



**NOTICE OF EXTRAORDINARY GENERAL MEETING  
SPLITIT PAYMENTS LTD ARBN 629 557 982**

**TIME:** 9:00am (AEST)

**DATE:** 5 September 2023

**Important notice**

This Notice should be read in conjunction with the Explanatory Memorandum. The Explanatory Memorandum contains important information about the matters to be considered at the General Meeting of Splitit Payments Ltd to assist Shareholders to determine how to vote on the Resolutions set out in this Notice.

Should you wish to discuss any of the matters detailed in this Notice, please do not hesitate to contact the Local Agent on +61 3 9614 2444 or [splitit@cdplus.com.au](mailto:splitit@cdplus.com.au).

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## Notice of Extraordinary General Meeting of Shareholders of Splitit Payments Ltd

Notice is given that the Extraordinary General Meeting of Shareholders of Splitit Payments Ltd (ARBN 629 557 982) (**Splitit** or the **Company**) will be held on **Tuesday 5 September 2023 at 9:00am AEST**.

The Meeting will be streamed live for Shareholders to view and participate.

## Important Information

### Your vote is important

The business of the Meeting affects your shareholding, and your vote is important.

### Voting eligibility

The Directors have determined pursuant to Article 23 of the Company's Articles of Association that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEST) on 30 August 2023.

### Voting in person at the Meeting

Shareholders will not be able to attend or vote at the Meeting in person. The Meeting will be streamed live via webcast for Shareholders to view the Meeting.

The Company urges all Shareholders to please utilise the online facilities offered. Shareholders will be able to view the live webcast of the Meeting, vote online in real time and ask Directors questions online.

For further information, please see the section below titled 'How to participate in the Meeting online'.

### Voting by proxy or direct voting online prior to Meeting

To submit a direct vote prior to the Meeting, or to appoint a proxy online, please go to <https://investor.automic.com.au/#/loginsah> and follow the instructions on your Voting Form.

You may also appoint a proxy by completing and signing the enclosed Voting Form and returning it by the time and in accordance with the instructions set out on the Voting Form. Proxies will be able to view the live webcast of the Meeting, vote online in real time in accordance with their proxy instructions and ask Directors questions online.

### Voting by proxy

Shareholders are advised that:

- each Shareholder has a right to appoint a proxy; and

- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then each proxy may exercise one-half of the votes.

Proxy vote if appointment directs a vote FOR, AGAINST or ABSTAIN on a particular Resolution:

An appointment of a proxy may direct the proxy to vote FOR, AGAINST or ABSTAIN on a particular Resolution and if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Proxy vote if appointment does not direct a vote

If a proxy is appointed and the Shareholder does **not** direct the proxy to vote FOR, AGAINST or ABSTAIN on a particular Resolution:

- where the proxy is not the Chair, the proxy need not vote on a show of hands, but if the proxy does so, the proxy may vote, subject to all relevant laws, as the proxy sees fit; and
- where the proxy is the Chair (including where the Chair is appointed as proxy by default), the Chair currently intends to vote FOR all the Resolutions contained in this Notice.

Transfer of non-chair proxy to Chair in certain circumstances

If:

- an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at the Meeting; and
- the appointed proxy is not the Chair; and
- at the Meeting, a poll is duly demanded on the Resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the Meeting; or
  - the proxy does not vote on the Resolution,
 the Chair is taken, before voting on the Resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the Meeting.

**Direct voting**

In accordance with Article 39.2 of the Company's Articles of Association and the Companies Law, the Directors have:

- determined that Shareholders may vote on the Resolutions set out in this Notice by written ballot or direct vote; and
- approved the process specified in this Meeting and the Online Shareholders' Meeting Guide as the means by which Shareholders may deliver a direct vote.

A Shareholder entitled to attend and vote at the Meeting may direct vote by:

- delivering prior to the Meeting a valid Voting Form to the Company in accordance with the instructions on the Voting Form; or
- delivering a direct vote during the Meeting if participating online.

#### How to participate in the Meeting online

Shareholders who wish to participate in the Meeting online may do so through an online meeting platform provided by the Share Registry:

If you choose to participate in the Meeting online, you can access the Meeting as follows:

- Open your internet browser and go to <https://investor.automic.com.au/>
- Login with your username and password or click “**register**” if you haven’t already created an account.
- **Shareholders are encouraged to create an account well in advance of the Meeting to ensure there is no delay in attending the virtual Meeting.**
- After logging in, a banner will be displayed at the bottom of the screen once the meeting is open for registration, click on “**Register**” when this appears.
- Click on “**Register**” on the next screen and follow the steps.
- Click on the URL to join the webcast where you can view and listen to the virtual meeting.
- Once the Chair of the Meeting has declared the poll open for voting click on “**Refresh**” to be taken to the voting screen.
- Select your voting direction and click “**confirm**” to submit your vote. **Note that you cannot amend your vote after it has been submitted.**

Attending the Meeting online enables Shareholders to view the Meeting live and to also ask questions and cast direct votes at the appropriate times whilst the Meeting is in progress.

A complete guide to registering your attendance and voting at the virtual Meeting is available to view and download from <https://www.automicgroup.com.au/virtual-agms/>.

Shareholders who submit direct votes prior to the Meeting will be deemed to have appointed the Chair as their proxy and representative for the purposes of determination of quorum.

#### **General**

The date of this document is 10 August 2023. The information in this document is current as of this date except where specified otherwise.

# BUSINESS OF THE EXTRAORDINARY GENERAL MEETING

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## 1. RESOLUTION 1 – APPROVAL OF ISSUE OF SECOND AND THIRD TRANCHE OF CONVERTIBLE NOTES UNDER LISTING RULE 7.1

To consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“THAT, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company, in its sole discretion, to issue convertible notes (or equivalent underlying securities in accordance with the terms of the Convertible Note Agreement) to each of TIGA Trading Pty Ltd and Perea Capital Partners, LP, to raise a total of US\$7,200,000 (comprising of two tranches of US\$4,200,000, being the Tranche 2 Convertible Notes, and US\$3,000,000, being the Tranche 3 Convertible Notes), on the terms and conditions set out in the Explanatory Memorandum.”*

### **Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, any person who is expected to participate in, or who will obtain material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons), including:

- TIGA Trading Pty Ltd and its associates; and
- Perea Capital Partners, LP and its associates.

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

- (a) A person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) The holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

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## 2. RESOLUTION 2 – RATIFICATION OF ISSUE OF FIRST TRANCHE OF CONVERTIBLE NOTES UNDER LISTING RULE 7.4

To consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of convertible notes to each of TIGA Trading Pty Ltd and Perea Capital Partners, LP which raised a total of USD\$2,800,000, the terms and conditions of which are set out in the Explanatory Memorandum.”*

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, any person who participated in, or who obtained a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons), including:

- TIGA Trading Pty Ltd and its associates; and
- Perea Capital Partners, LP and its associates.

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

- (a) A person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - (ii) The holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

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**3. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF SHARES AS A PART OF THE RESOLUTION OF A CUSTOMER DISPUTE UNDER LISTING RULE 7.4**

To consider and, if thought fit, pass, with or without amendment, the following resolution as an **ordinary resolution**:

***“THAT, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6 million ordinary shares as partial consideration for a comprehensive release and indemnity in respect of a dispute with a customer.”***

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of, any person who participated in, or who obtained a material benefit as a result of, the issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons), including the customer that was issued the 6 million ordinary shares (and its associates).

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

- (a) A person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
- (ii) The holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

The Chair currently intends to vote all undirected proxies in favour of this Resolution.

Dated: **10 August 2023**

By order of the Board

Charly Duffy

Director of cdPlus Corporate Services Pty Ltd

Local Agent for Splitit Payments Ltd

# EXPLANATORY MEMORANDUM

The Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the proposed Resolutions.

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## 1. BACKGROUND TO CONVERTIBLE NOTE FINANCING AND THE RESOLUTIONS

The Resolutions and this Explanatory Memorandum relate principally to the terms of the US\$10,000,000 Convertible Note Agreement entered into by the Company on 26 July 2023, as announced to ASX on that date (**Convertible Note Announcement**).

This section summarises the background to the Convertible Note and the Resolutions, including why the Board recommends that Shareholders should vote in favour of the Resolutions. Further required information in relation to the Resolutions is provided in Sections 2 to 4 of this Explanatory Memorandum. The detailed terms of the Convertible Note are set out in Annexure 1. Shareholders should carefully read this Explanatory Memorandum in full prior to voting on any of the Resolutions.

The Board recommends that Shareholders vote in favour of each of the Resolutions. Each of the Directors currently intends to vote their respective shareholdings in favour of each of the Resolutions set out in the Notice.

### (a) Resolution 1

In Resolution 1, the Company is seeking Shareholder approval to be permitted to call the Tranche 2 and Tranche 3 Note Amounts (a total of US\$7,200,000) of the Convertible Note.

The Board considers that access to the full amount of the Convertible Note financing:

- (i) is critical for the Company to strengthen its financial position, to continue operating and meet its financial covenants under the Goldman Sachs Warehouse Facility. As announced in the Convertible Note Announcement, the Company will use the Convertible Note financing to strengthen its balance sheet and support general business operations, including the funding of the settlement of a customer dispute;
- (ii) will be required regardless of whether any larger, transformational financing (as referenced in the Convertible Note Announcement) is secured, as the expected timeframes for completion and funding under any such proposals (which would be close to the end of 2023 on a best-case scenario) will be insufficient to meet the Company's financing requirements prior to that time. There are no other, more favourable financing options which have been identified by the Board as being available to the Company within the urgent short-term timing that is now required; and
- (iii) by stabilising the Company's financing position, puts the Company in a position to be able to continue to pursue and consummate a larger, transformational capital raising. If obtained, such a prospective capital raising would enable the Company 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 the Company's unique white-label technology platform. The Company will keep shareholders advised of any developments with respect to any larger, transformational capital raising in accordance with its continuous disclosure obligations and recommends that Shareholders monitor the Company's ASX announcements for latest developments, noting that the consummation of any such transformative capital raising is anticipated to be subject to a separate, subsequent shareholder approval process.

If Shareholders do not approve Resolution 1, the Company will not be able to call the Tranche 2 or Tranche 3 Note Amounts (a total of US\$7,200,000) because it will not be able to issue the

Tranche 2 and Tranche 3 Convertible Notes (respectively) within its current Placement Capacity.

If the Company is not able to call the Tranche 2 or Tranche 3 Note Amounts:

- (i) the Company is unlikely to be able to obtain other, alternative financing on similarly favourable terms, or potentially at all, within the timeframes required;
- (ii) the Company is projected to breach its existing debt covenants under the Goldman Sachs Warehouse Facility in the short term, which will adversely affect the ability of the Company to continue to operate and its ability to pursue and consummate any larger transformational financing; and
- (iii) there will be a shortfall of funding for the Company's continued business operations, which will likely adversely affect the ability of the Company to continue to operate in the short term.

While the Board considers that the Convertible Note financing is in the best interests of Shareholders and recommends that Shareholders vote in favour of Resolution 1, conversion of the Convertible Notes will dilute the shareholdings of existing Shareholders. In the event of an Early Conversion Trigger, a floor price will not apply to the conversion of the Tranche 2 Convertible Notes and Tranche 3 Convertible Notes and, depending on the outcome of Resolution 2, the Tranche 1 Convertible Notes. This means that the extent to which existing Shareholders' shareholdings would be diluted on conversion of the Convertible Notes is uncertain and may, in certain circumstances, be significant. However:

- (i) the Company will retain a degree of control over the conversion price in respect of an Early Conversion Trigger as the Board (and, in some cases, Shareholders) will be required to approve the terms (including the price) of any Qualified Financing event or M&A Transaction that would constitute the Early Conversion Trigger, having regard to all relevant circumstances, including the dilutive effect of conversion of the Convertible Notes on Shareholders and the best interests of Shareholders;
- (ii) while the conversion price in the event of an Early Conversion Trigger does not include a floor price, if the Board is able to secure a Qualified Financing or an M&A Transaction at a premium to the existing market price of ordinary shares in the Company, which remains the aim of the Board, then conversion on an Early Conversion Trigger may be less dilutive than conversion of the Convertible Notes at the Maturity Date by reference to the then prevailing market price; and
- (iii) the extent to which Shareholders can be diluted on conversion is limited by the Convertible Note Agreement and Israeli Company Law which provide that, in the absence of a future shareholder approval, the Noteholders will not be permitted to convert the Note Amounts to the extent that conversion would bring each Noteholder, separately, to a holding of more than 24.99% in the Company.

Further detail as to matters relevant to Shareholders' vote on Resolution 1, including potential dilution scenarios for Shareholders on conversion of the Convertible Notes, is set out at Section 2 of this Explanatory Memorandum.

#### **(b) Resolutions 2 & 3**

Resolutions 2 & 3 seek ratification for the purposes of Listing Rule 7.4 of the issue of the Tranche 1 Convertible Notes and the issue of shares in respect of the customer dispute which was also announced in the Convertible Note Announcement. This approval will fully refresh the Company's ability to issue securities under its Placement Capacity under ASX Listing Rule 7.1, without shareholder approval, which the Board considers is critical to maintaining funding flexibility for the Company.

If Shareholders do not approve Resolutions 2 and 3, the issue of the Tranche 1 Convertible Notes and the issue of shares in respect of the customer dispute will be included in calculating the Company's Placement Capacity, effectively decreasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Tranche 1 Convertible Notes and issue of the shares in respect of the customer dispute (being 26 July 2023). The Tranche 1 Convertible Notes and issue of shares in respect of the customer dispute essentially utilised the Company's Placement Capacity in full. Therefore, if Shareholders do not approve Resolution 2 and 3, this will significantly reduce flexibility and funding options of the Company over the coming 12-month period.

Further detail as to matters relevant to Shareholders' vote on Resolutions 2 and 3, including the potential for Resolution 2 to increase the dilutionary impact of the Tranche 1 Convertible Notes on their conversion, is set out in Sections 3 and 4 of this Explanatory Memorandum.

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## 2. **RESOLUTION 1 – APPROVAL OF ISSUE OF SECOND AND THIRD TRANCHE OF CONVERTIBLE NOTES UNDER LISTING RULE 7.1**

### **(a) Purpose**

Under Resolution 1, the Company is seeking Shareholder approval for the issue of the Tranche 2 Convertible Notes and Tranche 3 Convertible Notes to each of TIGA Trading Pty Ltd (**Thorney**) and Perea Capital Partners, LP (**Perea**) pursuant to the terms of the Convertible Note Agreement described in Section 2(b) and Annexure 1 of this Explanatory Memorandum.

### **(b) Key features of the Convertible Notes**

#### *Three Separate Tranches of Convertible Notes*

Under the terms of the Convertible Note Agreement, the Company has issued Convertible Notes to each of Thorney and Perea (**Tranche 1 Convertible Notes**) in exchange for an aggregate investment of US\$2,800,000, comprised of US\$1,400,000 from each investor (**Tranche 1 Note Amount**). The issue of the Tranche 1 Convertible Notes was within Company's Placement Capacity.

Subject to the approval of Shareholders of Resolution 1, the Company has the option (in its sole discretion) to call, at any time until 26 January 2024,<sup>1</sup> up to US\$7,200,000 in aggregate of additional investment from Thorney and Perea, in two separate tranches:

- (i) US\$2,100,000 from each of Thorney and Perea (**Tranche 2 Note Amount**) in exchange for an additional tranche of convertible notes (or equivalent underlying securities as described in paragraphs (g) and (f) of Annexure 1) pursuant to the terms and conditions of the Convertible Note Agreement (**Tranche 2 Convertible Notes**); and
- (ii) US\$1,500,000 from each of Thorney and Perea (**Tranche 3 Note Amount**) callable by the Company in exchange for an additional tranche of convertible notes (or equivalent underlying securities as described in paragraphs (g) and (f) of Annexure 1) pursuant to the terms and conditions of the Convertible Note Agreement (**Tranche 3 Convertible Notes**).

#### *Conversion mechanics at the Maturity Date*

Provided that the Convertible Notes have not been converted pursuant to an Early Conversion Trigger, all existing Convertible Notes will be automatically converted into ordinary shares of the Company on the 12-month anniversary of the investment of the Tranche 1 Note Amount (**Maturity Date**).

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<sup>1</sup> While this is permitted under the terms of the Convertible Note Agreement, if the Company does not issue either or both of the Tranche 2 and Tranche 3 Convertible Notes within 3 months of receiving Shareholder approval for Resolution 1, then the Company would be required to obtain fresh Shareholder approval under Listing Rule 7.1 for the issue of either or both of the Tranche 2 and Tranche 3 Convertible Notes (subject to any Placement Capacity obtained through the passing of Resolutions 2 and 3).

The conversion into ordinary shares at the Maturity Date will occur at a price which is the lesser of:

- (i) a price per share based on VWAP on the Maturity Date; and
- (ii) a price per share equal to AU\$0.15,

provided that in relation to each tranche, conversion cannot occur at a price per share below the following floor prices:

- (i) in respect of the Tranche 1 Note Amount, AU\$0.065;
- (ii) in respect of the Tranche 2 Note Amount, AU\$0.04; and
- (iii) in respect of the Tranche 3 Note Amount, AU\$0.05

These floor prices have been chosen so as to ensure that conversion at the prevailing market price at the Maturity Date, if the market price has significantly fallen since the time of entry into the Convertible Note Agreement, does not cause outsized dilution of Shareholders as at the Maturity Date.

For more detail and a worked example in respect of the dilutive effect of the conversion of the Convertible Notes at different hypothetical prices, see Section 2(e) of this Explanatory Memorandum.

A summary of the conversion mechanic (and pricing) that applies on the Maturity Date is set out at Annexure 1.

#### *Conversion mechanics on an Early Conversion Trigger*

There are two triggers that could cause the early, automatic conversion of all existing Convertible Notes into ordinary shares in the Company prior to the Maturity Date. These are:

- (i) a “Qualified Financing Trigger” (which, in broad terms, is a capital raising); and
  - (ii) an “M&A Transaction Trigger” (which, subject to certain exclusions, mean a merger or an acquisition transaction),
- (together, **Early Conversion Triggers**).

In these scenarios, both the conversion mechanism and the conversion price for the Convertible Notes is linked to, and based on, the agreed third-party transactions terms, being either the issue price and class of securities for a capital raising (the Qualified Financing Trigger) or the price per ordinary share for an M&A transaction (the M&A Transaction Trigger). A summary of the conversion mechanic in the event of an Early Conversion Trigger is set out in Annexure 1.

#### *Impact of lack of floor price on an Early Conversion Trigger*

Unlike conversion at the Maturity Date, no floor price is applicable to the conversion of the Convertible Note on these triggers, except in respect of the Tranche 1 Convertible Notes (where a floor price of AU\$0.065 will apply unless Shareholders ratify the issue of those notes by approving Resolution 2, in which case no floor price will apply – see further Section 3(d) below).

The Board has determined that these conversion terms represent an appropriate and reasonable protection for the holders of the Convertible Notes in respect of the terms of a subsequent financing transaction, considering the risk to the holders of the Convertible Notes in extending financing to the Company at this critical time. Even where no floor price applies, the Company will retain a degree of control over the conversion price as the Board (and, in some cases, Shareholders) will be required to approve the terms (including the price) of any Qualified Financing event or M&A Transaction that would trigger the early conversion of the

Convertible Notes, having regard to all relevant circumstances, including the dilutive effect of conversion of the Convertible Notes on Shareholders.

Where no floor price applies, Shareholders should be aware that the extent to which the conversion of the Convertible Notes dilutes the shareholdings of existing Shareholders is uncertain and may be lesser or greater than if the conversion occurs, subject to a floor price, on the Maturity Date. If, for example, the issue price of a capital raising (Qualified Financing Trigger) or the price per share for an M&A transaction (M&A Trigger) is significantly below the floor price applicable on the Maturity Date, then the conversion of the Convertible Notes could be highly dilutive to existing Shareholders relative to such a conversion. However, if the issue price of a capital raising (Qualified Financing Trigger) or the price per share for an M&A Transaction (M&A Transaction Trigger) is significantly above the market price for ordinary shares in the Company, which remains the aim of the Board, then the conversion of the Convertible Notes may be less dilutive to existing Shareholders than if the conversion had occurred on the Maturity Date.

The extent to which Shareholders can be diluted is also limited by the Convertible Note Agreement and Israeli Company Law which provides that, without a further shareholder approval, the Noteholders will not be permitted to convert the Note Amounts to the extent will bring each Noteholder, separately, to a holding of more than 24.99% in the Company.

For more detail and a worked example in respect of the dilutive effect of the conversion of the Convertible Notes at different hypothetical prices, see Section 2(e) of this Explanatory Memorandum.

#### *Impact of potential impact of preferred equity on Early Conversion Trigger*

In addition to the dilutive effect of the conversion of the Convertible Notes on the holders of ordinary shares of the Company, in the event of a Qualified Financing Trigger, the conversion will occur into the same class of securities as issued under the Qualified Financing. Hence, if preferred shares or other securities with special rights or priority to ordinary shares are issued in the Qualified Financing (whether or not ultimately convertible into ordinary shares), then the Convertible Notes will convert on those terms.

Under Israeli law, the issue of new classes of securities and their terms will generally be subject to shareholder approval as part of the Qualified Financing process. In those circumstances, the Company will provide all material information to Shareholders (including a detailed description of the terms of any proposed new classes of securities and the extent to which existing Shareholders will be diluted as a result of issue of these securities being issued under Qualified Financing and the Convertible Notes) in the course of seeking the relevant shareholder approval in respect of the Qualified Financing.

#### **(c) Summary of ASX Listing Rules 7.1 & explanation of proposed Resolution 1**

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**Placement Capacity**).

The issue of the Tranche 2 Convertible Notes and the Tranche 3 Convertible Notes would cause the Company to exceed its Placement Capacity. On this basis, the Company is seeking shareholder approval for the issue of the Tranche 2 Convertible Notes and Tranche 3 Convertible Notes to enable it (should it decide to do so) to call on the Tranche 2 Note Amount and Tranche 3 Note Amount (and issue the Tranche 2 and 3 Convertible Notes) in accordance with the terms of the Convertible Note Agreement.

#### **(d) Technical information required by Listing Rule 14.1A**

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Tranche 2 and Tranche 3 Convertible Notes if it elects to do so. In addition, the issue of the Convertible

Notes will be excluded from the calculation of the number of equity securities that the Company can issue without approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of either of Tranche 2 or Tranche 3 of the Convertible Notes because it will have insufficient Placement Capacity and this will mean that the Company will not be able to call on the additional US\$7,200,000 of investment from Thorney and Perea.

As set out in Section 1(a) of this Explanatory Memorandum, this may have a negative impact on the Company (including by adversely affecting the ability of the Company to continue to operate prior to any potentially larger transformational financing being completed).

**(e) Dilution of existing Shareholders' shareholdings**

As noted in Section 2(b), conversion of the Convertible Notes into ordinary shares in the Company will have a dilutionary effect on the shareholdings of existing Shareholders at the date of conversion.

The dilutionary effect of the conversion of Tranche 2 and Tranche 3 of the Convertible Notes into ordinary shares in the Company at various hypothetical conversion prices is set out below:

**Table: Cumulative dilutive effect of Tranche 2 and 3 Convertible Notes**

Conversion Price	Ordinary shares on issue following the conversion of the Tranche 1 Convertible Notes	Ordinary shares issued on conversion of the Tranche 2 and 3 Convertible Notes	Total shares on issue following conversion of the Convertible Notes	Dilutionary effect of the conversion of the Tranche 2 and 3 Convertible Notes
AU\$0.30	557,838,011	38,183,733	596,021,744	6.41%
AU\$0.20	565,347,611	57,275,600	622,623,211	9.20%
AU\$0.15	572,857,211	76,367,467	649,224,678	11.76%
AU\$0.10	587,876,411	114,551,200	702,427,611	16.31%
AU\$0.075 <sup>2</sup>	602,895,611	152,734,933	755,630,544	20.21%
AU\$0.065 <sup>3</sup>	612,138,196	176,232,615	788,370,811	22.35%
AU\$0.05 <sup>4</sup>	632,934,011	229,102,400	862,036,411	26.58%
AU\$0.04 <sup>5</sup>	655,462,811	286,378,000	941,840,811	30.41%
AU\$0.03	693,010,811	381,837,333	1,074,848,144	35.52%
AU\$0.02	768,106,811	572,756,000	1,340,862,811	42.72%

<sup>2</sup> Closing price of ordinary shares in the Company as at 2 August 2023.

<sup>3</sup> This is the floor price that would apply for Tranche 1 Convertible Notes in the event that the Tranche 1 Convertible Notes are converted on the Maturity Date (and not pursuant to an Early Conversion Trigger) or pursuant to an Early Conversion Trigger if Resolution 3 is not passed.

<sup>4</sup> This is the floor price that would apply for Tranche 3 Convertible Notes in the event that the Tranche 3 Convertible Notes are converted on the Maturity Date (and not pursuant to an Early Conversion Trigger).

<sup>5</sup> This is the floor price that would apply for Tranche 2 Convertible Notes in the event that the Tranche 2 Convertible Notes are converted on the Maturity Date (and not pursuant to an Early Conversion Trigger).

Conversion Price	Ordinary shares on issue following the conversion of the Tranche 1 Convertible Notes	Ordinary shares issued on conversion of the Tranche 2 and 3 Convertible Notes	Total shares on issue following conversion of the Convertible Notes	Dilutionary effect of the conversion of the Tranche 2 and 3 Convertible Notes
AU\$0.01	993,394,811	1,145,512,000	2,138,906,811	53.56%

**Notes:**

- (i) The above are hypothetical calculations and on the basis that the Tranche 2 and 3 Convertible Notes are issued (and converted) following the issue and conversion of the Tranche 1 Convertible Notes (and that no other ordinary shares in the Company are issued in the intervening period)<sup>6</sup> and assuming that Resolution 2 has been passed.
- (ii) As noted in Section 2(b) above, the extent to which Shareholders can be diluted is limited by the Convertible Note Agreement (and Israeli Company Law) which provides that the Noteholders will not be permitted to convert the Note Amounts to the extent will bring each Noteholder, separately, to a holding of more than 24.99% in the Company. This means that a capital raising or M&A Transaction at certain of the prices listed in the table (namely, any price at or below AU\$0.04c) will not occur without further shareholder approval as it would result in the Noteholders exceeding the 24.99% threshold.
- (iii) As detailed in Section 2(b) of this Explanatory Memorandum, if a Qualified Financing Trigger or M&A Transaction occurs prior to the Maturity Date, then no floor price will apply to the conversion of the Tranche 2 or Tranche 3 Convertible Notes or, if Resolution 2 is passed, the Tranche 1 Convertible Notes. For this reason, the above contains hypothetical calculations that are below the floor price that would apply to the conversion of the Convertible Notes on the Maturity Date (or in the case of Tranche 1 Convertible Notes, if Resolution 2 is not passed).
- (iv) The above calculations assume the same conversion price applies for all Convertible Notes. However, if the Convertible Notes are not converted pursuant to an Early Conversion Trigger (or, in the case of Tranche 1 Convertible Notes, Resolution 2 is not passed), the conversion price of each of the three tranches of Convertible Notes may be different (as, in this scenario, each Convertible Note is subject to a different floor price, being AU\$0.65 for the Tranche 1 Convertible Notes, AU\$0.04 for the Tranche 2 Convertible Notes and AU\$0.05 for the Tranche 3 Convertible Notes) and so the dilutive impact may also be different to that depicted above.
- (v) The above calculations do not take into account the conversion of the amount of accrued Interest that may be payable to investors. The issue of ordinary shares of the Company on the conversion of any accrued Interest will have a further dilutionary effect on Shareholders.
- (vi) The above calculations assume that ordinary shares will be issued on conversion. However, if a Qualified Financing Trigger occurs, investors may have the right to be converted into other forms of securities in the Company (if the Qualified Financing transaction involves the issue of securities other than ordinary shares). The above

<sup>6</sup> The Company expects that certain employee rights will be converted into ordinary shares in the Company before the conversion of the Convertible Notes. However, the Company does not expect that the conversion of these employee rights will have a material impact on the extent to which the conversion of Convertible Notes would dilute existing Shareholders' shareholdings.

assumes that, whatever securities are issued, these will ultimately convert into ordinary shares on a one-for-one basis.

**(f) Technical information required by Listing Rule 7.1**

The following information is provided to Shareholders in respect of Resolution 1 for the purposes of Listing Rule 7.3:

- (i) the Company has entered into an agreement (the Convertible Note Agreement) to, subject to shareholder approval and the Company's sole discretion, issue the Tranche 2 Convertible Notes and the Tranche 3 Convertible Notes to two of the Company's largest Shareholders, Thorney and Perea;
- (ii) if the Company exercises its discretion to call on the Tranche 2 Note Amount and Tranche 3 Note Amount, the Company may issue up to 4 Convertible Notes (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1):
  - A. if the Company exercises its discretion to call the Tranche 2 Note Amount, it will be required to issue one (1) Convertible Note (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1) to each of Thorney and Perea<sup>7</sup>; and
  - B. if the Company exercises its discretion to call the Tranche 3 Note Amount, it will be required to issue one (1) Convertible Note (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1) to each of Thorney and Perea<sup>8</sup>.
- (iii) a summary of the terms of the Convertible Notes is set out in Section 2 and Annexure 1 of this Explanatory Memorandum;
- (iv) if the Company exercises its discretion to call on the Tranche 2 Note Amount and Tranche 3 Note Amount, it will, in accordance with the ASX Listing Rules, issue the Convertible Notes (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1) no later than 3 months after the date of this Meeting;
- (v) if the Company exercises its discretion to call on the Tranche 2 Note Amount and Tranche 3 Note Amount, it would receive the following consideration for each tranche of Convertible Notes (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1):
  - A. US\$2,100,000 from each of Thorney and Perea (US\$4,200,000 in aggregate); and
  - B. US\$1,500,000 from each of Thorney and Perea (US\$3,000,000 in aggregate).
- (vi) the purpose of the issue of the Convertible Notes (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1), and the intended use of the funds, is set out in Section 1 of this Explanatory Memorandum;
- (vii) a summary of the terms of the Convertible Note Agreement, under which Tranche 2 and Tranche 3 of the Convertible Notes (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1) would be issued, is set out in Annexure 1;
- (viii) a voting exclusion statement is included in Resolution 1 of this Notice; and
- (ix) the Tranche 2 and Tranche 3 Convertible Notes (or equivalent securities as described in paragraphs (g) and (f) of Annexure 1) are not being issued under, or to fund, a reverse takeover.

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<sup>7</sup> The Company notes that the number of Convertible Notes that will be disclosed on the ASX register is the notional number of Convertible Notes based on a hypothetical conversion of the Convertible Note into ordinary shares as at their time of issue.

<sup>8</sup> The Company notes that the number of Convertible Notes that will be disclosed on the ASX register is the notional number of Convertible Notes based on a hypothetical conversion of the Convertible Note into ordinary shares as at their time of issue.

The Company confirms that both Thorney and Perea are substantial holders of the Company.

**(g) Board recommendation**

The Board recommends that you vote in favour of Resolution 1. Each of the Directors currently intends to vote their respective shareholdings in favour of this Resolution.

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**3. RESOLUTION 2 – RATIFICATION OF ISSUE OF FIRST TRANCHE OF CONVERTIBLE NOTES UNDER LISTING RULE 7.4**

**(a) Purpose**

Under Resolution 2, the Company is seeking Shareholder ratification of the issue of the Tranche 1 Convertible Notes to Thorney and Perea under ASX Listing Rule 7.4. This approval will refresh the Company's ability to issue securities under its placement capacity under ASX Listing Rule 7.1, without shareholder approval.

**(b) Summary of ASX Listing Rules 7.1 and 7.4**

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**Placement Capacity**).

The issue of the Tranche 1 Convertible Notes did not fall within any exception in ASX Listing Rule 7.2 and, as the issue has not yet been approved by Shareholders, the issue of the two Tranche 1 Convertible Notes used up a part of the Company's Placement Capacity, reducing the Company's capacity to issue further equity securities without shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue of the Tranche 1 Convertible Notes.

ASX Listing Rule 7.4 allows for shareholders to subsequently approve an issue of, or agreement to issue, securities, provided the issue did not breach ASX Listing Rule 7.1 at the time of issue. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that Rule such that the company's placement capacity under Listing Rules 7.1 will reset.

**(c) Technical information required by Listing Rule 14.1A**

If Resolution 2 is passed, the issue of the Tranche 1 Convertible Notes will be excluded in calculating the Company's Placement Capacity, effectively increasing the number of equity securities the Company can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Tranche 1 Convertible Notes.

If Resolution 2 is not passed, the issue of the Tranche 1 Convertible Notes will be included in calculating the Company's Placement Capacity, effectively decreasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Tranche 1 Convertible Notes.

The Directors consider it prudent to retain the flexibility and capacity to issue additional securities in accordance with ASX Listing Rule 7.1 if circumstances require and, accordingly, seek Shareholders' ratification of the issue of the Tranche 1 Convertible Notes, as set out in Resolution 2.

**(d) Removal of floor price and potential enhanced dilutive effect in respect of Tranche 1 Convertible Notes**

The terms of the Tranche 1 Convertible Notes provide that a floor price of AU\$0.065 applies to the conversion of the Tranche 1 Convertible Notes at both the Maturity Date and under the Early Conversion Triggers, *unless* the issue of the Tranche 1 Convertible Note is ratified under ASX Listing Rule 7.4, in which case no floor price will apply to the Early Conversion Triggers.

By operation of the Convertible Note Agreement, the passing of Resolution 2 will therefore effect the removal of the floor price for the Early Conversion Event with no further action required by the Company or any other person.

This will align the terms of the Tranche 1 Convertible Notes with those of the Tranche 2 Convertible Notes and Tranche 3 Convertible Notes in respect of the Early Conversion Triggers. It also means that the extent to which the conversion of the Tranche 1 Convertible Notes will dilute the shareholdings of existing Shareholders in the event of an Early Conversion Trigger will become less certain and potentially greater.

If the conversion price as determined by reference to a Qualified Financing or M&A Transaction is less than the AU\$0.065 floor price that currently applies, the dilutionary effect of the conversion will be greater than if Resolution 2 is not approved. If, however, the issue price of a capital raising (Qualified Financing Trigger) or the price per share for an M&A Transaction (M&A Transaction Trigger) is significantly above the market price for ordinary shares in the Company, which remains the aim of the Board, then the conversion of the Convertible Notes may be less dilutive to existing Shareholders than if the conversion had occurred on the Maturity Date.

The dilutionary effect of the conversion of the Tranche 1 Convertible Notes into ordinary securities in the Company at the floor price and at other, lower hypothetical conversion prices is set out below:

Conversion Price	Ordinary shares on issue as at the date of this Notice	Ordinary shares issued on conversion of Tranche 1 of the Convertible Notes	Total Shares on issue following conversion of Tranche 1 of the Convertible Notes	Dilutionary effect of the conversion of the Tranche 1 Convertible Notes
AU\$0.30	542,818,811	15,019,200	557,838,011	2.69%
AU\$0.20	542,818,811	22,528,800	565,347,611	3.98%
AU\$0.065 <sup>9</sup>	542,818,811	69,319,385	612,138,196	11.32%
AU\$0.05	542,818,811	90,115,200	632,934,011	14.24%
AU\$0.04	542,818,811	112,644,000	655,462,811	17.19%
AU\$0.02	542,818,811	225,288,000	768,106,811	29.33%
AU\$0.01	542,818,811	450,576,000	993,394,811	45.36%

**Notes:**

- (i) The above are hypothetical calculations and on the basis that the Tranche 1 Convertible Notes are converted as at the date of this Notice.
- (ii) As detailed in Section 2(b) of this Explanatory Memorandum, if a Qualified Financing Trigger or M&A Transaction occurs prior to the Maturity Date, and if Resolution 2 is passed, then no floor price will apply to the conversion of the Tranche 1 Convertible Notes on an Early Conversion Trigger. For this reason, the above contains hypothetical

<sup>9</sup> This is the floor price that would apply in the event that the Tranche 1 Convertible Notes are converted on the Maturity Date (and not pursuant to an Early Conversion Trigger) or pursuant to an Early Conversion Trigger if Resolution 3 is not passed.

calculations that are below the floor price that would apply to the conversion of the Tranche 1 Convertible Notes on the Maturity Date or if Resolution 2 is not passed.

- (iii) As noted in Section 2(b) above, the extent to which Shareholders can be diluted is limited by the Convertible Note Agreement (and Israeli Company Law) which provides that the Noteholders will not be permitted to convert the Note Amounts to the extent will bring each Noteholder, separately, to a holding of more than 24.99% in the Company. This means that, assuming that Resolution 1 is passed and Tranches 2 and 3 are also called, a capital raising or M&A Transaction at certain of the prices listed in the table (namely, any price at or below AU\$0.04c) is unlikely to be permitted without further shareholder approval as it would result in the Noteholders exceeding the 24.99% threshold.
- (iv) The above calculations do not take into account the conversion of the amount of accrued Interest that may be payable to investors. The issue of ordinary shares of the Company on the conversion of any accrued Interest will have a further dilutionary effect on Shareholders.
- (v) The above calculations assume that ordinary shares will be issued on conversion. However, if a Qualified Financing Trigger occurs, investors may have the right to be converted into other forms of securities in the Company (if the Qualified Financing transaction involves the issue of securities other than ordinary shares). The above assumes that, whatever securities are issued, these will ultimately convert into ordinary shares on a one-for-one basis.

**(e) Technical information required by ASX Listing Rule 7.1**

The following information in relation to the Tranche 1 Convertible Notes issued under Listing Rule 7.1 is provided to Shareholders for the purposes of Listing Rule 7.5:

- (i) the Tranche 1 Convertible Notes have been issued to two of the Company's largest Shareholders, Thorney and Perea;
- (ii) the Company has issued one (1) Convertible Note to each of Thorney and Perea;<sup>10</sup>
- (iii) a summary of the terms of the Convertible Notes is set out in Section 2 and Annexure 1 of this Explanatory Memorandum;
- (iv) the Convertible Notes were issued on 26 July 2023;
- (v) each of the Convertible Notes were issued for a consideration price of US\$1,400,000 (US\$2,800,000 in total);
- (vi) the purpose of the issue of the Tranche 1 Convertible Notes, and the intended use of the funds, is set out in Section 1 of this Explanatory Memorandum;
- (vii) a summary of the terms of the Convertible Note Agreement, under which the Convertible Notes were issued, is set out in Annexure 1 of this Explanatory Memorandum;
- (viii) a voting exclusion statement is included in Resolution 2 of this Notice; and
- (ix) the Tranche 1 Convertible Notes are not being issued under, or to fund, a reverse takeover.

The Company confirms that both Thorney and Perea are substantial holders of the Company.

**(f) Board recommendation**

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<sup>10</sup> The Company notes that the number of Convertible Notes that has been disclosed on the ASX register is the notional number of Convertible Notes based on a hypothetical conversion of the Convertible Note into ordinary shares at the time of issue on 26 July 2023.

The Board recommends that you vote in favour of Resolution 2. Each of the Directors currently intends to vote their respective shareholdings in favour of this Resolution.

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**4. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF SHARES AS A PART OF THE RESOLUTION OF A CUSTOMER DISPUTE UNDER LISTING RULE 7.4**

**(a) Purpose**

Under Resolution 3, and pursuant to Listing Rule 7.4, the Company is seeking Shareholder ratification of the issue of 6 million ordinary shares (**Settlement Shares**) to a customer in exchange for a comprehensive release and indemnity in respect of a dispute with that customer (as announced in the Convertible Note Announcement). This approval will refresh the Company's ability to issue securities under its Placement Capacity under ASX Listing Rule 7.1, without Shareholder approval.

**(b) Summary of ASX Listing Rules 7.1 and 7.4**

Broadly speaking, subject to certain exceptions prescribed under the ASX Listing Rules, ASX Listing Rule 7.1 limits the number of securities that a company may issue without Shareholder approval over any 12-month period to 15% of the total of the number of shares the company had on issue at the start of the 12-month period (**Placement Capacity**).

The issue of the Settlement Shares did not fall within any exception in ASX Listing Rule 7.2 and, as the issue has not yet been approved by Shareholders, the issue of the Settlement Shares used up a part of the Company's Placement Capacity, reducing the Company's capacity to issue further equity securities without Shareholder approval under ASX Listing Rule 7.1 for the 12-month period following the issue of the Settlement Shares.

ASX Listing Rule 7.4 allows for Shareholders to subsequently approve an issue of, or agreement to issue, securities, provided the issue did not breach ASX Listing Rule 7.1 at the time of issue. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under that Rule such that the company's placement capacity under Listing Rules 7.1 will reset.

**(c) Effect of Resolution 3 on the Company's Placement Capacity**

If Resolution 3 is passed, the issue of the Settlement Shares will be excluded in calculating the Company's Placement Capacity, effectively increasing the number of equity securities the Company can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Settlement Shares.

If Resolution 3 is not passed, the issue of the Settlement Shares will be included in calculating the Company's Placement Capacity, effectively decreasing the number of equity securities it can issue without obtaining Shareholder approval over the 12-month period following the issue date of the Settlement Shares.

The Directors consider it prudent to retain the flexibility and capacity to issue additional securities in accordance with ASX Listing Rule 7.1 if circumstances require and, accordingly, seek Shareholders' ratification of the Settlement Shares, as set out in Resolution 3.

**(d) Technical information required by ASX Listing Rule 7.1**

The following information in relation to the Settlement Shares issued under Listing Rule 7.1 is provided to Shareholders for the purposes of Listing Rule 7.5:

- (i) the Settlement Shares have been issued to a customer as a part of the settlement of a dispute with that customer;
- (ii) the Company has issued 6 million (6,000,000) ordinary shares to that customer;
- (iii) the Settlement Shares were issued on 26 July 2023;

- (iv) the Settlement Shares were issued in consideration for the settlement of the dispute with the customers;
- (v) as noted above, the purpose of the issue of the Settlement Shares was to provide the customer with consideration in exchange for the settlement of a dispute with that customer;
- (vi) the terms of the settlement provide that, in exchange for issuing the Settlement Shares, and providing US\$2,000,000 in cash (payable in four US\$500,000 instalments ending 15 June 2024), the customer releases the Company and provides an indemnity in respect of the dispute and the Company makes no admission of wrongdoing; and
- (vii) a voting exclusion statement is included in Resolution 3 of this Notice.

**(e) Board recommendation**

The Board recommends that you vote in favour of Resolution 3. Each of the Directors currently intends to vote their respective shareholdings in favour of this Resolution.

## Annexure 1      **Convertible Notes & Convertible Loan Agreement - Material Terms and Conditions**

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- (a) **(Convertible Note Amounts)** The Noteholders are required, or may be required to by the Company, to advance up to US\$10,000,000 to the Company in exchange for convertible notes, to be paid in three (3) tranches:
- (i) Tranche 1 Note Amount: US\$2,800,000 (in equal proportions) in exchange for one (1) Convertible Note being issued to each of the Noteholders;
  - (ii) Tranche 2 Note Amount: US\$4,200,000 (in equal proportions) in exchange for one (1) Convertible Note being issued to each of the Noteholders; and
  - (iii) Tranche 3 Note Amount: US\$3,000,000 (in equal proportions) in exchange for one (1) Convertible Note being issued to each of the Noteholders.

The Company has discretion to, and there is no requirement that it does, call on the Noteholders to provide the Tranche 2 Note Amount and Tranche 3 Note Amount and its ability to do so is also subject to the approval of Shareholders of Resolution 1.

- (a) **(Security)** The Convertible Notes are unsecured.
- (b) **(Interest)** The interest rate that applies to the Note Amounts is 8% per annum, payable-in-kind in the event of a conversion of the Convertible Notes.
- (c) **(Automatic conversion of Convertible Notes on 12-month anniversary)** Provided that the Convertible Notes have not been converted pursuant to an Early Conversion Trigger (which are set out in paragraph (e) below), all existing Convertible Notes will be automatically converted into ordinary shares of the Company on the 12-month anniversary of the investment of the Tranche 1 Note Amount (Maturity Date) on the following basis:
- (i) the Tranche 1 Note Amount plus any accrued and unpaid Interest on the Tranche 1 Note Amount will convert into ordinary shares of the Company at a conversion price equal to the lower of (i) a price per share based on VWAP on the Maturity Date, provided that the VWAP cannot be less than the floor price of AU\$0.065 and (ii) a price per share equal to AU\$0.15; and
  - (ii) the Tranche 2 Note Amount plus any accrued and unpaid Interest on the Tranche 2 Note Amount will convert into ordinary shares of the Company at a conversion price equal to the lower of: (i) a price per share based on VWAP on the Maturity Date, provided that the VWAP cannot be less than the floor price of AU\$0.04 and (ii) a price per share equal to AU\$0.15; and
  - (iii) the Tranche 3 Note Amount plus any accrued and unpaid Interest on the Tranche 3 Note Amount will convert into ordinary shares of the Company at a conversion price equal to the lower of: (i) a price per share based on VWAP on the Maturity Date, provided that the VWAP cannot be less than the floor price of AU\$0.05 and (ii) a price per share equal to AU\$0.15.

- (d) **(Early conversion of Convertible Notes before 12-month anniversary)** There are two events that would trigger the early, automatic conversion of all existing Convertible Notes prior to the Maturity Date:

- (i) a “Qualified Financing Trigger” (see paragraph (f) below); and
- (ii) an “M&A Transaction” trigger (see paragraph (g) below),

(together, **Early Conversion Triggers**).

These triggers, if they occur, result in the application of a different conversion price than that which applies on automatic conversion on the Maturity Date in accordance with paragraph (d) above.

- (e) **(Qualified Financing Trigger)** A Qualified Financing Trigger is the consummation of a transaction, or series of related transactions, in which the Company issues shares of the Company (excluding any issuance of shares to Directors or employees of the Company pursuant to an employee incentive plan, the issuance of shares for nil subscription price or the any issuance of shares for a purpose other than a fund-raising purpose) (**Qualified Financing**).

If a Qualified Financing Trigger occurs at any time prior to the Maturity Date then, upon the closing of the relevant Qualified Financing transaction, all existing Convertible Notes are automatically converted on the following basis:

- (i) if the Qualified Financing is for an aggregate investment amount of less than US\$20,000,000, the Note Amounts (plus any accrued and unpaid Interest on the Note Amounts) shall automatically convert into shares of the Company of the same class and at a 20% discount to the price issued to the investor(s) in the Qualified Financing transaction;<sup>11</sup> or
- (ii) if the Qualified Financing is for an aggregate investment amount of at least US\$20,000,000, the Note Amounts (plus any accrued and unpaid Interest on the Note Amounts) shall automatically convert into shares of the Company of the same class and at the same price issued to the investor(s) in the Qualified Financing transaction.<sup>12</sup>

In the event that a Qualified Financing Trigger occurs at any time prior to the issue of the Tranche 2 Convertible Notes or the Tranche 3 Convertible Notes, and if the Company exercises its discretion to call on the Tranche 2 Note Amount or Tranche 3 Note Amount, then the Tranche 2 Convertible Notes and Tranche 3 Convertible Notes will be automatically converted such that they will be issued as shares of the Company of the same class issued to the investor(s) in such Qualified Financing on the following basis:

- (i) if the Qualified Financing is for an aggregate investment amount of less than US\$20,000,000, at a 20% discount to the price per share in which such shares are then issued;<sup>13</sup> or
  - (ii) if the Qualified Financing is for an aggregate investment amount of at least US\$20,000,000, at the same price per share in which such shares are then issued.
- (f) **(M&A Transaction)** If an M&A Transaction occurs at any time prior to the Maturity Date, then immediately prior to the closing of that M&A Transaction, all existing Convertible Notes will be converted to ordinary shares in the Company at a conversion price equal to the lower of:
- (i) a price per share of AU\$0.15; or
  - (ii) the price per share in such M&A Transaction.<sup>14</sup>

In the event that an M&A Transaction occurs at any time prior to the issue of the Tranche 2 Convertible Notes or the Tranche 3 Convertible Notes (and where a Qualifying Financing Trigger has not occurred), if the Company exercises its discretion to call on the Tranche 2 Note Amount or Tranche 3 Note Amount, then the Tranche 2 Convertible Notes and Tranche 3 Convertible Notes will be automatically converted such that they will be issued as shares of the Company on the same basis as set out at (g)(i) and (g)(ii) above.

- (g) **(Director appointment nomination & arrangement fee)** if the Qualified Financing is for an aggregate investment amount of less than US\$20,000,000, the noteholders shall also be entitled to (i) an arrangement fee of up to three percent (3%) of drawn amounts under the convertible note (but not exceeding US\$300,000 in aggregate); and (ii) recommend a Director to be appointed to the board of Directors, subject to the Articles of Association of the Company (the Company is not obliged to approve such appointment).
- (h) **(Repayment)** If the conversion of the Convertible Notes has not occurred, the Convertible Note Amounts will only be repaid by the Company, with the affirmative written consent of the Noteholders, in the event that the Company initiates liquidation or dissolution proceedings or liquidation proceedings are initiated against the Company (and are not cancelled within sixty (60) days).

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<sup>11</sup> Except that, in the case of the Tranche 1 Convertible Notes, a floor price of AU\$0.065 will apply if unless shareholders ratify the issue of those notes (by approving Resolution 3 in this Notice).

<sup>12</sup> Except that, in the case of the Tranche 1 Convertible Notes, a floor price of AU\$0.065 will apply if unless shareholders ratify the issue of those notes (by approving Resolution 3 in this Notice).

<sup>13</sup> Except that, in the case of the Tranche 1 Convertible Notes, a floor price of AU\$0.065 will apply if unless shareholders ratify the issue of those notes (by approving Resolution 3 in this Notice).

<sup>14</sup> Except that, in the case of the Tranche 1 Convertible Notes, a floor price of AU\$0.065 will apply if unless shareholders ratify the issue of those notes (by approving Resolution 3 in this Notice).

- (i) **(Use of proceeds)** The Company is required to use proceeds of the Convertible Note Amounts to continue the Company's business activities and for general corporate purposes.
- (j) **(Maximum shareholding in the Company)** The Noteholders will not be permitted to convert the Note Amount if such action will bring each Noteholder, separately, to a holding of more than 24.99% in the Company, without prior approval by an extraordinary general meeting of the Company's Shareholders in accordance with Section 328 of the Israeli Companies Law.
- (k) **(Mutual Representations and Warranties)** The Company and the Noteholders have provided each other customary representations and warranties.

## Glossary

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**Articles of Association** means the Company's articles of association.

**Board** means the current board of Directors of the Company.

**Chair** means the chairperson of the Meeting.

**Company** or **Splitit** means Splitit Payments Ltd ARBN 629 557 982.

**Control** shall mean (i) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through ownership of voting securities, by contract or otherwise, or (ii) the ownership, directly or indirectly, of at least a majority of the voting securities or other ownership interest of an entity.

**Convertible Note Agreement** means the agreement entered into between the Company and the Noteholders in respect of the issue of Convertible Notes and summarised in Annexure 1 of the Explanatory Memorandum.

**Convertible Note Announcement** has the meaning given to it in Section 1 of the Explanatory Memorandum.

**Convertible Note** means a convertible note issued by the Company to Noteholders under the Convertible Note Agreement.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Goldman Sachs Warehouse Facility** means the US\$150 million receivables warehouse facility the Company has with Goldman Sachs, the terms of which were announced to ASX on 5 February 2021.

**Director** means a current Director of the Company (as the context requires).

**Early Conversion Trigger** means a Qualified Finance Trigger or an M&A Transaction.

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice.

**Interest** has the meaning given to it in paragraph (c) of Annexure 1 to the Explanatory Memorandum.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Israeli Companies Law** means Israeli Companies Law 5759-1999.

**M&A Transaction** means the closing of a transaction or series of transaction involving: the sale, lease or other disposal of all or substantially all of the assets or shares of the Company, excluding, for the avoidance of doubt, (i) the consolidation, merger or reorganization of the Company with or into any other Person or any other transaction made by the Company, as a result of which the Shareholders immediately prior to such event do own, by virtue of their shareholdings in the Company prior to such event, a majority of the shares of the surviving entity immediately following such event(s) (which surviving entity may be the Company) and (ii) any other transaction or series of related transactions in which Control of the Company is acquired by any person or entity and where the sole purpose of which is an investment in the Company.

**M&A Transaction Trigger** means the consummation of an M&A Transaction.

**Maturity Date** has the meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Note Amount** means the aggregate of the Tranche 1, Tranche 2 and Tranche 3 Note Amounts.

**Noteholders** means Thorney and Perea.

**Notice** or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Memorandum and the Voting Form.

**Perea** means Perea Capital Partners, LP.

**Placement Capacity** has the meaning ascribed to it in Section 2(c) of the Explanatory Memorandum.

**Qualified Financing** means has the meaning given to it in Annexure 1 to the Explanatory Memorandum.

**Qualified Financing Trigger** has the meaning given to it in Annexure 1 to the Explanatory Memorandum.

**Resolutions** means the resolutions set out in this Notice.

**Settlement Shares** has the meaning given to it in Section 4(a) of the Explanatory Memorandum.

**Shareholder** means a holder of a fully paid ordinary share of capital of the Company.

**Thorney** means TIGA Trading Pty Ltd.

**Tranche 1 Convertible Notes** has meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Tranche 1 Note Amount** has meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Tranche 2 Convertible Notes** has meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Tranche 2 Note Amount** has meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Tranche 3 Convertible Notes** has meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Tranche 3 Note Amount** has meaning given to it in Section 2(b) of the Explanatory Memorandum.

**Voting Form** means the voting form accompanying this Notice.

**VWAP** means volume weighted average price.

If you are attending the virtual Meeting  
please retain this Voting Form  
for online Securityholder registration.

Holder Number:  
[HolderNumber]

Your vote or proxy voting instruction must be received by **9:00am (AEST) on Sunday, 3 September 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any votes or proxy instructions received after that time will not be valid for the scheduled Meeting, however you may choose to vote online in real time during the Meeting.

## SUBMIT YOUR VOTE OR APPOINT A PROXY

Complete the form overleaf in accordance with the instructions set out below.

### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

### STEP 1 – HOW YOU WISH TO VOTE – SELECT ONE OPTION ONLY

**Direct Vote** – If you mark the box to select a direct vote you should indicate your direct voting instruction in step 2 by marking either FOR, AGAINST or ABSTAIN for each item. If you do not mark a voting instruction for any or all resolutions your vote will be invalid.

**Appoint a proxy** - If you wish to appoint a proxy to attend the Meeting and vote on your behalf DO NOT tick the box for a direct vote. If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

### DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### STEP 2 - VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Voting Forms together. If you require an additional Voting Form, contact Automic Registry Services.

### SIGNING INSTRUCTIONS

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Voting Form and Annual Report via email.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

### Lodging your Voting Form:

#### Online:

Use your computer or smartphone to vote online or appoint a proxy at <https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

**Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Voting Form.**



#### BY MAIL:

Automic  
GPO Box 5193  
Sydney NSW 2001

#### IN PERSON:

Automic  
Level 5, 126 Phillip Street  
Sydney NSW 2000

#### BY EMAIL:

[meetings@automicgroup.com.au](mailto:meetings@automicgroup.com.au)

#### BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)  
+61 2 9698 5414 (Overseas)

