

ANNUAL MEETING OF SHAREHOLDERS SMARTPAY HOLDINGS LIMITED

26 SEPTEMBER 2017



AGENDA

**Chairman's welcome
and introduction**

1

**Minutes of the Annual
Meeting held on 31
August 2016**

2

**Chief Executive's
Review & Financial
Statements**

3

**Shareholder
Questions**

4

Resolutions

1. Fixing Remuneration of Auditor
2. Re-election of Director – Bradley Gerdis.

5

CHAIRMAN'S WELCOME AND INTRODUCTION

COMPANY UPDATE

Presented by: Bradley Gerdis



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CHIEF EXECUTIVE'S REVIEW





FULL YEAR
FINANCIAL RESULTS

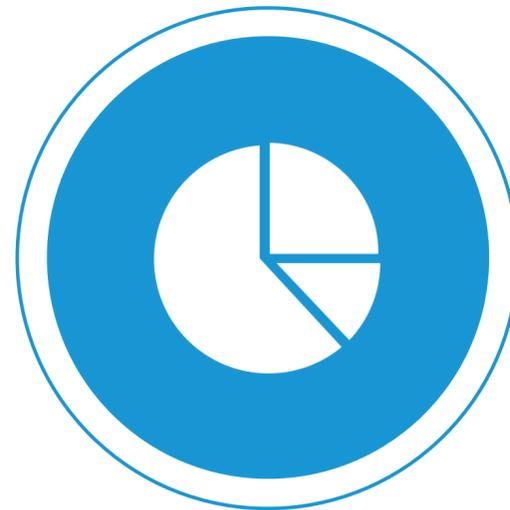
FULL YEAR FINANCIAL RESULTS

REVENUE & OTHER INCOME



↑ FY17: \$21.8M
vs
FY16: \$20.4m

EBITDA*



↑ FY17: \$9.6M
vs
FY16: \$8.1m

NET PROFIT AFTER TAX



↑ FY17: \$2.2M
vs
FY16: \$0.2m

DILUTED EARNINGS PER SHARE (EPS)



↑ FY17: 1.29 cents
vs
FY16: 0.13 cents

*EBITDA = Earnings Before Interest, Tax, Depreciation, Amortisation (including share option 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.

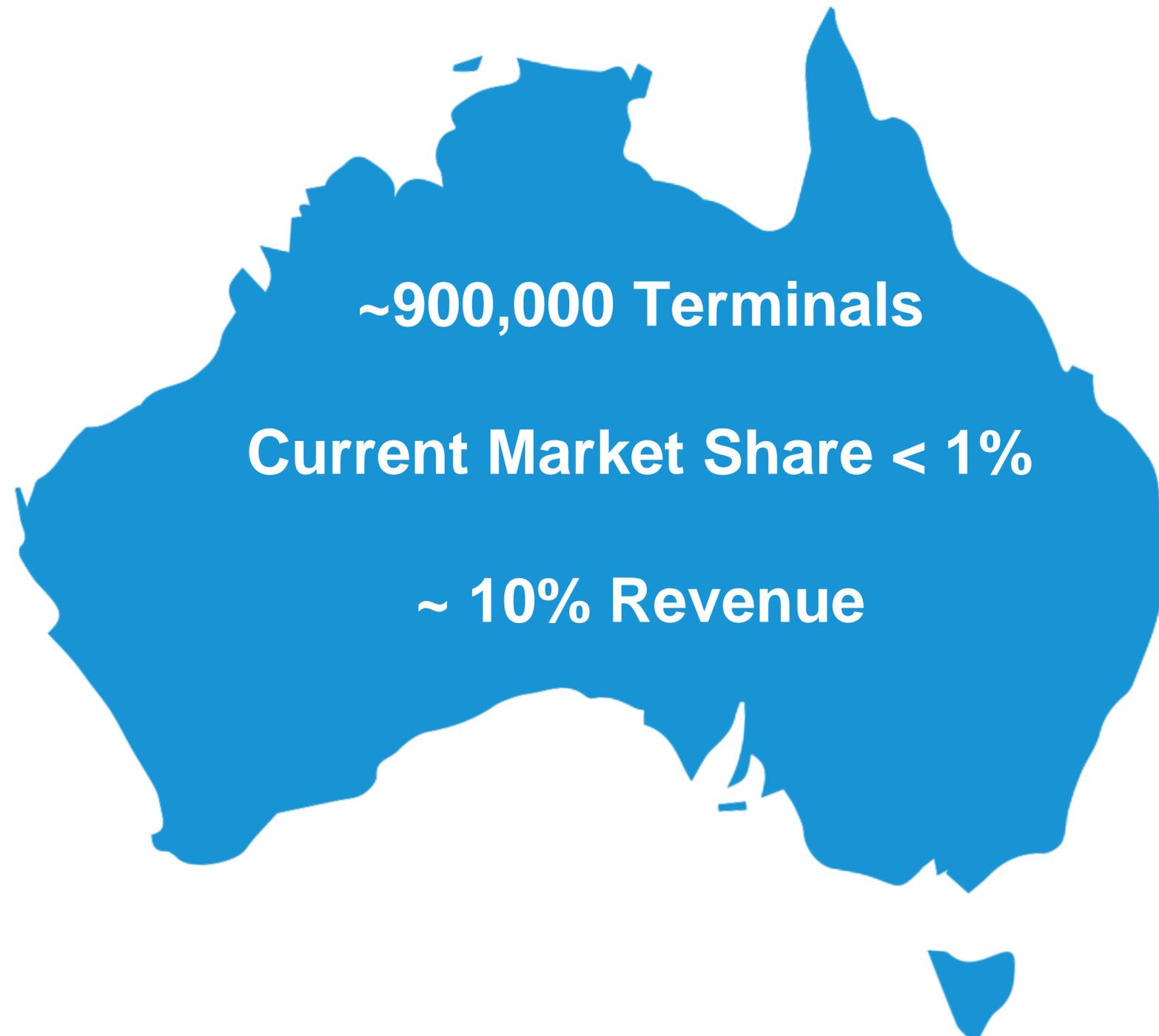
RESULTS COMMENTARY

- Some of the key contributors to our increased Revenue include:
 1. The launch of our latest transport technology into the New Zealand market resulted in increased revenue and profit from our largest customer;
 2. Steady growth in Australian general retail terminal numbers; and
 3. A sale of our flagship terminal to an Australian bank.
- Net Debt *decreased* to \$24.0m from \$24.8m at the half year:
 - The year saw a significant cash investment in upgrading our NZ terminal fleet to meet industry compliance mandate requiring all terminals to be contactless capable by 30 April 2017.
 - With this upgrade process complete, net debt is forecast to reduce in the second half of the current financial year (supplier payment terms will see the remainder of the terminal upgrade payments carry over into H1 this year).





THE OPPORTUNITY IN CONTEXT



~110,000 Terminals

>30% Market Share

~90% Revenue



STRATEGY RECAP

1. NZ – Maintain and Grow the Base

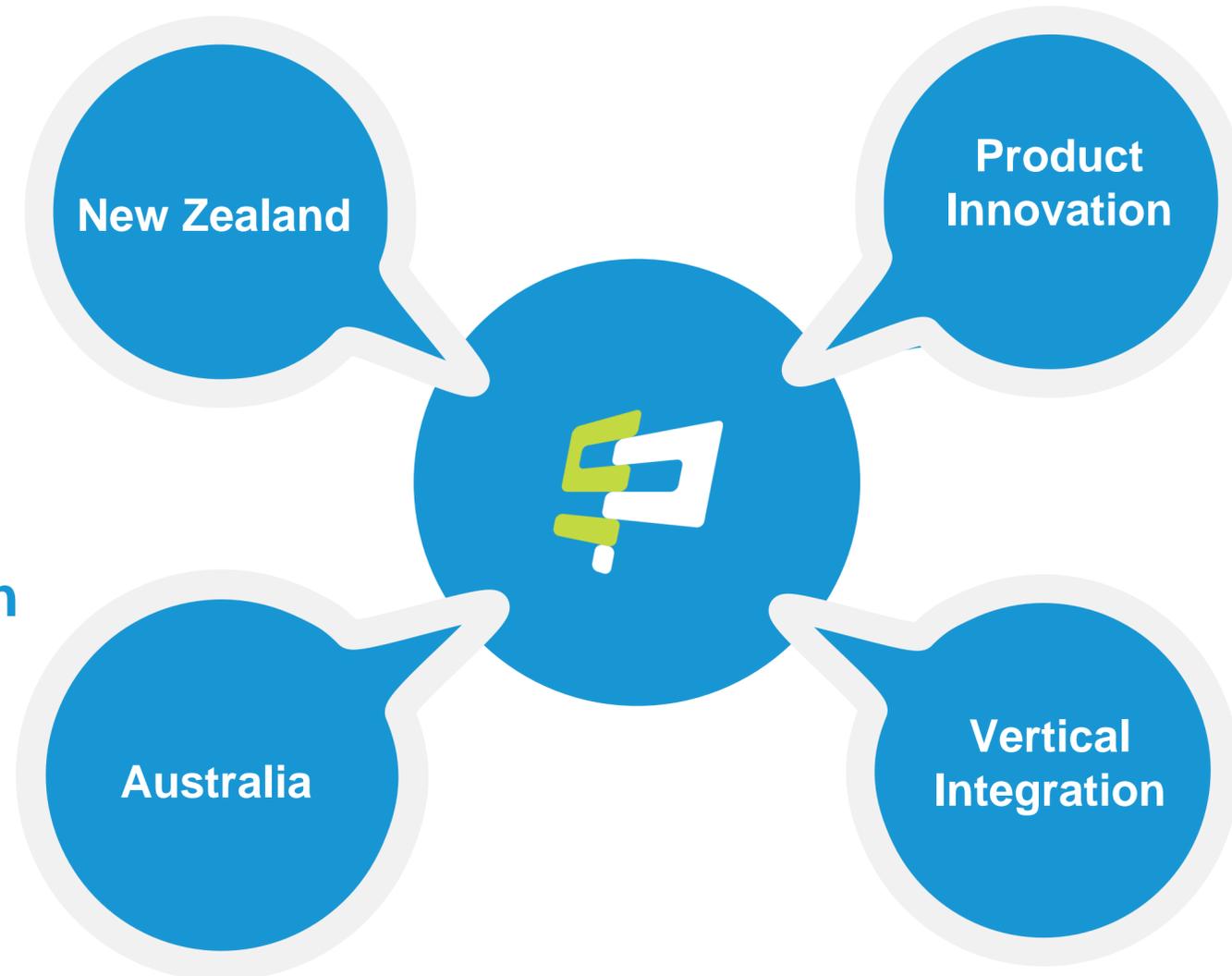
- NZ remains the engine room of the business. **2 focus areas:**

1. Maintain and grow our market share through introduction of new products;
2. Utilize cashflow and operational capacity to support growth into Aus

2. Australia – Organic Growth

- Accelerate the ongoing growth in our Australian terminal deployment through:

1. Vertical integration – add acquiring capability;
2. Product innovation – Cloud based payments;
3. Test banks as a channel - SAAS



3. Product Innovation – Payments to the Cloud

- Phase 1 – Cloud POS integration underway.

- Increases our addressable market as the shift to cloud based POS gains pace

4. Vertical Integration – Australian Acquiring

- Direct participation in transaction fees = higher margin;
- Removes reliance on specific bank acquirers for pricing competitiveness;
- Adds flexibility and new product options

2 KEY FOCUS AREAS



“ Add Acquiring Capability to Energize our Australian Business “

***“ Payments to the Cloud “
Aus, NZ & Global Opportunity***

RECAP: 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 license to acquire card transactions.
- ❑ This regulatory requirement has been removed.

3

- ❑ These changes have opened access to participate in this A\$2Bn acquiring revenue to nimble, innovative merchant facing payments providers.
- ❑ We believe Smartpay is well placed to participate.

AUSTRALIAN ACQUIRING: STATUS UPDATE

1. Project near completion
2. First customers will be on-boarded from around ***mid October 2017*** under a fully productionised pilot
3. Full commercial roll-out to begin incrementally from ***late November 2017***

EXPECTED BENEFITS FROM ACQUIRING

1. Expand revenue streams from primary reliance on hardware rental to include higher margin financial transaction revenue.
2. Greater pricing flexibility expected to increase sales opportunities.
3. New product opportunities only available through involvement in transaction flow and settlement.

2 KEY FOCUS AREAS



“ Add Acquiring Capability to Energize our Australian Business “

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Aus, NZ & Global Opportunity***

PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



vend



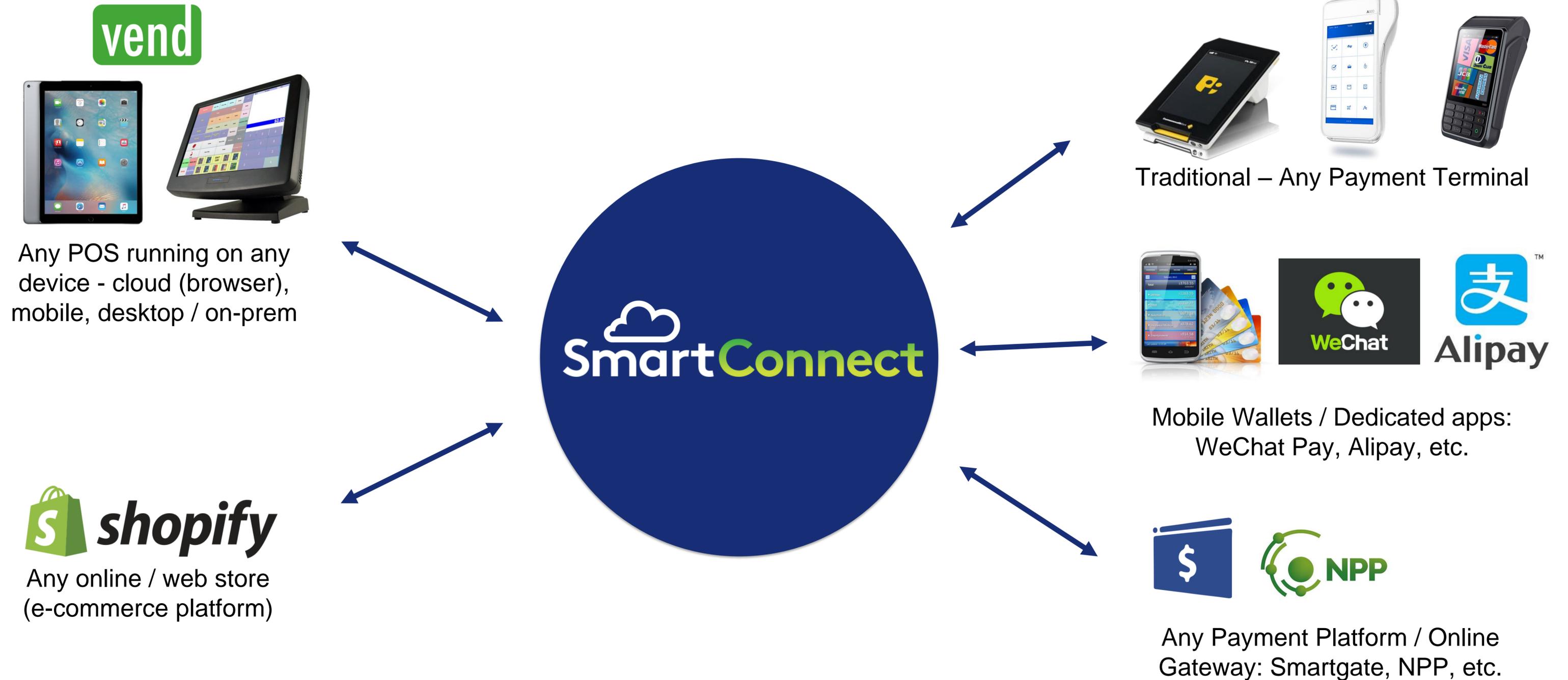
PRODUCT INNOVATION – PAYMENTS TO THE CLOUD



vend



One Platform for any Payment Solution*



* Diagram depicts possible use cases – actual products may be different

Examples of Current Opportunities*

- Claims Management – Healthcare
- Back office Reconciliation – Retail
- New, Emerging Payment Systems – eg: “China Pays”
- Real time data reporting and analytics - Banking
- Closed Loop Payment systems – Issuing & Acquiring
- Benefits / Welfare Support Management - Government





ASB

Starship
Foundation

Starship
Foundation
Raised for Starship so far
\$99
ASB

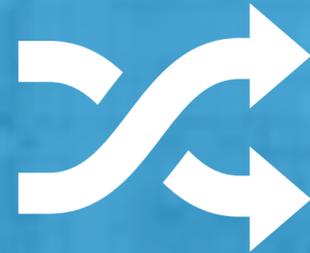
Starship

The Official Charity
Partner of the DHL
NZ Lions Series 2017.

ASB

Starship
Foundation

CELEBRATING 25 YEARS



SUMMARY AND OUTLOOK

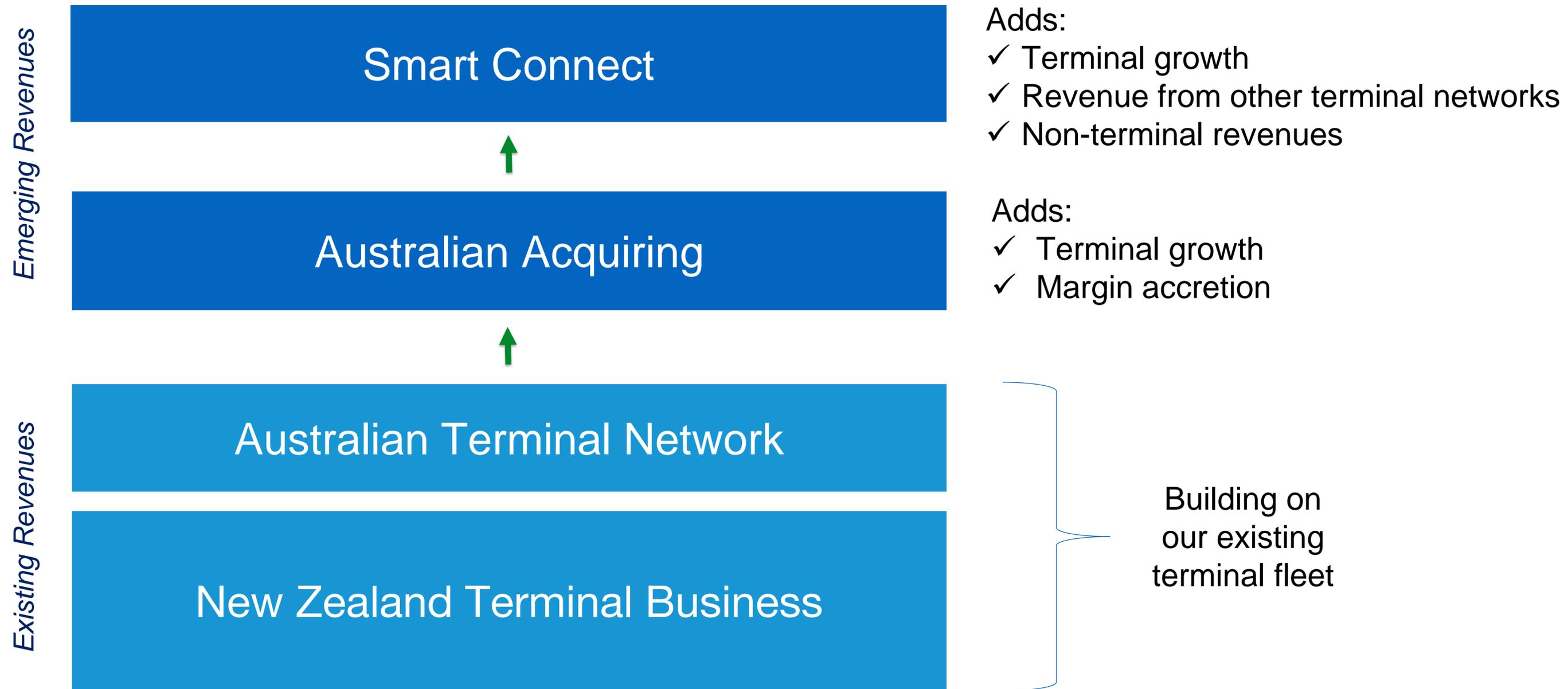
SUMMARY AND OUTLOOK

1. We have made substantial progress over the last 12 months:

- Delivered a record full year profit
- Upgraded our NZ fleet to latest technology
- Organically grown our Australian retail terminal numbers
- Acquiring will launch within weeks
- Developed and launched new cloud payments system - SmartConnect

SUMMARY AND OUTLOOK

2. We are building an increasingly diversified payments business with a combination of existing and emerging revenue streams expected to contribute to growing profits over time







RESOLUTIONS

RESOLUTIONS

Resolution One

Fixing the Auditors Remuneration.

“That the Board be authorised to fix the auditor’s remuneration for the ensuing year.”

Proxies

For : 71,942,968 (41.89%)

Against: 0 (0%)

Discretionary : 8,843,612 (5.15%)

Abstain 2,800 (0%)

1

Resolution Two

Re-election of Director – Bradley Gerdis

“That Bradley Gerdis be re-elected as a director of Smartpay.”

Proxies

For : 80,540,846 (46.89%)

Against: 0 (0%)

Discretionary : 245,734 (0.14%)

Abstain : 2,800 (0%)

2