



plexure

Notice of Annual Meeting of Shareholders

Thursday 26th September 2019 at 11.00am
Kingston Room, Rydges Hotel,
56 Federal Street, Auckland



Plexure Group Limited

Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of Shareholders of Plexure Group Limited (the "Company") will be held at Rydges Hotel, Kingston Room, 56 Federal Street, Auckland on 26th September 2019 at 11.00am.

Further details in respect of the resolutions proposed in this Notice of Annual Meeting ("Notice") are set out in the Explanatory Statement accompanying this Notice. The Explanatory Statement and the Proxy Form should be read together with, and form part of, this Notice.

Items of business

- A. Chairman's Address
- B. Chief Executive Officer's Presentation
- C. Shareholder Questions
- D. Resolutions

To consider and, if thought fit, pass the following Ordinary Resolutions:

Resolution 1: That Robert Bell be elected as a Director of the Company in accordance with clause 20.6 of the Company's Constitution and Listing Rule 2.7.1.

Resolution 2: That Jack Matthews be elected as a Director of the Company in accordance with clause 20.6 of the Company's Constitution and Listing Rule 2.7.1.

Resolution 3: That Sharon Hunter be re-elected as a Director of the Company in accordance with clause 20.6 of the Company's Constitution and Listing Rule 2.7.1.

Resolution 4: That, with effect from 1 October 2019:

- (a) the maximum amount of remuneration payable per annum to Non-Executive Directors in aggregate be increased by \$250,000, from \$250,000 to \$500,000; and
- (b) the maximum aggregate amount of remuneration may be paid and allocated to Non-Executive Directors as the Board considers appropriate and any remuneration payable to Non-Executive Directors may, at the Board's discretion, be paid either in part or in whole by way of an issue of ordinary shares in the Company provided that any issue occurs in compliance with Listing Rule 4.7.

Resolution 5: That, for the purposes of Listing Rule 4.2.1(a), the issue of up to 8,002,487 options to various employees to acquire ordinary shares in the Company pursuant to its existing Employee Share Option Scheme, be approved.

Resolution 6: To record that Deloitte continue in office as Auditor of the Company and the Board be authorised to fix their remuneration for the forthcoming year.

To consider and, if thought fit, pass the following Special Resolution:

Resolution 7: That the Constitution tabled at the meeting and signed by the Chairman of the meeting for the purpose of identification, be and is adopted as the Constitution of the Company, in substitution for the present Constitution of the Company.

E. Other Business

Explanatory Statement

This Explanatory Statement accompanies and forms part of the Company's Notice of Annual Meeting. The Meeting is to be held at Rydges Hotel, Kingston Room, 56 Federal Street, Auckland on 26th September 2019 at 11.00am.

This Explanatory Statement is to assist shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the proposed resolutions.

Both documents should be read in their entirety and in conjunction with each other.

1. Election of Robert Bell as Director

Robert Bell, having being appointed by the Board during the year in accordance with clause 20.4 of the Company's Constitution, will stand down in accordance with NZX Main Board Listing Rule (Listing Rule) 2.7.1 and, being eligible, offers himself for election. The Board has determined that Robert is an Independent Director. Accordingly, the shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

"That Robert Bell be elected as a Director of the Company in accordance with clause 20.6 of the Company's Constitution and Listing Rule 2.7.1."

Robert Bell, Non-Executive Director

Term of Office: Appointed as a Director on 8 April 2019

Robert holds a Bachelor of Commerce degree from the University of Auckland. He is a Chartered Accountant and is a Member of the Chartered Accountants Australia and New Zealand and the New Zealand Institute of Directors.

Robert is a skilled businessman with broad experience in finance, operations, sales and change management. At E-Co Products Group Limited he was CFO from September 2010 to November 2017, and subsequently Director HRV until January 2019. Robert was a Director of the HRV Group of Companies from November 2014 to March 2017, when he managed the successful sale of E-Co Products to Vector Limited. Prior roles have included CFO and COO responsibilities in New Zealand, America and England across a broad range of business sectors including, technology, property, manufacturing and investment banking. Robert's experience also includes M&A and he has successfully completed numerous debt and capital raisings. He is currently the Managing Director of Viand Group, an Auckland-based artisan smallgoods manufacturer.

Robert is Chair of the Company's Audit and Risk Management Committee.

2. Election of Jack Matthews as Director

Jack Matthews, having being appointed by the Board during the year in accordance with clause 20.4 of the Company's Constitution, will stand down in accordance with Listing Rule 2.7.1 and, being eligible, offers himself for election. The Board has determined that Jack is an Independent Director. Accordingly, the shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

"That Jack Matthews be elected as a Director of the Company in accordance with clause 20.6 of the Company's Constitution and Listing Rule 2.7.1."

Jack Mathews, Non-Executive Director

Term of Office: Appointed as a Director on 1 July 2019

Jack holds a BA in Philosophy from The College of William and Mary (Williamsburg, Virginia, USA) and is a Member of the New Zealand Institute of Directors and the Australian Institute of Company Directors.

Jack's substantial governance experience includes the current chairmanship of MediaWorks, the owner of THREE and New Zealand's largest radio network, and a Non-Executive Director role at Chorus, New Zealand's leading provider of Internet infrastructure services.

Prior governance roles have included non-executive director appointments at Network for Learning Limited, a Crown company that supplies Internet services to 98% of New Zealand's schools; APN Outdoor Group Limited, an Australian ASX-listed outdoor advertising company; Trilogy International Limited, an NZX-listed natural skincare business; and Crown Fibre Holdings Limited, a Crown company charged with responsibility for rolling out ultrafast broadband across New Zealand.

Jack's senior management appointments have included roles as CEO of Metro Media, a Fairfax Media business created in 2011 to integrate all print, mobile and digital assets across Fairfax's metropolitan markets in Australia; CEO of Fairfax Digital, which managed all online businesses for Fairfax in Australia and New Zealand, including TradeMe; COO of Jupiter Programming Company, a 50/50 joint venture between Liberty Media and Sumitomo Corporation delivering pay TV services to 24 million subscribers in Japan; CEO of Premium Movie Partnership, a partnership between Sony, Paramount, Fox, Universal and Liberty Media offering pay TV services in Australia; CEO of TelstraSaturn Limited, a joint venture between Austar United Communications and Telstra Corporation established to construct a national broadband network infrastructure in New Zealand, and various sales, marketing and general management roles in the pay TV industry in the US.

Jack is a member of the Company's Remuneration Committee.

3. Re-election of Sharon Hunter as Director

Sharon Hunter is to retire by rotation in accordance with Listing Rule 2.7.1 and, being eligible, offers herself for re-election. Sharon was last elected as a Director by shareholders on 29 September 2016. The Board has determined that Sharon is an Independent Director. Accordingly, the shareholders of the Company are requested to consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company.

“That Sharon Hunter be re-elected as a Director of the Company in accordance with clause 20.6 of the Company’s Constitution and Listing Rule 2.7.1.”

Sharon Hunter, Non-Executive Director

Term of Office: appointed as a Director on 27 November 2015

Sharon is a skilled entrepreneur, with broad governance experience in public, private, government and not for profit sectors. As the co-founder of New Zealand’s largest computer retail company PC Direct, she has strong skills in creating brand equity, sales and marketing, and high performing team development.

Prior governance roles have included, Uprise Digital, Cranleigh Merchant Bank (Chair), Skin Institute Group, Southern Cross Finance and Spicers Financial, a subsidiary of AMP. Sharon is currently the Chair of New Zealand’s largest events marketplace and ticketing company Eventfinda. Sharon’s experience also includes M&A, private equity and shareholder exit.

Sharon has been a member of the investment committee for the Primary Growth Partnership, a joint-venture between government and industry to invest in long-term innovation programmes in the primary sector, and a member of the leverage and legacy board for the Rugby World Cup 2011. She is on the board of Co. of Women and a long-standing Trustee of the Starship Foundation.

Sharon is a member of the Company’s Remuneration Committee and Audit and Risk Management Committee.

4. Increase in Directors' Remuneration

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

"That, with effect from 1 October 2019:

- (a) the maximum amount of remuneration payable per annum to Non-Executive Directors in aggregate be increased from by \$250,000, from \$250,000 to \$500,000; and*
- (b) the maximum aggregate amount of remuneration may be paid and allocated to the Non-Executive Directors as the Board considers appropriate and any remuneration payable to Non-Executive Directors may, at the Board's discretion, be paid either in part or in whole by way of an issue of ordinary shares in the Company provided that any issue occurs in compliance with Listing Rule 4.7."*

Explanation

In accordance with Listing Rule 2.11.1, no remuneration may be paid to a director in his or her capacity as director without prior authorisation by an ordinary resolution of shareholders. Listing Rule 2.11.1 further provides that such a resolution must express directors' remuneration as either a monetary sum per annum payable to:

- (a) all directors of the issuer in aggregate; or
- (b) any person who from time to time holds office as a director of the issuer.

The Company currently has a Board remuneration pool of \$250,000 per annum available to pay the Chairperson of the Board and Non-Executive Directors. Of this Board remuneration pool, \$190,000 is currently used to pay an annual fee of \$50,000 to the Chairperson of the Board (who is a Non-Executive Director of the Company) and annual fees to each Non-Executive Director of \$35,000. At present, no additional committee fees are paid to Non-Executive Directors who act as Chairperson of any Company Board Committee.

The Board seeks authorisation from shareholders to increase the Board remuneration pool from which Non-Executive Directors may be remunerated by \$250,000 per annum, from \$250,000 per annum to \$500,000 per annum. This increase would allow the Company to:

- (a) increase the annual remuneration paid to the Chairperson of the Board by \$35,000 with effect from 1 October 2019; and
- (b) increase the annual remuneration paid to each Non-Executive Director for his or her general duties in their capacity as Non-Executive Directors by \$15,000 per Non-Executive Director with effect from 1 October 2019; and
- (c) pay a fixed committee fee to the Chairpersons of the Remuneration Committee and Audit and Risk Management Committee of \$10,000 each per annum with effect from 1 October 2019,

and leave headroom available within the pool for future increases, or to fund further Non-Executive Director appointments, if the Board considers that to be appropriate.

The Board proposes to increase remuneration for Non-Executive Directors to the amounts set out in the second column in the table below:

	Current Remuneration	Proposed Remuneration from 1 October 2019	Amount of increase
Chairperson of the Board	\$50,000	\$85,000	\$35,000
Non-Executive Directors (x4)	\$35,000	\$50,000	\$15,000
Committee Chairpersons (x2)		\$10,000	\$10,000
Total fees payable	\$190,000	\$305,000	\$115,000

If Resolution 4 is passed, the Board remuneration pool would increase by \$250,000 and the immediate aggregate annual remuneration paid to all Non-Executive Directors would increase by \$115,000.

The Board proposes that the portion of the remuneration pool not paid to Non-Executive Directors will be available for fee increases in the future subject to Board approval in accordance with section 161(1) of the Companies Act 1993, and to fund further Non-Executive Director appointments.

In this regard, the Board proposes to review Non-Executive Director remuneration every two years. The Board does not propose to increase the amount of fees to be paid to Non-Executive Directors out of the Board remuneration pool before 1 October 2021.

The current Non-Executive Directors' fees have not been increased since the Company listed in 2012. It is important for the Company to retain its ability to attract and retain high performing people whose skills and attributes are well matched to the Company's requirements and to remunerate them accordingly.

In May 2019, the Company engaged Clare Capital, an independent corporate finance advisory firm, to provide market fee information for directors of 19 comparable companies listed on the NZX of a similar size and scope.

Clare Capital's summary of the Company's directors' fees found that:

- (a) the current fee paid to the Company's Chairperson of the Board is approximately 66.6% of the market median; and
- (b) the current fees paid to the Company's Non-Executive Directors are approximately 85.4% of the market median.

After the proposed increase:

- (a) the proposed fee paid to the Company's Chairperson of the Board would be 113.3% of the median but would be 78.7% of the upper quartile; and
- (b) the proposed fees paid to the Company's Non-Executive Directors would be 122.0% of the median but would be 84.7% of the upper quartile.

For these reasons, shareholder approval is sought pursuant to Listing Rule 2.11 to increase the Board remuneration pool (being a monetary sum per annum payable to all Non-Executive Directors taken together) to \$500,000.

Issue of ordinary shares as Non-Executive Director remuneration:

Listing Rule 2.11.2 provides that a resolution for the purposes of Listing Rule 2.11.1 (authorising directors' remuneration) may provide that the remuneration may, in whole or in part, be through an issue of shares provided the issue is in compliance with Listing Rule 4.7.

Consistent with these requirements, Resolution 4 also seeks shareholder approval to the issue of ordinary shares to Non-Executive Directors in part or in whole payment of the remuneration payable to Non-Executive Directors, at the discretion of the Board.

Listing Rule 2.11.2, as it applies to an issue of ordinary shares by Plexure to a Non-Executive Director, requires, among other things, that:

- the issue of Equity Securities is made after the end of the period to which that remuneration is payable; and
- the issue price of the Equity Securities is not less than the 20 day Volume Weighted Average Market Price before the issue is made.

The value of the ordinary shares at the time of issue, taken together with all other Non-Executive Director remuneration, cannot exceed the then applicable Non-Executive Director remuneration cap (as contemplated by Resolution 4 or any subsequent resolution passed by shareholders).

The Board considers it to be in Plexure's interests to provide the Board with the discretion to remunerate Non-Executive Directors in part or in whole by way of the issue of ordinary shares as outlined above, rather than solely by cash.

The Board believes that providing remuneration to Non-Executive Directors in the form of ordinary shares assists to more effectively align the interests of the Non-Executive Directors with those of shareholders. Non-Executive Director remuneration in this form can assist to motivate and reward long-term decision making with the aim of creating and maximising shareholder value over the longer term.

Voting

The two limbs of the resolution can be voted on separately. If the first limb, to increase Non-Executive Director fees, is voted down then the second limb, for Non-Executive Directors be paid either in part or in whole by way of an issue of ordinary shares in the Company can stand separately. If the opposite occurs, and the resolution to increase Non-Executive Director fees is passed, and the second limb, for Non-Executive Directors be paid either in part or in whole by way of an issue of ordinary shares in the Company is not passed, then the Company can continue to pay the Non-Executive Directors in cash as per existing practise.



Voting Exclusions

The Company will disregard any votes cast on Resolution 4 by any Director of the Company or any Associated Person of that Director.

However, the Company will not disregard a vote if it is cast by such a person as proxy or representative for a person who is not disqualified from voting on Resolution 4, in accordance with express instructions to vote for or against a particular resolution on the proxy form.

5. Issue of Share Options to Employees

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution of the Company:

“That, for the purposes of Listing Rule 4.2.1(a), the issue of up to 8,002,487 options to various employees to acquire ordinary shares in the Company pursuant to its existing employee share plan, be approved.”

Dilution effect on current shareholders

The dilution effect the passing of Resolution 5 would have on the shareholdings of existing shareholders is set out below.

If, following the issuance of 8,002,487 options to various employees pursuant to Resolution 5, the options are exercised in full:

The total number of ordinary shares of the Company on issue will be 147,467,814. This figure covers the scenario where the 8,002,487 options are exercised in full and 8,002,487 ordinary shares are issued to the holders of the options (the **Exercised Ordinary Shares**).

The issue of the Exercised Ordinary Shares would have the effect of diluting current shareholders' percentage holdings in the Company by approximately 5% of that shareholder's holding. For example, if a shareholder held ordinary shares equal to 1% of all ordinary shares before the issue of the Exercised Ordinary Shares, that shareholder's shareholding would equal 0.95% of all ordinary shares after the issue.

Explanation

In order to attract, retain and incentivise key, highly skilled, employees whilst also managing cash resources effectively, the Company has run an Employee Share Option Scheme as part of its remuneration strategy for several years. As the Company expands its operations with existing and new clients, the ability to retain existing staff and attract new personnel in a highly competitive market for talent is more important than ever. In this regard, the Company will benefit by having the ability to issue up to 8,002,487 further options should circumstances warrant issuance.

The options are issued to staff by the Board based on the 20 day volume weighted average price. They vest over three years and expire if not exercised within 5 years of the issue date. To exercise the vested options staff are required to notify the Company, pay the exercise price, and once funds are cleared shares will be issued. The rules of the Employee Share Option Scheme can be found at <https://www.plexure.com/investors>.

As advised at the time the Employee Share Option Scheme was established, the Company operates on the basis that total issued and unexpired options will not exceed 12% of issued share capital at any point in time. The Company currently has 139,465,327 shares and 8,733,352 options on issue, leaving a further 8,002,487 options available to be issued before reaching the 12% option threshold.

Listing Rule 4.6 limits the number of Equity Securities that may be issued to employees in any 12 month period, without shareholder approval, to 3% of the issued share capital of the Company at the beginning of that period (together with any Equity Securities subsequently issued in accordance with certain of the Listing Rules).

The Company wishes to be able to issue further options and, upon exercise of those options, shares to its employees pursuant to its existing Employee Share Option Scheme. In doing so, the Company may exceed the 3% threshold described above.

Accordingly, the Company now seeks approval from its shareholders, by way of Ordinary Resolution pursuant to Listing Rule 4.2.1(a), to pass Resolution 5 in order to allow the Board to issue further options should circumstances warrant such issuance and, upon exercise of those options, Ordinary Shares to various employees.

If Resolution 5 is approved by shareholders, the terms of the options that would be granted would be the same as the terms of options previously issued under the current Employee Share Option Scheme. The key terms of the options would be as follows:

- **Options:** exercisable into ordinary shares ranking equally with all other ordinary shares in the Company on a 1:1 basis.
- **Exercise Price:** volume weighted average market price over 20 business days before the day the issue of options is made.
- **Vesting Schedule:** 33.3% of options granted become exercisable on the applicable 12 month anniversaries of the date of the grant.
- **Final exercise date:** 5-year anniversary of the date of grant of the options.

If Resolution 5 is not passed then the Company will only be able to issue options up to 3% of the issued capital in a 12 month period, or 4,183,960 options. This may impact the Company's ability to recruit and retain staff, particularly in overseas markets. Also note that the 3% is a rolling average over the year, meaning that based on timing there may not be the ability to issue options in the early part of the year. This may impact the recruitment of certain key staff.

Voting Exclusions

The Company will disregard any votes cast on Resolution 5 by any person whom it is proposed to issue the options to and any Associated Person of that person.

6. Re-appointment and Remuneration of Auditor

To consider and, if thought fit, pass the following resolution as an Ordinary Resolution of the Company:

“To record that Deloitte continue in office as the Auditors of the Company and the Board be authorised to fix their remuneration for the forthcoming year.”

Explanation

Deloitte is the existing auditor of the Company and has indicated its willingness to continue in office. Pursuant to section 207T of the Companies Act, Deloitte is automatically re-appointed at the Annual Meeting as Auditor of the Company. The proposed Resolution is to authorise the Directors to fix the Auditors' remuneration for the ensuing year for the purposes of section 207S of the Companies Act.

7. Adoption of Changes to the Constitution

To consider and, if thought fit, pass the following resolution as a Special Resolution of the Company:

“That the Constitution tabled at the meeting and signed by the Chairman of the meeting for the purpose of identification, be and is adopted as the Constitution of the company, in substitution for the present Constitution of the company.”

Explanation

The NZX Listing Rules were amended on 1 January 2019. Plexure opted into compliance with the amended Listing Rules from 1 May 2019. This requires the amendment of the Company's Constitution to ensure it meets the requirements of, and is consistent with, the new Listing Rules.

The proposed amendments are summarised as follows:

- in clause 15, requiring all voting at shareholder meetings to be by poll for as long as Plexure is listed, as required by the Listing Rules;
- removing the provision in clause 20 relating to exceptions to director rotation, on the basis that the Listing Rules have removed the relevant exceptions;
- amending clause 20 so that each shareholder resolution to appoint directors must relate to one director only, as required by the Listing Rules;
- deleting provisions relating to managing directors, on the basis that the Listing Rules no longer contains provisions relating to that role; and
- other changes to definitions and terminology for alignment with the Listing Rules.

Shareholders can obtain a copy of the proposed new Constitution by emailing andrew.dalziel@plexure.com. A copy of the proposed new Constitution will also be available for review at the meeting.

The 2019 Listing Rules are available on the NZX website at www.nzx.com/regulation/nzx-rules-guidance/main-board-debt-market-rules



Additional Information

SHAREHOLDER QUESTIONS

Shareholders are invited to submit questions prior to the Annual Meeting by post to Level 2, 1 Nelson **Street** Auckland, 1010 or by email to andrew.dalziel@plexure.com

The Company will aggregate the main themes of the questions received by 5.00pm on Friday 20 September 2019 and respond to them at the Annual Meeting. This means that not every question will be answered individually and some questions may be covered in the Chair's Address or Chief Executive Officer's Address.

ATTENDANCE

All shareholders are entitled to attend and vote at the Annual Meeting or to appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf. The appointment of a proxy or representative does not preclude a shareholder from attending and voting at the Annual Meeting in place of the proxy or representative.

VOTING

Pursuant to section 105(2) of the Companies Act 1993, an ordinary resolution means a resolution passed by a simple majority of the votes of those shareholders entitled to vote and voting on the question.

Pursuant to section 2(1) of the Companies Act 1993, a special resolution means a resolution approved by a majority of 75% of the votes of those shareholders entitled to vote and voting on the question.

PROXIES

Shareholders who wish to vote by appointing a proxy to vote on their behalf may direct their proxy to vote for or against a resolution, to abstain from voting or to exercise their discretion as to how to vote. The appointed proxy does not need to be shareholder of the Company. Please note that your proxy will not be able to vote at the Annual Meeting unless you have provided a voting direction or discretion to them.

A Proxy Form is enclosed.

To be effective, the Proxy Form must be lodged at the Company's Share Registrar no later than 48 hours before the Annual Meeting is due to begin (i.e. before 11.00am on Tuesday 24th September 2019) and in accordance with the instructions in the Notes to the Proxy Form. The Proxy Form can be lodged online at www.investorvote.co.nz or sent to Computershare Investor Services Limited, Private Bay 92119, Auckland 1142.

If, in appointing your proxy, you do not name a person to be your proxy (either online or on the accompanying form), or your named proxy does not attend the Annual Meeting, the Chair of the Annual Meeting will be your proxy and may only vote in accordance with your express direction.



You may appoint the Chair of the Annual Meeting as your proxy. If you appoint the Chair as proxy and have marked the 'proxy discretion' box the Chairman will vote for that resolution.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Phil Norman". The signature is written in a cursive, flowing style.

CHAIRMAN

22 August 2019