

Splititit

The way to pay

REPLACEMENT PROSPECTUS

Splitit Payments Ltd
ARBN 629 557 982

A foreign company registered in its original jurisdiction of Israel as Splitit Ltd

For the offer of 50,000,000 Shares at an issue price of A\$0.20 each to raise A\$10,000,000

This Prospectus has been issued to provide information on the offer of 50,000,000 Shares to be issued at a price of A\$0.20 per Share to raise A\$10,000,000 (before costs). Oversubscriptions of up to 10,000,000 Shares may be accepted (to raise an additional A\$2,000,000).

This is a replacement prospectus dated 20 December 2018. It replaces a prospectus dated 10 December 2018 relating to an offer of fully paid ordinary shares of Splitit Payments Ltd, a foreign company registered in its original jurisdiction of Israel as Splitit Ltd.

It is proposed that the Offer will close at 5.00pm (AEST) on 31 January 2019. The Directors reserve the right to close the Offer earlier or to extend this date without notice. Applications must be received before that time.

This is an important document and requires your immediate attention. It should be read in its entirety. Please consult your professional adviser(s) if you have any questions about this document.

Investment in the Shares offered pursuant to this Prospectus should be regarded as highly speculative in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 7 for a summary of the key risks associated with an investment in the Shares.

LEAD MANAGER



ARMADA CAPITAL

IMPORTANT NOTICE

OFFER

The Offer contained in this replacement prospectus (**Prospectus**) is an invitation to you to apply for fully paid ordinary shares in Splitit Payments Ltd (ARBN 629 557 982) (**Shares**), a foreign company registered in its original jurisdiction of Israel as Splitit Ltd (**Company**). This Prospectus is issued by the Company for the purpose of Chapter 6D of the Corporations Act. The Offer contained in this Prospectus is an initial public offering of Shares.

LODGEMENT AND LISTING

This replacement prospectus is dated, and was lodged with ASIC on, 20 December 2018. It replaces the prospectus issued by the Company dated 10 December 2018 and lodged with ASIC on that date. Application will be made to ASX within seven (7) days of the date of this Prospectus for admission of the Company to the official list of the ASX and for quotation of its Shares on ASX. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Israeli Securities Authority has not approved or disapproved of the Shares the subject of the Offer or passed upon the adequacy, completeness or accuracy of this Prospectus. Any representation to the contrary is a criminal offence.

EXPIRY DATE

The expiry date of this Prospectus is 5.00pm AEST on that date which is thirteen (13) months after the date this Prospectus was lodged with ASIC.

No Shares will be issued or transferred on the basis of this Prospectus after that expiry date.

NOTE TO APPLICANTS

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in Shares. There are risks associated with an investment in Shares and some of the key risks are set out in Section 7. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares. There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in Shares.

Except as required by law and only to the extent so required, no person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Proposed Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on the information in this Prospectus.

FOREIGN INVESTORS

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Offer is not being extended to any investor outside Australia, other than certain sophisticated and institutional investors in certain jurisdictions detailed in Section 3.13.

See Section 3.13 for more details on selling restrictions that apply to the Offer and the sale of Shares in jurisdictions outside Australia.

FINANCIAL INFORMATION

Section 5 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The Financial Information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in International Financial Reporting Standards, except where otherwise stated.

The Financial Information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports. The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 5.

All financial amounts contained in this Prospectus are expressed in US dollars and rounded to the nearest 000 (thousand) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

DISCLAIMER

As set out in Section 3, it is expected that the Shares will be quoted on the ASX. The Company, the Company's service provider Automic Pty Ltd (**Share Registry**), the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company, its directors, the Lead Manager or any other person in connection with the Offer. You should rely only on the information in this Prospectus.

PAST PERFORMANCE

This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

ELECTRONIC PROSPECTUS AND APPLICATION FORM

This Prospectus will generally be made available in electronic form by being posted on the Company's website at <http://www.splitit.com>. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office

during the Offer Period by contacting the Company. Contact details for the Company and details of the Company's registered office are detailed in the Corporate Directory. The Offer constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and relevant Application Form within Australia.

Applications will only be accepted on the relevant Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.splitit.com. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Offer should complete the Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

EXPOSURE PERIOD

The Corporations Act prohibits the Company from processing Applications for Shares under this Prospectus in the seven (7) day period after the date of this Prospectus (**Exposure Period**). This period may be extended by ASIC by up to a further seven (7) days. The Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

COOLING OFF RIGHTS

Cooling off rights do not apply to an investment in Shares acquired under the Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

WEBSITE

Any references to documents included on the Company's website are provided for convenience only, and none of the document or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

SPECULATIVE INVESTMENT

The Shares offered pursuant to this Prospectus should be considered highly speculative. There is no guarantee that the Shares offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid on the Shares or that there will be an increase in the value of the Shares in the future.

Prospective investors should carefully consider whether the Shares offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 7 for details relating to the key risks applicable to an investment in the Shares.

USING THIS PROSPECTUS

Persons wishing to subscribe for Shares offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Shares offered pursuant to this Prospectus. If persons considering subscribing for Shares offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

PRIVACY STATEMENT

By completing an Application Form, you are providing personal information to the Company through the Share Registry which will manage Applications on behalf of the Company. The Company, the Share Registry on behalf of the Company and the Lead Manager, may collect, hold, use and disclose that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide the information requested in the Application Form, the Company and Share Registry may not be able to process your Application.

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside Australia where personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purposes of preparation and distribution of statements and for handling mail; and
- legal and accounting firms, independent auditors, contractors, consultants and other advisers for the purposes of administering, and advising on, the Shares and associated actions.

Information contained in the Share register will also be used to facilitate dividend payments (if any), corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to their personal information that the Company and Share Registry may hold about that person, subject to certain exemptions under law.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as detailed in this privacy statement.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

CONTRACT SUMMARIES

Summaries of contracts detailed in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties,

assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment in the Company are detailed in Section 7. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

PHOTOGRAPHS AND DIAGRAMS

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

CURRENCY

Where an amount is expressed in this Prospectus in GBP, EU€, AU\$, NIS or US\$, the conversion is based on the following indicative exchange rates being, GBP1 = US\$1.28, EU€1.00 = US\$1.14, AU\$1.00 = US\$0.71 or NIS 1.00 = US\$0.29. The amount when expressed in EU€, AU\$, NIS or US\$ may change as a result of fluctuations in the exchange rate between those currencies.

TIME

All references to time in this Prospectus are references to AEST, being the time in Sydney, New South Wales, Australia, unless otherwise stated.

REGULATION OF SPLITIT

The Company is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act 2001 of the Commonwealth of Australia or by the Australian Securities and Investments Commission but instead are mainly governed by the Israeli Companies Law, 5759-1999 (**Companies Law**), the Ministry of Justice – Corporations Authority of the State of Israel, and applicable Israeli law. The legal capacity and powers of the Company, the duties of its Directors and the rights and obligations of Shareholders may be different to those that would apply under Australian law.

GLOSSARY

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 11.

REPLACEMENT PROSPECTUS

This Prospectus is a replacement prospectus and makes changes to the original prospectus dated 10 December 2018. The material changes made to the original prospectus were:

- amended sections 1.1(h), 1.2(b) and 1.2(f);
- amended sections 2.2 and 2.3;
- included additional information in Section 3.5;
- amended the website reference in section 4.11;
- amended paragraph 6 in the Independent Accountant's Report; and
- amended a typographical error in section 9.8(a).

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LETTER FROM THE CEO

20 December 2018

Dear Investor

On behalf of the Board, I am pleased to offer you an opportunity to invest in Splitit Ltd, an Israeli incorporated company registered as a foreign company in Australia as "Splitit Payments Ltd" (**Splitit** or the **Company**).

Splitit is a technology company headquartered in Israel providing a cross-border credit card based instalment solution to businesses and merchants. Splitit seeks to:

- provide merchants with a tool to increase the average order value and reduce checkout and cart abandonment; and
- give customers the ability to "buy now and pay later" by utilising their existing credit card without incurring interest, late fees or other fees,

by providing a payment service that is fully integrated into a merchant's payment system, whereby:

- the Splitit payment option is offered to a customer at checkout; and
- the customer may split the payment of his or her purchase into monthly instalments with no interest fee or credit application based on his or her existing credit or debit card.

Over the past three years, the Company has expanded internationally into the United States, Europe, Australia and Asia (with more than 310 merchants in 25 countries) and has entered into various strategic partnerships with leading payment processors.

The existing investors, Directors and employees are pleased with Splitit's achievements to date and believe that an initial public offering of Splitit's shares on the ASX will enable it to achieve its long term growth strategy and objectives.

Following completion of the Offer, the Company plans to focus on (amongst other matters) :

- improving the end customer experience by developing additional functionalities and applications in respect to the Splitit payment platform;
- its engagement with large scale merchants with a view to entering into strategic partnerships with certain merchants;
- increasing the awareness of the Splitit brand via a focus on its sales and marketing;
- expanding its customer support services by increasing the number of customer support representatives;
- developing and improving the Splitit payment platform and system integration via the engagement of developers, satellite services and technical writers, the utilization of Amazon web services and the outsourcing of certain software developments; and
- increasing and maintaining an adequate level of security compliance measures in respect to the Splitit payment platform.

The Offer will raise a minimum of A\$10,000,000 and a maximum of A\$12,000,000 (before associated costs) via the issue of between 50,000,000 to 60,000,000 Shares at an issue price of A\$0.20 per Share. The Offer will close at 5.00pm (AEST) on 31 January 2019, unless varied by the Board. The Company expects to issue and allot all Shares on 5 February 2019, and if the Company's application for listing is accepted by the ASX, it is anticipated that the Company will be listed on the ASX in 7 February 2019.

The Company is incorporated under the laws of Israel and there are a number of differences between those laws and the laws of Australia. Refer to Section 9.1 for further details.

This Prospectus contains important information regarding the Offer as well as the financial position, operations, management team and future plans of Splitit. The key risks associated with an investment in the Company are contained in Section 7, which should be considered in detail. I encourage you to read the Prospectus thoroughly and carefully before making any investment decision and consult with your independent professional adviser in connection with the Offer.

On behalf of the Directors, I invite you to consider this opportunity to invest in the Company and look forward to welcoming you as a Shareholder.

Yours faithfully



Gil Don

Chief Executive Officer and Managing Director

KEY OFFER INFORMATION



IMPORTANT DATES

Lodgement of original prospectus with ASIC	10 December 2018
Lodgement of Prospectus with ASIC	20 December 2018
Opening Date of the Offer	25 December 2018
Closing Date of the Offer	31 January 2019
Expected Despatch of holding statements	5 February 2019
Expected date for quotation and Shares begin trading on ASX on a normal settlement basis	7 February 2019

Dates May Change

The above dates are indicative only and may change. The Company in consultation with the Lead Manager reserves the right to amend any and all of the above dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before Shares are issued by the Company). If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

KEY OFFER STATISTICS

Offer Price per Share	A\$0.20
Total number of Shares offered for subscription	
• Assuming minimum subscription (A\$10,000,000)	50,000,000
• Assuming maximum subscription (A\$12,000,000)	60,000,000
Total number of Shares on issue prior to Admission	209,655,661
Total number of Shares on issue after completion of the Offer (assuming Minimum Subscription)	259,655,661
Total number of Options and Performance Rights on issue on Admission	57,344,339
Number of Existing Options ¹	10,344,339
Number of Director Options and Management Options ²	14,000,000
Number of Advisor Options ³	15,000,000
Number of Performance Rights ⁴	18,000,000
Indicative market capitalisation ⁵	A\$54 million

Notes:

1. Refer to Section 9.4 for the terms and conditions of the Existing Options.
2. The Director Options will be issued to the Proposed Directors prior to Admission (refer to Section 9.6 for the terms and conditions of the Director Options). The Management Options will be issued to the Managing Director and the Executive Director prior to Admission (refer to Section 9.7 for the terms and conditions of the Management Options).
3. The Advisor Options will be issued to the Lead Manager prior to Admission (refer to Section 9.5 for the terms and conditions of the Advisor Options).
4. The Performance Rights will be issued to the Managing Director, the Executive Director and a key executive prior to Admission (refer to Section 9.8 for the terms and conditions of the Performance Rights).
5. At the Offer Price of A\$0.20 per Share. The price at which the Shares trade on ASX may be above or below this amount.

KEY OFFER INFORMATION CONTINUED

How to Invest

Applications can only be made by completing and lodging an Application Form. Instructions on how to apply for Shares are detailed in Section 3 and on the back of the Application Form.

Questions

If you have any questions in relation to the Offer, please contact the Company Secretary on +61 3 9614 2444, between 8.30am and 5.30pm (AEST), Monday to Friday. If you are unclear in relation to any matter, or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

INVESTMENT OVERVIEW

The information below is a selective overview only. Prospective investors should read this Prospectus in full before deciding whether to invest in the Shares the subject of the Offer.

TOPIC	SUMMARY	MORE INFORMATION
A. Company and Business Overview		
Who is issuing this Prospectus?	Splitit Payments Ltd (ARBN 629 557 982), a foreign company registered in its original jurisdiction of Israel as Splitit Ltd (formerly known as “Pay It Simple Ltd”) with registration number 514193291 (Company). The Company is registered as a “foreign company” in Australia, under the Corporations Act, under the name Splitit Payments Ltd (ARBN 629 557 982).	Section 1
What does the Company do?	<p>The Company (as the holding company of the Splitit Group) is a technology company providing cross-border credit card based instalment solution to businesses and retailers. The Company provides a payment service that can be fully integrated into a merchant’s payment system. The Splitit payment platform (Splitit Payment Platform) was launched in 2016 and seeks to:</p> <ul style="list-style-type: none"> • target worldwide retail markets with a focus on online credit card sales; • enable merchants to offer end-customers instalment based payment options without requiring customers to complete a credit application or qualify for a new credit line; • provide merchants with a tool to increase sales, increase average order values and reduce cart/checkout abandonment; and • provide customers with the ability to “buy now and pay later” by utilising their existing credit card, without incurring interest, late fees or other fees. 	Section 1
What are the key strengths and competitive advantages of the Company?	<p>The Board considers that the key strengths and competitive advantages of the Company are as follows:</p> <ul style="list-style-type: none"> • Benefits for both merchants and end-customers – the Splitit Payment Platform provides end-customers with a seamless instalment option at check out (online and in-store) and provides merchants with a tool that can increase sales/order values and reduce cart/checkout abandonment. • Large market opportunity – Splitit has, via the Splitit Payment Platform which presently has more than 310 in 25 countries, positioned itself to capitalise on the increase in global non-cash transaction volumes. • Scalable model – the Splitit Payment Platform is scalable and can process a large volume of transactions (noting that by increasing the number of merchants and transactions utilising the Splitit Payment Platform fees earned by Splitit will increase. • Risk conscious approach – the Splitit Payment Platform, will authorise a customer’s credit card for the full amount of the purchase at the beginning of the transaction and then reauthorise the customer’s credit card for the outstanding balance (based on a 21 day cycle between each authorisation). 	Section 1.2

TOPIC	SUMMARY	MORE INFORMATION
A. Company and Business Overview continued		
<p>What are the key strengths and competitive advantages of the Company? continued</p>	<ul style="list-style-type: none"> • No-end customer acquisition or direct marketing cost requirement – Splitit does not focus on promoting of its services to the end-customer, instead the Splitit Payment Platform is utilised by merchant clients on their website as a service and sales incentive to end-customers. • Strong marketing positioning, growth and momentum – since the release of the Splitit Payment Platform in 2016, Splitit has experienced rapid growth and the number of merchants using the Splitit Payment Platform has increased year-on-year to the third quarter of 2018. • Ability to leverage core technology into potential new and potential add-on product areas – Splitit recently launched SplitPay, based on the same core technologies, and also presently provides for a deferred payment solution, which grants customers a trial period of up to 90 days before making a purchase in full or in instalments, with no late fees and no interest. In addition, Splitit is also presently developing an e-Wallet for its customers. • Maintain unique offering – the market for online customer payment solutions is developing rapidly in response to changing and adapt to ensure it remains relevant and appealing in this merchant and customer preferences and Splitit intends to continue to develop competitive landscape. <p>Splitit’s core technology is patent protected in territories such as the United States, Japan, Russia and Singapore (with pending patents in various jurisdictions including Australia and China) and Splitit intends to maintain its unique offering, being a non-lending instalment technology that does not charge the end-customer late fees, interest or any other fees.</p> <ul style="list-style-type: none"> • Experienced management team and board of Directors – Splitit presently has 18 employees across the operations, sales and marketing and platform development and is led by CEO and Managing Director Gil Don and Executive Director Alon Feit, who both have significant experience the payments, technology, e-commerce and financial services sector. 	<p>Section 1.2</p>



TOPIC	SUMMARY	MORE INFORMATION
A. Company and Business Overview continued		
What is the Company's growth strategy?	<p>The Company's growth strategy is focused on the following:</p> <ul style="list-style-type: none">• Improving the End-Customer Experience and Security Measures – the Company intends to:<ul style="list-style-type: none">– continue to focus on the development of the Splitit Payment Platform and improve the integration to merchant websites;– maintain its PCI Level 1 compliance certificate and implement internal security systems to prevent malware, phishing and other threats to the Splitit Payment Platform;– further improve the customer experience of the Splitit Payment Platform by developing additional functionalities and applications, including the Splitit e-Wallet.• Sales and Marketing – the Company intends to increase its sales and marketing efforts and increase the awareness of the Splitit brand.• Engagement with Large Scale Merchants, POS Software Providers and e-Wallet Providers – the Company intends to:<ul style="list-style-type: none">– increase its engagement with large scale merchants with a view to entering into strategic partnership arrangements with key merchants;– engage with point of sale (POS) software providers to integrate the Splitit Payment Solution with their software platform and roll-out the Splitit Payment Solution on their POS devices; and– engage with e-Wallet providers to integrate the Splitit Payment Solution with their wallet platform and roll-out the Splitit Payment Solution on their wallet.• Customer Support – the Company intends to expand its customer support services by increasing the number of customer support representatives.• Visa and Mastercard – the Company is presently seeking to pursue further opportunities with Visa and Mastercard, including proposed partnership arrangements, to expand the growth and reach of the Splitit Payment Platform.• Alternative Offerings – the Company intends to undertake legal due diligence investigations in respect to the provision of alternative offerings to merchants whereby Splitit will provide the merchant with the full purchase price up front, via the purchase of the merchant's receivables, (as opposed to utilising a secondary credit provider (SCP)). Any decision to provide alternative offerings to a merchant will be subject to the outcome of Splitit's investigations and Splitit obtaining all requisite regulatory approvals in the relevant jurisdictions.	Section 1.4

INVESTMENT OVERVIEW CONTINUED

TOPIC	SUMMARY	MORE INFORMATION
A. Company and Business Overview continued		
How does the Company generate its revenue?	<p>The Company's main source of funds are derived from transaction fees paid by its merchant clients in relation to customers who utilise the Splitit service on their website or store (Merchant Fees).</p> <p>Merchant Fees are generated on each discrete, approved order placed by the end-customer through the Splitit service. Merchant Fees are predominantly based on a percentage of the end-customer order value plus a fixed fee per instalment.</p>	Sections 1.1(g)
Why is the Company seeking to raise funds?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> • raise capital to fund future growth opportunities; • facilitate the listing of Splitit on the ASX and to enable access to capital markets; and • provide a liquid market for Shares and an opportunity for employees and other persons to invest in Splitit. 	Section 3.4
What are the Company's financial prospects and position?	<p>Based on the Offer raising A\$10,000,000, the Company's pro forma statement of financial position as at 30 June 2018 has net assets of US\$18,976,446 (being approximately A\$26,727,388).</p> <p>This takes into account a range of subsequent events and transactions, as detailed in Section 5 and is made up of total assets of US\$10,016,846 (including cash of US\$10,016,846) and total liabilities of US\$8,959,600.</p> <p>Relevant financial information in respect to the Company, including a pro forma statement of financial position detailing the effect of the Offer, is in Section 5.</p>	Section 5
How will the Company report to Shareholders on the performance of its activities?	<p>The Company will send to Shareholders an annual report and will also release information to Shareholders in accordance with the continuous and periodic disclosure requirements of the Listing Rules.</p> <p>Further information regarding the Company will be available on the ASX announcements platform at www.asx.com.au and will also be available on the Company's website at http://www.splitit.com.</p>	Section 9.17
Will the Company pay dividends?	<p>The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.</p> <p>While it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends, at the date of this Prospectus, the Company does not intend, or expect, to declare or pay any dividends in the immediately foreseeable future, given that its focus will be on long term growth.</p>	Section 3.20



TOPIC	SUMMARY	MORE INFORMATION
B. Key Risks		
What are the key risks of investing in the Company?	<p>Some of the key risks of investing in the Company are detailed below. The list of risks is not exhaustive and further details of these risks and other risks associated with an investment in the Company are detailed in Section 7.</p> <ul style="list-style-type: none">• Loss of key merchant relationships: Splitit depends on continued relationships with its current significant merchant clients. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful. Splitit's contracts with merchant clients can be terminated for convenience on relatively short notice by either party, and so Splitit does not have long term contracted revenues.• Failure to increase transaction volumes, customer and merchant numbers or establish its brand: Splitit is currently in the early stages of establishing its presence in the United States, Europe and the Asia Pacific market, and its ability to profitably scale its business is heavily reliant on increases in transaction volumes and in its customer and merchant base to increase revenues and achieve profitable operations. Data from increasing transaction volumes will also better optimise the Company's systems and ability to make real time end customer repayment capability decisions. Splitit considers that establishing, expanding and maintaining the Splitit brand is important to growing its merchant client and end customer bases.• Compliance with laws, regulations and industry compliance standards and rules of Visa and Mastercard: Splitit is subject to a range of legal and industry compliance requirements that are constantly changing. This includes privacy laws, consumer protection laws and contractual conditions. There is potential that Splitit may become subject to additional legal or regulatory requirements if its business, operations, strategy or geographic reach expand in the future or if the regulations change in respect to the jurisdictions in which it operates. This may potentially include credit licensing, financial services licensing, or other licensing or regulatory requirements or similar limitations on the conduct of business. There is a risk that additional or changed legal, regulatory, licensing requirements or the rules of Visa and Mastercard, and industry compliance standards, may make it uneconomic for Splitit to continue to operate, or to expand in accordance with its strategy. This may materially and adversely impact Splitit's revenue and profitability, including by preventing its business from reaching sufficient scale.	Section 7

INVESTMENT OVERVIEW CONTINUED

TOPIC	SUMMARY	MORE INFORMATION
B. Key Risks continued		
<p>What are the key risks of investing in the Company? continued</p>	<ul style="list-style-type: none"> <p>Failures or disruptions to the Splitit Payment Platform: Splitit depends on the constant real-time performance, reliability and availability of its technology system and third-party communication networks. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of Splitit, including damage, equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. Events of that nature may cause part or all of Splitit's technology system and/or the communication networks used by Splitit to become unavailable. Splitit's operational processes and contingency plans may not adequately address every potential event. This may disrupt transaction flow and adversely impact Splitit's financial performance and reputation.</p> <p>Protection and ownership of technology and intellectual property: The business of Splitit depends on its ability to commercially exploit its technology and intellectual property, including its technological systems and data processing algorithms. Splitit relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary rights. Although Splitit presently has four registered patents and a number of registered trademarks, there is a risk that unauthorised use or copying of Splitit's software, data, specialised technology or platforms will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to Splitit's business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution were not available, it may materially adversely impact Splitit's financial position and performance. Such disputes may also temporarily adversely impact Splitit's ability to integrate new systems which may adversely impact Splitit's revenue and profitability.</p> <p>Reputational damage: Maintaining the strength of Splitit's reputation is important to retaining and increasing its end customer base and its merchant client base, maintaining its relationships with its partners and other service providers and successfully implementing Splitit's business strategy. There is a risk that unforeseen issues or events may adversely impact Splitit's reputation. This may adversely impact the future growth and profitability of Splitit.</p> <p>Additional requirements for capital: As Splitit's current business grows and new lines of business are developed, Splitit will require additional funding to support the expansion of its instalment payments receivables book and working capital. Although equity funding assuming successful completion of the Offer would be more than sufficient for the current business needs, Splitit does intend to continue to enter into arrangements with SCPs to finance a potential expansion of its instalment payments receivables book. There is no assurance such facilities will be obtained when required or obtained on reasonable terms, and there is a risk that such funding may not be available in sufficient amount.</p> 	<p>Section 7</p>



TOPIC	SUMMARY	MORE INFORMATION
B. Key Risks continued		
What are the key risks of investing in the Company? continued	<ul style="list-style-type: none">• Competitors and new market entrants: There is a risk that new entrants in the market which may disrupt Splitit's business and existing market share. Existing competitors as well as new competitors entering the industry, may engage in aggressive customer acquisition campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode Splitit's market share and revenue, and may materially and adversely impact Splitit's revenue and profitability. In addition, Splitit may seek debt funding in the future and there is no assurance such debt facilities will be obtained when required or obtained on reasonable terms.• Exposure to potential security breaches and data protection issues: Through the ordinary course of business, Splitit collects a wide range of confidential information. Cyber-attacks may compromise or breach the technology platform used by Splitit to protect confidential information. There is a risk that the measures taken by Splitit may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information.• Israeli company: The Company is incorporated and based in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect the Company's business. Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could materially and adversely affect the Company's business.• Applicability of Israeli law: The rights and responsibilities of the Shareholders are governed by the Articles and Israeli law, which differ in some material respects from the rights and responsibilities of Australian incorporated company shareholders. Accordingly, there is a risk that Israeli law may impose additional obligations and liabilities on Shareholders. There is also a risk that Australian court judgments made against the Company may be difficult to enforce against the Company and its directors or officers in Israel.	Section 7

INVESTMENT OVERVIEW CONTINUED

TOPIC	SUMMARY	MORE INFORMATION
C. Directors and Related Party Interests and Arrangements		
Who are the current and incoming Directors?	<p>On Admission, the Board will comprise:</p> <ul style="list-style-type: none"> • Gil Don (CEO and Managing Director); • Alon Feit (Executive Director); • Spiro Pappas (Non-Executive Chairman); • Thierry Denis (Non-Executive Director); • Dawn Robertson (Non-Executive Director); • Michael Keoni De Franco (Non-Executive Director); and • Mark Antipof (Non-Executive Director). <p>As at the date of this Prospectus, Mr Gil Don, Mr Alon Feit, Mr Jason Krigsfeld and Ms Yukie Ohuchi are Directors. Mr Jason Krigsfeld and Ms Yukie Ohuchi, who are also current Directors, will resign and cease to be Directors effective on Admission.</p>	Section 4.1
Who are the key management personnel of the Company?	<p>As at the date of this Prospectus, the Company's key management personnel comprises:</p> <ul style="list-style-type: none"> • Assaf Bazar (Vice President of Research and Development); • Kobi David (Chief Revenue Officer); • Roey Shochat (Vice President of Sales EMEA); • Adi Kryslar (Head of Marketing); and • Keren Tamir (VP Business Development). <p>The Company presently has 18 employees across the operations, sales and marketing and platform development teams.</p>	Section 4.2

INVESTMENT OVERVIEW CONTINUED

TOPIC	SUMMARY	MORE INFORMATION
D. Significant interests of key people and related party transactions continued		
What significant benefits and interests are payable to Directors and other persons connected with the Company or the Offer?	<p>For the Securities held by Directors on Admission, refer to the table above.</p> <p>Non-Executive Directors are entitled to remuneration and fees on the terms as disclosed in Section 4.7(b).</p> <p>The Managing Director and the Executive Director are entitled to remuneration and fees on the terms as disclosed in Sections 4.7, 4.8(a) and 4.8(b).</p> <p>Advisers and other service providers are entitled to fees for services and other interests as disclosed in Section 9.11.</p>	Sections 4.7, 4.8(a), 4.8(b), and 9.11
What contracts and/or arrangements with related parties is the Company a party to?	The only material contracts with related parties that the Company is party to are the executive services agreements with each of the Directors for their engagement and deeds of indemnity and insurance with each of them.	Section 4.9
Will any shares be subject to restrictions on disposal following Admission?	<p>None of the Shares issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. However, ASX has determined that certain securities may be classified as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid, which may impact on the ability of a Shareholder to dispose of Shares in a timely manner.</p> <p>The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.</p>	Section 3.11
E. Summary of the Offer		
Who is the issuer of this Prospectus?	Splitit Payments Ltd, a foreign company registered in its original jurisdiction of Israel as Splitit Ltd with registration number 514193291 (Splitit or Company).	Section 3.1
What is the Offer and what are its key terms?	The Company is offering 50,000,000 new Shares at an issue price of A\$0.20 each to raise A\$10,000,000 (before associated costs). Oversubscriptions for up to a further 10,000,000 Shares (at an issue price of A\$0.20 per Share) to raise an additional A\$2,000,000 may be accepted.	Section 3.1
Why are Israeli Shares issued?	<p>The Company has elected to issue Shares under the Offer as opposed to CDIs as Israeli companies are capable of transferring ownership in shares of Israeli companies via an uncertificated electronic share trading systems such as ASX's CHES system.</p> <p>The rights attaching to the Shares are detailed in Section 9.2.</p>	Section 9.2



TOPIC	SUMMARY	MORE INFORMATION
E. Summary of the Offer continued		
What is the effect of the Offer on the capital structure of the Company?	The Shares issued under the Offer will represent approximately 19.26% of the enlarged issued share capital of the Company following the Offer. If the Company accepts oversubscriptions of 10,000,000 Shares, the Shares issued under the Offer will represent approximately 22.25% of the enlarged issued share capital of the Company following the Offer.	Section 3.5
Minimum subscription to the Offer?	The minimum total aggregate subscription under the Offer is 50,000,000 Shares to raise A\$10,000,000 (before associated costs).	Section 3.2
What is the proposed use of proceeds received in connection with the Offer?	The proceeds of the Offer will be applied to: <ul style="list-style-type: none">• research and development – the development of the Splitit Payment Platform and system integration via the engagement of developers, satellite services and technical writers, the utilization of amazon web services and the outsourcing of certain software developments and the development of additional functionalities and applications in respect to the Splitit Payment Platform;• sales and marketing – sales and marketing costs, establishment of a dedicated sales team in the Asia Pacific region, website and e-commerce development, industry events, marketing campaigns, marketing and public relations consultants and other associated marketing costs;• customer support – expanding its customer support services by increasing the number of customer support representatives;• compliance and security – maintaining the PCI Level 1 certificate and implementing internal security systems to prevent malware, phishing and other threats to the Splitit Payment Platform; and• alternative offerings – undertaking legal due diligence investigations in respect to the provision of alternative offerings to merchants whereby Splitit will provide the merchant with the full purchase price up front, via the purchase of the merchant's receivables, (as opposed to utilising a SCP). Any decision to provide alternative offerings to a merchant will be subject to the outcome of Splitit's investigations and Splitit obtaining all requisite regulatory approvals in the relevant jurisdictions.	Section 3.4
Is the Offer underwritten?	The Offer is not underwritten.	Section 3.12
Who is the Lead Manager?	The Lead Manager is Armada Capital.	Section 3.7
Will the Shares be quoted on the ASX?	<p>The Company will apply to ASX within seven days of the date of the Prospectus, for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code SPT).</p> <p>Completion is conditional on ASX approving this Application. If approval is not given within three months after such Application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	Section 3.15

INVESTMENT OVERVIEW CONTINUED

TOPIC	SUMMARY	MORE INFORMATION
E. Summary of the Offer continued		
What is the allocation policy?	The Directors, in consultation with the Lead Manager, will allocate Shares at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.	Section 3.14
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on an acquisition of Shares under the Offer.	Section 3.7
Are there any taxation considerations?	The tax consequences of any investment in the Shares will depend upon an investors particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest. A summary of the taxes and duties payable in Israel is detailed in Section 9.9 of this Prospectus.	Section 9.9
Who is eligible to participate in the Offer?	The Offer is open to all investors with a registered address in Australia, and certain qualifying investors in Israel, Hong Kong, Singapore, the United Kingdom and the United States.	Sections 3.8
How can I apply?	Applications under the Offer can be made by completing the Application Form, in accordance with the instructions accompanying the Application Form.	Sections 3.8
Can the Offer be withdrawn?	The Company reserves the right to not proceed with the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be fully refunded. No interest will be repaid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 3.14
How can I obtain further information?	All enquiries in relation to this Prospectus should be directed to the Company Secretary on +61 3 9614 2444, from 8.30am until 5.30pm (AEST), Monday to Friday. If you are unclear in relation to any matter, or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance form your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Corporate Directory

1.

COMPANY AND BUSINESS OVERVIEW



1. COMPANY AND BUSINESS OVERVIEW

1.1 OVERVIEW OF SPLITIT

(a) Overview of Splitit and the Splitit Payment Platform

The Company (formerly known as Pay It Simple Ltd) was incorporated in 2008 but only commenced operations in 2012 following the grant of patents in the United States. The Company was established on the premise that customers prefer to “buy now and pay later” however do not want to apply for additional lines of credit, fill out lengthy application forms or undertake further credit checks in order to do so.

The Company provides a cross-border credit card based instalment solution to merchants that can be fully integrated into a merchant’s payment system. The Splitit payment platform (**Splitit Payment Platform**) was launched in 2016 and seeks to:

- (i) target worldwide retail markets with a focus on online credit card sales;
- (ii) enable merchants to offer end-customers instalment based payment options without requiring customers to complete a credit application or qualify for a new credit line;
- (iii) provide merchants with a tool to increase sales, increase average order values and reduce cart/checkout abandonment; and
- (iv) provide customers with a friction less “buy now and pay later” ability by utilising their existing credit card, without incurring interest, late fees or other fees.

As at the date of this Prospectus, the Company has a global footprint of more than 310 merchants in 25 countries and has achieved average month on month revenue growth of approximately 15% in the last 15 months.

In addition to being a global solution, the Splitit Payment Platform is:

- (i) an omni-channel solution – enabling monthly payments online, on mobile and in-store;
- (ii) a cloud-based solution that is pre-integrated with all major credit card processors and is immediately implementable; and
- (iii) complementary with customer financing solutions, as well as with store credit cards.

(b) Corporate Structure of the Splitit Group

The Company is a private company which is incorporated in, and registered under the laws of, Israel and is the holding company of the following wholly owned subsidiaries:

- (i) Splitit USA Inc, a company incorporated in Delaware, United States (**Splitit USA**);
- (ii) Splitit Capital Inc, a company incorporated in Delaware, United States (**Splitit Capital**);
- (iii) Splitit UK Limited, a company incorporated in England and Wales (**Splitit UK**); and
- (iv) Splitit Capital UK Ltd, a company incorporated in England and Wales (**Splitit Capital UK**),

(together the **Splitit Group**).

The Company incorporated:

- (i) Splitit USA on 21 August 2013 and Splitit UK on 23 September 2015 – each to focus on its sales, marketing and back office operations; and
- (ii) Splitit Capital on 13 March 2015 and Splitit Capital UK on 23 September 2015 – each to focus on its funding operations.

Splitit USA is responsible for sales and marketing activities in North America and Splitit UK is responsible for sales and marketing activities in Europe, Middle East and Africa and the Asia Pacific regions, which activities include, direct sales to merchants, organising and participating in the industry leading events and building partnership networks to scale the sales of the Company.

Splitit Capital is responsible for facilitating and administering the Funding Agreements (defined below) entered into between Splitit Capital, Splitit USA and the merchant (refer to Section 1.1(h)).

As at the date of this Prospectus, Splitit Capital UK has not entered into any merchant funding arrangements and it is presently proposed that, subject to Splitit UK entering into similar arrangements to Splitit USA, Splitit Capital UK will undertake similar activities and have a similar function to Splitit Capital.

(c) How it Works

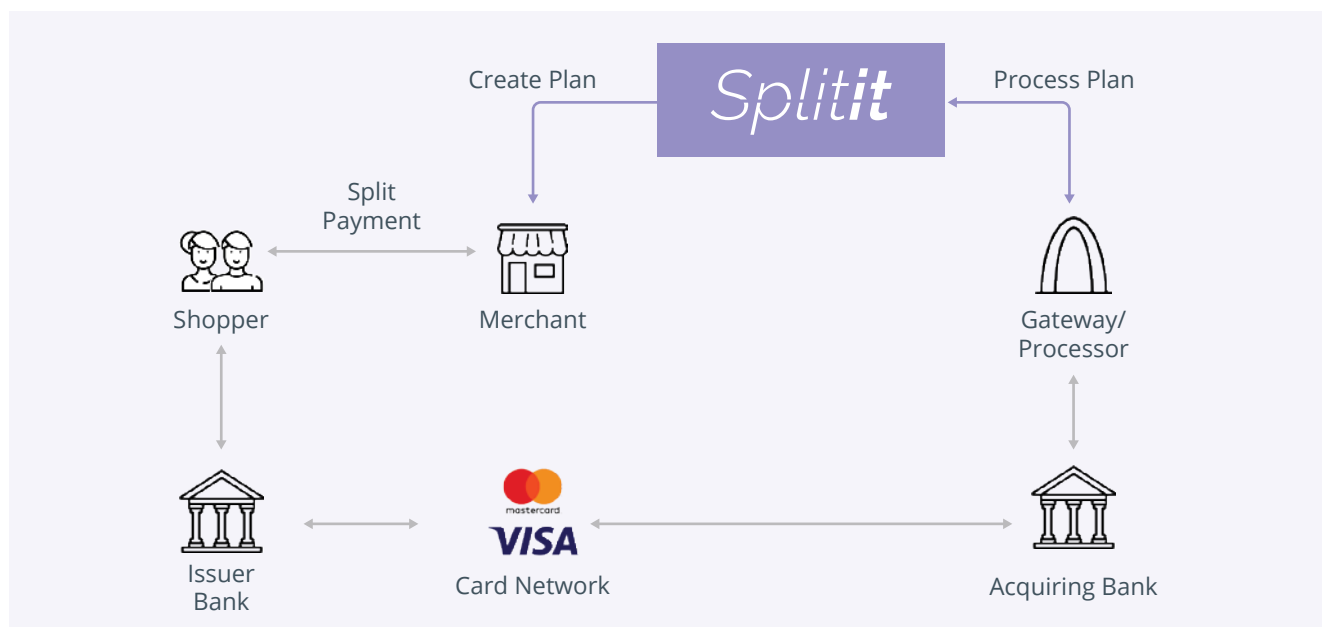
The Splitit Payment Platform operates as an intermediate technology layer between a merchant’s platform and its existing payment gateway, being an e-service that runs payment transactions for a merchant. Splitit operates within the payments framework which is established by banks, credit card providers (such as, Visa and Mastercard) and Payment Processors (refer below).

A customer of merchants offering the Splitit Payment Platform can, at checkout (online or in-store), elect to split the purchase amount of a product(s) or services into monthly instalments. If a customer selects such an option, the merchant will utilise the Splitit Payment Platform to secure a direct authorisation of the full amount of the purchase price on the customer’s pre-existing available credit with Visa or Mastercard (**Card Networks**) and, following a payment by the customer via the Splitit Payment Platform, the Splitit Payment Platform will automatically issue a new authorisation to the Card Networks for the remaining balance of the purchase amount based on the customer’s available credit.

By way of example, a typical online transaction utilising the Splitit Payment Platform comprises the following steps:

- (i) a customer is purchasing a product online;
- (ii) the customer selects the product and proceeds to check out and make payment for the product;
- (iii) the customer is provided with an option to split payment into monthly instalments utilising the Splitit Payment Platform which is integrated with the merchant’s website;
- (iv) the customer selects a monthly instalment plan on the Splitit Payment Platform;
- (v) the customer completes the transaction and accepts the “customer terms and conditions”, following which the Splitit Payment Platform will secure the full purchase amount on the credit card of the customer and charge the first instalment to the customer’s credit card upon the shipment of the goods or provision of services;
- (vi) the remaining payments will be deducted from the customer’s credit card on a monthly basis in accordance with the instalment plan; and
- (vii) the customer may track his or her instalment payments and view the amount of available credit that he or she must maintain on the credit card by logging on to the Splitit customer account online at customer.splitit.com.

Figure 1 – Splitit Use Case



1. COMPANY AND BUSINESS OVERVIEW CONTINUED

In addition to having an online presence, the Splitit Payment Platform is also a solution for brick and mortar retail stores. By way of example, a typical in store transaction utilising the Splitit Payment Platform comprises the following steps:

- (i) a customer is purchasing a product in store;
- (ii) at checkout, the customer is provided with an option to split payment into monthly instalments utilising the Splitit Payment Platform by an in store sales representative;
- (iii) if an instalment option is selected, the customer will provide their details to the Splitit Payment Platform in store by entering such details via a point of sale, computer or tablet;
- (iv) the customer selects a monthly instalment plan on the Splitit Payment Platform;
- (v) the customer completes the transaction and accepts the “customer terms and conditions”, following which the Splitit Payment Platform will secure the full purchase amount on the credit card of the customer and charge the first instalment to the customer’s credit card upon the shipment of the goods or provision of services;
- (vi) the remaining payments will be deducted from the customer’s credit card monthly on a monthly basis in accordance with the instalment plan; and
- (vii) the customer may track his or her instalment payments and view the amount of available credit that he or she must maintain on the credit card by logging on to the Splitit customer account online at customer.splitit.com.

(d) Customer Support

Splitit has a dedicated 24/7 customer support team which seeks to expeditiously address all queries, feedback and/or complaints, including but not limited to technical and credit card errors, login issues and enquires on customer terms and conditions. If a matter is not resolved with or a response is not satisfactory to a customer, it will be escalated by the customer support team and the call will either (depending on the urgency):

- (i) be immediately directed to a manager/representative of Splitit; or
- (ii) a manager/representative of Splitit will contact the customer directly, either by phone or email, as soon as practicable.

Following Admission, Splitit intends to increase the number of customer support representatives to provide round the clock accessibility in multiple languages. Refer to Section 1.4(d) for further details.

(e) Splitit Group’s Distribution Channels

The Splitit Group currently utilises the following distribution channels to increase the reach, adoption and use of the Splitit Payment Platform with merchants:

(i) Payment Processors

Payment processors (**Payment Processors**) are third party entities engaged by merchants to handle transactions from various channels (such as credit cards and debit cards) for merchant’s acquiring banks. The Company has, via its wholly owned subsidiary Splitit USA, entered into agreements with various payment processors, pursuant to which these payment processors have agreed to:

- (A) refer and promote the Splitit Payment Platform to their customers and will, following the successful engagement of a merchant with the Company (or its subsidiary), receive a fee in respect to their services; and/or
- (B) integrate the Splitit Payment Platform with its existing systems so that merchants utilising the Splitit Payment Platform will be able to process transactions via its existing payment processing system.

(ii) Independent Sales Organisations

An independent sales organisation (**ISO**) is a third party entity that is contracted by a credit card member bank to procure new merchant relationships and is essentially a formal designation that an entity must have in order to sell credit card processing services under its own name. Splitit and Splitit USA have entered into marketing agreements and/or referral agreements with ISOs pursuant to which the ISOs have agreed to market and sell the Splitit Payment Platform to their customers and will, following the successful engagement of a merchant, be entitled to receive compensation in respect to their services.

In addition to the above distribution channels, Splitit is presently in the process of integrating the Splitit Payment Platform with point of sale (**POS**) devices utilised in physical retail stores and is developing an application to facilitate this integration POS terminals. It is anticipated that the successful launch of the Splitit Payment Platform on POS devices (scheduled to occur in the second quarter of 2019) will increase the reach of Splitit and expose the Splitit Payment Platform to merchants globally.

(f) Merchant Application

In order to utilise the Splitit Payment Platform, merchants must complete an application form either online, via Splitit's website, or through a Splitit sales and marketing representative, such as an ISO.

The application form will include the type of business, the merchant's contact information and bank account details and each merchant agrees to be bound by the Splitit Merchant Agreement. Under the terms of the Splitit Merchant Agreement:

- (i) the merchant will accept instalment payments for any sales transaction for goods or services (**Sale Transaction**) processed through merchant's existing processor on the Splitit Payment Platform, which will secure the balance of each Sale Transaction with a direct authorisation of the outstanding balance of the sale price on the Card Network;
- (ii) Splitit will authorise the Sale Transaction at the time of purchase and will capture the customer's first instalment when Splitit receives notification from the merchant that the goods or services purchased by the customer were taken or received by the customer upon completion of a physical Sale Transaction, or shipped in the case of an e-commerce Sale Transactions completed online;
- (iii) unless Splitit determines otherwise (in its discretion), the merchant agrees that Splitit will be the sole and exclusive provider of any instalment processing services to the merchant during the term of the agreement;
- (iv) the merchant will pay Splitit fees as detailed in the fee schedule (refer to Section 1.1(g) for further details on how the Splitit Group derives its revenue);
- (v) the merchant may terminate its use of the Splitit Payment Platform by giving 90 days written notice;
- (vi) the merchant understands that obtaining an authorisation for any Sale Transaction utilising the Splitit Payment Platform shall not constitute a guarantee of payment and such Sale Transaction can be returned or charged back to the merchant like any other transaction;
- (vii) in the event of a chargeback, the merchant shall exercise commercially reasonable efforts to promptly resolve the chargeback with the merchant's payment processor and shall be solely liable for any chargeback initiated by the merchant's customer;
- (viii) if a customer disputes any Sale Transaction processed by Splitit, where the Sale Transaction is charged back for any reason by the card issuing institution, or if Splitit has any reason to believe an instalment previously issued is not valid or otherwise deemed to be improper by Splitit in its sole discretion, any outstanding fees owed to the merchant may be deducted from any payment due to the merchant or may be charged against any of the merchant's accounts. The merchant acknowledges and agrees that it is bound by the rules of the Card Networks with respect to any chargeback;
- (ix) upon Splitit's receipt of any notice of chargeback for a Sale Transaction, Splitit shall provide such notice to the merchant and may immediately terminate all activities regarding the Sale Transaction;

1. COMPANY AND BUSINESS OVERVIEW CONTINUED

- (x) in the event of a chargeback, Splitit will be unable to maintain securitisation of the Sale Transaction during chargeback processing and the merchant acknowledges that the merchant was informed of and understands the forgoing and, therefore, even if Merchant is successful in opposing the chargeback, Splitit cannot assure processing of the remaining instalments; and
- (xi) if Splitit determines, in its sole discretion, that a merchant's account is receiving a disproportionately high number of customer complaints, reversals, chargebacks, disputes, claims, fees, fines, penalties or other liability, Splitit may take certain actions in connection with the merchant's account with Splitit and/or the merchant's use of the Splitit Payment Platform in order to secure the performance of the merchant's obligations under the Splitit Merchant Agreement.

(g) How does the Splitit Group Generate Revenue

The Splitit Group's main source of revenue is derived from transaction fees paid by its merchant clients in relation to customers who utilise the Splitit Payment Platform on their website or in-store (**Merchant Fees**).

Merchant Fees are generated on each discrete, approved order placed by the end-customer via the Splitit Payment Platform and are predominantly based on a percentage of the end-customer order value plus a fixed fee per instalment.

Splitit derives its revenue from merchants via the following business models:

- (i) Funded model – whereby a merchant will receive the full purchase price within three business days from the first instalment charge date less the total service fee payable to Splitit plus a revenue share from the factoring fee calculated based on the sum of the purchase;
- (ii) Basic model – merchants will receive payment for the purchase based on the instalment schedule and Splitit will provide the merchant with a monthly invoice for the amounts paid for the previous month (for a basic track service the fee payable will be either 1.5% plus US\$1.5 per instalment or 1.5% plus GBP1.00 / EU€1.50 depending on the location of the merchant);
- (iii) One payment fee – if a customer opts to utilise the Splitit Payment Platform to process his or her payment (without utilising the instalment function), Splitit will provide the merchant with a monthly invoice for the total fees for the previous month.

In addition to Merchant Fees, Splitit and Splitit USA have also entered into various referral agreements with Payment Processors and ISOs pursuant to which Splitit will be entitled to receive a fee upon the successful referral of a merchant.

(h) Funding Alternatives

Splitit has engaged with two secondary credit providers (**SCP**), Simpel LLC (**Simpel**) in the United States and Honeycomb Finance Ltd (**Honeycomb Finance**) in the United Kingdom, pursuant to which these SCPs may, at their discretion, provide funding alternatives to certain approved merchants whereby the merchant will receive an upfront payment of the full purchase price in exchange for the purchase of a merchant's receivables (being the merchant's entitlements under a customer's instalment plan) by the SCPs. Simpel and Honeycomb Finance are not related parties to the Company.

Splitit does not utilise its own funds in respect to these arrangements and, as at the date of this Prospectus, these arrangements are at an early stage of development. Splitit does not derive material revenues in respect to the Funding Agreements (defined below) and the arrangements with the SCPs. A summary of these arrangements are detailed below (refer to Sections 8.1(b) and 8.1(c) for further details).

In the United States, in order for a merchant to qualify for funding and prior to entering into a separate funding agreement (**Funding Agreement**) with Splitit USA and Splitit Capital, Splitit Capital will:

- (i) undertake an initial assessment of the credit worthiness of the merchant which will include, requests for information in respect to the merchant's business, bank statements and credit transactions; and
- (ii) obtain Simpel's consent and agreement to purchase the merchant's receivables from Splitit Capital.

Under the terms of a master receivables purchase agreement between Simpel, Splitit Capital, Splitit USA and Splitit (**Master Receivables Agreement**):

- (iii) Simpel has agreed to provide a line of credit of up to US\$10,000,000 to Splitit Capital to ensure that Splitit Capital can meet its obligations under the Funding Agreements;
- (iv) the consideration payable by Simpel to Splitit Capital in respect of a particular purchase request is determined based on a prescribed formula under the Master Receivables Agreement;
- (v) Splitit Capital's rights to an outstanding receivable will transfer to Simpel upon receipt of the funding amount; and
- (vi) Splitit Capital will continue to conduct the servicing, administering and collection of outstanding receivables and will remit to Simpel all payments it receives with respect to the outstanding receivables.

Each merchant that is approved under a Funding Agreement is only entitled to funding up to a funding limit detailed in that Funding Agreement and if the funding limit of a merchant is exceeded the merchant will transition back to a regular instalment basic payment plan with Splitit.

In the United Kingdom, Splitit UK has entered into a services agreement (**Services Agreement**) with Honeycomb Finance pursuant to which:

- (vii) Honeycomb Finance expects to make advances to applicants approved by Honeycomb Finance of at least £50,000,000 in aggregate during the term of the Services Agreement;
- (viii) Splitit UK shall refer actual and potential applicants, who meet the applicant criteria specified in the Services Agreement and have been referred to Splitit UK by a merchant, for advances to Honeycomb via the Splitit Payment Platform;
- (ix) Honeycomb Finance has the absolute discretion in respect to the acceptance of an application for an advance and if Honeycomb Finance accepts an application for an advance, Honeycomb shall at its sole discretion determine the terms of any agreement entered into with the relevant application; and
- (x) in consideration for Splitit UK providing the services to, or for the benefit of, Honeycomb Finance, Splitit UK will be entitled to fees from Honeycomb Finance.

As at the date of this Prospectus, none of Splitit's Australian merchants have entered into a Funding Agreement or an arrangement with a SCP. Refer to Sections 1.4(f) and 1.5 in respect to the Company's intentions following Admission.

1.2 KEY STRENGTHS OF THE SPLITIT GROUP

The Company considers the key strengths of the Splitit Group to be as follows:

(a) Benefits for both Merchants and End-Customers

The Splitit Payment Platform provides end-customers with a seamless instalment option at check out (online and in-store) and provides retailer merchants with a tool that can increase sales/order values and reduce cart/checkout abandonment.

From an end-customer's perspective, the value proposition includes the following key attributes:

- (i) the Splitit Payment Platform provides flexible payment options for customers;
- (ii) utilising the Splitit Payment Platform instalment option does not require additional application or registration online or in-store and utilises a customer's existing credit card. Customers utilising the Splitit Payment Platform to select an instalment plan do not need to undergo an incremental credit approval process and will utilise the existing credit line that they have on their existing credit card. This provides for a quick and seamless process at checkout;
- (iii) the Splitit Payment Platform allows customers to continue to enjoy their respective credit card benefits, such as air miles or points and provides customers with an option which could assist in managing their monthly cashflow;
- (iv) Splitit is not a lender and customers utilising the Splitit Payment Platform will not incur any late fees or interest; and
- (v) the Splitit Payment Platform is a cross-border and omni-channel payments solution, allowing customers anywhere in the world to make instalment payments online, with their mobile device or in-store.

1. COMPANY AND BUSINESS OVERVIEW CONTINUED

From a merchants perspective, the value proposition includes the following key attributes:

- (i) if a customer has the option to split payments before making an online purchase:
 - (A) the customer is more likely to increase their average order value; and
 - (B) cart abandonment rates will likely decrease,thereby increasing sales revenue;
- (ii) the Splitit Payment Platform seeks to assist merchants to increase sales revenue by providing flexible payment options for customers;
- (iii) merchants utilising the Splitit Payment Platform are guaranteed to receive payments, save for in respect to certain circumstances including, where a Sale Transaction is returned or charged back to the merchant (refer to Section 1.1(f));
- (iv) the Splitit Payment Platform provides merchants with a customer-orientated solution that can be used to enable seamless cross-border instalment payments – the Splitit Payment Platform offers instalments across the globe, no matter where customers are located with the Splitit Payment Platform being integrated into a merchant’s checkout platform;
- (v) the Splitit Payment Platform offers merchants flexible solutions including in respect to:
 - (A) the length of instalment plans (up to 12 months or, at Splitit’s discretion and depending on the merchant’s local regulatory regime, Splitit may offer an instalment plan of more than 12 months); and
 - (B) whether the entire payment (less Splitit’s fees) is received upfront or paid in instalments (refer to Section 1.1(g) for further details);
- (vi) the Splitit Payment Platform is a cloud-based solution that is pre-integrated with all major credit card processors and can be integrated with a merchant’s existing website;
- (vii) Splitit offers multilingual customer support 24/7 worldwide;
- (viii) the Splitit Payment Platform presently supports the leading following e-commerce platforms, such as Magento, WooCommerce, PrestaShop, Shopify, Salesforce Commerce Cloud, and BigCommerce, and will soon support Oracle NetSuite, SAP Hybris and can quickly and efficiently develop a solution to support other platforms as required by merchants;
- (ix) the Splitit Payment Platform is complementary with customer financing solutions, in addition to store credit cards, enabling merchants to offer both the Splitit Payment Platform instalment option and their own payment options (noting that when offering more payment options at checkout, merchants typically achieve better conversion rates);
- (x) transactions utilising the Splitit Payment Platform are processed through the Card Networks; and
- (xi) the Splitit Payment Platform seeks to eliminate customer financial risk for merchants (noting that Splitit does not collect any collection fee).

(b) Large Market Opportunity

The World Payments Report 2018 published by Capgemini and BNP Paribas reported that during 2015 to 2016, global non-cash transaction volumes grew by 10.1% to reach 482.6 billion and Splitit has, via the Splitit Payment Platform which presently has more than 310 merchants in 25 countries, positioned itself to capitalise on the increase. Refer to Section 2.1 and 2.2 for further details.

(c) Scalable Model

Splitit derives its revenue primarily from Merchant Fees for each transaction transacted via the Splitit Payment Platform based on a percentage of the end-customer order value plus a fixed fee per instalment (refer to Section 1.1(g)).

By increasing the number of merchants and transactions utilising the Splitit Payment Platform, Merchant Fees will increase. The Splitit Payment Platform is scalable and can process a large volume of transactions due to the increase in the number of merchants (if required).

(d) Risk Conscious Approach

The Splitit Payment Platform, will authorise a customer’s credit card for the full amount of the purchase at the beginning of the transaction and then reauthorize the customer’s credit card for the outstanding balance. The Splitit Payment Platform will charge the instalment amount from the customer’s credit card on a monthly basis according to the instalment plan conditions.

If the Splitit payments solution receives a decline when it attempts to charge or authorise one of the instalment payments, Splitit will send the customer an automatic email to request that the customer rectify the decline (either by increasing his credit limit with his card issuer or changing switching his or her card on file to another card with the available open to buy at the Splitit customer portal). If the customer does not respond within seven days from the date of the email, Splitit will utilise its previous authorisation on the credit card and will charge the entire outstanding amount of the instalment plan in full.

If Splitit or the merchant is contacted by a customer in respect to the customer’s inability to make his or her monthly instalment payments, Splitit will work with the merchant and undertake an assessment of the customer’s instalment plan, history with the merchant and circumstances and may, at its discretion:

- (i) place the customer’s instalment plan on hold for a short period (typically 7 days); or
- (ii) place the customer’s instalment plan on hold until such time as the customer is able to continue with his or her payments,

prior to utilising the previous authorisation on the credit card and charging the entire outstanding amount of the instalment plan in full.

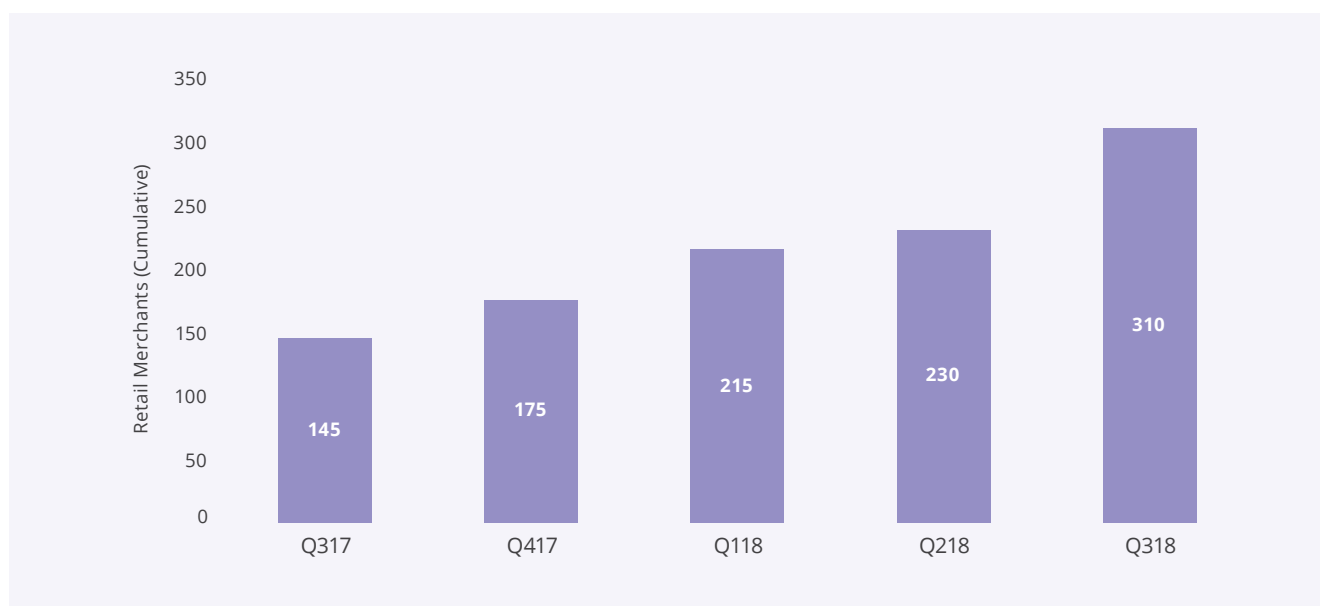
(e) No End Customer Acquisition or Direct Marketing Cost Requirement

Splitit does not focus on promoting of its services to the end-customer, instead the Splitit Payment Platform is utilised by merchant clients on their website as a service and sales incentive to end-customers. Once the end-customer utilises the Splitit Payment Platform for the first time, they become a registered member. Thereafter, registered Splitit members can continue to utilise the Splitit Payment Platform service on the same merchant website or any other website that features Splitit’s service.

(f) Strong Market Positioning, Growth and Momentum

Since the release of the Splitit Payment Platform in 2016, Splitit has experienced rapid growth and the number of merchants using the Splitit Payment Platform has increased by 114% year-on-year to the third quarter of 2018 (refer to Figure 2 below).

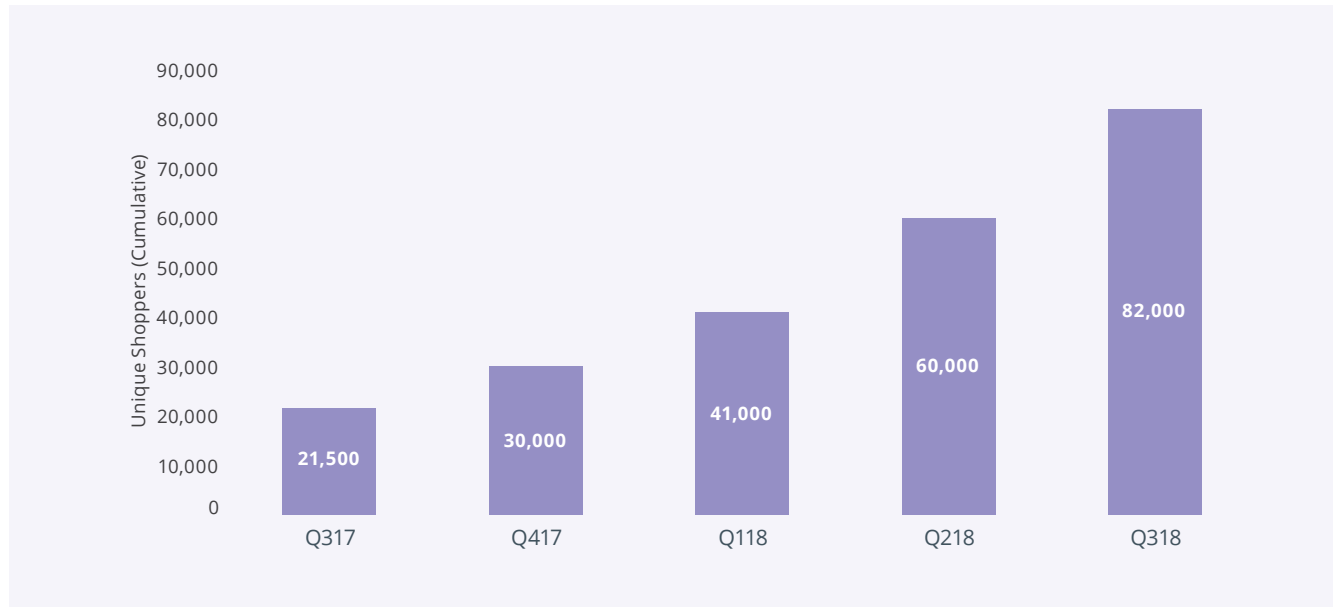
Figure 2 – Retail Merchants Growth



1. COMPANY AND BUSINESS OVERVIEW CONTINUED

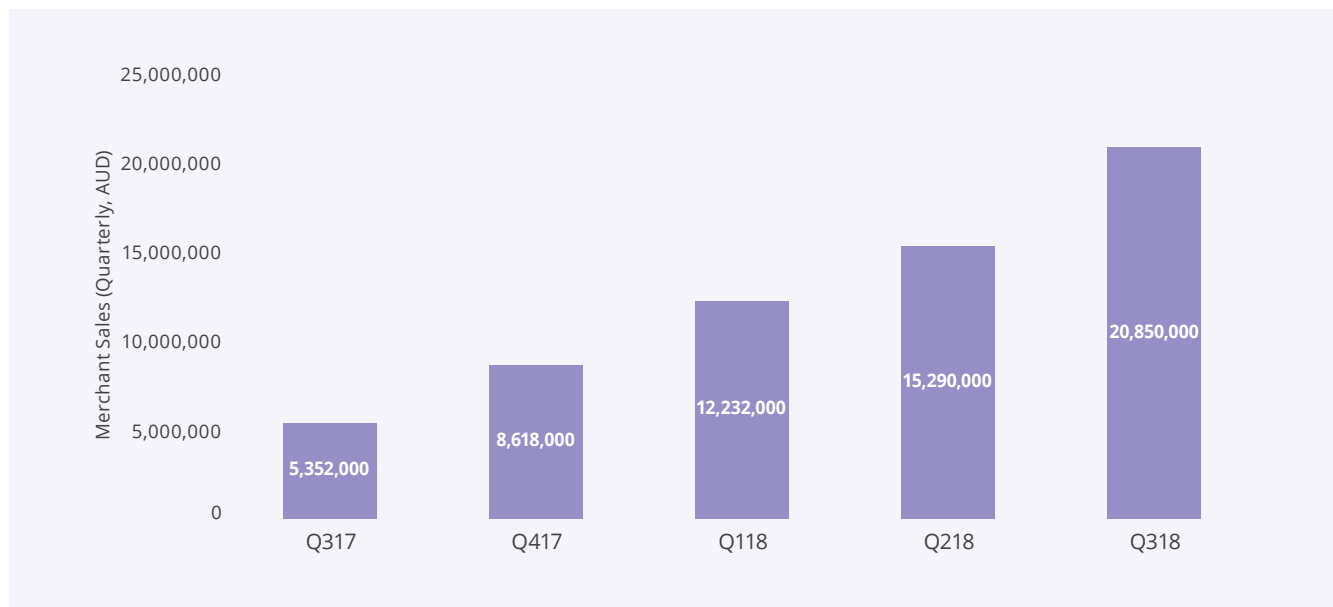
Splitit has increased the number of unique shoppers by 281% year-on-year to the third quarter of 2018 (refer to Figure 3 below).

Figure 3 – Unique Shoppers Growth



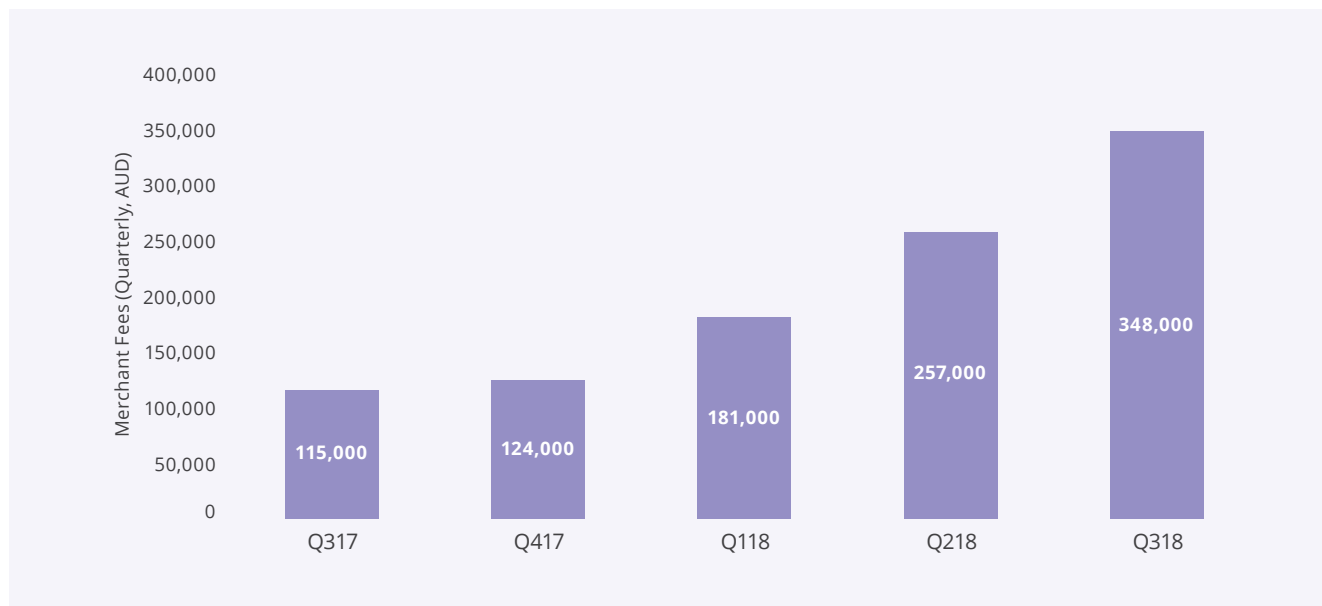
Splitit has increased the value of merchant transactions utilising the Splitit Payment Platform by 290% year-on-year to the third quarter of 2018 (refer to Figure 4 below).

Figure 4 – Merchant Transactions



The diagram below shows the net revenues derived from the merchants since the third quarter of 2017. Splitit has increased merchant fees by 203% year-on-year to the third quarter of 2018 (refer to Figure 5 below).

Figure 5 – Merchant Fees Growth



Prospective investors should note that the business of the Company is still at an early stage of its development and the quarter-on-quarter growth to date detailed in the above figures may not be replicated as the business of the Company matures.

(g) Ability to Leverage Core Technology into New and Potential Add-On Product Areas

Splitit recently launched “SplitPay” based on the same core technologies as the Splitit Payment Platform. SplitPay is a multi-card payment solution, allowing customers to:

- (i) use multiple cards when making a purchase in instalments;
- (ii) take advantage of multiple reward programs when utilising more than one card on a purchase.

The Splitit Payment Platform also presently provides for a deferred payment solution, which grants customers a trial period of up to 90 days before making a purchase in full or in instalments, with no late fees and no interest.

In addition, Splitit is presently developing an e-Wallet that will allow a customer to store his or her credit card details in the e-Wallet, provide the customer with a unique barcode to facilitate transactions between the merchant and the customer. The e-Wallet is anticipated to be launched by Splitit in the beginning of 2019.

1. COMPANY AND BUSINESS OVERVIEW CONTINUED

(h) Maintain Unique Offering

The market for online customer payment solutions is developing rapidly in response to changing merchant and customer preferences and Splitit intends to continue to develop and adapt to ensure it remains relevant and appealing in this competitive landscape. Splitit's core technology is patent protected in territories such as the United States, Japan, Russia and Singapore (with pending patents in various jurisdictions including Australia and China) and Splitit intends to maintain its unique offering, being a non-lending instalment technology that does not charge the end-customer late fees, interest or any other fees (refer to Figure 6 below).

Figure 6 – Instalment Payments Ecosystem



(i) Experienced Management Team and Board of Directors

Splitit's management team, led by CEO and Executive Director Gil Don and Executive Director Alon Feit, has significant experience in the payments, technology, e-commerce and financial services sector.

Splitit presently has 18 employees across operations, sales and marketing and platform development teams. Following Admission, Splitit intends to expand its sales and marketing team to the Asia-Pacific and make strategic hires of employees with retail, online and payments background.

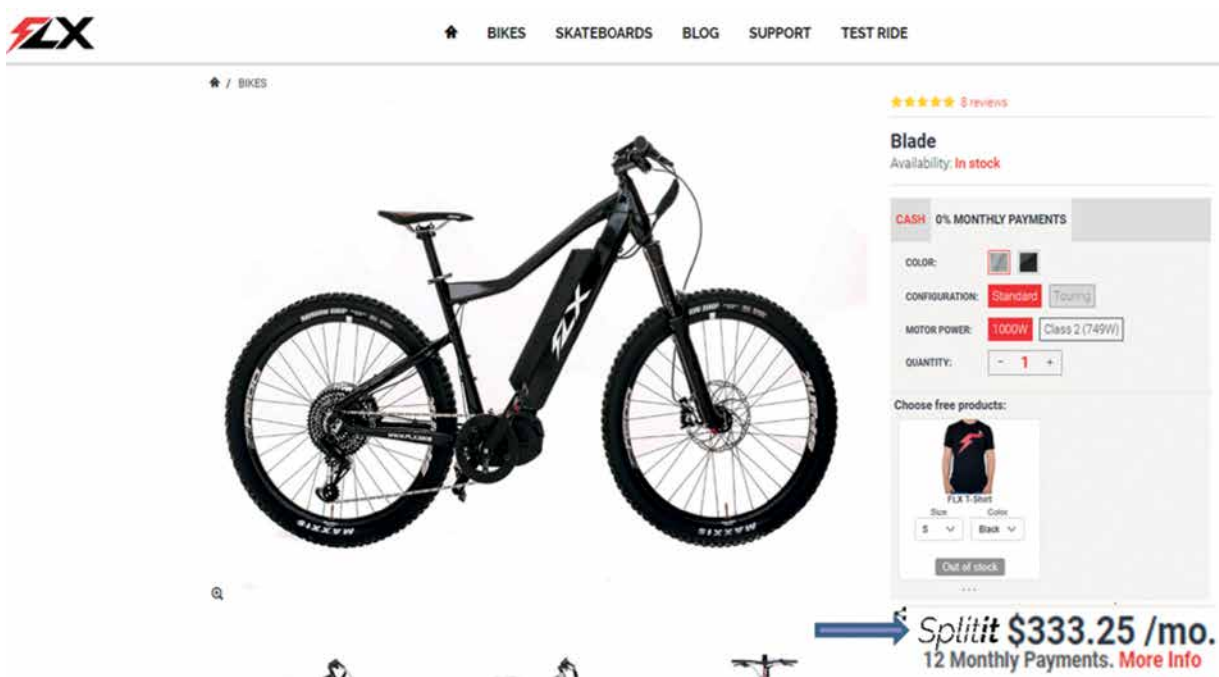
Refer to Sections 4.1 and 4.2 for further details.

1.3 SPLITIT PAYMENT PLATFORM OVERVIEW

One of the advantages of utilising the Splitit Payment Platform is the simple process for both merchants and customers. This process is illustrated below via a step by step guide utilising www.glassesusa.com and www.flx.bike. Splitit merchants.

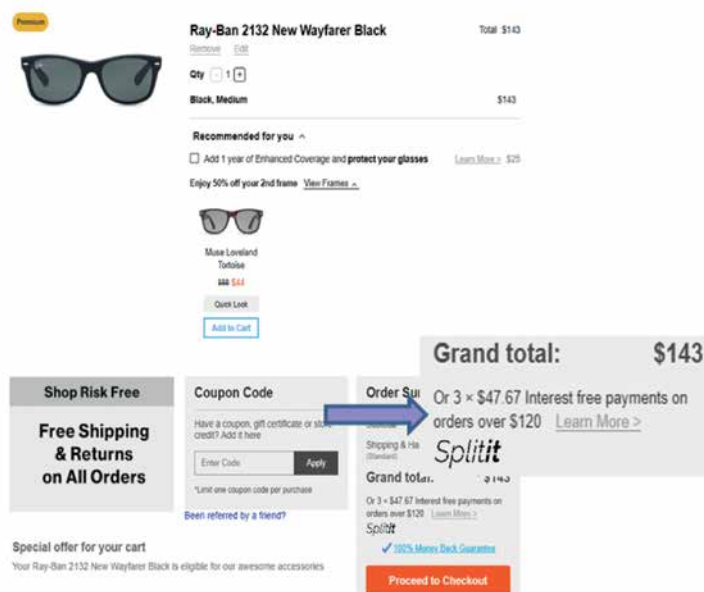
- (a) Step 1: The Splitit Payment Platform is integrated directly into the merchant's website. When a customer selects a product on the website, the customer will be presented with a Splitit payment option.

Figure 7 – Step 1: Product Selection



- (b) Step 2: Once the customer adds the product to the shopping cart, they will be presented with Splitit payment option again.

Figure 8 – Step 2: Payment Option



1. COMPANY AND BUSINESS OVERVIEW CONTINUED

- (c) Step 3: In the checkout process during the 'payment information' page, a customer will be able to select their payment method, including the Splitit payment option. In this case, the merchant has decided that a customer can choose up to three monthly instalments.

Figure 9 – Step 3: Check Out

The screenshot displays a payment page titled "2 Payment" with a Norton Secured logo. It offers four payment methods: Credit card (with Visa, Mastercard, Discover, and American Express logos), PayPal, Amazon pay, and Splitit. The Splitit option is selected and includes the text "Pay with INTEREST FREE installments". Below this, there is a form for credit card details: a field for the credit card number, an expiration date field split into MM and YY, and a CVV field. A dropdown menu for "Number of Installments" is set to "3 Installments of \$47.67". At the bottom, there is a "Monthly Payment By Splitit" logo and a large orange "Continue" button.

1.4 STRATEGY AND GROWTH DRIVERS

The Splitit Group's growth strategy is focused on the following:

(a) Improving the End-Customer Experience and Security Measures

Splitit intends to:

- (i) continue to focus on the development of the Splitit Payment Platform and improve the integration to a merchant's website via the engagement of additional developers, satellite services and technical writers, the utilisation of Amazon web services and the outsourcing of certain software developments;
- (ii) maintain its PCI Level 1 compliance certificate and implement internal security systems to prevent malware, phishing and other threats to the Splitit Payment Platform; and
- (iii) further improve the customer experience of the Splitit Payment Platform by developing additional functionalities and applications, including the Splitit e-Wallet.

(b) Sales and Marketing

Splitit intends to increase its sales and marketing efforts and increase the awareness of the Splitit brand by:

- (i) expanding its European and United States sales teams and establishing a dedicated sales team in the Asia Pacific region;
- (ii) engaging with marketing and public relations consultants to improve its website and e-commerce capabilities;
- (iii) conducting industry events, social media and marketing campaigns; and
- (iv) expanding the number of ISOs and Payment Processors promoting and marketing the Splitit Payment Platform.

(c) Engagement with Large Scale Merchants, POS Software Providers and e-Wallet Providers

Splitit intends to:

- (i) increase its engagement with large scale merchants with a view to entering into strategic partnership arrangements with key merchants;
- (ii) engage with POS software providers to integrate the Splitit Payment Solution with their software platform and roll-out the Splitit Payment Solution on their POS devices; and
- (iii) engage with e-Wallet providers to integrate the Splitit Payment Solution with their wallet platform and roll-out the Splitit Payment Solution on their wallet.

(d) Customer Support

The Company intends to expand its customer support services and increase the number of customer support representatives to provide round the clock accessibility in multiple languages.

(e) Visa and Mastercard

As at the date of this Prospectus, Splitit, and the Splitit Group, are Mastercard compliant service providers and are part of Visa's global registry of service providers. Whilst Splitit does not have any formal contractual arrangement with either Visa and Mastercard. The Company is presently seeking to pursue further opportunities with Visa and Mastercard, including proposed partnership arrangements whereby Visa and Mastercard will refer and promote the Splitit Payment Platform to its customers, to expand the growth and reach of the Splitit Payment Platform.

The Company considers that the benefits of establishing commercial partnership with Visa and MasterCard's may include:

- (i) the ability to position Visa and MasterCard as a driving business value to merchants (as opposed to solely being a cost to the merchants);
- (ii) an expansion of the reach and adoption of the Splitit Payment Platform; and
- (iii) an increase in Splitit's market share in the payment's space.

(f) Alternative Offerings

Splitit intends to undertake legal due diligence investigations in respect to the provision of alternative offerings to merchants by Splitit (as opposed to utilising a SCP) thereby providing Splitit with an additional stream of revenue via these arrangements. Refer to Section 1.1(h) for details in respect to Splitit's current arrangements with the SCPs.

Any decision to provide the full purchase price of a purchase to a merchant (via the purchase of the receivable) will be subject to the outcome of Splitit's investigations and Splitit obtaining all requisite regulatory approvals in the relevant jurisdictions.

1. COMPANY AND BUSINESS OVERVIEW CONTINUED

1.5 REGULATORY ENVIRONMENT

As at the date of this Prospectus, the Company's business model does not include charging end-customers interest or fees for the provision of instalment payments and the Company is not a lender and does not provide credit/loans to customers to finance a transaction.

The Company:

- (a) is not currently subject to any licencing requirements in respect to the jurisdictions in which it operates (including the requirement to have an Australian Credit Licence or an Australian Financial Services Licence), however, is subject to other legal and industry compliance requirements (including privacy laws, consumer protection laws and contractual conditions);
- (b) takes advice, as and where appropriate, in respect to its ability to legally offer the Splitit Payment Platform to merchants in a particular jurisdiction (as this is essential to the viability of its business); and
- (c) is constantly reviewing and monitoring the legal and regulatory landscape that governs each of the jurisdiction that it operates in and will work with the regulators in each jurisdiction and, if required, will apply for the requisite licences to ensure that it is compliant with the laws of that state.

Prior to pursuing its future strategy of potentially providing alternative offerings to merchants (refer to Section 1.4(f)), including the purchase of receivables from a merchant, the Company will (if required) apply for the requisite licences in the jurisdictions in which it operates (including Australia) before undertaking any such activity.

1.6 SPLITIT GROUP'S INTELLECTUAL PROPERTY

The Splitit Group's core intellectual property asset is the Splitit Payment Platform (refer to Section 1.1(c)). The Splitit Group presently has four granted patents in respect to the Splitit Payment Platform in the United States, Japan, Singapore, Russia and pending patents in various jurisdictions, including Australia, Canada, UK and China. The Splitit Group also holds registered trademarks which are used for its business. Refer to section 6 for further details.

2.

INDUSTRY OVERVIEW



2. INDUSTRY OVERVIEW

2.1 GLOBAL RETAIL MARKET

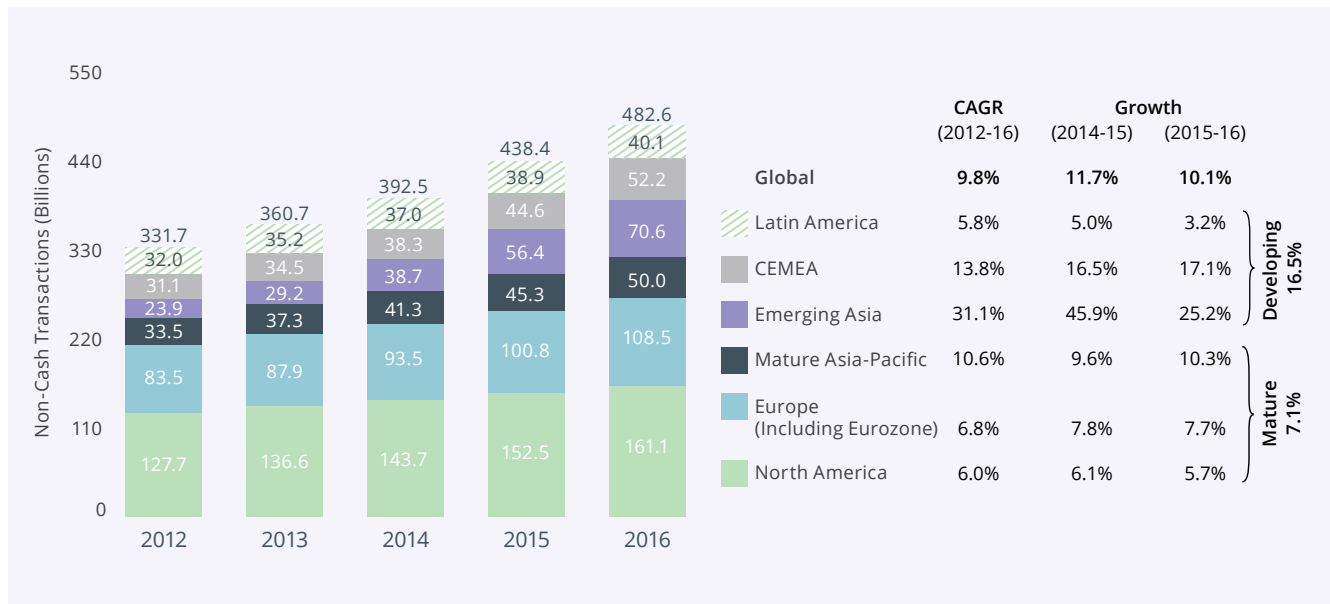
The global retail market is a mature and fast growing industry and the world has shifted a significant portion of its retail spending online through pure play internet merchants and omni-channel merchants. Further, a survey conducted by the US Census Bureau indicated that physical retailers are adapting to and leveraging e-commerce sales to increase revenue with internet sales by traditional brick and mortar retailers accounted for 4% of total retail sales in 2016.

Between 2010 and 2016, e-commerce sales in the United States increased at an average annual growth rate of approximately 15% compared to a growth rate of approximately 4% for physical “brick and mortar” stores.

2.2 GLOBAL NON-CASH TRANSACTION VOLUMES

During 2015 to 2016, global non-cash transaction volumes grew at 10.1% to reach 482.6 billion.

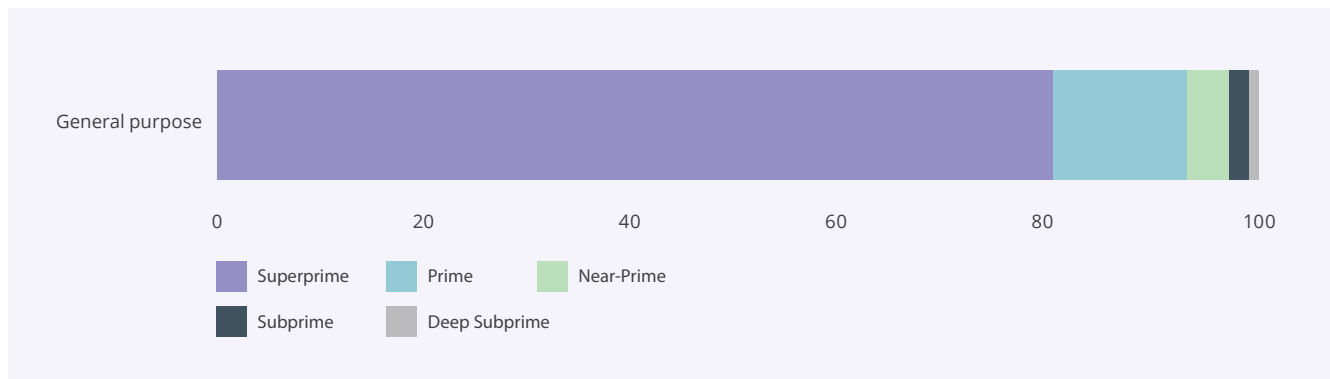
Figure 10 – Worldwide Non-Cash Transactions from the World Payments Report 2018



2.3 TARGET CUSTOMERS

Superprime credit is a credit score that is at the highest end of a credit bureau’s score range. Customers with superprime credit are considered to have excellent credit and pose the least risk to lenders and creditors.

Figure 11 – Share of 2016 Purchase Volume by Customer Credit Score from the United States Customer Financial Protection Bureau



The above figure represents the use of credit cards by customer credit scores in the United States based on the Customer Financial Protection Bureau.

As of the fourth quarter of 2016, customers with superprime credit scores account for a predominant 81% shares of the amount spent using credit cards.

Customers with prime scores account for the next largest share of spend at 14%. Prime credit is a characterisation or designation of a credit score that falls into the range that is one step down from superprime. Customers with prime credit are considered to have very good credit and pose little risk to lenders and creditors.

Splitit seeks to target superprime and prime customers, as these end-customers have the highest credit score, and considers that these customers are likely utilise Splitit's payment solution to purchase products to better manage their cash flow, avoid any additional fees and reduce the need to pay a large one off payment on top of their monthly bills.

2.4 ONLINE SHOPPING EXPERIENCE

The success of an e-commerce business is heavily dependent on the customer experience, especially during the checkout process. Retailers are currently faced with significantly high rates of cart abandonment which are hovering at about 70%. A survey recently conducted by Splitit (on an audience of over 1000 online shoppers) revealed that:

- (a) 85% of online shoppers will abandon their carts during the checkout process if it is too long or too complicated;
- (b) 54% of customers would not only abandon their carts, but also never return to that retailer's site;
- (c) 83% of millennials would not complete a long or complicated checkout process; and
- (d) 90% of those aged 55 and above would not follow through with a lengthy checkout.

With cart abandonment rates high, it is essential that the checkout process is seamless, at the risk of permanently losing customers. Online merchants must be sure to include clear and easy ways to enter customer details, choose delivery options and make payments, while ensuring that the process does not become cumbersome for the shopper.

The Splitit Payment Platform offers a very simple checkout process without application or assessment. The process to pay via Splitit is similar to that of paying using a credit card with the only additional step is to select the number of instalments. Refer to Section 1 for further details.

2.5 COMPETITIVE LANDSCAPE

The consumer financing industry has relatively low barriers to entry, making it very competitive and is comprised of a number of large and well-resourced companies. Listed below are a selection of the key competitors that fit into the global competitive landscape:

- (a) PayPal Credit: Offers customers a line of revolving credit, allowing purchases to be made online without using a credit card.
- (b) Affirm: Offers instalment loans to customers at the point of sale.
- (c) Afterpay: Offers customers the option to pay for purchases over four installments over six weeks.
- (d) Bread: Partners with retailers to offer pay-over-time solutions that make financing easier and more transparent.
- (e) Klarna: Allows buyers to pay for ordered goods after receiving them, providing them with a safe after-delivery payment solution.
- (f) FuturePay: A non-credit card payment option that allows shoppers to buy now and pay later from any device.
- (g) Divido: Platform for merchants, lenders, and intermediaries that want to offer instant new credit as a payment option.
- (h) Blispay: Provides visa card which allows merchants of all sizes to provide financing without any technological integration or financial obligation while customers get to enjoy instant issuance, 6-month special financing, and 2% cash back.
- (i) Partially: Uses flexible payment plans to automate staged payments for products and services.
- (j) Vyze: Offers solutions that enable retailers to offer more payment options for their customers.
- (k) FlexShopper: Provides brand name durable goods to customers on a lease-to-own (LTO) basis through its ecommerce marketplace.

2. INDUSTRY OVERVIEW CONTINUED

- (l) Zibby: Customer leasing platform where customers can apply and be approved for \$300 to \$3,500.
- (m) ZipMoney: Offers customers credit for shopping.
- (n) Mash: Offers credit for new customer groups.
- (o) Easypay: Allows all services and bills to be paid by a credit card via their website with zero commission.
- (p) Sezzle: Same solution as AfterPay Offers customers the option to pay for purchases over four installments over six weeks.
- (q) Quadpay: Same solution as AfterPay Offers customers the option to pay for purchases over four installments over 6 weeks.
- (r) PayBrite: Offers instalment loans to customers at the point of sale.

Splitit does not seek to replace existing credit and debit card providers, but rather seek to work with them to enable instalment based solutions. Refer to Section 1.2 for the key strengths of the Splitit Group.

3.

DETAILS OF THE OFFER



3. DETAILS OF THE OFFER

3.1 THE OFFER

This Prospectus invites investors to apply for 50,000,000 Shares at an issue price of A\$0.20 each to raise A\$10,000,000 (before associated costs). Oversubscriptions of up to 10,000,000 Shares may be accepted by the Company (refer to Section 3.3 for further details).

All Shares offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 9.2 for details of the rights attaching to Shares.

The Offer is made on the terms, and is subject to the conditions, detailed in this Prospectus. Refer to Section 3.8 for details on how to apply for Shares under the Offer.

3.2 MINIMUM SUBSCRIPTION

The minimum total subscription under the Offer is 50,000,000 Shares to raise A\$10,000,000 (before associated costs) (**Minimum Subscription**).

None of the Shares offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within three months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

3.3 OVERSUBSCRIPTIONS

Oversubscriptions of up to 10,000,000 Shares (at an issue price of A\$0.20 per Share) may be accepted by the Company.

If the Company accepts the maximum number of oversubscriptions then the number of Shares issued under this Prospectus will be 60,000,000 and the amount that will be raised under this Prospectus will be A\$12,000,000 (before associated costs).

3.4 PURPOSE OF THE OFFER AND FUNDING ALLOCATION

The purpose of the Offer is to:

- (a) provide the Company with a capital structure, which, together with access to capital markets, will improve financial flexibility for future growth opportunities;
- (b) provide a liquid market for its Shares and an opportunity for others to invest in the Company; and
- (c) provide the Company with the benefits of an increased profile that arises from being a listed entity.

As at the date of this Prospectus the Company has cash reserves of approximately A\$750,000.

The Board believes that its current cash reserves and the funds raised from the Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

The following table shows the expected use of funds in the two year period following admission of the Company to the Official List:

Table 3.1: Sources and uses of Offer proceeds

ITEM	A\$10,000,000 RAISED	%	A\$12,000,000 RAISED	%
Cash proceeds from warrant holders ¹	\$2,867,606	22.3%	\$2,867,606	19.3%
Cash proceeds from the Offer	\$10,000,000	77.7%	\$12,000,000	80.7%
Total Funds Available	\$12,867,606	100%	\$14,867,606	100%
Sales and Marketing ²	\$4,761,014	37.0%	\$5,798,366	39.0%
Research and Development ³	\$1,801,465	14.0%	2,007,127	13.5%
Compliance and Security ⁴	\$128,676	1.0%	\$148,676	1.0%
Customer Support ⁵	\$386,028	3.0%	\$446,028	3.0%
Investigating Future Alternative Funding Opportunities ⁶	\$514,704	4.0%	\$594,704	4.0%
General Administration ⁷	\$3,731,606	29.0%	\$ 4,103,459	27.6%
Cost of the Offer	\$911,044	7.1%	\$1,011,044	6.8%
Cash Reserves and Working Capital	\$633,068	4.9%	\$758,201	5.1%
Total funds allocated	\$12,867,606	100%	\$14,867,606	100.00%

Note:

1. Simpel and Portofino have provided the Company with an exercise notices pursuant to which Simpel will receive 15,932,080 Shares (based on an exercise price of A\$0.13 per Share) and Portofino and its nominees will receive 174,417 Shares (based on an exercise price of A\$0.16 per Shares) in respect to the exercise of their respective warrants on Admission.
2. Sale and marketing costs, establishment of a dedicated sales team in the Asia Pacific region, website and e-commerce development, industry events, marketing campaigns, marketing and public relations consultants and other associated marketing costs.
3. The development of the Splitit Payment Platform and system integration via the engagement of developers, satellite services and technical writers, the utilization of amazon web services and the outsourcing of certain software developments and the development of additional functionalities and applications in respect to the Splitit Payment Platform.
4. Maintaining the PCI Level 1 certificate and implementing internal security systems to prevent malware, phishing and other threats to the Splitit Payment Platform.
5. Expanding its customer support services by increasing the number of customer support representatives.
6. Undertaking legal due diligence investigations in respect to the provision of alternative offerings by the Company (as opposed to utilising a SCP). Any decision to provide the full purchase price of a purchase up front (via the purchase of the receivable) to a merchant will be subject to the outcome of the Company's investigations and the Company obtaining all requisite regulatory approvals in the relevant jurisdictions.
7. Comprise of office rental costs, employee and management fees, legal costs, accounting and book keeping costs, insurance and other miscellaneous costs.

Shareholders should note that the above estimated expenditures will be subject to modification on an ongoing basis depending on the progress of the Company's activities. Due to market conditions and/or any number of other factors (including the risk factors outlined in Section 7), actual expenditure levels may differ significantly to the above estimates.

3. DETAILS OF THE OFFER CONTINUED

3.5 CAPITAL STRUCTURE

The Company's capital structure prior to Admission and immediately following Admission will be as follows:

Table 3.2: Capital structure

	SHARES	OPTIONS	PERFORMANCE RIGHTS
Number of Securities on issue prior to Admission	209,655,661 ⁵	10,344,339 ¹	–
Advisor Options to be issued	–	15,000,000 ²	–
Director Options and Management Options to be issued	–	14,000,000 ³	–
Performance Rights to be issued	–	–	18,000,000 ⁴
Shares to be issued under the Offer (assuming Minimum Subscription)	50,000,000	–	–
Total	259,655,661	39,344,339	18,000,000
Additional Shares issued under the Offer (assuming A\$2,000,000 of oversubscriptions)	10,000,000	–	–
Total	269,655,661	39,344,339	18,000,000

Note:

1. Refer to Section 9.4 for details of the terms and conditions of the Existing Options.
2. Refer to Section 9.5 for details of the terms and conditions of the Advisor Options to be issued prior to Admission.
3. Refer to Section 9.6 for details of the terms and conditions of the Director Options to be issued prior to Admission. Refer to Section 9.7 for details of the terms and conditions of the Management Options to be issued prior to Admission.
4. Refer to Section 9.8 for details of the terms and conditions of the Performance Rights to be issued prior to Admission.
5. Includes Shares that are to be issued upon conversion of all existing convertible arrangements prior to Admission as follows:
 - (i) an aggregate of approximately A\$2,389,200 worth of convertible loans will convert into 9,556,802 Shares (at A\$0.25 per Share);
 - (ii) an aggregate of approximately A\$1,412,781 worth of convertible loans will convert into 7,848,787 Shares (at A\$0.18 per Share); and
 - (iii) an aggregate of approximately A\$11,709,113 worth of convertible loans will convert into 73,181,960 Shares (at A\$0.16 per Share).

3.6 PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The Company's pro forma statement of financial position following Admission, including details of the pro forma adjustments, is detailed in Section 5.

3.7 TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What is the type of security being offered?	Shares, being fully paid ordinary shares in the Company.
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is detailed in Section 9.2.
What is the consideration payable for each security being offered?	The Offer Price is A\$0.20 per Share.

TOPIC	SUMMARY
What is the Offer period?	<p>The key dates, including details of the Offer period, are on page 03.</p> <p>The timetable is indicative only and may change. Unless otherwise indicated, all times are stated in AEST.</p> <p>The Company in consultation with the Lead Manager, reserves the right to amend any and all of these dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, to accept late Applications (either generally or in particular cases) or to cancel the Offer before Shares are issued by the Company).</p> <p>If the Offer is cancelled before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>
What are the cash proceeds to be raised?	A\$10,000,000 is expected to be raised under the Offer (before costs and expenses), assuming a Minimum Subscription.
Is the Offer underwritten?	No.
Who is the Lead Manager for the Offer?	Armada Capital is the Lead Manager to the Offer.
What is the minimum and maximum Application size under the Offer?	<p>Applications must be for a minimum of 10,000 Shares (i.e. A\$2,000) and, thereafter, in multiples of 2,500 Shares (i.e. A\$500). Applications for less than the minimum accepted Application of 10,000 Shares will not be accepted.</p> <p>There is no maximum number or value of Shares that may be applied for under the Offer.</p>
What is the allocation policy?	The Company and the Lead Manager have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application or bid, or allocate fewer Shares than the number, or the equivalent dollar amount than applied or bid for.
Will the Shares be quoted on the ASX?	<p>The Company will apply within seven days of the date of the Prospectus to ASX for admission to the Official List and quotation of Shares on ASX (which is expected to be under the code SPT).</p> <p>Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest, as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>

3. DETAILS OF THE OFFER CONTINUED

TOPIC	SUMMARY
Are there any escrow arrangements?	Yes. Details are provided in Section 3.11.
Has any ASIC relief or ASX waiver been sought or obtained?	Yes. Refer to Section 9.13.
Are there any tax considerations?	The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares, pursuant to the Offer, from a taxation view point and generally.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Company Secretary on +61 3 9614 2444, from 8.30am until 5.30pm (AEST), Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

3.8 HOW TO APPLY

If you wish to apply for Shares under the Offer, you may:

- apply online at <http://automic.com.au/splititpaymentltd.html> and pay the Application Monies electronically; or
- complete a paper-based Application using an Application Form attached to, or accompanying this Prospectus or a printed copy of the Application Form attached to the electronic version of the Prospectus.

You may apply online by following the instructions at <http://automic.com.au/splititpaymentltd.html> and completing a BPAY® payment. Follow the instructions below to complete your payment. If you do not make a BPAY or direct credit payment, your Application will be incomplete and will not be accepted. Your online Application Form and BPAY/direct credit payment must be completed and received by no later than 5.00pm (AEST) on the Closing Date.

Australian applicants paying for online Applications

If you are applying online using an online Application Form and making your application payment by BPAY, you will be given a BPAY biller code and unique customer reference number for your Application once you have completed your online Application Form.

BPAY payments must be made from an Australian dollar account of an Australian financial institution. Using these BPAY details, you must:

- access your participating BPAY financial institution either through telephone or internet banking;
- select to use BPAY and follow the prompts; enter the supplied biller code and unique customer reference number;
- enter the total amount to be paid which corresponds to the value of Shares you wish to apply for under each Application;
- select which account you would like your payment to come from;
- schedule your payment to occur on the same day that you complete your online Application Form. Applications without payment will not be accepted; and
- record and retain the BPAY receipt number and date paid.

Please note that your bank, credit union or building society may impose a limit on the amount which you can transact on B_{PAY} and payment cut-off times may vary between different financial institutions.

You must check with your financial institution about their B_{PAY} closing time, to ensure that your payment will be received together with your Application Form prior to the Closing Date and time.

Australian applicants completing an Application Form

Accompanying and forming part of this Prospectus is an Application Form for use if you wish to apply for Shares under the Offer. To participate in the Offer, the Application Form must be completed and received, together with the Application Monies, in accordance with the instructions on its reverse side. Completed Application Forms should be received by the Company, together with the Application Monies in full, prior to 5.00pm (AEST) on the Closing Date at the relevant address as follows:

In the case of Applicants applying from within Australia:

By Post To:

Splitit Payments Ltd
C/- Automic Pty Ltd
GPO Box 5193
SYDNEY NSW 2001

Delivered to:

Splitit Payments Ltd
C/- Automic Pty Ltd
Level 5, 126 Philip Street
SYDNEY NSW 2000

Applicants resident in Australia should make their cheques payable in A\$, based on an issue price of A\$0.20 per Share. All cheques should be made payable to "Splitit Payments Ltd" and be crossed "Not Negotiable".

Applications must be for a minimum of 10,000 Shares (i.e. A\$2,000) and, thereafter, in multiples of 2,500 Shares (i.e. A\$500). Applications for less than the minimum accepted Application of 10,000 Shares will not be accepted.

An original completed and lodged Application Form (or a paper copy of the Application Form from the Electronic Prospectus), together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

3.9 ACCEPTANCE OF APPLICATIONS UNDER THE OFFER AND ALLOTMENT

An Application in the Offer is an offer by you to the Company to apply for Shares at the Offer Price, on the terms and conditions set out in this Prospectus (including any supplementary or replacement document) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full amount, or any amount lower than that specified on the Application Form without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application. No allotment of Shares under this Prospectus will occur unless:

- (a) the Minimum Subscription is achieved (refer to Section 3.2); and
- (b) ASX grants conditional approval for the Company to be admitted to the Official List (refer to Section 3.15).

The Company and the Lead Manager reserve the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Offer, or to waive or correct any errors made by the Applicant in completing their Application. In addition, the Company and the Lead Manager reserve the right to aggregate any Applications which they believe may be multiple Applications from the same person or reject or scale back any Applications (or aggregation of applications).

3. DETAILS OF THE OFFER CONTINUED

Subject to any guaranteed allocation, the final allocation of Shares to Applicants in the Offer will be at the absolute discretion of the Company, in consultation with the Lead Manager, and the Company may reject an Application, or allocate fewer Shares than the number, or the equivalent dollar amount applied for.

Successful Applicants in the Offer will be allotted Shares at the Offer Price. Acceptance of an application will give rise to a binding contract, conditional on settlement and quotation of Shares on ASX on an unconditional basis.

3.10 APPLICATION MONIES

Application Monies received under the Offer will be held in a special purpose account until Shares are issued or transferred to successful Applicants.

Applicants under the Offer whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed (or otherwise in the Company's discretion provided with) a refund (without interest) of all or part of their Application Monies, as applicable.

No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

It is your responsibility to ensure that your BPAY® payment or electronic funds transfer payment is received by the Share Registry by no later than 5.00pm (AEST) on 31 January 2019. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

3.11 RESTRICTED SECURITIES

Chapter 9 of the Listing Rules prohibits holders of Restricted Securities from or agreeing to disposing of those securities or an interest in those securities for the relevant restriction periods.

In summary, it is expected that 90,867,349 Shares held by Directors, related parties, promoters, employees and consultants will be classified as Restricted Securities by ASX subject to a 24 month escrow period from the date of Official Quotation. For unrelated Shareholders who invested in the Company, it is anticipated that 5,724,238 Shares will be subject to a 12 month escrow period from the date of issue of these Shares.

The total number of 96,591,587 Shares that are expected to be subject to ASX imposed escrow restrictions represent approximately 37.20% of the Shares on Admission (assuming a Minimum Subscription).

None of the Shares issued pursuant to the Offer will be subject to any ASX imposed escrow restrictions. However, ASX may determine that certain Shares on issue prior to the Offer may be classified as restricted securities and may be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these Shares (if any) are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares (if any) required to be held in escrow prior to the Shares commencing trading on ASX.

3.12 UNDERWRITING

The Offer is not underwritten.

3.13 OVERSEAS APPLICANTS

No action has been taken to register or qualify the Shares that are the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia. The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdiction outside Australia and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to his or her Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an existing holder of the Company’s shares, (ii) an “institutional investor” (as defined in the SFA) or (iii) an “accredited investor” (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

3. DETAILS OF THE OFFER CONTINUED

United Kingdom

Neither this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

This Prospectus is issued on a confidential basis to “qualified investors” (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this Prospectus, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together “relevant persons”). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The securities have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any US state. Accordingly, the securities may not be offered or sold (i) in the United States except in transactions exempt from the registration requirements of the US Securities Act and applicable US state securities laws or (ii) outside the United States in “offshore transactions” (as such term is defined in Regulation S) in reliance on Regulation S under the US Securities Act.

Israel

This Prospectus does not constitute a prospectus under the Israeli Securities Law, 5728-1968 (**Securities Law**), and has not been filed with or approved by the Israel Securities Authority. In the State of Israel, this Prospectus is being distributed only to, and is directed only at, and any offer of the ordinary shares is directed only at, (i) a limited number of 35 persons or entities in accordance with the Securities Law and the regulations thereunder and (ii) investors listed in the first addendum, or the Addendum, to the Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds (all as defined under the Israeli law), entities with equity in excess of ILS 50 million (other than entities formed for the acquisition of securities from a certain offer) and “qualified individuals,” each as defined in the Addendum (as it may be amended from time to time), collectively referred to as Qualified Investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified Investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it. Certain Qualified Investors may be required to submit additional confirmations.

3.14 DISCRETION REGARDING THE OFFER

The Company may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all Application Monies (without interest) in accordance with the requirements of the Corporations Act.

The Company, and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the number, or the equivalent dollar amount than Applied or bid for.

3.15 ASX LISTING AND OFFICIAL QUOTATION

Within 7 days after the date of this Prospectus, the Company will apply to ASX for admission to the Official List and for the Shares, including those offered by this Prospectus, to be granted Official Quotation (apart from any Shares that may be designated by ASX as restricted securities).

If ASX does not grant permission for Official Quotation within 3 months after the date of this Prospectus (or within such longer period as may be permitted by ASIC) none of the Shares offered by this Prospectus will be allotted and issued. If no allotment and issue is made, all Application Monies will be refunded to Applicants (without interest) as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

3.16 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (**CHESS**), which is the ASX electronic transfer and settlement system in Australia, in accordance with the Listing Rules and ASX Operating Rules. Settlement of trading of quoted securities on the ASX market takes place on CHESS. CHESS allows for and requires the settlement of transactions in securities quoted on ASX to be effected electronically. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's register of Shareholders.

The Company will not issue certificates of title to Shareholders. Instead, as soon as is practicable after allotment, successful Applicants will receive a holding statement which sets out the number of Shareholders issued to them, in much the same way as the holder of shares in an Australian incorporated ASX-listed entity would receive a holding statement in respect of shares. A holding statement will also provide details of a Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub-register).

Following distribution of these initial holding statements, an updated holding statement will only be provided at the end of any month during which changes occur to the number of Shares held by Shareholders. Shareholders may also request statements at any other time (although the Company may charge an administration fee).

3.17 RISK FACTORS OF AN INVESTMENT IN THE COMPANY

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the business activities of the Company. Section 7 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

3. DETAILS OF THE OFFER CONTINUED

3.18 COMMISSION

The Company reserves the right to pay a commission of up to 6% (exclusive of GST) of amounts subscribed through any Australian financial services licensee in respect of any Applications lodged and accepted by the Company and bearing the stamp of the Australian financial services licensee. Payment will be made subject to the receipt of a proper tax invoice from the Australian financial services licensee.

3.19 FORECASTS

Due to the nature of the Company's business activities and the market in which it operates, there are significant uncertainties associated with forecasting future revenues (if any) from the Company's proposed activities.

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Section 1 for further information in respect to the Company's existing activities.

3.20 DIVIDEND POLICY

The extent, timing and payment of any dividends in the future will be determined by the Directors based on a number of factors, including future earnings and the financial performance and position of the Company.

At the date of this Prospectus, the Company does not intend to declare or pay any dividends in the immediately foreseeable future. However, it is the aim of the Company that, in the longer term, its financial performance and position will enable the payment of dividends.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

3.21 PAPER COPIES OF PROSPECTUS

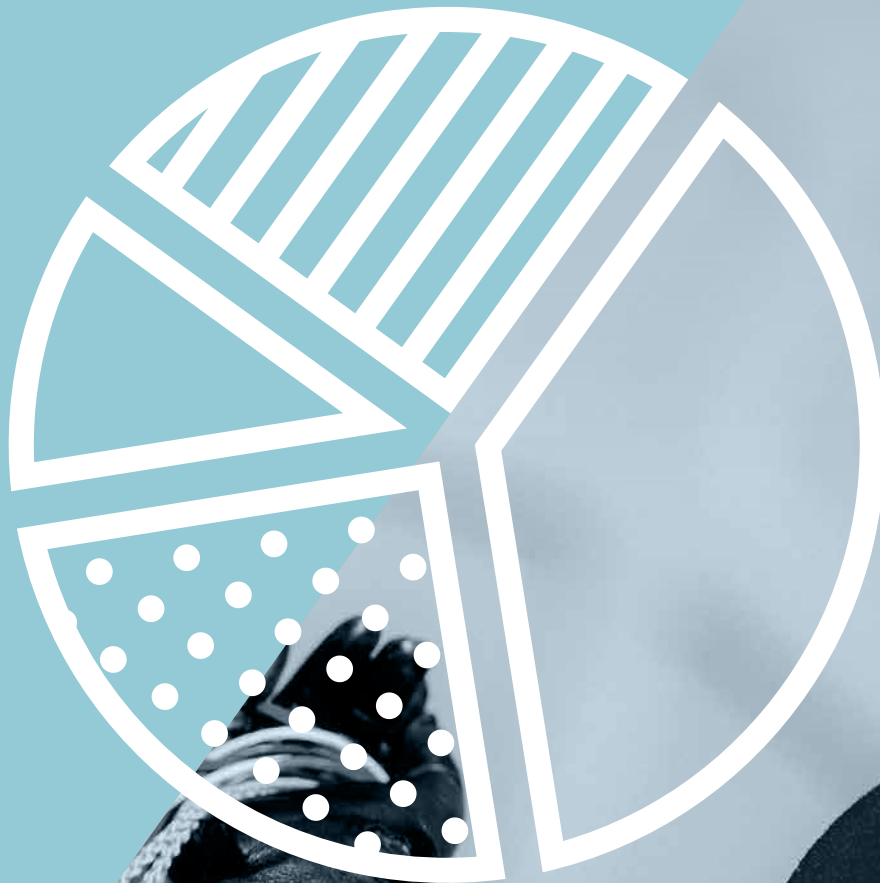
The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the applicable Application Form to investors upon request and free of charge. Requests for a paper copy from Australian resident investors should be directed to the Company Secretary on +61 3 9614 2444 for further details.

3.22 ENQUIRIES

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser. Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus, should be directed to the Company Secretary on +61 3 9614 2444.

4.

BOARD, MANAGEMENT AND CORPORATE GOVERNANCE



4. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

4.1 BOARD

The Board is responsible for the corporate governance of the Company. It monitors the operational, financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company.

The Board is committed to maximising performance, generating value and financial returns for Shareholders and building the growth and success of the Company. To further these objectives, the Board has created a framework for managing the Company, including the adoption of relevant internal controls, risk management processes and corporate governance policies and practices which the Board believes are appropriate for the business and which are designed to promote the responsible management and conduct of the Company.

Further, the Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

Composition of the Board

As at the date of this Prospectus, Mr Gil Don, Mr Alon Feit, Mr Jason Krigsfeld and Ms Yukie Ohuchi are the Directors. Mr Jason Krigsfeld and Ms Yukie Ohuchi, who are current Directors, will resign and cease to be Directors effective on Admission.

The names and details of the Directors in office on Admission are:



Gil Don – CEO and Managing Director

Mr Gil Don is a co-founder of the Company. As CEO, Mr Don has led Splitit from strength to strength including developing the technology, launching the product, securing growth capital, significantly increasing its client base and now leading the company to list on the ASX.

Mr Don has a very strong background in technology sales having worked as VP Sales at We! and Ankor, two leading integration companies. Mr Don was Regional Sales Manager, Data Protection Solution at Dell EMC for 4 years followed by Country Manager of Veritas, a large data technology company that services over 80% of Fortune 500 companies.

Mr Don holds a Bachelor of Business from the Tel Aviv University.



Alon Feit – Executive Director (Card Schemes and Partnerships)

Mr Alon Feit is a co-Founder and the Executive Director of the Company. Mr Feit has 25 years of experience in senior management positions for leading credit card and insurance companies in Israel and Brazil. Mr Feit was previously the CEO of Supersal Finance, Ltd – the leading issuer of Visa co-branded cards in Israel, the CEO of Europe Assistance Israel, Ltd, a multinational assistance group and subsidiary of the Generali Insurance Cooperation and was the executive director at the Brazilian leading credit card subsidiary of Itau-Unibanco, one of the 3 largest banks in Brazil.

Mr Feit holds a Bachelors of Economics and Business from the Tel Aviv University and a Masters in Business Administration from the Tel Aviv University in collaboration with the Wharton Business School (University of Pennsylvania).



Spiro Pappas – Non-Executive Chairman

Mr Spiro Pappas is a senior executive with over 28 years of international experience in banking, capital markets and corporate finance. Senior roles at ABN Amro included Joint Global Head of Capital Markets, Global Head of Corporate Finance and Advisory for Financial Institutions and Relationships for Banks and Non-bank Financial Institutions. Until recently Spiro worked at National Australia Bank where he has performed numerous roles including Executive General Manager of Corporate, Specialised and Institutional Banking, Executive General Manager of all International Branches and Innovation and CEO Asia.

Mr Pappas has been an active Australian representative of various G20 business advisory taskforces including membership of the Financing Growth, Trade and Investment and SME B2O Taskforces. Mr Pappas acted as a consulting editor on the recently launched and highly acclaimed definitive guide for Australian Entrepreneurs – “The Entrepreneur’s Guide – Start Up, Scale Up and IPO” working very closely with the ASX.

Mr Pappas chairs a public Australian unlisted company (Indrasync) which has developed a world leading patented wireless lighting technology for commercial buildings and is presently also the non-executive chairman of Atlas Iron Limited (previously listed on the ASX).

Mr Pappas has completed the INSEAD, The Challenge of Leadership Program, the London Business School, RBS Sponsored Program on Leadership and Governance and the Global Leadership Challenge Program – MIT, Stamford University, Tsinghua University.



Thierry Denis – Non-Executive Director

Mr Thierry Denis has more than 20 years senior management experience building market leading IT solutions with global electronic payments technology leader, Ingenico. Over his distinguished career at Ingenico, he has held transformative leadership roles in general management, R&D, Software Development and in expanding the international business of Ingenico in Asia, North America, Australia and New Zealand. Mr Denis was most recently President/Managing Director of Ingenico North America and then CEO Advisor & Consultant.

Mr Denis has strong sales and technical background and brings with him a broad executive skill set that spans M&A, product diversification, business development and marketing.

Mr Denis was recently appointed as a Non-Executive Director at ASX listed TZ Limited (TZL:ASX).

Mr Denis is a Graduate from the Australian Institute of Company Directors and holds a Diploma in Engineering from ENSEA (Ecole Nationale de l’Electronique et des de ses Applications).

It is proposed that Mr Denis will also be appointed as an External Director.

4. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE CONTINUED



Dawn Robertson – Non-Executive Director

Ms Dawn Robertson has been leading companies for more than 30 years both in the US Australia and internationally. Ms Robertson has been a global business leader for major retailers and wholesale companies, holding positions such as president of Old Navy and managing director of Myer Department Stores, where she developed and executed a new strategy for the \$3.2 billion department store and sold the company to a private equity firm, beating all market expectations on sale price. Mrs Robertson started Macys.com and Bloomingdales.com, and led Sean John, a private high growth wholesale and retail company founded by Sean “Diddy” Combs, where she successfully negotiated an exclusive relationship with Macys.

As president and CEO of Avenue, a large-size women’s, 450-store chain, Ms Robertson successfully sold the company to a private equity firm after a new strategy was developed. Dawn led Stein Mart, a 310-store retailer and most recently has started a business consulting company, Collective Growth, with 11 other partners.

Ms Robertson is presently a director on three boards: a private equity-backed company, a second stage start up online service company and Theatre East, an up-and-coming theatre company in New York City. Dawn was a trustee at the Harvey School in Katonah, NY for many years; a founding member of the Board of Advisors for the school of Human Sciences and Business at Auburn University; a member of Women in the Boardroom; chief executive of Women of Australia; and a professor at the Fashion Institute of Technology.

Ms Robertson is a Fellow of the Australian Institute of Company Directors, a Fellow of Women in the Boardroom, New York, NY, a Fellow of Chief Executive Women, Australia and a fellow Fellow of the Advisory Board Architects, Denver, CO.

Ms Robertson holds a B.A. Fashion Merchandising from Auburn University, Auburn, AL.

It is proposed that Ms Robertson will also be appointed as an External Director.



Michael Keoni De Franco – Non-Executive Director

Mr De Franco is a representative to the United Nations, including: Commission for Social Development (CSocD55), ECOSOC, #Youth2030, General Assembly’s (71st. Session) Consultations on the Participation of Indigenous peoples at the United Nations, The Ocean Conference from Jan 2017 to May 2018 and Advancement of Innovative Approaches to Global Challenges since February 2017.

Mr DeFranco is currently CEO of LifeLua Technologies, a Life BioSciences Company. Life Biosciences is the first and largest biotech company addressing the eight pathways of age-related decline (ARD) in totality. Prior to that, Mr DeFranco was the Founder and CEO of Lua, which provides a HIPAA compliant secure messaging and telehealth video conferencing platform for healthcare organisations. Lua was acquired by Life Biosciences in October 2018.

Mr De Franco is also a Partner at NextGen Venture Partners, a network-driven venture firm that brings together part-time venture capitalists who invest in and support a portfolio of entrepreneurs.

Mr De Franco completed a Strategic Management Course at the London School of Economics and Political Science and holds a BA from Wesleyan University.



Mark Antipof – Non-Executive Director

Mr Mark Antipof is an independent consultant with 30 years' experience in payments and information services.

Mr Antipof is a veteran in payments and technology services having spent almost half of his career at Visa with his final role (December 2018) as Chief Commercial Officer responsible for leading all client facing teams in all European markets, with a team present in 23 countries. Mark's team worked closely with Visa's clients on a day-to-day basis. Prior to this, Mr Antipof was Chief Officer, Sales and Marketing, responsible for delivering Visa's business plans, strategies, country operations and advertising across 36 markets.

Prior to joining Visa, Mr Antipof was a Business Unit Director for Burgundy Global Ltd, a services and IT solutions company for the travel industry. Here he had the responsibility of developing and managing large intermediary sales channels, maintaining and growing global sales to multinational corporates and the creation of the main network concept and initial sales plans for the overall business.

Mr Antipof has been based in a number of different markets, including Italy, where he worked for Applied Communications, a leader in payment card services, EFT and banking systems and software; and in France, where he worked for Equifax Europe, a leader in consumer and commercial credit reporting and data analytics.

Mr Antipof is fluent in five languages including English, French, Italian, Spanish and Arabic.

Mr Antipof is an Accredited Performance Coach – Middlesex University (2009), is a member of the EMCC Accredited Mentor (CMI 2012) and is an Accredited Non-Executive Director (Pearsons/FT/2012).

Mr Antipof holds a Diplome Informatique "Computer Science" from Institut Francecl and a Baccalaureat Sciences from the College des Soeurs Antonines.

4.2 SENIOR MANAGEMENT

(a) Assaf Bazar – Vice President of Research and Development

Mr Assaf Bazar is the vice president of research and development of Splitit and has extensive experience in developing enterprise products, a strong technical background, business acumen, systemic vision and entrepreneurial spirit. Before joining Splitit, Mr Bazar served for more than 10 years as a system architect at NCR (Retailix), leading the architecture of selected modules in the company's leading product (R10), which is a platform for the development of retail focused business-related functionality.

(b) Kobi David – Chief Revenue Officer

Mr Kobi David has 15 years of experience in credit, collection and risk management. Prior to joining Splitit, Mr David served in the same role in leading enterprise companies in Israel, such as Straus Group, Alvarion and Gilat.

(c) Roey Shochat – Vice President of Sales EMEA

Mr Roey Shochat has more than a decade of experience in leading global organizations to leverage transformational fintech software technology and services solutions. Roey's teams enable B2B, dominant customer brands and agencies to increase revenue and customer engagement, drive measurable and predictable ROI, automate and manage ongoing complexities and enhance agility.

As the vice president of sales for EMEA, Mr Shochat leads multi-disciplines, cross functional client teams focused on customer success and sales to leading online merchant cross the region.

Prior to joining Splitit, between 2007 to 2015, Mr Shochat served as COO, VP Marketing & Sales and as part of the founding team of Pareto Analytics.

4. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE CONTINUED

(d) **Adi Krysler – Head of Marketing**

Ms Adi Krysler has more than a decade of experience in marketing and communications and has diverse experience in B2B and B2C strategy, branding, social media, PPC, email marketing, funnels analysis, retention, content writing, A/B testing and overall project management.

Prior to joining Splitit, Ms Krysler served in the same role in leading enterprise companies in Israel, such as Wix and SAP.

4.3 **DIRECTOR DISCLOSURES**

No Director or Proposed Director has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director or which is relevant to an investor's decision as to whether to subscribe for Shares.

No Director or Proposed Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a six month period after they ceased to be an officer.

4.4 **INTERESTS OF DIRECTORS**

No Director or Proposed Director (or entity in which they are a director and/or a shareholder) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
- (c) the Offer, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (a) any Director or Proposed Director to induce him or her to become, or to qualify as, a Director; or
- (b) any Director for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offer,

except as disclosed in this Prospectus.

4.5 **EXTERNAL DIRECTORS**

Under the Companies Law, the Company is required to have at least two directors who qualify as external directors under the Companies Law (**External Directors**). The definition of an External Director under the Companies Law includes a set of statutory criteria that must be satisfied, including criteria whose aim is to ensure that there is no factor that would impair the ability of the External Director to exercise independent judgment.

The External Directors of the Company do not have to be Israeli residents (since the securities of the Company have been offered outside of Israel). Section 10.1(c) sets out further information in relation to the Companies Law provisions relating to External Directors. Although there is no binding legal definition of an "independent director" for the purposes of the Corporations Act and the Listing Rules, it is generally expected that directors who are classified as External Directors under the Companies Law would be considered "independent" for the purposes of ASX Recommendations. It is proposed that Ms Dawn Robertson and Mr Thierry Denis will be the External Directors of the Company for the purpose of the Companies Law.

4.6 **CHAIRMAN OF THE BOARD**

In accordance with the Companies Law and the Articles, the Board is required to appoint one of its members to serve as chairman of the Board. The Board has appointed Mr Spiro Pappas to serve as Chairman of the Board.

4.7 DIRECTORS' INTERESTS AND REMUNERATION

(a) Executive Directors' remuneration

The Company has entered into an employment agreement with Mr Gil Don in respect of his employment as CEO and Managing Director of the Company. Refer to Section 4.8(a) for further details.

The Company has also entered into an employment agreement with Alon Feit in respect of his employment as an Executive Director of the Company. Refer to Section 4.8(a)(iv) for further details.

(b) Non-Executive Directors' remuneration

Under the Companies Law and related regulations promulgated thereunder, the remuneration to which each Director is entitled for his or her services as a Director shall be approved by the Shareholders and be in compliance with the provisions of the Companies Law and related regulations. Under the Listing Rules, the total amount of fees payable to all Directors for their services (excluding for these purposes, the remuneration of any Executive Director) must not exceed in aggregate in any financial year the amount fixed by the Company in general meeting. This amount has been capped by the Company at A\$400,000 per annum. Any increase to that aggregate annual sum needs to be approved by Shareholders. Directors will seek approval of the Shareholders from time to time, as appropriate.

This aggregate annual sum does not include any special remuneration which the Board may grant to the Directors for special exertions or additional services performed by a Director for or at the request of the Company, which may be made in addition to or in substitution for the Director's fees.

The annual Directors' fees currently agreed to be paid by the Company are A\$75,000 (exclusive of GST) to the Chairman and A\$50,000 (exclusive of GST) to each of the other Non-Executive Directors.

(c) Deeds of access, exculpation, indemnity and insurance for Directors and Officers

The Company has obtained directors' and officers' liability insurance for the benefit of the Company's office holders and intends to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Companies Law.

In addition, the Company has entered into standard deeds of access, exculpation, indemnity and insurance agreements with each of the Directors and Proposed Directors. Pursuant to those deeds, the Company has undertaken, to the fullest extent permitted by the Companies Law and the Company's Articles, to indemnify each Director and Proposed Director in certain circumstances and to maintain directors' and officers' insurance cover in favour of the Director and Proposed Director during the period of their appointment and for seven years after the Director or Proposed Director has ceased to be a Director or a Proposed Director. The Company has further undertaken with each Director and Proposed Director to maintain a complete set of the Company's board papers and to make them available to the Director or Proposed Director for seven years after the Director or Proposed Director has ceased to be a Director or Proposed Director.

As of the date of this Prospectus, no claims for directors' and officers' liability insurance have been filed under this insurance policy and the Company is not aware of any pending or threatened litigation or proceeding involving any of the Company's directors or officers in which indemnification is sought.

(d) Other information and interests

Directors may also be reimbursed for travel and other expenses reasonably incurred in connection with the performance of their duties as Directors.

4. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE CONTINUED

(e) Directors' interests in Shares and other securities

Directors are not required by the Articles to hold any Shares. The table below details the Directors' interests in Shares prior to and following completion of the Offer.

Table 4.1: Director/Proposed Director holding of Shares

DIRECTOR	NO. OF SHARES HELD PRIOR TO ADMISSION	NO. OF SHARES HELD FOLLOWING ADMISSION	PERCENTAGE SHAREHOLDING FOLLOWING ADMISSION ¹
Alon Feit	28,159,914	28,159,914	10.43%
Jason Krigsfeld ³	3,436,237	3,436,237	1.27%
Yuki Ohuchi	-	-	-
Gil Don	12,771,294	12,771,294	4.73%
Spiro Pappas	1,566,035	1,566,035	0.58%
Thierry Denis	-	200,000 ²	0.10%
Dawn Robertson	-	-	-
Michael Keoni DeFranco	-	-	-
Mark Antipof	-	-	-

Note

- Assuming Minimum Subscription.
- Thierry Denis intends to subscribe for up to 200,000 Shares under the Offer.
- Mr Jason Krigsfeld and Ms Yukie Ohuchi, who are current Directors, will resign and cease to be Directors effective on Admission. Mr Jason Krigsfeld is an associate of VentureVest Partners LLC and the son of Ms Victoria Neil Krain.

Table 4.2: Director/Proposed Director holding of Options and Performance Rights

DIRECTOR	NO. OF OPTION HELD PRIOR TO ADMISSION	NO. OF OPTIONS HELD FOLLOWING ADMISSION	NO. OF PERFORMANCE RIGHTS HELD PRIOR TO ADMISSION	NO. OF PERFORMANCE RIGHTS HELD FOLLOWING ADMISSION
Alon Feit	1,695,249	6,695,249 ³	-	6,500,000 ¹
Jason Krigsfeld ⁶	-	-	-	-
Yuki Ohuchi	-	-	-	-
Gil Don	924,198	3,924,198 ⁴	-	10,000,000 ²
Spiro Pappas	-	2,000,000 ⁵	-	-
Thierry Denis	-	1,000,000 ⁵	-	-
Dawn Robertson	-	1,000,000 ⁵	-	-
Michael Keoni DeFranco	-	1,000,000 ⁵	-	-
Mark Antipof	-	1,000,000 ⁵	-	-

Note:

- Being 2,500,000 Class D Performance Rights, 2,000,000 Class E Performance Rights and 2,000,000 Class F Performance Rights. Refer to Section 9.8 for further details.
- Being 4,000,000 Class A Performance Rights, 4,000,000 Class B Performance Rights and 2,000,000 Class C Performance Rights. Refer to Section 9.8 for further details.
- Being 924,198 Existing Options and 3,000,000 Management Options. Refer to Sections 9.4 and 9.7 for the terms and conditions of the Options.
- Being 1,695,249 Existing Options and 5,000,000 Management Options. Refer to Sections 9.4 and 9.7 for the terms and conditions of the Options.
- Refer to Section 9.6 for the terms and conditions of the Options.
- Mr Jason Krigsfeld and Ms Yukie Ohuchi, who are current Directors, will resign and cease to be Directors effective on Admission. Mr Jason Krigsfeld, is an associate of VentureVest Partners LLC and the son of Ms Victoria Neil Krain.

Directors may hold their interests in securities shown above directly or indirectly through holdings by companies or trusts.

The Directors (and their associates) are entitled to apply for shares under the Offer. The table above does not take into account any Shares the Directors may acquire under the Offer. As at the date of this Prospectus, Mr Thierry Denis intends to subscribe for up to 200,000 Shares under the Offer.

The Shares held by or on behalf of Messrs Gil Don, Jason Krigsfeld, Alon Feit and Spiro Pappas will be subject to ASX imposed escrow as detailed in Section 3.11.

4.8 EXECUTIVE REMUNERATION

(a) Managing Director

The Company has entered into an executive employment agreement with Mr Gil Don in respect of his employment as the CEO and Managing Director of the Company on Admission. The principal terms of the executive employment agreement are as follows:

- (i) Mr Don will receive a base salary of NIS 60,000 per month, excluding mandatory superannuation contributions;
- (ii) express provisions protecting the Company's confidential information and intellectual property;
- (iii) Mr Don may terminate the agreement by giving 12 weeks notice in writing to the Company (during the first 12 month period of his employment) and 16 weeks notice in writing to the Company thereafter; and
- (iv) the Company may terminate the agreement (without cause) by giving 24 weeks notice (during the first 12 months of his employment) and 12 months' notice thereafter in writing to Mr Don (or make payment in lieu of notice), on other similar grounds) by Mr Don, in which case no notice is required.

(b) Executive Director

The Company has entered into an executive services agreement with Mr Alon Feit in respect of his employment as the Executive Director of the Company on Admission. The principal terms of the executive service agreement are as follows:

- (i) Mr Feit will receive a base salary of NIS 54,000 per month, excluding mandatory superannuation contributions;
- (ii) express provisions protecting the Company's confidential information and intellectual property;
- (iii) Mr Feit may terminate the agreement by giving 12 weeks notice in writing to the Company (during the first 12 month period of his employment) and 16 weeks notice in writing to the Company thereafter; and
- (iv) the Company may terminate the agreement (without cause) by giving 24 weeks notice (during the first 12 months of his employment) and 12 months' notice thereafter in writing to Mr Feit (or make payment in lieu of notice), on other similar grounds) by Mr Feit, in which case no notice is required.

4.9 RELATED PARTY TRANSACTIONS

As at the date of this Prospectus, no material transactions with related parties and Directors' interests exist other than those disclosed in the Prospectus.

4.10 ASX CORPORATE GOVERNANCE COUNCIL PRINCIPLES AND RECOMMENDATIONS

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

The ASX Corporate Governance Council has developed and released its third edition of the ASX Corporate Governance Principles and Recommendations (**Recommendations**) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The Recommendations are not prescriptions, but guidelines. However, under the Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the Recommendations in the reporting period. Where the Company does not follow a recommendation it must identify the recommendation that it has not followed and provide reasons for not following it.

4. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE CONTINUED

In light of the Company's size and nature, the Board considers that the current Board composition and structure is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan is available in a dedicated corporate governance information section of the Company's website at <http://www.Splitit.com>.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) recommending the Shareholders to appoint and when necessary replace the Executive Directors and the Managing Director, all subject to applicable law;
- (iii) approving the appointment and when necessary replacement, of other senior executives, all subject to applicable law;
- (iv) undertaking appropriate checks before putting forward to Shareholders a candidate for election, as a director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. On Admission, the Board will consist of one Managing Director, one Executive Director and five non-executive Directors (each of whom is independent). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Independence of the Board

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

In accordance with the Board Charter, it is intended that the Board will be comprised of a majority of independent directors. The Board considers an independent Director to be a Non-Executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of their judgement. The Board has adopted a definition of independence that is based on the definition in the Recommendations. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board assesses independence of directors upon appointment and annually throw attestation from each Director.

The Board considers that each of Mr Spiro Pappas, Mr Thierry Denis, Ms Dawn Robertson, Mr Michael Keoni DeFranco and Mr Mark Antipof are free from any interest, position, association or relationship that may influence or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the Recommendations.

Mr Gil Don is considered by the Board not to be independent on the basis that he will be the Managing Director and Mr Alon Feit is considered by the Board not to be independent on the basis that he will be an Executive Director.

Accordingly, as at the time of the Company's listing, the Board will consist of a majority of independent Directors consistent with Principle 2.4 of the Recommendations.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Remuneration Committee

Under the Companies Law, the Company must establish a remuneration committee, which must include all External Directors then serving on the Board. The External Directors must also comprise a majority of the remuneration committee and an External Director must serve as the chair.

With effect from the date of Admission, the Company's remuneration committee will comprise of Mr Michael DeFranco, who will also serve as the remuneration committee's chair, Ms Dawn Robertson, and Mr Thierry Denis.

In addition to the requirements under the Companies Law, the remuneration committee is governed by the Company's remuneration committee charter established by the Board, which is subject to review by the Board from time to time.

The Remuneration and Nomination Committee must also recommend to the Board the Company's remuneration policy regarding the terms of engagement of the Directors and of specified members of senior management in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility. The remuneration policy, to take effect from the date of Admission, must be adopted by the Board, after considering the recommendations of the remuneration committee. Shareholder approval, by way of a special majority, as defined in the Companies Law will also be required for adoption of the remuneration policy. An External Director's remuneration is determined prior to his or her appointment and must not be amended throughout the three year term. The remuneration of each External Director must be the same.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(g) Risk and Audit Committee

Under the Companies Law, the Company must establish an audit committee, comprising at least three directors and including all External Directors then serving on the Board. The External Directors must also comprise a majority of the committee and an External Director must serve as the chair.

With effect from the date of Admission, the Company's audit committee will comprise of Mr Michael DeFranco, who will also serve as the audit committee's chair, Ms Dawn Robertson, and Mr Thierry Denis.

4. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE CONTINUED

In addition to the requirements under the Companies Law, the audit committee is governed by the Company's audit committee charter established by the Board, which is subject to review by the Board from time to time.

The Risk and Audit Committee operates under a Risk and Audit Committee Charter, to take effect from the date of Admission, which includes, but is not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and the Company's risk management systems, the identification and management of business, economic, environmental and social sustainability risk and the external audit function.

(h) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors following the recommendation from the Audit Committee.

(i) Internal auditor

Under the Companies Law, the Company must appoint an internal auditor based on the recommendation of the audit committee, meeting certain independence requirements. The internal auditor's duty is to assist the Board, the Company's CEO and the audit committee. Specifically, the internal auditor will be responsible for reviewing the Company's compliance with applicable law and the appropriateness of its business management.

The Companies Law requires that the internal auditor submits an annual or periodic working plan proposal to either the Board or the audit committee for their approval. With effect from the date of Admission, the Company will appoint an internal auditor.

4.11 CORPORATE GOVERNANCE POLICIES

The Company has adopted the following policies, each of which has been prepared having regard to the Recommendations and is available on the company's website at <http://www.Splitit.com/>.

- (a) **Code of Conduct** – This policy details the standards of ethical behaviour that the Company expects from its Directors, officers and employees.
- (b) **Continuous Disclosure Policy** – Once listed on the ASX, the Company will need to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act to ensure the Company discloses to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations.
- (c) **Risk Management Policy** – This policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business. The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.
- (d) **Securities Trading Policy** – The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.
- (e) **Shareholder Communications Policy** – This policy details the practices which the Company will implement to ensure effective communication with its shareholders.
- (f) **Diversity Policy** – The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly, the Company has set in place a diversity policy. This policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

(g) **Privacy Policy**

The Board recognises the need to ensure the right to privacy is maintained. The Company has, therefore, adopted a privacy policy. The privacy policy governs the processing and transfer of personal data collected on the Company's website, or with services otherwise provided by the Company. The privacy policy applies to all jurisdictions.

Additionally, the services are intended for users over the age of 16, or equivalent age for providing consent to processing of personal data in the relevant jurisdiction. The Company specifically states in its privacy policy that users under this age are not permitted to use the services offered by the Company.

Under the privacy policy, the Company also commits to not selling, trading or otherwise providing users' personal data to third parties, without first obtaining the users' lawful consent. The Company will share and transfer users' personal data to trusted third parties only in connection with the provision of services to the users or under other limited circumstances, such as complying with a legal requirement."

(h) **Anti-corruption and anti-money laundering policies**

The Company is committed to complying with all laws of the jurisdictions in which it operates, including those relating to bribery and corruption. The anti-corruption and anti-money laundering policies sets out the responsibilities of Company's personnel, including in their dealings with and through third parties. It addresses protection of the Company's personnel in seeking to comply with this policy, dealing with false reports, investigations, consequences for breach, examples of improper conduct, contact with government officials, donations, no-cash gifts and corporate hospitality, political and charitable contributions and sponsorships, facilitation payments, secret commissions and money laundering.

4.12 DEPARTURES FROM RECOMMENDATIONS

Following admission to the Official List, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Table 4.3: ASX Corporate Governance Principles and Recommendations departures

PRINCIPLES AND RECOMMENDATIONS	EXPLANATION FOR DEPARTURE
2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge required to perform their roles a directors effectively.	<p>Upon appointment, new Directors will be subject to relevant induction procedures to provide the incoming individual with sufficient knowledge of the entity and its operating environment to enable them to fulfil their role effectively.</p> <p>The Board will, when it considers the Company to be of an appropriate size, implement a formal induction process that complies with Recommendation 2.6</p>
6.2 A listed entity should design and implement an investor relations program to facilitate communication with shareholders.	<p>The Company has not adopted a formal investor relations program, however it does seek to inform investors of developments regularly by communication through ASX announcements and by providing information on its website.</p> <p>Investors are encouraged to attend the Company's security holder meetings, and are able to contact management by email info@splitit.com.</p>

5.

INDEPENDENT ACCOUNTANT'S REPORT



5. INDEPENDENT ACCOUNTANT'S REPORT



SPLITIT LIMITED
Investigating Accountant's Report

18 December 2018





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18 December 2018

The Directors
Splitit Limited
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Melbourne VIC 3186

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd ('BDO') has been engaged by Splitit Limited ('Splitit' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain financial information of Splitit, for the Initial Public Offering of shares in Splitit, for inclusion in the Prospectus. Broadly, the Prospectus will offer up to 60 million Shares at an issue price of \$0.20 each to raise up to \$12 million Australian Dollars before costs ('the Offer'). The Offer is subject to a minimum subscription level of 50 million Shares to raise \$10 million Australian Dollars before costs.

The Prospectus also contains offers of:

- 14,000,000 options to be issued to Splitit directors ('Director Options'); and
- 15,000,000 options to be issued to Lead Manager ('Lead Manager Options'); and
- 18,000,000 performance rights to be issued to Directors ('Performance Rights'); and

Expressions defined in the Prospectus have the same meaning in this Report. BDO Corporate Finance (WA) Pty Ltd ('BDO') holds an Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

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BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

2. Scope

You have requested BDO to perform a review engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

You have requested BDO to review the following historical financial information (together the '**Historical Financial Information**') included in the Prospectus:

- the audited historical Statements of Financial Position as at 30 June 2018, Statement of Profit or Loss and Other Comprehensive Income and Cash Flows of Splitit for the years ended 31 December 2016, 31 December 2017 and the period ended 30 June 2018; and

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies.

The Historical Financial Information for Splitit has been extracted from the financial report of Splitit for the period ended 30 June 2018, which was reviewed by Deloitte Touche Tohmatsu Limited ('**Deloitte Tel Aviv Audit**') in accordance with the International Auditing Standards. Deloitte Tel Aviv Audit issued an unmodified audit opinion on the financial report, but included the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The unmodified audit opinion also included an Emphasis of Matter paragraph regarding the basis of accounting.

For each of the years ended 31 December 2016, 31 December 2017 and the period ended 30 June 2018, Deloitte Tel Aviv Audit issued an unmodified audit opinion on the financial report, but included Material Uncertainty Related to Going Concern paragraph. Material Uncertainty Related to Going Concern stated in the financials, these events or conditions, along with other matters as set forth in the financials, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We note that the matters in the financials which relate to the going concern will be addressed based on, the conversion of the convertible note and the raising of funds under the Offer.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the '**Pro Forma Historical Financial Information**') of Splitit included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2018.

The Pro Forma Historical Financial Information has been derived from the historical financial information of Splitit and the pro forma adjustments described in Section 6 of this Report. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 6 of this Report, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Section 6 of the Report on the Company's financial position as at 30 June 2018. As part of this process, information about the Company's financial position has been extracted by the Company from its financial statements for the period ended 30 June 2018.

3. Directors' responsibility

The directors of Splitit are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our review procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendices to this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro forma historical Statement of Financial Position is shown in Appendix 2. This has been prepared based on the financial statements as at 30 June 2018, the subsequent events set out in Section 6, and the following transactions and events relating to the issue of Shares under this Prospectus:

- The issue of 60 million shares at an offer price of \$0.20 each to raise \$12 million Australian Dollars before costs pursuant to the Prospectus, based on the minimum subscription of 50 million shares to raise \$10.0 million Australian Dollars (**'the Offer'**).
- Total costs of the listing and capital raising are estimated to be between \$911,044 and \$1,011,044 (**'Costs of the Offer'**). Those costs which relate to the capital raising are to be offset against contributed equity with the balance recognized as a listing expense. We have offset costs in the range of \$500,000 and \$600,000 against contributed equity relating the capital raising.
- The issue of 6 million share options to the directors of Splitit (**'Director Options'**).
- The issue of 8 million share options to the executive directors of Splitit (**'Management Options'**).
- The issue of 18 million Performance rights to the directors of Splitit (**Performance rights**)
- The issue of 15 million share options to the Advisors of Splitit (**Advisors Options**)
- The conversion of convertible notes into 90,587,549 shares, this includes an issue of convertible notes post 30 June 2018 for which \$2,043,688 USD was raised;
- A reorganisation of the existing share capital resulting in 101,205,209 ordinary shares being on issue;
- The vesting of shares under the employee share option plan post 30 June 2018 resulting in 1,756,405 shares being issued;
- The exercise of warrants post 30 June 2018 resulting in the issue of 16,106,497 and the receipt of \$1.52 million USD and
- The issue of Converting notes, which convert upon IPO into 25,679,252 shares for \$2,043,688 USD.

An exchange rate of 1 AUD to 0.71 USD has been used. All financial information is shown in USD.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or event outside of the ordinary business of Splitit not described above, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive

7. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received.

8. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd



Adam Myers

Director

APPENDIX 1
SPLITIT LIMITED

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position	Note	Audited as at 30-Jun-18	Pro-forma adjustment Min	Pro-forma adjustment Max	Pro-forma after issue Min	Pro-forma after issue Max
CURRENT ASSETS						
Cash and cash equivalents	2	2,505	10,016,846	11,365,847	10,231,851	11,580,852
Account receivable		965,574	-	-	965,574	965,574
Restricted cash		23,853	-	-	23,853	23,853
Other current assets		356,442	-	-	356,442	356,442
TOTAL CURRENT ASSETS		1,560,874	10,016,846	11,365,847	11,577,720	12,926,721
NON-CURRENT ASSETS						
Long term deposit		500	-	-	500	500
Fixed assets, net		20,675	-	-	20,675	20,675
TOTAL NON-CURRENT ASSETS		21,175	-	-	21,175	21,175
TOTAL ASSETS		1,582,049	10,016,846	11,365,847	11,598,895	12,947,896
CURRENT LIABILITIES						
Trade accounts payable		598,207	-	-	598,207	598,207
Short term loan		1,700	-	-	1,700	1,700
Short term convertible loans	3	8,959,600	(8,959,600)	(8,959,600)	-	-
Other current liabilities		166,522	-	-	166,522	166,522
Long Term Trade Payable		5,687	-	-	5,687	5,687
TOTAL CURRENT LIABILITIES		11,930,316	-	8,959,600	2,970,716	2,970,716
TOTAL LIABILITIES		11,930,316	-	8,959,600	2,970,716	2,970,716
NET ASSETS		(10,348,267)	18,976,446	20,325,447	8,628,179	9,977,180
EQUITY						
Ordinary shares	4	1,961,847	18,887,905	20,230,716	20,849,752	22,192,563
Preferred A shares		221	(221)	(221)	-	-
Reserves	5	-	502,680	502,680	502,680	502,680
Accumulated deficit	6	(12,310,335)	(413,918)	(407,728)	(12,724,253)	(12,718,063)
TOTAL EQUITY		(10,348,267)	18,976,446	20,325,447	8,628,179	9,977,180

The pro-forma statement of financial position after the Offer is as per the statement of financial position before the Offer adjusted for any subsequent events and the transactions relating to the issue of shares pursuant to this Prospectus. The statement of financial position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5.

5. INDEPENDENT ACCOUNTANT'S REPORT CONTINUED

APPENDIX 2

SPLITIT LIMITED

HISTORICAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for the half		Audited for the half	
	year ended 30-Jun-18 \$	Audited for the year ended 31-Dec-17 \$	year ended 30-Jun-17 \$	Audited for the year ended 31-Dec-16 \$
Revenue				
Revenue from operations	272,310	260,409	89,705	131,781
Cost of revenue	(144,983)	(201,495)	(91,172)	(245,748)
Gross profit	127,327	58,914	(1,467)	(113,967)
Expenses				
Research and development expenses	(482,447)	(1,104,053)	(521,523)	(1,209,863)
Marketing expenses	(451,238)	(608,603)	(258,250)	(375,981)
General and administrative expenses	(699,664)	(1,299,485)	(770,271)	(934,373)
Net loss before financing expenses, net	(1,506,022)	(2,953,227)	(1,551,511)	(2,634,184)
Finance income (expenses), net	267,440	(468,409)	(409,891)	(219,940)
Loss before income tax	(1,238,582)	(3,421,636)	(1,961,402)	(2,854,124)
Income tax expense	(1,210)	(649)	(225)	-
Total comprehensive loss for the year	(1,239,792)	(3,422,285)	(1,961,627)	(2,854,124)

This historical statement of profit or loss and other comprehensive income shows the historical financial performance of Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5. Past performance is not a guide to future performance.

APPENDIX 3
SPLITIT LIMITED
HISTORICAL STATEMENT OF CASH FLOWS

Consolidated Statement of Profit or Loss and Other Comprehensive Income	Audited for the half year ended 30-Jun-18 \$	Audited for the year ended 31-Dec-17 \$	Audited for the half year ended 30-Jun-17 \$	Audited for the year ended 31-Dec-16 \$
Cash flows from operating activities				
Loss for the period according to the Statement of Profit and Loss	(1,239,792)	(3,422,285)	(1,961,627)	(2,854,124)
Adjustments to reconcile cash flows provided by operating activities	169,218	1,077,572	687,430	801,435
Net cash flows from operating activities	(1,070,574)	(2,344,713)	(1,274,197)	(2,052,689)
Cash flows from investing activities				
Long term deposit	-	(500)	(8,581)	7,688
Restricted cash	25,200	-	-	-
Purchase of fixed assets	(5,343)	(5,754)	(1,611)	(7,247)
Net cash flows from Investing activities	19,857	(6,254)	(10,192)	441
Cash flows from financing activities				
Short term loan	-	87,215	92,897	110,000
Restricted cash	-	(21,944)	(3,281)	(27,108)
Proceeds from convertible loan	750,000	2,753,550	1,303,550	1,968,000
Net cash flows from financing activities	750,000	2,818,821	1,393,166	2,050,892
Net (decrease)/increase in cash and cash equivalents	(300,717)	467,854	108,777	(1,356)
Cash and cash equivalents at beginning of period	515,724	47,870	47,870	49,226
Cash and cash equivalents at end of the period	215,007	515,724	156,647	47,870

This historical statement of cash flows shows the historical cash flows of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4 and the prior year financial information set out in Appendix 5. Past performance is not a guide to future performance.

APPENDIX 4

SPLITIT LIMITED

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

NOTE 1 - GENERAL

A. Description of business and information:

Splitit Ltd. ("the Company") previously known as Pay It Simple Ltd. was incorporated in Israel on October 6, 2008.

The Company a technology company providing a cross border credit card based instalment solution to businesses and merchants that can be fully integrated into a merchant's payment system.

In August 2013, the Company established a wholly owned U.S subsidiary (Splitit Inc.) for marketing purpose.

In March 2015, the Company established a wholly owned U.S subsidiary (Splitit Capital Inc.) for marketing and distributing purpose.

In September 2015, the Company established two wholly owned U.K subsidiaries (Splitit UK Ltd. and Splitit Capital UK Ltd.) for marketing purpose. As of December 31, 2017, Splitit Capital UK Ltd., has not yet commenced its operation.

B. Definitions:

The Company	-	Splitit Ltd.
The subsidiaries	-	Splitit Inc, Splitit Capital Inc, Splitit UK Ltd. and Splitit Capital UK Ltd.
Related Parties	-	As defined in IAS 24
NIS	-	New Israeli Shekel
Dollar (or \$)	-	the US dollar

C. Going Concern:

The Company's consolidated financial statements reflect a net loss of \$ 3,422,285 for the year ended December 31, 2017 and an accumulated deficit of \$ 11,070,542 as of that date, which raises significant doubts about the ability of the Company to continue as a going concern. The Company's financial statements were made under the assumption that the Company will continue as a going concern. The consolidated financial statements do not include any adjustments to reflect the possible future effect on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Continued operations of the Company are subject to the continuing receipt of funding from the Company's shareholders and other investors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation and Statement of compliance:

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards and its interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB")

B. Basis of preparation:

The financial statements were prepared on the basis of the historical cost, except for certain financial assets and liabilities that are measured at fair value, as required by IFRS.

The assets and liabilities included in the consolidated financial statements are recognized and measured in accordance with the accounting policies described below.

C. Use of estimates in preparation of financial statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Financial Statements in U.S. Dollars:

The currency of the primary economic environment in which the Company conducts its operations is the U.S. dollar ("dollar"). Accordingly, the Company uses the dollar as its functional and reporting currency.

E. Principles of consolidation and basis of presentation:

The consolidated financial statements include the financial statements of the Company and its subsidiaries. The results of the subsidiaries are included from the date of commencement of their operations. Intercompany transactions and balances between the Company and its subsidiaries have been eliminated in the consolidated financial statements.

F. Cash and cash equivalents:

The Company considers all highly liquid investments, including short-term bank deposits purchased with original maturities of three months or less, unrestricted and readily convertible into known amounts, to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. Trade receivables:

Trade receivables are initially recognized at fair value, including the related taxes and expenses. Foreign currency-denominated trade receivables are adjusted at the exchange rate in effect at the end of the reporting period. The allowance for estimated losses on doubtful debts were recognized in an amount considered sufficient to cover any losses.

H. Property and equipment:

(1) Property and equipment are measured at initial recognition at cost. The cost also includes the initial estimate of costs required to dismantle and remove the item.

The Company implements the cost method according to which an item will be presented at cost less accumulated depreciation and less accumulated impairment losses.

(2) Annual depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

(3) The estimated useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Annual rates of depreciation are as follows:

	<u>%</u>
Computers and software	33
Furniture and office equipment	7

I. Impairment of assets:

The Company examines at each balance sheet date the carrying amounts of its assets whenever any signs point to a possible reduction in the value of these assets. Whenever the book value exceeds that asset's recoverable value, the Company recognizes a loss from this impairment.

Such a loss from any asset other than goodwill that was recognized in the past is eliminated only when a change occurred in the estimates used in the determination of the recoverable amount, from the date when the last impairment was recognized as a loss. The book value following this elimination does not exceed the book value that would have been established for the asset had a loss from impairment not been recorded in previous years.

J. Share based payments:

The Company grants equity settled share-based payments to employees and others providing similar services in consideration for equity instruments (options) of the Company. The equity instruments granted do not vest until such employees and service providers complete a defined period of service.

The Company recognizes the share-based payment arrangements in the financial statements on a straight-line basis over the vesting period in the income statement against an increase in shareholders' equity, based on the Company's estimate of equity instruments that will eventually vest. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

K. Revenue recognition:

Revenue is measured at the fair value of the consideration received or receivable.

The Company's revenues are derived from transaction fees (Merchant Fees) paid by its clients in relation with transaction utilising the Splitit Payment Platform.

Merchant Fees are generated on each approved order placed via the Splitit Payment Platform and are predominantly based on a percentage of the end-customer order value plus a fixed fee per instalment.

Merchant fees are earned from the following business models, which differ, mainly, in the timing fees are collected:

Funded model - under the funded model, merchant will receive the full purchase price upfront. The full amount is transferred to the Merchant net of Merchant fees payable to Splitit and financing fees representing also the interest cost of lending payable to the lender (financing institution). The lender provides the liquidity to the transaction and receives financing fees for it. Splitit, collects amounts owed by the merchant to the lender but bears no credit risk. In case of default by the merchant, the lender will incur the credit losses without consequences to Splitit. Fees collected upfront are recognized on a straight-line basis over the lending period.

Basic model - under the basic model merchants provides the liquidity. End-user pays directly to the merchant. Splitit will then provide merchant with a monthly invoice for the amounts paid for the previous month (for a basic track service fee calculated as 1.5% plus fixed fee of \$1.5 (1.5 Euro or 1 British Pound depending on the location) per instalment. Revenues are recognized upon issuance invoice.

Splitit reports its revenues (i.e., merchant fees) net of the amounts passed through to the lender (under the Funded Model).

L. Research and development costs:

Research and development costs are charged to operations as incurred.

M. Fair value of financial instruments:

The Company uses a three-level hierarchy when measuring fair value. The following is a description of the three hierarchy levels:

- Level 1** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date
- Level 2** Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly
- Level 3** Unobservable inputs for the assets or liabilities

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest input that is significant to the fair value measurement in its entirety. Honda recognizes the transfers between the levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. INDEPENDENT ACCOUNTANT'S REPORT CONTINUED

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

N. Exchange rates and linkage basis:

Balances denominated in or linked to currencies other than the NIS are presented according to the representative exchange rates published by the Bank of Israel as of the balance sheet date.

Balances which are linked to the Israeli Consumer Price Index ("CPI") are presented on the basis of the first index published subsequent to the balance sheet date based on the terms of the applicable transactions.

Exchange rate and linkage differences are charged to operations as incurred Data in respect of the NIS/dollar exchange rate and the CPI are as follows:

<u>As of:</u>	Representative exchange rate of the dollar (NIS per \$1)	CPI (in points)
December 31, 2017	3.467	131.71
December 31, 2016	3.845	131.2
	%	%
<u>Changes during:</u>		
December 31, 2017)9.83(0.39
December 31, 2016)1.46((0.2)

O. New and amended standards not yet adopted:

1. IFRS 9, "Financial instruments":

In July 2014, the IASB issued IFRS 9, "Financial instruments", which replaces the guidance in IAS 39. IFRS 9 includes new requirements on the classification and measurement of financial assets and liabilities, as well as a new impairment model based on expected credit losses rather than the incurred loss impairment model of IAS 39. It also introduces new rules for hedge accounting. IFRS 9 must be applied on annual periods beginning on or after January 1, 2018.

The new impairment model requires recognition of impairment provisions based on expected credit losses rather than on incurred credit losses.

The Company completed its review of the possible of effects of the adoption of IFRS 9. The Company holds no traded financial instrument. Other than the Convertible Loans Agreements ("CLA") all other financial instruments are held for collection and upon adoption of IFRS 9 will continue to be carried at amortized cost. The CLAs will continue to be carried at fair value but expected to be converted to shares upon completion of the IPO. The Company also considered the effect of the new impairment model. As further discussed in note 2K the Company has very little credit risk. This is the case as the Company recognizes revenue after the collection of its upfront fees (under the Funded Model) or recognize fees on a monthly basis (under the basic model) which exposes it to a maximum of monthly fee payment per merchant. Based on the

above, the Company believes that the effect of adoption of IFRS 9 will have no substantial influence on its financial position and operations.

0. New and amended standards not yet adopted: (Cont.)

2. IFRS 15, "Revenue from contracts with customers":

In May 2014, the IASB issued IFRS 15, "Revenue from contracts with customers", which sets out the requirements in accounting for revenue arising from contracts with customers and which is based on the principle that revenue is recognized when control of a good or service is transferred to the customer. IFRS 15 must be applied on annual periods beginning on or after January 1, 2018.

The Company intends to adopt this standard using the modified retrospective approach, meaning that the cumulative impact of the adoption will be recognized in retained earnings as of January 1, 2018 and that comparatives will not be restated.

The Company assessed the effect related to the adoption of the new standard and concluded that the adoption of the standard will not have material effect on its financial statements.

3. IFRS 16, "Leases":

In January 2016, the IASB issued IFRS 16, "Leases". The new standard will result in almost all leases recognized on the balance sheet, as the distinction between operating and finance leases is removed. IFRS 16 must be applied on annual periods beginning on or after January 1, 2019.

The Company's management is currently assessing the potential impact that the application of this standard may have on the Company's financial condition or results of operations but expect no substantial influence due to its minor use of leases.

	Reviewed 30-Jun-18	Pro-forma after Offer Min	Pro-forma after Offer Max
NOTE 2. CASH AND CASH EQUIVALENTS	\$	\$	\$
Cash and cash equivalents	215,005	10,231,851	11,580,852
<i>Adjustments to arise at the pro-forma balance:</i>			
Reviewed balance of Splitit at 30 June 2018		215,005	215,005
<i>Pro-forma adjustments:</i>			
Proceeds from shares issued under this Prospectus		7,100,000	8,520,000
Capital raising costs		(646,842)	(717,841)
Issue of convertible notes post 30 June		2,043,688	2,043,688
Proceeds from Warrants Exercised		1,520,000	1,520,000
		10,016,846	11,365,847
Pro-forma Balance		10,231,851	11,580,852

5. INDEPENDENT ACCOUNTANT'S REPORT CONTINUED

	Reviewed 30-Jun-18	Pro-forma after Offer	Pro-forma after Offer
NOTE 3. Convertible Notes	\$	\$	\$
Convertible notes	8,959,600	-	-
Opening Balance		8,959,600	8,959,600
<i>Pro-forma adjustments:</i>			
<i>Issue of further convertible notes post 30 June 2018</i>		2,043,688	2,043,688
Conversion of convertible notes		(11,003,288)	(11,003,288)
Pro-forma Balance	8,959,600	-	-

	Reviewed 30-Jun-18	Reviewed 30-Jun-18	Pro-forma Min after Offer	Pro-forma Max after Offer
NOTE 4. CONTRIBUTED EQUITY	\$	\$	\$	\$
Contributed equity	(10,348,267)	(10,348,267)	20,849,752	22,192,563
	Number of shares	Number of shares	\$	\$
<i>Adjustments to arise at the pro-forma balance:</i>				
Fully paid ordinary share capital	101,205,212	101,205,212	1,961,847	1,961,847
<i>Pro-forma adjustments:</i>				
Proceeds from shares issued under this Prospectus	50,000,000	60,000,000	7,100,000	8,520,000
Capital raising costs	-	-	(394,804)	(471,993)
Issue of Lead Adviser Options deemed to be a cost of the Offer	-	-	(340,800)	(340,800)
Issue of Shares from Warrants	16,106,497	16,106,497	1,520,000	1,520,000
Vesting of ESOP shares	1,756,405	1,756,405	-	-
Conversion of A Class Shares	-	-	221	221
Conversion of Convertible notes	90,587,547	90,587,547	11,003,288	11,003,288
	158,450,449	168,450,449	18,887,905	20,230,716
Pro-forma Balance	259,655,661	269,655,661	20,849,752	22,192,563

	Reviewed 30-Jun-18	Pro-forma after Offer	Pro-forma after Offer
NOTE 5. Reserves	\$	\$	\$
Share Option reserve	-	502,680	502,680
Opening Balance			
Issue of Lead Adviser Options deemed to be a cost of the Offer	-	340,800	340,800
Issue of Management options		161,880	161,880
Pro-forma Balance	-	502,680	502,680

	Reviewed 30-Jun-18	Pro-forma after Offer	Pro-forma after Offer
NOTE 6. Accumulated Losses	\$	\$	\$
Accumulated losses	(12,310,335)	(12,724,253)	(12,718,063)
Opening Balance		(12,310,335)	(12,310,335)
<i>Pro-forma adjustments:</i>			
Listing expenses		(252,038)	(245,848)
Issue of Management options		(161,880)	(161,880)
Pro-forma Balance		(12,724,253)	(12,718,063)

The Management Options have been valued using Black Scholes with the following key inputs

Volatility 40%

Risk free Rate 2.06%

Underlying share price 20c

This results in a value of \$0.076 AUD per option. We have recognised an expense for the 3 million options that vest immediately. No expense is recognised in the pro forma for the 5 million options that vest over the exercise period, an expense will be recognised on a pro rata basis over the vesting period. This is also the case for the Director options.

Broker options have been valued using the same key inputs, resulting in a value per option of 3.2 cents per option.

Performance rights

The performance rights are subject to non-market vesting conditions, accordingly no expense has been recognised as the Company have not assessed that the condition is likely to be met at this point, this will be reassessed at future reporting dates. The value of the Performance Rights is 20 cents per right.

5. INDEPENDENT ACCOUNTANT'S REPORT CONTINUED

APPENDIX 5

SPLITIT LIMITED

THE HISTORICAL FINANCIAL INFORMATION

Consolidated Statement of Financial Position	Audited as at 30- Jun-18 \$	Audited as at 31- Dec-17 \$	Audited as at 31- Dec-16 \$
CURRENT ASSETS			
Cash and cash equivalents	215,005	515,724	47,870
Account receivable	965,574	375,216	-
Restricted cash	23,853	49,053	27,108
Other current assets	356,442	99,832	75,577
TOTAL CURRENT ASSETS	1,560,874	1,039,825	150,555
NON-CURRENT ASSETS			
Long term deposit	500	500	-
Fixed assets, net	20,675	19,688	23,716
TOTAL NON-CURRENT ASSETS	21,175	20,188	23,716
TOTAL ASSETS	1,582,049	1,060,013	174,271
CURRENT LIABILITIES			
Trade accounts payable	598,207	201,530	163,599
Short term loan	191,700	197,215	110,000
Short term convertible loans	8,959,600	8,478,388	5,274,898
Other current liabilities	1,665,122	1,033,360	405,352
Long Term Trade Payable	515,687	432,062	264,812
TOTAL CURRENT LIABILITIES	11,930,316	10,342,555	6,218,661
TOTAL LIABILITIES	11,930,316	10,342,555	6,218,661
NET ASSETS	(10,348,267)	(9,282,542)	(6,044,390)
EQUITY			
Ordinary shares	157	157	157
Preferred A shares	221	221	221
Additional paid-in capital	1,961,690	1,787,622	1,603,489
Accumulated deficit	(12,310,335)	(11,070,542)	(7,648,257)
TOTAL EQUITY	(10,348,267)	(9,282,542)	(6,044,390)

This historical statement of the Financial Position of the Company and is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4. Past performance is not a guide to future performance.

6.

INTELLECTUAL PROPERTY EXPERT'S REPORT



6. INTELLECTUAL PROPERTY EXPERT'S REPORT



The Directors
Splitit Ltd
32 HaArba Street
Tel Aviv Israel 6473970

Our reference

JBB/JBB/403525/2
AUM/1218684605.1

3 December 2018

Dear Sirs

IP REPORT - SPLITIT LTD

We are advised by Splitit Ltd (**Splitit**), an Israeli incorporated company registered as a foreign company in Australia as "Splitit Payments Ltd", that this report is being prepared for the purpose of inclusion in an initial public offering prospectus to be issued by Splitit.

We have been instructed to provide a report on the intellectual property position of Splitit (**Report**).

This Report sets out details of the Patents and Trade Marks owned by Splitit. This Report is accurate to the best of our knowledge, subject to any limitations and qualifications set out in this Report.

1 INTELLECTUAL PROPERTY

Intellectual property (**IP**) refers to intangible property rights including patents, trade marks, designs, copyright, confidential information, plant breeder's rights and printed circuits. This Report considers IP in the form of patents, patent applications, trade marks and trade mark applications.

1.1 Patents - Background

Patents are exclusive rights to exploit, authorise others to exploit and prevent others from exploiting an invention for a period of time. These inventions must be new, or an improvement on an existing invention, useful and represent an advancement of the current state of knowledge in the relevant area, at the time of filing the patent application, known as the 'priority date'. Patents can protect devices, substances, methods or processes that are developed in the course of scientific, commercial and industrial activities. However, there are limitations on what inventions may be protected and considerable differences between jurisdictions with respect to patentability.

Inventors must apply for patent rights in each country that they require protection. These applications may be made through each country's Patent Office (**National Application**) or by way of an international application under the Patent Cooperation Treaty (**PCT Application**), which allows applicants to designate certain countries or regions for protection. Notably, regional patent applications may also be made, such as in the European Union.

National Applications filed in countries that are a party to the Paris Convention for the Protection of Industrial Property (**Paris Convention**) establish a priority date for that particular country and all other countries that are signatories, including key commercial jurisdictions such as Europe, the United States, Canada, Japan and New Zealand. This allows applicants to file separate National Applications with the same priority in each of the Paris Convention member countries, provided that the applications are filed within one (1) year of the initial application.

Notably, filing a PCT Application will not create worldwide patents rights, however the main advantage of this approach is that it is a centralised application that secures a priority date and allows applicants to file corresponding patents in all of the designated countries or regions.

Registering a patent involves several stages that have varying timelines depending on the jurisdiction and relevant field of technology. After a patent application is filed, some jurisdictions require that the application be examined for substantive patentability before registration is allowed. This may be either automatic or, in some cases, applicants must request examination to achieve full protection. Once examination is completed, some jurisdictions require that the patent be publically advertised and allow a period for third parties to object to its registration, known as an opposition. An opposition can be brought for a range of reasons, including inherent patentability or existing patent rights of a third party.

Most Patent Offices examine patent applications for novelty and the extent that it is an advancement from the existing state of knowledge before they will allow grant of the patent. Accordingly, there are no guarantees that the patent applications set out in this Report will achieve patent protection, or that the extent of granted protection will be identical to that claimed in the application initially filed. Similarly, varying examination practices and laws in each jurisdictions means that the scope of granted protection may vary between countries.

Depending on the type of patent and corresponding field of technology, patents are generally granted for a period of twenty (20) years from the date the granted patent is filed. During this period, patents can be enforced against third parties to the extent of the claims disclosed in the registered patent. While granted patent rights allows the patent holder to prevent others from exploiting the invention, this does not guarantee that the claims contained in the patent are valid and/or that they do not infringe third party rights, such as existing patent holders. The courts in most jurisdictions may revoke or modify the extent of protection at any time during the term of the patent, and if all claims are found to be invalid, the patent will become entirely unenforceable against third parties.

Please note that an analysis of the patents and patent applications filed by Splitit, including the claims of those patents and patent applications and their validity, is beyond the scope of this Report.

1.2 Trade Marks - Background

Trade marks are exclusive rights to use, license and prevent others from using a word, phrase, letter, number, sound, smell, shape, logo or picture amongst other registrable signs, in relation to the goods and/or services for which the trade mark is registered.

In most countries, to receive registered protection, trade marks must:

- be distinctive of the trader's goods or services i.e. not descriptive;
- not be identical or deceptively similar to a prior trade mark registration or application made by another person in respect of identical or similar goods and/or services; and
- not include any prohibited or scandalous marks in the respective jurisdiction,

(together, the **Registrability Requirements**).

Trade marks are registered designating particular goods or services that are to be protected in one or more of 45 available international classes.

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

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Trade marks can be filed by way of national application in each jurisdiction that requires protection or, alternatively, through a single application to the World Intellectual Property Office (**WIPO**) under the Madrid Protocol, designating the signatory countries or regions for protection (**Madrid Protocol Application**). Currently, there are ninety seven (97) members to the Madrid Protocol covering one hundred and thirteen (113) countries. When a Madrid Protocol Application is accepted as meeting all formality requirements, the application is forwarded to the designated national Trade Mark Offices for assessment of registrability under the laws of the respective jurisdictions. Under the Paris Convention (mentioned above), Madrid Protocol Applications can claim a priority date from the date of the original trade mark application, provided that corresponding national applications are filed within six (6) months.

Trade mark applications are examined by the Trade Mark Office in each country of filing and this examination period ranges from three (3) to eighteen (18) months for different jurisdictions. If a trade mark application does not meet Registrability Requirements of the jurisdiction (which may vary), the examiner will issue an Examination Report stating the grounds for objecting to the application. Applicants are given a period to respond to the Examination Report and attempt to overcome the raised objections. If no objections are raised or they are overcome by the applicant, the application will be accepted and published for any third parties to oppose its registration. Oppositions can be brought for a range of reasons including for failing to meet any of the Registrability Requirements. The period of opposition varies between jurisdictions, however, it is generally three (3) months from the date of publication. If there are no oppositions, the trade mark will proceed to be registered and the applicant will be required to pay a registration fee.

Registration of the trade mark is generally effective for a period of ten (10) years and this registration may be renewed for further periods of ten (10) years, provided that renewal fees are paid as required by the jurisdiction. Registration gives the trade mark owner the right to prevent third parties from offering for sale goods and/or services bearing the trade mark with respect to goods and/or services designated in the trade mark registration. Similarly to patents and depending on the time that has elapsed since registration, the Trade Mark Office or courts in most jurisdictions may revoke trade marks for a number of reasons, such as for non-use, any of the grounds to oppose the registration, fraud or misrepresentation, or that it may be deceptive and cause confusion.

Please note that an analysis of the trade marks filed by Splitit, including for whether they infringe registered or unregistered third party rights, is beyond the scope of this report.

2 PATENTS AND PATENT APPLICATIONS IN THE NAME OF SPLITIT

DLA Piper was supplied with the details of the worldwide patent and patent application portfolio held by Splitit. DLA Piper have conducted searches of worldwide patent databases to verify this information and confirm whether any further patents or patent applications are held by Splitit.

The following report and **Schedule 1** detail the status and standing of patents and patent applications held by Splitit, formerly named Pay It Simple Ltd (**Pay It Simple**).

We confirm that all patents and patent applications are held in the name of Pay It Simple and that change of name requests have been submitted, or are in the process of being submitted, with all Patent Offices in which patents and pending applications have been granted / filed in order to update the registers.

Patents and patent applications have been filed in a number of jurisdictions, including North America, UK, Europe and Asia-Pacific. We understand that Splitit has filed patent applications in all core jurisdictions in which it operates.

In the event that Splitit's pending patent applications are not granted, then Splitit may not be able to prevent third parties from infringing or misappropriating its patentable intellectual property within the relevant jurisdictions. While this would not prevent Splitit from exploiting its patentable intellectual property in those applicable jurisdictions, it would allow potential competitors to enter the market. We understand that Splitit does not expect there to be any material impediment to the grant of any of its pending patent applications.

DLA Piper also notes that the patents and patent applications contained in **Schedule 2** were filed in the name of Pay It Simple, however, these have either been abandoned or expired. This covers patents in the European Union and the United States, as well as International Applications.

As discussed in the below Limitations section, this Report provides no commentary or warranties as to the validity of the claims disclosed in the patents or patent applications, nor does it comment on potential for obtaining enforceable patent protection.

3 TRADE MARKS AND TRADE MARK APPLICATIONS IN THE NAME OF SPLITIT LIMITED

DLA Piper was supplied with the details of the worldwide trade mark and trade mark application portfolio held by Splitit. DLA Piper have conducted searches of worldwide trade mark databases to verify this information and confirm whether any further trade marks or trade mark applications are held by Splitit.

The following report and **Schedule 3** detail the status and standing of trade marks held by Splitit, formerly named Pay It Simple.

We confirm that all pending applications and registrations are held in the name of Pay It Simple and that change of name requests have been submitted, or are in the process of being submitted, with all Trade Marks Offices in which pending or registered trade marks have been filed / registered in order to update the registers.

In the event that Splitit's pending trade mark applications are not registered, then Splitit may not be able to prevent third parties from infringing such trade marks within the relevant jurisdictions - this will depend upon the extent of Splitit's use of such trade marks within the relevant jurisdictions (in which case it may be able to assert common law rights in such unregistered trade marks). We understand that Splitit does not expect there to be any material impediment to the registration of any of its pending trade mark applications.

DLA Piper also notes that the trade marks and trade mark applications contained in **Schedule 4** were filed in the name of Pay It Simple, however, these were either abandoned, cancelled or lapsed.

4 INDEPENDENCE

This is an independent report. When considering this Report, please note that DLA Piper have prepared this Report based on instructions received from Splitit and will be paid a professional fee by Splitit for providing our services. DLA Piper confirms that payment of our fees is not contingent on the outcome of the prospectus. Further, DLA Piper confirms that this Report has been prepared by Melinda Upton, Partner, and Jessie Buchan, Senior Associate, in the Intellectual Property and Technology team based in the Sydney office, who are not in any way associated with Splitit and have no financial interest in the outcome of the Initial Public Offering.

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

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5 LIMITATIONS

This Report was prepared based on information provided to DLA Piper by Splitit and generated by independent searches conducted on 7 and 8 October 2018. DLA Piper is not aware of any expected material changes that will impact the status of matters discussed in this Report, except for those that are typical of standard patent and trade mark prosecution.

This Report is not to be construed as:

- a legal opinion on the registrability or validity of Splitit's IP; and/or
- a 'freedom to operate' opinion that provides commentary on whether Splitit could test or commercialise the subject matter of the IP identified in this Report.

Whilst DLA Piper is confident of the status of the IP noted in this Report, its commentary on the current status of any IP owned by Splitit is entirely dependent on the accuracy of the databases that were used for its searches.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'DLA Piper Australia'.

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SCHEDULE 1: Patents and Patent Applications

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
Australia	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	2013326226	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Filed
Australia	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	2016248006	14-Apr-2016	-	-	Providing Automated Securitized Funding of Deposits, Collateral, Bonds and/or Securities Online	Filed
Canada	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	2,887,033	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
Canada	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	3,021,034	14-04-2016	-	-	Providing Automated Securitized Funding of Deposits, Collateral, Bonds and/or Securities Online	Pending
China	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	201380052281.9	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending
China	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	201680034133.8	14-Apr-2016	-	-	Providing Automated Securitized Funding of Deposits, Collateral, Bonds and/or Securities Online	Pending

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
Germany	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	11 2013 004 894.9	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending
Hong Kong	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	15111682.3	27-Nov-2015	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending
Japan	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	2015-535123	07-Apr-2013	6283368	02-Feb-2018	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Granted

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
Korea	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	10-2015-7011581	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending
Russia	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	2015113341	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Examination complete. The fee for registration and grant of the patent has been taken into account.
Singapore	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	11201501995S	07-Apr-2013	11201501995S	28-Nov-2016	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Granted

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
United Kingdom	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	GB1507531.0	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending
United Kingdom	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	GB1718766.7	14-Apr-2016	-	-	Providing Automated Securitized Funding of Deposits, Collateral, Bonds and/or Securities Online	Pending
United States	Pay It Simple Ltd	Raz, Ori; Don, Gil; Feit, Alon	12/344,371	26-Dec-2008	8,290,864	16-Oct-2012	Method and System for Facilitating Credit Transactions	Granted

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
United States	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	13/644,876	04-Oct-2012	8,706,624	22-Apr-2014	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Granted
United States	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	14/224,129	25-Mar-2014	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Pending
United States	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	14/687,013	15-Apr-2015	-	-	Methods, Systems, Devices and Associated Computer Executable Code for Facilitating Credit Based Transactions between Private Individuals	Pending

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
United States	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	14/687,055	15-Apr-2015	-	-	Methods, Systems, Devices and Associated Computer Executable Code for Facilitating Securitized Funding of Up-front Payments	Pending

SCHEDULE 2: Abandoned and Expired Patents

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
European Union	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	13 843 212.5	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Abandoned

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
PCT (WIPO)	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	PCT/IB2013/052774	07-Apr-2013	-	-	Methods, System and Associated Computer Executable Code for Facilitating Credit Transactions	Expired
PCT (WIPO)	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	PCT/IB2016/052119	14-Apr-2016	-	-	Providing Automated Securitized Funding of Deposits, Collateral, Bonds and/or Securities Online	Expired
United States	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	14/686,987	15-Apr-2015	-	-	Methods, Systems, Devices and Associated Computer Executable Code for Facilitating Securitized Funding of Deposits, Collateral, Bonds and/or Securities	Abandoned

Country	Owner	Inventors	Application No.	Filing Date/ International Filing Date	Registration No.	Date of Patent Grant	Invention Title	Status
United States	Pay It Simple Ltd	Don, Gil; Feit, Alon; Kraine, Victoria Niel	14/687,031	15-Apr-2015	-	-	Methods, Systems, Devices and Associated Computer Executable Code for Purchase of Installment Obligations	Abandoned

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

SCHEDULE 3: Trade Marks

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Australia	Pay it Simple Ltd	1714143	30-Apr-2015	1714143	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
Canada	Pay It Simple Ltd	1720512	23-Mar-2015	993027	22-Mar-2018	SPLITIT	Wares and Services equivalent to classes 9, 35, 36 and 45	Registered Renewal due: 22-Mar-2033
China	Pay it Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
European Union	Pay It Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
India	Pay It Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
Israel	Pay it Simple Ltd	265291	22-Feb-2015	265291	02-Mar-2017	SPLITIT	9 and 36	Registered Renewal due: 22-Feb-2025

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Japan	Pay It Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
Korea	Pay It Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
Madrid Protocol	Pay it Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered Renewal due: 30-Apr-2025

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Mexico	Pay It Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
Russia	Pay It Simple Ltd	1261061	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025
Singapore	Pay It Simple Ltd	40201514114P	30-Apr-2015	1261061	30-Apr-2015	SPLITIT	9 and 36	Registered International Renewal due: 30-Apr-2025

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
United States	Pay It Simple Ltd	86141772	12-Dec-2013	4713594	31-Mar-2015	SLICER	9 and 36	Registered Renewal due: 31-Mar-2025 5th-6th Year Declaration of Use due: 31-Mar-2020 - 31-Mar-2021
United States	Pay It Simple Ltd	86402785	23-Sep-2014	4847487	03-Nov-2015	SPLITIT	9 and 36	Registered Renewal due: 03-Nov-2025 5th-6th Year Declaration of Use due: 3-Nov-2020 - 3-Nov-2021
United States	Pay It Simple Ltd	86402786	23-Sep-2014	5087123	22-Nov-2016	BUY&SPLIT	9 and 36	Registered Renewal due: 22-Nov-2026

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
								5th-6th Year Declaration of Use due: 22-Nov-2021 - 22-Nov-2022

SCHEDULE 4: Lapsed, Abandoned and Cancelled Trade Marks

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Australia	Pay It Simple Ltd	1634829	08-Jan-2014	1634829	08-Jan-2014	PAYITSIMPLE	9 and 36	Cancelled

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Canada	Pay It Simple Ltd	1658990	09-Jan-2014	-	-	PAYITSIMPLE	9 and 36	Abandoned
China	Pay It Simple Ltd	1208931	08-Jan-2014	-	-	PAYITSIMPLE	9 and 36	Cancelled
European Union	Pay It Simple Ltd	1208931	08-Jan-2014	1208931	08-Jan-2014	PAYITSIMPLE	9 and 36	Cancelled

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
India	Pay It Simple Ltd	1208931	08-Jan-2014	-	-	PAYITSIMPLE	9 and 36	Cancelled
Israel	Pay It Simple Ltd	259567	30-Sep-2013	-	-	PAYITSIMPLE	9 and 36	Cancelled
Japan	Pay It Simple Ltd	1208931	08-Jan-2014	1208931	08-Jan-2014	PAYITSIMPLE	9 and 36	Cancelled

6. INTELLECTUAL PROPERTY EXPERT'S REPORT

CONTINUED

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Korea	Pay It Simple Ltd	1208931	08-Jan-2014	-	-	PAYITSIMPLE	9 and 36	Cancelled
Madrid Protocol	Pay It Simple Ltd	1208931	08-Jan-2014	1208931	08-Jan-2014	PAYITSIMPLE	9 and 36	Cancelled
Mexico	Pay It Simple Ltd	1208931	08-Jan-2014	1208931	08-Jan-2014	PAYITSIMPLE	9 and 36	Cancelled

Country	Owner	Application No.	Filing Date/ International Filing Date	Registration No.	Registration Date	Trade Mark	Classes	Status
Russia	Pay It Simple Ltd	1208931	08-Jan-2014	1208931	08-Jan-2014	PAYITSIMPLE	9 and 36	Cancelled
United States	Pay It Simple Ltd	86006367	10-Jul-2013	-	-	PAYITSIMPLE	9 and 36	Abandoned

7.

RISK FACTORS



7. RISK FACTORS

The Shares are considered highly speculative. An investment in the Company is not risk free. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Directors and management of the Company and cannot be mitigated.

The risks detailed in this Section 7 is not an exhaustive list of the risks faced by the Company or by investors in the Company. It should be considered in conjunction with other information in this Prospectus. The risk detailed in, and others not specifically referred to, this Section 7 may in the future materially affect the financial performance and position of the Company and the value of the Shares offered under this Prospectus. The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the market value of those securities. The risk detailed in this Section 7 also necessarily include forward looking statements. Actual events may be materially different to those detailed and may therefore affect the Company in a different way.

Investors should be aware that the performance of the Company may be affected and the value of its Shares may rise or fall over any given period. None of the Directors or any person associated with the Company guarantee the Company's performance, the performance of the Shares the subject of the Offer or the market price at which the Shares will trade. The Directors strongly recommend that potential investors consider the risks detailed in this Section 7, together with information contained elsewhere in this Prospectus, and consult their professional advisers, before they decide whether or not to apply for Shares.

7.1 COMPANY SPECIFIC RISKS

(a) Loss of key merchant relationships

Splitit depends on continued relationships with its current merchant clients. There can be no guarantee that these relationships will continue or, if they do continue, that these relationships will continue to be successful. Splitit's contracts with merchant clients can be terminated for convenience on relatively short notice by either party, and so Splitit does not have long term contracted revenues.

There is a risk that Splitit may lose merchant clients for a variety of reasons including a failure to meet key contractual or commercial requirements, or merchant clients shifting to in-house solutions or competitor service providers.

Although Splitit does not currently depend on any one merchant, its business is still at a relatively early stage and merchant client revenue is not as diversified as it might be for a more mature business. The loss of even a small number of Splitit's key merchant clients may materially and adversely impact Splitit's revenue and profitability, and increase marketing expenses to sign up new merchant clients to replace those lost. Depending on the reason for the loss of a key merchant client, it may also have a negative impact on Splitit's reputation with other merchant clients and with end-customers.

There is also a risk that new agreements formed with merchant clients in the future may be less favourable to Splitit, including in relation to pricing and other key terms, due to unanticipated changes in the market in which Splitit operates.

(b) Failure to increase transaction volumes, customer and merchant numbers or establish its brand

Splitit is currently in the early stages of establishing its presence in the United States, Europe and the Asia Pacific market, and its ability to profitably scale its business is heavily reliant on increases in transaction volumes and in its customer and merchant base to increase revenues and achieve profitable operations. Data from increasing transaction volumes will also better optimise the Company's systems and ability to make real time end customer repayment capability decisions. Splitit considers that establishing, expanding and maintaining the Splitit brand is important to growing its merchant client and end customer bases.

Failure to expand in this way may materially and adversely impact Splitit's ability to achieve economies of scale and to optimise its systems, and may therefore adversely impact Splitit's ability to achieve future profitability (noting that like many companies at this stage, Splitit is not yet operating on a profitable basis).

Splitit's growth strategy may also include the introduction of new services or technologies. There is a risk that expansion initiatives may result in additional costs and risks, or may not deliver the outcomes intended. Splitit's strategy depends on increasingly expanding its end-customer and merchant bases, which may not eventuate as hoped.

7. RISK FACTORS CONTINUED

(c) Compliance with laws, regulations, industry compliance standards and rules of Visa and Mastercard

Splitit is subject to a range of legal and industry compliance requirements that are constantly changing. This includes privacy laws, consumer protection laws and contractual conditions. There has recently been an increased focus and scrutiny by regulators in various jurisdictions, including ASIC, in respect to “buy now pay later” arrangements. In Australia, ASIC has commenced a review of these arrangements and has concluded that, at present:

- (i) the National Consumer Credit Protection Act 2009 does not apply to buy now pay later arrangements;
- (ii) these arrangements are regarded as “credit facilities under the ASIC Act and ASIC has some jurisdiction over these arrangements (including in respect to misleading and deceptive conduct); and
- (iii) ASIC considers that its product intervention powers should be extended to all credit facilities regulated under the ASIC Act.

There is potential that Splitit may become subject to additional legal or regulatory requirements if its business, operations, strategy or geographic reach expand in the future or if the regulations change in respect to the jurisdictions in which it operates. This may potentially include credit licensing, financial services licensing, or other licensing or regulatory requirements or similar limitations on the conduct of business.

There is a risk that additional or changed legal, regulatory, licensing requirements or the rules of Visa and Mastercard, and industry compliance standards, may make it uneconomic for Splitit to continue to operate, or to expand in accordance with its strategy. This may materially and adversely impact Splitit’s revenue and profitability, including by preventing its business from reaching sufficient scale.

There is also a risk that if Splitit fails to comply with these laws, regulations and industry compliance standards, this may result in significantly increased compliance costs, cessation of certain business activities or the ability to conduct business, litigation or regulatory enquiry or investigation and significant reputational damage.

The Company is constantly reviewing the regulatory landscape that governs each of the jurisdiction that it operates in and will work with the regulators in each jurisdiction and, if required, will apply for the requisite licences to ensure that it is compliant with the laws of that state.

(d) Failures or disruptions to the Splitit Payment Platform

Splitit depends on the constant real-time performance, reliability and availability of its technology system and third-party communication networks. There is a risk that these systems may fail to perform as expected or be adversely impacted by a number of factors, some of which may be outside the control of Splitit, including damage, equipment faults, power failure, fire, natural disasters, computer viruses and external malicious interventions such as hacking or denial-of-service attacks. Events of that nature may cause part or all of Splitit’s technology system and/or the communication networks used by Splitit to become unavailable. Splitit’s operational processes and contingency plans may not adequately address every potential event. This may disrupt transaction flow and adversely impact Splitit’s financial performance and reputation.

There is a risk that repeated failures to keep Splitit’s technology available may result in a decline in customer and merchant numbers or merchants cancelling their contracts with Splitit. This may materially and adversely impact Splitit’s financial performance, including a reduction in revenue from completed transactions and an increase in the costs associated with servicing customers through the disruption, as well as negatively impacting Splitit’s reputation.

(e) Protection and ownership of technology and intellectual property

The business of Splitit depends on its ability to commercially exploit its technology and intellectual property, including its technological systems and data processing algorithms. Splitit relies on laws relating to trade secrets, copyright and trademarks to assist in protecting its proprietary rights. Although Splitit presently has four registered patents and a number of registered trademarks, there is a risk that unauthorised use or copying of Splitit’s software, data, specialised technology or platforms will occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to Splitit’s business may be successfully challenged by third parties. This could involve significant expense and potentially the inability to use the intellectual property in question, and if an alternative cost-effective solution were not available, it may materially adversely impact Splitit’s financial position and performance. Such disputes may also temporarily adversely impact Splitit’s ability to integrate new systems which may adversely impact Splitit’s revenue and profitability.

There is also a risk that Splitit will be unable to register or otherwise protect new intellectual property it develops in the future, or which is developed on its behalf by contractors. In addition, competitors may be able to work around any of the intellectual property rights used by Splitit, or independently develop technologies or competing payment products or services that are not protected by Splitit's intellectual property rights. Splitit's competitors may then be able to offer identical or very similar services or services that are otherwise competitive against those provided by Splitit, which could adversely affect Splitit's business.

(f) Reputational damage

Maintaining the strength of Splitit's reputation is important to retaining and increasing its end customer base and its merchant client base, maintaining its relationships with its partners and other service providers and successfully implementing Splitit's business strategy. There is a risk that unforeseen issues or events may adversely impact Splitit's reputation. This may adversely impact the future growth and profitability of Splitit.

Splitit's reputation is also closely linked to the timely and accurate provision of services to end-customers. There is a risk that Splitit's actions and the actions of Splitit's suppliers and merchants may adversely impact Splitit's reputation. Any factors that diminish Splitit's reputation could result in customers, customers or other parties ceasing to do business with Splitit, impede its ability to successfully provide the Splitit service, negatively affect its future business strategy and materially and adversely impact Splitit's financial position and performance.

(g) Additional requirements for capital

As Splitit's current business grows and new lines of business are developed, Splitit will require additional funding to support the expansion of its instalment payments receivables book and working capital. Although equity funding assuming successful completion of the Offer would be more than sufficient for the current business needs, Splitit does intend to continue to enter into arrangements with SCPs to finance a potential expansion of its instalment payments receivables book. There is no assurance such facilities will be obtained when required or obtained on reasonable terms, and there is a risk that such funding may not be available in sufficient amount.

In addition, Splitit may seek debt funding in the future and there is no assurance such debt facilities will be obtained when required or obtained on reasonable terms. There is a risk that debt funding may not be available in sufficient amounts particularly as Splitit is currently making a net loss, currently has limited tangible assets that could be offered as security to a lender, and after completion of the Offer some or all of the additional funding capital raised will tend to be converted into end-customer receivables in the ordinary operation of the business. Further, if Splitit elects to finance an expansion by way of debt facilities, such facilities would likely introduce financing risks such as interest rate risk and refinancing risk.

(h) Loss of key management personnel

Splitit's ability to effectively execute its growth strategy depends upon the performance and expertise of its key management personnel. The personnel discussed in sections 4.1 and 4.2 are a highly experienced team with a depth of experience in, and knowledge of, Splitit's business and the environment in which it operates. The loss of these key management personnel, or any delay in their replacement, may adversely affect Splitit's future financial performance.

(i) Competitors and new market entrants

There is a risk that new entrants in the market which may disrupt Splitit's business and existing market share. Existing competitors as well as new competitors entering the industry, may engage in aggressive customer acquisition campaigns, develop superior technology offerings or consolidate with other entities to deliver enhanced scale benefits. Such competitive pressures may materially erode Splitit's market share and revenue, and may materially and adversely impact Splitit's revenue and profitability.

A general increase in competition may also require Splitit to increase marketing expenditure or offer lower fees to merchant clients, which would decrease profitability even if Splitit's market share does not decrease.

7. RISK FACTORS CONTINUED

(j) Employee recruitment risk and retention

Splitit's ability to effectively execute its growth strategy depends upon the performance and expertise of its staff. Splitit relies on experienced managerial and highly qualified technical staff to develop and operate its technology and to direct operational staff to manage the operational, sales, compliance and other functions of its business. There is a risk that Splitit may not be able to attract and retain key staff or be able to find effective replacements in a timely manner. The loss of staff, or any delay in their replacement, could impact Splitit's ability to operate its business and achieve its growth strategies including through the development of new systems and technology.

There is a risk that Splitit may not be able to recruit suitably qualified and talented staff in a time frame that meets the growth objectives of Splitit. This may result in delays in the integration of new systems, development of technology and general business expansion, which may adversely impact Splitit's revenue and profitability.

There is also a risk that Splitit will be unable to retain existing staff, or recruit new staff, on terms of retention that are as attractive to Splitit as past agreements. This would adversely impact employment costs and profitability.

(k) Exposure to potential security breaches and data protection

Through the ordinary course of business, Splitit collects a wide range of confidential information. Cyber-attacks may compromise or breach the technology platform used by Splitit to protect confidential information.

There is a risk that the measures taken by Splitit may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or Splitit's failure to protect confidential information could result in the loss of information integrity, or breaches of Splitit's obligations under applicable laws or agreements, each of which may materially adversely impact the Splitit's financial performance and reputation.

(l) Activities of fraudulent parties

Although Splitit is not exposed to risks imposed by fraudulent conduct and fraud detection and fraud prevention are the sole responsibility of the merchant. An increase in fraudulent activities on the Splitit Payment Platform may result in Splitit suffering losses due to fraud, a materially adverse impact to Splitit's reputation and bearing certain costs to rectify and safeguard business operations and the Splitit Payment Platform against fraudulent activity.

(m) Ability of the Splitit technology to integrate various merchant platforms

Splitit uses and relies on integration with third party systems and platforms, particularly websites and other merchant systems. The success of Splitit's services, and its ability to attract additional end-customers and merchant clients, depends on the ability of its technology and systems to integrate into and operate with various third party systems and platforms. In addition, as these systems and platforms are regularly updated, it is possible that when such updates occur it could cause Splitit's services to not operate as efficiently as previously. This will require Splitit to change the way its system operates which may take time and expense to remedy.

(n) Splitit technology may be superseded by other technology

Splitit participates in a competitive environment. IT systems are continuing to develop and are subject to rapid change, while business practices continue to evolve. Splitit's success will in part depend on its ability to offer services and systems that remain current with the continuing changes in technology, evolving industry standards and changing customer preferences. There is a risk that Splitit will not be successful in addressing these developments in a timely manner, or that expenses will be greater than expected. In addition, there is a risk that new products or technologies (or alternative systems) developed by third parties will supersede Splitit's technology. This may materially and adversely impact Splitit's revenue and profitability.

(o) Government regulation and legal requirements

Splitit is subject to Anti-Money Laundering/Counter Terrorism Financing Act in relation to merchant customers. Outside of this Splitit is not currently subject to any other specific laws or regulations other than the laws and regulations applicable to business generally. There is a risk that a number of laws and regulations may be adopted with respect to Splitit's operations covering issues such as user privacy, pricing, the content and quality of products and services, intellectual property rights and information security which could limit the proposed scope of activities of Splitit.

(p) Capacity constraints

Continued increases in transaction volumes may require Splitit to expand and adapt its network infrastructure to avoid interruptions to Splitit's systems and technology. Any unprecedented transaction volumes may cause interruptions to Splitit's systems and technology, reduce the number of completed transactions, increase expenses, and reduce the level of customer service, and these factors may potentially adversely impact Splitit's financial performance.

(q) Reliance on internet

Splitit will depend on the ability of its merchants and customers to access the internet. Should access to the internet be disrupted or restricted, usage of Splitit's services may be adversely impacted.

(r) Banking performance

Splitit relies on online payment gateways, banking and financial institutions for the validation of bank cards, settlement and collection of payments. Any failures or disruptions to such platforms and technology may impact the financial performance of Splitit.

(s) Exposure to adverse macroeconomic conditions

Splitit's business depends on end-customers transacting with merchants, which in turn affected by such macroeconomic conditions as unemployment, interest rates, customer confidence, economic recessions, downturns or extended periods of uncertainty or volatility, all of which may influence customer spending and suppliers' and retailers' focus and investment in outsourcing solutions. This may subsequently impact Splitit's ability to generate revenue. Additionally, in weaker economic environments, customers may have less disposable income to spend and so may be less likely to purchase products by utilising Splitit's services and bad debts might increase.

(t) Risk of litigation, claims and disputes

Splitit may be subject to litigation and other claims and disputes in the course of its business, including contractual disputes, employment disputes, indemnity claims, and occupational and personal claims. Even if Splitit is ultimately successful, there is a risk that such litigation, claims and disputes could materially and adversely impact Splitit's operating and financial performance due to the cost of settling such claims, and affect Splitit's reputation.

(u) Currency risk

Splitit expects to derive a majority of its revenue from the United States in US dollars. Splitit will also be required to make payments in others currencies, including GBP and Euro. Accordingly, changes in the exchange rate between the US dollar any other currencies and the Israel New Shekel (NIS) would be expected to have a direct effect on the performance of Splitit.

7. RISK FACTORS CONTINUED

(v) Cost and management time involving in complying with the Companies Law and Australian laws

As an Israeli company, Splitit will need to ensure its continuous compliance with the Israeli Companies Law and since Splitit will be listed on the ASX and registered as a foreign company in Australia, Splitit will also need to ensure continuous compliance with relevant Australian laws and regulations, including the Listing Rules and certain provisions of the Corporations Act. To the extent of any inconsistency between the Companies Law and the Australian law and regulations, Splitit may need to make changes to its business operations, structure or policies to resolve such inconsistency. If Splitit is required to make such changes, this is likely to result in additional demands on management and extra costs. In certain respects, Israeli law may be interpreted as imposing additional obligations and liabilities on the Shareholders than would typically be the case for shareholders of companies incorporated in Australia (refer to Section 9.1 for more detail).

(w) Applicability of Israeli law

It may be difficult to enforce a judgment of an Australian court against the Company, its Directors and officers in Israel or elsewhere, to assert Australian securities laws claims in Israel or to serve process on the Directors and officers. Provisions of Israeli law may delay, prevent or otherwise impede a merger with, or an acquisition of, the Company even when the terms of such a transaction are favourable to the Company and its Shareholders. However, it should be noted that since its inception the Company has not been affected by any of the above mentioned adversaries.

(x) Risks of Israeli company

Splitit is incorporated in Israel and its development and R&D facilities are based in Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region, and national, company, consumer and other boycotts, may directly affect Splitit's business. Any hostilities involving Israel, or the interruption or curtailment of trade within Israel or between Israel and its trading partners could materially and adversely affect Splitit's business.

Furthermore, several countries, principally in the Middle East, restrict business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies whether as a result of hostilities or otherwise. In addition, there have been increased efforts by activists to cause companies and consumers to boycott Israeli goods based on Israeli government policies. Such actions, particularly if they become more widespread, may have an adverse impact on the Splitit Group's ability to sell its products, its business operations and financial performance.

(y) Payments to satisfy the Company's indemnification obligations

The Company has agreements with its directors and senior officers which may require the Company, subject to Israeli law and certain limitations in the agreements, to indemnify the Directors and senior officers for certain liabilities and expenses that may be imposed on them due to acts performed, or failures to act, in their capacity as office holders as defined in the Companies Law. These liabilities may include financial liabilities imposed by judgments or settlements in favour of third parties, and reasonable litigation expenses imposed by a court in relation to criminal charges from which the indemnitee was acquitted or criminal proceedings in which the indemnitee was convicted of an offence that does not require proof of criminal intent. Furthermore, the Company agreed to exculpate its directors and officers with respect to a breach of their duty of care towards the Company.

The Company could be required to expend significant amounts of cash to meet the Company's indemnification obligations. Payments made pursuant to such indemnification obligations may materially adversely affect the Company's financial condition.

7.2 GENERAL INVESTMENT RISKS

(a) Potential fluctuations in the price of Shares

There are risks associated with any listed company investment. Some of these risks are listed below. The price at which Shares are quoted on the ASX may be subject to fluctuations in response to factors such as:

- (i) changes to government fiscal, monetary or regulatory policy, legislation or the regulatory environment;
- (ii) in which Splitit operates;
- (iii) changes in financial outcomes estimated by securities analysts;
- (iv) changes in the market valuation of other comparable companies and the nature of the market in which Splitit operates;
- (v) announcements by Splitit or its competitors of significant acquisitions;
- (vi) an event of force majeure, such as terrorism, fire, flood, earthquake, war or strikes;
- (vii) fluctuations in the domestic and international market for listed stocks;
- (viii) fluctuations in general domestic and global economic conditions, including interest rates and exchange rates; and
- (ix) other events or factors which may be beyond Splitit's control.

There is a risk that broader market and industry factors may materially and adversely impact the price of the Shares, regardless of Splitit's operating performance and may cause the Shares to trade at prices below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the ASX.

(b) Liquidity of shares

There is currently no public market through which the Shares of Splitit may be sold. There can be no guarantee that an active market in Shares will develop or that the price of Shares will increase. There may be relatively few buyers or sellers of Shares on the ASX at any given time. There is a risk that this increases the volatility of the market price of Shares and the prevailing market price at which Shareholders are able to sell their Shares. This may result in investors under the Offer receiving a market price for their Shares that is less than the Offer Price.

(c) Exposure to general economic and financial market conditions

General domestic and global economic conditions may adversely impact the price of Shares for reasons outside Splitit's control. This includes increases in unemployment rates, negative customer and business sentiment and an increase in interest rates, amongst other factors. There is a risk that Shares may trade on the ASX at a price below their Offer Price for a wide variety of reasons, not all of them related to the financial performance of the Company.

(d) Risk of Shareholder dilution

In the future, Splitit may elect to issue Shares in connection with future fundraising. While Splitit will be subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a rolling 12-month period (other than where certain exceptions apply), there is a risk that the future issue of additional equity could result in dilution for Shareholders.

(e) Exposure to changes in tax rules or their interpretations

Tax rules or their interpretation for both Splitit and its Shareholders may change. There is a risk that both the level and basis of taxation may change both in Australia and in foreign jurisdictions where Splitit currently transacts, as well as new markets it may enter in the future. The tax considerations of investing in the Shares may differ for each Shareholder. Each prospective investor is encouraged to seek professional tax advice in connection with any investment in Splitit.

7. RISK FACTORS CONTINUED

(f) Unforeseen risk

There may be other risks of which the Directors are unaware at the time of issuing this Prospectus which may impact Splitit, its operations and/or the valuation and performance of Shares. This is particularly so for an early stage business such as Splitit's, where there is limited operating history and experience. The above list of key risks ought not to be taken as exhaustive of the risks faced by Splitit or by investors in Splitit. The above risks and others not specifically referred to above may in the future materially affect Splitit, its financial performance or the value of Shares.

(g) Speculative nature of investment

The above lists of key risks ought not to be taken as exhaustive of the risks faced by Splitit or by investors in Splitit. The above risks and others not specifically referred to above may in the future materially affect Splitit, its financial performance or the value of the Shares. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. Potential investors should therefore consider an investment in Splitit as speculative and should consult their professional advisers before deciding whether to apply for Shares under the Offer.

8.

MATERIAL CONTRACTS



8. MATERIAL CONTRACTS

The Directors consider that the material contracts detailed below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

8.1 OTHER MATERIAL CONTRACTS

(a) Lead Manager and Corporate Adviser Mandate

Splitit has entered into a mandate appointing Armada Capital and Equities Pty Ltd (**Armada Capital**) as its lead manager and corporate advisor on an exclusive and 'best endeavours' basis.

Under the terms of the mandate, Armada Capital agrees to co-ordinate and manage:

- (i) a pre-initial public offering bridging loan, convertible into Shares on Admission and in certain other circumstances;
- (ii) a pre-initial public offering shareholder buyout of up to US\$2,000,0000, at a price to be determined; and
- (iii) an initial public offering and listing on the ASX,

(together, the **Armada Capital Raising**).

The term of Armada Capital's engagement expires 12 months after Admission, unless otherwise agreed.

The consideration payable to Armada Capital for its engagement is as follows:

- (i) a lead management fee of 1% of all funds raised under the Armada Capital Raising;
- (ii) a capital raising fee of 4% of all funds raised under the Armada Capital Raising;
- (iii) a monthly retainer of US\$10,000 plus GST per month for 12 months from the date of the mandate and ceasing on termination of the mandate; and
- (iv) 15,000,000 Options to acquire new Splitit Shares issued to Armada Capital or its nominee, exercisable at 150% of the price of the Armada Capital Raising, and on or before 3 years from the date of the Armada Capital Raising.

Splitit is responsible for the payment of all costs associated with the Armada Capital Raising including legal, accounting, registry and listing fees, and the fees of any other professional or technical advisers or experts.

Splitit has also agreed to the following limitations on its ability to raise further funds from third parties, which terminate on the earlier of Admission or 12 months from the date of the mandate:

- (i) if Splitit raises funds outside the Armada Capital Raising within 2 months from the date of the mandate:
 - (A) Splitit must pay Armada Capital a fee equal to 1% of the funds raised within 14 days of receiving the funds; and
 - (B) Splitit is entitled to reduce the amount raised under the initial public offering by the amount of the funds raised, to a minimum of US\$4,000,000; and
- (ii) if Splitit raises funds outside the Armada Capital Raising which precludes the IPO on ASX more than 2 months after the date of the mandate:
 - (A) the mandate is terminated; and
 - (B) Splitit must pay a strategic investment termination fee of US\$75,000 to Armada Capital within 14 days of receiving the funds.

Splitit or Armada Capital may terminate the mandate by giving 14 days' written notice if there is a material breach of the terms of the mandate or a warranty or representation is not complied with or proves to be untrue. The right to terminate the mandate is subject to 28 days' prior notice of the reason for the proposed termination and the matter being unrectified in that time.

Splitit or Armada Capital may terminate the mandate immediately if an insolvency event occurs with respect to the other party.

Splitit may terminate the mandate in its discretion by giving 90 days' notice to Armada Capital.

(b) Master Receivables Purchase Agreement

Splitit and its subsidiaries Splitit USA and Splitit Capital are parties to the Master Receivables Agreement with Simpel.

Splitit Capital may purchase credit card sales receivables from those merchants under Funding Agreements and the Master Receivables Agreement with individual merchants who use the Splitit Payment Platform.

Under the terms of the Master Receivables Agreement, if Splitit Capital proposes to purchase credit card sales receivables from a merchant approved by Simpel, Splitit Capital must give a purchase request to Simpel.

As soon as commercially reasonable using Simpel's best efforts, and in any event no later than 3 business days after receiving the purchase request from Splitit Capital, Simpel may, in its sole discretion, elect to acquire the receivable from Splitit Capital or reject the purchase request.

If Simpel elects to acquire the receivable, it must pay the consideration to Splitit Capital. Simpel's funding of a purchase request is subject to a limit per merchant as specified in the relevant Funding Agreement and/or the Master Receivables Agreement, and a total aggregate limit in outstanding receivables for all merchants of US\$10,000,000.

The consideration paid by Simpel to Splitit Capital in respect of a particular purchase request is determined according based on a prescribed formula under the Master Receivables Agreement.

Splitit Capital's rights to an outstanding receivable will transfer to Simpel on receipt of the consideration. While Simpel has the sole right to all collections of a receivable and is not liable to account to Splitit Capital, Simpel separately appoints Splitit Capital to conduct the servicing, administering and collection of outstanding receivables under the Master Receivables Agreement until further notice from Simpel.

Simpel may terminate the Master Receivables Agreement if:

- (i) while appointed to conduct the servicing, administering and collection of outstanding receivables, Splitit Capital (or any of its affiliates):
 - (A) fails to perform its duties in accordance with the Master Receivables Agreement; or
 - (B) fails to transfer any rights which it has by virtue of the appointment to a successor nominated for this purpose by Simpel;
- (ii) any representation warranty, information or report given by Splitit USA or Splitit Capital or their respective officers is revealed as incorrect or untrue;
- (iii) Splitit USA or Splitit Capital fail to perform or observe any term of the Master Receivables Agreement;
- (iv) any purchase of an outstanding receivable ceases to create, or the outstanding receivable ceases to be a valid and perfected undivided percentage ownership in the outstanding receivable or the collections with respect to that receivable cease to be free and clear of any adverse claims;
- (v) an event of insolvency occurs with respect to Splitit, Splitit USA or Splitit Capital; or
- (vi) there is a material adverse change in the business, operations, property or financial condition of Splitit USA and Splitit Capital taken as a whole.

Simpel's right to terminate based on the events detailed in paragraphs (i), (ii), and (iv) above are subject to Splitit Capital receiving written notice of the breach from Simpel and failing to rectify the breach within 14 days, and receiving a further 30 days' notice of Simpel's intention to terminate the Master Receivables Agreement during which time the breach is not remedied.

8. MATERIAL CONTRACTS CONTINUED

(c) Services Agreement

Splitit's subsidiary Splitit UK entered into a services agreement (**Services Agreement**) with Honeycomb Finance dated 8 February 2018 pursuant to which Honeycomb Finance.

Under the terms of the Services Agreement, Splitit UK will provide (amongst other matters) the following services to Honeycomb Finance:

- (i) Splitit UK shall refer actual and potential applicants, who meet the applicant criteria specified in the Services Agreement and have been referred to Splitit UK by a merchant, for advances to Honeycomb via the Splitit Payment Platform;
- (ii) if Honeycomb Finance accepts an application for an advance, Honeycomb Finance appoints Splitit UK to provide payment processing and proprietary software products under the Splitit Payment Platform to charge the credit card of a customer in equal monthly instalments by way of a continuous and recurring payment authority, until the outstanding balance of the advance is paid in full, and to provide related customer service and customer management services;
- (iii) the Splitit Payment Platform shall secure outstanding balance of an advance against a customer's available credit on a pre-existing credit card using credit card authorisations pursuant to the rules of the relevant credit card company;
- (iv) Splitit UK agrees that it will obtain authorisations on the credit card of an applicant for the full outstanding balance of the relevant advance and will obtain further authorisations on the applicant's credit card each month for each instalment and the entire remaining outstanding balance of the relevant advance;
- (v) Splitit UK will ensure that the authorisations covering the entire remaining outstanding balance of the relevant advance will remain in force until the outstanding balance of the relevant advance is paid in full; and
- (vi) if Honeycomb Finance is unable to collect any amount owed to it pursuant to a transaction due to Splitit UK and/or the Splitit Payment Platform's failure to (i) timely secure an authorisation, (ii) successfully issue a new authorisation, or (iii) timely submit a capture, then Splitit UK shall be liable to Honeycomb Finance for any amount Honeycomb Finance is unable to collect from the applicant as a result of such failure.

The Services Agreement imposes no obligations on Honeycomb Finance to accept any application for an advance and Honeycomb Finance has the absolute discretion in respect to the acceptance an application for an advance. If Honeycomb Finance accepts an application for an advance, Honeycomb shall at its sole discretion determine the terms of any agreement entered into with the relevant application.

In consideration for Splitit UK providing the services (detailed above) to, or for the benefit of, Honeycomb Finance, Honeycomb Finance will pay to Splitit UK:

- (i) a service fee equal to a percentage of the full amount of an advance, and a transaction fee for each instalment paid using the Splitit Payment Platform; and
- (ii) a performance related fee equal to 50% of any incremental profit above 10% aggregate annualised net yield, if:
 - (A) total advances of at least GBP5,000,000 have been made;
 - (B) the total aggregate amount of operational, fraud and/or credit losses does not exceed 1% of all advances; and
 - (C) the total aggregate annualised net yield in respect of advances made and repaid in full during each 6 month period is at least 10%.

The Services Agreement has an exclusivity period of 12 months from the date of the Services Agreement, during which time Splitit UK must refer all UK based merchants and all merchant applicants to Honeycomb Finance in preference to other lenders, unless (amongst other matters):

- (i) Honeycomb Finance has declined the merchant or all applicants of the merchant;
- (ii) the merchant utilising the Splitit Payment Platform has agreed to provide advances to customers from its own balance sheet; or
- (iii) the referral is to a merchant with a total monthly turnover of over GBP1,000,000 that, after good faith discussions, has failed to reach an agreement with Honeycomb Finance in respect to fees.

During the exclusivity period, Honeycomb Finance must not provide advances using any other platform identical in operation to the Splitit Payment Platform.

Honeycomb Finance's total aggregate liability in connection with the Services Agreement in any 12 month period is capped at 100% of the aggregate services fees due to Splitit UK under the Services Agreement in that period.

Splitit UK's total aggregate liability in connection with the Services Agreement in any 12 month period is capped at the greater of 100% of the aggregate services fees due to Splitit UK under the Services Agreement in that period and GBP3,000,000.

Splitit UK agrees to indemnify Honeycomb against loss suffered as a result of:

- (i) any default by Splitit UK under the Services Agreement, or a representation or warranty given under the Services Agreement being untrue;
- (ii) any changes to the credit card account of an applicant, the termination of any credit card authorisations or any amendment to the duration, instalments or due dates under an agreement between a merchant and Honeycomb as to advances;
- (iii) any error, omission, fraud, deceit or negligence on the part of Splitit UK in connection with the agreements between a merchant and Honeycomb;
- (iv) any fines, and penalties issued by Visa, MasterCard or any other credit card network and any other fees and costs arising out of or relating to Splitit's performance of its services; or
- (v) the balance of any advance not being secured by an authorisation at any time.

The Services Agreement commences from the date of execution and shall continue in force for an indefinite term unless terminated. The Services Agreement may be terminated by any party after 12 months by giving 180 days' notice.

The Services Agreement may be terminated immediately by Honeycomb Finance if (amongst other matters):

- (i) Splitit UK commits any material breach of applicable laws;
- (ii) Splitit UK is in material or persistent breach of any term of the services agreement and fails to remedy the breach within 45 days of receiving notice;
- (iii) Splitit UK loses any license necessary for it to perform, or becomes subject to a regulatory restriction preventing it from performing its obligations under the Services Agreement;
- (iv) Honeycomb Finance is requested or directed to terminate the Services Agreement by a regulator;
- (v) an insolvency event occurs with respect to Splitit UK; or
- (vi) a change of control occurs with respect to Splitit UK, unless promptly notified to Honeycomb Finance.

The Services Agreement may be terminated immediately by Splitit UK if:

- (i) Honeycomb Finance commits a material breach of applicable laws, which could reasonably be expected to have a material adverse effect on Splitit UK;
- (ii) Honeycomb Finance is in material or persistent breach of any term of the services agreement and fails to remedy the breach within 90 days of receiving notice;
- (iii) an insolvency event occurs with respect to Honeycomb Finance;
- (iv) Honeycomb Finance loses any license necessary for it to perform, or becomes subject to a regulatory restriction preventing it from performing its obligations under the Services Agreement; or
- (v) Splitit UK is requested or directed to terminate the Services Agreement by a regulator.

9.

ADDITIONAL INFORMATION



9. ADDITIONAL INFORMATION

9.1 KEY DIFFERENCES BETWEEN ISRAELI AND AUSTRALIAN COMPANY LAW

As the Company is not incorporated in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the Corporations Act or by ASIC but instead are regulated by the Israeli Companies Law 5759-1999 (**Companies Law**) and the Ministry of Justice – Corporations Authority of the State of Israel.

This Section contains a general description of the principal differences between the laws and regulations concerning shares in a company incorporated in Israel as opposed to Australia. It is provided as a general guide only and does not purport to be a comprehensive analysis of all the consequences resulting from acquiring, holding or disposing of such shares or interest in such shares. The laws, regulations, policies and procedures described are subject to change from time to time.

(a) Corporate Identity and Procedures

(i) Australian law

In Australia, the regulation of companies is generally governed by the Corporations Act. A limited liability company, incorporated under the Corporations Act, will generally be considered a separate legal entity from its shareholders. There are a number of corporate procedures that require shareholder approval via an ordinary or special resolution. An ordinary resolution requires a simple majority for it to pass. Where an ordinary resolution may be required includes:

- (A) the election of directors;
- (B) the appointment of an auditor; and
- (C) accepting reports at a general meeting.

A special resolution requires 75% of the votes cast at the shareholders meeting. Examples of where special resolutions are required including changing the company name or winding up a company.

(ii) Israeli law

In Israel, the regulation of companies is generally governed by the Companies Law. As with Corporations Act, a limited liability company incorporated under the Companies Law will generally be considered a separate legal entity from its shareholders. Further, certain corporate procedures require approval by a special resolution of shareholders under the Companies Law like under the Corporations Act, including the approval of an extraordinary transaction with a controlling shareholder or the terms of employment or other engagement of a director and the controlling shareholder or such controlling shareholder's relative (even if not extraordinary). In addition, a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganisation, of a company requires the approval of holders of 75% of the voting rights of the Company represented at the meeting.

(b) Transactions Requiring Shareholder Approval

(i) Australian law

Under the Corporations Act, the principal transactions or actions requiring shareholder approval include:

- (A) adopting or altering the constitution of the company;
- (B) appointing or removing a director or auditor;
- (C) certain transactions with related parties of the company;
- (D) putting the company into liquidation; and
- (E) changes to the rights attached to shares.

Shareholder approval under the Corporations Act is also required for certain transactions affecting share capital (e.g. share buybacks and share capital reductions).

9. ADDITIONAL INFORMATION CONTINUED

(ii) Israeli law

The types of transactions that require shareholder approval are governed by the Companies Law and the applicable articles. Generally, under the Companies Law transactions that require shareholder approval include:

- (A) amendments to the articles;
- (B) mergers or consolidations;
- (C) appointment or removal of company auditors;
- (D) approval of certain related party transactions; and
- (E) any changes in a company's capital structure such as a reduction of capital, increase of capital or share split.

(c) External Directors

(i) Australian law

There is no concept of External Directors under Corporations Act and they do not fall within the scope of the Corporations Act.

(ii) Israeli law

The Companies Law provides that two External Directors must be elected by a majority vote of the shares present and voting at a shareholders' meeting, provided that either:

- (A) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the External Director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which the company refers as a disinterested majority; or
- (B) the total number of shares voted against the election of the External Director by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the External Director (other than a personal interest not deriving from a relationship with a controlling shareholder) does not exceed 2% of the aggregate voting rights in the company.

Under the Companies Law, the term "controlling shareholder" means a shareholder with the ability to direct the activities of the company, other than by virtue of serving as an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder:

- (A) holds 50% or more of the voting rights in a company; or
- (B) has the right to appoint more than half of the directors of the company or its general manager.

For the purpose of approving transactions with controlling shareholders, a controlling shareholder is deemed to include any shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company.

Under the Companies Law, the initial term of an External Director is three years. Thereafter, an External Director may be re-elected to serve in that capacity for no more than two additional three year terms, provided that either:

- (A) his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders' meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such re-election exceeds 2% of the aggregate voting rights in the company, provided that the nominating shareholder, the External Director, and certain of their related parties meet additional independence requirements;
- (B) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders' meeting by the same majority required for the initial election of an External Director (as described above); or
- (C) the External Director has recommended that he or she be nominated for each such additional term and such nomination is approved at a shareholders' meeting by the same majority and under the same criteria required as if he had been recommended by a shareholder.

External Directors may be removed from office by an extraordinary general meeting of shareholders called by the Board, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty to the company. If an external directorship becomes vacant and there are fewer than two External Directors on the Board at the time, then the Board is required under the Companies Law to call a shareholders' meeting as soon as possible to appoint a replacement External Director.

The Companies Law provides that a person is not qualified to serve as an External Director if:

- (A) the person is a relative of a controlling shareholder of the company or
- (B) if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subject, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an External Director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no shareholder holding 25% or more of its voting rights, had at the date of appointment as External Director, any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company, or the most senior financial officer.

The term "relative" is defined under the Companies Law as a spouse, sibling, parent, grandparent, or descendant; spouse's sibling, parent, or descendant; and the spouse of each of the foregoing persons. Under the Companies Law, the term "affiliation" and the similar types of prohibited relationships include (subject to certain exceptions):

- (A) an employment relationship;
- (B) a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);
- (C) control; and
- (D) service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director were appointed as a director of the private company in order to serve as an External Director following the initial public offering.

The term "office holder" is defined under the Companies Law as the general manager, chief executive officer, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, and a director, or a manager directly subordinate to the general manager.

No person may serve as an External Director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an External Director or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. A person may furthermore not continue to serve as an External Director if he or she received direct or indirect remuneration from the company including amounts paid pursuant to indemnification or exculpation contracts or commitments and insurance coverage for his or her service as an External Director, other than as permitted by the Companies Law and the regulations promulgated thereunder.

According to the Companies Law, a person may be appointed as an External Director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below). In addition, at least one of the External Directors must be determined by the Board to have accounting and financial expertise.

9. ADDITIONAL INFORMATION CONTINUED

(d) Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

(i) Australian law

Under Australian law, a director or officer of a company is required to disclose any material personal interests in a matter to be considered by the board of the company. The materiality of such interests depends on the circumstances of each case but it is not a requirement that it is financial or pecuniary in nature. Considerations that go towards a material personal interest include:

- (A) where a director or officer has a personal interest that could impact decisions made in their capacity as director or officer; and
- (B) where a director has a personal interest that has the potential to influence the director's vote on a matter.
- (C) There doesn't need to be a conflict of interest present for the director or officer to disclose the interest. Under both common law and the Corporations Act, it is essential that directors and officers disclose any material personal interests to the company so as to comply with their duties.

(ii) Israeli law

The Companies Law requires that an office holder promptly disclose to the company:

- (A) any personal interest that he or she may be aware of; and
- (B) all related material information or documents concerning any existing or proposed transaction by the company.

An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. An office holder is not obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered as an extraordinary transaction.

A "personal interest" is defined under the Companies Law to include a personal interest of any person in an act or transaction of a company, including the personal interest of such person's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director, or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest solely stemming from one's ownership of shares in the company.

A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter. An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction.

Under the Companies Law, an extraordinary transaction is defined as any of the following:

- (A) a transaction other than in the ordinary course of business;
- (B) a transaction that is not on market terms; or
- (C) a transaction that may have a material impact on the company's profitability, assets, or liabilities.

If it is determined that an office holder has a personal interest in a transaction which is not an extraordinary transaction, approval by the board of directors is required for such transaction, unless the company's articles of association provide for a different method of approval. An extraordinary transaction in which an office holder has a personal interest requires approval first by the company's audit committee and subsequently by the board of directors. In general, the remuneration of, or an undertaking to indemnify or insure, an office holder who is not a director requires approval first by the company's remuneration committee, then by the company's board of directors, and, if such remuneration arrangement or an undertaking to indemnify or insure is inconsistent with the company's stated remuneration policy or if the office holder is the chief executive officer (apart from a number of specific exceptions), then such arrangement is subject to a special majority approval. Arrangements regarding the remuneration, exculpation, indemnification, or insurance of a director require the approval of the remuneration committee, board of directors, and shareholders by ordinary majority, in that order, and under certain circumstances, a special majority approval.

Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting or vote on that matter unless the chairman of the relevant committee or board of directors (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the audit committee or the board of directors (as applicable) has a personal interest in the approval of a transaction, then all directors may participate in discussions of the audit committee or the board of directors (as applicable) on such transaction and the voting on approval thereof, but shareholder approval is also required for such transaction.

(e) Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

(i) Australian law

There is no directly equivalent to the below law in Israel for Australia, although transactions which may confer a financial benefit on related parties of an Australian public company (including controlling shareholders and certain other parties) may require approval under Chapter 2E of the Corporations Act.

(ii) Israeli law

Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated. The approval of the audit committee or remuneration committee, the board of directors, and a special majority, in that order, is required for:

- (A) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest;
- (B) the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company;
- (C) the terms of engagement and remuneration of a controlling shareholder or his or her relative who is not an office holder; or
- (D) the employment of a controlling shareholder or his or her relative by the company, other than as an office holder.

For this purpose, a "special majority" approval requires shareholder approval by a majority vote of the shares present and voting at a meeting of shareholders called for such purpose, provided that either:

- (A) such majority includes at least a majority of the shares held by all shareholders who do not have a personal interest in such remuneration arrangement; or
- (B) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the remuneration arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.

9. ADDITIONAL INFORMATION CONTINUED

(f) **Fiduciary Duties of Directors and Officers**

Both Australian law (Corporations Act and common law) and the Companies Law impose broad fiduciary duties on company directors and officer. While similar in operation, the terms of the relevant statutory provisions are not identical.

(i) **Australian law**

Under the Australian law, the Corporations Act requires directors and officers to:

- (A) act in good faith and for a proper purpose;
- (B) act with care and diligence;
- (C) avoid improper use of information;
- (D) avoid improper use of position; and
- (E) disclose certain interests.

(ii) **Israeli law**

The Companies Law imposes a duty of care and a fiduciary duty on all office holders of a company.

The duty of care requires an office holder to act with the degree of proficiency with which a reasonable office holder in the same position would have acted under the same circumstances. The fiduciary duty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- (A) information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- (B) all other important information pertaining to these actions.

The fiduciary duty includes a duty to:

- (A) refrain from any act involving a conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- (B) refrain from any activity that is competitive with the company;
- (C) refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- (D) disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

(g) **Shareholders' Duties**

(i) **Australian law**

Under Australian law, shareholders generally do not owe any fiduciary duties to each other or to the company of which they are a member.

(ii) **Israeli law**

Under the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at general meetings of shareholders and class meetings of shareholders with respect the following matters:

- (A) an amendment of the articles of association or memorandum of association of the company;
- (B) an increase in the company's authorised share capital;
- (C) a merger; or
- (D) the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, certain shareholders have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that he or she has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power. The Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

(h) Exculpation, Insurance and Indemnification of Directors and Officers

(i) Australian law

Under Australian law, company constitutions set out rights of indemnity for directors and officers, and often include provision for directors and officers insurance. A provision for an indemnity in a constitution is only enforceable as a contract by a limited set of current officers, which does not include former officers.

Australian companies are prohibited from paying or agreeing to pay the premium for insurance of a director or officer against a liability (other than one for legal costs) arising out of:

- (A) a wilful breach of duty in relation to the company;
- (B) a director's improper use of position; and
- (C) a director's improper use of information.

(ii) Israeli law

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorising such exculpation is included in its articles of association. The Company's Articles include such a provision. A company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law and the Securities Law, an Israeli company may indemnify an office holder with respect to the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorising such indemnification is contained in its articles of association:

- (A) financial liability imposed on him or her in favour of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking must detail the above mentioned foreseen events and amount or criteria;
- (B) reasonable litigation expenses, including attorneys' fees, incurred by the office holder: (i) as a result of an investigation or proceeding instituted against him or her by an authority authorised to conduct such investigation or proceeding, provided that (a) no indictment was filed against such office holder as a result of such investigation or proceeding and (b) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offence that does not require proof of criminal intent; and (ii) in connection with a monetary sanction;
- (C) expenses associated with an administrative procedure, as defined in the Securities Law, conducted regarding an office holder, including reasonable litigation expenses and reasonable attorneys' fees; and
- (D) reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offence that does not require proof of criminal intent.

9. ADDITIONAL INFORMATION CONTINUED

Under the Companies Law and the Securities Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- (A) a breach of duty of care to the company or to a third party, including a breach arising out of the negligent conduct of the office holder;
- (B) a breach of fiduciary duty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- (C) a monetary liability imposed on the office holder in favour of a third party; and
- (D) expenses incurred by an office holder in connection with an administrative procedure, including reasonable litigation expenses and reasonable attorneys' fees.

Under the Companies Law, a company may not indemnify or insure an office holder against any of the following:

- (A) a breach of fiduciary duty, except for indemnification and insurance for a breach of the fiduciary duty to the company and to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- (B) a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- (C) an act or omission committed with intent to derive illegal personal benefit; or
- (D) a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification, and insurance of office holders in a public company must be approved by the remuneration committee and the board of directors and, with respect to certain office holders or under certain circumstances, by the shareholders.

(i) Security Holders' Right to Convene a Meeting

(i) Australian law

The Corporations Act specifies that members of proprietary or public companies may call a general meeting if members with at least 5% of the votes that may be cast at the general meeting request it. A company's constitution may also contain provisions prescribing an alternative means for members to call a general meeting.

(ii) Israeli law

Under the Companies Law, a board of directors is required to convene an extraordinary general meeting of shareholders upon the written request of one or more shareholders holding, in the aggregate, either (a) 5% or more of the outstanding issued shares and one percent of the outstanding voting power or (b) five percent or more of the outstanding voting power.

(j) Right to appoint proxies

(i) Australian law

Under the Corporations Act, shareholders have the right to appoint a proxy, who need not be a shareholder of the company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise. To appoint proxies, shareholders will generally complete a proxy form, which is distributed in a notice of general meeting.

(ii) Israeli law

At a general meeting, every shareholder present in person, proxy or written ballot has one vote for each ordinary share held on all matters submitted to a vote. Holders of Shares can attend but cannot vote in person at a general meeting, and must instead direct their proxy how to vote in advance of the meeting.

(k) Changes to Rights Attaching to Shares

(i) Australian law

In Australia, the Corporations Act allows a company to set out in its constitution the procedure for varying or cancelling rights attached to shares in a class of shares.

If a company does not have a constitution, or has a constitution that does not set out a procedure, such rights may only be varied or cancelled by:

- (A) a special resolution passed at a meeting for a company with a share capital of the class of members holding shares in the class; or
- (B) a written consent of members with at least 75% of the votes in the class.

(ii) Israeli law

The Companies Law provides that, unless otherwise provided by the articles, the rights of a particular class of shares may not be adversely modified without the vote of a majority of the affected class at a separate class meeting.

(l) Takeovers

(i) Australian law

In Australia, the Corporations Act governs a takeover. The Corporations Act contains a general rule that a person must not acquire a Relevant Interest in issued voting shares of a company if, because of the transaction, a person's voting power in the company:

- (A) increases from 20% or below to more than 20%; or
- (B) increases from a starting point, which is above 20% but less than 90%.

Certain exceptions apply, such as acquisitions of Relevant Interests in voting shares made under takeover bids or made with shareholder approval, or creeping acquisitions of 3% per six months.

Australian law permits compulsory acquisition by 90% holders.

(ii) Israeli law

In Israel, the Companies Law requires a purchaser to conduct a tender offer in order to purchase shares in publicly held companies, if as a result of the purchase:

- (A) the purchaser would hold more than 25% of the voting rights of a company in which no other shareholder holds more than 25% of the voting rights; or
- (B) the purchaser would hold more than 45% of the voting rights of a company in which no other shareholder holds more than 45% of the voting rights. The tender offer must be extended to all shareholders, but the offeror is not required to purchase more than five percent of the company's outstanding shares, regardless of how many shares are tendered by shareholders. The tender offer generally may be consummated only if at least five percent of the voting rights in the company will be acquired by the offeror.

The requirement to conduct a tender offer shall not apply to:

- (A) the purchase of shares in a private placement, provided that such purchase was approved by the company's shareholders for this purpose;
- (B) a purchase from a holder of more than 25% of the voting rights of a company that results in a person becoming a holder of more than 25% of the voting rights of a company; and
- (C) a purchase from the holder of more than 45% of the voting rights of a company that results in a person becoming a holder of more than 45% of the voting rights of a company.

9. ADDITIONAL INFORMATION CONTINUED

In addition, under the Companies Law, a person may not purchase shares of a public company if, following the purchase of shares, the purchaser would hold more than 90% of the company's shares, unless the purchaser makes a tender offer to purchase all of the target company's shares. If, as a result of the tender offer, the purchaser would hold more than 95% of the company's shares and more than half of the offerees that have no personal interest have accepted the offer, the ownership of the remaining shares will be transferred to the purchaser. Alternatively, the purchaser will be able to purchase all shares if the percentage of the offerees that did not accept the offer constitute less than 2% of the company's shares. If the purchaser is unable to purchase 95% or more of the company's shares, the purchaser may not own more than 90% of the shares of the target company.

(m) Merger

(i) Australian law

In Australia, the Corporations Act does not have a regime to effect merger transactions. Combination between companies can be effected by the acquisition of shares such that the purchased company becomes a subsidiary of the purchasing company.

(ii) Israeli law

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party's shareholders, and, in the case of the target company, a majority vote of each class of its shares, voted on the proposed merger at a shareholders meeting.

The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that, as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, taking into account the financial condition of the merging companies. If the board of directors has determined that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same special majority approval that governs all extraordinary transactions with controlling shareholders.

If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders of the target company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

(n) Anti-Takeover Measures

(i) Australia

In Australia, directors' response to potential takeovers is guided by their statutory and fiduciary duties, particularly to act in the best interests of shareholders as a whole. Further guidance is provided by the Takeovers' Panel concerning action taken by a target board where the bid may be withdrawn, lapse or not proceed. In general terms, in Australia law and policy dictate that it is shareholders who should ultimately decide on the outcome of any proposed acquisition of control over the voting shares in the company and there should be a reasonable and equal opportunity for shareholders to participate in the proposal. Some frustrating actions may be a breach of directors' duties or unacceptable circumstances.

(ii) Israeli law

The Israeli Companies Law allows the Company to create and issue shares having rights different from those attached to the ordinary shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having pre-emptive rights. As of the closing of this offering, no preferred shares will be authorised under the Articles. In the future, if the Company do authorise, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent the Company's shareholders from realising a potential premium over the market value of their ordinary shares. The authorisation and designation of a class of preferred shares will require an amendment to the Articles, which requires the prior approval of the holders of a majority of the voting power attaching to the Company issued and outstanding shares and voting at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law.

(o) Substantial Shareholder Reporting

(i) Australian law

Under Australian law, a shareholder who begins to or ceases to have a "substantial holding" in an ASX listed company, or has a substantial holding in such a listed company and there is a movement of at least 1% in their holding, must give notice to the company and to ASX. A person has a substantial holding if that person and that person's associates have a Relevant Interest in 5% or more of the voting shares in the company.

It is also expected that, as a condition of Admission, ASX will require reporting relating to substantial Shareholders in the Company as well as specified information to be included in the Company's annual reports (including, among other things, details of any substantial Shareholders) on and in accordance with the Listing Rules.

(ii) Israeli law

Under the securities laws of the State of Israel, substantial shareholder reporting by a company listed and traded on the Tel Aviv Stock Exchange (which will not apply to the Company) applies for shareholders that own 5% or more of the outstanding share capital and at every change of 2% or more thereafter.

(p) Related Party Transactions

(i) Australian law

In Australia, related party transactions (that is, transactions between a public company and a director, an entity controlled by a director, or a parent company of the public company) are regulated under the Corporations Act by a requirement for disinterested shareholder approval, unless the transaction is on "arm's length terms", represents no more than reasonable remuneration, or complies with other limited exemptions.

9. ADDITIONAL INFORMATION CONTINUED

(ii) Israeli law

Under the Companies Law, a transaction with an office holder or a transaction in which an office holder has a personal interest generally requires board approval, unless the transaction is an extraordinary transaction, in which case it requires audit committee approval prior to the approval of the board of directors. A director with a personal interest in a matter that is considered at a meeting of the board of directors or the audit committee may attend that meeting or vote on that matter if a majority of the board of directors or the audit committee also has a personal interest in the matter (or if the board or committee chairman determined that such presence is necessary for the presentation of the matter); however, if a majority of the board of directors have a personal interest, shareholder approval is also required. A transaction with an office holder or a transaction in which an office holder has a personal interest also may not be approved if it is adverse to the company's interest.

(q) Protection of Minority Shareholders – Oppressive Conduct

(i) Australian law

In Australia, a shareholder may apply to the court under the Corporations Act to bring an action in cases of conduct which is either contrary to the interests of shareholders as a whole, or oppressive to, unfairly prejudicial to, or unfairly discriminatory against, any shareholders in their capacity as shareholder, or themselves in capacity other than as a shareholder.

(ii) Israeli law

In Israel, a right to apply to the court is also available to shareholders of a company where the affairs of the company are being conducted in a manner oppressive to all or some shareholders or there is a substantial risk that the affairs of the Company will be conducted in such a manner.

(r) Rights of Security Holders to Bring or Intervene Legal Proceedings

(i) Australian law

The Corporations Act permits a shareholder to apply to the court for leave to bring proceedings on behalf of the company, or to intervene in proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for those proceedings, or for a particular step in those proceedings.

(ii) Israeli law

Under the Companies Law, a shareholder of the Company is entitled, subject to the fulfilment of various pre-conditions, to bring or intervene in legal proceedings on behalf of the Company. Examples of the preconditions under the Companies Law include the requirement that prior notice of the application must be given to the Company and to the chairman of the board of directors, that the action must be brought in good faith and that the action must be in the interest of the Company.

(s) “Two strikes” Rule

(i) Australian law

Under Australian law, an ASX listed company is required to hold a “spill vote” if its remuneration report receives a 25% “No” vote at two successive annual general meetings. If the spill vote receives a simple majority, the company must hold a general meeting within 90 days to vote on whether to keep the existing directors.

(ii) Israeli law

There is no equivalent rule under the laws of Israel.

9.2 RIGHTS ATTACHING TO SHARES

The rights attaching to ownership of the Shares are detailed in the Articles of the Company and, in certain circumstances, regulated by the Companies Law, the Listing Rules, the ASX Settlement Rules and the general law. A copy of the Articles may be inspected during normal business hours at the registered office of the Company (Australia and Israel).

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Shares under the Offer. This summary is qualified by the full terms of the Articles (a full copy of the Articles is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Articles with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

An annual general meeting is required to be held once in every calendar year.

The Company is required to give Shareholders a notice of a meeting of Shareholders as required by the provisions of the Companies Law and other applicable laws. Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices required to be sent to Shareholders under the Companies Law, Articles and Listing Rules.

Under the Articles, Shareholders holding at least 1% of the voting rights of the Company may request, subject to the Companies Law, that the Directors include a matter on the agenda of a general meeting, provided that the matter is appropriate to be considered in a general meeting. The Articles detail the information that must be included in such a request, and the timing requirements.

In addition to the ability to request Directors include a matter on the agenda of a convened general meeting, under the Companies Law, Shareholder(s) holding either (a) five percent or more of the outstanding issued shares and one percent of the outstanding voting power or (b) five percent or more of the outstanding voting power have the right to requisition a general meeting. Refer to Section 9.1 for further details.

(b) Voting rights

Subject to the Articles and the Companies Law, at a general meeting:

- (i) every holder of Shares shall have one vote for each Share held by such shareholder of record or in his name with an "exchange member" and held of record by a "nominees company" (as such terms are defined under Section 1 of the Companies Law), on every resolution, without regard to whether the vote thereon is conducted by a show of hands, by written ballot or by any other means; and
- (ii) two or more Shareholders (not in default in payment of any sum referred to in the Articles), present in person or by proxy and holding Shares conferring in the aggregate at least 25% of the voting power of the Company, shall constitute a quorum at general meetings.

General meetings may be held telephonically or by any other means of communication, provided that each Shareholder participating in such meeting can hear all of the other Shareholders participating in such meeting.

(c) Dividend rights

Subject to the Companies Law, the Listing Rules, and the Articles, the Board may declare, and cause the Company to pay, such dividend as, in the opinion of the Board, the financial position of the Company justifies and as permitted by applicable law. Subject to the Companies Law, the Board of Directors shall determine the time for payment of such dividends, and the record date for determining the shareholders entitled thereto.

Subject to any special terms and conditions of issue, the amount which the Board from time to time determine to distribute by way of dividend are divisible among the shareholders in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.

9. ADDITIONAL INFORMATION CONTINUED

(d) Transfer of Shares

Subject to the Articles, Companies Law, Listing Rules and ASX Settlement Rules, Shares may be transferred by a proper transfer effected in accordance with ASX Settlement Rules, by a written instrument of transfer which complies with the Articles or by any other method permitted by the Companies Law, Listing Rules or ASX Settlement Rules as may be satisfactory to the Board, which has been submitted to the Company (or its transfer agent), together with such other evidence of title as the Board may reasonably require.

The Board may refuse to register a transfer of Shares where permitted to do so under the Articles, Listing Rules or ASX Settlement Rules. The Board must not refuse to register a transfer of Share when required by the Listing Rules or ASX Settlement Rules.

(e) Issue of Further Shares

Subject to the Articles and to the provisions of the Companies Law and the Listing Rules, the unissued shares of the Company (whether forming part of the original or any increased capital) are under the control of the Board and may be issued as the Board thinks fit, either at par or at a premium, or subject to the provisions of the Companies Law, at a discount and/or with payment of commission, as they think fit.

Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Board thinks fit.

(f) Variation of rights

At present, the Company's only class of shares is ordinary shares. Subject to the Articles, the Companies Law, the Listing Rules and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled with:

- (i) an ordinary resolution passed by the Company's Shareholders; and
- (ii) approval by the holders of a simple majority of the shares of the affected class.

(g) Directors – appointment and removal

Each of the Directors other than External Directors (who will be chosen and appointed, will serve and whose term will expire in accordance with applicable law) shall be elected at each annual general meeting and shall serve in office until the close of the third annual general meeting, unless they vacate their office earlier. Each Director retiring at an annual general meeting is eligible to be re-elected at that meeting, subject to the Articles and applicable law. External Directors are subject to special election requirements under the Companies Law (refer to Sections 4.5 and 9.1(c)(ii) for further details).

The Board may also appoint additional Directors or Directors to fill a casual vacancy. The office of a Director that was appointed by the Board to fill any vacancy shall only be for the remaining period of time during which the Director whose service has ended was filled would have held office. Directors so elected or appointed must retire at the next annual general meeting, at which they may seek re-election.

At least one (1) Director, excluding the Managing Director, must stand for election or re-election at each annual general meeting.

A Director may be removed from office by a shareholder resolution approved by Shareholders holding at least the majority of the voting power, subject to applicable law.

(h) Directors – fees and remuneration

The Directors shall be paid any remuneration by the Company for such Director's services as a member of the Board of Directors, provided that such remuneration has been approved pursuant to the provisions of the Companies Law. The Directors shall also be entitled to the reimbursement for out-of-pocket and travel expenses incurred in connection with the performance of their services to the Company.

(i) Indemnities

The Company may insure the liability of any office holder (including directors) to the fullest extent permitted by law, as well as entering into contracts to insure the office holder in respect of any obligation imposed on him or her in consequence of an act done in their capacity as an office holder.

In addition, the Company may indemnify any office holder (including directors) to the fullest extent permitted by law. This includes, without limitation, providing an indemnity for any liability or expense imposed on him or her in consequence of an act done in their capacity as an office holder.

The restrictions and limitations on the indemnity and insurance provisions are detailed in the Articles.

(j) Alteration to the Articles

The Articles can only be amended by a simple majority of the votes cast at a general meeting. The Company must give a written notice of its intention to propose a resolution as a special resolution as required by the provisions of the Companies Law, related regulations and other applicable laws.

(k) Small holdings

The Board may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Articles are followed. A non-marketable parcel of Shares is defined under Listing Rules as (amongst others) a parcel of Shares of not less than A\$500 based on the closing price of the Company on the ASX platform.

(l) Restricted Securities

In the event of a breach of the Listing Rules or a breach of a restriction agreement entered into by the Company under the Listing Rules relating to Restricted Securities (as defined in the Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

(m) Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, shareholders will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.

(n) Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Articles.

(o) Listing Rules

The Articles provide that notwithstanding anything in the Articles, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Articles prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Articles to contain a provision or not to contain a provision, the Articles are deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Articles is or becomes inconsistent with the Listing Rules, the Articles are deemed not to contain that provision to the extent of the inconsistency.

9. ADDITIONAL INFORMATION CONTINUED

9.3 SHARE INCENTIVE PLAN

The key terms and conditions of the Splitit's 2018 Share Incentive Plan (**Plan**) is as follows:

- (a) The Board or a share incentive plan committee should the Board elect one, have the power to administer the Plan.
- (b) Persons eligible to participate under the Plan are employees, officers, directors, service providers and consultants of the Company and its affiliates.
- (c) The total number of Shares reserved for issuance under the Plan and any modification thereof, shall be determined from time to time by the Board.
- (d) The exercise price of any Option, Share, restricted Share or restricted share unit (**Award**) issued under the Plan shall be determined by the Board, or a share incentive plan committee should the Board elect one.
- (e) Unless otherwise determined by the Board, all Awards granted shall, subject to the continued employment with or service to the Company by the option holders, become vested and exercisable in accordance with the vesting schedule that will be approved by the board of directors and can be accelerated upon major triggers as approved by the board of directors.
- (f) All Awards granted shall terminate on the earlier of:
 - (i) the date set forth in any option agreement;
 - (ii) the expiration of an extension period (due to termination without cause, or termination as a result of death or disability); and
 - (iii) the date that is the 10 anniversary of the grant.
- (g) Options issued under the Plan shall be separately designated as:
 - (i) Options compliant with section 3(i) of the Israeli Tax Ordinance and the applicable rules thereto or under applicable regulations;
 - (ii) Options granted under section 102 of the Israeli Income Tax Ordinance New Version 1961 and any regulations, rules, orders or other procedures promulgated thereunder as now in effect or as hereafter amended; or
 - (iii) Options not compliant with Israeli law.
- (h) Restricted share units are shares which are issued subject to terms and conditions of the Plan and a holder of a restricted share unit will not possess or own any ownership rights in the Shares underlying the restricted share units until the satisfaction of the applicable milestone and the exercise by the holder. No payment of an exercise price is required.
- (i) Each Award shall be on such terms and conditions as determined by the Company.
- (j) The Plan is governed by the laws of Israel.

While the Company is admitted to the ASX, the provisions of the Listing Rules will apply to the Plan and to the extent that the Plan and the Listing Rules are inconsistent, the provisions of the Listing Rules will prevail.

9.4 TERMS AND CONDITIONS OF EXISTING OPTIONS

The existing Options were issued under the Company's 2013 Share Option Plan (**Existing Options**) and the terms of the Existing Options issued as at the date of this prospectus are as follows:

(a) Entitlement

Each Existing Option entitles the holder to subscribe for one Share upon exercise of the Existing Option.

(b) Exercise Price

The amount payable upon exercise of substantially all of the Existing Options will be NIS 0.01 each (**Exercise Price**).

(c) Vesting Period

The Existing Options may have an outstanding vesting period of up to three years as detailed in a vesting schedule determined by the Board of Directors upon each respective grant and as specified in the respective option agreement which was executed by the Company and such Optionholder (**Vesting Period**).

(d) Expiry Date

Each Existing Option will expire on the date that is five years from completion of the Vesting Period (**Expiry Date**). An Existing Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) Exercise Period

The Existing Options that are vested are exercisable at any time on or prior to the Expiry Date, provided that the Optionholder is employed or providing services to the Company or any of its affiliates, at all times during the period beginning with the date of grant and ending upon the date of exercise (**Exercise Period**).

(f) Notice of Exercise

The Existing Options may be exercised during the Exercise Period by notice in writing to the Company (**Notice of Exercise**) and payment of the relevant Exercise Price for each Existing Option.

(g) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the relevant Exercise Price for each Existing Option being exercised in cleared funds (**Exercise Date**).

(h) Timing of Issue of the Shares on Exercise

Within 10 business days after the later of the following:

- (i) receipt of a Notice of Exercise together with payment of the Exercise Price for each Existing Option being exercised; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act (if any) ceases to be excluded information. If there is no such information the relevant date will be the date of receipt of a Notice of Exercise as set out in paragraph (i) above,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Existing Options and for which cleared funds have been received by the Company;
- (iv) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Existing Options.

(i) Shares Issued on Exercise

The Shares issued on exercise of the Existing Options rank equally with the then issued shares of the Company.

(j) Quotation of the Shares Issued on Exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Existing Options.

9. ADDITIONAL INFORMATION CONTINUED

(k) Reconstruction of Capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(l) Participation in New Issues

There are no participation rights or entitlements inherent in the Existing Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Existing Options without exercising the Existing Options.

(m) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Existing Option will be increased by the number of Shares which the holder would have received if the Existing Options held by the holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(n) Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Existing Option will be reduced according to the following formula in Listing Rule 6.22 so that the holder does not suffer any detriment as a result of the pro rata issue.

(o) Unquoted

The Company will not apply for quotation of the Existing Options on ASX unless the Board resolves otherwise.

(p) Transferability

The Existing Options are transferable subject to (i) the limitations and restrictions set for in the Company's 2013 Share Option Plan, and (ii) any restriction or escrow arrangements imposed by ASX or under applicable securities laws.

9.5 TERMS AND CONDITIONS OF ADVISOR OPTIONS

The Company will issue 15,000,000 Options to the Lead Manager (and/or its nominee) in accordance with the Lead Manager Mandate (refer to Section 8.1(a)) following Completion (**Advisor Options**). The terms of the Advisor Options are summarised below:

(a) Entitlement

Each Advisor Option entitles the holder to subscribe for one Share upon exercise of the Advisor Option.

(b) Exercise Price

Subject to Section 9.5(j) below, the amount payable upon exercise of the Advisor Options will be A\$0.30 each (**Advisor Exercise Price**).

(c) Expiry Date

Each Advisor Option will expire at 5.00pm on the date that is three years from the date of issue (**Expiry Date**). An Advisor Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Advisor Options are exercisable at any time on or prior to the Expiry Date (**Advisor Exercise Period**).

(e) Notice of Exercise

The Advisor Options may be exercised during the Advisor Exercise Period by notice in writing to the Company (**Advisor Notice of Exercise**) and payment of the relevant Advisor Exercise Price for each Advisor Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

An Advisor Notice of Exercise is only effective on and from the later of the date of receipt of the Advisor Notice of Exercise and the date of receipt of the payment of the relevant Advisor Exercise Price for each Advisor Option being exercised in cleared funds (**Advisor Exercise Date**).

(g) Timing of Issue of the Shares on Exercise

Within 15 business days after the later of the following:

- (i) receipt of an Advisor Notice of Exercise given in accordance with these terms and conditions and payment of the Advisor Exercise Price for each Advisor Option being exercised; and
- (ii) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of an Advisor Notice of Exercise as detailed in item 9.5(g)(i) above,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Advisor Options;
- (iv) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Advisor Options.

(h) Shares Issued on Exercise

The Shares issued on exercise of the Advisor Options rank equally with the then issued shares of the Company.

(i) Quotation of the Shares Issued on Exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Advisor Options.

(j) Reconstruction of Capital

If at any time the issued capital of the Company is reconstructed, all rights of an Advisor Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) Participation in New Issues

There are no participation rights or entitlements inherent in the Advisor Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Advisor Options without exercising the Advisor Options.

(l) Adjustment for Bonus Issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a Advisor Option will be increased by the number of Shares which the holder would have received if the Advisor Options held by the holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Advisor Exercise Price.

9. ADDITIONAL INFORMATION CONTINUED

(m) **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Advisor Exercise Price of an Advisor Option will be reduced according to the following formula in Listing Rule 6.22 so that the holder does not suffer any detriment as a result of the pro rata issue.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX unless the Board resolves otherwise.

(o) **Transferability**

The Advisor Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable securities laws.

9.6 TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Company will issue an aggregate of 6,000,000 Options to the non-executive Directors and the Chairman of the Board in accordance with their non-executive appointment letters (**Director Options**). The terms of the Directors Options are summarised below:

(a) **Consideration**

Each Director Option is issued free for no consideration.

(b) **Exercise Price**

Subject to Section 9.6(k) below, the amount payable upon exercise of:

- (i) 3,000,000 Director Options issued to the Directors, will be A\$0.30 each; and
- (ii) 3,000,000 Director Options issued to the Directors, will be A\$0.40 each,

(**Director Exercise Price**).

(c) **Vesting Period**

The Director Options will be subject to a vesting period of 24 months commencing on quotation of the Company's shares on the ASX, provided that such optionholder remains a Director of the Company.

(d) **Entitlement**

Each Director Option entitles the holder to subscribe for or be transferred or allocated one Share on exercise.

(e) **Expiry Date**

The Director Options will lapse at 5.00pm (AEST) on a date that is three years from the date of issue (**Director Options Expiry Date**).

(f) **Exercise Period**

Subject to the vesting conditions specified in (c) above, the Director Options may be exercised at any time until the Director Options Expiry Date.

(g) **No Official Quotation of Director Options**

The Director Options will not be listed for official quotation on the ASX.

(h) Transfer

The Director Options may not be transferred or assigned by an optionholder except that the optionholder may at any time transfer all or any of the Director Options to a spouse, family trust, or to a proprietary limited company, all of the issued Shares which are beneficially owned by the optionholder or the spouse of the optionholder.

(i) New Issues of Capital

There are no participating rights or entitlements inherent in these Director Options and holders of the Director Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Director Option.

However, optionholders have the right to exercise their Director Options prior to the date of determining entitlements to any capital issues to the then existing Shareholders of the company made during the currency of the Director Options, and will be granted a period of at least five business days before books closing date to exercise the Director Options.

(j) Pro-rata Issue

If there is a pro rata issue (except a bonus issue) to the holders of ordinary Shares, the exercise price of the Director Options may be reduced according to the formula detailed in Listing Rule 6.22.

(k) Re-organisation

In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Director Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

(l) Notice of Exercise

The Director Options may be exercised during the Exercise Period by notice in writing to the Company and payment of the relevant Director Exercise Price for each Director Option being exercised in Australian currency by electronic funds transfer or other means of payment or currency acceptable to the Company.

An exercise of only some Director Options will not affect the rights of the optionholder to the balance of the Director Options held by them.

(m) Issue of Shares

The Company must allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within ten business days of the exercise of the Director Options.

(n) Ranking

Shares allotted pursuant to an exercise of Director Options rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.

(o) Quotation

The Company will apply for official quotation with the ASX for all Shares issued, transferred or allocated upon exercise of any Director Option.

(p) Ceasing to be a Director

All unexercised Director Options will lapse upon the holder ceasing to be a Director or employee of the Company unless otherwise determined by the Board.

9. ADDITIONAL INFORMATION CONTINUED

9.7 TERMS AND CONDITIONS OF MANAGEMENT OPTIONS

The Company will issue an aggregate of 8,000,000 Options to the Managing Director and the Executive Director in accordance with their employment agreements (**Management Options**). The Management Options will be issued under the Plan. The terms of the Management Options are summarised below:

(a) Consideration

Each Management Option is issued free for no consideration.

(b) Exercise Price

Subject to Section 9.7(j) below, the amount payable upon exercise of a Management Option is A\$0.20 each (**Management Exercise Price**).

(c) Entitlement

Each Management Option entitles the holder to subscribe for or be transferred or allocated one Share on exercise.

(d) Expiry Date

The Management Options will lapse at 5.00pm (AEST) on 31 December 2023 (**Management Options Expiry Date**).

(e) Exercise Period

3,000,000 Management Options to be issued to the Managing Director may be exercised at any time until the Management Options Expiry Date.

5,000,000 Management Options to be issued to the Executive Director will be subject to a vesting period of 18 months commencing on quotation of the Company's shares on the ASX, provided that the Executive Director remains an employee of the Company. Subject to the vesting condition, the Management Options to be issued to the Executive Director may be exercised at any time until the Management Options Expiry Date.

(f) No Official Quotation of Management Options

The Management Options will not be listed for official quotation on the ASX.

(g) Transfer

The Management Options may not be transferred or assigned by an optionholder except that the optionholder may at any time transfer all or any of the Management Options to a spouse, family trust, or to a proprietary limited company, all of the issued Shares which are beneficially owned by the optionholder or the spouse of the optionholder.

(h) New Issues of Capital

There are no participating rights or entitlements inherent in these Management Options and holders of the Management Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Management Option.

However, optionholders have the right to exercise their Management Options prior to the date of determining entitlements to any capital issues to the then existing Shareholders of the company made during the currency of the Management Options, and will be granted a period of at least five business days before books closing date to exercise the Management Options.

(i) Pro-rata Issue

If there is a pro rata issue (except a bonus issue) to the holders of ordinary Shares, the exercise price of the Management Options may be reduced according to the formula detailed in Listing Rule 6.22.

(j) Re-organisation

In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Management Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

(k) Notice of Exercise

The Management Options may be exercised during the Exercise Period by notice in writing to the Company and payment of the relevant Management Exercise Price for each Management Option being exercised in Australian currency by electronic funds transfer or other means of payment or currency acceptable to the Company.

An exercise of only some Management Options will not affect the rights of the optionholder to the balance of the Management Options held by them.

(l) Issue of Shares

The Company must allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within ten business days of the exercise of the Management Options.

(m) Ranking

Shares allotted pursuant to an exercise of Management Options rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.

(n) Quotation

The Company will apply for official quotation with the ASX for all Shares issued, transferred or allocated upon exercise of any Management Option.

9. ADDITIONAL INFORMATION CONTINUED

9.8 TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

A summary of the material terms and conditions of the Performance Rights to be issued under the Plan, is detailed below:

(a) Milestone Conversion

Each Performance Right will be satisfied by the issuance of one Share upon the achievement of the following performance milestones.

CLASS	NUMBER OF PERFORMANCE RIGHTS	PERFORMANCE CRITERIA	PERFORMANCE PERIOD
Class A	4 million	Splitit achieving Transaction Volumes of A\$150 million in calendar year 2019. Where Transaction Volume means the aggregate amount of funds third party merchants process through the Splitit Payment Platform for the relevant period.	1 year
Class B	4 million	Splitit achieving Transaction Volumes of A\$350 million in calendar year 2020.	2 year
Class C	2 million	Splitit achieving Transaction Volumes of A\$1.1 billion in calendar year 2021.	3 year
Class D	2.5 million	Splitit executing a global business partnership agreement with Mastercard or any other global payment scheme (other than Visa) by the end of the calendar year 2019.	1 year
Class E	2 million	Splitit executing a global business partnership agreement with Visa or any other global payment scheme (other than a global payment scheme achieved in respect to the Class D milestone) by the end of the calendar year 2020.	2 year
Class F	2 million	Splitit achieving Transaction Volumes of A\$200 million through commercial agreements entered into with Visa and/or Mastercard by the end of the calendar year 2021.	3 year
Class G	500,000	The holder achieving Transaction Volumes of A\$75 million in calendar year 2019. Where Transaction Volumes (for Class G, H and I) means the aggregate amount of funds a merchant, which is signed by the holder and/or his designated team, requests to be processed through the Splitit Payment Platform for the relevant period.	1 year
Class H	500,000	The holder achieving Transaction Volumes of A\$170 million in calendar year 2020.	2 year
Class I	500,000	The holder achieving Transaction Volumes of A\$400 million in calendar year 2021.	3 year

(b) Change in Control

Upon the occurrence of a Change of Control of the Company:

- (i) where, at the date of the Change of Control, the satisfaction of all Performance Rights will result in the issue of less than or equal to 10% of the total number of Shares on issue, each Performance Right will automatically entitle the holder to one Share; and

- (ii) where, at the date of the Change of Control, the satisfaction of all Performance Rights will result in the issue of greater than 10% of the total number of Shares on issue:
 - (A) the total number of Performance Rights to be satisfied through the issuance of Shares in exchange therefor must be equal to 10% of the total number of Shares on issue;
 - (B) the number of Shares to be issued with respect to each class of Performance Rights shall be on an equal basis between each such class; and
 - (C) any Performance Rights that are not satisfied through the issuance of Shares in accordance with paragraph (1) and (2) above will continue to be held by the holder on the same terms and conditions set out herein.

(c) Expiry Date

If the Performance Rights have not been satisfied by 5.00pm (WST) by the relevant Performance Period, the Performance Rights shall not be capable of satisfaction and shall immediately lapse.

(d) Shares issued on satisfaction of Performance Criteria

Shares issued upon satisfaction of a Performance Criteria rank equally with the then Shares of the Company.

(e) Escrow Restrictions

The holder of Performance Rights:

- (i) acknowledges that the Performance Rights and the Shares issued on satisfaction of Performance Rights may be escrowed or restricted for a period prescribed by ASX pursuant to the Listing Rules;
- (ii) agrees to be bound by any escrow period prescribed by ASX; and
- (iii) agrees to enter into any agreement as may be required by the Company and ASX to give effect to any escrow prescribed by ASX pursuant to the Listing Rules.

(f) Reconstruction

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Performance Rights and their terms of satisfaction through the issuance of Shares in exchange therefor will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the holder by virtue of such reconstruction, consolidation or division.

(g) Winding up

If the Company is wound up before satisfaction of all of the Performance Rights by the issuance of Shares in exchange therefor, the holders will have no right to participate in surplus assets or profits of the Company on winding up in respect of their Performance Rights.

(h) Dividends

Holders of Performance Rights are not entitled to receive any dividends on their Performance Rights.

(i) Non-Transferable and No Quotation

The Performance Rights are non-transferable and are unquoted securities.

(j) Voting Rights

Holders of the Performance Rights will have no right to vote in respect of their Performance Rights.

(k) Participation in new issue

There are no participation rights or entitlements inherent in the Performance Rights and holders of the Performance Rights will not, in respect of their Performance Rights, be entitled to participate in new issues of capital offered to Shareholders.

9. ADDITIONAL INFORMATION CONTINUED

9.9 ISRAELI TAX CONSIDERATIONS

The following is a discussion of Israeli tax consequences material to the Company's shareholders. To the extent that the discussion is based on tax legislation which has not been subject to judicial or administrative interpretation, the views expressed in the discussion might not be accepted by the tax authorities in question or by court. The discussion is not intended, and should not be construed, as legal or professional tax advice and does not exhaust all possible tax considerations.

Holders of the Company's ordinary shares should consult their own tax advisors as to the Australian, Israeli or other tax consequences of the purchase, ownership and disposition of ordinary shares, including, in particular, the effect of any foreign, state or local taxes.

(a) General Corporate Tax Structure

Israeli companies are generally subject to income tax on their taxable income. The regular corporate tax rate in Israel for 2018 is 23%. However, the effective rate of tax payable by a company which is qualified under Israeli law as an "Industrial Company" which derives income among others from a "preferred enterprise" (as further discussed below) may be lower.

(b) Tax Benefits under the Law for the Encouragement of Industry (Taxes), 5729-1969

Pursuant to the Law for the Encouragement of Industry (Taxes), 5729-1969, or the Industry Encouragement Law, a company qualifies as an "Industrial Company" if it is a resident of Israel, was incorporated in Israel and at least 90% of its income in any tax year (exclusive of income raising from certain governmental security loans) is derived from an "Industrial Enterprise" it owns, which is located in Israel. An "Industrial Enterprise" is defined for purposes of the Industry Encouragement Law as an enterprise whose principal activity in a given tax year is production.

An Industrial Company is entitled to certain tax benefits, including a deduction of the purchase price of patents or the right to use a patent or know-how used for the development or promotion of the Industrial Enterprise at the rate of 12.5% per annum, commencing the year in which such rights were first exercised.

Although at the date of this Prospectus, the Company was not qualified as an Industrial Company, it may qualify as such in the future and may be eligible for the benefits included in the Industry Encouragement Law, some of which are described above.

(c) Tax Benefits under the Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law, provides certain benefits for income generated by a "Preferred Company" through its Preferred Enterprise (as such terms are defined in the Investment Law), if certain criteria are met. The tax benefits (described below) would be available, subject to certain conditions, to production facilities that generally derive more than 25% of their annual revenue from export, or that do not derive 75% or more of their annual revenue in a single market, or, to competitive facilities in the field of renewable energy. The incentives may be in the form of grants or tax benefits.

A "Preferred Company" is defined as either (i) a company incorporated in Israel and not wholly-owned by governmental entities; or (ii) a partnership (a) that was registered under the Israeli Partnerships Ordinance; and (b) all of its partners are companies incorporated in Israel which are in general not transparent for Israeli tax purposes and that not all of them are fully owned by governmental entities and such companies or partnerships own, among other conditions, Preferred Enterprises and are controlled and managed from Israel.

A Preferred Company is entitled to reduced corporate tax with respect to income derived by its Preferred Enterprise (and subject to certain conditions) at the rate of 16%, unless it is located in a certain development zone, in which case the rate will be 7.5%.

Dividends distributed out of income which is generally attributed to a Preferred Enterprise are subject to withholding tax at the rate of 20%. However, upon distribution of a dividend attributed to income generated in Israel, to an Israeli company, no withholding tax will apply.

The Company may elect to implement the Investment Law rates by May 31 of any year, and such an election shall apply as of the tax year following the year on which the Company's tax return (and the election) was filed. Electing to implement the Investment Law is irreversible.

To date, the Company has not claimed tax benefits as a Preferred Company. However, the Company qualifies for the status of a “Preferred Company”. The Company contemplates the implementation of the Investment Law in future tax years.

(d) Taxation of Gains upon Disposition of, and Dividends Paid on, the Company’s Ordinary Shares

(i) Taxation of Israeli Resident Shareholders

Israeli law imposes a capital gains tax on the sale of capital assets. The law distinguishes between real gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain that is equivalent to the increase of the relevant asset’s purchase price which is attributable to the increase in the CPI between the date of purchase and the date of sale. Foreign residents who purchased an asset in foreign currency may request that the inflationary surplus will be computed on the basis of the devaluation of the NIS against such foreign currency. The real gain is the excess of the total capital gain over the inflationary surplus. The inflationary surplus accumulated from and after December 31, 1993, is exempt from any capital gains tax in Israel while the real gain is taxed at the applicable rate discussed below.

Dealers in securities in Israel are taxed at regular tax rates applicable to business income.

Subject to certain provisions relating to the linear calculation method applicable to the determination of the capital gain tax pertaining to capital gains derived from the sale of assets, purchased prior to January 1, 2003, or prior to January 1, 2012 (with respect to sale of assets or securities not listed in a stock exchange prior to 1.1.2012), the tax rate on capital gains, including capital gain from the sale of securities listed on a stock exchange and on dividends, is generally, for individuals 25% or 30% for substantial individual shareholders (that are, generally, holders of 10% or more of the shares of the company on the date of the sale of the shares or at any date during the 12 months period preceding such sale). Israeli corporations are subject to corporate tax rate (23% in 2018) with respect to capital gains. Dividends paid to an Israeli company by another Israeli company are not subject to tax, unless received or stems among others from income derived or accrued outside of Israel.

On the distribution of dividends other than bonus shares (stock dividends) to individual Israeli residents shareholders or to individual non-Israeli shareholders, income tax applies at the rate of 25% or 30%, as described above, or the lower rate payable with respect to dividends received out of income derived from a preferred enterprise. As set forth above, dividends paid to an Israeli company by another Israeli company are not subject to corporate tax, unless the dividend stems from income produced or accrued abroad.

(ii) Taxation of Non-Israeli Resident Shareholders

Capital gain from the sale of shares by non-Israeli residents would be tax exempt as long as the shares of the Company are listed on the ASX or any other stock exchange recognized by the Israeli Ministry of Finance, and provided that certain other conditions are met.

The most relevant conditions are as follows:

- (A) the capital gain is not attributed to the foreign resident’s permanent establishment in Israel, and
- (B) the shares were acquired by the foreign resident after the Company’s shares had been listed for trading on the foreign exchange.

The purchaser of the shares of the Company may be required to withhold capital gains tax on all amounts paid by it for the purchase of shares of the Company, for so long as the capital gain derived by the seller is not exempt from Israeli capital gains tax.

In addition, non-residents of Israel are subject to income tax on income accrued or derived from sources in Israel. Such sources of income include passive income such as dividends, royalties and interest, as well as non-passive income from services rendered in Israel. Distributions of dividends other than bonus shares or stock dividends to individual shareholders of the Company are subject to income tax at the rate of 25% or 30% pursuant to Israeli domestic law as described above. Distributions of dividends to corporate shareholders are subject to Israeli corporate tax at the rate of 23% in 2018. However, under the Investment Encouragement Law, dividends generated by a preferred enterprise are subject to lower tax rates of 20% or 4% in certain events, as set forth above.

To date, Israel and Australia have yet to engage in a tax treaty for the relief from double taxation. However, authorized governmental representatives of Israel and Australia have been negotiating for purposes of signing a tax treaty between Israel and Australia.

9. ADDITIONAL INFORMATION CONTINUED

9.10 EFFECT OF THE OFFER ON CONTROL AND SUBSTANTIAL SHAREHOLDERS

Prior to Admission, the substantial Shareholders of the Company are as follows:

SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD ¹
Victoria Neil Krain ¹	58,693,609	26.68%
Alon Feit ²	28,159,914	12.8%
Simpel LLC ³	15,932,080	7.24%
Gil Don ⁴	12,771,294	5.81%

Note:

1. Comprised of 30,549,647 Shares held by Ms Victoria Neil Krain and 28,143,962 Shares held by VentureVest Partners LLC, an entity owned and controlled by Ms Victoria Neil Krain. The above shareholding percentages are calculated prior to the exercise of the Options and conversion of the Performance Rights. Mr Jason Krigsfeld, a current Director who will resign on Admission, is an associate of VentureVest Partners LLC.
2. Mr Alon Feit will be an Executive Director of the Company on Admission. Refer to Section 4.7 for further details.
3. Simpel is a party to the Master Receivables Agreement. Refer to Section 8.1(b) for further details.
4. Mr Gil Don will be the Managing Director of the Company on Admission. Refer to Section 4.7 for further details.

From Admission, the substantial Shareholders of the Company will be as follows:

SHAREHOLDER	NUMBER OF SHARES HELD	% OF SHARES HELD ON MINIMUM SUBSCRIPTION	% OF SHARES HELD ON MAXIMUM SUBSCRIPTION ¹
Victoria Neil Krain ¹	58,693,609	21.74%	20.96%
Alon Feit ²	28,159,914	10.43%	10.06%
Simpel LLC ³	15,932,080	5.9%	5.69%

Note:

1. Comprised of 30,549,647 Shares held by Ms Victoria Neil Krain and 28,143,962 Shares held by VentureVest Partners LLC, an entity owned and controlled by Ms Victoria Neil Krain. The above shareholding percentages are calculated prior to the exercise of the Options and conversion of the Performance Rights. Mr Jason Krigsfeld, a current Director who will resign on Admission, is an associate of VentureVest Partners LLC.
2. Mr Alon Feit will be an Executive Director of the Company on Admission. Refer to Section 4.7 for further details.
3. Simpel is a party to the Master Receivables Agreement. Refer to Section 8.1(b) for further details.

9.11 INTERESTS OF PROMOTERS, EXPERTS AND ADVISERS

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus (or entity in which they are a partner or director) holds, has, or has had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offer, except as follows and as disclosed in this Prospectus.

- (a) Armada Capital has acted as Lead Manager to the Offer and the fees payable to Armada Capital are detailed in Section 8.1(a);

- (b) BDO has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which has been included in Section 5. The Company has paid, or has agreed to pay, the Investigating Accountant A\$21,042 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to the Investigating Accountant under time-based charges;
- (c) DLA Piper Australia has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid or agreed to pay an amount of approximately A\$140,000 (excluding disbursements and GST) in respect of these services up until the date of this Prospectus. Further amounts may be paid to DLA Piper Australia in accordance with its normal time-based charges;
- (d) Amit, Pollak, Matalon & Co has acted as Israeli legal adviser to the Company in relation to the Offer. The Company has paid or agreed to pay an amount of approximately A\$119,910 (excluding disbursements and VAT) in respect of these services up until the date of this Prospectus. Further amounts may be paid to Amit, Pollak, Matalon & Co in accordance with its normal time-based charges. In addition, Amit, Pollak, Matalon & Co presently holds 882,191 Existing Options; and
- (e) Automic Pty Ltd is the Company's share registry, and will be paid for these services on standard industry terms and conditions.

9.12 CONSENTS

Each of the parties referred to in this Section:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

None of the parties referred to in this Section authorised or caused the issue of this Prospectus or the making of the Offer.

Armada Capital has given its written consent to be named as Lead Manager to the Offer. Armada Capital has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

BDO has given its written consent to be named as the Investigating Accountant and to the inclusion of the Investigating Accountant's Report in Section 5 of the Prospectus in the form and context in which the report was included. BDO has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

DLA Piper Australia has given its written consent to being named as Australian legal adviser to the Company. DLA Piper Australia has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Amit, Pollak, Matalon & Co has given its written consent to being named as Israeli legal adviser to the Company. Amit, Pollak, Matalon & Co has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu, has given its written consent to be named as auditor to the Company. Brightman Almagor Zohar & Co. has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC. Brightman Almagor Zohar & Co., a member of Deloitte Touche Tohmatsu has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Automic Pty Ltd has given its written consent to being named as the Australian share registry to the Company. Automic Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

cdPlus Corporate Services Pty Ltd has given its written consent to being named as the company secretary. cdPlus Corporate Services Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Pollen Street Capital and Honeycomb Finance have consented to the inclusion of the summary of the Services Agreement detailed in section 8.1(c) (**Summary**) on the basis that:

- (a) Pollen Street Capital and Honeycomb Finance take no responsibility whatsoever for the Summary, whether as to its accuracy, completeness or otherwise (and the Company acknowledges the same);
- (b) the Summary is not a statement by Honeycomb Finance and Pollen Street Capital;

9. ADDITIONAL INFORMATION CONTINUED

- (c) Honeycomb Finance and Pollen Street Capital do not make or give any statement for inclusion in the Prospectus; and
- (d) Honeycomb Finance and Pollen Street Capital do not consent to any statement included in the Prospectus being attributed to them.

Each of the Directors and Proposed Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

9.13 REGULATORY RELIEF

On 4 December 2018, the Company received ASX in-principle approval from Listing Rule 1.1 Condition 12 to permit the Company to have on issue, at the time of Admission, Existing Options and Performance Rights with an exercise price of less than A\$0.20 each.

9.14 LITIGATION AND CLAIMS

So far as the Directors and Proposed Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

9.15 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of Applications and bids under this Prospectus are governed by the law applicable in Western Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Western Australia.

9.16 EXPENSES OF OFFER

The total expenses of the Offer payable by the Company are:

Table 10.1: Expenses of the Offer

ITEM OF EXPENDITURE	AMOUNT (A\$) BASED ON MAXIMUM SUBSCRIPTION	AMOUNT (A\$) BASED ON MINIMUM SUBSCRIPTION
ASX fees	\$119,910	\$119,910
Lead Manager fees	\$500,000	\$600,000
Australian Counsel Legal fees	\$140,000	\$140,000
Israeli Counsel Legal fees ¹	\$98,592	\$98,592
Investigating Accountant's Report	\$21,042	\$21,042
Intellectual Property Expert's Report	\$10,000	\$10,000
Typesetting and Printing	\$19,000	\$19,000
TOTAL	\$911,044	\$1,011,044

Note:

1. Based on an AUD/USD exchange of 0.71.

9.17 CONTINUOUS DISCLOSURE OBLIGATIONS

Following Admission, the Company will be a “disclosing entity” (as defined in section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose to the market any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Shares (unless a relevant exception to disclosure applies). Price sensitive information will be publicly released through ASX before it is otherwise disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to ASX. In addition, the Company will post this information on its website after ASX confirms that an announcement has been made, with the aim of making the information readily accessible to the widest audience.

9.18 ELECTRONIC PROSPECTUS

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application moneys received will be dealt with in accordance with section 722 of the Corporations Act.

9.19 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 525 Collins Street, Melbourne Victoria:

- (a) this Prospectus;
- (b) the Articles; and
- (c) the consents referred to in Section 9.12 of this Prospectus.

9.20 STATEMENT OF DIRECTORS

The Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5 there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

10.

AUTHORISATION



10. AUTHORISATION

This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act. Each Director and Proposed Director and has consented to the lodgement of this Prospectus with ASIC, in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by



Gil Don
Managing Director and CEO

Dated: 20 December 2018

11.

GLOSSARY OF TERMS



11. GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

A\$	Australian dollars.
Admission	Admission of the Company to the Official List, following completion of the Offer.
AEST	Australian eastern standard time.
Allotment Date	The date, as determined by the Directors, on which the Shares offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.
APM	Amit, Pollak, Matalon & Co.
Applicant	A person who submits an Application Form.
Application	A valid application for Shares under the Offer made pursuant to an Application Form.
Application Form(s)	The application form attached to this Prospectus (including the electronic form provided by an online application facility).
Application Monies	Monies received from persons applying for Shares pursuant to the Offer under this Prospectus.
Articles	The articles of association of the Company from time to time.
ASIC	Australian Securities and Investments Commission.
ASIC Act	Australian Securities and Investments Commission Act 2001 (Cth).
ASX	Australian Securities Exchange Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.
ASX Settlement Rules	ASX Settlement Operating Rules of ASX Settlement Pty Ltd (ABN 49 008 504 532).
Board	The board of Directors of the Company.
Broker	Any ASX participating organisation selected by the Lead Manager and the Company to act as a broker for the Offer.
CEO	Chief Executive Officer.
CHESS	Clearing House Electronic Subregister System.
Card Network	Has the meaning given in Section 1.1(c).

11. GLOSSARY OF TERMS CONTINUED

Change of Control	Means: <ul style="list-style-type: none">(i) the occurrence of:<ul style="list-style-type: none">(A) the offeror (or group of offerors acting together) under a tender offer in respect of Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and(B) that takeover bid has become unconditional; or(ii) the announcement by the Company that:<ul style="list-style-type: none">(A) Shareholders have at a duly convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement or merger under which all Shares are to be either:<ul style="list-style-type: none">(1) cancelled; or(2) transferred to a third party; and(B) the proposed scheme of arrangement or merger is consummated.
Closing Date	The date the Offer closes.
Company or Splitit	Splitit Payments Ltd (ARBN 629 557 982) is a foreign company registered in its original jurisdiction of Israel as Splitit Ltd with registration number 514193291.
Companies Law	Israeli Companies Law, 5759-1999.
Corporations Act	Corporations Act 2001 (Cth).
Directors	The directors of the Company.
Electronic Prospectus	The electronic copy of this Prospectus located at the Company's website at http://www.splitit.com .
EMEA	Europe, the Middle East and Africa.
Escrow Period	The periods for which Shares are subject to voluntary escrow arrangements as detailed in Section 3.11.
EU€	Euro.
Existing Shareholders	The Shareholders as at the date of this Prospectus.
Exposure Period	In accordance with section 727(3) of the Corporations Act, the period of 7 days (which may be extended by ASIC to up to 14 days) after lodgement of this Prospectus with ASIC during which the Company must not process Applications.
Financial Information	Has the meaning given in Section 5.
Funding Agreement	Has the meaning given in Section 1.1(h).
FY16	Financial year ended 31 June 2016.
FY17	Financial year ended 31 June 2017.
FY18	Financial year ended 31 June 2018.

Group	The Company and its subsidiaries.
GST	Goods and Services Tax.
HIN	Holder Identification Number.
Honeycomb Finance	Has the meaning given in Section 1.1(h).
Independent Accountant	BDO Corporate Finance (WA) Pty Ltd.
Independent Account's Report	The report contained in Section 5.
Indicative Timetable	The indicative timetable for the Offer on page (ii) of this Prospectus.
ISO	Has the meaning given in Section 1.1(e)(ii).
Lead Manager	Armada Capital and Equities Pty Ltd.
Listing Rules	The listing rules of ASX.
Master Receivables Agreement	Has the meaning given in Section 1.1(h).
Minimum Subscription	Has the meaning given in Section 3.2.
Merchant Fees	Has the meaning given in Section 1.1(e).
NIS	Israeli New Shekel.
Offer	The offer under this Prospectus of 50,000,000 Shares to be issued by the Company at an issue price of A\$0.20 to raise A\$10,000,000. Oversubscriptions of up to 10,000,000 Shares to raise an additional \$2,000,000 may be accepted by the Company.
Offer Period	Means the period commencing on the Opening Date and ending on the Closing Date.
Offer Price	A\$0.20 per Share.
Official List	The official list of ASX.
Official Quotation or Quotation	Official quotation by ASX in accordance with the Listing Rules.
Opening Date	The date the Offer opens.
Options	An option to subscribe for a Share.
Payment Processor	Has the meaning given in Section 1.1(e)(i).
Performance Rights	Performance rights in the Company with the terms and conditions detailed in Section 9.8.
Pollen Street Capital	Pollen Street Capital Limited.
POS	Has the meaning given in Section 1.4(c).

11. GLOSSARY OF TERMS CONTINUED

Proposed Directors	Mr Spiro Pappas, Mr Thierry Denis, Ms Dawn Robertson, Mr Michael Keoni De-Franco and Mr Mark Antipof who will be Directors on Admission.
Prospectus	This prospectus dated 20 December 2018.
Regulation S	Regulation S under the US Securities Act.
Relevant Interest	Has the meaning given in the Corporations Act.
Sale Transaction	Has the meaning given in Section 1.1(f).
SCP	Has the meaning given in Section 1.1(h).
Section	A section of this Prospectus.
Security	Means a Share, Option or a Performance Right, as the context requires.
Services Agreement	Has the meaning given in Section 1.1(h).
Share	A fully paid ordinary shares in the capital of the Company.
Share Registry	Automic Pty Ltd (ABN 27 152 260 814).
Shareholder	Any person holding Shares.
Splitit Capital	Has the meaning given in Section 1.1(a).
Splitit Capital UK	Has the meaning given in Section 1.1(a).
Splitit Group	Has the meaning given in Section 1.1(a).
Splitit Payment Platform	Has the meaning given in Section 1.1(a).
Splitit UK	Has the meaning given in Section 1.1(a).
Splitit USA	Has the meaning given in Section 1.1(a).
SRN	Security holder Reference Number.
US\$	United States dollar.
US Securities Act	The US Securities Act of 1933.
WST	Western standard time.

CORPORATE DIRECTORY

CURRENT AND OUTGOING DIRECTORS

Jason Krigsfeld – Director

Yukie Ohuchi – Director

CURRENT AND PROPOSED DIRECTORS

Gil Don – CEO and Managing Director

Alon Feit – Executive Director

Spiro Pappas – Non-Executive Chairman

Thierry Denis – Non-Executive Director

Dawn Robertson – Non-Executive Director

Michael Keoni De-Franco – Non-Executive Director

Mark Antipof – Non-Executive Director

COMPANY SECRETARY*

cdPlus Corporate Services Pty Ltd

Level 42, Rialto South Tower

525 Collins Street

Melbourne VIC 3000

REGISTERED AND PRINCIPAL OFFICE (ISRAEL)

32 HaArba'a Street

Tel Aviv Israel 6473970

Email: info@splitit.com

REGISTERED OFFICE (AUSTRALIA)

Level 42, Rialto South Tower

525 Collins Street

Melbourne VIC 3186

Telephone: +61 3 9614 2444

SHARE REGISTRY*

Automic Pty Ltd

Level 5, 126 Phillip Street

Sydney NSW 2000

Australian telephone: 1300 288 664

International telephone: +61 2 9698 5414

LAWYERS (AUSTRALIA)

DLA Piper Australia

Level 22, No.1 Martin Place

Sydney NSW 2000

LAWYERS (ISRAEL)

Amit, Pollak, Matalon & Co

APM House, Building D

18 Raoul Wallenberg St

Tel Aviv, Israel 6971915

AUDITOR*

**Brightman Almagor Zohar & Co.,
a member of Deloitte Touche Tohmatsu**

1 Azrieli Center

Tel Aviv Israel 6701101

INVESTIGATING ACCOUNTANT

BDO Corporate Finance (WA) Pty Ltd

38 Station Street

Subiaco WA 6008

LEAD MANAGER

Armada Capital and Equities Pty Ltd

Level 7, 151 Macquarie Street

Sydney NSW 2000

Email: info@armadacapital.com.au

PROPOSED STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)

Proposed ASX Code: SPT

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

