

Company Announcements Platform  
Australian Securities Exchange  
20 Bridge Street  
Sydney NSW 2000

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**NOTICE UNDER SECTION 708A(12C)(E) OF THE CORPORATIONS ACT 2001 (Cth)**

**NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES**

**1 PURPOSE OF THIS NOTICE**

This cleansing notice (**Cleansing Notice**) is given by Payright Limited (ACN 605 753 535) (ASX:PYP) (**Payright** or the **Company**) under section 708A(12C)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as notionally inserted by ASIC Corporations (*Sale Offers: Securities Issued on Conversion of Convertible Notes*) Instrument 2016/82) (**ASIC Exemption**).

The ASIC Exemption is general relief which has been given by the Australian Securities and Investments Commission (**ASIC**) from the on-sale restrictions of the Corporations Act so that any ordinary securities issued on conversion of convertible securities can be on-sold without a prospectus provided that a cleansing notice containing certain prescribed information is provided to ASX Limited (ABN 98 008 624 691) (**ASX**) at or just prior to the time the convertible securities are issued.

The convertible securities referred to in section 2 of this Cleansing Notice will be issued by the Company without disclosure to investors under Part 6D.2 of the Corporations Act. Each convertible security is a 'convertible note' within the meaning of the Corporations Act.

The purpose of this Cleansing Notice is to enable the fully paid ordinary shares in the capital of the Company (**Shares**) that may be issued on the conversion of the convertible securities to be on-sold to retail investors without a prospectus in accordance with the ASIC Exemption.

This Cleansing Notice is an important document and should be read in its entirety. No offer or invitation is made pursuant to this Cleansing Notice for any person to subscribe for or apply to acquire any of the convertible notes, or other securities issued by the Company. You are not required to do anything in response to this Cleansing Notice. Neither ASIC nor ASX takes any responsibility for the contents of this Cleansing Notice.

**2 BACKGROUND**

On 05 April 2022, the Company announced a capital raising to raise approximately A\$9.5 million comprising:

- (a) a placement of Shares to raise approximately A\$1,500,000 (**Placement**); and
- (b) a placement of unsecured, unsubordinated notes which are convertible into Shares in the Company (**Convertible Notes**) to raise A\$8,000,001.

Each of the investors participating in the Convertible Notes offer (**Investors**) are professional investors or sophisticated investors for the purposes of section 708 of the Corporations Act.

The issuance and conversion of the Convertible Notes are subject to the approval of the shareholders of the Company (**Shareholders**) in order to permit the Convertible Notes and the Shares issued on conversion of the Convertible Notes to be issued without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

The directors of the Company consider that the raising of capital by the issue of the Convertible Notes is in the best interests of the Company.

### **3 The effect of the issue on the Company**

#### **3.1 Summary**

The principal effects of the issue by the Company of the Convertible Notes, and any subsequent issue by the Company of Shares on conversion of the Convertible Notes, on the Company will be as follows:

- (a) the Company will issue the Convertible Notes;
- (b) the issue of the Convertible Notes will:
  - (i) increase the Company's cash reserves by a maximum of A\$8,000,001 (before any expenses associated with the issue of the Convertible Notes);
  - (ii) impose on the Company obligations (financial or otherwise) and restrictions in relation to its business operations aimed protecting the interests of the Investors under the terms of the Convertible Note Deed Poll; and
  - (iii) increase the Company's indebtedness by an amount equal to A\$8,000,001 million plus all accrued and unpaid interest;
- (c) the Company may elect to redeem the outstanding value of the Convertible Notes on the 2-year anniversary of the issue of the Convertible Notes, and semi-annually thereafter prior to the maturity date;
- (d) the Investors may elect to convert the Convertible Notes to Shares:
  - (i) if a Material Event (as defined in Schedule 1) occurs within 6 months after the date of issue, by giving the Company a notice no later than 15 business days following the announcement of the Material Event;
  - (ii) at any time after 6 months from the date of issuance of the Convertible Notes by giving the Company at least 20 days' written notice; and
- (e) if the Convertible Notes are converted to Shares, either in whole or in part, the issue of Shares will increase the number of Shares on issue. This will dilute existing Shareholders and will decrease the Company's indebtedness accordingly. The potential effect of the conversion and the issue of Shares on the Company's capital structure is described in further detail below.

#### **3.2 Rights and liabilities attaching to the Convertible Notes**

A summary of the key rights and liabilities attaching to the Convertible Notes is set out in Schedule 1 of this Cleansing Notice. That summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Investors.

#### **3.3 Rights and liabilities attaching to Shares issued on conversion of the Convertible Notes**

A summary of the rights and liabilities attaching to Shares, including the Shares to be issued to the Investors on conversion of the Convertible Notes, is set out below.

The summary is not exhaustive and does not purport to constitute a definitive statement of the rights and liabilities of Shareholders and is qualified by the terms of the Company's Constitution (a full copy of which is available from Company on request free of charge).

### *Ranking of Shares*

At the date of this Cleansing Notice, all shares are of the same class and rank equally in all respects. Specifically, the Shares issued on conversion of the Convertible Notes will rank equally with existing Shares.

### *Voting rights*

Subject to any special rights or restrictions (at present there are none), at a general meeting every shareholder present in person and each other person present as proxy, attorney or representative has one vote on a show of hands, and on a poll each shareholder present in person has one vote for each Share held and each person present as proxy, attorney or representative of a shareholder has one vote for each Share held by the Shareholder that person represents (with adjusted voting rights for partly paid ordinary Shares).

### *Dividend rights*

Subject to the Company's Constitution and the terms of issue or rights of any Shares with special rights to dividends (at present there are none), the board of the Company may from time to time authorise a dividend.

### *Variation of rights*

The rights attaching to the Shares may only be varied by the consent in writing of the holders of 75% of the Shares, or with the sanction of a special resolution passed at a general meeting.

The Company's Constitution can only be amended by a special resolution passed by at least three quarters of the holders of the Shares present (in person or by proxy) and entitled to vote and voting on the resolution at a general meeting.

### *Transfer of Shares*

Subject to the Company's Constitution, the ASX Listing Rules, Shares may be transferred. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Listing Rules require or permit the Company to do so.

### *Issue of further Shares*

Subject to the ASX Listing Rules, Corporations Act and any rights and restrictions attached to Shares, the board of the Company has full discretion to issue, consolidate or subdivide Shares and grant options over unissued Shares.

### *General meetings*

Subject to any restrictions in the Company's Constitution, the Corporations Act and any rights or restrictions attached to any class or classes of Shares, each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, reports, accounts and other documents required to be sent to Shareholders under the Company's Constitution, the Companies Act and the ASX Listing Rules.

### *Rights on winding up*

If the Company is liquidated, the liquidator may, with the sanction of a special resolution of shareholders, divide among the shareholders in kind the whole or any part of the Company's surplus assets, attribute values to assets the liquidator considers fair and determine how the division is to be carried out between the shareholders or different classes of shareholders.

### 3.4 Pro forma balance sheet of the Company taking into account issue of the Convertible Notes

Set out below is a pro forma consolidated Statement of Financial Position as at 31 December 2021 for the Company, based on the consolidated Statement of Financial Position as at 31 December 2021 for the Company lodged with ASIC and ASX on 28 February 2022 and adjusted to reflect the issue of Convertible Notes issued by the Company (exclusive of costs), and prepared on the basis of the accounting policies normally adopted by the Company.

This table should be read in conjunction with the last financial report for the half-year ended 31 December 2021.

The following adjustments and assumptions have been made in relation to the table:

- (a) The pro forma financial information is presented in an abbreviated form and does not include all of the disclosures required by Australian Accounting Standards applicable to the annual financial statements. The pro forma financial information is not audited.
- (b) Cash proceeds of up to A\$9,500,000 million arising from the issue of the Convertible Notes and the issue of Shares under the Placement have been recognised. The Convertible Notes have been provisionally accounted for as financial liabilities and presented in non-current borrowings.
- (c) The provisional accounting for the Convertible Notes and allocations between liabilities and equity may change in the future.
- (d) Transaction costs have not been included. However, when incurred they will reduce the carrying amount of the liability and be amortised over the life of the Convertible Notes.

#### Pro forma Statement of Financial Position as at 31 December 2021

	Actual 31 December 2021 \$'000	Convertible Notes Issued* \$'000	Pro forma 31 December 2021 \$'000
Cash and Cash Equivalents	13,938	8,000	21,938
Financial Asset - Restricted Cash	-	1,500	1,500
Receivables	84,682		84,682
Prepayments and other assets	630		630
<b>Total Assets</b>	<b>99,250</b>	<b>9,500</b>	<b>108,750</b>
Trade and Other Payables	3,486		3,486
Loans and Borrowings	82,934	8,000	90,934
Lease Liabilities	134		134
Employee Benefit Liabilities	727		727
<b>Total Liabilities</b>	<b>87,281</b>	<b>8,000</b>	<b>95,281</b>
<b>Net Assets</b>	<b>11,969</b>	<b>1,500</b>	<b>13,469</b>
Issued Capital	44,505	1,500	46,005
Accumulated Losses	(32,726)		(32,726)
Other Reserves	190		190
<b>Total Equity</b>	<b>11,969</b>	<b>1,500</b>	<b>13,469</b>

Note: the derivative portion of the convertible note has been deemed immaterial at this time, but Payright will reassess on an ongoing basis.

### 3.5 Potential effect on capital structure

The effect of conversion of the Convertible Notes on the Company's issued share capital will depend on what portion (if any) of the Convertible Notes are converted to Shares at any one time.

As at the date of this Cleansing Notice, the issued capital of the Company and warrants and options held in respect of the Company, including the Convertible Notes, is as follows:

Type of security	Securities on issue as at the date of this Cleansing Notice	Number on issue assuming full conversion of the Convertible Notes
Fully paid ordinary shares	78,173,400	113,728,960
Restricted ordinary shares	19,260,913	19,260,913
Restricted Options	4,125,000	4,125,000
Options	872,571	872,571
Warrants	2,714,079	2,714,079
Convertible Notes	37,500,000	0

The conversion price of the Convertible Notes is A\$0.225 ("**Conversion Price**"). Assuming all Investors elect to convert all of the Convertible Notes into Shares, the number of Shares that will be issued on conversion is 35,555,560 Shares (exclusive of any Shares that could be issued on conversion of any accrued, but unpaid, interest). The actual effect on the capital structure of the Company will differ depending on how many Convertible Notes are converted. As at the date of this Cleansing Notice, no Convertible Notes have been converted.

### 3.6 Potential effect on control of the Company

The table below shows the indicative percentage ownership of Shares by the Investors if all of the Convertible Notes are converted to Shares at the Conversion Price. The table below is also based on the number of Shares issued by the Company on the date of this Cleansing Notice and includes the Shares issued under the Placement.

	Prior to issue of the Convertible Notes <sup>1</sup>	On date of issue of the Convertible Notes	Assuming full conversion of the Convertible Notes <sup>2</sup>
<b>Percentage ownership of Shares by the Investors</b>	2.49%	2.49%	23.07%

<sup>1</sup> Includes the Shares issued under the Placement.

<sup>2</sup> Calculated on the basis of the 35,555,560 Shares issued on conversion of the Convertible Notes.

### 3.7 Compliance with disclosure obligations

The Company is a “disclosing entity” under the Corporations Act and, accordingly, is subject to regular reporting and disclosure obligations under both the Companies Act and the ASX Listing Rules.

Broadly, these obligations require:

- (a) the Company to notify ASX immediately of any information (subject to certain exceptions) of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its securities. That information is available to the public from ASX; and
- (b) the preparation of yearly and half-yearly financial statements and a report of the Company’s operations during the relevant account period, together with an audit or review report prepared by the Company’s auditor. These documents are lodged with ASIC and/or ASX. The financial statements of the Company are prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

Copies of documents lodged with ASIC in relation to the Company are available to the public and may be purchased by calling the ASIC Customer Contact Centre on +61 1300 300 630, or via the ASIC Connect website and can be obtained from, or inspected at, an ASIC office. Certain of these documents can also be obtained from [www.asx.com.au](http://www.asx.com.au), together with other market announcements.

In addition, a copy of the following documents may be obtained free of charge by any person upon their request:

- (a) the Company’s annual and half-year reports most recently lodged with ASIC (being the audited consolidated annual financial report of the Company for the financial year ended 31 July 2021, and the financial report for the half-year ended 31 December 2021); and
- (b) any of the other continuous disclosure documents given by the Company to ASX after the lodgement of the audited consolidated annual financial report of the Company for the financial year ended 31 July 2021 and before the lodgement of this Cleansing Notice with ASX.

A list of the continuous disclosure documents given by the Company to ASX after the lodgement of the audited consolidated annual financial report of the Company for the financial year ended 31 July 2021 and before the lodgement of this Cleansing Notice is set out in the table below.

Date	Announcement
13/05/2022	Notification regarding unquoted securities
13/05/2022	Cleansing Notice
13/05/2022	Application for quotation of securities
13/05/2022	PYR Update - Funding Settlement Date
05/05/2022	Results of General Meeting
27/04/2022	Q3 FY22 Investor Presentation
27/04/2022	Q3 FY22 Trading Update
05/04/2022	Notice of General Meeting and Proxy Form
05/04/2022	Proposed issue of securities - PYR
05/04/2022	Investor Presentation Warehouse Funding and Capital Raise

<b>Date</b>	<b>Announcement</b>
05/04/2022	PYR secures \$125M warehouse facility and \$9.5M cap raise
01/04/2022	Trading Halt
01/04/2022	Pause in Trading
28/02/2022	Reissued Financial Statements
28/02/2022	PYR FY22 Half Year Results Presentation
28/02/2022	PYR FY22 Half Year Results
28/02/2022	PYR Half Yearly Report and Accounts
17/02/2022	Notice of H1 FY22 Financial Results Conference Call Details
01/02/2022	Payright Trading Update - Q2FY22
27/01/2022	Notification of cessation of securities - PYR
23/12/2021	Change of Director's Interest Notice
21/12/2021	Application for quotation of securities - PYR
16/12/2021	Change of Director's Interest Notice
14/12/2021	Payright December 2021 Update
10/12/2021	Notice under ASX Listing Rule 3.10A
25/11/2021	Change of Director's Interest Notice
18/11/2021	Results of Annual General Meeting
18/11/2021	CEO and Chairman Presentation
18/11/2021	Chairman's Address to AGM
18/11/2021	FY22 Trading Update
08/11/2021	JobKeeper Payment Disclosure
01/11/2021	Application for quotation of securities - PYR
26/10/2021	Notice under ASX Listing Rule 3.10A
18/10/2021	Notice of Annual General Meeting/Proxy Form
15/10/2021	Initial Director's Interest Notice - P McCluskey
15/10/2021	Appointment of Peter McCluskey as Director
15/10/2021	Investor Presentation
15/10/2021	Q1 FY22 Trading Update
01/10/2021	Change of Director's Interest Notice - P Cowan
10/09/2021	Application for quotation of securities - PYR
31/08/2021	Change of Director's Interest Notice - P Cowan
27/08/2021	Notice under ASX Listing Rule 3.10A
27/08/2021	Application for quotation of securities - PYR
27/08/2021	FY21 Results Investor Presentation
27/08/2021	FY21 Results Announcement
27/08/2021	Corporate Governance Statement and Appendix 4G
28/02/2022	PYR FY22 Half Year Results Presentation

### 3.8 Information excluded from continuous disclosure notices

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

- (a) the Company has excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- (b) is information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
  - (ii) the rights and liabilities of the Convertible Notes offered by the Company and the underlying Shares offered by the Company.

### 3.9 Consents

Each of the persons named in this document has consented to the inclusion of each statement it has made in the form and context in which the statement appears in this document, has consented to the references to those statements in the form and context in which they are included in this document and has not withdrawn those consents as at the date of this document.

#### Authorised by:

This notice was approved for release by the Board of Payright Limited.

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE UNITED STATES OF AMERICA.** This cleansing notice does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. The Convertible Notes and Shares issued on conversion of the Convertible Notes have not been, and will not be, registered under the US Securities Act of 1933 ("**US Securities Act**") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Convertible Notes and the Shares issued on conversion of the Convertible Notes may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws. The distribution of this cleansing notice in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed.

#### For further information, contact:

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#### Disclaimer and important information

The following notice and disclaimer apply to this cleansing notice and you are therefore advised to read this carefully before making any other use of this cleansing notice or any information contained in this cleansing notice. This cleansing notice is in summary form and does not purport to be complete. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements. It is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of individual investors. The information contained in this cleansing notice may include information derived from publicly available sources that has not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information in this cleansing notice or any assumptions on which it is based.

#### Not an offer



This cleansing notice is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC) nor does it form part of, and should not be construed as, any present or future invitation, recommendation or offer to purchase or sell securities of the Company or an inducement to enter into investment activity in any jurisdiction. No part of this cleansing notice nor the fact of its distribution should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. If there is any subsequent offering of any securities of the Company, it will be made pursuant to a separate and distinct offering documentation. Any decision to purchase securities in the context of an offering of securities (if any) should be made solely on the basis of information contained in the offering documentation published in relation to such offering.

#### **Forward-looking statements and forecasts**

This cleansing notice may contain forward-looking statements, including the Company's expectations about the performance of its business. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "plan", "project", "anticipate", "expect", "intend", "likely", "may", "will", "could" or "should" or, in each case, their negative or other variations or other similar expressions, or by discussions of strategy, plans, objectives, targets, goals, future events or intentions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

Forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company and which may cause actual results to differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on any forward-looking statements. Actual results or performance may vary from those expressed in, or implied by, any forward-looking statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements. The Company does not undertake to update any forward-looking statements contained in this cleansing notice, to the maximum extent permitted by law.

Financial information in this cleansing notice is prepared on a consistent basis to the Company's annual financial report, which is prepared in accordance with Australian Accounting Standards.

#### **About Payright**

Payright is an Australian payment plan provider developed for merchants to accelerate return-on-effort and for making things more affordable to consumers, by spreading the cost of purchases over time. Payright provides merchants a buy-now, pay later flexible payment option to offer their customers, intended for bigger ticket items that are more considered purchases rather than smaller impulse-driven buys.

Right when you need it

payright.com.au 

## Schedule 1: Summary of key terms of the Convertible Notes

<b>Issuer</b>	Payright Limited (ACN 605 753 535) (' <b>Payright</b> ' or the ' <b>Company</b> ') Level 2, 789 Toorak Road, Hawthorn East, Victoria 3123.
<b>Instrument</b>	Unsecured Convertible Note (the ' <b>Notes</b> ').
<b>Issue Size</b>	A\$8,000,001 of Notes.
<b>Interest Rate</b>	9.00% per annum, accrued daily and paid semi-annually in cash.
<b>Term</b>	4 years (48 months) from the issue date of the Notes.
<b>Ranking</b>	Unsecured obligations of the Issuer.
<b>Issue Price per Note</b>	A\$0.225 per Note
<b>Conversion Right</b>	<p>A Conversion Right may be exercised by a Noteholder:</p> <p>(a) if a Material Event occurs within 6 months after the date of issue, by giving the Company a notice no later than 15 Business Days following the announcement of the Material Event.</p> <p>(b) After 6-months from the date of issue, Notes are convertible at the election of the Noteholder, by giving the Company at least 20 days' notice.</p> <p>Material Event is defined as lodgement of a notice of extraordinary general meeting with the ASX in relation to a scheme of arrangement, an issue of equity securities under Listing Rule 7.1 or the acquisition of a relevant interest in Payright under section 611(7) of the Corporations Act or receipt of a bidders statement under Chapter 6 of the Corporations Act regarding a takeover offer for all of the ordinary shares in the Company.</p> <p>The coupon payment would be calculated on a pro-rata basis as at the date of conversion.</p>
<b>Conversion Price</b>	The Conversion Price is A\$0.225
<b>Redemption by Issuer</b>	<p>On the 2-year anniversary of the Notes, and semi-annually thereafter, the Issuer may issue a Redemption Notice.</p> <p>Upon receipt of a Redemption Notice, the Noteholder may elect to redeem for face value or convert to fully paid ordinary shares at the Conversion Price.</p>
<b>Redemption at Maturity</b>	If the Noteholder has not converted at maturity, the Issuer must redeem the Notes at face value.
<b>Conversion Price Adjustment</b>	Standard anti-dilutive adjustments.
<b>Approval process</b>	Require shareholder approval as >15% of issued capital under LR7.1.
<b>Listing</b>	Notes are proposed to be an un-listed instrument.
<b>Governing Law</b>	Victoria, Australia