

Splitit Half Year Results 2019

Investor Presentation

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Splitit

H1 2019 ASX: SPT

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Our Goal

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To be the world's leading
card based instalment
payment solution



Our Mission

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Empowering shoppers to have better control over their money

Splitit prides itself on being the **most responsible** instalment payment solution.

We help shoppers manage their cash flow, budget for the long term, and avoid increasing their personal debt through smarter utilisation of their existing credit card limits.



What Is Splitit

■

Splitit enables merchants to offer instalment payments to credit card holders. It is the only global card agnostic instalment solution, already accepted by merchants in 27 countries.

What We Do

Splitit provides the business process and technology platform to enable merchants to offer Buy Now Pay Later instalment payments.

Consumers receive an interest and fee free instalment payment option instantly at point of sale and checkout using their existing credit card limit, without any need for further application or approvals.

Splitit's technology supports Visa, Mastercard and UnionPay card schemes, 48 global payment gateways and 8 eCommerce platforms including: Salesforce Commerce Cloud, Shopify, Magento, BigCommerce, WooCommerce and IBM.



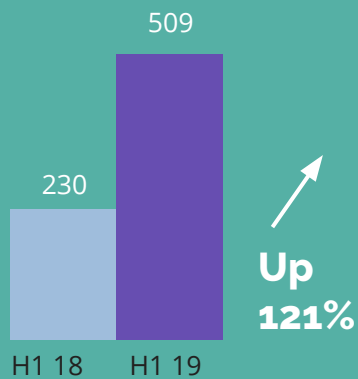
H1 2019 Key Highlights

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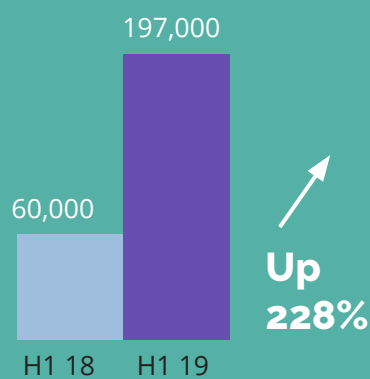
Significant growth in all key performance metrics



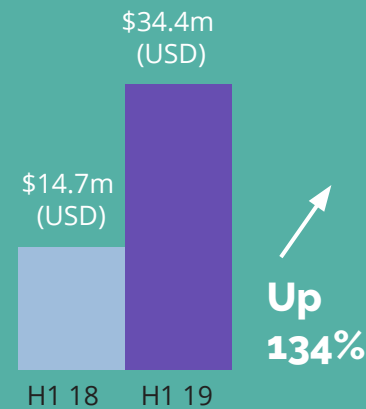
Number of
Active Merchants



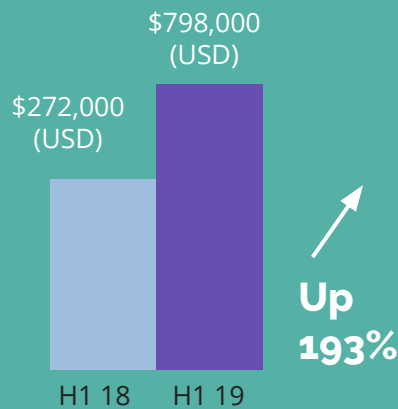
Number of
Unique Customers



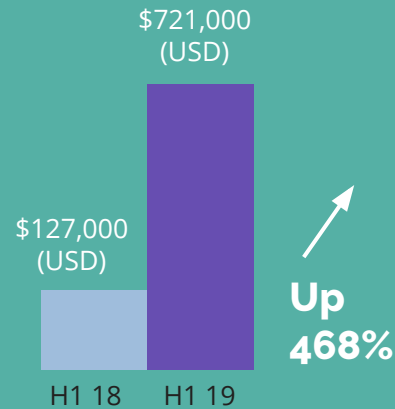
Amount of
Total Payment Volume (TPV)



Revenue from
Continuing Operations



Gross Profit



H1 2019 Key Operational & Corporate Highlights

- 1 More than **doubled** employee headcount to scale the business globally
- 2 **Key hires in US and APAC** to drive regional growth
- 3 Admission to Official List of the **Australian Securities Exchange** in January 2019
- 4 Strong balance sheet following initial public offering, raising **AU\$12m** and subsequent Placement and SPP raising **AU\$30.3m**



Our Merchants

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Added leading brands during H1 2019 including:

kogan®

fashionette
DESIGNER HANDBAGS ONLINE

NOMOS
GLASHÜTTE

|||≡ Ableton



CATTREE
THE UK LEADER IN QUALITY CATTREES ONLINE

RP-X
FITNESS



paradise
galleries
dolls & smiles

YOSHI • STORE



nordgreen
COPENHAGEN

Scandibørn

LUXURY
PROMISE

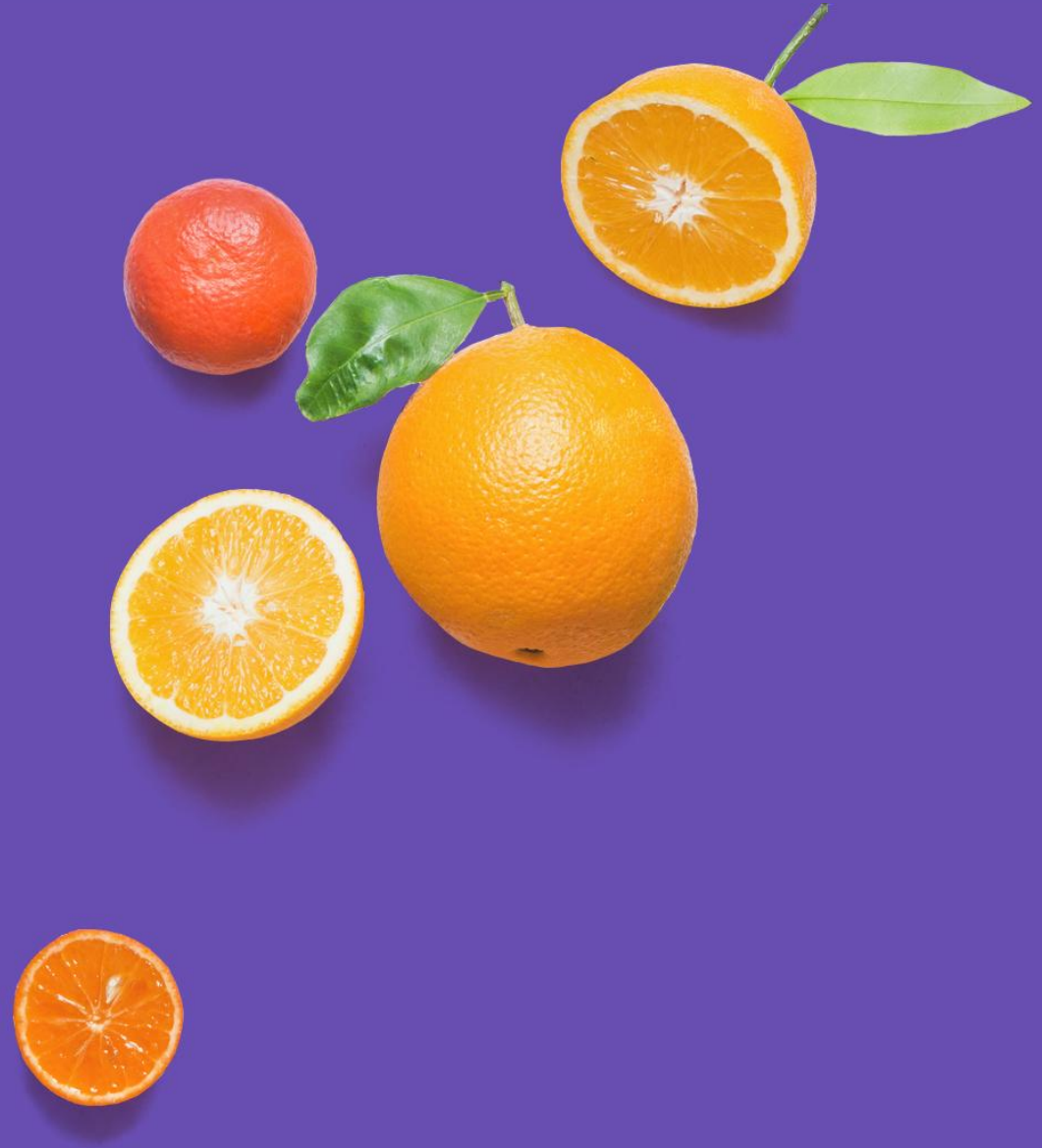
H1 2019 Key Strategic Highlights

- 1 Focusing on eCommerce in **high credit card utilisation markets**
- 2 Partnership with EFTPay in H1 2019 allows us to **scale merchant growth rapidly**
- 3 New commercial partnerships with GHL and Ally Commerce in H2 2019 are giving us **reach to additional merchants and geographies**
- 4 More than **700 potential new merchants** in sales pipeline
- 5 **Globally** available (across 27 countries)



What Makes Us Different

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Card Payment Instalments

Uses a shopper's existing credit card and pre-approved limits.

Consumers do not incur additional debt or credit risk.

Splitit



Consumer Financing

Checks against shopper's credit history and credit-worthiness.

Shoppers can incur additional debt beyond their previously available credit in order to increase their spending power.

afterpay

zip

sezzle

Bread

flexigroup

PayPal CREDIT

openpay

Klarna.

vyze

QUADPAY

affirm

divido

paybright

The Only Global Monthly Instalment Solution

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Frictionless

Instant approval, no need to apply for new credit line, no application form or credit check



0% Interest & Fees

No interest, late fees, or any fees whatsoever charged to the shopper



Global Cross Border Solution

Capture business from around the world regardless of shopper location



Monthly

Promotes responsible budgeting and preferable for higher ticket items

Consumer Benefits

■

Improved
purchasing power

Smart budgeting
mechanism to help
manage cash flow

No credit application or
account creation

No new credit checks or
impact to credit rating

Interest-free, monthly
instalments delay the
onset of credit card
interest charges

No late fees beyond
what the issuing bank
may charge

Continue to
accumulate reward
points/miles on card
purchases

47%

of online shoppers say **the availability of zero interest** is the most important consideration when choosing an instalment plan*

67%

of shoppers said they would be more likely to make bigger purchases, such as large electronics or furniture, if they are able to pay in monthly installments*

50%

consumers would be more likely to order an item online if they could try out the item before paying for it*

*Source: Splitit Consumer Survey, October 2018

Merchant Benefits

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A product geared to a broader range of transaction sizes

Increased average order value (AOV) reaching into the luxury segment

Incremental sales through improved online checkout conversion

Seamless consumer journey- keeps the shopper in the merchant checkout page

Funded or non-funded options based on cash flow preferences

Flexible payment plan optionality to meet merchant requirements

Easy integration via the plugins or state of the art API/SDK

No payment delays – instant approval

49%

of businesses are adding new payment methods based on consumer demand¹

25%

of consumers abandon eCommerce carts due to price²

Issuer Benefits

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Incremental card usage and increased average order value*

Improved customer retention by enhancing utility of credit card*

Helps to retain high value transactions that may go to alternative point of sale (POS) lenders*

Splitit's patented omni-channel architecture

Access to a multi-country technology platform with no development or integration requirements

Seamless user experience at the POS

A vehicle to compete with consumer financing solutions (credit disruptors)

*Source: Splitit Merchant Case Studies - <https://www.splitit.com/success-stories/>

Opportunity

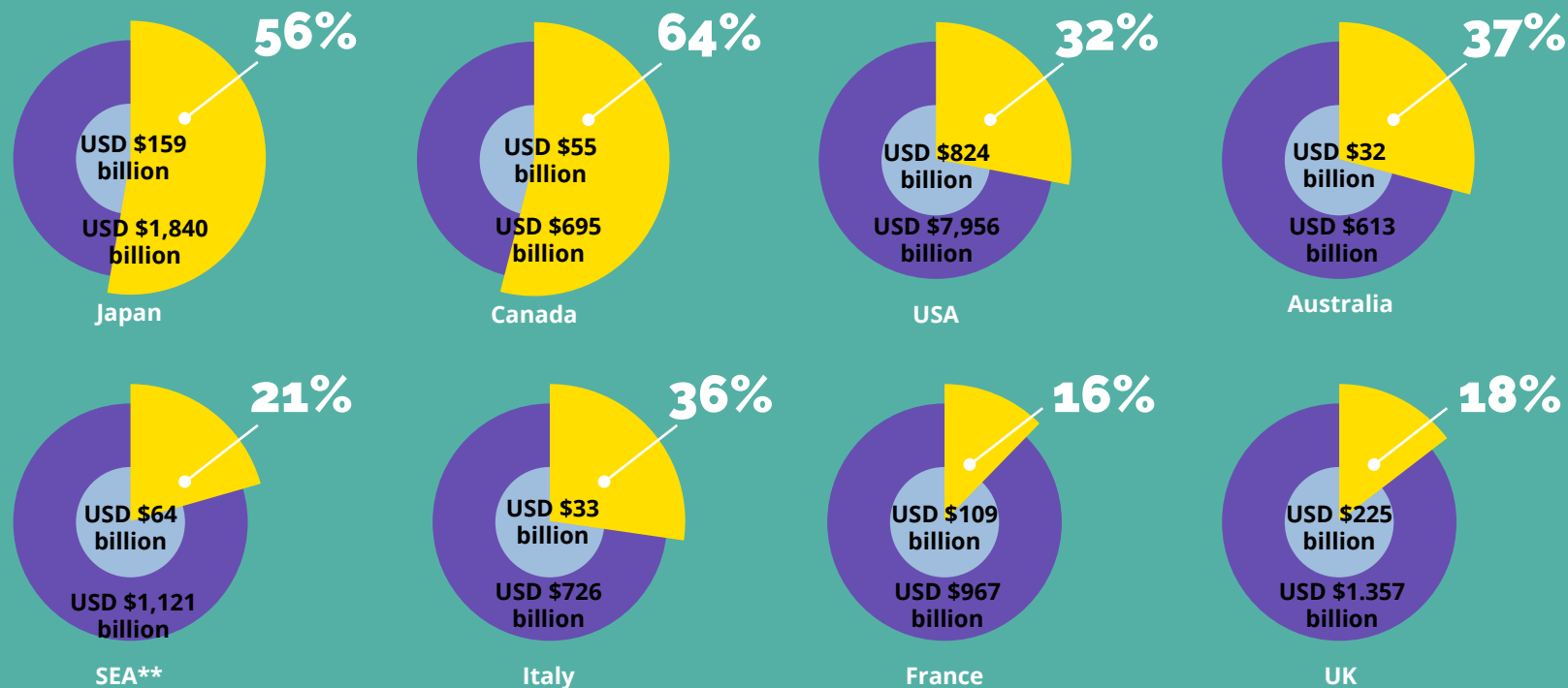
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Large Addressable Opportunity

Splitit is initially addressing a **US\$1.5 trillion eCommerce opportunity** in its target markets where credit card use is prominent*

Credit Card Usage Remains High



*Source: Global Payments Report 2018 by [Worldpay](#)

**SEA countries included: Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam

eComm
Retail
Credit Card Usage

Instalment Solutions on the Rise

Globally, instalments represented **\$1.2 trillion** in payment volume in 2017

With 15% growth year-over-year.

74%

of U.S. cardholders think instalments are **helpful for budgeting**

70%

of U.S. cardholders think instalments **alleviate the stress** of making large purchases

60%

of +25 year olds in the U.S. said that they are **interested** in point of sale financing **for large online purchases.**

Splitit's Value Proposition Spans Multiple Shopper Segments



The Student

May only have a debit card

May have a credit card with low limits

Building a credit history from scratch

Employment situation not ideal for approval decisions



The Young Professional

Likely has 2 or more credit cards

Often juggles balances across cards

Has about US\$5,000 in total credit

Has potential for increasing income



The Mature Adult

Likely has 2 or more credit cards

Likely also has other debt (auto, mortgage)

Has greater credit potential, but may not want to carry interest

Household and family needs may require higher ticket items



The Retiree

Has fixed or less flexible income and budget

Likely to be more conservative with monthly expenses

Unlikely to want to incur new debt or apply for new credit

Potentially facing other high expenses (e.g., health/wellness)

Strategy

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Direct and Partner Driven Growth Strategy

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Direct Merchant Acquisition

Focus on building active merchants in multiple key verticals, including medical, high-end fashion, sports equipment, home goods and travel and leisure.



Leveraging Partnerships

Splitit is continuing to build strong partnerships with eCommerce platforms, payment processors, technology services, point of sale providers, banks and large multinational corporations to rapidly scale.

Splitit is initially targeting eCommerce merchants, followed by retail merchants.

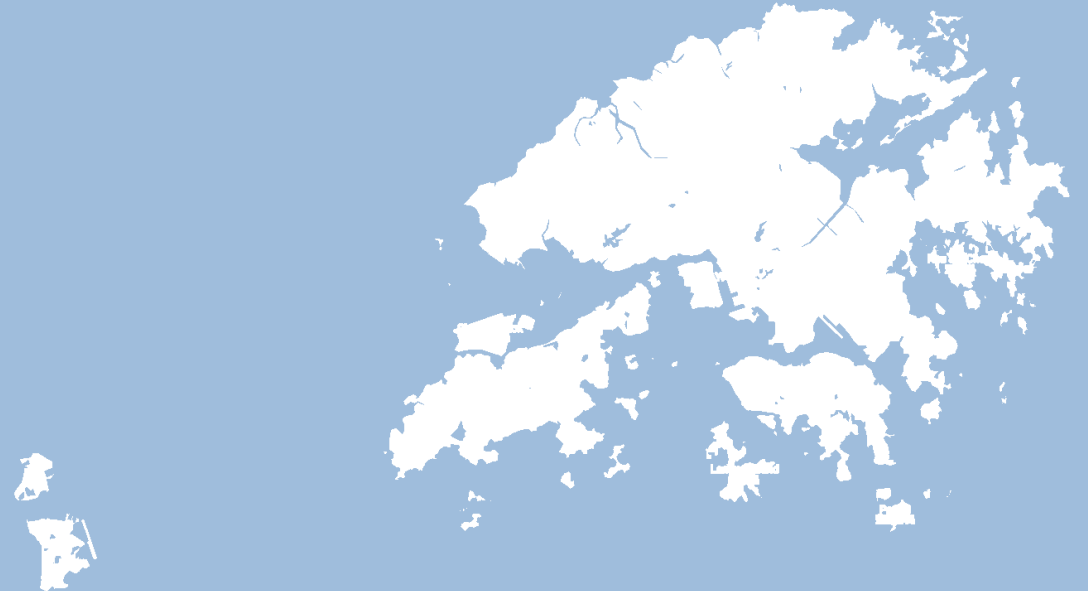
Target geographies include: **the US, UK, Canada, Italy, France, Australia, Japan and Southeast Asia**

New Partnership with EFTPay



EFTPay is the leading payment solutions provider established in Hong Kong.

Processes US\$350m per month.



Gives Splitit access to merchants in Hong Kong and Macau.

New Partnership with GHL

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eGHL is a leading payment gateway solutions provider in South East Asia that enables businesses to accept payments from customers seamlessly across Southeast Asia with just a single API integration.

eGHL is owned by GHL Systems Berhad, a leading end-to-end payment solution provider listed in the main market of Kuala Lumpur Stock Exchange, KLSE:GHLSYS (0021).



2,000 online merchants in Malaysia, Indonesia, Thailand and the Philippines will have the option to sign with Splitit from October 2019.

New Partnership with Ally Commerce

■

Ally Commerce is an Atlanta-based eCommerce as a Service solution provider.

Partnership will allow access to large enterprise merchants.

First merchant already live:

Respironics Colorado, part of the leading sleep and respiratory care company Philips Respironics, 100% owned by Philips.

Financial Overview

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Income Statement

- US\$0.79m (AU\$ 1.14m) revenue, 293% increase compared to PCP (H1 18: US\$0.27m / AU\$0.38m) driven by growth in merchant fees
- US\$0.72m (AU\$1.03m) gross profit, 550% increase compared to PCP (H1 18: US\$0.13m / AU\$0.18m)

R&D Expenses:

- Data Warehouse & Business Intelligence Abilities
- Salesforce Integration
- NetSuite Implementation

Sales and Marketing Expenses:

- Grew sales and marketing employees to over 20
- Participated in multiple trade shows in US, UK and Australia
- Developed inbound and outbound campaigns on Google, LinkedIn and other social channels
- Ongoing PR and content strategy developments

General and Administrative Expenses:

- Professional services (legal, IP, accounting and others) required by becoming a public company
- Expanded Splitit management team
- Travel expenses increased due to global team

For the six months ended June 30		
	2019	2018
	Unaudited (US\$)	
Revenues	798,257	272,310
Cost of revenue	-76,876	-144,983
Gross profit	721,381	127,327
Research and development expenses	-1,017,495	-482,447
Sales and marketing expenses	-1,839,592	-451,238
General and administrative expenses	-1,933,816	-699,664
Operating expenses	-4,790,903	-1,633,349
Net loss before financing expenses, net	-4,069,522	-1,506,022
Finance income	233,451	267,440
Loss before income taxes	-3,836,071	-1,238,582
Income taxes	-6,867	-1,210
Net loss	-3,842,938	-1,239,792
Loss per share:		
Basic and diluted	-0.016	-16.8

Balance Sheet

- US\$23.7m (AU\$33.9m) cash in bank, following initial public offering, raising AU\$12m, and by additional capital raising of AU\$30.3m
- Capacity to fund rapid growth

	June 30, 2019	2018
	Unaudited (US\$)	
Assets		
Current assets		
Cash and cash equivalents	23,702,601	309,590
Restricted cash	218,391	26,698
Trade receivables	1,548,460	1,614,369
Other current assets	881,182	1,401,791
	26,350,634	3,352,448
Non-current assets		
Long term deposit	12,585	3,635
Fixed assets, net	172,087	82,568
Right of use asset under lease	300,203	-
	484,875	86,203
Total assets	26,835,509	3,438,651
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Trade payables	591,582	1,589,609
Short term loan	-	148,164
Short term convertible loans	-	12,786,669
Operating lease liability	136,728	-
Other current liabilities	801,904	2,028,737
	1,530,214	16,553,179
Non-current liabilities		
Operating lease liability	182,876	-
	182,876	-
Commitments and contingent liabilities		
Shareholders' equity (deficiency)		
Ordinary shares	839,076	163
Preferred A shares	-	221
Additional paid-in capital	43,839,798	2,598,605
Accumulated deficit	-19,556,455	-15,713,517
Total shareholders' equity (deficiency)	25,122,419	-13,114,528
Total liabilities and Shareholders' equity (deficiency)	26,835,509	3,438,651

Cash Flow Statement

Net proceed from issuance of shares of US\$27.1m (AUD\$38.8) following initial public offering raising AU\$12m, and additional capital raising of AU\$30.3m

	For the six months ended June 30	
	2019	2018
	Unaudited (US\$)	
Cash flows - operating activities		
Loss for the period according to the Statement of Profit and Loss	-3,842,938	-1,239,792
Adjustments to reconcile cash flows provided by operating activities (Appendix A)	-1,375,180	169,216
Net cash used in operating activities	-5,218,118	-1,070,576
Cash flows - investing activities		
Long term deposit	-8,950	-
Purchase of fixed assets	-100,836	-5,343
Net cash provided by (used in) investing activities	-109,786	-5,343
Cash flows - financing activities		
Restricted cash	-191,693	25,200
Net Proceeds from issuance of shares upon IPO	27,123,401	-
Proceeds from Issue of shares of warrants	1,500,000	-
Operating lease liability payments	-66,344	
Proceeds from convertible loan	-	750,000
Net cash provided by financing activities	28,365,364	775,200
Increase (decrease) in cash and cash equivalents	23,037,460	-300,719
Exchange differences on balances of cash and cash equivalents	355,551	-
Balance of cash and cash equivalents at the beginning of the period	309,590	515,724
Balance of cash and cash equivalents at the end of the period	23,702,601	215,005

Outlook

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Strategic Roadmap

Initial focus on eCommerce markets with high credit card use, worth \$1.5 trillion in opportunity¹

- 3 Retail Sales Globally:
- Expand GTM efforts into POS in 2021
 - Build platform requirements in H2 2020

- 2 Global eCommerce:
- Expand country footprint in H2 2020

- 1 eCommerce market size in focus countries
- US, CA, AU, SEA, JP, UK, FR, IT

\$1.5
trillion¹

\$4.4
trillion²

\$27
trillion²

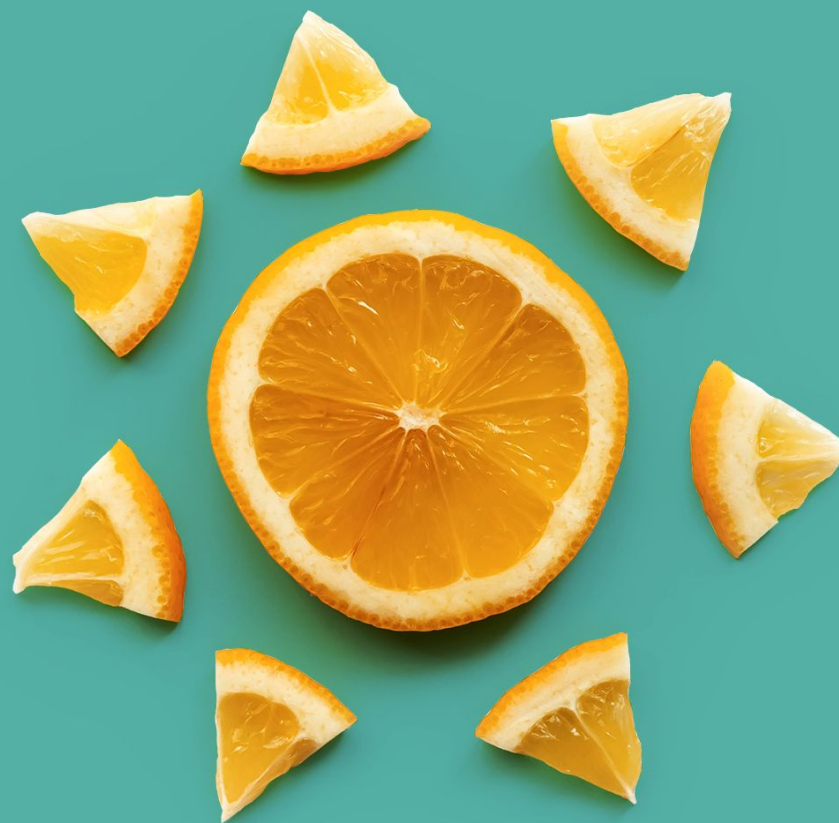
Sources:

1. Global Payments Report 2018 by Worldpay

2. eMarketer: [Global eCommerce 2019](#)

Outlook for H2 2019

- 1 Splitit continued to lay a foundation for business growth during H1 2019, delivering strong growth in all key performance metrics
- 2 We have more than 700 potential merchants in our direct sales pipeline across our target geographies
- 3 Strong growth is expected in active customers and transaction volume, leading to growth in merchant fees in H2 2019 and beyond
- 4 New partnerships are expected to start to scale the business globally
- 5 We will continue to invest in marketing and platform innovation to add product features
- 6 Splitit believes that it has now the balance sheet strength to take advantage of the opportunities in front of it



Thank you!

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