

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

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Smartpay Achieves Milestone Financial Result With Maiden Net Profit For Six Months To 30 September 2013

Recently listed on the Australian Securities Exchange, Smartpay Holdings Ltd today announced its maiden half year profit for the six months ended 30 September 2013.

Six Month Financial Highlights

- **Revenue \$11.31m**
- **EBITDA* \$4.95m**
- **Net Profit After Tax \$0.89m**

Managing Director, Bradley Gerdis, said "This is a milestone result for Smartpay as the company became profitable for the first time, with net profit of \$884,000 for the six months to September 30, 2013."

"This achievement reflects the culmination of the positive changes made in the business and is clear evidence that the business is now in a position of adding value to our shareholders," said Mr Gerdis.

Operating Results

Revenue of \$11.31m was in-line with directors' expectations for the half year, with normalised EBITDA reaching \$4.72m.

The reported EBITDA of \$4.95m included a one-off accounting benefit relating to the reversal of an over accrual for communication costs of \$345k and non-recurring costs totalling \$118k which includes ASX listing costs.

The strong improvement in Net Profit After Tax to \$884k was negatively impacted by \$720k of foreign currency exchange differences due to the weakening of the Australian Dollar against the New Zealand Dollar.

Review of Operations

The management of the business was largely occupied with implementing a program of operational efficiencies across the business following the integration of the recently acquired Viaduct business, as well as gearing up our Australian operations to take advantage of the strong growth opportunity into that market. The outcome of these efforts has resulted in significant improvements and efficiencies in Smartpay's NZ operations and an increase in our Australian sales capacity. Over the last 3 months our Australian merchant terminal sales have shown strong month-on-month growth. We expect continued growth in this part of our business will make a material contribution to the bottom line going forward.

We have also continued to invest time and resources in the technology and product side of our business.

Some technology and product highlights during the period under review include:

- **Mobile Payments** - We have developed market leading payments products, particularly in the mobile payments space where we integrate our next generation mobile payments terminals with both smartphones and tablet computers including Apple IOS, Android and Windows devices. We are beginning to introduce these products into the NZ market and will follow with the Australian market into next calendar year. These are just a sample of a host of mobile payments opportunities we currently have under development which have the potential to transform our business going forward.
- **Australian Products** - We have introduced a full range of contactless terminals into the Australian market which together with a number of our value add “apps” running on those terminals creates a unique value proposition for retail merchants in the Australian market. This unique product set combined with our growing Australian sales capability is showing tremendous promise as evidenced in the strong month-on-month growth we are seeing in our Australian merchant terminal sales.
- **Smartlink POS Integration** - Our next generation Point Of Sale (POS) payments integration solutions are now ready for integration to POS systems. We have developed two versions of this product, our corporate level product which allows larger corporate customers to integrate our payments terminals to their PC based POS systems; and a SME level product which integrates to simpler POS systems typically found in SMEs. This is a significant market which we believe is currently under serviced based on the significant response we are seeing from the SME market in Australia to this product.

Summary and Outlook

Mr Gerdis concluded, “While the half year result is pleasing in itself, of greater importance is the progress being made across the key areas of operations – covering technology, product and Australian sales. In particular the importance of our mobile strategy should not be understated as we move the business from a pure terminal focus to an increasingly mobile payments focus which we are already seeing as a lead in to the next level of pure electronic payments. This together with the traction we are building in Australian sales and the increasing efficiencies in our core business all contribute to an increasingly positive outlook for the business into next year and beyond.”



Corporate Directory

Registered and Principal offices

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Shareholder Enquiries

Enquiries concerning shareholdings should be addressed to:

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