

**20 April 2016**



**UPDATE ON PROPOSED IPO**

ThinkSmart Limited (**ASX: TSM**), a financial technology company and a leader in digital, paperless, retail point of sale finance, is today providing an update to its shareholders following its recent announcement on 29<sup>th</sup> March 2016 in relation to its preparations for a potential IPO of its UK business through the listing of its wholly owned UK subsidiary, ThinkSmart Europe Limited (“TSEL”).

The processes required to implement an IPO of TSEL continue to progress with a launch date targeted for calendar 2016, subject to market conditions and receipt of any necessary regulatory approvals.

Further updates on the proposed IPO are as follows:

**Future governance of TSEL**

The Board of ThinkSmart Limited (“ThinkSmart”) recognises that good governance will be particularly important for investors in TSEL given the current intention of ThinkSmart to retain a majority shareholding in TSEL following the proposed IPO.

As already announced, it is the intention of the Board of ThinkSmart to ensure that TSEL will be governed by a board which is compliant with the UK’s Quoted Company Alliance corporate governance code; namely including at least two independent non-executive directors. The Board of TSEL has secured the appointment of one independent non-executive director and is in the process of recruiting another, using all reasonable endeavours to recruit a second independent non-executive director as soon as practically possible.

In addition a relationship agreement, that will govern the relationship between TSEL and ThinkSmart as its majority shareholder, is to be agreed and entered into conditionally upon an IPO.

**Use of primary issue proceeds**

It is intended the IPO will involve a sell down of some of ThinkSmart’s existing shares and placing of new shares in TSEL (i.e. a primary equity issuance).

Any proceeds from a primary equity issue are intended to be utilised to settle inter-company debt (including that arising from the acquisition of the SmartCheck software and brand names for use by TSEL in Europe), fund the costs of the IPO and fund future expansion.

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**Recent Historical Financial Information (“RHFI”) on TSEL, accounted under IFRS and in Sterling.**



ThinkSmart currently provides financial reports in AUD\$ and on a consolidated basis. The Board’s current intention is for TSEL to be listed in the United Kingdom, subject to market conditions and also being in receipt of any regulatory and stock exchange approvals. Consequently, TSEL’s reporting currency will be Sterling, which is also the underlying operating currency in which it trades commercially. It is also the intention to adopt IFRS accounting, and an illustrative summary of TSEL’s consolidated RHFI as a stand alone entity is detailed below.

**Recent Historical Profit and Loss Account of TSEL**

<b>Year to 30 June</b>	<b>2014<sup>1</sup></b>	<b>2015</b>	<b>6 months to 31 December 2015<sup>1</sup></b>
<i>£ million (unless otherwise stated)</i>			
Revenue	10.3	11.4	6.1
Other revenue	1.4	1.5	0.7
<b>Total revenue</b>	<b>11.7</b>	<b>12.9</b>	<b>6.8</b>
Customer acquisition costs	(2.1)	(1.7)	(0.8)
Cost of inertia assets sold	(1.4)	(2.7)	(1.0)
Other operating expenses	(5.0)	(5.4)	(2.6)
Depreciation and amortisation	(0.3)	(0.3)	(0.3)
Impairment losses	(0.4)	(0.3)	(0.2)
<b>Operating profit</b>	<b>2.5</b>	<b>2.5</b>	<b>2.0</b>
Interest expenses - related parties	(0.6)	(0.5)	(0.3)
FX gain/(loss) <sup>2</sup>	0.7	1.3	(0.2)
<b>Profit before tax</b>	<b>2.6</b>	<b>3.3</b>	<b>1.5</b>
Income tax expense	(0.6)	(0.7)	(0.3)
<b>Profit after tax</b>	<b>2.0</b>	<b>2.6</b>	<b>1.2</b>

Notes:

- On 1 January 2014 the company changed its year end to 30 June and therefore prepared accounts for the 6 months to 30 June 2014. The above unaudited pro-forma P&L for the year to 30 June 2014 has been prepared on a consistent basis with the year to 30 June 2015. The 6 months to 31 December 2015 are also unaudited but have been prepared on a consistent basis to the ThinkSmart Interim Accounts for the 6 months to 31 December 2015.
- The FX gains/(losses) arise mainly on the translation into Sterling of the AUD\$ denominated interest bearing related party loan from ThinkSmart Ltd to TSEL.
- The above figures have been rounded to the nearest decimal point and therefore the totals may not add up due to rounding differences.

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The Board will continue to provide further updates on the process in due course.

## **ENDS**

### **Further information:**

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### **ABOUT THINKSMART:**

ThinkSmart Limited (ASX: TSM) a financial technology company and a leader in digital, paperless, retail point of sale finance which processes high volumes of transactions quickly and efficiently through its SmartCheck proprietary technology. This enables online credit approval in just a few minutes whether customers are online or in store. Our products are executable throughout today's complex retail channel, creating additional revenue and enhanced margin performance – on and off line.

For over 13 years, ThinkSmart has been an exclusive partner to Dixons Retail, now part of the newly merged Dixons Carphone Group Plc, where it has developed compelling Business and Consumer lease finance propositions, most recently introducing Upgrade Anytime – a first to market offer which enables consumers to upgrade to the very latest computing and vision products, bringing more technology to more customers more often.

### **ADDITIONAL INFORMATION:**

The contents of this announcement should be regarded as insufficient to form the basis of an investment decision (whether in relation to ThinkSmart or TSEL), for which further investigation, analysis and consideration would be required. The contents of this announcement should not be regarded as an invitation or inducement to engage in an investment activity (whether in relation to ThinkSmart or TSEL).

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