

SPLITIT'S RECORD BREAKING QUARTER

Highlights

- 57 new Active Merchants, a 103% increase year-on-year to 437 Active Merchants operating in 27 countries around the world
- Splitit has over 500 merchants currently engaged in various parts of the sales cycle including large global enterprise merchants
- Splitit has signed multiple high turnover merchants that are expected to go live in Q2 CY19
- Splitit transacted with 42,000 new shoppers in Q1 CY19, taking the Total Number of Unique Shoppers to the end of Q1 to 160,000, up 36% quarter-on-quarter
- Underlying Merchant Transactions in Q1 CY19 up 168% year-on-year to AUD\$32.8M: a Splitit record to date
- AUD\$556,000 in Merchant Fees in Q1 CY19, up 31% quarter-on-quarter; a Splitit record to date
- Splitit has maintained zero bad debt losses from over 160,000 transactions and AUD\$128M processed to date

Sydney, Australia, 29 April 2019 – Splitit Payments Ltd a foreign company registered in its original jurisdiction of Israel as Splitit Ltd (ASX:**SPT**, “**Splitit**” or the “**Company**”), a leading global monthly instalment payment solution, is pleased to provide the following quarterly update:

Performance Update

Splitit has continued to experience strong growth across its key performance metrics in the first quarter of 2019. The numbers are especially impressive given seasonality with the March quarter typically being the slowest quarter for retail sales (industry wide) and that Splitit only completed the initial public offering on 29 January 2019.

Year-On-Year			
Performance Metric	as at Q1 CY18	as at Q1 CY19	% Increase
Total Active Merchants	215	437	+103%
Total No. of Unique Shoppers	41,000	160,000	+290%
Underlying Merchant Transactions (Quarterly)	AUD\$12,232,000	AUD\$32,782,000	+168%
Merchant Fees* (Quarterly)	AUD\$181,000	AUD\$556,000	+207%

Quarter-On-Quarter			
Performance Metric	as at Q4 CY18	as at Q1 CY19	% Increase
Total Active Merchants	380	437	+15%
Total No. of Unique Shoppers	118,000	160,000	+36%
Underlying Merchant Transactions (Quarterly)	AUD\$31,793,000	AUD\$32,782,000	+3%
Merchant Fees* (Quarterly)	AUD\$423,000	AUD\$556,000	+31%

* Important to note that these are fees invoiced to the merchant in the relevant quarter, and that there is an ongoing scheduled fee element to Merchant Fees – that is, not all Merchant Fees for every transaction are charged in the quarter that the transaction is initiated.

Splitit has now processed over 160,000 purchases and AUD\$128m of Underlying Merchant Transactions to date and still has not suffered any losses from bad debt during its operating history, demonstrating that Splitit's business model and solution are robust and low risk.

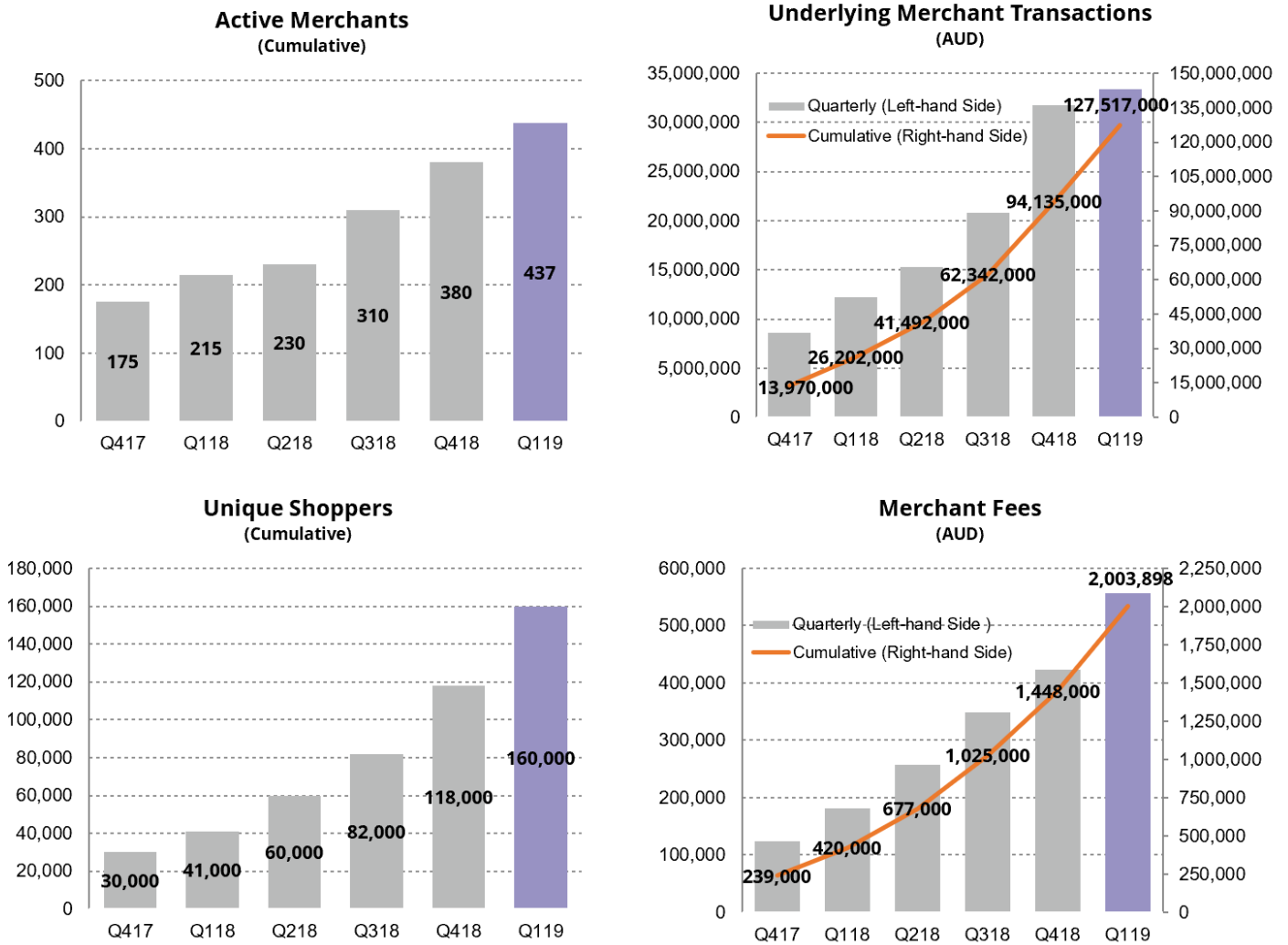


Figure 1. Splitit's performance across key metrics

The number of Active Merchants and shoppers using Splitit's solution continues to increase, delivering significant growth in Underlying Merchant Transactions and therefore Merchant Fees.

57 new Active Merchants and 42,000 new Unique Shoppers commenced using Splitit in the March quarter, an increase of 103% and 290% year-on-year respectively.

Total Underlying Merchant Transactions since launch to the end of Q1 CY19 reached AUD\$127M, with the Q1 CY19 period alone delivering AUD\$33M, up 3% on the previous quarter (which includes Christmas peak season trading uplift), and up 168% year-on-year. Total Merchant Fees since launch to Q1 CY19 stand at AUD\$2M with the March quarter being a record month for the Company, reaching AUD\$556K. Merchant Fees are up 31% on the previous quarter and 207% year-on-year.

Splitit's pipeline of signed merchants in the process of integration is significant and includes several large high-turnover merchants. These include merchants from industry verticals such as fashion, power tools, medical and jewellery, demonstrating the broad appeal of Splitit's solution.

In addition, Splitit has over 500 merchants currently engaged in various parts of the sales cycle including large global enterprise merchants. Most of these merchants come from the target markets of the US, Canada, Australia, UK, Italy, France and Singapore, however the Company continues to receive inbound enquiry from many other countries.

The below map indicates where merchants are currently using Splitit, demonstrating the true global application of its unique solution:

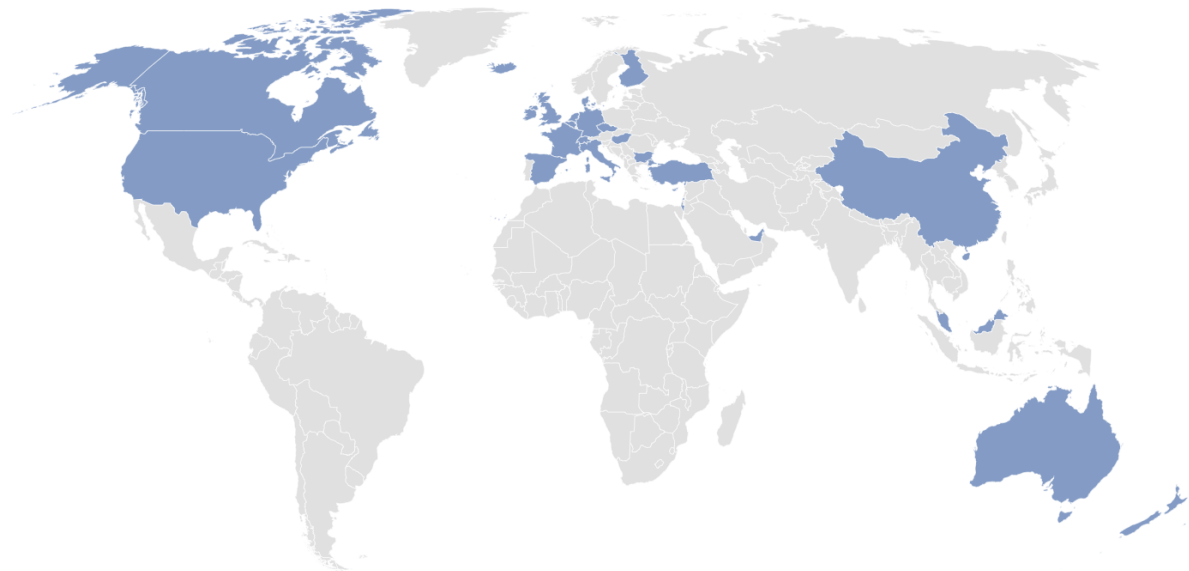


Figure 2. Splitit is currently being utilised by merchants from 27 countries

Merchant Case Study

The success of Splitit to date has been driven by results experienced by Merchants. One of Splitit's largest merchants, GlassesUSA, increased its Average Order Value (AOV) by more than 15% and decreased checkout abandonment by 10% for shoppers spending USD\$120 or more. These are significant improvements that increase sales for the merchant.

Product Update

Splitit has been working hard to ensure continued product advancement and innovation. Significant developments include launching the 'Get Now, Pay Later' solution and developing



plugins to support BigCommerce (a leading ecommerce platform). Among other exciting projects, work has commenced on developing a plugin to IBM WebSphere and other ecommerce platforms as well as a digital wallet.

Cashflow Update

The Company reported net operating cash outflow of USD\$2.54M (AUD\$3.58M) during the quarter ended 31 March 2019, including:

- Cash received from customers of USD\$322K (AUD\$454K), which includes fees and net repayment of upfronted purchase amounts under the Self-funding Arrangement (see 'Funding Update' below for more information).
- USD\$562K (AUD\$792K) in advertising and marketing, which included attending the global premier retail conference ShopTalk in Vegas and various media campaigns.
- Staff costs of USD\$693K (AUD\$976K), which is largely driven by key sales hires.
- USD\$494K (AUD\$696K) in corporate and administration costs, which include higher than usual one-off legal and accounting costs associated with the initial public offering and preparation of the FY2018 annual report. This is expected to fall to USD\$203K (AUD\$286K) next quarter.
- Splitit upfronted USD\$765K (AUD\$1.08M) under the Self-funding Arrangement (see 'Funding Update' below for more information).

The Company received USD\$8.8M (AUD\$12.39M) in net financing cash flow driven by a highly successful IPO to list on 29 January 2019 raising AUD\$12M and USD\$1.5M from warrants that were exercised (before costs).

Splitit held USD\$6.52M (AUD\$9.18M) in cash as at 31 March 2019.

Funding Update

Until now, Splitit has only used third-party funding facilities to upfront merchants on the Funded Plans. Splitit has established agreements with funding partners in the US and UK and a recently signed USD\$25m framework with a UK credit fund that includes some European countries, however, individual merchant limits and jurisdictional limits exist. To fill this gap and to accommodate growth in demand for Funded Plans by new and existing merchants, the Company is in advanced discussions with multiple additional third party funding facilities. In the meantime, until such time that Splitit has established sufficient credit facilities with third parties to service the current demand which cannot be fulfilled by its existing third party credit providers, the Company intends to reserve up to USD\$3m to fund Funded Plans for approved merchants ("**Self-funding Arrangement**").

Splitit considers the commercial risk associated with the Self-funding Arrangement to be low due to the mechanics of the Splitit solution (a hold is placed on the credit card for the outstanding balance to guarantee the shopper pays the full purchase amount) and it will only be offered to select merchants with lower risk profiles.



However, to mitigate the credit risk that Splitit will bear under the Self-funding Arrangement, the Company has purchased a credit insurance policy from Euler Hermes (subsidiary of Allianz), a global leader for this type of insurance. The policy will cover 90% of the funds advanced by Splitit to the merchant. The Self-funding Arrangement will only be extended to those merchants, and up to the credit limits, approved by the insurer.

The Company notes that the net fee it receives will be substantially higher under the Self-funding Arrangement as the cost of funds is not paid away to a third-party funder.

The total funds upfronted under the Self-funding Arrangement at the end of the quarter was USD\$765K (AUD\$1.08M).

Corporate Update

Splitit is focussed on hiring key talent to take the Company to the next stage and notable hires in the quarter include:

VP Sales US, Nathan Mairs - joined Splitit after leading Klarna's push into the US with its instalment solution 'Slice It'. Nathan brings a wealth of knowledge and experience in selling payment solutions to large merchants, having delivered impressive results for Klarna. Klarna is a multibillion-dollar Swedish payments company operating around the world.

Executive Lead APAC, Andrew Pipolo – joined Splitit after an impressive career working for some of the world's most successful payments companies, including PayPal, MasterCard and LoopPay (now Samsung Pay). Notably, Andrew managed PayPal's entry into both the Australian and Japanese markets. Under his leadership as Managing Director of PayPal Australia from 2004, the company reached over 8 million active accounts within four years and was the fastest growing operation within the PayPal Group. As Managing Director of PayPal Japan from 2009, Andrew established and cemented distribution alliances covering over AUD\$20B in online payments.

Splitit is broadening its global reach beyond its offices in Tel Aviv, New York and London, by opening an office in Sydney as a base to grow the business in Australia and the Asia Pacific region. To that end, a local director of sales and a sales engineer have been hired to join Andrew Pipolo starting mid-May.

Outlook

Awareness and demand for instalment payment solutions are increasing around the world, and Splitit remains the only global interest and fee free solution available for shoppers. Splitit is well positioned to take advantage of this huge opportunity.

Splitit's global sales pipeline is extensive and continues to thicken with both direct and distribution channels expected to accelerate growth as the IPO funds applied to sales and marketing start to deliver results.



** Unless specified otherwise, all amounts are in AUD and are provided on an unaudited basis. AUD amounts have been converted to USD at an exchange rate of 0.71*

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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 the need for 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 a number of countries around the world. Headquartered in New York, Splitit has an R&D centre in Israel and offices in London, with plans to establish itself in Australia for its expansion into the Asia-Pacific region.

Disclaimer

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,

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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.

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

SPLITIT PAYMENTS LTD

ARBN

629 557 982

Quarter ended ("current quarter")

31 March 2019

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	322	322
1.2 Payments for		
(a) research and development	(113)	(113)
(b) product manufacturing and operating costs	(179)	(179)
(c) advertising and marketing	(562)	(562)
(d) leased assets	(36)	(36)
(e) staff costs	(693)	(693)
(f) administration and corporate costs	(494)	(494)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (see note 4)	(765)	(765)
1.9 Net cash used in operating activities	(2,540)	(2,540)
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(19)	(19)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 months) US\$'000
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) 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	(19)	(19)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	8,601	8,601
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	1,500	1,500
3.4 Transaction costs related to issues of shares, convertible notes or options	(1,228)	(1,228)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (restricted cash, see note 5)	(67)	(67)
3.10 Net cash from financing activities	8,806	8,806

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	310	310
4.2 Net cash used in operating activities (item 1.9 above)	(2,540)	(2,540)
4.3 Net cash used in investing activities (item 2.6 above)	(19)	(19)
4.4 Net cash from financing activities (item 3.10 above)	8,806	8,806

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	(35)	(35)
4.6	Cash and cash equivalents at end of quarter	6,522	6,522

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	6,522	6,522
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,522	6,522

6.	Payments to directors of the entity and their associates	Current quarter US\$'000
6.1	Aggregate amount of payments to these parties included in item 1.2	129
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	Salaries and wages paid to Directors	\$129k.

7.	Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
	N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities	8,400	1,600
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The company has access to credit lines of USD10M in the US.

9. Estimated cash outflows for next quarter	US\$'000
9.1 Research and development	88
9.2 Product manufacturing and operating costs	89
9.3 Advertising and marketing	407
9.4 Leased assets	36
9.5 Staff costs	790
9.6 Administration and corporate costs	203
9.7 Other	-
9.8 Total estimated cash outflows	1,613

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration	N/A	N/A
10.3 Consideration for acquisition or disposal	N/A	N/A
10.4 Total net assets	N/A	N/A
10.5 Nature of business	N/A	N/A

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.

Sign here:

Date: 29 April 2019

Print name: Charly Duffy (Director of cdPlus Corporate Services, local agent of Splitit Payments Ltd)

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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. Funds loaned to merchants. Please see the announcement accompanying this Appendix 4C for further details.
5. Cash held as security for Splitit's corporate credit card facilities.