ASX Announcement **28 February 2023**

Splitit FY22 Full Year Results

New growth strategy momentum & path to profitability accelerated

- Record annual Merchant Sales Volume (MSV) of US$431M, an increase of 9% Year on Year (YoY)
- Three-fold Net Transaction Margins improvement to 1.41%, accelerating pathway to profitability
- 31% YoY reduction in Operating Expenses, achieved through pivot to white-label strategy and general cost reductions
- Expansion of agreement with Google and material partnerships with Blue Snap, Checkout.com and Worldline
- First enterprise merchant, Alipay and partnership with Ingenico signed post period
- Continued to innovation to differentiate Splitit's product offering
- US$0.7B - US$0.8B projected MSV annualised run rate by end of 2023

Splitit Payments Limited ("Splitit" or the "Company") (ASX:SPT, OTCQX:SPTTY), the only white-label instalment solution that allows consumers to pay overtime with their existing credit on their credit cards, presents its annual results for the year ended 31 December 2022 (FY22).

Splitit CEO and Managing Director, Nandan Sheth said, "FY22 has been a transformative year for Splitit, as we relaunched our solution as a white-label Instalments-as-a-Service platform. This evolution of our business has allowed Splitit to further differentiate from the fundamentally broken business model of legacy BNPL. Despite operating in this transitional period, Splitit reported a strong year of growth, with record MSV of $431M and continued to push towards profitability, with a 31% reduction in operating expenses and growth in Net Transaction Margins growing three-fold to 1.41%.

"Our new business model is proving attractive to customers and partners alike, reflected in the multiple new agreements signed during the year, including with Google, Checkout.com, AliExpress and Worldline. We see a US2b - $4b MSV opportunity for Splitit over the next 3 years."

FY22 GROWTH & PERFORMANCE

Splitit's performance across key metrics and corresponding growth was achieved in a transitionary year which included a deliberate churn of unprofitable merchants. In addition, global eCommerce sales as a proportion of global retail sales continued to trail back in 2022 after the significantly heightened levels experienced in 2020-2021 due to the COVID-19 pandemic.

Our new growth strategy brought enhanced focus on distribution partners to drive growth, the launch of our white-label Instalments-as-a-Service offering, progress towards unlocking of BNPL for issuers of credit at the merchant point of sale, and the forming of valuable new retail partnerships. The white-label nature of our technology supports a reduced cost base and is not reliant on high consumer marketing costs.

Table 1: Full Year FY22 Key Performance Metrics

Operating Metrics	**FY22**	**YoY Comparison to FY21**
Merchant Sales Volume (MSV)[1]	US$431M	+9% (US$396M)
Revenue (IFRS)[2]	US$10.6M	+1% (US$10.5M)
Net Transaction Margin % (NTM %)[3]	1.41%	+0.94% (absolute) (0.47%)
Operating Expenses (Non-IFRS)[4]	US$20.1M	-31% (US$29.1M)

[1] Underlying MSV for successful transactions

[2] Revenue under IFRS, reflective of IFRS 9 Effective Interest Rate (EIR) adjustment

[3] NTM(%)= NTM ($) / MSV invoiced to merchants during the period.
NTM ($) = Revenue (IFRS) less variable transaction costs (finance costs directly associated with receivables funding, third party revenue share, processing costs) less Bad Debts (transaction losses)

[4] Operating expenses exclusive of non-cash items (share-based payments, warrant expense, unrealised foreign exchange gains/losses, depreciation and amortisation, amortisation of deferred debt costs).

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Table 2: Statutory to Management Profit & Loss Reconciliation

Statutory Profit & Loss before tax	**31-Dec-22 (US$'000)**	**31-Dec-21 (US$'000)**	
Portfolio income	7,938	7,920	
Transaction revenue	2,652	2,525	
Other income	48	62	
Total income	**10,638**	**10,507**	*A*
Cost of Sales	(1,201)	(1,224)	*B*
Gross Profit	**9,437**	**9,283**	
Depreciation and amortisation expenses	(217)	(77)	*C*
Employment expenses	(11,883)	(14,496)	*D*
Other operating expenses	(8,905)	(16,365)	*E*
Impairment expenses	(631)	(3,850)	*F*
Share based payment expenses	(2,649)	(3,672)	*G*
Total expenses	**(24,284)**	**(38,460)**	
Operating loss	**(14,847)**	**(29,177)**	
Finance income	151	31	*H*
Warrant expenses	(935)	(487)	*I*
Interest and other finance costs	(6,874)	(10,045)	*J*
Finance costs	**(7,809)**	**(10,532)**	
Loss for the year	**(22,505)**	**(39,678)**	*K*

Management Profit & Loss - EBITDA Reconciliation	**31-Dec-22 (US$'000)**	**31-Dec-21 (US$'000)**	
Merchant Sales Volume	430,877	395,567	
MSV Invoiced in period	372,064	346,221	
Revenue (Non IFRS)	10,414	11,014	
IFRS Revenue Recognition Adjustment	224	(507)	
Revenue (IFRS)	**10,638**	**10,507**	*A*
NTM Finance Costs	(3,574)	(3,803)	*Included within J*
Other variable transaction costs	(1,201)	(1,224)	*B*
Impairment Expenses	(631)	(3,850)	*F*
Total NTM Costs	**(5,406)**	**(8,876)**	
Net Transaction Margin $ (NTM $)	5,232	1,631	
NTM %	1.41%	0.47%	
Operating expenditure (Non IFRS)	**(20,159)**	**(29,126)**	*Included within D & E*
EBITDA (Non IFRS)	**(14,927)**	**(27,495)**	
Reconciliation to statutory loss for the year			
Finance Income	151	31	*H*
Other Cash related Finance Costs	(2,527)	(4,932)	*Included within J*
Non Cash Items			
Depreciation and amortisation expense	(217)	(77)	*C*
Warrant Expenses	(935)	(487)	*I*
IFRS16 Lease Finance Expense	(20)		*Included within J*
Amortisation of deferred debt costs	(753)	(1,311)	*Included within J*
Share based payment expenses	(2,649)	(3,672)	*G*
Net Foreign currency gains / (losses)	(628)	(1,735)	*Included within E*
IFRS Loss before tax	**(22,505)**	**(39,678)**	

Partnerships & Innovation

Product innovation is essential to support merchants in an increasingly challenging macroeconomic environment. characterised by inflationary pressures and rising cost of living expenses.

In FY22 we continued to establish Splitit as a global technology business delivering the next-generation instalments service, with a platform that empowers merchants and ensures sustainable and long-term growth for the Company.

We formally unveiled our merchant-branded Instalments-as-a-Service platform, a white-label plugin allowing merchants to retain the customer relationship, driving loyalty and promoting their brand. Also, in FY22 we launched some of the most flexible instalment plan options in the industry driven by our focus on supporting customers in this economic climate.

We remain the most flexible instalment solution providing a consumer-friendly option for shoppers to utilise their existing credit at the point of sale, as well the only service that supports one-click instalments, embedded directly in the merchant's existing checkout flow. We don't charge interest, late fees or prepayment penalties so customers aren't at risk of compromising their credit scores.

These factors increasingly make Splitit's offering highly attractive to both the end consumer and potential partners and have been instrumental in attracting and securing new merchants and partners such as Blue Snap, Worldline, Checkout.com.

In FY22, Splitit also signed a new agreement with Google to extend its existing partnership to enable Splitit's Instalments-as-a-Service to be added to the Google Store in additional markets beyond Japan.

Following the financial year, Splitit and Alipay partnered to develop a 'Pay After Delivery' option for shoppers on AliExpress, a global eCommerce marketplace owned by the Alibaba Group in January 2023. The service will harness Checkout.com's payment-acquiring capabilities and initially launch in Germany, France and Spain, with plans to expand into other international markets.

In February 2023, Splitit announced a new partnership with Ingenico, a global leader in payments acceptance solutions. Under the agreement, Splitit and Ingenico will create the first one-touch instalment solution embedded into physical POS terminals. Ingenico will integrate Splitit's white-label Instalment-as-a-Service solution within its cloud-based Payments-Platform-as-a-Service (PPaaS) to deliver the first one-touch, pay-later functionality on a POS terminal.

Board and leadership changes

To drive its refreshed strategy, Splitit enhanced its leadership and Board in FY22. Seasoned payments industry executive, Nandan Sheth, was appointed CEO in early 2022. In July 2023, he was appointed to the Board as Managing Director, along with payments industry veteran Dan Charron who joined as Non-Executive Director.

Throughout the year, new Executives with significant payments and fintech experience were appointed in key roles across the business.

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

About Splitit

Splitit powers the next generation of Buy Now, Pay Later (BNPL) through its merchant-branded Instalments-as-a-Service platform. Splitit is solving the challenges businesses face with legacy BNPL while unlocking BNPL at the point of sale for card networks, issuers and acquirers all through a single network API. Splitit's Instalments-as-a-Service platform mitigates issues with legacy BNPL like the declining conversion funnel, clutter at the checkout and a lack of control of the merchant's customer experience while putting the power back in the hands of merchants to nurture and retain customers, drive conversion and increase average order value. Splitit's white-label BNPL is the easiest instalment option for merchants to adopt, integrate and operate while delivering an uncluttered, simplified experience embedded into their existing purchase flow. Headquartered in Atlanta, Splitit has an R&D centre in Israel and offices in London and Australia. Splitit is listed on the Australian Securities Exchange (ASX) under ticker code SPT and also trades on the US OTCQX under ticker SPTTY (ADRs) and STTTF (ordinary shares).

Splitit's Key Points of Differentiation	
What is Splitit's Instalments-as-a-Service?	Splitit's Instalments-as-a-Service platform is a new way to drive BNPL through a white-label, merchant-branded experience embedded within their existing checkout flow. Unlike legacy BNPL services that originate new loans, Splitit unlocks existing consumer credit on credit cards for 0% interest* instalments. Any consumer with available credit on their credit card is automatically pre-qualified to use Splitit for the value of that available credit. There's no application, registration or redirects and no additional interest, hidden fees (credit card terms and conditions may apply) or credit checks, making it the most seamless and frictionless BNPL checkout experience for consumers online and in-store. ** No interest is payable to Splitit. The cardholder may be liable to pay interest to the issuer of their payment card if the instalments are not paid in full by the due date.*
Splitit is a consumer-friendly option for shoppers	Splitit offers a consumer-friendly solution with no new debt or credit checks, no application, no interest or late fees charged (credit card terms and conditions may apply). Splitit is the instalment offering that allows shoppers to use their issued but unused credit on major credit cards at the point of sale. It also allows shoppers to continue collecting perks like cash back, rewards and points as they would on normal credit card transactions, without any risk of damaging their credit profile.
Unique benefits for merchants	Splitit is highly integrated (shoppers don't need to leave the merchant's website), easy to Implement and offers longer and flexible loans, reducing shopper friction and driving sales conversion rates. It also offers merchants the option of a funded or non-funded model. Splitit's white-label platform delivers one-click instalments embedded into the merchant's existing checkout flow. The merchant-branded experience reduces the clutter and confusion of multiple payment logos in the checkout, ensuring brand consistency while driving loyalty and repeat purchases.
Globally scalable model, boosted by white-labelling	Splitit is fundamentally a technology business leveraging the existing global credit card payment rails. This means its branded or white-label solution can be adopted in new markets without the need for an 'on the ground' presence, delivering strong operating leverage, enhanced scalability and a cost-effective pathway to profitability.
Already subject to existing credit card regulatory framework, and allows merchant surcharging	As a technology solution that operates within the highly regulated credit card industry, Splitit has a distinct advantage over legacy BNPL providers who are under increasing global regulatory scrutiny due to their consumer financing models. In addition, mounting sector-wide pressure to allow merchant surcharging will not impact Splitit, as merchants are already allowed to surcharge in accordance with credit card rules.
Unique IP	Splitit's protected IP secures the pre-authorisation on a consumer's credit card limits consumer defaults, as the transactions are secured by the credit card issuers. This unique business model provides operating leverage at scale and a pathway to future profitability without the same associated risk.

The announcement has been approved and authorised to be given to ASX by Dawn Robertson, Chairman of the Board of Splitit.

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