



ASX Announcement

Half Year FY19 Results for the six months to 30 June 2019

Highlights

- Strong growth across key operational performance metrics:
 - Active Merchants grew to reach 509, up 121% on PCP (H1 FY18: 230)
 - Unique Customers (shoppers) of 197,000, up 228% on PCP (H1 FY18: 60,000)
 - Total payment volume of US\$34.4M, up 134% on PCP (H1 FY18: US\$14.7M)
- Revenue from continuing operations of US\$798K, up 193% on PCP (H1 FY18: US\$272K) driven by increased merchant fees
- Gross profit of US\$721K, up 468% on PCP (H1 FY18: US\$127K)
- Strong cash position of US\$23.7M as at 30 June 2019 following the IPO in January 2019 and subsequent capital raising
- New commercial partnerships to rapidly scale merchant numbers (EFTPay in H1 FY19; GHIL and Ally Commerce in H2 FY19)

Sydney, Australia, 30 August 2019 – [Splitit Payments Ltd](#) (ASX:SPT), a leading global monthly instalment payments solution business, today announced its financial results for the half year to 30 June 2019.

Commenting on the strong result, Gil Don, Splitit's CEO and Co-Founder said, "We are seeing great momentum across the business, with strong growth in all of our key performance metrics. An increasing array of merchants are accepting Splitit as we provide a global solution from day one which offers a frictionless experience for their customers."

"Payment solution providers like EFTPay and e-commerce platforms like Ally Commerce have signed onto Splitit as they can quickly install their own Buy Now Pay Later (BNPL) solution for their customers through our technology platform. Consumers are paying via Splitit because it is simple and convenient. They can better manage their cash flow without incurring additional costs or requiring further approvals or an additional line of credit to manage."

"We are also not subject to the same responsible lending requirements as other BNPL providers because our end customers are simply utilising credit already available through their banks via their existing card accounts. So established financial services players can use our platform to provide a responsible BNPL offering to their customers. This provides a powerful combination and it is anticipated that it will allow us to rapidly scale the business globally without the need for major incremental investment in the markets we are targeting."



H1 FY19 Financial Performance

Splitit reported US\$798,000 in revenue from continuing operations for the half year ending 30 June 2019. This reflects a 193% increase compared to revenues of US\$272,000 in H1 FY18. The increase was due to strong growth in merchant fees as a result of new merchants accepting Splitit and strong growth in unique shopper numbers and transaction volumes.

Gross profit grew to US\$721,000 in H1 FY19, a 468% increase compared to US\$127,000 in H1 FY18.

As expected, research and development spend increased from US\$482K (H1 FY18) to US\$1.0M (H1 FY19) as the Company improved the end-to-end customer experience by developing additional functionalities and applications, as well as improving our platform and system integration.

Sales and marketing costs also increased as planned from US\$451K (H1 FY18) to US\$1.8M (H1 FY19) as Splitit broadened awareness of its solution and accelerated its engagement with larger scale merchants and potential strategic partners to expand its global reach.

General and administrative expenses increased from US\$700K (H1 FY18) to US\$1.9M (H1 FY19) as the Company completed its listing on the ASX and appointed key staff to execute its growth strategy.

The Company reported a net loss of US\$3.8M for H1 FY19, compared to a US\$1.2M net loss for H1 FY18.

Splitit has a strong balance sheet with US\$23.7M cash in the bank as at 30 June 2019. This follows its January 2019 initial public offering, raising AU\$12.0m, and a subsequent Placement in May 2019 and a corresponding Share Purchase Plan in June 2019, together raising AU\$30.3M.

Splitit's Differentiated Solution

Shoppers are not charged interest or late fees for their purchases and don't incur penalties if they miss an instalment, the purchase simply reverts to the terms of their credit card provider.

Importantly, Splitit is not an alternative financing solution for shoppers. By working within pre-approved limits of a shopper's existing credit card, Splitit does not create new credit facilities for shoppers as other BNPL providers do and therefore does not allow the shoppers to spend in excess of their credit limits already provided by the issuing bank of their existing credit card.



Splitit provides zero friction at the checkout because it offers instant approval, with no necessity to apply for a new credit line, no application form or credit check. This has shown to increase sales and decrease cart abandonment rates for merchants.

Splitit is the only solution that is truly global. As an enabling technology platform, large global merchants such as Ableton, as well as payment gateways, payment processors and banks can quickly implement a global solution that will work for online, in store and mobile sales straight away in any country or region where Visa and Mastercard cards are accepted.

Growth Strategy Momentum

Splitit aims to rapidly grow merchant fees by building its base of active merchants directly as well as through strategic partnerships. Direct online and retail merchant contracts are being targeted in multiple verticals such as medical, high-end fashion, sports equipment, home goods and travel & leisure and across key geographies where credit card use is prevalent including the United States, UK, Canada, Italy, Singapore, Japan, South East Asia and Australia.

During the half year, the number of active merchants on Splitit's platform grew from 230 at the end of H1 FY18, to reach 509 at the end of H1 FY19, with 129 new merchants added in H1 FY19. Splitit also increased unique customers (shoppers) from 60,000 (H1 FY18) to 197,000 (H1 FY19), a 228% increase, along with good growth in total payment volume* (sum of all volume that was processed and charged fees against in the period) from US\$14.7m (H1 FY18) to US\$34.4m (H1 FY19), a 134% increase.

In addition, key executive hires were made in both the United States and Asia Pacific to drive regional merchant and partner growth.

* Note: payment volume in the period. Not all merchant fees are charged in the period a transaction is initiated as there are ongoing fees for later payments.

Global Strategic Partnerships to Build Scale

Splitit aims to scale its business by entering strategic partnerships with eCommerce platforms, payment processors, technology services and point of sale providers, banks and large multinational corporations. They in turn provide access to up to tens of thousands of merchants as well as high value transactions. Splitit's technology is highly scalable with an efficient and lean fulfilment function. This will support rapid growth in transaction volumes without incurring significant additional operational costs.

In the first half of FY19 the Company signed a new partnership with payment solutions provider EFTPay, that will allow it to supply to merchants in Hong Kong and Macau. Early in H2 FY19 the Company signed new partnerships with payment service provider GHL, which processes payments for over 2,000 online merchants in Malaysia, Thailand, Indonesia and



the Philippines; and US eCommerce provider Ally Commerce, accessing large US enterprise merchants such as sleep and respiratory care company, Philips' Respiroics Colorado.

2H FY19 Outlook

During the first half of FY19 Splitit continued to lay strong foundations for future growth. The Company has a growing sales pipeline of more than 700 potential merchants and is in discussions with several new potential strategic partners across its target geographies.

Splitit expects to continue to deliver strong growth in unique customers and transaction volumes, which will support growth in merchant fees in H2 FY19 and beyond. The Company now has the balance sheet strength to take advantage of the opportunities in front of it.

Splitit will continue to invest in platform innovation to add product features and improve the end customer experience, as well as invest in marketing to broaden awareness of its payment solution and drive broader merchant adoption.

Investor Webinar

Splitit will be hosting a webinar for investors at 3pm (AEST) on 5 September 2019. Further details will be provided in due course.

About Splitit

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

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