



ASX ANNOUNCEMENT

8 October 2020

## Splitit Triples Global Growth, Achieves Record Third Quarter

### HIGHLIGHTS

- Merchant Sales Volume (MSV) grew strongly to US\$70.9M, up 214% Year over Year (YoY)
- Gross Revenue (Non GAAP) of US\$2.4M, up 318% YoY
- 1.4K Total Merchants, up 117% YoY
- 362K Total Shoppers, up 97% YoY
- Self-onboarding now live in the US, following successful beta in Q3
- Over \$3BN in addressable online merchant sales added in Q3 via new major brands, including: Specialized Bicycles, Echelon Fitness, The Hut Group, Bianchi Bicycles, Puffy, Tyresales and CrazySales
- Expansion into professional services vertical in the US and Australia via QuickFee

**Splitit Payments Limited** ("**Splitit**" or the "**Company**") (ASX:SPT), a global payment solutions provider, provides an update on trading for the third quarter in FY20, ending 30 September 2020.

The Company's rapid growth continued, delivering a record Q3 with exceptional YoY growth in MSV and Revenue, backed by an acceleration of the merchant and shopper customer base. The strong growth reported in Q2 also continued into Q3, despite the seasonality of a quieter retail period in the Company's largest markets, North America and Europe.

**Brad Paterson, CEO of Splitit commented**, "As we head towards Q4, we are excited to report another record quarter with rapid growth. The continued uptick in MSV and addition of new customers is further proof that today's shoppers are turning to Splitit to better use their own earned credit. Especially now, we are pleased to offer shoppers a responsible instalment payment solution, while at the same time, helping brands drive value by cost-effectively converting more site visitors into buyers."

"For this reason, we continue to see today's most forward-looking companies choose Splitit to partner with. We are also seeing positive momentum for the option to self-onboarding through our partnership with Stripe, which has now been activated in the US. Q4 has started very strong and we are confident in our continued growth trajectory throughout the remainder of the year," **Paterson added**.

### Merchant Sales Volume & Revenue

Splitit grew MSV 214% YoY to US\$71M in Q3, with North America growing 200% and Europe 232% YoY. MSV growth was driven by continued expansion in merchant acceptance, in particular new larger merchants, many of which launched Splitit in late Q3. AOV grew to over \$1K, in line with the Company's strategy of attracting larger merchants selling higher value items in its target verticals.



This resulted in Revenue of \$2.4M, up 318% YoY. This revenue growth was significantly higher than that of MSV due to growing merchant demand for Splitit's funded model, resulting in increased gross merchant fees. MSV grew 8% QoQ with stable Revenue due to a higher proportion of shorter instalment plans as some key northern hemisphere merchants with longer plan lengths and higher gross merchant fees experienced expected seasonality due to the summer holiday period.

### **Partnerships - Self-Onboarding goes live in US**

Merchant self-onboarding, powered in part by the Stripe Connect partnership, completed beta testing in Q3 and has now gone live in the US, with other markets to follow in Q4 FY20 and Q1 FY21. The successful beta test in Q3 helped to accelerate merchant acquisition towards the end of the quarter due to reduced onboarding time, allowing merchants to add Splitit and adopt instalment payments. This is a critical step towards Splitit's goal of enabling any merchant that accepts credit cards to offer instalments, within minutes. This will enable rapid scaling to meet growing demand for Splitit's card-based instalment solution globally.

Engagement with both Visa and Mastercard continues to progress positively under the Company's respective partnerships.

Marking its entry into the professional services vertical, Splitit partnered with QuickFee Limited (ASX:QFE) to enable the clients of accounting and law firms in the US and Australia to pay their fees on credit card via instalments. This opens a \$450BN<sup>1</sup> new addressable market for Accounting and Legal services in the US and Australia. Splitit will integrate directly with QuickFee's payments portal, complementing its existing financing offering to clients. As with consumer customers, no applications are required as no new credit is being provided. QuickFee processed more than US\$300M worth of payments in its last financial year ending 30 June 2020 via its online payment portal for more than 400 accounting and law firms across the US alone. The new service will be available for QuickFee's existing and new customers to opt-in to over the coming weeks.

### **New Merchants and Shoppers**

Total merchants and shoppers and the number of active merchants and shoppers continued to grow substantially, reflecting Splitit's increasing acceptance and penetration in key verticals. Total Merchants reached 1.4K, an increase of 117% YoY while 12M Active Merchants grew to 629, up 90% YoY. The acceleration in merchants was particularly strong towards the end of the quarter due to the positive impact of the beta testing of self-onboarding under the Stripe partnership.

Deepening its penetration in key market verticals, Splitit added more merchants in Q3 than ever before as merchant demand continues to grow for Splitit's unique offering. Leading brands, with over \$3BN in addressable online sales volume that joined Splitit during the quarter (live and signed) included Bianchi, Specialized, Bicycle Warehouse, Echelon Fitness, The Hut Group, Fabergé, Frederique Constant, 77 Diamonds, Steven Slate Audio, Waves, Eight Sleep, Silentnight, Puffy, HockeyShot, Snow Joe, Finance 4 Group, Tyresales and CrazySales.

Total Shoppers reached 362K, nearly double the number in Q3 FY19. 12M Active Shoppers reached 186K, up 48% YoY. Consumers initiated 71K Plans during the quarter, up 142% YoY despite being down QoQ due to the seasonality impact on some larger Northern Hemisphere merchants. Repeat Shoppers grew

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<sup>1</sup> IBIS World Reports: Accounting Services Industry in the US 23 June 2020, Accounting Services in Australia 16 April 2020, Legal Services in Australia 2 July 2020, Law Firms Industry in the US 30 July 2020.



18% QoQ even as Splitit added its highest number of new merchants per quarter ever, bringing new shoppers to the solution.

**Quarterly Performance Metrics - Table 1:**

Operating Metrics	Q3 FY20	Comparison to Q3 FY19 (YoY)	Comparison to Q2 FY20
Merchant Sales Volume (MSV) <sup>2</sup>	US\$70.9M	<b>+214%</b> <b>(US\$22.6M)</b>	+8% (US\$65.4M)
Gross Revenue (Non GAAP) <sup>3</sup>	US\$2.4M	<b>+318%</b> <b>(US\$569K)</b>	+0% (US\$2.4M)
Total Merchants <sup>4</sup>	1.4K	<b>+117%</b> <b>624</b>	+31% 1K
12M Active Merchants <sup>5</sup>	629	<b>+90%</b> <b>331</b>	+21% 519
Total Shoppers	362K	<b>+97%</b> <b>184K</b>	+17% 309K
12M Active Shoppers <sup>6</sup>	186K	<b>+48%</b> <b>126K</b>	+25% 148K
Average Order Value (AOV) <sup>7</sup>	US\$1,004	<b>30%</b> <b>(US\$775)</b>	+12% (US\$893)
Plans Initiated <sup>8</sup>	70.7K	<b>+142%</b> <b>29.1K</b>	-4% 73.2K
Repeat Shoppers <sup>9</sup>	12%	<b>-15%</b> <b>14.3%</b>	+18.8% 10.2%

In accordance with ASX requirements, the Company plans to release its Appendix 4C and Quarterly Report on or before 31 October 2020.

<sup>2</sup> Underlying MSV for successful transactions that a merchant fee is charged

<sup>3</sup> 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.

<sup>4</sup> Cumulative number of merchants that accept Splitit

<sup>5</sup> Number of merchants that have received a payment in the previous 12 months

<sup>6</sup> Number of shoppers that have made a purchase in the previous 12 months

<sup>7</sup> Average value of plans initiated in the period

<sup>8</sup> Number of plans initiated in the period

<sup>9</sup> Percentage of shoppers that have made a purchase in the current period that have previously made a successful purchase



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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.