



ASX ANNOUNCEMENT

January 28, 2021

Splitit posts another Record Quarter

Q4 FY20 Quarterly Report & Appendix 4C

HIGHLIGHTS

- Merchant Sales Volume (MSV) grew strongly to US\$86.3M, up 218% Year over Year (YoY)
 - Scale continues with MSV processed in Q4 FY20 equivalent to MSV processed in all of FY19¹
- Gross Revenue (Non GAAP) surged to US\$2.9M, up 359% YoY, surpassing the total revenue achieved in FY19
- Record quarter for new Shoppers, with 70,000 added in Q4, reaching 432,000 Total Shoppers
- New brands that adopted Splitit included Quiksilver, Billabong, DC Shoes, Puffy, Ghostbed, Cowboy Bikes, Amain Hobbies, Idle Sleep, Joov and Super Jeweler
- Self-onboarding is now available in 100+ countries across the globe
- Strong start to Q1 including Google partnership in Japan
- Webinar for investors: 11am AEDT today, Thursday 28 January, 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-month period to 31 December 2020.

Brad Paterson, CEO of Splitit commented, “The fourth quarter was an exceptionally strong period, which included a record Black Friday and Cyber Monday. In addition to strong MSV growth, we saw a revenue acceleration as more merchants adopt our funded merchant model. Our focus on innovation to deliver the best shopper experience is paying dividends for merchants who enjoyed improved cart conversion, further supported by our new Flex Fields technology. 2021 has started well with strong MSV in January and becoming Google Japan’s first partner for instalment payment solutions.”

¹ 2019 MSV \$87.8m, 2020 Q4 MSV \$86.3M



Q1 2021 Starts Very Strongly , Continuing 3X YoY Growth in MSV

In early January 2021, Splitit partnered with Google Japan to support instalment payments on the Google Store in Japan for the purchase of the new Pixel 5 mobile phone, Nest products and Chromecast streaming devices. Leveraging Splitit's instalment solution including its Flex Fields technology, Google customers never have to leave the Google Store in Japan to complete their purchase. This new partnership marks an important step forward in Splitit's plans to expand into Asia, as it continues to grow its global footprint.

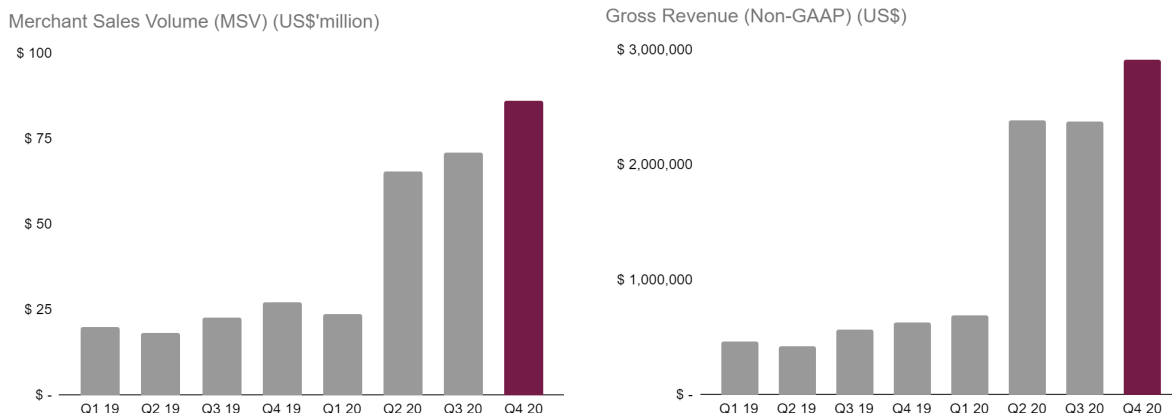
The current quarter has started well with 3X MSV growth in January, year over year with ongoing traction in its core verticals, including Homewares and Outdoors and Fitness, as consumers continue to invest in their home and health following the holiday period.

Q4 2020 Sees 3X YoY Growth in MSV, 4X YoY Growth in Revenue

Splitit grew MSV 218% YoY to US\$86.3M or US\$345M annualized, driven by accelerated adoption by shoppers and large merchants. MSV growth was again especially strong in Splitit's largest markets of North America and Europe, supported by Splitit's first targeted consumer marketing campaign in North America, which helped accelerate consumer adoption leading to a 70K increase in Shoppers in Q4 alone.

Splitit's increasing focus on shopper engagement came to life in Q4. The shopper campaign was focused on raising Splitit's awareness and consideration with consumers during the peak holiday shopping period, with the brand reaching millions of consumers through a highly targeted media strategy including connected TV, video, podcasts and PR. Along with driving a 10X YoY increase in website visitors, it contributed to a record performance during the Black Friday and Cyber Monday holiday period.

Figure 1 and 2: Growth Metrics



Gross Revenue was up 359% to \$2.9M, again significantly higher than MSV for the quarter due to growing demand for Splitit's funded merchant model, which delivers healthier gross merchant fees compared to the Company's basic model. AOV reached \$1.07K, an increase of 24% YoY, in line with Splitit's strategy to sign on larger merchants with higher value items and focus on product-market fit.



Total Merchants reached a record 1.8K, an increase of 144% YoY. The Company added multiple new large merchants to the platform (live and signed) including Boardriders (encompassing brands: Quicksilver, Billabong, Roxy, DC Shoes, RVCA, Element and VonZipper), Puffy, Ghostbed, Cowboy Bikes, Exxentric, Amain Hobbies, Idle Sleep, Joov and Super Jeweler.

This growth in new merchants was accelerated by the ability to self-onboard through the Company's partnership with Stripe Connect, now available in 100+ countries across the globe. By significantly reducing onboarding time, Splitit expects the accelerated growth in merchant adoption in FY21 and beyond around the world to continue by enabling any merchant that accepts credit cards to offer instalments within minutes.

The pilot with Visa to test new installment payment went live as planned as work continues with Visa and Mastercard to jointly develop amazing customer experiences and broaden installment payment awareness and usage. In addition, joint marketing programs with Mastercard and some Splitit merchants are set to begin shortly.

Total Shoppers reached 432K, more than double the number in Q4 FY19. Shoppers initiated 80.1K Plans, an increase of 157% YoY. Repeat Shoppers were down YoY as a percentage, as Splitit continues to attract a record number of new Shoppers driven by rapidly increasing merchant acceptance. Given the Company's immediate focus on building new Merchant and Shopper numbers, it does not consider Repeat Shoppers to be an appropriate near term performance metric but rather a longer-term growth avenue. As a result, it will cease reporting this metric for the foreseeable future. Splitit will continue to focus on growing its Total and Active Shopper base.

Vertical and Global Expansion

Splitit also saw growth linked to its strategy to expand to new verticals with particular traction in professional services, through its partnership with QuickFee. To date, more than 210 accounting and law firms in the US and Australia have accepted Splitit and are now able to offer Splitit instalment payments to their clients. Initial uptake by firms has been encouraging and the Company will now look to accelerate growth in this vertical with more dedicated sales and marketing initiatives.

In Q4, Splitit's global and scalable platform was used by shoppers in over 100 countries and merchants in over 30 countries. It is increasingly recognised by global merchants and partners, presenting further expansion opportunities with particular focus on Asia and Europe.



Table 1: Performance Metrics

Operating Metrics	Q4 FY20	Comparison to Q4 FY19 (YoY)	Comparison to Q3 FY20
Merchant Sales Volume (MSV) ²	US\$86.3M	+218% (US\$27.1M)	+22% (US\$70.9M)
Gross Revenue (Non GAAP) ³	US\$2.9M	+359% (US\$0.6M)	+22% (US\$2.4M)
Total Merchants ⁴	1.8K	+144% 0.7K	+30% 1.4K
12M Active Merchants ⁵	771	+100% 386	+23% 629
Total Shoppers	432K	+106% 210K	+19% 362K
12M Active Shoppers ⁶	231K	+94% 119K	+24% 186K
Average Order Value (AOV) ⁷	US\$1,069	+24% (US\$863)	+7% (US\$1,004)
Plans Initiated ⁸	80.7K	+157% 31.4K	+14% 70.7K
Repeat Shoppers ⁹	11.8%	-2.4% 14.3%	-0.3% 12.1%

CORPORATE & CASH FLOW OVERVIEW

Cash Flow & Use of Funds

The Company's closing cash position was US\$92.8M. Cash receipts from customers for the period were US\$2.7M, bringing annual cash receipts to US\$7.7M¹⁰.

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 Number of merchants that have received a payment in the previous 12 months

⁶ Number of shoppers that have made a purchase in the previous 12 months

⁷ Average value of plans initiated in the period

⁸ Number of plans initiated in the period

⁹ Percentage of shoppers that have made a purchase in the current period that have previously made a successful purchase

¹⁰ Item 1.1 of Appendix 4C



Q4 operational expenditure was \$9.1M¹¹, an increase of \$3.3M (57%) compared to the previous quarter. In line with the previously articulated use of funds from the Q3 capital raise, the majority of the cost increase was driven by discretionary go-to-market activities (\$2.1M), additional headcount primarily in sales and R&D (\$0.4M), and G&A (\$0.6M) largely attributed to credit facility related advisory and transaction costs.

Interest and cost of finance paid were \$2.1M¹² in Q4. This represented a \$0.4M QoQ increase.

The Company has \$70.1M of funds drawn on its current facilities and \$41.4M of receivables allocated to lender borrowing bases. Accordingly, Splitit entered Q1 with \$28.6M of funding capacity from facilities already drawn. Splitit expects to reduce the cost of funding from its shorter term loan facilities, which are expected to be replaced by larger, longer term facilities, at a lower cost of borrowing, in the short to medium term.

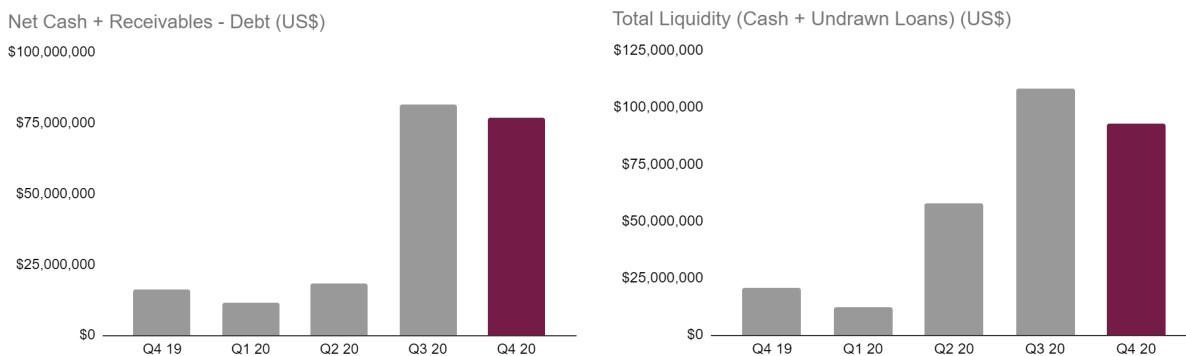
Net cash used in operating activities (cash burn) was US\$8.4M for the quarter exclusive of net merchant funding (US\$7.8M¹³ net merchant funding outflow for Q4 as merchant adoptions of the funded model continued).

Total net financing cash inflows for the period, including debt drawdowns was US\$3.7M net of costs.

Splitit held US\$76.8M in net cash (see Figure 3), plus merchant receivables less debt payable for merchant funding facilities as at 31 December 2020, comprised of:

- US\$92.8M available cash
- US\$52.1M funded merchant receivables
- (US\$68.1M) debt payable exclusive of restricted cash applied against debt balances

Figures 3 and 4: Capital Management



Combining undrawn loan facilities with closing cash, the Company has a total of US\$92.8M 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.

¹¹ Item 1.2 of Appendix 4C

¹² Item 1.5 of Appendix 4C

¹³ Item 1.8 of Appendix 4C



Investor Webinar Details

Splitit will host a webinar for investors on Thursday 28 January 2021 at 11am Australian Eastern Daylight Time (AEDT).

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 28 January 2021 at 11am (AEDT)

Webinar Link: <https://webcast.openbriefing.com/7024/>

Dial ins: Please pre-register via <https://s1.c-conf.com/diamondpass/10011810-qaz34d.html> to receive dial ins. International numbers are available.

Conference ID: 10011810

Replay: Will be available at www.splitit.com after the event.

Note: Unless specified otherwise all amounts are in USD and provided on an unaudited basis, AUD amounts have been converted to USD at an average exchange rate over the quarter ending 30 September 2020.

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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. Serving many of Internet Retailer's top 500 merchants, Splitit's global footprint extends to thousands 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. 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:

Q4 is a period 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 31 December 2020
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Sales and Marketing	AUD\$4,761,014	AUD\$19,870,512 ¹
Research and Development	AUD\$1,801,465	AUD\$7,351,078 ²
Compliance and Security	AUD\$128,676	AUD\$1,899,370 ³
Customer Support	AUD\$386,028	AUD\$915,286 ⁴
Investigating Future Alternative Funding Opportunities	AUD\$514,704	AUD\$2,769,397 ⁵
General Administration	AUD\$3,731,606	AUD\$16,808,963 ⁶
Cost of the Offer	AUD\$911,044	AUD\$16,907,128 ⁷
Cash Reserves and Working Capital	AUD\$633,068	AUD\$120,551,201 ⁸

Payments to related parties and their associates during Q4 was US\$142,000. These payments were related to 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 three facilities totalling US\$70M and is exploring additional credit facilities.



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\$70M), 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 December 2020

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,722	7,697
1.2	Payments for		
	(a) research and development	(786)	(1,967)
	(b) product manufacturing and operating costs	-	-
	(c) advertising and marketing	(3,355)	(6,007)
	(d) leased assets	(86)	(373)
	(e) staff costs	(2,902)	(9,501)
	(f) administration and corporate costs	(1,924)	(6,130)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	14	26
1.5	Interest and other costs of finance paid	(2,050)	(3,765)
1.6	Income taxes paid	(1)	(64)
1.7	Government grants and tax incentives	-	386
1.8	Other (-\$39.3m YTD net movement in funded merchant receivables)	(7,800)	(47,147)
1.9	Net cash used in operating activities	(16,168)	(66,845)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(29)	(64)
	(d) investments	-	(1)

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	68	68
	(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	39	3
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	82,332
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	107	1,037
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(15)	(3,777)
3.5	Proceeds from borrowings (see note 6)	3,784	68,113
3.6	Repayment of borrowings	-	(555)
3.7	Transaction costs related to loans and borrowings	-	(88)
3.8	Dividends paid	-	-
3.9	Other (transaction cost relating to borrowings and restricted cash)	(175)	(2,836)
3.10	Net cash from financing activities	3,701	144,226
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	100,622	11,670
4.2	Net cash used in operating activities (item 1.9 above)	(16,168)	(66,845)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	39	3
4.4	Net cash from financing activities (item 3.10 above)	3,701	144,226

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	4,630	3,770
4.6	Cash and cash equivalents at end of period	92,824	92,824

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	92,793	100,593
5.2	Call deposits	31	29
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)	92,824	100,622

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	142
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

The above relates to payment of Directors' salaries (including superannuation) and fees.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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*	70,162	70,162
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	70,162	70,162
7.5	Unused financing facilities available at quarter end		-
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.		
	Lender	Interest Rate / Management Fees	Maturity Date
			Secured / Unsecured

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

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

*Loan facilities denominated in foreign currency was 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)	(16,168)
8.2	Cash and cash equivalents at quarter end (item 4.6)	92,824
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	92,824
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.74
	<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: 28 January 2021
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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.