



ASX Announcement

29 October 2021

Splitit Q3 FY21 Quarterly Activities Report

- Record high quarter with Merchant Sales Volume (MSV) of US\$93M, up 31% Year on Year (YoY), up 41% if adjusted for deliberate shift from debit card acceptance
 - 2021 YTD MSV US\$265M up 66% YoY, up 81% if adjusted for debit cards
- Total merchants increased 144% YoY to 3.3K, with 12-month active merchants increasing 85% YoY to 1.2K
- Total Shoppers increased 78% YoY to 644K, with 12-month active shoppers increasing 61% YoY to 300K
- Further expansion of card network with addition of Discover Global Network.
- Addition of Salesforce Commerce Cloud, meaning that Splitit now has integrations with five of the worlds largest e-commerce platforms
- Consolidation of debt facilities finalised; 43% reduction in interest expense QoQ
- Strong Balance Sheet with US\$45M in available cash; US\$150M Goldman Sachs credit facility able to support US\$650M of annual MSV¹
- **Investor webinar 9:00 a.m. AEDT on Friday, 29 October, details below**

Splitit Payments Limited ("Splitit" or the "Company") (ASX:SPT), the Company empowering shoppers to use their credit cards to pay in instalments, provides an update on its quarterly activities and cash flows for the three months ending 30 September 2021 (Q3 FY21).

John Harper, Interim CEO of Splitit, commented, "Splitit has continued to grow this quarter, reporting a 31% increase in MSV year-on-year. The team has continued to add merchants and shoppers at a good pace while broadening our market reach including the addition of the Discover Global Network. With strong foundations in place, I am tremendously excited about what lies ahead for Splitit.

"Our initial path forward will narrow our focus to our core product, attracting larger merchants in key geographies, and creating incremental growth opportunities through partnerships and white-label opportunities.

"Having spent four decades in retail, I have a deep understanding of what is important to a merchant. As well as driving conversion and increasing basket sizes, through our white-label solution, Splitit also offers merchants the ability to control and own their own brand whilst utilising Splitit's technology. This is something unique in the market, and something that, in my experience, is of critical importance to merchants, particularly larger ones. I am confident that I can utilise my extensive network to drive growth in the quarters ahead."

¹ Assumes approximate mix of funded/non-funded plans: 75/25

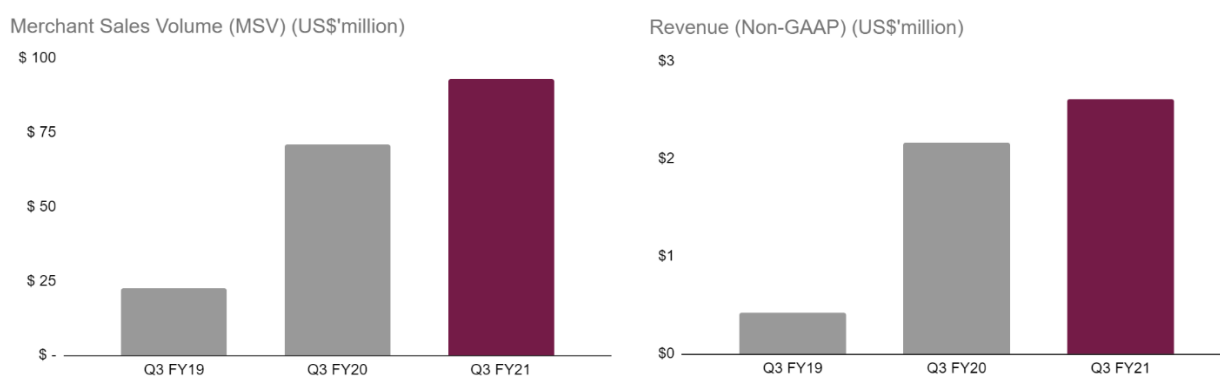


Q3 PERFORMANCE

The Company saw the highest quarter of MSV processed to date, with MSV growing 31% YoY to US\$93M, or US\$372M on an annualised basis. Adjusting for the deliberate, strategic shift away from debit cards as previously disclosed, YoY MSV growth would have been 41%. YTD FY21 MSV of US\$265M represents 66% YoY growth, or 81% YoY if normalised for the impact of debit cards.

Revenue (Non-GAAP) was US\$2.6M, reflecting a 20% increase YoY. MSV growth was higher than revenue growth in Q3 due to a more diversified merchant base and a higher proportion of MSV through our basic model, consistent with the previous quarter.

Figure 1 and 2: Growth Metrics



Q3 saw continued acceleration in new merchant acquisition, with 12-month Active Merchants up 85% YoY to 1.2K², and Total Merchants up 144% YoY to 3.3K³. The Company continues to execute a dual strategy of driving scalable SMB merchant acquisition, enabled by tools such as self-onboarding and Splitit Plus, alongside a direct sales and partnership led approach to attract medium to larger merchants to its core Splitit product.

Splitit added 78K new shoppers in Q3 to reach 644K Total Shoppers, reflecting 78% growth YoY, driven by increased acceptance of Splitit. 12-month Active Shoppers also grew strongly at 61% YoY to reach 300K². Splitit's average order value ("AOV") remains a critical differentiator for the business and was again over US\$1,000 in Q3. It continues to be a key reason merchants select Splitit as a complementary payment option for their customers.

² Splitit reintroduces 12-month active merchants and shoppers to provide additional information relating to the drivers of near term MSV and Revenue growth

³ Total shoppers and merchants remain lead indicators for longer-term growth



Table 1: Performance Metrics

| Operating Metrics | Q3 FY21 | YoY Comparison to Q3 FY20 | QoQ Comparison to Q2 FY21 |
|--|----------|----------------------------------|------------------------------|
| Merchant Sales Volume (MSV) ⁴ | US\$93M | +31% (US\$71M) | +3% (US\$90M) |
| Revenue (Non-GAAP) ⁵ | US\$2.6M | +20% (US\$2.2M) | +2% (US\$2.55M) |
| 12M Active Merchants ⁶ | 1.2K | +85% 0.6K | +13% 1K |
| Total Merchants ⁷ | 3.3K | +144% 1.4K | +20% 2.8K |
| 12M Active Shoppers ⁸ | 300K | +61% 186K | +7% 281K |
| Total Shoppers ⁹ | 644K | +78% 362K | +14% 566K |

Partnerships & Product Innovation

Partnerships remain a key pillar of Splitit's growth strategy, presenting opportunities to expand its addressable market through new geographies, additional card networks, or additional e-commerce integrations.

BNPL white-label offering

Splitit's white-label capability represents a new and highly scalable revenue opportunity for the business. During the quarter, Pakistan BNPL provider QisstPay, one of Splitit's new white-label partners, went live with its first pilot merchants. This marks Splitit's first active white-labelled merchants in a non-core market. Further merchant expansion with QisstPay is expected to be ongoing. In addition, leading Middle East BNPL, tabby, is continuing its gateway integration with an expected launch in Q4 2021. These agreements have also generated additional interest from other BNPL providers globally.

⁴ Underlying MSV for successful transactions where a merchant fee is charged

⁵ Revenue invoiced to merchants for the period, translated to reporting currency. Under the funded model, revenue is invoiced upfront at the date of funding. Under the basic model, revenue is invoiced monthly as each installment is processed. This non-GAAP measure has not been independently audited or reviewed, and will differ from GAAP revenue due to IFRS revenue recognition rules. This metric methodology has been adjusted this period (and comparable periods) to allow for a closer alignment and reconciliation to GAAP revenue numbers reported at the half-year and year-end periods. The minor difference in methodology largely relates to the timing of invoicing, which does not align to the original MSV transaction date in all circumstances.

⁶ Number of merchants that have received a payment in the previous 12 months

⁷ Cumulative number of merchants that accept Splitit

⁸ Number of shoppers that have made a purchase in the previous 12 months

⁹ Cumulative number of shoppers that accept Splitit



Partnership with Discover Global Network Cardholders

During the quarter, Splitit began offering its instalment payment solution to Discover Global Network Cardholders worldwide under a new partnership agreement. Discover Global Network has more than 50 million merchant acceptance locations and includes the Discover Network, Diners Club International, PULSE and more than 20 alliance partner networks across the globe. The partnership adds another major global card scheme to Splitit's growing portfolio of payment partners.

Salesforce Commerce Cloud Integration

In September 2021, Splitit completed a new Salesforce Commerce Cloud integration making it faster and easier for e-commerce and retail brands to offer Splitit at checkout. Splitit's Salesforce Commerce Cloud and Storefront Reference Architecture integrations were developed specifically to reduce the technical requirements to enable Splitit's instalment solution to Salesforce-powered e-commerce sites. These merchants can now offer their customers the ability to use their available line of credit on their credit cards to pay in interest-free instalments, with the potential to drive incremental sales and increase conversion. Splitit expects this integration to help accelerate adoption with larger merchants.

The new Salesforce Commerce Cloud cartridge is PCI DSS Level I compliant and offers support for Splitit FlexFields allowing merchants to integrate Splitit checkout directly into their e-commerce checkout. There is also full support for Splitit throughout the entire customer journey showing shoppers the option to use Splitit on the product page, in the shopping cart and at checkout. Splitit now has integrations with five of the largest global e-commerce platforms including: Shopify, Magento, Salesforce Commerce Cloud, WooCommerce and BigCommerce.

NEW INTERIM CEO

In August 2021, Splitit announced a change of the leadership of the business, appointing veteran retail executive, John Harper, to the role of Interim CEO. Mr Harper will build on the Company's strong foundations and momentum to date, focusing on the continued acceleration of Splitit's global sales growth via significant expansion of its merchant base.

Mr Harper has deep retail experience, most recently as Chief Operations Officer at Macy's, where he directed operations for all of its 600 locations. In this role, Mr Harper drove merchandise execution, supply chain management, digital fulfillment, stores and technology strategy. Notably, he helped steer Macy's successfully through the pandemic, leading all operations including expense and cash flow management.



CORPORATE & CASH FLOW OVERVIEW

The Company's closing cash position was US\$45M. Cash receipts from customers for the period were US\$2.7M¹⁰, and operational expenditure was US\$8.2M¹¹

Net cash used in operating activities (cash burn) was US\$6M for the quarter, exclusive of US\$0.3M¹² net merchant funding outflows and US\$0.2M¹³ legacy withholding taxes payable on cross-border intercompany loans.

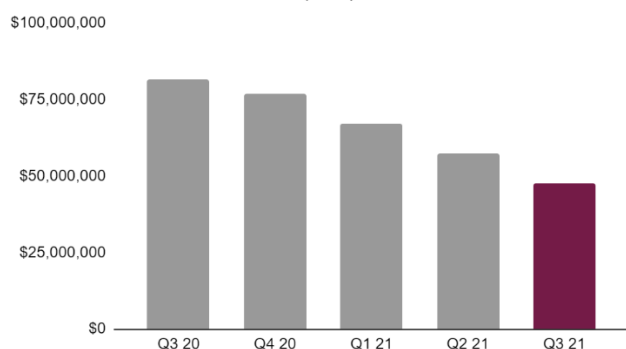
Net financing activities for the period were an outflow of US\$14.8M¹⁴, primarily driven by the repayment of a high-cost debt facility as previously disclosed. Q3 interest and cost of finance paid were US\$1.2M¹⁵, representing a 43% improvement on the prior quarter, plus an additional US\$1.2M¹⁶ of one-off costs in relation to establishment costs for the Goldman Sachs facility, and termination fees related to the higher-cost credit facility that was repaid.

Splitit held US\$47.5M in net cash (see Figure 3), comprised of:

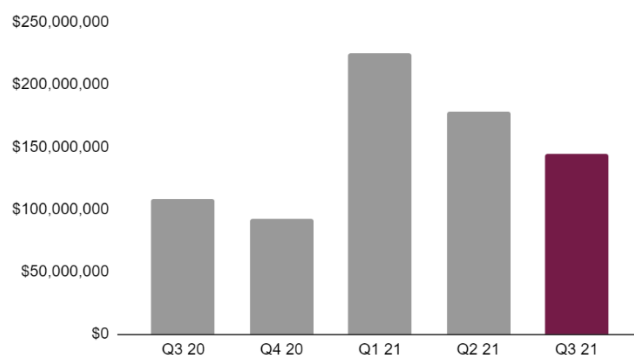
- US\$45M available cash
- US\$53M funded merchant receivables
- (US\$50.5M) debt payable

Figures 3 and 4: Capital Management

Net Cash + Receivables - Debt (US\$)



Total Liquidity (Cash + Undrawn Loans) (US\$)



Combining undrawn loan facilities with closing cash, the Company has a total of US\$144M of liquidity to fuel future growth (see Figure 4 above).

¹⁰ Item 1.1 of Appendix 4C

¹¹ Item 1.2 of Appendix 4C

¹² Item 1.8 of Appendix 4C

¹³ Item 1.6 of Appendix 4C

¹⁴ Item 3.10 of Appendix 4C

¹⁵ Item 3.9 of Appendix 4C

¹⁶ Item 3.9 of Appendix 4C



Q3 INVESTOR WEBINAR DETAILS

Splitit will host a webinar for investors today, Friday, 29 October 2021, at 9 am Australian Eastern Daylight Time (AEDT).

Interim CEO, John Harper, and CFO, Ben Malone will provide an overview of the Company's recent performance, followed by a Q&A session.

Date & Time: Friday 29 October 2021 at 9:00 a.m. (AEDT)

Zoom Link: https://splitit.zoom.us/webinar/register/WN_B-hMccObS3yxW1pYXt_pnQ

Replay: Available at www.splitit.com after the event.

Note: Unless specified otherwise, all amounts are in USD and provided on an unaudited basis. Foreign currency amounts have been converted to USD at an average monthly exchange rate throughout the quarter.

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. Splitit serves many of Internet Retailer's top 500 merchants and is accepted by more than 2,800 ecommerce merchants in over 30 countries and shoppers in over 100 countries. 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.

The announcement has been approved and authorised to be given to ASX by Dawn Robertson, Chairman of the Board of Splitit.

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Note to market

None of the information included in this announcement should be considered individually material unless specifically stated.



Disclaimer

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 historical 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 Company’s independent auditors.

You must not place undue reliance on these forward-looking statements.

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Annexure

In accordance with ASX Listing Rule 4.7C, Splitit provides the following information:

Payments to related parties and their associates for Q3 FY21 were US\$120K. These payments were related to salaries, director fees and expenses paid to directors and their associates.

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 | 30 September 2021 |

| Consolidated statement of cash flows | | Current quarter \$US'000 | Year to date (9 months) \$US'000 |
|---|---|-------------------------------------|---|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | 2,679 | 7,831 |
| 1.2 | Payments for | | |
| | (a) research and development | (532) | (1,635) |
| | (b) product manufacturing and operating costs | - | - |
| | (c) advertising and marketing | (2,566) | (6,810) |
| | (d) leased assets | (211) | (267) |
| | (e) staff costs (see note 6) | (3,567) | (11,401) |
| | (f) administration and corporate costs (see note 6) | (1,326) | (3,417) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | 31 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | (180) | (450) |
| 1.7 | Government grants and tax incentives | - | (386) |
| 1.8 | Other – Merchant Receivables Funding | (276) | (3,432) |
| | Other – Cost of Sales | (522) | (709) |
| 1.9 | Net cash used in operating activities | (6,512) | (20,656) |
| | | | |

| | | | |
|-------------|---|-----------------|-----------------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | (14) | (126) |
| | (d) investments | - | - |
| | (e) intellectual property | - | - |
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from disposal of: | | |
| | (a) entities | - | - |
| | (b) businesses | - | - |
| | (c) property, plant and equipment | - | - |
| | (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 | (14) | (126) |
| | | | |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | 408 | 2,034 |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 12,205 | 50,515 |
| 3.6 | Repayment of borrowings | (25,011) | (69,593) |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other – One-off transaction costs relating to restricted cash and loan establishment | (661) | (2,908) |
| | Other - Interest and other costs of finance paid | (1,222) | (5,739) |
| | Other – One-off Interest and other costs of finance paid upon loan termination | (500) | (1,390) |
| 3.10 | Net cash used in financing activities | (14,781) | (27,081) |
| | | | |

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

| | | | |
|------------|--|---------------|---------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 66,443 | 92,824 |
| 4.2 | Net cash used in operating activities (item 1.9 above) | (6,512) | (20,656) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (14) | (126) |
| 4.4 | Net cash from financing activities (item 3.10 above) | (14,781) | (27,081) |
| 4.5 | Effect of movement in exchange rates on cash held | (431) | (256) |
| 4.6 | Cash and cash equivalents at end of period | 44,705 | 44,705 |

| | | | |
|------------|---|-------------------------------------|--------------------------------------|
| 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 | 44,705 | 66,413 |
| 5.2 | Call deposits | - | 30 |
| 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) | 44,705 | 66,443 |

| | | |
|--|---|-------------------------------------|
| 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 | 120 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |
| <p><i>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.</i></p> <p><i>The above relates to payment of Directors' salaries and fees.</i></p> | | |

| 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* | 150,000 | 50,515 | | | | | | | | |
| 7.2 | Credit standby arrangements | - | - | | | | | | | | |
| 7.3 | Other (please specify) | - | - | | | | | | | | |
| 7.4 | Total financing facilities | 150,000 | 50,515 | | | | | | | | |
| 7.5 | Unused financing facilities available at quarter end | | 99,485 | | | | | | | | |
| 7.6 | <p>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.</p> <table border="1"> <thead> <tr> <th>Lender</th> <th>Interest Rate / Management Fees</th> <th>Maturity Date</th> <th>Secured / Unsecured</th> </tr> </thead> <tbody> <tr> <td>Goldman Sachs Bank USA</td> <td>Benchmark Rate + 6.85%</td> <td>5th February, 2024</td> <td>Secured</td> </tr> </tbody> </table> | | | Lender | Interest Rate / Management Fees | Maturity Date | Secured / Unsecured | Goldman Sachs Bank USA | Benchmark Rate + 6.85% | 5 th February, 2024 | Secured |
| Lender | Interest Rate / Management Fees | Maturity Date | Secured / Unsecured | | | | | | | | |
| Goldman Sachs Bank USA | Benchmark Rate + 6.85% | 5 th February, 2024 | Secured | | | | | | | | |

| | | |
|---|--|-----------------|
| 8. | Estimated cash available for future operating activities | \$US'000 |
| 8.1 | Net cash used in operating activities (item 1.9) | (6,512) |
| 8.2 | Cash and cash equivalents at quarter end (item 4.6) | 44,705 |
| 8.3 | Unused finance facilities available at quarter end (item 7.5) | 99,485 |
| 8.4 | Total available funding (item 8.2 + item 8.3) | 144,190 |
| 8.5 | Estimated quarters of funding available (item 8.4 divided by item 8.1) | 22.1 |
| <p><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></p> | | |
| 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:

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.
6. Prior period (Q1 + Q2) \$874,000 employee related cost is reclassified from administration and corporate costs (item 1.2f) into staff cost (item 1.2e) in the current quarter. No overall impact on operating costs.