

Smartpay Holdings Limited 2022 Annual Results

30 May 2022



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Welcome to Smartpay's investor update

1. Who are we
2. High growth opportunity
3. Key propositions
4. FY2022 Highlights
5. Financial Results
6. New Zealand and Australia
7. Strategic Delivery
8. Looking forward
9. Appendices



Who we are



Smartpay is a merchant facing, in-store EFTPOS payments provider



We have a significant position in the New Zealand payments market and a fast growing Australian business



- Leading NZ EFTPOS provider
- >30,000 terminals
- Predominantly fixed monthly revenue model



- Growth Market
- Transactional Revenue Model
- <0.5% current market share

(1m terminal market)

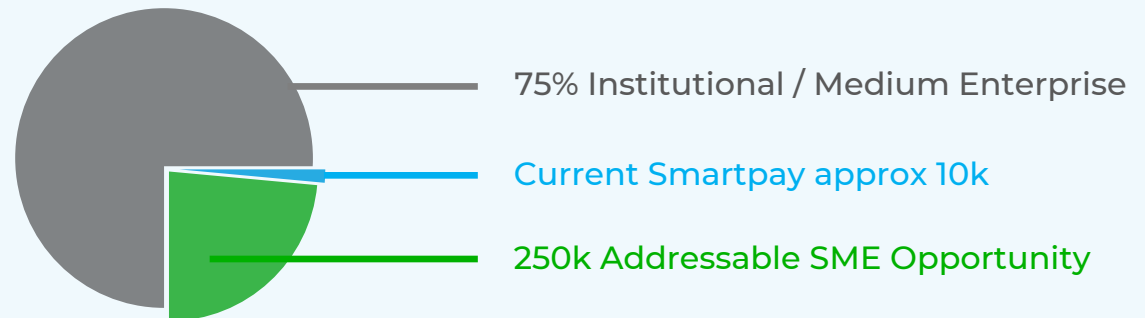


Focusing on our Australian high growth opportunity

Currently served by major banks – pain points;

- 'hygiene factor', basic payment solution
- lack of organizational / customer centric agility
- complex pricing structures
- structured for 'top end of town'
- no ability to properly contest technical 'arms race'
- *money for incumbents is in issuing and consumer credit*

- Total market circa 1m terminals – *dominated by major banks*
- 250k SME market opportunity *Legacy providers blind spot*



Propositions that make sense



Zero Cost EFTPOS

- Removes variable cost for Small to Medium Enterprise
- Supports customers' cash-flow focus

Simple Flat Rate

- Reduces complexity, uncertainty and 'bill shock' for the merchant

FY2022 Highlights

The year has seen us continue to execute against our strategic objectives of growth into Australia. We have strengthened the business, reduced debt, increased free cashflows and generated our first profit since launching our acquiring business into Australia



Delivering a strong financial performance and strengthening the company



Large increase in revenue year on year

Revenue FY22 \$48,080k vs FY21 \$33,845

↑ 42.1%



Investing in the business and growing EBITDA*

EBITDA FY22 \$11,096k vs FY21 \$7,582

↑ 46.3%



Positive Net Profit after Tax

NPAT FY22 \$3,104k vs FY21 \$(15,200k)



Generating positive cashflows and repaying debt

Net debt FY22 \$1,106k vs FY21 \$4,463k

↓ 75.2%

*EBITDA – Earnings Before Interest, Tax, Depreciation, Amortisation, impairments, foreign exchange adjustments and share performance rights. EBITDA is a useful non-GAAP measure as it shows the contribution to earnings prior to finance costs and non-cash items.



The strategy is delivering



43.4% growth in number of transacting terminals in Australia

FY22 9,684 vs FY21 6,754



5.3% increase year on year in revenue per terminal

FY22 \$4,105 vs FY21 \$3,900



Improvement in average Net Promoter Score (NPS)

FY22 66 vs FY21 59 Australia

FY22 46 vs FY21 42 New Zealand



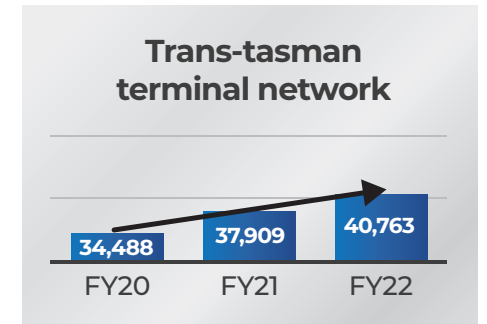
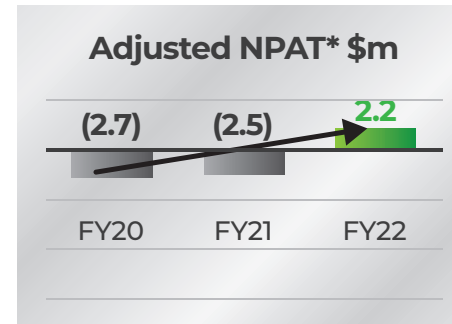
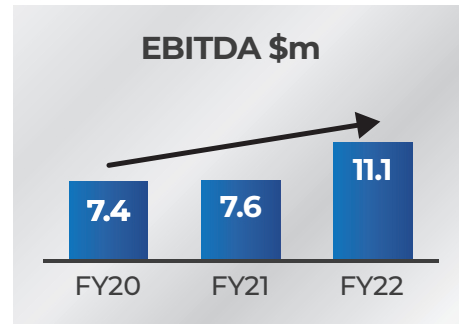
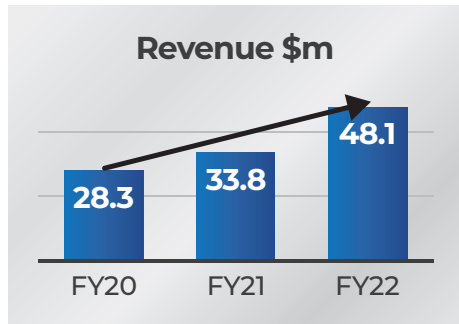
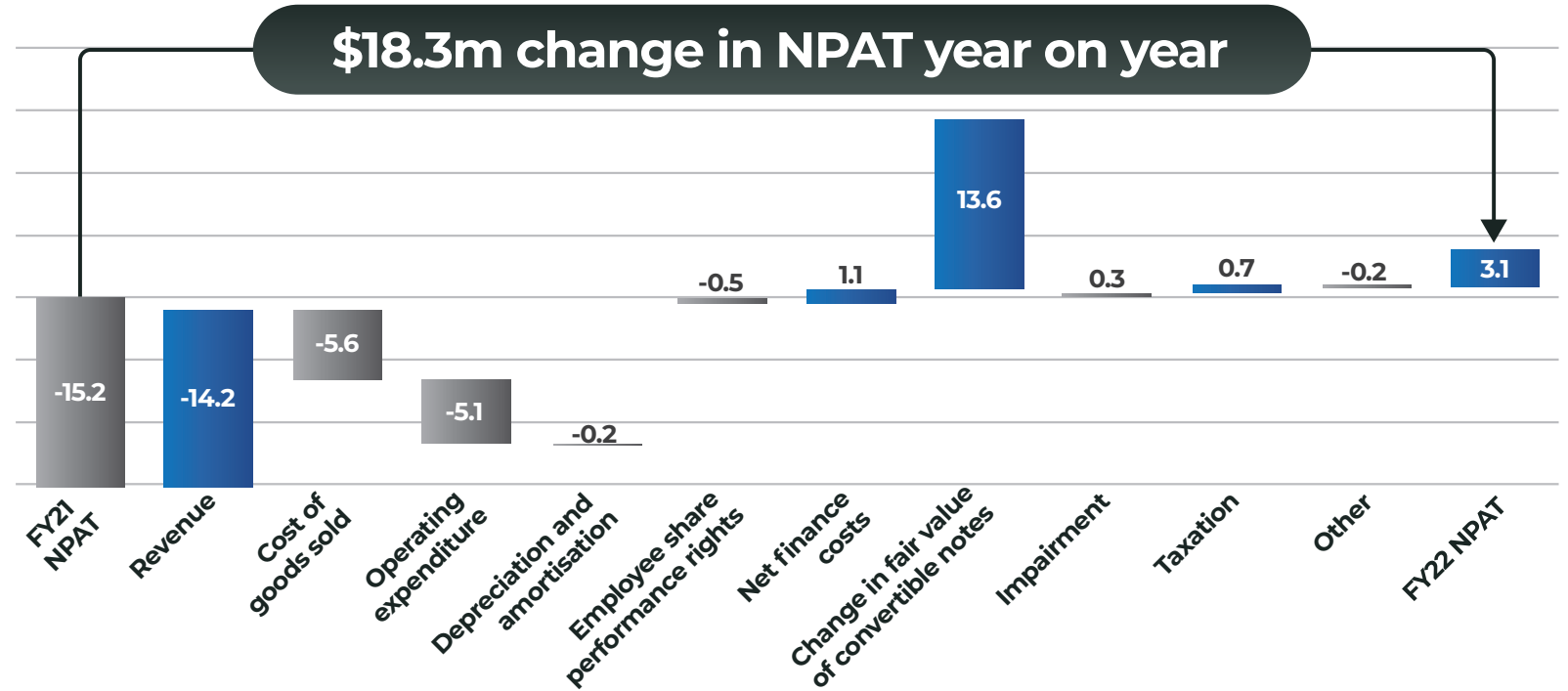
Investing in key resources with headcount up by 16 primarily in sales and marketing

FY22 140 vs FY21 124

Financial Results

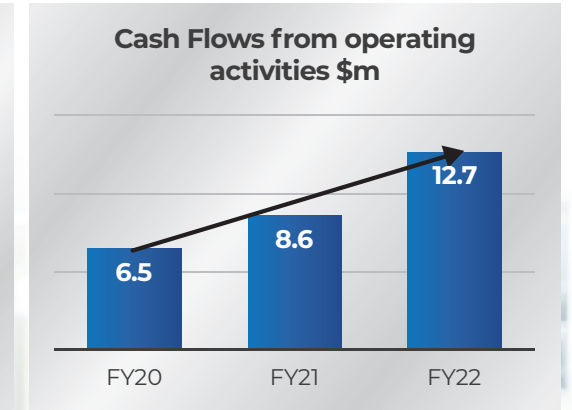
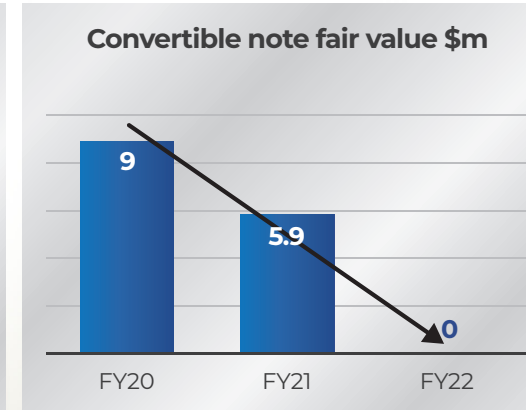
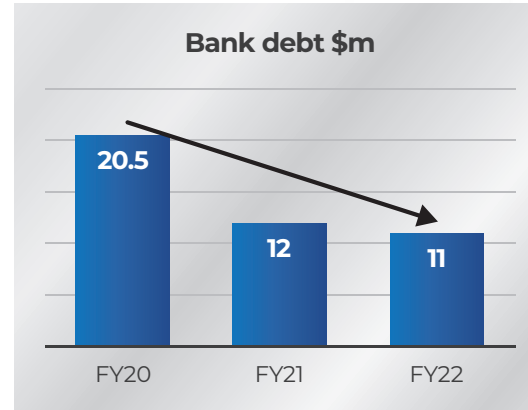


Growth in profitability year on year



*Adjusted NPAT is NPAT adjusted for the fair value of the convertible notes

Strengthening and investing in the business



**Looking
Forward**



FY23 – looking forward, we will continue to execute to our strategy and vision

- **Continued growth** in the Australian market accelerating the SME customer uptake to our payments offering by providing customers with daily settlement and no surprise costs to provide business certainty
- **Maximising margin** via scale
- **Measured and appropriate investment** in the business ensuring the investment is in the right place and delivers the benefits
- **Android in-store proposition** to serve both the Australian and New Zealand markets
- **Ongoing development** of online / digital customer solutions – the HUB
- **Imbedding and leveraging the ERP** (Netsuite) to maximise efficiencies and enhancements to the business
- **Remaining open and agile** to look at new opportunities

Appendices



Statement of Comprehensive Income for the year ended 31 March 2022

	Group		Movement	Movement
	2022 \$'000	2021 \$'000	\$'000	%
Continuing operations				
Revenue	48,080	33,845	14,235	42.1%
Other income	4	16	(12)	-75.0%
Operating expenditure	(36,988)	(26,279)	(10,709)	40.8%
Earnings before interest, tax, depreciation, amortisation, impairments, unrealised foreign exchange	11,096	7,582	3,514	46.3%
Depreciation and amortisation	(7,972)	(7,803)	(169)	2.2%
Foreign exchange adjustments	(87)	74	(161)	-217.6%
Employee share performance rights amortisation	(539)	-	(539)	0.0%
Net finance (costs)	(538)	(1,612)	1,074	-66.6%
Change in fair value of convertible notes	909	(12,731)	13,640	-107.1%
Impairment	(164)	(468)	304	-65.0%
	(8,391)	(22,540)	14,149	-62.8%
Profit / (Loss) before tax	2,705	(14,958)	17,663	-118.1%
Tax benefit / (expense)	399	(242)	641	-264.9%
Profit / (Loss) for the year from continuing operations	3,104	(15,200)	18,304	-120.4%
Earnings / (losses) per share from continuing operations attributable to the equity holders of the company during the year				
Basic earnings per share	1.31 cents	(7.24) cents		
Diluted earnings per share	1.31 cents	(7.24) cents		

Thank you



BUSINESS NEWC
THE SMARTPAY TIMES
ANNUAL REPORT 2022

Smartpay, Smartcharge, Smart Growth
May 2022

"FY22 has been another year of growth on several fronts. Our Smartcharge solution is being very well received in the Australian market and sales numbers have increased from FY21. Revenues are up 42%, EBITDA is up 46.3% and a profit of \$31m shows that the activity is turning into strength in the financial statements".
- Marty Pomroy, CEO

Lockdowns impact AU revenue but long-term prospects unchanged
Jul 2021

We have witnessed in previous national and state specific lockdowns, sectors outside of tourism return to normal trading rather quickly and we are assuming that type of recovery to repeat in this instance as well. Smartpay's SmartCharge proposition remains unique and competitive against competitors.

Terminals return in time for Christmas
Nov 2021

Smartpay continues to invest in its sales and marketing competencies, sustaining its strong sales momentum. It is also expected to gain further margin expansion as its TVV continues to grow. History indicates Q3 to be historically the strongest quarter (5-10% uplift) and we expect this period to be no different. This will be further aided with VIC fully operational for the entire period.

AU recovery and Christmas accelerates growth trajectory
Jan 2022

AU segment reported rev of \$93m, up +8% PCP as merchants experienced favourable conditions with the easing of lockdowns and increased spending during Christmas. With a significant increase of +78% growth in TVV to \$795.4m, Smartpay expects further gross margin expansion as they benefit from economies of scale with reduced transactional processing rates.

Disruptive FY21 but Aussie merchants are getting 'Smart'
May 2021

Outlook - Australia the Key for Growth Management indicates its growth in the AU market validates the customer demand for Smartpay's simple products. AU will remain its key focus and expects to scale quickly with its established in-bound sales capability. FY22 focus will shift to developing out-bound sales, investment in brand and product development in new payment technologies.

Inside this issue:
Average AU NPS of **66**
Average NZ NPS of **46**

Revenue \$48.1m Up 43%	EBITDA \$11.1m Up 46.3%
NPAT \$3.1m	

For further stories and more info visit: smartpayinvestor.com

ANNUAL REPORT 2022

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