING IN PERSON

Ordinarily, Shareholders would be able to participate in the Meeting of the Company by attending and voting in person at the meeting venue.

However, due to the current exceptional and uncertain circumstances, and with the health and wellbeing of Shareholders, employees and the broader community in mind, the Annual General Meeting will be held virtually via a live Zoom webcast.

ALL RESOLUTIONS BY POLL

Pursuant to the 4th Edition Corporate Governance Principles and Recommendations, all votes will be taken on a Poll.

VOTING BY PROXY

Any Shareholder entitled to attend and vote at this virtual Meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

With respect to Item 2 and Item 5, if a Shareholder appoints the Chair as proxy and does not direct the Chair how to vote on that resolution, the Shareholder authorises the Chair to vote in accordance with his or her voting intention as stated in this Notice of Meeting, namely in favour of the resolution, even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Proxies must be:

- a) lodged at the Company's share registry, Computershare Investor Services Pty Limited; or
- b) faxed to the fax number specified below,

not later than 10:00am (Melbourne Time) on Wednesday, 18 November 2020.

Address (hand deliveries): Computershare Investor Services Pty Limited
 Yarra Falls, 452 Johnson Street,
 Abbotsford, Victoria, 3067

Address (postal deliveries): C/- Computershare Investor Services Pty Limited,
 GPO Box 242,
 Melbourne VIC 3001,
 Australia

Fax number for lodgement: (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

The Proxy Form has been enclosed. Please read all instructions carefully before completing the Proxy Form.

ONLINE VOTING

You can lodge your vote online at:

www.investorvote.com.au

CUSTODIAN VOTING

Custodians who are subscribers of Intermediary Online, please submit your votes electronically via: www.intermediaryonline.com

ENTITLEMENT TO VOTE

In accordance with Section 1074E(2)(g)(i) of the Corporations Act and Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the Meeting all shares will be taken to be held by the persons who held them as registered Shareholders at 7:00pm (Melbourne Time) on Wednesday, 18 November 2020. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

ALL ENQUIRIES

Call: (within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

VOTING INTENTIONS

Subject to any voting restrictions and exclusions, the Chair intends to vote in favour of Items 2, 3, 5 and 6 on the agenda, and against Item 4.

In respect of undirected proxies, subject to any voting restrictions and exclusions, the Chair intends to vote in favour Items 2, 3, 5 and 6 on the agenda, and against Item 4.

By order of the Board



Mark Licciardo

Company Secretary

16 October 2020

EXPLANATORY MEMORANDUM

This Explanatory Memorandum sets out further information regarding the proposed resolutions to be considered by Shareholders of Kogan.com Limited (**the Company, Kogan.com** or **ASX:KGN**) at the 2020 Annual General Meeting to be held commencing at 10:00am (Melbourne Time) on 20 November 2020 online at <https://web.lumiagm.com/378-740-360>.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the resolutions.

Item 1 - Financial statements and reports

Under Section 317 of the Corporations Act, the Company is required to lay its Annual Financial Report, Directors' Report and Remuneration Report before its Shareholders at its Annual General Meeting. The Annual Financial Report is submitted for Shareholders' consideration and discussion at the Annual General Meeting as required. Meeting attendees are invited to direct questions to the Chair in respect of any aspect of the report they wish to discuss.

Representatives of Kogan.com's auditor, KPMG, will be present for discussion purposes on matters of relevance to the audit.

Item 2 – Adoption of Remuneration Report

2.1 Background

Item 2 provides Shareholders the opportunity to vote on the Company's Remuneration Report. The Remuneration Report is contained within the Directors' Report in the Annual Financial Report.

Under Section 250R(2) of the Corporations Act, the Company must put the adoption of its Remuneration Report to a vote at its Annual General Meeting.

This vote is advisory only and does not bind the Directors or the Company.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at this Meeting when reviewing the Company's remuneration policies.

If 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Directors other than the Managing Director must be offered up for election.

Key Management Personnel and their closely related parties must not cast a vote on the Remuneration Report, unless as holders of directed proxies for Shareholders eligible to vote on Item 2.

2.2 Board recommendation and undirected proxies.

The Board recommends that Shareholders vote in **FAVOUR** of Item 2. The Chair intends to vote undirected proxies in **FAVOUR** of Item 2.

Item 3 – Re-election of Board endorsed Mr Harry Debney

3.1 Background

Clause 23.10 of the Constitution sets out the requirements for determining which Directors are to retire by rotation at an Annual General Meeting. Mr Harry Debney, who was re-elected at the Company's Annual General Meeting held on 17 November 2017, will retire by rotation in accordance with this clause of the Constitution and, being eligible, has offered himself for re-election.

ASX Listing Rule 14.4 also provides that a Director of an entity must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment, or 3 years, whichever is longer. This rule does not apply to the Managing Director.

Item 3 provides for the re-election of Mr Debney as a Director of the Company in accordance with the Constitution and ASX Listing Rule 14.4.

Mr Debney was first appointed to the Board in May 2016, as an Independent Non-Executive Director. Mr Debney also serves as Chair of the Audit and Risk Management Committee and is a member of the Remuneration and Nomination Committee.

Mr Debney was appointed CEO and Managing Director of Costa Group in September 2010. Since then, he has overseen the business' transformation from a privately-owned company to a member of the S&P/ASX 200 Index.

Prior to joining Costa Group, Mr Debney spent 24 years at Visy Industries, including eight years as CEO. During this time, he substantially grew the Visy business, both organically and through acquisitions.

Mr Debney holds a Bachelor of Applied Science (Honours) from the University of Queensland.

3.2 Board recommendation and undirected proxies

The Board (with Mr Debney abstaining due to his interest in the outcome) unanimously recommends that Shareholders vote in **FAVOUR** of Item 3. The Chair intends to vote undirected proxies in **FAVOUR** of Item 3.

Item 4 – Election of Non-Board endorsed Director

4.1 Background

In accordance with clause 23.5(a) of the Constitution, an external non-Board endorsed candidate, Mr Stephen Mayne, offers himself for election as a Director of the Company.

Mr Mayne has requested that the statement below (unedited by the Company) be included in this Explanatory Memorandum. The statement has not been independently verified or substantiated by the Company, and the Company does not make any representation as to its accuracy. The Company does not in any way endorse the platform on which Mr Mayne is standing. The Board unanimously believes that it is in the best interests of the Company and Shareholders if Mr Mayne is not elected as a Director.

“Stephen Mayne, 51. BCom (Melb). GAICD. Stephen is a Walkley Award-winning business journalist and Australia's leading retail shareholder advocate.

He founded the digital business www.crikey.com.au, Australia's best known independent

journalism ezine, in 2000 before successfully selling it in 2005 and remains a regular contributor to this day. He publishes the corporate governance ezine www.maynereport.com and also writes a weekly column on ESG issues and capital raisings for Alan Kohler's Eureka Report investor newsletter.

His governance experience includes 4 years as a City of Manningham councillor in Melbourne's eastern suburbs, a 4 year term (2012-2016) as a City of Melbourne councillor and 5 years on the Australian Shareholders' Association board.

Stephen nominated for the Kogan board out of concern over the following three issues:

- The proposed issue of 6 million options at \$6 to the two executive directors when they are currently around \$90 million in the money and both founders have been recently selling down their holding.
- The unfair scaling back of \$115 million in retail applications for the 2020 SPP to a collective allocation for the 13,000 retail shareholders of just \$20 million when institutions were allocated an excessive \$100 million in the earlier placement.
- The lack of a clear majority of independent directors who will prioritise capital raising allocations to retail shareholders and also resist inappropriate incentive allocations to the executive directors.”

4.2 Why the Board does not support the election of Mr Mayne as a Director

The Board has a strong track record of delivering superior shareholder returns. This is substantially due the fact the Board is comprised of highly experienced senior business leaders from different backgrounds who collectively possess the skills, knowledge, experience and diversity considered necessary to appropriately govern an ASX-listed eCommerce organisation such as Kogan.com.

The Company has a structured Board renewal process in place to identify and nominate new Directors to the Board in a professional manner. This process involves the identification of candidates who are able to offer the Company a diversity of suitable skills and expertise to complement those of the existing Board members.

Candidates considered suitable for appointment are assessed against a range of criteria, including the skills, knowledge and experience required on the Board, the business and strategic needs of the Company and the personal attributes, competencies and qualifications of the candidate. This process is managed by the Remuneration and Nomination Committee, with the assistance of external consultants from time to time. The Board ultimately makes the selection of the preferred candidate.

Having regard to the selection criteria adopted by the Remuneration and Nomination Committee for Director appointments, the Board considers that Mr Mayne's stated skills, experience and intentions do not fit the Board's requirements, nor that he will contribute to growth of the Company that meets the expectations of Shareholders.

In addition, the Board has engaged the assistance of external consultants and is currently undertaking a structured process to identify a suitably qualified independent Non-Executive Director to join the Board in accordance with the above criteria, with an appointment expected in the coming months.

4.3 Board recommendation and undirected proxies

Accordingly, the Board unanimously believes that it is not in the best interests of shareholders that Mr Mayne be elected and recommends that Shareholders vote **AGAINST** Item 4. The Chair intends to vote undirected proxies **AGAINST** Item 4.

Item 5 – Approval of Grant of Options to Directors

5.1 Background

The Company operates an employee incentive scheme called the Kogan.com Equity Incentive Plan (the **EIP**). Further to the Company's ASX announcement on 12 May 2020 and the Company agreeing to grant options to Executive Directors Ruslan Kogan and David Shafer at around that time, Item 5.1 and Item 5.2 now seek Shareholder approval to grant:

- a) Mr Ruslan Kogan, Chief Executive Officer and Managing Director of the Company, 3,600,000 Options under the EIP; and
- b) Mr David Shafer, Chief Financial Officer, Chief Operating Officer and Executive Director, 2,400,000 Options under the EIP.

(together, the **Retention Options**).

5.2 Reason for grant of Retention Options

The Company agreed to grant the Retention Options to Mr Kogan and Mr Shafer as the long term incentive component of their respective remuneration packages for the period from 12 May 2020 to the date of approval by the Board of the Company's FY2023 Financial Report.

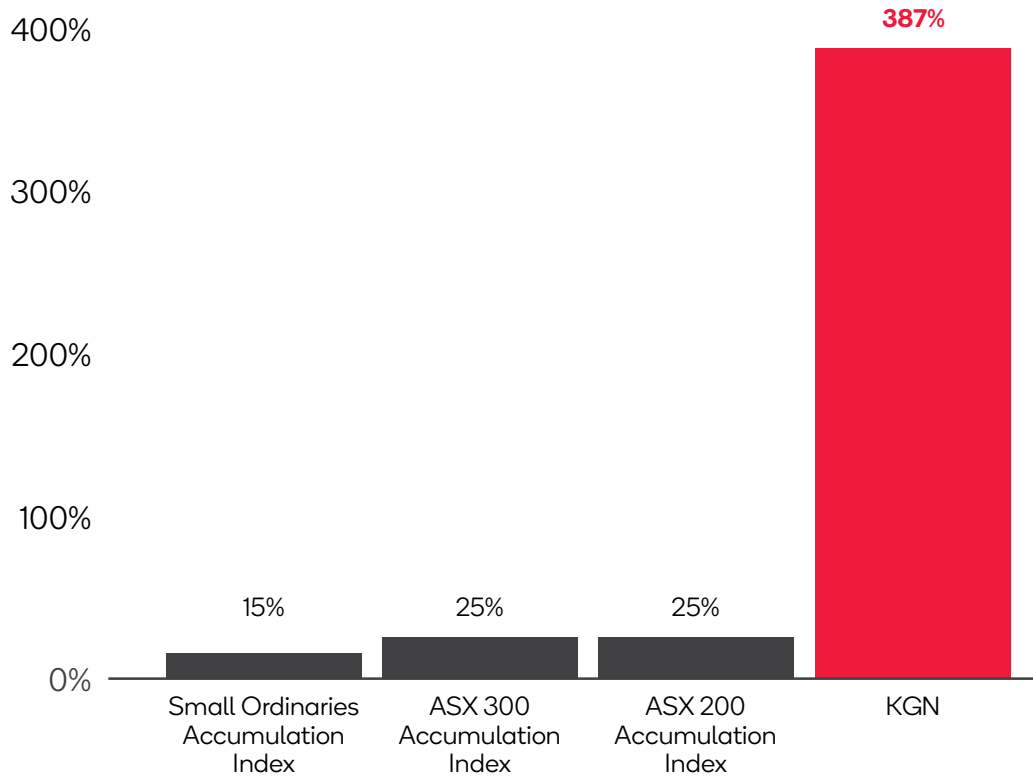
The grant of the Retention Options to Mr Kogan and Mr Shafer was agreed following a detailed review by the Board of their significant respective contributions to the success of the Company, and their existing retention, remuneration and incentive arrangements, which were considered to be insufficient given the Shareholder value they have been instrumental in creating, and substantially below executives from peer companies.

The Board (excluding Mr Kogan and Mr Shafer) believes that Mr Kogan and Mr Shafer have been instrumental in delivering the exceptional returns experienced by the Company since its listing on the ASX in July 2016, and recognising their proven track records, the Board (excluding Mr Kogan and Mr Shafer) believes it is in the best interests of the Company and Shareholders to incentivise Mr Kogan and Mr Shafer to remain in their positions for the next 3 years in order to preserve and continue further generating Shareholder value.

The exceptional total shareholder returns that Mr Kogan and Mr Shafer have been instrumental in creating for Kogan Shareholders can be seen in the charts below. Relative to the S&P/ASX 200 Accumulation Index, the S&P/ASX 300 Accumulation Index, and the Small Ordinaries Accumulation Index, Kogan has substantially outperformed.

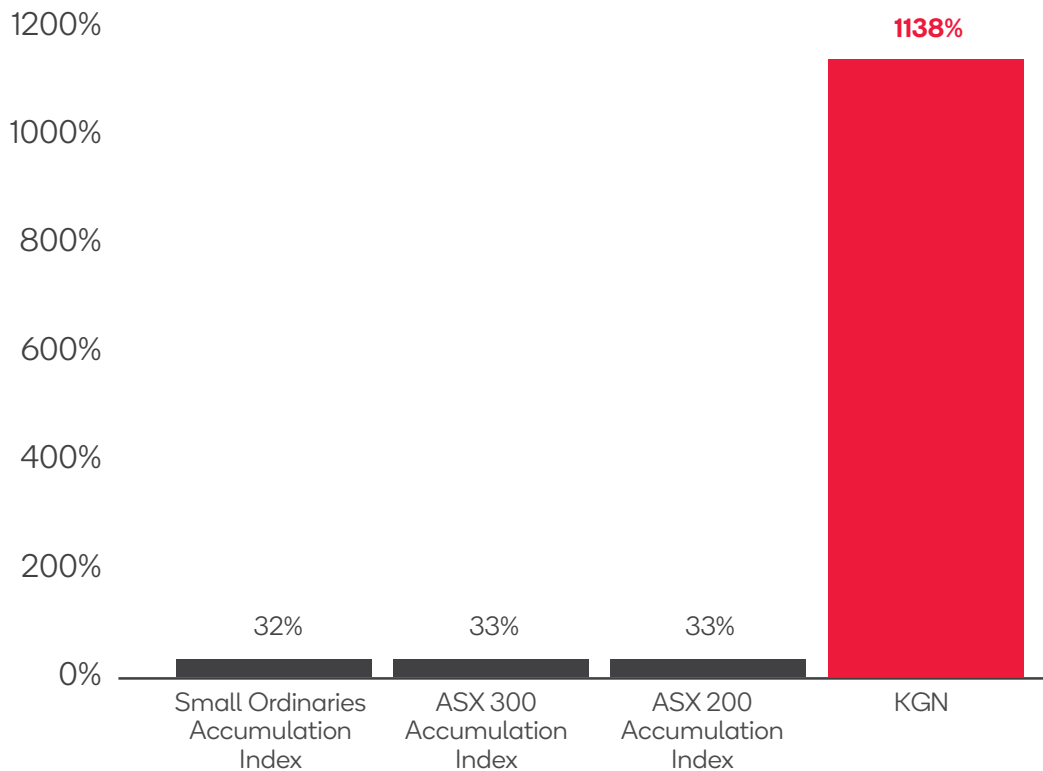
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Total Shareholder Return - 6/7/2016 to 30/4/2020



Source: IRESS market data.
Note: This assumes (in KGN's case) that all dividends are reinvested.

Total Shareholder Return - 6/7/2016 to 30/9/2020



Source: IRESS market data.
Note: This assumes (in KGN's case) that all dividends are reinvested.

The Company's recent Share price increase gained pace after the terms of the Retention Options had been agreed, and the operational foundations that Mr Kogan and Mr Shafer have been instrumental in putting in place have supported the rapid acceleration of the Company's growth since the Retention Options were announced.

When announcing the long term incentive to be granted to Mr Kogan and Mr Shafer in May, Kogan.com Chairman Greg Ridder said, *"Ruslan and David are outstanding business leaders. They have been fundamental in building and growing the high performing Company we see today, and shareholders have been rewarded with an exceptional return on their investment since IPO. Recent performance of the Company highlights the solid foundations of our business - with strong customer appeal, multiple revenue streams, diverse supply chains, and world-class proprietary systems and processes. Between its initial public offering in July 2016 and 30 April 2020, the Company has delivered a Total Shareholder Return of 343.89%".*

The Board (excluding Mr Kogan and Mr Shafer) also highlights the following key considerations regarding the quantum and structure of the Retention Options to be granted to Mr Kogan and Mr Shafer:

- a) if Mr Kogan or Mr Shafer resign as an employee of the Group prior to the date of approval by the Board of the Company's FY2023 Financial Report (other than where they are a Good Leaver, as described in section 5.7 of this Explanatory Memorandum), their respective Retention Options will lapse. There is therefore a considerable incentive for Mr Kogan and Mr Shafer to remain employed by the Company and deliver its strategic objectives until at least the date of approval of the Company's FY2023 Financial Report;
- b) neither Mr Kogan nor Mr Shafer are currently entitled to any other long term incentives in their respective remuneration packages and have not received any long term incentive since the Company listed on the ASX in July 2016. Notably, Mr Kogan and Mr Shafer are the only senior executives of the Company not to have any long term incentives in their respective remuneration packages, despite being instrumental in delivering the exceptional returns delivered by the Company. In addition, the structure of Mr Kogan's and Mr Shafer's remuneration to date has been substantially below executives in peer companies in terms of salary, short term incentives and long term incentives; and
- c) it is not currently intended that either Mr Kogan or Mr Shafer will be entitled to any additional long term incentives over the next 3 years.

A benchmarking process and an independent valuation of the Retention Options was conducted in early May 2020 by SLM Corporate to provide advice as to whether the proposed grant of the Retention Options is reasonable given the Company's circumstances and by reference to industry standards. The report compared the historical remuneration packages of Mr Kogan and Mr Shafer with ASX-listed peers, and found that:

- a) the historical remuneration packages for Mr Kogan and Mr Shafer have declined over the last 3 financial years;

- b) the historical remuneration packages for Mr Kogan and Mr Shafer are significantly lower than the remuneration packages awarded to senior executives of peer companies. In particular:
- i) the FY2019 remuneration package for Mr Kogan was found to be the lowest remuneration amongst peer companies, and was 71% below the median remuneration for CEOs of peer companies; and
 - ii) the FY2019 remuneration package for Mr Shafer was at the bottom end of the range of remuneration amongst peer companies, and was 49% below the median remuneration for CFOs of peer companies, and does not reflect the dual CFO and COO role he occupies;
- c) the historical remuneration packages for Mr Kogan and Mr Shafer are not reflective of the value delivered to Shareholders. In particular:
- i) the Company's total shareholder return for the 1-year and 3-year periods ended 30 April 2020 of 34% and 404% respectively was ranked second amongst peer companies under the leadership of Mr Kogan and Mr Shafer; and
 - ii) the Company's total shareholder return for the 3-year period ended 30 June 2019 of 237.3% was approximately 5.5 times the 43.2% total shareholder return returned by the S&P/ASX 200 Accumulation Index over the same period.

The independent report prepared by SLM Corporate concluded that the proposed grant of Retention Options to each of Mr Kogan and Mr Shafer was structured appropriately and reasonably to retain, align and compensate Mr Kogan and Mr Shafer for successfully executing on the Company's medium term strategy, and to maximise the prospect of Mr Kogan and Mr Shafer contributing to the creation of significant future returns for Shareholders.

As noted in sections 5.7 and 5.8 of this Explanatory Memorandum and announced to the ASX on 12 May 2020, the exercise price of each Retention Option (of \$5.29) was calculated by the Company based on the 3-month volume weighted average price of the Company's Shares during the trading days between 1 February 2020 and 30 April 2020. This 3-month period was selected by the Company because it was the period during which the remuneration package was negotiated between the Company and the Executive Directors, and was therefore viewed by the Board (excluding Mr Kogan and Mr Shafer) as an appropriate and reasonable estimation of the value of the Shares at that time.

The Retention Options have been structured to provide Mr Kogan and Mr Shafer with a considerable incentive to stay with the Company and to ensure that the Company continues to achieve its strategic objectives and deliver sustainable growth in the long term.

5.3 Consequences if Shareholder approval is not obtained

If Shareholder approval is not obtained for the grant of the Retention Options to either Mr Kogan or Mr Shafer under Item 5.1 and Item 5.2 (as applicable), the Company has agreed to grant the Retention Options to Mr Kogan and Mr Shafer (as applicable) within 10 business days of the Meeting, except that the Company will be required to purchase the relevant Shares on-market for Mr Kogan and/or Mr Shafer (as applicable), instead of satisfying the exercise of those Retention Options by the issue of new Shares. This is because under the terms of the Retention Options, if such Shareholder approval is not obtained, the relevant Shares to be acquired on exercise of the Retention Options must be purchased by the Company on-market (which is permitted by ASX Listing Rule 10.16(a)).

Further, as contemplated by the EIP, if for any reason the Company is unable to grant Mr Kogan and/or Mr Shafer the Retention Options, the Board will provide Mr Kogan and/or Mr Shafer (as applicable) a cash payment as an alternative long term incentive award equal to the value of the Shares that would have been issued or acquired on exercise of any vested Retention Options (less the aggregate exercise price that would have been paid on exercise of such Retention Options), subject to:

- a) satisfaction of the proposed vesting condition that would have otherwise attached to the Retention Options, as described in section 5.7 of this Explanatory Memorandum; or
- b) Mr Kogan and/or Mr Shafer (as applicable) ceasing employment with the Group in circumstances where Mr Kogan and/or Mr Shafer (as applicable) is a Good Leaver, as described in section 5.7 of this Explanatory Memorandum.

5.4 Details of the Kogan.com Equity Incentive Plan

As noted above, the Company has an existing employee incentive scheme called the Kogan.com Equity Incentive Plan (the **EIP**), under which certain eligible employees and executive Directors of the Company (the **Participants**) may be granted Options and other securities from time to time which may be settled by issuing new shares, acquiring shares on market or settling in cash.

The EIP was approved by Shareholders at the Company's Annual General Meeting held on 16 November 2018.

The copy of the rules of the EIP is included in Appendix A and is also available at www.kogancorporate.com.

5.5 ASX Listing Rule 10.14

ASX Listing Rule 10.14 provides that a listed entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme unless it obtained the approval of its shareholders:

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

Mr Kogan and Mr Shafer are both Directors of the Company and are therefore related parties of the Company for the purposes of ASX Listing Rule 10.14.1 above. Accordingly, ASX Listing Rule 10.14 requires Shareholders to approve the grant of the Retention Options to Mr Kogan and Mr Shafer (to the extent the Company will issue new Shares on exercise of such options).

Item 5.1 and Item 5.2 seek the required Shareholder approval for the grant of Retention Options under and for the purposes of ASX Listing Rule 10.14.

If either or both of Item 5.1 and Item 5.2 are passed, and approval is given for the grant of the Retention Options under ASX Listing Rule 10.14 to Mr Kogan and/or Mr Shafer, the Company will be able to proceed with the grant of the Retention Options to Mr Kogan and/or Mr Shafer (as applicable) and issue new Shares on exercise of such options. Approval will not be required under ASX Listing Rule 7.1, and the grant of the Retention Options to Mr Kogan and/or Mr Shafer (as applicable) will not count towards the Company's existing placement capacity under ASX Listing Rule 7.1. Separate approval will also not be required under ASX Listing Rule 10.11 (which provides a general restriction against issuing securities to directors without shareholder approval).

A summary of the consequences if either or both of Item 5.1 and Item 5.2 are not passed is set out in section 5.3 of this Explanatory Memorandum

5.6 Corporations Act – Related Party Approvals

Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either the giving of the financial benefit falls within one of the exceptions to the provisions or shareholder approval is obtained prior to the giving of the financial benefit. For the purposes of Section 208 of the Corporations Act, directors of a company and an entity controlled by a director of the company are considered to be a related party and the granting of options is an example of the giving of a financial benefit.

Section 211 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is remuneration to a related party as an officer or employee of a public company (or other prescribed entity) and where to give the remuneration would be reasonable given the circumstances of the public company (or entity giving the remuneration) and the related party's circumstances (including the responsibilities involved in the office or employment).

As noted above in section 5.2 of this Explanatory Memorandum, the independent report prepared for the Board by SLM Corporate concluded that the grant of the Retention Options to each of Mr Kogan and Mr Shafer is appropriate and reasonable given the circumstances of the Company. On the basis of that advice, the Company considers that the exception in Section 211 of the Corporations Act applies to the proposed grant of the Retention Options under Item 5 given the circumstances of the Company and the circumstances of Mr Kogan and Mr Shafer respectively.

5.7 Key terms of the proposed grant of Retention Options

The key terms of the grant of the Retention Options to Mr Kogan and Mr Shafer (**Retention Option Grant**) are as follows:

- a) (**Exercise price**): The Retention Options will each have an exercise price of \$5.29, being the 3-month volume weighted average price of Kogan.com Shares during the trading days between 1 February 2020 and 30 April 2020 (as calculated by the Company), being the period where the remuneration package was negotiated between the Company and the Executive Directors.
- b) (**Vesting Condition**): Under the EIP, Options granted to Participants only vest subject to the achievement (or waiver) of specific vesting conditions. The vesting condition set by the Board in the Retention Option Grant is a time-based vesting condition that requires Mr Kogan or Mr Shafer (as applicable) to not have resigned as an employee of the Group as at the date of approval by the Board of the Company's FY2023 Financial Report.
- c) (**Alternative cash payment**): If for any reason the Company is unable to grant Mr Kogan or Mr Shafer the Retention Options, the Board will provide Mr Kogan and/or Mr Shafer (as applicable) a cash payment as an alternative long term incentive award as described above in section 5.3 of this Explanatory Memorandum.
- d) (**Cash settlement of Retention Options**): The Board retains an overriding discretion to determine that the exercise of any Retention Option will be satisfied by the Company making a cash payment in lieu of an issue of new Shares or an on-market purchase of existing Shares (as applicable).
- e) (**Forfeiture of unvested Retention Options**): The Board may determine that some or all of Mr Kogan or Mr Shafer's unvested Retention Options will lapse in certain prescribed "serious misconduct circumstances" as set out in the Retention Option Grant.
- f) (**Acceleration on a Takeover Bid or other transaction**): In the event of a Takeover Bid or other transaction, event or state of affairs that is likely to result in a change in the Control of the Company or should otherwise be treated in accordance with the EIP Rules, all of Mr Kogan's and Mr Shafer's unvested Retention Options will automatically vest, unless the Board determines otherwise.
- g) (**Good Leaver treatment**): If Mr Kogan's or Mr Shafer's employment with the Group ceases in circumstances where Mr Kogan or Mr Shafer (as applicable) is a Good Leaver, his unvested Retention Options will vest in accordance with the usual vesting timing (ie at the date of approval by the Board of the Company's FY2023 Financial Report) but pro rata on a straight-line basis based on the percentage of time that had elapsed up to the cessation of employment between 12 May 2020 and the date of approval by the Board of the Company's FY2023 Financial Report. A Good Leaver includes where Mr Kogan or Mr Shafer (as applicable) ceases employment due to his death, serious disability or permanent incapacity through ill health (including mental illness), or any other circumstances determined by the Board in its absolute discretion.

- h) **(Treatment where other cessation of employment):** If Mr Kogan's or Mr Shafer's employment with the Group is terminated for certain prescribed "cause" events or due to their resignation (other than where Mr Kogan or Mr Shafer is a Good Leaver) all of Mr Kogan's or Mr Shafer's (as applicable) unvested Retention Options will lapse unless the Board determines otherwise.
- i) **(Inconsistent with EIP):** The terms of the Retention Option Grant will prevail to the extent of any inconsistency with the terms of the EIP.

The Retention Options will otherwise be issued on the terms set out in the EIP, a copy of which is at Appendix A.

5.8 Information required by ASX Listing Rule 10.15

In accordance with ASX Listing Rule 10.15, the information below is provided in relation to Item 5.1 and Item 5.2:

The number and class of securities proposed to be issued to the Directors	3,600,000 options will be granted to Mr Kogan and 2,400,000 options will be granted to Mr Shafer under the EIP.
Details of the Directors' current total remuneration package	<p>Mr Kogan's current total remuneration package is \$423,500.00 plus superannuation plus short term incentive (as described below).</p> <p>Mr Shafer's current total remuneration package is \$363,000.00 plus superannuation plus short term incentive (as described below).</p> <p>Both Mr Kogan's and Mr Shafer's remuneration package includes an annual cash settled short term incentive (STI). This STI is payable only if actual EBITDA¹ of the Company exceeds the management forecast for the full financial year (after payment of the STI). The maximum payable is 35% of the team member's annual salary. Where actual EBITDA exceeds the management forecast, 25% of the outperformance to forecast (after payment of the STI) will be allocated to a 'bonus pool' and shared among a number of team members in fixed proportions set at the commencement of the management forecast for the relevant financial year.</p>
The number of securities that have previously been issued to the Directors under the EIP and the average acquisition price (if any) paid by the Directors for those securities	No securities have been previously issued to either Mr Kogan or Mr Shafer under the EIP.
Details of the Retention Options	A summary of the material terms of the Retention Options is set out in section 5.7 and a copy of the terms of the EIP is included in Appendix A. The Board (excluding Mr Kogan and Mr Shafer) decided to grant the Retention Options to Mr Kogan and Mr Shafer because the Board believed it was in the best interests of the Company and Shareholders to incentivise Mr Kogan and Mr Shafer to remain in their positions for the next 3 years given their proven track records, in order to maximise the prospect of Mr Kogan and Mr Shafer contributing to the creation of significant future returns for Shareholders. <i>cont'd...</i>

¹Earnings Before Interest, Tax, Depreciation and Amortisation.

Details of the Retention Options Cont'd

The Retention Options will be accounted for in the same way the Company's current equity-settled awards are treated (refer section 5.2 of the FY20 Annual Report), with their accounting value determined at their date of grant (within 10 Business Days of the Meeting). Equity-settled awards are measured at fair value at the date of grant. The cost of these transactions is recognised in the Company's Consolidated Statement of Comprehensive Income and credited to equity on a straight-line basis over the vesting period after allowing for an estimate of shares that will eventually vest. The level of vesting is reviewed annually and the charge adjusted to reflect actual and estimated levels of vesting. Accordingly, any deductions allowable for tax purposes will also be in line with current equity-settled awards.

The Company obtained an independent valuation of the Retention Options from SLM Corporate dated 7 May 2020 to provide advice in relation to whether the proposed grant of the Retention Options is reasonable in the circumstances and by reference to industry standards. The valuation applied a number of assumptions and variables, including the following:

- the closing price of the Company's Shares on ASX on 30 April 2020 (a reference date under the report), being \$7.99 per Share;
- a risk-free rate of 0.33%;
- a volatility factor of 62.5%;
- dividend yield of 1.96%; and
- a time to maturity of the underlying Options of 4 years.

The estimated value of each Retention Option pursuant to the valuation was \$4.13 as at the reference date of the report of 7 May 2020.

On this basis, the estimated value as at the reference date of the report of 7 May 2020 of:

- the Retention Options to be granted to Mr Kogan under Item 5.1 was \$14,872,133; and
- the Retention Options to be granted to Mr Shafer under Item 5.2 was \$9,914,756.

The report from SLM Corporate dated 7 May 2020 reflects the value of the Retention Options on or about the date that the Company agreed to grant the Retention Options to Mr Kogan and Mr Shafer. For completeness, given the time that has elapsed since both the date of the independent valuation of the Retention Options from SLM Corporate and the date that the Company agreed to grant the Retention Options, the Company has obtained an updated independent valuation of the Retention Options from SLM Corporate dated 13 October 2020. This valuation applied the same assumptions and *cont'd*

Details of the Retention Options Cont'd	<p>variables as noted above, except that:</p> <ul style="list-style-type: none"> the closing price of the Company's Shares on ASX on 12 October 2020 (a reference date under the updated independent valuation), being \$22.14 per Share; a risk-free rate of 0.22%; a volatility factor of 63.5%; and dividend yield of 0.95%. <p>The estimated value of each Retention Option pursuant to the valuation was \$16.87 as at the reference date of the updated independent valuation of 13 October 2020.</p> <p>On this basis, the estimated value as at the reference date of the updated independent valuation of 13 October 2020 of:</p> <ul style="list-style-type: none"> the Retention Options to be granted to Mr Kogan under Item 5.1 was \$60,737,184; and the Retention Options to be granted to Mr Shafer under Item 5.2 was \$40,491,456. <p>The increase in the estimated value of the Retention Options reflects the increase in the Company's share price since the Company announced the terms of the Retention Options to the ASX on 12 May 2020 and agreed to grant the Retention Options.</p>
The date or dates on or by which the Company will issue the Retention Options to the Directors	<p>The Retention Options will be granted within 10 Business Days of the Meeting but in any case, no later than 3 years after the date of the Meeting, if approved by Shareholders in accordance with Item 5.</p>
The price at which the Company will issue the Retention Options to the Directors	<p>The Retention Options will be granted for no payment.</p> <p>The exercise price of each Retention Option is \$5.29, being the 3-month volume weighted average price of the Company's Shares during the trading days between 1 February 2020 and 30 April 2020 (as calculated by the Company), being the period where the remuneration package was negotiated between the Company and the Executive Directors.</p>
A summary of the material terms of any loan that will be made to the Directors in relation to the acquisition of the Retention Options	<p>No loan will be made to either Mr Kogan or Mr Shafer in relation to the grant of the Retention Options.</p>

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

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

5.9 Board recommendation and undirected proxies

The Board (with Mr Kogan and Mr Shafer abstaining due to their interest in the outcome) unanimously recommends that Shareholders vote in **FAVOUR** of Item 5.1 and Item 5.2. The Chair intends to vote undirected proxies in **FAVOUR** of all Item 5.1 and Item 5.2.

Item 6 – Ratification of prior issue of Shares under the Placement

6.1 Background

On 10 June 2020, the Company announced that it had secured commitments to raise \$100 million via a placement of 8,733,625 Shares (the **Placement Shares**) to new and existing institutional investors (the **Placement**).

The issue price for the Placement Shares was \$11.45 per Share, which represented a 7.5% discount to the last traded price of the Company's Shares on 9 May 2020, and a 7.9% discount to the previous 2-day VWAP of the Shares trading on the ASX up to and including 9 May 2020.

On 17 June 2020, the Company successfully completed the Placement and the Placement Shares were issued in accordance with ASX Listing Rule 7.1.

The issue of the Placement Shares did not require Shareholder approval as the number of Shares issued was within the Company's 15% limit under ASX Listing Rule 7.1.

6.2 ASX Listing Rule 7.4

ASX Listing Rule 7.4 allows the shareholders of a listed entity to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the entity's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, Item 6 seeks Shareholder approval for the issue of Shares under the Placement and for the purposes of ASX Listing Rule 7.4.

If Item 6 is passed, the issue of the Placement Shares will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date of the Placement Shares.

If Item 6 is not passed, the issue of the Placement Shares will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12-month period following the issue date of the Placement Shares.

The Board considers that it is appropriate and prudent for approval to be sought in respect of the issue of all of the Placement Shares, and will enhance the Company's flexibility to raise further equity capital and issue new securities, should the Board consider that it is in the best interests of the Company to do so.

6.3 Information required by ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, the information below is provided in relation to Item 6:

The names of the persons to whom the Company issued the Placement Shares or the basis upon which those persons were identified or selected	The Placement Shares were issued to certain institutional investors identified and selected by Cannacord Genuity (Australia) Limited and Royal Bank of Canada (trading as RBC Capital Markets), who acted as joint lead managers and underwriters to the Placement, through a bookbuild and allocation process, approved by the Company.
The number and class of Placement Shares the Company issued	8,733,625 Shares.
The date on which the Placement Shares were issued	17 June 2020.
The price or other consideration the Company received for the Placement	\$11.45 per Share.
The purpose of the Placement, including the use or intended use of the funds raised by the Placement	The purpose of the issue of the Placement Shares was to raise funds. The funds raised have been, and will be, used to provide financial flexibility to act quickly on future value accretive opportunities that broaden the Company's offering, expand its customer base or enhance its operating models.

6.4 Board recommendation and undirected proxies

The Board unanimously recommends that Shareholders vote in **FAVOUR** of Item 6. The Chair intends to vote undirected proxies in **FAVOUR** of Item 6.

QUESTIONS AND COMMENTS

Questions and Comments by Shareholders at the Meeting

In accordance with the Corporations Act, a reasonable opportunity will be given to Shareholders – as a whole – to ask questions or make comments on the management of the Company at the Annual General Meeting.

Similarly, a reasonable opportunity will be given to Shareholders – as a whole – to ask questions to the Company's external auditor, KPMG, relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit;
- c) the accounting policies adopted by the Company in relation to the preparation of its Annual Financial Report for the year ended 30 June 2020; and
- d) the independence of the KPMG in relation to the conduct of the audit.

Shareholders may also submit a written question to KPMG if the question is relevant to the content of KPMG's audit report or the conduct of its audit of the Company's Annual Financial Report for the year ended 30 June 2020.

Relevant written questions to KPMG must be received by no later than 5:00pm (Melbourne Time) on Friday, 13 November 2020. A list of those questions will be made available to Shareholders attending the Meeting. KPMG will either answer questions at the Meeting or table written answers to them at the Meeting. If written answers are tabled at the Meeting, they will be made available to Shareholders as soon as practicable after the Meeting.

Please send written questions for KPMG to:

By facsimile:	+61 3 9602 4709
Address (postal deliveries):	C/- Mertons Corporate Services Pty Ltd Level 7, 330 Collins Street Melbourne VIC 3000

by no later than 5:00pm (Melbourne Time) on Friday, 13 November 2020.

GLOSSARY

\$	means Australian dollars.
Annual Financial Report	means the annual financial report of the Company for the year ended 30 June 2020.
Annual General Meeting or Meeting	means the meeting convened by the Notice of Meeting.
ASX	means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.
ASX Listing Rules	means the Listing Rules of ASX.
Board	means the current board of directors of the Company.
Chair	means the chair of the Meeting.
closely related party	<p>of a member of the Key Management Personnel means:</p> <ul style="list-style-type: none"> a) a spouse of the child of the member; b) a child of the member's spouse; c) a dependent of the member or the member's spouse; d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; e) a company the member controls; or f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.
Company	means Kogan.com Limited (ABN 96 612 447 293).
Constitution	means the Company's constitution.
Corporations Act	means the <i>Corporations Act 2001 (Cth)</i> .
Directors	means the directors of the Company.
Directors' Report	means the section of the Annual Financial Report entitled 'Directors' Report'.
EIP	has the meaning given to that term in section 5.1 of the Explanatory Memorandum.
Equity Securities	includes a share, a right to a share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.
Explanatory Memorandum	means the explanatory memorandum accompanying the Notice of Meeting.
FY2023 Financial Report	means the annual financial report of the Company for the year ended 30 June 2023.

Good Leaver	has the meaning given to that term in section 5.7 of this Explanatory Memorandum.
Group	means the Company and each Related Body Corporate of the Company.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Notice of Meeting	means this notice of meeting including the Explanatory Memorandum and the Proxy Form.
Option	means an option to acquire a Share granted under the EIP.
Participant	has the meaning given to that term in section 5.4 of the Explanatory Memorandum.
Proxy Form	means the proxy form accompanying the Notice of Meeting.
Related Body Corporate	has the meaning given to that term in section 50 of the Corporations Act.
Remuneration Report	means the section of the Directors' Report contained in the Annual Financial Report entitled 'Remuneration Report'.
Retention Option	has the meaning given to that term in section 5.1 of the Explanatory Memorandum.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a registered holder of a Share.
SLM Corporate	means SLM Corporate Pty Ltd.

APPENDIX A

Kogan.com Limited

Equity Incentive Plan Rules

Adopted 8 June 2016

For personal use only

EIP Rules

The purpose of this Equity Incentive Plan (**EIP**) is to allow the Board to make Offers to Eligible Employees to acquire securities in Kogan.com Limited (**the Company**).

These Rules outline the terms and conditions upon which Offers will be made, including:

- the process for making and accepting Offers under the EIP (**Part A**);
- the type of securities that may be offered (being Rights, Options and Restricted Shares) (**Part B**); and
- the general terms and conditions that apply to Shares and other securities under the EIP (**Part C**).

Capitalised terms are defined in Part D of these Rules.

PART A

1 Offers of Incentive Securities

1.1 Board to make invitations

- (a) The Board may, from time to time, in its absolute discretion invite Eligible Employees to participate in a grant of Incentive Securities, which may comprise any one or more of:
- Rights;
 - Options; and
 - Restricted Shares,
- (**Offer**).
- (b) Offers will be made on the terms set out in the EIP and/or on any additional or alternative terms as the Board determines.

1.2 Information to be provided to Participants

The Board will advise each Eligible Employee of the following minimum information in connection with an Offer:

- (a) the type or types of Incentive Securities being offered;
- (b) the number of Incentive Securities being offered, or the method by which the number will be calculated;
- (c) the amount (if any) that will be payable for the grant of Incentive Securities;
- (d) any Vesting Conditions or other conditions that apply, including any Vesting Period;
- (e) when Incentive Securities may Vest;
- (f) the procedure for exercising an Option (including any Exercise Price that will be payable) following Vesting and the period(s) during which it may be exercised;
- (g) where the Board has made a determination pursuant to rules 2.2(d) or 3.2(e), that the Vesting of Rights and/or exercise of Options (as applicable) will only be satisfied through an allocation of Shares;
- (h) the circumstances in which Rights and/or Options will lapse;
- (i) the circumstances in which Shares allocated to the Eligible Employee (including Restricted Shares) may be forfeited;

- (j) how Incentive Securities may be treated in the event that the Eligible Employee ceases employment with a Group company, and any discretions retained by the Board under rule 8 in this regard;
- (k) any restrictions (including the period of restriction) on Dealing in relation to a Restricted Share or Share allocated to the Eligible Employee under this EIP; and
- (l) any circumstances in which a Participant's entitlement to Incentive Securities may be reduced or extinguished pursuant to rule 6(b).

1.3

Acceptance of Offer

- (a) Acceptance of an Offer must be made by the Eligible Employee in accordance with the instructions that accompany the Offer, or in any other way the Board determines.
- (b) The Board may, at its discretion, refuse to allow the participation of an Eligible Employee where that Eligible Employee ceases to be an Eligible Employee, or ceases to satisfy any other conditions imposed by the Board, before the grant is made.
- (c) Nothing limits the Board's ability to treat the conduct of an Eligible Employee in respect of an Offer (including the failure of an Eligible Employee to lodge an election not to participate within the time specified in the instructions accompanying the Offer) as valid acceptance of that Offer under these Rules.

1.4

Offer terms and conditions take precedence

To the extent of any inconsistency, the terms and conditions advised to an Eligible Employee by the Board in an Offer will prevail over any other provision of these Rules.

PART B**2 Rights**

2.1 Grant

- (a) Where an Eligible Employee has accepted an Offer to participate in a grant of Rights in accordance with rule 1.3(a), the Board will, subject to its discretion under rule 1.3(b), grant Rights to the Eligible Employee.
- (b) Unless the Board determines otherwise:
 - (1) no payment is required for the grant of a Right; and
 - (2) Rights may not be registered in any name other than that of the Eligible Employee.

2.2 Vesting

- (a) Subject to any express rule to the contrary, a Right will only Vest where each Vesting Condition, and all other relevant conditions advised to the Participant by the Board pursuant to rule 1.2, have been satisfied.
- (b) Subject to rule 2.2(c), the Vesting of a Right will be satisfied by the Company allocating Shares to the Participant pursuant to rule 2.3
- (c) The Board may determine that the Vesting of a Right will be satisfied by the Company making a cash payment in lieu of an allocation of Shares pursuant to rule 2.4.
- (d) The Board may determine, prior to making a grant of Rights, that the Vesting of those Rights will only be satisfied through an allocation of Shares to the Participant in accordance with rule 2.2(b), and not by making a cash payment under 2.2(c).
- (e) Vesting occurs upon notification from the Company to the Participant that Rights have Vested pursuant to this rule 2.2.

2.3 Allocation

Subject to rule 2.2(c), as soon as practicable following Vesting of a Right the Board must issue to, procure the transfer to, or procure the setting aside for the Participant of the number of Shares in respect of which Rights have Vested. No further action is required on the part of the Participant.

2.4 Payment of cash equivalent

- (a) Where the Board exercises its discretion under rule 2.2(c) to make a cash payment to a Participant in lieu of an allocation of Shares, the Company must pay to the Participant an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) equivalent to the value of Rights that have Vested.

- (b) The amount of the cash payment referred to in rule 2.4(a) will be calculated by multiplying the number of Shares in respect of which Rights have Vested by the Current Market Price.
- (c) Where the Board determines that the payment under rule 2.4(a) is to be made in a currency other than Australian dollars, unless the Board determines otherwise, the foreign exchange rate applied will be the average closing exchange rate of the relevant currency for the 5 days prior to the date of Vesting.

2.5 Lapse of Rights

A Right will lapse upon the earliest to occur of:

- (a) the Right lapsing in accordance with a provision of these Rules (including in accordance with a term of an Offer);
- (b) failure to meet a Vesting Condition or any other condition applicable to the Right within the Vesting Period; or
- (c) the receipt by the Company of a notice in writing from a Participant to the effect that the Participant has elected to surrender the Right.

3 Options

3.1 Grant

- (a) Where an Eligible Employee has accepted an Offer to participate in a grant of Options in accordance with rule 1.3(a), the Board will, subject to its discretion under rule 1.3(b), grant Options to the Eligible Employee.
- (b) Unless the Board determines otherwise:
 - (1) no payment is required for the grant of an Option; and
 - (2) Options may not be registered in any name other than that of the Eligible Employee.

3.2 Vesting

- (a) Subject to any express rule to the contrary, an Option granted under the EIP will only Vest and become exercisable where each Vesting Condition, and all other relevant conditions advised to the Participant by the Board pursuant to rule 1.2, have been satisfied.
- (b) The exercise of any Option granted under the EIP will be effected in the form and manner determined by the Board, and, subject to rule 3.4(a), must be accompanied by payment of the relevant Exercise Price (if any).
- (c) Subject to rule 3.2(d), the exercise of an Option will be satisfied by the Company allocating Shares to the Participant pursuant to rule 3.3.
- (d) The Board may determine that the exercise of those Options will be satisfied by the Company making a cash payment in lieu of an allocation of Shares pursuant to rule 3.4.
- (e) The Board may determine, prior to making a grant of Options, that the exercise of those Options will only be satisfied through an allocation of Shares to the Participant in accordance with rule 3.2(c) and not by making a cash payment under rule 3.2(d).
- (f) Vesting occurs upon notification from the Company to the Participant that Options have Vested pursuant to this rule 3.2.

3.3 Allocation following exercise

Subject to rules 3.2(b) and (d), as soon as practicable following the exercise of an Option, the Board must issue to, procure the transfer to, or procure the setting aside for the Participant of the number of Shares in respect of which Options have been exercised. No further action is required on the part of the Participant.

3.4 Payment of cash equivalent

- (a) Where the Board exercises its discretion under rule 3.2(d) to make a cash payment to a Participant in lieu of an allocation of Shares, the Company must:
- (1) notify the Participant that no Exercise Price is payable in respect of the Options exercised and/or refund any amount paid by the Participant in respect of those Options; and
 - (2) as soon as reasonably practicable, pay to the Participant an amount in Australian dollars (or any other currency determined by the Board in its absolute discretion) equivalent to the value of Options that have been exercised by the Participant.
- (b) The amount of the cash payment referred to in rule 3.4(a)(2) will be calculated by multiplying the number of Shares in respect of which Options have been exercised by the Current Market Price, less any Exercise Price that would otherwise have been payable in respect of the Options exercised.
- (c) Where the Board determines that the payment under rule 3.4(a)(2) is to be made in a currency other than Australian dollars, unless the Board determines otherwise, the foreign exchange rate applied will be the average closing exchange rate of the relevant currency for the 5 days prior to the date of exercise.

3.5 Lapse of Options

An Option will lapse upon the earliest to occur of:

- (a) 5 years after Vesting or any other date nominated as the expiry date in the Offer;
- (b) the Option lapsing in accordance with a provision of these Rules (including in accordance with a term of an Offer);
- (c) failure to meet a Vesting Condition or any other condition applicable to the Option within the Vesting Period; or
- (d) the receipt by the Company of a notice in writing from a Participant to the effect that the Participant has elected to surrender the Option.

4 Restricted Shares

4.1 Allocation

- (a) As soon as practicable after an Eligible Employee has accepted an Offer to participate in a grant of Restricted Shares in accordance with rule 1.3(a), the Board must, subject to its discretion under rule 1.3(b), allocate the Restricted Shares by either:
- (1) issuing Restricted Shares to;
 - (2) procuring the transfer of Restricted Shares to; or

(3) procuring the setting aside of Restricted Shares for, the Eligible Employee.

- (b) Unless the Board determines otherwise:
- (1) no payment is required for the grant of a Restricted Share; and
 - (2) Restricted Shares may not be registered in any name other than that of the Eligible Employee or the Trustee.

4.2 Cessation of restrictions

- (a) Subject to any express rule to the contrary, a Share only ceases to be a Restricted Share (i.e. Vests) where:
- (1) the Vesting Period and each other relevant condition (including all Vesting Conditions) advised to the Participant by the Board pursuant to rule 1.2 have been satisfied; and
 - (2) the Company notifies the Participant that the restrictions in respect of the Restricted Share have ceased.
- (b) Subject to the terms of an Offer and the Group's securities dealing policy (as amended or replaced from time to time), when a Share ceases to be a Restricted Share, all restrictions on disposing of, or otherwise Dealing with, that Share, as set out in these Rules, will cease.
- (c) Unless provided otherwise in the terms of an Offer, when a Share that is held by the Trustee on behalf of a Participant ceases to be a Restricted Share, the Trustee will continue to hold the Share on trust on behalf of the Participant until such time as the Participant, or the Company on behalf of the Participant, directs the Trustee to:
- (1) transfer the Share into the Participant's name; or
 - (2) sell the Share and pay the proceeds of sale (net of any applicable brokerage, commission, stamp duty or other transaction costs) to the Participant.

4.3 Forfeiture of Restricted Shares

A Restricted Share will be forfeited upon the earliest to occur of:

- (a) the Restricted Share being forfeited in accordance with a provision of these Rules (including in accordance a term of an Offer);
- (b) failure to meet a Vesting Condition or any other condition applicable to the Restricted Share within the Vesting Period; or
- (c) the receipt by the Company of a notice in writing from a Participant to the effect that the Participant has elected to surrender the Restricted Share.

PART C

5 Prohibited dealings

-
- (a) Subject to the Group's securities dealing policy (as amended or replaced from time to time), any Dealing in respect of an Incentive Security is prohibited unless:
- (1) the Board determines otherwise; or
 - (2) the Dealing is required by law and the Participant has provided satisfactory evidence to the Company of that fact.
- (b) Where, in the opinion of the Board, a Participant Deals with a Right or an Option in contravention of rule 5(a), the Right or Option will immediately lapse.
- (c) Where, in the opinion of the Board, the Participant (or the Trustee at the Participant's direction) Deals with a Restricted Share in contravention of rule 5(a), the Restricted Share is deemed to immediately be forfeited.
- (d) The Board may, at its discretion, impose restrictions on Dealing in respect of any Shares allocated under the EIP (including upon Vesting of Rights under rule 2.3 and/or exercise of Options under rule 3.3) and may implement any procedure it considers appropriate to enforce such restrictions.

6 Preventing inappropriate benefits

-
- (a) Where, in the opinion of the Board:
- (1) a Participant:
 - (A) has acted fraudulently or dishonestly;
 - (B) has engaged in gross misconduct;
 - (C) has done an act which has brought the Company, the Group or any entity within the Group into disrepute;
 - (D) is in breach of his or her obligations to the Group; or
 - (E) is convicted of an offence or has a judgment entered against them in connection with the affairs of the Group; or
 - (2) there is a Financial Misstatement Circumstance; or
 - (3) a Participant's Incentive Securities Vest or may Vest as a result of the fraud, dishonesty or breach of obligations of any other person and, in the opinion of the Board, the Incentive Securities would not have otherwise Vested; or
 - (4) the Company is required by or entitled under law or Company policy to reclaim remuneration from a Participant,

The Board may determine that:

- (5) any:
 - (A) unvested Rights or Options held by the Participant;
 - (B) Vested but unexercised Options held by the Participant;
 - (C) Restricted Shares held by or on behalf of the Participant pursuant to the EIP;
 - (D) Shares allocated upon Vesting of Rights or exercise of Options; and/or
 - (E) Shares that have ceased to be Restricted Shares under the EIP, will lapse or be deemed to be forfeited (as the case may be), and/or
- (6) a Participant must pay or repay (as the case may be) to the Company as a debt:

- (A) all or part of the net proceeds of sale where Shares allocated under the EIP have been sold;
 - (B) any cash payment received in lieu of an allocation of Shares pursuant to rules 2.4 or 3.4; and/or
 - (C) any dividends received in respect of Shares allocated under the EIP.
- (b) The Board may specify in an Offer additional circumstances in which a Participant's entitlement to Incentive Securities may be reduced or extinguished.

7 Forfeiture

- (a) Where Shares (including Restricted Shares) are forfeited in accordance with these Rules and the Shares are held by the Participant, the Participant is deemed to have agreed to dispose of his or her legal and/or beneficial interest (as appropriate) in such Shares for nil consideration and the Shares will be transferred into the name of the Company's nominee who will then hold full legal and beneficial title to those Shares.
- (b) Where Shares (including Restricted Shares) are forfeited in accordance with these Rules and the Shares are held by the Trustee, the Participant's rights in the Shares will be extinguished for nil consideration and the Shares will be held as general trust property in accordance with the terms of the Trust Deed. The Board may, at any time in the future, direct the Trustee to hold the Shares for the benefit of a different or new Participant.
- (c) Where a Participant forfeits Shares allocated to them on exercise of Options pursuant to these Rules, the Company may, but need not, repay to the Participant any Exercise Price paid by the Participant in respect of these forfeited Shares.

8 Cessation of employment

- (a) The Board, in its discretion, may determine that some or all a Participant's Rights, Options or Restricted Shares, as applicable:
 - (1) lapse;
 - (2) are forfeited;
 - (3) Vest (immediately or subject to conditions);
 - (4) are only exercisable for a prescribed period and will otherwise lapse; and/or
 - (5) are no longer subject to some of the restrictions (including any Vesting Condition) that previously applied,
 as a result of the Participant ceasing to be an employee of the Group.
- (b) The Board may specify in the Offer to the Participant (in accordance with rule 1.2) how the Participant's Incentive Securities will be treated on cessation of employment. The applicable treatment may vary depending on the circumstances in which the Participant's employment ceases. In specifying a cessation treatment to apply to an Offer, the Board may preserve some or all of its discretion under rule 8(a).

9 Change of control

9.1 Takeovers and other change of control events

- (a) Where there is a:
- (1) Takeover Bid for Shares; or
 - (2) other transaction, event or state of affairs,
- that, in the Board's opinion, is likely to result in a change in the Control of the Company or should otherwise be treated in accordance with this rule (**Change of Control Event**), the Board may, in its absolute discretion, determine that all or a specified number of a Participant's Incentive Securities Vest or cease to be subject to restrictions (as applicable).
- (b) Notwithstanding the default treatment set out in these Rules, the Board may specify in the Offer to the Participant (in accordance with rule 1.2) an additional or different treatment that will apply to unvested Incentive Securities where a Change of Control Event occurs. In determining a different change of Control treatment to apply to an Offer, the Board may preserve some or all of its discretions under this rule 9.

9.2 Effect of Board determination

- (a) Where the Board makes a determination pursuant to rule 9.1, the Board will, as soon as reasonably practicable, give written notice to each Participant of the number of Incentive Securities that have Vested.
- (b) If the Board determines that only some of a Participant's unvested Rights or Options will Vest, all Incentive Securities that remain unvested will remain on foot, unless the Board determines that the Options that remain unvested are to lapse or provides for a different treatment.
- (c) For the avoidance of doubt, if the Board does not make a determination pursuant to rule 9.1, then all of a Participant's Incentive Securities remain on foot subject to the original terms of grant.

9.3 Treatment of vested Options

Unless the Board determines otherwise, where a Change of Control Event occurs, any Vested Options (including those that Vest in accordance with rule 9.1):

- (a) will be exercisable for a period specified by the Board and notified to the Participant; and
- (b) will lapse if not exercised within the specified period.

9.4 Effect on Shares

Unless the Board determines otherwise, any restrictions on Dealing imposed by the Board on Vested Incentive Securities will cease to have effect on the occurrence of a Change of Control Event.

9.5 Acquisition of shares in Acquiring Company

If:

- (a) a company (Acquiring Company) obtains Control of the Company as a result of a Change of Control Event; and
- (b) the Company, the Acquiring Company and the Participant agree, subject to applicable laws (including taxation laws, the Corporations Act and the Listing Rules) a Participant may, upon:
- (c) Vesting of Rights; or
- (d) exercise of Options,

be provided with shares of the Acquiring Company or its parent in lieu of Shares in such manner as the parties may agree (including by a replacement security or exchange of Shares issued on Vesting or exercise) and on substantially the same terms and on substantially the same conditions but with any necessary or appropriate adjustments to the number and kind of shares.

10 Power to adjust Rights and/or Options and the Exercise Price

- (a) Subject to rule 10(b), prior to the allocation of Shares to a Participant upon Vesting of Rights or exercise of Options, the Board may grant additional Rights or Options or make any adjustments it considers appropriate to the terms of a Right and/or Option granted to that Participant in order to minimise or eliminate any material advantage or disadvantage to a Participant resulting from a corporate action by, or capital reconstruction in relation to, the Company, including but not limited to any return of capital. Adjustments that may be made include adjustments to:
 - (1) the number of Rights or Options to which each Participant is entitled;
 - (2) the number of Shares to which each Participant is entitled upon Vesting of Rights or exercise of Options;
 - (3) any amount payable on Vesting of the Rights or exercise of Options (including the Exercise Price); or
 - (4) where appropriate, a combination of paragraphs (1), (2) and/or (3) above.
- (b) Without limiting rule 10(a), if:
 - (1) Shares are issued pro rata to the Company's shareholders generally by way of a rights issue, Options will be adjusted in accordance with Listing Rule 6.22.2 (or any replacement rule); or
 - (2) Shares are issued pro rata to the Company's shareholders generally by way of a bonus issue (other than an issue in lieu of dividends or by way of a dividend reinvestment) involving capitalisation of reserves of distributable profits, or any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected, Options and Rights will be adjusted in the manner required by the Listing Rules.
- (c) Where additional Rights or Options are granted to the Participant under this rule 10, such Rights or Options will be subject to the same terms and conditions as the original Rights or Options granted to the Participant (including without limitation, any Vesting Conditions) unless the Board determines otherwise.
- (d) The Board must, as soon as reasonably practicable after making any additional grants or adjustments under this rule 10, give notice in writing to any affected Participant.

11 Dividends and other rights associated with Shares

- (a) Subject to the terms of any Trust Deed (if applicable) or Offer, the following rules apply in respect of Shares allocated to a Participant under this EIP (including Restricted Shares allocated under rule 4.1):
- (1) the Participant is entitled to receive all dividends and other distributions or benefits payable to the Participant or to the Trustee in respect of the Shares;
 - (2) the Participant is entitled to exercise, or to direct the Trustee in writing how to exercise, the voting rights attaching to the Shares, either generally or in a particular case;
 - (3) any bonus shares that are issued in respect of the Shares will be issued to the Participant, or to the Trustee on the Participant's behalf, and will be held by the Participant or Trustee as Shares subject to the same terms, conditions and restrictions on Dealing (if any) as the Shares in respect of which they were issued; and
 - (4) if rights arise on a rights issue in respect of the Shares, the Participant may deal with or exercise those rights, or instruct the Trustee (if applicable) in relation to those rights in accordance with the Trust Deed. If the Shares are held by the Trustee on the Participant's behalf and the Participant does not instruct the Trustee how to deal with the rights, the rights will be dealt with in accordance with the Trust Deed.

12 Withholding

- (a) If the Company, the Group or a member of the Group is obliged, or reasonably believes it may have an obligation, as a result of or in connection with any Incentive Securities granted or Shares allocated under this EIP, to account for:
- (1) income tax or employment taxes under any wage, withholding or other arrangements; or
 - (2) any other tax, social security contributions or levy or charge of a similar nature,
- that is a liability of the Participant, then the relevant Group company is entitled to be reimbursed by the Participant for the amount or amounts so paid or payable.
- (b) Where rule 12(a) applies, the relevant Group company is not obliged to grant any Incentive Securities, to allocate Shares or to make a cash payment in accordance with rules 2.2(c) or 3.2(d) unless the Company is satisfied that arrangements for payment or reimbursement of the amounts referred to in rule 12(a) have been made. Those arrangements may include, without limitation:
- (1) the provision by the Participant of sufficient funds to reimburse the Group company for the amount (by salary deduction, reduction of any amount owed by the Group to the Participant or otherwise);
 - (2) the sale on behalf of the Participant of Shares allocated pursuant to these Rules for payment or reimbursement of these amounts, as well as the costs of any such sale;
 - (3) a reduction in any amount payable to the Participant in lieu of an allocation of Shares under these Rules; or
 - (4) lapse or forfeiture of a sufficient number of Rights, Options and/or Shares to satisfy the debt the Participant owes to the Group company. Unless the Group company and the Participant agree to use a different valuation, any Rights, Options and/or Shares forfeited under this rule will be valued at the Current Market Price on the date of lapse or forfeiture.

13 Amendments

13.1 Power to make amendments

- (a) Subject to rule 13.2, the Board may at any time by resolution:
- (1) amend or add to (**amend**) all or any of the provisions of the EIP;
 - (2) amend the terms or conditions of any Incentive Security granted under the EIP; or
 - (3) suspend or terminate the operation of the EIP.
- (b) Notwithstanding rule 13.2, the Board may waive, amend or replace any Vesting Condition attaching to an Incentive Security if the Board determines that the original Vesting Condition is no longer appropriate or applicable (including, without limitation, where a Vesting Condition refers to a particular stock market index that is no longer published or there is a corporate action by the Company, including a discounted rights issue, which impacts on the Vesting Condition), provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

13.2 Restrictions on amendments

Without the consent of the Participant, the Board may not exercise its powers under rule 13.1(a) in a manner which reduces the rights of the Participant in respect of any Incentive Security or Share already granted other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future laws governing or regulating the maintenance or operation of the EIP or similar plans, in any jurisdiction in which invitations under the EIP have been made;
- (b) to correct any manifest error or mistake; or
- (c) to take into consideration possible adverse tax implications in respect of the EIP arising from, amongst others, adverse rulings, changes to tax legislation and/or changes in the interpretation of tax legislation by a court of competent jurisdiction.

13.3 Notice of amendment

As soon as reasonably practicable after making any amendment under rule 13.1, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

14 Participants based overseas

14.1 Overseas transfers

If a Participant is transferred to work in another country and, as a result of that transfer:

- (a) the Participant or any Group company would suffer a tax disadvantage in relation to their Incentive Securities (this being demonstrated to the satisfaction of the Board);
- (b) the Company would be restricted in its ability to Vest Incentive Securities and/or allocate Shares to the Participant; or

- (c) the Participant would become subject to restrictions on their ability to Deal with the Incentive Securities or any Shares allocated to the Participant in respect of those Incentive Securities because of the security laws or exchange control laws of the country to which he or she is transferred, then, if the Participant continues to hold an office or employment with the Group, the Board may decide that:
- (d) some or all of the Participant's Restricted Shares will Vest;
 - (e) some or all of the Participant's Rights will Vest;
 - (f) some or all of the Participant's Options will Vest and become exercisable; or
 - (g) some or all of the Participant's Options or Rights will be settled in cash in lieu of Shares, with the balance (if any) continuing to be held on the original terms.

14.2 Non-Australian residents

The Board may adopt additional rules of the EIP that will apply to a grant made to an Eligible Employee who is a resident in a jurisdiction other than Australia. The remaining provisions of these Rules will apply subject to whatever alterations or additions the Board may determine having regard to any securities, exchange control, taxation or other laws and/or regulations or any other matter that the Board considers directly or indirectly relevant.

15 Miscellaneous

15.1 Shares issued under the EIP

- (a) Any Shares issued under the EIP will rank equally in all respects with other Shares for the time being on issue by the Company (for example, having rights with respect to voting, dividends and in the event of a winding up of the Company), except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.
- (b) If the Company is listed, the Company will apply for quotation of Shares issued under the EIP within the period required by the Listing Rules.

15.2 Rights and obligations of Participants

- (a) Unless the subject of an express provision in an employment contract, the rights and obligations of any Participant under the terms of their office, employment or contract with the Group are not affected by their participation in the EIP.
- (b) Participation in the EIP does not confer on any Participant any right to future employment and does not affect any rights which any member of the Group may have to terminate the employment of any Participant.
- (c) These Rules will not form part of and are not incorporated into any contract of any Participant (whether or not they are an employee of the Group).
- (d) The grant of Incentive Securities on a particular basis in any year does not create any right or expectation of the grant of Incentive Securities on the same basis, or at all, in any future year.
- (e) No Participant has any right to compensation for any loss in relation to the EIP, including:
 - (1) any loss or reduction of any rights or expectations under the EIP in any circumstances or for any reason (including lawful or unlawful termination of employment or the employment relationship);

- (2) any exercise of a discretion or a decision taken in relation to a grant of Incentive Securities or in relation to the EIP, or any failure to exercise a discretion under these Rules;
 - (3) the operation, suspension, termination or amendment of the EIP; or
 - (4) forfeiture of any Incentive Securities.
- (f) The Participant irrevocably appoints each company secretary of the Company (or any other officer of the Company authorised by the Board for this purpose) as his or her attorney to do anything necessary to:
- (1) allocate Shares to the Participant in accordance with these Rules;
 - (2) effect a forfeiture of Shares in accordance with these Rules (including rule 7 or the terms of an Offer); and
 - (3) execute transfers of Shares in accordance with these Rules.

15.3 Power of the Board to administer the EIP

- (a) The EIP is administered by the Board which has power to:
- (1) determine appropriate procedures for administration of the EIP consistent with these Rules including to implement an employee share trust for the purposes of delivering and holding Shares on behalf of Participants upon the grant of Restricted Shares or the Vesting of Rights or exercise of Options; and
 - (2) delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of its powers or discretions arising under the EIP.
- (b) Except as otherwise expressly provided in the EIP, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the EIP and in the exercise of any power or discretion under the EIP.

15.4 Waiver of terms and conditions

Notwithstanding any other provisions of the EIP, the Board may at any time waive in whole or in part any terms or conditions (including any Vesting Condition) in relation to any Incentive Securities or Shares granted to a Participant.

15.5 Application of Corporations Act and Listing Rules

Notwithstanding any rule, Incentive Securities and Shares will not be allocated, issued, acquired, transferred or otherwise dealt with under the EIP if to do so would:

- (a) contravene the Corporations Act, the Listing Rules, or any other applicable laws (including any applicable foreign law); or
- (b) require the Company to pay, provide, or procure the payment or provision of, any money or benefits to the Participant which would require shareholder approval under Part 2D.2, Division 2 of the Corporations Act.

15.6 Dispute or disagreement

In the event of any dispute, disagreement or uncertainty as to the interpretation of the EIP, or as to any question or right arising from or related to the EIP or to any Incentive Securities or Shares granted under it, the decision of the Board is final and binding.

15.7 Approved leave of absence

Subject to applicable laws, at the discretion of the Board, a Participant who is granted an approved leave of absence and who exercises their right to return to work under any applicable award, enterprise agreement, other agreement, statute or regulation may be treated as not having ceased to be an employee for the purposes of rule 8 of the Rules. Whether a Participant who is granted leave without pay is deemed to have ceased employment will be determined with reference to the Group's policies and any applicable laws.

15.8 Communication

- (a) Any notice or other communication provided under or in connection with the EIP may be given by personal delivery or by sending the same by post, email or facsimile to:
- (1) in the case of a company, to its registered office;
 - (2) in the case of an individual, to the individual's last notified address; or
 - (3) where a Participant is a director or employee of the Group, either to the Participant's last known address, email address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office or employment.
- (b) Where a notice or other communication is given by post, it is deemed to have been received 48 hours (or, where given by post to an address outside of Australia, five days) after it was put into the post properly addressed and stamped. Where a notice or other communication is given by facsimile or email, it is deemed to have been received on completion of transmission.

15.9 Data protection

By participating in the EIP, the Participant consents to the holding and processing of personal data provided by the Participant to the Company for all purposes relating to the operation of the EIP.

15.10 Tax

Unless otherwise required by law, no company in the Group is responsible for any Tax which may become payable by a Participant as a consequence of or in connection with the grant of any Incentive Securities, the allocation of any Shares or any Dealing with any Incentive Securities or any Shares.

15.11 Laws governing EIP

The EIP, and any Incentive Securities granted and Shares allocated under it, are governed by the laws of New South Wales and the Commonwealth of Australia.

For personal use only

PART D

16 Definition and Interpretation

16.1 Definitions

Term	Meaning
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires
Board	the board of directors of the Company, any committee of the Board or a duly authorised person or body to which the Board has delegated its powers under this EIP
Company	Kogan.com Limited ACN 612 447 293
Control	has the meaning given in section 50AA of the Corporations Act
Corporations Act	Corporations Act 2001 (Cth)
Current Market Price	in relation to a Share means the arithmetic average of the daily volume weighted average market price (rounded to the nearest cent) of all Shares sold on the ASX during the previous twenty trading days, or any other calculation as determined by the Board
Deal or Dealing	in relation to an Incentive Security or Share (as the case may be), any dealing, including but not limited to: <ul style="list-style-type: none"> (a) a sale, transfer, assignment, encumbrance, option, swap, or any other alienation of all or any part of the rights attaching to the Incentive Security or Share; (b) any attempt to do any of the actions set out in paragraph (a) above; and (c) any hedging (including any dealing with a derivative instrument intended to “lock in” a profit relating to an Incentive Security, and any other transactions in financial products that operate to limit the economic risk associated with holding an Incentive Security)
EIP	the Kogan.com Limited Equity Incentive Plan as set out in these Rules
Eligible Employee	an employee of the Group (including a director employed in an

	executive capacity) or any other person who is declared by the Board to be eligible to receive a grant of Incentive Securities under the EIP
Exercise Price	the amount payable to exercise an Option following Vesting as set out in an Offer (as adjusted or amended in accordance with these Rules)
Financial Misstatement Circumstance	a material misstatement or omission in the financial statements of a Group Company or any other circumstances or events which, in the opinion of the Board, may, or are likely to, affect the Group's financial soundness or require re-statement of the Group's financial accounts, including, without limitation, as a result of misrepresentations, errors, omissions, or negligence
Group	means the Company and each Related Body Corporate of the Company
Incentive Security	a Restricted Share, Right and/or Option (as the case may be)
Listing Rules	the official Listing Rules of the ASX and any other exchange on which the Company is listed as they apply to the Company from time to time
Offer	an invitation to an Eligible Employee made by the Board under rule 1.1 to apply for, or participate in a grant of, Incentive Securities
Option	an entitlement to receive a Share (or, in certain circumstances, to a cash payment in lieu of a Share) subject to satisfaction of applicable conditions (including any Vesting Condition) and compliance with the applicable exercise procedure (including payment of any applicable Exercise Price)
Participant	a person who has been allocated an Incentive Security or Share under the terms of this EIP from time to time
Related Body Corporate	has the meaning given in section 50 of the Corporations Act
Restricted Share	a Share allocated in accordance with rule 4.1 that is subject to restrictions on Dealing, Vesting Conditions and/or other restrictions or conditions
Right	an entitlement to a Share (or, in certain circumstances, to a cash

	payment in lieu of a Share) subject to satisfaction of applicable conditions (including any Vesting Condition)
Rules	the terms and conditions of the EIP as set out in this document as amended from time to time
Share	a fully paid ordinary share in the capital of Kogan.com Limited. A reference to a Share includes a reference to a Restricted Share
Takeover Bid	has the meaning given in section 9 of the Corporations Act
Tax	includes any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing
Trust Deed	in relation to an Offer, any trust deed nominated by the Company as the Trust Deed for the purposes of the Offer, as amended from time to time
Trustee	the trustee under the Trust Deed
Vest or Vesting	the process by which the holder of an Incentive Security becomes entitled to: <ol style="list-style-type: none"> 1 in the case of a Right, be allocated a Share in accordance with rules 2.2 and 2.3; 2 in the case of an Option, exercise the Option in accordance with rule 3.2; 3 in the case of a Restricted Share, have all restrictions on disposing of or otherwise Dealing with the Restricted Share cease in accordance with rule 4.2, following the satisfaction of all Vesting Conditions that apply to that Incentive Security
Vesting Condition	performance, service or other conditions that must be satisfied or circumstances which must exist before an Incentive Security Vests under these Rules
Vesting Period	the prescribed period for satisfaction of a Vesting Condition, advised to a Participant by the Board under rule 1.2.

16.2 Interpretation

In the EIP, the following rules apply unless a contrary intention appears:

- (a) headings are for convenience only and do not affect the interpretation of the EIP unless the context requires otherwise;
- (b) any reference in the EIP to any statute or statutory instrument includes a reference to that statute or statutory instrument as from time to time amended, consolidated, re-enacted or replaced;
- (c) any words denoting the singular include the plural and words denoting the plural include the singular; and
- (d) where any word or phrase is given a definite meaning in this EIP, any part of speech or other grammatical form of that word or phrase has a corresponding meaning.

KGX

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

500000112Q01

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AEDT) on Wednesday, 18 November 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this 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 form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

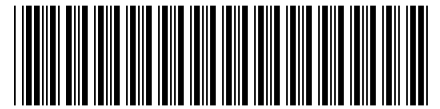
1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Kogan.com Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Kogan.com Limited to be held as a virtual meeting on Friday, 20 November 2020 at 10:00 AM (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 5.1 and 5.2 (except where I/we have indicated a different voting intention in step 2) even though Items 2, 5.1 and 5.2 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 5.1 and 5.2 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Board endorsed Mr Harry Debney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Election of Non-Board endorsed Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5.1	Approval of Grant of Options to Mr Ruslan Kogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5.2	Approval of Grant of Options to Mr David Shafer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Ratification of prior issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

KGN

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Computershare



KGN

MR SAM SAMPLE
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Need assistance?



Phone:
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Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AEDT) on Wednesday, 18 November 2020.**

Kogan.com Limited Annual General Meeting

This year, as part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

To view the Notice of Annual General Meeting

You are able to access the Notice of Meeting and Proxy form at the Company's website, <https://www.kogancorporate.com/>.

A complete copy of the Meeting Materials has been posted on the Company's ASX market announcements page.

Meeting date and location:

The Annual General Meeting of Kogan.com Limited will be a virtual meeting, which will be conducted online on Friday, 20 November 2020 at 10:00 AM (AEDT).

Attending the meeting online:

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time.

To participate online you will need to visit web.lumiagm.com/378740360 on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at www.computershare.com.au/virtualmeetingguide

Access the meeting documents and lodge your proxy online:

Online:

Access the meeting documents and lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.