

By electronic lodgement

1 September 2020

ASX Limited
Market Announcements Office
Level 6, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

CLEANSING NOTICE UNDER SECTION 708A(12C)(E) OF THE CORPORATIONS ACT 2001 (CTH)

1 Summary

This cleansing notice (**Cleansing Notice**) is issued by Zip Co Limited (ASX:Z1P) (the **Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (the **Corporations Act**) as amended by ASIC Corporations (Sale Offers: Securities Issued on Conversion of Convertible Notes) Instrument 2016/82 (**ASIC Instrument 2016/82**).

This Cleansing Notice is important and should be read in its entirety.

Neither ASIC nor ASX take responsibility for the contents of this Cleansing Notice.

2 Background

- (a) On 1 June 2020, the Company entered into an agreement with CVI Investments, Inc., an affiliate of Heights Capital Management, which is part of the US-based Susquehanna Investment Group, LLP (the **Noteholder**) to raise up to \$100 million by the issue of 1000 convertible notes to the Noteholder with a face value of \$100,000 each (the **Convertible Notes**) (the **Convertible Note Raising**).
- (b) On 31 August 2020, the Company obtained shareholder approval to issue the Convertible Notes, following which the Company has today issued the Convertible Notes to the Noteholder.
- (c) The Convertible Notes have been issued without disclosure under Part 6D.2 of the Corporations Act.
- (d) The purpose of this Cleansing Notice is to enable the fully paid ordinary shares in the capital of the Company (**Shares**) that may be issued on conversion of the Convertible Notes to be on-sold without further disclosure.

3 Contents of this Cleansing Notice

This Cleansing Notice sets out:

- (a) in relation to the Convertible Notes:
 - (i) the effect of the issue on the Company; and
 - (ii) a summary of the rights and liabilities attaching to both the Convertible Notes and the Shares that will be issued on their conversion;

- (b) any information that:
 - (i) has been excluded from continuous disclosure notices in accordance with the ASX Listing Rules; and
 - (ii) is reasonably required by investors and their professional advisors to make an informed assessment of:
 - (A) the Company's assets and liabilities, profits and losses, financial position, performance, and prospects; and
 - (B) the rights and liabilities attaching to the Convertible Notes; and
- (c) other information relating to the Company's status as a disclosing entity.

4 Overview of the effect of the issue on the Company

The principal effect of the issue of the Convertible Notes on the Company is as follows:

- (a) the Company's cash reserves will be increased by \$100 million (before costs associated with the issue);
- (b) the number of convertible notes on issue by the Company will increase from nil to 1,000;
- (c) the Company's indebtedness will be increased by the aggregate face value of the Convertible Notes (\$100 million), plus all accrued and unpaid interest;
- (d) if the Convertible Notes are converted this will dilute existing shareholders in the Company. The effect of the conversion on the Company's capital structure is shown in section 7 below.

5 Pro-forma statement of financial position after the issue of Convertible Notes

Set out below is a pro-forma statement of the Company's financial position as at 30 June 2020, based on the Company's preliminary financial statements detailed in the Appendix 4E lodged with ASIC and ASX on 27 August 2020, adjusted to reflect the issue of the Convertible Notes. The pro forma statement of financial position:

- (a) has been prepared in accordance with the Company's usual accounting policies under AASB;
- (b) is presented in abbreviated form in so far as it does not include all the disclosures required by the Australian Accounting Standards applicable to annual financial statements;
- (c) is not audited and based on preliminary financial statements that are in the process of being audited;
- (d) classifies the Convertible Notes and associated embedded derivatives as debt financial instruments which are reflected in the Company's "borrowings & financial liabilities";
- (e) classifies the cash proceeds of \$100 million arising from the issue of the Convertible Notes to the Noteholder as "cash and cash equivalents";

- (f) has been prepared on the basis that the Convertible Notes include embedded derivatives (the conversion component for which the Convertible Note terms adjust the security into a variable number of shares in the Company). The debt host component of the Convertible Notes are initially recognised as financial liabilities at fair value (with fair value equating to the proceeds received) and subsequently, the debt is measured at amortised cost. Any movements in the fair value of the embedded derivative and effective interest associated with the debt host component will be recognised in the Company's statement of profit or loss; and
- (g) has been provisionally prepared for the Convertible Notes, accordingly the allocations between liabilities and equity detailed therein are subject to future change.

Pro-forma statement of Financial Position

	30 June 2020 \$'000	Adjustments \$'000	Pro-forma \$'000
Assets			
Cash and cash equivalents	32,712	100,000	132,712
Other receivables	6,876		6,876
Term deposit	1,507		1,507
Customer receivables	1,116,618		1,116,618
Investment	82,930		82,930
Investment in associate	1,184		1,184
Property, plant and equipment	3,512		3,512
Right-of-use assets	8,160		8,160
Intangible assets	25,093		25,093
Goodwill	53,441		53,441
Total Assets	1,332,033	100,000	1,442,033
Liabilities			
Trade and other payables	19,533		19,533
Employee provisions	2,753		1,368
Deferred R&D tax incentives	-		-
Deferred contingent consideration	13,979		13,979
Leasing liability	8,414		8,414
Borrowing & financial liabilities	1,081,954	100,000	1,181,954
Total Liabilities	1,126,633	100,000	1,226,633
Net Assets	205,400		205,400
Equity			
Issued capital	274,151		274,151
Reserves	19,621		19,621
Accumulated losses	(88,372)		(88,372)
Total Equity	205,400		205,400

6 Purpose of the Convertible Notes and their impact on the Company's future prospects

The purpose of the issue of the Convertible Notes is to raise funds to help accelerate the Company's growth in the US and other core markets, including:

- (a) to support the US platform, QuadPay (noting the Company completed its acquisition of QuadPay Inc. on 31 August 2020, as initially announced to ASX on 2 June 2020 (the "**QuadPay Acquisition**"));
- (b) to support continued growth in Australia and New Zealand, including debt funding requirements;
- (c) to further new Australian and global initiatives; and
- (d) for general purposes and transaction related expenses.

7 Impact on the Company's capital structure

(a) Current capital structure

The total issued capital of the Company as at the date of this Cleansing Notice is summarised in the table below:

Securities	Number
Existing Shares (including the Shares issued on 31 August 2020 under the QuadPay Acquisition)	509,179,378
Unlisted warrants granted to the Noteholder (being, the Noteholder Warrants)	19,365,208
Unlisted options granted under the QuadPay Acquisition	10,480,369
Unlisted performance Shares (will lapse on 11 September 2020)	20,000,000
Westpac performance options – vesting 10 August 2022 (hurdles 3, 4 and 5 as announced to ASX on 7 August 2017)	5,880,000
Performance rights – vesting 15 February 2022, expiry 15 February 2025	289,999
Performance rights – vesting 15 February 2023, expiry 15 February 2025	290,000
Performance rights – vesting 15 February 2024, expiry 15 February 2025	290,001
Performance rights – vesting 15 September 2021, expiry 15 February 2025	510,000
Performance rights – vesting 15 September 2022, expiry 15 February 2025	510,000
Performance rights – vesting 15 September 2023, expiry 15 February 2025	510,000
Performance rights – vesting 15 September 2022, expiry 15 December 2025	146,830
Performance rights – vesting 15 September 2023, expiry 15 December 2025	106,165
Performance rights – vesting 15 September 2024, expiry 15 December 2025	106,164
Unlisted warrants – expiry 6 November 2026	14,615,000
Performance rights – vesting 15 September 2023, expiry 24 June 2026	388,164

Performance rights – vesting 15 September 2024, expiry 24 June 2026	388,162
Performance rights – vesting 15 September 2025, expiry 24 June 2026	388,160

Fully diluted share capital¹ 583,443,600

(b) Impact of Convertible Notes on capital structure

If the Noteholder elects to convert all of the Convertible Notes into Shares following the occurrence of certain prescribed events (as described in section 8 of this Cleansing Notice), the number of Shares that may be issued to the Noteholder will vary depending on the applicable 'conversion price'.

The terms of the Convertible Notes provide the applicable 'conversion price' must range between \$1.8443 (being, the **Floor Price**) and \$5.5328 (being, the **Ceiling Price**), both of which can be adjusted in accordance with the terms of the Convertible Notes.

The maximum number of Shares that can be issued on conversion of the Convertible Notes is capped at 58,302,282 Shares (unless the Floor Price is adjusted in accordance with the terms of the Convertible Notes).

Worked examples are enclosed in **Annexures A and B** to this Cleansing Notice, showing:

- how the Convertible Notes convert at different conversion prices (refer to Table 1 in Annexure A);
- acceleration of conversion rights of Convertible Notes (refer to Table 2 in Annexure A); and
- adjustments to the applicable conversion price (refer to Annexure B).

The Company's fully diluted share capital where all the Convertible Notes are converted at the Floor Price, resulting in the maximum number of Shares being issued, is as follows:

Securities	Number	Percentage
Fully diluted share capital (as per section 7(a) of this Cleansing Notice)	583,443,600	100%
Maximum number of Shares issued on conversion of the Convertible Notes ²	58,302,282	10%
Fully diluted share capital after the issue of the maximum number of Shares that can be issued on conversion of the Convertible Notes³	641,745,882	100%

¹ This excludes any Shares to be issued on conversion of the Convertible Notes, up to 24,570,024 Shares that may be issued as the 'Performance Consideration Shares' and up to 5,000,000 Shares that may be issued as the 'Tenure Consideration Shares' under the QuadPay Acquisition (refer to the Notice of Extraordinary General Meeting released by the Company to the ASX on 30 July 2020 for further information on these Shares) and up to 5,402,727 Shares that may be issued by the Company in connection with its acquisition of PartPay Limited in 2019.

² Unless the Floor Price is adjusted in accordance with the terms of the Convertible Notes.

³ This excludes up to 24,570,024 Shares that may be issued as the 'Performance Consideration Shares' and up to 5,000,000 Shares that may be issued as the 'Tenure Consideration Shares' under the QuadPay Acquisition (refer to the Notice of Extraordinary General Meeting released by the Company to the ASX on 30 July 2020 for further information on these Shares) and up to 5,402,727 Shares that may be issued by the Company in connection with its acquisition of PartPay Limited in 2019.

8 Rights and liabilities attaching to the Convertible Notes

The following is a broad summary of the rights, privileges and restrictions attaching to the Convertible Notes. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder.

Face value	Each Convertible Note has a face value of \$100,000 (with an aggregate face value of \$100 million for all of the Convertible Notes).
Who can convert the Convertible Notes	Each Convertible Note can be converted by the Noteholder in accordance with the terms of the Convertible Notes.
Entitlement	<p>Subject as provided in the terms and conditions of the Convertible Notes, each Convertible Note entitles the Noteholder to convert each Convertible Note at the then applicable conversion price, into Shares credited as fully-paid.</p> <p>Specifically, if converted into Shares, each Convertible Note entitles its holder to such number of Shares calculated in accordance with the following formula:</p> $N = \frac{FV}{C}$ <p>where:</p> <ul style="list-style-type: none"> • N = the number of Shares to be issued by the Company, rounded down to the nearest whole number; • FV = the aggregate outstanding face value of the Convertible Notes and any accrued interest to be converted on the applicable conversion date (subject to the terms and conditions of the Convertible Notes, as summarised below); and • C = the relevant 'conversion price' as summarised below. <p>Refer to Table 1 in Annexure A for worked examples showing how the conversion formula operates in practice.</p>
Maturity Date	The Convertible Notes have a maturity date (the Maturity Date) of 5 years from the date the Convertible Notes are issued (the Convertible Notes Issue Date).
Interest	The Convertible Notes bear interest payable semi-annually at a fixed amount of \$752,690, commencing on the date falling 6 months after the Convertible Notes Issue Date and every 6 months thereafter up to and including the Maturity Date (each, being an Instalment Date).
Semi-annual conversion	At each Instalment Date, the Noteholder has the option to elect in respect of 10% of the principal amount of the Convertible Notes on the Convertible Notes Issue Date (i.e. \$10 million) together with any previously deferred amounts and any accrued and unpaid interest (each, an Instalment Amount), to either:

	<p>(a) defer the conversion of the Instalment Amount to a later Instalment Date (up until the Maturity Date); or</p> <p>(b) subject to certain conditions being met, to convert the Instalment Amount into Shares at the prevailing 'current market price'⁴ of Shares, except:</p> <p>(i) if the prevailing 'conversion price' (as described below)⁵ is at or above the Ceiling Price, in which case the conversion price will be equal to the Ceiling Price divided by 93%; or</p> <p>(ii) if the prevailing 'conversion price' (as described below)⁶ is at or below the Floor Price, then this Instalment Amount will be paid by the Company in cash.</p> <p>If no decision is made by the Noteholder at an Instalment Date, the Instalment Amount will be deferred automatically to a later Instalment Date (up until the Maturity Date).</p> <p>If the Noteholder defers the payment of each Instalment Amount until the Maturity Date, the Company will redeem each Convertible Note at its face value so that the aggregate cash payment received by the Noteholder is \$100 million plus all accrued interest.</p>
Conversion price, Floor Price, Ceiling Price and adjustments	<ul style="list-style-type: none"> • The initial conversion price of the Convertible Notes is \$5.5328.⁷ • The conversion price resets semi-annually at each Instalment Date to a price equal to 93% of the prevailing 'current market price' of the Company's Shares, except that the conversion price is at all times subject to a Floor Price of \$1.8443 and a maximum Ceiling Price of \$5.5328. • The conversion price is adjustable on the occurrence of certain standard dilutive events, including for stock splits, consolidations, capitalisation of profits or reserves, cash dividends and capital distributions in relation to the Company's Shares and issues of Shares or other equity securities by the Company (other than any 'Excluded Securities'⁸) at a price per Share less than the then 'current market price'. Similarly, the Floor Price and Ceiling Price are subject to adjustment for such dilutive events. In

⁴ All references in this Cleansing Notice to the 'current market price' is as defined in the terms of the Convertible Notes but generally means in respect of a Share on a particular date, the lower of: (a) the closing price of the Share on the trading day immediately preceding such date; and (b) the arithmetic average of the 5 volume weight average prices for the Shares immediately preceding such date (subject to certain prescribed adjustments).

⁵ The Company notes that its ASX announcement and investor presentation on 2 June 2020 incorrectly described this term of the Convertible Notes by referring to the Company's share price as the reference point instead of the "prevailing conversion price", which was corrected by the Company in the Notice of Extraordinary General Meeting released by the Company to the ASX on 30 July 2020.

⁶ Refer to footnote 5 above.

⁷ This initial conversion price represents a 50% premium to the Company's 1-day volume weighted average price of its Shares on the ASX on 29 May 2020 (the last trading day prior to announcement of the Convertible Note Raising).

⁸ 'Excluded Securities' are defined as certain issues of securities by the Company for prescribed business as usual and agreed strategic transactions. Examples include Shares and other equity securities issued to strategic merchant partners or as consideration for a merger or acquisition which does not constitute a change of control of the Company. Refer to the Notice of Extraordinary General Meeting released by the Company to the ASX on 30 July 2020 for further information on what constitutes 'Excluded Securities'.

	<p>addition, if a reorganisation occurs in respect of the Company, the Convertible Notes must be treated in accordance with the ASX Listing Rules.</p> <ul style="list-style-type: none"> • Notwithstanding the Company's ASX announcement and investor presentation on 2 June 2020, the parties have agreed that the prevailing conversion price will not be reduced to the effective price of any issue of equity securities (other than 'Excluded Securities') by the Company below the Ceiling Price subject to a minimum price of the Floor Price at the time. There will however be an adjustment to the conversion price where such issues are made at a price below the 'current market price' at the time of the issue. • Refer to Annexure B of this Cleansing Notice for worked examples showing how the conversion price could be adjusted in practice.
Acceleration of conversion rights	<p>The conversion rights of the Convertible Notes will be accelerated (and will entitle the holder to convert the Convertible Notes at its election) on the occurrence of certain prescribed events, including, amongst others (each, an Acceleration Event):</p> <ul style="list-style-type: none"> (a) if the prevailing price of the Company's Shares is equal to or above the Ceiling Price, in which case the conversion price will be equal to the Ceiling Price at the time; (b) at any time from 3 years after the Convertible Notes Issue Date, in which case the conversion price will be at the prevailing conversion price as from time to time reset or adjusted; (c) if the Company issues any equity securities (other than any 'Excluded Securities') at a price below the Ceiling Price, in which case the conversion price will be at the prevailing conversion price as from time to time reset or adjusted⁹; (d) if a 'change of control' or certain prescribed events of default occur in relation to the Company, in which case the conversion price will be at the prevailing conversion price as from time to time reset or adjusted; and (e) if the Company changes its tax jurisdiction or domicile, in which case the conversion price will be at the prevailing conversion price as from time to time reset or adjusted. <p>The above conversion rights are at all times subject to a minimum conversion price equal to the Floor Price at the time,</p>

⁹ The Company notes that its ASX announcement and investor presentation on 2 June 2020 described that in these circumstances the conversion price will be reduced to the effective price of such equity securities issue (but subject to a minimum price equal to the Floor Price at the time). This is no longer the case as the parties have agreed that this "full ratchet" adjustment to the conversion price will no longer apply and that an adjustment will be made to the conversion price where such issues are made at a price below the market price at the time of such issue, as updated by the Company in the Notice of Extraordinary General Meeting released by the Company to the ASX on 30 July 2020.

	<p>and will be satisfied for as many Shares in the Company as possible subject to the ownership cap described below.</p> <p>Separately, at any time during the period (i) from month 12 to 18 and (ii) from month 18 to 24, after the Convertible Notes Issue Date, the Noteholder also has the option to accelerate the payment of up to 2 Instalment Amounts (together with any interest amounts attached to these Instalment Amounts and any amounts previously deferred) on the following terms:</p> <p>(a) the Instalment Amounts can only be satisfied by the issue of Shares; and</p> <p>(b) the conversion price will be the 'current market price' on the second or third Instalment Date (as the case may be) (or if such date falls on an Instalment Date, the "current market price" on such date), subject in each case to the Ceiling Price and the Floor Price.</p> <p>Refer to Table 2 in Annexure A for worked examples showing the acceleration of the conversion rights of the Convertible Notes.</p>
Maximum dilution and ownership cap	<ul style="list-style-type: none"> • The maximum number of Shares that can be issued on conversion of the Convertible Notes is capped at 58,302,282 Shares (unless the Floor Price is adjusted in accordance with its terms). • The holder of the Convertible Notes is subject to a maximum ownership cap in the Company of 19.99% of the voting power. In the event that Convertible Notes become fully convertible, conversion will first be into as many Shares as possible given this cap, with the remainder paid by the Company in cash.
Redemption rights	<p>The Noteholder is entitled, at its election, to redemption payments if the Company undergoes a 'change of control' or certain prescribed events of default occur. These payments are calculated in accordance with prescribed formulas.</p> <p>An event of default is any of the following:</p> <p>(a) the Company's failure to pay any outstanding amounts under the Terms and Conditions within 5 days;</p> <p>(b) the Company's failure to deliver Shares to the Noteholder following the conversion of the Convertible Notes within 5 days;</p> <p>(c) the breach of any undertaking or agreement by the Company in connection with the Terms and Conditions;</p> <p>(d) the Company or any of its subsidiaries default on a present or future debt which has a material adverse effect on the Company;</p> <p>(e) the Company suffers an insolvency event;</p> <p>(f) there are enforcement proceedings against substantially all of the property, assets or revenues of</p>

	<p>the Company or any of its 'Material Subsidiaries'¹⁰ that have not been discharged or stayed within 30 days;</p> <p>(g) a security interest is enforced against substantially all of the property, assets or revenues of the Company or any of its 'Material Subsidiaries';</p> <p>(h) a judgment is made against the Company or any of its 'Material Subsidiaries' which has a material adverse effect on the Company or that 'Material Subsidiary';</p> <p>(i) the Convertible Notes are no longer legal and valid;</p> <p>(j) it becomes unlawful for the Company to comply with any of its obligations under the Terms and Conditions;</p> <p>(k) the Company changes its tax jurisdiction or domicile without the Noteholder's prior written approval; or</p> <p>(l) any event which has a similar effect to the events outlined in paragraphs (e) to (k) inclusive.</p>
Noteholder's rights	<p>The Convertible Notes will rank pari passu among themselves and at least pari passu with all other unsecured and unsubordinated indebtedness of the Company, except indebtedness preferred by law or a directive.</p> <p>The Noteholder is a creditor of the Company and does not have any entitlement to:</p> <p>(a) vote at any general meeting of members;</p> <p>(b) receive dividend; or</p> <p>(c) otherwise participate as a member,</p> <p>until the Noteholder converts the Convertible Notes to Shares.</p>
Transferability	<p>The Convertible Notes can only be transferred:</p> <p>(a) outside the 'Restricted Transfer Period';¹¹</p> <p>(b) in accordance with all applicable laws and directives of the jurisdiction in which the transfer takes place; and</p> <p>(c) to a 'Permitted Transferee'¹² or, with the Company's prior written consent to any other person.</p>
Quotation of Convertible Notes and Shares issued on conversion of Convertible Notes	<p>Each Convertible Note will not be quoted on the ASX.</p> <p>The Company will apply for quotation on the ASX of each Share issued on exercise of a Convertible Note.</p>

¹⁰ A 'Material Subsidiary' is a subsidiary whose income or gross assets constitute at least 20% of the Company's consolidated income or consolidated total assets.

¹¹ A Noteholder cannot transfer any Convertible Notes they hold during a Restricted Transfer Period. Restricted Transfer Periods include the 7 day period ending on (and including) the dates for payment of any principal, and after a duly signed and executed notice of conversion has been delivered regarding a Convertible Note.

¹² A 'Permitted Transferee' means SIG and the Noteholder, their affiliates, subsidiaries and associated persons, as well as any person holding the Convertible Notes on their behalf such as a broker, agent, trader or investment holding vehicle.

Governing law	New South Wales.
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9 **Rights and liabilities attaching to Shares issued under the Convertible Notes**

The Shares issued to each Noteholder on conversion of the Convertible Notes will rank equally in all respects with the Company's existing Shares. The rights attaching to Shares, including new Shares issued to each Noteholder on conversion, are set out in the Company's Constitution, and as regulated by the Corporations Act, the ASX Listing Rules and the general law.

General meetings	Each holder of a Share (Shareholder) has the right to receive notice of and to attend and vote at general meetings of the Company.
Voting rights	Each Shareholder has one vote on a show of hands. On a poll, each fully paid Share has one vote, and every partly paid Share has a fraction of a vote equal to the amount paid up on the Share.
Dividends	Dividends may be paid out of the Company's profits to Shareholders as resolved by the directors of the Company at their discretion.
Transfer of shares	Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.
Variation of rights	Unless otherwise provided by the terms of issue of the Shares of that class, the rights attached to a class of shares may be varied or cancelled, and Shares may convert into another class by a special resolution of the Company and: (a) a special resolution passed by the members of that class; or (b) written consent of at least 75% of the members of that class.
Winding up	If the Company is wound up, the surplus assets are to be divided among Shareholders in proportions reflecting the Shareholder's contribution to the total amount paid on Shares in the Company.
Alteration of Constitution	The Company's constitution can only be amended by a special resolution of Shareholders.

10 **Excluded information**

As at the date of this notice, other than as set out in this Cleansing Notice, there is no information that:

- (a) has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and

- (b) is information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the Company's assets and liabilities, profits and losses, financial position, performance and prospects; and
 - (ii) the rights and liabilities attaching to the Convertible Notes or underlying Shares.

11 Compliance with continuous disclosure obligations

The Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations. These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of making that information available to the market.

As at the date of this Cleansing Notice, the Company has complied with:

- (a) the provisions of Chapter 2M of the Corporations Act, as they apply to the Company; and
- (b) section 674 of the Corporations Act, as it applies to the Company.

Copies of any documents in relation to the company which are lodged with ASIC may be obtained from, or inspected at, an ASIC office.

The Company will provide a copy of the following financial reports to any person on request free of charge:

- (a) the Company's annual financial report for the 2019 Financial Year, being the most recently lodged with ASIC by the Company (**2019 Annual Report**);
- (b) the Company's half year financial report for the 2020 Financial Year, which was lodged after 2019 Annual Report and before the lodgement of this Cleansing Notice; and
- (c) any continuous disclosure notices given after the lodgement of the 2019 Annual Report and before lodgement of this Cleansing Notice.

A list of the continuous disclosure documents lodged by the Company with ASX after the 2019 Annual Report and before the lodgement of this Cleansing Notice is set out below:

Date	Announcement
30 September 2019	FY19 Annual Report Reissued
30 September 2019	Notice of Extraordinary General Meeting & Proxy Form
1 October 2019	Appendix 3B
30 October 2019	Quarterly Report
30 October 2019	Results of General Meeting
30 October 2019	Notice of Annual General Meeting & Proxy Form

7 November 2019	Zip Strikes Strategic Agreement with Amazon Australia
7 November 2019	Cleansing Notice
7 November 2019	Appendix 3B
29 November 2019	Trading Halt
29 November 2019	Capital Raising Overview
29 November 2019	AGM Presentation
29 November 2019	Results of Meeting
29 November 2019	Revised Indicative SPP Timetable
2 December 2019	Successful Completion of Oversubscribed Placement
5 December 2019	Cleansing Notice
5 December 2019	Appendix 3B
6 December 2019	Share Purchase Plan
12 December 2019	Change in Directors Interests Notice – Philip Crutchfield
12 December 2019	Change in Directors Interests Notice – Peter Gray
12 December 2019	Change in Directors Interests Notice – Larry Diamond
12 December 2019	Ceasing to be a substantial shareholder
12 December 2019	Amended Change of Directors Interest Notice – PC
12 December 2019	Change in substantial holding
19 December 2019	Zip Welcomes Code of Practice
20 December 2019	Change in substantial holding from WBC
24 December 2019	Appendix 3B
27 December 2019	Completion of Share Purchase Plan
31 December 2019	Appendix 3B
13 January 2020	Quarterly Report
17 February 2020	FY20 Half Year Results Conference Call Details
19 February 2020	Securities Released from Voluntary Escrow

27 February 2020	1H20 Half Year Results & Appendix 4D
27 February 2020	Record FY20 Half Year Result – Investing for Growth
27 February 2020	1H20 Investor Presentation
2 March 2020	Becoming a substantial holder
13 March 2020	Response to the Coronavirus
18 March 2020	Ceasing to be a substantial holder
26 March 2020	Becoming a substantial holder
31 March 2020	Ceasing to be a substantial holder
8 April 2020	Quarterly Update
8 May 2020	April Trading Update – Z1P Continues to Perform Strongly
1 June 2020	Trading Halt
2 June 2020	Acquisition of QuadPay and Capital Raise
2 June 2020	Appendix 3B
2 June 2020	Acquisition and Capital Raise Presentation
2 June 2020	Acquisition of QuadPay and Capital Raise Webcast Details
12 June 2020	May Trading Update – Another Strong Month During Covid
23 June 2020	Change of Director’s Interest Notice – PC
23 June 2020	Change of Director’s Interest Notice – PG
23 June 2020	Change of Director’s Interest Notice – LD
23 June 2020	Change of Director’s Interest Notices
2 July 2020	Appendix 3G
6 July 2020	Proposed issue of Securities – Z1P
6 July 2020	Appendix 2A
6 July 2020	Cleansing Notice
6 July 2020	Lapsing of Unlisted Performance Rights
15 July 2020	Quarterly Update

20 July 2020	Respiri signs with BNPL provider ZIP
30 July 2020	Notice of Extraordinary General Meeting/Proxy Form
30 July 2020	Extraordinary General Meeting – Online Meeting Guide
10 August 2020	Lapse of Securities & Securities to be released from Escrow
19 August 2020	FY20 Full Year Results – Conference Call Details
24 August 2020	QuadPay Trading Update – Record Month
26 August 2020	Zip Announces Partnership with Ebay, Launches Zip Business
27 August 2020	FY20 Appendix 4E Preliminary Final Report
27 August 2020	Record FY20 Results – Emerging as a Global BNPL Leader
27 August 2020	FY20 Investor Presentation
31 August 2020	Results of General Meeting

ENDS

Signed for and on behalf of **Zip Co Limited** by:



David Franks
Company Secretary

Annexure A – Examples of how the Convertible Notes convert at different conversion prices

The examples in the table below are provided for illustrative purposes only and have been simplified for this purpose. To the extent of any inconsistency, the terms of the Convertible Notes prevail.

1. TABLE 1: Examples of semi-annual conversion of Instalment Amount

The following examples assume that the Instalment Amount:

- is not deferred to a later Instalment Date (up until the Maturity Date) and the Noteholder makes an election to convert the Instalment Amount into Shares or redeem for cash in accordance with the terms of the Convertible Notes; and
- does not include any previously deferred amounts.

Prevailing 'current market price' of Shares (refer to footnote 4)	Example of conversion into Shares or redemption for cash
Below or at the Floor Price (of \$1.8443) ¹³	The Instalment Amount comprising of \$10,000,000 plus interest of \$752,690 is paid in cash by the Company.
Between the Floor Price and the Ceiling Price – assuming \$4.00 for example purposes only	The Instalment Amount comprising of \$10,000,000 plus interest of \$752,690 (first paid and then automatically applied to the subscription price for Shares) such that the total Instalment Amount of \$10,752,690 is converted into Shares as follows: = \$10,752,690 / \$4.00 = 2,688,172 Shares.
At or above the Ceiling Price (of \$5.5328) ¹⁴	The Instalment Amount comprising of \$10,000,000 plus interest of \$752,690 (first paid and then automatically applied to the subscription price for Shares) such that the total Instalment Amount of \$10,752,690 is converted into Shares as follows: = \$10,752,690 / (\$5.5328 / 0.93) = 1,807,403 Shares.

¹³ The conversion price is subject to a minimum price equal to the Floor Price (which price is subject to adjustment in accordance with the terms of the Convertible Notes).

¹⁴ The conversion price is subject to a maximum price equal to the Ceiling Price (which price is subject to adjustment in accordance with the terms of the Convertible Notes).

2. TABLE 2: Examples of acceleration of conversion rights of Convertible Notes

The Noteholder may at its election accelerate conversions in certain prescribed circumstances. The following examples assume that the entire face value of the Convertible Notes of \$100 million remain outstanding at the time that the relevant Acceleration Event occurs (but excludes the treatment of any accrued interest at the time, which will also convert into Shares at the relevant conversion price).

Prevailing 'current market price' of Shares (refer to footnote 4)	Example of conversion into Shares
Below or at the Floor Price (of \$1.8443) ¹⁵	The Floor Price prevails and the amount of \$100 million is converted into Shares as follows: = \$100 million / \$1.8443 = 54,221,113 Shares.
Between the Floor Price and the Ceiling Price – assuming \$4.00 for example purposes only	The prevailing 'current market price' of Shares prevails and the amount of \$100 million is converted into Shares as follows: = \$100 million / \$4.00 = 25,000,000 Shares.
At or above the Ceiling Price (of \$5.5328) ¹⁶	The Ceiling Price prevails and the amount of \$100 million is converted into Shares as follows: = \$100 million / \$5.5328 = 18,074,031 Shares.

¹⁵ The conversion price is subject to a minimum price equal to the Floor Price (which price is subject to adjustment in accordance with the terms of the Convertible Notes).

¹⁶ The conversion price is subject to a maximum price equal to the Ceiling Price (which price is subject to adjustment in accordance with the terms of the Convertible Notes).

Annexure B – Examples of adjustments to the conversion price

The following examples demonstrate the adjustment that would be made to the conversion price for a number of prescribed events. For illustrative purposes, the below examples assume the entire face value of the Convertible Notes of \$100 million remain outstanding at the time of the relevant adjustment event (but also excludes the treatment of any accrued interest at the time).

For all worked examples the following assumptions are made:

- 'current market price' of \$4.00;
- Ceiling Price of \$5.5328;
- Floor Price of \$1.8443; and
- Shares outstanding equal to 509,403,189 (current Shares outstanding of 390,403,189 plus maximum Shares that could have been issued to the QuadPay Stockholders of 119,000,000 under the relevant shareholder approval).

The examples in the section below are provided for illustrative purposes only and have been simplified for this purpose. To the extent of any inconsistency, the terms of the Convertible Notes prevail.

1 Consolidation, Subdivision or Re-classification

If and whenever there shall be a consolidation, reclassification, redesignation or subdivision in relation to the Shares which alters the number of Shares in issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such consolidation, reclassification, redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

- (i) A is the aggregate number of Shares in issue immediately before such consolidation, reclassification, redesignation or subdivision, as the case may be; and;
- (ii) B is the aggregate number of Shares in issue immediately after, and as a result of, such consolidation, reclassification, redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification, redesignation or subdivision, as the case may be, takes effect.

Worked Example: Assuming a 1:2 share stock split the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = Shares current 509,403,189

B = Shares post issuance 1,018,806,378 (A x 2)

A/B = 0.50

Adjusted conversion price = 0.50 x \$4.00 = \$2.00

Adjusted Ceiling Price = 0.50 x \$5.5328 = \$2.7664

$$\text{Adjusted Floor Price} = 0.50 \times \$1.8443 = \$0.9222$$

$$\text{Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest)} = 100,000,000 / 2.00 = 50,000,000$$

2 Capitalisation of Profits or Reserves

If and whenever the Company shall issue any Shares to Shareholders credited as fully paid by way of capitalisation of profits or reserves (including any amount of any share premium account or capital redemption reserve) other than where it is determined to constitute a 'cash dividend', the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

(i) A is the aggregate number of Shares in issue immediately before such issue; and

(ii) B is the aggregate number of Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares.

Worked Example: Assuming a \$50,000,000 issuance at \$4.00 per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

$$A = \text{Shares current } 509,403,189$$

$$B = \text{Shares post issuance } 521,903,189 (A + (50,000,000/4.00))$$

$$A/B = 0.98$$

$$\text{Adjusted conversion price} = 0.98 \times \$4.00 = \$3.90$$

$$\text{Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest)} = 100,000,000 / 3.90 = 25,613,462$$

3 Capital Distributions

If and whenever the Company shall pay or make any 'capital distribution' to the Shareholders, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to the Effective Date (as defined below) by the following fraction:

$$\frac{A - B}{A}$$

where:

(i) A is the 'current market price' of one Share on the Effective Date; and

(ii) B is the portion of the 'fair market value' of the aggregate 'capital distribution' attributable to one Share, with such portion being determined by dividing the 'fair market value' of the aggregate 'capital distribution' by the number of Shares entitled to receive the relevant 'capital distribution' (or, in the case of a purchase, redemption or buy back of Shares or any

depository or other receipts or certificates representing Shares by or on behalf of the Company or any subsidiary of the Company, by the number of Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Shares, or any Shares represented by depository or other receipts or certificates, purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the 'fair market value' of the relevant 'capital distribution' is capable of being determined as provided herein.

"Effective Date" means the first date on which the Shares are traded ex-the relevant 'capital distribution' on the ASX or other relevant stock exchange or, in the case of a purchase, redemption or buy back of Shares or any depository or other receipts or certificates representing Shares, the date on which such purchase, redemption or buy back is made or in the case of a 'spin-off', the first date on which the Shares are traded ex-the relevant 'spin-off' on the ASX or other relevant stock exchange.

Worked Example: Assuming a \$0.05c per Share distribution the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = 'Current market price' 4.00

B = Value per Share 0.05

(A - B) / A = 0.99

Adjusted conversion price = 0.99 x \$4.00 = \$3.95

Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest) = 100,000,000 / 3.95 = 25,316,455

4 Cash Dividends

If and whenever the Company shall pay or make any 'cash dividends' to Shareholders, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to the effective date below by the following fraction:

$$\frac{A - B}{A}$$

Where:

- (i) A is the 'current market price' of one Share on the Effective Date for the determination of Shareholders entitled to receive such 'cash dividend'; and
- (ii) B is the portion of the Fair Market Value of the aggregate Cash Dividend attributable to one Ordinary Share, with such portion being determined by dividing the 'fair market value' of the aggregate 'cash dividend' by the number of Shares entitled to receive the relevant 'cash dividend'.

Such adjustment shall become effective on the Effective Date, or if later, the first date upon which the 'fair market value' of the relevant 'cash dividend' is capable of being determined as provided herein.

"Effective Date" means the first date on which the Shares are traded ex-the relevant dividend on the ASX or other relevant stock exchange.

Worked Example: Assuming a \$0.05c per Share dividend the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = 'Current market price' 4.00

B = Dividend per Share 0.05

$(A - B) / A = 0.99$

Adjusted conversion price = $0.99 \times \$4.00 = \3.95

Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest) = $100,000,000 / 3.95 = 25,316,455$

5 Rights Issues of Shares or Options over Shares

If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than the 'current market price' per Share on the date of the announcement of the terms of the issue or grant, the conversion price shall be adjusted by multiplying the conversion price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- (i) A is the number of Shares in issue immediately before such announcement;
- (ii) B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such 'current market price' per Share; and
- (iii) C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

Worked Example: Assuming a \$50,000,000 issuance at \$3.75 per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = Shares current 509,403,189

B = Shares issued if at 'current market price' 12,500,000 ($50,000,000/4.00$)

$C = \text{Shares issued at issue price } 13,333,333 \text{ (} 50,000,000 / 3.75 \text{)}$

$$(A + B) / (A + C) = 0.99$$

$$\text{Adjusted conversion price} = 1.00 \times \$4.00 = \$3.99$$

$\text{Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest)} = 100,000,000 / 3.99 = 25,039,918$

6 Rights Issues of other Securities

If and whenever the Company shall issue any securities (other than the Noteholder Warrants and any Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than the Noteholder Warrants and any Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Ordinary Shares), the conversion price shall be adjusted by multiplying the conversion price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- (i) A is the 'current market price' of one Share on the date on which such issue or grant is publicly announced; and
- (ii) B is the 'fair market value' on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

Worked Example: Assuming a \$0.25 rights issuance per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

$$A = \text{'Current market price'} \ 4.00$$

$$B = \text{Rights issue price } 0.25$$

$$(A - B) / A = 0.94$$

$$\text{Adjusted conversion price} = 0.94 \times \$4.00 = \$3.75$$

$\text{Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest)} = 100,000,000 / 3.75 = 26,666,667$

7 Modification of Rights of Conversion etc.

If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than the

'current market price' on the date of announcement of the terms of issue of such securities, so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than the 'current market price' on the date of announcement of the proposals for such modification, the conversion price shall be adjusted by multiplying the conversion price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- (i) A is the number of Shares in issue immediately before such modification;
- (ii) B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such 'current market price' per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- (iii) C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Adviser considers appropriate (if at all) for any previous adjustment under this adjustment.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

Worked Example: Assuming a \$50,000,000 issuance at \$3.75 per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = Shares current 509,403,189

B = Shares issued if at 'current market price' 12,500,000 (50,000,000/4.00)

C = Shares issued at issue price 13,333,333 (50,000,000/3.75)

(A + B) / (A + C) = 1.00

Adjusted conversion price = 1.00 x \$4.00 = \$3.99

Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest) = 100,000,000 / 3.99 = 25,039,918

8 Other Offers to Shareholders

If and whenever the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the conversion price falls to be adjusted under conditions governing Rights Issues of Shares or Options over Shares or Rights Issues of Other Securities (as noted above)), the

conversion price shall be adjusted by multiplying the conversion price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

- (i) A is the 'current market price' of one Share on the date on which such issue is publicly announced; and
- (ii) B is the 'fair market value' on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

Worked Example:

Assuming a \$0.25 rights issuance per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = 'Current market price' 4.00

B = Rights issue price 0.25

$(A - B) / A = 0.94$

Adjusted conversion price = $0.94 \times \$4.00 = \3.75

Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest) = $100,000,000 / 3.75 = 26,666,667$

9 Issues at less than 'current market price'

If and whenever the Company shall issue (otherwise than as mentioned in the above conditions regarding Rights Issues of Shares or Options over Shares or any Excluded Securities) wholly for cash or for no consideration any Shares (other than Shares issued on the exercise of the Convertible Notes or Noteholder Warrants or on the exercise of any other securities or other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (other than the Noteholder Warrants and as mentioned in above in Rights Issues of Shares or Options over Shares above or any Excluded Securities) options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares in each case at a price per Share which is less than the 'current market price' on the date of announcement of the terms of such issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{C}$$

where:

- (i) A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;

- (ii) B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such 'current market price' per Share; and
- (iii) C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

Worked Example: Assuming a \$50,000,000 issuance at \$3.75 per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = Shares current 509,403,189

B = Shares issued if at 'current market price' 12,500,000 (50,000,000/4.00)

C = Shares issued at issue price 522,736,522 (509,403,189 + 50,000,000/3.75)

(A + B) / (C) = 1.00

Adjusted conversion price = 1.00 x \$4.00 = \$3.99

Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest) = 100,000,000 / 3.99 = 25,039,918

10 Other Issues at less than 'current market price'

Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this condition, if and whenever the Company or any of its subsidiaries (otherwise than as mentioned above in the conditions covering Rights Issues of Shares or Options over Shares, Rights Issues of Other Securities or Issues at less than 'current market price'), or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity shall issue any securities, in each case wholly for cash or for no consideration (other than the Convertible Notes and the Noteholder Warrants or any Excluded Securities) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than the 'current market price' on the date of announcement of the terms of issue of such securities, the conversion price shall be adjusted by multiplying the conversion price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- (i) A is the number of Shares in issue immediately before such issue;

- (ii) B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such 'current market price' per Share; and
- (iii) C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

Worked Example: Assuming a \$50,000,000 issuance at \$3.75 per Share the impact on conversion price, Ceiling Price and Floor Price is outlined below.

A = Shares current 509,403,189

B = Shares issued if at 'current market price' 12,500,000 (50,000,000/4.00)

C = Shares issued at issue price 13,333,333 (50,000,000/3.75)

$(A + B) / (A + C) = 1.00$

Adjusted conversion price = $1.00 \times \$4.00 = \3.99

Adjusted Ceiling Price = $1.00 \times \$5.5328 = \5.5240

Adjusted Floor Price = $1.00 \times \$1.8443 = \1.8414

Maximum Shares issued at accelerated conversion (excluding the treatment of any accrued interest) = $100,000,000 / 3.99 = 25,039,918$