Appendix 4D - Half year Financial Report

Name of entity:	Splitit Payments Ltd (*ASX: SPT*)
ARBN:	629 557 982
Reporting period:	For the six months ended 30 June 2021
Previous period:	For the six months ended 30 June 2020

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	SIX MONTHS TO		INCREASE / (DECREASE)	
	30-Jun-21	30-Jun-20		
	US$'000	US$'000	US$'000	%
Revenue from ordinary activities	5,000	2,550	2,450	96
Loss from ordinary activities after tax attributable to securityholders	(18,770)	(8,976)	(9,794)	(109)
Loss for the period attributable to securityholders	(18,770)	(8,976)	(9,794)	(109)

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-21	31-DEC-20		
	US $	US $	$ per security	%
Net tangible assets per security	0.123	0.161	(0.038)	(24)

* 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 2021. Information should be read in conjunction with Splitit Payment Ltd's 2020 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 2021 which has been reviewed. The Independent Auditor's Report is included within the Interim Financial Report.

Dawn Roberts

Dawn Robertson
Chairman
31 August 2021

SPLITIT PAYMENTS LTD

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2021

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CORPORATE DIRECTORY

Directors	Dawn Robertson, Non-Executive Chairman Thierry Denis, Non-Executive Director Jan Koelble, Non-Executive Director Vanessa Lefebvre, Non-Executive Director (appointed 27 April 2021) Scott Mahoney, Non-Executive Director (appointed 27 April 2021)
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	12 West 21st Street, New York, 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)	APM & Co 18 Raul Wallenberg St. Tel Aviv, Israel 6971915 Tel: +972 3 5689000
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: SPT) (there is no other stock exchange where the Company equity is quoted)

1. BOARD OF DIRECTORS

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

Dawn Robertson	Non-Executive Chairman
Thierry Denis	Non-Executive Director
Jan Koelble	Non-Executive Director
Vanessa LeFebvre	Non-Executive Director (appointed 27 April 2021)
Scott Mahoney	Non-Executive Director (appointed 27 April 2021)
Brad Paterson	CEO and Managing Director

2. PRINCIPAL ACTIVITIES

Splitit is a global payment solution provider that enables shoppers to use the credit they've earned by breaking up purchases into monthly interest-free instalments, using their existing credit card. The solution enables merchants to improve conversion rates and increase average order value by giving customers an easy and fast way to pay for purchases over time without requiring additional approvals. Serving many of Internet Retailer's top 500 merchants, Splitit's global footprint extends to thousands 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. The company is listed on the Australian Securities Exchange (ASX) under ticker code SPT.

3. REVIEW OF OPERATIONS

The first half of FY21 has seen Splitit deliver a record performance across the business, including its key performance metrics: Merchant Sales Volume (MSV), Revenue, merchant and shopper growth. Splitit doubled the size of its funding capacity with a new facility with Goldman Sachs. The new warehouse facility will support merchant growth and is expected to improve gross margins from H2 FY21.

Continual product innovation has led to a broadening and strengthening of Splitit's offering over the period, with the launch of Splitit Plus to accelerate new merchant acquisition. The Company also announced that it will develop a white-label offering which has already attracted new partnerships with BNPL players, tabby and QisstPay.

In addition, Splitit formed new strategic partnerships with UnionPay International, ChargeAfter and Green Feather to broaden the Company's global presence. These partnerships will expand Splitit's total addressable market, helping it enter new countries and categories. Its foundational partnerships with Visa, Mastercard and Stripe continue to progress well.

Half Year Performance Metrics

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

Half Year FY21 Performance Metrics

Operating Metrics	H1 FY21	Comparison to H1 FY20 (YoY)
Merchant Sales Volume (MSV)[1]	US$ 172.5M	+94% (US$89.1M)
Gross Revenue (Non-GAAP)[2]	US$ 5.5M	+79.7% (US$3.1M)
Total Merchants[3]	+2.8K	+167% (1K)
Total Shoppers[4]	566K	+83% (309K)

MSV and Revenue acceleration

MSV nearly doubled, growing 94% YoY to US$172.5M, compared to US$89.1M in H1 FY20. Annualised from Q2, this represents MSV of US$361M. Splitit's record growth was achieved despite evolving macro conditions and strong comparison periods following the spike in ecommerce in H1 FY20 related to COVID-19, consistent with broader retail trends across Splitit's largest markets of North America and Europe. In addition, Splitit strategically shifted away from debit cards to focus solely on credit card transactions. MSV growth would have been greater than 100% YoY if normalised for the impact of debit cards.

Gross Revenue grew 79.7% YoY to $5.5M for H1 FY21. The half year saw a higher proportion of MSV being generated through Splitit's basic model reflecting a more diversified merchant base. This resulted in MSV growing at a slightly stronger rate than Revenue. Splitit Plus, which has only been available in the US for the basic model to date, will begin offering the funded model for US merchants in H2 FY21, helping to increase revenue from the funded model.

Merchant acceleration

Merchant acquisition accelerated significantly in H1 FY21, with the Company adding 1K merchants during the period to reach 2.8K Total Merchants. Compared to H1 FY20, this represents a 167% YoY increase. Multiple new large merchants with significant addressable MSV signed up to the solution in H1 FY21, including HP (Singapore), Gem Shopping Network, Alternative Airlines, Rare Carat, La-Z-Boy Furniture Galleries, PROCAM, Faberge, Mate Bike, Super73, APM Monaco, Xupes, Poly and Bark, and House of Hackney.

In addition, Splitit signed an agreement with Google in January 2021 to enable Splitit on the Google Store, Japan to support instalment payments for customers purchasing its new Pixel 5 mobile phone, Nest products and Chromecast streaming devices. Through the partnership, Splitit became Google's first instalment payment solution in Japan. Thepartnership also marked and important step in Splitit's expansion into Asia.

New product innovations developed throughout the period are expected to expand revenue sources and assist with both the speed to convert, and the amount of merchants converted, going forward.

1. Underlying MSV for successful transactions on which a merchant fee is charged
2. Revenue attributable to MSV, translated to reporting currency at plan activation date. This non-GAAP measure has not 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.
3. Cumulative number of merchants that accept Splitit
4. Cumulative number of shoppers that accept Splitit

Shopper growth

Splitit added 134K new shoppers in H1 to reach 566K Total Shoppers. This reflects 83% growth YoY and was driven by increasing acceptance of Splitit and the Company's ongoing consumer engagement activities.

Splitit's average order value ("AOV") remains over US$1,000 and continues to be a critical differentiator, distinguishing its solution for merchants and strengthening its position as a complementary payment option for their shoppers.

Product Innovation

Splitit Plus payment gateway reduces onboarding complexity

Splitit Plus is a new payment gateway designed by Splitit specifically for instalment payments. Splitit Plus accelerates merchant onboarding by combining Splitit's instalment payment technology with a card processing solution for instalments. Launched in April 2021, it is available to merchants under Splitit's basic model across the US and has already been implemented by multiple merchants. A broader rollout will take place in H2 FY21, including offering it to merchants on the funded model.

White-label offering extends Splitit's functionality

Splitit announced that it will extend its technology to offer a white-label version of its platform. This offering has already resulted in new partnerships with two BNPL providers, tabby and QisstPay. tabby, the leading Middle East BNPL provider, and Qisstpay, a leading BNPL in Pakistan, will integrate a white-label version of Splitit into its BNPL platforms.

The white-label Platform as a Service offering broadens opportunities to grow in non-core markets and categories.

Partnerships

UnionPay International

In April 2021, Splitit partnered with UnionPay International, part of China UnionPay, the provider of bank card services and a major card scheme in mainland China. UnionPay has a network of 9 billion card holders globally and is accepted in 180 countries and regions, covering over 55 million merchants. Under the new partnership, UnionPay credit card holders and merchants accepting UnionPay will have the opportunity to utilise Splitit's instalment solution from June 2021. Following thelaunch of Splitit with Google Japan, this is another significant milestone in the company's Asia expansion strategy and growing its international footprint.

Mastercard co-marketing campaign

As part of the Company's partnership with Mastercard, Splitit and at-home connected fitness company Echelon Fitness delivered an omnichannel shopper co-marketing campaign in the United Kingdom. The campaign promoted the use of Splitit's instalment payments via Mastercard to purchase Echelon's home fitness products. Joint marketing and business development efforts remain a focus for Splitit under its partnership with Mastercard, including an upcoming co-marketing campaign with Boardriders across three brands and 15 European markets.

DIRECTORS' REPORT CONT...

Foundations for Growth

New Credit Facilities with Goldman Sachs

During the half year, Splitit signed a US$150 million three-year revolving receivables funding facility with Goldman Sachs Bank USA to support the continued expansion of its business. This facility has doubled the size of Splitit's funding capacity and is expected to improve the Company's gross margins from H2 FY21 as it is utilised and as other higher-cost facilities are repaid.

4. FINANCIAL RESULTS

The financial results of the Company for the half-year ended 30 June 2021 are:

	30 JUNE 2021	30 JUNE 2020	Increase/(Decrease)
Total income ($000')	5,000	2,550	96%
Net loss after tax ($000')	(18,770)	(8,976)	(109%)
Loss per share (cents)	(4.12)	(2.98)	(38%)

5. ROUNDING OFF OF AMOUNTS

The Company is an entity of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Accordingly, amounts in the Directors' Report have been rounded off to the nearest one thousand dollars ($000) in accordance with that Legislative Instrument, unless stated otherwise.

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

Dawn Roberts

Dawn Robertson

Chairman

31 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June	Note	30-Jun-2021 $'000	30-Jun-2020 $'000
Portfolio income		3,865	1,936
Transaction revenue		1,119	614
Other income		16	-
Total income		**5,000**	**2,550**
Cost of Sales		(139)	(9)
Gross Profit		**4,861**	**2,541**
Depreciation and amortisation expenses		(35)	(89)
Employment expenses		(7,232)	(3,753)
Operating expenses	4	(8,150)	(6,215)
Receivables impairment expenses		(1,506)	-
Share based payment expenses		(1,223)	(847)
Total expenses		**(18,146)**	**(10,904)**
Operating loss		**(13,285)**	**(8,363)**
Finance income		31	4
Warrant expenses		(99)	-
Interest and other finance costs		(5,417)	(617)
Finance costs	6	**(5,516)**	**(617)**
Loss for the period		**(18,770)**	**(8,976)**
Income tax expense		-	-
Loss for the period		**(18,770)**	**(8,976)**
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax)			
Exchange differences on translation of foreign operations		(11)	-
Total comprehensive loss for the period		**(19,046)**	**(8,976)**
Loss per share			
Basic and Diluted loss per share (cents)	3	**(4.12)**	**(2.98)**

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	Note	30-Jun-2021 $'000	31-Dec-2020 $'000
CURRENT ASSETS			
Cash and cash equivalents		66,443	92,824
Receivables	5	52,888	51,770
Other financial assets		200	1,950
Other current assets		1,329	897
Total current assets		**120,860**	**147,441**
NON-CURRENT ASSETS			
Other financial assets		-	13
Property, plant and equipment		173	95
Total Non-current assets		**173**	**108**
Total assets		**121,033**	**147,549**
CURRENT LIABILITIES			
Trade and other payables		3,637	5,295
Interest bearing liabilities and borrowings	6	-	32,162
Employee benefit provision		659	517
Total current liabilities		**4,296**	**37,974**
NON-CURRENT LIABILITIES			
Interest bearing liabilities and borrowings	6	60,406	37,409
Total non-current liabilities		**60,406**	**37,409**
Total liabilities		**64,702**	**75,383**
Net assets		**56,331**	**72,166**
EQUITY			
Issued capital		125,233	123,606
Accumulated losses		(81,427)	(62,657)
Reserve		12,525	11,217
Total equity		**56,331**	**72,166**

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 2021

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total $'000
At 1 January 2021	123,606	11,217	(62,657)	72,166
Foreign currency translation loss	-	(11)	-	(11)
Share options exercised (net of tax)	1,627	-	-	1,627
Shared based payments	-	1,319	-	1,584
Loss for the period	-	-	(18,770)	(18,770)
Balance at 30 June 2021	**125,233**	**12,525**	**(81,427)**	**56,331**

	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total $'000
At 1 January 2020	44,014	9,542	(37,186)	16,369
Issue of shares – capital raising	10,275	-	-	10,275
Shared based payments	-	847	-	847
Capital raising costs (net of tax)	(494)	-	-	(494)
Share options exercised (net of tax)	15	-	-	15
Loss for the period	-	-	(8,976)	(8,976)
Balance at 30 June 2020	**53,810**	**10,389**	**(46,162)**	**18,036**

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	**30-Jun-2021 $'000**	**30-Jun-2020 $'000**
Loss after income tax	**(18,770)**	**(8,976)**
Adjustments to reconcile to net cash flow from operating activities:		
Share based payments	1,223	847
Depreciation and amortisation expenses	35	88
Net foreign exchange loss	573	177
Warrant expenses	99	-
Interest and other finance costs	5,417	530
Expected credit loss provision movement	1,250	-
Other non-cash movements		
Net (increase)/decrease in operating assets		
Trade receivables	(2,504)	(25,825)
Other current assets	(218)	48
Net increase/(decrease) in operating liabilities		
Trade payable	(1,391)	(30)
Other current liabilities	142	487
Total adjustments	**4,626**	**(23,678)**
Net cash outflows from operating activities	**(14,144)**	**(32,653)**
Cash flows from investing activities		
Payments for plant and equipment	(112)	(1)
Net cash inflows / (outflows) from investing activities	**(112)**	**(1)**
Cash flows from financing activities		
Proceeds from issue of shares	-	10,275
Costs of share issues	-	(494)
Proceeds from exercise of share options	1,626	15
Proceeds from borrowings	38,310	39,385
Repayment of borrowings	(44,582)	-
Transaction costs related to loans and borrowings	(2,247)	(74)
Interest paid	(5,407)	-
Payment as restricted cash	-	(1,863)
Net cash inflows / (outflows) from financing activities	**(12,300)**	**47,244**
Net increase / (decrease) in cash and cash equivalent	**(26,556)**	**14,590**
Effects of exchange rate changes on cash and cash equivalents	175	(513)
Cash and cash equivalents at beginning of the period	92,824	11,670
Cash and cash equivalents at end of the period	**66,443**	**25,747**

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

1. DESCRIPTION OF BUSINESS AND GENERAL

Splitit Payments Limited ("the Company", formerly known as Pay It Simple Limited) and its controlled entities (collectively, "the Group"), is a for-profit company incorporated in Israel on October 6, 2008. On January 29, 2019, the Company completed an Initial Public Offering (IPO) on the Australian Securities Exchange (ASX).

2. BASIS OF PREPARATION

The consolidated financial statements for the six months ended 30 June 2021 (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 2020 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.

The accounting policies adopted in the preparation of the interim financial report are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021 and changes to accounting policies outlined below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- 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) in accordance with ASIC Legislative Instrument 2016/191, unless stated otherwise.

The Group performed a reassessment of the functional currency for subsidiaries, resulting in it changing their functional currency to the local currency in their jurisdiction, effective 1 January 2021.

The change in functional currency was driven by a reassessment of the primary and where necessary, secondary indicators of economic environment that impacts the cash inflows and outflows of the companies. Local currencies were determined to be the currency that predominantly impacted each of the companies.

The functional currency of the Company and the presentation currency of the Group remains US dollars.

- 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 2021. The Directors have the power to amend and reissue the Interim 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 Interim financial report is amend, comparative amounts are also reclassified unless it is impractical. The adjustments made to the presentation of items had no impact on the net assets or net loss of the Group.

Changes in accounting policies

During the financial period ended 30 June 2021, the Group amended its accounting policy in respect of Cost of Sales with interest and other borrowing related expenses now reported within Finance costs. The revised treatment more fairly presents the economic substance of the expenses and aligns with the Company's operations. It also provides more useful information to analysts and investors regarding the results of the Group's operations and allows easier comparison with other industry participants. The change has been applied retrospectively and impacted the comparative period in the Interim financial report as follows:

- a decrease in Cost of Sales for the period ended 30 June 2020 of $617,000; and
- an increase in Finance costs for the period ended 30 June 2020 of $617,000.

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 2021 not already noted in the 31 December 2020 Annual Report.

3. LOSS PER SHARE

	30-Jun-2021	30-Jun-2020
	$	$
Loss attributable to owners of the Group for basic earnings	(18,770,358)	(8,975,548)
Weighted average number of ordinary shares for basic EPS	455,591,566	300,744,546
	Cents	Cents
Basic and Diluted loss per share*	**(4.12)**	**(2.98)**

*As at 30 June 2021, the Group has share-based payment options and performance rights granted to employees and key management personnel – refer to disclosure note 8. 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. OPERATING EXPENSES

	30-Jun-2021	30-Jun-2020
	$'000	$'000
Consultant and contractor costs	1,797	2,763
Marketing expenses	3,121	1,490
Technology related expenses	1,094	592
Net foreign currency losses	889	610
General and administrative expenses	712	760
Other	537	-
Total operating expenses	**8,150**	**6,215**

5. RECEIVABLES

	30-Jun-2021	31-Dec-2020
	$'000	$'000
Portfolio receivables – face value	54,942	52,170
Portfolio receivables – unearned future income	(677)	(679)
Total portfolio receivables	**54,265**	**51,491**
Trade and other receivables	**173**	**579**
Total receivables before provision for expected credit loss	**54,438**	**52,070**
Provision for expected credit losses		
Opening balance at 1 January	(300)	-
Provided in the period	(1,489)	(397)
Written off/collected	239	97
Closing balance at reporting date	**(1,550)**	**(300)**
Total receivables	**52,888**	**51,770**

Splitit's business model exposes 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 transactions (i.e. non-secured authorisation model). Internal policy and lender covenants restrict non-secured receivables to 20% of the portfolio, larger and/or higher risk merchants have been migrated to secured gateways after going live, and debit was disabled as an offering on 31 December 2020. However, periods of risk exposure remain in the period before a transition to a secured gateway occurs, or from legacy debit plans.

The Group has recognised receivables impairment expenses for the period amounting to $1,506,000 (30 June 2020: NIL), equating to 0.88% of MSV. The increase in expected creditlosses recognised in the period is mainly driven by the credit default risk associated with historical non-secured transactions, as well as two instances of merchant defaults.

To improve credit risk, the Group has shifted away from debit card transactions from January 2021 onwards and the ongoing transition to the Splitit Plus business model will reduce both of the aforementioned risks as collections will be passed directly to the Group from the shopper, via a secure pre-authorised gateway.

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 relating to non-funded plans, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses.

Portfolio receivables are amounts due from shoppers 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. Judgement is applied in measuring the Provision for expected credit losses and determining whether the risk of default has increased significantly since initial recognitionof 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 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.

6. INTEREST BEARING LIABILITIES AND BORROWINGS

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 accountany 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-2021	31-Dec-2020
	$'000	$'000
Current liabilities		
Secured loans	-	32,162
Total current liabilities	**-**	**32,162**
Non-current liabilities		
Secured loans	63,474	38,000
Deferred debt costs*	(3,068)	(591)
Total non-current liabilities	**60,406**	**37,409**
Total interest bearing liabilities and borrowings	**60,406**	**69,571**

*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 finance costs in the Statement of profit or loss and other comprehensive income.

As at 30 June 2021, the Group had two funding facilities in place. Drawdown amounts under each funding facility is secured against a portion of the Group's Receivables.

- On 10 September 2019 and 25 May 2020, 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 13,000,000 USD funding facility. Drawings under this facility incurred a weighted average interest rate of 8% p.a. and the facility matures in May 2022.

  In May 2021, the Shaked facility was fully repaid.

- In November 2020, the Group has restructured the existing loan agreements with an individual lender, pursuant to which the lender will provide credit facility equivalent to 31,582,000 USD and matures in May 2021

  In June 2021, this facility was fully repaid.

- 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. As at 30 June 2021, the credit facility has $25 million drawn (30 June 2020: Nil).

- On 5 February 2021, the Group entered into a loan agreement with Goldman Sachs Bank USA ("GS"), pursuant to which GS will provide a 150,000,000 USD three-year revolving funding facility. Drawings under this facility will incur an interest rate of 6.85% plus benchmark rate p.a. As at 30 June 2021, the credit facility has $38.5 million drawn.

In addition, 13 million warrants with a strike price of AUD$1.30, issued in three equal tranches being granted in consideration for the advancement of certain thresholds of credit under the funding facility.

Tranche 1 of the warrant was issued at the date when credit facility was drawn and tranche 2 was issued after credit facility drawn balance exceeded $50 million. The issuance details as follows:

	Tranche 1	Tranche 2
Number of warrants issued	4,333,334	4,333,334
Warrants issued date	20 Apr 2021	29 July 2021
Fair value per warrant (AUD$)	0.47	0.22

The warrants granted is fair valued in accordance with IFRS 2 *Share based payment* and the movements are recognised in the share-based payments reserve within consolidated Statement of financial position. At 30 June 2021, the Group has expensed $99,000 to the Statement of profit or loss and other comprehensive income in relation to the fair value of tranche 1 warrants.

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 expensed to the Statement of profit or loss and other comprehensive income using the effective interest rate method.

	30-Jun-2021 $'000	30-Jun-2020 $'000
Warrants expenses	99	-
Interest expenses	4,251	591
Termination fee paid on credit facilities	811	-
Amortisation of deferred debt costs	355	100
Other	-	(74)
Total finance costs	**5,516**	**617**

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-2021 $'000	31-Dec-2020 $'000
Opening balance	**69,572**	**-**
Cash drawdowns of borrowings	38,310	68,113
Repayment of borrowings	(44,582)	(555)
Payment of deferred debt costs	(2,247)	-
Amortisation of debt costs	355	762
Foreign exchange rate adjustments in profit and loss	(1,002)	1,252
Closing balance	**60,406**	**69,572**

7. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	30-Jun-2021 $'000	31-Dec-2020 $'000
Financial assets:		
Cash and cash equivalents	66,443	92,824
Restricted cash	200	1,950
Receivables and other assets (current)	54,217	52,667
Long term deposit (non-current)	-	13

The financial assets include restricted cash of $200,000 (31 December 2020: $1,950,000). Restricted cash are cash assets held with financial institutions as collateral for daily cash settlements with merchants and payments to funding providers. The carrying value of financial assets approximates their fair value.

	30-Jun-2021 $'000	31-Dec-2020 $'000
Financial liabilities:		-
Trade payables	3,637	5,295
Other current liabilities	659	517

Trade payables and other financial liabilities are 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 2021, the carrying value of financial liabilities approximates their fair value.

As at 30 June 2021, the carrying amount of interest bearing liabilities and borrowings was $60,406,175 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 include 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 financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

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.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

8. 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	$000'
At 1 January 2021	447,728,903	123,606
Share options exercised	10,263,487	1,627
At 30 June 2021	**457,992,390**	**125,233**
At 1 January 2020	311,533,161	44,014
Issue of shares – capital raising	39,024,391	10,275
Capital raising costs (net of tax)	-	(494)
Share options exercised	252,011	15
Performance rights vested	1,550,000	-
At 30 June 2020	**352,359,563**	**53,810**

9. SHARE BASED PAYMENTS

The share based payments reserve is used to recognise the grant date fair value of options issued to employees and lender but not exercised. The movement in the share options, warrants, performance rights and reserve are as follows:

	Number
Outstanding as at 1 January 2021	55,280,691
Granted during the period	8,036,266
Warrants granted	4,333,334
Exercised during the period	(11,825,737)
Forfeited during the period	(3,383,247)
Outstanding as at 30 June 2021	**52,441,307**

The number of securities deferred under the Share Incentive Plan ('SIP') as at 30 June 2021 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 2021	3,050,000
Movements during the financial period	-
Outstanding as at 30 June 2021	**3,050,000**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONT...

Weighted average remaining contractual life of performance rights as at 30 June 2021 was 0.49 years (31 December 2020: 0.95 years).

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-2021	30-Jun-2020
For the 6 months to:	**$'000**	**$'000**
Share Incentive Plan	1,574	(940)
Forfeited during the period	(351)	(93)
Total share based payments	**1,223**	**847**

10. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 24 July 2021, the Group elected to repay the GCI credit facility of 25,000,000 USD in full and GS credit facility is the remaining facility available for drawdown post repayment

On 29 July 2021, pursuant to the terms of the funding facility with Goldman Sachs Bank USA, the Group has issued the second tranche of 4,333,334 warrants from the overall total of 13,002,002 warrants with a strike price of A$1.30 on the utilisation of the credit facility.

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 2021 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.

Dawn Robertson

Dawn Robertson

Chairman

31 August 2021

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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 statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2021 and its financial performance and its cash flows for the half-year ended on that date, in accordance with IAS 34 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 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.

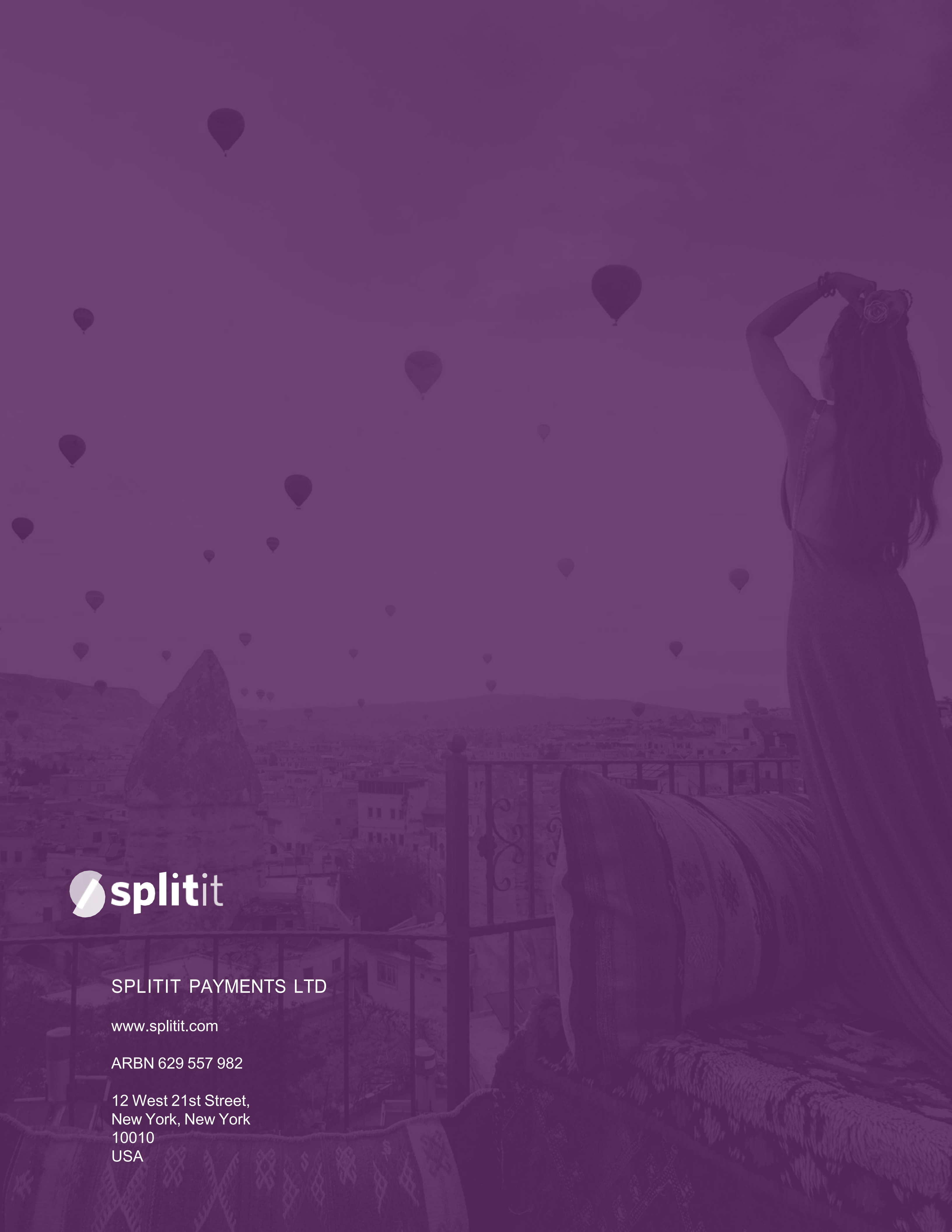
Auditor's responsibilities for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 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 2021 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 Australian Auditing Standards 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
31 August 2021



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