19 August 2020

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Money in Motion

+61 (07) 3557 1100

Level 12
333 Ann Street
Brisbane QLD 4000

EML Payments Limited
ACN 104 757 904

EML ANNOUNCES RECORD REVENUES OF $121.6M AND EBITDA OF $32.5M

- Group Gross Debit Volume of $13.9 billion, up 54% over PCP;
- Group Revenue of $121.6 million, up 25% over PCP;
- Group EBITDA[1] of $32.5 million, up 10% over PCP;
- Group NPATA of $24.0 million, up 17% over PCP; and
- Underlying operating cash inflows of $35.8 million, up 63% on PCP.

EML Payments Limited (ASX: EML) is pleased to release its 2020 Annual Report, as attached to this announcement with its Appendix 4E.

Highlights for the twelve months ended 30 June 2020 include:

Gross Debit Volume ('GDV') of $13.9 billion, up 54% over PCP

GDV represents the debit volume processed by the Group through our proprietary processing platforms. GDV grew by 54% over the prior corresponding period to $13.9 billion. Whilst this volume translates to revenues at different rates depending on the program and region, GDV is a proxy indicator of customer demand for our payment services.

Our Gift & Incentive ('G&I') segment performed well in a difficult environment, with GDV growth of 11% to $1.17 billion which compares favorably to GDV of $1.06bn in FY19. We experienced two different sets of trading conditions, with seasonal volumes (November-December) up 17% on the Prior Comparable Period ("PCP") and GDV up 26% up until the end of February 2020 versus the PCP, followed by the impact of Covid-19 and mall gift card volumes falling by more than 90% in April, due to lockdown & social distancing measures in place in most countries.

Despite this impact, growth in our incentive programs ensured that we managed to grow GDV for the G&I segment, and sees an almost equal GDV split between Mall gift card programs and Incentive card programs.

GDV from our General Purpose Reloadable ('GPR') segment grew by 54.3% to $4.2 billion, driven by strong organic growth from our Salary Packaging programs, resiliency in our gaming and disbursement programs, and the acquisition of Prepaid Financial Services Group ('PFS') which contributed $1.25 billion in the last quarter.

In our Virtual Account Numbers ('VANs') segment in North America, GDV increased by 62% to $8.47 billion, driven by organic growth in existing customers. Volumes were also negatively impacted in the last quarter of the financial year as social distancing and lockdown measures reduced spending in health industry clients.

Revenue of $121.6 million, up 25% over PCP

Revenue increased by 25% over the prior corresponding period to $121.6 million with revenue growth evident in each segment.

Despite the challenges of Covid, revenues in our G&I segment increased by 3% over the PCP to $68.2 million.

The GPR segment increased revenue by 75% to $41.9 million, with continued organic growth of salary packaging programs and the contribution of $15.6m from the acquisition of PFS at the end of March 2020 (contributing 3 months of revenue for the year).

---

[1] EML generates interest income on Stored Value balances and as such is a source of core revenue. Earnings Before Interest, Tax, Depreciation & Amortisation ('EBITDA') is used as the most appropriate measure of assessing performance of the group. EBITDA includes R&D tax offset and excludes share based payments, acquisition costs and foreign exchange gains or losses and is reconciled to statutory profit and loss within the FY2020 Annual Report.

The VANs segment increased revenue by 66% on the PCP to $10.7 million, growing in line with GDV growth, which was negatively impacted in the last quarter of the financial year.

Given 43.4% of revenues were generated from GPR and VANs, which have lower yields, the average Group revenue yield for the financial year was 88bps.

Gross Profit Margins of 73%, down 2% over PCP

The Group generated a gross profit margin of 73.0%, down 2.1% on the PCP.

Gross profit margins vary across the three segments, with our G&I segment generating 82.4% gross profit margins, and 64.8% for our VANs segment. In the GPR segment our blended average gross margin was 59.7%, reflective of EML programs such as salary packaging being higher transactional use programs, and margins on PFS managed GPR programs where margins are lower because of third party processing costs.

Prior to the acquisition of PFS we had previously flagged a goal to increase our gross profit margins from the mid 70% range to approximately 80%, driven by a movement to self-issuance. Excluding the impacts of the PFS acquisition, this was achieved in FY20 with a like for like Gross Profit Margin of 82.1% (up 7.0% on PCP).

We expect continued benefits from reduced transaction costs moving forwards. Margins have been impacted by segment mix shift to GPR and VANs, in part due to COVID19, along with the contributions from PFS which operate at a 57% margin due to outsourced processing, operating solely in the GPR segment and experiencing lower volumes from multi-currency travel cards which are higher margin programs.

As we transition the PFS volumes from third party processing over the next 3 years, and we realise the $6m in synergy savings we have previously flagged, we would expect PFS margins to improve by more than 5% and lead to an increase in overall group gross profit margins.

EBITDA of $32.5 million, up 10% over PCP

The Group generated EBITDA of $32.5 million, which excludes $15.8 million of acquisition related costs in connection with our acquisition of PFS completed on 31 March 2020. Prior comparative period EBITDA numbers have been represented to exclude acquisition costs for comparability.

The company suspended forward earnings guidance in March 2020, previously stated as between $39.5 – 42.5 million. Putting Covid impacts into perspective, each $100m in GDV from our G&I segment translates to approximately $6 million in revenue and $4.8 million in gross profit. We saw mall program volumes negatively impacted by more than 90% in April and a gradual recovery through to June, there was a clear impact on EBITDA. Despite those challenges we are pleased to grow EBITDA in absolute terms by 10% and to continue our track record of year on year EBITDA growth.

Underlying Operating Cash Flow of $35.8 million and Cash on hand of $118.4 million

Statutory operating cash inflows totalled $22.1 million, which included acquisition costs of $15.8 million, a cash fx gain on acquisition hedges of $3.0m and tax and interest of $1.0 million.

On an underlying basis, operating cash flows totalled $35.8 million or an EBITDA conversation rate of 110%. Cash conversion in the year increased, with the breakage accrual booked in prior periods converting to cash, but lower GDV during March to June reduced accrued revenue. Cash conversion will be impacted in Q4 of FY21 as this reverses, but with the growing mix towards GPR & VANS we expect cash conversion to be in a range of 65-75%.

During the period EML raised approx. $240.8m net of costs in connection with the acquisition of PFS. Following the renegotiation of the acquisition, the Group has significant cash reserves which fully covers future operational needs and provides a platform to make future accretive investments. We repaid in full a $15.0 million loan with a major Australian bank and have no secured debt.

EML ended the period with $118.4 million in cash and $31.8 million of breakage accruals (Contract Asset), of which 70% will convert to cash within 12 months.

Business Development Update

The group continued to sign new contracts with customers in each segment and has seen increasing activity in new business contract wins and program launches (refer to pages 10 and 11 of the investor presentation).

In the G&I segment it's pleasing that we signed 10 incentive partner contracts who will utilise our mobile PAYS technology. Incentive programs will be a key platform for growth in this segment whilst we wait for volume in our malls gift card programs to rebound. We launched our program with Simon Malls in the USA in January 2020, only to have Covid put a halt to in-store sales. Whilst Simon malls are open, gift card sales will remain impacted until service desk attendants to facilitate sales return to all malls.

In our GPR segment we signed more than 2 dozen contracts across our Banking-as-a-Service, ControlPay, Disbursements and Salary-as-a-Service verticals. In the ControlPay vertical we made meaningful progress with contracts signed with Sezzle in the USA and Laybuy in the UK and Australia, ensuring that by the end of the calendar year we should be supporting Buy Now Pay Later providers in all of our regions.

Salary Packaging in Australia has continued to be a driver of GDV and revenue growth, with an increase of 58,000 accounts during the financial year, with 67,000 accounts remaining to be transitioned under our agreement with Smartgroup.

Strategy Update

EML has implemented a new strategy to drive our growth in the next 3 years, named Project Accelerator. EML has always had a strategy of diversification – of products, of geographies, and in our financials, and had a clear intent of transitioning to a company deriving the majority of its revenues from GPR products, and the acquisition of PFS was clearly aligned to that strategy.

Project Accelerator is designed to turbo charge those initiatives and is centred around a new Vision statement of “offering our customers a feature rich, fully embedded payment solution via a simple, single touchpoint”, and a Purpose statement of “Inspiring transformative digital change for our customers and communities”.

Some of the key components of Accelerator will include investments in our technology, working with product partners integrate their solutions into an expanded EML product offering, and investments in other technology companies where we believe our customer offering can be enhanced and we can create additional sales opportunities. It is a strategy focused on driving organic growth and courtesy of a strong balance sheet we have the resources to execute on it.

Acquisition of PFS

On 11 November 2019, we announced EML had entered into a binding agreement to acquire PFS for an enterprise value of GBP226 million ($425 million) plus an earn out of up to GBP$55 million ($103 million).

PFS is a leading provider of white label payments and banking-as-a-service technology with a pan-European footprint. PFS provides payments and digital banking capabilities, e-wallets and payout / distribution programs, regulatory Electronic Money Institution status and flexible software to enable financial institutions and non-financial institutions alike to deliver feature-rich transactional banking and other payment services to their end-user base without becoming a regulated entity. PFS operates in 24 countries and supports over 26 currencies. PFS’s key customer segments include blue-chip financial institutions, non-financial corporates, SMEs, FinTech companies, public sector and NGO bodies.

On March 30, 2020 EML announced that the acquisition would proceed on re-negotiated terms, with the price reduced by $160 million, or 38%, to $264.8m with a performance based earn out capped at GBP$55m ($103 million).

In the last quarter of the financial year PFS contributed $1.25 billion in GDV to the Group results. Growth has continued into FY21, with July 2020 representing record GDV for PFS of $520 million.

Please also refer to EML’s Investor Presentation lodged with the ASX today for more detailed information.

About EML Payments Limited

At EML we develop tailored payment solutions for brands to make their customers lives simpler. Through next-generation technology, our portfolio of payment solutions offers innovative options for disbursement payout’s, gifts, incentives and rewards. We're proud to power many of the world’s top brands and process over $17 billion in GDV each year across 28 countries in Australia, EMEA and North America. Our payment solutions in 27 currencies are safe and secure, easy and flexible, providing customers with their money in real-time. We know payments are complex, that’s why we've made the process simple, smart and straightforward, for everyone

We encourage you to learn more about EML Payments Limited, by visiting: EMLpayments.com

This announcement has been authorised for release by the Board of Directors.

For further information, please contact:

Tom Cregan
Managing Director and Group Chief Executive Officer
EML Payments Limited
M: 0488 041 910
E: tcregan@emlpayments.com.au

Rob Shore
Group Chief Financial Officer
EML Payments Limited
M: 0419 590 128
E: rshore@emlpayments.com.au

APPENDIX 4E

Preliminary Final Report

EML PAYMENTS LIMITED
93 104 757 904

1. Details of the reporting period and the previous corresponding period	
	• Current period: 1 July 2019 to 30 June 2020 • Previous corresponding period: 1 July 2018 to 30 June 2019

2. Results for announcement to the market

	Key information	Percentage change	Year ended 30 June 2020 $'000
2.1	Revenues from ordinary activities	24%	120,959
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	(124%)	(5,854)
2.3	Net profit / (loss) for the period attributable to members	(124%)	(5,854)
	Dividends	**Amount per security**	**Franked amount per security**
2.4	Final dividend	-	-
2.5	Record date for determining entitlements to the dividend	N/A	
2.6	**Commentary on results for the financial year** Refer Annual Report Attached.		

3. Consolidated Statement of Comprehensive Income	
	Refer Annual Report Attached.

4. Consolidated Statement of Financial Position	
	Refer Annual Report Attached.

5. Consolidated Statement of Cash Flow	
	Refer Annual Report Attached.

6. Consolidated Statement of Change in Equity	
	Refer Annual Report Attached.

7. Dividend	
	It is not proposed to pay dividends.

8. Dividend reinvestment plan	
	There is no dividend reinvestment plan in operation.

9. Net tangible assets per security			
		Year ended 30 June 2020 $	Year ended 30 June 2019 $
	Ordinary shares	0.10	0.16

10. Control gained or lost over entities during the financial year		
	Name of entities where control was gained during the financial year	**Date control gained**
	Prepaid Financial Services (Ireland) Limited	31 March 2020
	PFS Card Services Ireland Limited	31 March 2020
	P.F.S. Spain SL	31 March 2020
	Prepaid Financial Services Limited	31 March 2020
	Spectre Technologies Limited	31 March 2020
	Name of entities where control was lost during the financial year	**Date control lost**
	None	N/A

11. Investment in associates and joint ventures	
	Not applicable.

12. Other information	
	Refer Annual Report Attached.

13. Foreign entities	
	Refer Annual Report Attached.

14. Commentary on results for the period	
	Refer Annual Report Attached.

15. Audit	
	The accounts have been audited and an unqualified opinion has been issued.

16. Attachments	
	The Annual Report of EML Payments Limited for the year ended 30 June 2020 is attached.

2020

EML

ANNUAL REPORT

EML • ANNUAL REPORT 2020 • OVERVIEW

2020 Highlights.

EML is pleased to present the Annual Report for the 2020 financial year which saw the Group enter the ASX200 in December 2019, complete the transformational acquisition of Prepaid Financial Services and prepare for turbulent economic conditions with a strong balance sheet.

ASX 200

GDV

$13.9b ▲ 54%

Revenue**

$121.6M ▲ 25%

EBITDA*

$32.5M ▲ 10%

NPATA

$24.0M ▲ 17%

Underlying Operating Cashflow

$35.8M ▲ 63%

Cash at bank

$118.4M ▲ 258%

*See page 47 for definition and calculation of EBITDA

**Revenue adjusted for reduction of $671,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio on acquisition date.

Contents.

Chairman's Report.

The 2020 financial year will go down as one of the most challenging in history for many companies both in Australia and overseas. The COVID-19 pandemic has rocked the world and, as at the time of writing, no end is in sight. These times will test even the best managed companies and the challenge is to remain calm, resilient and resourceful under pressure.

EML Payments has been hit hard along with many others but we have maintained our strong growth despite the serious headwinds in some segments of our business. Diversification of business verticals, geographies and customer solutions has been a key objective at EML since the early days. We're seeing it pay off during this crisis. 'In adversity lies opportunity' is an old mantra but it's never been more appropriate.

At EML we've seen the crisis as an opportunity to review our longer term strategy and fine-tune our business focus. We have recently reset our strategy and set our vision statement as 'To offer customers a feature rich, fully embedded payment solution, via a simple, single touchpoint'.

To deliver on our vision, 'Project Accelerator' has been launched to take advantage of partnership/or investment opportunities with rapidly growing technology solution providers with whom EML can expand its global footprint and product offering. You'll see the early signs of this playing out over the next few quarters as ideas become actions.

I am also delighted that we have recently launched 'Change for Good' social and environmental program which reflects our on-going commitment to mitigating the growing impact of Climate Change. Our first target is to reduce our issuance of plastic cards by 50% from a projected 50 million over three years. This is only the beginning and you'll be seeing more as the program evolves.

The 2020 Financial Year was a story of two parts; for the first eight months of the year EML was trading well ahead of forward estimates and looking to significantly exceed market expectations. The last four months of the year when the global pandemic took off were tough, particularly in our Gift & Incentive (G&I) business where we sell gift cards through over 1200 malls in Europe and North America.

Given the circumstances, the FY20 results of GDV of $13.9 billion an increase of 54% over the year, EBITDA of $32.5 million, a 10% increase and underlying operating cashflow of $35.8 million was an excellent outcome.

When the crisis hit, EML was in the midst of our largest deal yet, the acquisition of Prepaid Financial Services (Ireland) Limited (PFS) based in the UK and Ireland. Subsequently, the deal terms were renegotiated reflecting the new environment. PFS was incorporated into EML results for the last three months of the year.

> **"The management team led by Tom has excelled in very difficult circumstances."**

EML now has emerged with a rapidly growing subsidiary in the General Purpose Reloadable (GPR) segment and a highly diversified global business. At the end of FY20 we now support thousands of programs in approximately 28 countries with 47% of our global revenue derived from Europe, 35% from North America and 18% domestically in Australia. The GPR business is now the primary segment for the group.

EML has a substantial war-chest for future acquisitions as opportunities emerge. Our Balance Sheet is very strong with $118.4 million of cash and no secured debt at financial year end.

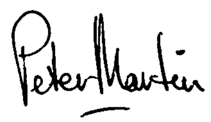
The management team led by Tom has excelled in very difficult circumstances. EML has a very strong 'People' culture and that has shown in the outstanding commitment of our executives and staff, most of whom are now working remotely.

I also feel fortunate to have such a strong and cohesive group of Board Directors in EML and welcome George Gresham to the team. George is US based and brings an impressive payments industry knowledge and business expertise to our Board.

My thanks also go to EML's very loyal group of stakeholders including our staff, our clients, our investors and the communities in which we operate around the world. We are privileged to have your support and encouragement through these tough times. I'm looking forward to EML continuing its rapid growth in the global payments world next financial year and in the future.

Peter Martin

Non-Executive Chairman



18 August 2020

The strength to grow.

Despite the impacts of COVID-19 on our Gift & Incentive segment, particularly in mall gift cards, EML generated record revenues* of $121.6 million and an increase in EBITDA to $32.5 million, with underlying operating cashflow** at 110.2% of EBITDA.

The 2020 year was an extraordinarily challenging year for EML, one that will present a mix of opportunities and risks in the 2021 financial year and one that has shaped our longer-term strategy for sustainable success.

In November 2019 we announced the acquisition of Prepaid Financial Services (PFS) in Europe, an acquisition that we considered to be a transformative one in terms of pivoting our business to derive the majority of revenues and earnings from the General Purpose Reloadable (GPR) segment.

Our first half results were ahead of our forward estimate and up until the end of February 2020, the business was continuing to perform strongly before the onset of COVID-19 and the immediate impacts on our Gift and Incentive segment, which generated 65% of group revenues in the first half of the year. Gift and Incentive (G&I) Gross Debit Volume (GDV) declined by 26% in March, 53% in April and 39% in May with signs of recovery in June to be in line with pre-COVID-19 run rate.

Putting that in perspective, for every $100 million of GDV in the G&I segment we generate approximately $6 million in revenue and $4.9 million in Gross Profit, so the reduction in GDV in the March to June period of more than $200 million had a material negative impact on earnings for the year. Unfortunately, we would expect COVID-19 impacts to continue into the 2021 financial year, given a combination of factors, including lower foot traffic in retail malls, social distancing measures resulting in customer service kiosks having limited or no staff in attendance, the possibility of mall closures and macro-economic impacts on retail sales.

Whilst it is not possible to predict how this segment will perform in the 2021 financial year, it's fair to assume that the negative impact will continue to be significant.

At the same time as COVID-19 was starting to impact our G&I segment, and creating significant broader economic uncertainty, we made the decision to re-structure the terms of our acquisition of PFS to reduce the need for the group to borrow funds. We were able to work collaboratively with the vendors to close the transaction on March 31, with nil debt and $120 million in cash, putting us in a very strong balance sheet position to withstand continuing impacts of COVID-19 and to invest and grow.

COVID-19 also impacted the financial performance of PFS in April to June, given social mobility restrictions in France, Spain and the United Kingdom. We have been encouraged to see GDV in June 2020 return to pre-COVID-19 levels. This reflects our pre-acquisition views that the key GPR verticals supported by PFS, including Banking-As-A-Service, Government payments and Welfare payments, are non-discretionary and therefore resilient.

Following the completion of the acquisition, those views have been reinforced. Group Revenues from the GPR segment in June 2020 were 70% of group revenues.

We have also undertaken a strategic review, Project Accelerator, which was endorsed by the Board in June and went into effect on 1 July. COVID-19 has driven a significant spike in digital payments issuance and acceptance, which is aligned to our GPR focus, and we have seen evidence of this in our contract signings and program launches since the onset of COVID-19.

"We see an increasing pace of disruption in the FinTech industry"

We want to work with those companies to integrate our payments solutions into their businesses and help to drive transformative change. Project Accelerator will see us invest several million dollars over the next two years to enhance our platform and technology to position us to take advantage of this shift. We will be making investments in other FinTech businesses where we believe our product focus can be enhanced and our sales reach expanded. We will not be abandoning the G&I segment in any way, but the recovery of the malls segment in particular is outside of the control of management. Whilst we wait for that recovery, we will be investing in driving growth in our GPR segment and digital banking in particular which will continue to be in the best interests of our shareholders.

There is a litany of examples of companies whose businesses have been disrupted by others, and to avoid that we now have a sharpened strategic focus. We have the balance sheet to execute on it, and I look forward to leading this initiative with the executive team.

On behalf of EML, I'd like to thank our employees, customers, and suppliers for their support in what has been an extraordinary year. To our team, who have made a seamless transition to remote operations and have continued to work incredible hours to support our customers, sign new customers and launch new programs remotely, the Board and I would like to extend our thanks and gratitude.

Yours sincerely,

Thomas Cregan
Managing Director and Group CEO

18 August 2020

*Revenue adjusted for reduction of $671,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio on acquisition date.

** Underlying operating cashflows excludes acquisition costs, cash gain on foreign exchange contracts in relation to the acquisition of PFS, tax and interest payments.

Mission.

We create awesome, instant and secure payment solutions that connect our customers to their customers, anytime, anywhere, wherever money is in motion.

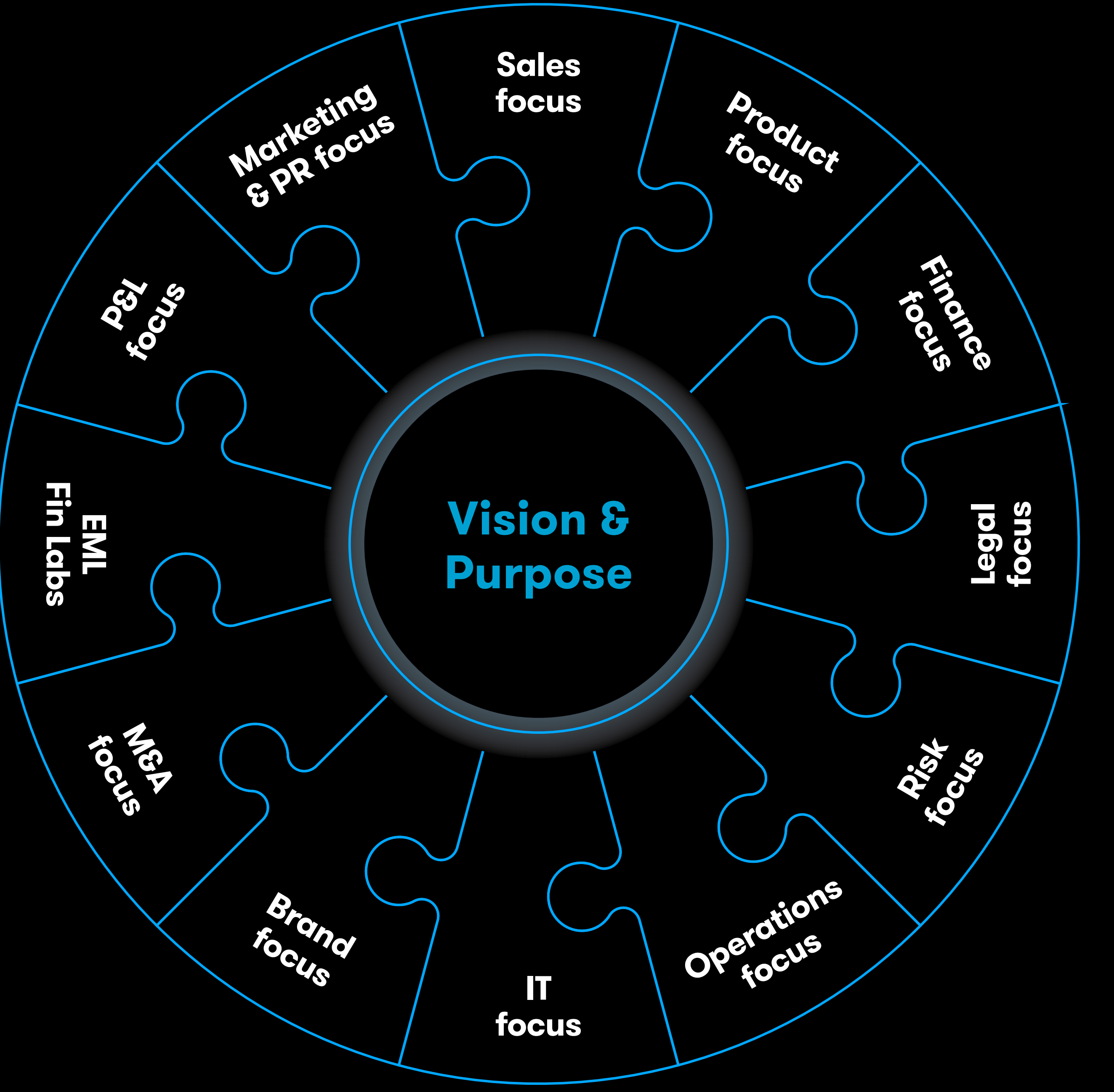
Vision.

To offer customers a feature rich, fully embedded payment solution, via a simple, single touchpoint.

Purpose.

Inspiring transformative digital change for our customers and communities.

We are centred around our vision & purpose



Acceleration Strategy

EML is implementing Project Accelerator to drive our future growth, embracing product strategy and partnerships, and enhancing our technology to become the preferred home for disruptive FinTechs driving digital change.

- Partner with disruptive fintechs
- Integrate fintech solutions, white label and extend our feature set
- We may invest and / acquire fintech partners
- Take our enhanced product offering to both fintechs and highly established corporates to help them remain relevant in the digital age
- Use our fintech partnerships for distribution
- We will target fast growing sectors and capitalise on the declining use of cash in global payments
- We will use our gift card business as a steady income stream allowing us to 'Accelerate' our strategy
- VANS: we will continue to target B2B opportunities requiring our critical processing infrastructure

"In 2020's new Coronavirus-era, cash and coin usage worldwide has declined at unprecedented rates."

The Pillars of Acceleration – How we will 'Accelerate' our strategy!

Global Technology Infrastructure

- One global application layer
- One integration touchpoint
- Enhanced sandbox development environments
- Zero downtime deployments
- Product parity at scheme level
- Global cloud hosting
- Investment ~$10-15m in FY21/FY22

FinLabs

- Enhancement of EML products/technology through partnership/purchase
- Target investments in key feature/functionality EML wants to own
- Expand access to 3rd party sales teams, reselling EML capabilities
- Backed by ability to provide targeted investments using balance sheet funding

EML.

Product Strategy/ Digital Enablement

- Adopt a digital first strategy for EML and our clients
- Scheme agnostic/Open Banking/ Emerging Payment Players
- Embed payment processing into emerging BaaS, IaaS, SaaS, Lending/Credit companies
- Evaluate build/partner/buy opportunities across the globe

Purpose Driven Alignment

- Decisions across organisation, into the regions, and down into teams align to Project Accelerator.
- Investment spend/M&A activity/Partnerships
- Product development and solutions
- Marketing and Sales alignment

Performance Overview.

FY20 delivered our seventh consecutive year of EBITDA growth despite highly challenging trading conditions.

GDV increased to $13.9 billion in FY20, up 54% on PCP (2019: $9.0 billion) with significant growth in the General Purpose Reloadable (GPR: up 56%) and Virtual Account Numbers (VANS: up 62%) segments. Growth in the GPR segment was approximately 16% organic and 84% acquisitive due to the acquisition of Prepaid Financial Services (Ireland) Limited (PFS) which was consolidated from 1 April 2020. The Group achieved record EBITDA of $32.5 million for the year ending 30 June 2020 (FY19: $29.7 million), reconciled on page 11.

The net result of operations for the year was a loss after income tax of $5,854,000 (2019: $8,450,000 profit)

	FY 2020 $'000	FY 2019 $'000	GROWTH
TOTAL GROSS DEBIT VOLUME			
General Purpose Reloadable (GPR)	4,234,169	2,739,337	55%
Gift & Incentive (G&I)	1,174,979	1,059,983	11%
Virtual Account Numbers (VANS)	8,466,788	5,231,591	62%
TOTAL GROSS DEBIT VOLUME	**13,875,935**	**9,030,911**	**54%**
REVENUE	120,959	97,195	24%
Add back non-cash amortisation of AASB3 bond fair value uplift [1]	**671**		**100%**
TOTAL REVENUE	**121,630**	**97,195**	**25%**
Gross Profit [1]	**88,746**	**73,015**	**21%**
Gross Profit %	73%	75%	(2%)
Employee benefits expense	(39,073)	(29,079)	34%
Professional fees	(2,999)	(2,857)	5%
Other operating expenses [1]	(15,481)	(12,659)	22%
Research and development tax incentive offset	1,343	1,281	5%
EBITDA [2]	**32,536**	**29,701**	**10%**
LESS			
Other income	3,137	-	100%
Share-based payments	(6,146)	(4,214)	46%
Depreciation and amortisation expense	(18,656)	(10,267)	82%
Acquisition costs	(15,794)	(567)	2686%
Finance costs	(4,072)	(1,865)	118%
Other non-operating benefit/(expense)	4,436	(2,481)	278%
Add back Research and development tax incentive offset	(1,343)	(1,281)	5%
Non-cash amortisation of AASB3 bond fair value uplift [1]	(671)	-	100%
Profit/(loss) for the year before tax	**(6,573)**	**9,026**	**(173%)**
Tax benefit/(expense)	719	(576)	225%
Net profit/(loss) for the year	**(5,854)**	**8,450**	**(169%)**

[1] Revenue adjusted for reduction of $671,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio on acquisition date.

[2] EBITDA is reconciled above and disclosed within the Directors' Report and is equivalent to the net profit/(loss) for the period including R&D tax offset and excluding share-based payments, depreciation and amortisation expense and foreign exchange included within the Statement of Profit or Loss and Other Comprehensive Income. The analysis of results below is primarily based on EBITDA so as to align the information that is given to users of financial reports to the way the Directors view the business and to assist better understanding of the Group's performance. The Directors believe that EBITDA is the most appropriate measure of maintainable earnings of the Group and therefore best reflects the core drivers and ongoing influences upon those earnings. The Directors also link the Group CEO and Senior Executives' short and long term incentives to EBITDA as detailed in the remuneration report.

Performance Overview.

Financial Growth.

Growth in the GPR segment driven by Australian payroll programs and the acquisition of the PFS business which contributed $1.3 billion of GDV in the three months post acquisition at a yield of approximately 125 bps. The segment generates the majority of its revenues from digital banking, government and payroll programs which have proved resilient in challenging macro economic conditions. The acquisition of PFS, and impacts of COVID-19 on the G&I segment, has transformed the group such that in June 2020, 70% of Group revenues were derived from the GPR segment.

The G&I segment contributed GDV of $1.2 billion (FY19: $1.1 billion) with strong growth in the first eight months of the year before COVID-19 impacted performance in the shopping mall vertical. Flex-e-Card Limited (**FEV**) which was acquired on 1 July 2019 contributed $165.2 million of GDV. The Group will exit from the Middle Eastern market because we are unable to offer Reloadable programs in the region and the resources required to grow this to a meaningfully contributing business would outweight return. The Dubai operations contributed $31.6 million of GDV at a lower than segment average yield of 225 bps with an EBITDA loss of $0.5 million in the FY20 year. We expect to exit these operations by 30 June 2020.

> “70% of Group revenues were derived from the GPR segment.”

The VANS segment continued to deliver organic GDV growth of 62% to contribute total GDV of $8.47 billion in FY20, up from $5.23 billion in FY19 at a yield of 13 bps converting to revenue of $10.7 million (FY19: $6.4 million).

Group Revenue* increased by 24% to $121.6 million, a yield on GDV of approximately 88bps down 20bps from the prior year due to a greater volume mix from the lower yielding VANS and GPR segments. 85% of the Group's revenue is from recurring revenue sources, the continued increase reflecting a low customer churn rate and the Group focus on GPR segment growth. During the year we incurred $671,000 of non-cash amortisation of fair value uplift on the PFS bond portfolio due to AASB3 acquisition accounting. This is added back in arriving at underlying performance measures.

Gross Profit margins were down on PCP at 73% (FY19: 75%) due to a mix shift away from the G&I segment and dilutive margins in PFS who outsource the majority of their processing costs. Excluding impact of PFS, Group margins rose to 82%. The Group continued to transition programs in Australia towards self-issuance which will benefit margins in future years.

* Revenue adjusted for reduction of $671,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio on acquisition date.

Performance Overview.

Expenses.

Employment related expenses were $39.1 million (2019: $29.1 million) up 34% on PCP due to the impacts of acquisitions in Europe offset by no expense for the Group cash based Short-Term Incentive Plan. Included in this is $0.6 million of costs related to restructuring costs to realise synergies in Europe following the acquisition of PFS. At the end of June the Group had 444 employees (2019: 266) inclusive of 235 employees who joined the Group in the Flex-e-Card and PFS acquisitions. Employment related expenses make up 70% of Group cash overheads (see page 11) reflective of the nature of our business. Although the Group continues to leverage its growth efficiently, employment costs as a percentage of revenue rose to 32%, up from 30% in PCP due to the impacts of COVID-19 on our G&I segment revenues and restructuring costs incurred in Q4 which will benefit the group in future years. The Group will continue to invest in our people to attract and retain talent which will be a key driver of the sustainable success of the Group. The EML Board has elected to conserve cash and pay an FY20 STIP of $1.6 million in equity, vesting at the end of the FY21 year. This is discussed in more detail in the Remuneration report on page 37.

Other cash overhead expenses increased 22% to $15.5 million as the Group's operations have expanded with two European acquisitions including the UK regulated business and higher spend on marketing to support continued growth offset by savings as a result of a global travel ban to protect the health of our employees.

The acquisition of PFS in the year was a complex acquisition of a dual regulated European group which necessitated material external advisory costs. The Group incurred acquisition costs of $15.8 million primarily in relation to the acquisition of PFS and associated funding.

The Group received a $1.3 million benefit from R&D Tax Concession programs in Australia and the United Kingdom. R&D tax concessions continue to be included in the EBITDA measure as this is a refund of expenditure previously incurred. Costs are predominantly internal employment costs, expended on qualifying research and development activities that the Group undertakes to continue offering innovative market leading products.

As discussed above, the Group is pursuing an exit from the UAE operations in June 2020 which led to an impairment charge of $0.8 million in Q4 of FY20. Operations in UAE did not fit with the Group strategy due to the investment requried to diversify our offerings outside the G&I segement.

Share-based payments expense of $6.1 million includes $2.5m million related to the amortisation of the performance options connected with acquisitions and $3.6 million related to staff incentives. As noted above, the EML Board has elected to conserve cash and pay an FY20 STIP of $1.6 million in equity to 263 employees to recognise the exceptional performance in the year. The grant will vest at the end of the FY21 year and serves to retain talented employees who will be a key driver of the sustainable success of the Group. This is discussed in more detail in the Remuneration report on page 35.

Financial Position.

On 31 March 2020, the Group completed the acquisition of PFS for a total acquisition consideration of $341.0 million. The results for PFS are consolidated into the income statement for the three months to 30 June alongside their assets and liabilities into the Group Statement of Financial Position as at 30 June 2020. As a result of the capital raise in November 2019 to fund the acquisition of PFS, and the subsequent price renegotiation in March 2020, the Group has cash on hand of $118.4 million. Given uncertainties in the current global economy the Group considers maintaining a significant cash reserve to be prudent management.

The contract asset (breakage) of $31.8 million (2019: $31.8 million) represents the residual portion of funds on Gift & Incentive (G&I) accounts that the Group has previously sold and expects to convert to cash. The Group expects approximately 70% of the contract asset balance to convert to cash within 12 months.

"On 31 March 2020, the Group completed the acquisition of PFS for a total acquisition consideration of $341.0 million."

Performance Overview.

Summary Financial Position.

($ Thousands)	FY 2020	FY 2019	GROWTH ON PRIOR COMPARATIVE 12 MONTHS
Cash and cash equivalents	118,381	33,085	258%
Contract asset	22,344	18,217	23%
Segregated funds and bond investments[1]	833,407	244,824	240%
Other current assets	26,961	17,712	52%
Total Current Assets	**1,001,093**	**313,838**	**219%**
Contract asset	9,485	13,611	(30%)
Plant, equipment and right-of-use assets	14,629	5,355	173%
Intangibles	404,748	104,554	279%
Deferred tax asset	25,044	22,653	11%
Segregated funds and bond investments	443,214	-	100%
Other non-current assets	8,053	16,696	(52%)
Total Non-Current Assets	**905,173**	**162,869**	**456%**
Total Assets	**1,906,266**	**476,707**	**300%**
Trade and other payables	47,461	33,853	40%
Liabilities to stored value account holders[1]	1,265,896	244,824	417%
Contingent consideration	4,328	-	100%
Interest-bearing borrowings	-	15,000	(100%)
Other current liabilities	8,568	5,315	61%
Total Current Liabilities	**1,326,253**	**298,992**	**344%**
Deferred tax liabilities	16,445	7,315	125%
Contingent consideration	69,279	11,831	486%
Other non-current liabilities	53,297	14,338	272%
Total Non-Current Liabilities	**139,021**	**33,484**	**315%**
Total Liabilities	**1,465,274**	**332,476**	**341%**
Total Equity	**440,992**	**144,231**	**206%**

(1) Segregated funds and bond Investments, and Liabilities to stored value account holders relate to products where EML has self-issued the card.

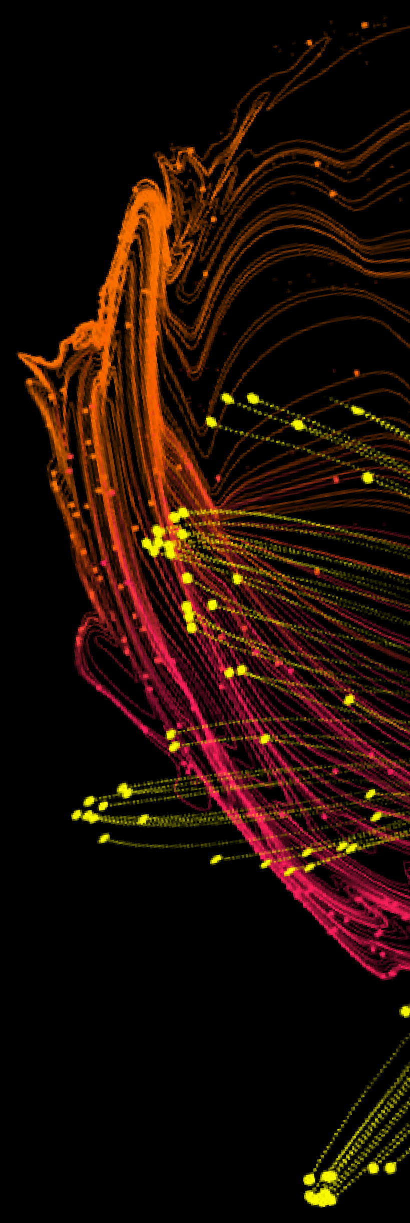
The net current liability position of the Group is due to the non-current bond investment asset of surplus Segregated funds being misaligned with the on-demand cardholder liability, refer to Note D1 and G4. The accompanying notes form part of these financial statements.

A significant proportion of our deferred tax asset reflects the fact that the Group expects to continue generating taxable income in Australia and the United Kingdom and consequently, under the accounting standards, has recognised carried forward tax losses.

Cash inflows from operating activities totalled $22.1 million due to the Group generating EBITDA of $32.5 million, and payments of $13.7 million for acquisition expenses, tax and interest expense which are excluded from EBITDA. Operating cashflow was supported by the continued conversion of the contract asset to cash as breakage is realised on cards loaded in prior periods. Excluding the cash impact of items not included in EBITDA, the Group converted EBITDA to cash at 110% ($35.8 million; 2019: $22.0 million 76%).

Cash outflows from investing activities included $147.3 million for the acquisitions of PerfectCard Minorities (payment in July 2019) and PFS in March 2020 (Note F6). We continued to invest in software development including EML Connect (an integrated mall system), EML Control Pay, the mobile Pays product in North America, salary packaging solutions for web portal access in Australia and General Purpose Reloadable programs worldwide (Note E2).

Cash inflows from financing activities included a Non-Renounceable Entitlement Offer of $240.8 million (net of costs), repayment of a debt facility from a major domestic bank of $15 million and payments received upon exercise of share based payments vested in the year.



Cash and cash equivalents

$118.4M

Total Assets growth

300%

Innovation.

Considering what the world has been through in recent months with the global COVID-19 pandemic, 20/20 vision has never been more critical in our industry. EML has energetically and mindfully embraced the new norm to ensure we continue to innovate extremely rapidly within the sector. After all, innovative thinking is in our DNA and we plan on sharpening our edge within FinTech with the following strategic steps:

Driving innovation for peak outcomes

— Crucial for growth and scalability as well as customer and employee satisfaction. This drives the ability to take market share and own our space.

— Allowing EML to stand out with unique value propositions in the market, differentiating our offering and driving new revenues.

— Meeting customer needs as they evolve, predicting changes in the market first and providing solutions before clients realise that they need them now.

— Attracting the best talent, innovative people want to work with innovative companies to challenge and encourage the creation of exciting new products and services.

— The rapid evolution of digital transformation, along with disruption from COVID-19, provide an opportunity to pivot our business to serve the needs of ambitious FinTechs.

— The acquisition of PFS saw the beginning of this smart pivot and COVID-19 accelerated the shift.

— The absence of innovation means other businesses decline and become irrelevant in the markets they serve.

Innovative guardrails of success

— New business and technology revolutions begin with a combination of ideas, technology, people and processes. But they succeed by being strong enough to progress through the productisation/ commercialisation process and gain traction in the market.

— EML wishes to serve as a true supporter of the FinTech world's creation of new products, methods and ideas to transform the way we all think about our finances.

— Our go-forward strategy is to shape the digital transformation of companies in the FinTech space; Lending, Blockchain, Crypto, RegTech, Personal Finance, Payments, Billing, Insurance, Capital Markets, Wealth Management, International Money Transfer, Remittance, Mortgage and Real-estate.

Common threads in target markets

— The need for the distribution of payments.

— A desire to disrupt the traditional way of executing in these spaces.

— A need to remain relevant in the digital age.

— Innovation is at the core of EML's blueprint to leverage and drive digital transformation by:

> Enriching our product offerings and platforms (cloud-based, API first and global ubiquity);

> Integration with adjacent technology companies (white label/ feature set extension);

> Partnership (distribution); and

> Investment/acquisition (embedded FinTech partners).

"The absence of innovation means other businesses decline and become irrelevant in the markets they serve."

"EML has a track record of successful innovation; identifying and monetising niches"

Innovation is not only the creation of a new product, process, or service. It is the equally important process of successfully launching into the market. New technology is just one piece of the puzzle. Innovation requires outside the box thinking around the management of new products, processes and services to generate value and disrupt the market. EML's solutions will align with the disruptive nature of these businesses to innovate successfully through:

— Ease of implementation

— Quick to market

— Agility

— Customisable

— Feature-rich

— Repeatable

EML's technology will reflect the willingness to support our innovation goals through:

— Global Development/Hosting

— Global Source Code

— Global Processing platforms

— Cloud technology – Cloud native, microservices and containerisation, CI&CD, API first

— Focused teams

— Operational synergies

EML has a track record of successful innovation; identifying and monetising niches – mall gift cards, gaming, financial services, salary packaging and now with PFS, government payments, multi-currency and Banking-As-A-Service.

Salary Packaging

— Mobile wallet solution, back to back funding sources, meal/living spend segregation.

— Partnership/acquisition with Paywith to provide merchant coalition in the app to provide relevant discounts to SalPac participants – partnered for speed to market/acquired to bring ownership in house.

— Payment embedded into overall solution.

FreeStyle Card

— Partnership with MoneyMe to launch a virtual credit account which allows consumers to shop now, pay later or transfer to anyone.

— EML provides a virtual card that lives on a consumer's smartphone providing instant access to a credit line of up to AU$1,000.

Sustainable Futures

This year, EML turned its focus on being able to make an even bigger contribution and difference to the lives of others through our awesome team. Being socially responsible is fundamental to our operating purpose and a key foundation of our business strategy.

Through our introduction of the Change for Good initiative, we have made further progress with our social and environmental practices – particularly in reducing environmental plastic waste, safety and policies to support our community involvement.

Our People.

Our strategic intention is to motivate our people by fostering a culture of collaboration, engagement, innovation and inclusion.

Our strong organisational culture is the foundation of our employee value proposition and is enhanced and nurtured by the following initiatives and activities.

Flexible work

In FY20, EML implemented our 'flex for everyone' working policy. We recognise that our culture is more than just a 'vibe', it's the freedom to give our employees the flexibly to choose how, when and where they work. We trust our people to work in a way that best suits their needs and to provide them with the tools and movement to do it.

Engagement

Each year we conduct an organisation-wide survey, through an independent third party, to obtain feedback from our team members. We communicate the results and seek further feedback from across the company at team-level focus groups.

The Board considers the measuring and monitoring of employee engagement to be important indicators of the appropriateness of our people strategy; in particular the effectiveness of our communication, leadership and employee development. This year we have focused on consolidating and harmonising the businesses we have acquired to extend and embed our strong corporate culture, and successfully leverage the benefits of the diversity and skills in our teams.

In 2020, our global engagement survey score increased 2% **70%**

Participation continually above **90%**

Paid Parental leave

In 2020 EML updated its paid parental leave policy to deliver benefits above the recommendations by the Workplace Gender Equality Agency (WGEA). This Policy demonstrates the value we place on our employees and our recognition of our social obligations as an employer. We encourage men and women to take paid parental leave and help them to return to work flexibility afterwards. Our policy offers 12 weeks paid leave for the primary carer and 4 weeks paid for secondary care giver.

People strategy

Globally aligned workforce, operational scale and efficiency, clear accountability and shared rewards.

Review of policies

Strong governance and compliance are demonstrated by EML's commitment to having simplified, harmonised and accessible Group policies in place. A review of all Group employee and corporate policies has been undertaken and revisions made to reflect changes in the employment landscape and relevant legislation and to demonstrate EML's values. A full corporate policy refresh has been undertaken for completion during the 2020 calendar year.

Human rights and modern slavery

The company is committed to upholding human rights within our business and across our supply chain. We acknowledge our role and responsibility in seeking to safeguard human rights through responsible, ethical and sustainable business practices. EML's first year of reporting against the requirement of the Modern Slavery Act is the financial year ending 30 June 2020.

Safety and wellbeing

The safety of our people and those we engage with is paramount at EML, and pleasingly we had no notifiable incidents for FY20. The importance of safety at EML is represented by the Safety Committee function reporting directly to the Group CPO.

In addition to our focus on safety, EML provides employees with the opportunity to access a range of benefits to promote health and wellbeing. These include flexible working arrangements and paid parental leave.

Diversity and inclusion

A core part of EML is fostering a sense of belonging and openness amongst our team members in a workplace where everyone feels valued and respected, so all can contribute to their fullest potential.

Progress is regularly reported to the Board and includes a focus on improving female representation in leadership and in roles traditionally occupied by males.

Our workforce at the end of FY20 comprised of

48%	52%
FEMALE	MALE

supported by our equal opportunity hiring policies

Initiatives underway and to be reported on in FY21 to support diversity and enhance inclusion in our workplace include:

- promotion and leadership support for flexible working arrangements, including start-finish times, shift options, job sharing, work from home;
- reviewing our recruitment practices to identify areas of improvement with diversity hiring; and
- establishing a Diversity & Inclusion Committee to champion diversity awareness, flexible working and gender equality across the business.

Our engagement with local communities

Actively support our employees to give back by offering

7,500+

VOLUNTEER HOURS PER YEAR

Our impact on the environment.

EML remains committed to positive environmental and sustainable outcomes. We seek continuous improvement in our environmental sustainability, focusing on major impact areas: responsible consumption, production and waste reduction. We encourage employee engagement on environmental and sustainability matters.

EML will eliminate 25 million plastic cards by 2023

We're committed to

Complying with applicable legal and regulatory requirements.

Ensuring the environment is considered in our investment and corporate strategies, procurement and the products and services we offer.

Actively pursuing recyclable and renewable alternatives to plastic card production

Engaging with our customers, employees and shareholders on environmental issues and transparently reporting on our environmental performance.

Driving a culture of continuous environmental improvement with a focus on the reduction of personal and office waste (no print policy, recycling and no single-use plastics).

50%

Our goal is to reduce our 3 year card plastic production by 50%

"2020 celebrates our first year of voicing our environmental sustainability targets"

EML's comprehensive Environmental Strategy sets out our commitment to managing and improving environmental performance across all business activities. We monitor, measure and report on the effectiveness of sustainable business practices across the company. In late 2019, we began developing our Corporate Social and Environmental impact (SEI) agenda and program. This includes setting targets that will support our commitment to social and environmental impact and responsibilities with consideration and respect for our environment, community, people and shareholders. 2020 celebrates our first year of voicing our environmental sustainability targets.

EML change for good.

We've just launched an incredible environmental initiative as part of EML change for good which will remove 25 million pieces of plastic from our business, thus helping to protect the global communities we embrace.

This represents a significant 50% reduction in plastic usage between now and 2023. The action plan forms part of our long-term commitment to promoting digital, mobile and virtual payments across our international operations as the sustainable future of FinTech. All of this can be achieved while ensuring our customers continue to have a wide choice of alternative eco-payment solutions for their sector-specific needs.

It means that 25 million plastic cards will not enter the payments industry. The move, backed by our entire team, sends a passionate signal to fellow FinTechs to follow our lead.

25 million cards is the equivalent of:

25,000m height

25M cards = **5,000** giraffes

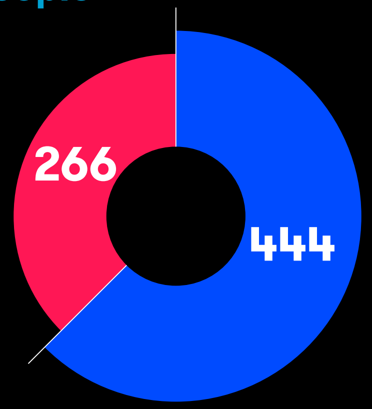
25M cards = **250,000kg**

1,250 lions or **10** humpback whales or **56** elephants

Corporate Sustainability Score Card.

2019 2020

People



Headcount

Engagement

Employee Engagement Score

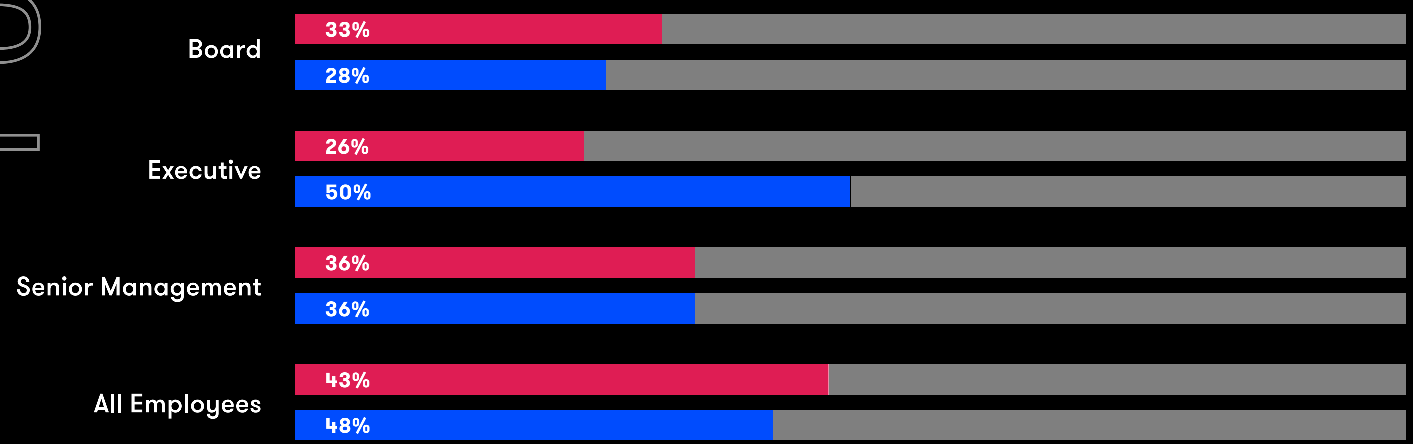
70% ▲ 2%

Employee participation in engagement survey

96% ▼ 2%

22% Employee turn over 17%

Employee gender diversity
(female representation)



Board of Directors.

Peter Martin.
Non-Executive Chairman

Appointed on 19 April 2012
Appointed as Chairman on 18 February 2015
MBA (Harvard Business School)
B. Civil Engineering (Monash University)

Mr Martin was formerly the Chief Executive Officer of Rothschild Australia Asset Management (Rothschild) and was a director of a number of Rothschild boards in Australia and overseas. Mr Martin has over 45 years' international commercial experience in marine construction, finance and investment management. Mr Martin has a beneficial interest in 7,318,992 ordinary shares.

David Liddy AM.
Non Executive Director and Deputy Chairman

Appointed on 27 April 2012
MBA (Macquarie University)
Fellow of the Australian Institute of Company Directors

Mr Liddy has over 43 years' experience in banking, including international postings in London and Hong Kong. He was Managing Director and Chief Executive Officer of Bank of Queensland from April 2001 to August 2011. He is currently a Director of Steadfast Group Limited and a Fellow of the Australian Institute of Company Directors.

Mr Liddy was appointed Chairman of the People and Remuneration committee on 20 May 2020. He is also a member of the Audit and Risk committee and the Investment committee. Mr Liddy also has a beneficial interest in 960,000 ordinary shares.

Tom Cregan.
Managing Director And Group CEO

Appointed on 27 August 2012
MBA (Monash University)
B. Bus (Monash University)

Prior to joining the Group, Mr Cregan was the Executive Vice President of NetSpend Corporation in the USA. NetSpend is a market leader in the pre-paid card industry which was acquired by Total Systems for $1.6bn. Previous roles held include Founder and Managing Director of E-pay Australia and New Zealand Pty Ltd, President of E-pay Americas, and Sales and Channel Management positions at Westpac Bank, Singtel Optus Limited and Mobil Oil Australia. Mr Cregan has a beneficial interest in 17,935,946 ordinary shares and 1,207,236 options over ordinary shares.

Board of Directors.

Dr Kirstin Ferguson.

Independent Non-Executive Director

Appointed on 20 February 2018
PhD (Queensland University of Technology)
B. Law (Hons) (Queensland University of Technology)
B. History (Hons) (University of New South Wales)
Fellow of the Australian Institute of Company Directors

Dr Kirstin Ferguson is an independent Non-Executive Director with 10 years' experience across a range of company boards including ASX100, ASX200, government, not-for-profit and significant private companies. Dr Ferguson is also a keynote speaker, author and frequent contributor to media on leadership, culture, diversity and inclusion.

Dr Ferguson has had a successful executive career as a CEO of an international consulting organisation, as well as senior executive experience in a professional services environment.

The earlier part of Dr Ferguson's career was spent as an Officer in the Royal Australian Air Force.

Dr Ferguson has been a Non-Executive Director of SCA Property Group Ltd (ASX:SCP) since 1 January 2015 and is Deputy chair of the ABC Board of Directors.

Dr Ferguson was Chairman of the People and Remuneration committee until 20 May 2020. She has a beneficial interest in 18,323 ordinary shares.

Melanie Wilson.

Independent Non-Executive Director

Appointed on 20 February 2018
MBA (Harvard Business School)
B. Com (Hon) (University of Queensland)

Ms Wilson has over 12 years' experience in senior management roles across global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths/Big W and Diva/Lovisa. Her experience extends across all facets of retail including: store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/fulfilment. She also held corporate finance and strategy roles with leading investment banks and management consulting firms including Goldman Sachs and Bain & Company.

Since 2016, Ms Wilson has served as a Non-Executive Director of Baby Bunting Group Ltd and iSelect Limited. Ms Wilson was appointed a Non-Executive Director of Property Guru Group (Singapore) in 2019 and JB Hi Fi Limited in 2020. Ms Wilson was a Non-Executive Director of Shaver Shop Group Limited until May 2020.

Ms Wilson has a beneficial interest in 48,000 ordinary shares.

Ms Wilson is the Chair of the Investment Committee and a member of the Audit and Risk Committee

Tony Adcock.

Independent Non-Executive Director

Appointed on 21 November 2011
MBA (University of Hull)
B. Sc (Hons) (Keele University)
Fellow of the Institute of Company Directors
"Mastering the Boardroom" Order of Merit

Mr Adcock has more than 30 years' experience in banking and financial services, capital markets and M&A at board, operational and consulting levels across Australia, Asia Pacific, Europe and the US. He has more than 20 years experience as a Chairman, Director and Independent Director across FinTech, Innovative Agri-business, Mining, Oil & Gas industries.

Mr Adcock was formerly a Partner in PwC Consulting running an Asia Pacific business line and a Treasurer & General Manager in banking. Mr Adcock is a Chairman and Director of various, private and Not for Profit companies.

Mr Adcock is Chair of the Audit and Risk Committee and a member of the Investment Committee. Mr Adcock has a beneficial interest in 25,000 ordinary shares.

George Gresham.

Independent Non-Executive Director

Appointed on 18 May 2020
MBA (Thunderbird School of Global Management).
Bachelor of Science, Accountancy (Northern Arizona University)
Certified Public Accountant (Certificate retired 2010)

Mr Gresham is an accomplished Director and Executive Leader, based in Arizona, USA. Mr Gresham has extensive experience building, leading and advising financial enterprises through complex transactions, restructurings, international expansion, capital market transactions and changing regulatory landscapes.

Mr Gresham has previously held Non-Executive Directorships with Green Dot Corporation, an American financial technology and bank holding company and one of the largest prepaid companies in the world, as well as Blue Pay Processing, a leading provider of technology enabled payment processing for merchants in the United States and Canada.

During his Executive career, Mr Gresham was Chief Financial Officer of Netspend (now owned by TSYS, Global Payments), a large prepaid financial services company; Chief Financial Officer of Global Cash Access (GCA) Holdings (now Everi Holdings Inc), a full service Casino and gaming equipment and payment solutions provider; and Chief Financial Officer/Chief Administration Officer at eFunds Corporation (now Fidelity National Information Services), a provider of electronic processing and risk management services.

Mr Gresham does not have a beneficial interest in ordinary shares.

Company Secretaries.

Paul Wenk.

Group General Counsel and Company Secretary

Mr Wenk has been EML Payments' Group General Counsel since July 2018 and EML Payments Company Secretary since November 2018. Prior to joining EML, Mr Wenk was a lawyer with global firm, Herbert Smith Freehills, 13 of them as a Partner. During that time, Mr Wenk gained significant experience acting for financial services clients in advisory, regulatory and litigious contexts.

Sonya Tissera-Isaacs.

Head of Corporate Governance & Company Secretary

Appointed on 26 November 2019. Sonya has a broad range of experience in corporate administration, corporate governance and finance having worked with listed and unlisted public, and other companies within the financial services, Superannuation and Not for profit sectors. Sonya is a Chartered Secretary and Fellow of the Governance Institute of Australia (FGIA) and Institute of Chartered Secretaries and Administrators (FCIS).

Executive Leadership.

Tom Cregan.
Managing Director And Group CEO

Rob Shore.
Group Chief Financial Officer

Sarah Bowles.
Group Chief Product Officer

Andrew Betts.
Group Chief Risk & Regulatory Officer

Kristen Shaw.
Group Chief People and Culture Officer

Richard Anderson.
Group Chief Sales and Marketing Officer

Jason Nadler.
Group Chief Technology Officer

Deirdre Ives.
Group Chief Digital Transformation Officer

Eric Mettemeyer.
Group Chief Corporate Development Officer

Rachelle St. Ledger.
CEO Australia

Nikki Evans.
CEO EMEA

Ailie Kofoid.
CEO Americas

Paul Wenk.
Group General Counsel

Noel Moran.
CEO PFS

Lee Britton.
CCO PFS

31 Financial Statements

Directors' Report.

Directors' Meetings

The number of meetings of the Company's Board of Directors attended by each Director during the year ended 30 June 2020 were as follows:

		BOARD MEETINGS		AUDIT AND RISK COMMITTEE		PEOPLE AND REMUNERATION COMMITTEE		INVESTMENT COMMITTEE	
Directors	COMMITTEE MEMBER	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED
Peter Martin	CB, PRC	18	18	n/a	n/a	6	6	n/a	n/a
Tony Adcock	CA, I	18	18	6	6	n/a	n/a	2	1
David Liddy AM [1][3]	DC, CPRC, A, I	18	17	6	6	6	6	2	2
Dr Kirstin Ferguson [1]	PRC	18	17	n/a	n/a	6	6	n/a	n/a
Melanie Wilson	CI, A	18	16	6	6	n/a	n/a	2	2
Thomas Cregan	-	18	18	n/a	n/a	n/a	n/a	n/a	n/a
George W Gresham [2]	-	2	2	n/a	n/a	n/a	n/a	n/a	n/a

CB – Non-executive Chairman of the Board
DC – Non-executive Deputy Chairman of the Board
CA – Chair of the Audit & Risk Committee
A – Audit & Risk Committee member
CPRC – Chair of the People and Remuneration Committee
PRC – People and Remuneration Committee member
CI – Chair of the Investment Committee
I – Investment Committee member

(1) Dr Kirstin Ferguson resigned as Chair of the People and Remuneration Committee effective 20 May 2020. David Liddy AM was appointed as Chair of the People and Remuneration Committee effective 20 May 2020.

(2) George W Gresham was appointed as a Non-Executive Director as at 18 May 2020. George W Gresham was appointed a member of the Audit & Risk Committee and Investment Committee effective 1 July 2020.

(3) David Liddy AM was appointed Non-executive Deputy Chairman of the Board effective 12 November 2019.

Interests in Shares and Options of the Company and Related Bodies Corporate

Shares & Share Options

The following shares and share options in the Company were granted to Directors and Executive KMP of the Company during or since the end of the financial year as part of their remuneration:

	SERIES	NUMBER GRANTED
SHARE OPTIONS		
Thomas Cregan	Series 34	226,481
Thomas Cregan	Series 35[1]	113,240
Robert Shore	Series 33[2]	104,530
Robert Shore	Series 36[3]	69,686
Brandon Thompson [4]	Series 33[2]	142,769
Brandon Thompson [4]	Series 36[3]	95,179

(1) Series 35, relating to Thomas Cregan's FY20 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be balance date and will be revised upon shareholder approval.

(2) A total of 1,299,703 options were issued under Series 33. The remaining options not disclosed above were issued to non-KMP, further information on the Group's share option plans is disclosed in Note F3.

(3) A total of 526,469 options were issued under Series 36. This represented the total options granted for accounting purposes as the service period had commenced. Performance was assessed on 17 June 2020 and subsequent cancellations were processed.

(4) Brandon Thompson resigned from his role as Group Chief Commercial Officer effective 5 June 2020. Mr Thompson's share options were cancelled in accordance with his service agreement and the terms of EML's relevant incentive plans. All outstanding Employee Share Plans were forfeited.

At the date of signing of this report unissued ordinary shares of the Company under option are:

OPTIONS SERIES	NUMBER OF OPTIONS	EXPIRY DATE	EXERCISE PRICE	CLASS OF SHARE
Series 20	1,313,581	30/09/2020	$0.00	Ordinary
Series 22	-	28/09/2021	$0.00	Ordinary
Series 23	-	28/09/2021	$0.00	Ordinary
Series 25	61,275	28/09/2021	$0.00	Ordinary
Series 26	61,275	28/09/2021	$0.00	Ordinary
Series 27	391,566	30/10/2021	$0.00	Ordinary
Series 28	1,228,742	30/10/2021	$0.00	Ordinary
Series 29	191,109	23/09/2021	$0.00	Ordinary
Series 31	24,479	12/11/2020	$0.00	Ordinary
Series 32	185,994	23/09/2021	$0.00	Ordinary
Series 33	958,223	29/08/2022	$0.00	Ordinary
Series 34	226,481	29/08/2022	$0.00	Ordinary
Series 35[1]	56,620	29/08/2021	$0.00	Ordinary
Series 36	215,642	29/08/2021	$0.00	Ordinary
Series 37	38,567	29/08/2022	$0.00	Ordinary
Series 38	514,969	31/10/2021	$0.00	Ordinary
	5,468,523			

(1) Series 35, relating to Thomas Cregan's FY20 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary grant date has been taken to be balance date and will be revised upon shareholder approval.

The following ordinary shares were issued by the Company during or since the end of the financial year as a result of the exercise of options.

Grant date	OPTION SERIES	OPTIONS EXERCISED	ISSUE PRICE	NUMBER OF SHARES ISSUED	CLASS OF SHARE
01/06/2016	Series 16	3,613,231	$1.45	3,613,231	Ordinary
28/06/2018	Series 21	125,084	$0.00	125,084	Ordinary
28/06/2018	Series 22	41,695	$0.00	41,695	Ordinary
16/07/2018	Series 24	61,275	$0.00	61,275	Ordinary
24/09/2018	Series 29	309,197	$0.00	309,197	Ordinary
13/11/2018	Series 30	43,268	$0.00	43,268	Ordinary
		4,193,750		**4,193,750**	

Directors' Report.

Dividends

No dividends were declared since the start of the financial year and the Directors do not recommend the payment of a dividend in respect of the financial year.

Principal activities

The principal activity of the entities within the EML Payments Group during the year was the provision of prepaid payment services in Australia, Europe and North America.

Review of operations

The full review of operations is contained in the Performance Overview.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Significant events after balance date

No significant transaction or event of a material and unusual nature after the balance sheet date have arisen, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

Corporate Governance

The Group's corporate governance statement can be found on the website: www.emlpayments.com.

Likely developments and expected results

The Company will continue to grow volumes by identifying opportunities that offer significant payment volumes and will benefit from customised payment solutions to improve their offerings or current processes.

This strategy has been successfully demonstrated with the recent execution of a number of new agreements particularly in the General Purpose Reloadable programs in Australia, Europe and North America. We expect a significant increase in the volumes associated with these programs in the coming financial years. We continue to identify a number of industries that would offer similar scale to our existing markets and would benefit from customised functionality. In the coming financial years we will continue to improve our product offerings and actively target clients in high volume industries.

Environmental legislation

The Group is considerate of managing business operations in an environmentally responsible manner. The Group has determined that no significant environmental regulations apply.

Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the Directors, Officers and each Company Secretary of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors, Officers or Company Secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Proceeding on behalf of the company

No persons have applied for leave pursuant to Section 327 of the *Corporations Act 2001* to bring, or intervene in, proceedings on behalf of EML Payments Limited.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note A4 to the financial statements.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note A4 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

— all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

— none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor independence

Section 307C of the *Corporations Act 2001* requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 67 and forms part of this Directors' report for the year ended 30 June 2020.

Signed in accordance with a resolution of the Directors.

Peter Martin
Non-executive Chairman

18 August 2020

Remuneration Report.

The Remuneration Report contains the following sections:

Dear Shareholders

On behalf of EML's Board, I am pleased to present the Remuneration Report for the year ended 30 June 2020.

The purpose of this Report is to outline EML's approach to remuneration for Executives and Non-Executive Directors, and in particular, the links between EML's Remuneration Framework and business strategy, performance and reward.

There is no doubt that many organisations have, and continue to feel, the impact of COVID-19 on their businesses and the EML Group has not been immune to the challenges presented during this unprecedented period.

EML has acted quickly to implement a response plan to manage the business through this evolving cycle and safeguard business continuity. Our response plan has centred upon taking care of our people and ensuring their health and safety, protecting our strong relationships with customers, mitigating the impact to our income statement and ensuring we have a strong balance sheet to cope with future challenges.

During FY20 and despite challenging market conditions, EML's sound risk management and business approach, combined with significant efforts from our senior management team, has enabled the successful renegotiation and completion of our largest acquisition to date in Prepaid Financial Services (Ireland) Limited (PFS) in March 2020. The PFS acquisition was a central plank in our strategy of re-balancing revenue across our segments in the long term interests of our shareholders. The restructured transaction ensures the combined business has a strong balance sheet, significant cash on hand and nil net debt, this ensures we are well positioned for the economic impacts of COVID-19 and continued growth.

Despite achieving this transformational business milestone, mall closures, social mobility restrictions and social distancing requirements have significantly impacted EML's mall gift card sales.

We are confident that our differentiated service and business model (combined with our strong capital position) will continue to provide flexibility in responding to the current environment.

As a consequence of COVID-19, EML's financial results and share price were significantly impacted during the period. The Board is cognisant of the impact this has had on our shareholders.

The share price decline has also impacted EML employees through their shareholdings in the Company. For the Group CEO and Executive team, all of their variable remuneration (i.e. short term incentives (STI) and long term incentives (LTI)) has been delivered in equity since FY19 which means our senior executives have a significant ongoing exposure

Remuneration Report Glossary

CEO	Group Chief Executive Officer
CFO	Group Chief Financial Officer
EBITDA	Earnings before interest, tax, depreciation and amortisation
ESOP	Employee Share Options Plan
EML	EML Payments Limited
TFR	Total Fixed Remuneration
FY18	The 2018 fiscal year
FY19	The 2019 fiscal year
FY20	The 2020 fiscal year
KMP	Key Management Personnel
KPIs	Key Performance Indicators, the basis for EML's STIs
NEDs	Non-Executive Directors
PBT	Profit before tax
PRC	People and Remuneration Committee
ROCE	Return on Capital Employed
STIs/LTIs	Short-term incentives/ long-term incentives

Remuneration Report.

to EML's share price performance and generates strong alignment between our senior executives and our shareholders.

The adoption of AASB 16 will impact the measurement of EBITDA as the Group's property leases will primarily be expensed through interest & depreciation expense. EBITDA is not just a proxy for cashflow but gives a guide as to the Group's trading performance year on year and how the Group is delivering growth which is a key stakeholder concern for our business.

Recognising increasing complexity in financial reporting standards and the Group operations, our LTIP targets will shift to Net Profit after Tax excluding Acquisition Accounting (NPATA) and a NPATA return on non-Acquisition assets. We believe this will ensure continued alignment with shareholders.

FY20 remuneration outcomes

Our executive remuneration framework at EML is designed to encourage an innovative and strong entrepreneurial mindset amongst our executives to achieve our growth aspirations and reward sustainable decision making in the long term interests of our stakeholders including our shareholders, customers, employees and the broader community.

The Board is cognisant of the impact that COVID-19 has had on our shareholders and other stakeholders and remains focused on ensuring that pay outcomes are aligned with individual and company-wide performance while reflective of the impacts of COVID-19 on our shareholders, customers and the community.

After careful consideration of a number of factors and competing expectations, the Board believes the following FY20 outcomes for Executive KMP strike an appropriate balance between the immediate and long-term interests of our shareholders and our senior executives:

— Vesting of 50% under the FY20 STI to reflect strong performance against the non-financial measures which account for 50% of the STI balanced scorecard. These STI awards will be delivered wholly in equity (in accordance with our executive remuneration framework) and deferred for 12 months to further align the interests of our Executives with our shareholders.

The Board determined that no financial gateway would apply to the STI in FY20 reflecting the significant efforts and achievements of management in successfully renegotiating and completing the PFS acquisition which is critical to our long- term strategy to deliver revenue and earnings diversification through both organic growth and strategic acquisition; and

— To ensure we reward overall achievement, after testing of conditions, the Board have deemed it appropriate to award the FY18 LTIP at 92%. This reflects the strong body of work achieved in the 33 months of the 36 month term, and assessing the impact of the capital raise undertaken for the acquisition of PFS on financial measures associated with the FY18 LTIP in particular EBITDA per share and ROCE.

— While the Group's FY20 financial results and remuneration outcomes reflect a challenging operating environment over the last four months of the financial year, the Board recognised the hard work and dedication of our people. Their continued commitment to executing the Group Strategy and strengthening the cost base and competitive position of the Group over the long term remains to the benefit of EML shareholders.

This year we have provided additional detail (refer to page 44) to explain what the Board has specifically considered in determining the remuneration outcomes for the Executive KMP to balance the financial results and the impact of COVID-19 with the expectations of our employees, shareholders and the community.

EML remains focused on delivering its growth promises and we believe that our current remuneration structure, accompanied by the anticipated changes for FY21, positions us well to continue providing our shareholders with strong returns, both in the short and long-term, as well as ensuring alignment across our Executive KMP.

I believe that our remuneration framework and outcomes for the year deliver a balanced and equitable outcome for all shareholders. We welcome any feedback you might have on our remuneration framework as we continue to ensure it is meeting the needs and expectations of our shareholders, employees and other stakeholders.

We thank you for your loyalty and look forward to your continued support.

Mr David Liddy AM
Chair, People and Remuneration Committee

18 August 2020

1. Introduction

This report forms part of the Company's FY20 Directors' Report and sets out EML Group's remuneration arrangements for Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* and its regulations.

1.1 Key Management Personnel (KMP)

In this report, KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

KMP are comprised of the Board of Directors and members of the Executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Executive Directors and Other Executives considered KMP are referred to collectively as "Executive KMP" in this report.

1.2 People covered by the Remuneration Report

The Remuneration Report discloses the remuneration arrangements and outcomes for those individuals who we have determined to meet the definition of Executive KMP under AASB 124 Related Party Disclosures. Table 1.4 summarises each Executive KMP, their position and term as Executive KMP.

1.3 Changes in Executive KMP

This Report outlines the remuneration arrangements in place for KMP of the Group in FY20, which comprises all Non-Executive Directors and senior executives who have authority and responsibility for planning, directing and controlling the activities of the Group. Table 1.4 below sets out the Group's KMP during FY20.

As in previous years, the Board has given careful consideration to the application of legal test and considered a number of factors (including our organisational structure) in determining which persons constitute Executive KMP. The Board is comfortable that the Executive KMP outlined below represent those persons who had ultimate authority and responsibility for the strategy and direction of EML during FY20.

As previously announced to the market, Brandon Thompson resigned as Chief Commercial Officer (CCO), effective on 5 June 2020. The role of Chief Commercial Officer will not be replaced, and the functions will be distributed amongst the current EML Executive Team.

Remuneration Report.

1. Introduction (continued)

1.4 Executive KMP FY20

The table below shows all the Executive KMP covered by the FY20 Remuneration Report.

	POSITION	FY19	FY20
EXECUTIVE DIRECTOR			
Thomas Cregan	Managing Director & Group Chief Executive Officer	✓	✓
OTHER EXECUTIVES			
Robert Shore	Group Chief Financial Officer	✓ Part year	✓
Brandon Thompson (resigned 5 June 2020)	Group Chief Commercial Officer	✓	✓ Part year

2. People and Remuneration Committee (formally the Remuneration and Nomination Committee)

On the 18 February 2020, the Board resolved the approval of the proposed amendments to the People and Remuneration Committee (**PRC**) Charter (Formerly known as the Remuneration and Nomination Committee). This change was made to reflect the vital role the PRC plays in the success and sustainability of the Company. The PRC is responsible for setting and overseeing strategies aimed at improving EML's culture, diversity, and providing effective remuneration aligned with the creations of values for shareholders and having regard to applicable governance and industry standards for the Group.

Members of the Committee

The Committee is appointed by the Board and comprised solely of Non-Executive Directors.

The members of PRC during 2020 were:

1. David Liddy AM (Committee Chair);
2. Dr Kirstin Ferguson;
3. Peter Martin.

As part of a Committee Chair rotation, Mr David Liddy was appointed to the Chair of the PRC on the 20 May 2020. Dr Kirstin Ferguson remains a member of the PRC.

2. People and Remuneration Committee (continued)

Remuneration Governance

The Board of EML (Board) has adopted a Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at www.emlpayments.com

The Board Charter confirms that the Board is accountable to shareholders for EML's performance and for the proper management of EML's business and affairs.

To assist the Board in carrying out its responsibilities, the Committee has responsibility for reviewing, making recommendations to the Board and, where relevant, approving the remuneration arrangements in place for the Non-Executive Directors, the Group CEO/ MD and Other Executives.

The charter for the Committee is reviewed by the Board annually and can be found at www.emlpayments.com

Role of the Committee

Remuneration of all Executive KMP is determined by the Board, acting on recommendations made by the Committee.

In relation to remuneration, the Committee provides advice and recommendations to the Board for approval on:

- The Group's remuneration policies and frameworks for KMP Executives;
- Fixed annual remuneration and incentive outcomes for Executives;
- Incentive plans for all Employees;
- Key performance indicators (KPIs) and assessing performance against those KPIs by Executives;
- Remuneration policies and fees for Non-Executive Directors and Committee members; and
- Any other remuneration matters that relate to Executives.

The Committee also considers and makes recommendations to the Board on other people related issues such as staff engagement, diversity and inclusion, health and safety and workplace culture.

Attendance

Other Non-Executive Directors, Group CEO, Group CFO, Group General Counsel and Company Secretary and Group People and Remuneration Officer attend PRC Committee meetings as invitees except when their own performance or remuneration arrangements are being discussed.

External advisors and remuneration consultants

Where necessary, the Committee seeks assistance from independent experts and advisors on remuneration related matters. Remuneration consultants provide information on market trends in respect of executive remuneration structures and benchmarking information on executive remuneration levels. Other external advisors assist with the administration of the Group's remuneration plans.

During the year, the Committee engaged Guerdons Associates and KPMG for assistance in providing market practice insights in relation to local and global variable reward practices. Egan Associates were also engaged to advise on remuneration benchmarking for Executives. Egan Associates did not make any 'remuneration recommendations' (as defined in the Corporations Act) in relation to any KMP during FY20.

The Committee independently appoints its remuneration consultants and engages with them in a manner in which any information provided is not subject to undue influence by management. The information provided by external advisors is used as an input into the Committee's considerations and decision making only.

The Board has ultimate decision-making authority over matters of remuneration structures and outcomes.

Specific responsibilities

The specific responsibilities of the Board and the Committee are detailed in their respective charters, which are available on EML's website at www.emlpayments.com

3. Remuneration Strategy

At EML, our remuneration strategy is:

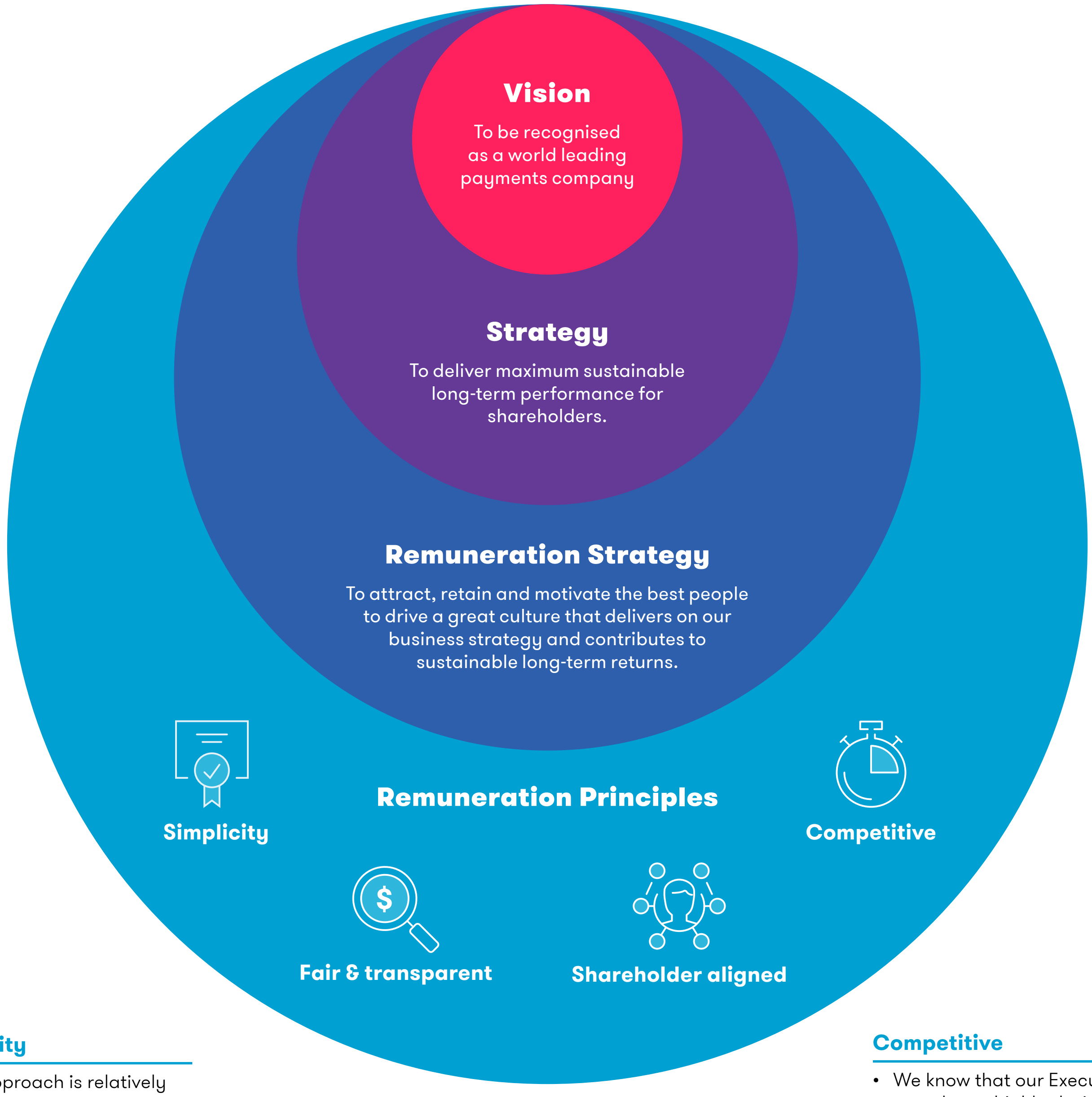
- Focuses on sustained growth in EBITDA as well as focusing the Executive on key non-financial drives of value
- Is intended to attract, motivate and retain high caliber Executives
- Rewards team and individual performance capability and experience
- Reflects competitive rewards for contribution to growth in shareholder wealth
- Provides a clear structure for earning rewards.

The Board believes that in order to deliver on our strategy and build long-term shareholder growth, EML must have a remuneration framework that allows it to compete for talent both locally and globally in a highly competitive and fast-moving environment and against other leading FinTech companies.

Remuneration Report.

3. Remuneration Strategy (continued)

3.1 Our Remuneration Strategy and Principles



Simplicity

- Our approach is relatively simple and easy to explain.
- We make it clear to our shareholders at the outset how much our Executive KMP will be paid. This includes determining the appropriate balance between short and long-term components.

Fair & transparent

- EML's remuneration should be measurable, achievable, consistent, fair and transparent.
- EML's remuneration should drive the 'right' behaviours (eg. exhibit EML's values and meet community expectations), and ensure financial results are achieved in the 'right way'.

Shareholder aligned

- We encourage our Executives to think and act like owners.
- Our Executives are incentivised to focus on actions that will sustainably grow shareholder wealth and not on the impact their management decisions may have on the payments of STIs.

Competitive

- We know that our Executive team has a highly desirable skill set, both in Australia and overseas, so we need to be competitive and flexible to attract and retain our talent.
- In recognising that our people are becoming increasingly attractive to large global players, we also ensure global benchmarks are market competitive for both Executive and selected senior leadership roles.

3. Remuneration Strategy (continued)

3.2 Executive KMP Remuneration Components

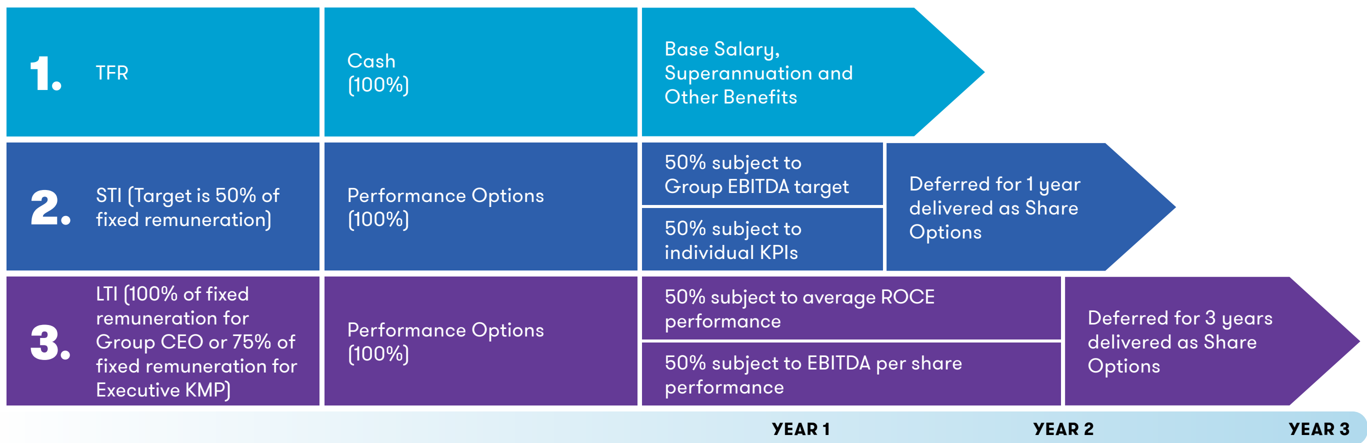
OBJECTIVE	ATTRACT & RETAIN THE BEST TALENT	REWARD CURRENT YEAR PERFORMANCE	REWARD LONG TERM SUSTAINABLE PERFORMANCE
REM component	Total Fixed Remuneration (TFR)[1]	Short Term Incentive (STI)	Long Term Incentive (LTI)
Purpose	TFR is set in relation to the external market and takes into account: • Size and complexity of the role. • Individual responsibilities. • Experience and skills.	STI provides appropriate differentiation of pay for performance and is based on business and individual performance outcomes.	LTI supports alignment to long-term overall company performance and is consistent with: • Strategic business drivers. • Long-term shareholder return.
Delivery	Base salary and superannuation.	Performance Options 100% (deferred for one year).	Performance Options 100% (vesting after three years, subject to performance).
FY20 Approach	Target TFR positioning is competitive against Comparator Group.[2]	Business Performance Measures • EBITDA (50%). • Plus individual performance outcomes. EBITDA target acts as a financial gateway on the STI award.	LTI Performance Measures subject to financial performance hurdles • EBITDA per share. • Return on Capital Employed (ROCE).

(1) Delivery of Total Fixed Remuneration is inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax.

(2) Comparator group drew on information from companies in the financial services, consumer sectors, and ICT sectors, with two or more comparable financial metrics – companies 50% smaller & 50% larger.

3.3 Remuneration delivery

The Executive KMP remuneration mix is structured so that a substantial portion of remuneration is delivered as EML ESOP through either deferred STI or LTI. The total remuneration opportunity is positioned at the top quartile for outperformance. The following diagram (which is not to scale) sets out the remuneration structure and delivery timing for Executive KMP.



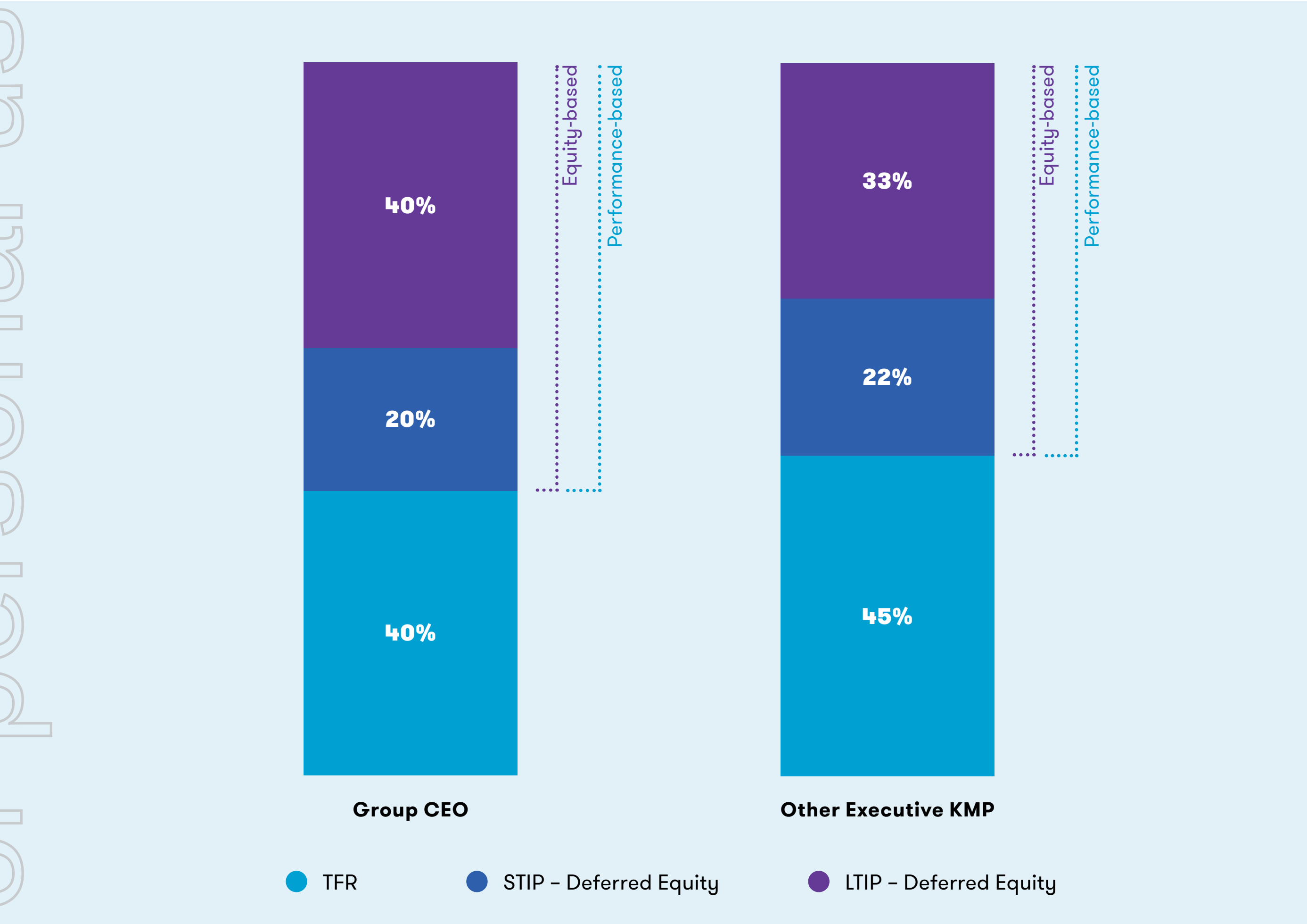
Remuneration Report.

3. Remuneration Strategy (continued)

3.4 Remuneration Mix & Maximum Opportunity

Executive remuneration is structured as a mix of fixed and variable 'at-risk' STI and LTI components. While fixed remuneration is designed to provide a base level of remuneration, the 'at risk' STI and LTI components reward executives when challenging performance measures are met or exceeded.

Below the remuneration components for each Executive KMP are expressed as a percentage of total remuneration, with the STI value varied to reflect maximum performance. The maximum STI opportunity is set at 50% of fixed remuneration for all Executive KMP. The maximum LTI opportunity is set at 100% of total fixed remuneration for the Group CEO, 75% for other Executive KMP.



4. Remuneration Structure FY20

The following table outlines the Executive KMP remuneration framework for FY20.

4.1 FY20 Remuneration Overview

COMPONENT	FY20	RATIONALE
TOTAL FIXED REMUNERATION (TFR) POSITIONING		
External Benchmarking	TFR is aimed to position Executive KMP competitive with market benchmarks.	EML is a complex, global business and the Board must ensure that Executive remuneration is set at a level that is competitive on a global scale.
Comparators	Target TFR positioning is market competitive against external benchmarks.	This is still considered to be the appropriate reference point for our business.
+ SHORT TERM INCENTIVE		
Opportunity	Threshold – 0% of Target. Target – 50% of Target. Maximum – 100% of Target. Threshold occurs for a minimum level of performance deemed appropriate; target STI would be paid for the achievement of budget with stretch; and maximum STI would be awarded for outperformance. No change to performance measures [5].	Ensure we reward for strong performance where it is aligned with shareholder interests and the strategic direction of the Group.
Performance Measures	All participant's eligibility to receive an STI at the end of the financial year is conditional upon the achievement of a 'conduct gate.' [1]	We consider the mix of KPIs are relevant and fit for purpose. The conduct gate is to ensure that EML's remuneration drives the 'right' behaviors.
Delivery	STI delivered wholly in Options with a 1-year deferral.	STI delivered wholly in Options (no cash component) to align with shareholders.
+ LONG TERM INCENTIVE		
Opportunity (grant value)	Opportunity is aligned at between 75% and 100% of TFR for KMP.	LTI opportunity is considered appropriate and aligns with our focus on generating sustainable, long term rewards for shareholders [5].
Performance measures and targets	LTI as corporate (the Company) performance against Revenue and EBITDA targets split as follows: > 50% ROCE; and > 50% EBITDA per share. [4]	LTI is based on Company performance only with individual performance KPIs considered in STI.
Vesting schedule	3 years.	The Board considered the 3 year vesting period to still be relevant.

(1) The 'conduct gate' involves the participant exhibiting behaviour which is consistent with EML's values and Code of Conduct.

(2) In addition to retaining an overarching discretion in respect of vesting outcomes, the Board will have the power to: forfeit deferred (but not yet paid) awards (i.e. malus) e.g. deferred STI; and recoup vested and paid awards (i.e. clawback).

(3) There is no re-testing and the LTI is subject to forfeiture if: (1) performance conditions are not met, (2) the Executive terminates within 12 months of the grant date or (3) the Executive voluntarily resigns or is terminated for cause prior to vesting.

(4) Subject to shareholder approval in the case of the MD and Group CEO position.

(5) Discretion may be exercised in certain other exceptional circumstances on the grounds of business efficacy, in relation to strategic business objectives, including in connection with the divestment or internalisation of EML businesses. Where such discretion is exercised, the Board may impose such other conditions as it considers appropriate.

Remuneration Report.

5. Remuneration Policy and link to Performance

The Board reviews the performance conditions for the STI plan on an annual basis. The two performance conditions under the STI plan are Group EBITDA and Individual KPIs (including threshold, target and stretch levels of performance).

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance which are based on independently verifiable data such as financial measures.

5.1 How performance translates into STI outcomes

The STI plan is aligned to shareholder holder interests by:

- Encouraging executives to achieve year-on-year performance in a balanced and sustainable manner (i.e. through a mix of financial and non-financial performance measures)
- Compulsory deferral of 100% of each STI award in Options acting as a retention mechanism

50% Financial

The Company must have achieved a Group EBITDA target for the year

+

50% Non-financial

- Operations Strategy
- Growth
- Customer
- People & Culture

Each Executive KMP is awarded an individual STI outcome between zero and 100% of their target. Scores are based on Group performance and individual contribution.

5.2 How performance translates into LTI outcome

The Committee sets the performance conditions for the LTI plan on an annual basis. The two performance conditions under the LTI plan are EBITDA per share and Return on Capital Employed (ROCE) target for the future 3 year period.

These performance conditions were selected to align the plan outcomes with commercial long-term performance that is within the executive's ability to influence. EBITDA per share and ROCE performance hurdles are set by the Board and are in line with EML's target range through the cycle. Both the EBITDA per share growth and ROCE performance targets will be disclosed retrospectively at the end of the performance period. The Group does not publish details of the hurdles prior to the end of the first performance period (year 3), as this would result in the disclosure of commercially sensitive information in connection with the Group's forecasts.

The LTI plan is aligned to shareholders' interests in the following ways:

- Encourages executives to make sustainable business decisions within the Board-approved strategy of the Group
- Aligns the financial interests of executives participating in the LTI Plan with shareholders through exposure to EML Options

50% EBITDA per Share

50% of the award is subject to performance against the group's EBITDA per share hurdle

+

50% Return On Capital Employed

50% of the award is subject to performance against the Group's ROCE performance hurdle

Vesting under both the EBITDA per share and ROCE target are on a sliding scale per Option against performance conditions set by the Board.

5. Remuneration Policy and link to Performance (continued)

PERFORMANCE	VESTING OUTCOME
Below Threshold performance	Nil vesting
Target performance	50% vesting
Between Threshold and Outperformance	Straight line vesting
Outperformance	100% vesting

5.3 STI & LTI plan structure

STI

How much of the STI award is deferred?

100% of any award under the STI plan is deferred for one year in the form of Options to EML shares. Options deferred under the STI plan are subject to clawback and continued employment during the vesting period.

Are distributions paid on unvested Options awarded under the STI plan?

The STI is issued wholly in Options and deferred for a further 12 months, participants are entitled to the benefit of distributions paid on the underlying EML securities prior to vesting, through the issue of additional Options at the time of vesting.

When are STI awards forfeited?

Forfeiture will occur should the participant's employment terminate for any reason, or if the participant voluntarily resigns or is terminated for cause prior to the vesting date.

Notwithstanding the above, if a participant's employment is terminated for reasons such as retirement, redundancy, reorganisation, change in control or other unforeseen circumstances, the People & Remuneration Committee may recommend to the Board that the executive should remain in the plan as a 'good leaver'.

LTI

Do participants receive distributions on unvested LTI awards?

Participants are not entitled to distributions paid on underlying EML shares during the performance period prior to Performance Options being tested for vesting.

When are LTI awards forfeited?

If the performance conditions are not met, Performance Options relating to that tranche will be forfeited. There is no retesting of forfeited Options. Performance options are subject to clawback at the discretion of the Board. Additionally, forfeiture will occur should the participant's employment terminate within 12 months of the grant date for any reason, or if the participant voluntarily resigns or is terminated for cause prior to the vesting date. Notwithstanding the above, if a participant's employment is terminated for reasons such as retirement, redundancy, reorganisation, change in control or other unforeseen circumstances, the People & Remuneration Committee may recommend for approval by the Board that the participant remain in the plan as a 'good leaver'.

Where deemed a 'good leaver' by the Board, the participant is entitled to keep a proportion of Options equivalent to the duration of the Measurement Period they were an employee.

OTHER REMUNERATION MATTERS

How is the number of options determined?

The number of Options awarded is based on a percentage of the awarded STI or LTI value divided by the volume weighted average price (VWAP) of EML securities 10 trading days up to and including the date the plan is approved by the Board.

Clawback / Malus

In addition to retaining an overarching discretion in respect of vesting outcomes, the Board will have the power to: forfeit deferred (but not yet paid) awards (i.e. malus) e.g. deferred STI; and recoup vested and paid awards (i.e. clawback).

To reflect emerging best practice (and the heightened scrutiny of remuneration governance in the financial services sector), the trigger events will include: serious misconduct including fraud, dishonesty, gross negligence, recklessness or wilful indifference; a material misstatement in, or omission from EML's financial statements, or a misstatement of a performance condition applicable to the STI or LTI. Where a participant has acted or failed to act in a way that has contributed to material reputational damage to EML; and where, in the opinion of the Board and acting in good faith, all or part of the initial award is no longer justified having regard to the circumstances or information which has come to light after a grant was made under the STI or LTI (e.g. poor customer outcomes).

To maximise legal enforceability, the above clawback / malus provisions is reflected in participant's service agreements (as well as the Plan Rules and offer documentation). It is intended that the Board's powers under the proposed provisions would only be exercised in exceptional circumstances.

Commencement Grants

In order to implement forward looking growth strategy, and to compete for talent globally, the Board will only consider commencement grants for Executive KMP and other executives in exceptional circumstances. Where commencement grants are made, they will be delivered in equity and subject to vesting restrictions aligned with those of forgone incentives for the individual who is joining EML. All commencement grants require approval by the Board after recommendation by the People & Remuneration Committee.

Exceptional Equity Grant

In certain exceptional circumstances, the Board will consider an equity grant for an individual or team that have outperformed and achieved results above and beyond the boundaries of the remuneration framework. Any such awards are limited to the KMP and Executive team and the size of the bonus is limited to a maximum of 50% of fixed pay to be paid in equity (not cash). Any exceptional equity grants require approval by the Board after recommendation by the People & Remuneration Committee.

Remuneration Report.

5. Remuneration Policy and link to Performance (continued)

5.3 STI & LTI plan structure (continued)

How is the plan administered?

The administration of the STI & LTI plan is supported by the LTI plan rules. EML shares may be purchased on market or newly issued equity at the board's discretion (for all participants including the Group CEO) to satisfy the performance Options for the STI and LTI plan. The Board retains the right to amend, suspend or cancel the STI and LTI plans at any time.

Cost and administration

The Company will pay all costs of acquiring and issuing EML Shares, including brokerage and all costs of administering the ESOP. The Company prohibits the hedging of Options by participants.

Share-based payments are granted as compensation for the current year.

Board discretion

The Board has discretion to adjust remuneration outcomes to prevent any inappropriate reward outcomes including reducing (down to zero, if appropriate) any deferred STI and LTI award. The Board will only adjust remuneration outcomes where it believes to not do so would result in a material or perverse remuneration outcome to the detriment of shareholders or also to Executive KMP.

Discretion may be exercised in certain other exceptional circumstances on the grounds of business effectiveness, in relation to strategic business objectives, including in connection with the divestment or internalisation of EML businesses. Where such discretion is exercised, the Board may impose such other conditions as it considers appropriate.

The Board has broad discretion to vary the Plan Rules but not reduce the entitlements of participants in relation to previously offered Options without the consent of the participants.

Change of control

A change in control event is defined to occur when the Board recommends a takeover offer to be accepted by shareholders. In the event of a change of control, unvested Options may be exercised prior to their expiry date, regardless of whether the Vesting Conditions have been met. The Board however retains discretion over the treatment of any unvested Options.

6. FY20 EML Performance Summary

The Company uses the non-statutory financial metric of Earnings Before Tax, Depreciation and Amortisation (EBITDA) as their key financial performance measure. The Directors believe this metric is relevant to users for the following reasons:

- Inclusive of interest income which is considered part of the operating business structure. The Group holds and manages large cash balances of prepaid stored value (2020: $1.44B, 2019: $495M);
- Exclusive of depreciation and amortisation, a non-cash expense which primarily relates to amortisation of intangible assets following acquisitions made by the Group in recent years;
- Exclusive of share-based payment expense, a non-cash expense of which a significant element relates to options granted for retention and performance incentive following acquisition;
- Exclusive of income tax
- Exclusive of foreign exchange gains or losses;
- Exclusive of acquisition costs; and
- Exclusive of interest expense which primarily relates to the discounting of contingent consideration paid in connection with acquisitions of the Prepaid Financial Services (PFS) Group and the Perfectcard Group.

EBITDA

$32.5m

EBITDA GROWTH

+10%

6. FY20 EML Performance Highlights (continued)

	30 JUNE 2020 $'000	30 JUNE 2019 $'000	30 JUNE 2018 $'000	30 JUNE 2017 $'000	30 JUNE 2016 $'000
Net (Loss)/Profit after tax	(5,854)	8,450	2,208	9	88
Add back					
Acquisition costs [1]	15,794	567	280	51	456
Depreciation and amortisation	18,656	10,267	8,798	10,076	3,746
Share-based payments	6,146	4,214	4,986	5,317	2,073
Income tax (benefit)/expense	(719)	576	2,778	(2,310)	(1,838)
Research and development tax incentive offset	1,343	1,281	1,377	1,439	990
Finance costs	4,072	1,865	494	-	-
Other income	(3,137)	-	-	-	-
Bond fair value amortisation	671	-	-	-	-
Other non-operating (benefit)/expense	(4,436)	2,481	119	(10)	(19)
EBITDA [1]	**32,536**	29,701	21,040	14,572	3,496
EBITDA cents per share	**9.0**	11.8	8.5	6.0	2.3
Return on Capital Employed %	**(1%)**	5%	3%	(2%)	(1%)

(1) Acquisition costs have been excluded from the calculation of EBITDA.

7. Business Scorecard Outcomes

EML is committed to providing transparency in respect of STI measures under the framework and performance against each STI measure when it discloses STI outcomes.

The Business Scorecard, which is approved by our Board before the financial year begins, helps our Executive KMPs focus on outcomes that are within their control and are a priority in that year. It also includes a balanced range of measures that take into account both our financial and non-financial performance.

Our non-financial measures are in line with our Business Strategy including customer, growth, risk management and leadership. Performance is assessed relative to the Business Scorecard (with guidance from Board Committees, such as the People & Remuneration, Audit & Risk and Investment Committees) and individual performance outcomes.

SCORECARD MEASURE	WEIGHT	PERFORMANCE	OUTCOME
FINANCIAL	**50%**		
Group EBITDA		Despite positive results up to and including February 2020, the impact of COVID-19 on our Gift & Incentive volumes resulted in an EBITDA outcome that was behind target.	TARGET NOT MET
STRATEGIC PRIORITIES	**35%**		
Successful completion of M&A deals capable of delivering on our FY21 strategy for a specific exit revenue run rate.		Delivered on key projects across the Operations including acquisition of PFS (Due Diligence, Debt Facility, Underwritten equity raise) and subsequent price renegotiation.	BETTER THAN TARGET
Implement the revised Risk Management System, including the capabilities in proactive Fraud Management & Cyber Security.		Successfully implemented our integrated risk and event platform, enhanced second line assurance routines and tools.	TARGET MET
Identify new opportunities and Introduce new product offering into our Gift & Incentive (G&I) portfolio.		Delivered on product offerings across the G&I portfolio, industry mobile payments and EML Connect.	TARGET MET
PEOPLE & CULTURE	**15%**		
Continue to build leadership capability and engagement across the Group.		Significant work in leadership development and recruitment across the business, with positive impact on capability. Improvement in broad-based engagement levels as measured through engagement surveys.	TARGET MET
SUB-TOTAL	**50%**		

Remuneration Report.

8. Remuneration Outcomes

8.1 Executive KMP remuneration outcomes for FY20

EXECUTIVE KMP FIXED REMUNERATION OUTCOMES

In line with our pay for performance approach to remuneration, fixed remuneration for our Executive KMP in FY20 comprised approximately 55% of total awarded remuneration, with the balance at risk and explicitly linked to performance.

EXECUTIVE KMP INCENTIVE OUTCOMES

In determining each Executive KMP's incentive awards for the year, the Committee carefully considered a number of factors with respect to each Executive KMP, including the financial performance of both EML overall and each business function, people and culture leadership, their business judgement as well as a holistic assessment of both financial and non-financial risks, including conduct matters and outcomes for our customers and shareholders.

Achievement highlights for non-financial KPIs;

- Regional managers successfully integration of leadership roles and sales portfolios following the acquisition of PFS. This reflects the international nature of EML's business activities and business development opportunities throughout Europe
- The effectiveness of EML's strong risk management framework during the year and the investment in risk management resourcing, including internal audit, behavioural risk and fraud risk
- The seamless transition to Company-wide remote working in response to COVID-19.

SHORT TERM INCENTIVES

The Board approved vesting of 50% under the FY20 STI to reflect strong performance against the non-financial measures which account for 50% of the STI balanced scorecard.

The Board determined that no financial gateway would apply to the STI in FY20 reflecting the significant efforts and achievements of management during the year to execute the Group Strategy successfully renegotiating and complete the PFS acquisition which is critical to our long- term strategy to deliver revenue and earnings diversification through both organic growth and strategic acquisition.

STI awards are delivered wholly in equity (in accordance with our executive remuneration framework) and deferred for 12 months to further align the interests of our executives with our shareholders.

In line with the decision to conserve cash the delivery of the broader employee STI was awarded at 50% achievement and paid in equity.

LONG TERM INCENTIVES

The Board has exercised its discretion and will award 92% against performance measures for the FY18 LTIP. The FY18 LTI is expected to partially vest at 92%, subject only to the KMP being employed as at 20 August 2020.

The Board took into consideration the significant efforts from EML management team in renegotiating a transformational business opportunity with the acquisition of PFS. Our Management's successful renegotiation of this transaction resulted in EML closing the deal with significant cash on hand and no debt- a strategically and financially sound position.

This cash balance which is earning low returns, when combined with our significant capital raising has had a detrimental effect to our ROE calculation, and in turn affected the LTI plan outcomes.

In addition to the service condition, this plan was subject to three performance hurdles, being ROCE, EBITDA per share and Individual KPIs. Based on an assessment of the performance up to April 2020 the Board has deemed combined vesting to be at 92%.

The FY19 and FY20 LTI will remain in play with the Board to assess the performance closer to the vesting date. At such time the Board may use its discretion to impose such other conditions as it considers appropriate.

NON-EXECUTIVE DIRECTOR REMUNERATION

No fee review undertaken this financial year. EML Board also agreed that there would be no individual director fee increases for FY20. At the 2019 AGM the shareholders approved the maximum aggregate fee pool of $1,250,000 per year.

The awards made to each Executive KMP with respect to their performance during the year ended 30 June 2020 are provided in tables opposite.

8. Remuneration Outcomes (continued)

8.2 Awards for FY20 performance

DEFERRED STI AND LTI GRANTS

The number of Options granted to Executive KMP is determined by dividing the Deferred STI value and LTI grant value by the VWAP of EML shares ten trading days up to and including 19 June 2019 (the date of Board Approval). The minimum value of the grant is nil if the performance conditions are not met. The maximum value is based on the estimated face value calculated at the time of grant and amortised in accordance with the accounting standard requirements.

The below details the number of Options granted to Executive KMP for FY20 under the Deferred STI and LTI plans.

FY20 STI OUTCOMES

The following table shows the actual STI outcomes for each Executive KMP for FY20 the value of STI equity based on a volume weighted average price of $2.87. The Board's discretion to award STI outcomes even though the EBITDA threshold was not met.

EMPLOYEE	STI MAX OPPORTUNITY (% OF FIXED REMUNERATION)	ACTUAL STI (% MAX)	STI FORFEITED (% MAX)	ACTUAL STI (TOTAL) $
Thomas Cregan (1)	50%	50%	50%	$162,500
Robert Shore	50%	50%	50%	$100,000
Brandon Thompson (2)	50%	0%	100%	Nil

(1) Series 35, relating to Thomas Cregan's FY20 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be the balance date and this will be revised upon shareholder approval.

(2) Brandon Thompson resigned from the Company effective 5 June 2020. Mr. Thompson's FY20 STIP was cancelled in accordance with his service agreement and the terms of EML's relevant incentive plans.

FY20 LTI AWARDS GRANTED

The table below presents the LTI grants to Executive KMP made during FY20 that are due to vest on 31 August 2022, subject to performance conditions. The maximum total value of the LTI grants is based on the estimated face value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

	LTI GRANTS IN FY20					
	LTI MAX AS % OF FIXED REMUNERATION	PERFORMANCE MEASURES	NUMBER OF OPTIONS GRANTED	NUMBER OF OPTIONS FORFEITED	FAIR VALUE PER OPTION $	MAXIMUM TOTAL VALUE OF GRANT $
Thomas Cregan	100%	EBITDA per share ROCE	226,481	–	2.47	558,400
Robert Shore	75%	EBITDA per share ROCE	104,530	–	2.47	257,724
Brandon Thompson (1)	75%	EBITDA per share ROCE	142,769	142,769	-	-

(1) Brandon Thompson resigned from the Company effective 5 June 2020. Mr. Thompson's FY20 LTIP was cancelled in accordance with his service agreement and the terms of EML's relevant incentive plans.

Remuneration Report.

9. Terms of Executive KMP service agreements

EML has executive service agreements with each Executive KMP. These agreements may be terminated by written notice from either party or by the Company making a payment in lieu of notice.

The executive service agreements outline the components of remuneration paid to Executives and require the remuneration of Executives to be reviewed annually. The executive service agreements do not require the Company to increase base salary, pay a STI or offer a LTI in any given year.

The table below contains the key terms of the Executive team's service agreements for the year ended 30 June 2020.

NAME	TITLE	BASE SALARY INCLUDING SUPERANNUATION	TERMINATION NOTICE PERIOD	TERMINATION PAYMENTS
Thomas Cregan	Managing Director & Group Chief Executive Officer	AUD 650,000	3 months either party	Change of control agreement
Robert Shore	Group Chief Financial Officer	AUD 400,000	3 months either party	Change of control agreement
Brandon Thompson[1]	Group Chief Commercial Officer	USD 375,000	3 months either party	None

(1) On resignation of his employment on 5 June 2020, Brandon Thompson was not eligible to receive pro-rata benefits in accordance with his service agreement and the terms of EML's relevant incentive plans. All outstanding Employee Share Plans have been cancelled.

10. Non-Executive Directors' Remuneration

EML aims to attract and retain a high calibre of Non-Executive Directors (NEDs) who are equipped with diverse skills to govern the organisation and oversee the decision making of EML Group Executives so as to return value for EML shareholders. EML aims to fairly remunerate Directors for their responsibilities relative to organisations of similar size and complexity.

As the Group continues on its journey as an ASX listed company with a global presence, the Group is committed to ensuring it meets the highest standards of corporate governance and external expectations, which includes the composition and independence of its Board. Ensuring the Board has the right composition and set of skills, expertise, experience and values to support the expansion and globalisation of the EML business is critical to the Group's long-term success.

Reflecting this, and as announced to the market in May 2020, the EML Board welcomes Mr George Gresham as an independent Non-Executive Board Member.

The ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 13 November 2019 when shareholders approved the maximum aggregate fee pool of $1,250,000 per year.

Each NED receives a board base fee for being a Director of the Company as well as Committee fees. An additional fee is also paid to the following Non-Executives in their capacity as:

— Chairman and members of the Audit and Risk Committee,

— Chairman and members of the Investment Committee

— Chairman and members of the People and Remuneration Committee

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to NEDs of comparable companies when undertaking the annual review process and in the current year engaged Egan Associates to perform the review the EML Group Board fees to ensure they were market competitive.

A review of NED remuneration was undertaken by the People & Remuneration Committee in December 2018. In recognising the varying commitments of each NED and in line with current market practice, the base and Committee fees paid to NEDs were increased. This increase took effect from 1 January 2019. No changes were made to NEDs fees in FY20.

The appointment of Mr George Gresham to the Board of EML in May 2020 the total NED remuneration payable in FY20 was $745,100. Remaining under the maximum aggregate fee pool of $1,250,000 per year.

10.1 Summary of Fee Framework (Exclusive of statutory superannuation contribution)

	2020	2019
BOARD		
Chair	$150,000	$150,000
Member	$82,191	$82,191
AUDIT & RISK COMMITTEE		
Chair	$22,831	$22,831
Member	$10,958	$10,958
PEOPLE & REMUNERATION COMMITTEE		
Chair	$22,831	$22,831
Member	$10,958	$10,958
INVESTMENT COMMITTEE		
Chair	$12,000	$12,000
Member	$6,000	$6,000

Remuneration Report.

10. Non-Executive Directors' Remuneration (continued)

The payment of additional fees for serving as Chairman, whether on the Board or a Committee recognises the additional time commitment required by the Chairman.

Non-Executive Directors are also entitled to be reimbursed for all business related expenses, including travel on EML business, incurred in the discharge of their duties in accordance with EML's Constitution.

Non-Executive Directors do not receive any benefits upon retirement under any retirement benefits schemes (other than statutory superannuation).

During the year ended 30 June 2020, there were no issued capital transactions with NEDs.

BENCHMARKING

Fees are set by reference to the following considerations:

- Industry practice and best principles of corporate governance;
- Responsibilities and risks attaching to the role of Non-Executive Directors;
- The time commitment expected of Non-executive Directors on Group matters; and
- Reference to fees paid to Non-Executive Directors of comparable companies.

Non-Executive Director fees are periodically reviewed to ensure they remain in line with general industry practice and reflect proper compensation for duties undertaken. External independent advice is sought in these circumstances.

11. Other

EMPLOYEE SHARE OPTION PLAN

The Company operates an ownership-based scheme for Executives and senior employees of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at the Annual General Meeting held on 13 November 2019.

Each employee share option converts into one ordinary share of EML Payments Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

The number of options granted is determined by the Group CEO and is subject to Board approval. The awarding of options to Executives and senior employees, rewards employees against the extent of the consolidated entity's and individual achievements against both qualitative and quantitative requirements.

The options granted generally expire within three years of their issue, or upon the resignation of the employee to whom the options were granted.

SECURITIES TRADING POLICY

The Securities Trading Policy provides guidance to Directors, Employees (including Executive Key Management Personnel), Contractors and Associates for ongoing compliance with legal obligations relating to trading or investing in financial products managed by EML.

The Policy prohibits employees from trading in financial products while they are in possession of Inside Information (non-public price sensitive information) and hedging their exposure to unvested EML securities. Trading in EML securities or related products is only permitted with the permission of the EML Board Chairman.

The Group also has Code of Conduct and Insider Trading policies in place which extend to family members and associates of employees.

12. Additional Disclosures

12.1 Executive shareholdings Shares under Options

The following grants of share-based payment compensation to Executive KMP relate to the current financial year. No share based payment compensation was granted to NEDs.

			DURING THE FINANCIAL YEAR				
EMPLOYEE	OPTIONS SERIES	DATE GRANTED	NO. GRANTED DURING THE YEAR	NO. VESTED DURING THE YEAR	% OF GRANT VESTED	% OF GRANT FORFEITED	SHARE OPTION PLAN
EXECUTIVE KMP							
Thomas Cregan	Series 34	13/11/2019	226,481	-	0%	0%	ESOP 2
	Series 35[3]	30/06/2020	113,240	-	0%	50%	ESOP 2
Robert Shore	Series 33[1]	20/08/2019	104,530	-	0%	0%	ESOP 2
	Series 36[1]	17/06/2020	69,686	-	0%	50%	ESOP 2
Brandon Thompson	Series 33[1]	20/08/2019	142,769	-	0%	100%	ESOP 2
	Series 36[1] [2]	17/06/2020	95,179	-	0%	100%	ESOP 2

(1) A total of 1,826,172 options were issued under Series 33 and 36. The remaining options not disclosed above were issued to non-KMP.

(2) On resignation of employment on 5 June 2020, Brandon Thompson's ESOP was cancelled in accordance with his service agreement and the terms of EML's relevant incentive plans. All outstanding Employee Share Plans were forfeited.

(3) Series 35, relating to Thomas Cregan's FY20 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be the balance date and will be revised upon shareholder approval.

OTHER TRANSACTIONS

Where Directors had other transactions with the Company, particulars of those transactions, which do not form part of this Remuneration Report, are shown at Note G1 to the Financial Statements.

The following table summarises the value of options to Executive KMP granted, exercised or lapsed during the year:

EMPLOYEE	OPTIONS SERIES	VALUE OF THE OPTIONS GRANTED AT THE GRANT DATE[1] $	VALUE OF THE OPTIONS EXERCISED AT THE EXERCISED DATE[2] $	VALUE OF THE OPTIONS LAPSED AT THE LAPSED DATE $	SHARE OPTION PLAN
EXECUTIVE KMP					
Thomas Cregan	Series 34 & 35[3]	1,270,556	-	-	ESOP 2
Robert Shore	Series 33 & 36	638,536	-	-	ESOP 2
Brandon Thompson	Series 21, 33 & 36	872,127	239,663	-	ESOP 2

(1) The value of the options granted during the period is calculated using a Black-Scholes valuation methodology and recognised in compensation over the vesting period of the grant, in accordance with the Australian Accounting Standards.

(2) The value of options exercised at the exercise date was based on the number of shares actually awarded to the KMP at the market value of the shares on the date exercised. Brandon Thompson exercised 83,390 share options on 10 July 2019 when the Company's share price was $2.87.

(3) Series 35, relating to Thomas Cregan's FY20 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be the balance date and will be revised upon shareholder approval.

Remuneration Report.

12. Additional Disclosures (continued)

12.2 Shares under option

Unissued ordinary shares of EML Payments Limited under option at the date of this report of Executive KMP are as follows:

OPTIONS – SERIES	SHARE OPTION PLAN	GRANT DATE	VEST DATE	EXPIRY DATE	NUMBER OUTSTANDING AT DATE OF REPORT	FAIR VALUE AT GRANT DATE	EXERCISE PRICE
Series 20	ESOP 2	19/04/2017	30/08/2020	30/09/2020	388,164	$1.17	$0.00
Series 27	ESOP 2	24/09/2018	01/09/2021	30/10/2021	391,566	$1.26	$0.00
Series 28	ESOP 2	24/09/2018	01/09/2021	30/10/2021	155,896	$1.26	$0.00
Series 29	ESOP 2	24/09/2018	01/07/2020	23/09/2021	-	$1.26	$0.00
Series 32	ESOP 2	13/11/2019	01/07/2020	23/09/2021	185,994	$3.48	$0.00
Series 33	ESOP 2	20/08/2019	01/07/2022	29/08/2022	104,530	$2.47	$0.00
Series 34[(1)]	ESOP 2	13/11/2019	01/07/2022	29/08/2022	226,481	$3.48	$0.00
Series 35	ESOP 2	30/06/2020	01/07/2021	29/08/2021	56,620	$2.98	$0.00
Series 36	ESOP 2	17/06/2020	01/07/2021	29/08/2021	34,842	$3.14	$0.00

(1) Series 35, relating to Thomas Cregan's FY20 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be balance date and will be revised upon shareholder approval.

OPTION SERIES SUBJECT TO PERFORMANCE HURDLES VESTING CONDITIONS:

	SERIES 27 & 28	SERIES 29 & 32	SERIES 33 & 34	SERIES 35 & 36
OPTIONS- SERIES	FY19 LTIP	FY19 STIP	FY20 LTIP	FY20 STIP
FINANCIAL YEAR IN WHICH PERFORMANCE HURDLES WILL BE MEASURED	FY19-FY21	FY19	FY20 - FY22	FY20
HURDLES REFERENCED TO	Group results	Group results	Group results	Group results
THRESHOLD FINANCIAL PERFORMANCE HURDLES				
(a) EBITDA	n/a	>25.5M	n/a	>36M
(b) EBITDA per share	>0.127	n/a	>0.206	n/a
(c) Return on Capital Employed	>11%	n/a	>14.5%	n/a
OTHER PERFORMANCE HURDLES				
(d) Performance evaluation	n/a	Individual KPIs	n/a	Individual KPIs

12. Additional Disclosures (continued)

12.2 Shares under option (continued)

NUMBER OF PERFORMANCE HURDLES REQUIRED FOR OPTIONS TO VEST

Series 20

Series 20 is weighted between performance evaluation (33%) and the Group financial metrics (67%). Performance evaluation is subject to achieving a minimum of 70% of the individual's KPI targets set for the year, if less than 70% is achieved in the final year prior to the vesting date then the options granted will be fully forfeited. This condition is not subject to a percentage pro-rata. Financial metrics are split evenly between EBITDA per share and Return on Equity targets. Both performance metrics are based on a percentage pro-rata achievement of the targets, with no maximum upside or downside. For every 1% out-performance of the financial metrics vesting conditions when added together, an extra 2% of the original grant will apply as a bonus. The bonus will only be available once a minimum of 10% out performance has been achieved and is capped at 120% of the original grant.

Series 27 & 28

Series 27 and 28 financial metrics are split evenly between 50% EBITDA per share and 50% Return on Capital Employed targets. The Company must have achieved a threshold EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all Options the subject of this offer. Calculation of the number of options is based on outperformance.

Series 29 & 32

Series 29 and 32 are weighted between 50% Group EBITDA target for FY19 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY19. Award is delivered wholly in Options. A vesting period of 1 year applies to all Options the subject of this offer. The 1 year commences on 1 July 2019. Even assuming all other vesting conditions that apply to these Options are met, they cannot exercise the Options until the expiry of that 1 year period. The number of options is a based on a straight-line calculation between threshold and outperformance.

Series 32 was approved by shareholders at the AGM during November 2019.

Series 33, 34 & 37

Series 33, 34 and 37 financial metrics are split evenly between 50% EBITDA per share and 50% Return on Capital Employed targets.

The Company must have achieved a compulsory EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all Options the subject of this offer. Calculation of the number of options is based on outperformance.

Series 35 & 36

Series 35 and 36 are weighted between 50% Group EBITDA target for FY20 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY21. Award is delivered wholly in Options. A Vesting Period of 1 year applies to all Options the subject of this offer. The 1 year commences on 1 July 2020. Even assuming all other Vesting Conditions that apply to these Options are met, they cannot exercise the Options until the expiry of that 1 year period. The number of options is based on a straight-line calculation between threshold and outperformance.

Series 35 has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be the balance date and this will be revised upon.

Remuneration Report.

12. Additional Disclosures (continued)

12.3 KMP Compensation

		SHORT-TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS				
		SALARY & FEES $	BONUSES $	NON-MONETARY BENEFITS $	OTHER $	SUPERANNUATION $	LONG-SERVICE LEAVE $	OPTIONS $	SHARES $	TOTAL $	PERFORMANCE RELATED %	VALUE OF SHARE-BASED PAYMENTS AS A % OF REMUNERATION %
NON-EXECUTIVE DIRECTORS												
Peter Martin	2020	150,000	-	-	-	14,250	-	-	-	164,250	-	-
	2019	150,000	-	-	-	14,250	-	-	-	164,250	-	-
Tony Adcock	2020	111,023	-	-	-	10,547	-	-	-	121,570	-	-
	2019	102,061	-	-	-	9,696	-	-	-	111,757	-	-
David Liddy AM (1)	2020	111,686	-	-	-	10,610	-	-	-	122,296	-	-
	2019	101,605	-	-	-	9,652	-	-	-	111,257	-	-
Dr Kirstin Ferguson (1)	2020	103,621	-	-	-	9,844	-	-	-	113,465	-	-
	2019	96,011	-	-	-	9,121	-	-	-	105,132	-	-
Melanie Wilson	2020	115,140	-	-	-	-	-	-	-	115,140	-	-
	2019	99,000	-	-	-	-	-	-	-	99,000	-	-
George W Gresham (2)	2020	9,458	-	-	-	-	-	-	-	9,458	-	-
	2019	-	-	-	-	-	-	-	-	-	-	-
EXECUTIVE DIRECTOR												
Thomas Cregan	2020	628,997	-	-	-	21,003	-	937,758	-	1,587,758	59%	59%
	2019	629,469	-	-	-	20,531	-	2,000,796	-	2,650,796	75%	75%
OTHER EXECUTIVES												
Robert Shore	2020	378,997	-	-	-	21,003	-	282,976	-	682,976	41%	41%
	2019 (3)	193,549	-	-	-	12,795	-	249,543	-	455,887	55%	55%
Brandon Thompson (4)	2020	509,130	-	52,996	-	13,995	-	(224,176)	-	351,945	-64%	-64%
	2019	536,711	-	37,155	-	12,533	-	785,909	-	1,372,308	57%	57%
Bruce Stewart	2020	-	-	-	-	-	-	-	-	-	-	-
	2019	138,873	-	514	-	-	-	19,963	-	159,350	13%	13%
Total KMP compensation	**2020**	**2,118,052**	**-**	**52,996**	**-**	**101,252**	**-**	**996,558**	**-**	**3,268,858**	**30%**	**30%**
	2019	2,047,280	-	37,699	-	88,578	-	3,056,210	-	5,229,737	58%	58%

(1) Dr Kirstin Ferguson resigned as Chair of the People and Remuneration Committee effective 20 May 2020. David Liddy AM was appointed as Chair of the People and Remuneration Committee effective 20 May 2020.

(2) George Gresham was appointed 18 May 2020 as a Non-Executive Director. No cash payment was made in the financial year ended 30 June 2020.

(3) Robert Shore was appointed Group Chief Financial Officer effective 14 November 2018 during FY19.

(4) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020.

12. Additional Disclosures (continued)

12.4 Actual Cash Remuneration for Executive KMP Earned in FY20

The table below represents:

- Total Fixed Remuneration, including Base salary including superannuation and non-monetary benefits such as travel and mobile phone allowances;
- Cash STI paid during the year;
- STI Vested – the value of STI that vested during the financial year using the share price on the date of vesting less any employee contribution; and
- LTI Vested – the value of LTI that vested during the financial year using the share price on the date of vesting less any employee contribution.

EXECUTIVE KMP	TOTAL FIXED REMUNERATION $	CASH STI $	STI VESTED $	LTI VESTED $	TOTAL REMUNERATION $
Thomas Cregan	650,000	-	-	-	650,000
Robert Shore	400,000	-	-	-	400,000
Brandon Thompson (1)	565,601	-	-	-	565,601
Total	**1,615,601**	**-**	**-**	**-**	**1,615,601**

(1) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020.

12.5 Total Cash Remuneration for Non-Executive Directors

	BASE SALARY $	SUPERANNUATION $	TOTAL FIXED REMUNERATION(1) $
NON-EXECUTIVE DIRECTORS			
Peter Martin	150,000	14,250	164,250
Tony Adcock	111,023	10,547	121,570
David Liddy AM	111,686	10,610	122,297
Dr Kirstin Ferguson	103,621	9,844	113,465
Melanie Wilson (2)	115,140	-	115,140
George Gresham (3)	9,458	-	9,458
Total	**600,928**	**45,251**	**646,180**

(1) Total Fixed Remuneration, includes base salary, superannuation, non-monetary and other remuneration.

(2) Melanie Wilson's remuneration is paid through a service company and is inclusive of superannuation.

(3) George Gresham was appointed as a Non-Executive Director on 18 May 2020. No cash payment was made in the financial year ended 30 June 2020.

Remuneration Report.

12. Additional Disclosures (continued)

12.6 Ordinary shares held in EML Payments Limited by Directors and Executive KMP

		BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE	BALANCE AT END OF YEAR
NON-EXECUTIVE DIRECTORS						
Peter Martin	2020	7,655,213	-	-	(336,221)	7,318,992
	2019	8,505,213	-	-	(850,000)	7,655,213
Tony Adcock	2020	50,000	-	-	(25,000)	25,000
	2019	234,593	-	-	(184,593)	50,000
David Liddy AM	2020	800,000	-	-	160,000	960,000
	2019	800,000	-	-	-	800,000
Dr Kirstin Ferguson	2020	-	-	-	18,323	18,323
	2019	-	-	-	-	-
Melanie Wilson	2020	40,000	-	-	8,000	48,000
	2019	-	-	-	40,000	40,000
George Gresham (1)	2020	-	-	-	-	-
	2019	-	-	-	-	-
EXECUTIVE DIRECTOR						
Thomas Cregan	2020	16,474,723	-	-	1,461,223	17,935,946
	2019	16,474,723	-	-	-	16,474,723
OTHER EXECUTIVES						
Robert Shore	2020	87,500	-	-	(37,500)	50,000
	2019	-	-	57,500	30,000 (4)	87,500
Brandon Thompson (2)	2020	350,000	-	-	(350,000)	-
	2019	350,000	-	-	-	350,000
Bruce Stewart (3)	2020	-	-	-	-	-
	2019	2,967,349	-	-	(2,967,349)	-
Andrew Betts (3)	2020	-	-	-	-	-
	2019	731,553	-	-	(731,553)	-
Stuart Green (3)	2020	-	-	-	-	-
	2019	1,829,968	-	-	(1,829,968)	-
Rachelle St Ledger (3)	2020	-	-	-	-	-
	2019	113,636	-	-	(113,636)	-
Eric Mettemeyer (3)	2020	-	-	-	-	-
	2019	1,043,147	-	-	(1,043,147)	-
Total Directors and Executive KMP ordinary shares held in EML Payments Limited	**2020**	**25,457,436**	**-**	**-**	**898,825**	**26,356,261**
	2019	33,050,182	-	57,500	(7,650,246)	25,457,436

(1) George Gresham was appointed 20 May 2020 as a Non-Executive Director.

(2) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020

(3) As of 1 July 2018, these roles were no longer considered Executive KMP for reporting purposes.

(4) Net change is a combination of 22,829 shares held on the date of appointment and purchases during the year of 7,171 in November 2018.

12. Additional Disclosures (continued)

12.7 Option holdings of Executive KMP (number)

		OPENING BALANCE	GRANTED AS REMUNER-ATION	OPTIONS EXERCISED	OPTIONS CANCELLED	NET CHANGE OTHER	CLOSING BALANCE	BALANCE VESTED AT 30 JUNE 2020	VESTED BUT NOT EXERCIS-ABLE	VESTED AND EXERCIS-ABLE	OPTIONS VESTED DURING YEAR
EXECUTIVE DIRECTOR											
Thomas Cregan	2020	954,272	339,721	-	(86,757)	-	1,207,236	-	-	-	-
	2019	376,712	577,560	-	-	-	954,272	-	-	-	-
OTHER EXECUTIVES											
Robert Shore	2020	300,875	174,216	-	(38,460)	-	436,631	-	-	-	-
	2019	-	255,670	(57,500)	-	102,705	300,875	-	-	-	-
Brandon Thompson (1)	2020	546,384	237,948	(83,390)	-	(700,942)	-	-	-	-	-
	2019	250,168	296,216	-	-	-	546,384	-	-	-	-
Bruce Stewart (2)	2020	-	-	-	-	-	-	-	-	-	-
	2019	158,219	-	-	-	(158,219)	-	-	-	-	-
Andrew Betts (2)	2020	-	-	-	-	-	-	-	-	-	-
	2019	424,315	-	-	-	(424,315)	-	-	-	-	-
Stuart Green (2)	2020	-	-	-	-	-	-	-	-	-	-
	2019	516,719	-	-	-	(516,719)	-	-	-	-	-
Rachelle St Ledger (2)	2020	-	-	-	-	-	-	-	-	-	-
	2019	424,315	-	-	-	(424,315)	-	-	-	-	
Eric Mettemeyer (2)	2020	-	-	-	-	-	-	-	-	-	-
	2019	3,693,397	-	-	-	(3,693,397)	-	-	-	-	-
Total options held by Executive KMP	**2020**	**1,801,531**	**751,885**	**(83,390)**	**(125,217)**	**(700,942)**	**1,643,867**	**-**	**-**	**-**	**-**
	2019	5,843,845	1,129,446	(57,500)	-	(5,114,260)	1,801,531	-	-	-	-

(1) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020

(2) As of 1 July 2018, these roles were no longer considered Executive KMP for reporting purposes.

No options were held by the Non-Executive Directors during the financial year ended 30 June 2020 (2019: Nil).

Directors' Declaration.

In the opinion of the Directors of EML Payments Limited (the "Company"):

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note G4 to the financial statements

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001*.

Peter Martin
Non-executive Chairman

18 August 2020

Independent Auditor's Report.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Phone: +61 7 3308 7000
www.deloitte.com.au

Independent Auditor's Report to the members of EML Payments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EML Payments Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for breakage and account management fees (AMF) revenue In the financial year ended 30 June 2020, the Group recognised $25.7 million of breakage and AMF revenue as disclosed in Note A1. For breakage revenue, management is required to exercise significant judgment in estimating the expected residual non-refundable, unredeemed and unspent funds value left on cards and in accruing for breakage revenue in proportion to the historical pattern of rights exercised by the customer. As set out in Note A1, management has disclosed a key judgement made in the process of applying the Group's accounting policies in respect of breakage and AMF revenue. In accounting for breakage and AMF revenue management has determined that it is appropriate to apply AASB 15 *Revenue from Contracts with Customers* to residual unspent funds on cards.	Our audit procedures included, but were not limited to: • Assessing the Group's accounting policy for breakage and AMF revenue against the requirements of AASB 15 through evaluating management's analysis on the application of AASB 15 to the Group's revenue from contracts with customers across the Group's card programs; • Understand controls over the Group's breakage and AMF revenue recognition process; • Evaluating and challenging management's assumptions of expected residual percentages and pattern of rights of exercise with regards to actual historical data, market specific trends, and existing economic conditions for each program; • Determining an independent estimate using historical breakage rates and investigating any significant differences from management's estimate; • Assessing the independence, competence and objectivity of the external experts utilised by the group to determine estimates on certain types of cards; • Assessing whether the impact of applying alternative accounting judgements, including accounting for certain of the Group's card programs under alternate accounting standards, would impact the users of the financial statements; and • Evaluating the Group's disclosures in Note A1 to the financial statements in respect of the judgements applied by management in the application of the Group's accounting policies. We also assessed the appropriateness of the disclosures in Note A1 to the financial statements.
Acquisition of Prepaid Financial Services (Ireland) Limited On 31 March 2020, the Group acquired a 100% equity stake in Prepaid Financial Services (Ireland) Limited, an Irish registered and domiciled entity, acquiring Prepaid Financial	In conjunction with our valuation and financial reporting specialists our audit procedures included, but were not limited to: • Assessing the independent valuations obtained for the business acquired;

Deloitte.

Services Limited, PFS Card Services Ireland Limited, P.F.S Spain SL and Spectre Technologies Limited (collectively referred to as the Prepaid Financial Services Group), unlisted companies based in Europe. Accounting for acquisitions is complex and involves a number of significant judgements and estimates as disclosed in Note F6, including: • The identification of and fair value attributed to the separately identifiable assets and liabilities acquired, including intangible assets; and • The fair value attributed to contingent consideration.	• Evaluating the independence, competence and objectivity of the valuer engaged by management to value the assets acquired; • Evaluating the purchase price allocation performed by management including assessing management's methodology in determining the identifiable assets and liabilities assumed, the fair value of the consideration transferred and fair valuation of assets and liabilities acquired; • Assessing management's estimation and valuation of contingent consideration included in the acquisition accounting; • Assessing management's assessment on open regulatory compliance matters and making inquiries with Group's legal advisors on the potential fines or warranty claims as disclosed in Notes B9 and G2; • Performing sensitivity analysis on the key assumptions driving asset valuation in the purchase price allocation; and • Assessing the accounting treatment applied by management is in accordance with the relevant accounting standard. We also assessed the appropriateness of the disclosures in Note F6 to the consolidated financial statements.
Impairment of goodwill and intangible assets As at 30 June 2020 the Group has goodwill and intangible assets totalling $404.7 million arising from the acquisitions of businesses as disclosed in Note E2. The Group has identified the following Cash Generating Units (CGUs) to which goodwill is allocated: - Australia; - Europe; - Flex-e-Card Group; - North America; - Perfect Card Group; and - Prepaid Financial Services Group	In conjunction with our valuation specialists, our procedures included, but were not limited to: • Evaluating the appropriateness of management's identification of the Group's CGUs and testing key controls over the Group's impairment assessment process; • Evaluating the appropriateness of the methodology applied by management in calculating the recoverable amounts of the CGUs; • Assessing the reasonableness of the projected cash flows against external economic and financial data and the Group's own historical performance; • Assessing the reasonableness of historical forecasting by comparing the actual results achieved against the historical budgets; • Evaluating management's assessment and factors resulting from the impact of COVID-

Independent Auditor's Report.

Deloitte.

Management conducts annual impairment tests to assess the recoverability of the carrying value of non-current assets. This assessment requires significant judgement due to the high level of assumptions and estimates involved in preparing a discounted cash flow model ('value in use'), including: - Identification of appropriate CGUs to which goodwill is allocated for the purpose of impairment testing; - Future cash flows for the CGUs; - Discount rates; and - Terminal value growth rates. Given acquisitions and continuing development of the Group the CGUs have been reassessed by management during the current year.	19 on future cash flows and hence carrying amounts of the CGUs; • Assessing the key assumptions used by management in the impairment model, in particular challenging the assumptions used in calculating discount rates and terminal growth rates; • Assessing the recoverable amount against the carrying value of each CGU; and • Testing the mathematical accuracy of the impairment models. We also assessed the appropriateness of the disclosures in Note E2 to the consolidated financial statements.
Recoverability of deferred tax assets As at 30 June 2020 the Group has recognised deferred tax assets of $25.0 million as disclosed in Note A3. The deferred tax assets include timing differences and previously recorded tax losses. The recoverability of deferred tax assets is dependent on the generation of sufficient future taxable profit to utilise the assets. Taxable profits must be generated in the same jurisdiction the losses or timing differences were generated in. Significant judgement is required in forecasting future taxable profit.	In conjunction with our tax specialists, our audit procedures included, but were not limited to: • Challenging the appropriateness of management's estimation of future taxable profit and assessing whether these estimates were consistent with the forecasts used as part of the impairment testing of goodwill and intangible assets; • Assessing the appropriateness of the deferred tax calculation prepared by management in terms of relevant accounting standards and applicable tax regulation; and • Recalculating the accuracy of the deferred tax calculation. We also assessed the appropriateness of the disclosures in Note A3 to the consolidated financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

Deloitte.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report.

Deloitte.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 59 of the Directors' Report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of EML Payments Limited for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy
Partner
Chartered Accountants
Brisbane, 18 August 2020

Auditor's Independence Declaration.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
Australia

Phone: +61 7 3308 7000
www.deloitte.com.au

The Board of Directors
EML Payments Limited
Level 12/333 Ann Street
Brisbane City QLD 4000

18 August 2020

Dear Board Members

Auditor's Independence Declaration to EML Payments Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of EML Payments Limited.

As lead audit partner for the audit of the financial report of EML Payments Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income.

For the year ended 30 June 2020

	NOTES	CONSOLIDATED 30 JUNE 2020 $'000	CONSOLIDATED 30 JUNE 2019 $'000
Revenue from contracts with customers	A1	117,284	94,392
Interest income	A1	3,675	2,803
Total Revenue		120,959	97,195
Cost of sales		(32,884)	(24,180)
Gross Profit	A2	**88,075**	**73,015**
Other income	A1	3,137	-
Employee benefits expense		(39,073)	(29,079)
Professional fees		(2,999)	(2,857)
Other operating expenses	A1	(15,481)	(12,659)
Share-based payments	F3	(6,146)	(4,214)
Depreciation and amortisation expense	E1, E2	(18,656)	(10,267)
Acquisition costs		(15,794)	(567)
Finance costs	A4	(4,072)	(1,865)
Other non-operating benefit/(expense)	A1	4,436	(2,481)
Total Expenses		**(97,785)**	**(63,989)**
(Loss)/Profit before income tax		(6,573)	9,026
Income tax benefit/(expense)	A3	719	(576)
Net (Loss)/Profit for the year		**(5,854)**	**8,450**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(23,399)	4,613
Items that will not be reclassified subsequently to profit or loss:			
Fair value revaluation of financial assets at FVOCI		-	(1,181)
Other comprehensive income for the year, net of income tax		**(23,399)**	**3,432**
Total comprehensive profit for the year		**(29,253)**	**11,882**
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Equity holders of the parent		(29,253)	11,715
Non-controlling interests		-	167
(LOSS)/PROFIT PER SHARE (CENTS PER SHARE)	A6		
Basic (cents per share)		(1.92)	3.18
Diluted (cents per share)		(1.92)	3.04

The accompanying notes form part of these financial statements.

Statement of Financial Position.

As at 30 June 2020

	NOTES	CONSOLIDATED 30 JUNE 2020 $'000	CONSOLIDATED 30 JUNE 2019 $'000
CURRENT ASSETS			
Cash and cash equivalents	B1	118,381	33,085
Contract assets	B3	22,344	18,217
Trade and other receivables	B4	21,664	14,369
Other current assets	B5	5,297	3,343
Segregated funds and bond investments	D1	833,407	244,824
Total Current Assets		**1,001,093**	**313,838**
NON-CURRENT ASSETS			
Contract assets	B3	9,485	13,611
Trade and other receivables	B4	7,351	12,386
Segregated funds and bond investments	D1	443,214	-
Financial assets	D5	702	4,310
Plant, equipment and right-of-use assets	E1	14,629	5,355
Intangibles	E2	404,748	104,554
Deferred tax asset	A3	25,044	22,653
Total Non-Current Assets		**905,173**	**162,869**
Total Assets		**1,906,266**	**476,707**
CURRENT LIABILITIES			
Trade and other payables	B6	47,461	33,853
Lease liability	B8	2,342	-
Employee benefits	C1	1,600	851
Current tax payable		194	759
Interest-bearing borrowings	D3	-	15,000
Other liabilities		847	3,705
Provisions	B9	3,585	-
Contingent consideration	D4, F6	4,328	-
Liabilities to stored value account holders	D2	1,265,896	244,824
Total Current Liabilities		**1,326,253**	**298,992**
NON-CURRENT LIABILITIES			
Other liabilities	B7	10,565	14,257
Lease liability	B8	6,808	-
Interest-bearing borrowings	D3, F6	35,848	-
Contingent consideration	D4, F6	69,279	11,831
Deferred tax liabilities	A3	16,445	7,315
Employee benefits	C1	76	81
Total Non-Current Liabilities		**139,021**	**33,484**
Total Liabilities		**1,465,274**	**332,476**
Net Assets		**440,992**	**144,231**
EQUITY			
Issued capital	F1	455,583	138,097
Reserves	F2	11,187	27,802
Accumulated losses		(25,778)	(21,668)
Total Equity		**440,992**	**144,231**

All on-demand cardholder liabilities are classified as current liabilities, whereas a portion of the surplus segregated funds are classified as non-current. This results in the presentation of a net current liability position. Refer notes D1 and G4. The accompanying notes form part of these financial statements.

Statement of Cash Flows.

For the year ended 30 June 2020

	NOTES	CONSOLIDATED 30 JUNE 2020 $'000	CONSOLIDATED 30 JUNE 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		121,043	95,533
Payments to suppliers and employees		(90,401)	(66,680)
Tax paid		(716)	(1,855)
Payments for acquisition related expenses		(15,794)	(567)
Interest paid		(270)	(18)
Interest received		5,182	2,749
Gain on cashflow hedge	A1, D3	3,026	-
Net cash generated by operating activities	B2	**22,070**	**29,162**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	E1	(1,538)	(1,298)
Payments for intangibles	E2	(9,456)	(4,469)
Payment of contingent consideration	D4	(1,090)	(100)
Payment for business combinations, net of cash acquired	F6	(142,531)	(43,951)
Net cash used in investing activities		**(154,615)**	**(49,818)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	F1	248,206	353
Payments for share issue costs		(7,401)	-
Payments for principal relating to lease liability		(1,661)	-
Payment for acquisition of non-controlling interests	F6	(4,274)	(339)
Proceeds from interest-bearing borrowings	D3	-	15,000
Repayments of interest-bearing borrowings	D3	(15,000)	-
Net cash provided from financing activities		**219,870**	**15,014**
Net increase / (decrease) in cash held		87,325	(5,642)
Cash at beginning of the year		33,085	39,006
Impacts of foreign exchange		(2,029)	(279)
Cash at end of the year	B1	**118,381**	33,085

The accompanying notes form part of these financial statements.

Statement of Changes in Equity.

For the year ended 30 June 2020

	NOTES	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	OTHER RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL $'000
BALANCE AT 1 JULY 2018		137,744	(27,062)	23,639	(4,548)	129,773	-	129,773
TOTAL COMPREHENSIVE INCOME								
– Profit for the year		-	8,268	-	-	8,268	182	8,450
OTHER COMPREHENSIVE INCOME								
– Unrealised foreign currency gain/(loss), net of tax		-	-	-	4,628	4,628	(15)	4,613
– Fair value revaluation of financial assets at FVOCI	D4	-	-	(1,181)	-	(1,181)	-	(1,181)
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		-	8,268	(1,181)	4,628	11,715	167	11,882
TRANSACTIONS RECORDED DIRECTLY IN EQUITY								
– Non-controlling interests on acquisition of subsidiary	F6	-	-	-	-	-	1,558	1,558
– Acquisition of non-controlling interests	F6	-	(2,874)	-	-	(2,874)	(1,725)	(4,599)
– Share-based payments		-	-	5,264	-	5,264	-	5,264
– Issue of share capital	F1	353	-	-	-	353	-	353
Balance at 30 June 2019		**138,097**	**(21,668)**	**27,722**	**80**	**144,231**	**-**	**144,231**
Opening balance adjustments relating to the adoption of AASB 16	G4	-	54	-	-	54	-	54
RESTATED BALANCE AT 1 JULY 2019		138,097	(21,614)	27,722	80	144,285	-	144,285
TOTAL COMPREHENSIVE INCOME								
– Loss for the year		-	(5,854)	-	-	(5,854)	-	(5,854)
OTHER COMPREHENSIVE INCOME								
– Unrealised foreign currency gain/(loss), net of tax		-	-	-	(23,399)	(23,399)	-	(23,399)
– Disposal of financial asset at FVOCI	D4	-	(1,184)	1,184	-	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		-	(7,038)	1,184	(23,399)	(29,253)	-	(29,253)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY								
– Share-based payments		-	-	8,474	-	8,474	-	8,474
– Issue of share capital	F1	324,887	-	-	-	324,887	-	324,887
– Issue costs		(7,401)	-	-	-	(7,401)	-	(7,401)
– Other reserves transfer		-	2,874	(2,874)	-	-	-	-
Balance at 30 June 2020		**455,583**	**(25,778)**	**34,506**	**(23,319)**	**440,992**	**-**	**440,992**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements.

A1 Revenue, Other Income and Other Expenses

The following revenue and expense items are relevant in explaining the financial performance for the year

	CONSOLIDATED	
	30 JUNE 2020 $'000	30 JUNE 2019 $'000
(A) REVENUE FROM CONTRACTS WITH CUSTOMERS		
Recurring revenue – Transaction based revenue	77,868	52,750
Recurring revenue – Service-based revenue	25,704	31,887
Non-recurring revenue – Establishment revenue	13,712	9,755
	117,284	**94,392**
(B) INTEREST INCOME		
Interest income – Stored value	1,417	2,324
Interest income – Group funds	931	479
Interest income – Bond investments [1]	1,327	-
	3,675	**2,803**
(C) OTHER INCOME		
Gain on cashflow hedge [2]	3,026	-
Fair value gain on financial asset held at FVTPL (Refer to Note D4)	101	-
Other income	10	-
	3,137	**-**
(D) OTHER OPERATING EXPENSES [3]		
Fixed sponsor bank and other related costs	2,037	1,436
Information technology related costs	5,269	3,723
Risk and compliance	2,165	1,707
Other	6,010	5,793
	15,481	**12,659**
(E) OTHER NON-OPERATING BENEFIT/(EXPENSE)		
Foreign exchange (gain)/loss, net	(5,242)	2,481
Impairment charge against goodwill [4]	806	-
	(4,436)	**2,481**

(1) Interest income - Bond investments includes a reduction of $671,000 for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.

(2) The Group made a cash gain on the forward exchange contracts entered into for the acquisition of Prepaid Financial Services (Ireland) Limited during the year ended 30 June 2020, refer to Note D3.

(3) Acquisition costs have been presented as a separate category on the Statement of Profit or Loss and Other Comprehensive Income. In the comparative period, they were included in Other expenses.

(4) An impairment charge against goodwill was recognised for continuing operations for the year ended 30 June 2020. This was in relation to Flex-e-Card International DMCC's operations which will be wound up within the next 18 months, refer to Note E2.

A1 Revenue, Other Income and Other Expenses (continued)

Revenue is recognised when performance obligations are satisfied at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is categorised in relation to the nature of the occurrence.

(i) Recurring Revenue

The Group's Recurring revenue, including Breakage revenue and Transaction fees are categorised together due to their recurring nature. It is recorded net of commissions.

TRANSACTION BASED REVENUE (FIXED CONSIDERATION)

The Group generates fixed consideration from cardholder transactions. This revenue includes transaction fees and fees generated from interchange.

Transaction and Interchange fees

Transaction fees and fees generated from interchange are recognised at the time the cardholder uses their card. The performance obligation for the Group relates to providing the cardholder access to funds to the value of their prepaid account (i.e. a distinct service each time the card is used).

Revenue is recognised at the point in time the service has been provided to the cardholder. The transaction price is fixed and determined with reference to the contracted terms.

SERVICE-BASED REVENUE (VARIABLE CONSIDERATION)

The Group generates variable consideration from providing services to the cardholder.

Account Management Fees (AMF)

AMF is an amount which is generated from monthly charges on inactive cardholder accounts. The Group's performance obligation is with the cardholder and either relates to redemption of value through goods and services, not cash, or providing the infrastructure to settle in goods and services, up to the card balance.

Where the Group expects to be entitled to an AMF amount and can demonstrate the ability to reliably measure the value, revenue is recognised over time in proportion to the pattern of rights exercised by the cardholder. The transaction price is variable and therefore estimated using historical data, market-specific trends, and existing economic conditions for each program.

Significant accounting judgements and estimates relating to AMF are described further below.

KEY JUDGEMENTS AND ESTIMATIONS

ACCOUNT MANAGEMENT FEE (AMF) REVENUE

AMF is an amount which is generated from monthly charges on cardholder accounts.

Management have exercised judgement in assessing the features of the Group's AMF products and have concluded that AMF falls within the scope of AASB 15. This is because the performance obligation is with the cardholder and either relates to redemption of value through goods and services, not cash, or providing the infrastructure to settle in goods and services, up to the card balance.

Where we expect to be entitled to an AMF amount and, to the extent that it is highly probable that a significant reversal will not occur, the Group uses historical data, market-specific trends, existing economic conditions for each program to measure the AMF. The Group will then recognise AMF as variable consideration in proportion to the pattern of rights exercised by the cardholder.

The calculated AMF and pattern of rights of exercise are reviewed regularly in line with new commercial agreements and changes in cardholder behaviour.

Cardholder redemption patterns are continuously monitored as they inform the Group estimates of effective AMF rates on our Gift & Incentive programs, we have assessed this information for the impacts of COVID-19. At the balance date, the Group has considered the four months of data available which demonstrates some evidence of a slowdown in consumer spending which may be driven by social mobility restrictions and mall closures in the period. Whilst this could result in an increase in the effective breakage rates, the Group has exercised judgement and has not at this stage incorporated an adjustment to the estimated effective breakage rates. This will continue to be assessed in future periods as further data is available to be evaluated across the Group's programs and geographical locations.

Notes to the Financial Statements.

A1 Revenue, Other Income and Other Expenses (continued)

Breakage revenue

The Group generates revenue from prepaid products on the unused amount (i.e. the residual non-refundable, unredeemed or unspent funds). This is primarily generated through:

- Expiry - Revenue recognised according to the expected residual balance at expiry; and
- Derecognition - Where cards in certain jurisdictions, or due to contractual agreements, do not have an expiry date, external expert advisors are used to estimate residual value.

The Group's performance obligation is with the cardholder and either relates to redemption of value through goods and services, not cash, or providing the infrastructure to settle in goods and services, up to the card balance.

Where the Group expects to be entitled to a breakage amount and can demonstrate the ability to reliably measure the value, revenue is recognised over time in proportion to the pattern of rights exercised by the cardholder. The transaction price is variable and therefore estimated using historical data, market-specific trends, and existing economic conditions for each program.

The estimated residual percentage is reviewed regularly in line with new commercial agreements and changes in cardholder behaviour. The Group will not recognise any estimated breakage amounts until it is highly probable that a significant revenue reversal will not occur. If the Group cannot determine whether breakage will occur, it will not recognise any amounts as breakage until the likelihood of the customer exercising its rights becomes remote.

Significant accounting judgements and estimates relating to Breakage revenue are described further below.

Partially unsatisfied performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are partially unsatisfied and will be received in over 12 months as at the reporting date is $9,485,000 (2019: 13,611,000). Amounts under 12 months are not included because the Group has elected to adopt the practical expedient available in AASB 15.

This value represents the timing difference between recognition of revenue over the cardholder spend profile and finalisation of performance obligations.

The Group has considered whether there is a significant financing component and have concluded there is no existence. Refer to Note B3 for further information.

(ii) Non-recurring Revenue

ESTABLISHMENT REVENUE

The Group's Establishment revenue, including minimum spend, set up and card sales, is recognised at the point in time the service has been provided. Where the Group have not yet satisfied performance obligations, a Deferred income has been recognised in Other liabilities, refer to Note B7. The transaction price is fixed and determined with reference to the contracted terms.

Card sales revenue is recognised when the order is confirmed by the client as this represents the point in time at which the customer has accepted the asset, significant risks and rewards have been transferred and the Group has the right to consideration. Card orders are highly branded to the client's specific requirements and are unable to be repurposed. Following shipment, the client has full discretion over the manner of distribution and bears the risks of obsolescence and loss in relation to the card.

(iii) Interest Income

Interest income is recognised using the effective interest method in accordance with AASB 9. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

KEY JUDGEMENTS AND ESTIMATIONS - BREAKAGE REVENUE

We refer to the portion of the dollar value of unused, prepaid stored value accounts that cardholders do not redeem as breakage. We include in breakage revenue all revenue generated from expected residual value.

Management have exercised judgement in assessing the features of the Group's breakage products and have concluded that the residual non-refundable, unredeemed or unspent funds on gift cards fall within the scope of AASB 15. This is because the Group's performance obligation is with the cardholder and either relates to redemption of value through goods and services, not cash, or providing the infrastructure to settle in goods and services, up to the card balance.

Where we expect to be entitled to a breakage amount and, to the extent that it is highly probable that a significant reversal will not occur, the Group uses historical data, market-specific trends, existing economic conditions for each program to measure the residual percentage. The Group will then recognise breakage revenue as variable consideration in proportion to the pattern of rights exercised by the cardholder.

The calculated residual percentage and pattern of rights of exercise are reviewed regularly in line with new commercial agreements and changes in cardholder behaviour.

Cardholder redemption patterns are continuously monitored as they inform the Group estimates of effective breakage rates on our Gift & Incentive programs, we have assessed this information for the impacts of COVID-19. At the balance date, the Group has considered the four months of data available which demonstrates some evidence of a slowdown in consumer spending which may be driven by social mobility restrictions and mall closures in the period. Whilst this could result in an increase in the effective breakage rates, the Group has exercised judgement and has not at this stage incorporated an adjustment to the estimated effective breakage rates. This will continue to be assessed in future periods as further data is available to be evaluated across the Group's programs and geographical locations.

A2 Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of EML Payments Limited.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on the product segment location of the business operations.

As the Group's operations continue to increase in scale and reach, product segments provide a view of the Group's results.

The Group reports its primary segments under AASB 8 as follows:

- Gift & Incentive (G&I)
- General Purpose Reloadable (GPR)
- Virtual Account Numbers (VANS)

Segment EBITDA represents the gross profit earned by each segment, after cash overheads, inclusive of R&D tax incentive and allocation of central administration costs and Directors' salaries, before share based payments, depreciation & amortisation and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable operating segment for the years under review:

	YEAR ENDED 30 JUNE 2020				YEAR ENDED 30 JUNE 2019			
	G&I $'000	GPR $'000	VANS $'000	GROUP $'000	G&I $'000	GPR $'000	VANS $'000	GROUP $'000
Gross debit volume (GDV)	1,174,979	4,234,169	8,466,788	13,875,936	1,059,983	2,739,337	5,231,591	9,030,911
Revenue conversion (bps)	581	107	13	87	626	87	12	108
Recurring revenue - Transaction based revenue	32,558	34,648	10,662	77,868	26,681	19,662	6,407	52,750
Recurring revenue - Service-based revenue	25,704	-	-	25,704	31,887	-	-	31,887
Non-recurring revenue – Establishment revenue	8,699	5,013	-	13,712	6,029	3,726	-	9,755
Total Revenue from contracts with customers	66,961	39,661	10,662	117,284	64,597	23,388	6,407	94,392
Interest income – Stored value	1,210	207	-	1,417	1,768	548	8	2,324
Interest income – Group funds	-	-	-	931	-	-	-	479
Interest income – Bond investment	-	1,998	-	1,327	-	-	-	-
Total Interest Income	1,210	2,205	-	3,675	1,768	548	8	2,803
Total Revenue	**68,171**	**41,866**	**10,662**	**120,959**	**66,365**	**23,936**	**6,415**	**97,195**
Gross Profit	**56,155**	**25,007**	**6,913**	**88,075**	52,373	15,797	4,366	73,015
Gross profit %	82%	60%	65%	73%	79%	66%	68%	75%
Other income				3,137				-
Employee benefits expense				(39,073)				(29,079)
Professional fees				(2,999)				(2,857)
Share-based payments				(6,146)				(4,214)
Depreciation and amortisation				(18,656)				(10,267)
Acquisition costs				(15,794)				(567)
Finance costs				(4,072)				(1,865)
Other expenses				(11,045)				(15,140)
(Loss)/Profit before tax				**(6,573)**				**9,026**

Notes to the Financial Statements.

A2 Segment Information (continued)

The following table disaggregates revenue from contracts with customers by geography.

	YEAR ENDED 30 JUNE 2020				YEAR ENDED 30 JUNE 2019			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000
Revenue from contracts with customers	**21,427**	**54,542**	**41,315**	**117,284**	18,417	29,170	46,805	94,392

Assets are not monitored at the product segment view, the following is an analysis of the consolidated entity's net assets by geography:

	YEAR ENDED 30 JUNE 2020				YEAR ENDED 30 JUNE 2019			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP [1] $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP[1] $'000
Current assets	153,434	827,715	19,944	1,001,093	39,083	257,185	16,801	313,838
Non-current assets	412,371	476,007	16,795	905,173	155,568	6,221	33,383	162,869
Total liabilities	(108,448)	(1,327,946)	(28,880)	(1,465,274)	(56,826)	(265,095)	(41,980)	(332,476)
Net assets/(liabilities)	**457,357**	**(24,224)**	**7,859**	**440,992**	137,825	(1,689)	8,204	144,231

(1) Group totals include the effects of intercompany eliminations. Net assets include the intercompany balances.

A3 Taxation

	CONSOLIDATED	
	2020 $'000	2019 $'000
(A) RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Current income tax expense	(2,328)	(2,825)
Deferred tax (expense)/benefit relating to the origination and reversal of temporary differences	1,194	18
Refundable R & D tax offset	1,343	1,281
Over/(under) provision of income tax in prior year	510	950
Total income tax benefit/(expense)	**719**	**(576)**
(B) RECONCILIATION BETWEEN INCOME TAX (EXPENSE)/BENEFIT AND PROFIT BEFORE INCOME TAX		
(Loss)/profit before income tax	(6,573)	9,026
Income tax expense using the domestic corporation tax rate of 30% (2019: 30%)	1,972	(2,708)
TAX EFFECT OF:		
Non-deductible expenses	(4,211)	(2,600)
Tax deduction in respect of contributions to employee share trust	4,194	3,405
Refundable R & D tax offset	1,343	1,281
Effect of differences in tax rates [1]	(1,102)	677
Utilisation of tax losses	909	-
Over/(under) provision of income tax in prior year	510	950
Other	(2,896)	(1,581)
Income tax benefit/(expense)	**719**	**(576)**

(1) United Kingdom corporate tax rate is 19%, Irish tax rate is 12.5%, Australian corporate tax rate is 30%, USA tax rate is 21%, Canadian tax rate is 26.50% and United Arab Emirates is nil.

Notes to the Financial Statements.

A3 Taxation (continued)

	2020 $'000	2019 $'000
(C) DEFERRED TAX ASSET		
Intangible assets	3,454	3,251
Employee benefits	2,778	3,440
Recognition of tax losses [1]	16,513	15,607
Share capital costs	991	194
Other	1,308	161
Deferred tax asset	**25,044**	22,653

(1) The Group is recognising a deferred tax asset arising from unused carried forward losses for the US, UK and Australian Groups. The Group has assessed that sufficient future taxable profit will be available against which the unused tax losses will be able to be applied.

	2020 $'000	2019 $'000
(D) DEFERRED TAX LIABILITY		
Contract assets	(3,255)	(5,572)
Intangible assets	(11,850)	(1,089)
Plant, equipment and right-of-use asset	(1,340)	(654)
Deferred tax liability	**(16,445)**	(7,315)

Tax assets and liabilities are not offset due to arising in different tax jurisdictions.

Current income tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

A3 Taxation (continued)

Deferred income tax

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

KEY JUDGEMENTS AND ESTIMATIONS - RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement on future profitability is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

These tax losses relate to subsidiaries that have historically incurred a tax loss, and also taxable profits. The Group has prepared forecasts that support the unused tax loss deferred tax asset on the basis that the Group expects that there will be sufficient taxable profits available against which the tax losses can be realised within a reasonable time frame.

Tax consolidation legislation

The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

The Company recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

Notes to the Financial Statements.

A4 Finance Costs

	CONSOLIDATED	
	30 JUNE 2020 $'000	30 JUNE 2019 $'000
Interest expense - General	538	27
Interest expense - Lease liability interest expense	186	-
Interest expense - Unwind of discount on contingent consideration	3,348	1,838
	4,072	**1,865**

INTEREST EXPENSE - UNWIND OF DISCOUNT ON CONTINGENT CONSIDERATION

Interest expense - unwind of discount on contingent consideration relates to the recent acquisitions - refer to Note D4 and F6. The contingent consideration relating to the earnout has been fair valued at acquisition date and reporting date in line with AASB 3 *Business Combinations* requirements. The discounting between the fair value at acquisition date and the expected earn-out to be achieved will be unwound through interest expense until the end of the earnout period.

A5 Auditor's Remuneration

	CONSOLIDATED	
	2020 $	2019 $
(A) STATUTORY AUDIT AND REVIEW OF FINANCIAL STATEMENTS		
Group	303,000	191,100
Controlled entities	554,120	167,900
Controlled entities - non-recurring fees relating to acquisitions	120,717	25,000
Statutory audit and review of financial statements	977,837	384,000
(B) OTHER NON-AUDIT SERVICES IN RELATION TO THE ENTITY AND ANY OTHER ENTITY IN THE CONSOLIDATED GROUP		
Other consulting services	-	10,483
Total remuneration for non-audit services	-	10,483
	977,837	**394,483**

The auditor of EML Payments Limited is Deloitte Touche Tohmatsu.

A6 Earnings per Share

	CONSOLIDATED	
	2020 CENTS PER SHARE	2019 CENTS PER SHARE
(A) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS		
Basic earnings per share	(1.92)	3.18 [3]
Diluted earnings per share	(1.92)[4]	3.04 [3]
(B) (LOSS)/PROFIT USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE	(5,854,000)	8,450,000
(C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	304,151,623	249,102,463
Adjustment for shares deemed to be issued at nil consideration in respect of option rights entitlements [1]	7,962,922	5,188,681
Adjustment for shares deemed to be issued in respect of contingent consideration [2]	656,402	5,382,403
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share [2]	312,770,947	259,673,547

(1) The options included in the above calculation are options for all series on offer at balance date.

(2) The adjustment included for shares deemed to be issued in respect of contingent consideration related to the contingent considerations of the Perfectcard Group business combination (see Note F6).

(3) The weighted average number of ordinary shares for the purpose of calculating both the basic and diluted earnings per share have been adjusted for both the current year and the prior year comparative to reflect the bonus element included in the rights issue conducted for the capital raising in November 2019.

(4) The diluted earnings per share has been adjusted as to not be antidilutive.

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for the costs of servicing equity (other than dividends).

Notes to the Financial Statements.

B1 Cash and Cash Equivalents

	CONSOLIDATED	
	2020 $'000	2019 $'000
Cash on hand and at bank	53,112	22,504
Short-term deposits	65,269	10,581
	118,381	33,085

Cash at bank earns interest at floating rates on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

B2 Reconciliation of Operating Cashflows

Reconciliation of operating profit after income tax to net cash used in operating activities

	CONSOLIDATED	
	2020 $'000	2019 $'000
OPERATING (LOSS)/PROFIT AFTER INCOME TAX	(5,854)	8,268
ADD: NON-CASH ITEMS		
Depreciation and amortisation	18,655	10,267
Share-based payments	6,146	4,214
Foreign exchange on contract assets	(250)	(1,644)
Net foreign exchange differences	(5,268)	2,243
Unwind of discount on contingent consideration	3,348	1,838
Impairment charge against goodwill	806	-
Gain on fair value of financial asset	(101)	-
Interest expense on lease liability	186	-
Other	543	310
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase) / decrease in trade and other receivables	2,993	(4,635)
(Increase) / decrease in other current assets	228	(405)
(Increase) / decrease in current tax	(1,588)	1,904
(Increase) / decrease in other long term receivables	5,036	(4,933)
(Increase) / decrease in deferred tax asset	(63)	(3,777)
Increase / (decrease) in bond investments	1,329	-
Increase / (decrease) in trade and other payables	688	5,860
Increase / (decrease) in employee benefits	430	102
Increase / (decrease) in other liabilities	(4,065)	9,003
Increase / (decrease) in deferred tax liabilities	(1,129)	547
Net cash generated by operating activities	**22,070**	29,162

Notes to the Financial Statements.

B3 Contract Assets

	CONSOLIDATED	
	2020 $'000	2019 $'000
CURRENT		
Contract assets	22,344	18,217
NON-CURRENT		
Contract assets	9,485	13,611

Contract assets are rights to consideration in exchange for services provided to the cardholder. Where the Group performs services before the cardholder pays consideration, a contract asset is recognised for the earned consideration that is conditional.

Where the Group expect to be entitled to a contract asset and can demonstrate the ability to reliably measure cardholder redemption patterns, we will recognise the expected breakage and AMF revenue as variable consideration in proportion to the pattern of rights exercised by the cardholder.

Variable consideration can only be recognised where it is highly probable that a significant reversal will not occur.

Contract assets are subject to the expected credit loss assessment under AASB 9. However, the Group will only recognise an asset when it expects to be entitled to the revenue and can demonstrate the ability to reliably measure cardholder redemption patterns.

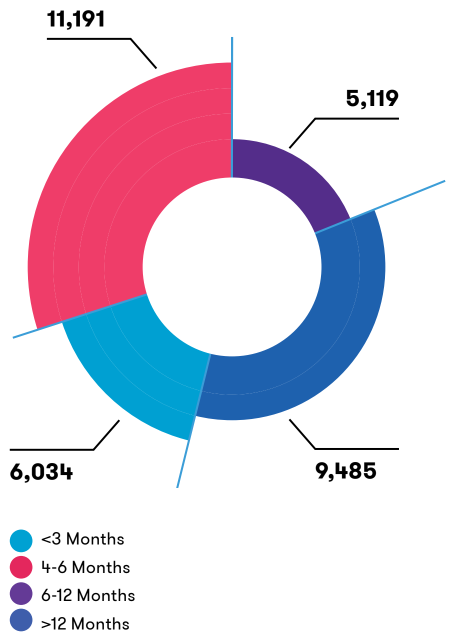
The value recognised is in proportion to the pattern of rights exercised by the cardholder and consequently breakage accrual.

Due to the nature of this recognition no expected credit loss was recognised.

The Group has considered whether our non-current contract assets includes a significant financing component. The Group have concluded there is no existence, the following key factors have been considered.

- Stored value is pre-paid by the customer and held within segregated bank accounts which are not used for funding the trading operations of the Group;
- There is an immaterial difference between the estimated amount of promised consideration and the cash consideration received; and
- The credit risk is immaterial as EML is pre-funded and uses proprietary software to track cardholder data and control the flow of fund out of the segregated bank accounts.

PHASING OF FY20 BREAKAGE ACCRUAL EXPECTED CONVERSION TO CASH



The below table reconciles movements in Contract assets during the financial year.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Opening balance	31,828	19,826
Revenue recognised	25,704	31,887
Cash receipts	(25,953)	(20,921)
Unrealised foreign currency exchange difference	250	1,036
	31,829	**31,828**

B4 Trade and Other Receivables

	CONSOLIDATED	
	2020 $'000	2019 $'000
CURRENT		
Trade receivables	20,789	13,106
Convertible note receivable - PayWith Worldwide Inc [1]	-	712
Sales tax receivable, net	776	-
Interest receivable	67	244
Security deposit	32	307
	21,664	**14,369**
NON-CURRENT		
Security deposit	19	18
Customer deposits [2]	7,295	12,109
Long-term accounts receivable	37	259
	7,351	**12,386**

(1) The convertible note receivable from PayWith Worldwide, Inc was disposed of as part of the Group's purchase consideration of software with PayWith Worldwide, Inc. during the financial year. Refer to Note D5 for further information.

(2) Customer deposits represent long-term cash guarantees on deposit with a financial institution. The liability for Customer deposits is disclosed in Note B7.

Trade and other Receivables are held at amortised cost. The Group has $8,337,000 (2019: $5,742,000) of Trade receivables that are overdue and not impaired. Historically, the Group have had insignificant bad debts, resulting in an insignificant expected credit loss amount. For self-issued products, the Group controls cash stored value and have the right to offset client share of breakage payable after providing sufficient notice. The Group has undertaken a review of its ECL on trade receivables in response to COVID-19. The review considered forward-looking information where available, and current customer correspondence. Refer to Note D3 for further details on the Group's credit risks.

IMPAIRMENT

The Group recognises an allowance for expected credit losses (ECLs) for contract assets and all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group considers historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment when applying the ECL criteria.

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. These will not be considered an expected credit loss if the Group controls an offsetable client share of brakage payable covering the outstanding amount. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements.

B5 Other Current Assets

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Prepayments	3,482	3,057
Other	1,815	286
	5,297	3,343

Other current assets are held at amortised cost.

B6 Trade and Other Payables

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Trade creditors	30,019	15,073
Accrued expenses	15,210	15,799
Sales tax payable, net	-	174
Other payables	2,232	2,807
	47,461	33,853

All payables are non-interest bearing and are normally settled on 30 day terms.

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

B7 Other Liabilities

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
NON-CURRENT		
Customer deposits [1]	7,295	12,109
Deferred income	1,976	264
Lease incentive [2]	-	984
Other payable	1,294	900
	10,565	14,257

(1) Customer deposits represent long-term cash guarantees on deposit with a financial institution. The receivable for Customer deposits is disclosed in Note B4.

(2) Lease incentives previously recognised with respect to operating leases have been derecognised and the amount factored into the measurement of the right-of-use assets and lease liabilities, on adoption of AASB 16 in the current year.

Other liabilities are held at amortised cost.

B8 Lease Liability

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
CURRENT		
Lease liability	2,342	-
NON-CURRENT		
Lease liability	6,808	-

On 1 July 2019, the Group recognised a lease liability for lease arrangements that fall within the scope of AASB 16. Refer to Note G4 for further details on the effect of the implementation.

The Group's leases are primarily for office properties.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The remaining lease terms range between 1 and 10 years.

The corresponding right-of-use assets and accumulated depreciation are included in Note E1.

The Group has $9,738,000 of principal lease obligations, which is reduced by amounts representing finance charges of $589,000. The maturity analysis of lease liabilities is presented in Note D3.

KEY ESTIMATION - INCREMENTAL BORROWING RATE

The Group has determined its incremental borrowing rate by considering the interest rate on third party information available and applying, where considered necessary, adjustments to align this with an asset specific rate. The adjustments consider the term of the agreement, security of asset and the funds necessary to obtain the asset of a similar value in a similar economic environment. Significant judgement is required to assess and apply these adjustments.

The application of the incremental borrowing rate impacts the initial valuation of the lease liability and associated interest expense.

KEY JUDGEMENT - DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL OPTIONS

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

Notes to the Financial Statements.

B9 Provisions

	CONSOLIDATED	
	2020 $'000	2019 $'000
Provisions	3,585	-

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure.

The Group operates in a number of regulated markets and is subject to regulatory reviews and inquiries. The Group has provided for costs arising from the United Kingdom's Payment Service Regulator ('PSR') investigation into anti-competitive conduct in relation to a minor part of the PFS business prior to the Groups' acquisition. A PSR investigation may run for a considerable period of time before any outcomes are announced. The progress and scope of the investigation remain confidential and the Group are co-operating with the PSRs' investigation. The provision was included in the opening balance sheet acquired as at 31 March 2020, as disclosed in note F6. As at 30 June 2020, the investigation is on-going and due to confidentiality, the Group are unable to comment further.

Under the terms of the PFS share purchase agreement, EML has received protections from the Vendors to cover any potential fines that could ultimately be imposed by the PSR, other regulatory authorities or warranty claims for conduct or issues arising prior to EML's acquisition.

C1 Employee Benefits

	CONSOLIDATED	
	2020 $'000	2019 $'000
CURRENT		
Employee benefits	1,600	851
NON-CURRENT		
Employee benefits	76	81

Employee benefits comprise:

(I) WAGES, SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(II) LONG SERVICE LEAVE

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expect future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

D1 Segregated Funds and Bond Investments

(previously Receivable from Financial Institutions)

This note should be read in conjunction with Note D2.

Segregated funds and bond investments are amounts held in respect of stored value issued by the Group, funded by external account holders. The liability to the external account holders is disclosed in Note D2.

Cash received from stored value account holders is placed in facilities according to assessed short-term treasury and liquidity needs. The financial risk and return of the Segregated funds and bond investments is attributable to the Group.

	CONSOLIDATED	
	2020 $'000	2019 $'000
CURRENT		
Cash held with financial institutions	737,404	244,824
Bond investments	96,003	-
Total current	**833,407**	244,824
NON-CURRENT		
Bond investments	443,214	-
Total non-current	**443,214**	-
	1,276,621	244,824

Cash held with financial institutions

Cash held with financial institutions is held at amortised cost, is short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, on deposit with a financial institution.

Bond investments

Stored value from account holders not required to meet short term account holder cash needs, is, where appropriate, invested in high-quality bonds. The bonds are held at amortised cost.

The portion of this asset funded by Stored value represents the par value of the bond. The portion relating to assets of EML refers to the amortised cost portion. The amortised cost will be unwound over the life of the bond portfolio comprising cash interest income and non-cash interest charge.

The below table indicates the balances ownership:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Assets of stored value from account holders	529,885	-
Assets of EML	9,332	-
	539,217	-

The assets of EML will generate $15,031,000 of cash interest over the remaining life of the bonds which will mature over the period to November 2024. Cash interest booked to Interest income in the Statement of Profit or Loss and Other Comprehensive Income will be offset by the remaining non-cash amortisation, split between the original amortisation of bond premium of $4,415,000 and the AASB 3 Business Combinations fair value uplift on acquisition of $4,917,000.

The fair value of the portfolio at 30 June 2020 was $555,604,000 (2019: n/a). Refer to Note D4.

Notes to the Financial Statements.

D2 Liabilities to Stored Value Account Holders

	CONSOLIDATED 2020 $'000	2019 $'000
Liabilities to stored value account holders	1,265,896	244,824

Liabilities to stored value account holders is held at demand value and represents funds received for stored value accounts issued by the Company that have in turn been deposited by the Group with a financial institution. The Segregated funds and bond investments is disclosed in Note D1.

D3 Financial Instruments

Overview

This note presents information about the Group's financial instruments including:

- An overview of all financial instruments held by the Group
- Exposure to risks and the Group's objectives and processes for managing the risk
- Accounting policies
- Capital management

The Group's basis for determining the fair value of financial instruments is included in Note D4.

The financial assets and financial liabilities of the Group are detailed below:

	NOTE	CONSOLIDATED 2020 $'000	2019 $'000
FINANCIAL ASSETS			
Financial assets at amortised cost			
Cash and cash equivalents	B1	118,381	33,085
Trade and other receivables [1]	B4	20,858	14,402
Customer deposits receivable - Non-current	B4	7,295	12,109
Segregated funds and bond investments	D1	1,276,621	244,824
Financial assets at fair value through profit or loss (FVTPL)			
Equity investment - at FVTPL	D5	623	-
Financial asset at fair value through other comprehensive income (FVOCI)			
Equity investment - at FVTOCI	D5	79	4,310

(1) Interest receivable under Trade and other receivables of $67,000 as at 30 June 2020 (30 June 2019: $244,000) is not considered a financial asset and has been excluded. In addition, sales tax receivable of $776,000 as at 30 June 2020 (30 June 2019: $nil) is not considered a financial asset and has been excluded.

D3 Financial Instruments (continued)

	NOTE	CONSOLIDATED 2020 $'000	2019 $'000
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Trade and other payables	B6	47,461	33,853
Interest-bearing borrowings [2] [3]	D3, F6	35,848	15,000
Liabilities to stored value account holders	D2	1,265,896	244,824
Customer deposits liability - Non-current	B7	7,295	12,109
Financial liabilities at fair value through profit or loss (FVTPL)			
Contingent consideration - cash settled portion [4]	D4, F6	72,828	2,951

(2) The financing facility was undrawn as at 30 June 2020 (30 June 2019: $15 million of the facility was fully drawn down). This financing facility was a floating rate facility with no collateral on a 12 month rolling option.

(3) The interest-bearing borrowings relate to the unlisted guaranteed, unsecured loan notes issued by the Group to the vendors. The loan notes are interest bearing, and repayable in two tranches by 28 June 2024 and 30 June 2025. The Group can hold an election to repay at any earlier date.

(4) The Contingent consideration included is the cash only portion as this is classified as a financial liability under AASB 9. The remaining balance of Contingent consideration is equity settled.

Financial Risk Management

This section explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. The below table details the risks arising from financial instruments that the Group is exposed to.

RISK	EXPOSURE ARISING FROM	MEASUREMENT OF SENSITIVITY	MANAGEMENT OF RISK
Credit risk (see (i))	Cash and cash equivalents; Trade and other receivables; Customer deposits; Segregated funds and bond investments.	Credit ratings Aging analysis	Investment guidelines for bank deposits, diversification of bank deposits. Credit limits
Liquidity risk (see (ii))	Trade and other payables; Interest-bearing borrowings; Contingent consideration - cash settled portion.	Maturity analysis Cash flow forecasts	Maintaining adequate cash reserve and continuously monitoring forecast and actual cash flows.
Market risk-Currency Risk (see (iii))	The Group's operating activities (when revenue or expense is denominated in foreign currency); The Group's net investments in foreign subsidiaries.	Sensitivity analysis	Forward exchange contracts to cover specific material foreign currency exposures.
Market risk-Interest rate risk (see (iii))	Cash and cash equivalents; Segregated funds and bond investments; Interest-bearing borrowings.	Sensitivity analysis	Maintain excess cash and cash equivalents in short term deposit at interest rates maturing over 90 days rolling period. Fixed interest rates

Notes to the Financial Statements.

D3 Financial Instruments (continued)

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risk and adherence to limits. The policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's activities.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. At the balance date there were no significant concentrations of credit risk.

CASH AND CASH EQUIVALENTS

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved Authorised Deposit Institutions (ADI) with an acceptable credit rating up to a 12 month term. Expected credit losses on cash and cash equivalents has been measured on a 12-month expected loss basis which has been adjusted for liquidity. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings.

TRADE AND OTHER RECEIVABLES AND CUSTOMER DEPOSITS

Outstanding customer receivables and customer deposits are generated by transaction and service based revenue and is regularly monitored. For sponsor-issued products, a cash guarantee may be held on deposit with a financial institution to offset credit risk (Refer to Note B4). For self-issued products, the Group controls cash stored value and have the right to offset client share of breakage payable after providing sufficient notice.

The Group has $8,337,000 (2019: $5,742,000) of Trade receivables that are overdue and not impaired. For self-issued products, the Group controls cash stored value and have the right to offset client share of breakage payable after providing sufficient notice. Historically, the Group has had insignificant bad debts, resulting in an insignificant expected credit loss amount, refer to Note B4..

SEGREGATED FUNDS AND BOND INVESTMENTS

The Group recognises Segregated funds and bond investments and an offsetting Liabilities to stored value account holders. These categories represent stored value accounts issued by the Group. These balances are utilised in the same proportion. Therefore the only credit risk is with the financial institution which holds the funds on deposit.

Bond Investments

The Group's investments in corporate bonds are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The low credit risk is based on investment criteria and external credit ratings, refer to Note D1.

FINANCIAL ASSETS

Equity investments

During the year ended 30 June 2020, the Group disposed of the equity investment in PayWith Worldwide, Inc. a company offering mobile reward program technology and that supports EML's Salary Packaging vertical. On disposal, the previously recognised fair value revaluation was not recycled through the Statement of Profit and Loss, but reclassified within the equity categories.

(ii) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

D3 Financial Instruments (continued)

(A) MATURITIES OF FINANCIAL LIABILITIES

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the maturity analysis are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curves at the reporting date.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	6 MTHS OR LESS $'000	6-12 MTHS $'000	1-2 YEARS $'000	2+ YEARS $'000
30 JUNE 2020						
NON-DERIVATIVES						
Trade and other payables	47,461	47,461	47,461	-	-	-
Interest-bearing borrowings	35,848	40,868	361	356	717	39,434
Liabilities to stored value account holders [1]	1,265,896	1,265,896	-	-	-	-
Customer deposits - Non-current [2]	7,295	-	-	-	-	-
Contingent consideration - cash settled portion [3]	72,828	78,245	-	4,098	22,544	51,603
Lease liability	9,150	9,738	1,204	1,278	2,129	5,127
Total	**1,438,478**	**1,442,208**	**49,026**	**5,732**	**25,390**	**96,164**
30 JUNE 2019						
NON-DERIVATIVES						
Trade and other payables	33,853	33,853	33,853	-	-	-
Interest-bearing borrowings	15,000	15,238	15,238	-	-	-
Liabilities to stored value account holders [1]	244,824	244,824	-	-	-	-
Customer deposits - Non-current [2]	12,109	-	-	-	-	-
Contingent consideration - cash settled portion [3]	2,951	4,073	-	-	4,073	-
Lease liabilities	-	-	-	-	-	-
Total	308,737	297,988	49,091	-	4,073	-

(1) Liabilities to stored value account holders is utilised in the same proportion as the Segregated funds and bond investments. Therefore the contractual cashflow would net off.

(2) Customer deposits is included in Other liabilities, non-current. Other balances included in Other liabilities are not classified under AASB 9. The liability for Customer deposits is utilised in the same proportion as the Customer deposits receivable. Therefore the contractual cashflow would net off. Refer to Note B4.

(3) The Contingent consideration included is the cash only portion as this is classified as a financial liability under AASB 9. The remaining balance of Contingent consideration is equity settled.

(B) FINANCING FACILITIES

The Group has access to a floating rate financing facility with no collateral on a 12 month rolling option. At 30 June 2020, this facility was undrawn (30 June 2019: $15 million facility was fully drawn down). The Group expects to meet its other obligations from operating cash flows.

	CONSOLIDATED	
	2020 $'000	2019 $'000
Interest-bearing borrowings	-	15,000
Interest-bearing borrowings - loan notes	35,848	-
Lease liability	9,150	-

Notes to the Financial Statements.

D3 Financial Instruments (continued)

Changes in liabilities arising from financing activities

30 JUNE 2020	AT 1 JULY $'000	CASHFLOWS	BUSINESS COMBINATION	INTEREST EXPENSE	ADDITIONS	UNREALISED FOREIGN CURRENCY EXCHANGE DIFFERENCE	AT 30 JUNE $'000
	CONSOLIDATED						
Interest-bearing borrowings	15,000	(15,000)	-	-	-	-	-
Interest-bearing borrowings - loan notes	-	-	40,262	-	-	(4,414)	35,848
Lease liability	6,173	(1,661)	2,713	186	1,718	21	9,150

30 JUNE 2019	AT 1 JULY $'000	CASHFLOWS	BUSINESS COMBINATION	INTEREST EXPENSE	ADDITIONS	UNREALISED FOREIGN CURRENCY EXCHANGE DIFFERENCE	AT 30 JUNE $'000
Interest-bearing borrowings	-	15,000	-	-	-	-	15,000

(iii) Market Risk

The Group operates internationally and is exposed to foreign currency risk and interest rate risk that will affect the Group's income or the value of its holdings of financial instruments. The objective of risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(A) CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

It is the policy of the Group to enter into forward exchange contracts to cover specific material foreign currency exposures that will impact the Group's cash flow.

Exposures relating to Interest Rate Optimisation

When the Group has excess foreign currency which is not deriving any interest revenue due to the low interest rate environment in other geographical locations, to enhance the return, the Group reserves the right to convert the foreign currency into AUD and invest in a term deposit. To hedge the exchange rate risk at maturity of converting the proceeds of the AUD term deposit back into the foreign currency, the Group will fix the AUD payable by entering into forward exchange contracts. When the Group engages in this investment policy, these hedges will be designated as cash flow hedges.

The Group did not have outstanding forward foreign currency (FC) contracts at the end of the reporting period (2019: none). No aggregate gains/losses under forward exchange contracts was recognised in other comprehensive income at the end of the reporting period (2019: none).

There was a $3,026,000 cash gain (2019: $nil) in relation to the Prepaid Financial Services (Ireland) Limited forward exchange contracts at the end of the reporting period. Refer to Note A1.

At 30 June 2020, no ineffectiveness has been recognised in profit or loss for outstanding forward exchange contracts (2019: none).

D3 Financial Instruments (continued)

Foreign currency sensitivity

The sensitivity to the Group's Profit and Loss to a reasonably possible change in GBP, Euro, CAD and USD exchange rates, with all other variables held constant, is immaterial.

The impact on Equity for a 10% increase/decrease of the AUD against the GBP, Euro, CAD and USD exchange rates, with all other variables held constant is:

IMPACT ON EQUITY	GBP		USD		CAD		EURO		TOTAL	
SENSITIVITY	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
10% increase of AUD	7,571	6,329	2,856	3,430	1,154	1,312	18,765	1,263	30,346	12,334
10% decrease of AUD	(7,571)	(6,329)	(2,856)	(3,430)	(1,154)	(1,312)	(18,765)	(1,263)	(30,346)	(12,334)

The impact of the movement in GBP, USD, CAD and EURO is attributable to the Group's investment in foreign operations.

In addition, translation of the net investment hedges would result in a decrease in equity of $5,012,000 (2019: $4,762,000), for a 10% increase in AUD or an increase in equity of $5,012,000 (2019: $4,762,000) for a 10% decrease in AUD. However, there would be no net effect on equity because there would be an offset in the currency translation of the foreign operations.

(B) INTEREST RATE RISK

The Group is exposed to interest rate risk (primarily on its Cash and cash equivalents and Segregated funds and bond investments), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

The Group adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on short term deposit at interest rates maturing over 90 day rolling periods.

At the reporting date the Group's interest-bearing financial instruments were:

	CONSOLIDATED	
	2020 $'000	2019 $'000
VARIABLE RATE INSTRUMENTS		
Cash and cash equivalents	118,381	33,085
Segregated funds and bond investments	1,276,621	244,824
Security deposits	51	325
Interest-bearing borrowings	-	(15,000)
	1,395,053	263,234

Notes to the Financial Statements.

D3 Financial Instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or through equity, therefore a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	PROFIT OR LOSS		EQUITY	
	100BP INCREASE $'000	100BP DECREASE $'000	100BP INCREASE $'000	100BP DECREASE $'000
30 JUNE 2020				
Variable rate instruments	8,554	(8,554)	8,554	(8,554)
30 JUNE 2019				
Variable rate instruments	2,779	(2,779)	2,779	(2,779)
Interest-bearing borrowings	(150)	150	(150)	150

(iv) Capital Management

RISK MANAGEMENT

Capital is defined as the equity of the Group.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future working capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group encourages employees to be shareholders, including through Share Option Plans.

There were no changes in the Group's approach to capital management during the year. Risk management policies and procedures are established with regular monitoring and reporting.

The Group operates regulated payments entities in a number of markets and is subject to certain minimum capital adequacy tests applicable to the Group's licences. The Group is not subject to other externally imposed capital requirements.

The Group is not subject to other externally imposed capital requirements.

LOAN COVENANTS

Under the terms of the undrawn interest-bearing borrowing facility, the Group is required to comply with covenants of agreed values for gearing ratios, debt to EBITDA and EBITDA interest coverage.

D3 Financial Instruments (continued)

(v) Financial Instruments Accounting Policy

Financial assets and liabilities are initially measured at fair value plus or minus transaction costs, unless they have been classified as a financial asset or financial liability at fair value through profit or loss, in which case, transaction costs are expensed.

CLASSIFICATION OF FINANCIAL ASSETS

There are three classifications available for financial assets:

— Amortised cost- this category is the most relevant to the Group;

— Fair value through other comprehensive income (FVOCI); or

— Fair value through profit or loss (FVTPL)

Two primary criteria for determining how financial assets should be classified are:

1. Solely payments of principal and interest (SPPI) test

This test involves assessing the contractual cash flow characteristics of the financial asset as to whether the contractual cash flows are solely payments of principal and interest on the principal outstanding.

The financial asset that fail the SPPI test will be classified as FVTPL, meaning that any subsequent movements in fair value will be recognised in profit or loss.

The financial asset that passes the SPPI test can then be assessed to determine their classification under the Business Model Test.

2. Business Model Test

This criteria can only be used where the cash flows of the instrument meet the SPPI test.

The objective of the entity's business model must be to:

— Hold the asset solely to collect cash flows- Amortised cost

— Collect cash flows and sell financial assets- FVOCI

— Solely to sell financial assets- FVTPL

The Group initially measures a financial asset at its fair value plus transaction costs except for trade receivables that are initially measured at transaction price determined under AASB 15. This is because the Group has applied the practical expedient of not adjusting for the effects of a significant financing component if the Group expects at contract inception that the performance obligations have an expected duration of one year or less.

Purchases or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date (i.e. the date that the Group commits to purchase or sell the asset).

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the SPPI test and Business Model test (held to collect contractual cash flows) is satisfied.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (DEBT INSTRUMENTS)

The Group measures debt instruments at fair value through OCI if both of the SPPI and the Business Model test (collect cash flow and sell financial asset) is satisfied.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not currently hold any debt instrument financial assets classified as FVOCI.

FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH OCI (EQUITY INSTRUMENTS)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notes to the Financial Statements.

D3 Financial Instruments (continued)

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

The Group does not currently hold any financial assets designated as fair value through profit or loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade and other receivables – Note B4;
- Financial instruments – Note D3.

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities will be classified and measured at amortised cost unless they meet the criteria to be classified and measured at FVTPL.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Statement of Profit or Loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied.

The Group has measured its contingent consideration generated from acquisitions as a financial liability at fair value through profit or loss.

AMORTISED COST

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit or Loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

D3 Financial Instruments (continued)

(vi) Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts and cross currency swaps. Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(vii) Hedge Accounting Policy

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item. Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Notes to the Financial Statements.

D4 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities. The Group's financial instruments are included in the balance sheet at amounts that approximate fair values. The basis for determining fair values is disclosed below.

The Group does not have any financial assets that are categorised as Level 2 in the fair value hierarchy. The Group does not have any financial liabilities that are categorised as Level 1 or Level 2 in the fair value hierarchy. There were no transfers between Level 1 and 2 in the period. Refer to Note G4 for further information on the fair value hierarchy.

BOND INVESTMENTS

The Group measure Corporate bonds at amortised cost. The fair value, as determined by the quoted market price, can fluctuate significantly based on conditions outside of the Group's control – i.e. economic conditions. The fair value of the portfolio at 30 June 2020 was $555,604,000 (2019: n/a).

EQUITY INVESTMENTS

VISA INC.

The Group holds Series B preferred stock in Visa Inc. as part consideration for its holding of shares in Visa Europe. The preferred stock will be convertible into Class A common stock of Visa Inc. at a later point in the future. The conversion is subject to certain Visa Europe litigation risks that may affect the ultimate conversion rate. In addition, the stock being denominated in US dollars is subject to foreign exchange risk. The Group's investment is held at FVTPL.

The option held is restricted from sale or transfer until vesting date in 2028.

During the year ended 30 June 2020, a fair value gain of $101,000 was recognised.

INVESTMENT IN PAYWITH WORLDWIDE INC.

During the financial year, the Group entered into an agreement to purchase software from PayWith Worldwide, Inc. that supports EML's Salary Packaging vertical. The Group's purchase consideration was made up of cash consideration and the transfer of its investment in PayWith Worldwide Inc. (approximately 19% of issued capital of that entity). On disposal, the previously recognised fair value revaluation was not recycled through the statement of profit and loss, but reclassified within the equity categories.

The following table provides information about the valuation technique and inputs used.

	Fair value as at 2020 $'000	Fair value as at 2019 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Investment in PayWith Worldwide, Inc. (Refer to Note D5)	-	4,232	Level 3	Valuation has been assessed using a value-in-use discounted cashflow model based on the software.	The growth rate has been determined based on historical and forecast revenue relating to the software	An increase in the growth rate used would result in a increase in the fair value.
					The weighted average cost of capital (WACC) is a reasonable estimate for the industry.	An increase in WACC would result in an decrease in the fair value.
Visa Shares (Refer to Note D5)	623	-	Level 3	Quoted market price of Visa Inc. Class A common stock to which a discount has been applied for the illiquidity and the conversion rate variability of the preferred stock of Visa Inc. This was converted at the year end exchange rate.	The final conversion rate of Visa Inc. Series B preferred stock into Visa Inc. Class A common stock.	A decrease in conversion rate would result in a decrease in the fair value.

D4 Fair Value (continued)

CONTINGENT CONSIDERATION

The Group's contingent consideration is recognised in relation to the equity earn-out of the recent business combinations as well as cash and other amounts contingently payable (Refer to Note F6). It is measured at fair value at the end of each reporting period. The following table gives information about the valuation technique and inputs used.

Movements in contingent consideration between the financial years are the unwind of discount interest expense (Refer to Note A1).

	Fair value as at 2020 $'000	Fair value as at 2019 $'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
EML Payments AB Contingent consideration in a business combination	-	8,233	Level 3	Valuation has been assessed in line with call options of a similar nature using the Black-Scholes option pricing model.	Present value of average annual EBITDA.	An increase in the interest rate used would result in a decrease in the fair value.
					Standard deviation in the value of the underlying asset.	An increase in standard deviation would result in an increase in the fair value.
					Contingent consideration multiple.	A slight decrease in the multiple used would decrease the fair value.
EML Money DAC Contingent consideration in a business combination (see Note F6)	4,328	3,598	Level 3	Valuation has been assessed in line with call options of a similar nature using the Black-Scholes option pricing model.	Present value of average annual EBITDA.	An increase in the interest rate used would result in a decrease in the fair value.
					Standard deviation in the value of the underlying asset.	An increase in standard deviation would result in an increase in the fair value.
					Contingent consideration multiple.	A slight decrease in the multiple used would decrease the fair value.
Prepaid Financial Services (Ireland) Limited [1] Contingent consideration in a business combination (see Note F6)	69,279	-	Level 3	Valuation has been assessed with a discounted, forecast expected EBITDA performance method and completion conditions.	Present value of forecast EBITDA for each measurement period.	An increase in the actual or expected EBITDA would result in an increase in the fair value.
					Discount rate.	An increase in discount rate would result in an decrease in the fair value.
Total Contingent consideration	**73,607**	**11,831**				

(1) Management have reassessed the performance of PFS as at 30 June 2020 and has determined it appropriate to be unchanged.

Notes to the Financial Statements.

D4 Fair Value (continued)

MOVEMENT IN THE FAIR VALUE OF CONTINGENT CONSIDERATION

Set out below are the movements in the fair value of Contingent consideration for the year.

	EML PAYMENTS AB	EML MONEY DAC	PREPAID FINANCIAL SERVICES (IRELAND) LIMITED	TOTAL	EML PAYMENTS AB	EML MONEY DAC	PREPAID FINANCIAL SERVICES (IRELAND) LIMITED	TOTAL
	2020 $'000	2020 $'000	2020 $'000	2020 $'000	2019 $'000	2019 $'000	2019 $'000	2019 $'000
Opening balance	8,233	3,598	-	11,831	6,879	-	-	6,879
Acquisitions (Refer to Note F6)	-	-	76,194	76,194	-	2,922	-	2,922
Release of provision	(9,076)	-	(1,090)	(10,166)	-	-	-	-
Interest expense - Unwind of discount	1,008	781	1,559	3,348	1,220	618	-	1,838
Effect of unrealised foreign currency exchange difference	(165)	(51)	(7,384)	(7,600)	134	58	-	192
Closing balance at 30 June	-	4,328	69,279	**73,607**	8,233	3,598	-	11,831

D5 Financial Assets

Financial assets include the following:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Equity investments - at FVTOCI	79	4,310
Equity investments - at FVTPL	623	-
	702	4,310

EQUITY INVESTMENT - FVTOCI

Investment in Contrarian Holdings, LLC.

The Group holds less than 1% of the ordinary share capital of Contrarian Holdings, LLC, a company that manages employee benefit activities, only in the USA. The directors of the Company do not consider that the Group is able to exercise significant influence over this entity. This investment is held at fair value with gains and losses included in other comprehensive income.

Investment in PayWith Worldwide Inc.

During the financial year, the Group entered into an agreement to purchase software from PayWith Worldwide, Inc. that supports EML's Salary Packaging vertical. The Group's purchase consideration was made up of cash consideration and the transfer of its investment in PayWith Worldwide Inc. (approximately 19% of issued capital of that entity). On disposal, the previously recognised fair value revaluation was not recycled through the Statement of Profit and Loss, but reclassified within the equity categories.

EQUITY INVESTMENT - FVTPL

The Group holds Series B preferred stock in Visa Inc. as part consideration for its holding of shares in Visa Europe. The preferred stock will be convertible into Class A common stock of Visa Inc. at a later time in the future. The conversion is subject to certain Visa Europe litigation risks that may affect the ultimate conversion rate. The option held is restricted from sale until vesting date in 2028.

The Group's investment is held at FVTPL. During the year ended 30 June 2020, a fair value gain of $101,000 was recognised in other income. Refer to Note D4 for details on the Level 3 valuation inputs.

E1 Plant and Equipment and Right-of-use Assets

	CONSOLIDATED				
	COMPUTER EQUIPMENT $'000	OFFICE EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	RIGHT-OF-USE ASSETS [1] $'000	TOTAL $'000
YEAR ENDED 30 JUNE 2020					
At 1 July 2019, net of accumulated depreciation and impairment	2,630	2,276	449	-	5,355
Opening balance adjustment relating to the initial adoption of AASB 16 (Refer to Note G4)	-	-	-	5,034	5,034
Restated balance at 1 July 2019	2,630	2,276	449	5,034	10,389
Additions	465	951	123	1,718	3,257
Acquired as part of a business combination (Note F6)	703	1,085	-	2,798	4,586
Disposals	-	-	-	-	-
Depreciation charge for the year	(1,160)	(650)	(160)	(1,642)	(3,612)
Effect of unrealised foreign currency exchange differences	2	(58)	11	54	9
At 30 June 2020, net of accumulated depreciation and impairment	2,640	3,604	423	7,962	14,629
AT 30 JUNE 2020					
Cost	5,559	5,599	862	9,799	21,819
Accumulated depreciation and impairment	(2,919)	(1,995)	(441)	(1,835)	(7,190)
Net carrying amount	**2,640**	**3,604**	**421**	**7,964**	**14,629**
YEAR ENDED 30 JUNE 2019					
AT 1 JULY 2018					
Cost	3,616	1,946	911	-	6,473
Accumulated depreciation and impairment	(1,764)	(636)	(592)	-	(2,992)
Net carrying amount	1,852	1,310	319	-	3,481
At 1 July 2018, net of accumulated depreciation and impairment	1,852	1,310	319	-	3,481
Additions	1,118	1,317	207	-	2,642
Acquired as part of a business combination (Note F6)	276	-	-	-	276
Disposals	-	(29)	(1)	-	(30)
Depreciation charge for the year	(653)	(386)	(93)	-	(1,132)
Effect of unrealised foreign currency exchange differences	37	65	16	-	118
At 30 June 2019, net of accumulated depreciation and impairment	2,630	2,277	448	-	5,355
AT 30 JUNE 2019					
Cost	5,226	3,272	725	-	9,223
Accumulated depreciation and impairment	(2,596)	(995)	(277)	-	(3,868)
Net carrying amount	2,630	2,277	448	-	5,355

(1) The Group's Right-of-use assets mainly relate to leases for office properties. The remaining value relates to a data warehouse facility. Refer to Note B8 for further disclosure on the nature of these arrangements.

Notes to the Financial Statements.

E1 Plant and Equipment and Right-of-use Assets (continued)

(i) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Computer equipment	4 years
Office equipment	10 years
Leasehold improvements	6 – 7 years
Right-of-use assets	1 - 10 years

(ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment requirements in AASB 136.

(iii) Impairment

The carrying values of plant and equipment and right-of-use assets are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment and right-of-use assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment and right-of-use assets, impairment losses are recognised in the statement of profit and loss and other comprehensive income in the cost of sales line item.

(iv) Derecognition and disposal

An item of plant and equipment and right-of-use asset is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

E2 Intangibles

	CONSOLIDATED					
	SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	CUSTOMER CONTRACTS $'000	GOODWILL $'000	OTHER $'000	TOTAL $'000
AT 1 JULY 2019						
At 1 July 2019 net of accumulated amortisation and impairment	15,768	7,489	2,960	76,181	2,156	104,554
Additions (1)	14,478	-	-	-	-	14,478
Disposals	(37)	-	-	-	-	(37)
Acquired as part of a business combination (Note F6)	6,597	-	88,782	234,276	2,695	332,350
Amortisation charge for the year	(8,926)	(2,536)	(3,582)	-	-	(15,044)
Impairment charge against goodwill (2)	-	-	-	(806)	-	(806)
Effect of unrealised foreign currency exchange differences	(426)	32	(8,249)	(21,885)	(219)	(30,747)
At 30 June 2020, net of accumulated amortisation and impairment	**27,454**	**4,985**	**79,911**	**287,766**	**4,632**	**404,748**
AT 30 JUNE 2020						
Cost or fair value	54,333	14,968	92,543	288,572	4,632	455,048
Accumulated amortisation and impairment	(26,879)	(9,983)	(12,632)	(806)	-	(50,300)
Net carrying amount	**27,454**	**4,985**	**79,911**	**287,766**	**4,632**	**404,748**

(1) Software additions during the financial year includes $6,638,000 for the PayWith Worldwide, Inc. software transaction. Refer to Note D5.

(2) An impairment charge against goodwill was recognised for continuing operations for the year ended 30 June 2020. This was in relation to Flex-e-Card International DMCC's operations to discontinue within the next 18 months.

YEAR ENDED 30 JUNE 2019						
AT 1 JULY 2018						
Cost or fair value	28,708	10,324	8,947	42,336	-	90,315
Accumulated amortisation and impairment	(12,105)	(5,443)	(7,000)	-	-	(24,548)
Net carrying amount	**16,603**	**4,881**	**1,947**	**42,336**	-	**65,767**
At 1 July 2018 net of accumulated amortisation and impairment	16,603	4,881	1,947	42,336	-	65,767
Additions	4,469	-	-	-	-	4,469
Disposals	(8)	-	-	-	-	(8)
Acquired as part of a business combination (Note F6)	252	4,292	2,456	33,649	2,101	42,750
Amortisation charge for the year	(5,855)	(1,870)	(1,410)	-	-	(9,135)
Effect of unrealised foreign currency exchange differences	307	186	(33)	196	55	711
At 30 June 2019, net of accumulated amortisation and impairment	**15,768**	**7,489**	**2,960**	**76,181**	**2,156**	**104,554**
AT 30 JUNE 2019						
Cost or fair value	33,945	15,074	11,575	76,181	2,156	138,931
Accumulated amortisation and impairment	(18,177)	(7,585)	(8,615)	-	-	(34,377)
Net carrying amount	**15,768**	**7,489**	**2,960**	**76,181**	**2,156**	**104,554**

Notes to the Financial Statements.

E2 Intangibles (continued)

Intangibles are stated at cost or fair value less accumulated amortisation and any accumulated impairment losses. The following useful lives are used in the calculation of amortisation:

Software	4 - 5 years
Customer contracts	1 - 8 years
Customer relationships	3 - 6 years

INTANGIBLE ASSETS ACQUIRED SEPARATELY

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

INTERNALLY GENERATED INTANGIBLE ASSETS – RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The Group determines whether goodwill and other intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and other intangibles with indefinite useful lives are allocated.

KEY ASSUMPTION - IMPAIRMENT OF GOODWILL AND INTANGIBLES WITH INDEFINITE USEFUL LIVES

Impairment modelling has been assessed for sensitivity to various factors, including forecast revenue growth rates and terminal growth rates to generate a range of sensitivity scenarios for reasonably possible outcomes. The model scenario, including its underlying indicators, current macro-economic environment and COVID-19 impacts, has been developed using a combination of publicly available data, internal forecasts and third-party information to form the initial baseline. When the Group considered the impacts of COVID-19, they considered the most probable recovery period as being over the next 24 months as a key driver of the outcomes as at the reporting date. The model is also sensitive to cost allocations between CGUs.

The scenario assumptions are reviewed against the most up to date information the Group has available, including internal information on current monthly Gross Debit Volumes. With limited data sources against which to benchmark key forward indicators management have exercised judgement when determining the duration, severity and impact on the scenario's used.

E2 Intangibles (continued)

CARRYING AMOUNT OF GOODWILL, ALLOCATED TO THE CASH GENERATING UNITS

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of each cash generating unit is compared against the allocated goodwill to determine if an impairment exists at each reporting period end.

	CARRYING AMOUNT OF GOODWILL ALLOCATED TO CGU	
	2020 $'000	2019 $'000
Australia	10,777	10,777
Europe	24,948	24,978
Flex-e-Card Group	29,019	30,114
North America	7,503	7,345
EML Money Group [1]	2,999	2,967
Prepaid Financial Services Group	212,520	-
Consolidated Group	**287,766**	**76,181**

(1) PerfectCard Group was renamed to EML Money Group during the year ended 30 June 2020, refer to Note F5.

The recoverable amount of the Group's cash generating units have been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by senior management and the Directors covering a 5 year period and a terminal rate of 3.5% into perpetuity.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate of 12.47% (2019: 13.70%), adjusted for the regional effective tax rates, that reflects current market assessments of the time value of money and the risks specific to the cash generating units.

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Notes to the Financial Statements.

E2 Intangibles (continued)

Key assumptions used in value-in-use calculations for the cash generating units at 30 June 2020.

Feature	Description
Forecast revenues	The basis used to determine the value assigned to the forecast revenues is the volume growth in the key metrics and the forecasted pricing terms for each client. A probability factor was applied to GDV (the major driver of revenues) following consideration of recent contracts and the sales pipeline and ultimately the following transaction volume growth rates, which represent the lower end of the growth rate scenarios. The resulting output for the purpose of the value in use assessment was as follows:

	ACTUAL FY 20	FORECAST FY21-FY25 CAGR
Australia GDV growth	20%	8%
Europe GDV growth	3%	8%
Flex-e-Card Group GDV growth	n/a	8%
North America GDV growth	44%	9%
EML Money Group GDV growth	61%	12%
Prepaid Financial Services GDV growth	n/a[1]	10%

(1) The Prepaid Financial Services Group was acquired on 31 March 2020 and therefore, there was no GDV growth for the financial year ended 30 June 2020

Feature	Description
Forecast growth	Actual growth in FY20 has been driven by both new program launches in the financial year and growth in existing programs launched in prior financial years. Forecast growth represents management's best estimate of GDV. The cash flow forecast is based on FY21 forward estimates that reflect the anticipated continued headwinds, particularly in regard to the gift and incentive sector as a result of ongoing COVID-19 impacts. The forward cash flows assume recovery to more normal trading conditions by 2022. As a sensitivity analysis, should the trading conditions not resume for an additional 12 months, to 2023, no impairment is noted.
Forecast gross margin	The basis used to determine the value assigned to the forecasted gross margins is the average gross margins achieved in FY20, conservatively decreased for margin erosion thereafter using management judgement. Thus, values assigned to gross margins reflect past experience, with provision for margin erosion based on increased sales volumes.
Interest income	Interest income on stored value is based on the relevant Central Bank overnight lending rate at the beginning of the budgeted year, less the specific yield charged by each ADI.
Exchange rates	Exchange rates are based on the relevant market rates at the beginning of the FY21 year.
Weighted Average Cost of Capital (WACC)	The above long-term growth rate for each of the CGUs does not exceed the long-term average growth rate for the business in which the CGU operates. The discount rate applied to the cash flows of each of the Group's CGU's is based on the risk free rate for ten year Commonwealth Government bonds as at 30 June 2020, adjusted for a risk premium to reflect both the increased risk of investing in equities. In making this adjustment, inputs required are the equity markets risk premium (that is the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole) and the risk adjustment, beta, applied to reflect the risk of the Group relative to the market as a whole, giving rise to the Group's Cost of Equity Capital. The Group has assessed that a 1% change in the discount rate is reasonably possible. This does not give rise to an impairment. The Group's WACC is calculated with reference to its Cost of Equity Capital, based on a theoretical long-term capital structure for the Group (comprising 80% equity and 20% debt). The Group has used the following post tax WACC for each CGU: Australian Group: 8.73%, European Group: 10.10%, Flex-e-Card Group: 10.10%, North America Group: 9.36%, EML Money Group: 10.91%, Prepaid Financial Services Group: 11%.
Terminal growth rate	This is the average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with historical growth and forecasts.

F1 Issued Capital

	CONSOLIDATED	
	2020 $'000	2019 $'000
359,701,040 fully paid ordinary shares (30 June 2019: 250,953,603)	455,583	138,097

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(a) Movements in issued capital

	2020		2019	
	NO.	$'000	NO.	$'000
Balance at start of the year	250,953,603	138,097	248,374,468	137,744
Issued for equity under the Entitlement Offer	51,092,556	181,379	-	-
Issued for equity under the Placement Offer	18,824,660	66,828	-	-
Issued for consideration in business combination - PFS Group	29,413,161	67,220	-	-
Issued for contingent consideration - EML Payments AB	4,869,324	9,460	-	-
Issued for consideration of services rendered[1]	704,878	-	-	-
Options exercised[2]	3,842,858	-	2,579,135	353
Costs associated with the issue of shares	-	(7,401)	-	-
Balance at end of the year	**359,701,040**	**455,583**	250,953,603	138,097

(1) 704,878 fully paid ordinary shares were issued in consideration of services rendered. The fair value of the award was $2,023,000 and was fully amortised in the year.

(2) Options exercised during the period relate to the employee share options. Refer to Note F3 for further details.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

Notes to the Financial Statements.

F2 Reserves

RESERVES	CONSOLIDATED 30 JUNE 2020 $'000	CONSOLIDATED 30 JUNE 2019 $'000
Share and options reserve	37,380	28,903
Fair value reserve for financial assets at FVOCI	-	(1,181)
Foreign currency translation reserve, net of tax	(23,319)	80
Other reserve	(2,874)	-
	11,187	**27,802**

(a) Nature and purpose of reserves

Share and options reserve

The share and options reserve is used to recognise the grant and/or issue of shares and share options. Amounts are transferred out of the reserve to accumulated losses when the shares or share options lapse or expire. When shares and share options are exercised, amounts carried in the reserve related to those particular shares and share options are dealt with based on their origination. If cash-related those amounts may be transferred out of the reserve to issued capital. If not cash-related the amounts are transferred out of the reserve to accumulated losses.

Fair value reserve for financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

Foreign currency translation reserve (net of tax)

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Other reserve

Other reserve is used to recognise the acquisition of a Non-controlling interest.

(b) Movements in Share and options reserve

SHARE AND OPTIONS RESERVE	2020 $'000	2019 $'000
Balance at beginning of the financial year	28,903	23,639
Issue of shares to employee share trust	4,092	4,200
Share-based payments	2,059	14
Deferred tax movement recorded directly in equity	2,326	1,050
Balance at 30 June	**37,380**	**28,903**

F3 Share Option Plan

(a) Employee Share Option Plan (1) ("ESOP 1")

The Group has an equity-based compensation plan for employees which has been in existence since December 2006. In accordance with the provisions of ESOP 1, as approved by shareholders at an Annual General Meeting, Directors may issue options to purchase shares in the Company to employees at an issue price determined by the market price of ordinary shares at the time the option is granted. No Directors participate in ESOP 1.

In accordance with the terms of ESOP 1, options vest at grant date and may be exercised at any time from the date of their issue to the date of their expiry.

The options are not listed, carry no rights to dividends and no voting rights.

The expense recognised in the statement of profit and loss and other comprehensive income in relation to share-based payments made under ESOP 1 is $0 (2019: $0).

(b) Employee Share Option Plan (2) ("ESOP 2")

The Group established an equity-based compensation plan for employees which was approved by shareholders at an Extraordinary General Meeting held on 29 June 2011. ESOP 2 is open to any person who is a full-time or permanent part-time employee or Director of the Company or a related body corporate of the Company. Options may not be granted to a Director or his or her associates under ESOP 2 unless approval of the grant is given by shareholders in general meeting in accordance with the requirements of the ASX Listing Rules.

The Board has broad discretions under ESOP 2, including (without limitation) as to:

a. the timing of making an offer to participate in ESOP 2;

b. identifying persons eligible to participate in ESOP 2; and

c. the terms of issue of options (including vesting conditions, if any).

The expense recognised in the statement of profit and loss and other comprehensive income in relation to share-based payments made under ESOP 2 is $6,146,000 (2019: $4,214,000).

(I) MOVEMENTS IN ESOP 2 SHARE OPTIONS

The following reconciles outstanding issued employee share options at the beginning and end of the financial year under ESOP 2:

	CONSOLIDATED 2020 NUMBER OF OPTIONS	CONSOLIDATED 2020 WEIGHTED AVERAGE EXERCISE PRICE $	CONSOLIDATED 2019 NUMBER OF OPTIONS	CONSOLIDATED 2019 WEIGHTED AVERAGE EXERCISE PRICE $
Balance at beginning of financial year	10,942,037	0.7839	12,006,568	0.9529
Issued during the financial year	2,719,429	-	3,236,440	-
Exercised during the financial year	(3,842,858)	(1.3634)	(2,579,135)	(0.5526)
Cancelled during the financial year	(3,687,089)	(0.8931)	(1,721,836)	(0.8347)
Balance at end of the financial year [(1)]	**6,131,519**	**-**	**10,942,037**	**0.7839**

(1) This figure represents options outstanding at end of the financial year.
Issued share options outstanding at the end of the financial year had a weighted average exercise price of $nil (2019: $0.7839) and a weighted average remaining contractual life of 356 days (2019: 105 days).

Notes to the Financial Statements.

F3 Share Option Plan (continued)

(II) ESOP 2 SHARE OPTION SERIES IN EXISTENCE

The following share-based payment arrangements were in existence during the current and prior years under ESOP 2:

Option series	GRANT DATE	2020 NUMBER OF OPTIONS OUTSTANDING	2019 NUMBER OF OPTIONS OUTSTANDING	VEST DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE
ESOP 2[1]							
Series 16	01/06/16	-	5,915,789	30/08/19	30/09/19	$1.45	$1.01
Series 20	19/04/17	1,313,581	1,452,281	30/08/20	30/09/20	$0.00	$1.17
Series 21	28/06/18	-	125,085	28/06/19	28/09/21	$0.00	$1.09
Series 22	28/06/18	41,695	125,084	28/06/20	28/09/21	$0.00	$1.09
Series 23	28/06/18	41,695	125,083	28/06/21	28/09/21	$0.00	$1.09
Series 24	16/07/18	-	61,275	16/07/19	28/09/21	$0.00	$1.20
Series 25	16/07/18	61,275	61,275	16/07/20	28/09/21	$0.00	$1.20
Series 26	16/07/18	61,275	61,274	16/07/21	28/09/21	$0.00	$1.20
Series 27	24/09/18	391,566	391,566	01/09/21	30/10/21	$0.00	$1.26
Series 28	24/09/18	1,378,084	1,700,131	01/09/21	30/10/21	$0.00	$1.26
Series 29	24/09/18	500,306	650,664	01/07/20	23/09/21	$0.00	$1.26
Series 30	13/11/18	-	43,268	12/11/19	12/11/19	$0.00	$1.24
Series 31	13/11/18	24,479	43,268	12/11/20	12/11/20	$0.00	$1.24
Series 32	13/11/19	185,994	185,994	01/07/20	23/09/21	$0.00	$3.48
Series 33	20/08/19	1,079,290	-	01/07/22	29/08/22	$0.00	$2.47
Series 34	13/11/19	226,481	-	01/07/22	29/08/22	$0.00	$3.48
Series 35[2]	30/06/20	56,620	-	01/07/21	29/08/21	$0.00	$2.98
Series 36	17/06/20	215,642	-	01/07/21	29/08/21	$0.00	$3.14
Series 37	06/01/20	38,567	-	01/07/22	29/08/22	$0.00	$3.70
Series 38	17/06/20	514,969	-	31/08/21	31/10/21	$0.00	$3.04
Total		**6,131,519**	10,942,037				

(1) The weighted average of fair value of options granted during the year under ESOP 2 is $2.21 per option (2019: $1.31).

(2) Series 35, relates to Thomas Cregan's STIP for the financial year ended 30 June 2020. At the balance date, the service period had commenced however, shareholder approval will be sought at the AGM during October 2020. In accordance with the accounting standards, the temporary grant date has been taken as the balance date and will be revised upon shareholder approval.

F3 Share Option Plan (continued)

The fair value of equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	SERIES 16	SERIES 20	SERIES 21	SERIES 22	SERIES 23	SERIES 24	SERIES 25
Share option plan	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2
Number at the end of financial year	-	1,313,581	-	41,695	41,695	-	61,275
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected volatility	168%	46%	44%	44%	44%	44%	44%
Risk-free interest rate	1.82%	1.99%	2.28%	2.28%	2.28%	2.28%	2.28%
Expected life of option (years)	3	2	3	3	3	3	3
Grant date	01/06/2016	19/04/2017	28/06/2018	28/06/2018	28/06/2018	16/07/2018	16/07/2018
Vesting date	30/08/2019	30/08/2020	28/06/2019	28/06/2020	28/06/2021	16/07/2019	16/07/2020
Expiry date	30/09/2019	30/09/2020	28/09/2021	28/09/2021	28/09/2021	28/09/2021	28/09/2021
Exercise price	$1.45	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Grant date share price	$1.45	$1.46	$1.36	$1.36	$1.36	$1.50	$1.50
Fair value of option	$1.01	$1.17	$1.09	$1.09	$1.09	$1.20	$1.20
Performance measures	(1)	(2)	n/a	n/a	n/a	n/a	n/a

	SERIES 26	SERIES 27	SERIES 28	SERIES 29	SERIES 30	SERIES 31	SERIES 32
Share option plan	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2
Number at the end of financial year	61,275	391,566	1,378,084	500,306	-	24,479	185,994
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected volatility	44%	44%	44%	44%	44%	44%	42%
Risk-free interest rate	2.28%	2.28%	2.28%	2.28%	2.32%	2.32%	1.01%
Expected life of option (years)	3	3	3	3	1	1	1
Grant date	16/07/2018	24/09/2018	24/09/2018	24/09/2018	13/11/2018	13/11/2018	13/11/2019
Vesting date	16/07/2021	01/09/2021	01/09/2021	01/07/2020	12/11/2019	12/11/2020	01/07/2020
Expiry date	28/09/2021	30/10/2021	30/10/2021	23/09/2021	12/11/2019	12/11/2020	23/09/2021
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Grant date share price	$1.50	$1.58	$1.58	$1.58	$1.55	$1.55	$3.00
Fair value of option	$1.20	$1.36	$1.36	$1.36	$1.24	$1.24	$3.48
Performance measures	n/a	(3)	(3)	(4)	n/a	n/a	(4)

	SERIES 33	SERIES 34	SERIES 35	SERIES 36	SERIES 37	SERIES 38
Share option plan	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2	ESOP 2
Number at the end of financial year	1,079,290	226,481	56,620	215,642	38,567	514,969
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	41%	41%	43%	42%	98%	71%
Risk-free interest rate	069%	0.69%	1.00%	1.00%	0.89%	0.92%
Expected life of option (years)	3	3	1	1	2	1
Grant date	20/08/2019	13/11/2019	30/06/2020	17/06/2020	06/01/2020	17/06/2020
Vesting date	01/07/2022	01/07/2022	01/07/2021	01/07/2021	01/07/2022	31/08/2021
Expiry date	29/08/2022	29/08/2022	29/08/2021	29/08/2021	29/08/2022	31/10/2021
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Grant date share price	$3.08	$4.35	$4.54	$4.54	$4.63	$3.80
Fair value of option	$2.47	$3.48	$2.98	$3.14	$3.70	$3.04
Performance measures	(5)	(5)	(6)	(6)	(5)	n/a

Notes to the Financial Statements.

F3 Share Option Plan (continued)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

(1) Series 16

1/6th of the options will vest on the achievement of USD5m in EML USA EBITDA for any fiscal year ended by 30 June 2019. Further options will vest in increments of 1/6th for each additional USD1m in EML USA EBITDA achieved for any fiscal year ending 30 June 2019 with 100% of the options being exercisable upon achievement of USD10m in EBITDA as at 30 June 2019. EBITDA is measured on a historical basis of North American performance, excluding the post acquisition impact of aligning the business to Group accounting policies, including the allocation of corporate overheads and accrual of expected breakage.

(2) Series 20

Series 20 is weighted between performance evaluation (33%) and the Group financial metrics (67%). Performance evaluation is subject to achieving a minimum of 70% of the individual's KPI targets set for the year, if less than 70% is achieved in the final year prior to the vesting date then the options granted will be fully forfeited. This condition is not subject to a percentage pro-rata. Financial metrics are split evenly between EBITDA per share and Return on Equity targets. Both performance metrics are based on a percentage pro-rata achievement of the targets, with no maximum upside or downside. For every 1% out-performance of the financial metrics vesting conditions when added together, an extra 2% of the original grant will apply as a bonus. The bonus will only be available once a minimum of 10% out performance has been achieved and is capped at 120% of the original grant.

(3) Series 27 & 28

Series 27 and 28's financial metrics are split evenly between 50% EBITDA per share and 50 Return on Capital Employed targets. The Company must have achieved a compulsory EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all options subject of this offer. Calculation of the number of options is based on outperformance.

(4) Series 29 & 32

Series 29 and 32 is weighted between 50% Group EBITDA target for FY19 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY19. Award is delivered wholly in Options. A vesting period of 1 year applies to all options the subject of this offer. The 1 year commences on 1 July 2019. Even assuming all other vesting conditions that apply to these options are met, they cannot exercise the options until the expiry of that 1 year period. The number of options is a based on a straight-line calculation between threshold and outperformance.

Series 32 was approved by shareholders at the AGM during November 2019.

(5) Series 33, 34 & 37

Series 33, 34 and 37 financial metrics are split evenly between 50% EBITDA per share and 50% Return on Capital Employed targets.

The Company must have achieved a compulsory EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all options the subject of this offer. Calculation of the number of options is based on outperformance.

(6) Series 35 & 36

Series 35 has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during October 2020. In accordance with accounting standards, the temporary Grant date has been taken to be balance date and this will be revised upon shareholder approval.

Series 35 and 36 is weighted between 50% Group EBITDA target for FY20 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY21. Award is delivered wholly in options. A vesting period of 1 year applies to all options the subject of this offer. The 1 year commences on 1 July 2020. Even assuming all other vesting conditions that apply to these options are met, they cannot exercise the options until the expiry of that 1 year period. The number of options is a based on a straight-line calculation between threshold and outperformance.

F3 Share Option Plan (continued)

Equity settled transactions:

The Group provides benefits to Executive Directors and employees of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There are currently two plans in place to provide these benefits:

- the Employee Share Option Plan (ESOP 1)
- the Employee Share Option Plan (ESOP 2)

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of EML Payments Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant director or employee becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit and loss and other comprehensive income charge or credit for a year represents the movement in cumulative expense recognised as at the beginning and end of that year.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified.

In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the director or employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

KEY ASSUMPTION - SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled transactions

The Group measures the cost of equity-settled transactions with employees and Directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model which references the Company share price on the day and may include a discount for lack of marketability.

The cost of equity-settled transactions is recognised, together with a corresponding increase in reserves under equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit within profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised separately in share-based payments expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, if all other performance and/or service conditions are satisfied.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award.

EML • ANNUAL REPORT 2020 • FINANCIAL STATEMENTS 117

Notes to the Financial Statements.

F4 Parent Entity Disclosures

The individual financial statements for the parent entity show the following aggregate amounts:

FINANCIAL POSITION	30 JUNE 2020 $'000	30 JUNE 2019 $'000
ASSETS		
Current assets	67,236	13,504
Non-current assets	415,839	151,599
Total Assets	483,075	165,103
LIABILITIES		
Current liabilities	5,979	21,297
Non-current liabilities	30,581	11,875
Total Liabilities	36,560	33,172
Net Assets	446,515	131,931
EQUITY		
Issued capital	455,580	138,094
Reserves	32,886	25,943
Accumulated losses	(41,951)	(32,106)
Total Equity	446,515	131,931
FINANCIAL PERFORMANCE		
Loss after income tax for the year	(9,759)	(2,717)
Other comprehensive income	6,988	4,127
Total comprehensive profit/(loss) for the year	**(2,771)**	**1,410**

(I) COMMITMENTS AND CONTINGENCIES

The parent entity did not have any commitments as at 30 June 2020 or 30 June 2019.

The parent entity has provided bank guarantees for obligations to card schemes to the value of $2,904,000 at 30 June 2020 (2019: $3,368,000). No liability is expected to arise. Refer to Note G2 for further details.

(II) DETERMINING THE PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, EML Payments Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of EML Payments Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

F5 Controlled Entities

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%)	
		30 JUNE 2020	30 JUNE 2019
PARENT ENTITY			
EML Payments Limited	Australia		
CONTROLLED ENTITIES			
EML Payment Solutions Limited	Australia	100	100
EML Payments Europe Limited	United Kingdom	100	100
EML Payments USA LLC	United States	100	100
EML Payments Mexico S de R.L.	Mexico	100	-
EML Financial 2 LLC	United States	100	100
EML Payments Canada, Ltd	Canada	100	100
EML Payments AB	Sweden	100	100
EML Money Designated Activity Company (1)	Ireland	100	100
EML Payments (EU) Limited (2)	Ireland	100	100
Flex-e-Card Limited	United Kingdom	100	100
Flex-e-Card International DMCC	United Arab Emirates	100	100
EML Payments European Holdings Limited (3)	Ireland	100	-
Prepaid Financial Services (Ireland) Limited (3)	Ireland	100	-
PFS Card Services Ireland Limited (3)	Ireland	100	-
P.F.S. Spain SL (3)	Spain	100	-
Prepaid Financial Services Limited (3)	United Kingdom	100	-
Spectre Technologies Limited (3)	Malta	100	-

(1) EML Money Designated Activity Company, previously PerfectCard Designated Activity Company was renamed during the financial year ended 30 June 2020.
(2) EML Payments (EU) Limited, previously PerfectCard IT Limited was renamed during the financial year ended 30 June 2020.
(3) The Prepaid Financial Services Group was acquired on 31 March 2020 (Refer to Note F6).

Notes to the Financial Statements.

F6 Business Combinations

ACQUISITION OF PREPAID FINANCIAL SERVICES GROUP ON 31 MARCH 2020

On 31 March 2020, the Group acquired 100% of the shares of Prepaid Financial Services (Ireland) Limited, Prepaid Financial Services Limited, PFS Card Services Ireland Limited, P.F.S. Spain SL and Spectre Technologies Limited (collectively referred to as the Prepaid Financial Services Group), unlisted companies based in Europe.

The Prepaid Financial Services Group are a multi award winning European provider of white label payments and banking-as-a-service technology. The acquisition of this Group will make EML one of the largest global prepaid fintech enablers.

(a) Consideration transferred

	31 MARCH 2020 $'000
Cash consideration	157,320
Ordinary shares issued [1]	67,220
Contingent consideration (refer to (d) below)	76,194
Interest-bearing borrowings [2]	40,262
Total purchase consideration	**340,996**

(1) The fair value of the 29,413,161 ordinary shares issued as part of the consideration paid for the Prepaid Financial Group was based on the published share price on 31 March 2020 of $2.30 per share. There were no directly attributable issue costs.

(2) The interest-bearing borrowings relate to the unlisted, unsecured loan notes issued by the Group to the vendors. The loan notes are interest bearing, and repayable in two tranches by 28 June 2024 and 30 June 2025. The Group holds an election to repay at any earlier date.

(b) Analysis of cashflows from acquisition

	31 MARCH 2020 $'000
Cash consideration (included in cash flows from investing activities)	(157,320)
Net cash acquired with the business combination (included in cash flows from investing activities)	14,789
Transaction costs of the acquisition (included in cash flows from operating activities)	(15,559)
Net cash flow used for acquisition	**(158,090)**

Acquisition related costs of $15,559,000 have been excluded from the consideration transferred and have been recognised as an expense in the Statement of Profit or Loss for the year, within the 'Acquisition costs' line item.

F6 Business Combinations (continued)

(c) Assets acquired and liabilities assumed

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

	NOTES	FAIR VALUE 31 MARCH 2020 $'000
Cash and cash equivalents		14,789
Trade and other receivables		10,828
Other current assets		2,182
Segregated funds and bond investments		954,944
Financial asset		589
Plant, equipment and right-of-use asset	E1	4,586
Intangibles	E2	98,073
Total Assets		**1,085,991**
Trade and other payables		(15,418)
Employee benefits		(313)
Current tax payable		(1,108)
Provisions		(4,026)
Contingent consideration		(1,022)
Lease liability		(2,713)
Other liabilties		(505)
Liabilities to stored value account holders		(942,850)
Deferred tax liabilities		(11,316)
Total Liabilities		**(979,271)**
Total identifiable net assets at fair value		106,720
Goodwill arising on acquisition	E2	234,276
Purchase consideration transferred		**340,996**

Goodwill represents the expected growth and synergies from combining operations of the acquiree.

The goodwill above does not comprise the value of the customer contracts and software as these are separately recognised as they meet the criteria for recognition as an intangible asset under AASB 138.

Notes to the Financial Statements.

F6 Business Combinations (continued)

(d) Contingent consideration

Contingent consideration includes completion settlements and an earn-out arrangement, both payable in cash. The earn-out relates to certain predetermined EBITDA results for the three financial years ended 30 June 2021 to 2023. The contingent consideration is capped at $110,721,000, payable in cash. The payments will be made in three tranches, paid by 31 August 2021, 31 August 2022 and 31 August 2023. The completion settlements will be released once conditions have been met.

As required by accounting standards, a financial liability of $76,194,000 (refer Note D4) representing the fair value of the completion settlements and earn-out has been recognised at acquisition date.

SIGNIFICANT ESTIMATION - CONTINGENT CONSIDERATION RELATING TO EARN-OUT

In the event that certain pre-determined EBITDA results are achieved by the Prepaid Financial Services Group for the three financial years ending 30 June 2021 to 2023, a maximum of $110,721,000 may be payable in cash. At acquisition date, the fair value of the contingent consideration relating to the earn-out has been estimated at $69,279,000. This fair value has been based on a discounted, estimated EBITDA achievement for the measurement periods, refer to Note D4.

(e) Impact of acquisition on the results of the Group

The Prepaid Financial Services Group contributed revenue from continuing operations of $19,107,000 and net profit before tax of $1,914,000 to the Group for the period from 31 March 2020 to 30 June 2020.

Had the acquisition occurred on 1 July 2019, consolidated pro forma revenue from continuing operations and net profit before tax for the year ended 30 June 2020 would have been $73,661,000 and $17,616,000 respectively.

These results include a period from 1 March to 30 June 2020 where trading conditions were impacted by the COVID-19 pandemic restrictions on social mobility and macro-economic factors. Trading conditions in parts of the consolidated entity were materially impacted by COVID-19 and the pro forma result for the 12 months ended 30 June 2020 may not represent a valid reference point for future operations.

(f) Information disclosed as provisional

The net assets recognised in these financial statements are based on a provisional assessment of their fair value while the Group complete the valuation.

ACQUISITION OF FLEX-E-CARD GROUP ON 28 JUNE 2019

On 28 June 2019, the Group acquired 100% of the shares of Flex-e-Card Limited and Flex-e-Card International DMCC, unlisted companies based in Europe and the United Arab Emirates (collectively the Flex-e-Card Group).

Flex-e-Card Group are FinTech companies providing gift card solutions to the shopping mall sector, with 226 shopping centres under contract in Europe (principally the United Kingdom, Ireland, Poland, Italy, and Finland), and the United Arab Emirates.

In the financial year ending 30 June 2020, the Group has consolidated the full year results of the Flex-e-Card Group.

(a) Consideration transferred

	28 JUNE 2019 $'000
Cash consideration	35,936
Escrow consideration held with third party	3,993
Total purchase consideration	**39,929**

F6 Business Combinations (continued)

(b) Analysis of cashflows from acquisition

	28 JUNE 2019 $'000
Transaction costs of the acquisition (included in cash flows from operating activities)	(281)
Net cash acquired with the business combination (included in cash flows from investing activities)	-
Net cash flow used for acquisition	**(281)**

Acquisition related costs of $281,000 was excluded from the consideration transferred and was recognised as an expense in the Statement of Profit or Loss for the financial year ended 30 June 2019, within the 'Acquisition costs' line item.

(c) Assets acquired and liabilities assumed

The fair values of the assets and liabilities recognised as a result of the acquisition were as follows:

	NOTES	FAIR VALUE 28 JUNE 2019 $'000
Contract asset		4,998
Segregated funds and bond investments		35,479
Plant and equipment	E1	224
Intangibles	E2	5,857
Total Assets		**46,558**
Current tax payable		(795)
Liabilities to stored value account holders		(35,479)
Deferred tax liability		(1,113)
Total Liabilities		**(37,387)**
Total identifiable net assets at fair value		9,171
Goodwill arising on acquisition	E2	30,758
Purchase consideration transferred		**39,929**

The goodwill above did not comprise the value of the customer relationships and customer contracts as these were separately recognised as they meet the criteria for recognition as an intangible asset under AASB 138.

(d) Impact of acquisition on the results of the Group

The Flex-e-Card Group contributed revenue from continuing operations of $nil and net profit before tax of $nil to the Group for the period from 28 June 2019 to 30 June 2019.

Notes to the Financial Statements.

F6 Business Combinations (continued)

ACQUISITION OF EML MONEY GROUP (PREVIOUSLY, PERFECTCARD GROUP) ON 4 JULY 2019

On 4 July 2018, the Group acquired 74.86% of the shares of EML Money DAC (previously PerfectCard DAC) and 100% of the shares of EML Payments (EU) Limited (previously PerfectCard IT Limited (collectively PerfectCard)), unlisted companies based in Ireland.

EML Money DAC is Ireland's first authorised eMoney institution and a FinTech company providing incentive and corporate expense solutions. In the financial year ending 30 June 2020, the Group has consolidated the full year results of the EML Money Group.

(a) Consideration transferred

	4 JULY 2019 $'000
Cash consideration [1]	4,300
Deferred consideration	387
Contingent consideration liability (refer to (d) below)	2,922
Total purchase consideration	**7,609**

(1) Included in the value for cash consideration was a payment of $729,000 to the Vendor's KMP for loans payable by the EML Money Group.

(b) Analysis of cashflows from acquisition

	4 JULY 2019 $'000
Transaction costs of the acquisition (included in cash flows from operating activities)	(76)
Net cash acquired with the business combination (included in cash flows from investing activities)	278
Net cash flow from acquisition	**202**

Acquisition related costs of $76,000 was excluded from the consideration transferred and was recognised as an expense in the Statement of Profit or Loss for the financial year ended 30 June 2019, within the 'Acquisition costs' line item.

(c) Assets acquired and liabilities assumed

The fair value of the assets and liabilities recognised as a result of the acquisition were as follows:

	NOTES	FAIR VALUE 4 JULY 2019 $'000
Cash and cash equivalents		278
Contract asset		4,323
Other receivables		634
Segregated funds and bond investments		16,677
Plant and equipment	E1	52
Intangibles	E2	3,244
Total Assets		**25,208**
Trade and other payables		(2,255)
Liabilities to stored value account holders		(16,677)
Total Liabilities		**(18,932)**
Total identifiable net assets at fair value		6,276
Goodwill arising on acquisition	E2	2,891
Non-controlling interest - equity		(1,558)
Purchase consideration transferred		**7,609**

F6 Business Combinations (continued)

The goodwill above did not comprise the value of the customer relationships and customer contracts as these are separately recognised as they meet the criteria for recognition as an intangible asset under AASB 138.

(d) Contingent consideration

Under the contingent consideration arrangement, earn-out will be paid in 82% cash and 18% ordinary share capital of EML Payments Limited on 31 December 2020. The earn-out related to the average annual EBITDA generated by the EML Money Group for the calendar years 2019 and 2020. The contingent consideration is capped at €3,051,000, with €2,502,000 cash and €549,000 in EML shares at an agreed volume weighted average price A$1.36. The number of shares will fluctuate based on the exchange difference between Australian dollars and Euro (€) to be determined the day before issuance. As required by accounting standards, a financial liability of $2,922,000 (refer Note to D4) representing the fair value of the earn-out was recognised for the financial year ending 30 June 2019, and is carried at $4,328,00 for the financial year ending 30 June 2020.

The share issue effect of the earn-out has been included as an adjustment to the diluted earnings per share.

(e) Impact of acquisition on the results of the Group

The EML Money Group contributed revenue from continuing operations of $5,599,000 and net profit after tax of $169,000 to the Group for the period from 4 July 2018 to 30 June 2019.

ACQUISITION OF EML MONEY MINORITY INTEREST ON 17 JUNE 2019

On 17 June 2019, the Group acquired the remaining 25.14% of the shares of EML Money DAC increasing its ownership interest to 100%, for a consideration of $4,679,000.

The carrying value of the net assets of EML Money DAC (excluding goodwill on the original acquisition) was $4,217,000. The following is a schedule of additional interest acquired in EML Money DAC.

(a) Consideration transferred

	17 JUNE 2019 $'000
Consideration for non-controlling interest [1]	4,679
Carrying value of the additional interest in EML Money DAC	(1,806)
Difference recognised in accumulated losses	**2,873**

(1) $339,000 was paid in cash during the financial year ended 30 June 2019. The remaining $4,340,000 was approved on 10 July 2019 by the Central Bank of Ireland.

Notes to the Financial Statements.

G1 Related Party Disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Controlled entities

Details of Controlled entities, including the percentage of ordinary shares held are disclosed in Note F5 to the financial statements.

(b) Associate entities

Details of Associate entities are disclosed in Note D5 to the financial statements.

(c) Transactions with related parties

(I) WHOLLY-OWNED

The wholly-owned group includes:

(a) The ultimate parent entity in the wholly-owned group (the Company); and

(b) The wholly-owned controlled entities (subsidiaries).

The ultimate parent entity in the wholly-owned group is EML Payments Limited.

During the financial year EML Payments Limited provided central administration and Director services to controlled entities. No management fees were charged (2019: $nil).

(II) OTHER RELATED PARTIES

The Group did not enter into any other related party transactions during the financial year.

(d) Remuneration transactions with key management personnel

Refer to the Remuneration Report for remuneration transactions with key management personnel.

(e) Other transactions with key management personnel

An Executive KMP processed a transaction through the Company during the year ended 30 June 2020 at nil gain/loss to either party.

G2 Contingent Liabilities

Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

HOST-BASED STORE VALUE ACCOUNTS WITH BIN SPONSORS

A number of BIN Sponsors provide depository accounts to the Group to facilitate clients of the Group to deposit funds relating to the provision of prepaid payment products. The BIN Sponsors have sole authority to transact on the licensee depository accounts. Due to the fact that the Group does not have ownership or the right to direct operation of the depository accounts, the account is not recognised as an asset in the financial statements of the Group.

Under the agreements:

(i) In consideration of the BIN Sponsors performing any Authorised Act, the Group will indemnify the BIN Sponsors and the Directors, employees, officers, agent and independent contractors of the Bin Sponsors on demand from time to time; and

(ii) The Group is liable to the BIN Sponsors in respect of any debit balance of the depository account and in respect of any other moneys owing or contingently owing by the Group to the BIN Sponsors under or in connection with the depository account.

GUARANTEES

The Group has provided the following bank guarantees at 30 June 2020:

— Bank guarantees with the lessors of the office properties to the value of $569,000 (2019: 569,000). No liability is expected to arise;

— Bank guarantees for obligations to card schemes to the value of $2,334,000 (2019: $3,368,000) No liability is expected to arise.

COMPLIANCE MATTERS

The Group operates in a number of regulated markets and is subject to regulatory reviews and inquiries. From time to time these may result in litigation, fines or other regulatory enforcement actions. Actual and potential claims and proceedings may arise in the conduct of the Group's business with clients and customers, revenue authorities, employees, and other stakeholders with whom the Group interacts. The Group recognises provisions for matters where an economic outflow of resources as a result of events occurring prior to the reporting date is probable and can be reliably measured utilising information that is known as at the reporting date. Provisions for these matters are included within the provisions Note B9. In some circumstances, including under Share Purchase Agreements and other contractual rights, the Group may receive protections to cover any potential fines or warranty claims that could ultimately be incurred for conduct or issues arising prior to the Group's acquisition which may also be offset against amounts held in escrow, vendor loans or contingent consideration, refer note F6.

G3 Subsequent Events

No significant transaction or event of a material and unusual nature after the balance sheet date have arisen, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

Notes to the Financial Statements.

G4 Summary of Significant Accounting Policies

(a) Reporting entity

EML Payments Limited (Company) is a company incorporated and domiciled in Australia whose shares are publically traded on the Australian Stock Exchange. The consolidated financial report of the Company for the year ended 30 June 2020 comprises the Company and its subsidiaries (together referred to as the Group or consolidated entity or EML). The consolidated financial report was authorised for issue in accordance with a resolution of the directors on 18 August 2020.

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of EML Payments Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis except where otherwise stated. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated. The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are the provision of payment services.

For the purpose of preparing the consolidated financial statements, the company is a for profit entity.

STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

(c) Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies for the period ended 30 June 2020, except for the adoption of new standards effective as of 1 July 2019.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies for the first time, AASB 16 Leases in the financial year ended 30 June 2020.

AASB 16 LEASES

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 supersedes the previous lease guidance including AASB 117 Leases and the related interpretations as of 1 July 2019. AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

On transition at 1 July 2019, the Group's leases relate to office property.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and prinicpal lease payments, as well as the impact of lease modifications, amongst others.

The Group have applied a weighted average borrowing rate on transition of 2.24%.

G4 Summary of Significant Accounting Policies (continued)

The Group has adopted AASB 16 on 1 July 2019 using a modified retrospective approach to implementation of the standard. Under this approach, the cumulative effect of initial application of the standard is recognised at the date of adoption, ie 1 July 2019.

In applying AASB 16 for the first time, the Group have used the following practical expedients permitted by the standard:

- The transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application;
- The recognition exemptions for lease contracts that, at 1 July 2019, have a lease term of 12 months or less and do not contain a purchase option;
- The recognition exemptions for lease contracts for which the underlying asset is of low value ('low-value assets'); and
- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group did not apply the remaining expedient relating to the application of an onerous lease liability.

(i) Nature of the effect of adoption on AASB 16

On transition, the right-of-use assets for leases were measured either:

- on a retrospective basis as if AASB 16 Leases had always been applied; or
- the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2020.

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Notes to the Financial Statements.

G4 Summary of Significant Accounting Policies (continued)

The effect of adoption AASB 16 as at 1 July 2019 affected the following items on the balance sheet (increase/(decrease)) is as follows:

	1 JULY 2019 $'000
NON-CURRENT ASSETS	
Plant, equipment and right-of-use assets [1]	5,034
Total Non-Current Assets	5,034
CURRENT LIABILITIES	
Lease liability [2]	1,155
Other liabilities [3]	(206)
Total Current Liabilities	949
NON-CURRENT LIABILITIES	
Lease liability [4]	5,018
Other liabilities [3]	(988)
Total Non-Current Liabilities	4,030
Total Liabilities	**4,979**
TOTAL ADJUSTMENTS ON EQUITY	
Retained earnings [5]	54
Total equity	**54**

(1) Right-of-use assets of $5,034,000 were recognised and presented as a category within Plant, equipment and right-of-use assets on 1 July 2019. Refer Note E1.
(2) Current lease liability was recognised on 1 July 2019.
(3) Derecognition on 1 July 2019 in Other liabilities included Straight-lining lease liabilites and Lease incentive liabilities.
(4) A lease liability, non-current was recognised on 1 July 2019.
(5) The net effect of these adjustments had been adjusted to Retained earnings on 1 July 2019.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	$'000
Operating lease commitments as at 30 June 2019	6,248
Recognition exemption for leases expiring in 12 months or fewer	(43)
Change in recognition of lease term	835
Change in treatment of lease incentive	(121)
Effect of discounting	(746)
Lease liability recognised based on the initial application of AASB 16 as of 1 July 2019	**6,173**

G4 Summary of Significant Accounting Policies (continued)

(d) Accounting standard and interpretations that have been issued but not yet effective

The Group has not applied the following new and revised AASBs that have been issued but are not yet effective:

STANDARDS/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2018-6 Amendments to Australian Accounting Standards- Definition of a Business	1 January 2020	30 June 2021
AASB 2018- 7 Amendments to Australian Accounting Standards- Definition of Material	1 January 2020	30 June 2021
AASB 2019-1 Amendments to Australian Accounting Standards- References to the Conceptual Framework	1 January 2020	30 June 2021
AASB 2019-3 Amendments to Australian Accounting Standards- Interest Rate Benchmark Reform	1 January 2020	30 June 2021
AASB 2020-1 Amendments to Australian Accounting Standards- Classification of Liabilities as Current or Non-current	1 January 2022	30 June 2023

(e) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its return. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations are accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(g) Going concern

The financial statements have been prepared on a going concern basis. To assess the appropriateness of the Group's going concern assumption as a consequence of COVID-19, management have:

— Updated its economic outlook to prepare forward estimates and cash flow forecasts after reviewing external market, key customer, supplier and public forecasts that assume recovery over a period of time from FY22 and considering experience from previous downturns;
— Evaluated the net current liability position of the Group. All on-demand cardholder liabilities are classified as current liabilities, whereas a portion of the surplus segregated funds are classified as non-current, refer to Note D1;
— Re-evaluated material areas of judgement and uncertainty;
— Re-evaluated the Group strategy and the resources require to successfully execute it; and,
— Re-assessed current cash resources and funding sources available to the group alongside the expected future cash requirements.

Notes to the Financial Statements.

G4 Summary of Significant Accounting Policies (continued)

As a result of the above analysis, the Directors have reached a conclusion that the Group is able to continue as a going concern for at least, but not limited to, 12 months from the date of this report.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and Value Added Tax (VAT) except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to the taxation authority.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(j) Foreign Currency Translation

FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

TRANSACTIONS AND BALANCES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

G4 Summary of Significant Accounting Policies (continued)

DISPOSAL OF FOREIGN OPERATIONS

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(k) Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In a principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted market price (unadjusted) in an active market for identical assets and liabilities;

Level 2: valuation techniques on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Financial asset – Note D5;
- Plant and equipment – Note E1;
- Intangibles – Note E2;
- Contingent liabilities – Note G2; and
- Contingent consideration – Note D4.

(l) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

This page has been intentionally left blank.

Corporate Information.

Directors

Peter Martin
Non-executive Chairman

Thomas Cregan
Managing Director and Group Chief Executive Officer

Tony Adcock
Non-executive Director

David Liddy AM
Non-executive Director

Dr Kirstin Ferguson
Non-executive Director

Melanie Wilson
Non-executive Director

George Gresham
Non-executive Director
(Appointed 18 May 2020)

Joint Company Secretaries

Paul Wenk
Group General Counsel and Joint Company Secretary

Sonya Tissera-Isaacs
Head of Corporate Governance and Joint Company Secretary
(Appointed 26 November 2019)

ABN

93 104 757 904

Registered Office and Principal Place of Business

Level 12
333 Ann Street
Brisbane QLD 4000

Telephone: (07) 3557 1100
Facsimile: (07) 3607 0111
Website: www.emlpayments.com

Auditors

Deloitte Touche Tohmatsu
Level 23, Riverside Centre,
123 Eagle Street
Brisbane QLD 4000

Telephone: (07) 3308 7000
Facsimile: (07) 3308 7004

Bankers

Australia and New Zealand Banking Group Limited
Level 5, 242 Pitt Street,
Sydney, NSW 2000

Share Register

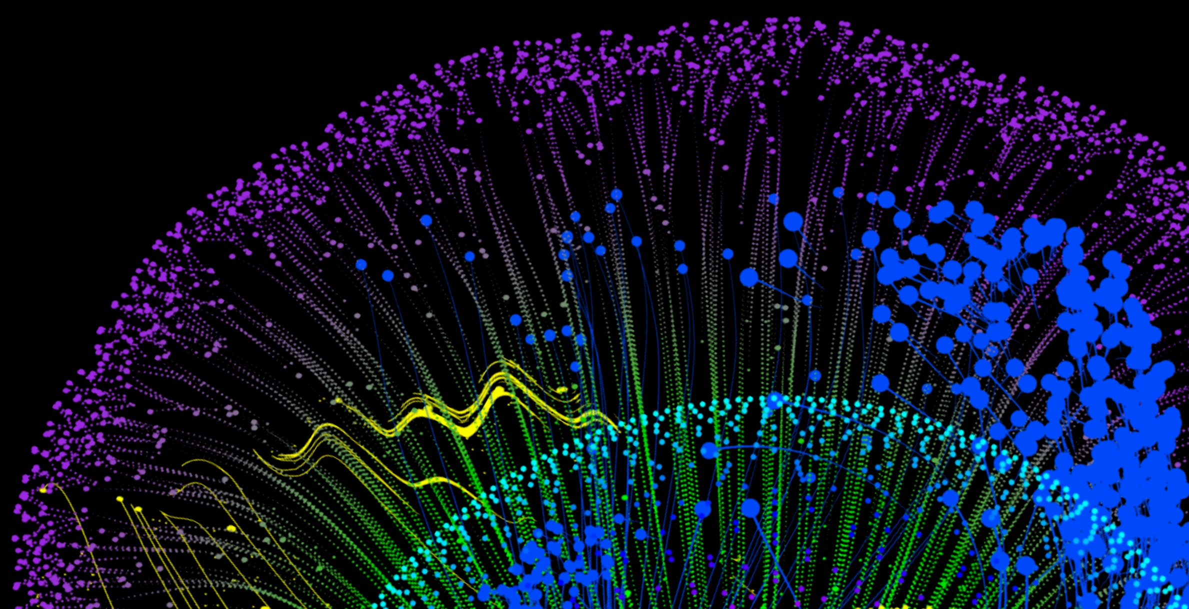
Link Market Services Limited
Level 15, 324 Queen Street
Brisbane, QLD 4000

Telephone: (within Australia): 1300 554 474
Facsimile: (02) 9287 0303

Securities Exchange Listing

EML Payments Limited is listed on the Australian Securities Exchange

(ASX: EML)



ASX Additional Information.

Additional information as required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1.1 Share Information

As at 31 July 2020 the Company only has one class of shares, fully paid ordinary share. Therefore all holders listed hold fully paid ordinary shares. There are no unlisted securities and there is currently no on-market buy-back.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(b) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(c) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(d) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

1.2 Distribution of Shares (as at 31 July 2020)

NO.	NO OF SHAREHOLDERS	FULLY PAID SHARES
1 to 1,000	13,781	6,507,924
1,001 to 5,000	9,917	24,293,077
5,001 to 10,000	2,127	15,892,804
10,001 to 50,000	1,520	30,750,466
50,001 to 100,000	134	9,497,864
100,001 and Over	131	272,888,394
Total	**27,610**	**359,830,529**

Unmarketable Parcels	1,847	216,211

1.3 Substantial Shareholders (as at 31 July 2020)

The following shareholders are recorded as substantial shareholders:

NAME	FULLY PAID SHARES NUMBER
HSBC Custody Nominees (Australia) Limited	61,057,214
J P Morgan Nominees Australia Limited	45,450,960
CitiCorp Nominees Pty Limited	33,153,378
National Nominees Limited	23,075,755
Total	**162,737,307**

ASX Additional Information.

1.4 Holders of Unquoted Equity Securities (as at 31 July 2020)

A total of 6,131,519 unlisted options are on issue at 30 June 2020. All unlisted options are held by employees under the Company's Employee Share Options Plan.

1.5 Twenty Largest Shareholders (as at 31 July 2020)

ORDINARY SHAREHOLDERS	FULLY PAID ORDINARY NUMBER	PERCENTAGE
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	61,057,214	16.97
J P MORGAN NOMINEES AUSTRALIA LIMITED	45,450,960	12.63
CITICORP NOMINEES PTY LIMITED	33,153,378	9.21
NATIONAL NOMINEES LIMITED	23,075,755	6.41
VALERIE WILLIS	13,923,864	3.87
NOEL MORAN	10,788,165	3.00
TACDBM PTY LTD	7,523,104	2.09
BT PORTFOLIO SERVICES LIMITED	6,936,320	1.93
PACIFIC CUSTODIANS PTY LIMITED	5,810,264	1.61
BNP PARIBAS NOMS PTY LTD	3,970,711	1.10
UBS NOMINEES PTY LTD	3,818,893	1.06
WILDWOOD CAPITAL PTY LTD	2,634,261	0.73
WULURA INVESTMENTS PTY LTD	2,383,523	0.66
MR BRUCE MCLEOD STEWART	2,208,575	0.61
BNP PARIBAS NOMINEES PTY LTD	2,092,772	0.58
CITICORP NOMINEES PTY LIMITED	1,956,478	0.54
MS DIANA BARTON CREGAN	1,866,666	0.52
SHAMGAR INVESTMENTS PTY LTD	1,800,000	0.50
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	1,610,541	0.45
BNP PARIBAS NOMINEES PTY LTD	1,747,214	0.49
Total	**233,808,658**	**64.96%**

1.6 Share Buy-Backs

There is no current on-market buy-back scheme.

2. Other Information

EML Payments Limited, incorporated and domiciled in Australia, is a public listed company limited by Shares.

This page has been intentionally left blank.

This page has been intentionally left blank.

Level 12 / 333 Ann Street
Brisbane QLD 4000

Telephone: (07) 3557 1100
Facsimile: (07) 3607 0111

Connect with us

ANNUAL REPORT
emlpayments.com

twitter.com/emlpayments

facebook.com/emlpayments

linkedin.com/company/emlpayments

emlpayments.com