

ANNUAL MEETING OF SHAREHOLDERS SMARTPAY HOLDINGS LIMITED

31 AUGUST 2016

AGENDA

**Chairman's welcome
and introduction**

1

**Minutes of the Annual
Meeting held on 8th
September 2015**

2

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

3

**Shareholder
Questions**

4

Resolutions

1. Fixing Remuneration of Auditor
2. Re-election of Director – Martyn Richard Pomeroy.

5

CHAIRMAN'S WELCOME AND INTRODUCTION

- ✓ Quorum
- ✓ Notice
- ✓ Apologies
- ✓ Proxy Votes: 48 proxy forms received representing 47,213,564 shares equivalent to 27.49% of the issued share capital of the company
- ✓ Introductions
- ✓ Minutes of previous annual meeting

COMPANY UPDATE

Presented by: Bradley Gerdis

August 31 2016



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CHIEF EXECUTIVE'S REVIEW





FULL YEAR
FINANCIAL RESULTS

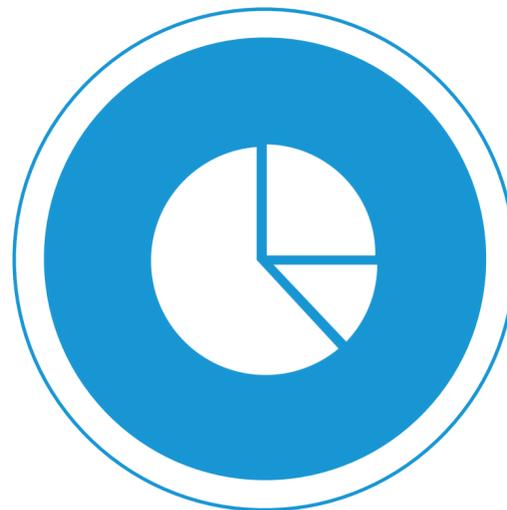
FULL YEAR FINANCIAL RESULTS

REVENUE



\$20.4m, 8% lower than the prior year \$22.2m

EBITDA*



\$8.1m, 12% lower than the prior year \$9.2m

NET PROFIT AFTER TAX



Net Profit after Tax \$0.2m, 86% lower than the prior year \$1.6m

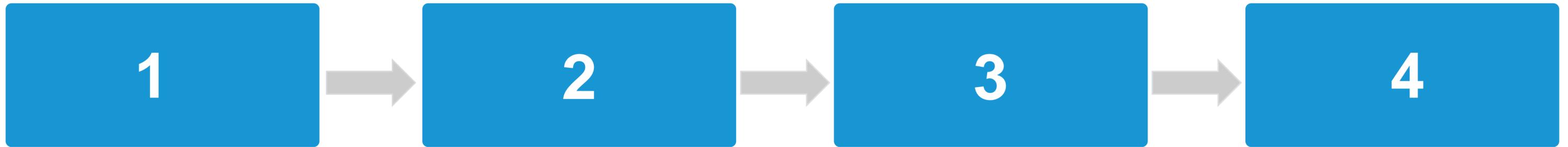
DILUTED EARNINGS PER SHARE



Diluted Earnings Per Share (EPS) of 0.13 cents, 86% lower than the prior year 0.91 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



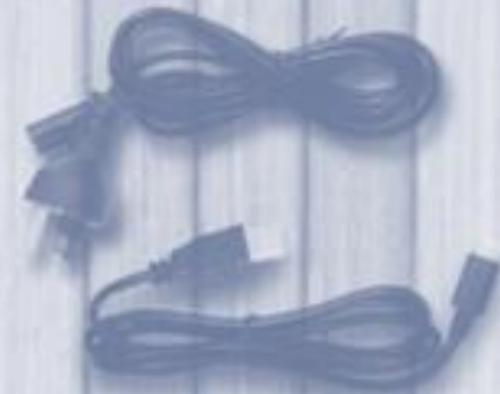
1
The primary contributor to the lower revenue and profit was the cessation of our largest Australian tax contract shortly before the beginning of the financial year.

2
Other contributing factors to the lower revenue and profit relative to the prior period were:

The prior period included revenue contribution from two software development projects. As these projects were concluded in the prior period there was no corresponding income in the current period; and

3
The timing effect of expired contracts which concluded at points earlier in the period relative to the start dates of new contracts.

4
Notwithstanding the lower level of revenue and profitability, the work done in line with the company's strategy for the year set the foundation for a much stronger result in the current FY17 financial year.



STRATEGY RECAP

Strategy One

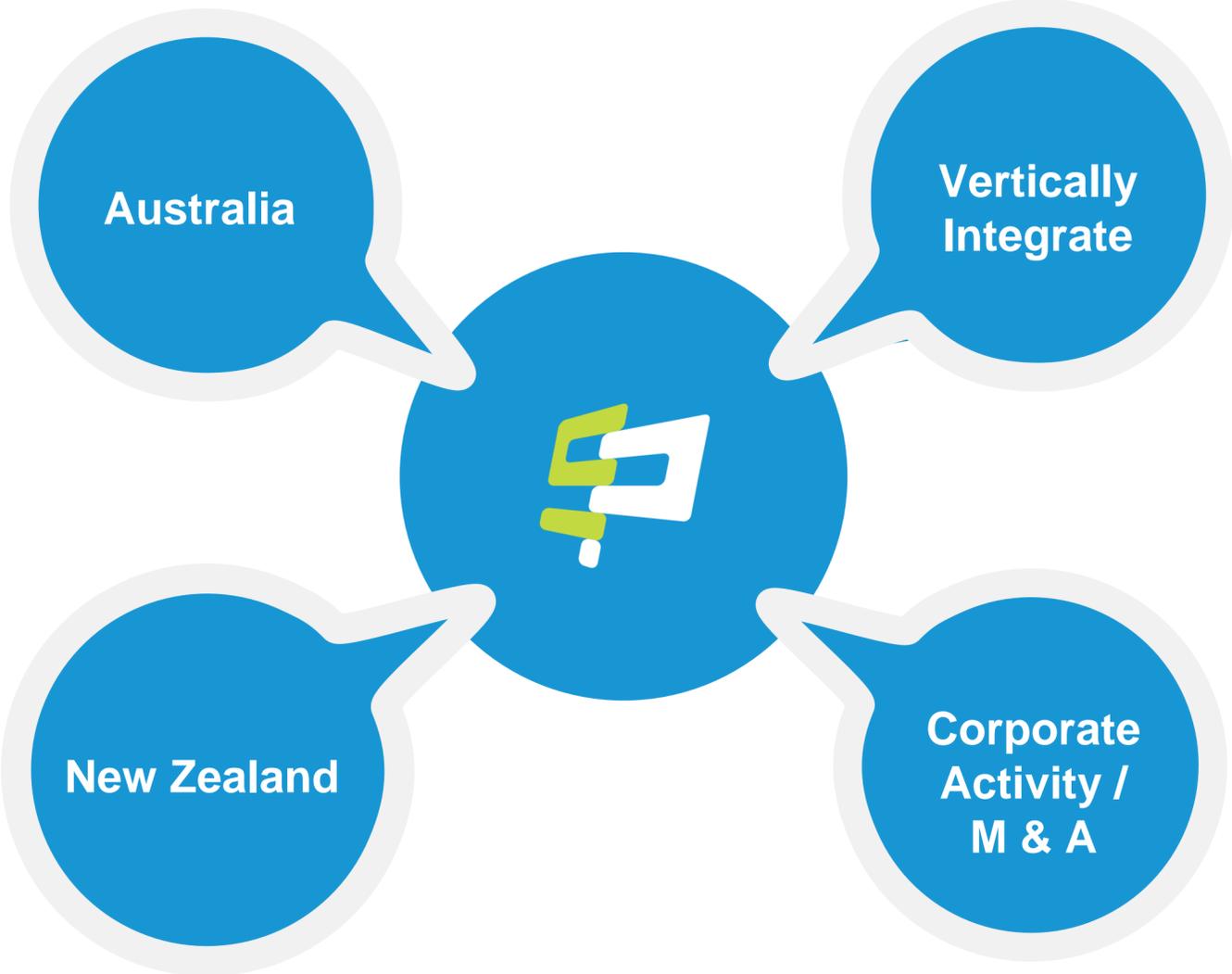
Organic growth in Australia through targeting specific parts of the market where the bank's can't/don't want to play and where we have a **competitive advantage**, defined by our **differentiated product and capability**. We have identified and are pursuing the following 2 areas and will add additional areas as they emerge:

- 1) Retail: Mobile and Integrated payments
- 2) Transport: Advanced payments technology for the transport sector

Strategy Two

Maintain our current NZ business and seek additional value from 2 main areas:

- 1) Increase revenue per customer from adding additional products to our existing customer base.
- 2) Participate in the structural changes unfolding in the NZ payments market in which we have a significant position as the largest owner of terminals connected to the Paymark switch and where our position in the merchant relationship initiates the flow of transactions.



Strategy Three

Vertically integrate to participate in the transaction flow that our terminals generate.

Specifically, develop the opportunity to participate in the opening of the EFTPOS / card acquiring market in Australia.

- 1) This is where the bulk of the value in the payments chain lies
- 2) Removes reliance on specific bank acquirers for pricing competitiveness

Strategy Four

Add scale and scope through Corporate Activity / M&A

- 1) We have an experienced team that understand payments technology and how to identify and assess value in payments technology businesses.
- 2) We currently have a number of corporate / M&A type opportunities under consideration to increase scale and scope.

1. AUSTRALIA - RETAIL

- Our new D-Series Integrated Mpos device, together with our “Smartlink” secure payments software represents what we believe to be a leading market proposition

- As a multi-function single terminal offer we expect to see reduced support and maintenance costs

- We have already seen increased sales, although still modest given market size of 800,000 + terminals

- Our focus is now shifting to marketing – Group Marketing Executive soon to be appointed based in Australia





1. AUSTRALIA - TRANSPORT

- Australian transport sector continues to undergo structural change
 - Smartpay has been a net beneficiary of these changes as an emerging contender, demonstrating the opportunity for innovation led growth
- We have recently developed a closed-loop payments system for the transport sector which we are currently releasing into Australia
 - We have secured our first customer for this new product in the form of a significant municipal council

2. NEW ZEALAND

- We continue to achieve net growth in our NZ terminal network, albeit at a relatively modest level given the large base we already have
 - To augment this growth our primary focuses are on achieving cost efficiencies to boost margin and market competitiveness and targeting further revenue opportunities into our extensive merchant network
 - We recently updated our NZ taxi technology which drove a significant increase in revenue from this segment
 - We are also seeing increasing revenue opportunities from our market leading retail content delivery platforms, Retail Radio and TV
 - We continue to invest in what we regard to be the best available technology skills to drive the next phase of innovation led growth



3. 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 removed last year.

4

Advances in payments technology and structural access have significantly reduced build time/cost and operational cost/risk to participate.

5

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

6

We believe Smartpay is well placed to participate.

7

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.

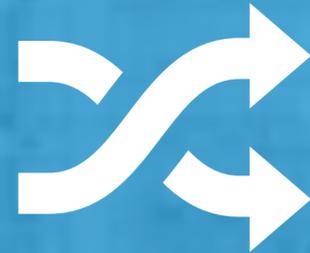
8 - Update

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



4. CORPORATE ACTIVITY / M&A

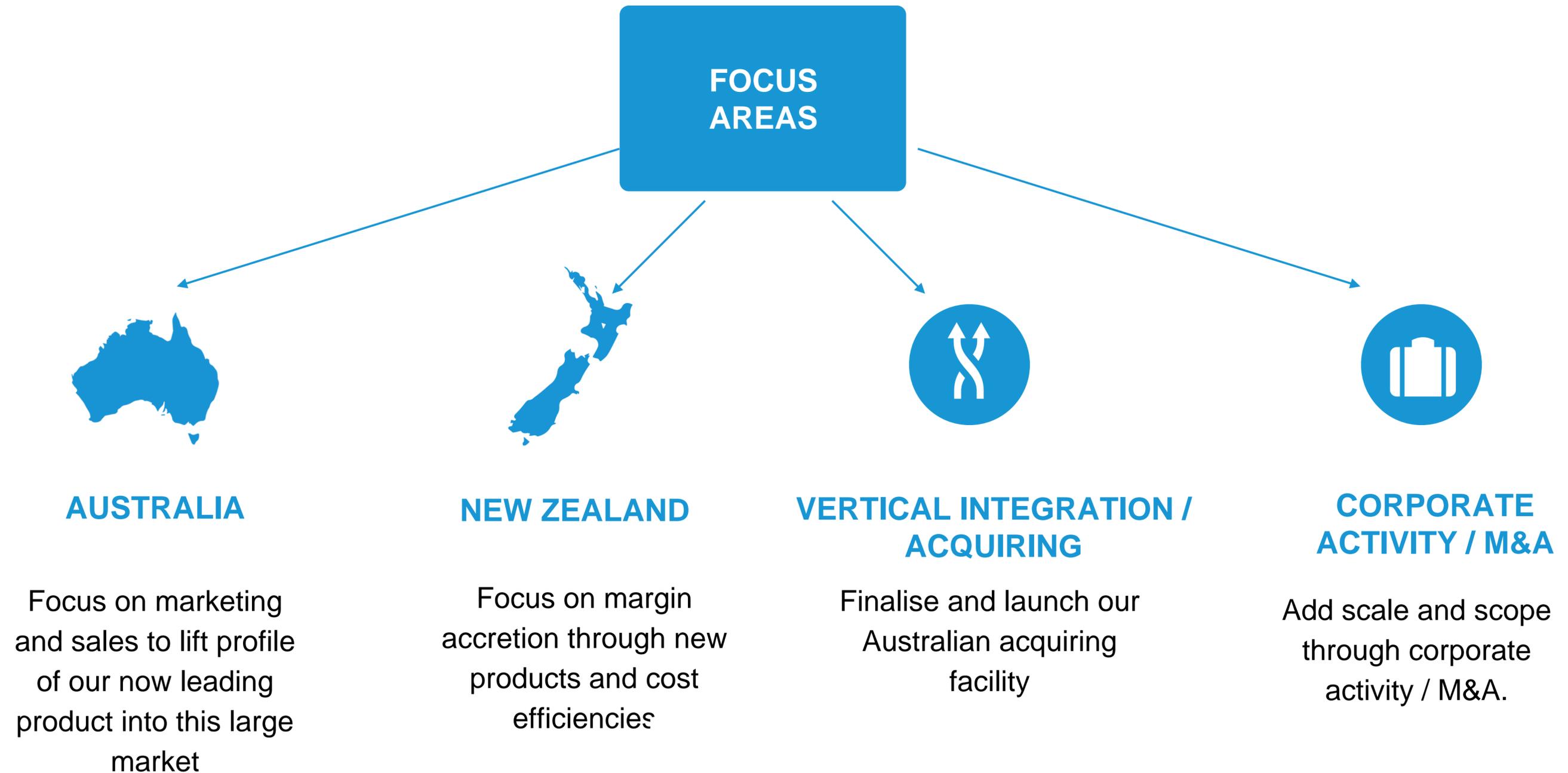
- Continues to remain a focus
- A number of opportunities remain actively under consideration, both large and small
- We have looked at and dismissed opportunities deemed not sufficiently accretive
- None are currently sufficiently advanced to warrant disclosure



SUMMARY AND OUTLOOK

SUMMARY

FOCUS AREAS FOR THE NEXT 12 MONTHS



OUTLOOK

- ✓ We are making substantial progress in the execution of our strategy and continue to invest accordingly.
- ✓ We are 5 months into the financial year and while too early to give definitive earnings guidance the Board is confident that the progress we are achieving in the business will result in strong growth in revenue and bottom line profit in the current financial year.







RESOLUTIONS

RESOLUTIONS



Resolution One

Fixing the Auditors Remuneration.

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

| Resolution 1 | Proxy Voting |
|---------------|--------------|
| For | 46,945,390 |
| Against | 5,600 |
| Discretionary | 262,574 |
| Abstain | 10,000 |
| | |



Resolution Two

Re-election of Director – Martyn Richard Pomeroy

“That Martyn Richard Pomeroy be re-elected as a director of Smartpay.”

| Resolution 2 | Proxy Voting |
|---------------|--------------|
| For | 46,950,990 |
| Against | 0 |
| Discretionary | 262,574 |
| Abstain | 10,000 |