

**Easton Investments Limited****ACN 111 695 357****Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting (**AGM** or **Meeting**) of Easton Investments Limited (**Easton** or the **Company**) will be held as follows:

Date: **Thursday, 18 November 2021**

Time: **10.30am (AEDT)**

Venue: **Online only**

How to join online

Easton advises that due to the Australian Government's recent restrictions with respect to indoor gatherings (in response to the COVID-19 pandemic), Easton has determined that it would be prudent for the AGM to be held online only.

The AGM will be held virtually via a live Zoom Teleconference with strictly no shareholders of the Company (**Shareholders**) in physical attendance.

The Board of the Company (**Board**) encourages Shareholders to monitor the ASX and the Company's website for any updates in relation to the AGM that may need to be provided. In the meantime, the Board encourages Shareholders to submit their proxies as early as possible, even if they intend to attend the Virtual AGM, as the situation may change (e.g. there may be restrictions on how the Meeting itself may be held or conducted).

Shareholders will be able to attend the AGM by going to <https://us02web.zoom.us/j/81147051304> using their web browser or internet enabled device.

To join the Zoom Meeting, please click on the link below and enter the meeting ID: **811 4705 1304**

Join Zoom Meeting:

<https://us02web.zoom.us/j/81147051304>

Meeting ID: **811 4705 1304**

Dial by your location:

+61 7 3185 3730 Australia

+61 8 6119 3900 Australia

+61 8 7150 1149 Australia

+61 2 8015 6011 Australia

+61 3 7018 2005 Australia

Find your local number: <https://us02web.zoom.us/j/kc0j88MRuT>

Attendee registration by the Zoom teleconference facility will be available between 10:00am and 10:30am AEDT on the day of the AGM which will be conducted via Zoom online. Shareholders will be able to participate, ask questions, make comments and vote online.

In order to provide for an efficient virtual AGM, we request that any questions from Shareholders are provided to the Company's company secretary (**Company Secretary**) at least 24 hours in advance of the AGM. We also strongly recommend that all Shareholders lodge their votes via the Company's share register platform prior to 10.30am on Tuesday 16 November 2021.

BUSINESS

Annual financial and other reports

To receive and consider the Company's financial report for the year ended 30 June 2021 (**2021 Annual Report**), Directors' Report and Independent Auditor's Report for the financial year ended 30 June 2021.

Resolution 1 — Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding ordinary resolution**:

"That for the purposes of section 250R(2) of the *Corporations Act 2001 (Cth)* (**Corporations Act**), the Remuneration Report of the Company for the year ended 30 June 2021 be adopted."

Note: The Remuneration Report is set out in the Company's 2021 Annual Report. The vote on this resolution is advisory only and does not bind the Company or the directors of the Company (**Directors**).

Resolution 2 — Re-election of Mr. Carl Scarcella

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

"That Mr. Scarcella, who retires by rotation in accordance with rule 7.1(g) of the Company's Constitution (**Constitution**) and, being eligible, stands for re-election, be re-elected as a Director."

Resolution 3 — Election of Mr. Anthony (Tony) McDonald

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

"That Mr. McDonald, who was appointed a director on 1 February 2021 and retires in accordance with rule 7.1(e) of the Constitution and, being eligible, stands for election, be elected as a Director."

Resolution 4 – Ratification of 3,333,333 fully paid ordinary shares in the Company (Shares) pursuant to ASX Listing Rule 7.4

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

“That in accordance with ASX Listing Rule 7.4, Shareholders ratify and approve for the purposes of ASX Listing Rule 7.1, the issue of 3,333,333 Shares in the capital of the Company, details of which are set out in the Explanatory Statement.”

Resolution 5 – Ratification of 1,700,000 options to acquire a Share (Options) pursuant to ASX Listing Rule 7.4

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

“That in accordance with ASX Listing Rule 7.4, Shareholders ratify and approve for the purposes of ASX Listing Rule 7.1, the issue of 1,700,000 Options, details of which are set out in the Explanatory Statement.”

Resolution 6 – Increase in maximum aggregate Non-executive Director remuneration

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

“That Shareholders approve for all purposes, including ASX Listing Rule 10.17 and rule 7.3(b) of the Constitution, the maximum aggregate remuneration that the Company may pay its Non-executive Directors in any financial year be increased by \$200,000 from \$300,000 to \$500,000 with effect from 1 July 2021.”

Resolution 7 – Change of Company Name to ‘Diverger Limited’

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

"That, in accordance with Section 157(1) of the Corporations Act, and for all other purposes, Shareholders approve and authorise the Company to change its name from ‘Easton Investments Limited’ to ‘Diverger Limited’.

Resolution 8 - Approval of the Company’s Incentive Plan (Plan)

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

“That the Plan be approved for all purposes and that approval be given in accordance with Exception 13(b) of ASX Listing Rule 7.2 for the issue of securities from time to time under the Plan (**Plan Securities**) as an exception to the rule in ASX Listing Rule 7.1 and for all other purposes, as set out in the Explanatory Statement.”

Resolution 9 – Approval of issue of 360,066 performance rights pursuant to the Plan (Performance Rights) to Mr. Nathan Jacobsen

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue by the Company of 360,066 Performance Rights to Mr. Nathan Jacobsen on the terms set out in the Explanatory Statement be approved.”

Resolution 10 - Approval of issue of Performance Rights to Mr. Carl Scarcella

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue by the Company of 100,000 Performance Rights to Mr. Carl Scarcella, a Non-executive Director, on the terms set out in the Explanatory Statement be approved.”

Resolution 11 - Approval of issue of Performance Rights to Mr. Anthony McDonald

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue by the Company of 100,000 Performance Rights to Mr. Anthony McDonald, a Non-executive Director, on the terms set out in the Explanatory Statement be approved.”

Resolution 12 - Approval of issue of Performance Rights to Mr. Grahame Evans

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

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue by the Company of 100,000 Performance Rights to Mr. Grahame Evans, an executive Director, on the terms set out in the Explanatory Statement be approved.”

Resolution 13 - Approval of potential termination benefits under the Plan

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

“That for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, approval is given for the giving of benefits under the Plan to any present or future member of the Plan (**Proposed Participant**) in connection with such person ceasing to hold a managerial or executive office or position of employment or engagement in the Company, as set out in the Explanatory Statement.”

By order of the Board



Mark Licciardo

Company Secretary

Dated: 4 October 2021

Notes:

1. A Shareholder entitled to attend and vote at this AGM is entitled to appoint one proxy or, if the Shareholder is entitled to cast two or more votes at the Meeting, two proxies to attend and vote on behalf and instead of the Shareholder.
2. Where two proxies are appointed, a Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.
3. A proxy need not be a Shareholder.
4. Proxy votes if appointment specifies way to vote:

Section 250BB of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way;
 - (b) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
 - (c) if the proxy is the chairperson of the Meeting (**Chairman**) at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
 - (d) if the proxy is not the Chairman, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote in the way directed.
5. Transfer of non-chair proxy to Chairman in certain circumstances:

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of Shareholders;
- (b) the appointed proxy is not the Chairman;
- (c) at the meeting, a poll is demanded on the resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

the Chairman is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at that meeting.

6. A proxy form accompanies this notice (**Proxy Form**). To be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the Meeting, namely by 10.30am (Sydney time) on Tuesday 16 November 2021:

At Link Market Services Limited:

- (a) post to C/-Link Market Services Limited, Locked Bag A14, Sydney South NSW, 1235 Australia; or
- (b) facsimile on +61 2 9287 0309.

7. Regulation 7.11.37 determination:

A determination has been made by the Board under regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that those persons who are registered as the holders of shares in the Company as at 7.00pm (Sydney time) on Tuesday 16 November 2021 will be taken to be the holders of shares for the purposes of determining voting entitlements at the AGM.

8. **To vote online, please follow the instructions below:**

STEP 1: Visit www.linkmarketservices.com.au

STEP 2: Enter your Securityholder Reference Number – as contained in the attached Proxy Form.

STEP 3: Enter your Postcode (if within Australia) OR Country of Residence (if outside Australia).

STEP 4: Follow the prompts to vote on each resolution.

9. **Voting by poll**

All Resolutions will be voted on by way of a poll.

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 AGM.

Similarly, a reasonable opportunity will be given to Shareholders, as a whole, to ask questions of the Company's external auditor, BDO Audit Pty Ltd (**BDO**), 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 financial statements; and
- (d) the independence of the Company's auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to BDO if the question is relevant to the content of the BDO audit report or the conduct of its audit of the 2021 Annual Report.

Relevant written questions to BDO must be made no later than 5:00pm (Sydney time) on 11 November 2021. A list of those questions will be made available to Shareholders attending the Meeting. BDO 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 BDO to the Company Secretary by no later than 5:00pm (Sydney time) on 11 November 2021:

By email - markl@mertons.com.au

Voting exclusion statements:

1. Resolution 1 (Adoption of Remuneration Report)

The Corporations Act prohibits the Company's Key Management Personnel (**KMP**), details of whose remuneration are included in the Company's remuneration report, and their closely related parties from voting in any capacity on this Resolution. However, such a person may cast a vote on this Resolution as a proxy for a person who is permitted to vote if:

- (a) the appointment of the proxy specifies the way in which the proxy is to vote on the Resolution 1; or
- (b) such a person is the Chairman, and the appointment of the proxy expressly authorises the Chairman to exercise the undirected proxies even if the Resolution 1 is connected with the remuneration of a member of the KMP.

The Chairman intends to vote undirected proxies in favour of Resolution 1.

2. Resolution 4 (Ratification of 3,333,333 Shares pursuant to ASX Listing Rule 7.4) and Resolution 5 (Ratification of 1,700,000 Options pursuant to ASX Listing Rule 7.4)

The Company will disregard any votes cast in favour of Resolutions 4 and 5 by or on behalf of HUB24 Limited (**HUB24**) or any of its associates.

However, the Company need not disregard a vote in relation to Resolution 4 or 5 if it is cast by:

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

3. Resolution 6 (Increase in maximum aggregate Non-executive Director remuneration)

The Company will disregard any votes cast in favour of Resolution 6:

- (a) cast in favour by or on behalf of a Director or any associate of a Director; or
- (b) cast as a proxy by members of the KMP at the date of the Meeting and their closely related parties.

However, the Company need not disregard a vote in relation to Resolution 6 if it is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with an express authority in the Proxy Form to vote undirected proxies as the Chairman sees fit even though Resolution 6 is connected with the remuneration of a member of the KMP; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided that:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with direction as how to vote given by the beneficiary to the Shareholder.

4. Resolution 8 (Approval of the Plan)

The Company will disregard any votes on Resolution 8:

- (a) cast in favour by or on behalf of each person who is eligible to participate in the Plan (which includes Directors) and each of their respective associates; or
- (b) cast as a proxy by members of the KMP at the date of the Meeting and their closely related parties.

However, the Company need not disregard a vote on Resolution 8 if it is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy for a person who is entitled to vote on the Resolution, in accordance with an express authority in the Proxy Form to vote undirected proxies as the Chairman sees fit even though Resolution 8 is connected with the remuneration of a member of the KMP; or
- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

5. **Resolution 9** (Approval of issue of 360,066 Performance Rights to Mr. Nathan Jacobsen), **Resolution 10** (Approval of issue of Performance Rights to Mr. Carl Scarcella), **Resolution 11** (Approval of issue of Performance Rights to Mr. Anthony McDonald) and **Resolution 12** (Approval of issue of Performance Rights to Mr. Grahame Evans)

The Company will disregard any votes on Resolutions 9, 10, 11 and 12:

- a) cast in favour or on behalf of any person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3 (which includes Directors) or any of their respective associates; or
- b) cast as a proxy by members of the KMP at the date of the Meeting and their closely related parties.

However, the Company need not disregard a vote in relation to Resolutions 9, 10, 11 and 12 if it is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with an express authority in the Proxy Form to vote undirected proxies as the Chairman sees fit even though Resolutions 9, 10, 11 and 12 is connected with the remuneration of a member of the KMP; or

- (c) a Shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary, provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the Shareholder votes on the Resolution in accordance with directions given by the beneficiary to the Shareholder to vote in that way.

6. Resolution 13 (Approval of potential termination benefits under the Plan)

The Company will disregard any votes cast in favour of Resolution 13 by or on behalf of any potential participant under the Plan or associate of a potential participant under the Plan.

However, the Company need not disregard a vote in relation to Resolution 13 if:

- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution; or
- (b) it is not cast on behalf of a potential participant under the Plan or an associate of the potential participant under the Plan.

General Information on Proxy Voting

It is the intention of the Chairman to vote eligible undirected proxies in favour of all Resolutions, to the extent permitted by law.

If a Shareholder appoints the Chairman as their proxy, expressly or by default, and they do not direct the Chairman how to vote on a Resolution, by completing and returning the Proxy Form they will be expressly authorising the Chairman to exercise the proxy and vote as the Chairman sees fit on a Resolution, even if the Resolution is connected directly or indirectly with the remuneration of a KMP Member.

In respect of Resolutions 8, 9, 10, 11, 12 and 13, the Proxy Form contains an express authorisation for the Chairman to exercise undirected proxies even though these Resolutions are connected directly or indirectly with the remuneration of a KMP Member.

Those Shareholders appointing a proxy who do not want the Chairman to cast their vote in favour of a Resolution should:

- (a) appoint the Chairman as proxy with a direction to cast votes in the manner directed; or
- (b) appoint a person other than the Chairman as proxy with or without a direction to cast votes 'for', 'against' or to 'abstain' from voting on these Resolutions (as the Shareholder considers appropriate).

Explanatory Statement

General information

This Explanatory Statement is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the Notice of Annual General Meeting (**Notice**).

If you have any questions regarding the matters referred to in this Explanatory Statement (or elsewhere in the Notice), please contact the Company, or your stockbroker or other professional adviser.

Consideration of the Company's annual financial and other reports

The Corporations Act requires that the 2021 Annual Report (which includes the financial statements and Directors' declaration), the Directors' Report and Independent Auditor's Report be laid before the AGM.

There is no requirement either in the Corporations Act or the Constitution for Shareholders to approve the 2021 Annual Report, the Directors' Report or the Independent Auditor's Report.

However, Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on these reports.

Resolution 1 – Adoption of Remuneration Report

Board recommendation: The Board recommends that Shareholders vote in **FAVOUR** of Resolution 1.

Undirected proxies: The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 1.

There will be an opportunity for Shareholders at the Meeting to comment on and ask questions about the Remuneration Report, which appears in the Company's 2021 Annual Report.

The vote on the proposed Resolution adopting the Remuneration Report is advisory only and will not bind the Company or its Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy and practices.

The Corporations Act contains a 'two strikes' rule in relation to remuneration reports. Briefly, if at two consecutive AGMs, 25% or more votes were cast against the resolution that the Company's remuneration report be adopted, a 'spill resolution' must be put to the vote at that AGM. If 50% or more of eligible votes cast are in favour of the spill resolution, the Company must convene a general meeting (a 'spill meeting') within 90 days of the AGM. All of the Directors who were in office when the Directors' Report was approved, other than the

Managing Director and Mr. Greg Hayes who has subsequently stepped down from the Board, will need to stand for re-election at the spill meeting.

At the Company's 2020 annual general meeting less than 25% of votes were cast against the resolution that the Remuneration Report be adopted. Accordingly, there is no requirement to allow for a possible spill resolution at this year's AGM.

Resolution 2 — Re-election of Mr. Carl Scarcella

Board recommendation: The Board recommends that Shareholders vote in **FAVOUR** of Resolution 2.

Undirected proxies: The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 2.

In accordance with rule 7.1(g) of the Constitution, Mr. Scarcella retires at this year's AGM and, being eligible, stands for re-election.

Mr. Scarcella has been a Non-executive Director since 2014 and is chair of the Audit and Risk Committee, a member of the Nomination and Remuneration Committee and chair of the Wealth Risk & Compliance sub-committee. Mr. Scarcella joined the financial services industry in 1987. In 2000, Mr. Scarcella was one of the foundation managers of Snowball Group Limited (**Snowball**), a listed independent advice business which provided financial services including financial planning, accounting and tax, portfolio management, and portfolio administration. Mr. Scarcella was chief operating officer and company secretary of Snowball from inception through to its merger with the Shadforth Group in 2011 to become SFG Australia Limited (**SFG**). Following his departure from SFG in 2012, Mr. Scarcella co-founded T&C Consulting Services, a firm which provided advice on growth strategies, governance frameworks, infrastructure solutions and M&A support.

Resolution 3 — Election of Mr. Anthony McDonald

Board recommendation: The Board recommends that Shareholders vote in **FAVOUR** of Resolution 3.

Undirected proxies: The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 3.

In accordance with rule 7.1(e) of the Constitution, Mr. McDonald retires at this year's AGM and, being eligible, stands for re-election. Mr. McDonald was appointed as a Non-executive Director on 1 February 2021 and is a chair of the Nomination and Remuneration Committee.

Mr. McDonald co-founded financial planning firm Snowball in 2000. Mr. McDonald is also a former director of The Investment Funds Association of Australia (now Financial Services Council) and currently a Non-executive Director of HUB24 and chairman of a leading not-for-

profit organisation. As a financial services executive, Mr. McDonald has worked in a variety of senior roles with Snowball, SFG, Jardine Fleming Holdings Limited (Hong Kong), and Pacific Mutual Australia Limited. Prior to entering the financial services industry, Mr. McDonald worked as a solicitor with the two global law firms, Baker & McKenzie and Coudert Brothers.

Resolutions 4 and 5 – Ratification of 3,333,333 Shares and 1,700,000 Options pursuant to ASX Listing Rule 7.4

Board recommendation: The Board recommends that Shareholders vote in **FAVOUR** of Resolutions 4 and 5.

Undirected proxies: The Chairman intends to vote all available undirected proxies in **FAVOUR** of Resolutions 4 and 5.

ASX Listing Rule 7.1 imposes a cap on the number of securities that a company may issue within a 12 month period. ASX Listing Rule 7.4 provides that an issue of equity securities made without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with Shareholder approval for the purposes of Listing Rule 7.1 if the Shareholders subsequently approve it, and the issue did not breach ASX Listing Rule 7.1.

The issues of the Shares and Options described below did not breach any ASX Listing Rules and Shareholder ratification to those issues is now sought.

In order to restore the Company's capacity to issue securities, it is proposed that Shareholders ratify the issue of Shares and Options as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

On 28 October 2020 and further on 21 December 2020, the Company announced to the market a proposed transaction with HUB24, the key terms of which included:

- the Company to acquire all the issued share capital in Paragem Pty Limited (**Paragem**), a licensee entity, from HUB24 in exchange for the issue of 3,333,333 Shares, at \$1.20 each, by the Company to HUB24;
- a 'Technology Partnership and Distribution Agreement' to be entered into between the Company and HUB24, with the intention of the Company becoming a leading provider of re-imagined support services and solutions for financial advisers, licensees and accountants by benefiting from technology built by HUB24; and
- the issue by the Company to HUB24 of 1,700,000 Options as consideration for entry into the Technology Partnership and Distribution Agreement.

On 4 January 2021, the Company issued 3,333,333 Shares to HUB24. The issue of these Shares was made using the Company's existing placement capacity under ASX Listing Rule 7.1 and the Shares ranked equally with existing Shares.

On 1 February 2021, the Company entered into the Technology Partnership and Distribution Agreement and issued 1,700,000 Options to HUB24, exercisable at \$1.20 each, on or before 1 February 2024, on the terms and conditions set out at Annexure A hereto.

The issue of Shares and Options was made utilising the Company's capacity under ASX Listing Rule 7.1.

Information required by ASX Listing Rule 7.5: The following information is provided to Shareholders for the purposes of ASX Listing Rule 7.5.

- 3,333,333 Shares and 1,700,000 Options were issued to HUB24.
- The Company issued 3,333,333 Shares and 1,700,000 Options.
- The Shares are fully paid ordinary shares. The material terms of the Options are summarised at Annexure A.
- 3,333,333 Shares were issued by the Company on 4 January 2021 and 1,700,000 Options were issued by the Company on 1 February 2021.
- 3,333,333 Shares were issued at an issue price of \$1.20 per Share, being \$4 million in aggregate (before costs). 1,700,000 Options (with an exercise price of \$1.20 per Share) were issued as consideration for entry by the Company into the Technology Partnership and Distribution Agreement with HUB24.
- The purpose of the issue of Shares was as consideration for the acquisition of all the issued share capital in Paragem. The purpose of the issue of Options was as consideration for entry by the Company into the Technology Partnership and Distribution Agreement with HUB24.
- The Shares and Options were issued pursuant to a binding heads of agreement with HUB24 (announced to the market on 28 October 2020 and varied 21 December 2020) and entry into the following documents:
 - a transaction implementation deed between the Company and HUB24, which contemplated: (i) a strategic investment in the Company by HUB24 of up to 40% of the Company's issued share capital; (ii) the opportunity for Shareholders to sell approximately a third of their Shares at a price of \$1.20 per Share under an equal access, off-market, share buy-back offer, together with the payment of a special fully franked dividend of \$0.05 per Share (the combination of the buy-back price and the fully franked dividend represented a premium of 44% over the last trading price at the time for Shares, being \$0.87); and (iii) HUB24 having the right to nominate two directors to join the Board;
 - the Technology Partnership and Distribution Agreement between the Company and HUB24, which provided for the issue to HUB24 of 1,700,000 Options to acquire Shares with an exercise price of \$1.20 per Option, exercisable at any time over the two years following their issue;

- a share sale agreement between the Company and HUB24, which contemplated the acquisition of all issued share capital in Paragem by the Company from HUB24, in exchange for the issue of 3,333,333 Shares at a price of \$1.20 per Share and the appointment of Mr. Nathan Jacobsen as the Company's Managing Director;
 - a transitional services agreement between HUB24 and Paragem, which contemplated the provision of services by HUB24 to Paragem for three months after completion of the sale of Paragem's shares from HUB24 to the Company; and
- there are voting exclusion statements that apply to Resolutions 4 and 5 (as set out above).

Resolution 6 – Increase in maximum aggregate Non-executive Director fee remuneration

Board recommendation. As the resolution concerns Non-executive Director remuneration, the Board abstains from recommending to Shareholders to vote in favour of Resolution 6.

Undirected proxies: The Chairman intends to vote undirected proxies in **FAVOUR** of Resolution 6.

The maximum aggregate remuneration that the Company may pay Non-executive Directors in any financial year is currently fixed at \$300,000. This amount does not include other payments that may be payable to non-executive Directors as specified in the Constitution (reimbursement for expenses incurred while engaged in the business of the Company or for the provision of services outside the Director's duties). The current aggregate limit has not been increased since 1 July 2015.

Shareholder approval is sought to increase the maximum aggregate amount payable to Non-executive Directors in any financial year by \$200,000, from \$300,000 to \$500,000. The increase is being sought in order to:

- ensure that the Company can attract, retain and appropriately remunerate suitably skilled, experienced, diverse and committed individuals to serve on the Board and its committees;
- allow for some future increases in fees to maintain market competitiveness and to reflect increasing responsibilities and demands on Non-executive Directors; and
- provide future flexibility to increase the size of the Board, if and when appropriate.

Increasing the maximum amount of Non-executive Directors' remuneration does not mean that the whole of the new maximum aggregate will be used immediately.

The Board is aware of the general market concerns regarding the level of Non-executive Directors' fees and the Board believes that the Company has been consistently conservative

in relation to the level of fees paid to its Directors. The remuneration provided to each Non-executive Director for the year ended 30 June 2021 is provided in the Remuneration Report included in the 2021 Annual Report, available on the Company's website at www.eastoninvestments.com.au.

As required by ASX Listing Rule 10.17, the Company confirms that no Shares, Options or other securities have been issued to Non-executive Directors in the last three years.

Resolution 7 — Change of Company name to Diverger Limited

Board recommendation: The Board recommends that Shareholders vote in **FAVOUR** of Resolution 7.

Undirected proxies: The Chairman intends to vote all available undirected proxies in **FAVOUR** of Resolution 7.

Resolution 7 is a special resolution which seeks approval of the Shareholders for the Company to change its name from '**Easton Investments Limited**' to '**Diverger Limited**'. The change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

This Resolution 7 seeks Shareholder approval by special resolution in accordance with Section 157 of the Corporations Act.

The Company was founded in 2005 originally as an investment manager focused on distribution of financial products in Australia and Asia. The Company's current name reflects that focus, with the inclusion of the word 'Investments', but equally 'Easton' denoting a focus on the Asian market.

Since that time, the Company's core businesses have changed materially. The Company today is a collective of well-established and highly regarded brands that, together, deliver quality services to clients with the aim of creating positive change in the accounting and wealth sectors. It currently derives more than 80% of its net revenue from services unrelated to investment solutions. This has been the case for some years and the Board does not expect this trend to reverse, although investment solutions remain an important and growing part of the Company's business. The Board has also received shareholder feedback requesting that this inconsistency be addressed through a name change.

As part of the Board and management's drive to articulate a clear and consistent strategy for the Company's future, an assessment of the brand and its interaction with its sub-brands has been undertaken. The Company's reset vision is to become the leading provider of services to accountants and financial advisers. A new name will better reflect the new vision and assist in differentiating the Company in a competitive market.

'Diverger' reflects this aspiration – someone who sees the bigger picture, thinks differently and can construct information from its elements into a meaningful whole. The Board and management believe 'Diverger' represents the sum of the Company's new drive, focus and

thinking. The industries served by the Company's businesses are undergoing enormous regulatory, societal and technological change. Clients are asking our senior management team to think differently and to help them navigate that change. Changing the Company's name to 'Diverger' will emphasise our point of difference in the market and our willingness to think and act differently on behalf of our clients, including across our sub-brands, which epitomises a strong focus on thinking differently to the benefit of clients and shareholders.

Following the name change, key operating businesses will continue to operate under their current trading names familiar to the existing client base. The new name will be accompanied by a refreshed visual brand identity (including the sub-brands) which will create a contemporary and consistent look and feel, with the flexibility to meet the future growth of the Company.

The Company will make an application to ASIC for the change of name to 'Diverger Limited'. The new name will take effect on the issue of a certificate of registration of change of name by ASIC. In anticipation of the proposed change of name, the Company has reserved ASX code: 'DVR'.

This Resolution is a **special resolution**. For a special resolution to be passed, at least 75% of the votes cast by Shareholders present and eligible to vote (in person or by proxy) at the Meeting must be in favour of the Resolution.

Resolution 8 – Approval of the Plan

Board recommendation. The Board (excluding Mr. Nathan Jacobsen, Mr. Carl Scarcella, Mr. Anthony McDonald and Mr. Grahame Evans, who abstain from making a recommendation due to their personal interest in this Resolution) recommends that Shareholders vote in **FAVOUR** of Resolution 8.

Undirected proxies: The Chairman intends to vote all available undirected proxies in **FAVOUR** of Resolution 8.

ASX Listing Rule 7.2 Exception 13(b) excludes from the restrictions in ASX Listing Rules 7.1 and 7.1A an issue of securities under an employee incentive scheme if within three years before the issue date the Shareholders have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.2.

Accordingly, Resolution 8 seeks Shareholder approval for the purposes of ASX Listing Rule 7.2 Exception 13(b).

Pursuant to the Plan, the Company can issue certain Plan Securities to eligible employees, contractors and Directors (both executive and non-executive) to provide them with incentive to deliver growth and value to Shareholders, and provide the Company with the ability to attract and retain such people.

If Resolution 8 is passed, Plan Securities issued under the Plan in the three years following this AGM, and the issue of the underlying Shares on the exercise or vesting of Plan, will not count towards the percentage limits described above.

If Resolution 8 is not passed, the Company may still issue Plan Securities but will need to use its capacity under ASX Listing Rule 7.1 in order to issue Plan Securities and underlying Shares on the exercise or vesting of such Plan Securities.

No Plan Securities have been issued under the Plan (since the Company's listing or otherwise) as it is a new incentive plan. The maximum number of Plan Securities (excluding Incentive Rights because they do not result in the right to acquire Shares on vesting or exercise) proposed to be issued under the Plan if it is approved is 1,880,500, subject to further potential increases upon future approvals.

A summary of the key terms of the Plan is set out in Annexure B to this Explanatory Statement. A complete copy of the Plan is available by contacting the Company's Share Registry and requesting a copy of the Plan (free of charge).

Resolutions 9, 10, 11 and 12 – Approval of issue of Performance Rights to Mr. Nathan Jacobsen, Mr. Carl Scarcella, Mr. Anthony McDonald and Mr. Grahame Evans

Board recommendation. The Board (excluding Mr. Nathan Jacobsen, Mr. Carl Scarcella, Mr. Anthony McDonald and Mr. Grahame Evans, who abstain from making a recommendation in respect of Resolution 9, 10, 11 or 12, respectively, due to their personal interest in Resolution) recommends that Shareholders vote in **FAVOUR** of Resolutions 9, 10, 11 and 12.

Undirected proxies: The Chairman intends to vote all available undirected proxies in **FAVOUR** of Resolutions 9, 10, 11 and 12.

ASX Listing Rule 10.14 provides that a company may not issue securities to a director under an employee incentive scheme without the approval of its Shareholders by way of an ordinary resolution. Accordingly, Shareholder approval is sought for the grant of the following Plan Securities:

- 360,066 Performance Rights to Mr. Nathan Jacobsen, the Managing Director;
- 100,000 Performance Rights to Mr. Carl Scarcella, a Non-executive Director;
- 100,000 Performance Rights to Mr. Anthony McDonald, a Non-executive Director; and
- 100,000 Performance Rights to Mr. Grahame Evans, an Executive Director

(collectively, the **Issues** and each an **Issue**).

The Issues fall within ASX Listing Rules 10.14.1 and therefore Resolutions 9, 10, 11 and 12 require the approval of the Shareholders under ASX Listing Rules 10.14. If Resolutions 9, 10, 11 and 12 are passed, the Company will be able to proceed with the Issues, but if any of

Resolutions 9, 10, 11 and 12 are not passed, the Company will not be able to proceed with the Issue to which the Resolution relates (e.g. if Resolution 9 is not passed, the Company will not be able to proceed with the Issue in respect of 360,066 Performance Rights to Mr. Nathan Jacobsen).

As set out below, the Issues to which Resolutions 9 and 12 relate are to be made to each of Mr. Nathan Jacobsen (the Managing Director) and Mr. Grahame Evans (an Executive Director) in accordance with their remuneration packages. The long-term incentive (**LTI**) remuneration to which Mr. Jacobsen is entitled is the subject of Resolution 9 and the LTI remuneration to which Mr. Evans is entitled is the subject of Resolution 12.

The Issues to which Resolutions 10 and 11 relate are to be made to each of Mr. Carl Scarcella and Mr. Anthony McDonald (both Non-executive Directors) in lieu of an increase in their Non-executive Directors' fees in FY22. Mr. Scarcella and Mr. McDonald are, in any event, entitled to LTI remuneration but as it is likely that Non-executive Directors will be required to make an abnormal work and time commitment over the next two to three years (given the Company's renewed strategy to explore a changes in scale and capability), the Board is, therefore, recommending that Shareholders approve the Issues under Resolutions 10 and 11 as special, one-off grants of the Performance Rights in lieu of an increase in their Non-executive Directors' fees in FY22.

The Issues under Resolutions 10 and 11 seek to reward Non-executive Directors on an 'at risk' basis, without increasing the Company's present cash payments but, at the same time, achieving a strong alignment with the Company's strategic aspirations and intent to grow and deliver enhanced Shareholder value.

The Company operates with a relatively small Board presently, comprised of three Non-executive Directors and two Executive Directors, with total Directors' fees for FY22 estimated to be approximately \$205,000, ignoring the accounting cost of the Issues. In comparison with comparable Australian-listed companies, the Company benefits from relatively low Directors' fees. As it is critical that the Company is able to attract and retain high quality and experienced Directors, including by way of competitive remuneration, the Issues provide the Company with the flexibility to ensure that a top calibre Board of appropriate size serves the Company and its Shareholders.

In accordance with the requirements of ASX Listing Rule 10.15, the below information is provided in respect of the proposed Issues which are the subjects of Resolutions 9, 10, 11 and 12.

| Name | Mr. Nathan Jacobsen | Mr. Carl Scarcella | Mr. Anthony McDonald | Mr. Grahame Evans |
|--|---|--|--|--|
| Category in ASX Listing Rules 10.14.1 – 10.14.3 | Managing Director ASX Listing Rule 10.14.1 | Non-executive Director ASX Listing Rule 10.14.1 | Non-executive Director ASX Listing Rule 10.14.1 | Executive Director ASX Listing Rule 10.14.1 |

| Name | Mr. Nathan Jacobsen | Mr. Carl Scarcella | Mr. Anthony McDonald | Mr. Grahame Evans |
|--|--|---|--|---|
| Purpose of Issues | Align Mr. Jacobsen's remuneration with performance measures related to the Company's strategy and Shareholder value. | Align Mr. Scarcella's remuneration with performance measures related to the Company's strategy and Shareholder value, and in lieu of a fee increase for FY22. | Align Mr. McDonald's remuneration with performance measures related to the Company's strategy and Shareholder value, and in lieu of a fee increase for FY22. | Align Mr. Evans' remuneration with performance measures related to the Company's strategy and Shareholder value. |
| Number and class of securities proposed to be issued | 360,066 Performance Rights (which, on vesting, will entitle Mr. Jacobsen to be issued 360,066 Shares). | 100,000 Performance Rights (which, on vesting, will entitle Mr. Scarcella to be issued 100,000 Shares). | 100,000 Performance Rights (which, on vesting, will entitle Mr. McDonald to be issued 100,000 Shares). | 100,000 Performance Rights (which, on vesting, will entitle Mr. Evans to be issued 100,000 Shares). |
| Details of current total remuneration package for FY22 (effective from 1 July 2021) (Shareholders are referred to the Company's Remuneration Report for further details) | Mr. Jacobsen's cash remuneration package is \$600,000 per annum, comprising: <ul style="list-style-type: none"> • \$400,000 as total fixed remuneration (inclusive of superannuation); and • \$200,000 as the maximum amount he can earn as variable, short-term incentive remuneration. Mr. Jacobsen is also entitled to the LTI remuneration which is the subject of Resolution 9. | Mr. Scarcella's fixed fee remuneration is \$52,500 per annum (inclusive of superannuation). In addition, he receives a fee of \$10,000 per annum (inclusive of superannuation) for special duties relating to the Company's oversight of risk and compliance functions. Mr. Scarcella is also entitled to the LTI remuneration which is the subject of Resolution 10. | Mr. McDonald's fixed fee remuneration is \$52,500 per annum (inclusive of superannuation). Mr. McDonald is also entitled to the LTI remuneration which is the subject of Resolution 11. | Mr. Evans' maximum cash package is \$500,762 per annum, comprising: <ul style="list-style-type: none"> • \$370,925 as total fixed remuneration (inclusive of superannuation); and • \$129,827 (inclusive of superannuation) as the maximum amount he can earn as variable, short term incentive remuneration. Mr. Evans is also entitled to LTI remuneration which is the subject of Resolution 12. |
| Determination of number of Performance Rights under | The value of this Issue is based upon 100% of Mr. Jacobsen's current | In lieu of an increase in remuneration, the Board determined | In lieu of an increase in remuneration, the Board determined | The Board determined the number of Performance Rights |

| Name | Mr. Nathan Jacobsen | Mr. Carl Scarcella | Mr. Anthony McDonald | Mr. Grahame Evans |
|--|---|--|--|---|
| <i>Issue (in accordance with remuneration arrangements approved by the Board)</i> | total fixed remuneration, divided by the VWAP of Shares traded on the ASX for the 5 trading days immediately prior to 1 February 2021. The VWAP was calculated to be \$1.11 per Share. | to issue a number of Performance Rights with reference to the existing remuneration of Mr. Scarcella. Mr. Scarcella's fixed fee remuneration has not been increased for FY22. | to issue a number of Performance Rights with reference to the existing remuneration of Mr. McDonald. Mr. McDonald's fixed fee remuneration has not been increased for FY22. | to be issued with reference to the number of Shares on issue and the total remuneration of Mr. Evans. |
| <i>Securities previously issued under the Plan</i> | No Plan Securities under the Plan have previously been granted to Mr. Jacobsen. | No Plan Securities under the Plan have previously been granted to Mr. Scarcella. | No Plan Securities under the Plan have previously been granted to Mr. McDonald. | No Plan Securities under the Plan have previously been granted to Mr. Evans. |

A summary of the material terms of the Plan is set out in Annexure B to this Explanatory Statement.

Performance Rights are being issued under the Issues in order to align the LTI remuneration of each of Mr. Jacobsen, Mr. Scarcella, Mr. McDonald and Mr. Evans to the performance of the Company. Linking their LTI remuneration directly to the performance of the Company serves to ensure that Shareholder interests are protected.

The Company values the Performance Rights at \$0.49 per Performance Right because each Performance Right is a right to acquire one Share (or to be paid a cash payment in lieu of one Share), subject to the satisfaction of any vesting conditions. The ultimate value of the Performance Right may vary and is contingent on the satisfaction of any vesting conditions. The value of the Performance Rights are expensed over the 3 year vesting period in accordance with Accounting Standard AASB2 – Share-based Payment.

Provided Shareholder approval is obtained, the Issues will occur within 30 days of Shareholder approval.

Nil consideration will be payable for the Issues, on issue and vesting.

The details of any securities issued under the Plan will be published in the annual report of the Company relating to a period in which Plan Securities have been issued, along with a statement that approval for the issue of securities was obtained under ASX Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Plan Securities under the Plan after Resolutions 9, 10, 11 and 12 are approved and who were not named in the Notice will not participate until approval is obtained under ASX Listing Rule 10.14.

Key terms of the grant of Performance Rights

No loan will be provided to any of Mr. Jacobsen, Mr. Scarcella, Mr. McDonald or Mr. Evans (each a Proposed Participant) in connection with the Issues.

A summary of the material terms of the Performance Rights is set out below.

| Term | Description |
|---|--|
| What is a Performance Right under the Plan? | The right to acquire one Share (or to be paid a cash payment in lieu of one Share), subject to the satisfaction of any vesting conditions. |
| No dividends | Prior to vesting, Performance Rights do not carry any dividend rights. |
| No voting rights | Prior to vesting, Performance Rights do not carry any voting rights. |
| Vesting conditions | <p>In accordance with the Plan Rules, the Board may, in its sole and absolute discretion, waive or alter the vesting conditions attaching to Performance Rights.</p> <p>Vesting conditions may differ between members of the Plan. A summary of the vesting conditions for the Issues under Resolutions 9, 10, 11 and 12 is set out below.</p> |
| What happens following vesting? | <p>The Board has the sole and absolute discretion to deliver either Shares or cash or a combination of both on vesting of Performance Rights. To the extent that an issue comprises any cash settlement, the issue must be made pursuant to ASIC Class Order [CO14/1000].</p> <p>If at any time during the 30-day period prior to the vesting of a Performance Right, restrictions in dealing in the Company's securities imposed under the Company's Securities Dealing Policy are in effect (Blackout Period), the vesting date will be extended for a period of 30 days from the date on which the Blackout Period ceases to be in effect.</p> |
| Restrictions on transfers of Performance Rights | <p>Performance Rights are transferable, only with the Board's prior written consent and in its sole and absolute discretion, and then only to a Board-approved related party of the holder.</p> <p>The disposal of any Performance Right is also otherwise subject to the Company's Securities Dealing Policy and trading windows.</p> |
| Restriction on trading of Shares following vesting of Performance Rights | <p>Share acquired through the vesting of a Performance Right will be restricted during the period of 12 months from the date of vesting of the Performance Right, unless the proposed sale of Shares is for the purpose of meeting tax obligations arising from the Performance Right or Shares.</p> <p>The disposal of any Share is also subject to the Company's Securities Dealing Policy and trading windows.</p> |

| Term | Description |
|---|--|
| <p>Treatment of Performance Rights on termination or resignation</p> | <p>Subject to compliance with all laws (including the Corporations Act) and unless the Board determined otherwise in its sole and absolute discretion, all or some of the Performance Rights will be retained and/or vest in the following circumstances on cessation of employment or engagement, as the case may be:</p> <ul style="list-style-type: none"> (a) where the Company has terminated the employment (in the case of Executive Directors) or engagement (in the case of Non-executive Directors) in circumstances other than in For Cause Circumstances, as described below; (b) where the Company has made the Director redundant; (c) death of a Director; or (d) resignation by the Director due to terminal illness or incapacity. <p>In exercising its discretion, the Board may (amongst other things) determine that:</p> <ul style="list-style-type: none"> (a) all or some of the Performance Rights may be retained (subject to the terms and conditions on which they were held prior to cessation of employment or engagement or such other terms and conditions as the Board determines in its sole and absolute discretion); (b) all or some of the Performance Rights vest on an accelerated basis on specified dates; or (c) all or some of the Performance Rights will be forfeited. <p>In determining the number of Performance Rights which may be retained or vest in accordance with the above, the Board may make reference to the period of continuous employment or engagement, as the case may be, during the three year period from 1 July 2021 to 30 June 2024 (Testing Period), so that the number of Performance Rights retained or vested is pro-rated to the period of employment or engagement during the Testing Period.</p> <p>In all other circumstances, the Performance Rights will be forfeited unless the Board determines otherwise.</p> <p>For Cause Circumstances is defined in the Plan Rules to mean where the employment (in the case of Executive Directors) or engagement (in the case of Non-executive Directors) with the Company has been terminated due to:</p> <ul style="list-style-type: none"> (a) serious or wilful misconduct (including, without limitation, fraud); (b) a material breach of his terms of employment or engagement with the Company; (c) gross negligence in the performance of his duties; or |

| Term | Description |
|--|--|
| | (d) other conduct justifying termination of his terms of employment or engagement with the Company without notice, or at common law. |
| Treatment of Performance Rights on a change in control of the Company (CIC) | <p>If a CIC occurs or is likely to occur, the Board may determine in its sole and absolute discretion that:</p> <ul style="list-style-type: none"> (a) all or some of the Performance Rights may be retained (subject to the terms and conditions on which they were held prior to cessation of employment or engagement or such other terms and conditions as the Board determines in its sole and absolute discretion); (b) all or some of the Performance Rights vest on an accelerated basis on specified dates; (c) all or some of the Performance Rights will be forfeited; (d) any restrictions on disposal or any other terms set out in an invitation to participate in the Plan cease to apply; (e) any disposal restrictions which apply to Shares after vesting of Performance Rights cease to apply; and/or (f) in the case of an employee trustee set up by the Company to hold Performance Rights or Shares on behalf the members of the Plan, the Company on behalf of the members will direct the trustee to transfer Performance Rights or Shares into members' names. <p>CIC is defined to mean where:</p> <ul style="list-style-type: none"> (a) any takeover bid being made for Shares; (b) a court orders a meeting to be convened in relation to a compromise or arrangement in connection with: <ul style="list-style-type: none"> (i) a scheme which would, if it becomes effective, result in any person (either alone or together with its related bodies corporate) owning all of the Shares; or (ii) a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; (c) any other transaction or event that the Board determined, in its sole and absolute discretion, is likely to result in a CIC of the Company. |
| Clawbacks and forfeiture | <p>The Board has a sole and absolute discretion to reduce, cancel or recover (ie Clawback) any and all unvested Performance Rights issued to a Proposed Participant under the Plan in the following circumstances:</p> <ul style="list-style-type: none"> (a) fraud or dishonesty of the Proposed Participant; (b) actions by the Proposed Participant to the detriment of the Company's reputation or standing in the industry or the community, or which has brought the Company into disrepute; |

| Term | Description |
|------|--|
| | <p>(c) error in the calculation of achievement of any performance conditions;</p> <p>(d) material misstatement or omission in relation to the Company's financial statements or an event or circumstance occurs which will require the financial statements of the Company or one of its subsidiaries (Group, and each a Group Company) to be restated;</p> <p>(e) the financial soundness and sustainability of the Group is at risk;</p> <p>(f) a breach of duties or obligations to the Company by the Proposed Participant; and/or</p> <p>(g) the Company is required by or entitled under law or a policy of a Group Company to clawback remuneration of the Proposed Participant.</p> <p>Where a Performance Right vests as a result of fraud, dishonesty or breach of duties or obligations of any person (i.e. not necessarily a member of the Plan) to any Group Company and the Performance Rights may not have otherwise vested, then the Board in its sole and absolute discretion may determine how to treat those vested Performance Rights.</p> |

Vesting conditions on Issues

Mr. Nathan Jacobsen

Each Performance Right to be granted to Mr. Jacobsen is a right for Mr. Jacobsen to be issued one Share upon satisfaction of the below vesting conditions. The first performance condition and the second performance condition (referred to as **PC1** and **PC2**, respectively) will be applied separately to the Performance Rights over the Testing Period as follows:

- 40% of the Performance Rights will vest on a straight-line proportional basis, from 0 up to a maximum of 144,026 Performance Rights, based on the growth of Adjusted Net Revenue (defined below) over the Testing Period (**PC1 Performance Rights**); and
- 60% the Performance Rights will vest on a straight-line proportional basis, from 0 up to a maximum of 216,040 Performance Rights, based on the growth of Absolute Total Shareholder Return over the Testing Period (or a four year period ending on 30 June 2025 as described below) (**PC2 Performance Rights**).

PC1 – Adjusted Net Revenue growth

For the purposes of PC1:

- **Adjusted Net Revenue** is defined as the sum of Net Revenue plus the Company's share of equity-accounted Earnings Before Interest, Tax and Amortisation (**EBITA**). Part year

contributions from acquisitions completed in the third year of the Testing Period are annualised at 30 June 2024; and

- **Net Revenue** is defined as the operating revenue from the Company's operations less adviser revenue share and cost recoveries (ASIC levy and adviser systems) as set out in the FY21 Annual Report.

The Company competes in an environment where scale with appropriate margins is a key driver of business growth and profitability. Accordingly, the Board considers that at this stage of its development, a performance condition measuring the growth in Adjusted Net Revenue, as described above, over the next three years is an effective way to incentivise Mr. Jacobsen to profitably build the Company's revenue base and with it, shareholder value.

As part of the Company's growth strategy, the Company intends to take partial equity interests in certain adviser practices subject to specific investment criteria. The acquisition of those practices is recognised in the financial statements as equity accounted investments. For the purposes of the PC1 Performance Rights, Net Revenue will be adjusted to include the Company's share of EBITA from such equity-accounted investments, resulting in the Adjusted Net Revenue criteria.

For the Testing Period, the Board has calibrated the vesting of the PC1 Performance Rights to the growth in Adjusted Net Revenue as follows:

- zero vesting will occur if the growth in Adjusted Net Revenue is below a minimum level of 100% over three years (representing an increase of approximately \$27.7 million by 30 June 2024);
- 100% vesting will occur if the growth in Adjusted Net Revenue reaches 150% over three years (representing an increase of approximately \$41.6 million by 30 June 2024); and
- vesting between 100% and 150% growth in Adjusted Net Revenue will be on a straight-line basis between these two levels.

In order to ensure that Adjusted Net Revenue is calibrated in alignment with Shareholder interests, the above vesting of Performance Rights is subject at all times to an 'earnings per share' hurdle, which requires that the Company achieves, at least, 10% per annum compounded growth in earnings per share during the Testing Period.

PC2 – Absolute Total Shareholder Return (ATSR)

The Board, with advice from a specialist remuneration adviser, believes that an absolute rather than a relative 'Total Shareholder Return' is the most appropriate way to measure the success in implementing the Company's long term strategic objectives.

The decision to use ATSR is based on the Company's intent to pursue high growth through the execution of a transformational strategy. There are also currently insufficient comparable listed companies to provide a meaningful performance measure relative to peers.

The ATSR hurdles are challenging and are intended to align vesting with superior Shareholder returns. The ATSR hurdles are based on a compound annual growth rate (**CAGR**) in the range of 15.0% to 25% over three years from a baseline share price at 30 June 2021 of \$1.03. This CAGR range is significantly above the 30 June 2021, 20 year returns on Australian equities of 8.4% per annum reported in the 2021 Vanguard Index Chart Report. This will ensure that vesting of Performance Rights is directly linked to superior returns achieved for Shareholders.

ATSR measures the total return to Shareholders by calculating the increase (or decrease) between a 20-trading day VWAP for Shares measured immediately prior to (i) 1 July 2021 and (ii) 30 June 2024 (**Test Date**), plus any dividends paid to Shareholders during this period. For the Testing Period, the Board has calibrated the vesting of the PC2 Performance Rights to the growth in ATSR as follows:

- zero vesting will occur if the CAGR of ATSR is below a minimum threshold vesting level of 15% over the Testing Period;
- 100% vesting will occur if the CAGR of ATSR reaches or exceeds 25% over the Testing Period; and
- vesting between 15% and 25% of CAGR of ATSR over the Testing Period will be on a straight-line basis between these two levels.

By way of example, if a CAGR of ATSR of 20% is achieved over the Testing Period, then 50% vesting of PC2 Performance Rights will occur.

The 20-trading day VWAP for Shares up to 1 July 2021 was \$1.03. Therefore (in the absence of any dividends) the 15% threshold (being the minimum threshold vesting level) equates to a share price of \$1.57, and the 25% threshold equates to a share price of \$2.01 when tested over the Testing Period.

The Board, in its sole and absolute discretion, may determine that an '**Abnormal Event**' has occurred in circumstances where, in the final year of the Testing Period only, there is:

- a general ASX share market correction of at least 10%; or
- an unusual or abnormal event outside of management's control,

which results in a temporary reduction in the Company's Share price but which does not reflect the actual performance of the Company or its underlying value.

Following an Abnormal Event, the Board may determine that the PC2 hurdle will be retested and measured over a four-year period ending 30 June 2025 (**Last Test Date**), with correspondingly higher CAGR-ATSR hurdles over that four-year period (i.e. in order to satisfy PC2, the Share price must be in the range of \$1.80 to \$2.51, in the absence of any dividends).

Any PC2 Performance Rights that have not vested after the Test Date or the Last Test Date, as the case maybe, will lapse and be forfeited.

Mr. Carl Scarcella

All Performance Rights to be granted to Mr. Scarcella will be subject to PC2, as set out above.

Mr. Anthony McDonald

All Performance Rights to be granted to Mr. McDonald will be subject to PC2, as set out above.

Mr. Grahame Evans

Each Performance Right to be granted to Mr. Evans is a right for Mr. Evans to be issued one Share upon satisfaction of the below vesting conditions. PC1 and PC2 will be applied separately to the Performance Rights as follows:

- 40% of the Performance Rights will vest on a straight-line proportional basis, from 0 up to a maximum of 40,000 Performance Rights, in accordance with PC1; and
- 60% the Performance Rights will vest on a straight-line proportional basis, from 0 up to a maximum of 60,000 Performance Rights, in accordance with PC2.

Resolution 13 – Approval of potential termination benefits under the Plan

Board recommendation. The Board (excluding Mr. Nathan Jacobsen, Mr. Carl Scarcella, Mr. Anthony McDonald and Mr. Grahame Evans, who abstain from making a recommendation due to their personal interest in the Resolution) recommends that Shareholders vote in **FAVOUR** of Resolution 13.

Undirected proxies: The Chairman intends to vote all available undirected proxies in **FAVOUR** of Resolution 13.

Sections 200B and 200E of the Corporations Act prohibit the giving to a person who holds or has held in the previous three years a managerial or executive office in the Company or a Group Company, a benefit in connection with that person's retirement from office, or position of employment in excess of that person's annual base salary, unless approved by Shareholders or such benefit is exempt from the need for Shareholder approval.

Generally, this may prohibit the Company from converting any awards under the Plan held by a participant under the Plan (**Participant**) into Shares on an accelerated basis, where the acceleration is linked to termination of employment or engagement (in the case of a Non-executive Director) for any reason.

The value of the accelerated benefit, when combined with the Participant's existing termination benefits payable in cash (such as payment in lieu of notice or short-term incentive payments), may cause the combined termination benefit (including the accelerated benefit under the Plan) to exceed the limit, in which case, Shareholder approval will be required prior to or at the time of termination.

As summarised under the key terms of Performance Rights above, Performance Rights (or, in fact, any Plan Securities) may vest on an accelerated basis in certain limited circumstances.

The Board also has the sole and absolute discretion to determine that any benefit payable in the above termination circumstances in relation to the Performance Rights can be settled in cash based on the number of Shares into which the Performance Rights would vest multiplied by the 20 trading day closing market price of the Shares immediately prior to such payment. To the extent that an issue comprises any cash settlement, the issue must have been made pursuant to ASIC Class Order [CO14/1000]).

Shareholder approval is being sought for the above potential future 'termination payment' (whether through accelerated vesting or cash settlement) to a Participant under section 200E of the Corporations Act.

Section 200B of the Corporations Act requires a company to obtain Shareholder approval before giving a benefit to a Participant in connection with the Participant's retirement or removal from office unless the benefit falls within certain exceptions set out in the Corporations Act. A benefit will only fall within those exceptions if the amount is less than a prescribed multiple of the Participant's annual base salary and if the nature of the benefit falls within one of the categories set out in the Corporations Act (for example, an 'exempt benefit' or a payment in connection with a person's retirement from a Board or managerial office and the payment is for past services the person rendered to the Company).

In the event the Plan Securities vest on an accelerated basis (or a cash settlement in respect of such vested Plan Securities), the Board is of the view that that such a benefit would not technically fall within any of the categories of exception set out in the Corporations Act and therefore seeks Shareholder approval for the purposes of section 200E of the Corporations Act and for all other purposes.

The total value of the termination benefits to be approved by Shareholders depends on the market price of the Shares at the time the Participant's Plan Securities vest on an accelerated basis.

Glossary of Terms

In this Notice and Explanatory Statement, the following terms have the following meanings, unless context otherwise requires:

| TERM | MEANING |
|------------------------------|---|
| 2021 Annual Report | The Company's financial report for the year ended 30 June 2021. |
| AGM or Meeting | The annual general meeting of the Company to be held on 18 November 2021. |
| ASIC | Australian Securities and Investments Commission. |
| ASX | ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by it, as the context requires. |
| ATSR | Absolute Total Shareholder Return. |
| Board | The Directors of the Company. |
| CAGR | Compound Annual Growth Rate |
| Company or Easton | Easton Investments Limited ACN 111 695 357. |
| Company Secretary | Company secretary of the Company. |
| Corporations Act | <i>Corporations Act 2001 (Cth)</i> . |
| Director | A director of the Company. |
| Group | Company or one of its subsidiaries (and each a Group Company). |
| EBITA | Earnings before Interest, Tax and Amortisation. |
| Eligible Person | Any person who is in full-time or part-time employment of a Group Company (including a Director employed in an executive capacity); a Non-executive Director engaged by a Group Company; or any other person who the Board determines is eligible to receive a grant of Plan Securities under the Plan. |
| Explanatory Statement | This statement, which accompanies the Notice. |
| HUB24 | HUB24 Limited (ACN 124 891 685). |

| TERM | MEANING |
|-----------------------------|--|
| KMP | Key Management Personnel. |
| Last Testing Date | 30 June 2025. |
| LTI | Long-term incentive. |
| Notice | The Notice of Annual General Meeting which this Explanatory Statement accompanies. |
| Option | Option to acquire a Share and if pursuant to the Plan, being a right to acquire one Share (or to be paid a cash payment in lieu of one Share). |
| Participant | A Participant under the Plan. |
| Performance Right | Performance Rights pursuant to the Plan, being a right to acquire one Share (or to be paid a cash payment in lieu of one Share) |
| Plan | The Company's Incentive Plan. |
| Plan Rules | Rules of the Plan. |
| Plan Securities | Any of securities issued from time to time under the Plan, as set out in Annexure B. |
| Proposed Participant | A person who may become a Participant. |
| Proxy Form | The proxy form which accompanies the Notice. |
| Resolution(s) | Each of the resolutions and any one of them that Shareholders are to vote upon as set out in the Notice and referenced in the Explanatory Statement. |
| Share | A fully paid ordinary share in the share capital of the Company. |
| Shareholder | Shareholder of the Company. |
| Test Date | 30 June 2024. |
| Testing Period | The three year performance period from 1 July 2021 to 30 June 2024. |
| VWAP | Volume Weighted Average Price. |

ANNEXURE A

TERMS OF THE OPTIONS ISSUED TO HUB24

| TERM | DESCRIPTION |
|--|---|
| Subscription Price | Nil. |
| Entitlement | Each Option entitles the holder to subscribe for one Share upon exercise of the Option. |
| Exercise Price | Subject to a 'Reconstruction of Capital', the amount payable upon exercise of each Option will be \$1.20. |
| Expiry Date | Each Option will expire 36 months from the date of issue. An Option not exercised before then will automatically lapse 36 months from the date of issue. |
| Exercise Period | The Options are exercisable at any time on or prior to the Expiry Date. |
| Notice of Exercise | The Options may be exercised during the Exercise Period by notice in writing to the Company and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. |
| Exercise Date | A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds. |
| Timing of issue of Shares on exercise | <p>Within 5 business days after the Exercise Date, the Company will:</p> <ul style="list-style-type: none"> <li data-bbox="576 1563 1342 1753">(i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and <li data-bbox="576 1794 1342 2020">(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to ensure that there are not secondary trading |

| TERM | DESCRIPTION |
|---|---|
| | restrictions on the Shares issued upon exercise of Options. |
| Shares issued on exercise | Shares issued on exercise of the Options rank equally with the then issued Shares. |
| Quotation of Shares issued on exercise | If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules. |
| Reconstruction of Capital | If at any time the issued capital of the Company is reconstructed or reorganised, all rights of the Option holder will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules (including ASX Listing Rule 7.22) at the time of the reconstruction. |
| Participation in new issues | There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options, subject to the ASX Listing Rules. |
| Change in Exercise Price | An Option confers the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised in a manner consistent with the ASX Listing Rules (including ASX Listing Rule 6.22). |
| Not Quoted | The Options will not be quoted on ASX. |
| Transferability | The Options are not transferable. |

ANNEXURE B

SUMMARY OF THE PRINCIPAL TERMS OF THE PLAN

The Plan is governed by the Plan Rules, the material terms of which are set out below.

It is intended that the Plan will enable the Group to retain and attract skilled and experienced employees, contractors and directors and provide them with the motivation to make the Group more successful. The Plan is designed to support interdependence between the Group and Eligible Persons for their long-term mutual benefit.

Awards under the Plan

Under the Plan, an Eligible Person may be awarded any of the following Plan Securities:

- (a) an Option, being an option to acquire one Share (or to be paid a cash payment in lieu of one Share);
- (b) a Performance Right, being a right to acquire one Share (or to be paid a cash payment in lieu of one Share);
- (c) a 'Restricted Share', being a Share allocated under the Plan and subject to certain trading restrictions; or
- (d) an 'Incentive Right', being a right to be paid a cash amount that is ultimately determined by reference to (wholly or in part):
 - (i) the price or value of Shares at a specified point in time or period of time; or
 - (ii) a change in the price or value of Shares over a specified period of time.

The Board in its sole and absolute discretion may invite any Eligible Person selected by it to complete an application relating to a specified number of Plan Securities allocated to that Eligible Person by the Board. The Board may offer Plan Securities to any Eligible Person it determines and determine the extent of that person's participation in the Plan (**Participant**). An offer by the Board shall specify:

- (a) the type or types of Plan Securities being offered;
- (b) the number of Plan 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 Plan Securities or the method by which that amount will be calculated; and
- (e) any vesting conditions or other conditions that apply to the Plan Securities, including any vesting period.

An offer for a grant of an Option or Performance Right must specify the following information:

- (a) if an Option, the requirements for exercising the Option, including any exercise price that will be payable and the period or periods in which the Option may be exercised;
- (a) whether the exercise of the Option or vesting of the Performance Right will only be satisfied by an allocation of Shares to the Participant; and
- (b) the dates or circumstances in which Option or Performance Right may lapse.

An offer for a grant of an Incentive Right shall specify:

- (a) how the amount of the Incentive Right will be calculated; and
- (b) when the amount of the Incentive Right will be paid.

Quotation of Plan Securities

The Company has no obligation to apply for quotation of the Plan Securities (aside from Restricted Shares) on the ASX.

In general terms:

- Performance Rights granted under the Plan will only entitle a Participant to Shares if the vesting conditions for the Performance Rights have been satisfied or waived by the Board. The Performance Rights otherwise lapse five year after they are granted;
- Options granted under the Plan may only be exercised if the exercise conditions have been met, either the exercise price has been paid to the Company (or cashless exercise applies and is elected by the Participant) and the Options are exercised within the exercise period relating to the Option. An Option may not be exercised once it has lapsed; and
- in respect of Restricted Shares granted under the Plan, the Board may in its sole and absolute discretion determine that a Participant may satisfy the payment of the amount (if any) payable for the allocation of Restricted Shares by means of the application of contributions by the Participant or through a loan made by the Group. The Group may financially assist a person to pay any acquisition price for a Restricted Share, subject to compliance with the provisions of the Corporations Act and the ASX Listing Rules relating to financial assistance.

The Company will apply to ASX for official quotation of Shares issued upon the vesting on Performance Rights or the exercise of Options so long as the Shares are quoted on the official list of ASX at that time.

Treatment of Plan Securities on leaver scenarios

The Plan Rules differentiate between 'Good Leavers' and 'Bad Leavers' to determine how Plan Securities will be treated after a Participant is no longer employed or engaged by the Company or a Group Company.

A **Good Leaver** is a Participant who is no longer engaged by the Company or a Group Company due to death, illness permanent incapacity, redundancy or some other event that results in the termination of engagement of the Participant and the Company or Group Company by a Group Company, provided that such termination is not due to a For Cause Circumstance.

A **Bad Leaver** is a Participant who is no longer engaged by the Company or a Group Company but does not fall within the definition of a Good Leaver.

The Board has a sole and absolute discretion to determine that a Participant who falls within the meaning of Bad Leaver may be treated as a Good Leaver.

In the instance of a Good Leaver but subject to any terms of a Participant's invitation to participate in the Plan, the Board may determine in its sole and absolute discretion that the Good Leaver's Plan Securities:

- (a) vest on an accelerated basis on specified dates;
- (b) in the case of an Option, is only exercisable within a specified period or on the satisfaction of a specified condition;
- (c) lapse or are forfeited; or
- (d) are not subject to a term of the grant (such as vesting condition or disposal restriction) which was set out in the Good Leaver's invitation to participate in the Plan.

In the instance of a Bad Leaver and where the Board does not exercise its discretion to treat a Bad Leaver as a Good Leaver, the vested and unvested Plan Securities held by the Bad Leaver will lapse or be forfeited. Where the Board exercises its discretion, it may (amongst other things):

- (a) determine that the Bad Leaver may retain some or all of their Plan Securities (subject to the terms and conditions that the Participant held those Plan Securities prior to becoming a Bad Leaver or such other terms and conditions as the Board determines in its sole and absolute discretion); or
- (b) determine that all or some of the Plan Securities vest on an accelerated basis on specified dates.

Restrictions on transfer and trading, Clawback and CIC

The provisions relating to restrictions on transfer, restrictions on trading, Clawback and CIC (as set out above in the 'Key terms of the grant of Performance Rights') apply to all Plan Securities.

Compliance with law and Listing Rules

The Plan has been prepared to comply with ASIC Class Order [CO14/1000]. As such, offers under the Plan that are made in reliance on the Class Order are limited to the 5% capital limit set out in the Class Order. However, offers may also be made under the Plan to persons who

are 'senior managers' of the Group for the purposes of section 708(12) of the Corporations Act. Such 'senior manager' offers are not made in reliance upon the Class Order.

If and to the extent any rule of the Plan is inconsistent with the Corporations Act or any other applicable law or regulation, then the Corporations Act or other applicable law or regulation will prevail in all respects to the extent of the inconsistency.

If and to the extent any rule of the Plan is inconsistent with the ASX Listing Rules, if the ASX Listing Rules apply to the Company at the relevant time, the ASX Listing Rules will prevail in all respects to the extent of the inconsistency.

Termination of the Plan

The Board may terminate or suspend the operation of the Plan at any time. In passing a resolution to terminate or suspend the operation of the Plan or to supplement or amend these rules, the Board must consider and endeavour to ensure that there is fair and equitable treatment of all Participants.

On termination of the Plan, no compensation under any contract of employment, consultancy or directorship between an eligible person and a Shareholder of the Group will arise as a result.

Administration of the Plan

The Plan Rules also contain customary terms having regard to Australian law for dealing with administration and costs of the Plan.