

NZX: SPY
ASX: SMP

SHARE INFORMATION

Issued Shares: 171,752,278

BOARD OF DIRECTORS

Chairman: Ivan Hammerschlag
Managing Director: Bradley Gerdis
Non-Executive: Greg Barclay
Non-Executive: Matthew Turnbull

WEBSITES

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

REGISTERED OFFICES

New Zealand:
182 - 192 Wairau Road
Glenfield
Auckland 0627
New Zealand

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

info@smartpay.co.nz

Australia:
Level 2
3 Carlingford Road
Epping
NSW 2121

Phone: +61 (0)2 8876 2300
Fax: +61 (0)2 9869 4223

info@smartpay.com.au

ASX Listing

As the final part of the ASX listing process that we began last year, Smartpay is pleased to announce that its Information Memorandum listing document has been released to the ASX under the code SMP. While we have yet to receive the final date for the admission of our shares to trading on the ASX, we expect to receive this confirmation imminently and will update the market in due course.

This represents another significant milestone for Smartpay which we expect will deliver benefits to shareholders through access to a broader investor base and the deeper Australian equity markets.

With Australia being a key growth market for our payments products we also expect that being listed on the ASX will further promote our market position with both retail merchants and bank partners as a leading and reputable provider of innovative merchant payment solutions.

Business Update

Overview

The payments technology landscape continues to evolve, creating opportunities for specialist providers such as Smartpay, where we provide the enabling technology bridging the gap between increasingly sophisticated merchants' payments requirements and existing bank offerings. Offering innovative, value add payments technology products is the core differentiator of our business and the key driver of value and growth.

Following the integration of the Viaduct business acquired earlier this year, the focus has been on finalising development of a new range of payments products and value add solutions for delivery to both the New Zealand and Australian markets.

Technology Update

Smartpay has made significant progress across our technology platforms with the recent introduction of a number of new payments technology products and solutions including:

- **“Touch and Go” contactless technology:** A full range of contactless enabled terminals, including introducing the first contactless mobile terminal in New Zealand. These terminals accept all contactless card payments as well as payments from contactless enabled mobile phones. These terminals will also work with the new TSM mobile payments standard currently under development between the New Zealand Telcos and Paymark.
- **Smartphone and tablet integration:** Next generation mobile payments terminals including full function mobile EFTPOS integrated with smartphone and tablet devices for true mobile payment. This is a market first and the product will soon be available to our New Zealand merchants with development planned for the Australian market this year.

- **Syncro 3 POS integration:** Syncro 3, our next generation Point Of Sale payments integration solution is now ready for integration to point of sale systems. This is our core corporate product which allows larger corporate customers to integrate our payments terminals to their PC based Point Of Sale systems. This represents significant progress as this is an area where we have historically been strong and with our new product now ready and offering market leading features and performance we will be looking to expand our corporate revenue opportunities.
- **China Union Pay acceptance:** We have concluded a deal with the regional representative of China Union Pay, the largest card scheme in China, to offer acceptance of their cards on our terminals. This is a growing market with increasing numbers of Chinese visitors wanting to pay with their local cards when travelling abroad. Smartpay's proprietary "Union Pay Direct" solution offers both retail merchants and their customers a higher level of service in both Australia and New Zealand than is available anywhere else in these markets. We expect this value add service to be attractive to retail merchants operating in the tourist, education and luxury goods markets and expect it to grow as an additional revenue line.
- **Retail payment "apps":** We have recently certified a number of our retail payment "apps" for release in Australia, including our hospitality "Tipping" app, "Smartcharge", our scheme compliant surcharge app and "Smartlink", our app for interfacing our payments terminals to cash registers. These apps are now available for sale in Australia on our contactless terminal range offering market leading functionality.

New Zealand

Our position as New Zealand's leading EFTPOS and payments provider has been expanded through our recent appointment to preferred supplier status with a 3rd New Zealand bank. Smartpay is now the preferred / exclusive supplier of merchant payment solutions to three of the four major New Zealand banks. This validation by New Zealand's leading financial institutions combined with our innovative payments solutions positions Smartpay to continue our growth in this market.

In addition to seeking market share growth, a core strategy in our New Zealand business is the increase in revenue per unit as we promote our expanding range of payments products and value add solutions across our extensive merchant footprint. Examples include offering our "Union Pay Direct" solution to relevant customers and our range of contactless and mobile enabling technologies.

Australia

The focus in our Australian business has been on two areas:

1. Ready our products for market; and
2. Building our sales channels and capability.

We are pleased to report that we recently gained certification for the first of our contactless terminals in Australia which together with a number of our value add "apps" running on those terminals creates a unique value proposition for a range of retail merchants. We currently have a number of additional contactless terminals undergoing certification including a fully mobile contactless terminal which we expect to have ready for deployment shortly. We also expect to have the first of our next generation wi-fi and smartphone / tablet integrated terminals certified for use in Australia by the end of this year which will give us what we believe will be market leading products in this market.



With our new products now coming on line, we have been focused on developing our sales capability with a focus on 6 key channels:

1. Web

We have recently launched new sales focused websites for both Australia (www.smartpay.com.au) and New Zealand (www.smartpay.co.nz). With retail merchants increasingly searching for EFTPOS and payments solutions on-line this is a growing sales channel and we have invested in a “Search Engine Optimisation” strategy aimed at driving traffic to our websites to stimulate merchant demand.

2. Direct

Our Direct channel is focused on selling direct into the SME market which is the largest component of the Australian EFTPOS market. We have identified and are currently in the process of appointing a national Sales Manager experienced at building and managing merchant facing direct sales teams. We expect this channel to be a key driver of organic growth in our Australian business.

3. Resellers

We have appointed a number of “reseller” partners experienced at selling EFTPOS and related banking products. These are businesses managing teams of sales professionals experienced in selling EFTPOS and related banking products to retail merchants, typically on behalf of banks. This is a success based commission only channel which leverages our sales reach at low financial risk.

4. Partners

Similar to our “reseller” channel, our “partner” channel comprises a network of businesses that sell related products to our target market for example point of sale vendors where our payments products are a naturally complementary product, particularly where we are able to integrate our payments technology

directly to their point of sale systems / cash registers. Again this is a success based commission only model.

5. Banks

Our banking channel is focused on offering banks and their merchants a higher level of payments innovation and also securing merchant business to offer back to our bank partners. We are seeing increased interest from Australian banks in our suite of innovative payments products and while lead times are long with Australian banks we expect this will be a channel of growing importance. We currently have two bank partner relationships in Australia and are focused on expanding this number to offer broader choice in banking to our merchant base.

6. Taxis

One of Smartpay’s core payments solutions is the provision of payments terminals, transaction processing and related technology to the taxi industry. To date Smartpay has not participated directly in the taxi payments industry but has provided these solutions to large taxi payment operators in both New Zealand and Australia.

In Australia, the taxi payments industry has been the subject of ongoing regulatory review and recent changes legislated by the Victorian government will see the transaction fees charged on card payments reduce to 5% on 1 July 2014 from the current the current level of 10% (although this may be subject to change pending the outcome of further review by the relevant regulatory bodies).

While there is a degree of uncertainty as to the impacts these changes will have on the Australian taxi industry, with the contract with our sole taxi customer in Australia currently due to expire at the end of next year, Smartpay believes that there is a growing opportunity and we are currently developing a strategy to participate directly in the Australian taxi payments industry rather than through the current model of supplying terminals and transaction services to a single



customer. Further detail on the nature of the changes underway in the Victorian taxi market and our current taxi contract are contained in our recently released ASX listing Information Memorandum.

Corporate Update

Banking Facilities

We are pleased to announce that we have recently renewed our banking facilities with the ASB Bank in New Zealand. As the original 3 year facility was entering its second year we were pleased to accept the ASB's offer to extend the facility until July 2016. This extension is to the term of the facility only. Our facility limits remain unchanged and current drawn facilities remain comfortably below the facility limits and continue to reduce through our internal cash generation.

Summary and Outlook

Overall we are pleased with the progress we are making in the business. With the ASX listing process now largely complete, we go forward with a singular focus on maximising the value from our leading market position in New Zealand and leveraging the scale, capability and innovation of our combined business into the growing Australian opportunity.



Corporate Directory

Registered and Principal offices

New Zealand:

182 - 192 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, 3 Carlingford Road
Epping, NSW 2121

Email: info@smartpay.com.au
Phone: +61 (0)2 8876 2300
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