

SMARTPAY HOLDINGS LIMITED



THE INTERIM REPORT

2025

About This Report

On behalf of the Board and Smartpay team, we are pleased to present Smartpay's 2025 Interim Report

The 2025 Interim Report describes Smartpay Holdings Limited's (Smartpay's) financial performance for the six months to 30 September 2024.

The Interim Report and financial performance relate to the period 1 April 2024 to 30 September 2024 and should be read in conjunction with other reports and presentations that comprise our 2025 Interim Reporting suite. These are available at Smartpay's Investor Centre website [smartpayinvestor.com](https://www.smartpayinvestor.com).

Smartpay is a New Zealand incorporated company that is listed on the New Zealand Stock Exchange (NZX) with a foreign exempt listing on the Australian Securities Exchange (ASX). Accordingly, the Interim Report is primarily governed by the New Zealand Companies Act 1993 together with the NZX Listing Rules and NZX Corporate Governance Code.

The Company confirms that it continues to comply with the New Zealand Stock Exchange Listing Rules.

The Interim Report covers the total group of Smartpay consisting of the entities noted on page 48 of the 31 March 2024 Annual Report (the Group), which operates in both New Zealand and Australia.

Non-GAAP Measures

Non-Generally Accepted Accounting Principles (Non-GAAP) measures have been included as the directors and management of the Group believe they provide useful information for readers to assist in understanding the Group's financial performance. Non-GAAP financial measures are not prepared in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and are not uniformly defined, therefore non-GAAP measures reported in this Interim Report may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported in accordance with NZ IFRS. The Non-GAAP measures Smartpay has used are EBITDA and Free Cash Flow. The definitions of these can be found on page 28 of this report.

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Interim FY25 Highlights

Added 5,000+ terminals to the New Zealand fleet following asset acquisition

9% growth in the Australian terminal fleet

Utilised free cashflows to fund the asset acquisition

Android terminal launched into the Australian market

Revenue
\$50.8m

1H24 - Up 8%

EBITDA
\$8.8m
(normalised \$7.9m*)

1H24 - Down 8%

Profit Before Taxation
\$0.7m
(normalised (\$0.2m*))

1H24 - Down 81%

Operating Cashflows
\$10.0m

1H24 - Up 11%

* normalised for cyber insurance recovery



Total Employees

256[↑]

1H24 - 179



Total Trans-Tasman Terminal Fleet

55,000+[↑]

1H24 - 48,000+

Interim FY25 Financial Performance Summary

8% revenue growth funding investments in the strategic agenda

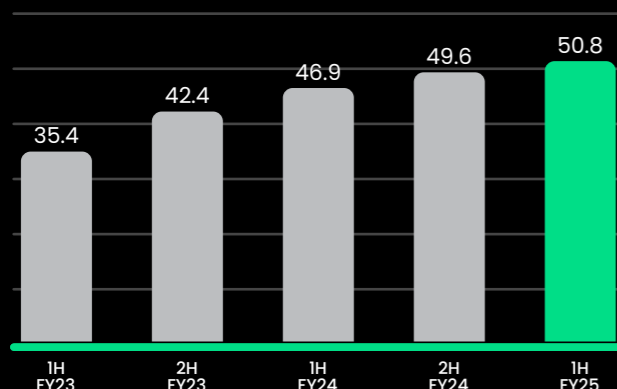
New brand launched into Australia and continuing to invest in marketing

14,000+ merchants, using 20,000+ terminals, settling \$567m monthly TTV

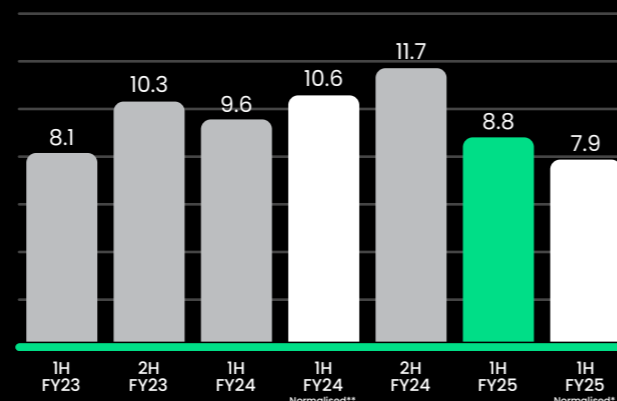
Increasing headcount to support phase 1, 2 + 3 of the strategic agenda



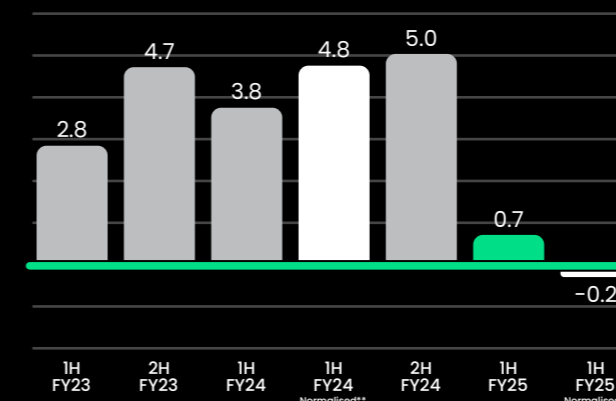
\$'m Revenue



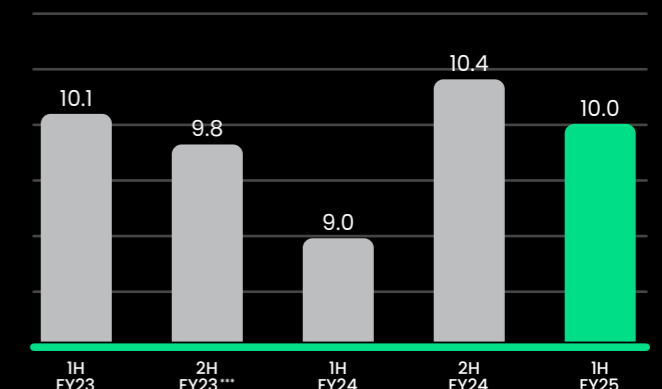
\$'m EBITDA



\$'m Profit Before Taxation



\$'m Operating Cashflows



* normalised for cyber insurance recovery
 ** normalised for cyber incident
 *** numbers have been restated to reflect reclassification of capitalised employee costs

Chair and Chief Executive's Review

It is with pleasure that we write this review for the first half of Financial Year 25 (FY25). As a business we are focused on executing to a three-stage strategic plan. It is an ambition to embed our solutions, and our brand, with all of our customers, in both countries, and to become true partners. This will help to realise value accretion for Smartpay, our customers and, of course, our shareholders.

Throughout first half FY25 we have continued to execute our Australian opportunity and to grow our market share. The focus of our Australian sales and marketing team has continued into the market verticals where we see strong unit economic upside. This has resulted in further penetration into these verticals and improving margin from our Australian revenues.

We have invested in our brand throughout the half, as we seek to establish ourselves as the payments partner of choice to our customers and to further differentiate our business and our propositions from existing incumbent providers, and new entrants. We launched a major brand campaign into Australia early in the period, coinciding with the launch of our next generation Android payment terminal. Pleasingly, both have been extremely well received by our customers.

As was foreshadowed at our 2024 year-end, throughout the first half FY25 we have embarked on the execution of stage 2 of our strategic plan – the New Zealand opportunity. We have actively recruited sales resources during the half and have deployed these into pre-selling the Android and acquiring solutions to our existing New Zealand customer base. This has created strong interest, confirming our expectations of the opportunity that lies ahead for our business.

Late in the half, utilising free cash, we acquired the New Zealand terminal fleet of a competitor, resulting in the addition of approximately 20% more contracted terminals to our New Zealand fleet. This is an exciting outcome for our business in both the near and medium term, adding terminal revenue immediately and providing additional conversion potential for our acquiring opportunity. Our Smartpay team has done a fantastic job of engaging with these new customers, welcoming them to our business and ensuring a rapid introduction into our existing business processes and operations.



We have also been actively engaged in developing stage 3 of our strategy, where we expect to deliver additional solutions and value to our trans-Tasman customers. This has resulted in the execution of two key strategic agreements during the period.

The Reserve Bank of Australia (RBA) review into the Australian payments market has drawn on significant amounts of time from the executive team throughout the latter part of the first half of FY25. Inquiries from both shareholders and analysts, on the potential impact of the review on Smartpay, are to be expected and are welcomed. We have been actively engaged with the RBA, Treasury, the political spectrum, and of course, industry bodies and our customers over recent months. The RBA discussion paper on the review has now been released and Smartpay will be making a detailed submission, responding to the questions asked by the RBA.

Whilst no outcome from the review has been determined by the RBA at this time, we do now have more clarity on the timelines associated with the RBA process and we expect a proposal consultation paper towards the middle of 2025. Following further consultation with all industry participants we would then expect a decision paper late in 2025. Historically the RBA has tended to consult with relevant industry participants, and they may then need to make changes to meet any decision that they have reached. They would also, presumably, then agree to a reasonable compliance timeframe. We expect this to happen again, these have typically ranged from six to eighteen months based on a number of factors. Therefore, we would anticipate a compliance period, resulting from any decision the RBA may make, to extend into potentially the middle of calendar year 2027.

We continue to build a sound, sustainable business with our Technology team focused on development of our New Zealand payments products. This will build additional solutions for customers across both Australia and New Zealand and modernising and strengthening our business platforms and infrastructure.

Operating Results

Overall revenues were \$50.8m, up 8% on the prior period of \$46.9m. This is a positive result given the ongoing and challenging economic environment experienced by our customers across both Australia and New Zealand. The key driver of this revenue increase continues to be the growth in our Australian acquiring transaction revenues.

Our ongoing customer acquisition through the period has resulted in our Australian transacting terminal fleet expanding to over 20,100 terminals at the end of September 2024. Our Trans-Tasman terminal fleet now stands at over 55,000 terminals, including the acquisition late in the first half of a New Zealand competitor terminal fleet.

EBITDA of \$8.8m is reflective of the increased early investment into our New Zealand opportunity and an uplift in brand and direct marketing investment in the first half, foreshadowed at our 2024 full year results presentation.

The aforementioned investment into New Zealand, and into our marketing programs, together with the release of the Android terminal in the Australian market, has impacted through to the Profit Before Tax of \$0.7m.

The business generated positive operating cashflows of \$10.0m during the period, with free cash being used to fund the acquisition of the New Zealand terminal fleet which was completed in early September 2024.

Summary and Outlook

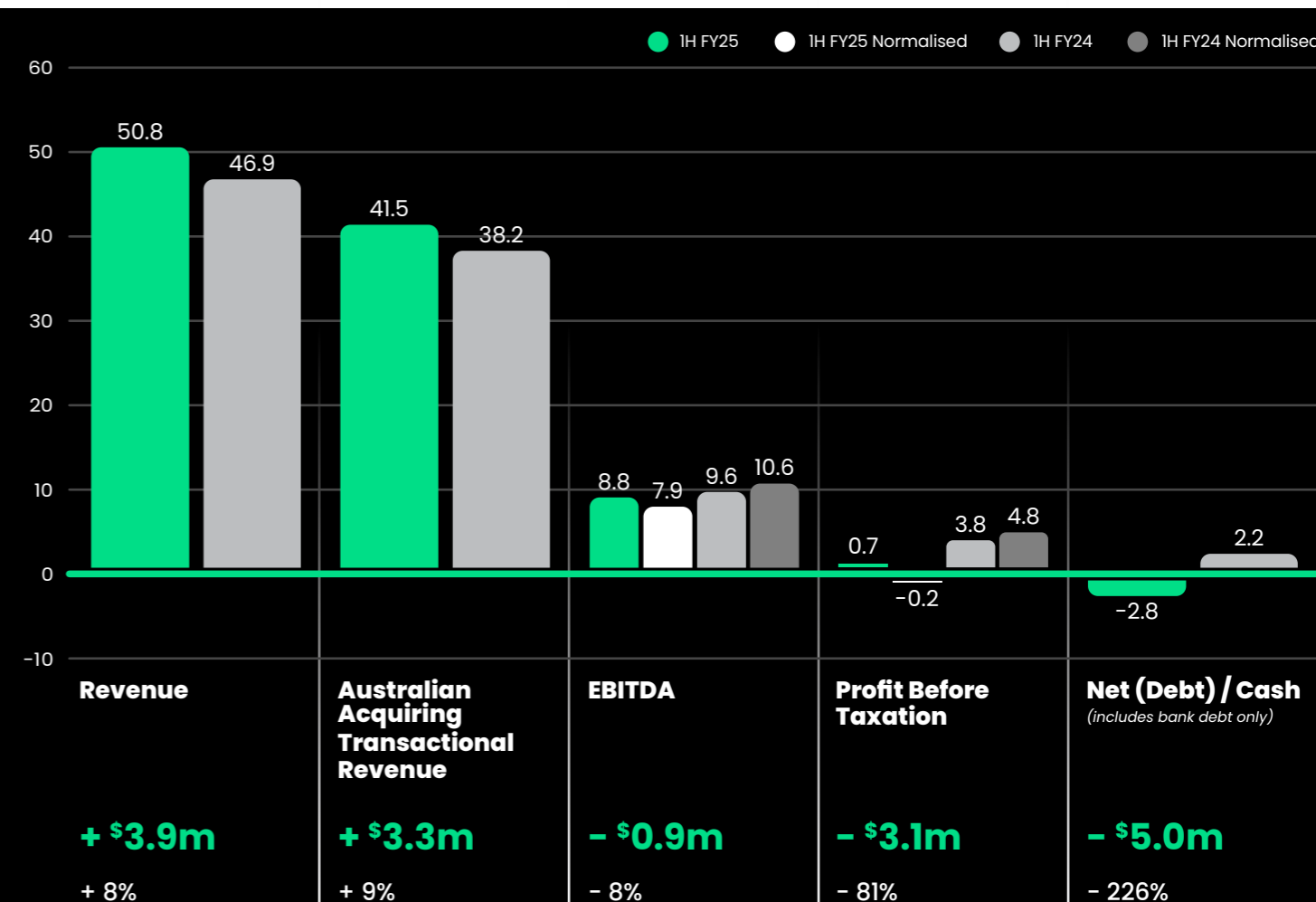
We have delivered against our plan, with ongoing growth into the Australian market focused on verticals where we see strong unit economics and investment in the execution elements of the New Zealand opportunity. We are preparing the business and our customer propositions for stage 3 of our Strategic Plan.

We continue to build a sustainable business based on sound business fundamentals and are committed as one team to ensuring that we remain true to our values and our people, customers, and shareholders.

Thank you for your continued support of our business.

Greg Barclay
Chairman

Martyn Pomeroy
Managing Director and Chief Executive Officer



SMARTPAY HOLDINGS LIMITED

2025 Interim Financial Statements

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Income Statement

For the six months ended 30 September 2024

		30 Sep 2024	30 Sep 2023	31 Mar 2024
	Note	Unaudited \$'000	Unaudited \$'000	\$'000
Revenue	3	50,796	46,913	96,513
Other income	4	817	20	28
Operating expenditure	5	(42,749)	(37,451)	(75,224)
Revaluation gains / (losses) on financial assets		(81)	71	(51)
EBITDA*		8,783	9,553	21,266
Depreciation and amortisation		(6,576)	(4,943)	(10,615)
Foreign exchange adjustments		409	28	(78)
Share performance rights amortisation		(1,085)	(535)	(936)
Impairment and loss on disposal of plant, property and equipment		(97)	(82)	(387)
Finance income		354	380	799
Finance costs		(1,084)	(640)	(1,251)
		(8,079)	(5,792)	(12,468)
Profit before taxation		704	3,761	8,798
Income taxation (expense) / benefit	6	203	(1,124)	(392)
Profit for the period		907	2,637	8,406
Earnings per share attributable to the shareholders of the Parent during the period				
Weighted average number of shares ('000)		240,628	238,285	238,285
Basic and diluted earnings per share (cents)		0.38	1.11	3.53

* EBITDA represents earnings before finance income and finance costs, taxation, depreciation, amortisation, foreign exchange adjustments, share performance rights amortisation, impairment and loss on disposal of property, plant and equipment.

The above Income Statement should be read in conjunction with the accompanying notes.

Statement of Comprehensive Income

For the six months ended 30 September 2024

		30 Sep 2024	30 Sep 2023	31 Mar 2024
	Note	Unaudited \$'000	Unaudited \$'000	\$'000
Profit for the period		907	2,637	8,406
Other comprehensive income / (loss), net of taxation				
<i>Items that may be classified to profit or loss</i>				
Exchange differences on translation of foreign operation		(28)	45	303
Total other comprehensive income / (loss), net of taxation		(28)	45	303
Total comprehensive income		879	2,682	8,709

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 September 2024

		30 Sep 2024	30 Sep 2023	31 Mar 2024
	Note	Unaudited \$'000	Unaudited \$'000	\$'000
Current assets				
Cash and bank balances		12,441	19,047	20,227
Trade and other receivables		16,167	38,150	61,537
Derivative financial instruments		-	65	106
Current taxation assets		-	30	-
Total current assets		28,608	57,292	81,870
Non-current assets				
Property, plant and equipment	7	25,486	17,323	25,429
Right-of-use assets		5,984	5,225	6,401
Contract costs		3,076	2,477	2,550
Intangible assets	8	24,326	15,519	17,570
Goodwill		14,772	14,772	14,772
Deferred taxation assets		2,077	1,452	2,984
Total non-current assets		75,721	56,768	69,706
Total assets		104,329	114,060	151,576
Current liabilities				
Trade payables and accruals		33,530	52,931	79,433
Derivative financial instruments		225	-	-
Borrowings	10	686	-	-
Lease liabilities		1,928	1,526	1,694
Current taxation liabilities		380	-	674
Total current liabilities		36,749	54,457	81,801
Non-current liabilities				
Trade payables and accruals		972	-	3,098
Borrowings	10	8,500	9,500	9,000
Lease liabilities		4,688	4,206	5,281
Total non-current liabilities		14,160	13,706	17,379
Total liabilities		50,909	68,163	99,180
Net assets		53,420	45,897	52,396
Equity				
Share capital	11	94,487	91,641	91,641
Share performance rights		749	2,765	3,237
Treasury share reserve	11	(213)	-	-
Foreign currency translation reserve		438	208	466
Retained deficits		(42,041)	(48,717)	(42,948)
Total equity		53,420	45,897	52,396

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the six months ended 30 September 2024

	Share Capital \$'000	Share Performance Rights \$'000	Treasury Share Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Deficits \$'000	Total Equity \$'000
Six months ended 30 September 2023						
Balance at 31 March 2023	91,641	1,855	-	163	(51,354)	42,305
Profit for the six months	-	-	-	-	2,637	2,637
Other comprehensive income	-	-	-	45	-	45
Total comprehensive income	-	-	-	45	2,637	2,682
Share performance rights	-	535	-	-	-	535
Deferred taxation benefit on share performance rights	-	375	-	-	-	375
At the end of the six months	91,641	2,765	-	208	(48,717)	45,897
Six months ended 31 March 2024						
Profit for the six months	-	-	-	-	5,769	5,769
Other comprehensive income	-	-	-	258	-	258
Total comprehensive income	-	-	-	258	5,769	6,027
Share performance rights	-	401	-	-	-	401
Deferred taxation benefit on share performance rights	-	71	-	-	-	71
At the end of the six months	91,641	3,237	-	466	(42,948)	52,396
Six months ended 30 September 2024						
Profit for the six months	-	-	-	-	907	907
Other comprehensive income	-	-	-	(28)	-	(28)
Total comprehensive income	-	-	-	(28)	907	879
Share performance rights	-	1,085	-	-	-	1,085
Deferred taxation benefit on share performance rights	-	(727)	-	-	-	(727)
Equity-settled share-based payments	2,846	(2,846)	-	-	-	-
Treasury shares acquired	-	-	(213)	-	-	(213)
At the end of the six months	94,487	749	(213)	438	(42,041)	53,420

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the six months ended 30 September 2024

	Note	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited restated* \$'000	31 Mar 2024 restated* \$'000
Cash flows from operating activities				
Receipts from customers		50,960	47,755	96,205
Receipts from insurance	4	817	20	28
Receipts from research and development grants		109	319	319
Interest received		300	353	784
Payments to suppliers and employees		(41,527)	(37,163)	(74,950)
Interest paid		(685)	(599)	(1,252)
Income taxation paid		-	(1,700)	(1,700)
Net cash inflow from operating activities	12	9,974	8,985	19,434
Cash flows from investing activities				
Payments for terminal assets		(4,597)	(4,144)	(10,176)
Payments for other property, plant and equipment		(500)	(59)	(397)
Payments for contract costs		(5,156)	(993)	(1,227)
Payments for intangible assets		(3,778)	(2,813)	(5,977)
Net cash outflow from investing activities		(14,031)	(8,009)	(17,777)
Cash flows from financing activities				
Repayments of borrowings		(500)	(500)	(1,000)
Treasury shares acquired		(213)	-	-
Principal elements of lease payments		(695)	(821)	(1,492)
Net cash outflow from financing activities		(1,408)	(1,321)	(2,492)
Net decrease in cash equivalents		(5,465)	(345)	(835)
Add opening cash equivalents		11,207	12,042	12,042
Closing cash equivalents		5,742	11,697	11,207
Reconciliation of closing cash equivalents to the Statement of Financial Position:				
Cash and cash equivalents		5,742	11,697	11,207
Other bank balances (restricted use)	9	6,699	7,350	9,020
Closing cash and bank balances		12,441	19,047	20,227

* Certain comparative information has been restated to ensure consistency with presentation in the current period. In particular, receipts from insurance (31 March 2024: \$28,000 and 30 September 2023: \$20,000) have been separated from receipts from customers. Additionally, payments for terminal assets and payments for other property, plant and equipment have been classified separately. The reason for this reclassification is to provide more relevant information to the users of the financial statements.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Condensed Statement of Accounting Policies and Notes

For the six months ended 30 September 2024

Note 1 General Information

Smartpay Holdings Limited (Parent) is a New Zealand company, registered under the Companies Act 1993 and listed on both the New Zealand Stock Exchange (NZX) and the Australian Securities Exchange (ASX). The Parent is an issuer (FMC reporting entity) in terms of the Financial Markets Conduct Act 2013.

The consolidated financial statements of Smartpay Holdings Limited comprise the Parent and its subsidiaries together referred to as the Group. The Interim Report is presented for the six months ended 30 September 2024 and is unaudited.

The Group's principal activity is that of a merchant service provider, facilitating payments and providing technology products and services to merchants in New Zealand and Australia.

Note 2 Basis of Preparation

a. Statement of Compliance

The Parent is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The unaudited financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities and the requirements of the Companies Act 1993 and the Financial Markets Conduct Act 2013. The financial statements comply with NZ IFRS (NZ IAS 34: Interim Financial Reporting).

Use of Non-GAAP measures within the financial statements

Non-generally accepted accounting principle (non-GAAP) measures have been included as the directors and management believe they provide useful information for readers to assist in understanding the Group's financial performance. Non-GAAP financial measures are not prepared in accordance with NZ IFRS and are not uniformly defined, therefore non-GAAP measures reported in the financial statements may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported in accordance with NZ IFRS. The non-GAAP measure the Group has used is EBITDA, as defined below.

EBITDA is a non-GAAP measure representing earnings before finance income and finance costs, taxation, depreciation, amortisation, foreign exchange adjustments, share performance rights amortisation, impairment and loss on disposal of property, plant and equipment.

The Interim Report should be read in conjunction with the financial statements and related accounting policies and notes included in the Group's Annual Report for the year ended 31 March 2024. The Interim Report does not include all accounting policies and notes of the type normally included within the Annual Report and therefore cannot be expected to provide as comprehensive an understanding of the financial performance, financial position, and financing and investing activities as the Annual Report.

The financial statements were authorised for issue by the Directors on 25 November 2024.

Note 2 continued Basis of Preparation

b. Judgements and Estimates

In the application of the Group's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2024.

c. Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$'000), which is the Parent's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand.

d. Accounting Policies

The accounting policies are the same as those adopted in the Annual Report for the year ended 31 March 2024.

The financial statements are prepared on a historical cost basis, except for certain financial instruments carried at fair value and are represented by a Level 2 measurement under the fair value measurement hierarchy.

e. Changes to Comparatives

When the presentation or classification of an item is changed, comparative amounts are reclassified unless the reclassification is impractical.

Note 3 Segment Information

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 only data that is reviewed by the entity's chief operating decision maker 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

	New Zealand			Australia			Elimination			Total		
	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024
Revenue from contracts with customers												
Service revenue	6,831	6,611	13,091	1,723	1,359	2,901	-	-	-	8,554	7,970	15,992
Transactional income	204	212	439	41,511	38,221	78,993	-	-	-	41,715	38,433	79,432
Other service revenue	39	34	78	41	16	45	-	-	-	80	50	123
Short term rentals	97	91	236	-	-	-	-	-	-	97	91	236
Sale of goods	128	1,377	10,220	222	228	479	-	(1,236)	(9,969)	350	369	730
Total revenue from contracts with customers	7,299	8,325	24,064	43,497	39,824	82,418	-	(1,236)	(9,969)	50,796	46,913	96,513

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 relates to the revenue on sales of merchant terminals from New Zealand to Australia within the Group.

Note 4 Other Income

Other Income	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024 \$'000
Proceeds of cyber insurance claim	810	-	-
Proceeds of other insurance claims	7	20	28
Total other income	817	20	28

During the period, \$810,000 of other income has been recognised in relation to cyber insurance to cover costs incurred as a result of the cyber incident that the Group experienced in June 2023.

Other insurance claims were recognised in relation to various building and vehicle insurance claims.

Note 5 Expenditure

The following items are included within the Income Statement:

Operating Expenditure	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited restated* \$'000	31 Mar 2024 \$'000
Direct cost of sales	21,013	19,793	40,585
Information technology	2,236	1,233	3,147
Compliance	1,109	1,356	2,195
Cyber incident	(120)	994	995
Employee benefit expenses net of capitalised amounts	12,232	10,096	20,313
Marketing	5,330	3,256	6,497
Travel, accommodation and other	949	723	1,492
Total operating expenditure	42,749	37,451	75,224

* Certain comparative information has been restated to ensure consistency with presentation in the current period. In particular, terminal communication and servicing costs (\$529,000 in the prior period) have been combined with direct costs of sales. The reason for this reclassification is to provide more relevant information to the users of the financial statements.

Note 6 Income Taxation (Expense) / Benefit

Income taxation (expense) / benefit comprises:	30 Sep 2024	30 Sep 2023	31 Mar 2024
	Unaudited \$'000	Unaudited \$'000	\$'000
Current taxation (expense) / benefit	109	(50)	(982)
Deferred taxation (expense) / benefit	104	(1,074)	409
Prior period adjustments - current	270	-	204
Prior period adjustments - deferred	(280)	-	(23)
Income taxation (expense) / benefit	203	(1,124)	(392)

Note 7 Property, Plant and Equipment

	Merchant Terminals			Leasehold Improvements, Motor Vehicles, Furniture and Office Equipment			Group Total		
	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024 \$'000	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024 \$'000	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024 \$'000
Merchant terminals and other fixed assets									
Opening carrying value	15,881	11,139	11,139	639	411	411	16,520	11,550	11,550
Additions	141	-	-	568	228	495	709	228	495
Transfers from capital work in progress	7,641	6,262	10,044	-	-	-	7,641	6,262	10,044
Depreciation	(3,072)	(2,266)	(5,075)	(192)	(122)	(269)	(3,264)	(2,388)	(5,344)
Cost of sales	(1)	(6)	(7)	-	-	-	(1)	(6)	(7)
Impairment (losses) / recoveries	(20)	(5)	(61)	-	-	-	(20)	(5)	(61)
Disposals	(77)	(77)	(326)	-	-	-	(77)	(77)	(326)
Foreign exchange adjustments	(27)	61	167	2	(1)	2	(25)	60	169
Closing carrying value	20,466	15,108	15,881	1,017	516	639	21,483	15,624	16,520
Capital work in progress									
Opening carrying value	8,909	4,082	4,082	-	-	-	8,909	4,082	4,082
Additions	2,689	3,869	14,701	-	-	-	2,689	3,869	14,701
Transfers to fixed assets	(7,641)	(6,262)	(10,044)	-	-	-	(7,641)	(6,262)	(10,044)
Foreign exchange adjustments	46	10	170	-	-	-	46	10	170
Closing carrying value	4,003	1,699	8,909	-	-	-	4,003	1,699	8,909
Total	24,469	16,807	24,790	1,017	516	639	25,486	17,323	25,429
Reconciled to:									
Cost	36,911	28,983	31,532	2,926	2,149	2,401	39,837	31,132	33,933
Less accumulated depreciation	(16,204)	(13,746)	(15,431)	(1,909)	(1,633)	(1,762)	(18,113)	(15,379)	(17,193)
Less accumulated impairment losses	(241)	(129)	(220)	-	-	-	(241)	(129)	(220)
Closing carrying value	20,466	15,108	15,881	1,017	516	639	21,483	15,624	16,520
Capital work in progress	4,003	1,699	8,909	-	-	-	4,003	1,699	8,909
Total	24,469	16,807	24,790	1,017	516	639	25,486	17,323	25,429

Note 8 Intangible Assets

Intangible Assets	30 Sep 2024	30 Sep 2023	31 Mar 2024
	Unaudited \$'000	Unaudited \$'000	\$'000
Opening carrying value	17,570	13,305	13,305
Additions	4,407	3,348	6,491
Additions from asset acquisition *	3,866	-	-
Disposals	-	(60)	(61)
Amortisation	(1,517)	(1,074)	(2,166)
Foreign exchange adjustments	-	-	1
Closing carrying value	24,326	15,519	17,570
Reconciled to:			
Cost	36,166	24,962	27,901
Less accumulated amortisation and impairment	(11,840)	(9,443)	(10,331)
Closing carrying value	24,326	15,519	17,570

* On 26 August 2024, the Group acquired specific assets of Technology Holdings Limited (THL) a New Zealand owned and operated merchant terminals and business equipment supply and service provider that was in receivership.

The business assets of THL (and its various subsidiaries) mainly consist of customer relationships.

Note 9 Merchant Settlement

The merchant settlement account represents the surplus cash balances that the Group holds on behalf of its merchants when the incoming amount from the card schemes precedes the funding obligation to merchants. The merchant receivables are amounts due from the customers. The merchant payables represent amounts that are due to merchants in respect of transactions that have been processed.

Merchant Settlement	30 Sep 2024	30 Sep 2023	31 Mar 2024
	Unaudited \$'000	Unaudited \$'000	\$'000
Merchant settlement account	6,699	7,350	9,020
Merchant receivables	10,261	33,959	57,077
Merchant payables	(16,956)	(41,309)	(66,097)
Net merchant settlement balance	4	-	-

Note 10 Borrowings

A committed cash advance facility (CAF) was established with ASB Bank Limited (ASB) on 11 July 2012 and will expire on 1 October 2025. The Facility Limit is \$10,500,000. On 11 May 2023, the Group entered into an amendment regarding the CAF with ASB. The amendment reduces the minimum amount payable by the Group within each financial year from \$1,000,000 to \$0.

On 15 August 2024, the Group entered into a guarantee with ASB to pay Cuscal Payments NZ Limited any sum to a maximum of \$250,000. This is in consideration of Cuscal Payments NZ Limited granting the Group acquirer, settlement and processing services in relation to providing acquiring products in New Zealand.

Bank Term Loans - at Amortised Cost	30 Sep 2024	30 Sep 2023	31 Mar 2024
	Unaudited \$'000	Unaudited \$'000	\$'000
Non-current	8,500	9,500	9,000
Total bank term loans	8,500	9,500	9,000
Other Borrowings			
Current	686	-	-
Total other borrowings	686	-	-
Total borrowings	9,186	9,500	9,000

The Group also has a short term facility loan with Hunter Premium Funding. The balance as at 30 September 2024 is \$686,000 (2023: nil).

Note 11 Equity

Movements in shares	Share Capital		Treasury Shares		Total Shares	
	Number of Shares ('000)	\$'000	Number of Shares ('000)	\$'000	Number of Shares ('000)	\$'000
Opening balance at 1 April 2024	238,285	91,641	-	-	238,285	91,641
Shares acquired	-	-	(170)	(213)	(170)	(213)
Shares issued	3,828	2,846	-	-	3,828	2,846
Closing balance at 30 September 2024	242,113	94,487	(170)	(213)	241,943	94,274

The total number of shares on issue at 30 September 2024 was 241,943,464 (31 March 2024: 238,284,963 shares and 30 September 2023: 238,284,963 shares). All ordinary shares are fully paid and rank equally with one vote attaching to each share. The ordinary shares have no par value.

Share Performance Rights

In FY22 Smartpay implemented a share based long term incentive plan (LTI). The eligible employees were offered rights to shares in Smartpay Holdings Limited subject to the conditions, to be known as Share Performance Rights (SPRs). The LTI operated for three financial years commencing 1 April 2021. SPRs conditionally vested annually based on two performance measures, EBITDA per share and revenue targets (refer Note 27 in the Annual Report for the year ended 31 March 2024 for further details). In this period 3,828,432 SPRs were fully vested resulting in this LTI plan being accomplished and concluding.

In addition to the above, during the period, there was a new LTI plan implemented offering eligible employees rights to shares in Smartpay Holdings Limited subject to the conditions, to be similarly known as Share Performance Rights (SPRs). The new LTI operates for three financial years commencing 1 April 2024. SPRs conditionally vest annually based on two performance measures, EBITDA per share and revenue targets. In this period, nil SPRs under this new LTI plan have conditionally vested.

Movement in share performance rights	30 Sep 2024 Unaudited	30 Sep 2023 Unaudited	31 Mar 2024
Outstanding at beginning of period	3,828,432	4,057,920	4,057,920
Granted during the period	5,024,541	-	-
Forfeited during the period	-	-	(229,488)
Unconditional vesting during the period	(3,828,432)	-	-
Outstanding at end of period	5,024,541	4,057,920	3,828,432

The expense relating to the LTI plan recognised in this period as part of the employee share performance rights amortisation was \$1,085,000 (31 March 2024: \$936,000; 30 September 2023: \$535,000).

Note 12 Operating Cash Flows Reconciliation

Operating Cash Flows Reconciliation	30 Sep 2024 Unaudited \$'000	30 Sep 2023 Unaudited \$'000	31 Mar 2024 \$'000
Profit for the period	907	2,637	8,406
Add / (deduct) non-cash items:			
Depreciation and amortisation	6,576	4,943	10,615
Doubtful debt provision	93	(8)	53
Unrealised foreign exchange	(417)	69	155
Accrued interest	(7)	-	-
Share performance rights amortisation	1,085	535	936
Impairment and loss on disposal of property, plant and equipment	97	82	387
Deferred taxation (benefit) / expense	179	700	(386)
Add / (deduct) changes in working capital items:			
Trade and other receivables	(663)	841	(256)
Derivative financial instruments	331	27	(16)
Trade payables and accruals	2,087	143	196
Current taxation	(294)	(984)	(656)
Net cash inflow from operating activities	9,974	8,985	19,434

Note 13 Contingencies

Guarantees

There have been no material changes to the guarantees disclosed in the Annual Report for the year ended 31 March 2024.

Note 14 Capital Commitments

The Group has capital commitments of \$17,624,000 as at 30 September 2024 (31 March 2024: \$19,788,000 and 30 September 2023: \$699,000).

Commitments principally relate to development of intangible assets and purchase of terminals and terminal accessories.

Note 15 Related Parties

Related party transactions are consistent in nature with those disclosed in the Annual Report for the year ended 31 March 2024.

Note 16 Subsequent Events

On 10 October 2024, the Group repaid the existing loan with ASB which was under the Smartpay New Zealand Limited subsidiary. The Group entered into a new re-documented Senior Facility Agreement with ASB under the Smartpay Limited subsidiary.

This resulted in the following:

- An Extendible Revolving CCAF Facility of \$14,000,000.
- A Merchant Acquiring Overdraft Facility of \$12,500,000.
- A Term Loan Facility of \$8,750,000.

On 11 October 2024, the Group drew down \$2,000,000 under the Extendible Revolving CCAF Facility with ASB.

On 1 November 2024, the Group signed a new lease to extend the Auckland office premises.

Directory

Registered Office and New Zealand Office

205 - 209 Wairau Road,
Wairau Valley,
Auckland, New Zealand

PO Box 100490,
North Shore Mail Centre
Auckland, New Zealand

Phone: +64 9 442 2700
Email: info@smartpay.co.nz

smartpay.co.nz

Australian Office

Level 9, 151 Castlereagh Street,
Sydney,
NSW 2000, Australia

Phone: +61 2 8876 2300

smartpay.com.au

Company Secretary

Rowena Bowman
Email: rowena.bowman@smartpay.co.nz

Legal Advisors

Claymore Partners Limited
Level 2, 63 Fort Street,
Auckland, New Zealand

Phone: +64 9 379 3163

Share Registrar - New Zealand

Computershare Investor Services Limited
Private Bag 92119,
Auckland 1142, New Zealand

Level 2, 159 Hurstmere Road
Takapuna,
Auckland, New Zealand

Phone: +64 9 488 8700

Sub Share Registrar - Australia

Computershare Investor Services Pty Limited
GPO Box 2975,
Melbourne,
VIC 3001, Australia

Phone: 1800 501 366

Investor Relations Enquiries

205 - 209 Wairau Road,
Wairau Valley,
Auckland, New Zealand

PO Box 100490,
North Shore Mail Centre,
Auckland, New Zealand

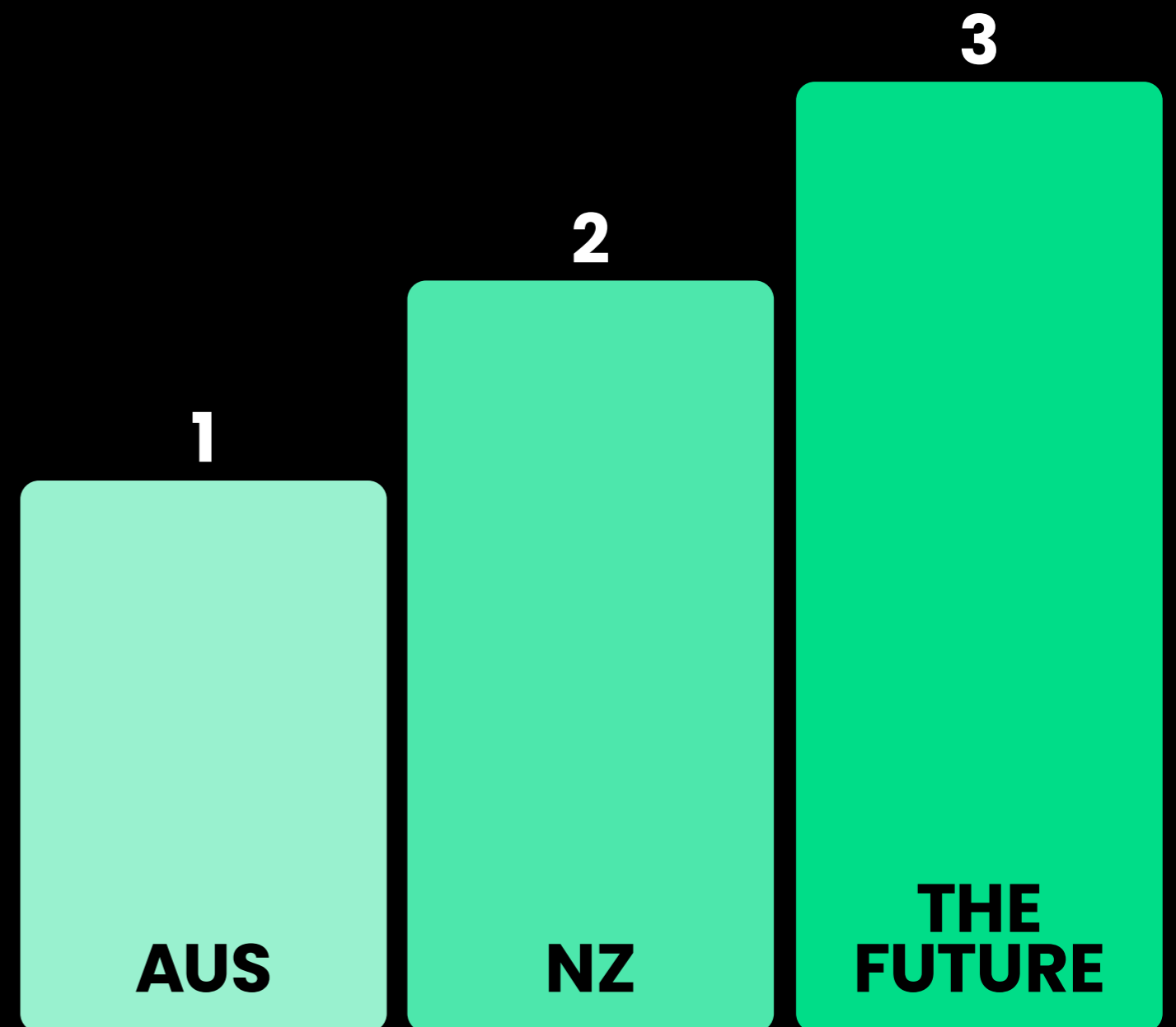
Email: investor@smartpay.co.nz

smartpayinvestor.com

Auditors

PricewaterhouseCoopers
PwC Tower, 15 Customs Street West,
Auckland, New Zealand

Phone: +64 9 355 8000



Glossary

ATS

Average Ticket Size represents the total value of transactions processed as an average of the number of transactions processed.

AVERAGE MONTHLY TTV PER UNIT

Average Monthly TTV per unit represents the total value of transactions processed in a month as an average of the number of transacting terminals for the month.

COGS

Cost of Goods Sold represent the costs associated with the provision of the services provided by the terminal. These costs form part of Operating Expenditure reported in Note 5 of the FY25 Interim Financial Statements.

EBITDA

A non-GAAP measure representing earnings before finance income and finance costs, taxation, depreciation, amortisation, foreign exchange adjustments, share performance rights amortisation, impairment and loss on disposal of property, plant and equipment.

FREE CASH FLOW

A non-GAAP measure representing cash flows from operating activities and cash flows from investing activities as reported in the Statement of Cash Flows.

FY

Financial year ended 31 March.

NPS

Net Promoter Score measures the percentage of Promoters versus Detractors on a simple measurement of "How likely is it that you would recommend Smartpay to a friend or colleague?" Bain & Company, the creators of NPS note that any NPS score above 0 is good, anything above 20 is favourable, above 50 is excellent and above 80 is world class.

(source: 'What is a good Net Promoter Score (NPS)' posted by Perceptive Insights Team - 1 March, 2023).

PCP

Prior Comparable Period.

TRANSACTIONING TERMINAL

A transacting terminal represents a terminal that is processing transactions in the period.

TTV

Total Transaction Value represents the total value of transactions processed.

YoY

Year on year.

smartpay