

Investor Update

FY 2021 Annual Results



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Company Overview

- Established in 2012
- Instalment payment technology utilising shoppers' existing credit card
- Granted patents in key global markets, including the US
- HQ in New York, R&D centre in Israel with offices in London and Melbourne
- IPO 2019: Australian Securities Exchange listed, trading as SPT. Also trades on the US OTCQX under ticker code SPTTY (ADRs)
- CEO Nandan Sheth appointed effective Feb 2022. Brings more than 20 years experience and a powerful network within the payments and fintech space to Splitit



We deliver buy now, pay later differently

- Instalments on existing credit cards
- Pay over time without new financing
- No applications, no fees, no hassle!
- Collect perks like cashback, rewards and points





**Goldman
Sachs**



Wix

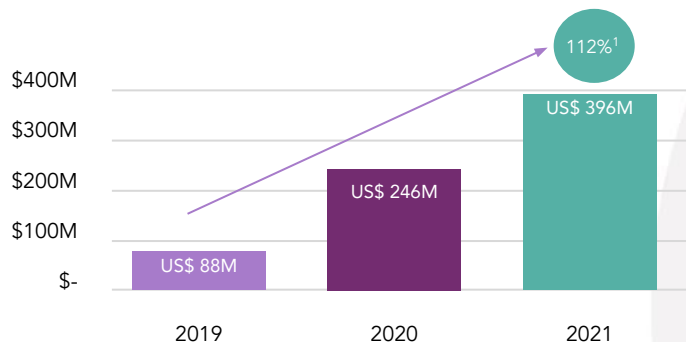


FY 21 Highlights

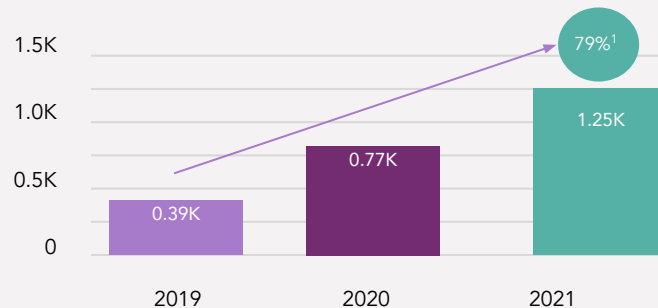
- Record annual MSV of US\$396M up 61% YoY (72% if adjusted for debit)
- Step change Q4 MSV run rate of over US\$500M driven by APAC (specifically Japan) and a strong holiday period
- Active Merchants up 60% YoY to 1.25K and Active Shoppers up 43% to 330K
- Became Google's first instalment payment solution in Japan
- Integrations with Salesforce Commerce Cloud and Wix means Splitit now supports six of the leading global e-commerce platforms
- Technology extended to white and grey label offerings, available to both merchants such as Google, and third party BNPL partners such as tabby
- Expansion of credit card network with UnionPay and Discover
- Signed new US\$150M credit facility with Goldman Sachs
- US ADR Program launched to complement ASX listing

FY21 Growth

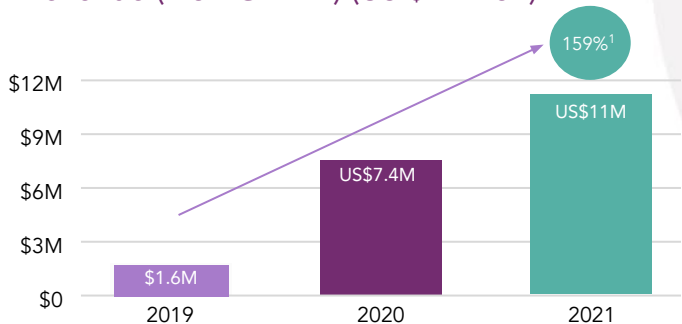
Merchant sales volume (MSV) (US \$ million)



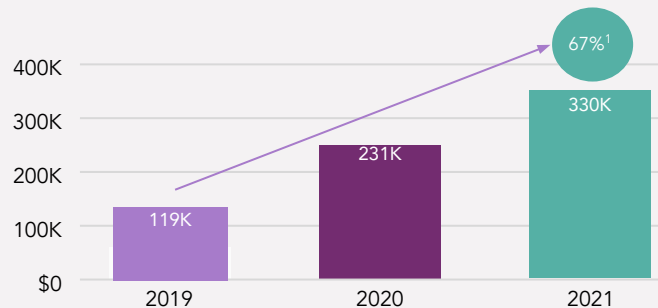
12-Month Active Merchants



Revenue (Non GAAP²) (US \$ million)



12-Month Active Shoppers



1. 2 year CAGR

2. Revenue invoiced to merchants for the period, translated to reporting currency. Under the funded model, revenue is invoiced upfront at the date of funding. Under the basic model, revenue is invoiced monthly as each installment is processed. This non-GAAP measure has not been independently audited or reviewed, and will differ from GAAP revenue due to IFRS revenue recognition rules. Refer to Appendix for statutory results

Capital Management

US\$43.5M¹

Net Cash + Merchant Receivables –
Debt Payable



- Continued QoQ reduction in borrowing costs throughout the year highlighting quick pathway to transaction margin growth

US\$112.5M²

Total Liquidity



- US\$150M Goldman Sachs warehouse facility alone can support US\$650M in MSV³

1. 31 Dec 2021: \$29m cash balance + \$81m merchant funded receivables - \$66.5m debt payable
(net of restricted cash balances available to be applied against loan balance)

2. 31 Dec 2021: \$29m available cash + \$83.5m undrawn loans

3. Assumes approximate mix of funded / non funded MSV of 75:25

2021 Cash Flow Reconciliation

Throughout 2021 Splitit re-financed credit facilities, resulting in a material reduction in interest costs later in the year. Cash flows can be categorized into the following:

NORMALISED OPERATIONS

	31-Dec-21	
	\$'000	
Operating cash burn	(24,645)	1,7
Normalised Interest Expense	(4,123)	2,7
Cash outflow from Investing Activities	(132)	7

Cash burn (revenue less operating expenses), Interest to fund receivables

ORIGINATION - TEMPORARY OUTFLOWS

	31-Dec-21	
	\$'000	
Receivables Origination	(27,761)	1
Net debt drawn related to receivables	22,782	3,5
Net origination activities	(4,889)	7

Splitit funds merchants upfront in it's funded model. The majority is funded via Goldman Sachs, a portion is funded via Splitit. These temporary outflows equate to future inflows

NON-RECURRING FINANCING

	31-Dec-21	
	\$'000	
<i>Non-recurring financing activities</i>		
Net 31 Dec 2020 debt balance not secured against receivables originated	(26,938)	4, 5
Non-recurring interest expense	(2,699)	6
Proceeds from exercise of share options	2,485	
Transaction costs related to loans and borrowings	(2,874)	
Loan termination fees	(1,390)	
Payments to/from restricted cash	1,750	
Non-recurring financing activities	(29,666)	7

One-off repayment of high-cost legacy debt facilities

1. = (\$52,406) (Statutory statement of cash flows: Net cash outflows from operating activities)

2. Normalisation of interest on the scenario of Goldman Sachs being the only lender for 2021 (applying Goldman interest rates and debt/receivables ratio)

3. Normalised debt drawn as a percentage of origination based in actual 31 Dec 21 Goldman debt drawn (\$66,423) as ratio of Receivables (\$80,938) = 82.1%.

82.1% x Net receivables origination funding (\$27,761) = \$22,782

4. Portion of 31 Dec 2020 debt balance drawn in advance of receivable origination, repaid in 2021 after Goldman refinancing

5. = (\$4,156) (Statutory statement of cash flows: Proceeds from borrowings (\$66,808) less Repayment of borrowings (\$70,964)

6. = (\$6,822) (Statutory statement of cash flows: Interest Paid)

7. = (\$63,547) (Statutory statement of cash flows: Net decrease in cash and cash equivalent)

Accepted by thousands of brands

Google

CANYON

JAMES ALLEN®

Gem
Shopping
Network

byte®

nectar

hp

GlassesUSA
.com

DREAMCLOUD

Ableton

QUIKSILVER

Virgin
pure

ECHELON® Vestiaire Collective

NOMOS
GLASHÜTTE

POLY & BARK

rotimatic

simplilearn

LYMA

SIMBA

FABERGÉ

77 DIAMONDS
LONDON | FRANKFURT

RAD POWER BIKES

QuickFee.

SPECIALIZED®

GHOSTBED®

tabby*

Gillette®

RAT & BOA

rare carat
America's #1 Ring Marketplace

LA Z BOY
FURNITURE GALLERIES®

PROCAM
Photo & Video Gear

SUPER73®

SECRET
LAB

BRAUN

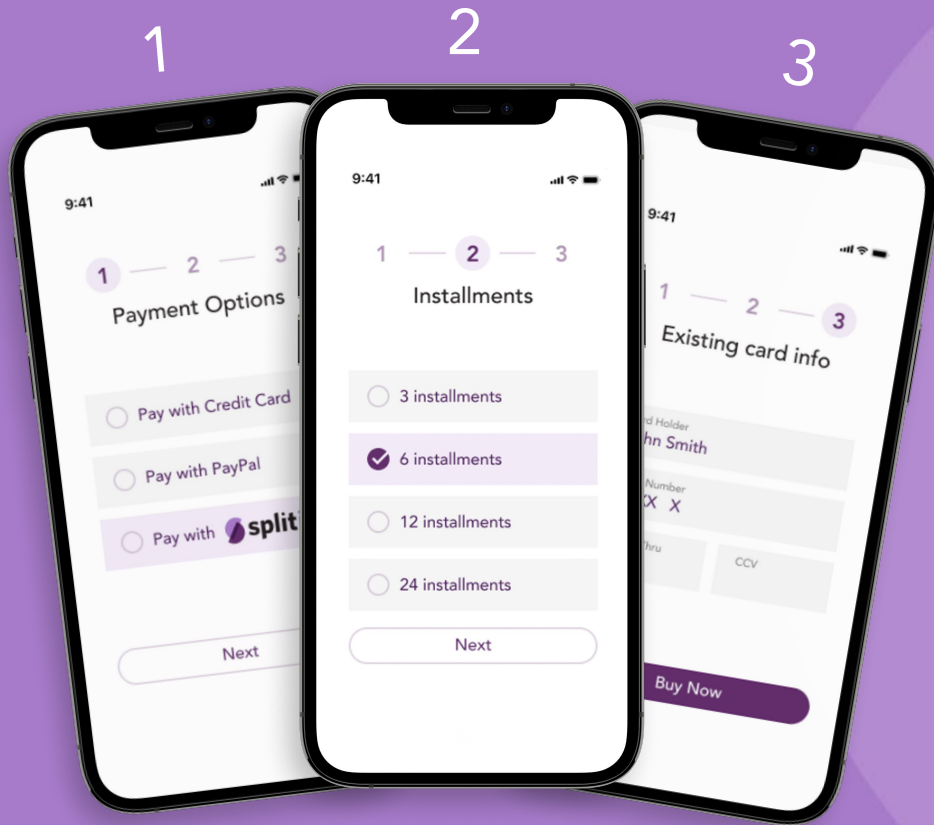
Puffy

splitit

Only Splitit lets customers
pay over time without
adding debt.

It's the best way to attract
and convert
high-value shoppers.





The fastest and easiest option

- No application, no redirects, no getting in the way of the sale!
- High approval rates!
Our approval rates match card transactions.
- With Splitit, we are the technology platform to make instalments as easy as cards – on your terms.
- Collect perks like cashback, rewards and points.



Key differentiators: Shoppers

Splitit allows shoppers to utilize their existing credit, without going into new debt, whilst also offering the most consumer friendly BNPL solution with no credit checks, approval processes, applications, interest, or fees

Consumer friendly

No credit checks for the consumer, no applications, no approval process or redirects. Checkout in as few as three clicks.

No new consumer debt

Only BNPL to utilise pre-existing, unused credit card limits at the point of sale, with 0% financing costs to the consumer.

No late fees

Missing a payment does not result in late fees, shoppers always just pay the purchase price.

No new interest

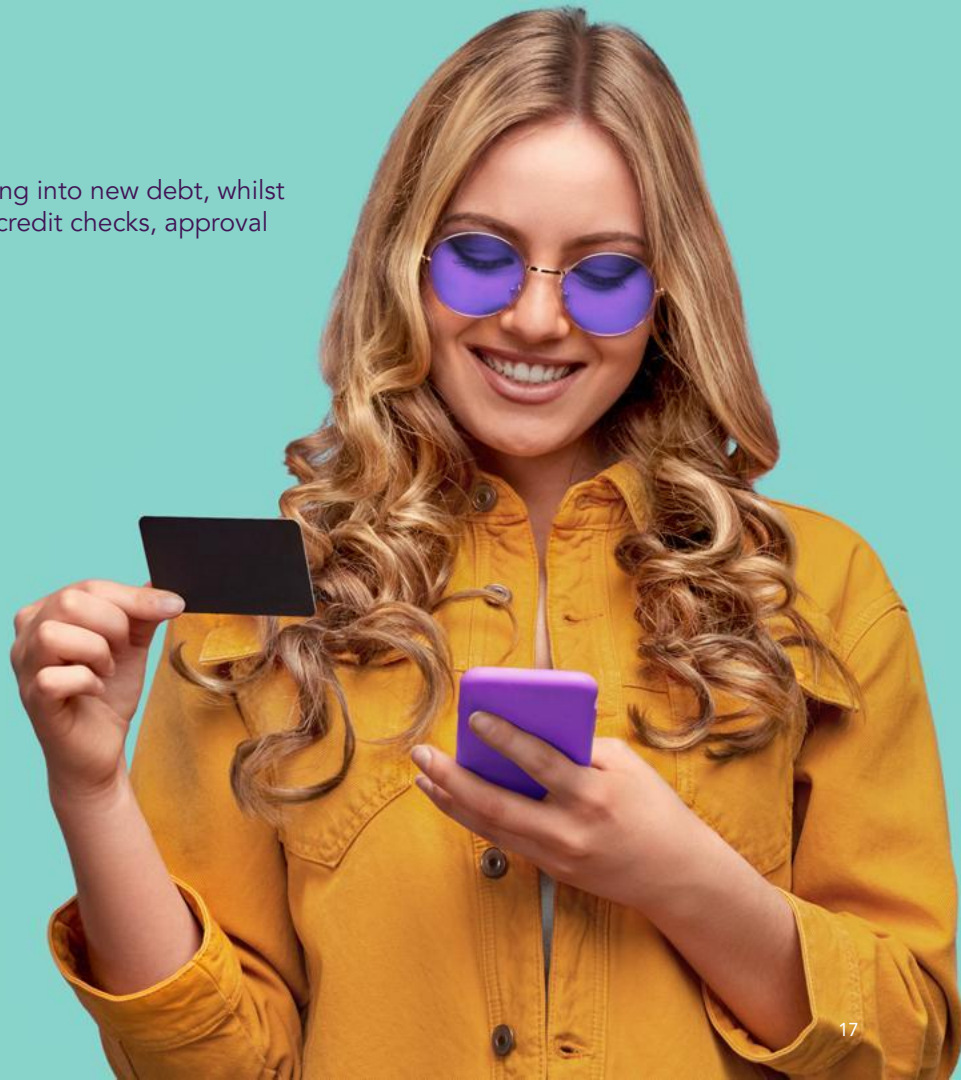
If a shopper misses a payment, they simply revert to their credit card issuer's agreed terms.

Shoppers choose the number of instalments

They can choose to pay in full at any time without penalty.

Shopper rewards

Shoppers still collect card perks like cash back, rewards, points, and fraud and purchase protections.





Key differentiators: Merchants

Splitit's seamless integration, flexible loan terms and higher ticket sizes, low friction checkout, and use of the shoppers existing credit, helps merchants to drive greater point of sale conversation

Attracts high-value shoppers

Typically wealthier with good credit, less vulnerable to market fluctuations than a levered or sub-prime consumer.

High average order value (AOV) of over \$1,000

A valuable partner to merchants to drive larger scale purchases.

Seamless

Most integrated and fastest shopper checkout of all BNPL providers drives share of checkout and conversion rates.

Drives conversion

Improves conversion by reducing friction at checkout by using existing credit cards. No approval process which eliminates friction of BNPLs that issue new credit.

Flexibility

Option of a funded or non-funded model. Allows for longer loans (3-24 months) with length dictated by the merchant.

Globally scalable model

The platform can be adopted in new markets, providing an opportunity for merchants to expand globally with the same provider.

Key differentiators: Business model

Unique IP, global scalability, and white label opportunities provides a differentiated business model, leading to operating leverage at scale and a pathway to sustainable and profitable growth at superior margins.

- Splitit has unique IP on securing a rolling pre-authorisation for installments on a consumer's credit card, which limits consumer defaults and provides significant cost savings and margin enhancements relative to our peers as volumes scale.
- The only card and network agnostic solution. Other card-based systems are either post-sale or require separate costly merchant integrations.
- Globally scalable without the need for on-the-ground presence, and not subject to the high operating costs of a consumer finance business.
- Technology focussed white labelling reduces reliance on consumer brand building costs, providing a cost-effective pathway to profitability.
- Already subject to existing credit card regulatory framework. At a relative advantage to BNPL competitors who continue to fall under increasing global regulatory scrutiny.



How Splitit works



Customer pays for their purchase using Splitit and an instalment plan is created.



Splitit authorizes the full amount of the purchase on the shopper's existing credit card and reserves the balance from their credit card until final payment is made.



The first installment is charged a few seconds after the purchase authorization or upon shipping.



Splitit reauthorizes the outstanding amount when the previous authorization is about to expire.



Splitit will charge the shopper's credit card every month until the plan is finished, reducing the hold on their credit line each month by the payment amount.

Sample plan for 3 instalments* with credit card

Total
\$1,500



Pay today
\$500
\$1,000 held on card



2nd payment
\$500
\$500 held on card

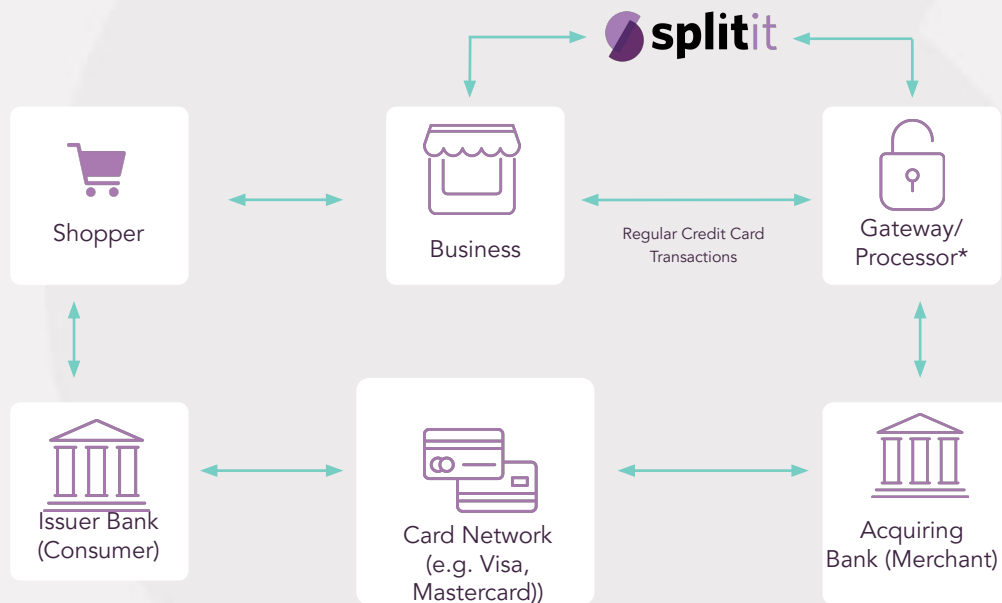


Final payment
\$500
\$0 held on card

* Instalment plans can vary from 3 to 24

Product architecture

Splitit is an intermediate layer between the merchant's platform and its existing payment gateway.



*Splitit is pre-integrated with all major credit card processors and gateways and is PCI DSS compliant

Revenue models

Merchant fees are earned from the following business models

Funded Model

- Merchants receive the full purchase price upfront minus fees
- Fees are calculated as a percentage of merchant sales volume
- Pricing also incorporates Splitit's funding costs (and other variables) plus a contribution margin
- Amounts owed are collected in line with the instalment cycle

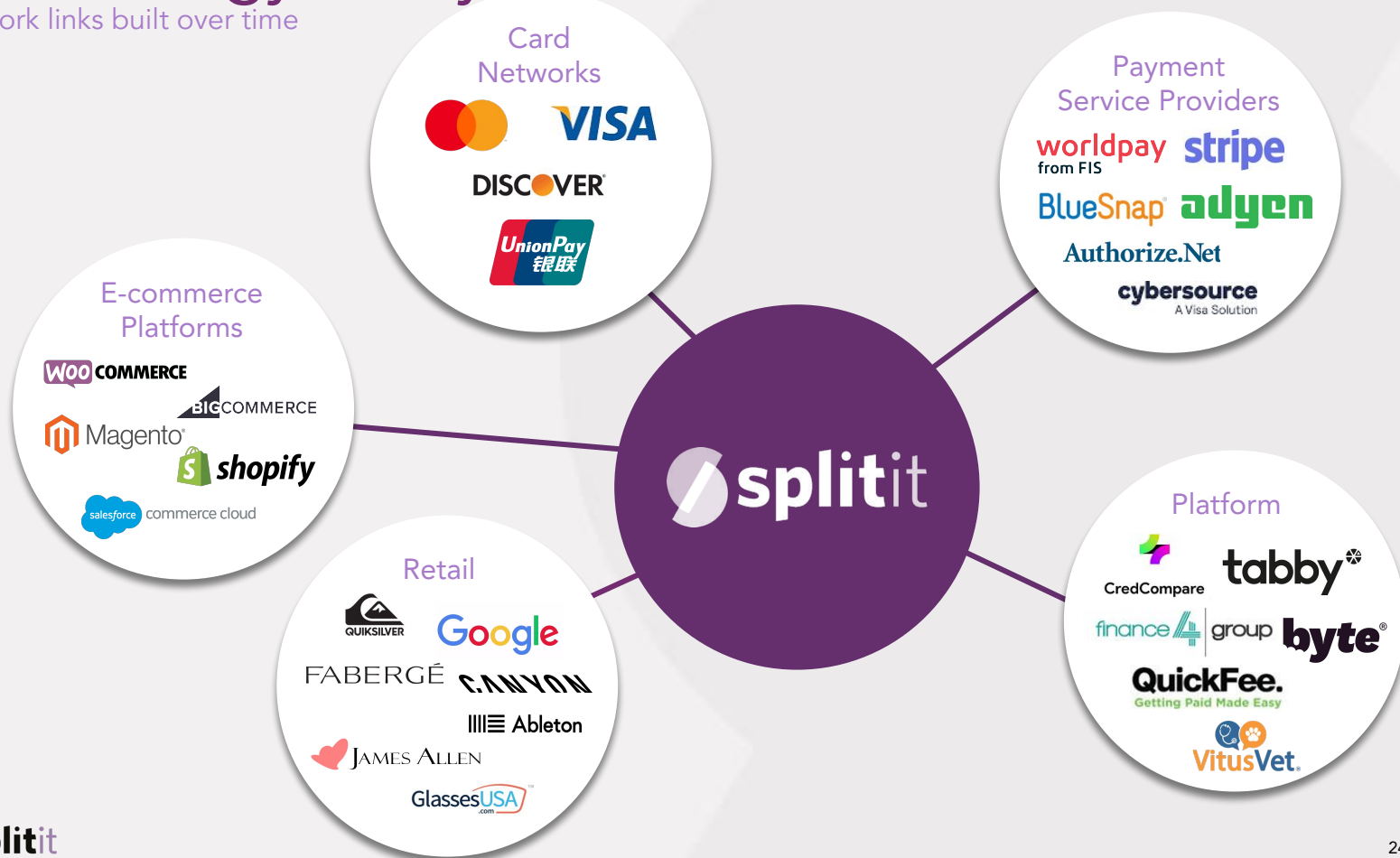
Basic Model

- Merchants are paid over time
- Splitit invoices the merchant monthly for platform fees payable, calculated as a percentage of merchant sales volume



Our technology ecosystem

Intricate network links built over time





52%
of Millennials.¹

44%

of Gen Z have maxed out
at least one credit card.¹



52%

would pay over time if their
credit card allowed it without
interest or fees.²



Credit cards work for the
wealthy



BNPL was built for the
credit-wary customer

Splitit is made for the 200M US
shoppers³ in the middle with over
\$3.2T in spending power⁴



5% of wealthy
consumers carry a
credit card balance⁵

1. The Fool, "How Gen Z, Millennials, Gen X, and Baby Boomers Use Credit Cards", March 2021

2. Splitit consumer survey, April 2021

3. CreditCards.com, Credit card ownership statistics, May 2021

4. Federal Reserve Bank Of New York, Quarterly Report On Household Debt And Credit, Q4 2021. Total US available credit - credit cards

5. The Fool, "How Wealthy People Use Credit Cards Differently Than Most Americans", September 2021

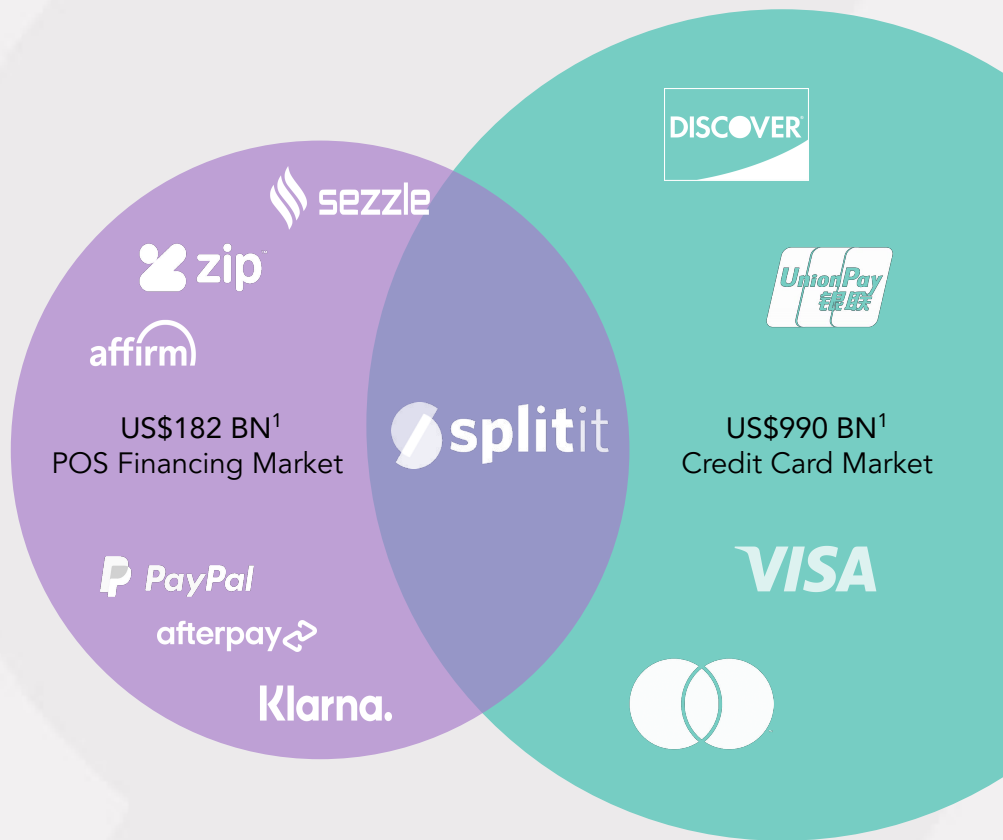
The opportunity

The credit card market is 5.4 times larger ¹ than the point of sale finance market.

The US point of sale financing market is expected to grow to US\$182 BN by 2023.¹

The US credit card market is expected to grow to US\$990 BN by 2023.¹

Splitit brings the best of both worlds.



¹.Source: McKinsey & Company Buy now, pay later: Five business models to compete, July 2021
Reflects estimated outstanding balances
US\$990 bn / US\$182bn = 5.4x expected differential by 2023

Priority focus areas

MSV Growth

- Focus on core geographies
- Opportunities for broader geographic expansion with large global merchants
- Target higher AOV industries
- Follow credit card usage patterns
- Branded and white-label opportunities

Platform Development

- Accelerate merchant acceptance
- Improve onboarding and customer experiences
- Expand partner ecosystem and distribution channels



Thank you



Operating metrics - definitions

- **Merchant Sales Volume (MSV):** Underlying sales volume for successful transactions that a merchant fee is charged
- **Revenue (Non GAAP):** Revenue invoiced to merchants for the period, translated to reporting currency. Under the funded model, revenue is invoiced upfront at the date of funding. Under the basic model, revenue is invoiced monthly as each installment is processed. This non-GAAP measure has not been independently audited or reviewed, and will differ from GAAP revenue due to IFRS revenue recognition rules.
- **12M Active Merchants:** Number of merchants that have received a payment in the previous 12 months
- **12M Active Shoppers:** Number of shoppers that have made a purchase in the previous 12 months
- **Average Order Value (AOV):** Average value of plans initiated in the period
- **YoY:** Year-over-Year growth to prior corresponding period

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	31-Dec-21 (\$'000)	31-Dec-20 (\$'000)
Portfolio income	7,920	5,172
Transaction revenue	2,525	1,515
Other income	62	48
Total income	10,507	6,735
Cost of Sales	(1,224)	(28)
Gross Profit	9,283	6,707
Depreciation and amortisation expenses	(77)	(276)
Employment expenses	(14,496)	(10,701)
Operating expenses	(16,365)	(12,686)
Impairment expenses	(3,850)	(957)
Share based payment expenses	(3,672)	(1,675)
Total expenses	(38,460)	(26,295)
Operating loss	(29,177)	(19,588)

	31-Dec-21 (\$'000)	31-Dec-20 (\$'000)
Operating loss	(29,177)	(19,588)
Finance income	31	26
Warrant expenses	(487)	-
Interest and other finance costs	(10,045)	(5,844)
Finance costs	(10,532)	(5,844)
Loss for the period	(39,678)	(25,406)
Income tax expense	(11)	(64)
Loss for the period	(39,689)	(25,470)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods (net of tax)		
Exchange differences on translation of foreign operations	68	-
Total comprehensive loss for the period	(39,621)	(25,470)
Loss per share		
Basic and Diluted loss per share (cents)	(8.6)	(7.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31-Dec-21	31-Dec-20
	\$'000	\$'000
CURRENT ASSETS		
Cash and cash equivalents	28,933	92,824
Receivables	74,143	51,770
Other financial assets	200	1,950
Other current assets	998	897
Total current assets	104,274	147,441
NON-CURRENT ASSETS		
Other financial assets	-	13
Receivables	3,959	-
Property, plant and equipment	150	95
Total Non-current assets	4,109	108
Total assets	108,383	147,549

	31-Dec-21	31-Dec-20
	\$'000	\$'000
CURRENT LIABILITIES		
Trade and other payables	4,281	5,295
Interest bearing liabilities and borrowings	-	32,162
Employee benefit provision	658	517
Total current liabilities	4,939	37,974
NON-CURRENT LIABILITIES		
Interest bearing liabilities and borrowings	64,256	37,409
Total non-current liabilities	64,256	37,409
Total liabilities	69,195	75,383
Net assets	39,188	72,166
EQUITY		
Issued capital	126,091	123,606
Accumulated losses	(102,346)	(62,657)
Reserves	15,443	11,217
Total equity	39,188	72,166

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

	Issued capital (\$'000)	Reserves (\$'000)	Accumulated losses (\$'000)	Total (\$'000)
At 1 January 2021	123,606	11,217	(62,657)	72,166
Share options exercised (net of tax)	2,485	-	-	2,485
Share based payments	-	4,158	-	4,158
FCTR	-	68	-	68
Loss for the period	-	-	(39,689)	(39,689)
Balance at 31 December 2021	126,091	15,443	(102,346)	39,188

	Issued capital (\$'000)	Reserves (\$'000)	Accumulated losses (\$'000)	Total (\$'000)
At 1 January 2020	44,014	9,542	(37,187)	16,369
Issue of shares - capital raising	82,332	-	-	82,332
Capital raising cost (net of tax)	(3,777)	-	-	(3,777)
Share options exercised (net of tax)	1,037	-	-	1,037
Share based payments	-	1,675	-	1,675
Loss for the period	-	-	(25,470)	(25,470)
Balance at 31 December 2020	123,606	11,217	(62,657)	72,166

CONSOLIDATED STATEMENT OF CASH FLOWS

	31-Dec-21	31-Dec-20
	\$'000	\$'000
Loss after income tax	(39,689)	(25,470)
Adjustments to reconcile to net cash flow from operating activities:		
Share based payments	3,672	1,675
Depreciation and amortisation expenses	77	276
Net foreign exchange loss	828	(3,024)
Warrant expenses	487	-
Interest and other finance costs	10,046	5,844
Net loss on disposal of assets	-	61
Expected credit loss provision movement	1,558	300
Other non-cash movements		
Net (increase)/decrease in operating assets		
Trade receivables	(27,761)	(46,096)
Other current assets	(229)	(335)
Net increase/(decrease) in operating liabilities		
Trade payables	(1,536)	3,713
Other current liabilities	141	(23)
Total adjustments	(12,717)	(37,609)
Net cash outflows from operating activities	(52,406)	(63,079)

	31-Dec-21	31-Dec-20
	\$'000	\$'000
Cash flows from investing activities		
Payments for plant and equipment	(132)	(65)
Proceeds from disposal of assets	-	68
Net cash inflows / (outflows) from investing activities	(132)	3
Cash flows from financing activities		
Proceeds from issue of shares	-	82,332
Costs of share issues	-	(3,777)
Proceeds from exercise of share options	2,485	1,037
Proceeds from borrowings	66,808	68,113
Repayment of borrowings	(70,964)	(555)
Transaction costs related to loans and borrowings	(2,874)	(1,061)
Interest paid	(6,822)	(3,765)
Loan termination fees	(1,390)	-
Payments to / (from) restricted cash	1,750	(1,863)
Net cash inflows / (outflows) from financing activities	(11,007)	140,461
Net increase / (decrease) in cash and cash equivalent	(63,547)	77,385
Effects of exchange rate changes on cash and cash equivalents	(346)	3,769
Cash and cash equivalents at beginning of the period	92,824	11,670
Cash and cash equivalents at end of the period	28,933	92,824