



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

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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.

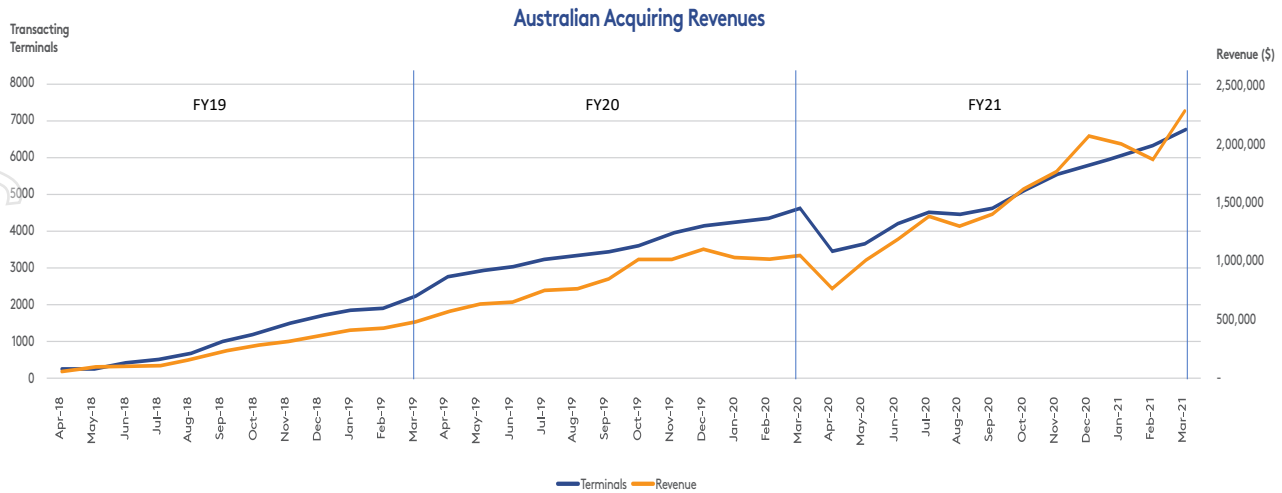
Australian acquiring transactional revenue grew to \$17.1m, an 80.0% increase on the prior year.

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.



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.

ENDS

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Corporate Directory

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Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	Smartpay Holdings Limited	
Reporting Period	12 months to 31 March 2021	
Previous Reporting Period	12 months to 31 March 2020	
Currency	NZ dollars	
	Amount (000s)	Percentage change
Revenue from continuing operations	\$33,845	+19.7%
Total Revenue	\$33,845	+19.7%
Net profit/(loss) from continuing operations	\$(15,200)	-339.9%
Total net profit/(loss)	\$(14,909)	-337.8%
Interim/Final Dividend		
Amount per Quoted Equity Security	\$ Nil	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	Prior comparable period
Net tangible assets per Quoted Equity Security	\$(0.01)	\$(0.12)
A brief explanation of any of the figures above necessary to enable the figures to be understood	Refer to unaudited financial statements and media release	
Authority for this announcement		
Name of person authorised to make this announcement	Rowena Bowman Company Secretary	
Contact person for this announcement	Mark Fortugno CFO	
Contact phone number	+61 4 88 153 534	
Contact email address	Mark.fortugno@smartpay.com.au	
Date of release through MAP	27/05/2021	

Unaudited financial statements accompany this announcement.

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Statement of Comprehensive Income

For the year ended 31 March 2021

		Unaudited Group	
		2021	2020
		\$'000	\$'000
	Note		
Continuing operations			
Revenue	1	33,845	28,271
Other income		16	19
Operating expenditure		(26,279)	(20,894)
Earnings before interest, tax, depreciation, amortisation, impairments and unrealised foreign exchange		7,582	7,396
Depreciation and amortisation		(7,803)	(7,350)
Unrealised foreign exchange adjustments		74	(214)
Net finance (costs)		(1,612)	(2,453)
Change in fair value of convertible notes		(12,731)	(1,809)
Impairment		(468)	(553)
		(22,540)	(12,379)
Loss before tax		(14,958)	(4,983)
Tax benefit / (expense)		(242)	511
Loss for the year from continuing operations of owners		(15,200)	(4,472)
Other comprehensive income			
Foreign currency translation differences for foreign operations which may be reclassified subsequently to profit and loss (no tax effect)		291	(45)
Share based payments reversal which will not subsequently be reclassified to profit / (loss) (no tax effect)		-	104
Total comprehensive loss of owners		(14,909)	(4,413)
Losses per share from continuing operations attributable to the equity holders of the company during the year			
Basic earnings per share		(7.24) cents	(2.59) cents
Diluted earnings per share		(7.24) cents	(2.59) cents

Statement of Changes in Equity For the year ended 31 March 2021

	Unaudited Group			Total
	Share Capital	Foreign Currency Translation Reserve	Retained Deficits	
	\$'000	\$'000	\$'000	\$'000
Balance at 31 March 2019	53,454	115	(39,922)	13,647
Loss for the year from continuing operations of owners	-	-	(4,472)	(4,472)
Other comprehensive income	-	(45)	104	59
Total comprehensive loss	-	(45)	(4,368)	(4,413)
Convertible notes converted to ordinary shares	1,083	-	-	1,083
Share options recognised at fair value net of options lapsed	(104)	-	-	(104)
Total changes in equity	979	(45)	(4,368)	(3,434)
Balance at 31 March 2020	54,433	70	(44,290)	10,213
Loss for the year from continuing operations of owners	-	-	(15,200)	(15,200)
Other comprehensive income	-	291	-	291
Total comprehensive loss	-	291	(15,200)	(14,909)
Convertible notes converted to ordinary shares (net of fees)	16,691	-	-	16,691
Share issues for cash (net of fees)	15,539	-	-	15,539
Total changes in equity	32,230	291	(15,200)	17,321
Balance at 31 March 2021	86,663	361	(59,490)	27,534

Statement of Financial Position

As at 31 March 2021

	Note	Unaudited Group	
		2021 \$'000	2020 \$'000
Current assets			
Cash and bank balances		9,266	1,648
Trade and other receivables		8,766	3,986
Derivative financial instruments		3	-
Income tax receivable		15	15
Total current assets		18,050	5,649
Non-current assets			
Property, plant and equipment		9,045	9,072
Right of Use assets		438	849
Contract costs		891	934
Intangible assets		14,660	15,100
Goodwill		14,772	14,772
Deferred tax asset		-	25
Total non-current assets		39,806	40,752
Total assets		57,856	46,401
Current liabilities			
Trade payables and accruals		11,464	5,426
Derivative financial instruments		-	19
Borrowings		1,235	3,218
Lease liabilities		538	413
Convertible notes		5,857	8,988
Total current liabilities		19,094	18,064
Non-current liabilities			
Borrowings		11,000	17,505
Lease liabilities		11	619
Deferred tax liability		217	-
Total non-current liabilities		11,228	18,124
Total liabilities		30,322	36,188
Net assets		27,534	10,213
Equity			
Share capital		86,663	54,433
Foreign currency translation reserve		361	70
Retained deficits		(59,490)	(44,290)
Total equity		27,534	10,213
Tangible net assets per share		\$(0.01) cents	\$(0.12) cents

Statement of Cash Flows

For the year ended 31 March 2021

	Note	Unaudited Group	
		2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		33,834	28,279
Interest received		-	23
Payments to suppliers & employees		(24,490)	(20,380)
Interest paid		(729)	(1,839)
Tax refund from R&D grants		-	392
Net cash inflow from operating activities		8,615	6,475
Cash flows from investing activities			
Proceeds from disposal of assets		-	4
Purchase of terminal assets and other property, plant and equipment		(2,913)	(1,207)
Spend on contract costs		(710)	(782)
Spend on intangible assets		(2,988)	(4,214)
Net cash outflow from investing activities		(6,611)	(6,199)
Cash flows from financing activities			
Proceeds from shares		15,508	-
Repayments of borrowings		(8,505)	(750)
Repayments of short term borrowings		(691)	(324)
Secured loan to related party		(1,594)	-
Payments of lease liabilities		(531)	(508)
Net cash outflow from financing activities		4,187	(1,582)
Net increase / (decrease) in cash equivalents		6,191	(1,306)
Add opening cash equivalents		1,101	2,407
Closing cash equivalents		7,292	1,101
<i>Reconciliation of closing cash equivalents to the balance sheet:</i>			
Cash and cash equivalents		7,292	1,101
Other bank balances		1,974	547
Closing cash and bank balances		9,266	1,648

Notes to Financial Statements (Unaudited)

1. Segment Information

Geographical Segments

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments and whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

The Group's business provides technology solutions through various product lines into the same markets, to the same customers, with all product lines being reported as a single business.

The only data that is reviewed by management that is analysed by any segment breakdown is revenue showing the various revenue streams split geographically. Costs and funding are analysed at a group level for decision making purposes.

Geographical Segments

2021	New Zealand	Australia	Elimination	Total
Revenue	\$'000	\$'000	\$'000	\$'000
Revenue from Contracts with Customers				
Service revenue	14,316	1,489	-	15,805
Transactional income	342	17,114	-	17,456
Other service revenue	104	77	-	181
Short term rentals	136	-	-	136
Sale of goods	1,139	99	(971)	267
Total revenue from contracts with customers	16,037	18,779	(971)	33,845
Additions to non current assets	6,356	744	-	7,100
Non current assets	36,114	4,684	(992)	39,806

In New Zealand and Australia no single customer represents more than 10% of total revenues as such there is no concentration of customers. The elimination of \$971,000 relates to the revenue on the sales of Eftpos terminals from New Zealand to Australia within the Group.

2020	New Zealand	Australia	Elimination	Total
Revenue	\$'000	\$'000	\$'000	\$'000
Revenue from Contracts with Customers				
Service revenue	15,134	1,560	-	16,694
Transactional income	755	9,537	-	10,292
Other service revenue	83	38	-	121
Short term rentals	248	-	-	248
Sale of goods	678	703	(465)	916
Total revenue from contracts with customers	16,898	11,838	(465)	28,271
Additions to non current assets	5,682	794	-	6,476
Non current assets	37,320	4,338	(906)	40,752

2. Subsequent Events

There have been no events subsequent to balance date.

3. Changes in Accounting Policies

There have been no changes to accounting policies in 2021.

4. Audit Status

Completion of the external annual audit is underway.