

Appendix 4D - RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the six months ended 30 June 2020 ("current reporting period")

	Six months to		Increase / (Decrease)	
	30-Jun-20	30-Jun-19		
	US\$'000	US\$'000	US\$'000	%
Revenue from ordinary activities	2,550	798	1,752	220
Loss from ordinary activities after tax attributable to securityholders	(8,976)	(3,843)	(5,133)	(134)
Loss for the period attributable to securityholders	(8,976)	(3,843)	(5,133)	(134)

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-20	31-Dec-19		
	US \$	US \$	\$ per security	%
Net tangible assets per security	0.051	0.052	(0.001)	(2)

* 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 Director's Report for the half-year ended 30 June 2020. Information should be read in conjunction with Splitit Payment Ltd's 2019 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 2020 which has been reviewed. The Independent Auditor's Report is included within the Interim Financial Report.



Brad Paterson
Chief Executive Officer & Managing Director
31 August 2020

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SPLITIT PAYMENTS LTD

Financial report for the half year ended

30 June 2020



Financial report for the half year ended

30 June 2020

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Corporate Directory

Directors	<p>Brad Paterson, CEO and Managing Director</p> <p>Alon Feit, Executive Director</p> <p>Spiro Pappas, Non-Executive Chairman</p> <p>Thierry Denis, Non-Executive Director</p> <p>Dawn Robertson, Non-Executive Director</p> <p>Jan Koelble, Non-Executive Director</p> <p>Mark Antipof, Non-Executive Director</p>
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
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	27 East 28 th Street, New York, NY 10016, USA
Share Registry	Automic Registry Services Level 3, 50 Holt Street Surry Hills, NSW 2010 Tel: 1300 288 664
Auditor	Brightman Almagor Zohar & Co (A Firm in the Deloitte Global Network) 1 Azrieli Center, Tel Aviv, Israel 6701101
Internal Auditor	Baker Tilly Derech Menachem Begin 11 Ramat Gan, Israel
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: SPT)

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.

Directors	Position
Brad Paterson	CEO and Managing Director
Alon Feit	Executive Director
Spiro Pappas	Non-Executive Chairman
Thierry Denis	Non-Executive Director
Dawn Robertson	Non-Executive Director
Jan Koelble	Non-Executive Director
Mark Antipof	Non-Executive Director

2. PRINCIPAL ACTIVITIES

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.

3. REVIEW OF OPERATIONS

During the half year, Splitit delivered record results across its financial and operational performance metrics. Q2 saw an acceleration in growth as the company's new strategy was executed. This record growth was supported by the strong foundations the Company has built over the last year which have enabled growth in new large merchant sign ups and key strategic partnerships.

While global market conditions for much of the period were disrupted by COVID-19, Splitit's value proposition has proved powerful during these challenging times. Splitit allows consumers to purchase necessary items and spread payments over time, making it more relevant now than ever. As consumers are changing their shopping patterns and switching to e-commerce, they are increasingly seeing value in Splitit to better utilise the credit they already have.

Driven by new, large merchants acceptance, Splitit delivered record merchant sales volume (MSV) growth of 133% YoY to reach US\$89.1M in H1 FY20. Growth in its largest markets was particularly strong, with North America up 148% YoY and Europe up 89% YoY. Total gross revenue (Non-GAAP) has accelerated, up 244% YoY to reach US\$3.1M for H1 FY20. This strong business growth was

primarily due to increasing demand for Splitit's funded merchant model¹ and, accordingly, the Company secured several new receivables funding facilities to support the rapid growth of this model.

Half Year Performance Metrics

Splitit has delivered rapid growth across its key performance metrics in H1 FY20 compared to H1 FY19, with significant acceleration in the Q2 FY20 period.

Table: Half Year FY20 Performance Metrics

Operating Metrics	H1 FY20	Comparison to H1 FY19 (YoY)	Q2 FY19	Comparison to Q2 FY19 (YoY)
Merchant Sales Volume (MSV) ²	US\$ 89.1M	+133% (US\$38.3M)	US\$65.4M	+259% (US\$18.2M)
Gross Revenue (Non-GAAP) ³	US\$ 3.1M	+244% (US\$0.9M)	US\$2.4M	+462% (US\$427K)
Average Order Value (AOV) ⁴	US\$ 845	+59% (US\$ 531)	US\$893	44% (US\$620)
Plans Initiated ⁵	105.4K	+46% (72.1K)	73.2K	+150% (29.3K)
Total Merchants ⁶	+1K	+104% (0.5K)	1K	+104% (0.5K)
12 Month Active Merchants ⁷	519	+92% (270)	519	92% (270)
Total Shoppers	309K	+85% (167K)	309K	85% (167K)
12 Month Active Shoppers ⁸	149K	+28% (116K)	149K	28% (116K)
Repeat Shoppers ⁹	11.2%	+7% (10.5%)	10.2%	-25% (13.5%)

Strong Merchant Growth

Splitit delivered strong growth in customer numbers with Total Merchants surpassing 1,000 at the end of the half year, nearly double the number of merchants in H1 FY19. Merchant growth was driven by increasing demand for Splitit's unique instalment payment offering that enables anyone with a credit card to pay in instalments wherever Splitit is accepted. This strong merchant growth occurred despite removing some merchants with lower AOV from the platform in the early part of the period as a result of the Company's refreshed strategy.

Total Shoppers increased to 309K, an 85% YoY increase, with new merchants introducing many new shoppers to the solution which resulted in a more modest increase in the number of Repeat Shoppers

¹ Under the funded model, merchants receive the full purchase price upfront. The full amount is transferred to the Merchant net of the first instalment and fees payable to Splitit. Like the basic model, fees are calculated as a percentage of merchant sales volume. However, under the funded model, pricing also incorporates Splitit's funding costs (and other variables) plus a contribution margin. Splitit collects amounts owed in line with the instalment cycle.

² Underlying MSV for successful transactions on which a merchant fee is charged

³ Revenue attributable to MSV, translated to reporting currency at plan activation date. This non-GAAP measure has been independently audited or reviewed and will differ from GAAP revenue due to IFRS revenue recognition rules and any potential net impact of payment reversals. It provides useful information for readers to assist in understanding the Company's financial performance, by aligning the full Gross Revenue impact with the MSV generated for the period.

⁴ Average value of plans initiated in the period

⁵ Number of plans initiated in the period

⁶ Cumulative number of merchants that accept Splitit

⁷ Number of merchants that have received a payment in the previous 12 months

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

⁹ Percentage of shoppers that have made a purchase in the current period that have previously made a successful purchase

relative to Total Shoppers. Splitit expects Repeat Shoppers to increase over time as new merchants increase their tenure and shoppers become more comfortable using Splitit's solution for higher value purchases.

Splitit continued to attract new and large merchants during the half year, reflecting strong progress in its strategy to build presence in key verticals such as homewares, luxury retail, jewellery, sporting & outdoors, and health. Leading brands signing up to Splitit's solution included: Alpina Watches, Bedmart, Canyon, Daily Sale, Dreamcloud, Factory Pure, Modloft, Nectar Sleep, P D PAOLA (EU), Purple, Quiet Kat, Reds Baby, Ride Cake, Scorptec, Sofa Club (UK), Tatami Fightwear and Viagogo. New leading brands accepting Splitit post period end include Braun, Ecosa, OCM, Puffy and Waves.

Partnerships to Accelerate Performance

During the half year, the Company formed multiple new partnerships with leading global organisations to drive innovation in the buy now pay later space, to improve the customer experience, and to accelerate wider acceptance of Splitit.

In January, Splitit announced a new partnership with Stripe, a global technology company that builds economic infrastructure for the internet. Splitit's solution is being integrated with *Stripe Connect* to streamline merchant onboarding and enhance the merchant experience. The technology will also enable merchants to self-onboard to Splitit's platform, a process that was previously undertaken manually, allowing Splitit to scale significantly faster globally. Splitit completed the first phase of its integration with *Stripe Connect* to accelerate and scale new merchant acquisitions during the half year. Beta testing of the new, accelerated merchant onboarding functionality is underway, with broader deployment expected during H2 FY20.

In early March, Splitit announced it had partnered with Visa to help accelerate the distribution of instalment payments for merchants and explore further product development opportunities to help merchants enhance their customer experience. Splitit is leveraging the Visa Developer Platform to participate in ongoing innovation of the instalment payments landscape globally. Splitit is also integrating with Visa Installment Solutions, a new capability that helps participating issuers and merchants give Visa cardholders more control on how a purchase is paid for. Splitit will offer Visa Installment Solutions to its global merchant network.

Splitit also announced a new partnership with global payments technology company Mastercard in June 2020 to accelerate the adoption of Splitit's instalment solution around the world. Splitit will leverage Mastercard's network of partners to extend and scale instalment functionality to consumers and merchants. It will integrate its instalment solution with Mastercard's suite of technology as a network partner to enable merchants to deliver seamless and secure consumer experiences at checkout, both in store and online. Together, Splitit and Mastercard will launch pilots across three markets with plans to roll out globally.

The Company also integrated with B2B and B2C payment platform Blue Snap, and further enhanced its integration with open-source e-commerce platform, Magento.

New Brand Platform

Splitit launched a distinctive new brand story and visual identity during the half. The new brand platform is designed to differentiate its product and significantly drive merchant sign-up by highlighting Splitit's one-of-a-kind advantages and creating a unique visual device that is exclusively Splitit's own. The new brand targets merchants, as well as established and financially savvy credit card holders who spend more on considered purchases, promoting Splitit as the only buy-now-pay-later solution that empowers shoppers to use the credit they already have to pay over time on their terms — with no applications, no interest, and no fees.

Key Leadership Appointments

Splitit continued to build its senior leadership team with the recruitment of high calibre executives, recently appointing Ben Malone as Chief Financial Officer (CFO) to lead Splitit's finance and reporting function as well as support its investor engagement program. Splitit's senior commercial leadership was also bolstered through the appointments of Melanie Vala to head up European operations, and Adam Mawdesley to lead both North American Sales and Global Partnerships. The Company also appointed Omri Flicker as Chief Legal and Risk Officer, and Kay Brinkley as VP Payments & Risk during the half year to expand partnership opportunities within the payment industry and card networks, whilst building out a highly skilled risk management function to meet the needs of Splitit's growing business operations.

Financings

In April 2020, Splitit raised A\$16M (before costs) via a placement to institutional, sophisticated and professional investors. Following the close of the half year period, Splitit raised a further AU\$90M (before costs) in August 2020 in new equity via a fully committed two-tranche share placement to institutional, sophisticated and professional investors. Through the August placement, Splitit welcomed a number of new, high quality institutions to its register, including cornerstone investor Woodson Capital Management. This August placement is being accompanied by a Share Purchase Plan for eligible shareholders to raise approximately A\$10M.

The proceeds of these fund raisings will enable Splitit to continue to execute its high-growth strategy by supporting the exceptional growth of the funded model and investing in go-to-market and technology resources.

4. FINANCIAL RESULTS

The financial results of the Company for the half-year ended 30 June 2020 are:

	30 June 20	30 June 19	Increase / (Decrease)
Revenue (\$)	2,550,468	798,257	220%
Net loss after tax (\$)	(8,975,548)	(3,842,938)	(134%)
Loss per share (cents)	(2.98)	(1.62)	(84%)

5. FINANCIAL PERFORMANCE

Splitit will continue to focus on driving significant growth and market share via:

- Winning **influential brands in key verticals**. Splitit will continue to focus on large merchant acquisition in target verticals to underpin further MSV and revenue growth
- Accelerate SMB acceptance through **technology and partnerships**.
- Deliver **amazing customer experiences** via measurable outcomes in reduced merchant cart abandonment and improved shopper confidence
- Continue to **build foundations** with new credit facilities and strategic partnerships

Splitit's strong Balance sheet will enable an acceleration of growth initiatives. The Company will continue to focus on attracting world class talent to underpin go to market and technology investments.

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



Brad Paterson
Chief Executive Officer & Managing Director
31 August 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2020

	Note	30-Jun-2020 \$	30-Jun-2019 \$
Revenues		2,550,468	798,257
Cost of sales		(880,448)	(76,876)
Gross Profit		1,670,020	721,381
Research and development expenses		(1,669,897)	(823,337)
Sales and marketing expenses		(3,775,930)	(1,533,846)
General and administrative expenses		(4,352,209)	(1,768,680)
Share based payment expenses	7c	(847,301)	(665,040)
Operating loss		(8,975,317)	(4,069,522)
Finance income		-	233,451
Loss for the period		(8,975,317)	(3,836,071)
Income tax expense		(231)	(6,867)
Loss for the period		(8,975,548)	(3,842,938)
Other comprehensive income		-	-
Total comprehensive loss for the half year		(8,975,548)	(3,842,938)
Loss per share			
Basic loss per share (cents)	3	(2.98)	(1.62)
Diluted loss per share (cents)	3	(2.98)	(1.62)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<u>Note</u>	<u>30-Jun-2020</u> \$	<u>31-Dec-2019</u> \$
Current assets			
Cash and cash equivalents		25,746,697	11,669,734
Restricted cash		1,950,000	86,892
Trade receivables		30,993,281	5,168,423
Other current assets		515,570	563,161
Total current assets		59,205,548	17,488,210
Non-current assets			
Long term deposits		12,585	12,585
Property, plant and equipment		184,934	203,911
Right-of-use assets		161,835	231,019
Total Non-current assets		359,354	447,515
Total assets		59,564,902	17,935,725
Current liabilities			
Trade payables		720,989	751,431
Interest bearing liabilities and borrowings	4	26,504,650	-
Lease liabilities		153,871	151,265
Other current liabilities		1,135,308	559,980
Total current liabilities		28,514,818	1,462,676
Non-Current liabilities			
Interest bearing liabilities and borrowings	4	13,000,000	-
Lease liabilities		13,657	104,252
Total non-current liabilities		13,013,657	104,252
Total liabilities		41,528,475	1,566,928
Net assets		18,036,427	16,368,797
Equity			
Issued capital	6	53,809,711	44,013,834
Accumulated losses		(46,162,125)	(37,186,577)
Share based payment reserve		10,388,841	9,541,540
Total equity		18,036,427	16,368,797

The above consolidated Statement 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 2020

	Issued capital	Share based payment reserve	Accumulated losses	Total \$
At 1 January 2020	44,013,834	9,541,540	(37,186,577)	16,368,797
Issue of shares – capital raising	10,274,770	-	-	10,274,770
Capital raising cost (net of tax)	(493,594)	-	-	(493,594)
Share options exercised (net of tax)	14,701	-	-	14,701
Shared based payments	-	847,301	-	847,301
Loss for the period	-	-	(8,975,548)	(8,975,548)
Balance at 30 June 2020	53,809,711	10,388,841	(46,162,125)	18,036,427

	Issued capital	Share based payment reserve	Accumulated losses	Total \$
At 1 January 2019	2,598,605	-	(15,713,517)	(13,114,912)
Issue of shares - IPO	8,599,992	-	-	8,599,992
Issue of shares – convertible loans	12,786,669	-	-	12,786,669
Issue of shares - warrants	1,500,000	-	-	1,500,000
Issue of shares – capital raising	21,499,980	-	-	21,499,980
Shared based payments	-	665,040	-	665,040
IPO and capital raising costs (net of tax)	(2,971,412)	-	-	(2,971,412)
Loss for the period	-	-	(3,842,938)	(3,842,938)
Balance at 30 June 2019	44,013,834	665,040	(19,556,455)	25,122,419

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half year ended 30 June 2020

	Note	30-Jun-2020 \$	30-Jun-2019 \$
Loss after income tax		(8,975,548)	(3,842,938)
Adjustments to reconcile to net cash flow from operating activities:			
Share based payments		847,301	665,040
Depreciation and amortisation		188,649	80,624
Unrealised foreign exchange loss/(gain)		177,081	(339,113)
Interest expense		429,884	-
Other non-cash movements			
<i>Net (increase)/decrease in operating assets</i>			
Trade receivables		(25,824,858)	65,909
Other current assets		47,591	377,220
<i>Net increase/(decrease) in operating liabilities</i>			
Trade payable		(30,442)	(998,027)
Other current liabilities		487,339	(1,226,833)
Total adjustments		(23,677,455)	(1,375,180)
Net cash outflows from operating activities		(32,653,003)	(5,218,118)
Cash flows from investing activities			
Long term deposit		-	(8,950)
Payments for plant and equipment		(1,000)	(100,836)
Net cash outflows from investing activities		(1,000)	(109,786)
Cash flows from financing activities			
Proceeds from issue of shares	6	10,274,770	30,099,972
Costs of share issues	6	(493,594)	(2,971,412)
Proceeds from exercise of share options	6	14,701	-
Proceeds from warrants	6	-	1,500,000
Proceeds from borrowings	4c	39,384,800	-
Transaction costs related to loans and borrowings	4b	(74,000)	-
Payment as restricted cash		(1,863,000)	(192,000)
Net cash inflows from financing activities		47,243,677	28,436,560
Net increase in cash and cash equivalent		14,589,674	23,108,656
Effects of exchange rate changes on cash and cash equivalents		(512,711)	284,355
Cash and cash equivalents at beginning of the period		11,669,734	309,590
Cash and cash equivalents at end of the period		25,746,697	23,702,601

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of business and general

Splitit Payments Limited ("the Company", formerly known as Pay It Simple Limited) and controlled entities (collectively, "the Group"), is a for-profit company incorporated in Israel on October 6, 2008. On January 29, 2019, the Company consummated an initial public offering (IPO) at Australia Stock Exchange, ASX Limited (ASX).

2. Basis of preparation

The consolidated financial statements for the six months ended 30 June 2020 (the 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 2019 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Securities Exchange listing rules.
- is presented in US dollars (\$), which is the Company's functional and presentation currency (unless otherwise stated) and rounded to the nearest \$1.
- has been prepared in accordance with the historical cost convention, except for certain financial assets and liabilities, which have been recognised at fair value.
- was authorised for issue by the Board of Directors on 31 August 2020. The Directors have the power to amend and reissue the Financial Report.

Critical accounting judgements and estimates

The preparation of financial statements requires the Group to make judgements, estimates and assumptions.

There 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. There are no new key judgements, estimates or assumptions for the half year ended 30 June 2020 not already noted in the 31 December 2019 Annual Report.

3. LOSS PER SHARE

	30-Jun-20 \$	30-Jun-19 \$
Loss attributable to owners of the Group for basic earnings	(8,975,548)	(3,842,938)
Weighted average number of ordinary shares for basic EPS	300,744,546	236,924,331
	Cents	Cents
Basic and Diluted loss per share*	(2.98)	(1.62)

*As at 30 June 2020, the Group has share-based payment options and performance rights granted to employees and key management personnel – refer to disclosure note 7. These options and performance rights that could potentially dilute basic loss per share in the future, but were not included in the calculation above due to they are anti-dilutive for the period(s) presented.

4. INTEREST BEARING LIABILITIES AND BORROWINGS

A Summary of facilities

All borrowings are initially recognised at cost, being the 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-20 \$	31-Dec-19 \$
Current liabilities		
Secured loans	26,959,568	-
Deferred debt costs*	(454,918)	-
Total current liabilities	26,504,650	-
Non-current liabilities		
Secured loans	13,000,000	-
Total Non-current liabilities	13,000,000	-
Total interest bearing liabilities and borrowings	39,504,650	-

*Deferred debt costs comprise the unamortised value of borrowing costs in establishment of debt facilities. These costs are deferred on the Balance sheet and amortised to borrowing costs in the Statement of profit or loss and other comprehensive income.

As at 30 June 2020, the Group had three funding facilities in place. Under each agreement, drawdown amounts are secured against a portion of the Group's account receivables.

- 1 On 10 September 2019, the Group entered into a loan agreement with Shaked Partners Fund, L.P. and certain of its affiliates (collectively, "Shaked"), pursuant to which Shaked will provide an 8,000,000 USD funding facility. For the period ended 30 June 2020, drawings under this facility incurred a weighted average interest rate of 8% p.a. and the facility matures in May 2022.

On 25 May 2020, the Shaked facility was amended and the maximum loan amount increased by 5,000,000 USD. Drawings of the increased amount incurred a weighted average interest rate of 9.5% p.a.

- 2 On 6 May 2020, the Group entered into a loan agreement with an individual lender (the "lender"), pursuant to which the lender will provide 4,000,000 EUR funding facility. For the period ending 30 June 2020, drawings under this facility incurred a weighted average interest rate of 9% p.a. and the facility matures in November 2020.

On 27 May 2020, the Group entered into a loan agreement with the lender, who will provide an additional 30,000,000 USD funding facility. For the period ending 30 June 2020, drawings under this facility incurred a weighted average interest rate of 15% p.a. and the facility matures in November 2020.

- 3 On 29 June 2020, the Group entered into a loan agreement with Global Credit Investments Pty Ltd ("GCI"), pursuant to which GCI will provide a 25,000,000 USD funding facility. Drawings under this facility will incur a weighted average interest rate of 11% p.a. and the facility matures in July 2023. There was no drawdown from the funding facility as at the reporting date.

B Borrowing costs

Borrowing costs consist of interest and other costs that are incurred in connection with the borrowing of funds. Borrowing costs are expensed to the Statement of profit or loss and other comprehensive income and recognised in the cost of sales using the effective interest rate method.

	30-Jun-20	30-Jun-19
For the 6 months to:	\$	\$
Interest bearing liabilities and	495,968	-
borrowings Other borrowing costs	74,000	-
Amortisation of debt costs	100,082	-
Total borrowing costs	670,050	-

C Changes in Interest bearing liabilities and borrowing 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-20 \$	30-Jun-19 \$
Opening balance	-	12,934,833
Net cash drawdowns/(repayments) of borrowings	39,384,800	(148,164)
Maturity of convertible loans	-	(12,786,669)
Foreign exchange rate adjustments in profit and loss	19,768	-
Amortisation of debt costs	100,082	-
Closing balance	39,504,650	-

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	30-Jun-20 \$	31-Dec-19 \$
Financial assets:		
Cash and cash equivalents	25,746,697	11,669,734
Restricted cash	1,950,000	86,892
Receivables and other assets (current)	31,508,851	5,731,584
Long term deposit (non-current)	12,585	12,585

The financial assets include restricted cash of \$1,950,000 (31 December 2019: \$86,892). Restricted cash are cash assets held with financial institutions as collateral for daily cash settlements with merchants and payments to funding providers.

	30-Jun-20 \$	31-Dec-19 \$
Financial liabilities:		
Trade payables	720,989	751,431
Operating lease liabilities	167,528	255,517
Other current liabilities	1,135,308	559,980

Trade payables and other financial liabilities 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, excluding lease liabilities. Trade payables are carried at amortised cost and are not discounted due to their short-term nature. At 30 June 2020, the carrying value of payables and other financial liabilities approximated their fair value.

As at 30 June 2020, the carrying amount of interest bearing liabilities and borrowings was \$39,504,650 and approximates its fair value. The difference between the carrying amount and the fair value is mainly due to:

- deferred debt costs included in the carrying value, which are not included in the fair value; and
- movements in market discount rates on fixed rate interest bearing liabilities since initial recognition. As fair value is calculated by discounting the contractual cash flows using prevailing market discount rates (with similar terms, maturity and credit quality) any movements in these discount rates since initial recognition will give rise to difference between fair value and the carrying value (measured at amortised cost).

Fair value hierarchy:

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:

- (1) Level 1: Quoted prices (unadjusted) in an active market for identical instruments.
- (2) Level 2: Data observed directly or indirectly that are not included in Level 1 above.
- (3) Level 3: Data not based on observable market data.

6. ISSUED CAPITAL

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

	Number	\$
At 1 January 2020	311,533,161	44,013,834
Issue of shares – capital raising	39,024,391	10,274,770
Capital raising costs (net of tax)	-	(493,594)
Share options exercised	252,011	14,701
Performance rights vested	1,550,000	-
At 30 June 2020	352,359,563	53,809,711
At 1 January 2019	102,961,617	2,598,605
Issue of shares – IPO	60,000,000	8,599,992
Issue of shares – warrants	16,106,497	1,500,000
Issue of shares – convertible loans	90,587,547	12,786,669
Issue of shares – capital raising	37,877,500	21,499,980
IPO and Capital raising costs (net of tax)	-	(2,971,412)
At 30 June 2019	307,533,161	44,013,834

7. SHARE BASED PAYMENTS

The share based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised. 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:

	Number
Outstanding as at 1 January 2020	60,533,523
Granted during the period	6,125,000
Exercised during the period	(252,011)
Forfeited during the period	(1,000,000)
Outstanding as at 30 June 2020	65,406,512

- B** The number of securities deferred under the Share Incentive Plan ('SIP') as at 30 June 2020 relating to performance rights granted during financial year 2019. The movement in the number of performance rights during the period was as follows:

	Number
Outstanding as at 1 January 2020	12,100,000
Granted during the period	-
Exercised during the period	(1,550,000)
Forfeited during the period	(1,000,000)
Outstanding as at 30 June 2020	9,550,000

Weighted average remaining contractual life of performance rights as at 30 June 2020 was 0.78 years (31 December 2019: 0.94 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.

	30-Jun-20 \$	30-Jun-19 \$
For the 6 months to:		
Share Incentive Plan	940,304	665,040
Forfeited during the period	(93,002)	-
Total share based payments	847,302	665,040

8. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 5 August 2020, Splitit announced it had received firm commitments to raise A\$90 million (before costs) in new equity via a fully committed two-tranche share placement to institutional, sophisticated and professional investors through the issue of approximately 69.2 million new shares at \$1.30 per share. Splitit also intends to launch a non-underwritten Share Purchase Plan following the issue of the first tranche of the Placement Shares to eligible shareholders, raising approximately A\$10.0 million (collectively, the “**Equity Raising**”).

Except for the matter reported above, there are no other matters since the end of the reporting period 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 the future financial year.

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 2020 and of its performance for the period ended on that date; and
 - 2. Complying with International Accounting Standard 34: *Interim Financial Reporting* and other mandatory professional reporting requirements.
- 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.



Brad Paterson
Chief Executive Officer & Managing Director
31 August 2020

Report on Review of Interim Consolidated Financial Statements of

SPLITIT PAYMENTS LTD.

Introduction

We have reviewed the accompanying balance sheet of **Splitit Payments Ltd.** and its subsidiaries, (hereafter: "the Company") as of June 30, 2020 and the related consolidated statements of income, changes in shareholders' equity and consolidated statements of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards (IFRS). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information of the Company does not present fairly, in all material respects, the consolidated financial position as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the six-month period then ended in accordance with IFRS.



Brightman Almagor Zohar & Co.
Certified Public Accountants
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Tel Aviv, Israel
August 31, 2020

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