

INTRODUCTION TO SMARTPAY

May 2017



smartpay
payment solutions made easy

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WHO WE ARE

- ❑ Smartpay is a merchant facing payments technology business
- ❑ We have a significant position in the New Zealand payments market and a growing Australian business

Leading NZ Provider

>30% market share

Payments partner to 3 of 4 banks

~110 staff

Dominant provider to taxi market



CURRENT REVENUE MODEL

Every 1,000 terminals adds ~\$500k incremental revenue / EBITDA



Pure Rental Model

- Term: 3-5 year contracts
- Ave rental: NZ\$48 / month
- Terminal payback period: 6 - 8 months

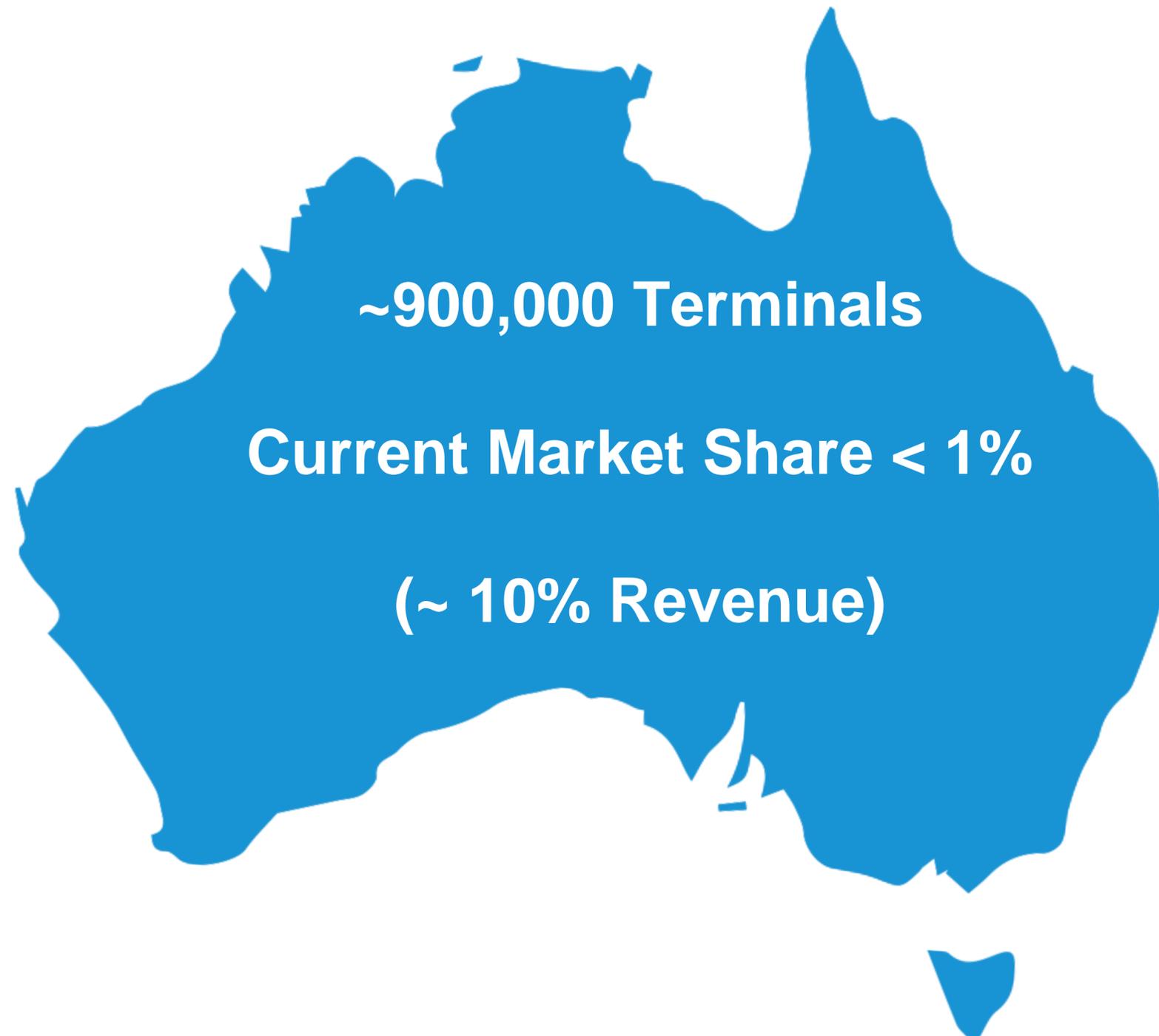


Combination of rental + share of bank acquiring fee (% MSF)

- Term: Up to 3 years
- Target average revenue/unit = AU\$43 / month, includes:
 - Terminal rental and share of bank acquiring fee (share of the 1-2% of transaction value)
- Terminal payback period: 6 – 8 months

Other revenue lines: transaction processing, software development, terminal sales; content delivery; etc

THE OPPORTUNITY IN CONTEXT



~110,000 Terminals

>30% Market Share

~90% Revenue





STRATEGY

OUR STRATEGY

*“ UTILISE THE CRITICAL MASS OF OUR ESTABLISHED NZ
BUSINESS*

to:

*SUPPORT OUR GROWTH INTO THE LARGE AUSTRALIAN
OPPORTUNITY ”*

2 KEY FOCUS AREAS



“ Add Acquiring Capability to Energize our Australian Business “

“ Payments to the Cloud “

VERTICAL INTEGRATION – AUSTRALIAN ACQUIRING OPPORTUNITY

1

The Australian EFTPOS/card acquiring market is worth in excess of A\$2Bn annually.

2

Historically there was a regulatory requirement in Australia to have a banking licence to acquire card transactions.

3

This regulatory requirement was recently removed.

4

These changes have opened access to participate in this A\$2Bn acquiring revenue to nimble, innovative merchant facing payments providers.

5

We believe Smartpay is well placed to participate.

6

This will move the business away from predominant reliance on hardware rental towards higher margin financial transaction revenue and ultimately position the business as a value add financial system access provider.

7

Expected benefits:

- **higher margin** through transaction participation;
- **greater pricing flexibility** leading to higher sales;
- **New product opportunities**

8 - Status

- **Our project to participate is underway**
- **This is a complex project with timing dependant on external parties**
- **Targeting market launch this year**

PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



vend



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vend



One Platform for any Payment Solution



Any POS running on any device - cloud (browser), mobile, desktop/on-prem



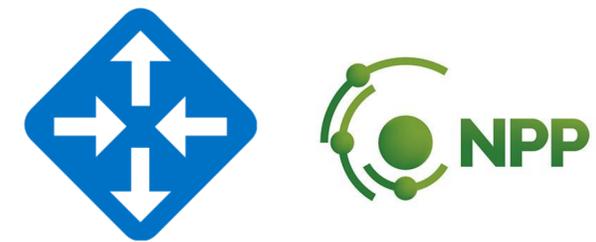
Any online/web store (e-commerce platform)



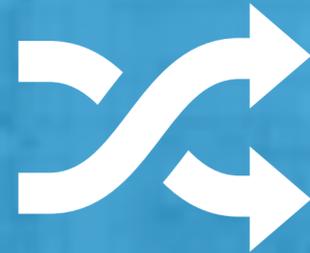
Traditional – Any Payment Terminal



Mobile Wallets / Dedicated apps:
WeChat Pay, Alipay etc



Any Payment Platform / Online Gateway:
Smartgate, NPP, etc.



SUMMARY AND OUTLOOK

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1. Smartpay offers a unique investment proposition as an ***established, profitable Fin-Tech growth*** company:
 - i. An ***established annuity*** style business with a leading market position in the NZ market; supporting
 - ii. An ***early stage growth*** business growing into the large, opening Australian market.
2. We operate in a changing industry of which we have deep understanding and proven capability.
3. We see significant opportunity in the two key areas of ***regulatory*** and ***technology change***, both of which are opening up the large Australian market to new and nimble challengers.

