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ASX ANNOUNCEMENT

CEO Contract Extension

28 June 2019

Enero Group Limited (ASX: EGG) (the “Company”) today announced that Chief Executive Officer Matthew Melhuish has agreed to a variation and extension of his employment agreement.

Mr Melhuish’s employment agreement will be extended for a further three years to 30 June 2022.

Chairman John Porter said, “On behalf of the Board, we are pleased to extend Matthew’s contract for a further three years. Matthew has overseen the strategic direction of the Group for the past seven years and his extension is well timed with a new three year plan implemented by the Enero Executive Team. Matthew has built a strong collaborative culture across the agencies which provides a great platform for evolving the Group to meet client needs and to continue to grow the Group both organically and through acquisitions”.

Under the terms of his amended contract, Matthew will have a $25,000 increase to fixed remuneration.

The existing Short Term Incentive (STI) based on Revenue and Group EBITDA hurdles will be amended and broadened to include Operating EBITDA hurdles, Earning Per Share (EPS) growth targets and agreed Board set strategic objectives. The Board believes this change to the STI re-enforces a close alignment in the creation of shareholder value through driving top line revenue growth, delivering on strategic objectives set by the Board and proactively managing the allocation of capital.

In connection with the contract extension, Mr. Melhuish will be granted a further 2,000,000 Share Rights under the Company’s existing Share Appreciation Rights Plan (SAR). This grant will be subject to shareholder approval at the Company’s next Annual General Meeting.

A summary of the key terms of Mr Melhuish’s amended employment agreement are set out in Attachment A.

This announcement is made by the Company pursuant to ASX Listing Rule 3.16.4.

For further information please contact:

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Attachment A - Summary of Key Terms of the Employment Agreement extension for Matthew Melhuish as Chief Executive Officer

Term	30 June 2022
Remuneration	Mr Melhuish's remuneration will consist of base salary and the short term and long term incentives described below with effect from 1 July 2019.
Fixed remuneration	Salary $825,000 per annum plus statutory entitlement to superannuation.
Incentives	**Short Term Incentive** Mr Melhuish will be entitled to an annual cash based Short Term Incentive (STI) payment up to a maximum of 70% of fixed remuneration relating to the achievement of: • Group Operating EBTIDA hurdles each financial year – 40% weighting; • Earnings Per Share (EPS) growth hurdles each financial year – 40% weighting; and • Strategic Objectives – 20% weighting. **Long Term Incentive** Mr Melhuish will be issued, subject to shareholder approval, 2 million additional Share Rights under the Company's Share Appreciation Rights Plan. The Share Rights will vest in three tranches as follows: ▪ 666,666 Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary financial report for the financial year ended 30 June 2020 (First Vesting Date). ▪ 666,667 Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary financial report for the financial year ended 30 June 2021 (Second Vesting Date). ▪ 666,667 Share Rights with a vesting date of 20 business days after the release to ASX of the Company's preliminary financial report for the financial year ended 30 June 2022 (Third Vesting Date). Each Share Right when exercised and vested entitles the holder to receive a fraction of a Share based on the following formula: Share entitlement (E) = $\frac{A - B}{A}$ Where: A = Enero VWAP for the 20 trading days before the relevant Vesting Date. B = Enero VWAP for the 20 trading days before the Date of Issue of the Share Right. If A – B is less than or equal to zero, the Share Right will not vest and will immediately lapse on the applicable Vesting Date. No payment is required for any Share Rights or any Shares acquired pursuant to any exercised and vested Share Rights.

	The Plan Rules provide that, subject to the Board's discretion, unvested Share Rights will lapse upon termination of employment. In addition to the grant, Mr.Melhuish has the following active issues of SAR (previously approved by shareholders) from October 2017 and October 2018 vesting in periods through to September 2021:
Termination Provisions	<u>Resignation by Mr Melhuish</u> Mr Melhuish may terminate his employment at any time by giving the Company 6 months' written notice. <u>Termination without cause by the Company</u> The Company may terminate Mr Melhuish's employment at any time by giving Mr Melhuish 6 months' written notice.
Restrictive Covenants	Mr Melhuish is restrained from engaging in competition with the Company and its subsidiaries for up to 6 months following termination of his employment. Mr Melhuish is also restrained from soliciting or encouraging clients and/or staff of the Company and/or its subsidiaries to leave the business, or to cease or reduce their custom with the Company and/or subsidiaries for 12 months following termination of his employment.

Grant date	October 2017	October 2018
SAR granted	1,000,000	1,800,000
Vesting price	1.04	1.23
Vesting September 2019	333,333	600,000
Vesting September 2020	333,334	600,000
Vesting September 2021	-	600,000