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## **ZIP CO LIMITED**

ACN 139 546 428

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**AND**

### **EXPLANATORY STATEMENT**

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**TIME:** 10.00am (Sydney time)  
**DATE:** Wednesday, 30 October 2019  
**PLACE:** Arnold Bloch Leibler  
Level 24, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

This Notice of Extraordinary General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Extraordinary General Meeting, please do not hesitate to contact the Company Secretary, using the contact details on page 15.

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# ZIP CO LIMITED

ACN 139 546 428

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notice is given that the Extraordinary General Meeting of Shareholders of Zip Co Limited (the “**Company**”) will be held at the offices of Arnold Bloch Leibler at Level 24, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 at 10.00am (Sydney time) on Wednesday, 30 October 2019 (the “**Meeting**”) for the purpose of transacting the following business.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary contained in the Explanatory Statement.

### AGENDA

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Shareholders will be asked to consider, and if thought fit, to pass, with or without amendment, the following Resolutions, as **Ordinary Resolutions**:

1. **RESOLUTION 1 – APPROVAL TO ISSUE SHARES TO THE PARTPAY SHAREHOLDERS UNDER THE PARTPAY ACQUISITION**

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue and allotment of the following Shares as consideration under the PartPay Acquisition:*

- (a) 17,424,801 Shares at an issue price of \$2.76 per Share to the PartPay Shareholders as the ‘Upfront Consideration’; and*
- (b) up to a maximum of 5,402,727 Shares to the PartPay Shareholders as the ‘Earn Out Consideration’ at an issue price equal to the higher of \$2.76 per Share and a 5% discount to the Company’s volume weighted average price in the 10 trading days prior to issuance,*

*on the terms set out in the Explanatory Statement which accompanies this Notice of Meeting.”*

***Please refer to the voting exclusion statement in the following notes.***

2. **RESOLUTION 2 – RATIFICATION OF THE PRIOR ISSUE OF SHARES UNDER THE PLACEMENT**

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue by the Company of 28,000,000 Shares issued to certain institutional, sophisticated and professional investors on 22 March 2019 under the Placement at the issue price of \$1.53 per Share, as announced on 14 March 2019, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

***Please refer to the voting exclusion statement in the following notes.***

3. **RESOLUTION 3 – RATIFICATION OF THE PRIOR ISSUE OF SHARES TO WESTPAC BANKING CORPORATION LIMITED IN CONNECTION WITH THE PLACEMENT**

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify and approve the prior issue by the Company of 5,812,448 Shares issued to Westpac Banking Corporation Limited on 2 April 2019 in connection with the Placement and the top-up right granted to Westpac Banking Corporation Limited, at the issue price of \$1.53 per Share, as announced on 1 April 2019, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

***Please refer to the voting exclusion statement in the following notes.***

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Dated: 26 September 2019

By Order of the Board

A handwritten signature in black ink, appearing to read 'D. Franks', with a long horizontal flourish extending to the right.

Zip Co Limited  
David Franks  
Company Secretary

## NOTES:

### Entitlement to vote

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the Company's share register at 7.00pm (Sydney time) on Monday, 28 October 2019.

### Voting and required majority

Each Resolution must be passed by more than 50% of all votes cast by Shareholders entitled to vote on the Resolution (whether in person or by proxy, attorney or representative).

Subject to the voting exclusions, on a show of hands every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Share held.

### Voting Exclusion Statements

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolutions 1, 2 and 3 by the persons detailed in the table below:

Resolutions	Voting Exclusions
Resolution 1 – Approval to issue Shares to PartPay Shareholders under the PartPay Acquisition	<p>The Company will disregard any votes cast in favour of this Resolution 1 by or on behalf of:</p> <ul style="list-style-type: none"><li>• the PartPay Shareholders; and</li><li>• any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder); or</li><li>• any of their respective associates.</li></ul> <p>However, the Company need not disregard a vote on Resolution 1 if:</p> <ul style="list-style-type: none"><li>• it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li><li>• it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</li></ul>
Resolution 2 – Ratification of the prior issue of Shares under the Placement	<p>The Company will disregard any votes cast in favour of this Resolution 2 by or on behalf of:</p> <ul style="list-style-type: none"><li>• any person who participated in the Placement; and</li><li>• any of their associates.</li></ul> <p>However, the Company need not disregard a vote on Resolution 2 if:</p> <ul style="list-style-type: none"><li>• it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li><li>• it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</li></ul>

<p>Resolution 3 – Ratification of the prior issue of Shares to Westpac Banking Corporation Limited in connection with the Placement</p>	<p>The Company will disregard any votes cast in favour of this Resolution 3 by or behalf of:</p> <ul style="list-style-type: none"> <li>• Westpac Banking Corporation Limited; and</li> <li>• any associates of Westpac Banking Corporation Limited.</li> </ul> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none"> <li>• it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or</li> <li>• it is cast by the Chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.</li> </ul>
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## YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important. You may vote by attending the Meeting in person, by proxy or personal representative.

## VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out in the Notice.

## APPOINTING A PROXY

A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder of the Company.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholders' votes that each proxy may exercise, each proxy may exercise half of the Shareholders' votes on a poll. Fractions will be disregarded.

You can appoint a proxy by completing and signing the enclosed Proxy Form and sending the form by

### Online:

At [www.investorvote.com.au](http://www.investorvote.com.au)

### By Mobile:

Scan the QR Code on your Proxy form and follow the prompts

### By Mail to:

Computershare Investor Services Pty Ltd  
GPO Box 242  
Melbourne Victoria 3001  
Australia

### By Facsimile Transmission to:

1800 783 447 (within Australia)  
or  
+61 3 9473 2555 (outside Australia)

### By Hand to:

Computershare Investor Services Pty Ltd  
Level 3  
60 Carrington Street  
Sydney, NSW 2000

### Custodian voting:

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

The deadline for receipt of proxy appointments is 10:00AM (Sydney time) on Monday, 28 October 2019 (which is 48 hours before the Meeting).

**Proxy appointments received later than this time will be invalid.**

## **POWER OF ATTORNEY**

If the Proxy Form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the Proxy Form, unless the power of attorney has already been provided to Computershare Investor Services Pty Ltd.

## **INTERMEDIARY ONLINE**

Participating intermediaries can lodge their proxy appointments online through <http://www.intermediaryonline.com>.

## **CORPORATE REPRESENTATIVES**

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to Computershare Investor Services. An appointment of corporate representative form may be obtained from Computershare Investor Services by calling (+61 3) 9415 4000 or online at <https://www-au.computershare.com/Investor/help/PrintableForms>.

## **VOTING INTENTIONS AND UNDIRECTED PROXIES**

If you intend to appoint the Chairperson of the Meeting as your proxy, you are encouraged to direct them how to vote by marking a box for Resolutions 1, 2 and 3 (for example, if you wish to vote for, or against, or abstain from voting).

If you appoint the Chairperson as your proxy without directing them how to vote, the Proxy Form authorises the Chairperson to vote as they decide on Resolutions 1, 2 and 3.

Subject to any voting restrictions and exclusions, where the Chairperson of the Meeting is appointed as proxy, the Chairperson intends to vote in favour of all Resolutions.

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# ZIP CO LIMITED

ACN 139 546 428

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to assist Shareholders to consider the Resolutions set out in the Notice of Meeting.

This Explanatory Statement forms part of, and should be read in conjunction with, the Notice of Meeting. The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions. The Directors also recommend that Shareholders read in full the following ASX Announcements released by the Company before making any decisions in relation to the Resolutions:

- the ASX Announcement dated 20 August 2019 (including the accompanying Investor Presentation) in respect of the PartPay Acquisition;
- the ASX Announcement dated 14 March 2019 in respect of the Placement; and
- the ASX Announcement dated 1 April 2019 in respect of Westpac's exercise of its top-up right.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary contained in the Explanatory Statement.

### 1 RESOLUTION 1 - APPROVAL TO ISSUE SHARES TO THE PARTPAY SHAREHOLDERS UNDER THE PARTPAY ACQUISITION

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#### 1.1 About the PartPay Acquisition

##### The proposed acquisition of PartPay

On 20 August 2019, the Company announced it had entered into an agreement to acquire all of the shares in global instalment technology platform, PartPay Limited (New Zealand company number 6162932) ("**PartPay**") (the "**PartPay Acquisition**").

Auckland headquartered, PartPay will provide the Company with:

- a portable platform that has been localised to international markets and is easily adaptable to new geographies;
- a significant instalment player in New Zealand (NZ), which includes an integration with NZ's leading retail group, The Warehouse Group; and
- an early-stage, fully operational United Kingdom (UK) subsidiary supported by a local team, which is ready to scale.

Established in January 2017, PartPay has over 120,000 customers across over 300,000 instalment plans and is integrated into over 1,000 retailers including The Warehouse Group (NZ's leading retail group) and Spark (NZ's largest Telco).

PartPay's NZ business complements the Company's Australian merchant base and aligns strongly with Zip's core strategy of bringing customers and merchants together via a fair and valued payments experience. PartPay has been conducting credit and ID checks from inception.

PartPay's key management team, including founder John O'Sullivan, will remain with the business and join the Zip team. PartPay added its first merchant onto the UK platform in January 2019, and is supported by a solid, local team who have begun to make inroads in this significant market.

PartPay's technology platform has been successfully deployed into other international markets where, in exchange for its codebase, PartPay secured strategic shareholdings within the following fast growing "buy now, pay later" providers:

- 8.9% in QuadPay Inc ("**QuadPay**") in the United States; and



- 24.7% in Payflex Proprietary Limited (“**Payflex**”) in South Africa.

As part of the PartPay Acquisition, the Company will also acquire 100% of the issued capital in PartPay’s UK subsidiary, PartPay UK, and PartPay’s above mentioned minority shareholdings in Payflex and QuadPay<sup>1</sup>.

Launched in January 2018, New York headquartered QuadPay is a leading, high growth, US-based instalment provider. QuadPay enables consumers to pay in instalments anywhere, online and in-store.

Launched in September 2018, Johannesburg based Payflex is the first to market within South Africa and with potential for exciting growth across Sub-Saharan Africa.

### **A summary of the material terms of the PartPay Acquisition**

#### **(a) Consideration:**

The total maximum consideration payable by the Company under the PartPay Acquisition is NZ\$65.8 million. Specifically, the PartPay Acquisition involves total upfront consideration of NZ\$50.8 million<sup>2</sup>, with an earn-out of up to a further NZ\$15.0 million based on certain prescribed performance milestones being achieved during the FY20 and FY21 financial years (the “**Earn Out Consideration**”).

Assuming Shareholders approve Resolution 1 (and the other conditions precedent are satisfied or waived), the Company proposes to pay the consideration by issuing new Shares in the Company to the PartPay Shareholders as follows:

- the Company will issue 17,424,801 Shares at an issue price of \$2.76 per Share (totalling NZ\$50.8 million worth of Shares<sup>3</sup>) to the PartPay Shareholders at completion of the Transaction (the “**Upfront Consideration Shares**”); and
- the Company will issue up to a maximum of 5,402,727 Shares (totalling up to a maximum of NZ\$15.0 million worth of Shares) to the PartPay Shareholders if certain prescribed performance milestones are achieved during the FY20 and FY21 financial years (the “**Earn Out Consideration Shares**”),

(together, the “**Consideration Shares**”).

The issue of the Consideration Shares to the PartPay Shareholders will represent a maximum of approximately 6.09% of the Company’s total issued Shares immediately following completion of the PartPay Acquisition<sup>4</sup>.

The \$2.76 issue price for the Upfront Consideration Shares represents a 5% discount to the Company’s volume weighted average price of its Shares on the ASX in the 10 trading days prior to the Company entering into the PartPay Acquisition.

If payable, the Earn Out Consideration is to be paid in two payment tranches relating to the 12-month periods ending 30 June 2020 and 30 June 2021, issued in new Shares (or cash, as summarised below).

A maximum of 5,402,727 Shares can be issued in relation to the total Earn Out Consideration and will be issued at the higher of \$2.76 per Share and a 5% discount to the Company’s volume weighted average price of its Shares on the ASX in the 10 trading days prior to issuance.

The maximum Earn Out Consideration (of NZ\$15.0m) may become payable early as a result of specific acceleration events as agreed between the parties.

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<sup>1</sup> As announced on 20 August 2019, the Company also concurrently agreed on 20 August 2019 to acquire a direct strategic equity interest in QuadPay by investing a further approximately US\$11.4 million. This investment in QuadPay is not conditional on the Company’s acquisition of PartPay and is expected to be finalised by no later than 27 September 2019.

<sup>2</sup> This amount of NZ\$50.8 million comprises NZ\$35.0m (including an agreed fixed working capital adjustment amount of approximately NZ\$1.0m), plus the Australian dollar equivalent of PartPay’s interest in QuadPay (which is valued in USD, and will be converted to Australian dollars at a rate of 1.4743).

<sup>3</sup> Refer to footnote 2.

<sup>4</sup> Assuming that the maximum number of the Earn Out Consideration Shares are issued by the Company and no other securities are issued by the Company.

**(b) Voluntary escrow arrangements for the Upfront Consideration Shares**

The PartPay Shareholders have agreed to enter into voluntary escrow arrangements with the Company under which they will be restricted from dealing with a portion of the Upfront Consideration Shares for a prescribed time period.

Specifically, the Upfront Consideration Shares are subject to the following voluntary escrow arrangements:

- PartPay management Shareholders, who will together hold 5,439,072 Upfront Consideration Shares, will have 50% of their shares escrowed until 20 August 2020, with a further 25% of their shares escrowed until 20 August 2021; and
- all other PartPay Shareholders (excluding shareholders under PartPay's employee incentive plan), who will together hold 11,348,631 Upfront Consideration Shares, will have 50% of their shares escrowed until 20 February 2020.

There are limited circumstances in which the Upfront Consideration Shares may be released from escrow.

**(c) Conditions precedent**

The PartPay Acquisition is subject to a number of conditions precedent, including:

- Shareholders approving the issue of the Consideration Shares to the PartPay Shareholders as proposed by Resolution 1; and
- PartPay receiving consents from various prescribed key third parties on terms acceptable to the Company.

**(d) Other terms**

The Company retains the right to pay any PartPay Shareholder in cash for their PartPay shares, including if any PartPay Shareholder is unable to receive the Consideration Shares without the Company being required to issue a disclosure document. In such an instance, the value of the PartPay shares shall be determined based on the volume weighted average price of the Company's Shares on the ASX for the 5 trading days immediately following the date on which the relevant cleansing notice in relation to the shares is released by the Company.

If, when the Shares are issued as part of the Earn-Out Consideration, the Company's share price is less than \$2.76, the Company will be required to pay a true up amount in cash to the PartPay Shareholders for this difference.

**(e) ASX waiver for the Earn Out Consideration Shares**

ASX has granted the Company a waiver from ASX Listing Rule 7.3.2 to the extent necessary to permit the Company in this Notice of Meeting not to state that the Earn Out Consideration Shares will be issued within 3 months of the date of the Meeting on the following conditions:

- (a) the Earn Out Consideration Shares will be issued on the 10<sup>th</sup> business day after the release of the Company's annual report to the ASX for the relevant financial year, and in any event no later than 30 April 2022;
- (b) the minimum price to issue the Earn Out Consideration Shares is no less than \$2.76 per share;
- (c) the milestones which must be satisfied for the Earn Out Consideration Shares to be issued are not varied;
- (d) for any annual reporting period during which any of the Earn Out Consideration Shares have been issued or any of them remain to be issued, the Company's annual report sets out in detail the number of Earn Out Consideration Shares issued in that annual reporting period, the number of Earn Out Consideration Shares that remain to be issued and the basis on which the Earn Out Consideration Shares may be issued; and
- (e) in any half year or quarterly report for a period during which any of the Earn Out Consideration Shares have been issued or remain to be issued, the Company must include a summary statement of the number of Earn Out Consideration Shares issued

during the reporting period, the number of Earn Out Consideration Shares that remain to be issued and the basis on which the Earn Out Consideration Shares may be issued.

## 1.2 Background to Resolution 1

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to a maximum of 22,820,000 Shares to the PartPay Shareholders (being, the Consideration Shares) as payment for the acquisition of PartPay under the PartPay Acquisition, of which further detail is set out above in section 1.1 of this Explanatory Statement.

The Company is seeking Shareholder approval for Resolution 1 in order to satisfy the shareholder approval condition precedent under the PartPay Acquisition. The Company will only issue the Consideration Shares to the PartPay Shareholders if all conditions precedent under the PartPay Acquisition are satisfied or waived in accordance with the terms of the share purchase and sale agreement for the PartPay Acquisition.

## 1.3 What is the effect of ASX Listing Rule 7.1?

ASX Listing Rule 7.1 restricts listed companies in relation to the number of equity securities that they can issue or agree to issue without shareholder approval. Generally, a listed company cannot, in any 12-month period, issue a number of equity securities which is more than 15% of its fully paid ordinary shares on issue without shareholder approval (**15% limit**), unless an exception applies. However, a listed company is permitted to issue shares (or other securities) in excess of the 15% limit if the issue is approved by shareholders.

The purpose of Resolution 1 is for Shareholders to approve the issue of the Consideration Shares to the PartPay Shareholders as such issue would otherwise exceed the Company's 15% limit.

If Resolution 1 is approved by Shareholders:

- the Company will be able to issue the Consideration Shares to the PartPay Shareholders even though the issue exceeds the 15% limit; and
- the issue of the Consideration Shares will not be counted under the Company's 15% limit, enabling the Company to issue (or agree to issue) further securities up to the 15% limit in the next 12 month period without Shareholder approval.

Shareholder approval for the issue of the Consideration Shares to the PartPay Shareholders is a condition precedent to completion of the PartPay Acquisition.

## 1.4 Information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided to Shareholders:

The number of securities to be issued	<p>22,827,528 Shares, comprising:</p> <ul style="list-style-type: none"> <li>• 17,424,801 Shares issued as the Upfront Consideration Shares; and</li> <li>• up to a maximum of 5,402,727 Shares issued as the Earn Out Consideration Shares.</li> </ul> <p>The issue of the Consideration Shares to the PartPay Shareholders will represent a maximum of approximately 6.09% of the Company's total issued Shares immediately following completion of the PartPay Acquisition<sup>5</sup>.</p>
The date by which the securities will be issued	<p>If Shareholders approve Resolution 1, the Company expects to issue:</p> <ul style="list-style-type: none"> <li>• the Upfront Consideration Shares to the PartPay Shareholders on completion of the PartPay Acquisition, which is expected to occur by the end of October 2019,</li> </ul>

<sup>5</sup> Assuming that the maximum number of the Earn Out Consideration Shares are issued by the Company and no other securities are issued by the Company.

	<p>but in any event by no later than 3 months after the date of the Meeting; and</p> <ul style="list-style-type: none"> <li>the Earn Out Consideration Shares to the PartPay Shareholders in two tranches, with each tranche payable on the 10<sup>th</sup> business day after the release of the Company's annual report to the ASX for the financial years ended 30 June 2020 and 30 June 2021 (unless a dispute arises, but in any event by no later than 30 April 2022)<sup>6</sup>.</li> </ul> <p>The maximum Earn Out Consideration of NZ\$15.0 million, and therefore the issue of the Earn Out Consideration Shares, may become payable early as a result of specific acceleration events as agreed between the parties.</p>
The deemed issue price at which the securities will be issued	<ul style="list-style-type: none"> <li>The Upfront Consideration Shares will be issued at a price of \$2.76 per Share.</li> <li>The Earn Out Consideration Shares will be issued at the higher of \$2.76 per Share and a 5% discount to the 10-day trading volume weighted average price of the Shares on the ASX immediately prior to their applicable issue date.</li> </ul>
Names of allottees (if known) or the basis upon which allottees will be identified or selected	The Consideration Shares will be issued to the PartPay Shareholders.
The terms of the securities	<p>Fully paid ordinary shares in the capital of the Company which will rank, from the date of their issue, equally with all existing issued Shares.</p> <p>However, the PartPay Shareholders have agreed to enter into voluntary escrow arrangements with the Company, under which they will be restricted from dealing with a portion of their Upfront Consideration Shares, the terms of which are set out above in section 1.1 of this Explanatory Statement.</p>
Intended use of funds raised	No funds will be raised from the issue of the Consideration Shares. The Consideration Shares are being issued as consideration for the acquisition of PartPay under the PartPay Acquisition.

A voting exclusion statement is included in the Notice of Meeting.

## 1.5 Board Recommendation

It is the view of the Directors that the PartPay Acquisition is in the best interests of Shareholders and the Directors unanimously recommend that Shareholders vote in favour of Resolution 1

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<sup>6</sup> Refer to section 1.1 of the Explanatory Statement, which outlines that the ASX has granted the Company a waiver from ASX Listing Rule 7.3.2 to the extent necessary to permit the Company in this Notice of Meeting not to state that the Earn Out Consideration Shares will be issued within 3 months of the date of the Meeting.

## **2 RESOLUTIONS 2 AND 3 – RATIFICATION OF THE PRIOR ISSUE OF SHARES UNDER THE PLACEMENT AND RATIFICATION OF THE PRIOR ISSUE OF SHARES TO WESTPAC BANKING CORPORATION LIMITED IN CONNECTION WITH THE PLACEMENT**

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### **2.1 About the Placement**

On 14 March 2019, the Company announced that it had secured commitments to raise \$42.8 million before costs via a placement of 28,000,000 Shares (the “**Placement Shares**”) to new and existing institutional, sophisticated and professional investors (the “**Placement**”). The issue price for the Placement Shares was \$1.53 per Share, which represented a 7.8% discount to the last traded price of the Company’s Shares on 12 March 2019 and a 7.8% discount to the previous 10-day volume weighted average price of the Company’s Shares trading on the ASX up to and including 12 March 2019. On 22 March 2019, the Company successfully completed the Placement and the Placement Shares were issued in accordance with ASX Listing Rule 7.1.

Following the Placement, Westpac Banking Corporation Limited (“**Westpac**”) exercised its top-up right in accordance with the terms of the investment by Westpac in the Company<sup>7</sup> and was issued on 2 April 2019 5,812,448 Shares (the “**Westpac Shares**”), raising a further \$8.9 million (the “**Westpac Placement**”).

The issue of the Placement Shares and the Westpac Shares did not require Shareholder approval as the number of Shares issued was within the Company’s 15% limit under ASX Listing Rule 7.1.

### **2.2 Background to Resolutions 2 and 3**

Under Resolutions 2 and 3, the Company is seeking the separate approval of Shareholders, for the purposes of ASX Listing Rule 7.4, in respect of each of the following issues of Shares that have been made by the Company in the last 12 months without Shareholder approval in accordance with its placement capacity under ASX Listing Rule 7.1:

- under Resolution 2, the issue of the Placement Shares; and
- under Resolution 3, the issue of the Westpac Shares.

(together, the Placement Shares and the Westpac Shares are referred to as the “**Issued Shares**”).

Resolutions 2 and 3 are separate Resolutions.

### **2.3 What is the effect of ASX Listing Rules 7.1 and 7.4?**

The general effect of ASX Listing Rule 7.1 is described above in Resolution 1.

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of securities made without approval under ASX Listing Rule 7.1, and provided that the previous issue of securities did not breach ASX Listing Rule 7.1, those securities shall be deemed to have been issued with shareholder approval for the purpose of ASX Listing Rule 7.1, thereby replenishing the 15% limit and enabling the relevant company to issue further securities up to that limit without requiring shareholder approval.

### **2.4 Why is the Company seeking approval for the prior issue of the Issued Shares?**

The purpose of Resolutions 2 and 3 is for Shareholders to separately approve, pursuant to ASX Listing Rule 7.4, the previous issues of all of the Issued Shares to restore the Company’s ability to issue further securities within the 15% limit under ASX Listing Rule 7.1 during the next 12 months.

The effect of the proposed approval by Shareholders of Resolution 2 would be that the Placement Shares will not count towards the Company’s 15% limit. The effect of the proposed approval by Shareholders of Resolution 3 would be that the Westpac Shares will not count towards the Company’s 15% limit.

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<sup>7</sup> As previously announced on 7 August 2018 and 8 September 2017, Westpac was granted a top-up right which enabled Westpac to maintain its percentage shareholding in the Company by participating in the Placement.

The Directors consider that it is appropriate and prudent for approval to be sought in respect of all of the Issued Shares, as this approval (under Resolutions 2 and 3) will enhance the Company's flexibility to raise further equity capital, should the Directors consider that it is in the best interests of the Company to do so.

If Shareholders do not approve Resolution 2, the prior issue of the Placement Shares will be included in the Company's 15% limit. If Shareholders do not approve Resolution 3, the prior issue of the Westpac Shares will be included in the Company's 15% limit.

The Company confirms that the issues of the Issued Shares did not breach ASX Listing Rule 7.1.

## 2.5 Information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided to Shareholders:

(a) in respect of Resolution 2 in relation to the prior issue of the Placement Shares:

The number of securities issued	28,000,000 Shares.
The price at which the securities were issued	\$1.53 per Share.
The terms of the securities	Fully paid ordinary shares in the capital of the Company which ranked, from the date of their issue, equally with all existing issued Shares.
The names of the persons to whom the securities were issued	Certain institutional, sophisticated and professional investors.
The intended use of the funds raised	The funds raised have been, and will be, used to accelerate the Company's growth and strengthen its balance sheet. Since raising funds, the Company has announced the introduction of a new product, and expansion internationally, taking advantage of its strong market position and growing customer base.

(b) in respect of Resolution 3 in relation to the prior issue of the Westpac Shares:

The number of securities issued	5,812,448 Shares.
The price at which the securities were issued	\$1.53 per Share.
The terms of the securities	Fully paid ordinary shares in the capital of the Company which ranked, from the date of their issue, equally with all existing issued Shares.
The names of the persons to whom the securities were issued	Westpac
The intended use of the funds raised	The funds raised have been, and will be, used to accelerate the Company's growth and strengthen its balance sheet. Since raising funds, the Company has announced the introduction of a new product, and expansion internationally, taking advantage of its strong market position and growing customer base.

A voting exclusion statement is included in the Notice of Meeting.

## **2.6 Board Recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Directors unanimously recommend (with Ms Challenor abstaining) that Shareholders vote in favour of Resolution 3.

## **ENQUIRIES**

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in these documents.

### **David Franks**

Company Secretary  
Zip Co Limited

Tel:

+61 2 8098 1169

Email:

David.Franks@automicgroup.com.au

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## GLOSSARY

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

**\$** means Australian dollars.

**Extraordinary General Meeting** or **Meeting** means the meeting convened by this Notice of Meeting.

**ASX** means ASX Limited (ABN 98 008 624 691), and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the board of Directors of the Company as constituted from time to time.

**Company** means Zip Co Limited (ACN 139 546 428).

**Consideration Shares** means the Upfront Consideration Shares and the Earn Out Consideration Shares.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** mean the directors of the Company.

**Earn Out Consideration** has the meaning given to that term in section 1.1.

**Earn Out Consideration Shares** has the meaning given to that term in section 1.1.

**Explanatory Statement** means the Explanatory Statement accompanying this Notice of Meeting.

**Meeting** means the extraordinary general meeting of Shareholders to be held at Arnold Bloch Leibler, Level 24, Chifley Tower, 2 Chifley Square, Sydney NSW 2000 on Wednesday, 30 October 2019 at 10:00am (Sydney time).

**Notice** or **Notice of Meeting** means this Notice of Extraordinary General Meeting, including the Explanatory Statement and the Proxy Form.

**PartPay** means PartPay Limited (New Zealand Company Number 6162932).

**PartPay Acquisition** means the proposed acquisition by the Company of 100% of the issued capital in PartPay, as announced by the Company to the ASX on 20 August 2019.

**PartPay Shareholder** means a shareholder of the issued capital of PartPay.

**PartPay UK** means PartPay Limited (United Kingdom) (registration number 11471609).

**Payflex** means Payflex Proprietary Limited (registration number 2017/406318/07).

**Placement** has the meaning given to that term in section 2.1.

**Placement Shares** has the meaning given to that term in section 2.1.

**Proxy Form** means the proxy form attached to this Notice of Meeting.

**QuadPay** means QuadPay Inc.

**Resolutions** means the resolutions set out in this Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.



**Shareholder** means a holder of a Share.

**Upfront Consideration** has the meaning given to that term in section 1.1.

**Upfront Consideration Shares** has the meaning given to that term in section 1.1.

**Westpac** means Westpac Banking Corporation Limited.

**Westpac Shares** has the meaning given to that term in section 2.1.

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ABN 50 139 546 428



Z1P

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (Sydney time)** on **Monday, 28 October 2019**.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Zip Co Limited hereby appoint

the Chairperson OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairperson of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Extraordinary General Meeting of Zip Co Limited to be held at Arnold Bloch Leibler, Level 24, Chifley Tower, 2 Chifley Square, Sydney, NSW 2000 on Wednesday, 30 October 2019 at 10:00am and at any adjournment or postponement of that meeting.

### Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Approval to issue shares to the PartPay shareholders under the PartPay Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of the prior issue of shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of the prior issue of shares to Westpac Banking Corporation Limited in connection with the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairperson of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

#### Update your communication details *(Optional)*

Mobile Number  Email Address   
By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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Computershare

