



ASX ANNOUNCEMENT

31 August 2020

## Record Half-Year Results FY20

### HIGHLIGHTS

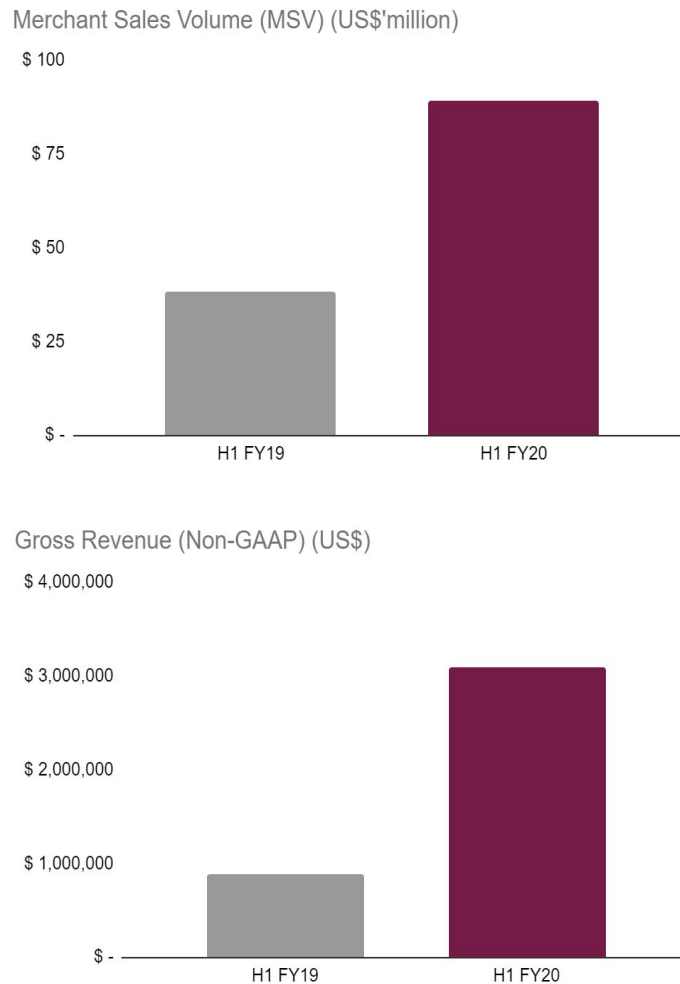
- **Record growth with Merchant Sales Volume ('MSV') of US\$89.1M up 133% YoY**
- **Gross Revenue (Non GAAP) of US\$3.1M up 244% YoY**
- **116 new merchants signed post period, including The Hut Group, Specialized, Frederique Constant, Echelon Fitness and 77 Diamonds**
- **Key partnerships signed with Stripe, Visa and Mastercard in H1 FY20 to accelerate innovation and merchant acceptance**
- **Rapid growth is expected to continue in H2 FY20 and beyond**

**Splitit Payments Limited** ("**Splitit**" or the "**Company**") (ASX:SPT), a global payment solutions provider, reports its financial results for the six months to 30 June 2020 and provides an update on its operational performance.

"Splitit's value proposition for merchants and consumers has proved to be more relevant now than ever. This, coupled with strong execution of our high-growth strategy, has helped us deliver record MSV and revenue in the half year," said Brad Paterson, CEO of Splitit. "The momentum is continuing into the second half, with a number of leading brands recently agreeing to accept Splitit, including The Hut Group, Specialized, Frederique Constant, 77 Diamonds and Echelon Fitness."

Splitit delivered record results across its financial and operational performance metrics in the first half of FY20. Merchant Sales Volume (MSV) grew 133% YoY to reach US\$89.1M in H1 FY20 driven by a number of new, large eCommerce merchants. MSV growth in North America and Europe was particularly strong, up 148% and 89% YoY respectively. Total Gross Revenue (Non GAAP) grew 244% YoY to reach US\$3.1M.

Figures 1 and 2: *MSV and Gross Revenue (Non GAAP)*



Supporting this growth in revenue was an increase in marketing costs and further investment in Splitit's people and technology. This resulted in an operating loss of US\$9.0M for the half-year (\$7.9M exclusive of non-cash share based payments and depreciation expenses). Total costs, exclusive of share based payments and depreciation, grew \$5.5M (137%) as the business expanded its senior leadership team, established its European business, expanded sales and marketing initiatives (particularly through North America), continued to invest in the product, as well as costs in relation to the establishment of new credit facilities.

During the period, Splitit appointed Ben Malone as Chief Financial Officer (CFO), Melanie Vala to lead Europe, Adam Mawdesley to lead both North American Sales and Global Partnerships, Omri Flicker as Chief Legal & Risk Officer, and Kay Brinkley as VP Payments & Risk, to further build its senior leadership team. Splitit also launched a distinctive new brand story and visual identity, designed to differentiate its product and drive merchant sign-up by highlighting Splitit's one-of-a-kind advantages.

## Half-Year Performance Metrics

Splitit delivered rapid growth across its key performance metrics. This strong momentum has continued, following the reporting period.

Table 1: *Half Year FY20 Performance Metrics*

Operating Metrics	H1 FY20	Comparison to H1 FY19 (YoY)
Merchant Sales Volume (MSV) <sup>[1]</sup>	US\$ 89.1M	<b>+133%</b> (US\$38.3M)
Gross Revenue (Non-GAAP) <sup>[2]</sup>	US\$ 3.1M	<b>+244%</b> (US\$0.9M)
Average Order Value (AOV) <sup>[3]</sup>	US\$ 845	<b>+59%</b> (US\$ 531)
Plans Initiated <sup>[4]</sup>	105.4K	<b>+46%</b> (72.1K)
Total Merchants <sup>[5]</sup>	+1K	<b>+104%</b> (507)
12 Month Active Merchants <sup>[6]</sup>	519	<b>+92%</b> (270)
Total Shoppers	309K	<b>+85%</b> (167K)
12 Month Active Shoppers <sup>[7]</sup>	149K	<b>+28%</b> (116K)
Repeat Shoppers <sup>[8]</sup>	11.2%	<b>+7%</b> (10.5%)

## Merchant and Shopper Growth

Total Merchants have nearly doubled compared to H1 FY19, surpassing 1,000 at the end of the half year. Leading brands signing up to Splitit's solution included: Alpina Watches, Bedmart, Canyon, Daily Sale, Dreamcloud, Factory Pure, Modloft, Nectar Sleep, P D PAOLA (EU), Purple, Quiet Kat, Reds Baby, Ride Cake, Scorptec, Sofa Club (UK), Tatami Fightwear and Viagogo.

Following the reporting period, Splitit has signed agreements with the following leading brands that are either live or actively integrating:

- **The Hut Group (Global)** - reporting £1.14bn in sales, THG is one of the world's largest online retailers in beauty and nutrition.
- **Specialized Bicycle Components, Inc** - Innovate and Inspire to Improve Riders' Lives.
- **Echelon Fitness Multimedia (US & UK)** - Echelon Fitness is a leader in connected fitness, streaming live and on-demand classes directly into the home.
- **77 Diamonds (UK)** - Creators of the finest quality jewellery, providing impeccable customer care and crafting heartfelt stories into timeless reality.
- **Frederique Constant (EU)** - makers of Swiss-made luxury watches, famous for high quality classical watches at sensible prices.

New merchants helped to introduce many new shoppers to Splitit in the half year, driving Total Shoppers to reach 309K, an 85% YoY increase. As a consequence, Splitit saw a more modest increase in the number of Repeat Shoppers relative to Total Shoppers. Repeat Shoppers are expected to increase over time as new merchants increase their tenure and shoppers use Splitit for further higher value purchases.

This merchant and shopper growth reflects strong progress in Splitit's strategy to build its presence in key verticals such as homewares, luxury retail, jewellery, sporting & outdoors, and health, while also forging product-market fit by removing some merchants with lower AOV from the platform in the early part of the period. As a result of these strategies, AOV has grown significantly to reach US\$845, up 59% YoY. Demand for Splitit's funded merchant model has increased significantly over the period. Accordingly, the Company secured several new receivables funding facilities to support the rapid growth of this model.

### **Partnerships to Accelerate Growth**

During the half year, Splitit formed key partnerships with Stripe, Visa and Mastercard, to drive innovation in the buy now pay later space, improve the customer experience and scale the adoption of Splitit's instalment solution by merchants around the world. These new partnerships are progressing well. In addition, Splitit integrated with B2B and B2C payment platform Blue Snap, and further enhanced its integration with open-source e-commerce platform, Magento.

### **Capital management**

In April 2020, Splitit raised A\$16M (before costs) via a placement to institutional, sophisticated and professional investors. Following the close of the half year period, Splitit received firm commitments to raise a further A\$90M (before costs) in August 2020 (**August Placement**) in new equity via a two-tranche share placement to institutional, sophisticated and professional investors. The first tranche of the August Placement completed on 12 August 2020 raising A\$45M (before costs). The second \$45M (before costs) tranche is due to settle after an Extraordinary General Meeting to obtain shareholder approval (scheduled for 16 September 2020). Through the August Placement, Splitit welcomed a number of new, high quality institutions to its register, including cornerstone investor Woodson Capital Management. This

placement is being accompanied by a Share Purchase Plan for eligible shareholders to raise approximately A\$10M.

The proceeds of these fund raisings will enable Splitit to continue to execute its high-growth strategy by supporting the exceptional growth of the funded model and investing in go-to-market and technology resources.

## Outlook

Splitit has a compelling consumer and merchant offering that is resonating strongly in the current environment. This has seen it deliver record MSV and Gross Revenue results, despite challenging global conditions. This growth is expected to continue in H2 FY20 and beyond as its new partnerships with leading global organisations, Stripe, Visa and Mastercard, help to drive innovation in the buy now pay later space, improve the customer experience, and to accelerate the global acceptance of Splitit with new merchants. This growth will be supported by the Company's enhanced leadership team and new brand identity.

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

## 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.

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<sup>[1]</sup> Underlying MSV for successful transactions on which a merchant fee is charged

<sup>[2]</sup> Revenue attributable to MSV, translated to reporting currency at plan activation date. This non-GAAP measure has 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.

<sup>[3]</sup> Average value of plans initiated in the period

<sup>[4]</sup> Number of plans initiated in the period

<sup>[5]</sup> Cumulative number of merchants that accept Splitit

<sup>[6]</sup> Number of merchants that have received a payment in the previous 12 months

<sup>[7]</sup> Number of shoppers that have made a purchase in the previous 12 months

<sup>[8]</sup> Percentage of shoppers that have made a purchase in the current period that have previously made a successful purchase