



ASX Announcement

26 July 2023

Splitit signs US\$10M Convertible Note Financing

Splitit Payments Limited ("**Splitit**" or the "**Company**") (**ASX:SPT**), has entered into a convertible note agreement with two of its largest shareholders, Thorney Investment Group and Perea Capital, for a total of US\$10M of committed capital. The Company will use proceeds from the convertible note financing to strengthen its balance sheet and support general business operations, including funding the settlement of a customer dispute.

In the near-term, the Company expects to pursue a significant capital raise to accelerate its ability to attract, retain, and support the growth of large and sophisticated clients, including recent strategic partnerships with Visa, Alipay, and Ingenico, and support further investment and innovation in Splitit's unique white-label technology platform.

Nandan Sheth, CEO of Splitit, commented, "We are very pleased with the continued confidence and support of two of our largest shareholders. The convertible note financing will support our near-term growth while we consider a larger transformational capital raise to position Splitit for the long-term."

The key components of the convertible note financing are as follows:

- US \$10M committed financing in the form of a convertible note comprised of three tranches, with each tranche to be funded equally by Thorney Investment Group and Perea Capital:
 - First tranche of US\$2.8M to be invested immediately
 - Second tranche of US\$4.2M callable by the Company at any time prior to the six-month anniversary of the investment of the first tranche (the "Option Period")
 - Third tranche of US\$3M callable by the Company after the earlier of 24 October 2023 or a capital raise during the Option Period
- Convertible note to pay an interest rate of 8% per annum (payment-in-kind)
- If the Company completes a "capital raise" prior to the 12-month anniversary of the investment of the first tranche (the "Due Date"), the outstanding convertible note amount at the time of the capital raise shall automatically convert on the following basis: ¹
 - If the capital raise is for an aggregate investment amount of less than US\$20M, the outstanding note and any accrued interest shall automatically convert into shares of the same class and at a 20% discount to the issuance price of the capital raise
 - If the capital raise is for an aggregate investment of US\$20M or greater, the outstanding note and any accrued interest shall automatically convert into shares of the same class and at the issuance price of the capital raise
- If the Company completes a capital raise prior to the Due Date, at the Company's election, any uncalled tranches of the convertible note may be called and immediately converted on the same basis as described above at any time after the capital raise.
- If an "M&A transaction" occurs at any time prior to the Due Date, immediately prior to the closing of the M&A transaction, the outstanding convertible note amount and any accrued interest at the time of the M&A transaction shall automatically convert into ordinary shares of the Company, at a conversion price equal to the lower of:

¹ In relation to the first tranche note amount only, a floor conversion price of AU\$0.065 per share will apply to conversion upon a capital raise or M&A transaction, unless shareholders subsequently approve the removal of the floor price. No floor price will apply to the conversion of the second tranche note amount or third tranche note amount under the capital raise or M&A transaction triggers.



- a price per share of AU\$0.15 or
 - the price per share in such M&A transaction
- If no capital raise or M&A transaction occurs prior to the Due Date, the outstanding note and any accrued interest shall automatically convert into ordinary shares based on the price that is the lower of (i) AU\$0.15 per share and (ii) the 20-day Volume Weighted Average Price ("VWAP") as of the Due Date, with the VWAP being subject to a floor price of:
 - AU\$0.065 per share for the first tranche
 - AU\$0.040 per share for the second tranche
 - AU\$0.050 per share for the third tranche
- If the capital raise is for an aggregate investment of less than US\$20M, the noteholders shall also be entitled to (i) an arrangement fee of up to three percent (3%), not exceeding in aggregate US\$300,000, of drawn amounts under the convertible note and (ii) by majority, recommend a director to be appointed to the board of directors, subject to the approval of Splitit's board, the Articles of Association of the company and the ASX Listing Rules.
- **Investment of second and third tranches is subject to shareholder approval; the Company will convene a shareholder meeting as soon as practicable.**

Settlement of Customer Dispute

To ensure Splitit can continue to focus on its core business activities, Splitit has reached a formal resolution to an outstanding customer dispute. In exchange for a comprehensive release and indemnity, along with no admission of wrongdoing, Splitit will pay the customer the following:

- US\$2M in cash, payable in four US\$0.5M instalments ending on 15 June 2024
- 6 million ordinary shares of Splitit, to be issued today

Splitit has filed a claim with its insurance provider and expects no material financial impact due to the loss of the customer.

The announcement has been approved and authorised to be given to ASX by Dawn Robertson, Chairman of the Board of Splitit.

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About Splitit

Splitit powers the next generation of Buy Now, Pay Later (BNPL) through its merchant-branded Instalments-as-a-Service platform. Splitit is solving the challenges businesses face with legacy BNPL while unlocking BNPL at the point of sale for card networks, issuers and acquirers all through a single network API. Splitit's Instalments-as-a-Service platform mitigates issues with legacy BNPL like the declining conversion funnel, clutter at the checkout and a lack of control of the merchant's customer experience while putting the power back in the hands of merchants to nurture and retain customers, drive conversion and increase average order value. Splitit's white-label BNPL is the easiest instalment option for merchants to adopt, integrate and operate while delivering an uncluttered, simplified experience embedded into their existing purchase flow. Headquartered in Atlanta, Splitit has an R&D centre in Israel and offices in London and Australia. Splitit is listed on the Australian Securities Exchange (ASX) under ticker code SPT and also trades on the US OTCQX under ticker SPTTY (ADRs) and STTTF (ordinary shares).

