

Dear Shareholder

Further to our announcement made on 28 November 2019 regarding the potential sale of the New Zealand business and assets to Verifone, Inc. for a cash purchase price of NZ\$70m (the Sale), I am pleased to invite you to our Special Meeting of Shareholders to approve the Sale. Given current COVID-19 circumstances, the meeting will be held by a Zoom conference meeting. Full details of the business of the Special Meeting and details regarding registering to attend the Zoom conference meeting are contained in the enclosed formal Notice of Meeting.

This transaction is a significant achievement for Smartpay as it recognises the considerable value we have created in our New Zealand business and allows us to apply all our resources and focus to our fast growing Australian terminal and acquiring business.

As outlined in our announcement last year, the Sale is conditional on three things, being:

1. New Zealand Commerce Commission Clearance
2. Smartpay Shareholder Approval
3. Assignment of Material Contracts

The Commerce Commission clearance application is well advanced and the Commerce Commission has indicated that its current timeframe for confirming its decision is 30 March 2020, however it reserves the right to extend that time period. Immediately following Commerce Commission confirmation we will provide an update to the markets in accordance with our Continuous Disclosure Policy.

The process for the assignment of Material Contracts is underway and is expected to be completed within the required timeframe. The assignment process is expected to be completed before 30 April 2020.

While at the time of issuing this notice Commerce Commission Clearance remains pending, so as to avoid unnecessary delay we are seeking shareholder approval subject to receiving Commerce Commission Clearance and consent from counterparties to the assignment of the Material Contracts.

As foreshadowed at the time of announcing the Sale, should the Sale progress, the proceeds of the Sale will be used to capitalise the Australian business for growth, repay all banking facilities and provide a cash distribution to shareholders.

It is the Board's intention to distribute NZ\$30m – NZ\$40m of the sale proceeds to shareholders, subject to the ongoing requirements of the business at the time and any financial impacts of COVID-19. Advice is being sought as to the most efficient method of making the distribution and once all advice is received, we may need to hold a separate shareholder meeting to approve the distribution. We anticipate that any such meeting is unlikely to occur before the end of June and we will of course keep shareholders updated as to the timing of such a meeting.

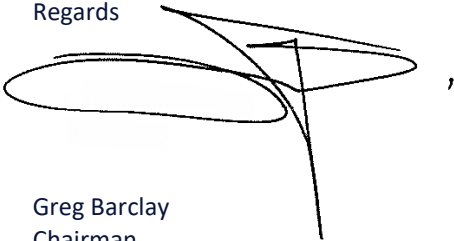
Further details regarding the Sale, including key risks, are provided in the Explanatory Notes on page 7, included with the formal Notice of Meeting.

Voting at the Special Meeting will be by proxy only and, given the exceptional circumstances, you will only be able to appoint the Chairman of the Meeting as proxy. I therefore encourage you to lodge your proxy by 10.30 am on Friday 24 April 2020. Please complete and lodge the enclosed Proxy Form so that it reaches our share registrar, Computershare Investor Services Limited, by the time set out above.

Shareholders participating in the Special Meeting by the Zoom conference meeting will have the opportunity to submit questions via message through the Zoom platform. Alternatively, if you would like to ask a question prior to the Special Meeting please email our Company Secretary, Rowena Bowman on rowena.bowman@smartpay.co.nz or fill in the 'email us' box on our website smartpayinvestor.com by 10.30 am on NZST on Friday 24 April 2020. The Board will endeavour to address all appropriate questions at the meeting.

Thank you for your continued support of our business.

Regards

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a vertical line and a small comma.

Greg Barclay
Chairman



NOTICE OF SPECIAL MEETING OF SHAREHOLDERS AND EXPLANATORY NOTES

SMARTPAY HOLDINGS LIMITED

To be held at 10.30am NZST
on 29 April 2020

ASX: SMP

NZX: SPY

SHARE INFORMATION

Issued Shares: 173,752,278

BOARD OF DIRECTORS

Non- Exec Chairman: Greg Barclay

Managing Director: Bradley Gerdis

Non-Executive: Matthew Turnbull

Non-Executive: Carlos Gil

Non-Executive: William Pulver

Executive Director: Marty Pomeroy

WEBSITES

www.smartpay.co.nz

www.smartpay.com.au

www.smartpayinvestor.com

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

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

Notice is hereby given that a Special Meeting of Shareholders of Smartpay Holdings Limited ("**Smartpay**" or the "**Company**") will be held by a Zoom conference meeting on **29 April 2020** commencing at 10:30am NZT (AEST 8:30am).

Items of Business:

A. Chair's welcome and introduction

B. Ordinary Resolution

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

Resolution – Sale of New Zealand Business and Assets

"That the sale under the asset sale agreement dated 28 November 2019 in relation to the New Zealand business and assets, between Verifone, Inc. (as purchaser) and certain Smartpay subsidiaries (as vendors) is approved as required by rule 5.1.1(c) of the NZX Listing Rules."

C. To consider any other business that may properly be brought before the Special Meeting.

By order of the Board
Greg Barclay

26 March 2020

IMPORTANT INFORMATION

ATTENDING THE MEETING

Shareholders will not be able to attend the Special Meeting in person. To attend the Zoom conference meeting proceedings shareholders must register at <http://www.smartpayinvestor.com/sgm-registration>. Only shareholders entitled to attend and vote as outlined below will be approved to access the Special Meeting. Information on how to access the Special Meeting will then be provided via email to approved attendees.

PROXIES

Voting at the Special Meeting will be by proxy only. Any person who is entitled to attend and vote at the Special Meeting may appoint the Chair of the Meeting as their proxy. You can appoint the Chair of the meeting as your proxy by filling out, and following the instruction on, the accompanying Proxy Form. Alternatively, you can securely appoint the Chair of the Meeting as your proxy 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.

When you appoint the Chair of the Meeting as your 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 box on the resolution to grant your proxy that discretion. If you do not tick any box for the resolution, then your instruction for your proxy will be to abstain. The Chair of the Meeting intends to vote all discretionary proxies in favour of the resolution. 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 the resolution, your vote on the resolution will be invalid.

Proxy Forms must be lodged at the offices of the Company's share registry, Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, Auckland (Private Bag 92-119, Auckland 1142), not less than 48 hours before the commencement of the Special Meeting, being no later than 10.30 am on Friday 24 April 2020. Alternatively, you can lodge your Proxy Form online or by fax by following the instructions on the Proxy Form.

ORDINARY RESOLUTIONS

The formal business of the Special Meeting is to pass the Ordinary Resolution 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 Special Meeting, only those persons who are registered as shareholders of the Company as at 10.30 am on Monday 20 April 2020 being a day which is not more than 20 working days before the Special Meeting, will be entitled to exercise the right to vote at the Special Meeting.

VOTING RESTRICTIONS

No voting restrictions apply to the Ordinary Resolution, all shareholders may vote on all resolutions.

NO MOTIONS

The only matters being discussed and voted on at the Special Meeting is the Ordinary Resolution contained in this Notice of Meeting. No motions will be allowed from the floor.

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.

EXPLANATORY NOTES

OVERVIEW

On 28 November 2019, Smartpay Holdings Limited ("**SPY**") announced that it had reached a binding agreement, subject to certain conditions outlined below, pursuant to which Smartpay Limited, Smartpay New Zealand Limited, Smartpay Software Limited, Smartpay Rental Services Limited, Smartpay Ethos Limited and Viaduct Limited (together the "**Vendors**"), all being wholly owned subsidiaries of SPY, are selling their New Zealand businesses and assets ("**NZ Business**") other than their Alipay, WeChat and Retail Radio businesses ("**Excluded NZ Businesses**") to Verifone, Inc ("**Verifone**") for a cash purchase price of NZ\$70 million ("**Sale**"). The NZ Business comprises the Vendors' New Zealand EFTPOS terminal business, the main assets of which are:

- EFTPOS terminals at merchants;
- the associated merchant contracts with respect to those EFTPOS terminals; and
- the systems and software required for the operation of those EFTPOS terminals.

A copy of our announcement is available at "<http://www.smartpayinvestor.com/sale-of-nz-business-announcement/>".

Verifone is a US-based company that designs, markets, and services electronic payment solutions.

SPY and its Australian incorporated subsidiaries (and their respective businesses and assets) ("**Australian Business**") are excluded from the Sale. Because certain intellectual property included in the Sale, in particular the SmartConnect software application and related source code and know-how, are shared between the Australian Business and NZ Business ("**Shared IP**"), the parties have agreed that Verifone will licence the Shared IP back to SPY on a perpetual cost free basis for use in the Australian Business. What this means in practice is that SPY will continue to be able to use and further develop for its Australian Business any systems and software that Verifone acquires through the Sale but which SPY continues to require for the operation of its Australian Business, at no cost.

The Sale is conditional on, amongst other things (detailed below), approval by SPY's shareholders as an ordinary resolution in accordance with rule 5.1.1 of the NZX Listing Rules ("**Shareholder Approval Condition**"). That approval is being sought from shareholders at the Special Meeting.

An ordinary resolution is required under the Listing Rules because the Sale is a transaction to sell assets, which have a gross value above 50% of SPY's Average Market Capitalisation (AMC). On 27 November 2019 Smartpay's AMC was \$39,514,224. The Sale is not a 'major transaction' for the purposes of section 129 of the Companies Act 1993 as the assets being disposed are not held by SPY, and therefore a special resolution is not required.

The Board unanimously recommends the Sale to shareholders for approval and encourages all shareholders to vote in favour of the Resolution. In the Board's view the Sale is in the best interests of SPY and its shareholders and considers that the price offered by Verifone to be compelling, particularly relative to the market value of the entire SPY business over any period prior to the announcement of the Sale.

If SPY's shareholders do not approve the Sale by 30 April 2020 then the Sale will not complete, unless the Vendors and Verifone agree to an extension.

KEY TRANSACTION DETAILS

The Sale is documented by the asset sale agreement dated 28 November 2019 ("**ASA**"). The key terms of the Sale, as set out in the ASA, are as follows:

Sale of the New Zealand business and assets

Under the ASA, the Vendors have agreed to sell their New Zealand business including all New Zealand assets except for the following retained business and assets:

- (a) SPY's Australian business and assets;
- (b) SPY's Retail Radio business and assets in Australia and New Zealand; and
- (c) SPY's Alipay and WeChat Pay business and assets in Australia and New Zealand,

for a cash purchase price of NZ\$70 million. All the transaction documents were negotiated on an arm's length basis. Given the value of Verifone's bid for SPY's New Zealand business and the market valuation of SPY's New Zealand and Australian business, the Board did not consider a formal valuation necessary. In the Board's view the Sale is in the best interests of SPY and its shareholders and considers that the price offered by Verifone to be compelling, particularly relative to the market value of the entire SPY business over any period prior to the announcement of the Sale.

Ongoing commercial relationship

As part of the Sale, the parties have agreed that SPY and Verifone will enter into an ongoing commercial arrangement on completion to facilitate the ongoing access to Alipay and WeChat Pay settlement services provided by SPY to those terminal customers acquired by Verifone as part of the completion of the Sale.

Conditionality

In addition to the Shareholder Approval Condition (described above), the ASA is conditional upon:

- (a) Verifone receiving Commerce Commission clearance to the Sale; and
- (b) Consent by the counter parties to certain material contracts being assigned to Verifone.

There are four material contracts; two supplier contracts and two customer contracts. The process to procure consent to assignment is either complete or near completion in respect of each contract, with all expected to be completed before 30 April 2020.

The conditions must be satisfied by 30 April 2020. If any of the conditions are not satisfied by this date, then the ASA will not complete unless the Vendors and Verifone agree to an extension. Completion of the Sale will occur on the first Friday that is 20 business days after the ASA becomes unconditional (unless otherwise agreed).

Subject to the Shareholder Approval Condition being fulfilled, the timing of completion of the Sale is expected to be dependent on receipt of the Commerce Commission clearance referred to above.

Restraint

The Vendors have agreed to a 10 year non-compete that applies throughout New Zealand, such that SPY and its subsidiaries will not be able to conduct a business similar to the NZ Business in New Zealand for 10 years. This restraint is at a company level in respect to each Vendor company and does not apply at an individual / personal level of any director or employee.

KEY RISKS

The Board considers the Sale to be a relatively low risk transaction, given it involves the realisation of assets for cash. There are, however, some risks arising in relation to the transaction itself, and out of SPY's position if the transaction is completed, which the Board wishes to draw to shareholders' attention.

Risks arising if Sale is not completed

There is a risk that the Sale could be terminated or delayed if conditions of the ASA are not satisfied within the expected timeframes. For example, cancellation could occur if:

- (a) the Resolution is not passed at the Special Meeting;
- (b) the Commerce Commission does not grant the required clearance to the Sale; or
- (c) one or more of the counterparties to the material contracts does not consent to the assignment of its contract to Verifone which will occur in connection with the Sale.

This would mean the cash proceeds from the Sale are not received (in the event the Sale is cancelled), or their receipt is delayed (in the event the Sale is delayed).

SPY is seeking to mitigate these delay and cancellation risks by working closely with Verifone to satisfy the conditions.

Further, Verifone can cancel the Sale before completion in the event that the monthly revenue in the full calendar month immediately preceding the month in which completion occurs is 25% or more below the average monthly revenue over the previous 12 month period. Based on trading conditions to the date of this Notice of Meeting, the Board does not expect this threshold to be triggered.

Risks arising if Sale is completed

SPY will become a materially smaller business on completion of the Sale. SPY will be less diversified geographically, with the remaining business almost entirely Australia-based.

The early growth phase of our Australian business and the uncertainty around the potential impact of COVID-19 presents challenges for forward revenue forecasts. We do however direct shareholders to our recent quarterly updates published on the NZX and ASX which show the recent revenue performance of the Australian business. While past performance is not necessarily an indication of future performance, the recent revenue numbers provide the best information on the current performance of the remaining business. From a cost perspective, we estimate cash overhead cost to run the remaining business of between NZ\$10m – NZ\$12m (excludes new terminal growth capex) and we anticipate that the remaining business will be initially operating on a negative operating cashflow basis for a period of time until the growth in revenue reaches the required level to cover these costs. However, the Board notes its intention to retain sufficient funds from the Sale proceeds to cover the expected period of this operating cash flow deficit.

As mentioned above, the Sale has been identified by the Board as the preferred transaction for maximising value for shareholders.

Use of proceeds

Should the Sale progress, the proceeds of the sale will be used to fund the operations of the Australian Business, repay all banking facilities and provide a cash distribution to shareholders.

It is the Board's intention to distribute between NZ\$30m and NZ\$40m of the Sale proceeds back to shareholders, subject to the ongoing requirements of the Excluded NZ Business and Australian Business at the time of completion, mindful of the potential impacts of COVID-19. Advice is being sought as to the most efficient method of making the distribution and once all advice is received, a separate shareholder meeting may be needed to approve the distribution.

The repayment of banking facilities is estimated to be around \$20m at completion and around \$8m - \$18m will be retained to fund the Australian Business.

CONSEQUENCES IF THE RESOLUTION IS NOT APPROVED

If the Resolution is not approved then the Sale will not proceed, and the potential cash distribution to shareholders (discussed above) would not occur. In that event, the Board's priority of maximising value for shareholders will remain. However, as mentioned above, the Sale was identified by the Board as being in the best interests of SPY and its shareholders and the Board considers that the price offered by Verifone is compelling.

NZX REVIEW

NZX Limited ("**NZX**") have confirmed that they do not object to this Notice of Meeting, and do not take responsibility for any statement contained in this Notice of Meeting.

Lodge your proxy



Online
www.investorvote.co.nz



By Mail
Computershare Investor Services Limited
Private Bag 92119, Auckland 1142, New Zealand



By Fax
+64 9 488 8787

For all enquiries contact



+64 9 488 8777



corporateactions@computershare.co.nz

PROXY FORM FOR SMARTPAY HOLDINGS LIMITED'S 2020 SPECIAL MEETING



www.investorvote.co.nz

Lodge your proxy online, 24 hours a day, 7 days a week:

Smartphone?

Scan the QR code to vote now.



Your secure access information

Control Number:

CSN/Securityholder Number:

PLEASE NOTE: You will need your CSN/Securityholder Number and postcode or country of residence (if outside New Zealand) to securely access InvestorVote and then follow the prompts to appoint your proxy and exercise your vote online.

For your proxy to be effective it must be received by 10.30 am NZST (AEST 8:30am) on Friday 24 April 2020

A special meeting of Smartpay Holdings Limited (Smartpay) will be held via a Zoom conference meeting on 29 April 2020 commencing at 10:30am NZT (AEST 8:30am).

Attending the meeting

Shareholders will not be able to attend the Special Meeting in person. To attend the Zoom conference meeting proceedings, shareholders must register at <http://www.smartpayinvestor.com/sgm-registration>. Only shareholders entitled to attend and vote as outlined in the Notice of Meeting will be approved to access the Special Meeting. Information on how to access the Special Meeting will then be provided via email to approved attendees.

Proxies

Voting at the Special Meeting will be by proxy only. Any person who is entitled to attend and vote at the Special Meeting may only vote by appointing the Chair of the Meeting as their proxy. You can appoint the Chair of the Meeting as your proxy by following the instructions on this Proxy Form. Alternatively, you can securely appoint the Chair of the Meeting as your proxy online by following the online InvestorVote instructions above.

When you appoint the Chair of the Meeting as your 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 box in the resolution to grant your proxy that discretion. If you do not tick any box for the resolution, then your instruction for your proxy will be to abstain. The Chair of the Meeting intends to vote all discretionary proxies in favour of the resolution. If you do not appoint a proxy on your proxy form, 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 the resolution, your vote on the resolution will be invalid.

Signing Instructions for proxy forms

Individual

Where the holding is in one name, the shareholder must sign this Proxy Form.

Joint Holding

Where the holding is in more than one name all of the joint shareholders should sign this Proxy Form.

Power of Attorney

If this Proxy Form has been signed under a power of attorney, a copy of the power of attorney under which it was signed (if not previously provided to the Registrar), and a signed certificate of non-revocation of the power of attorney, must accompany this Proxy Form.

Corporate Shareholder

In the case of a corporate shareholder, a duly authorised officer or director must sign this Proxy Form. Persons who sign on behalf of a corporate shareholder must be acting with the corporate shareholder's express or implied authority, or execute this Proxy Form under the Common seal of the corporate shareholder (if it has one).

Voting Restrictions

As outlined in the Notice of Meeting no voting restrictions apply to the resolution, all shareholders may vote on the resolution.

Asking a question

If you would like to ask a question prior to the Special Meeting please email our company secretary, Rowena Bowman on rowena.bowman@smartpay.co.nz or fill in the "email us" box on our website smartpayinvestor.com by 24 April 2020, the Board will endeavour to address all appropriate questions at the meeting.

Turn over to complete the form to vote

PROXY FORM

STEP 1

LODGE YOUR PROXY

I/We being a shareholder/s of Smartpay Holdings Limited

hereby appoint The Chair of the Meeting to vote as directed below at the
Special meeting of Smartpay Holdings Limited (Smartpay) will be held via a Zoom conference meeting on 29 April 2020 commencing at 10:30am NZT
(AEST 8:30am) and at any adjournment of that meeting.

STEP 2

VOTING INSTRUCTIONS

Please note: For the resolution you must tick one box. If you mark the abstain box, you are directing your proxy not to vote on your behalf and your vote will not be counted in computing the required majority for the resolution. If no box is ticked, your instruction for your proxy will be to abstain. If you tick more than one box, your vote will be invalid.

ORDINARY BUSINESS

1. To approve the following resolution:
"That the sale under the asset sale agreement dated 28 November 2019 in relation to the New Zealand business and assets, between Verifone, Inc. (as purchaser) and certain Smartpay subsidiaries (as vendors) is approved as required by rule 5.1.1(c) of the NZX Listing Rules."

For	Against	Abstain	Proxy Discretion
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN

SIGNATURE OF SECURITYHOLDER(S) This section must be completed.

Securityholder 1

or Sole Director/Director

Securityholder 2

or Director (if more than one)

Securityholder 3

Contact Name _____ Contact Daytime Telephone _____ Date _____

?

QUESTION(S) TO BE ANSWERED AT THE MEETING