



ASX Announcement

Chief Executive Officer Transition

Sydney, Australia, 19 September 2019 – [Splitit Payments Ltd](#) (ASX:SPT) (Splitit or the Company), a leading global monthly instalment payments solution business, announces that its Co-Founder, Gil Don, has decided to step down from his role as Chief Executive Officer, and will take up the position as General Manager, EMEA. Mr Don, who will remain on the Splitit Board, will be replaced as Chief Executive Officer by Brad Paterson, currently Splitit's Managing Director, North America. These changes will take effect on 1 October 2019.

Brad Paterson was appointed Managing Director, North America in June 2019. He has more than 20 years of executive and leadership experience at some of the world's leading payment companies including PayPal and Visa and also software company, Intuit. He will hand over his responsibilities as Managing Director, North America when a replacement has been found.

"Brad has already made a significant contribution since joining the business," said Splitit Chairman, Spiro Pappas. *"With his experience in helping to build and scale well-known companies in the payments industry, we always considered him a potential successor to Gil. He has demonstrated strong operational and leadership capability and the Board has absolute confidence in his ability to lead the Company through its next phase of growth as we ramp up our global ambitions. I look forward to supporting Brad over the coming months as he takes on the CEO role."*

Incoming CEO, Brad Paterson, said: *"I am thrilled to be stepping into the role of CEO. I am extremely grateful to Gil and the Board for giving me this opportunity to build on the tremendous work that has already been done under Gil's leadership. I look forward to driving significant growth and innovation in the business by working closely with our team, customers and shareholders."*

Gil Don co-founded Splitit in 2009 with Alon Feit, Chief Risk Officer and a Director of the Company, and has led the business as Chief Executive Officer since 2015, including through its listing on the Australian Securities Exchange (ASX) in January 2019. During this time he has successfully taken the business global and built a team of nearly 50 employees including Brad and several other high-calibre industry appointments. Both Gil and Alon remain actively committed to Splitit's success through their respective executive and board roles.

Welcoming Brad to his new role, Gil Don said: *"Splitit stands apart from other instalment payment solutions and I have been honoured to lead a talented team of professionals who are passionate about delivering the best product for our customers. I have been extremely impressed with Brad's professionalism and the experience that he has brought to this position. I am very confident that Brad will successfully lead the Company in this next phase of our growth."*

"Gil has done an incredible job growing the business since its inception," Mr Pappas said. *"He developed a business concept into a company that is well on its way to achieving its full potential as a global, scalable platform. This included several successful capital raisings and Splitit's listing*



on the ASX. As CEO the demands on his time as well as travel commitments have been enormous, and moving to head up EMEA will allow him to once again focus on growing the business in a key region. I want to thank Gil for his vision, leadership and ongoing commitment to the Company.”

In connection with the changes in Gil’s and Brad’s roles, the Board has agreed to several changes to their respective executive employment agreements, subject to obtaining the relevant shareholder approvals at the Annual General Meeting (AGM) to be held in October 2019. A summary of the changes to be put to shareholders is set out in Annexure A and will be included in the AGM notice to be circulated to shareholders in anticipation of the AGM.

The Company has also entered into a Consultancy Agreement with Spiro Pappas pursuant to which Spiro shall provide the Company with specific consulting services to obtain a funding facility to support our global expansion and also to support the Company’s executives with respect to the management transition until early 2020. The compensation payable to Spiro under the Consultancy Agreement is subject to the Company obtaining the relevant shareholder approvals at the AGM. A summary of the Consultancy Agreement is set out in Annexure A and will be included in the AGM notice to be circulated to shareholders in anticipation of the AGM.

About Brad Paterson

Brad joined Splitit in June 2019, following executive roles at some of the world’s most successful payment and software companies, including Intuit, PayPal and Visa. Brad spent more than five years at Intuit and led the go-to-market team responsible for US QuickBooks Online’s revenue and customer growth. Brad also served as Intuit’s VP of Asia-Pacific and Global Operations, driving business growth in critical international markets. He served more than six years at PayPal, holding a number of roles, including Head of Merchant Services, Asia-Pacific. Prior to PayPal, he worked as Visa’s Director of Consumer and Emerging Products for Australia and New Zealand, among other roles.

About Splitit

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

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ANNEXURE A

SUMMARY OF CHANGES TO GIL DON'S EXECUTIVE EMPLOYMENT AGREEMENT

Subject to obtaining the relevant shareholder approvals, the Company has agreed to modify Gil's employment agreement with the Company that was initially approved by the Company's shareholders on December 10, 2018 as follows:

- (a) Gil will be entitled to a bonus equivalent to 15% of his annual salary if the processed transaction volumes under initiated plans relating to merchants in Europe, Middle East and Africa increase by 100% year over year in 2020; and
- (b) the Performance Rights issued to Gil under the Company's Employee Share Incentive Plan prior to the IPO shall be modified as follows:
 - (i) the performance criteria attaching to the 4,000,000 Class A Performance Rights will be waived, and accordingly, these Class A Performance Rights will vest immediately following shareholder approval at the AGM; and
 - (ii) the Class B Performance Rights and Class C Performance Rights will be cancelled.

SUMMARY OF CHANGES TO BRAD PATERSON'S EXECUTIVE EMPLOYMENT AGREEMENT

The material terms of the executive employment agreement with Brad are as follows:

- (a) Salary: USD\$25,000 per month;
- (b) Sign-on bonus: USD\$50,000 payable on 1 January 2020 (subject to continued employment at that date);
- (c) Annual bonus: 25% of Annual Salary based on targets, metrics and KPIs to be determined by the Board;
- (d) Notice period: Either party can terminate the agreement with 6 months' written notice and the Company may terminate the agreement at any time in the case of a material breach;
- (e) Equity incentives: In addition to the previously agreed options and performance rights, Brad will be issued the additional following equity incentives under the Company's Employee Share Incentive Plan:
 - (i) 2 million Performance Rights (**PRs**) on the following key terms:
 - (A) 1 million PRs will vest on 1 Oct 2021, subject to Brad's continued tenure at that date; and
 - (B) 1 million PRs will vest on 1 Oct 2022, subject to Brad's continued tenure at that date; and
 - (C) all PRs will only vest on the achievement of targets, metrics and KPIs to be determined by the Board;
 - (ii) 1.80 million options (**Options**) on the following key terms:

- (D) 600k Options will be exercisable at AUD\$0.60 each and vest on 1 October 2020, subject to Brad's continued tenure at that date;
 - (E) 600k Options will be exercisable at AUD\$0.60 each and vest on 1 October 2021, subject to Brad's continued tenure at that date;
 - (F) 600k Options will be exercisable at AUD\$0.60 each and vest on 1 October 2022, subject to Brad's continued tenure at that date; and
 - (G) all Options will expire on 1 July 2025;
- (f) All of Brad's equity incentives are subject to acceleration upon a change of control event.

SUMMARY OF CONSULTANCY AGREEMENT WITH SPIRO PAPPAS

Spiro has been engaged to provide the following consulting services to the Company:

- (a) such services required to identify and recommend to the Board potential market opportunities for an appropriate debt facility to service the Company;
- (b) such services required to successfully negotiate, execute and complete binding formal documentation pursuant to which an appropriate third party financier (to be agreed by the Company in its sole discretion) will provide the Company (or its affiliate) with a debt facility on terms agreed by the Company (in its sole discretion) (**Funding Project**);
- (c) such services required to monitor and advise the Company's executives with regard to financing, risk and financials throughout the period commencing 1 October 2019 and expiring on 1 February 2020 or earlier if the Company considers that those services are no longer required; and
- (d) additional consulting services, as requested by the Company's executives, and as required outside of normal expected duties of Spiro's appointed role as Non-Executive Chairman of the Company, (together, **Services**).

Subject to the Company obtaining all required shareholder approvals, the term of the Consultancy Agreement will commence on the date of the AGM and will expire on 1 February 2020 (**Term**), unless terminated earlier by either party giving 30 days prior written notice, or by the Company for cause. Subject to required approvals, the Term may be extended by mutual agreement of the parties in writing.

In consideration for the Services, and subject to the Company obtaining all relevant shareholder approvals, the Company has agreed to remunerate Spiro as follows:

- (a) in consideration for Services provided between 1 February 2019 and the date of the AGM, the Company will pay Spiro a monthly fee of AUD\$30,000 per month, for an aggregate initial fee of AUD\$270,000 (plus GST, if applicable); and
- (b) in consideration for Services provided from the date of the AGM until the expiry of the Term, the Company will pay Spiro a monthly fee of AUD\$30,000 per month (plus GST, if applicable);



- (c) the Company has agreed to issue to Spiro 2,500,000 options (**Pappas Options**) under the Company's Employee Share Incentive Plan on the following key terms:
 - (i) 1.25 million Pappas Options will be exercisable at AUD\$0.60 each within 5 years of the date of the issue and will vest on the first anniversary of the date of issue; and
 - (ii) 1.25 million Pappas Options will be exercisable at AUD\$0.60 each within 5 years of the date of the issue and will vest on the second anniversary of the date of issue; and
 - (iii) the relevant Pappas Options will only vest if:
 - (A) the Consultancy Agreement is not terminated by the Company before completion of the Term;
 - (B) the Funding Project is successfully completed; and
 - (C) Spiro remains a Director of the Company as at each vesting date;
 - (iv) if the Consultancy Agreement is terminated by the Company giving notice without cause, all unvested Pappas Options shall vest and become exercisable;
- (d) All of Spiro's equity incentives are subject to acceleration upon a change of control event.