



ASX Announcement

25 August 2023

Splitit Half Year Results 2023

Partnerships & white-label strategy delivers 27% MSV growth

- Strong growth in Merchant Sales Volume (MSV) to US\$248M, reflecting an increase of 27% Year on Year (YoY) compared to 1H FY22 MSV of US\$195M
- Revenue grew to US\$5.9M, increasing 15% compared to US\$5.1M in 1H FY22
- Operating Expenses reduced by 14% YoY, achieved through pivot to white-label product
- Multiple new merchants and partnerships signed, including with Ingenico, Visa, APPS, Alipay and SAP. These will mature over the next 3 to 4 quarters
- Partnerships have enabled 'Pay After Delivery' option, the first one-touch instalment solution embedded into physical POS terminals and super-fast payment experience
- Further innovation including streamlined onboarding of large enterprise merchants, SplititExpress fast payment experience and enhancements to FlexFields
- New funding of US\$10M committed in July, post period end, through convertible notes from Splitit's largest shareholders
- US\$50M strategic growth commitment from Motive Partners announced in August, post period end
- Both additional funding transactions subject to shareholder approvals at upcoming shareholder meetings

Splitit Payments Limited ("Splitit" or the "Company") (ASX:SPT, OTCQB:SPTTY), the only white-label and embedded card-attached instalment solution that allows consumers to pay overtime with their existing credit on their credit cards, reports its half year results for the six-month period ending 30 June 2023.

Splitit CEO and Managing Director, Nandan Sheth said, "We're pleased to report strong MSV growth of 27% YoY in the first half, driven by new and existing Merchants using our white-label instalment solution. As a result, we delivered 15% growth in revenue to \$5.9M, reflecting a shift in merchant mix, while continuing to focus on cost control as we work towards profitability, reducing operating expenses by 14% YoY. These results demonstrate solid underlying business momentum and give us confidence of continued growth as we look ahead to 2H FY23 and beyond.

"We are pleased to have the continued support of shareholders, including our two largest, Thorney Investment Group and Perea Capital, which committed US\$10M in new capital to Splitit post the period end. This funding provides a pathway to a significant strategic capital raise, which we announced recently in August. The US\$50M strategic growth commitment from specialist fintech private equity firm, Motive Partners, will help us accelerate the growth of our business, enabling us to continue to attract and serve large and sophisticated customers. Splitit has a promising future ahead where we continue to become the indispensable infrastructure layer in the BNPL industry."

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“Splitit signed a number of significant partnerships and merchant collaborations during the half year which have already begun to deliver results. New partnerships with major players in the eCommerce and payments landscape such as Alipay, Ingenico, SAP and APPS serve as a validation of our white-label technology strategy and its pivotal role in reshaping the BNPL sector. Our recent collaboration with Visa stands as a testament to our unique ability to unlock value for major credit card networks, delivering an optimised instalment experience, while elevating sales conversion and bolstering order sizes for our valued merchants.

1H FY23 GROWTH & 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, driven by growth in MSV. While Splitit’s Net Transaction Margin fell by 0.4%, to 1%, this was largely driven by merchant mix shift in Q1 with a higher weighting towards the non-funded product, slightly offset by higher transaction margins in Q2. Splitit remains confident in its 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.

Table: Full Year 1H23 Key Performance Metrics

Operating Metrics	1H23	YoY Comparison to 1H22
Merchant Sales Volume (MSV) (Non-IFRS) ¹²	US\$248M	+27% (US\$195M)
Revenue (IFRS) ²³	US\$5.9M	+15% (US\$5.1M)
Net Transaction Margin % (NTM %) ³⁴	1%	-0.4% (absolute) (1.4%)
Operating Expenses (Non-IFRS) ⁴⁵	US\$9.4M	-14% (US\$10.9M)

¹² Underlying MSV for successful transactions

²³ Revenue recognised in accordance with International Financial Reporting Standards (IFRS)

³⁴ 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)

⁴⁵ Operating expenses exclusive of non-cash items (share-based payments, warrant expenses, 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 customer dispute previously announced to ASX on 26 July 2023.

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Key Merchants & Partnerships

Visa

In May, Splitit announced a new two-year partnership with Visa to pilot an enhanced instalment solution. This initiative combines Splitit's Instalments-as-a-Service with Visa Instalments (VIS), benefiting issuers, acquirers and merchants. Work is underway to seamlessly integrate Visa Instalments into Splitit's existing API and user experience, creating a universally applicable model for the card-attached instalment market. Merchants can conveniently offer this solution, integrated within their credit card processes through participating acquirers. Splitit and Visa are set to launch an initial pilot in the second half of 2023, introducing this transformative instalment solution to a select region.

AliExpress

Splitit and Alipay partnered to develop the 'Pay after Delivery' option for AliExpress customers in January 2023. Following the initial launch of the service for shoppers on AliExpress in Germany and Spain, in H1 Splitit and Alipay expanded their partnership into Australia and the UK. And subsequent to period end, further expansion occurred into France, the Netherlands, Italy and the US. The 'Pay on Delivery' service harnesses Checkout.com's payment-acquiring capabilities. AliExpress is Alipay's global eCommerce marketplace owned by the Alibaba Group. Additional international regions and product expansions will continue to be launched throughout the rest of the year. The AliExpress June MSV result was 14x what was recorded in March, and Splitit expects to further double Ali monthly volumes before the end of 2023.

Ingenico

In February 2023, Splitit announced a new partnership with Ingenico, a global leader in payments acceptance solutions. Under the agreement, Splitit and Ingenico will create the first one-touch instalment solution embedded into physical POS terminals. Ingenico will integrate Splitit's white-label Instalment-as-a-Service solution within its cloud-based Payments-Platform-as-a-Service (PPaaS) to deliver the first one-touch, paylater functionality on a POS terminal. Deployment is expected in 2023, initially in the UK market, followed by expansion to global markets including the US, Canada & Europe.

APPS

During the period, Splitit and Atlantic-Pacific Processing Systems NV, Corp. ([APPS](https://www.approcessing.com/)), signed a partnership agreement to integrate Splitit into its processing platform and enable Splitit APIs via its front end to offer 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.⁵ Moreover, Splitit will be integrated into APPS's back-end platform, Olympus, launching in the second half of 2023. Olympus enhances front-ends with advanced reporting, analytics, funding, and merchant management tools, addressing industry gaps.

Rapyd

Splitit also 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.

⁵ <https://www.approcessing.com/>



Product & Platform

White-label developments

During the half Splitit unveiled and rolled out SplititExpress, a strong enhancement to its white-label solution. This innovative feature streamlines the checkout process to an impressive sub-2-second duration, while also facilitating instalment payments through GPay and ApplePay. Splitit's versatile White-label plugins have been extended to prominent platforms including Shopify, WooCommerce, BigCommerce, Magento, and SAP Commerce Cloud.

The Company also introduced upgraded versions of FlexFields, the Payment Form and On-Site messaging as part of its white-label offerings. A white-label option for the shopper email system was launched empowering merchants to have full control over their customer journey and data, while simplifying the checkout process by eliminating multiple payment logos.

SAP

Splitit's white-label plugin has been incorporated into the SAP® Store, streamlining the integration journey for sizeable enterprise merchants engaged in sophisticated B2B, B2C, and B2B2C applications. This enhancement accelerates the process of delivering Splitit's Instalments-as-a-Service to their clientele. Renowned for serving some of the globe's largest eCommerce entities, SAP Commerce Cloud caters to merchants handling intricate catalogues, products, and configurations, crafting unparalleled, individually tailored omnichannel interactions. Splitit's contribution offers a simplified solution requiring minimal technical effort, a vital element for merchants operating in this sphere.

New Developers Site

Splitit released a new developer's site, with an improved user experience, making it much easier for merchants to navigate and access key white-label and API documentation, further simplifying the onboarding process.

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.

Outlook

The ongoing integration of new major merchants and strategic alliances is a substantial driver of MSV which is expected to continue Splitit's strong growth. This trend is anticipated to fuel consistent year-over-year revenue expansion, building a strong second half as partnerships and merchant collaborations gain further traction, as Splitit works towards its goals of an end of year run rate of US\$0.7B MSV.

With a commitment to preserving net transaction margins, maintaining a disciplined, cost-effective operational structure, the Company has a pathway to achieving profitability.

Note: Unless specified otherwise, all amounts are in USD. Foreign currency amounts have been converted to USD at an average monthly exchange rate.



About Splitit

Splitit powers the next generation of Buy Now, Pay Later (BNPL) through its merchant-branded Instalments-as-a-Service platform. Splitit is solving 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 while putting the power back in the hands of merchants to nurture and retain customers, drive conversion and increase average order value. Splitit's 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. 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 also trades on the US OTCQB under ticker SPTTY (ADRs) and STTTF (ordinary shares).

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Splitit's Key Points of Differentiation	
<p>What is Splitit's Instalments-as-a-Service?</p>	<p>Splitit's Instalments-as-a-Service platform is a new way to drive BNPL through a white-label, merchant-branded experience embedded within their existing checkout flow. Unlike legacy BNPL services that originate new loans, Splitit unlocks existing consumer credit on credit cards for 0% interest* instalments. Any consumer with available credit on their credit card is automatically pre-qualified to use Splitit for the value of that available credit. There's no application, registration or redirects and no additional interest, hidden fees (credit card terms and conditions may apply) or credit checks, making it the most seamless and frictionless BNPL checkout experience for consumers online and in-store.</p> <p><i>* No interest is payable to Splitit. The cardholder may be liable to pay interest to the issuer of their payment card if the instalments are not paid in full by the due date.</i></p>
<p>Splitit is a consumer-friendly option for shoppers</p>	<p>Splitit offers a consumer-friendly solution with no new debt or credit checks, no application, no interest or late fees charged (credit card terms and conditions may apply). Splitit is the instalment offering that allows shoppers to use their issued but unused credit on major credit cards at the point of sale. It also allows shoppers to continue collecting perks like cash back, rewards and points as they would on normal credit card transactions, without any risk of damaging their credit profile.</p>
<p>Unique benefits for merchants</p>	<p>Splitit is highly integrated (shoppers don't need to leave the merchant's website), easy to Implement and offers longer and flexible loans, reducing shopper friction and driving sales conversion rates. It also offers merchants the option of a funded or non-funded model. Splitit's white-label platform delivers one-click instalments embedded into the merchant's existing checkout flow. The merchant-branded experience reduces the clutter and confusion of multiple payment logos in the checkout, ensuring brand consistency while driving loyalty and repeat purchases.</p>



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Globally scalable model, boosted by white-labelling	Splitit is fundamentally a technology business leveraging the existing global credit card payment rails. This means its branded or white-label solution can be adopted in new markets without the need for an 'on the ground' presence, delivering strong operating leverage, enhanced scalability and a cost-effective pathway to profitability.
Already subject to existing credit card regulatory framework, and allows merchant surcharging	As a technology solution that operates within the highly regulated credit card industry, Splitit has a distinct advantage over legacy BNPL providers who are under increasing global regulatory scrutiny due to their consumer financing models. In addition, mounting sector-wide pressure to allow merchant surcharging will not impact Splitit, as merchants are already allowed to surcharge in accordance with credit card rules.
Unique IP	Splitit's protected IP secures the pre-authorisation on a consumer's credit card limits consumer defaults, as the transactions are secured by the credit card issuers. This unique business model provides operating leverage at scale and a pathway to future profitability without the same associated risk.

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.

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- 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.

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