

Notice of 2020 Annual General Meeting

Openpay Group Limited Notice of Meeting and Explanatory Statement
Wednesday, 25 November 2020, 10:00 AM (AEDT)

This Notice of 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.



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Important Information for Shareholders about the Company’s 2020 AGM

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by Shareholders, circumstances may have changed, however, this Notice is given based on circumstances as at Monday, 26 October 2020.

Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company’s website at www.openpay.com.au. Shareholders are urged to monitor the ASX announcements platform and the Company’s website.

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate to hold the 2020 AGM as a virtual meeting, in a manner that is consistent with the temporary modifications to the *Corporations Act 2001* (Cth) introduced by the Commonwealth Treasurer.

Venue and Voting Information.

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 AM (AEDT) on Wednesday, 25 November 2020 as a virtual meeting.

If you are a shareholder and you wish to virtually attend the AGM (which will be broadcast as a live webinar), please **pre-register** in advance for the virtual meeting here: https://us02web.zoom.us/webinar/register/WN_cTmK1x-wQHedtVPge30I3g

After registering, you will receive a confirmation containing information on how to attend the virtual meeting on the day of the AGM.

Shareholders will be able to vote and ask questions at the virtual meeting.

Shareholders are also encouraged to submit questions in advance of the Meeting to the Company.

Questions must be submitted in writing to the Company Secretary at companysecretary@openpay.com.au at least 48 hours before the AGM.

The Company will also provide Shareholders with the opportunity to ask questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its business.

Your vote is important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting virtually at the Meeting

Shareholders who wish to vote virtually on the day of the AGM will need to login to the Automic website (<https://investor.automic.com.au/#/home>) with their *username* and *password*.

Shareholders who do not have an account with Automic are strongly encouraged to register for an account **as soon as possible and well in advance of the Meeting** to avoid any delays on the day of the Meeting.

How do I create an account with Automic?

To create an account with Automic, please go to the Automic website

(<https://investor.automic.com.au/#/home>), click on 'register' and follow the steps. Shareholders will require their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) to create an account with Automic.

I have an account with Automic, what are the next steps?

Shareholders who have an existing account with Automic (Note: with a *username* and *password*) are advised to take the following steps to attend and vote virtually on the day of the AGM:

1. Login to the Automic website (<https://investor.automic.com.au/#/home>) using your *username* and *password*.
2. **(Registration on the day)** If registration for the virtual meeting is open, click on 'Meeting open for registration' and follow the steps.

(Live voting on the day) If live voting for the virtual meeting is open, click on 'Meeting open for voting' and follow the steps.

For further information on the live voting process please see the **Registration and Voting Guide** at <https://www.automicgroup.com.au/virtual-agms/>

Voting by proxy

To vote by proxy, please use one of the following methods:

Online

Lodge the Proxy Form online at <https://investor.automic.com.au/#/loginsah> by following the instructions: Login to the Automic website using the holding details as shown on the Proxy Form. Click on 'View Meetings' – 'Vote'. To use the online lodgement facility, Shareholders will need their holder number (Securityholder Reference Number (SRN) or Holder Identification Number (HIN)) as shown on the front of the Proxy Form.

For further information on the online proxy lodgement process please see the **Online Proxy Lodgement Guide** at <https://www.automicgroup.com.au/virtual-agms/>

By post

Automic, GPO Box 5193,
Sydney NSW 2001

By hand

Automic, Level 5, 126 Phillip Street,
Sydney NSW 2000

Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting.

Proxy Forms 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 provided it to the Share Registry.

Corporate Representatives

If a representative of a corporate shareholder or a corporate proxy will be attending the Meeting, the representative should provide the Share Registry with adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

Notice of Annual General Meeting.

Notice is hereby given that an Annual General Meeting of Shareholders of Openpay Group Ltd ACN 637 148 200 will be held at insert 10:00 AM (AEDT) on Wednesday, 25 November 2020 as a **virtual meeting (Meeting)**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (AEDT) on Monday, 23 November 2020.

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

Agenda

Ordinary business

Financial statements and reports

"To receive and to consider the Annual Financial Report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report for that financial year."

Note: This item of ordinary business is for discussion only and is not a resolution.

Pursuant to the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments in relation to, each of the aforementioned reports during consideration of these items.

Resolutions

Remuneration Report

- Resolution 1** – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2020."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel (including the Directors), whose remuneration details are included in the Remuneration Report (**KMP**), or any of that person's Closely Related Parties (such as close family members and any controlled companies of those persons) (collectively referred to as **Restricted Voter**). However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; and
- it is not cast on behalf of a Restricted Voter.

If you appoint the person chairing the Meeting (**Chair**) and you are not a Restricted Voter, by submitting the Proxy Form you authorise the person chairing the Meeting to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a KMP, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you do not want your vote exercised in favour of Resolution 1, you should direct the person chairing the Meeting to vote "against", or to abstain from voting on, this Resolution.

Re-election of Directors

- Resolution 2** – Re-election of Patrick Tuttle as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That Patrick Tuttle, a Director who retires in accordance with the Company's Constitution and ASX Listing Rule 14.5, and being eligible offers himself for re-election as a Director of the Company, effective immediately."

- Resolution 3** – Re-election of Kelly Bayer Rosmarin as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That Kelly Bayer Rosmarin, a Director who retires in accordance with the Company's Constitution and ASX Listing Rule 14.5, and being eligible offers herself for re-election as a Director of the Company, effective immediately."

- Resolution 4** – Re-election of Sibylle Krieger as Director

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That Sibylle Krieger, a Director who retires in accordance with the Company's Constitution and ASX Listing Rule 14.5, and being eligible offers herself for re-election as a Director of the Company, effective immediately."

Ratification of Prior Issue of Shares

- Resolution 5** – Ratification of Prior Issue of Shares

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the allotment and prior issue of 14,069,742 fully paid ordinary shares issued on 11 June 2020 and otherwise on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- a person who participated in the issue or is a counterparty to the agreement being approved; or

- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

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

Appointment of Auditor

6. Resolution 6 – Appointment of Auditor

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That, for the purposes of section 327B(1) of the Corporations Act and for all other purposes, PricewaterhouseCoopers ABN 52 780 433 757 having been nominated by shareholders and consented in writing to act as auditor of the Company, be appointed as auditor of the Company, effective immediately.”

Issue of Options under the Equity Incentive Plan

7. Resolution 7 – Grant of Options to Michael Eidel, Chief Executive Officer and a Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of Options to Mr Michael Eidel, Chief Executive Officer and a Director of the Company, and the issue or transfer of Shares to or for the benefit of Mr Eidel upon the vesting and exercise of those Options, under the Equity Incentive Plan and on the terms summarised in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) a person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan; or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 7 by:

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

Voting Prohibition Statement: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if:

- (a) the proxy is either:
 - (i) a member of the Company’s Key Management Personnel; or
 - (ii) a closely related party of a member of the Company’s Key Management Personnel; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Company’s Key Management Personnel.

BY ORDER OF THE BOARD

Edward Bunting
Company Secretary

Explanatory Statement.

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:00 AM (AEDT) on Wednesday, 25 November 2020 as a **virtual meeting**.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

If you are in any doubt about what to do in relation to the Resolutions contemplated in the Notice of Meeting and this Explanatory Statement, it is recommended that you seek advice from an accountant, solicitor or other professional advisor.

Full details of the business to be considered at the Annual General Meeting are set out below.

Agenda

Ordinary business

Financial statements and reports

In accordance with the Constitution and the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's Report, the Remuneration Report and the Auditor's Report.

In accordance with the amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's Annual Financial Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Financial Report unless specifically requested to do so, Shareholders may view the Company Annual Financial Report on its website at www.openpay.com.au.

No resolution is required for this item, but Shareholders will be given the opportunity to ask questions and to make comments on the management and performance of the Company.

The Company's auditor will be present at the Meeting. During the discussion of this item, the auditor will be available to answer questions on the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- Independence of the auditor in relation to the conduct of the audit.

Written questions of the auditor

If you would like to submit a written question about the content of the Auditor's Report or the conduct of the audit of the Annual Financial Report of the Company's auditor, please send your question to the Company Secretary. A list of qualifying questions will be made available at the Meeting.

Please note that all written questions for the auditor must be received at least five business days before the Meeting, which is by Wednesday 18 November 2020.

Resolutions.

Remuneration Report

Resolution 1 – Adoption of Remuneration Report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's Annual Financial Report.

The vote on the Resolution is advisory only and does not bind the Directors or the Company. The Remuneration Report is set out in the Company's Annual Financial Report and is also available on the Company's website at www.openpay.com.au.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report at the Meeting (subject of this Notice of Meeting), and then again at the 2021 Annual General Meeting (**2021 AGM**), the Company will be required to put to the vote a resolution (**Spill Resolution**) at the 2021 AGM to approve the calling of a further meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the Spill Meeting within 90 days of the 2021 AGM. All of the Directors who were in office when the 2021 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the Spill Meeting.

The Remuneration Report explains the Board's policies in relation to the nature and level of remuneration paid to KMPs (including Directors) and sets out remuneration details, service agreements and the details of any share-based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you submit the Proxy Form, authorising the Chair to exercise the proxy even though Resolution 1 is connected directly

or indirectly with the remuneration of a KMP and that in doing so you will be taken to have directed the Chair to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to read carefully the Proxy Form and to provide a direction to the proxy on how to vote on this Resolution.

Re-election of Directors

Resolutions 2, 3 and 4 – Re-election of Patrick Tuttle, Kelly Bayer Rosmarin and Sibylle Krieger as Directors

The Company's Constitution requires that a Director appointed either to fill a casual vacancy or as an addition to the Board must retire at the next annual general meeting occurring after that appointment and is eligible for re-election at that meeting.

ASX Listing Rule 14.5 also provides that an entity which has Directors must hold an election of Directors at each annual general meeting.

Each of Patrick Tuttle, Kelly Bayer Rosmarin and Sibylle Krieger were appointed as additional Directors on 22 November 2019 (**Additional Directors**). As the AGM is the next annual general meeting occurring after their respective appointments, under Resolutions 2, 3 and 4 as appropriate, each Additional Director retires and being eligible, seeks re-election as a Director of the Company at this AGM.

Patrick Tuttle

Patrick joined Openpay in November 2019. Patrick has in excess of 30 years' experience in non-bank, consumer, SME and asset-based finance. Patrick is an Australian Chartered Accountant and has previously acted as divisional finance director for a range of operating businesses within Macquarie Bank Limited, before becoming finance director of Pepper Group in 2001. Patrick became CEO of Pepper Group's Australian mortgage lending and asset finance business in 2008, before also being appointed as Co-Group CEO of Pepper's global business in 2012, a role

he held until March 2017. Patrick is current Non-Executive Chairman of Consolidated Operations Group (ASX:COG) and 1990 Digital, and serves as a Non-Executive Director of GetCapital, Wholesale Rental Finance, Little Lease Company, Divipay and Douough Limited. He is also a Non-Executive Director of Australian Ireland Fund Limited (registered charity) and a former Deputy Chairman of the Australian Securitisation Forum, Inc.

Kelly Bayer Rosmarin

Kelly joined Openpay in February 2019. Kelly has extensive experience growing and operating large global businesses, leadership, banking, risk management, regulated markets, and driving innovation. Kelly is currently CEO at Optus, having previously held the Group Executive role at CBA for Institutional Banking & Markets. Previously Kelly was a management consultant with the Boston Consulting Group, and spent time in Silicon Valley in both start-up and established software companies.

Sibylle Krieger

Sibylle joined Openpay in November 2019. Sibylle is a professional independent Non-Executive Director with over 35 years' experience as a commercial lawyer, economic regulator and Non-Executive Director of a range of companies. Sibylle's particular focus as a Non-Executive Director has been on corporate governance, organisational culture and remuneration governance in sectors undergoing significant change or reform. Sibylle is currently a Non-Executive Director of Australian Energy Market Operator and MyState Limited (ASX: MYS) and was previously Non-Executive Chair of Xenith IP Group Limited and a Non-Executive Director on the Board of Vector Limited.

Directors' recommendation

The Directors (excluding Patrick Tuttle) recommend that Shareholders vote for Resolution 2.

The Directors (excluding Kelly Bayer Rosmarin) recommend that Shareholders vote for Resolution 3.

The Directors (excluding Sibylle Krieger) recommend that Shareholders vote for Resolution 4.

Resolutions continued.

Ratification of Prior Issue of Shares

Resolution 5 – Ratification of Prior Issue of Shares

Background

As announced by the Company on 11 June 2020, the Company issued 14,069,742 fully paid ordinary shares utilising the Company's existing capacity under Listing Rule 7.1.

On 4 June 2020, the Company announced it had received inbound interest and binding commitments from new and institutional investors to subscribe for 14,069,742 shares at \$2.40 per share (**Placement Shares**) raising approximately \$33.77 million (before costs) (**Placement**). The issue price represented a 9.8% premium to the 5 day weighted average price (VWAP) of \$2.185, a 12.1% discount to the 1 day VWAP of \$2.720 and a 20.5% discount to the last closing price on 3 June 2020 of \$3.020, in the context of more than a 50% increase in the Company's share price on 3 June 2020.

ASX Listing Rule 7.1

This Resolution proposes that Shareholders of the Company approve and ratify the prior issue and allotment of Placement Shares issued on 11 June 2020 (**Issue Date**).

All of the Placement Shares were issued by utilising the Company's existing capacity under Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Placement Shares did not fit within any of the exceptions to Listing Rule 7.1 and, as it has not been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Date.

Listing Rule 7.4 allows the Shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, this Resolution seeks Shareholder approval to subsequently approve the issue of the Placement Shares for the purposes of Listing Rule 7.4.

If this Resolution is passed, the issue of the Placement Shares will be excluded in calculating the Company's 15% capacity to issue equity securities under Listing Rule 7.1 without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the issue of the Placement Shares will be included in calculating the Company's 15% capacity to issue equity securities under Listing Rule 7.1 without Shareholder approval over the 12 month period following the Issue Date.

Information required by ASX Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- The Placement Shares were issued to new and existing institutional investors.
- The Company issued 14,069,742 fully paid ordinary shares in the Placement.
- The Shares were fully paid on issue and ranked equally in all aspects with all existing fully paid ordinary shares previously issued by the Company.
- The Placement Shares were issued on 11 June 2020.
- Each of the Placement Shares were issued at an issue price of \$2.40 per Placement Share which raised \$33.77 million (before costs).
- Funds raised from the issue of the Shares have been and will be used by

the Company to further support the Company's growth strategies, including further investment in: (i) growing the Company's presence in its core markets of Australia and the United Kingdom; (ii) ongoing product development; (iii) continued enhancement of its technology platform and decisioning engine; (iv) growth of the Company's receivables book. It will also be used to provide working capital.

- A voting exclusion statement can be found at Resolution 5 in the Notice of Meeting.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Appointment of Auditor

Resolution 6 – Appointment of Auditor

On 16 October 2017, pursuant to section 327A(1) of the Corporations Act, PricewaterhouseCoopers was appointed as auditor of the Company.

Under section 327A(2) of the Corporations Act, an auditor who has been appointed under section 327A(1) of the Corporations Act only holds office until the company's next annual general meeting.

This is the Company's first Annual General Meeting. Accordingly, the Company is required to appoint an auditor at this Meeting (as its first annual general meeting) pursuant to section 327B(1) of the Corporations Act.

Pursuant to section 328B of the Corporations Act, the Company received a valid notice of nomination which nominated PricewaterhouseCoopers to be appointed as the new auditor of the Company. A copy of the notice of nomination is set out in Annexure A of this Notice of Meeting.

PricewaterhouseCoopers has provided the Company its written consent to act, subject to Shareholder approval being obtained, as the Company's auditor in accordance with section 328A(1) of the Corporations Act.

Accordingly, under this Resolution, Shareholder approval is being sought to appoint PricewaterhouseCoopers as the auditor of the Company.

Directors' recommendation

The Board of Directors recommend that Shareholders vote for this Resolution.

Issue of Options under the Equity Incentive Plan

Resolution 7 – Grant of Options to Michael Eidel, Chief Executive Officer and a Director of the Company

Background

The Company is seeking approval under ASX Listing Rule 10.14, and for all other purposes, for the proposed issue of Market Priced Options (**MPOs**) and Zero Exercise Price Options (**ZEPOs**) (together the "Options") under the Company's Equity Incentive Plan (**Incentive Plan**) to Mr Eidel, Chief Executive Officer and a Director of the Company, on the terms set out below.

The maximum number of Options that may be granted to Mr Eidel is calculated by dividing \$500,000 (being 100% of Mr Eidel's fixed base remuneration) by the value of the Options at the time of grant (calculated based on a the Black-Scholes option pricing model and the volume weighted average price (**VWAP**) of the Shares over the 5 trading days commencing on the day following the date of this Meeting (**Pricing Period**)).

To give shareholders a better understanding of the potential number of Options that Mr Eidel could receive, based on a theoretical VWAP of \$3.02 per share the number of Options that the Company would grant to Mr Eidel would be 144,509 MPOs and 82,781 ZEPOs. The number of Options that will actually be granted to Mr Eidel may be more or less than this depending on the VWAP during the Pricing Period.

The Board considers it highly desirable for shareholders that the interests of Mr Eidel as Chief Executive Officer are directly aligned to the interests of other shareholders through the grant of Awards under the Incentive Plan. The Board believes that part of the rewards

for Mr Eidel's services to the Company should be performance-based and at risk and should involve equity interests in the Company. This approach is consistent with best practice in executive remuneration and corporate governance. In structuring the terms of the long-term incentives to Mr Eidel, the Board has considered market practice among comparable companies listed on the ASX.

Overview of the proposed grant to Mr Eidel

The proposed grant of Options to Mr Eidel will be pursuant to the terms of the Incentive Plan which are summarised in Annexure B, and also subject to the specific terms set out below.

Nature of award

- The awards proposed to be offered to Mr Eidel are Options.
- Each Option constitutes a right to receive one Share, subject to the terms and conditions of the Incentive Plan.
- An Option which has vested may be exercised via an exercise notice, subject to compliance with the Company's Securities Trading Policy and may be fulfilled by the Company either issuing, allocating or causing a Share to be transferred to Mr Eidel, or the Board may determine to settle the Option with a cash equivalent amount.

Vesting Conditions

The Options are subject to the following conditions:

- all Options granted to a participant under the Incentive Plan are subject to a 3 year vesting period from the date of the grant. The participant must remain employed with the Company for the duration of that period;
- up to 50% of the Options will vest based on the Company achieving an absolute total shareholder return CAGR hurdles from FY21 to FY23; and
- up to 50% of the Options will vest based on the Company achieving revenue CAGR hurdles from FY21 to FY23.

ASX Listing Rules

ASX Listing Rule 10.14 requires a listed company to obtain shareholder approval for the acquisition of equity securities under an employee incentive scheme by specified persons, which includes a director of the company. ASX Listing Rule 10.16(b) states that ASX Listing Rule 10.14 does not apply to the grant of options or other rights to acquire securities to directors or their associates where the securities to be acquired on the exercise of the options or in satisfaction of the rights are required by the terms of the scheme to be purchased on-market.

The Incentive Plan provides that Shares to be delivered upon the exercise of awards may be satisfied by the issue of new shares, transferred Shares or Shares allocated under an employee share trust. Resolution 7 is being put to shareholders to preserve the flexibility for the Company to fulfil exercised awards via the issue of new shares.

In addition, in accordance with ASX Listing Rule 10.15, the following information is provided to shareholders in relation to Resolution 7.

Information relating to the offer of Options to Mr Eidel

Individual details

The proposed issue of Options under the Incentive Plan is to Mr Michael Eidel.

Mr Eidel falls under ASX Listing Rule 10.14.1, as he is a Director of the Company.

Number of Securities

The maximum number of Options that may be granted to Mr Eidel is to be calculated in accordance with the formula set out in the Background section above.

Price of Securities

The Options will be issued to Mr Eidel for \$nil consideration.

50% of the Options granted to Mr Eidel will be zero exercise price options, expiring ten years after the grant date.

Resolutions continued.

50% of the Options will have an exercise price equal to the volume weighted average price (**VWAP**) of the Shares over the 5 trading days commencing on the day following the date of this Meeting, expiring ten years after the grant date.

Securities granted under the Incentive Plan to Mr Eidel

The number of securities that have previously been issued to Mr Eidel under the Incentive Plan is:

- 1,428,571 Market Price Options exercisable at \$1.60, expiring 9 December 2029, for \$nil consideration;
- 357,143 Market Price Options exercisable at \$1.60, expiring 15 July 2030, for \$nil consideration; and
- 156,250 Zero Price Options exercisable at \$nil, expiring 15 July 2030, for \$nil consideration.

The average acquisition price paid by Mr Eidel for those securities is \$nil.

Current total remuneration package of Mr Eidel

- Mr Eidel's fixed remuneration (inclusive of superannuation) for FY21 is \$500,000.
- Mr Eidel is entitled to variable remuneration as follows:
 - a discretionary short term incentive bonus of up to \$250,000 based on the performance of the Company and achievement of specified key performance indicators; and
 - participation in the long term incentive plan to a value equal to 100% of his fixed annual remuneration.
- Shareholders are referred to the Company's FY20 Remuneration Report for further details of Mr Eidel's remuneration.

Value of Options

- As noted above, the Company attributes a value of \$500,000 (being 100% of Mr Eidel's fixed remuneration) to the Options to be issued to Mr Eidel. The maximum number of options that may be granted to Mr Eidel is calculated by dividing that value by the value of options at the time of grant (calculated based on the Black-Scholes option pricing model and the volume weighted average price (**VWAP**) of the Shares over the 5 trading days commencing on the day following the date of this Meeting).
- The Company has chosen to grant the Options under the Incentive Plan because they create share price alignment between executives and ordinary shareholders but do not provide executives with the full benefits of share ownership (such as dividend and voting rights) unless and until the Options vest.

Summary of Incentive Plan's material terms

See Annexure B.

Voting exclusion statement

Details of the voting exclusion which applies to this Resolution can be found earlier in the Notice of Meeting.

Loans to acquire securities

Not applicable.

Issue of Options

If Resolution 7 is approved, the Company intends to grant the Options to Mr Eidel as soon as practicable after the date of this Meeting and in any event no later than 2 months after the date of this Meeting.

Further disclosures

- Details of any securities issued to Mr Eidel under the Incentive Plan will be published in the annual report of the Company for the period in which they were issued, along with a statement that the approval for the issue was obtained under ASX Listing Rule 10.14.
- Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under the Incentive Plan after Resolution 7 is approved and who are not named in this Notice will not participate until approval is obtained under that rule.

If approval is given for the above mentioned issue of the Options to Mr Eidel under ASX Listing Rule 10.14, further approval is not required (and will not be sought) under ASX Listing Rule 7.1 for this issue of the above mentioned Options nor any resulting Shares following the vesting and exercise of those Options.

Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions apply.

A "financial benefit" is defined in the Corporations Act in broad terms and includes the grant of equity incentives by a public company.

Under the Corporations Act, a director of a company is a related party of that company. As Mr Eidel is a recipient under the Incentive Plan and a director, financial benefits will be given by the Company when the Options are granted to Mr Eidel.

Section 211 of the Corporations Act provides an exception to the prohibition in section 208 of the Corporations Act where the financial benefit is given to a related party as an officer of the company and to give the remuneration

would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment) (**Reasonable Remuneration Exemption**).

It is the view of the directors that the proposed grant of Options to Mr Eidel (as contemplated in Resolution 7) falls within the Reasonable Remuneration Exemption given the circumstances of the Company and the position held by Mr Eidel.

Accordingly, the directors have determined not to seek shareholder approval for the purposes of section 208 of the Corporations Act for the grants of the Options contemplated by Resolution 7.

Directors Recommendation

The Board of Directors (other than Mr Eidel who abstains due to his interest in the resolution) recommend that Shareholders vote in favour of Resolution 7.

Enquiries

Shareholders are asked to contact the Company Secretary at companysecretary@openpay.com.au if they have any queries in respect of the matters set out in these documents.

Glossary.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria, Australia.

Annual Financial Report means the 2020 Annual Report to Shareholders for the period ended 30 June 2020 as lodged by the Company with ASX on 31 August 2020.

Annual General Meeting or **AGM** or **Meeting** means an Annual General Meeting of the Company and, unless otherwise indicated, means the meeting of the Company's members convened by this Notice of Meeting.

ASIC means Australian Securities and Investment Commission.

Associate has the meaning given to it by the ASX Listing Rules.

ASX means ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires, of 20 Bridge Street, Sydney, NSW 2000.

ASX Listing Rules or **Listing Rules** means the official ASX Listing Rules of the ASX and any other rules of the ASX which are applicable while the Company is admitted to the official list of the ASX, as amended or replaced from time to time, except to the extent of any express written waiver by the ASX.

Auditor's Report means the auditor's report of PricewaterhouseCoopers dated 31 August 2020 as included in the Annual Financial Report.

Board means the current board of Directors of the Company.

Business Day means a day on which trading takes place on the stock market of ASX.

Chair means the person chairing the Meeting.

Closely Related Party of a member of the KMP means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;

(e) a company the member controls; or

(f) a person prescribed by the Corporation Regulations 2001 (Cth).

Company means Openpay Group Ltd ACN 637 148 200.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth) as amended or replaced from time to time.

Director means a current director of the Company.

Directors' Report means the report of Directors as included in the Annual Financial Report.

Dollar or "**\$**" means Australian dollars.

Explanatory Statement means the explanatory statement accompanying this Notice of Meeting.

Incentive Plan means the employee incentive scheme entitled "Equity Incentive Plan" for which Shareholder approval is being sought for the adoption of under Resolution 7 of this Notice of Meeting.

KMP means key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting dated 26 October 2020 including the Explanatory Statement.

Option means an option which, subject to its terms, could be exercised into a Share.

Ordinary Resolution means a resolution that can only be passed if at least 50% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Performance Right means a performance right which, subject to its terms, could convert to a Share.

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

Remuneration Report means the remuneration report as set out in the Annual Financial Report.

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

Restricted Voter means a member of the Company's KMP and any Closely Related Parties of those members.

Securities mean Shares and/or Options (as the context requires).

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

Shareholder means a holder of a Share.

Share Registry means Automic Group, Level 5, 126 Phillip Street, Sydney 2000.

Special Resolution means a resolution that can only be passed if at least 75% of the total votes cast by Shareholders entitled to vote on the resolution are voted in its favour at the meeting.

Spill Meeting means the meeting that will be convened within 90 days of the 2021 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2021 AGM.

Spill Resolution means the resolution required to be put to Shareholders at the 2021 AGM if a threshold of votes is cast against the adoption of the Remuneration Report at the Meeting and the 2021 AGM.

Trading Day has the meaning given to that term in ASX Listing Rule 19.12.

VWAP means the volume weighted average market (closing) price, with respects to the price of Shares.

Annexure A.

To:

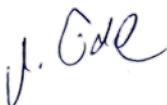
Company Secretary
Openpay Group Ltd
ACN 637 148 200
Level 9, 469 La Trobe Street
Melbourne VIC 3000

Date: 15 October 2020

Re: Nomination of Auditor

For the purposes of Section 328B(1) of the Corporations Act 2001, I, Michael Eidel, being a member of Openpay Group Ltd ACN 637 148 200 (Company) hereby nominate PricewaterhouseCoopers of 2 Riverside Quay, Southbank VIC 3006 as auditor of the Company at the Annual General Meeting to be held on 25 November 2020.

Yours sincerely



Michael Eidel

Annexure B.

Summary of Key Terms of Equity Incentive Plan

The Equity Incentive Plan (**EIP**) is designed to further align the interests of eligible employees or Directors with the interests of Shareholders through further equity exposure. The key features of the EIP are as follows:

TOPIC	SUMMARY
Eligibility	Eligible employees or Directors engaged by the Group, as determined by the Board.
Award	<p>The EIP provides flexibility for the Board to grant one or more types of award. The award may be:</p> <ul style="list-style-type: none"> • a cash payment; • a right to acquire Shares or, in certain circumstances, a cash payment, subject to satisfaction of vesting conditions (Performance Right); • a right to acquire Shares or, in certain circumstances, a cash payment, subject to satisfaction of vesting conditions and payment of the applicable exercise price (Option); or • Shares, including Shares that are subject to trading or dealing restrictions at the time of allocation. <p>The value of the award will be determined by the Board and the number of awards determined by dividing the value of the award by the allocation value (being the face value of the award for Performance Rights and fair value for Options (disregarding conditions such as performance and service conditions), as determined by an independent valuer).</p>
Vesting	<p>The Board shall have the discretion to determine whether service or performance-based conditions (or both) must be met before awards will vest, with conditions to be specified in the relevant offer document.</p> <p>The Board shall have the discretion to waive a vesting condition or to ensure that a participant is not advantaged or disadvantaged by matters outside of management's control that materially affect the Group's performance.</p>
Acquisition price	<p>Cash incentives, Performance Rights and Options Cash incentives, Performance Rights and Options granted under the EIP will be granted for nil consideration.</p> <p>Shares Shares granted under the EIP may have an acquisition price as set out in the invitation letter.</p>
Exercise	<p>The Board will have the discretion to determine the exercise conditions (if any) that must be met before Performance Rights and Options may be exercised following vesting.</p> <p>Performance Rights No amounts will be payable on exercise.</p> <p>Options Participants may elect to exercise their vested Options via an exercise notice, subject to compliance with Openpay's Securities Trading Policy. Participants must pay an exercise price in order to exercise their vested Options if required by the terms of the Options.</p>
	<p>Settling by the Company In certain situations, the Board may, at its sole discretion, determine to settle the Performance Rights or Options in cash rather than Shares – with the cash payment equal to the value of the Shares that would be allocated to participants if Performance Rights or Options were Share-settled less any amount payable on exercise of the Performance Rights or Options.</p> <p>In relation to Options (with an exercise price that is not nil), if specified in the invitation, the Board may, at its discretion determine to (or the participant may elect for the Company to) "net settle" Options on exercise.</p> <p>The Shares used to satisfy an award may be newly-issued Shares, transferred Shares or Shares allocated under an employee share trust.</p> <p>Subject to any net-settling, each vested Option or Performance Right will entitle the participant to one Share.</p>

TOPIC	SUMMARY
<p>Restrictions on dealing</p>	<p>Awards Unless otherwise stated in an invitation, awards will not be transferable in the hands of participants, except to certain permitted transferees (including spouses, children of at least 18 years of age, trusts set up for the benefit of the participant, their spouse or children, companies wholly owned by the participant, their spouse or children, or any other person approved by the Company), subject to receipt of prior approval from the Board.</p> <p>Awards and Shares The EIP rules will allow for disposal restrictions to be placed on awards or Shares allocated under the EIP. The details of each participant’s disposal restrictions (if any) will be included in their invitation. Any disposal restriction period may be enforced through an employee share trust or via an ASX Holding Lock (administered by the Share Registry).</p>
<p>Cessation of employment</p>	<p>Under the EIP rules, the Board retains full discretion to determine the manner in which a participant’s awards will be dealt with in the event that the participant ceases employment or engagement with the Group, including to determine that the participant forfeits all awards (whether vested or unvested). It is intended that individual offer documents will provide specific information on how an award will be treated where a participant ceases employment or engagement with Openpay.</p>
<p>Change of control</p>	<p>Unless the invitation states otherwise, on the event of a change of control, the Board may, by notice to participants, waive any vesting or exercise conditions, or determine that a vesting or exercise condition is satisfied, and the participant may notify the Company of exercise of their award, subject to the change of control event actually occurring.</p> <p>Under the EIP, a change of control will occur if as a result of any event or transaction, a person or entity becomes entitled to:</p> <ul style="list-style-type: none"> • more than 50% of Openpay’s issued Shares; and • the sale of all or substantially all of the business and assets of the Company.
<p>Compulsory transfers, malus and clawback</p>	<p>On the occurrence of certain events (including cessation of employment or a malus or insolvency event in respect of the participant), the Board can require the participant to sell the awards, or require the redemption, buy-back or purchase of the awards, at the price set out in the relevant invitation letter.</p> <p>In addition, on the occurrence of a malus event, the Board will have the power to clawback awards, including awards that have vested and been paid or awarded in certain circumstances to ensure that no unfair benefit is obtained by a participant. This power will allow the Board to determine that the participant is required to pay Openpay the net proceeds received on the sale of any equity acquired under the EIP, provided that any exercise price paid to the Company must be repaid to the participant.</p> <p>Malus events include: serious misconduct, fraud or dishonesty; breach of material obligations to the Openpay Group; bringing the Openpay Group into disrepute; contributing to any Group Company incurring significant unexpected financial loss, breaching applicable laws or making a material financial misstatement; or the participant receiving or otherwise being eligible to receive an unfair benefit, or where the Board otherwise determines that a reduction in the award is otherwise warranted.</p>
<p>Expiry</p>	<p>The EIP rules set out that Options and Performance Rights will expire on the date that is 10 years from the grant date, or any other date determined by the Board and as specified in the invitation letter (if earlier). Options and Performance Rights that are not exercised before the expiry date will lapse, as will any awards where the vesting or exercise condition becomes incapable of satisfaction, unless the Company determines otherwise or the offer documents state otherwise.</p>
<p>Capital structure</p>	<p>The EIP rules include provisions addressing adjustments or otherwise on bonus issues, rights issues and capital restructures undertaken by the Company in future.</p>

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