

Notice of Annual General Meeting and Explanatory Notes

PolyNovo Limited ABN 96 083 866 862

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Date: Tuesday, 26 October 2021
Time: 1.00pm (AEDT)

The AGM will be held as a virtual on-line meeting. As such, there will be no physical meeting where members and members' proxies can attend in person.

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In this document you will find:

- a Notice of Annual General Meeting; and
- Explanatory notes which have an explanation of and information about, the resolutions set out in the Notice of Annual General Meeting.

Enclosed separately is a proxy form with attendance and registration details.

Notice of Annual General Meeting and Explanatory Notes

Notice is given that the 2021 annual general meeting (**Meeting** or **AGM**) of the Company will be held at 1.00pm (AEDT) on Tuesday 26 October 2021.

The AGM will be held as a virtual on-line meeting and there will be no physical meeting where members and members' proxies can attend in person. A virtual meeting is expressly permitted under amendments made to the Corporations Act 2001 effective 14 August 2021.

To participate in the meeting online, you can login to the meeting in the following ways:

- a) from your computer, by entering the URL in your browser:
<https://web.lumiagm.com/323860325>
- b) from your mobile device by entering the URL in your browser:
<https://web.lumiagm.com/323860325>

After shareholders login, they can:

- See the Meeting presentation materials and listen to the Meeting live;
- Vote online during the Meeting; and
- Ask questions and make comments online during the Meeting.

Voting on all resolutions will be conducted by poll.

Please also refer to the section titled **Participating Online** on page 9.

Technical difficulties may arise during the meeting. The Chairman has discretion as to whether and how the meeting should proceed if a technical difficulty arises. In exercising his discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected.

Where he considers appropriate, the Chairman may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to lodge a proxy by 1.00pm (AEDT) Sunday, 24 October 2021 even if they plan to attend online. If having lodged a proxy, you attend the meeting personally online, your proxy's authority to speak and vote for you is suspended while you are present at the meeting.

Ordinary Business

1. Financial Statements and Reports

To receive and consider:

- (a) the financial statements;
- (b) the directors' report; and
- (c) the auditor's report,

of PolyNovo for the year ended 30 June 2021.

2. Other Business

To deal with any other business that may legally be brought before the Annual General Meeting in accordance with PolyNovo's constitution and the Corporations Act 2001 (Cth) (**Corporations Act**).

Resolutions

3. Re-election of Director

To pass a resolution re-electing the following Director who retires by rotation:

Mr Bruce Rathie

4. Election of Director

To pass a resolution electing the following individual as a Director:

Mr Andrew Lumsden

5. Amendment to Managing Director's Long Term Incentive

To consider, and if thought fit, to pass with or without modification the following resolution:

That for the purposes of Listing Rule 10.11 and for all other purposes, the amendments to the Managing Director's Long Term Incentive as described in the Explanatory Notes accompanying and forming part of the notice of this meeting are approved.

6. Remuneration Report

To consider and if thought fit to pass with or without modification the following resolution:

That the Remuneration Report, as contained in the Directors' Report for the year ended 30 June 2021 is adopted.

NOTE: the vote on this resolution will be advisory only and will not bind the Company or its directors.

7. Spill resolution (only if there is a second strike)

This Item will not proceed if there is not a second strike.

Voting Exclusions

Voting exclusions apply to items 5 and 6 and, if it proceeds, 7. See below for details.

Required voting majorities

Item 3 – Re-election of Director

The resolution to re-elect Mr Bruce Rathie (being a Director who is retiring by rotation and standing for re-election) as a Director of the Company requires a simple majority of the votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution.

Item 4 – Election of additional Director

The resolution to elect Mr Andrew Lumsden as a Director of the Company requires a simple majority of the votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution.

Item 5 – Amendment to Managing Director's Long Term Incentive

The resolution to approve the amendments to the Managing Director's Long Term Incentive Plan is proposed for the purposes of Listing Rule 10.11 and requires a simple majority of the eligible votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution.

Item 6 – Adoption of Remuneration Report

Item 6, comprising a resolution to adopt the Company's 2021 Remuneration Report requires a simple majority of the eligible votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution.

The vote is advisory only and does not bind the directors or the Company. However because more than 25% of the votes cast at the Company's AGM for 2020 on the resolution to adopt the remuneration report for the year ended 30 June 2020 were cast against the resolution, if the resolution comprising Item 6 is not passed or is passed with 25% or more of the votes cast on the resolution being cast against the resolution (**second strike**), there will be put to the vote as Item 7 of this meeting a resolution (**spill resolution**) that:

- (a) another meeting (**spill meeting**) of the Company's shareholders be held within 90 days;
- (b) all of the Company's directors who were directors of the Company when the resolution to make the director's report considered at this meeting was passed, other than the Managing Director, cease to hold office immediately before the end of the spill meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the spill meeting be put to the vote at the spill meeting.

Item 7 – Spill resolution (only if there is a second strike)

If and only if there is a second strike, a spill resolution will be proposed which requires a simple majority of the eligible votes cast by Shareholders present and voting at the Meeting, whether in person, by proxy or attorney, or in the case of corporate Shareholders or proxies, by a natural person representative to be cast in favour of the resolution. **This Item will not proceed if there is not a second strike.**

Directors' recommendations and voting

Item 3 - Re-election of Director

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote in favour of the resolution at Item 3.

Each Director who is a Shareholder as at the Voting Entitlement Time (as defined below) and who is otherwise entitled to vote, intends to vote their Shares in favour of each Resolution.

Items 4 – Election of additional Director

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote in favour of the resolution at Item 4

Each Director who is a Shareholder as at the Voting Entitlement Time (as defined below) and who is otherwise entitled to vote, intends to vote their Shares in favour of each Resolution.

Item 5 – Amendment to Managing Director's Long Term Incentive

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote in favour of the resolution at Item 5.

Voting exclusions apply to members of the key management personnel of the Company details of whose remuneration are included in the Remuneration Report as well as 'closely related parties' of such members.

Key management personnel of the Company (**KMP**) means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or non-executive) of the Company.

Closely related parties of a member of the KMP include certain family members, dependants as well as companies they control. Voting exclusions also apply to members of the Company's KMP and their closely related parties voting as proxies on this Resolution. See the section below headed 'Voting Exclusion Statements' for further details.

Item 6 – Adoption of Remuneration Report

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote in favour of Item 6.

Voting exclusions apply to members of the KMP details of whose remuneration are included in the Remuneration Report as well as 'closely related parties' of such members. Voting exclusions also apply to members of the Company's KMP and their closely related parties voting as proxies on this Resolution. See the section below headed 'Voting Exclusion Statements' for further details.

Item 7 – Spill resolution (if and only if there is a second strike)

This resolution will only be proposed if and only if there is a second strike.

The Board of Directors unanimously recommend that all Shareholders entitled to vote, vote **AGAINST** Item 7 (if proposed).

Voting exclusions apply to members of the KMP details of whose remuneration are included in the Remuneration Report as well as 'closely related parties' of such members. Voting exclusions also apply to members of the Company's KMP and their closely related parties voting as proxies on this Resolution. See the section below headed 'Voting Exclusion Statements' for further details.

Voting Exclusion Statements

Item 5 – Amendment to Managing Director's Long Term Incentive

PolyNovo will disregard any votes cast in favour of the resolution comprising Item 5 by or on behalf of:

- (a) the Managing Director and any other person who will obtain a material benefit as a result of the amendment to the Managing Director's Long Term Incentive (except a benefit solely by reason of being a holder of ordinary shares in the Company);
- (b) an associate of that person or those persons; or

- (c) any person appointed as a proxy if the person is either a member of the KMP of the Company or a closely related party of such a member.

However, this does not apply to a vote cast in favour of the resolution by:

- (d) 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;
- (e) 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
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- a. 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
 - b. the holder votes on the resolution in accordance with directions given by the beneficiary to vote in that way.

Item 6 – Adoption of Remuneration Report

PolyNovo will disregard any votes cast on the resolution comprising Item 6 by or on behalf of:

- (a) a member of the KMP of the Company details of whose remuneration are included in the Company's Remuneration Report for the year ended 30 June 2021; and
- (b) a closely related party of such a member.

In addition, PolyNovo will disregard the vote of any person appointed as a proxy if:

- (c) the person is either:
- a. a member of the KMP of the Company; or
 - b. a closely related party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on the resolution.

However, in each case, the Company will not disregard the vote of a person described in paragraph (a), (b), (c) or (d) above on the resolution if the vote is not cast on behalf of a person described in any such paragraph and either:

- (e) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (f) the person is the chair of the Meeting and the appointment of the chair as proxy:
- a. does not specify the way the proxy is to vote on the resolution; and
 - b. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

Item 7 – Spill resolution (if and only if there is a second strike)

The following applies if and only if there is a second strike with the result that a spill resolution must be passed.

PolyNovo will disregard any votes cast on the Resolution comprising Item 7 (if any) by or on behalf of:

- (a) a member of the KMP of the Company details of whose remuneration are included in the Company's Remuneration Report for the year ended 30 June 2021; and

- (b) a closely related party of such a member.

In addition, PolyNovo will disregard the vote of any person appointed as a proxy if:

- (c) the person is either:
 - a. a member of the KMP of the Company; or
 - b. a closely related party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on the resolution.

However, in each case, the Company will not disregard the vote of a person described in paragraph (a), (b), (c) or (d) above on the resolution if the vote is not cast on behalf of a person described in any such paragraph and either:

- (e) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (f) the person is the chair of the Meeting and the appointment of the chair as proxy:
 - a. does not specify the way the proxy is to vote on the resolution; and
 - b. expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

Appointing the Chair as your proxy

If you appoint the Chair as your proxy and you do not specify how the Chair is to vote on a resolution, the proxy appointment expressly authorises the Chair to exercise the proxy even if the resolution may be connected directly or indirectly with the remuneration of a member of the KMP for the Company.

The Chair of the Meeting intends to vote all available and undirected proxies in favour of all resolutions, subject to the above Voting Exclusions, and with the exception of any Spill Resolution. The Chair of the Meeting intends to vote all available and undirected proxies **against** any Spill Resolution, subject to the above Voting Exclusions. In exceptional circumstances the Chair's intentions may change subsequently. If there is a change to how the Chair intends to vote undirected proxies, the Company will make an immediate announcement to ASX stating that fact and explaining the reasons for the change.

How to Vote

Voting Entitlements

PolyNovo has determined that for the purposes of voting at the Meeting or at any adjourned Meeting, Shares will be taken to be held by those persons recorded on the Register of Members at the Voting Entitlement Time.

Voting Entitlement Time

In accordance with Regulation 7.11.37 of the Corporations Regulations, all securities of the Company that are quoted on ASX at 1.00pm (AEDT) on Sunday, 24 October 2021 being the Voting Entitlement Time, are taken, for the purposes of the above Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting on Tuesday, 26 October 2021.

Joint holders

When joint holders are named in the Register of Members only one joint holder may vote. If more than one of the joint holders is present at the Meeting, only the person whose name appears first in the Register of Members will be entitled to vote.

Voting by Corporate Representative

Corporate Shareholders or proxies wishing to vote by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Company's share registrar, Computershare Investor Services Pty Ltd, or the form can be obtained online at www.investorcentre.com under the help tab, "Printable Forms"; and
- (b) complete and sign the form in accordance with the instructions on the form

Proxies

Appointment

1. A Shareholder who is entitled to vote at the Meeting may appoint:
 - (a) one proxy if the Shareholder is only entitled to one vote; or
 - (b) one or two proxies if the Shareholder is entitled to more than one vote.
2. Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.
3. A proxy need not be a Shareholder of PolyNovo. A proxy may be an individual or a body corporate.
4. If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the Meeting, the Chair may either act as proxy or complete the proxy form by inserting the name of a Director or a Secretary of the Company.
5. If you require an additional proxy form, PolyNovo will supply it on request.
6. To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
7. Proxies given by corporate Shareholders must be executed in accordance with their constitutions and section 127 of the Corporations Act or signed by a duly authorised officer or attorney.
8. Please refer to the other notes appearing on the enclosed proxy form.
9. Shareholders wishing to vote by proxy must complete, sign, and deliver the enclosed personalised proxy form in accordance with the instructions on the form so that it is received prior to 1.00pm (AEDT) on Sunday, 24 October 2021 by:
 - (a) post in the reply paid envelope provided, to:
PolyNovo Limited
C/- Computershare Investor Services Pty Ltd
PO Box Reply Paid 242
Melbourne, Victoria, 3001;
 - (b) hand delivered to:

PolyNovo Limited
C/- Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria, 3067; or

(c) fax, to:

PolyNovo Limited
C/- Computershare Investor Services Pty Ltd
on 1800 783 447 (within Australia) or;
+61 3 9473 2555 (outside Australia).

(d) online, to:

www.investorvote.com.au

10. A proxy may decide whether to vote on any resolution, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in his or her capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may only vote on the item as directed. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.
11. If the abstention box on the proxy form for any item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant Shares will not be counted in calculating the required majority on a poll.
12. For Shareholders that use Intermediary Online subscribers only (custodians) – please visit **www.intermediaryonline.com** to submit your voting intentions.

Participating Online

Shareholders can submit questions in relation to the business of the meeting, and vote on the resolutions in real time during the meeting via the online meeting application.

Shareholders participating in the meeting using the online platform will be able to vote between the commencement of the meeting and the closure of voting as announced by the Chairman during the meeting.

By participating in the meeting online you will be able to:

- a) hear and view meeting slides;
- b) ask questions at the appropriate time whilst the meeting is in progress; and
- c) vote during the meeting

Instructions on how to log on to ask questions during the meeting are outlined below. Note, only shareholders may ask questions online and only once they have been verified. It may not be possible to respond to all questions raised during the meeting. Shareholders are therefore encouraged to lodge questions prior to the meeting.

If you choose to participate in the meeting online, registration will open at 12.00 noon (AEDT) on Tuesday, 26 October 2021.

To participate in the meeting online, you can log in to the meeting in the following ways:

- a) from your computer, by entering the URL in your browser:
<https://web.lumiagm.com/323860325>
- b) from your mobile device by either entering the URL in your browser:
<https://web.lumiagm.com/323860325>; or

Once you have selected one of the options above, shareholders will need the following information to participate in the meeting in real-time:

- a) The meeting ID for the meeting which is: 323860325;
- b) Your username, which is your SRN/HIN; and
- c) Your password, which is the postcode registered to your holding if you are an Australian shareholder
- d) Overseas shareholders should refer to the Online Meeting Guide by entering the URL in your browser: www.computershare.com.au/virtualmeetingguide
- e) Assistance with online registration for the meeting will be open from 12 noon (AEDT) by calling Computershare Investor Services on +61 3 9415 4024, Computershare will also provide usernames and passwords to appointed proxy holders using this same telephone number.

Recording devices

In the absence of special permission, the Chair at the meeting will require that any recording or broadcasting device (including tape recorders, mobile telephones, still cameras and video cameras) and any article which may be dangerous, offensive, or liable to cause disruption, be turned off or deposited outside the Meeting.

Further information

Further information on the Meeting and the resolutions is contained in the remainder of the Notice and Explanatory Notes dated 23 September 2021.

By Order of the Board



Jan Gielen
CFO & Company Secretary

Questions

1. In order to provide an equal opportunity for all shareholders to ask questions of the Board, we ask you to submit in writing any questions to the company or to the Company's CEO or auditor, Ernst & Young in relation to the conduct of the external audit for the year ended 30 June 2021, or the content of its audit report. Please send your questions to:

Mr. Jan Gielen, Company Secretary, PolyNovo Limited
Via mail: Building 2, 320 Lorimer St, Port Melbourne VIC 3207
Via email: jan.g@polynovo.com
2. Written questions must be received by no later than 5:00pm (Melbourne time) on Tuesday, 19 October 2021.
3. Your questions should relate to matters that are relevant to the business of the Annual General Meeting as outlined in this Notice of Meeting and Explanatory Memorandum.
4. In accordance with the Corporations Act 2001 (Cth) and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the Annual General Meeting to ask questions about or make comments upon matters in relation to the Company including the

Company's Remuneration Report for the year ended 30 June 2021.

5. During the course of the Annual General Meeting, the Chair will seek to address as reasonably practicable, and where appropriate, will give a representative of the auditor the opportunity to answer written questions addressed to it. However, there may not be sufficient time to answer all questions at the Annual General Meeting. Please note that individual responses may not be sent to shareholders.

Explanatory Notes

These Explanatory Notes accompany and form part of the Notice of Meeting and should be read by Shareholders in conjunction with the Notice of Meeting.

The Directors recommend that Shareholders read these Explanatory Notes carefully before making any decisions in relation to the resolutions set out in the Notice of Meeting. If any Shareholder is in doubt as to how they should vote, they should seek advice from their legal, financial or other professional adviser prior to voting.

1. Financial Statements and Reports

Section 250R(2) of the Corporations Act requires the financial report (which includes the financial statements and directors' declaration), the directors' report and auditor's report to be laid before the Annual General Meeting. There is no requirement either in the Corporations Act or PolyNovo's constitution for Shareholders to approve the financial report, the directors' report or the auditor's report. Rather, the purpose of presenting the reports is to give Shareholders an opportunity at the Meeting to ask questions and to make comments on these reports.

2. Other Business

Time will be allocated in the Annual General Meeting to deal with any business that may legally be brought before the Annual General Meeting in accordance with PolyNovo's Constitution and the Corporations Act.

3. Re-election of Director

3.1 Background

Mr Bruce Rathie retires by rotation in accordance with clause 59 of PolyNovo's Constitution and offers himself for re-election.

3.2 Profile of Director Standing for Re-Election

Mr Bruce Rathie

(a) Biographical details

Mr Rathie is an experienced Director with an extensive corporate background in corporate law and investment banking. He practised as a partner in a large legal firm and acted as Senior Corporate Counsel to Bell Resources Limited in its early years. He then gained an MBA and embarked on a 15-year investment banking career including as Head of the Industrial Franchise Group at Salomon Smith Barney and led their role in the privatisation of Qantas, Commonwealth Bank and Telstra.

(b) Other material directorships

Mr Rathie is currently Chairman of 4D Medical Limited (ASX: 4DX) which is in the

- medical device space and a Non-executive Director of Cettire Limited (ASX:CTT)
- (c) Other information
- Mr Rathie was appointed as a Non-executive Director on 18 February 2010.
- Other than as set out above, Mr Rathie is not considered to have any interest, position or relationship that might influence or reasonably be perceived to influence in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders.
- (d) Independent status
- The Directors consider that Mr Rathie is an independent Director for the purposes of the ASX Corporate Governance Guidelines.
- (e) Recommendation
- All Directors, with the exception of Mr Rathie who abstains, recommend that Shareholders vote in favour of the resolution comprising Item 3 that Mr Rathie be re-elected as a director of the Company.

4. Election of additional Director

4.1 Background

Mr Andrew Lumsden joined the board as an additional Director on 4 June 2021. Under clause 58.2 of the Company's Constitution, Mr Lumsden holds office until the end of this meeting unless elected as a Director at the meeting. Mr Lumsden offers himself for election.

4.2 Profile of Director Standing for Election

Mr Andrew Lumsden

- (a) Biographical details
- Mr Lumsden is an accomplished Chartered Accountant and finance executive with more than 20 years' experience locally and internationally. Effective 1 October 2021 Mr Lumsden will be appointed Chief Executive Officer of Wellcom Group Pty Ltd (formerly Wellcom Group Limited) for Australasia. Mr Lumsden previously held the roles of Chief Operating Officer, Chief Financial Officer and Company Secretary of Wellcom. Prior to joining Wellcom, Mr Lumsden was a Senior Manager within the Audit and Assurance practice of PricewaterhouseCoopers.
- (b) Other material directorships
- Mr Lumsden does not hold any other material directorships.
- (c) Other information
- No material adverse information has been revealed by the checks that PolyNovo has performed about Mr Lumsden.
- Other than as set out above, Mr Lumsden is not considered to have any interest, position or relationship that might influence or reasonably be perceived to influence in a material respect his capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its Shareholders.

- (d) Independent status

The Directors consider that Mr Lumsden is an independent Director for the purposes of the ASX Corporate Governance Guidelines.

- (e) Recommendation

All Directors, with the exception of Mr Lumsden who abstains, recommend that Shareholders vote in favour of the Resolution comprising Item 4 to elect Mr Lumsden as a director of the Company.

5. Amendment to Managing Director's Long Term Incentive

Introduction and background

A number of amendments to the Managing Director's Long Term Incentive (LTI) are proposed in response to the first strike the Company received against the 2020 Remuneration Report, and related comments. The amendments provide for an LTI to be earned from a fixed number of shares at a fixed price per share to replace the previous formula which did not rule out increase in market capitalisation from issuing capital. The amendments also include a limited timeframe in which each tranche of shares can be earned and once earned and issued for the shares to be in escrow for 12 months. Where an LTI tranche is not earned, it is forfeited. The period over which the increased LTI of \$12m can be earned will be in various tranches up to FY26, issuing the shares up to FY27 and held in escrow in various tranches for a further 12 months until FY28.

The Managing Director's LTI has been amended (subject to shareholder approval for the purposes of ASX Listing Rule 10.11 and other relevant purposes), the effects of which are to:

- a) Allow him to earn 1,320,132 shares in the Company in each of FY22, FY23 and FY24, subject to the satisfaction of the applicable milestones.
- b) Shares in the Company can be **earned only** if the Company share price reaches and is at all times, no less than \$3.03 for three (3) consecutive months in the relevant financial year. The share price hurdle is based on a \$2 billion market capitalisation based on the current number of shares on issue (ie, without regard to subsequent share issues).
- c) If the share price hurdle is not realised in a year then half the 1,320,132 shares will be available in each of the two following years and then forfeited if not achieved.
- d) If the shares are **earned** in a relevant year, the 1,320,132 shares (plus any carry over shares from a previous year) will be **issued** as to 50% at the next board meeting, but will be in escrow for 12 months. The second 50% will be issued on the first anniversary and also be in escrow for 12 months.
- e) If there is a takeover offer or Scheme where a bidder becomes entitled to greater than 50% or greater than 90% of the issued capital of the Company, then variously the issue of shares **earned** might be accelerated depending on the price offered relative to \$3.03 and the escrow arrangements might fall away.

Requirement for Shareholder approval

Listing Rule 10.11 requires a listed company to obtain shareholder approval by resolution prior to the issue or agreement to issue equity securities to certain classes of persons, including the Managing Director as a related party of the Company.

It has been determined that the amendment proposed to the Managing Director's Long Term Incentive requires approval for the purposes of this Listing Rule.

Required disclosure

Listing Rule 10.13 of the ASX Listing Rules sets out a number of matters which must be included in a notice of meeting for a proposed approval under Listing Rule 10.11. The following information is provided to shareholders for the purposes of Listing Rule 10.13:

- (a) the name of the person to whom the resolution will apply – the Managing Director of the Company, Paul Brennan;
- (b) which category in Listing Rules 10.11.1 – 10.11.5 the person falls within and why – as the Managing Director of the Company, Paul Brennan is a related party of the Company;
- (c) the number and class of securities to be issued to the person – amendment to a total of 3,960,396 incentive rights which may deliver a maximum of 3,960,396 fully paid ordinary shares in the Company;
- (d) the date on or by which the Company will issue the securities – the incentive rights have already been issued – the amendment to their terms has been agreed and will take effect immediately when the resolution comprising Item 5 is passed;
- (e) the price or other consideration the Company will receive for the issue – not applicable;
- (f) the purpose of the issue – provision of the long term incentive component of Paul Brennan's agreed remuneration package;
- (g) details (including the amount) of Paul Brennan's current total remuneration package are as follows;
 - (A) a salary of \$400,160 per annum;
 - (B) superannuation of 10.0% per annum;
 - (C) a short term annual performance bonus of up to 20% of salary inclusive of superannuation, dependent upon the Company's performance against key targets; and
 - (D) a long term incentive plan in the form of equity interest. Details of the Long-term incentive plan (which is being proposed for amendment in the resolution comprising Item 5) are included in the 'MD Performance Incentives' section of the Remuneration Report on page 29 of the Company's 2021 Annual Report; and
- (h) a summary of any other material terms of the agreement under which the incentive rights were issued and the particulars of the proposed amendment is set out above.

Effect if Resolution is not passed

The incentive rights were originally issued on 1 October 2019, prior to Paul Brennan joining the Board of the Company, as a result of which shareholder approval was not sought or given. Shareholder approval is required to amend the terms and conditions of Paul Brennan's incentive rights as he is now the Managing Director of the Company, having held that office since his appointment on 23 April 2020. If the resolution is not passed, the amendment to the incentive rights will not take effect and they will continue in their unamended form.

Recommendation

The Directors, with the exception of Paul Brennan who abstains, recommends that all Shareholders vote in favour of the resolution comprising Item 5 to amend the Managing Director's Long Term Incentive.

6. Adoption of Remuneration Report

- (a) The Remuneration Report is set out on pages 26 to 36 of the Company's 2021 Annual Financial Report which is available at <http://www.polynovo.com.au> and www.asx.com.au, and which has been sent to those Shareholders who have requested

the Annual Report in hard copy form.

- (b) Please note that the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors or the Company. The Chair will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report at the Meeting. The Company will take the outcome of the vote on the resolution comprising Item 6 into consideration and the comments made by Shareholders at the Meeting when reviewing the Company's remuneration practices and policies.
- (c) At last year's AGM, 50.3% of the votes cast in respect of the resolution to adopt the Company's 2020 Remuneration Report were voted against that resolution. Because the votes 'against' exceeded 25% of the votes cast, the Company recorded what is known as a 'first strike' under the *Corporations Act 2001*. To see the Company's response to comments made at last year's AGM in relation to last year's remuneration report, please refer to the Remuneration Report in the Company's Annual Report for the year ended 30 June 2021 referred to above.
- (d) If the votes cast against the Remuneration Report in the Company's Annual Report for the financial year ended 30 June 2021 referred to above equals or exceeds 25% of the votes cast on the resolution comprising Item 6, the Company will record a 'second strike' and a spill resolution will be proposed. See the explanatory notes in relation to Item 7 below for more details.
- (e) Noting that each Director has a personal interest in his own remuneration from the Company, the Directors unanimously recommend that all Shareholders vote in favour of the resolution comprising Item 6 approving the adoption of the Company's 2021 Remuneration Report.

7. Spill resolution (if and only if the Company records a 'second strike')

Under the Corporations Act 2001, if the Company receives a second strike, a resolution must be put to shareholders, allowing shareholders, if they so choose, to pass a resolution to hold fresh elections for directors (**Spill Resolution**). The resolution comprising Item 7 is the Spill Resolution. If the Spill Resolution is passed, then it will be necessary for the Board to convene a further general meeting (**Spill Meeting**) of the Company within 90 days of the AGM in order to consider the composition of the Board.

A voting exclusion statement applies to this Item of business, as set out 'Voting Exclusion Statements' above.

This resolution will only be put to a vote if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (resolution comprising item 6 above) are cast against the adoption of the report. Such an against vote will constitute a 'second strike' for the Company.

If the Company receives a second strike and this resolution is passed, it will be necessary for the Board to convene a further general meeting (**Spill Meeting**) of the Company within 90 days of the AGM in order to consider the composition of the Board.

If a Spill Meeting is held, the following directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Mr David Williams;
- Dr Robyn Elliott;

- Ms Christine Emmanuel;
- Mr Leon Hoare;
- Dr David McQuillan;
- Mr Bruce Rathie; and
- Mr Andrew Lumsden

If Mr Bruce Rathie is re-elected at this meeting, he will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting. Similarly, if Mr Andrew Lumsden is elected at this meeting, he will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting.

The Managing Director, Paul Brennan, will not lose office at any Spill Meeting as he is not subject to retirement at a general meeting of the Company.

The voting exclusion statement for this resolution is set out above under the heading, 'Voting Exclusion Statements'.

The Directors unanimously recommend that Shareholders vote **against** any Spill Resolution.

The Chairman of the Meeting intends to vote all available and undirected proxies **against** the resolution comprising this Item.

Need assistance?**Phone:**1300 850 505 (within Australia)
+61 3 9415 5000 (outside Australia)**Online:**www.investorcentre.com/contact

PNV

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030**YOUR VOTE IS IMPORTANT**For your proxy appointment to be effective it must be received by **1:00pm (AEDT) on Sunday, 24 October 2021.**

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.**PARTICIPATING IN THE MEETING****Corporate Representative**If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".**Lodge your Proxy Form:****XX****Online:**Lodge your vote online at 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: I9999999999****PIN: 99999**For Intermediary Online subscribers (custodians) go to 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 PolyNovo Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman 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 Chairman 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 Annual General Meeting of PolyNovo Limited to be held as a virtual meeting on Tuesday, 26 October 2021 at 1.00pm (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 5, 6 and 7 (except where I/we have indicated a different voting intention in step 2) even though Items 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Item 7 where the Chairman of the Meeting intends to vote against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 5, 6 and 7 by marking the appropriate box in step 2.

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
Item 3	Re-election of Director - Bruce Rathie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Election of Director - Andrew Lumsden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Amendment to Managing Director's Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Conditional Item of Business				
Item 7	Spill resolution (only if there is a second strike)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Item 7 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman 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

