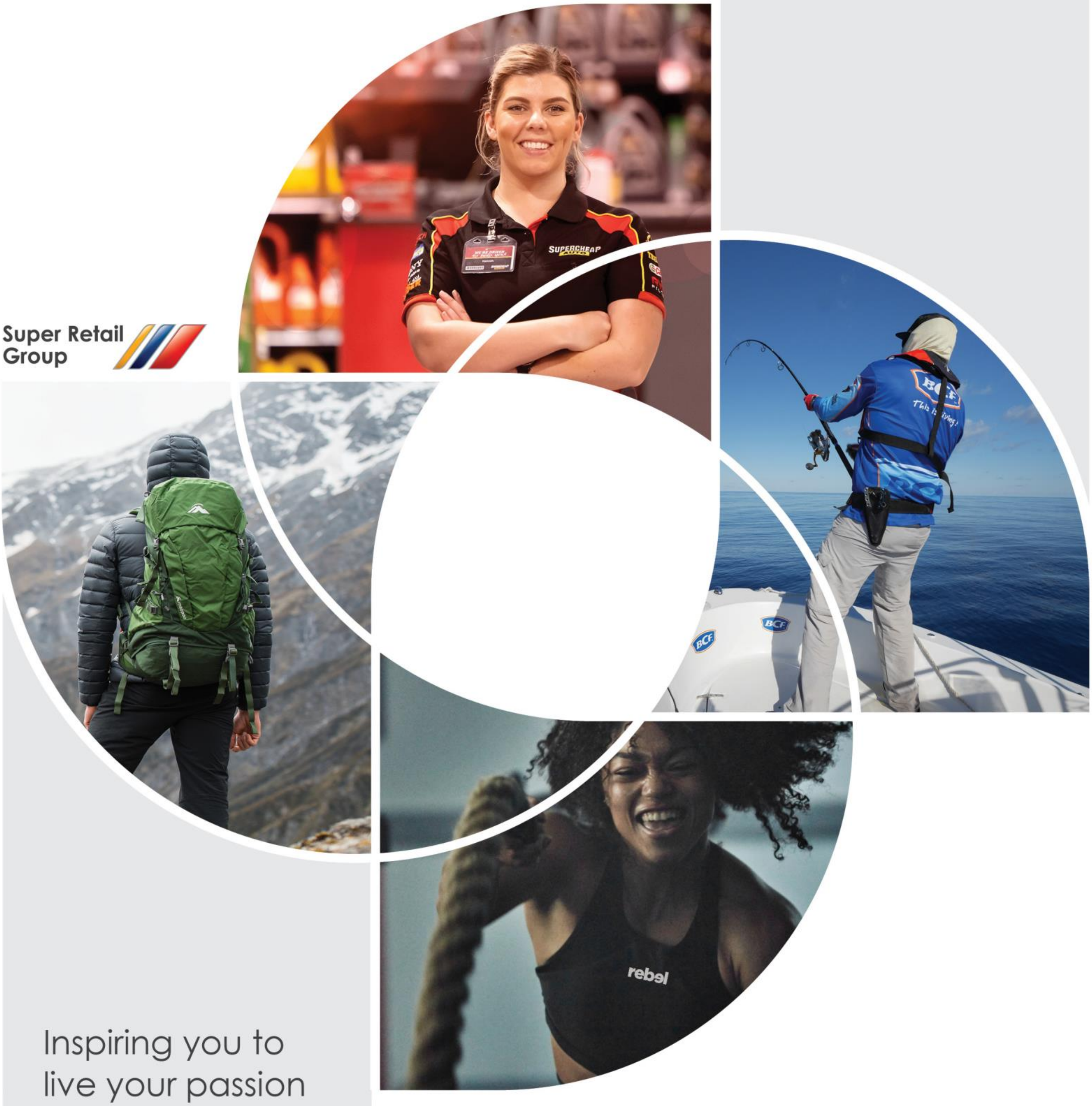
SUPER RETAIL GROUP LIMITED

2020 Addendum to NOTICE OF ANNUAL GENERAL MEETING

Super Retail Group



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ADDENDUM TO NOTICE OF 2020 ANNUAL GENERAL MEETING

The 2020 Annual General Meeting (**AGM** or **Meeting**) of shareholders of Super Retail Group Limited (**Company**) will be held on Wednesday, 28 October 2020 at 11.30am (AEDT).

Notice is given that, in relation to the Company's Notice of 2020 Annual General Meeting dated 21 September 2020 (**Notice of Meeting**), the Directors of the Company have determined to issue this addendum to the Notice of Meeting (**Addendum**). This Addendum forms part of the Notice of Meeting. Defined terms in this Addendum have the same meaning as in the Notice of Meeting.

The Company confirms that in issuing this Addendum there is no change to the time and date of the Meeting (being Wednesday, 28 October 2020 at 11.30am (AEDT)). The AGM will be held virtually and shareholders can fully participate in the AGM, including asking questions online, as set out in the Notice of Meeting.

This Addendum is issued in respect of Item 4 – Grant of Securities to the Managing Director and Chief Executive Officer, which is **revised as follows**:

> To approve, for the purposes of ASX Listing Rule 10.14, and for all other purposes, the grant of **190,583** performance rights (**Performance Rights**) to Mr Anthony Michael Heraghty under the Company's Performance Rights Plan for the 2021 and 2022 financial years, and the subsequent issue or transfer of ordinary shares on vesting of those Performance Rights, on the terms set out in the Explanatory Notes to this Notice of Annual General Meeting.

The terms of the original resolution in the Notice of Meeting stated that the number of Performance Rights to be granted (subject to shareholder approval) was to be determined by reference to the maximum value of the proposed grant of Performance Rights, being $850,000 per year, divided by $7.19 (being the value attributed to a Performance Right).

Following consultation with shareholders, the Board has determined that for the purpose of determining the number of Performance Rights to be granted under Item 4, the value attributed to a Performance Right shall be increased to $8.92.

The Board has set the value by reference to the volume weighted average price of the Company's shares for the five business days following the release of the Company's trading update in an ASX announcement dated 31 July 2020. The trading update contained the Group's preliminary unaudited financial results for the 2020 financial year including revenue, EBITDA, EBIT and NPAT. The Group's actual financial results were delivered in line with these preliminary results.

Amended Explanatory Notes to Item 4 to reflect the change as per this Addendum are set out on the following pages.

By order of the Board

Rebecca Farrell
Chief Legal Officer & Company Secretary
Super Retail Group Limited

22 October 2020

REVISED EXPLANATORY NOTES TO ITEM 4

The Explanatory Notes so far as they relate to Item 4 are amended as shown in the mark-up below. All changes are shown against the Explanatory Notes to Item 4 as they appear in the Notice of Meeting.

ITEM 4
GRANT OF SECURITIES TO THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

*The Board (without Mr Heraghty voting) recommends that shareholders vote **in favour** of this resolution.*

Under ASX Listing Rule 10.14, shareholder approval is required for securities to be granted to the Managing Director under an employee incentive scheme. Accordingly, shareholder approval is sought for a grant of 190,583 Performance Rights to the MD&CEO, Mr Anthony Heraghty, pursuant to the Plan.

This approval is being sought because ASX Listing Rule 10.14 provides that a listed company may only permit a Director of the Company (in this case, Mr Heraghty as MD&CEO) to acquire newly issued shares or rights under an employee incentive scheme where that Director's participation has been approved by an ordinary resolution of shareholders.

Approval is being sought to allow the Company flexibility to either issue new shares or to purchase shares on-market for allocation to Mr Heraghty upon any vesting of the Performance Rights.

Overview of the Plan

The Company operates the Plan under which eligible executives receive grants of Performance Rights to acquire shares, subject to meeting certain performance and service conditions. Performance Rights are used because they create share price alignment between executives and shareholders but do not provide the executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the Performance Rights vest.

Executive remuneration framework changes for FY21

To align with the two-year business plan formulated in the context of the COVID-19 pandemic, this financial year the Company will temporarily make adjustments to the long-term incentive (LTI) component of the executive reward framework and opportunity. The adjustments will align the reward structure with the measurements of performance set by the Board for the medium term.

The Company will issue one grant of Performance Rights covering the 2021 and 2022 financial years with metrics drawn from the targets in the two-year business plan. The Board considers this temporary adjustment will preserve alignment of the executive remuneration arrangements with shareholder interests, maintain total target variable reward over FY21 and FY22, while importantly responding to the economic and market volatility created by the COVID-19 pandemic.

Grant to MD&CEO for FY21 and FY22

Shareholders are being asked to approve the grant of 190,583 Performance Rights to the MD&CEO. This represents Mr Heraghty's total opportunity in respect of Performance Rights under the Plan for the 2021 and 2022 financial years. There will be no additional grant of Performance Rights under the Plan to the MD&CEO in FY22. It is intended that from FY23, an annual LTI grant will be reinstated in anticipation of more stable market conditions returning.

The proposed grant of Performance Rights under the Plan represents one of the at-risk components of the MD&CEO's remuneration package. The Performance Rights will be tested against key performance measures and link medium-term remuneration with the economic benefit derived by shareholders. Subject to meeting testing criteria, the Performance Rights will be delivered in equal tranches over two, three, and four year vesting periods. The two-year performance period for the grant covering the 2021 and 2022 years is aligned to the two-year business plan. Continued long-term alignment with shareholders is maintained by the additional two-year vesting period.

The Board considers that the MD&CEO's remuneration package, including participation in the proposed grant of Performance Rights under the Plan, is reasonable and appropriate having regard to the Company's circumstances, business performance, remuneration objectives, and the MD&CEO's duties and responsibilities.

The Board also considers the proposed issue of Performance Rights under the Plan to Mr Heraghty provides an appropriate incentive to enhance the performance of the Company and to seek to further align Mr Heraghty's interests with those of shareholders by linking his remuneration with the Company's performance.

If shareholders do not approve the proposed grant of Performance Rights to Mr Heraghty, the Board will consider the impact of this outcome on the remuneration arrangements for the MD&CEO, and review available options to provide this type of performance-based remuneration element. The Board will consider the Company's executive remuneration policy and framework, and have regard to the perspectives of shareholders, market practice and the Company's strategic and operational imperatives.

The key terms of the proposed grant of Performance Rights are set out below.

Number of Performance Rights to be granted	If shareholder approval is obtained, Mr Heraghty will be granted 190,583 Performance Rights under the Plan. This represents Mr Heraghty's at-risk equity- based remuneration for the 2021 and 2022 financial years. There will be no additional grant of Performance Rights to Mr Heraghty in FY22. The number of Performance Rights to be granted (subject to shareholder approval) has been determined by reference to the maximum value of the proposed grant of Performance Rights, being $850,000 per year, divided by $8.92 (being the value attributed to a Performance Right). ~~The value attributed to a Performance Right is the price paid by shareholders in the Entitlement Offer which closed on 3 July 2020. This value is considered appropriate as it reflects the price of shares at the commencement of the performance period for the Performance Rights and at this time the market was fully informed by the release of a disclosure document supporting the Entitlement Offer.~~ The Board has set the value by reference to the volume weighted average price of the Company's shares for the five business days following the release of the Company's trading update in an ASX announcement dated 31 July 2020. The trading update contained the Group's preliminary unaudited financial results for the 2020 financial year including revenue, EBITDA, EBIT and NPAT. The Group's actual financial results were delivered in line with these preliminary results.
Date of grant	If shareholder approval is obtained, the Performance Rights will be granted to the MD&CEO under the Plan as soon as practicable following the Meeting, and in any event, no later than 12 months after the passing of the resolution.
Entitlements	Each Performance Right is a right to acquire one share in the Company (or an equivalent cash amount), subject to the achievement of the performance conditions set out below (and continued employment with the Company over the relevant vesting period). Performance Rights do not carry any dividend or voting rights prior to vesting and are non-transferable, except in limited circumstances or with the consent of the Board.

Performance period and vesting	The performance period is two years, commencing 1 July 2020 and ending on 30 June 2022.

Performance hurdles

Having regard to the market volatility and the need to set meaningful and stretching performance measures, the Board has determined to set measures based on the targets in the two-year business plan. The performance hurdles will be Normalised Profit Before Tax (NPBT) and Average Return on Capital (ROC), both of which will be tested at the conclusion of the performance period.

Historically, the Group has not provided guidance to the market and, in light of current economic uncertainty, does not believe it is appropriate to do so at this time. There is a risk that the publication of performance targets could be misconstrued as providing forward looking guidance. Accordingly, the Board has determined it is not appropriate to publish these targets.

Due to the sensitive nature of the targets, the Board will disclose the minimum and maximum performance targets at the end of the performance period, once the outcome has been finalised.

a) NPBT (50% of the Performance Rights)

The percentage of Performance Rights attributed to NBPT hurdle that is available to vest, if any, will be determined with reference to the Company's NPBT performance over the performance period (from 1 July 2020 to 30 June 2022) as set out in the table below.

NBPT	Percentage of Performance Rights attributed to NBPT hurdle that become 'Qualified Performance Rights' and are available to vest
Below minimum performance	0%
At minimum performance	50%
Between minimum and maximum performance	On a pro-rata basis
At maximum performance	100%

b) ROC (50% of the Performance Rights)

The percentage of Performance Rights attributed to ROC hurdle that is available to vest, if any, will be determined with reference to the Company's ROC performance over the performance period (from 1 July 2020 to 30 June 2022) as set out in the table below.

ROC	Percentage of Performance Rights attributed to ROC hurdle that become 'Qualified Performance Rights' and are available to vest
Below minimum performance	0%
At minimum performance	50%
Between minimum and maximum performance	On a pro-rata basis
At maximum performance	100%

Allocation of shares upon vesting	Following testing of the performance hurdles and determination of the portion of Performance Rights that is available to vest, one fully paid share in the Company will be allocated in relation to each Performance Right which vests in accordance with the following vesting schedule (subject to the MD&CEO's continued employment with the Company at the relevant date):

Time after grant of Performance Right	Proportion of Performance Rights that vest
2 years	1/3rd of Performance Rights
3 years	1/3rd of Performance Rights
4 years	1/3rd of Performance Rights

	Any Performance Rights that do not remain available to vest following testing of the performance hurdles at the end of the performance period will lapse. The Company's obligation to allocate shares on vesting may be satisfied by issuing new shares, acquiring shares on-market or by transferring shares from an employee share trust. At the discretion of the Board, vested Performance Rights may be satisfied by payment of an equivalent cash amount.
Trading restrictions and hedging of awards	Shares allocated on vesting of Performance Rights will not be subject to any further trading restrictions other than the Company's Securities Trading Policy. Mr Heraghty is prohibited from hedging the share price exposure in respect of the Performance Rights during the performance period applicable to those Performance Rights.
Price payable on grant or exercise of the Performance Rights	No consideration is payable for the issue of Performance Rights or for the allocation of a share following vesting of the Performance Rights.
Cessation of employment	If the MD&CEO ceases employment with the Company before the end of the performance period, the treatment of his unvested Performance Rights will depend on the circumstances of cessation. For example, where the MD&CEO ceases employment due to resignation, termination for cause or poor performance, all unvested Performance Rights will lapse at cessation, subject to the Board's overriding discretion to determine a different treatment. In other cases, a pro-rata portion of his unvested Performance Rights (reflecting the period of service from the start of the performance period to the date of departure) may not lapse and may continue 'on-foot' to be tested at the end of the original performance period against the relevant performance conditions. Any Performance Rights which do not lapse following testing will vest in accordance with the original vesting periods.

Change of control, variations of capital, and divestment of material business	In the event of a takeover offer for the Company or any other transaction resulting in a change of control of the Company, the Board may determine, in its absolute discretion, the appropriate treatment regarding any unvested Performance Rights. Such a determination may involve the waiver (wholly or in part) of the performance hurdle applicable to the Performance Rights, or the lapse of some or all of the Performance Rights. In the event of a variation of the Company's capital (such as a subdivision, consolidation, reduction, rights issue, bonus issue or special dividend) prior to the vesting of the Performance Rights, the number of Performance Rights may be adjusted in the manner determined by the Board, and to the extent required, in accordance with the ASX Listing Rules. The exercise of the Board's discretion is to be informed by the principle that participants do not enjoy a windfall gain and do not suffer a material detriment as a result of any corporate action. The Board may also make special rules that apply to Performance Rights in the event that the Company divests, or disposes of, a business or asset designated by the Board for this purpose as "material".
Clawback	In the event of fraud, dishonesty, material misstatement of financial statements or other exceptional circumstances, the Board may make a determination, including to lapse unvested Performance Rights or "clawback" shares allocated upon vesting.
Loans	There are no loans relating to the acquisition of Performance Rights or shares under the Plan.
Other information – ASX Listing Rules	Following Mr Heraghty's appointment as MD&CEO of the Company and shareholder approval at the 2019 AGM, Mr Heraghty was granted the following Performance Rights under the Plan at no cost to Mr Heraghty[1]: • 86,294 Performance Rights pursuant to the long-term incentive grant; and • 53,262 Performance Rights pursuant to the co-investment grant. At the date of this Notice of Meeting, Mr Heraghty is the only Director eligible to participate in the Plan. Any additional persons for whom approval is required under ASX Listing Rule 10.14 to participate in the Plan after this resolution is approved and who were not named in the Notice of Meeting, will not participate until approval is obtained in accordance with ASX Listing Rule 10.14. Details of any Performance Rights issued under the Plan will be published in the Annual Report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Approval of this resolution will also result in the Performance Rights granted under the Plan to the MD&CEO being included as an exception to ASX Listing Rule 7.1. This means the Performance Rights granted under the Plan to the MD&CEO, and any shares issued pursuant to this

[1] Prior to Mr Heraghty's appointment as MD&CEO of the Company, Mr Heraghty was granted 52,258 Performance Rights in 2015, 45,586 Performance Rights in 2016, 59,526 Performance Rights in 2017, and 50,200 Performance Rights in 2018 for his role as Managing Director of a subsidiary entity of the Company. No price was paid or payable for the acquisition of those Performance Rights.

	approval, will not use up part of the 15 per cent issue capacity available under ASX Listing Rule 7.1.
Current remuneration package	Mr Heraghty's FY21 remuneration package comprises:

Remuneration element	Opportunity
Fixed remuneration (inclusive of superannuation, salary sacrificed items and allowances)	$1,150,000
Short-term incentive (30% deferred)	$714,500 at target, $1,071,750 at maximum
Long-term incentive	$850,000

VOTING EXCLUSION

Consistent with the Notice of Meeting, a voting exclusion continues to apply to Item 4. The voting exclusion was set out in the Notice of Meeting and is replicated in this Addendum in full.

ITEM 4
GRANT OF SECURITIES TO THE MD&CEO

The Company will disregard any votes cast in favour of Item 4 by or on behalf of Mr Heraghty (being the only current Director who is eligible to participate in the Plan) or any of his Associates.

However, this does not apply to a vote cast in favour of Item 4 by:

- a person as proxy or attorney for a person who is entitled to vote on Item 4, in accordance with the directions given to the proxy or attorney to vote on Item 4 in that way;
- the Chair as proxy or attorney for a person who is entitled to vote on Item 4, in accordance with a direction given to the Chair to vote on Item 4 as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Item; and
  - the holder votes on the Item in accordance with the directions given by the beneficiary to the holder to vote in that way.

In addition, a vote must not be cast on Item 4 by any person who is a KMP member at the time this Item is voted on at the AGM, or by any of their Closely Related Parties, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Item 4. This restriction on voting undirected proxies does not apply to the Chair acting as proxy for a person entitled to vote on Item 4 because the Company's proxy appointment expressly authorises the Chair to exercise undirected proxies.

VOTING INFORMATION

Any shareholder who has already submitted a direct vote or proxy for Item 4 is not required to resubmit a direct vote or proxy as a result of this Addendum, unless any shareholder wishes to lodge a revised direct vote or proxy.

Any shareholder wishing to lodge a revised direct vote or proxy form may:

- lodge a revised direct vote or proxy form online by visiting the website www.linkmarketservices.com.au and following the instructions provided; or
- obtain another direct vote or proxy form by:
  - downloading the form from our AGM Information Hub; or
  - calling Link on 1800 170 502.

Completed direct voting forms and proxy appointments must be lodged online, or received by the Company or Link, by no later than **11.30am** (AEDT) on **Monday, 26 October 2020**. All direct voting forms and proxy appointment forms received to date by the Company will be treated as valid unless a revised direct voting form or proxy appointment form is received by this time.

ATTENDING AND PARTCIPATING IN THE AGM

As was set out in the Notice of Meeting, due to the impacts of COVID-19, this year, the AGM will be held virtually. There will not be a physical meeting where shareholders can attend.

Further details for how shareholders can attend and participate in the AGM are set out in the Notice of Meeting and are available at the Company's AGM Information Hub.

FUTURE ALTERNATE ARRANGEMENTS

If, due to the COVID-19 pandemic, it becomes necessary to make further alternative arrangements for the AGM, the Company will ensure that shareholders are given as much notice as possible. Any additional information will be made available at the Company's AGM Information Hub.