



## ASX ANNOUNCEMENT

### Issue of Shares and Options

Sydney, Australia, 15 July 2020 – Splitit Payments Ltd. (ASX:SPT “**Splitit**” or the “**Company**”), a global payment solutions provider, advises that the Board has approved the adoption of an Australian Sub-Plan under the Company’s Share Incentive Plan (**SIP**). Australian employees previously had access to the Company’s Israeli SIP, however, the Australian Sub-Plan includes provisions required under Australian regulations which enable the Company to incentivise its Australian employees and allow those employees to access tax relief available in relation to employee share schemes. The adoption of the Australian Sub-Plan does not increase or impact the total capacity under the SIP. The terms of the Australian Sub-Plan are enclosed.

The Company further advises that it has issued:

- 1,313,454 fully paid ordinary shares (**Shares**) upon the exercise of 875,993 unlisted options (**Options**), of which:
  - 747,044 Shares were issued on exercise of 871,993 Options pursuant to the cashless exercise facility under the Company’s SIP; and
  - 566,410 Shares were issued on exercise of 566,410 Options upon receipt of payment of the relevant exercise price in cash.
- 2,000,000 Shares upon exercise of the same number of Options to Shaked Partners Fund, L.P. (an Israeli incorporated entity) (**Shaked**). The Options were issued to Shaked in consideration for services under a financing agreement as announced on 11 September 2019 and were ratified by shareholders at the Company’s annual general meeting held on 30 October 2019. The Company received cash consideration of approximately AUD\$1m in respect of the exercise of the Options; and
- 3,000,000 Options under the Company’s SIP to key Australian, Israeli and US based employees. Given the adoption of the Australian Sub-Plan is considered by the ASX to be a material change to the terms of the SIP, these Options have been issued under the Company’s 15% placement capacity under ASX Listing Rule 7.1. The Company intends to seek shareholder approval of the SIP including the Australian Sub-Plan at the next shareholder meeting for the purposes of ASX Listing Rule 7.2 Exception 13(b).

A cleansing statement in respect of the Shares is set out below.

An Appendix 3G, and an Appendix 2A in respect of each of the Shares issued to Shaked and those issued under the Plan, will follow this announcement.



## Cleansing Statement

The Company hereby notifies ASX under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Act**) that:

- a) today, 15 July 2020, the Company completed the issue and allotment of 3,313,454 Shares;
- b) the Company issued the Shares without disclosure under Part 6D.2 of the Act;
- c) the Company provides this notice under section 708A(5)(e) of the Act;
- d) as a disclosing entity, the Company is subject to regular reporting and disclosure obligations;
- e) as at the date of this notice, the Company has complied with the provisions of Chapter 2M and section 674 of the Act as they apply to the Company;
- f) for the purposes of section 708A(7) and (8) of the Corporations Act, the Company wishes to disclose that the Company is currently engaged in negotiations with several prospective third party financiers in respect of additional merchant funding facilities. If agreed, such facilities may be material for Splitit to the extent that they enable Splitit to progress into new markets or achieve significantly greater scale. While Splitit is hopeful that a facility agreement will be agreed on terms acceptable to Splitit in the coming weeks, there is no guarantee that any facility will be agreed in the near or long term. A detailed announcement will be made if and when such negotiations become binding or complete in accordance with the Company's continuous disclosure obligations; and
- g) other than as set out in this announcement, there is no information that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules and that investors and their professional advisors 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; or
  - (ii) the rights and liabilities attaching to the Shares.

This announcement has been approved and authorised to be given to ASX by Brad Paterson, CEO and Managing Director on the Board of Splitit.

For more information, please contact:

### Australian Media & Investor Enquiries






Catherine Strong  
Citadel-MAGNUS  
cstrong@citadelmagnus.com  
+61 2 8234 0111

### US Media Inquiries

Cari Sommer  
Raise Communications  
info@raisecg.com  
+1 646 480 7683

## About Splitit

Splitit is a payment method solution enabling customers to pay for purchases with an existing debit or credit card by splitting the cost into interest and fee free monthly payments, without additional registrations or applications. Splitit enables merchants to offer their customers an easy way to pay for purchases in monthly instalments with instant approval, decreasing cart abandonment rates and increasing revenue. Serving many of Internet Retailer's top 500 merchants, Splitit's global footprint extends to hundreds of merchants in countries around the world. Headquartered in New York, Splitit has an R&D centre in Israel and offices in London and Australia.

-  [www.splitit.com](http://www.splitit.com)
-  [info@splitit.com](mailto:info@splitit.com)
-  27 East 28th St., New York, NY 10016, USA
-  1 Charterhouse Mews, London EC1M 6BB, UK
-  Rialto South Tower, 525 Collins St, Melbourne VIC 3000, Australia

**SPLITIT LTD.**

**(the “Company”)**

**2018 SHARE INCENTIVE PLAN**

**Australian Sub-Plan**

**1) GENERAL**

- a) This supplement to the Splitit Ltd. 2018 Share Incentive Plan sets out the Sub-Plan for Australian resident employees, directors or contractors.
- b) This Australian Sub-Plan is effective as of the Effective Date.
- c) The Australian Sub-Plan applies only to Participants as that term is defined in this Australian Sub-Plan.
- d) The purpose of the Australian Sub-Plan is to enable the Company to offer Options to Participants in accordance with the Plan. The Australian Sub-Plan shall form part of the Plan and not a separate and independent plan.
- e) The rules of the Plan, in their present form and as amended from time to time, shall, with the modifications set out in this document, form the rules of the Australian Sub-Plan. In the event of any conflict between the rules of the Plan and the Australian Sub-Plan, the Australian Sub-Plan shall prevail.
- f) Except as otherwise provided by this Australian Sub-Plan, all grants made pursuant to this Australian Sub-Plan shall be governed by the terms of the Plan.

**2) INTERPRETATION**

- a) Capitalised terms used in the Australian Sub-Plan are defined either below or in the Plan:

**Application** means an application by an Eligible Employee to participate in the Plan made in response to an Offer.

**Articles of Association** means the articles of association of the Company, as amended from time to time.

**ASIC** means Australian Securities and Investments Commission.

**Australian Retail Participants** means a Participant who, but for ASIC class order rulings and guidance, the Fundraising Provisions require a Disclosure Document or Product Disclosure Statement to be provided in respect of the issue of Awards.

**Australian Sub-Plan** means this document.

**Class Order** means ASIC Class Order [CO 14/1000] *Employee incentives schemes: Listed bodies* as amended, replaced or superseded from time to time.

**Commencement Date** means the date on which the Company receives the Application Form signed by the Eligible Employee and countersigns that Application Form.

**Contractor** means:

- i) an individual with whom a Group Company has entered into a contract for the provision of services under which the individual performs work for a Group Company; or
- ii) a company with whom a Group Company has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for a Group Company.

**Control** has the meaning given in section 50AA of the Corporations Act and **Controlled** has a corresponding meaning.

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

**Date of Grant** means the date on which the Company receives the Application Form signed by the Eligible Employee and countersigns that Application Form.

**Disclosure Document** has the meaning given to that term in the Fundraising Provisions;

**Effective Date** means the date that the Plan is adopted by the Administrator in accordance with Section 5.1 of the Plan;

**Eligible Employee** means:

- i) directors and Employees (whether full time, part time or casual) who are declared by the Board in its sole and absolute discretion to be eligible to receive grants of Shares or Options under the Plan;
- ii) any other person including any Contractor, who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Shares or Options Rights under the Plan; or
- iii) any person, being a person to whom an Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Employee under paragraphs (i) or (ii) above,

but always excludes an Non-Eligible Participant.

**Fundraising Provisions** means Part 6D.2, Part 6D.3 and Part 7.9 of the Corporations Act;

**Group Company** means the Company and its Related Bodies Corporate.

**Law** means the laws of the State of Israel and, only to the extent that they apply to the Plan, the Australian Sub-Plan or an Offer, the laws of Australia, as are in effect from time to time.

**Non-Eligible Participant** means a person not eligible to receive Awards under Division 83A (Employee Share Schemes) of the Tax Act.

**Offer** means an offer to an Eligible Employee to apply for the grant of Awards under the Australian Sub-Plan.

**Offer Letter** means a letter to an Eligible Employee that sets out the terms and conditions of the Offer.

**Participant** means an Eligible Employee who has been offered Shares or Options and/or any other securities under this Australian Sub-Plan and who has returned a corresponding Application to the Company that has been accepted by the Company pursuant to the Plan, or that Eligible Employee's Related Party nominated in accordance with Section (6) of this Australian Sub-Plan.

**Plan** means the Splitit Ltd. 2018 Share Incentive Plan as amended and supplemented from time to time.

**Product Disclosure Statement** has the meaning given in section 9 of the Corporations Act.

**Related Body Corporate** has the meaning given in section 9 of the Corporations Act.

**Related Party** in relation to an Eligible Employee means:

- i) a spouse, child or parent;
- ii) a trustee of a trust, in respect of which the Eligible Employee or an immediate family member of the Eligible Employee is the trustee or the Eligible Employee or an immediate family member of the Eligible Employee Controls a body corporate which is the trustee, but always excluding a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993); or
- iii) a body corporate Controlled by such Eligible Employee or an immediate family member of such Eligible Employee.

**Tax Act** means the *Income Tax Assessment Act 1997* (Cth).

- b) In the event of any inconsistency between the definitions provided in the Plan and those set out in this Australian Sub-Plan, in relation to the interpretation of an Offer under this Australian Sub-Plan:
  - i) the definition provided in this Australian Sub-Plan shall prevail; and
  - ii) the rules of the Plan shall be interpreted *mutatis mutandis* having regard to the definitions provided in this Australian Sub-Plan.
- c) In this Australian Sub-Plan, unless the context otherwise requires:
  - i) words and expressions not defined above have the same meanings as are given to them in the Plan;
  - ii) the rule headings are inserted for ease of reference only and do not affect their interpretation; and
  - iii) a reference to a statutory provision or other law is a reference to an Australian statutory provision or law and includes any modification, amendment or re-enactment thereof.

## **2) COMPLIANCE WITH AUSTRALIAN LAWS**

- a) In order to ensure the Australian Sub-Plan has application under section 83A-105(6) of the Tax Act and subdivision 83A-C of the Tax Act, it is hereby specifically stated that subdivision 83A-C of the Tax Act applies to any Offer made pursuant to the Australian Sub-Plan where the terms of the Offer comply with the requirements of that subdivision.
- b) The Australian Sub-Plan must be operated in a manner such that each Offer of an Award made under the Australian Sub-Plan to a Participant complies with the Fundraising Provisions and is made in compliance with ASIC Class Order rulings and guidance.
- c) The Company must not, and is not obliged to, offer Awards under the Plan in contravention of the Corporations Act or any other Australian law.

## **3) OFFERS TO AUSTRALIAN RETAIL PARTICIPANTS**

Unless a suitable exception is available under the Fundraising Provisions or a Disclosure Document is provided to Australian Retail Participants in connection with the Offer, Awards proposed to be made by the Company to Australian Retail Participants must be made in a manner that enables the Company to obtain the benefit of the relief from the Fundraising Provisions available under the Class Order. Without limitation, each Offer to an Australian Retail Participant must comply with the following conditions:

- a) at the time of the Offer, the sum of the number of Underlying Shares:

- i) which may be issued if all Awards the subject of the Offer were exercised, converted or accepted; and
- ii) which would be issued if all outstanding Offers, invitations or grants to all Australian Retail Participants during the period of three years prior to the date of the Offer which were made in reliance on the Class Order under this Australian Sub-Plan and any other employee share plan of the Company or any associated body corporate were accepted or exercised; and
- iii) issued under this Australian Sub-Plan or issued under any other employee share plan of any associated body corporate to Australian Retail Participants during the period of three years prior to the date of the Offer,

does not exceed 5% of the total number of issued Shares. For the purpose of calculating the number of Underlying Shares included in the above calculation, disregard any offer, invitation or grant made, or option acquired or Shares issued, by way of or as a result of:

- iv) an offer to a non-Australian resident at the time of receipt of the offer;
  - v) Offers or invitations which do not require disclosure because of section 708 of the Corporations Act; and
  - vi) Underlying Shares subject to Awards which have elapsed or are otherwise not capable of exercise;
- b) the Shares have been quoted on the ASX or another approved foreign market (for the purposes of the Class Order) throughout the 12 month period immediately before the Offer and trading in Share has not been suspended for more than a total of 5 trading days during that 12 month period;
- c) the Australian Retail Participant must be either:
- i) a full-time or part-time employee;
  - ii) an executive or non-executive director;
  - iii) a Contractor who works a pro rata equivalent of 40% or more of a comparable full-time position; or
  - iv) a casual employee who works a pro rata equivalent of 40% or more of a comparable full-time position,

with the Company or an associated body corporate of the Company (as that term is defined in the Class Order);

but only to the extent necessary in order to enable the Company to obtain the benefit of the relief available under the Class Order.

#### **4) SCALING DOWN**

If, as a result of acceptances received by Australian Retail Participants for an Offer under this Australian Sub-Plan, the number of Shares to be issued to or acquired by Australian Retail Participants would exceed the limit set out in Section (3)(a) of this Australian Sub-Plan, the amount of Awards to be issued or acquired under the Plan to each Australian Retail Participant will be scaled down, in the manner determined by the Board.

#### **5) PRICING COMPLIANCE**

- a) The Offer Letter must specify the Australian dollar equivalent of the purchase price in respect of each Share and the Exercise Price in respect of each Option as at the date of the Offer.
- b) The Offer Letter must include an undertaking that, and an explanation of the way in which the Company must, within a reasonable period of an Eligible Employee so requesting in writing, make available to the Eligible Employee the Australian dollar equivalent of the purchase price in respect of Shares or Exercise Price in respect of Options.
- c) For the purposes of Sections (5)(a) and (5)(b) of this Australian Sub-Plan (if applicable), the current market price in Australian dollars in respect of Shares or the Exercise Price in respect of Options shall be calculated by reference to the relevant exchange rate published by an Australian bank on the previous business day.

#### **6) NOMINEE**

- a) Unless expressly permitted in the Offer, an Eligible Employee may only submit an Application in the Eligible Employee's name and not on behalf of any other person.
- b) If permitted under the Offer Letter, the Eligible Employee may nominate a Related Party Controlled by the Eligible Employee to be issued the Awards the subject of the Offer. The nominated Related Party must execute any documents required by the Company in order to receive the grant of the Awards .
- c) The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Related Party without giving any reason for that decision.
- d) If Awards are granted to a Related Party nominated by an Eligible Employee, then to the extent necessary to give effect to the Australian Sub-Plan, the Eligible Employee will continue to be treated as the Participant.
- e) If a Participant ceases to Control its Related Party to whom Awards have been granted under these Rules, then that Related Party must immediately transfer all Awards held by it to the Participant. Each of the Participant and the Related Party



will do (and hereby authorise the Company and its officers and agents to do) all things necessary, including executing all documentation necessary, to give effect to this Section.

## **7) AMENDMENT**

- a) Subject to Section (7)(b) of this Australian Sub-Plan and the Articles of Association, the Board may at any time amend this Australian Sub-Plan or the terms and conditions upon which any Awards have been issued under the Australian Sub-Plan.
- b) No amendments to the Australian Sub-Plan or to the terms and conditions upon which Awards are granted under the Australian Sub-Plan may be made if the amendment, in the opinion of the Board, materially reduces the rights of any Participant in respect of Awards granted to them prior to the date of the amendment, other than:
  - i) an amendment introduced primarily:
  - ii) for the purposes of complying with or conforming to present or future legislation governing or regulating the Australian Sub-Plan or like plans;
  - iii) to correct any manifest error or mistake;
  - iv) to allow the implementation of a trust arrangement in relation to the holding of Underlying Shares granted under the Australian Sub-Plan;
  - v) for the purpose of complying with all applicable laws;
  - vi) to take into consideration possible adverse taxation implications in respect of the Australian Sub-Plan, including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or
  - vii) to the extent that materially reduces the rights of any Participant in respect of Shares or Options granted to them prior to the date of the amendment, an amendment agreed to in writing by the Participant.
- c) The Board may determine that any amendment to this Australian Sub-Plan or the terms of Shares or Options granted under the Australian Sub-Plan be given retrospective effect.
- d) Amendment of the Australian Sub-Plan or the terms and conditions upon which Shares or Options are granted under the Australian Sub-Plan by the Board will be of immediate effect unless otherwise determined by the Board.
- e) As soon as reasonably practicable after making any amendment to the Australian Sub-Plan or the terms and conditions upon which Shares or Options granted under

the Australian Sub-Plan, the Board will give notice of the amendment to any Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

#### **8) ASIC RELIEF**

Notwithstanding any other provisions of the Australian Sub-Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Australian Sub-Plan or which applies to the Australian Sub-Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Australian Sub-Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Australian Sub-Plan. To the extent that any covenant or other provision deemed by this Section (8) to be contained in the Australian Sub-Plan is inconsistent with any other provision in the Australian Sub-Plan, the deemed covenant or other provision will prevail.

#### **9) ELECTRONIC SIGNATURE**

Electronic signatures may be used on any documents in respect of the Plan or this Australian Sub-Plan with respect to disclosure or communication between the Company and Participants in accordance with the relevant Australian legislation concerning electronic signatures.

The Company must use a reliable method to identify the Participant who is accepting a grant electronically, and to indicate their approval of the information communicated.

The Company consents to accepting an electronic signature from a Participant, and, by signing a document electronically, a Participant is deemed to give their consent to using an electronic signature.

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