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NZX Presentation

August 2021

smartpay
payment solutions made easy

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AGENDA

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**Business
Overview**

2

**Key Metrics / Points
of Difference**

3

**Full Year Results
and Commentary**

4

**Summary and
Outlook**

5

Questions

OVERVIEW



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

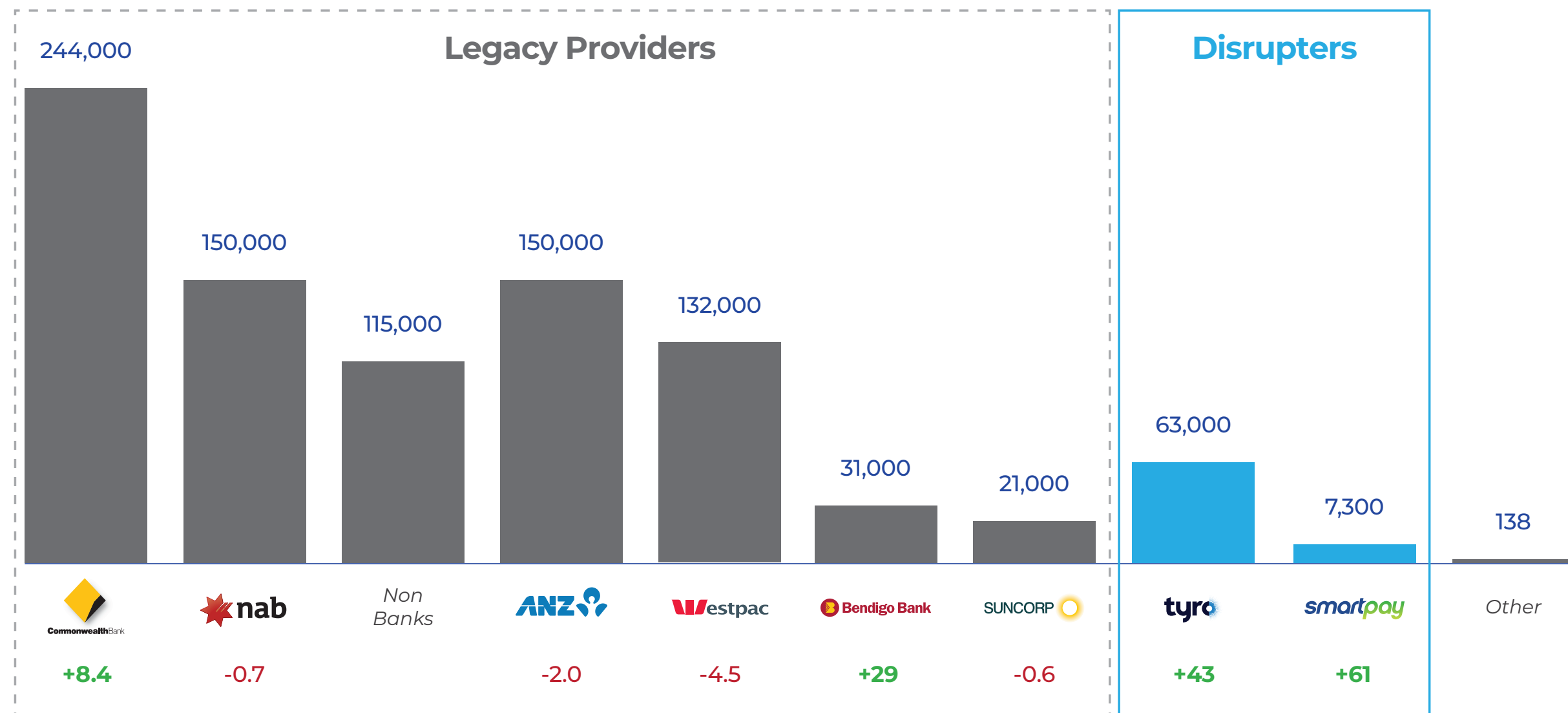
- Leading NZ EFTPOS provider
- >30,000 terminals
- Predominantly fixed monthly revenue model



- Growth Market
- Transactional Revenue Model
- <0.5% current market share
(1m terminal market)

AUSTRALIAN ACQUIRING MARKET – Quick Look

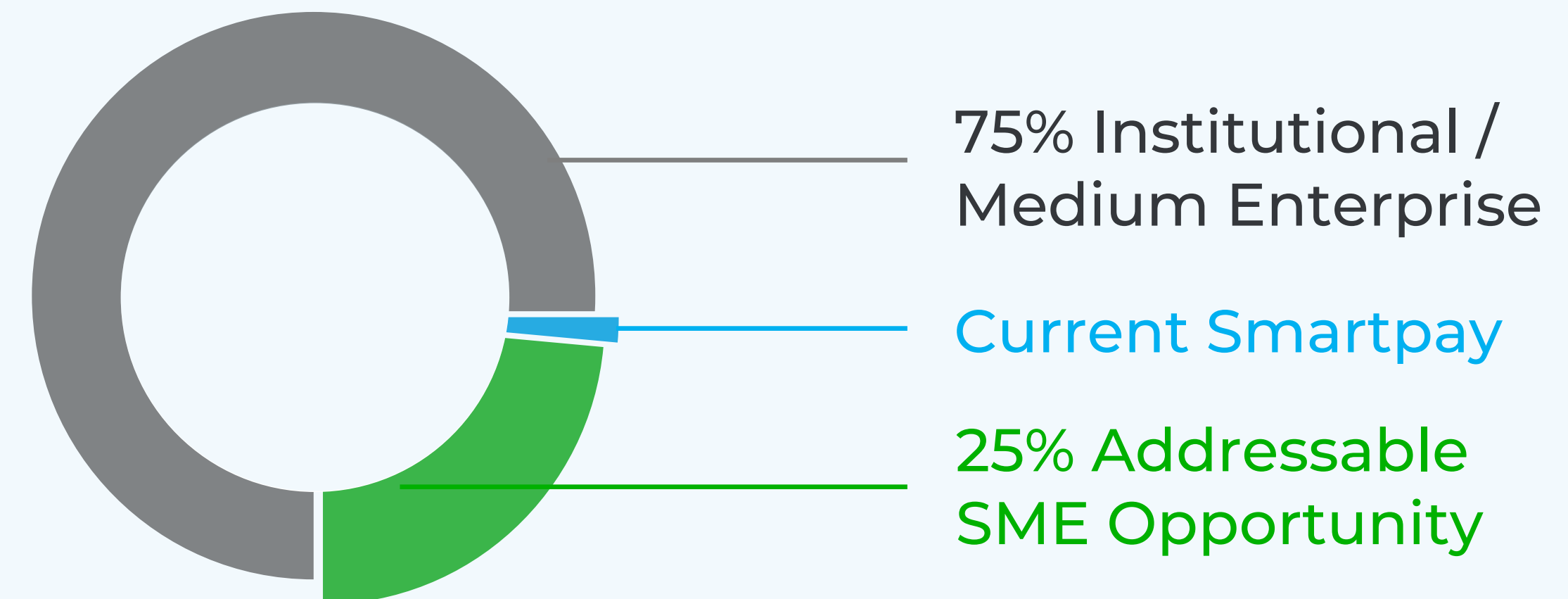
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Currently served by major banks;

- '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'
- *incumbents focused on issuing and consumer credit*

- 250k SME market opportunity
Legacy providers blind spot



Source: APRA, Authorised deposit-taking institutions points of presence statistics, 30 June 2019; AusPayNet, Device Statistics EFTPOS Statistics, 30 June 2019. Other providers (labelled 'Non-banks' include terminals of other providers who are members of the Australian Payments Network <https://www.auspaymentnet.com.au/about/participant-members> for example, Ayden and First Data. Does not include non-bank payment providers who are not members of the Australian Payments Network (for example, Square).

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PROPOSITIONS THAT MAKE SENSE

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Zero Cost EFTPOS



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

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



Simple Flat Rate

STUNNING! – Beauty salon saves \$7,000 p.a in card fees

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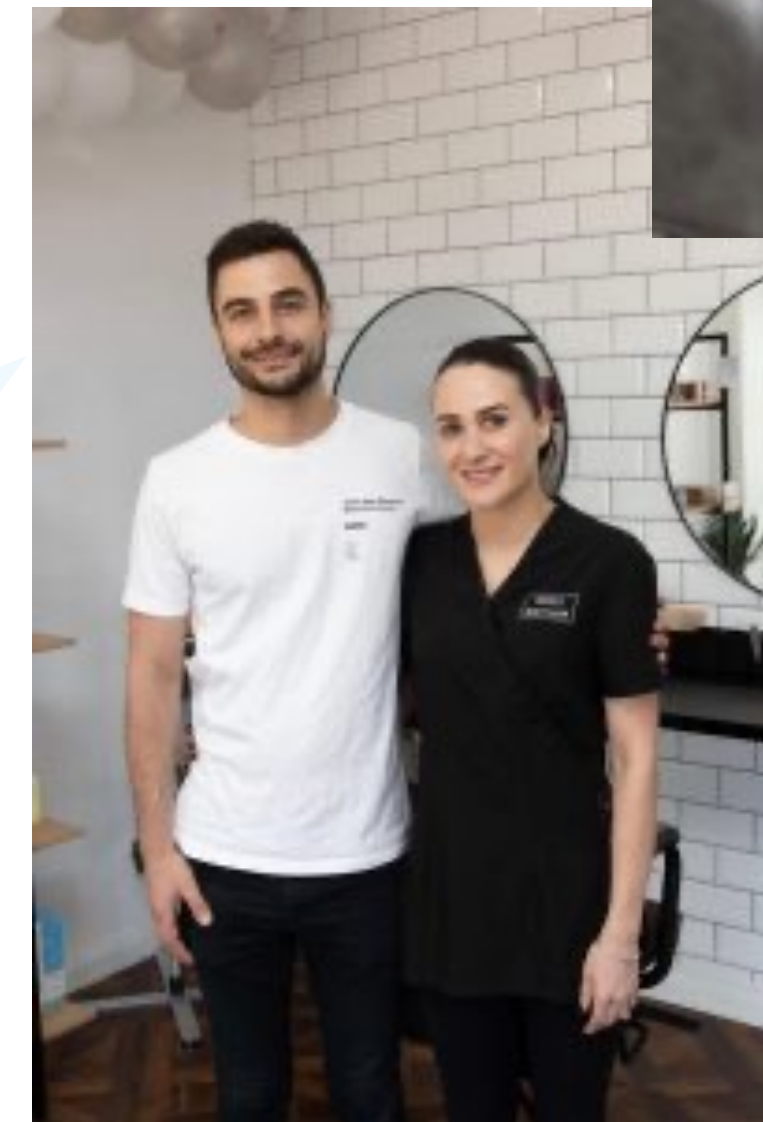
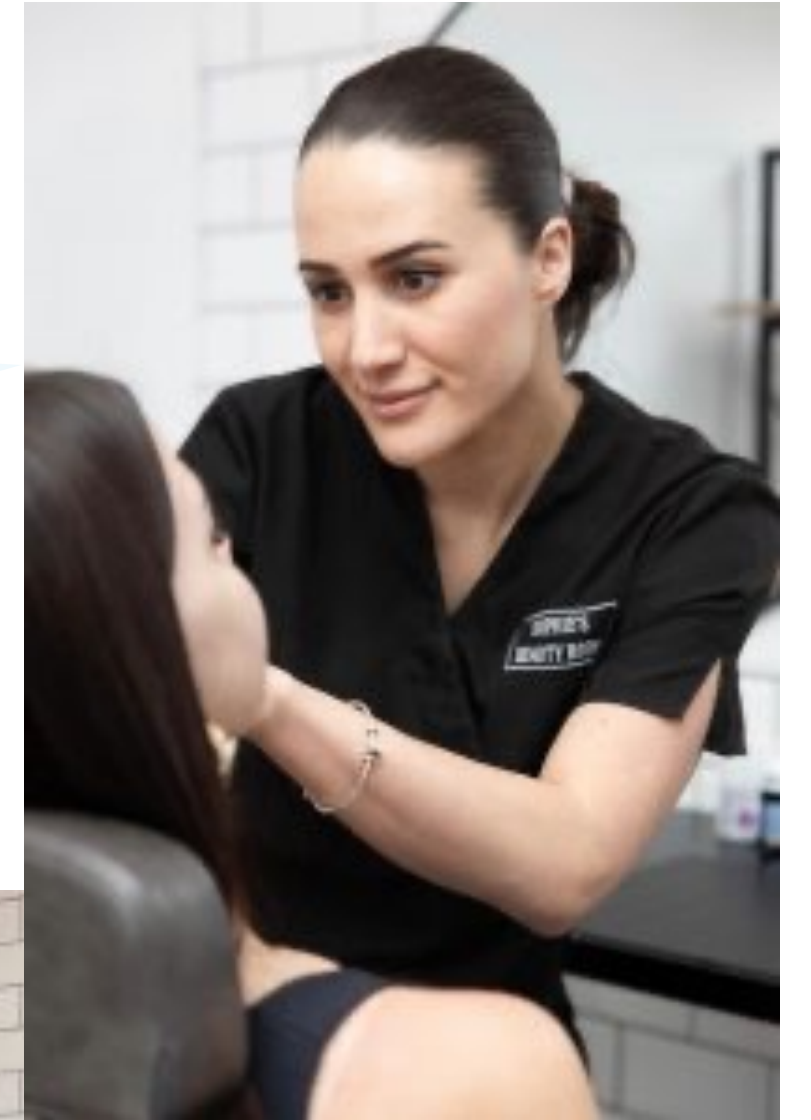
Card transaction fees were costing the business about **\$600 every month**, and it was **becoming a cost they could no longer overlook**, says business manager Michael.

“We now know exactly what’s going into our bank account.”

Giving back to those loyal customers

Today, **Sophies Beauty Room** is using its newfound savings to do what its always done best: **Look after its loyal customers.**

“We’re using the savings to pay for our new loyalty programme, so our customers still benefit,”



KEY METRICS/KPI'S – At a Glance




**5 – 7
month**

**Acquiring
margin**

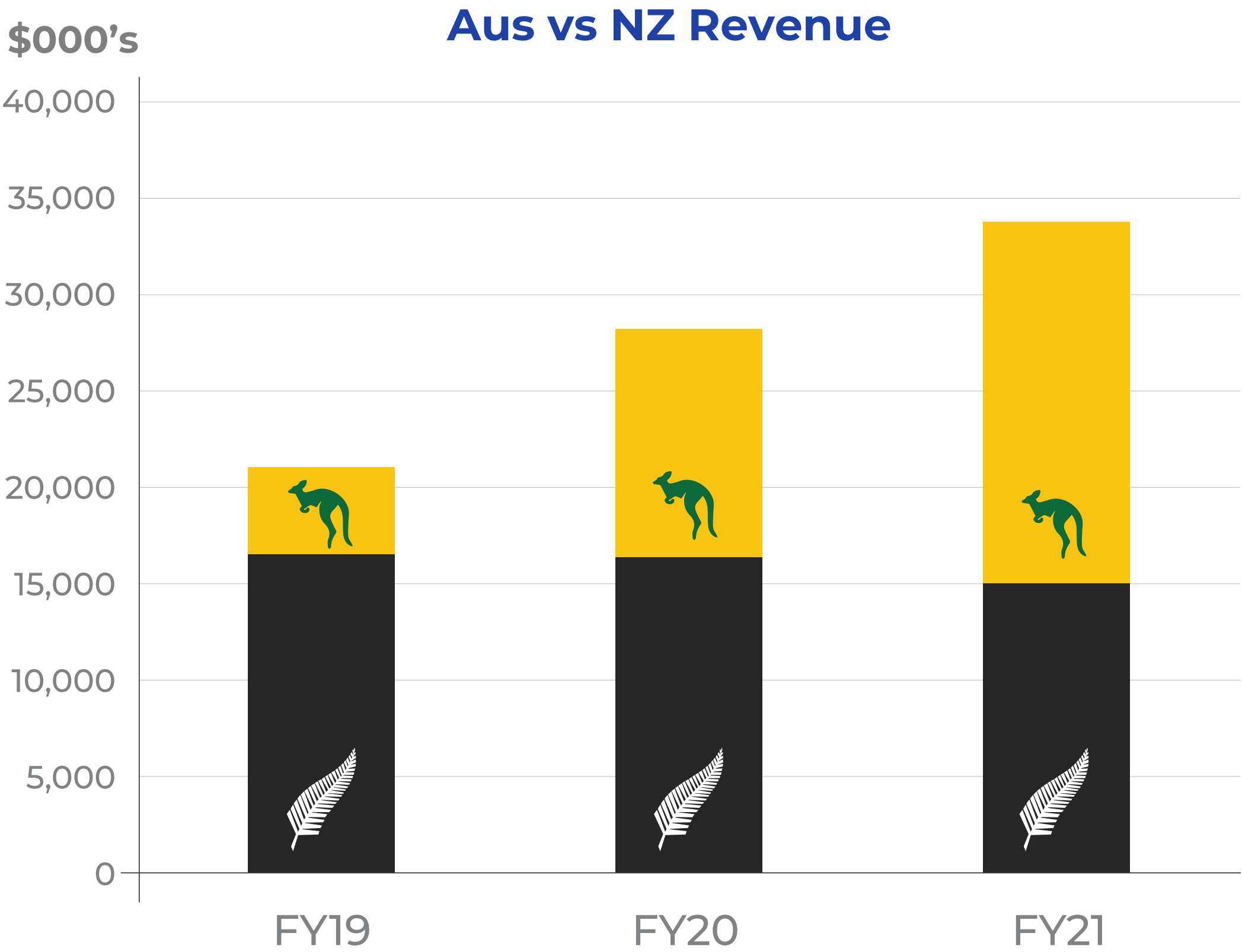


**Variable cost volume-
based transaction
processing**



**ATS
\$30 - \$40**





RESULTS PRESENTATION FOR THE 2021 FINANCIAL YEAR

Ended 31 March 2021

August 2021

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FULL YEAR FINANCIAL RESULTS

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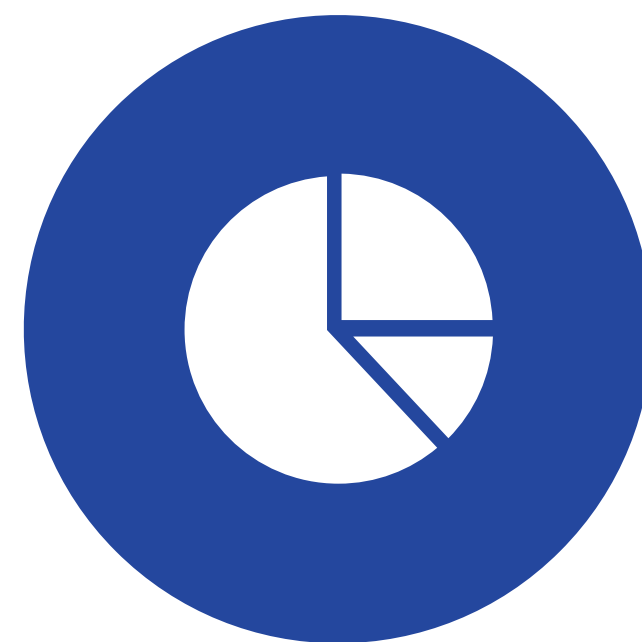
REVENUE



↑ 19.7%

FY21: **\$33.8M**
vs
FY20: **\$28.3m**

EBITDA*



↑ 2.7%

FY21: **\$7.6M**
vs
FY20: **\$7.4m**

NET PROFIT AFTER TAX



FY21: **(\$15.2)M** *(loss)*
vs
FY20: **\$(4.5)m** *(loss)*

NET DEBT



\$4.7M
*(Excluding
Convertible Notes)*

*EBITDA = Earnings Before Interest, Tax, Depreciation, 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.

SUMMARY & OUTLOOK

The strong growth being achieved in our Australian Acquiring business is evidenced in our overall revenue growth.

We continue to see positive results from our investment in both our marketing and sales functions in Australia with record levels of lead generation and new terminal sales in the second half of the financial year – post national lockdowns

These results combined with increases in our acquiring revenue and gross margin per terminal have had a positive effect on our cash generation which we will continue to invest in marketing spend and sales resource to meet the growing demand for our products.

FY22 will see Smartpay continue to develop our payments offering in both countries, broaden awareness of our brand and competitive product offering in Australia and further scaling our Australian revenue which is expected to deliver operational leverage and EBITDA growth.





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1800 433 876