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Appendix 4D
Results for announcement to the market

For the six months ended 30 June 2023 ("current reporting period")

	Six months to 30-JUN-23 US$'000	30-JUN-22 US$'000	% Change from 6 months ended 30-Jun-22	
Revenue from ordinary activities	5,870	5,120	Up	15%
Loss from ordinary activities after tax attributable to securityholders	(12,461)	(12,254)	Up	(2%)
Loss for the period attributable to securityholders	(12,461)	(12,254)	Up	(2%)

Dividend information	Amount per security	Franked amount per security
Interim Dividend	N/A	N/A
Final Dividend	N/A	N/A
Payment Date	N/A	N/A

	As at*		Increase / (Decrease)	
	30-JUN-23 US$'000	31-DEC-22 US$'000	$ per security	%
Net tangible assets per security	0.0307	0.0497	(0.0191)	(38%)

* Calculated as Consolidated Statement of Financial Position Net assets, divided by the number of securities issued at period end..

Other information requiring disclosure to comply with Listing Rule 4.2A.3 is contained in, and should be read in conjunction with, the notes to the Interim Financial Report and the Directors' Report for the half-year ended 30 June 2023. Information should be read in conjunction with Splitit Payment Ltd's 2022 Annual Report and the attached Interim Financial Report.

The information presented above is based upon the Interim Financial Report for the six months ended 30 June 2023 which has been reviewed. The Independent Auditor's Report is included within the Interim Financial Report.

Nandan Sheth
CEO & Managing Director
25 August 2023

investors.splitit.com

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splitit

Interim financial report for the half year ended

30 JUNE 2023

Splitit Payments Ltd.

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Interim financial report for the half year ended 2023
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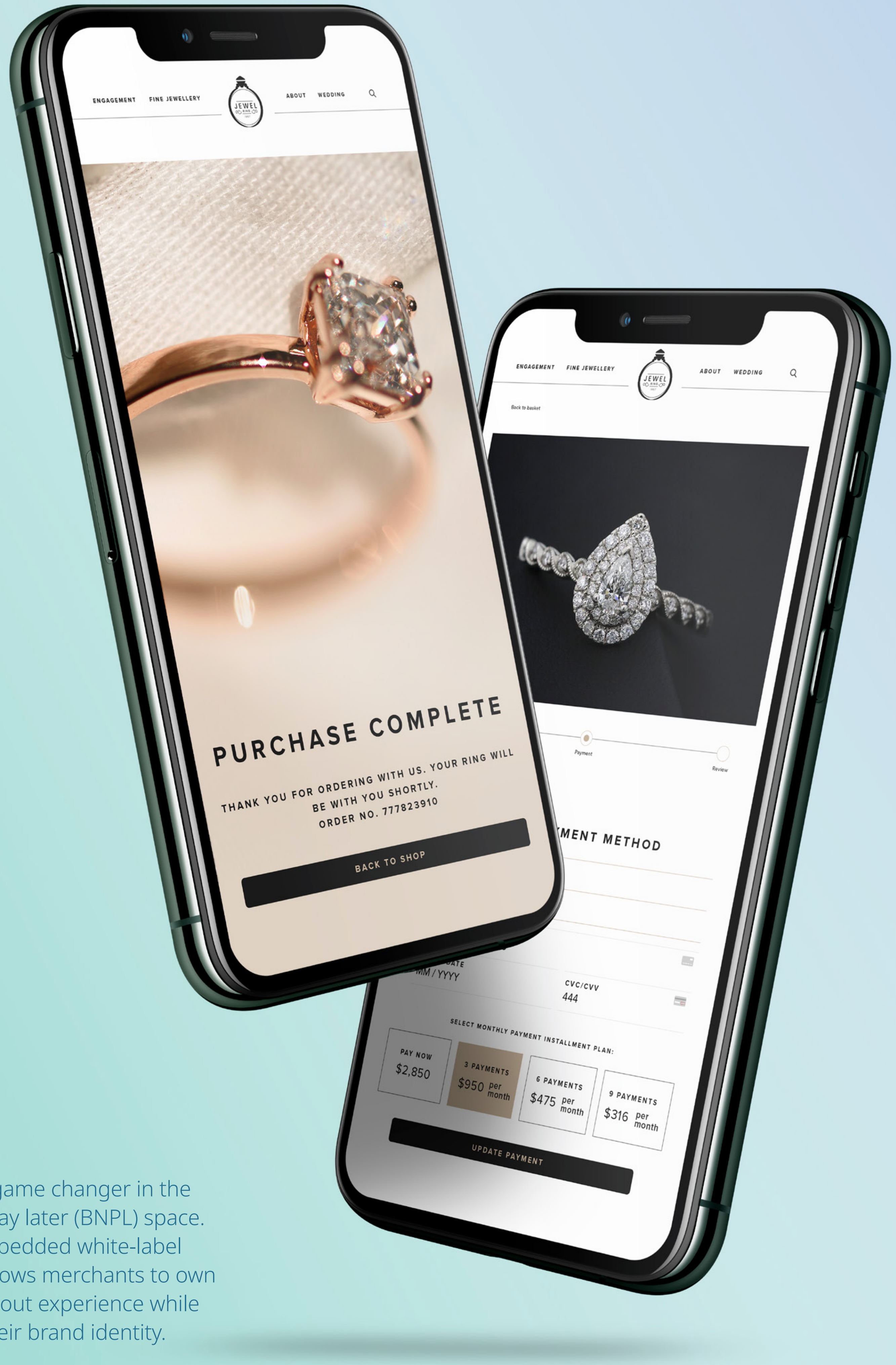

Splitit is a game changer in the buy now, pay later (BNPL) space. Splitit's embedded white-label solution allows merchants to own their checkout experience while keeping their brand identity.

Powering the next generation of instalments

Splitit empowers shoppers to pay in easy instalments with their existing credit cards, without any interest or fees. Our white-label and omnichannel solution seamlessly integrates with merchants' platforms, boosting their sales and customer loyalty.

Splitit's unique platform outperforms traditional buy now, pay later options, which charge high fees and divert shoppers to other sites. Splitit keeps shoppers coming back to you, not your competitors.

Splitit is a game changer in the buy now, pay later (BNPL) space. Splitit's embedded white-label solution allows merchants to own their checkout experience while keeping their brand identity. Splitit doesn't clutter the checkout page with logos and buttons that confuse shoppers or lead to cart abandonment. Splitit also doesn't require any forms of credit checks or underwriting, delivering the fastest instalment checkout experience in the market. Splitit works across all channels, online, in-store, mobile and call centres. Splitit leverages shoppers' existing credit cards and lets them pay in interest-free instalments.

Splitit's key differentiators:

Higher Conversion and Lowest Abandonment Rates: Splitit's white-label solution blends seamlessly into the merchant's checkout, resulting in 3-4 times higher conversion rates and 20% more basket size. Splitit offers a hassle-free instalment option for shoppers, who don't have to change their shopping habits or fill out any forms.

Target High Value Shoppers at Scale: Splitit opens a huge potential market of 250 - 300 million pre-activated credit card users who can use Splitit right away, without any registration or hassle. These shoppers do not need credit and on average have 200% more purchasing power than consumers targeted by legacy BNPLs.

Increase Customer Loyalty: Unlike legacy BNPLs, Splitit doesn't come between the shopper and the merchant, or worse, steal the merchant's shoppers. Splitit works behind-the-scenes to improve the customer journey, while promoting the merchant's brand. Merchants keep shoppers' valuable first-party data without giving it away to a legacy BNPL provider for data harvesting. Splitit's merchant partners, not Splitit itself, reap the rewards of owning the customer.

No-friction Omnichannel Experience: Splitit works quickly and seamlessly across every channel: in-store, webstore, mobile, call centres - anywhere payments are accepted, without filling out registration forms or extending in lane checkout time.

Promote Responsible Spending: Splitit is a responsible instalment option that doesn't create new debt or charge high fees and interest rates. Splitit does not affect the shoppers credit score or credit limit. Splitit's white-label solution also lets shoppers earn rewards from their credit card loyalty program, making every purchase more valuable.

Fast, seamless checkout: With SplititExpress, Splitit has the fastest instalment checkout available, enabling checkout in under two seconds. Splitit also works with Apple Pay and G Pay.

Largest Average Order Values: Splitit helps shoppers buy more and spend smarter. With Splitit, merchants can boost their cart value by 24-30%, because they can unlock existing credit. Splitit's average order value is over $1,200, compared to ~$150 of legacy BNPL. This makes Splitit the best choice for verticals like home improvement, high end retail, online education, auto repair and B2B.

Overall, Splitit enhances and supports the value of a merchant's ecosystem rather than disrupting it.

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Corporate directory

Directors	Dawn Robertson, Chair & Non-Executive Director Thierry Denis, Non-Executive External Director Jan Koelble, Non-Executive Director Vanessa LeFebvre, Non-Executive External Director Scott Mahoney, Non-Executive External Director Nandan Sheth, CEO & Managing Director Dan Charron, Non-Executive Director
Local Agent (Company Secretary)	cdPlus Corporate Services Pty Ltd
Registered Office	c/- Coghlan Duffy & Co Lawyers Level 42 Rialto South Tower 525 Collins Street Melbourne, Victoria 3000 Tel: +61 3 9614 2444
Domicile and Country of Incorporation	A foreign company registered in its original jurisdiction of Israel as Splitit Ltd
Website	www.splitit.com
Australian Registered Business Number	ARBN 629 557 982
Principal place of business	5901 Peachtree Dunwoody Road, Suite C-480 Atlanta, Georgia, 30328 USA
Share Registry	Automic Registry Services Level 3, 50 Holt Street Surry Hills, NSW 2010 Tel: 1300 288 664 or +61 2 9698 5414 (International telephone)
Auditor	Ernst & Young 8 Exhibition Street, Melbourne VIC 3000 Australia
Legal (Israel)	Herzog Fox & Neeman Yitzhak Sadeh St 6, Tel Aviv-Yafo, Israel 6777506 Tel: +972 3 6922020
Securities Exchange Listing	Splitit shares are listed on the Australian Securities Exchange (ASX: SPT) Splitit has a Level 1 American Depository Receipt (ADR) facility trading in the Over-The-Counter (OTC) market in the United States and is managed by The Bank of New York Mellon (ADR Code: SPTTY)

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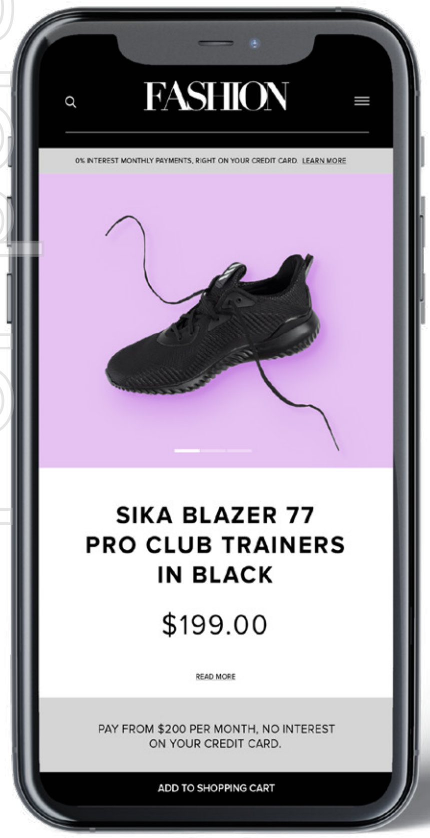
Directors' report

1. Board of Directors

The Directors of the Company at any time during or since the end of the Period are as follows.

Name	Position
Dawn Robertson	Non-Executive Director & Chair of the Board
Thierry Denis	Non-Executive External Director Chair of the Remuneration and Nomination Committee
Jan Koelble	Non-Executive Director Chair of the Audit, Risk and Governance Committee Member of the Remuneration and Nomination Committee
Vanessa LeFebvre	Non-Executive External Director Member of the Remuneration and Nomination Committee
Scott Mahoney	Non-Executive External Director Member of the Audit, Risk and Governance Committee
Nandan Sheth	CEO & Managing Director
Dan Charron	Non-Executive Director Member of the Audit, Risk and Governance Committee



2. Principal activities

Splitit is the only global white-label payment solution provider that enables customers to pay by instalments using their existing credit on their payment card at checkout.

Splitit powers the next generation of Buy Now, Pay Later (BNPL) through its merchant-branded Instalments-as-a-Service platform. It solves the challenges businesses face with legacy BNPL while unlocking BNPL at the point of sale for card networks, issuers and acquirers, all through a single network API.

Splitit's Instalments-as-a-Service platform mitigates issues with legacy BNPL like the declining conversion funnel, clutter at the checkout and a lack of control of the merchant's customer experience, putting the power back in the hands of merchants to nurture and retain customers, drive conversion and increase average order value. Its white-label BNPL is the easiest instalment option for merchants to adopt, integrate and operate while delivering an uncluttered, simplified experience embedded into their existing purchase flow. With no applications, redirects or new loans, Splitit is one of the most responsible instalment payment options for customers.

Headquartered in Atlanta, Splitit has an R&D centre in Israel and offices in London and Australia. Splitit is listed on the Australian Securities Exchange (ASX) under ticker code SPT and trades on the US OTCQB under ticker SPTTY (ADRs) and STTTF (ordinary shares).

3. Review of operations

Splitit performed strongly in the first half of the financial year 2023, driven by its mission to become the infrastructure layer of the buy now, pay later (BNPL) industry. Merchant Sales Volume (MSV) grew 27% and revenue was up 15%, compared to the same period last year.

Operationally, Splitit had a strong focus on and made excellent progress against its refreshed strategy to scale through partnerships, while managing its costs and continually delivering product innovation. Splitit is confident it will continue to grow its MSV base in the second half of the financial year based on its robust pipeline of merchants and partners.

Under the refreshed strategy, Splitit has delivered a multitude of new merchants and partnerships during the half, including with Ingenico, Visa, APPS, Alipay and SAP.

- The Ingenico partnership aims to pioneer a groundbreaking one-touch instalment solution that will be seamlessly integrated into physical point-of-sale terminals.
- After entering an agreement in H1, in the second half of 2023, Splitit will launch a low-friction instalment solution that jointly delivers a single user experience for Visa Instalments and the Splitit product. This is a significant development with the potential for Splitit to become the merchants' orchestration layer for Visa Instalments and its 3000+ issuers.
- Expanding Splitit's reach has been a key focus during H1 2023 and the Company's recent agreement with Alipay is attributed to the joint efforts of our partner Checkout.com. The new 'Pay After Delivery' service with AliExpress has gained significant traction in over five major regions, and Splitit anticipates doubling monthly AliExpress volumes before the year-end. Further product innovation came through the successful launch of its no-code plugin with SAP Commerce Cloud, showcasing the power of Splitit's white-label platform. The launch of Splitit's white-label solutions for Shopify, WooCommerce, BigCommerce, Magento, and SAP Commerce Cloud further strengthens our product and platform offerings.

The Company's new developer site makes onboarding even smoother for merchants, ensuring seamless integration with Splitit. The acceptance of Splitit's white-label technology by such high-calibre names in eCommerce and payments is a validation of our unique positioning in the market.

Splitit is confident its strategy for growth and profitability is on the right track and that the right team is in place to execute it.

Key Half Year Performance Metrics[1]

Splitit delivered a solid half year of results across its key operational metrics

Table 1: Half Year FY23 Performance Metrics

Operating Metrics	H1 FY23	YoY Comparison to H1 2022
Merchant Sales Volume (MSV)[2]	**US$248M**	**+27%** (US$195M)
Revenue (IFRS)[3]	**US$5.9M**	**+15%** (US$5.1M)
Net Transaction Margin % (NTM %)[4]	**1%**	**-0.4% (absolute)** (1.4%)
Operating Expenses (Non-IFRS)[5]	**US$9.4M**	**-14%** (US$10.9M)

[1] Throughout this report, certain non-IFRS information, such as Merchant Sales Volume (MSV) and Net Transaction Margin (NTM) are used. Such information is used to assist readers to better understand the financial performance of the Group in each financial period. Non-IFRS information is not reviewed.

[2] Underlying MSV for successful transactions

[3] Revenue recognised in accordance with International Financial Reporting Standards (IFRS), reflective of IFRS 9 Effective Interest Rate (EIR) adjustment

[4] NTM(%)= NTM ($) / MSV invoiced to merchants during the period.

NTM ($) = Revenue (IFRS) – variable transaction costs (finance costs directly associated with receivables funding, third party revenue share, processing costs) - Bad Debts (transaction losses)

[5] Operating expenses exclusive of non-cash items (share-based payments, warrant expense, unrealised foreign exchange gains/losses, depreciation and amortisation, amortisation of deferred debt costs, fair value gain/loss on derivatives), and exclusive of one-off costs associated with the settlement of a customer dispute as disclosed in note 15

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H1 FY23 Performance

MSV for the half grew 27% to US$248M, reflecting strong volume and growth from Splitit's existing and new merchants. Revenue (IFRS) for the period also increased 15%, to US$5.9M.

While Splitit's Net Transaction Margin fell -0.4%, to 1%, this was largely driven by merchant mix with a higher weighting towards the non-funded product in Q1. Further mix shift in Q2 saw transaction margins increase accordingly. Splitit remains confident in its strong NTM outlook as the merchant portfolio continues to diversify and grow.

Operating expenses (Non-IFRS) for the period were US$9.4M, a 14% reduction YoY as Splitit maintained its focus on costs and continued to prioritise its pathway to profitability.

Statutory to Management Profit & Loss Reconciliation

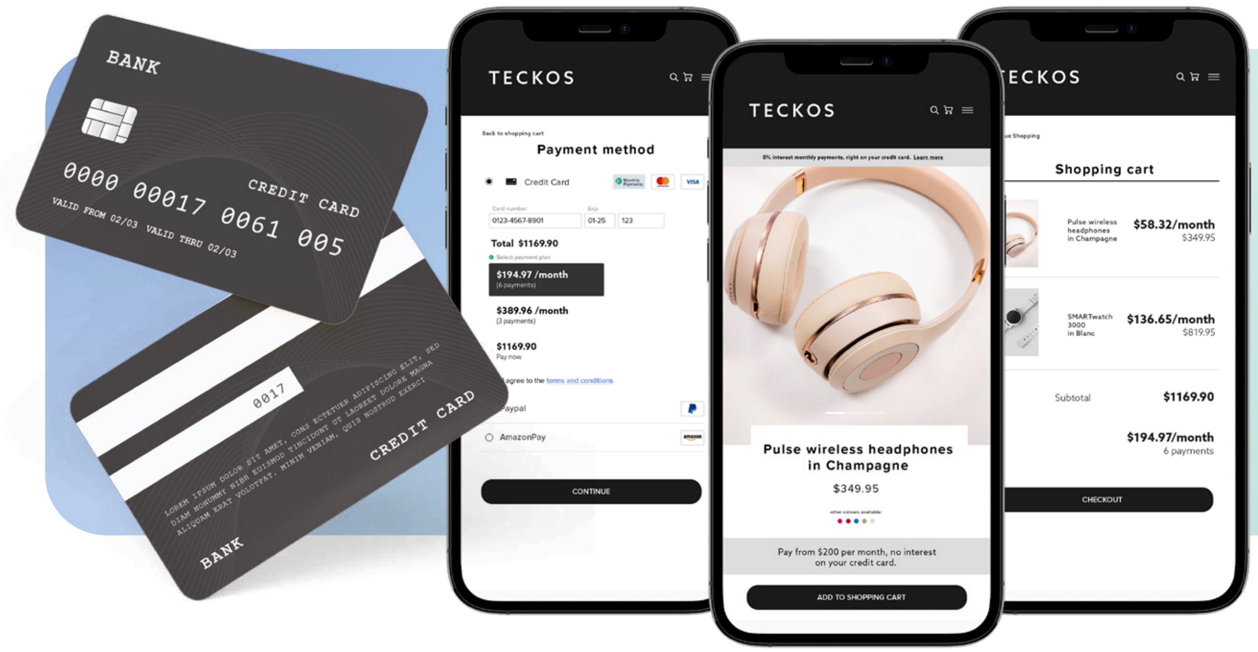
	30-JUN-23 US$'000	30-JUN-22 US$'000	
Portfolio income	4,215	3,734	
Transaction revenue	1,541	1,368	
Other income	114	18	
Total income	**5,870**	**5,120**	A
Cost of Sales	(640)	(592)	B
Gross Profit	**5,230**	**4,528**	
Depreciation and amortisation expenses	(151)	(38)	C
Employment expenses	(5,735)	(6,216)	D
Other operating expenses	(6,438)	(5,406)	E
Impairment expenses	(365)	(379)	F
Share based payment expenses	(1,962)	(931)	G
Total expenses	**(14,651)**	**(12,970)**	
Operating loss	**(9,421)**	**(8,442)**	
Finance income	99	17	H
Warrant expenses	(687)	(408)	I
Interest and other finance costs	(3,497)	(3,408)	J
Finance costs	(4,184)	(3,816)	
Gain / (loss) on revaluation of derivatives	**1,047**		K
Loss for the year	**(12,459)**	**(12,241)**	L

Management Profit & Loss - EBITDA Reconciliation

	30-JUN-23 US$'000	30-JUN-22 US$'000	
Merchant Sales Volume	247,950	194,814	
MSV Invoiced in period	241,307	170,115	
Revenue (Non IFRS)	5,850	4,794	
IFRS Revenue Recognition Adjustment	20	326	
Revenue (IFRS)	**5,870**	**5,120**	A
NTM Finance Costs	(2,486)	(1,702)	Included within J
Other variable transaction costs	(640)	(592)	B
Impairment Expenses	(365)	(379)	F
Total NTM Costs	(3,491)	(2,674)	
Net Transaction Margin $ (NTM $)	**2,379**	**2,446**	
NTM %	**0.99%**	**1.44%**	
Operating expenditure (Non IFRS)	(9,368)	(10,915)	Included within D & E
EBITDA (Non IFRS)	**(6,988)**	**(8,469)**	

Reconciliation to statutory loss for the year

	30-JUN-23 US$'000	30-JUN-22 US$'000	
Finance Income	99	17	H
Other Cash related Finance Costs	(561)	(1,277)	Included within J
One off costs related to the agreed future cash settlement of a customer dispute	(2,000)		Included within E
Non Cash Items			
Depreciation and amortisation expense	(151)	(38)	C
Warrant Expenses	(687)	(408)	I
IFRS16 Lease Finance Expense	(20)		Included within J
Amortisation of deferred debt costs	(433)	(428)	Included within J
Share based payment expenses	(1,962)	(931)	G
Gain / (loss) on revaluation of derivatives	1,047		K
Net Foreign currency gains / (losses)	(805)	(707)	Included within E
IFRS Loss before tax	**(12,459)**	**(12,241)**	L



Product & Platform

White-label Developments

During the half, Splitit made progress in advancing its innovative white-label Instalments-as-a-Service platform. The Company introduced upgraded versions of FlexFields, the Payment Form, and On-Site messaging as part of its white-label offerings. Additionally, a white-label option for the shopper email system was launched. These improvements empower merchants to have full control over their customer journey and data, while simplifying the checkout process by eliminating multiple payment logos. As a result, merchants can expect the highest return on investment (ROI) in the industry by leveraging these enhancements.

Splitit's white-label plugins are now available for Shopify, WooCommerce, BigCommerce, Magento and SAP Commerce Cloud.

Pay-On-Delivery

This half year in partnership with Checkout.com, Splitit launched the first card-based embedded 'Pay on Delivery' service. This innovative service allows customers to conveniently pay for their purchases after receiving them. By leveraging Splitit's adaptable technology and Checkout.com's payment-acquiring expertise, shoppers can utilise their current credit cards for post-delivery payments. AliExpress, a renowned global eCommerce platform, became the pioneer merchant to implement this service in Germany, Spain, Australia, and the UK in H1 2023 with plans to extend into other international markets throughout the rest of the year.

SAP

During the period Splitit's white-label plugin became available in the SAP® Store, simplifying the integration process for prominent enterprise merchants dealing with sophisticated B2B, B2C, and B2B2C scenarios. This enhancement expedites the adoption of our Instalments-as-a-Service by SAP's customers. SAP Commerce Cloud is employed by some of the most prominent eCommerce entities globally, catering to merchants with intricate catalogues, products, and configurations to deliver hyper-personalised omnichannel experiences. For these merchants, Splitit offers an uncomplicated solution with minimal technical complexity.

SplititExpress

Splitit launched a new, fast payment experience for its white-label solution, called SplititExpress. It seamlessly enables checkout in under 2-seconds and also supports instalment payments via GPay and ApplePay.

New Developers' Site

A new developers' site was also launched by Splitit during the half year, featuring an enhanced user experience (UX) that significantly improves the navigation and accessibility of vital white-label and API documentation. This update further streamlines the onboarding process for merchants, making it much easier for them to get started and integrate with Splitit's services.

Merchant Payments System

Splitit announced the launch of our new payment system to streamline and further enhance the merchant payment process. The new payment system is built on cutting-edge architecture designed to handle large volumes of data efficiently, whilst also ensuring secure data transfer and processing.

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Key Merchants & Partnerships

AliExpress

In January 2023, Splitit and Alipay partnered to develop the 'Pay After Delivery' option for AliExpress customers. AliExpress is a global eCommerce platform owned by the Alibaba Group. The service utilises Checkout.com's payment-acquiring capabilities and was initially launched in Germany and Spain.

Splitit and Alipay have since expanded their partnership into Australia and the UK. Additional regions and product expansions will continue to be launched in the coming months. Volume is already accelerating well via the partnership. June AliExpress MSV was 14 times the recorded March MSV and Splitit expects to further double AliExpress monthly volumes before the end of 2023.

Ingenico

During the period, Splitit announced a new partnership with Ingenico, a global leader in payments acceptance solutions. This partnership aims to pioneer a ground breaking one-touch instalment solution that will be seamlessly integrated into physical point-of-sale (POS) terminals. By integrating Splitit's white-label Instalment-as-a-Service solution into Ingenico's cloud-based Payments-Platform-as-a-Service (PPaaS), they will introduce the first one-touch, pay-later functionality on POS terminals. Deployment is expected this year, initially in the UK market, followed by expansion to global markets including the US, Canada & Europe.

APPS

Splitit and Atlantic-Pacific Processing Systems NV, Corp. (APPS), signed a partnership agreement to integrate Splitit into its processing platform and enable Splitit APIs via its front end. This offers its network of ISOs, ISVs and merchants a seamless, simplified way to adopt card-based instalments. APPS provides payment solutions to over 150,000 merchants, and is enabled for payment acceptance in over 60 countries and currencies.[1]

APPS will also add Splitit into Olympus, its proprietary back-end Authorization and Settlement platform, which will launch in the second half of 2023. Olympus will support several industry front-ends and allow for advanced interchange and settlement reporting, data optimisation, data analytics, directed funding, and merchant management tools. It will also be added to many other features currently missing from today's ISO, ISV and Payment Facilitation Programs.

Visa

In May, Splitit announced a new, exciting two-year collaboration with Visa aimed at piloting an enhanced instalment solution. This innovative offering aims to optimise the consumer experience by merging Splitit's Instalments-as-a-Service solution with Visa Instalments (VIS), a suite of solutions available to issuers, acquirers, and merchants.

The integration work has already commenced, aiming to embed Visa Instalments seamlessly within Splitit's existing API, providing consumers with a fully integrated and universal experience. This combination empowers merchants to offer a widely accepted card-attached instalment solution, seamlessly integrated into their existing credit card processes. The solution will be accessible through participating acquirers.

An initial pilot of the solution is expected to be launched by Splitit and Visa in the second half of 2023 to a select region.

Rapyd

During the half, Splitit partnered with payments platform, Rapyd, to offer Splitit's white-label Instalments-as-a-Service solution to Rapyd's global network of merchants and marketplaces.

Rapyd also enables Splitit's merchants to accept payments from over 100 countries and send payout to over 190 countries, as well as accept over 50 local e-wallets and accept more payment methods including bank transfers and redirects, cards, e-Wallets, cash and Virtual Accounts.

Outlook

Splitit's outlook for growth and profitability remains strong. The continuous addition of new large merchants and strategic partnerships is significantly contributing to the Merchant Sales Volume, which is expected to lead to continued year-over-year top-line growth, especially in the second half of the year as more partnerships and merchants expand their operations. Splitit will also continue to focus on sustaining its net transaction margin and maintaining our disciplined, low cost base.

[1] https://www.approcessing.com/

4. Financial results

The financial results of the Company for the half-year ended 30 June 2023 are:

	30-JUN-23 US$'000	30-JUN-22 US$'000	Increased/ (Decrease)
Total income	5,870	5,120	15%
Net loss after tax	(12,461)	(12,254)	2%
Loss per share (dollars)	(0.023)	(0.026)	(11%)

5. Rounding of amounts

The amounts in the Directors' Report have been presented in US dollars, and rounded off to the nearest one thousand dollars ($000), unless stated otherwise.

Signed on 25 August 2023 in accordance with a resolution of Directors.

Nandan Sheth
CEO & Managing Director

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Consolidated statement of profit or loss and other comprehensive income

For the half-year ended 30 June 2023

	Note	30-Jun-2023 US$'000	30-Jun-2022 US$'000
Portfolio income	3	4,215	3,734
Transaction revenue	3	1,541	1,368
Other income		114	18
Total income		**5,870**	**5,120**
Cost of sales	4	(640)	(592)
Gross profit		**5,230**	**4,528**
Depreciation and amortisation expenses		(151)	(38)
Employment expenses	5a	(5,735)	(6,216)
Operating expenses	5b	(6,438)	(5,406)
Impairment expenses	8	(365)	(379)
Share based payment expenses	12c	(1,962)	(931)
Total expenses		**(14,651)**	**(12,970)**
Operating loss		**(9,421)**	**(8,442)**
Finance income		99	17
Warrant expenses		(687)	(408)
Interest and other finance costs		(3,497)	(3,408)
Finance costs	10b	**(4,184)**	**(3,816)**
Gain/(loss) on revaluation of derivatives	13	1,047	–
Loss for the period		**(12,459)**	**(12,241)**
Income tax expense		(2)	(13)
Loss for the period		**(12,461)**	**(12,254)**
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		(415)	(782)
Total comprehensive loss for the period		**(12,875)**	**(13,036)**
Loss per share			
Basic and diluted loss per share (dollars)	6	(0.023)	(0.026)

The above consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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Consolidated statement of financial position

As at 30 June 2023

	Note	30-Jun-2023 US$'000	31-Dec-2022 US$'000
Current assets			
Cash and cash equivalents	7	13,773	29,799
Receivables	8	64,867	71,114
Other financial assets		401	200
Other current assets		1,338	1,017
Total current assets		**80,378**	**102,130**
Non-current assets			
Receivables	8	396	1,045
Property, plant and equipment		77	92
Right-of-use assets		284	419
Total non-current assets		**757**	**1,556**
Total assets		**81,135**	**103,686**
Current liabilities			
Trade and other payables	9	5,616	2,907
Employee benefit provision		638	524
Lease liabilities		288	282
Derivatives	13	342	1,389
Deferred revenue		163	–
Total current liabilities		**7,047**	**5,102**
Non-current liabilities			
Interest bearing liabilities and borrowings	10a	57,477	71,917
Lease liabilities		35	179
Deferred revenue		113	–
Total non-current liabilities		**57,625**	**72,096**
Total liabilities		**64,672**	**77,198**
Net assets		**16,463**	**26,488**
Equity			
Issued capital	11	132,059	131,565
Accumulated losses		(137,420)	(124,960)
Reserves		21,824	19,883
Total equity		**16,463**	**26,488**

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 30 June 2023

	Issued capital US$'000	Reserves US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2023	**131,565**	**19,883**	**(124,960)**	**26,488**
Issue of shares -capital raising	498	–	–	498
Capital raising cost (net of tax)	(4)	–	–	(4)
Share options exercised (net of tax)	–	–	–	–
Shared based payments & warrants	–	1,640	–	1,640
Foreign currency translation reserve	–	301	–	301
Loss for the period	–	–	(12,461)	(12,461)
Balance at 30 June 2023	**132,059**	**21,824**	**(137,420)**	**16,463**

	Issued capital US$'000	Reserves US$'000	Accumulated losses US$'000	Total US$'000
At 1 January 2022	**126,091**	**15,443**	**(102,346)**	**39,188**
Share options exercised (net of tax)	104	–	–	104
Share based payments & warrants	–	1,317	–	1,317
Foreign currency translation reserve	–	(849)	–	(849)
Loss for the period	–	–	(12,254)	(12,254)
Balance at 30 June 2022	**126,195**	**15,911**	**(114,600)**	**27,506**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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Consolidated statement of cash flows

For the half-year ended 30 June 2023

	Note	30-Jun-2023 US$'000	30-Jun-2022 US$'000
Loss after income tax		**(12,461)**	**(12,254)**
Adjustments to reconcile to net cash flow from operating activities:			
Share based payments		1,962	931
Depreciation and amortisation		151	38
Unrealised foreign exchange (gain) / loss		805	707
Warrant expenses		687	408
Interest and other finance costs		3,497	3,408
Expected credit loss provision movement		(23)	(1,589)
(Gain)/loss on derivatives		(1,047)	–
Net (increase)/decrease in operating assets			
Receivables		5,340	15,721
Other current assets		(234)	(149)
Right-of-use assets		135	
Net increase/(decrease) in operating liabilities			
Trade payables		2,344	(834)
Other current liabilities		113	(101)
Lease liabilities		(138)	–
Deferred revenue		275	–
Total adjustments		**13,867**	**18,540**
Net cash inflows / (outflows) from operating activities		**1,406**	**6,286**
Cash flows from investing activities			
Payments for plant and equipment		(14)	(2)
Net cash inflows / (outflows) from investing activities		**(14)**	**(2)**
Cash flows from financing activities			
Proceeds from issue of shares		498	–
Costs of share issues		(4)	–
Proceeds from exercise of share options		–	104
Proceeds from borrowings		15,102	896
Repayment of borrowings		(28,763)	–
Transaction costs related to loans and borrowings		(330)	–
Interest paid		(2,925)	(2,665)
Goldman Sachs minimum utilistion fees		(250)	(1,147)
Payments to / (from) restricted cash		(201)	–
Net cash inflows / (outflows) from financing activities		**(16,873)**	**(2,812)**
Net increase/(decrease) in cash and cash equivalents		**(15,481)**	**3,472**
Effects of exchange rate changes on cash and cash equivalents		(545)	(1,518)
Cash and cash equivalents at beginning of the period		29,799	28,933
Cash and cash equivalents at end of the period	7	**13,773**	**30,887**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Description of business and general

Splitit Payments Limited ("the Company") and its controlled entities (collectively, "the Group"), is a for-profit company incorporated in Israel and listed on the Australian Securities Exchange (ASX).

2. Basis of preparation

The consolidated financial statements of the Group for the six months ended 30 June 2023 (the Interim financial report):

- has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and other mandatory professional reporting requirements;
- does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements arising under the ASX listing rules;
- is presented in US dollars ($), which is the Company's functional and presentation currency (unless otherwise stated) and rounded to the nearest one thousand dollars ($000);
- has been prepared in accordance with the historical cost convention, except for certain financial assets and liabilities, which have been recognised at fair value; and
- was authorised for issue by the Board of Directors on 25 August 2023. The Directors have the power to amend and reissue the Financial Report.

The presentation of certain items has also been adjusted as necessary to provide more meaningful information in the context of the Group. Where the presentation or classification of items in the Financial report is amended, comparative amounts are also reclassified unless it is impractical.

Going concern

As at 30 June 2023 the Group had $16.463 million of consolidated net assets, incurred a loss after tax of $12.461 million and had net cash inflows from operations of $1.406 million for the period ended 30 June 2023.

As at 30 June 2023 the Group had $13.773 million of cash and cash equivalents and current receivables of $64.867 million, plus $89.819 million undrawn in relation to the Goldman Sachs revolving credit facility. Of the $13.773 million of cash and cash equivalents on hand at period end, $2.75million can only be utilised for merchant funding, or be repaid to Goldman Sachs, resulting in $11.023 million available for use in other operations.

The Group monitors its cash needs to ensure it has sufficient funding to support the business's growth forecasts. The Group signed agreement amendments with Goldman Sachs on 29 December 2022 to further expand the receivables eligibility criteria of the facility, and therefore reduce the cash outflow requirements of forecast receivables origination, which has improved the 2023 ratio of merchant funding that is funded directly by Splitit rather than via the Goldman Sachs facility. Furthermore, the Group remains in a growth phase and believes that external equity and/or additional debt funding will be required to support the Group's growth aspirations, and ensure that all associated credit facility covenants, including maintaining both a minimum unencumbered cash balance of $10 million and a minimum Tangible Net Worth of at least $22.5 million at all times, remain in compliance. In addition, the credit facility covenants may be renegotiated with Goldman Sachs as required, and on 26 May 2023 an amendment was agreed to provide a further temporary waiver to reduce the net tangible assets covenant to $13 million and reduce the minimum liquidity covenant to $5 million until the earlier of 1 September 2023, or a capital event related to a specific (Goldman Sachs approved) strategic investment in Splitit that is pending shareholder approval (see below for further details).

Subsequent to reporting date, in July 2023 Splitit announced $10 million of convertible note financing with its two largest shareholders. The first $2.8 million was received immediately, with the remaining $7.2 million subject to shareholder approval at an Extraordinary General Meeting to be held on 4 September 2023. Furthermore, in August 2023 the group announced a $50 million strategic investment from Motive Capital, a specialist fintech private equity firm, subject to shareholder approval at an Extraordinary General Meeting to be held around late October to early November 2023. Both subsequent events are detailed further in Note 15.

The Group remains confident that it will continue to be successful in sourcing sufficient debt and/or equity funding in the future, including the required shareholder approvals of both the $10 million convertible note financing, and $50 million strategic investment. Accordingly, the Directors believe the going concern basis in which the financial report is prepared is appropriate. At the date of signing this report, without shareholder approval of both the $10 million convertible note and $50 million strategic investment, the Group is forecast to breach the NTA and minimum liquidity covenant during the 2023 financial year, assuming covenants return to their original levels in September 2023.

Should the Group not be able to continue as a going concern due to non-compliance with one or both credit facility covenants, the lender may decide to accelerate the maturity date of the facility and enforce control rights over the eligible receivables secured under the debt. The financial report does not include any adjustments relating to the recoverability and classification of recorded assets amounts or liabilities that might be necessary should the entity not continue as a going concern due to a credit facility covenant breach.

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Changes in accounting policies & Impact of new and amended accounting standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the interim financial report of the Group.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful. This is achieved by replacing the requirement for entities to disclose their 'significant' accounting policies with requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial statements but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities. The amendments had no impact on the Group's interim condensed consolidated financial statements.

Critical accounting judgements and estimates

The preparation of the Group's interim financial report requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These are based on historical experience and other factors considered to be reasonable under the circumstances, but which are inherently uncertain, the results of which form the basis of certain assets and liabilities. Consequently, future actual results could differ from these estimates.

Further details may be found in the following notes to the financial statements:

- Note 3 Revenue recognition;
- Note 8 Receivables;
- Note 12 Share based payments; and
- Note 13 Derivative liability.

3. Segment information and Revenue recognition

The Group's reportable operating segments have been identified based on the financial information currently provided to the Chief Operating Decision Makers (CODMs). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Chief Executive Officer and the Chief Financial Officer. The Group has identified one reportable segment. The Group operates predominantly in one business segment being the provision of payment solution services. Group performance is evaluated by executive management based on operating profit or loss and is measured consistently with the information provided in these consolidated financial statements. Revenue and income can be attributed to the three geographic regions that Splitit operates in, being North America, United Kingdom & Europe and Australia, as follows:

	30-JUN-23 US$'000	30-JUN-22 US$'000
Income – North America	3,426	2,977
Income – UK & Europe	2,056	1,592
Income – Australia	254	207
Portfolio income and transaction revenue prior to IFRS 9 adjustment	**5,736**	**4,776**
IFRS 9 EIR adjustment	**20**	**326**
Other income	**114**	**18**
Total income	**5,870**	**5,120**

The Group is recognising Portfolio income in the Consolidated statement of profit or loss and comprehensive income under IFRS 9 Financial Instruments using the Effective Interest Rate (EIR) method.

Accounting policies

Portfolio income from funded plans

Portfolio income is the difference between the shopper's underlying order value processed on the company's platform and the amount paid to the merchant by the Group, also referred to as Merchant fees. The Group generally pays merchants the net amount of the order value less the merchant fees, which consists of fixed and variable rates.

Portfolio income is recognised in the Consolidated Statement of Profit or Loss and Comprehensive Income using the EIR method, accreting the Merchant fees over the average period from initial payment to the merchant by the Group to the final instalment collected from the shopper's credit card to the Group. The EIR adjustment is calculated based on the estimated future cash receipts over the expected life of the financial asset. In making their judgement of the estimated future cashflows and the expected life of the customer portfolio receivable balance, the Directors have considered the historical repayment pattern of the funded receivables on a portfolio basis.

These estimates require significant judgement and will be reviewed on an ongoing basis and where required, appropriate adjustments to the recognition of Portfolio income will be made. The adjustment is referred to as unearned future income and is recorded as a reduction in the portfolio receivable balance in Note 8.

Transaction revenue from non-funded plans

The Group generates transaction revenue via transaction fees for delivery of completed transactions. When the Group successfully completes an instalment payment collection from shoppers in regard to a previous successful basic plan (non-funded) transaction between that shopper and merchant, the Group then receives a fee from the merchant. Either a fixed fee and/or a percentage of the instalment value is recognised as revenue

Revenue from instalment payments is considered a distinct service and recognised by reference to the stage of completion of a contract or contracts in progress at balance date, as required by IFRS 15 Revenue from Contracts with Customers. The Group does not have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

The Company white-label Instalments-as-a-Service product is offered under both the funded and non-funded models.

4. Cost of sales

A summary of the Group's cost of sales included within the Statement of Profit or Loss and Comprehensive Income is shown as below:

For the 6 months to:	30-JUN-23 US$'000	30-JUN-22 US$'000
Processing & bank fees	303	101
Revenue share	243	234
Other	94	257
Total cost of sales	**640**	**592**

5. Expenses

A Employment expenses

For the 6 months to:	30-JUN-23 US$'000	30-JUN-22 US$'000
Wages and salaries	4,229	4,378
Employee on-costs	1,087	1,103
Other	419	735
Total employment expenses	**5,735**	**6,216**

B Other operating expenses

For the 6 months to:	30-JUN-23 US$'000	30-JUN-22 US$'000
Consultant and contractor costs	1,105	1,726
Marketing expenses	642	974
Technology related expenses	1,447	1,199
Net Foreign currency (gains) / losses	805	707
General and administrative expenses	439	800
Provision for cash settlement with customer*	2,000	–
Total other operating expenses	**6,438**	**5,406**

* Refer to note 15 for details of agreed cash settlement with customer

6. Loss per share

	30-JUN-23 US$'000	31-DEC-22 US$'000
Loss attributable to owners of the Group for basic earnings	(12,461)	(12,254)
Weighted average number of ordinary shares for basic EPS	535,491,171	470,346,558
	Dollars	Dollars
Basic and Diluted loss per share*	**(0.023)**	**(0.026)**

*As at 30 June 2023, the Group has share-based payment options and performance rights granted to employees and key management personnel – refer to disclosure note 12. These options (17,480,676) and performance rights (56,762,256) could potentially dilute basic loss per share in the future but were not included in the calculation above due to being anti-dilutive for the financial year(s) presented.

Basic EPS amounts are calculated by dividing the net loss after income tax by the weighted average number of security outstanding by the period.

7. Cash and cash equivalents

	30-JUN-23 US$'000	31-DEC-22 US$'000
Cash at bank	13,773	29,799
Total cash and cash equivalents	**13,773**	**29,799**

Cash and cash equivalents at the end of the period includes $2.750m of pre-drawn Goldman Sachs funds which are available for receivables funding only and not for other operational activities.

Accounting policies

Cash and cash equivalents in the Consolidated Statement of Financial Position comprises cash at bank and in hand for daily receipts and settlements. Cash and cash equivalents also comprise short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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8. Receivables

	30-JUN-23 US$'000	31-DEC-22 US$'000
Portfolio receivables – face value	66,085	73,018
Portfolio receivables – unearned future income	(937)	(956)
Total portfolio receivables	**65,148**	**72,062**
Trade and other receivables	**207**	**212**
Total receivables before provision for expected credit loss	**65,355**	**72,274**
Provision for expected credit losses		
Opening balance at 1 January	(115)	(1,858)
Amounts written off	132	2,087
Remeasurement of allowance*	(109)	(344)
Closing balance at 30 June	**(92)**	**(115)**
Total receivables	**65,263**	**72,159**
Current receivables	**64,867**	**71,114**
Non-current receivables	**396**	**1,045**

*The impairment expense disclosed on the consolidated statement of profit or loss and comprehensive income includes impairment expenses of $15k (H2 2022: $207k) that do not relate to receivables. These impairment expenses relate to voluntary market retention payments to merchants for defaulted non-funded plans. Furthermore, the impairment expense also includes $241k written off in relation to unpaid fees on non-funded plans.

Splitit's business model exposes the Group to two areas of credit risk:

1. Merchant default risk, due to shopper collections that are passed to a merchant prior to being collected by Splitit
2. Shopper default risk on a limited amount of payment gateways where a secured pre-authorisation is not possible, or on legacy debit card transactions (i.e. non-secured authorisation model). Due to business decisions made on risk exposure, the Group expects that shopper default risk will be negligible. This is reflected in the current and previous reporting periods, with a material reduction in impairment expenses, compared to 2021 and prior. Internal policy and lender covenants restrict non-secured receivables to 10% of the portfolio, larger and/or higher risk merchants have been migrated to secured gateways after going live, and debit card transactions were disabled as an offering after 31 December 2020.

The Group has recognised receivable impairment expenses for the period amounting to $0.365m (H1 2022: $0.379m).

Accounting policies

The allowance for expected credit losses (ECLs) represents the difference between cash flows contractually receivable by the Group and the cash flows the Group expects to receive.

For trade and other receivables, the Group has applied the standard's simplified approach permitted under IFRS 9 Financial Instruments and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Portfolio receivables are amounts due from consumers for outstanding instalment payments from funded plans on orders processed on the Group's platform. The Group's business model is to hold the receivables with the objectives to collect contractual cash flows. Portfolio receivables are measured at amortised cost using the Effective Interest Rate (EIR) method. The Group applies the general provision approach permitted under IFRS 9 Financial Instruments to account for ECL on portfolio receivables.

The Group uses ageing of portfolio receivables as the basis for ECL measurement. At each reporting date, the Group assesses impairment risk on initial recognition of the portfolio receivables and movements in the ageing of outstanding instalment payments to estimate the ECL. Judgement is applied in measuring the Provision for expected credit losses and determining whether the risk of default has increased significantly since initial recognition of the Portfolio receivables. The Group considers both quantitative and qualitative information, including historical loss experience, internal expert risk assessment and data examination, and forward-looking information and analysis.

The Group considers forward looking adjustments, including macro-economic seasonality trends that are not captured within the base expected credit loss calculations. The inclusion of forward-looking information increases the degree of judgement required to assess effects on the Group's ECL.

IFRS 9 requires the Group to classify portfolio receivables into three stages, which measure the ECL based on credit migration between the stages. The Group has defined these stages as follows:

Stage	Ageing	Measurement basis
1	Not yet due	While the portfolio receivables are not yet due, an ECL has been determined based on a probability of a default event occurring within 12 months of the outstanding instalment balance.
2	1 to 90 days past due	There is usually no objective evidence of impairment, when a consumer has not paid by the due date, it is an indication that credit risk increased. The allowance provided for is measured at an amount equal to the lifetime ECL for Stage 2 portfolio receivables. Lifetime ECL is the expected credit losses resulting from all possible default events over the expected life of the receivables.
3	Greater than 90 days past due	When the portfolio receivable is greater than 90 days past due, there is considered to be objective evidence of impairment and the Group is entitled to retain the withholding reserve amount in the event of default. Ageing greater than 180 days is considered to have an adverse impact on the estimated future cash flows of the portfolio receivable. Similar to Stage 2, the allowance provided for is measured at an amount equal to the lifetime ECL.

Receivables are written off when the Group has no reasonable expectation of recovery. Prior period receivables are either fully written off or collected during the current reporting period. Any subsequent recoveries following write off are credited to Receivable impairment expenses within the Consolidated Statement of Profit or Loss and Comprehensive Income.

30-JUN- 2023	Stage 1 US$'000	Stage 2 US$'000	Stage 3 US$'000	Total US$'000
Portfolio receivables – face value	65,711	306	67	**66,085**
Provision for ECLs	(1)	(32)	(59)	**(92)**
Net portfolio receivables	**65,710**	**274**	**8**	**65,992**

31-DEC-22	Stage 1 US$'000	Stage 2 US$'000	Stage 3 US$'000	Total US$'000
Portfolio receivables – face value	72,774	172	72	**73,018**
Provision for ECLs	(2)	(57)	(56)	**(115)**
Net portfolio receivables	**72,772**	**115**	**16**	**72,903**

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9. Trade and other payables

Trade and other payables for goods and services provided to the Group prior to the end of the financial reporting period and that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade payables are carried at amortised cost and are not discounted due to their short-term nature. At 30 June 2023, the carrying value of payables and other financial liabilities approximated their fair value.

	30-JUN-23 US$'000	31-DEC-22 US$'000
Trade payables and accrued expenses	2,357	1,764
Accrued interest expense	606	737
Other*	2,654	406
Total trade and other payables	**5,616**	**2,907**

*Other payables contains $2.322 million in relation to a provision for settlement of a customer dispute. Refer to note 15 for further details

10. Interest bearing liabilities and borrowings

A Summary of facilities

All borrowings are initially recognised at fair value of the consideration received net of transaction costs associated with the borrowings. After initial recognition, interest bearing borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any borrowing costs and any discount or premium on settlement.

Foreign currency denominated borrowings are translated to US dollars at the applicable exchange rate at each reporting date with the gain or loss attributable to exchange rate movements recognised in the Statement of profit or loss and other comprehensive income.

Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer settlement for at least 12 months from reporting date.

	30-JUN-23 US$'000	31-DEC-22 US$'000
Non-current liabilities		
Secured loans	60,181	75,200
Deferred debt costs*	(2,704)	(3,283)
Total interest bearing liabilities and borrowings	**57,477**	**71,917**

* Deferred debt costs comprise the unamortised value of borrowing costs and warrant costs in establishment of debt facilities. These costs are deferred on the balance sheet as part of the amortised cost of the liability and amortised to finance costs in the Statement of profit or loss and other comprehensive income.

On 5 February 2021 Splitit Treasury USA LLC and Splitit Treasury Europe DAC entered into a loan agreement with Goldman Sachs Bank USA ("GS") pursuant to which GS has provided a 150,000,000 USD three-year revolving funding facility. The facility is used to fund merchant receivables at a rate of 95% of the Gross Receivable (less merchant fees), based on geographic and other eligibility criteria. Drawings under this facility incur an interest rate of 3.05% to 5.85% plus benchmark rate p.a. As at 30 June 2023, the credit facility has US$60.2million drawn.

Splitit Treasury USA LLC, a Delaware limited liability company, was formed on November 6, 2020. Splitit Treasury Europe DAC, an Irish designated activity company, was formed on November 18, 2020. Each of these entities is a special purpose entity that is consolidated for financial reporting purposes within the Group and which have been structured to be "bankruptcy remote." Splitit Treasury USA LLC and Splitit Treasury Europe DAC are separate legal entities from Splitit USA Inc., Splitit UK Ltd. and each other member of the Group. The assets of Splitit Treasury USA LLC and Splitit Treasury Europe DAC will not be available to creditors of Splitit USA Inc., Splitit UK Ltd. or any other member of the Group. Drawdown amounts under the GS facility are secured against receivables owned by Splitit Treasury USA LLC that were acquired from Splitit USA Inc., receivables owned by Splitit Treasury Europe DAC that were acquired from Splitit UK Ltd., and cash held by Splitit Treasury USA LLC and Splitit Treasury Europe DAC. None of Splitit USA Inc., Splitit UK Ltd. nor any member of the Group other than Splitit Treasury USA LLC and Splitit Treasury Europe DAC is an obligor under the GS facility. The foregoing statements in this paragraph are applicable to the Group from the date of the abovementioned companies' respective incorporations.

As of 30 June 2023, Splitit Treasury USA LLC held total assets totalling US$42.439 million and Splitit Treasury Europe DAC held assets totalling US$20.814million. These assets and liabilities are included in the accompanying consolidated balance sheets.

B Finance costs

Finance costs consist of interest, warrants expenses and other finance costs that are incurred in connection with the borrowing of funds. Finance costs are expensed to the Statement of profit or loss and other comprehensive income using the effective interest rate method.

	30-JUN-23 US$'000	30-JUN-22 US$'000
Interest & borrowing expenses	3,044	2,980
Amortisation of deferred debt costs	433	428
Warrants	687	408
Financing expenses IFRS16	20	–
Closing balance	**4,184**	**3,816**

C Changes in Interest bearing liabilities and borrowings arising from financing activities

The table below details changes in the Group's interest bearing liabilities and borrowings from financing activities, including both cash and non-cash changes.

	30-JUN-23 US$'000	31-DEC-22 US$'000
Opening balance	71,917	62,450
Cash drawdowns of borrowings	15,102	10,952
Capitalisation of cash drawdowns of borrowings	(537)	(247)
Capitalisation of deferred warrant costs	-	(769)
Foreign exchange rate adjustments in profit and loss	(1,362)	(2,157)
Repayment of borrowings	(28,763)	-
Amortisation of debt costs	433	753
Amortisation of warrant costs	687	935
Closing balance	**57,477**	**71,917**

D Defaults and covenants

At 30 June 2023, the Group has no defaults on debt obligations or breaches of lending covenants (31 December 2022: Nil). Under the terms of the Group's borrowing facilities, the Group is required to comply with lending covenants, including always maintaining a minimum unencumbered cash balance of $10 million (liquidity covenant) and a minimum net tangible assets balance of $22.5 million at all times. The 26 May 2023 amendment provided a further temporary waiver to reduce the net tangible assets covenant to $13 million and reduce the minimum liquidity covenant to US$5 million until the earlier of 1 September 2023, or a capital event related to a specific (Goldman Sachs approved) strategic investment in Splitit under negotiation.

E Fair value of interest bearing liabilities

As at 30 June 2023, the carrying amount of interest bearing liabilities and borrowings was $57.48m and approximates its fair value, after accounting for deferred debt costs.

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11. Issued capital

Ordinary shares are classified as issued capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds raised via the issue of new shares.

Information relating to employee options, including details of options issued, exercised and lapsed during the reporting period and options, performance rights outstanding at the end of the reporting period, is disclosed in Note 12 .

The number of ordinary shares issued by the Group is shown in the table below. All ordinary shares are fully paid. There was no on-market share buy-back during the financial year.

	Number	US$'000
At 1 January 2023	532,747,383	131,565
Issue of shares – capital raising	4,071,428	498
Capital raising costs (net of tax)	–	(4)
At 30 June 2023	**536,818,811**	**132,059**
At 1 January 2022	469,374,453	126,091
Issue of shares – capital raising	60,355,000	7,181
Capital raising costs (net of tax)	–	(435)
Share options exercised	2,617,930	116
Performance rights vested	400,000	–
Derivatives	–	(1,389)
At 31 December 2022	**532,747,383**	**131,565**

12. Share based payments

The Group remunerates eligible employees through its Share Incentive Plan (SIP). The plan is designed to align executives' and employee' interests with those of security holders by incentivising participants to deliver long-term shareholder returns. A summary of SIP is described as below:

SIP category	Measurement basis
Performance rights	Executives are granted performance rights to acquire the Group's securities for nil consideration. These rights vest after completion of a required service period and when certain hurdle requirements, which are set when the rights are granted, are met.
Share options	The Group's share options are granted to eligible employees for a pre-determined exercise price. Options granted under the plan are subject to a required service period.
Warrants	13 million warrants in total to Goldman Sachs Bank USA ("GS") - 6,500,001 issued (and vested) to GS with a strike price of A$0.18. - A further 2,166,667,001 warrants issued (and vested) to GS with a current strike price of A$1.30, that will be repriced in the future to A$0.18 upon the Company drawing down funds from the Facility for funding plans pursuant to the specified global merchant expansion. - A further 4,333,334 to be issued upon the Company drawing down specific amounts under the Facility with a current strike price of A$1.30, that will be repriced in the future to A$0.18 upon the Company drawing down funds from the Facility for funding plans pursuant to the specified global merchant expansion.
Director placement options	The Group's Directors were offered 2 million attaching options under the August 2022 Placement, in line with all other Placement participants. The Director placement options were issued in February 23 after shareholder approval was received. The options have an exercise price of A$0.20 and an expiry date of 30 months from the date of issue. The options are exercisable immediately after issuance.

The share based payments reserve is used to recognise the grant date fair value of share incentive plan (SIP) issued to employees and Goldman Sachs Bank. The movement in the share options, performance rights and reserve are as follows:

A The movement of share options during the period was as follows:

	30-JUN-23 Number	Weighted average exercise price ($ AUD)	31-DEC-22 Number	Weighted average exercise price ($ AUD)
Opening balance at the beginning of the year	**22,665,222**	**$0.60**	**36,547,109**	**$0.58**
Granted during the period	545,454	$0.18	8,493,636	$0.27
Exercised during the period	–		(2,699,180)	$0.08
Forfeited during the period	(5,730,000)		(19,676,343)	
Outstanding at the end of the year	**17,480,676**	**$0.61**	**22,665,222**	**$0.60**

Weighted average remaining contractual life of options as at 30 June 2023 was 2.46 years (2022:3.17 years)

B The movement in the number of performance rights during the period was as follows:

	30-JUN-23 Number	31-DEC-22 Number
Opening balance at the beginning of the year	**57,087,256**	**2,000,000**
Granted during the period	15,000	56,487,256
Exercised during the period	–	(400,000)
Forfeited during the period	(340,000)	(1,000,000)
Outstanding at the end of the year	**56,762,256**	**57,087,256**

Weighted average remaining contractual life of performance rights as at 30 June 2023 was 3.19 years (2022: 2.2 years).

C Expenses and movements relating to share based payment plans

The following table and movements were recognised within share based payment expense and reserve in relation to the SIP.

For the 6 months to:	30-JUN-23 US$'000	30-JUN-22 US$'000
Performance rights	1,217	375
Share options	271	565
Shares related to customer settlement*	322	–
Forfeited during the period	–	(9)
Director placement options	152	–
Total share based payments	**1,962**	**931**

* Refer to note 15 for further details of customer settlement

Interim financial report for the half year ended 2023 | Notes to consolidated financial statements

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13. Derivative liability

Accounting policies

The Group measures certain financial instruments such as derivative liabilities, at fair value at 30 June 2023 .

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the six months ended 30 June 2023.

August 2022 Placement

Under the Placement in August 2022, the Company agreed to issue to investors one (1) free-attaching option for every two (2) new shares subscribed for ("Placement Options"). On 5 October 2022, the Group issued 30,177,505 options exercisable at AUD$0.20 each and expiring on 5 April 2025.

Under IAS 32 Financial Instruments: Presentation, the offer of the Placement Options is treated as a derivative liability because they were denominated in a currency other than the Company's functional and presentation currency of US dollars, and accordingly the Group was not able to demonstrate that it was issuing a fixed number of shares for a fixed amount of US dollars, which is the criterion under IFRS to account for the options in shareholders equity.

However, where an entity does not meet the fixed for fixed criterion, such options could be accounted for as equity when the instruments are offered pro rata to all of its existing owners of the same class of its own non-derivative equity instruments, regardless of the denominated currency of the offered instruments. Judgement was required in determining that the investors in the placement did not constitute their own class of equity holders and not all other investors in the Company's ordinary shares were offered the same options pro-rata to their existing ordinary shareholding. Derivatives are carried at fair value and changes in fair value are recognised in the profit or loss in the period it arises.

The fair value of the placement options at initial recognition upon issuance was $1.4 million (AU$2.1 million) valued at 5 October 2022 using the Black-Scholes option valuation model. The level of the fair value hierarchy measurement of derivative liability is categorised as Level 3 (non-market observable inputs).

	30-JUN-23 US$'000
At 1 January 2023	1,389
Net (gain)/loss recognised in statement of profit or loss	(1,047)
Balance at 30 June 2023	**342**

The option derivative has been re-valued at 30 June 2023 in accordance with IFRS 9 Financial Instruments.

The key inputs used by the Black-Scholes valuation model include:

Significant inputs	Inputs	Sensitivity of the input to fair value
Splitit market Share price	AU$0.08	25% increase would result in an increase in fair value by $197K, 25% decrease would result in decrease in fair value by $163k
Volatility	90%	10% increase would result in an increase in fair value by $84K, 10% decrease would result in decrease in fair value by $83k

The revaluation resulted in a reduction in fair value of the derivative liability by $1.047m at 30 June 2023, the gain on revaluation of derivative liability was recognised in statement of profit or loss.

14. Contingencies

From time to time, the Group is subject to various claims and litigation from third parties during the ordinary course of business. The Directors have given consideration to such matters which are or may be subject to claims or litigation at the end of the period and, unless specific provisions have been made where there is a present obligation and/or probability of occurring at reporting date, are of the opinion that no material contingent liability for such claims or litigation exist.

15. Events occurring after the reporting period

Convertible Note Financing

On 26 July 2023, the Group announced that it had entered into a convertible note agreement with two of its largest shareholders, Thorney Investment Group and Perea Capital, for a total of US$10M of committed capital paying an interest rate of 8% per annum (payment-in-kind). US$7.2M of the capital (tranches 2 and 3) is subject to shareholder approval at an Extraordinary General Meeting scheduled for 5th September 2023

The committed financing is in the form of a convertible note comprised of three tranches, with each tranche to be funded equally by Thorney Investment Group and Perea Capital:

- First tranche of US$2.8M to be invested immediately in July 2023
- Second tranche of US$4.2M callable by the Company at any time prior to the six-month anniversary of the investment of the first tranche (the "Option Period")
- Third tranche of US$3M callable by the Company after the earlier of 24 October 2023 or a capital raise during the Option Period
- Various conversion terms dependent upon the occurrence of specific events prior to the 12-month anniversary of the investment, including a capital raise less than US$20 million, capital raise over US$20m, or an M&A event. Further details can be found in the ASX announcement dated 26 July 2023

Notes to consolidated financial statements Interim financial report for the half year ended 2023

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Settlement of customer dispute

Also on 26 July 2023, the Group announced that it had reached a formal resolution to an outstanding customer dispute. In exchange for a comprehensive release and indemnity, along with no admission of wrongdoing, Splitit will pay the customer the following:

- US$2M in cash, payable in four US$0.5M instalments ending on 15 June 2024
- 6 million ordinary shares of Splitit, issued on 26 July 2023

Splitit has filed a claim with its insurance provider and expects no material financial impact due to the loss of the customer.

Within the accounts for the period ended 30 June 2023 a US$2 million operating expense, and associated provision have been reflected in relation to the agreed cash settlement. Furthermore, a US$0.32 million share-based payments expense, and associated provision have been reflected in relation to the equity settlement, equating to 6 million shares at the closing 30 June share price of A$0.08 (translated to US$0.0536)

US$50 million strategic growth commitment from Motive Partners

On 14 August 2023, the Group announced that it had entered into a definitive agreement with Motive Partners for an investment of up to US$50 million. The proposed US$50 million investment is comprised of two US$25 million tranches in exchange for the issuance of new preference shares at a unit price of US$0.20.

The first US$25 million tranche will be invested immediately upon shareholder approval of the transaction, including approval for the Company voluntarily delisting from the ASX and approval (subject to consummation of closing conditions) for the future redomicile of the Company from Israel to the Cayman Islands. Splitit will hold a put option to sell a second US$25 million tranche of preferred shares at US$0.20, on the condition of achieving certain 2023 full-year financial performance milestones, as well as the completion of stated subsequent closing conditions which includes the consummation of a favourable tax ruling from the Israeli Tax Authority. The investor also holds a call option on the second tranche, to buy US$25 million of preferred shares at US$0.20 at any time up to and including 30 June 2025.

The transaction remains subject to shareholder approval at a General Meeting to be scheduled in October/November 2023. Further details of the transaction can be found in the ASX announcement dated 16 August 2023.

No other matters have arisen since the end of the year which have significantly affected or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

Directors' declaration

In accordance with a resolution of the Directors of Splitit Payments Limited, I state that: In the opinion of the Directors:

A. The financial statements and notes of the consolidated entity are:

1. Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the period ended on that date; and

2. Complying with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in note 1 section of the financial statements.

B. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

Nandan Sheth
CEO & Managing Director
25 August 2023

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Independent auditor's review report to the members of Splitit Payments Ltd

Conclusion

We have reviewed the accompanying interim financial report of Splitit Payments Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the accompanying interim financial report does not present fairly, in all material respects, the Group's financial position as at 30 June 2023 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

Material uncertainty related to going concern

We draw attention to Note 2 in the interim financial report which describes the principal conditions that raise doubt about the Group's ability to raise additional debt and/or equity funding to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Basis for conclusion

We conducted our review in accordance with ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ISRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the interim financial report

The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with IAS 34 *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial report does not present fairly, in all material respects, the Group's consolidated financial position as at 30 June 2023 and its consolidated financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young
Melbourne
25 August 2023

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