

# Notice of Annual Meeting of Shareholders

Notice is hereby given that the 2021 Annual Meeting of Shareholders of Smartpay Holdings Limited (“*Smartpay*” or “*the Company*”) will be held virtually via Computershare’s Online Meeting Portal on **Wednesday 29 September 2021 commencing at 3pm NZDT (12 noon AEST)**.

I am pleased to invite you to attend the 2021 Annual Meeting of Smartpay Holdings Limited.

In addition to the usual business of an Annual Meeting, the purpose of the Meeting is to consider and, if thought fit, approve the issue of share performance rights to Martyn Pomeroy, Smartpay’s Managing Director. The issue of share performance rights to Martyn Pomeroy forms part of the overall remuneration package negotiated with Martyn in his employment agreement when he assumed the position of Managing Director of Smartpay on 1 September 2020 following the departure of Bradley Gerdis.

Full details of the share performance rights and the remuneration payable to Martyn are contained in the enclosed formal notice of meeting. You will also find enclosed an appraisal report prepared by Calibre Partners with respect to the share performance rights. This appraisal report has been prepared under NZX Listing Rule 7.8.5. This Listing Rule requires an appraisal report to be prepared if there is an issue of financial products and more than 50% of the financial products to be issued will

be issued to directors. In this particular instance, all of the share performance rights will be issued to Martyn Pomeroy, a director of Smartpay.

The Board believes that the issue of share performance rights will assist in the reward, retention and motivation of Martyn Pomeroy to create shareholder value.

You should read the enclosed notice of meeting and appraisal report carefully.

Due to the current uncertainties relating to public health restrictions associated with COVID-19 the Company has made the decision to hold the Meeting through the Computershare online system. You will be able to attend the Meeting remotely, vote and ask questions via the Computershare online system.

Further information on how to do this is set out in our formal notice of meeting which is enclosed and the Virtual Meeting Guide available on our website **[smartpayinvestor.com](http://smartpayinvestor.com)**.

## ASX: SMP NZX: SPY

## SHARE INFORMATION

Issued Shares: 238,284,963

## WEBSITES

[www.smartpay.co.nz](http://www.smartpay.co.nz)  
[www.smartpay.com.au](http://www.smartpay.com.au)  
[www.smartpayinvestor.com](http://www.smartpayinvestor.com)

## BOARD OF DIRECTORS

Non- Exec Chairman:

**Greg Barclay**

Managing Director:

**Martyn Pomeroy**

Non-Executive:

**Matthew Turnbull**

Non-Executive:

**Carlos Gil**

Non-Executive:

**William Pulver**

## REGISTERED OFFICES

### New Zealand:

205 – 209 Wairau Road  
Wairau Valley  
Auckland 0627  
New Zealand

Phone: +64 (0)9 442 2700

Fax: +64 (0)9 442 2722

[info@smartpay.co.nz](mailto:info@smartpay.co.nz)

### Australia:

Level 2  
117 York Street  
Sydney  
NSW 2000

Phone: +61 (0)2 7903 6302

Fax: +61 (0)2 9869 4223

[info@smartpay.com.au](mailto:info@smartpay.com.au)

Please use this technology to raise any questions you may have about the proposed issue of share performance rights or other matters to be voted on at the Meeting.

If you are not able to attend the Meeting, you should appoint a proxy **no later than 3pm NZDT (12 noon AEST) on Monday 27 September 2021**. You can appoint a proxy by completing and lodging the enclosed Proxy Form so that it reaches our share registrar Computershare Investor Services Limited, by the time set out above. Alternatively, you can securely appoint a proxy online by following the instructions on the Proxy Form.

Shareholders attending the Meeting will have the opportunity to submit questions to the Board and you are also invited to submit any questions prior to the commencement of the meeting by email to our Company Secretary, Rowena Bowman at **rowena.bowman@smartpay.co.nz**, in the questions section of the proxy form, or fill in the 'email us' box on our website **smartpayinvestor.com** by **close of business on Monday 27 September 2021**. The Board

will endeavour to address all appropriate questions relating to the subject matter of the Meeting at the Meeting.

We encourage all our shareholders to register to receive communications electronically, in these changing times this assists us to communicate with you quickly and efficiently. To do so please register online with Computershare at: **investorcentre.com/nz**

Thank you for your continued support of our business.

Regards

**Greg Barclay**  
Chairman.



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ITEMS OF BUSINESS

**A. Chair’s welcome and introduction**

**B. Minutes of previous annual meeting held on 25 September 2020**

**C. Managing Director’s Review**

**D. Financial Statements**

In relation to Smartpay’s annual report for the year ended 31 March 2021, to receive the financial statements for that period and the auditor’s report on those financial statements.

**Shareholder questions**

**E. Ordinary resolutions**

To consider and, if thought fit, to pass the following ordinary resolutions:

**Fixing Remuneration of Auditor**

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

*(See Explanatory Note 1)*

**Re-election of Director – Gregor John Barclay**

2. That Gregor John Barclay be re-elected as a director of Smartpay.

*(See Explanatory Note 2)*

**Issue of Share Performance Rights**

3. That, for the purposes of NZX Listing Rule 4.2.1, share performance rights be issued to Martyn Pomeroy, Chief Executive and Managing Director on the terms and conditions set out in this notice of meeting (being 2,239,380 share performance rights in aggregate, allocated evenly amongst the financial years ending 31 March 2022, 31 March 2023 and 31 March 2024).

*(See Explanatory Note 3)*

Further information relating to the above resolutions is set out in the meeting notes below and, with respect to Resolution 3, the attached appraisal report from Calibre Partners. Please read and consider the resolutions together with these notes and appraisal report.

By order of the Board

**Greg Barclay**

13 August 2021



**For further information contact:** Greg Barclay, Chairman, +64 21 306 594 or Rowena Bowman, Company Secretary, +64 27 364 1133

**Corporate Directory**

**Registered and Principal offices**

**New Zealand:**

205 – 209 Wairau Road,  
Wairau Valley, Auckland 0627

**Email:** info@smartpay.co.nz

**Phone:** +64 (0)9 442 2700

**Fax:** +64 (0)9 442 2722

**Website:** www.smartpay.co.nz

**Australia:**

Level 2, 117 York Street,  
Sydney, NSW 2000

**Email:** info@smartpay.com.au

**Phone:** +61 (0)2 7903 6302

**Fax:** +61 (0)2 9869 4223

**Website:** www.smartpay.com.au

**Shareholder Enquiries**

**Enquiries concerning shareholdings should be addressed to:**

**New Zealand:**

Computershare Investor Services Limited  
Private Bag 92119, Auckland 1142

**Phone:** +64 (0)9 488 8700

**Fax:** +64 (0)9 488 8787

**Australia:**

Computershare Investor Services Pty Limited  
GPO Box 3329  
Melbourne, VIC 3001

**Free phone:** 1 800 501 366

**Fax:** +61 (0)3 9473 2500

## Important Information

### ATTENDING THE MEETING

Shareholders will not be able to attend the Meeting in person, attendance at the Meeting will only be via Computershare's Online Meeting Portal. You will be able to listen to the Meeting, access relevant documents, vote, and ask questions. Further information is available in the Virtual Meeting Guide on the Investors section of Smartpay's website [smartpayinvestor.com](https://smartpayinvestor.com). If you are attending the Meeting please ensure that your contact details are up to date on the register by contacting Computershare Investor Services Limited at [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz).

### VOTING

Voting at the Meeting will be by poll and you will be able to vote by using your mobile device, tablet, laptop or PC (you will need the latest version of Chrome, Safari, Edge or Firefox). If you wish to vote during the Meeting visit <https://meetnow.global/nz>. Further information is available in the Virtual Meeting Guide on the Investors section of Smartpay's website [smartpayinvestor.com](https://smartpayinvestor.com).

Electronic voting is permitted under clause 26 of Smartpay's constitution.

### PROXIES

Any person who is entitled to attend and vote at the Meeting may appoint another person as his or her proxy to attend and vote instead of him or her by filling out, and following the instructions on, the accompanying proxy form. Alternatively, you can securely appoint a proxy online by following the instructions on the Proxy Form. In order to complete the validation process to appoint a proxy online, NZX registered holders will need their common shareholder number (CSN) and post code. If you need to obtain these details, please contact Computershare. Their contact details are set out in the Proxy Form.

A proxy need not be a shareholder of Smartpay (but it will need to be someone who can attend the online Meeting and vote on your behalf). You may appoint the "Chair of the Meeting" as your proxy if you wish. A proxy form accompanies this Notice of Meeting. If you appoint a proxy, you may either direct your proxy how to vote for you or you may give your proxy discretion to vote as they see fit. If you wish to give your proxy discretion, then you must tick the appropriate boxes in each resolution to grant your proxy that discretion. If you do not tick any box for a resolution, then your instruction for your proxy with respect to that resolution will be to abstain. The Chair of the Meeting and any Director appointed as proxy intend to vote all discretionary proxies in favour of the relevant

resolution. If you do not appoint a proxy on your proxy form or your proxy does not attend the Meeting, the Chair of the Meeting will be appointed your proxy and will vote in accordance with your express direction and if no direction has been given in respect of any resolution then the Chair of the Meeting will abstain. If you tick more than one box for a resolution, your vote on that resolution will be invalid.

Proxy Forms must be lodged with the Company's share registry, Computershare Investor Services Limited online, by mail or by fax, as detailed in the proxy form, not less than 48 hours before the commencement of the Meeting, being no later than 3pm NZST (12 noon AEST) on Monday 27 September 2021.

### ORDINARY RESOLUTIONS

Part of the formal business of the Meeting is to pass the Ordinary Resolutions set out in the preceding pages. An ordinary resolution is a resolution passed by a simple majority of more than 50% of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote.

### SHAREHOLDERS ENTITLED TO ATTEND AND VOTE

Pursuant to section 125 of the Companies Act 1993, the Board has determined that, for the purposes of voting at the Meeting, only those persons who are registered as shareholders of the Company as at 3pm NZST (1pm AEST) on Friday 24 September 2021 being a day which is not more than 20 working days before the Meeting, will be entitled to exercise the right to vote at the Meeting.

### VOTING RESTRICTIONS

Martyn Pomeroy and his 'Associated Persons' (as that term is defined in the NZX Listing Rules), are subject to voting restrictions in relation to the Ordinary Resolution 3 set out in the preceding pages. Smartpay will disregard any votes cast on the Ordinary Resolution by Martyn Pomeroy or any of his 'Associated Persons'. However, Smartpay will not disregard a vote if it is cast by any such person as a proxy for a person who is not disqualified from voting on the Ordinary Resolution in accordance with express instructions to vote for or against the resolution.

No voting restrictions apply to resolutions 1 and 2 and all shareholders may vote on these resolutions.

### MORE INFORMATION

If you have any questions or require further information about this Notice of Meeting, please contact Smartpay's Company Secretary, Rowena Bowman, at [rowena.bowman@smartpay.co.nz](mailto:rowena.bowman@smartpay.co.nz).

## Explanatory Notes

### Explanatory Note 1: Resolution 1, Remuneration of Auditor

KPMG is automatically re-appointed as the company's auditor under section 207T of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the auditor.

The Board unanimously recommends that shareholders vote in favour of authorizing the Board to fix the fees and expenses of the auditor.

### Explanatory Note 2: Resolution 2, Re-election of Director – Gregor John Barclay

NZX Listing Rule 2.7.1 requires that a director must not hold office (without re-election) past the third annual meeting following the Director's appointment or 3 years, whichever is longer. Greg was re-elected by the shareholders at the Annual Meeting held on 25 September 2018, and being eligible, hereby stands for re-election.

Greg joined the board of Smartpay in 2010 and he was appointed Chairman in 2016. He is a commercial lawyer with over 30 years of experience in advising a range of commercial and corporate clients. In 1997 he was a founder of Claymore Partners, an Auckland based commercial law and business advisory firm. He continues to act as a consultant to that firm at present.

He is an experienced company director and Chair having held various directorships and advisory roles across a number of New Zealand and off-shore entities. Greg has also had an extensive involvement in the business of sport, both as an advisor and director of a number of sporting entities. He is a director (and immediate past Chair) of the International Rugby League, a former Chairman of New Zealand Cricket and is currently the Chairman of the International Cricket Council based in Dubai.

In addition to being on the board, Greg serves on the board's Audit and Finance Committee. He is an approved Chartered Member of the New Zealand Institute of Directors.

Greg resides in Auckland, New Zealand.

The Board has determined that Greg is an independent director in accordance with the NZX Listing Rules.

The Board unanimously recommends that shareholders vote in favor of Greg's re-election.

### Explanatory Note 3: Resolution 3, Issue of Share Performance Rights

Martyn Pomeroy was appointed by the Board as Managing Director on 1 September 2020 to replace Bradley Gerdis. The Board has negotiated a remuneration package with Martyn that, subject to shareholder approval, includes a long-term incentive (LTI) component comprising the issue of share performance rights (SPRs) as described below. The LTI component of the remuneration is designed to ensure the retention of Martyn Pomeroy as Managing Director. The Company does not currently operate a formal long-term incentive plan for employees generally and therefore the issue of SPRs to Martyn Pomeroy is a bespoke arrangement negotiated directly with him. The key terms of Martyn's issue of SPRs are set out below:

- (a) each SPR represents a right to receive one Smartpay ordinary share, subject to vesting conditions and performance hurdles. Each ordinary share will rank equally with all other ordinary shares in Smartpay;
- (b) the issue of the SPRs to Martyn is subject to Smartpay shareholder approval on or before 30 November 2021. If shareholders do not approve the issue of SPRs to Martyn, then under the terms of his employment agreement the Company will be required to negotiate in good faith with Martyn to put in place a replacement long term incentive which incentivises him to create value for shareholders. It is likely that any such alternative arrangement will necessitate some form of additional cash payments to Martyn;
- (c) the LTI will run for three financial years commencing with the current financial year ending 31 March 2022;
- (d) under the LTI Martyn will be granted NZD\$1.5 million of SPRs calculated at the 20-day VWAP of the Company's shares on the NZX on the day that Martyn's employment as Managing Director commenced, being 1 September 2020. The 20-day VWAP as at that date was NZD\$0.669827 resulting in a total award of 2,239,380 SPRs in aggregate. All of the SPRs will be granted after the Meeting (if shareholders approve the grant of SPRs to Martyn);
- (e) one-third of the SPRs will be allocated to each financial year and therefore Martyn will receive an annual award of 746,460 SPRs for each of the financial years ending 31 March 2022, 31 March 2023 and 31 March 2024;

## Explanatory Notes

(f) the SPRs will conditionally vest annually based 50/50 on two performance hurdles, being (i) EBITDA Per Share and (ii) Revenue. EBITDA Per Share will be the EBITDA recorded in the audited consolidated financial statements of the Smartpay group for the applicable financial year (adjusted, as determined by the Board, to reflect accounting policy changes or extraordinary circumstances with a significant impact e.g. impairments, revaluations, restructuring activities), divided by the number of shares on issue as at the last

day in that financial year. Revenue will be the gross revenue recorded in the audited consolidated financial statements of the Smartpay group for the applicable financial year (adjusted, as determined by the Board, to reflect accounting policy changes or extraordinary circumstances). Each performance hurdle has an annual award of 373,230 SPRs;

(g) the performance hurdles for each financial year (before any applicable adjustment) are as follows:

Financial Year	EBITDA Per Share Performance Hurdle*	Revenue Performance Hurdle
FY ending 31 March 2022	\$0.05	\$47,383,000
FY ending 31 March 2023	\$0.063	\$66,336,200
FY ending 31 March 2024	\$0.084	\$92,870,680

\*based on the current shares on issue (being 238,284,963 shares), the EBITDA Per Share Performance Hurdle equates to an EBITDA of approximately \$12 million in the year ending 31 March 2022, \$15 million in the year ending 31 March 2023 and \$20 million in the year ending 31 March 2024.

(h) if a performance hurdle is met or exceeded for any applicable financial year then the grant of SPRs relevant to that performance hurdle will conditionally vest;

(i) if the EBITDA Per Share for the year ending 31 March 2023 or 31 March 2024 is 95% or more of the EBITDA Per Share performance hurdle for that year, but is less than 100% of the applicable EBITDA Per Share performance hurdle, then 50% of the SPRs for the EBITDA Per Share performance hurdle for that financial year will conditionally vest;

(j) any SPRs which do not conditionally vest as set out in (h) or (i) above shall roll over, and be added to, the tranche of SPRs for the applicable performance hurdle in the immediately following financial year, provided that any SPRs which do not conditionally vest in connection with the financial year ending 31 March 2024 shall automatically lapse and be cancelled;

(k) subject to limited exceptions referred to in (m) and (n) below, all of the SPRs are subject to the overriding vesting condition that Martyn remain employed as Managing Director of the Smartpay Group as at 31 March 2024;

(l) Martyn will receive one fully paid ordinary share in Smartpay for each fully vested SPR (plus any additional shares to ensure that he is protected from any dividend payments made during the vesting period). The ordinary shares will be issued to Martyn 10 business days after the date on which the Smartpay group's audited consolidated financial statements for the financial year ending 31 March 2024 are signed by the Board (the Exercise Date);

(m) all unvested SPRs will vest (and Martyn will receive one fully paid ordinary share for each such SPR) if there is a takeover offer for all shares in Smartpay before the Exercise Date and the offer becomes unconditional;

(n) if Martyn's employment with the Company is terminated by the Company prior to the Exercise Date and he is a 'good leaver' then all SPRs which have conditionally vested at that time will vest and he will receive the relevant number of fully paid ordinary shares in the Company. All other SPRs will lapse on cessation of employment;

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- (o) the Board retains the ability to make adjustment to one or more of the performance hurdles to take account of any adverse impacts on the revenue or EBITDA of the Smartpay group resulting from any COVID-19 full or partial lockdowns in any territory (or part of a territory) in which the Smartpay group operates;
- (p) the terms of the SPRs (including the performance hurdles) may be adjusted by the Board (subject to obtaining any necessary approvals from NZX or approval from shareholders) to take account of events such as a rights issue, share buy-back, consolidation, amalgamation, etc.;
- (q) if the Company makes any bonus issue of shares prior to the Exercise Date (as defined below), then Martyn will be entitled to receive an additional number of shares (as determined by the Board) on exercise of any vested SPRs to put him in the same position as he would have been had he held those shares at the time of the bonus issue;
- (r) if Smartpay's New Zealand business and assets (or the majority of such business and assets) are sold prior to the Exercise Date then the Board shall (subject to obtaining any necessary approvals from NZX or approval from shareholders) make such changes to the performance hurdles as the Board (in its absolute discretion) considers appropriate.

### Other key terms of employment

As mentioned above, the LTI (in the form of the SPRs) constitutes the long-term, incentive component under Martyn Pomeroy's employment agreement. The other key components of Martyn Pomeroy's remuneration as Managing Director of the Smartpay Group (i.e. in addition to the LTI) are as follows:

- Annual base salary of NZ\$500,000; and
- A short-term incentive of up to 50% of base annual salary subject to achieving KPIs agreed between the Board and Martyn Pomeroy from time to time and set on an annual basis. The short-term incentive bonus for the year ending 31 March 2021 has been set at \$200,000 and is not tied to achievement of any KPIs. The KPIs for the years commencing 1 April 2022 and beyond will be agreed by Martyn and the Board on an annual basis.

### General

The issue of the SPRs to Martyn is not expected to have a material dilution effect on the shareholdings of existing shareholders. This is because the number of ordinary shares that would be issued if 100% of the SPRs were to vest (being 2,239,380 ordinary shares, plus any additional ordinary shares to ensure dividend protection) is relatively small when compared to Smartpay's current issued share capital of 238,284,963 shares as at the date of this notice of meeting. If all of the SPRs fully vest over the three year period then the dilutionary effect will be approximately 0.93% based on Smartpay's current issued share capital.

In securing Martyn's appointment as Managing Director, the Board has engaged a high-calibre leader who has not only in-depth historical knowledge of the business of the Company but also the experience and energy to drive the business forward. Martyn's remuneration package reflects that calibre, with the SPRs being a key component of it.

The SPRs have been designed to assist in the reward, retention and motivation of Martyn and to link the reward of Martyn to shareholder value creation, and to align the interests of Martyn with Smartpay's shareholders by providing him an opportunity to earn rewards via an equity interest in Smartpay that is based on creating shareholder value. In summary, the SPRs:

- are designed to align the interests of Martyn with the interests of Smartpay's shareholders;
- aim to provide a long-term incentive spanning potentially three financial years with an overarching condition that Martyn remains employed as the Managing Director of Smartpay as at 31 March 2024; and
- assist in preserving Smartpay's cash resources by it not having to pay any additional long-term cash incentives.

The Board (with Martyn Pomeroy abstaining) also considers that the incentive arrangements and corresponding grant of SPRs and resultant issue of shares on the exercise of those SPRs outlined above are important in ensuring further alignment of Martyn's personal financial interest with the future performance of Smartpay's share price.

The Board (with Martyn Pomeroy abstaining) unanimously supports the issue of these SPRs to Martyn and recommends that shareholders vote in favour of this resolution.