



ASX ANNOUNCEMENT

21 April 2021

Splitit growth accelerates in first quarter

Q1 FY21 Quarterly Report & Appendix 4C

HIGHLIGHTS

- Merchant Sales Volume (MSV) grew strongly to US\$82M, up 247% Year over Year (YoY)
- Gross Revenue (Non GAAP) of US\$2.7M, up 292% YoY
- Normalising Q1 MSV for a deliberate shift away from debit cards, MSV in Q1 2021 would have surpassed Q4 FY20, and growth rates would have exceeded 300% YoY
- Total merchants increased to 2.2k with new brands adopting Splitit during the quarter, including Google, Giant Bicycles, Hastens, Findex, Mate Bike, Super73, APM Monaco, Xupes, Poly and Bark, openshop, House of Hackney and Dott.pt
- Total Shoppers reached 0.5M, increasing 70K in the first quarter
- US \$150M receivables warehouse facility with Goldman Sachs to support \$800M of annual MSV¹, in addition to US\$75M closing cash balance.
- Global partnership with UnionPay post quarter-end, providing access to its global network of 9B cardholders
- Webinar for investors: 11:00 a.m. AEST on **Thursday 22 April**, details below

Splitit Payments Limited ("Splitit" or the "Company") (ASX:SPT), a global payment solutions provider, provides an update on its quarterly activities and cash flows for the three months to 31 March 2021.

Brad Paterson, CEO of Splitit, commented, *"The first quarter saw an acceleration in growth across all key operating metrics, accounting for seasonal trends. In addition to another quarter of MSV growing more than 3X, revenue growing 4X year-on-year reflects the increased adoption of our funded merchant model. We also continue to expand our partnerships, going live with Google Japan and forging an important partnership with UnionPay International enabling Splitit as a payment option to its network globally. The strong momentum across the business has continued into Q2. With several key hires in place, we are well-positioned to continue growing in the year ahead."*

¹ Assumes approximate mix of funded / non funded MSV of 75:25



Strong start to Q2 with UnionPay partnership

In early April 2021, Splitit partnered with UnionPay International, part of China UnionPay, the provider of bank card services and a major card scheme in mainland China. UnionPay International will integrate Splitit into its network, giving UnionPay credit card holders and those accepting UnionPay the opportunity to utilise Splitit's instalment payments product from June 2021.

UnionPay has a network of 9 billion card holders globally and is accepted in 180 countries and regions, covering over 55 million merchants. Following the launch of Splitit with Google Japan, this is another significant milestone in the company's Asia expansion strategy and growing its international footprint.

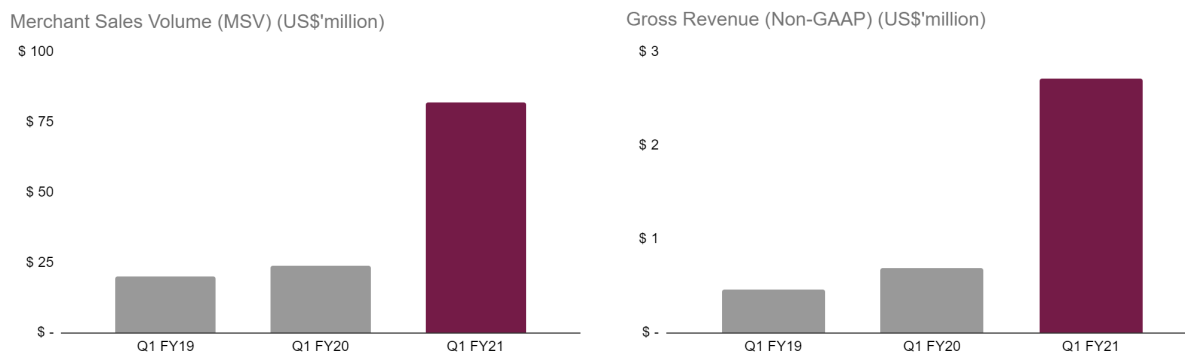
Q1 2021 Sees Strong Growth in MSV and Revenue, Despite Moving Away From Debit Transactions

Splitit MSV accelerated growth to 246% YoY with US\$82M or US\$328M on an annualised basis, driven by accelerated adoption by shoppers and large merchants.

The Company continued its shopper campaign in Q1, in line with its strategy of raising awareness of Splitit's product among consumers in key markets. Brand awareness is growing through its ongoing targeted marketing strategy, as evidenced by the strong quarter for new Shoppers with 70K added in Q1, reaching 500K Total Shoppers, up 111% YoY.

Adjusting for a deliberate and strategic shift away from debit cards in January 2021 onwards, MSV in Q1 2021 would have surpassed that of Q4 FY20, and growth rates would have exceeded 300% YoY (debit cards contributed ~5% to MSV in Q1 2021 compared to ~20% in Q1 FY20). This shift is part of Splitit's strategy to focus on its core competency of credit cards which presents a significantly lower risk profile for the company.

Figure 1 and 2: Growth Metrics



Gross Revenue was up 292% YoY to \$2.7M, surpassing MSV growth due to growing demand for Splitit's funded merchant model, which delivers higher gross merchant fees compared to the Company's basic model. The Company's funding facility with Goldman Sachs will support future growth in Splitit's funded model. This facility has doubled the size of Splitit's funding capacity and is expected to improve gross margins from H2 FY21 as it is utilised and remaining higher-cost facilities are repaid.



Total Merchants increased 155% YoY to 2.2K as the Company added multiple new large merchants to the platform, including Google, Giant Bicycles, Hastens, Findex, Mate Bike, Super73, APM Monaco, Xupes, Poly and Bark, openshop, House of Hackney, and Dott.pt. An AOV of over \$1,000 remains a crucial differentiator for Splitit in supporting larger merchants to increase conversion of higher average purchases and providing flexible payment terms to consumers.

By significantly reducing onboarding time, Splitit expects the accelerated growth in merchant adoption in FY21 and beyond to continue enabling any merchant that accepts credit cards to offer instalments within minutes.

Partnership Update

As part of the Company's partnership with Mastercard, Splitit and Echelon Fitness, an at-home connected fitness company, have developed an omnichannel marketing campaign highlighting Splitit installment payments via Mastercard to purchase Echelon's home fitness products. The co-marketing campaign launched in the United Kingdom launched the week of April 12. Joint marketing and business development efforts remain a focus for Splitit and its partnership with Mastercard.

Splitit drove continued penetration of the professional services vertical through new partnerships with; Findex, one of Australia's leading providers of integrated financial advisory and accounting services; CoFi, a multi-party platform for elective medical procedures; and CredCompare, which provides loans for medical treatments in the US.

The professional services industry is a high-priority target vertical for Splitit, building on its partnerships with QuickFee, Finance4Group and Green Feather. Initial uptake by firms has been encouraging, and Splitit will now focus on accelerating growth in this vertical with more dedicated sales and marketing initiatives.



Table 1: Performance Metrics

Operating Metrics	Q1 FY21	Comparison to Q1 FY20 (YoY)	Comparison to Q4 FY20
Merchant Sales Volume (MSV) ²	US\$82.2M	+247% (US\$23.7M)	-5% (US \$86.3M)
Gross Revenue (Non GAAP) ³	US\$2.7M	+292% (US\$0.7M)	-7% (US\$2.9M)
Total Merchants ⁴	2.2K	+155% 0.9K	+25% 1.8K
Total Shoppers ⁵	500K	+111% 237K	+16% 432K

Average Order Value, whilst not considered a performance metric, continued to average over US\$1k for the quarter and remains a key differentiator from BNPL peers.

Given the Company's immediate focus on building new total Merchant and Shopper numbers, it does not consider Repeat Shoppers, 12M Active Shoppers, or 12M Active Merchants to be appropriate near-term performance metrics but rather long-term growth avenues. As a result, it will cease reporting these metrics for the foreseeable future. Splitit will continue to focus on growing its total shopper and merchant base through accelerated merchant sign-ups via multiple channels, including the self-onboarding platform.

CORPORATE & CASH FLOW OVERVIEW

Cash Flow & Use of Funds

The Company's closing cash position was US\$75M. Cash receipts from customers for the period were US\$2.6⁶.

Q1 operational expenditure was \$7.8M⁷, a decrease of \$1.3M compared to the previous quarter primarily driven by a reduction in marketing costs compared to the seasonally busier Q4 period from the previously announced consumer awareness campaign and other initiatives.

Interest and cost of finance paid were \$2.5M⁸ in Q1. This included costs incurred on an US\$8M tranche of higher value debt the Company repaid in late March. The Company has US\$61M remaining outstanding

² Underlying MSV for successful transactions that a merchant fee is charged

³ Revenue attributable to MSV, translated to reporting currency at plan activation date. This non-GAAP measure has not been independently audited or reviewed, and will differ from GAAP revenue due to IFRS revenue recognition rules and any potential net impact of payment reversals. It provides useful information for readers to assist in understanding the Company's financial performance, by aligning the full Gross Revenue impact with the MSV generated for the period.

⁴ Cumulative number of merchants that accept Splitit

⁵ Cumulative number of shoppers that accept Splitit

⁶ Item 1.1 of Appendix 4C

⁷ Item 1.2 of Appendix 4C

⁸ Item 1.5 of Appendix 4C



funds drawn on its current facilities and US\$51M of funded receivables. Over the coming months, further higher cost debt associated with the US\$61M of drawn debt will be repaid as early as the facilities allow for, to be replaced by the lower cost US\$150M Goldman facility. This will result in significantly improved Gross Margins from Q3 onwards.

Net cash used in operating activities (cash burn) was US\$7.6M for the quarter, which represents a US\$0.8M reduction in cash burn from the prior quarter, exclusive of net merchant funding (US\$0.5M⁹ net merchant funding inflow for Q1).

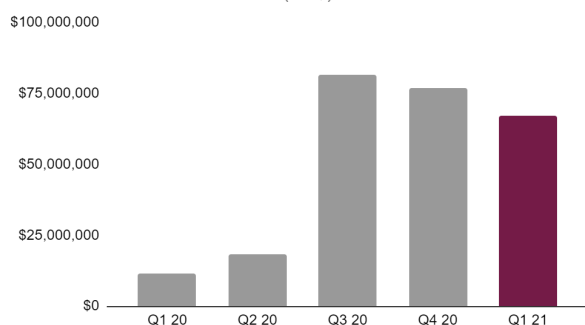
Total net financing cash outflows for the period, including the above-mentioned debt repayments, were US\$10M, including one-off transaction costs.

Splitit held US\$67m in net cash (see Figure 3), comprised of:

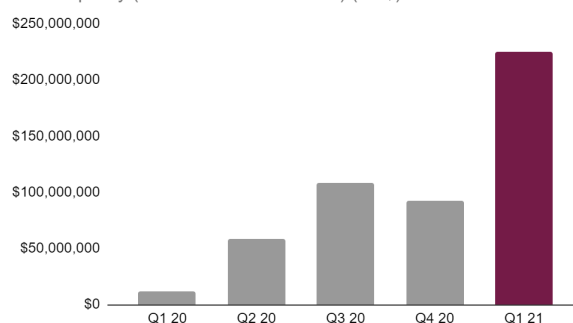
- US\$75M available cash
- US\$51M funded merchant receivables
- (US\$59M) debt payable exclusive of restricted cash applied against debt balances

Figures 3 and 4: Capital Management

Net Cash + Receivables - Debt (US\$)



Total Liquidity (Cash + Undrawn Loans) (US\$)



Combining undrawn loan facilities with closing cash, the Company has a total of US\$225M of liquidity to fuel future growth (see Figure 4).

Refer to the Annexure for reporting of funds expensed compared to the Company's expected use of funds as outlined in its Replacement Prospectus dated 20 December 2018.

⁹ Item 1.8 of Appendix 4C



Investor Webinar Details

Splitit will host a webinar for investors on Thursday, 22 April 2021, at 11 a.m. Australian Eastern Daylight Time (AEST).

CEO and Managing Director Brad Paterson, and CFO, Ben Malone will provide an overview of the Company's recent performance, followed by a Q&A session.

Date & Time: Thursday 22 April 2021 at 11 a.m. (AEDT)

Webinar Link: <https://webcast.openbriefing.com/7348/>

Dial-ins: Please pre-register via <https://s1.c-conf.com/DiamondPass/10013627-ah85o9.html> to receive dial-ins. International numbers are available.

Conference ID: 10013627

Replay: Available at www.splitit.com after the event.

Note: Unless specified otherwise, all amounts are in USD and provided on an unaudited basis. Foreign currency amounts have been converted to USD at an average monthly exchange rate throughout the quarter.

For more information, please contact:

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

About Splitit

[Splitit](#) is a global payment solution provider that enables shoppers to use the credit they've earned by breaking up purchases into monthly interest-free instalments using their existing credit card. Splitit enables merchants to improve conversion rates and increase average order value by giving customers an easy and fast way to pay for purchases over time without requiring additional approvals. Splitit serves many of Internet Retailer's top 500 merchants and is accepted by more than 2,000 e-commerce merchants in over 30 countries and shoppers in over 130 countries. Headquartered in New York, Splitit has an R&D center in Israel and offices in London and Australia. The company is listed on the Australian Securities Exchange (ASX) under ticker code SPT.

Disclaimer

References to currency are expressed in Australian dollars.



Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should seek appropriate advice before making investment decisions.

This announcement contains “forward-looking statements.” These can be identified by words such as “may”, “should”, “anticipate”, “believe”, “intend”, “estimate”, and “expect”. Statements which are not based on historic or current facts may be forward-looking statements. Forward-looking statements are based on:

- assumptions regarding the Company’s financial position, business strategies, plans and objectives of management for future operations and development and the environment in which the Company will operate; and
- current views, expectations and beliefs as at the date they are expressed and which are subject to various risks and uncertainties.

Actual results, performance or achievements of the Company could be materially different from those expressed in, or implied by, these forward-looking statements. The forward-looking statements contained within the presentations are not guarantees or assurances of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company, which may cause the actual results, performance or achievements of the Company to differ materially from those expressed or implied by forward-looking statements. For example, the factors that are likely to affect the results of the Company include general economic conditions in Australia and globally; exchange rates; competition in the markets in which the Company does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of the Company. The forward-looking statements contained in this announcement should not be taken as implying that the assumptions on which the projections have been prepared are correct or exhaustive. The Company disclaims any responsibility for the accuracy or completeness of any forward-looking statement. The Company disclaims any responsibility to update or revise any forward-looking statements to reflect any change in the Company’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law. The projections or forecasts included in this presentation have not been audited, examined or otherwise reviewed by the independent auditors of the Company.

You must not place undue reliance on these forward-looking statements.



Annexure

In accordance with ASX Listing Rule 4.7C, Splitit provides the following information:

Q1 is a partial period (until 29 January 2021) which is covered by the Use of Funds statement as outlined in the Replacement Prospectus dated 20 December 2018.

A summary of the expenditure to date is outlined below:

Use of Proceeds under Prospectus	Funds allocated under Prospectus	Funds expended between admission and 29 January 2021
Sales and Marketing	AUD\$4,761,014	AUD\$21,351,910 ¹
Research and Development	AUD\$1,801,465	AUD\$7,821,826 ²
Compliance and Security	AUD\$128,676	AUD\$1,979,632 ³
Customer Support	AUD\$386,028	AUD\$964,137 ⁴
Investigating Future Alternative Funding Opportunities	AUD\$514,704	AUD\$2,774,856 ⁵
General Administration	AUD\$3,731,606	AUD\$17,997,857 ⁶
Cost of the Offer and subsequent finance related activities	AUD\$911,044	AUD\$18,153,573 ⁷
Cash Reserves and Working Capital	AUD\$633,068	AUD\$117,357,357 ⁸

Payments to related parties and their associates for Q1 were \$200,000. These payments were related to salaries, director fees and expenses paid to directors and their associates.

¹ Establishment of a dedicated sales team in the US, UK and Asia Pacific regions, new website, e-commerce development, rebranding, expanding the onboarding and customer success teams, industry events, marketing campaigns, marketing and public relations consultants and other associated marketing costs.

² Development and enhancement of new functionalities and applications in respect of the Splitit Platform, expanding the R&D team to meet all development milestones, major upgrade of the core system infrastructures, utilization of modern development,



deployment and monitoring tools, utilization of Amazon Web Services, major upgrade of the data and BI infrastructures and tools, outsourcing of software development modules, development of new plugins, integration of new payment gateways and payment providers.

³ Development and maintenance of compliance policies (including PCI Level 1 certificate), advice with respect to regulatory developments in our principal markets and implementing internal security systems to prevent malware, phishing and other security and fraud threats to the Splitit Platform.

⁴ Expanding the company's customer support services by increasing the number of customer support representatives, multi-language support and 24/7 support.

⁵ Investigating additional funding sources to allow greater capacity for merchant funding activity. The company established four facilities totalling US\$211.3M.

⁶ Due to the increase in business activity and headcount, respectively, the company increased its spending on consulting services, office rental costs, employee and management fees, legal costs, finance team, insurance and other miscellaneous costs.

⁷ Comprising IPO costs (gross proceeds of AU\$12M) and secondary fund raising costs (gross proceeds of AU\$146.3M), transaction costs on establishing debt facilities (total current facilities US\$211.3M), and interest paid.

⁸ Represents current cash reserves, which incorporates capital raises subsequent to IPO, and drawdowns on loan facilities for merchant funding

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
SPLITIT PAYMENTS LTD		
ABN		Quarter ended ("current quarter")
629 557 982		31 March 2021

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (3 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,599	2,599
1.2	Payments for		
	(a) research and development	(559)	(559)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(1,803)	(1,803)
	(d) leased assets	-	-
	(e) staff costs	(4,152)	(4,152)
	(f) administration and corporate costs	(1,262)	(1,262)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	23	23
1.5	Interest and other costs of finance paid	(2,482)	(2,482)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (YTD net movement in funded merchant receivables)	538	538
1.9	Net cash used in operating activities	(7,098)	(7,098)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(90)	(90)
	(d) investments	-	-

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash used in investing activities	(90)	(90)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	366	366
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings (see note 6)	-	-
3.6	Repayment of borrowings	(8,411)	(8,411)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (transaction cost relating to borrowings and restricted cash)	(2,057)	(2,057)
3.10	Net cash used in financing activities	(10,102)	(10,102)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	92,824	92,824
4.2	Net cash used in operating activities (item 1.9 above)	(7,098)	(7,098)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(90)	(90)
4.4	Net cash from financing activities (item 3.10 above)	(10,102)	(10,102)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.5	Effect of movement in exchange rates on cash held	(580)	(580)
4.6	Cash and cash equivalents at end of period	74,954	74,954

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	74,924	92,793
5.2	Call deposits	30	31
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	74,954	92,824

6.	Payments to related parties of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	200
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p><i>The above relates to payment of Directors' salaries and fees.</i></p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000																				
7.1	Loan facilities*	211,265	61,265																				
7.2	Credit standby arrangements	-	-																				
7.3	Other (please specify)	-	-																				
7.4	Total financing facilities	211,265	61,265																				
7.5	Unused financing facilities available at quarter end		150,000																				
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.																						
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 25%;">Lender</th><th style="width: 25%;">Interest Rate / Management Fees</th><th style="width: 25%;">Maturity Date</th><th style="width: 25%;">Secured / Unsecured</th></tr> </thead> <tbody> <tr> <td>Shaked Partners Fund</td><td style="text-align: center;">11%</td><td>3rd May, 2022</td><td style="text-align: center;">Secured</td></tr> <tr> <td>J Shilon</td><td style="text-align: center;">15%</td><td>27th July, 2021</td><td style="text-align: center;">Secured</td></tr> <tr> <td>Global Credit Investments Pty Ltd</td><td style="text-align: center;">11%</td><td>2nd July, 2022</td><td style="text-align: center;">Secured</td></tr> <tr> <td>Goldman Sachs Bank USA</td><td style="text-align: center;">Libor + 6.85%</td><td>5th February, 2024</td><td style="text-align: center;">Secured</td></tr> </tbody> </table>			Lender	Interest Rate / Management Fees	Maturity Date	Secured / Unsecured	Shaked Partners Fund	11%	3 rd May, 2022	Secured	J Shilon	15%	27 th July, 2021	Secured	Global Credit Investments Pty Ltd	11%	2 nd July, 2022	Secured	Goldman Sachs Bank USA	Libor + 6.85%	5 th February, 2024	Secured
Lender	Interest Rate / Management Fees	Maturity Date	Secured / Unsecured																				
Shaked Partners Fund	11%	3 rd May, 2022	Secured																				
J Shilon	15%	27 th July, 2021	Secured																				
Global Credit Investments Pty Ltd	11%	2 nd July, 2022	Secured																				
Goldman Sachs Bank USA	Libor + 6.85%	5 th February, 2024	Secured																				
	*Loan facilities denominated in foreign currency were revalued at each reporting period																						

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash used in operating activities (item 1.9)	(7,098)
8.2	Cash and cash equivalents at quarter end (item 4.6)	74,954
8.3	Unused finance facilities available at quarter end (item 7.5)	150,000
8.4	Total available funding (item 8.2 + item 8.3)	224,954
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	31.69
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	

8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: N/A
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
	Answer: N/A
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 21 April 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.