

**SPLITIT UPDATE**

**for the quarter ending 30 September 2019**

**Highlights**

- Strong growth across all key operational performance metrics:
  - Total Merchants reached 624, up 97% on PCP (Q3 2018: 317)
  - Total Customers (shoppers) of 235,000, up 187% on PCP (Q3 2018: 82,000)
  - Merchant Transaction Volume of US\$30.5M, up 100% on PCP (Q3 2018: US\$15.2M)
  - Merchant Fees of US\$466K, up 96% on PCP (Q3 2018: US\$238K)
- New merchants include well-known brands Kogan.com, Philips Respironics and Ableton
- Significant partnerships and integrations with GHIL (~2,000 merchants) and Ally Commerce (Philips Respironics), plus Shopify (~800,000 merchants) and Divido (~1,000 merchants) post quarter
- Additional merchants signed post quarter end, including Chili Technology, Eight Sleep, Ace Marks, Nili Lotan, Bluefly, Ashford and 1800-Accountant
- Well-funded to execute growth ambitions, with US\$16.1M in cash as at 30 September 2019, plus US\$4.5M in future repayments from merchants

Sydney, Australia, 29 October 2019 – Splitit Payments Ltd (ASX: **SPT**, “**Splitit**” or the “**Company**”), a leading global monthly instalment payment solution, is pleased to provide an outline of its quarterly activities for the three-month period to 30 September 2019.

**Performance Metrics**

	<b>Q3 2019</b>	<b>Q2 2019</b>	<b>% increase compared to previous quarter</b>	<b>Q3 2018</b>	<b>% increase compared to PCP</b>
Total Active Merchants	<b>624</b>	509	<b>23%</b>	317	<b>97%</b>
Total Customers (shoppers)	<b>235,000</b>	197,000	<b>19%</b>	82,000	<b>187%</b>
Merchant Transaction Volume	<b>US\$30.5M</b>	US\$22.3	<b>37%</b>	US\$15.2M	<b>100%</b>
Merchant Fees <sup>1</sup>	<b>US\$ 466K</b>	US\$373K	<b>25%</b>	US\$ 238K	<b>96%</b>

<sup>1</sup> Merchant Fees are fees invoiced to the merchant in the quarter. Not all merchant fees are charged in the quarter a transaction is initiated as there are ongoing fees for later payments.

Splitit reports strong growth across all its key metrics during the September 2019 quarter compared to the previous quarter (Q2 2019) and the prior corresponding period (PCP, Q3 2018).

Merchant Transaction Volume growth has been driven by both existing Splitit active merchants, and the addition of new large merchants around the world. Merchant Fee growth accelerated as the share of merchant funded plans increased along with the growth in merchant transaction volume.

Merchants continue to see value in Splitit’s solution as the only credit card agnostic instalment payment offering in a growing Buy Now Pay Later market. Merchants are benefiting from increased sales, particularly for higher value items, by converting more sales at the checkout. Splitit also has clear benefits for card issuers, delivering incremental card usage and increased average order value, along with improved customer retention by enhancing the utility of credit cards.

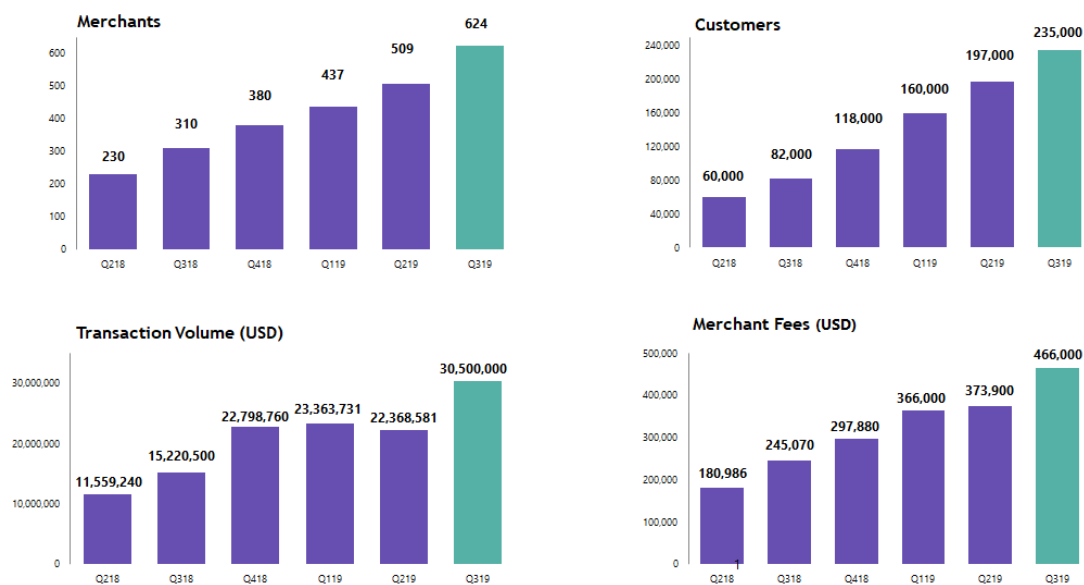


Figure 1. Splitit’s quarterly performance across key metrics\*

### Merchant Growth Strategy

Splitit continues to execute its growth strategy acquiring new large merchants and building strong partnerships with eCommerce platforms, payment processors, technology services, point of sale providers, banks and large multinational corporations to rapidly scale.

Splitit is initially targeting eCommerce merchants, followed by retail merchants in geographies that have high credit card use, including the US, UK, Canada, Australia, France, and Southeast Asia.

Leveraging the existing addressable credit card network of more than 2 billion credit card holders<sup>2</sup> will enable the Company to deliver rapid scale in Merchant Fees the coming quarters.

### New Merchants

During the quarter, Splitit signed up 115 new active merchants, building the number of active merchants using the solution to 624. New merchants include high profile brands such as Ableton, Kogan and

<sup>2</sup> www.statista.com



Philips Respironics, Chili Technology, Eight Sleep, BlueFly, Ace Marks, Ashford, Eight Sleep and 1800-Accountant were all added after the end of the quarter.

## **New Partnerships**

Splitit continues to form key partnerships to provide a superior customer experience and access to significantly more merchants. Key signings include an agreement with leading payment service provider GHIL (~2,000 online merchants) and eCommerce-as-a-Service solution provider Ally Commerce, with its first high value merchant Philips' Respironics Colorado already live. In addition, Splitit signed new agreements with eCommerce platform Shopify to provide its solution to its network of more than 800,000 merchants and retail finance platform, Divido, which enables more than 1,000 merchants, banks and other partners to offer instant customer finance solutions.

Splitit is working to integrate its technology directly with a number of partners, globally. Partner merchants can then choose to easily add Splitit to their checkout, providing an important foundation to support rapid scale for the Company.

## **Corporate Update**

### **CEO Transition**

In September 2019, Splitit announced the appointment of Brad Paterson, as Splitit CEO. The Company's Co-Founder, Gil Don remains on the Board as an Executive Director and now holds the position of General Manager, EMEA (Europe, Middle East and Africa). Mr Don led the business as CEO from 2015.

Mr Paterson was previously Splitit's Managing Director, North America, joining the Company 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 software company, Intuit.

The Company has commenced the search for a new leader for North America and Mr Paterson will hand over responsibility for operations in this key geography once an appointment is in place.

Splitit also entered into a Consultancy Agreement with Chairman Spiro Pappas during the quarter. Mr Pappas is assisting the Company to obtain a funding facility that will support its global expansion objectives. In addition, he is supporting Splitit's executives with respect to the management transition until early 2020.

Also in September 2019, Splitit entered into to a new funding agreement with Shaked Partners Fund, L.P. (an Israeli incorporated entity) to provide the Company with an interim finance facility to continue to grow its funded merchant business model. The facility is for up to US\$8M (approximately AU\$11.6M) and has the flexibility to be drawn down in three tranches prior to 10 August 2020, maturing 24 months after each draw down.

## **Financial Update**

### **Cashflow**

The Company reported net operating cash outflow of US\$6.9M for the quarter comprised of the following highlights:

#### Cash Inflows:

- Receipts from customers - US\$0.5M, including fees and net repayment of upfront purchase amounts under the Self-funding Arrangement

#### Cash Outflows:

- Advertising and marketing costs - US\$1M

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- Staff costs - US\$0.9M increased cost largely driven by key sales hires
- Corporate and administration costs - US\$0.7M
- Research and development costs - US\$0.2M
- Cash used under the Self-funding Arrangement - US\$4.5M

### Cash Balance

Splitit held US\$16.1M in cash as at 30 September 2019, providing significant funding for continued growth.

US\$4.5M cash was used to self-fund select merchants in Q3 under Splitit's funded model. This increased from US\$1.3M in Q2. Splitit has US\$20.6M cash available for continued growth including the future repayments under the Self-funding Arrangement.

### Outlook

Splitit has continued to execute on its growth ambitions via a clear strategy to build its direct merchant numbers and strategic partnerships. Merchant feedback continues to be very supportive with strong recognition of Splitit's differentiated solution, as the only Buy Now Pay Later solution that can be implemented across the established and large credit card network.

New merchants and partnerships signed during quarter and following the period, have strengthened Splitit's merchant reach considerably. The Company expects to continue to grow unique customers and transaction volumes, which will support growth in merchant fees in Q4 2019 and beyond.

\*unless specified otherwise all amounts are in USD and provided on an unaudited basis, AUD amounts have been converted to USD at an average quarterly exchange rate.

For more information, please contact:

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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.

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## 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, 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")**

30 September 2019

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	466	1,274
1.2 Payments for		
(a) research and development	(222)	(567)
(b) product manufacturing and operating costs	(37)	(114)
(c) advertising and marketing	(1,028)	(2,760)
(d) leased assets	(36)	(108)
(e) staff costs	(920)	(2,304)
(f) administration and corporate costs	(666)	(1,737)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	25
1.5 Interest and other costs of finance paid	(5)	(19)
1.6 Income taxes paid	-	(7)
1.7 Government grants and tax incentives	-	-
1.8 Other (see note 4)	(4,486)	(5,822)
<b>1.9 Net cash used in operating activities</b>	<b>(6,921)</b>	<b>(12,139)</b>
<b>2 Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(28)	(129)
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
(e) other non-current assets	-	(9)
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash used in investing activities</b>	<b>(28)</b>	<b>(138)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares (see note 5)	-	29,508
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	1,500
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(2,385)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings (IFRS 16)	(33)	(99)
3.8 Dividends paid	-	-
3.9 Other (restricted cash, see note 6)	135	(57)
<b>3.10 Net cash from financing activities</b>	<b>102</b>	<b>28,467</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	23,703	310
4.2 Net cash used in operating activities (item 1.9 above)	(6,921)	(12,139)
4.3 Net cash used in investing activities (item 2.6 above)	(28)	(138)
4.4 Net cash from financing activities (item 3.10 above)	102	28,467

<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (9 months) US\$'000</b>
4.5	Effect of movement in exchange rates on cash held	(710)	(354)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>16,146</b>	<b>16,146</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter US\$'000</b>	<b>Previous quarter US\$'000</b>
5.1	Bank balances	16,146	16,146
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,146</b>	<b>16,146</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter  
US\$'000**

142

-

Salaries and wages paid to Directors

142 \$

271

**7. Payments to related entities of the entity and their associates**

- 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

**Current quarter  
US\$'000**

-

-

N/A



8. <b>Financing facilities available</b> <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	9,500	500
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. <b>Estimated cash outflows for next quarter</b>	US\$'000
9.1 Research and development	88
9.2 Product manufacturing and operating costs	50
9.3 Advertising and marketing	1,248
9.4 Leased assets	36
9.5 Staff costs	1,010
9.6 Administration and corporate costs	674
9.7 Other	500
<b>9.8 Total estimated cash outflows</b>	<b>3,606</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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 October 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. Mainly due to cash used to self-funding of merchants. Please see the announcement accompanying this Appendix 4C for further details.
5. In January 2019 the Company consummated an IPO in a total amount of \$8.6 million (AUD 12 million). In May and June 2019 the company raised in new equity \$20.9 million (AUD 30.3 million)
6. Cash held as security for Splitit's corporate credit card facilities.