Smartpay Full Year Results Announcement

27 May 2021

The Board of Smartpay is pleased to announce its unaudited full year results to 31 March 2021.

Full Year Financial Highlights

- Revenue $33.8m, a 19.7% increase on the prior year $28.3m
- Australian acquiring transactional revenue:
    - $17.1m, an 80.0% increase on the prior year $9.5m
    - Monthly acquiring revenue grew to $2.2m / month
- EBITDA* $7.6m, a 2.7% increase on the prior year $7.4m. Run-rate EBITDA at March 2021 $9.8m
- Australian transacting terminals fleet grew to 6,754 at 31 March 2021
- Continued increase in acquiring margin through the year
- Net debt, excluding convertible notes, reduced to $4.7m, $19.4m at March 2021
- After Tax Loss of ($15.2m), largely driven by ($12.7m) non-cash fair value adjustment of existing convertible notes – a direct result of our steep increase in share price over the period

Operating Results

Overall revenues were $33.8m, up 19.7% on the prior year $28.3m with our Australian revenues showing strong growth throughout the reporting period.

Australian acquiring transactional revenue grew to $17.1m, an 80.0% increase on the prior year.

The growth in Australian acquiring revenue came as a result of our continuing effort and investment into marketing and sales activities targeted towards our opportunity in Australia.

Monthly customer acquisition continued to increase throughout the year resulting in a record month in March 2021 and reinforces our view that we are well placed to execute into the sizable opportunity presented in Australia.

EBITDA grew to $7.6m in the period, up slightly compared to the prior period $7.4m, which given the challenging trading conditions experienced by many of our customers through the Covid 19 impacted Q1 is a positive result.

The lower percentage increase in EBITDA, when compared to the percentage increase in revenue for the period, reflects the investment in increasing our lead generation and sales and marketing capacity as trading restrictions eased. Marketing expenses, compared to the prior period, were $1.8m, an increase of 80% ($1.0m FY20). Australian Sales and Marketing headcount increased from 10 to 17 through the period.

ASX: SMP
NZX: SPY

SHARE INFORMATION

Issued Shares: 232,109,592

BOARD OF DIRECTORS

Non- Exec Chairman: Greg Barclay
Managing Director: Martyn Pomeroy
Non-Executive: Matthew Turnbull
Non-Executive: Carlos Gil
Non-Executive: William Pulver

WEBSITES

www.smartpay.co.nz
www.smartpay.com.au
www.smartpayinvestor.com

REGISTERED OFFICES

New Zealand:
205 – 209 Wairau Road
Wairau Valley
Auckland 0627
New Zealand

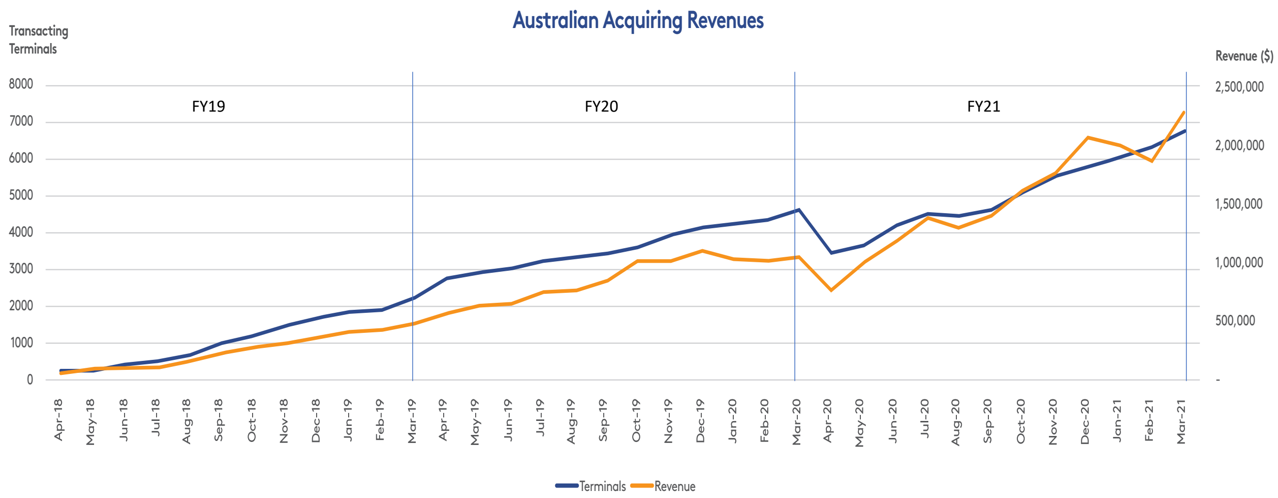
Phone: +64 (0)9 442 2700
Fax: +64 (0)9 442 2722

info@smartpay.co.nz

Australia:
Level 2
117 York Street
Sydney
NSW 2000

Phone: +61 (0)2 7903 6302
Fax: +61 (0)2 9869 4223

info@smartpay.com.au



We continue to target the existing in-store SME payment network in Australia with favourable unit economics reflected in a run-rate EBITDA at March 2021 of $9.8m.

After Tax Loss of ($15.2m), mostly due to ($12.7m) of non-cash related change in valuation of the convertible note – a reflection of the steep increase in share price over the period. The bulk of the convertible note was converted late December 2020 with $1.5 million in principal remaining with a maturity date of October 2021 compared to a principal value of $7.0 million at March 2020.

We also brought forward the amortisation of a number of software assets as a by-product of releasing new versions of our payment software in both countries. This contributed approximately ($0.5m) to the increase in depreciation and amortisation.

Our technology investment throughout the period was largely focused on the ongoing development of our next generation customer interface systems and the digitisation of our terminal management and acquiring platform. We also completed development of new payment applications for both our Australian and New Zealand terminal fleets to ensure the most up to date in-store compliance environment in both countries.

Our effort to date provides a solid foundation for growth and our engineering capacity will turn to focusing on next generation in-store payment technologies, the further digitisation of our payments platform and innovation opportunities in our chosen customer demographics.

Summary and Outlook

FY21 demonstrated the resilience of our New Zealand business and validated our successful go to market strategy in the Australian market. Whilst we are still in the early stages of our growth phase in Australia the business is scaling quickly, and we now have a well-established marketing and sales capability.

FY22 will see Smartpay continue to develop our payments offering in both countries, broaden awareness of our brand and competitive product offering in Australia and further scaling our Australian revenue which is expected to deliver operational leverage and EBITDA growth.

* EBITDA – Earnings Before Interest, Tax, Depreciation, Amortisation, impairments and foreign exchange adjustments. EBITDA is a useful non-GAAP measure as it shows the contribution to earnings prior to finance costs and non-cash items.

The image part with relationship ID rId1 was not found in the file.

ENDS

For further information contact: Martyn Pomeroy, Managing Director, +64 27 3012427 / 64 (9) 442 2714

Corporate Directory

Registered and Principal offices

New Zealand:

205 – 209 Wairau Road
Wairau Valley, Auckland 0627

Email: info@smartpay.co.nz
Phone: +64 (0)9 442 2700
Fax: +64 (0)9 442 2722

Website:
www.smartpay.co.nz

Australia:

Level 2, 117 York Street
Sydney, NSW 2000

Email: info@smartpay.co.nz
Phone: +61 (0)2 7903 6302
Fax: +61 (0)2 9869 4223

Website:
www.smartpay.com.au

Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

New Zealand:

Computershare Investor Services Limited
Private Bag 92119, Auckland 1142

Phone: + 64 (0)9 488 8700
Fax: + 64 (0)9 488 8787

Australia:

Computershare Investor Services Pty Limited
GPO Box 3329
Melbourne, VIC 3001

Free phone: 1 800 501 366
Fax: +61 (0)3 9473 2500