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BOARD OF DIRECTORS

Non- Exec Chairman: Greg Barclay

Managing Director: Bradley Gerdis

Non-Executive: Matthew Turnbull

Non-Executive: Carlos Gill

Non-Executive: William Pulver

Executive Director: Marty Pomeroy

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Trading Update

27 July 2020

The Board of Smartpay is pleased to provide the following trading update following the completion of the first quarter to 30 June 2020 of the FY21 financial year.

Highlights

- Strong recovery in Australian acquiring revenue from previously advised COVID lows - June acquiring revenue at record levels.
- Average revenue per terminal has increased above pre COVID levels.
- Both the number of transactions per terminal and average transaction value increased above pre COVID levels.
- Current transacting terminals are at 95% of pre COVID levels as we wait for one merchant category to re-open. This has been more than offset at a revenue level by the increases in average transaction volumes and values per transacting terminal.

Trading Update

As highlighted in the table below, the quarterly Australian acquiring revenue showed a 59% increase on the same quarter last year (Q1 FY21 vs Q1 FY20); and an 11% decrease on the prior quarter (Q1 FY21 vs Q4 FY20). This quarterly decrease reflects the effects of COVID-19 during April and May in the Q1 period as previously reported to the market.

Quarterly consolidated revenue was similarly impacted by COVID-19 compared to the prior quarter (Q1 FY21 vs Q4 FY20). Year on year (Q1 FY21 vs Q1 FY20) consolidated revenue is level on the prior year comparable period, however the prior year period included a large single sale of terminals which was not repeated this quarter. Excluding this item, like-for-like consolidated revenue was up 9% on the same quarter last year (Q1 FY21 vs Q1 FY20).

Australia Acquiring Update

Current transacting terminals stand at 4,358 for the month of July to date. This represents 95% of our pre COVID level of transacting terminals with the remaining 5% accounted for by a single merchant category which is yet to re-open.

Notwithstanding the lower number of transacting terminals, we achieved a record level of acquiring revenue for the month of June which is a function of the following:

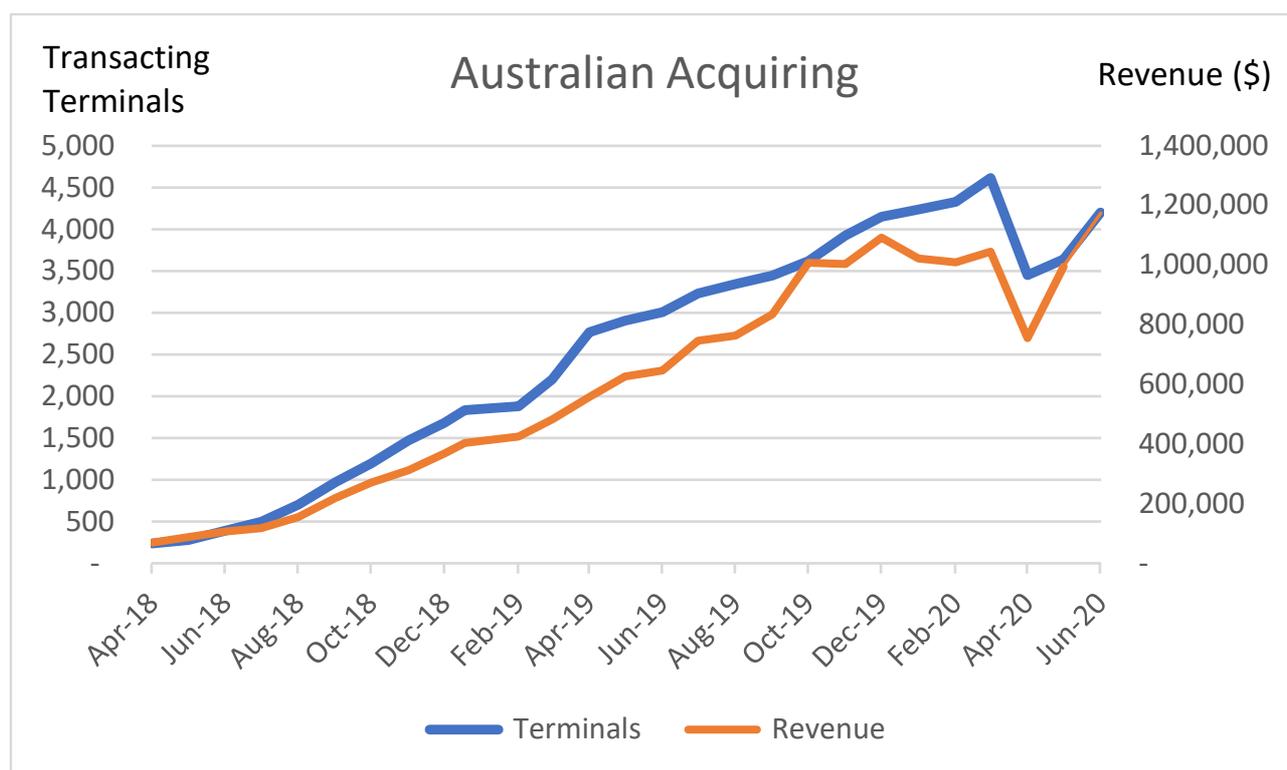
- Higher card usage as contactless payments displace cash at a quicker rate through the pandemic;

- Both higher transaction volumes and higher average transaction values through our terminals; and
- A general improvement in the quality of our transacting merchant base through COVID.

Operationally, we have emerged from COVID strongly and well capitalised following our recent capital raise. We have moved quickly to apply additional funds to our marketing and sales functions and are seeing corresponding increases in sales leads and associated conversions.

All of the above points to a positive outlook underpinned by the current growth being achieved in our Australian business set to organically grow our terminal base beyond pre-COVID levels shortly and with a further uplift expected when the remaining Australian merchant category re-opens for trade.

Quarterly Revenue Indicators - Unaudited								
NZ\$'000	Year on Year to 30 June				Quarter on Quarter to 30 June			
	Q1 FY21	Q1 FY20	Variance \$	Variance %	Q1 FY21	Q4 FY20	Variance \$	Variance %
Total Consolidated Revenue	6,656	6,740	- 84	-1%	6,656	7,379	- 723	-10%
Australian Acquiring Revenue	2,604	1,642	962	59%	2,604	2,932	- 328	-11%



ENDS

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