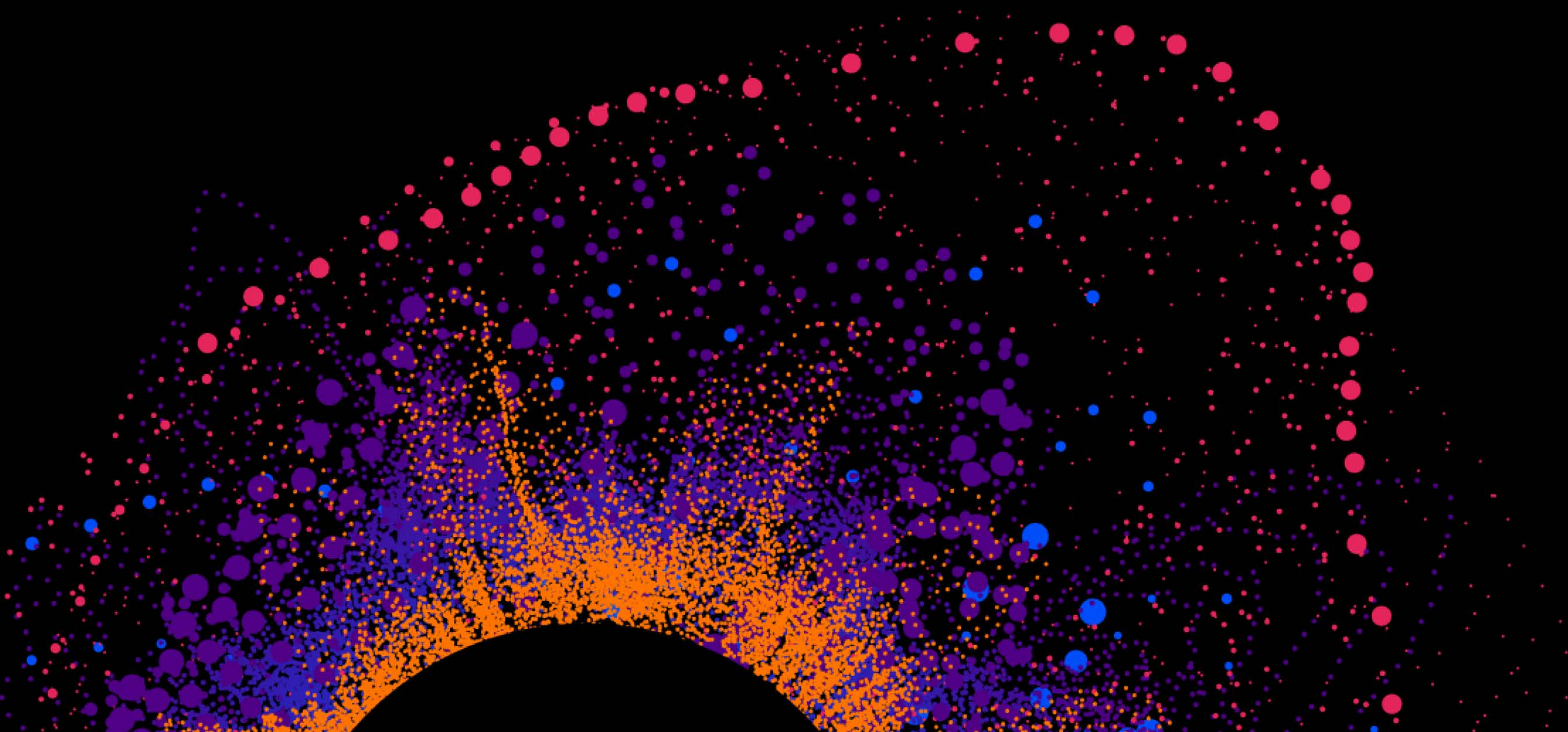


# H1 FY20 Interim Results

February 2020

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Money in Motion





**Tom Cregan**  
Managing Director  
& Group CEO

**Rob Shore**  
Group CFO

## 01 Business Update

## 02 H1 FY20 Financial Results Review

## 03 Outlook & FY20 Guidance

## 04 Q&A

### **Important Notice**

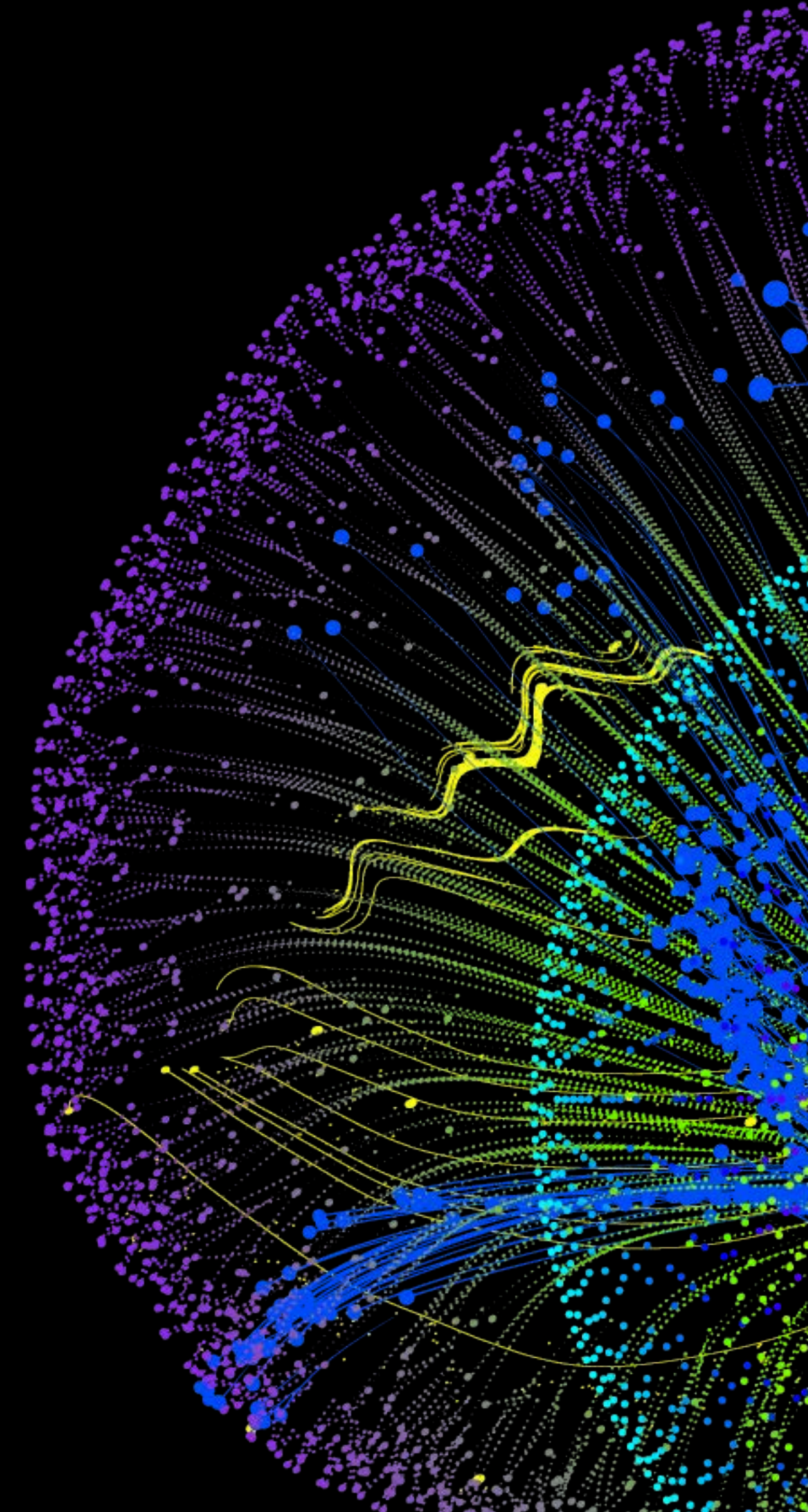
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This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to EML's businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on any forward looking statements. Unless otherwise specified all information is for the six months ended 31 December 2019 ('H1FY20'), and is presented in Australian Dollars. Unless otherwise stated, the prior comparative period refers to the six months end 31 December 2018 ('H1FY19' or 'PCP'). H1FY20 results exclude Prepaid Financial Services (Ireland) Limited which EML has entered into a binding agreement to acquire subject to satisfaction of certain conditions precedent, including regulatory change of control approvals.

## Our Mission

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

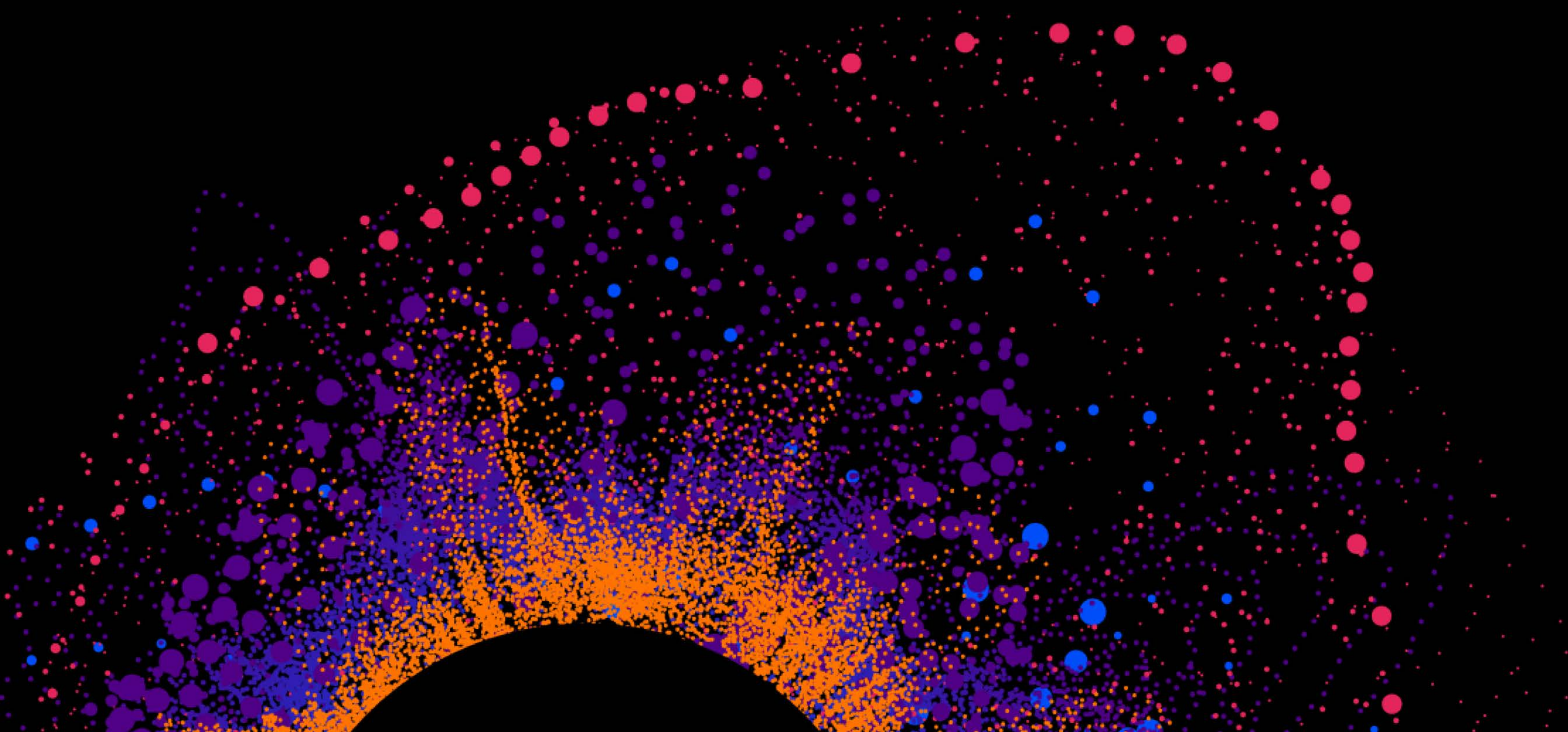
**EML.**





# H1 FY20 Business Update

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## About Us – EML snapshot

EML is an ASX listed (ASX:EML) fintech specialising in prepaid stored value products with offices in Australia, United Kingdom, Europe, United Arab Emirates and the United States of America.

GROUP GDV (H1FY20)

**\$6.62bn**

↑ 60%

GROUP REVENUE (H1FY20)

**\$59.2m**

↑ 25%

GROUP EBITDA (H1FY20)

**\$19.7m**

↑ 42%

GROUP NPATA (H1FY20)

**\$16.0m**

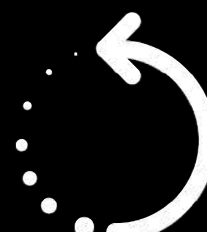
↑ 70%

### Australia

Head Office  
Brisbane, Australia  
Melbourne, Australia



Australia



One processor

### Americas

Kansas City, USA



Rest of the world



One processor

### Europe & Middle East

Birmingham, England  
Dublin, Ireland  
Newcastle, England  
Galway, Ireland  
Stockholm, Sweden  
Dubai, UAE  
Czestochowa, Poland



# H1 FY20 Highlights

- Record first half result in terms of GDV (up 60%), Revenue (up 25%), Gross Profit Margins (up 270bps on H1FY19) and EBITDA (up 42%)
- GDV & Revenue grew across all segments. Revenue yield fell at a Group level due to GDV mix shift to VANS
- Record H1 EBITDA at \$19.7m up 42% on H1FY19 result supports upper end of guidance range
- \$6.8m of breakage revenue (H1FY19: \$4.5m), and gross margin, on H1 GDV will be recorded in H2 under AASB15
- Group underlying cash conversion on EBITDA at 67% adjusting for timing of insurance, FY19 STIP and transition success payments in H1. FY20 cashflow expected within guidance range of 70 - 80%, refer to page 25
- Integration of Flex-e-Card Limited on track, acquired 28 June 2019
- Signed a binding agreement to acquire Prepaid Financial Services (Ireland) Limited ('PFS') subject to satisfactory completion of certain conditions precedent including regulatory approvals. EMLs largest acquisition to date. Market will be updated as conditions precedent to completion are satisfied
- Mobile Pays and EML ControlPay (previously Delegated Authority) gaining traction with a solid sales pipeline
- Signed new programs in all segments which will drive growth in future periods

## H1 FY20

---

GDV

**\$6.62bn**

\$4.15bn (H1 FY19)

REVENUE

**\$59.2m**

\$47.2m (H1 FY19)

REVENUE CONVERSION

**89bps**

114bps (H1 FY19)

EBITDA

**\$19.7m**

\$13.9m (H1 FY19)

H1FY20 results exclude Prepaid Financial Services (Ireland) Limited which EML has entered into a binding agreement to acquire subject to satisfaction of certain conditions precedent, including regulatory change of control approvals. The calculation of EBITDA has been adjusted to exclude acquisition costs and PCP comparatives restated.



# New Contracts & Program Launches

## New Program Launches

**NOVA**

**SuperSport**  
World of Champions

**MALL OF TRIPOLI**

**starcasinò**

**INGKA**  
CENTRES

**moneyme**  
Your money your way

**glanbia**

**roundpeak**

**CleverGift™**

**viewpost®**

**TCN** | THE CARD NETWORK

**DG SOLUTIONS**  
COMMUNICATIONS THAT DELIVER

## New Contracts

**iGODirect** GROUP | Promotional Intelligence

**COINJAR**

**SOUTH COAST PLAZA**

**Paygo?**

**ECE**

**NSW GOVERNMENT** | Health

**aligo**

**PANDORA**

**SIMON**  
MALLS





# H1 FY20 Business Update

## Gift & Incentive (G&I)

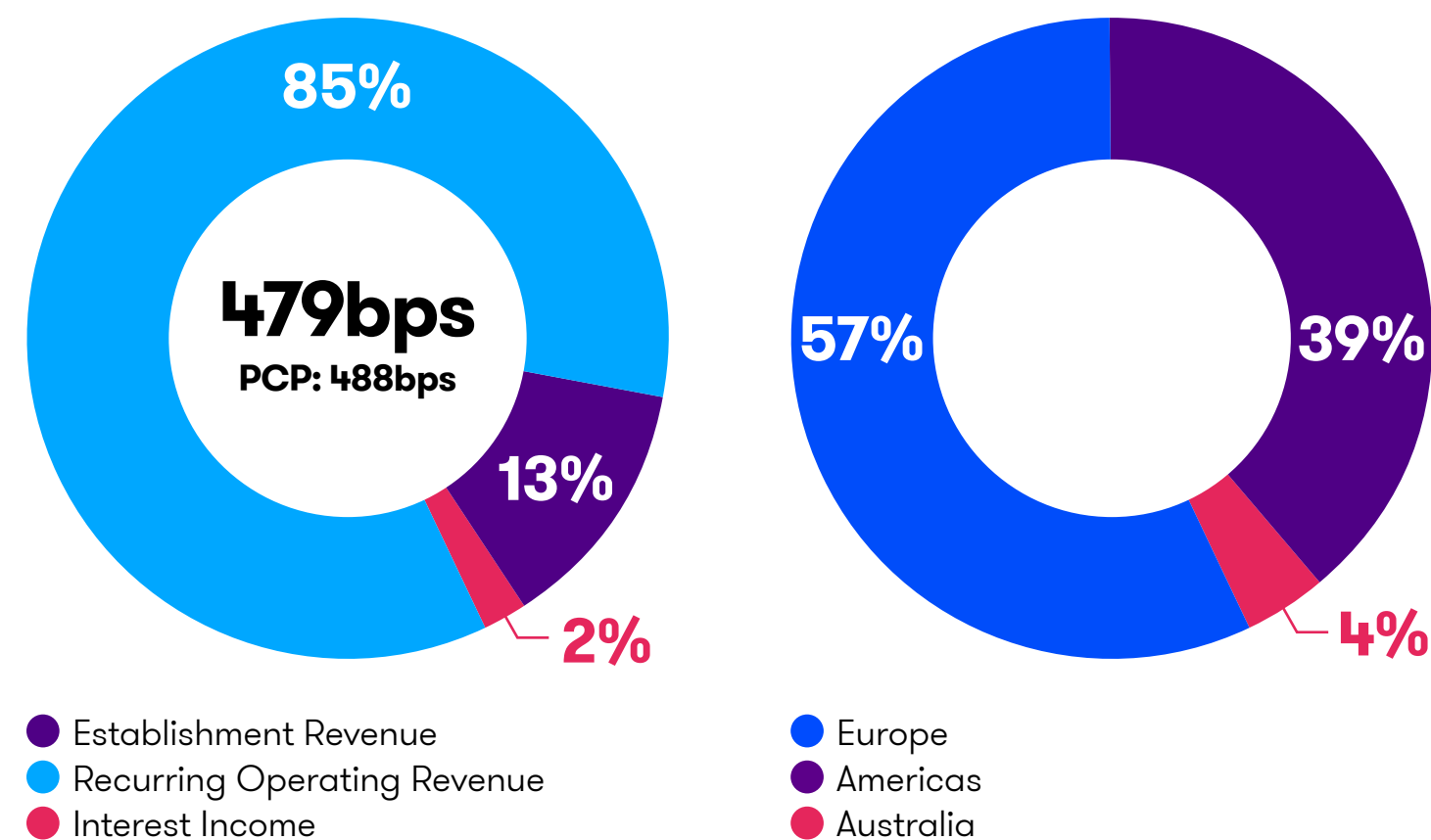
GDV **\$0.84bn**  
 \$0.66bn (H1FY19)

Revenue **\$40.1m**  
 \$32.4m (H1FY19)

Revenue up 24% on pcp:

- \$6.8m of breakage revenue, and gross profit, will be recognised in H2 on first half GDV (H1FY19: \$4.5m)
- Weaker retail macro environment in the UK & Germany were offset by stronger growth in Ireland, Eastern Europe and Dubai.

### Sources and Drivers of revenue



## General Purpose Reloadable (GPR)

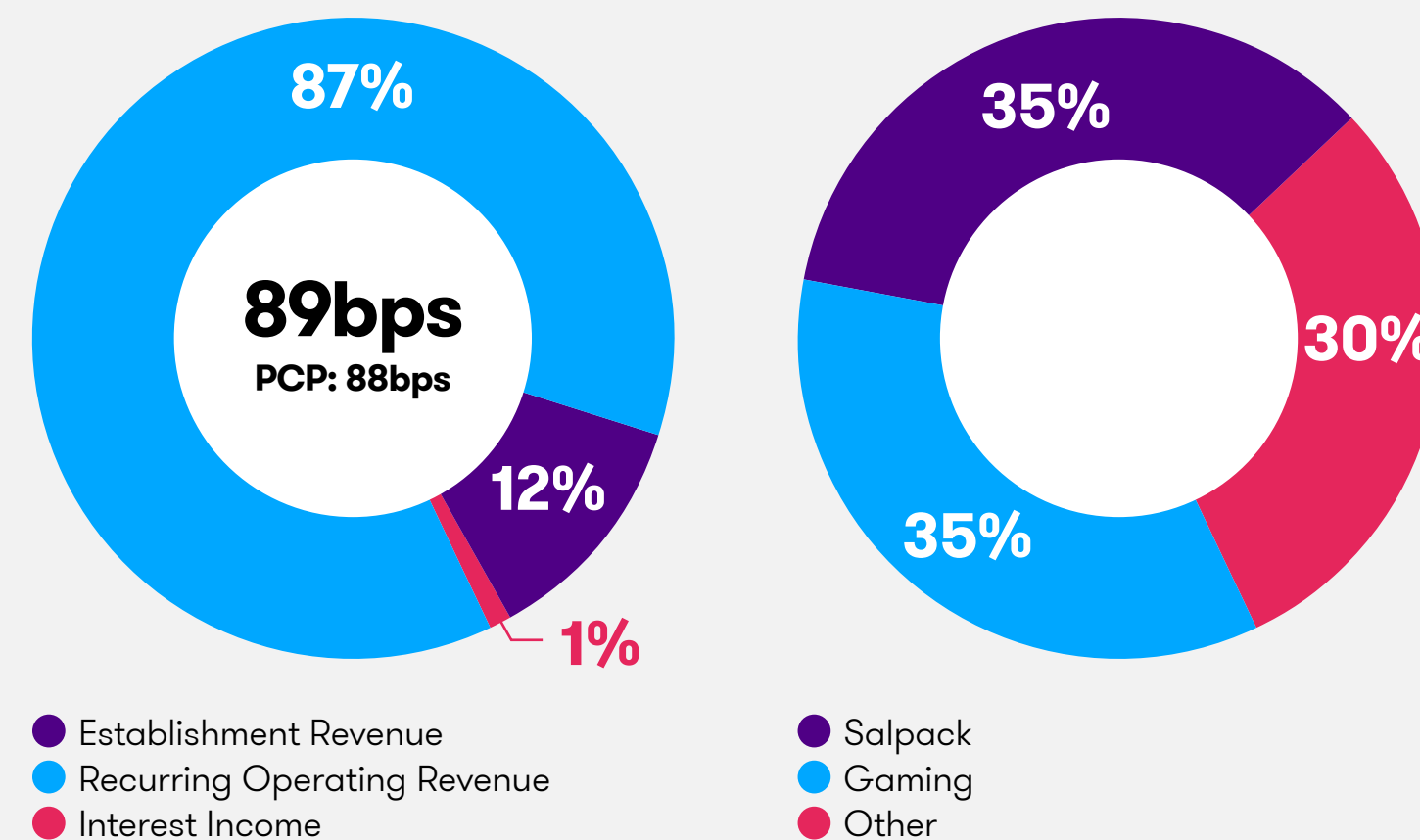
GDV **\$1.47bn**  
 \$1.40bn (H1FY19)

Revenue **\$13.2m**  
 \$12.3m (H1FY19)

Revenue up 7% on pcp:

- Organic growth in Salary Packaging & Gaming drove segment result offsetting lower LuLaRoe volumes (low GDV yield customer)
- Excluding impact from lower LuLaRoe volumes, GDV increased over 35% on H1FY19

### Sources and Drivers of revenue



## Virtual Account Numbers (VANS)

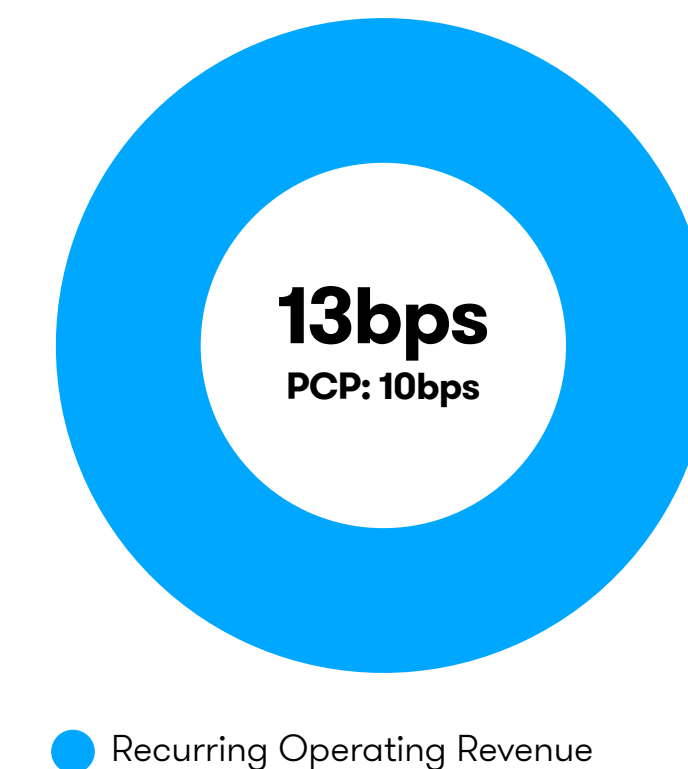
GDV **\$4.31bn**  
 \$2.09bn (H1FY19)

Revenue **\$5.5m**  
 \$2.0m (H1FY19)

Revenue up 174% on pcp:

- Volumes in line with expectations with exit run rates at June 2019 continuing through the period, improved mix led to better revenue yields
- Long term contract agreed with major customer, BillGo
- Signed & launched new customer Viewpost in late Q2FY20

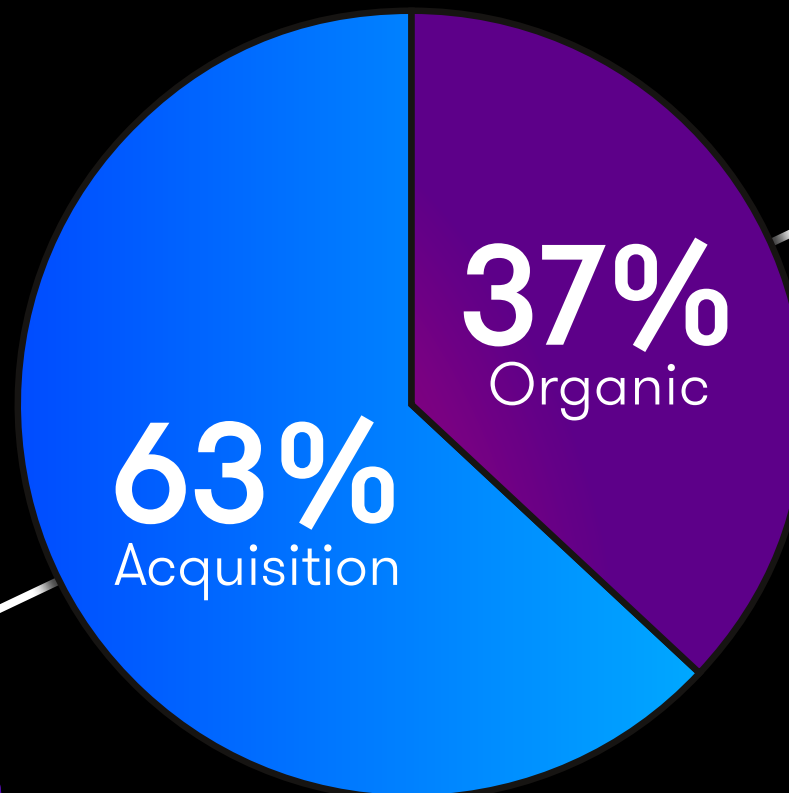
### Sources of revenue





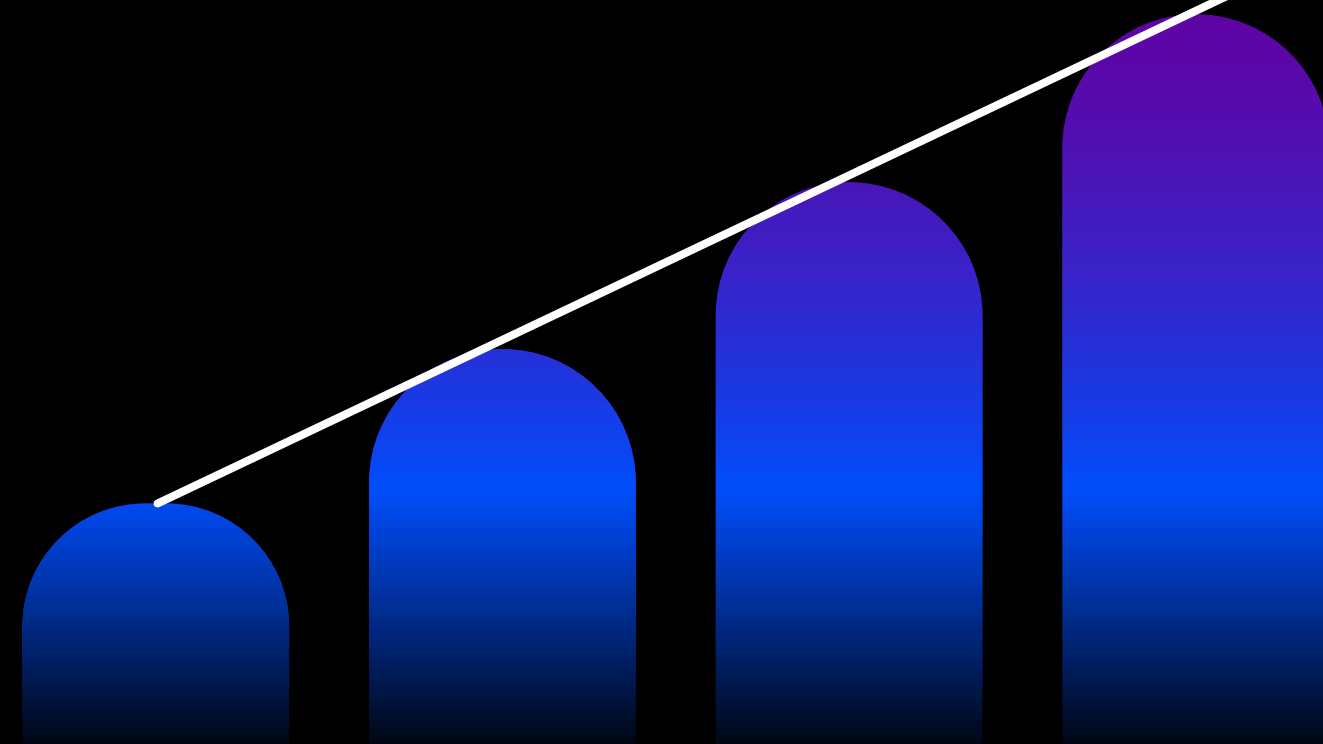
# Track Record of EBITDA Growth

**59%**  
5 YR FIRST HALF EBITDA CAGR



**+\$5.8m**

HY20 EBITDA Growth



HY16    HY17    HY18    HY19

<b>GDV</b>	\$0.4B	\$1.9B	\$3.6B	\$4.2B
<b>REVENUE</b>	\$10.6m	\$27.9m	\$33.9m	\$47.2m
<b>EBITDA</b>	\$3.1M	\$5.5M	\$9.3M	\$13.9M
<b>HEADCOUNT</b>	55	150	184	236
<b>COUNTRIES</b>	10	13	13	21



**HY20**

<b>GDV</b>	<b>\$6.6B</b>
<b>REVENUE</b>	<b>\$59.2m</b>
<b>EBITDA</b>	<b>\$19.7M</b>
<b>HEADCOUNT</b>	<b>272</b>
<b>COUNTRIES</b>	<b>23</b>

## Growth Drivers

### Gaming

Expand global gaming programs

- Launched RoundPeak (USA), bet365 (USA), Star Casino (Italy) and SuperSports (Croatia)

### Salary Packaging

Transition contracted benefit accounts

- All major customers contracted to transition to Self issuance
- SmartGroup transition on track with c. 70k accounts to transition
- NSW Ministry of Health contract signed, 50k accounts to transition

### Gift and Incentive

Expand mall programs and use of instant gift

- Signed Simon Malls - launched Jan 20
- Launched CentreParcs UK & ROI in H1
- Launched Pays Instant gift with CleverGift

### EML ControlPay

Launch ControlPay solution to new verticals

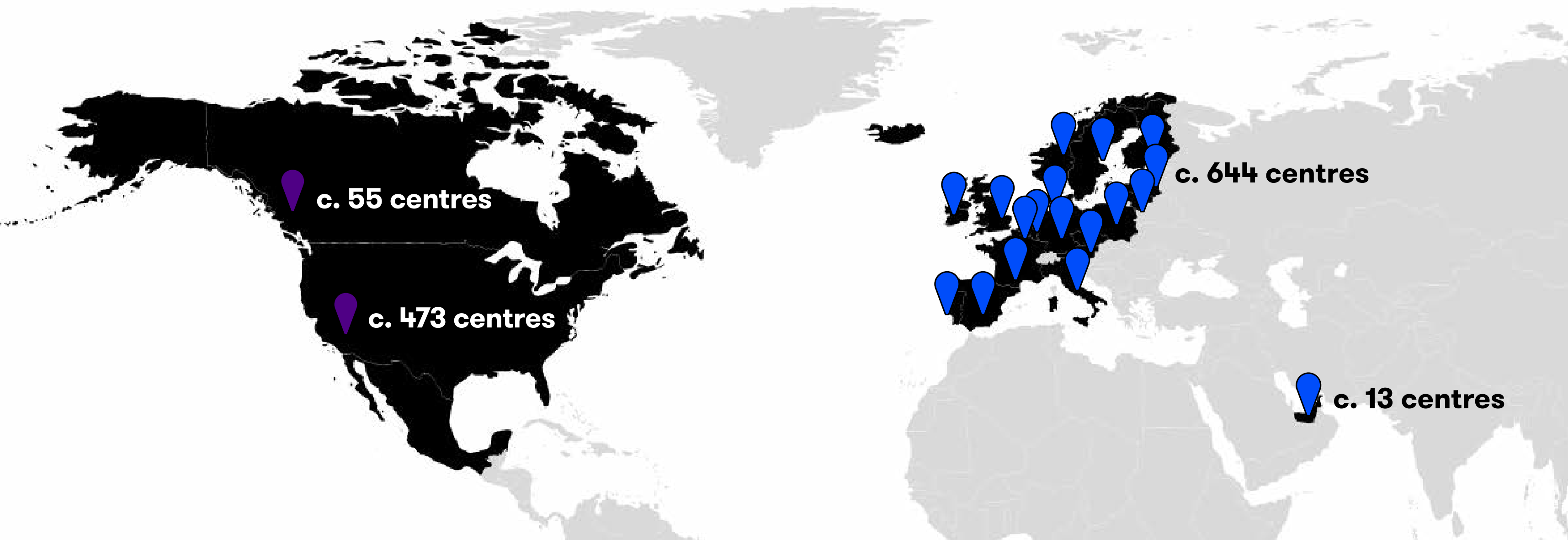
- Launched MoneyMe, and signed multiple contracts expected to launch within 12 months

### VANS

Processing plus solution gaining traction



# Gift and Incentive



## Shopping Malls

EML now supports over 1,185 malls globally

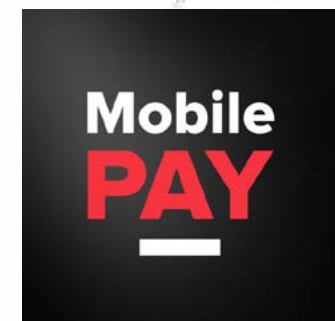
Simon Malls launched in 150 US malls in January 2020

ECE extended their program with their Austria stores launching early 2020. EML now supports ECE in Germany, Austria & Poland



## Mobile Pays

Mobile Gift solution gaining traction with a strong global pipeline, recent programs include



# Recent launch highlights

## CentreParcs

EML launched the CentreParcs program into 5 UK villages and the Republic of Ireland with a series of nature designs printed on biodegradable cardboard cards sold onsite and online.

The cards are manufactured from replenishable raw materials as an eco friendly alternative for sustainable printed products and reduce our plastic consumption. We will prioritise the promotion of biodegradable alternatives to our customers worldwide.



## Australian Open

EML partnered with Edge Loyalty and the Australian Open to provide a gift card solution for the recent Championship



## greencard

EML partnered with new customer, the card network, to power the greencard which is distributed through the Qantas Store





# Salary Packaging Update

**187k** BENEFIT ACCOUNTS

at December 2019 up from 175k at June 2019

**300k** BENEFIT ACCOUNTS

by June 2021  
Addressable audience exceeds 350k benefit accounts

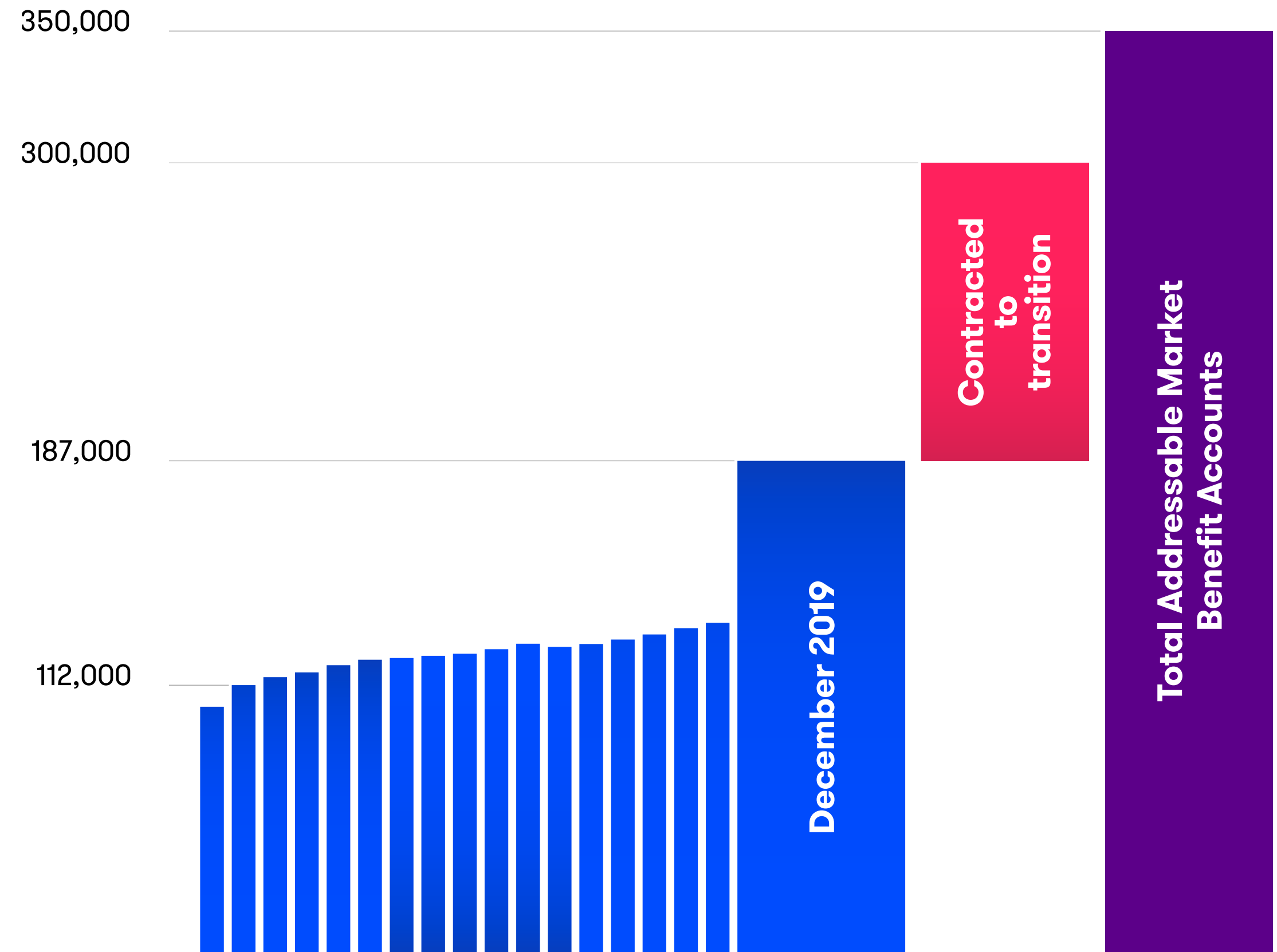


smartgroup and NSW Ministry of Health transitions remain on track and in line with expectations

McMillanShakespeareGroup



Salary Packaging Benefit Accounts



EML is the largest provider of payment solutions to the Salary Packaging industry with more than 187,000 benefit accounts already in market.

Total annual Gross Debit Volume for this vertical is expected to be approximately \$2.5 billion once the transition is complete.

In January, EML announced it had entered into an five year agreement to provide branded General Purpose Reloadable card programs for payout of Salary Packaging benefits to NSW Ministry of Health, adding a further 50,000 accounts to transition within 12 months.

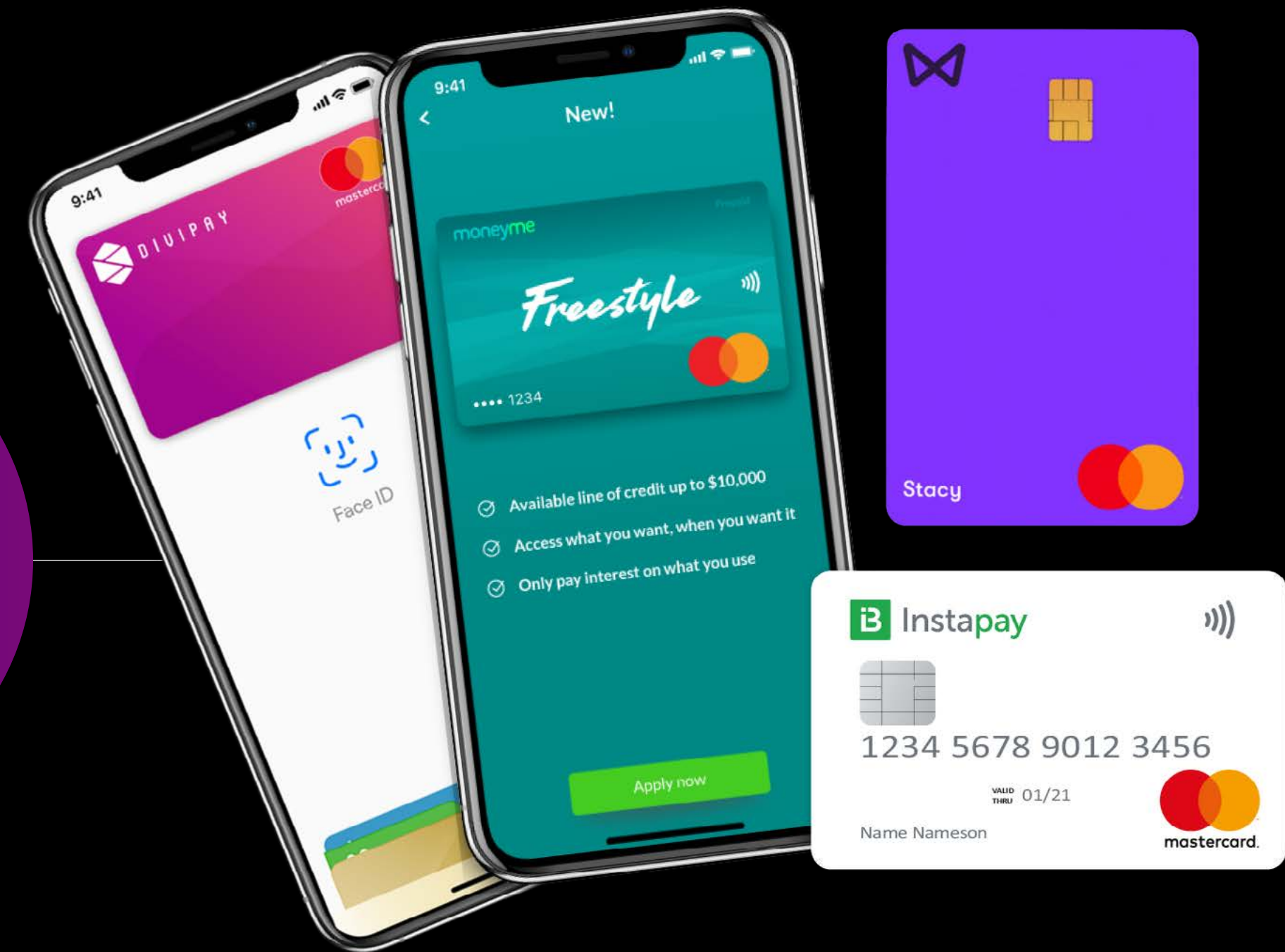


# Consumer finance with Innovative EML ControlPay

**Digital Payment Solution**

**Delegated authorisation**

**Real time load and settlement**



## EML's innovative solution

Through EML ControlPay EML provides revolutionary instant access to a funding facility, provided by the partner, for real time POS, ATM and Online Purchases.

EML, the partner, or both can assess the transaction against rules including merchant, merchant category, type of transaction and available funds before approving or declining the transaction in real time.

With Instabank, consumers can instantly access credit on the go from Instabank at POS, online or ATM. (anywhere Mastercard is accepted)

Consumers experience a seamless transaction that moves funds in real-time via EML's ControlPay Webservices API to the Instapay card from the Instabank Flexible Loan balance.

Instabank is a registered bank regulated by the Norwegian FSA.

In Q2FY20, EML launched a new program with MoneyMe, an Australian company who use our ControlPay and Pays technology to enable instant access to a line of credit. MoneyMe volumes have grown strongly in the three months since launch.

MoneyMe is a licenced credit provider, regulated by ASIC.



# Acquisition of Prepaid Financial Services (Ireland) Limited ('PFS')

<p><b>Transaction Details<sup>1</sup></b></p>	<ul style="list-style-type: none"> <li>— EML has entered into a binding agreement to acquire 100% of PFS for an enterprise value of <b>£226 million</b> (A\$423 million) (<b>Upfront Enterprise Value</b>), plus an earn-out component of up to <b>£55m</b> (A\$103 million) (<b>Earn-out Consideration</b>) (together the <b>Acquisition</b>). Earn out is contingent on PFS achieving agreed annual EBITDA targets during the 3 year period (CY2020 - CY2022)</li> <li>— Implied upfront Acquisition multiple of approximately <b>17.5x</b> Upfront Enterprise Value / FY20 EBITDA based on PFS's forecast EBITDA for the 12 months ending 30 June 2020 of <b>£12.9m</b>, and approximately <b>14.0x</b> taking into account the full year impact of synergies expected to be realised post completion of the Acquisition<sup>2</sup></li> <li>— Upfront Enterprise Value of <b>£226 million</b> (A\$423 million) comprising <b>£41 million</b> (A\$77 million) in EML shares to the vendors<sup>4</sup>, issued at A\$3.55 per share, and <b>£185 million</b> (A\$346 million) cash</li> <li>— Completion of the Acquisition is subject to change of control regulatory approvals from the Financial Conduct Authority (FCA) (United Kingdom) and the Central Bank of Ireland (CBOI)</li> <li>— The Acquisition is expected to complete in late Q3 or early Q4 FY2020</li> </ul>
<p><b>PFS Overview</b></p>	<ul style="list-style-type: none"> <li>— PFS was founded in 2008 and has evolved into a leading provider of white label payments and Banking-as-a-Service (<b>BaaS</b>) technology in support of the FinTech sector and the evolution of Open Banking in Europe</li> <li>— PFS provides prepaid payments and digital banking capabilities, e-wallets and payout / distribution programs, regulatory Electronic Money Institution (<b>EMI</b>) 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</li> <li>— PFS' key customer segments include blue-chip financial institutions, non-financial corporates, SMEs, FinTech companies, public sector and NGO bodies</li> </ul>
<p><b>Transaction Strategic Rationale</b></p>	<ul style="list-style-type: none"> <li>— <b>Leading Global Player:</b> Post-completion of the Acquisition, the combined Group is expected to become one of the largest FinTech enablers in open banking and prepaid globally, with the Group expected to process in aggregate ~A\$18bn GDV in FY20</li> <li>— <b>Broadens Solution Suite:</b> Adds digital banking and multi-currency offerings to EML's solution suite; ability to cross-sell PFS's digital banking and multi-currency offerings into EML's global market footprint</li> <li>— <b>Customer Diversification and Revenue Mix:</b> Further diversifies EML's customer footprint; shifts segment mix on a net revenue basis towards GPR going from 25% → 54% of pro forma FY19 net revenue<sup>3</sup></li> <li>— <b>Operating Leverage:</b> Brings scale to European operations, enabling greater operating leverage</li> <li>— <b>Financially Attractive:</b> The post-Acquisition combined Group is expected to have an attractive 3 year pro forma net revenue CAGR of 25%+ from FY18 – FY20 and strong 30%+ pro forma EBITDA margin for FY20; expected to be mid-teen pro forma EPSA accretive in FY20, prior to synergies</li> <li>— <b>Management Team Alignment:</b> The earn-out structure and vendor scrip component of the Acquisition incentivises the management team of PFS</li> </ul>

1. GBP / AUD conversion rate of 1.87

2. Net run-rate synergies of approximately A\$6m per annum expected to be partially realised in FY21 and fully realised from FY22

3. Pro forma FY19 net revenue comprises EML's net revenue for FY19, and PFS's net revenue for the 12 months ended 30 June 2019, and assumes completion of the Acquisition on 1 July 2018

4. EML shares issued to the vendors will be restricted from sale until EML releases its financial results for the year ending 30 June 2020 in August 2020  
Refer acquisition presentation, dated 11 November 2019, for further details



# PFS at a Glance

PFS’ prepaid payments and digital banking capabilities, regulatory Electronic Money Institution status in the UK and Europe alongside flexible software enables financial institutions and non-financial institutions. PFS deliver feature-rich transactional banking and other prepaid payment services to their end-user base

**£2.5 Billion**

CY19E Gross Debit Volume

**£12 Million**

CY19E Adj. EBITDA<sup>1</sup>

**£40 Million**

CY19E Adj. Net Revenue<sup>1</sup>

**↑ 33%**

CY16 – CY19E Revenue CAGR



FCA regulated as an e-money institution and approved credit issuer



Licensed by the CBOI as an e-money institution



Principal Member Programme Manager Certified Acquirer



Principal Member Certified Acquirer



Indirect Participant Ability to offer Partial Current Account Switching Service in the UK



Indirect Participant of EPC to provide SEPA Credit Transfers and Indirect Debits in 16 European Countries

Source: Vendor Due-Diligence Report, Financial Due-Diligence Report, Management Estimates

1. PFS financials are restated on the basis of EML accounting policies. Refer acquisition announcement dated 11 November 2019.

2. PFS’s financial year ends on 31 December, and is labelled as CY. PFS’s results, where presented as FY, have been calendarised to a 30 June year end

# Key Investment Highlights



## Leading e-Money company and Banking-as-a-Service provider

Pan-European footprint with strong underlying growth of existing business partner accounts and continued growth of core sector verticals



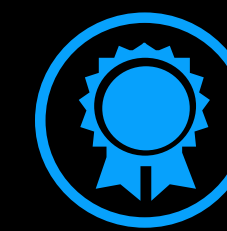
## Attractive client base

Deep-rooted client relationships including blue-chip financial institutions, non-financial corporates, SMEs, FinTech companies, public sector and NGO bodies



## BaaS technology embeds sticky, long term relationships

End-to-end service from digital / mobile banking, program management, analytics, reporting and issuing



## Regulated entity

FCA and CBOI regulated status as issuer of e-money for UK and SEPA region<sup>1</sup>



## Highly attractive financial profile

Fast growing non-bank issuer of Mastercard physical and virtual accounts



## Platform for growth

Proven track record of new business pipeline delivery  
Live in 24 countries across Europe

1. SEPA = Single Euro Payments Area



# PFS Solution Suite

## Digital Banking & Current Accounts

**43%** of GDV

Online / mobile banking and real-time payments

Issuance of IBANs

Partial current account switching services



## Government, Local Authority & NGO

**42%** of GDV

Issuance to unbanked and underbanked individuals

Online banking and real-time payments

Real-time, secure funds distribution and bulk payment



## Corporate Solutions & Incentive Schemes

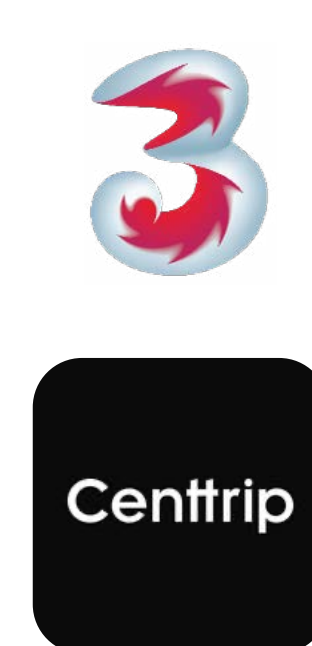
**7%** of GDV

Customised e-money and digital banking solutions

End to end payment services

Full programme design and management

Reward and loyalty programmes



## Multi-Currency Travel Cards

**6%** of GDV

Multi-currency cards or e-wallets

Direct integration with numerous FX suppliers

Single / multi-use virtual cards

P2P / youth centric products



## Instant Issue & GPR

**1%** of GDV

Full programme design and management

White labelled end-user interfacing

Card issuing

GPR both B2B and B2C programmes



1. GDV represents CY18A GDV. May not add to 100% due to rounding

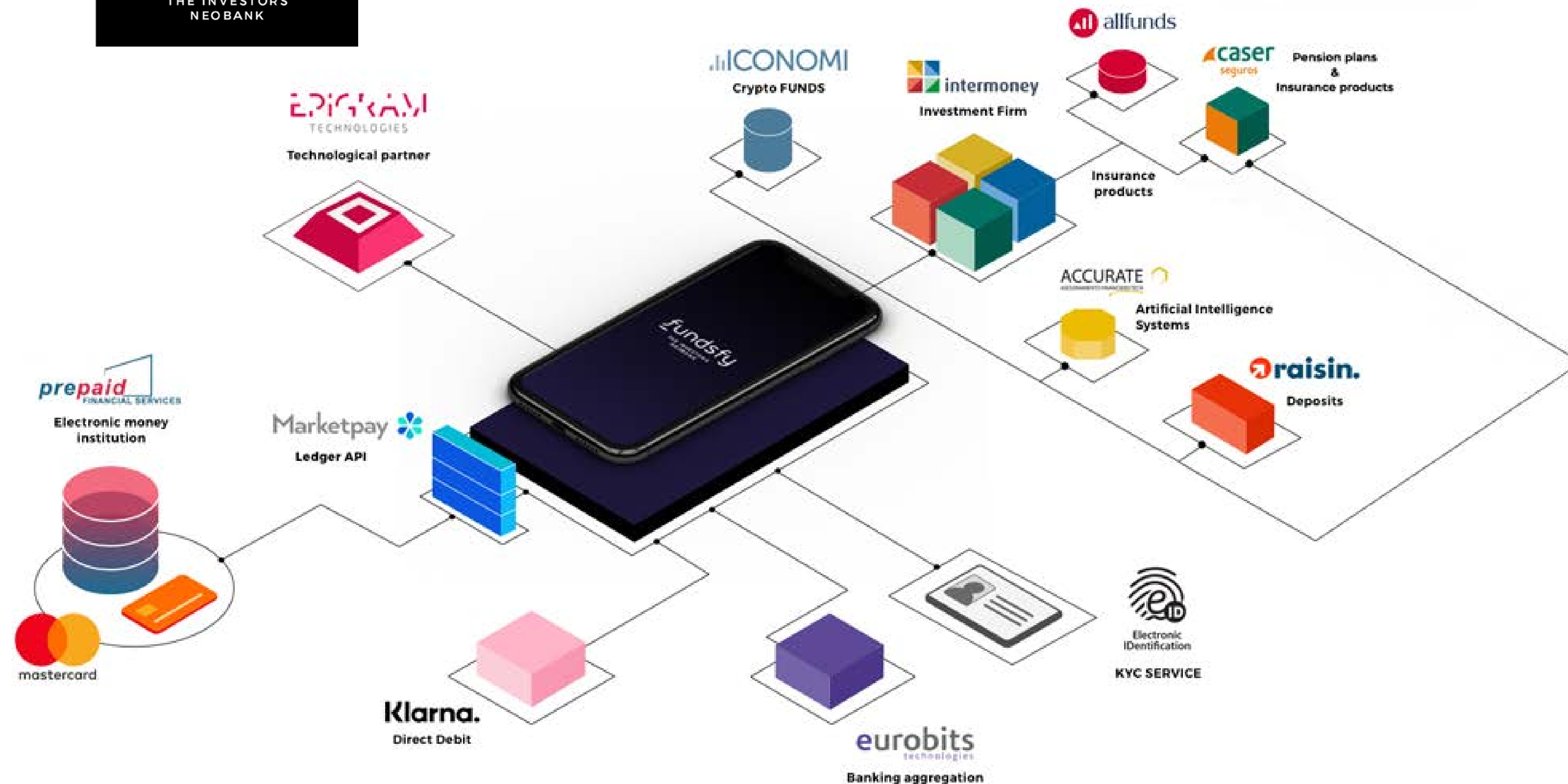


# PFS New Contracts & Program Launches Since December '19

## New Contracts



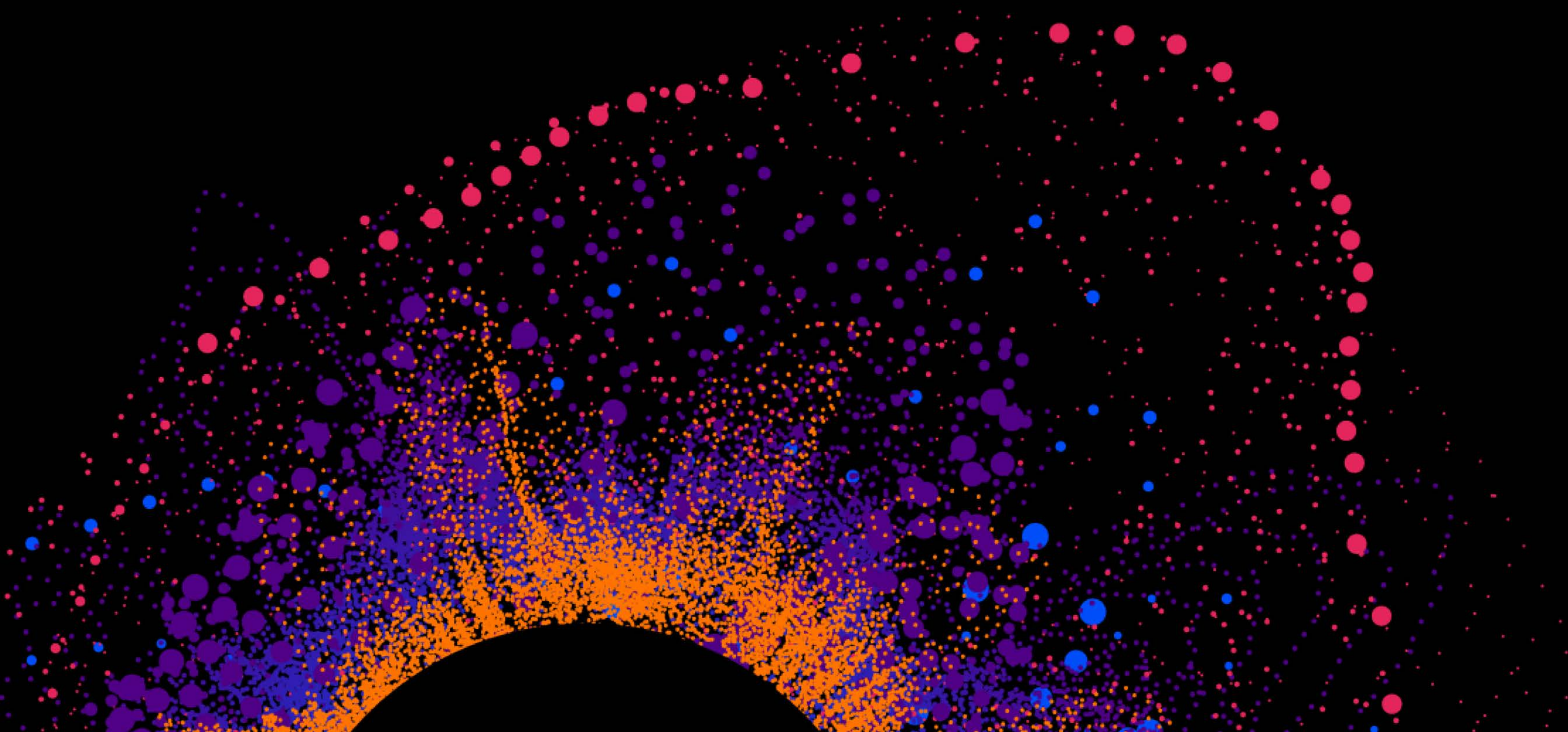
## New Program Launches





# H1 FY20 Financial Results Review

**EMIL.**



Money in Motion



## Financial Overview – Profit & Loss

(\$'000s)	H1FY19	H1FY20	GROWTH
GDV	\$4.14B	\$6.62B	60%
<b>TOTAL REVENUE</b>	<b>47,194</b>	<b>59,156</b>	<b>25%</b>
Revenue conversion bps	1.14%	0.89%	(21%)
<b>GROSS PROFIT</b>	<b>34,450</b>	<b>44,803</b>	<b>30%</b>
GP margin	73%	76%	3%
<b>OVERHEAD EXPENDITURE (Incl. R&amp;D tax offset)</b>	<b>(20,586)</b>	<b>(25,081)</b>	<b>22%</b>
<b>EBITDA (Incl. R&amp;D tax offset)</b>	<b>13,864</b>	<b>19,722</b>	<b>42%</b>
EBITDA margin	29%	33%	4%
Acquisition costs	(123)	(3,373)	2,646%
Share-based payments	(2,028)	(4,706)	132%
Depreciation and amortisation expense	(5,012)	(6,768)	35%
Other non-cash charges	(2,838)	57	(102%)
Add back R&D offset incl. in EBITDA	(300)	(500)	67%
<b>Net Profit / (Loss) before tax</b>	<b>3,563</b>	<b>4,432</b>	<b>24%</b>
Tax (including Research and Development tax offset)	(995)	(127)	(87%)
<b>Net Profit after tax</b>	<b>2,568</b>	<b>4,305</b>	<b>68%</b>
Add back: Amortisation on acquisition intangibles	3,680	4,832	31%
Add back: Share Based Payment expenses and Finance costs on contingent consideration (other non cash charges) related to acquisitions	3,029	3,485	15%
Add back: Acquisition Costs	123	3,373	2,646%
<b>NPATA<sup>1</sup></b>	<b>9,400</b>	<b>15,995</b>	<b>70%</b>

**\$6.62bn**

Record Gross Debit Volume, up 59% on prior year driven by G&I and VANs segments

**89bps**

The mix of GDV by segment reduced Group revenue yield. Immaterial movements in each segment

**\$59.2m**

Record revenue growth in all segments through organic and acquisition growth

**43.2%**

Cash Overheads declined to 43.2% of revenue (44.3% in H1FY19) including impact of Flex-e-Card acquisition

**\$19.7m**

Record EBITDA up 42% on prior period. EBITDA now excludes acquisition costs with the prior period represented

**\$3.4m**

Acquisition costs incurred in the year, now excluded from EBITDA principally relating to PFS acquisition

<sup>1</sup> NPATA represents the profit generated by the business excluding all acquisition related costs including; amortisation, contingent considerations, share based payments and cash expenses that relate to acquisitions.

<sup>2</sup> NPATA Share based payment expense adjustment is inclusive of a one off \$2.0m share based payment to buy back a contractual agreement with a Salary Packaging consultant (announced 22 July 2019).



# Gross Debit Volume (GDV)

## GIFT & INCENTIVE

**\$0.84bn**

↑ 26%

Signed a multi-year agreement with global shopping mall operator Simon Property Group, launched January 2020.

The G&I segment converted to revenue at 479bps in line with prior year (488bps) with stronger yields in H2 due to timing of breakage revenue recognition

## GENERAL PURPOSE RELOADABLE

**\$1.47bn**

↑ 5%

Volumes transacted for large USA customer LuLaRoe fell, offsetting improved volumes in Salary Packaging & Gaming.

Excluding LuLaRoe, GDV increased \$277m (35%) with revenue yield of 103bps down on PCP due to a mix shift to Salary Packaging.

Salary Packaging grew significantly with GDV up 40.5% though revenue metrics more closely track number of accounts, up 43.7% to 187,000 at December 19.

## VIRTUAL ACCOUNT NUMBERS

**\$4.31bn**

↑ 106%

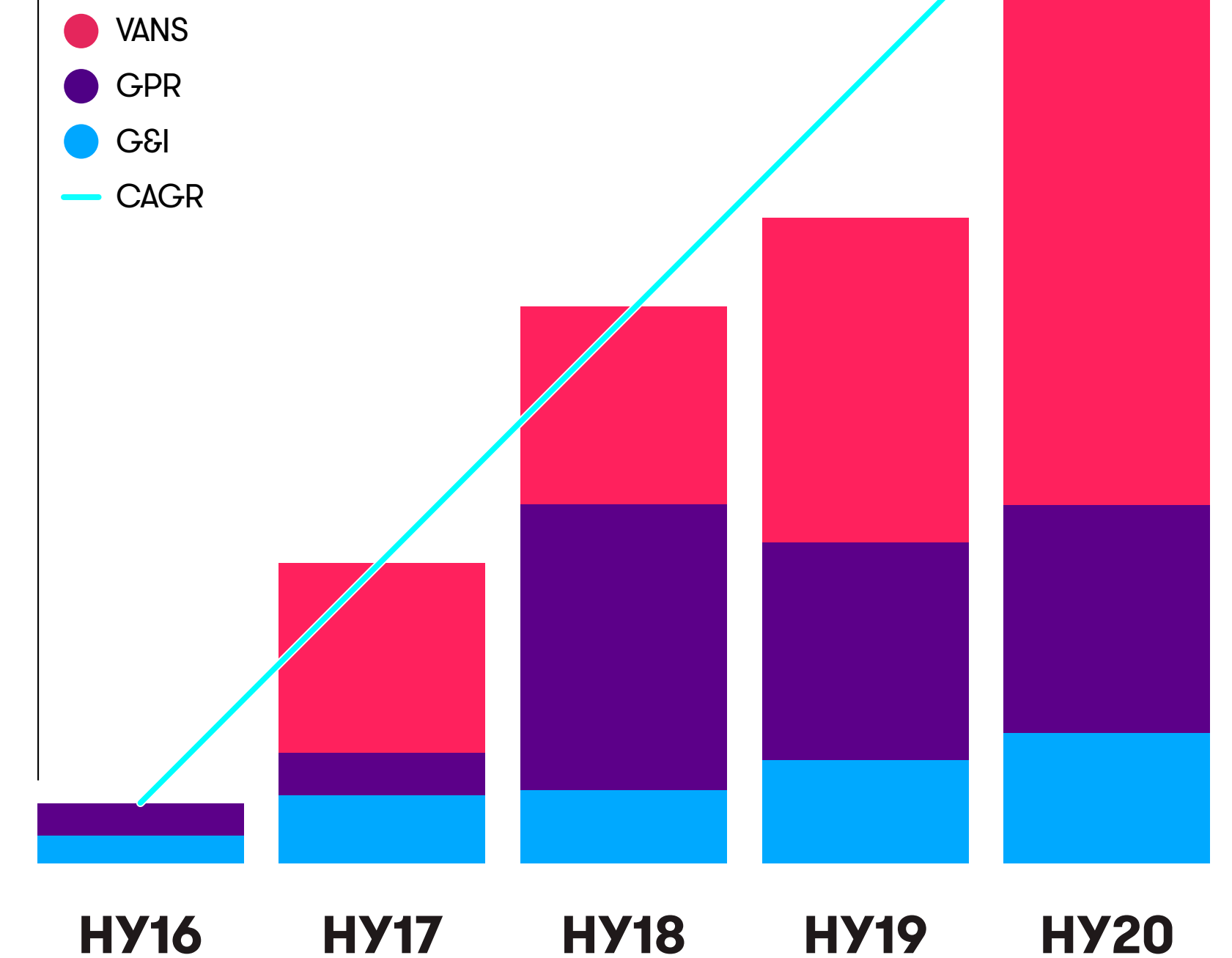
VANS segment grew materially and improved product mix led to higher revenue yields at 13bps

Secured long term contract with key customer, BillGo

## GDV by Segment

5 Year CAGR

**104%**



EML generates revenues from processing payment volumes of prepaid stored value products on our processing platforms. The gross value of these transactions are defined as Gross Debit Volumes ('GDV') and are a key indicator of current & future revenues.

# Revenue

**\$59.2m** ↑ 25%

In H2FY20 a further \$6.8m of breakage revenue will be recognised on H1 activations

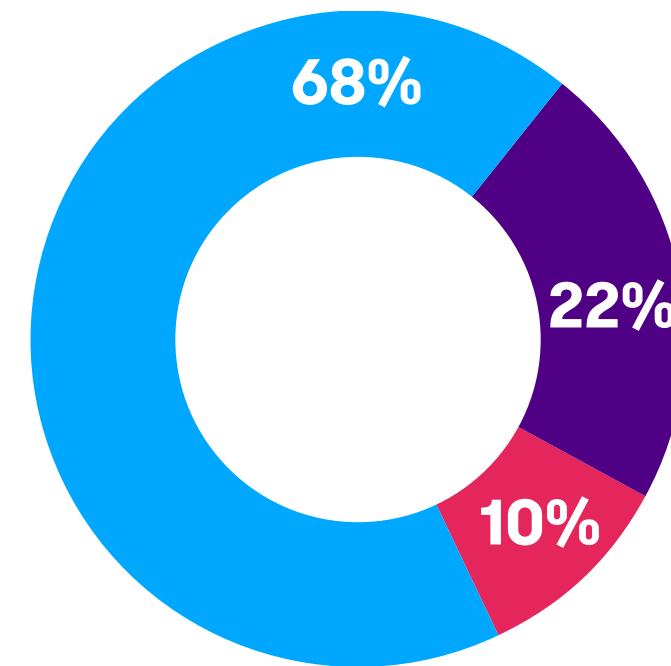
**86%** Generated from recurring revenue streams

\$51.0m from recurring revenue streams, up 30% on prior period. Approximately 79% of establishment revenue relates to plastic card sales which are expected to recur.

Breakage now represents 26.2% of Group revenue, down from 31.2% in H1FY19.

Interest income on the stored float was down \$0.4m in the period with 34.7% of our Stored Value Float held in Europe at historically low interest rates. Falling central bank interest rates in Australia & North America remain challenging offset by improved foreign exchange rates on our overseas earnings (82% of revenue was earned off shore in the six month period)

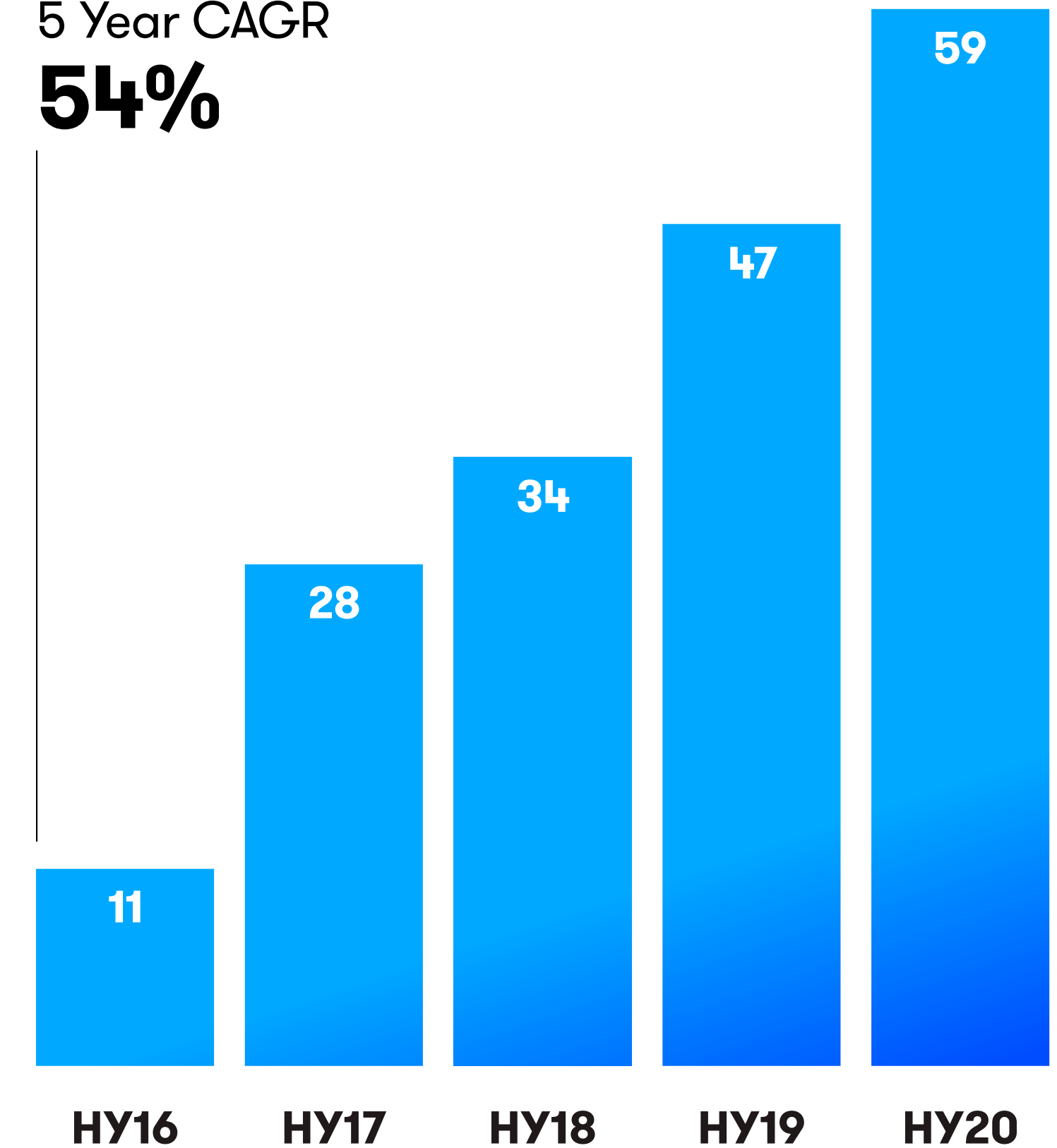
H1FY20 Revenue by Segment



- VANS
- GPR
- G&I

Total Revenue (A\$m)

5 Year CAGR  
**54%**





# Gross Profit Margins

GROSS PROFIT MARGIN

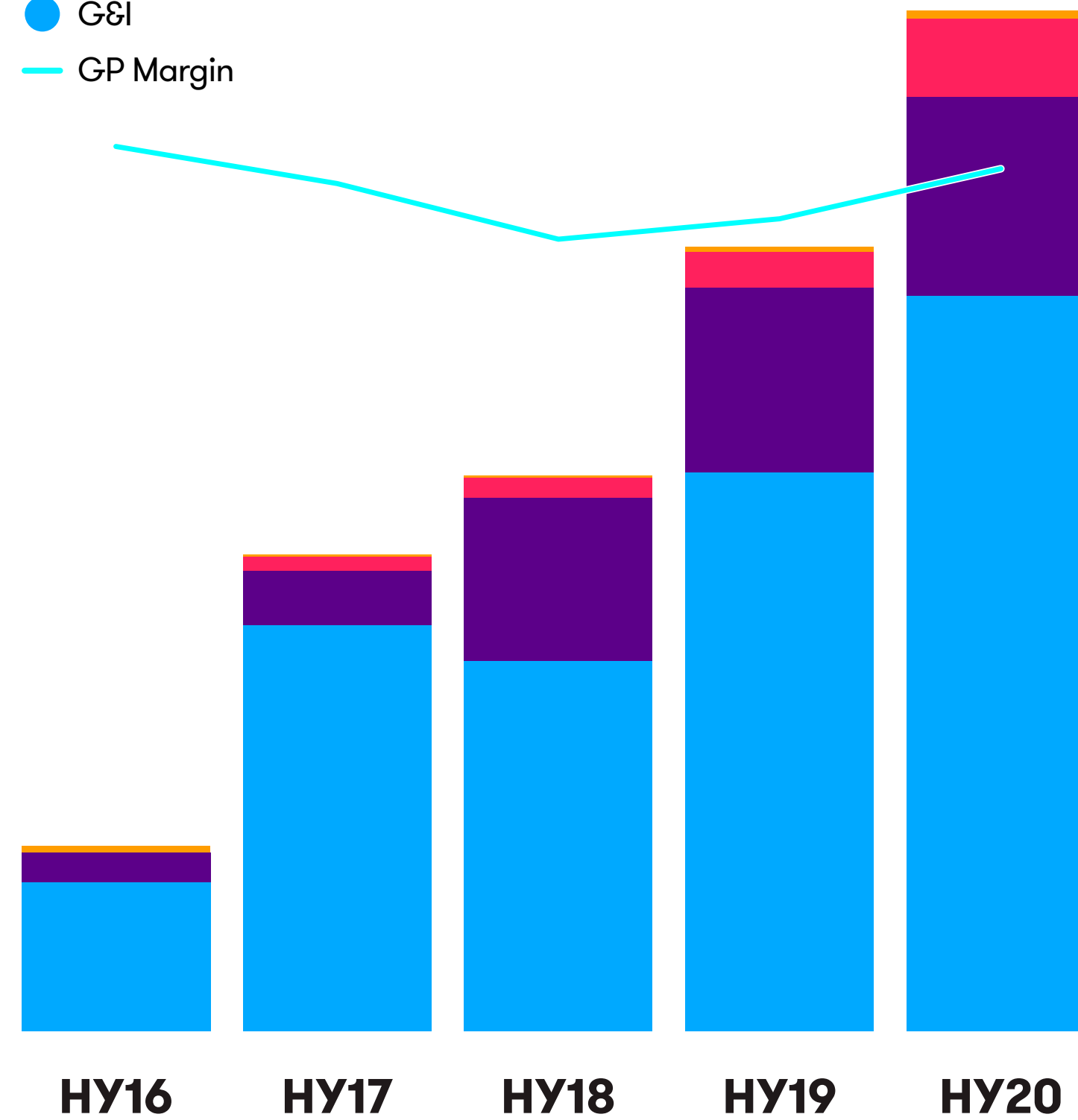
**75.7%** up 2.7% on PCP

In line with our expectations of meaningful margin expansion, driven by:

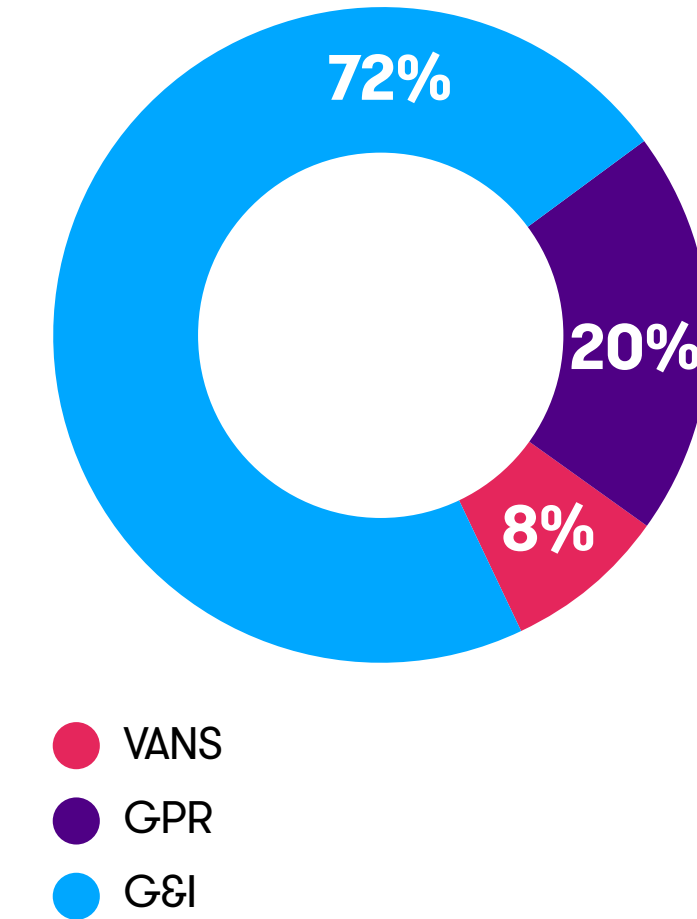
- Transitioned majority of our European business to self issuance using our own e-money licence in FY19 benefiting margins
- Higher volumes of Australian self issuance in H2 and in FY21 will reduce costs. All major Australian Salary Packaging have committed to transition over the coming year
- First half margins are lower under AASB15 accounting as breakage revenue shifts into H2. Breakage revenue converts at 100% with \$6.8m to be recognised in H2 on first half activations

## Gross Profit Margins

- Group Interest
- VANS
- GPR
- G&I
- GP Margin



## Gross Profit by Segment



# Overhead Expenditure

OVERHEADS AS A % OF REVENUE

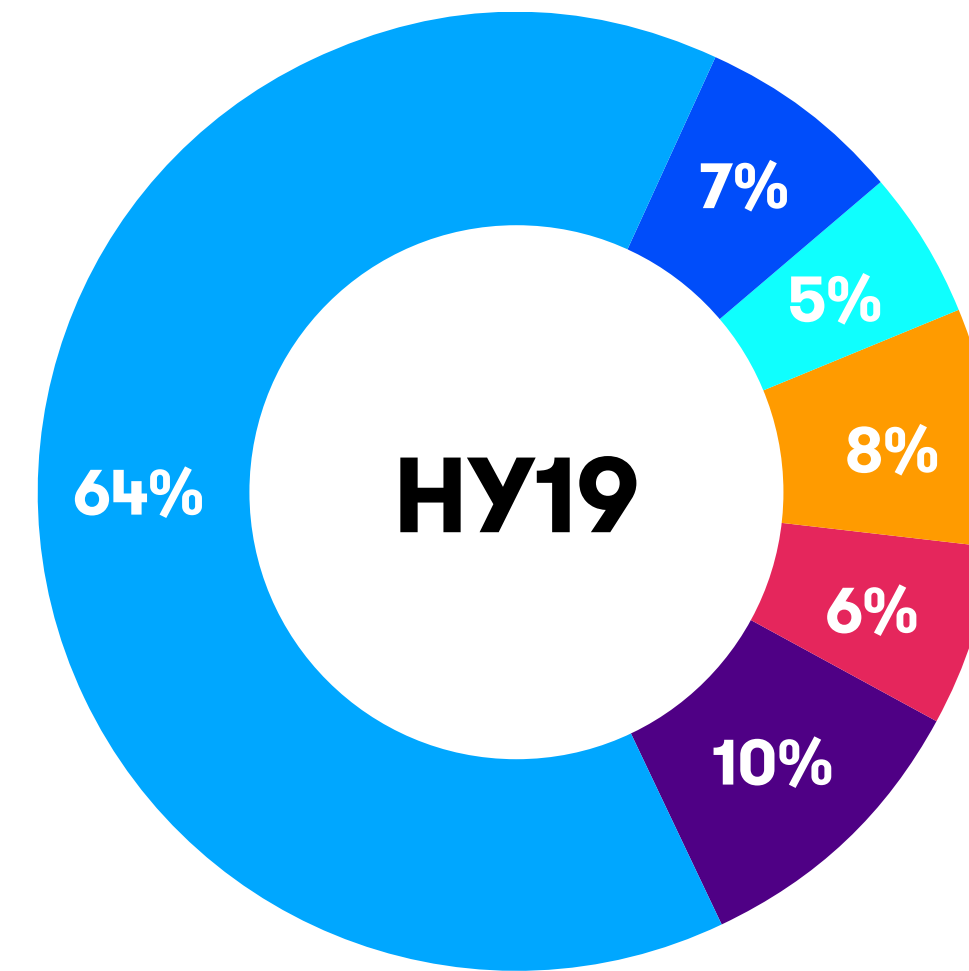
**43%** ↓ 1%

Overhead expenditure as a percentage of revenue declined to 43% (PCP 44%), as revenue growth outpaced overheads growth and the group adopted AASB16 Leases.

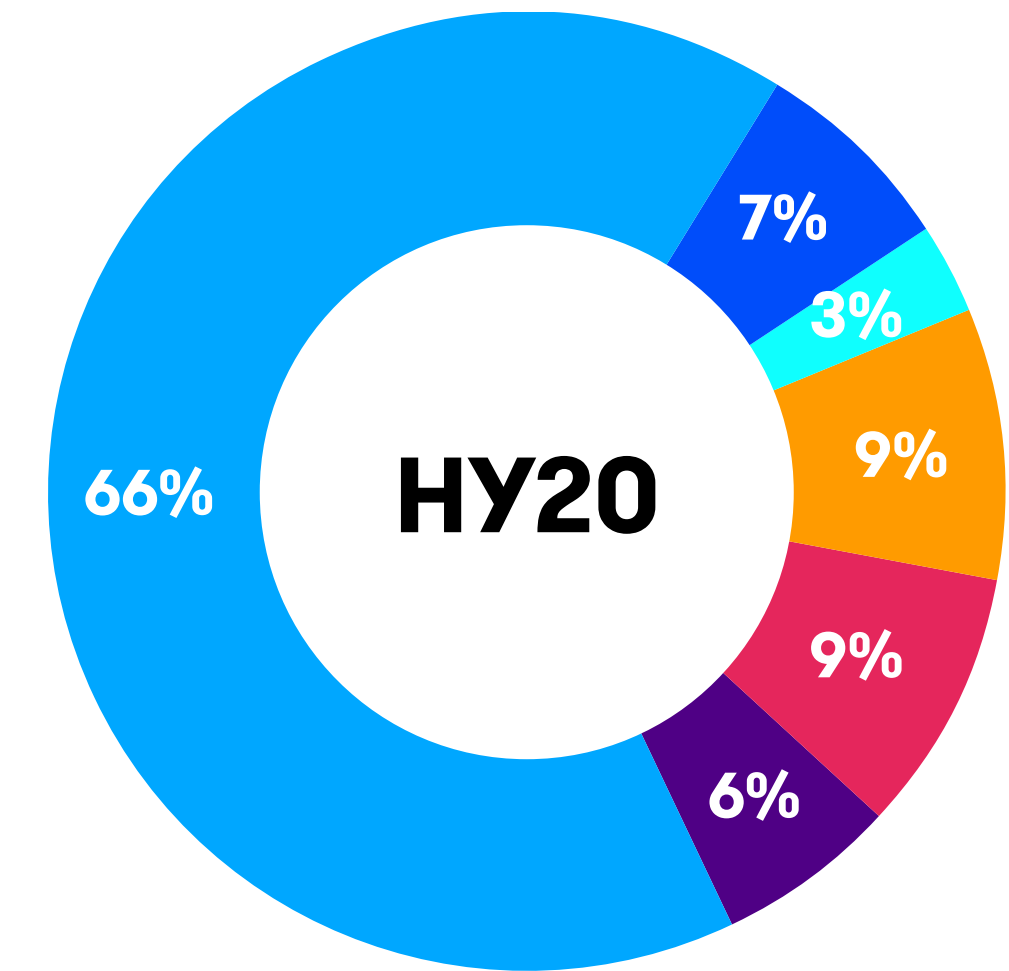
Overheads expenditure of \$25.5m was up \$4.6m on the prior period. Acquisitions of the Flex-e-Card businesses drove 44% of the increase alongside higher spend on employee costs and travel.

Employee costs up \$3.4m (approx 43% linked to Flex-e-Card) and the remainder linked to annual increases and Short Term Incentive Plan accruals. Employee costs are 66% of overhead expenditure which is in line with prior periods.

The Group adopted AASB16 Leases in the period, and expenses incurred in relation to leases, primarily in relation to office facilities, are no longer included in cash overheads (\$0.7m).



- Employee Costs
- Professional Fees
- Office Management
- ICT
- Travel & Accommodation
- Other



- Employee Costs
- Professional Fees
- Office Management
- ICT
- Travel & Accommodation
- Other



# Income Statement

(\$'000s)	FY2019	FY2020	GROWTH
GDV	\$4.14B	\$6.62B	60%
<b>TOTAL REVENUE</b>	<b>47,194</b>	<b>59,156</b>	<b>25%</b>
Revenue conversion bps	1.14%	0.89%	(21%)
<b>GROSS PROFIT</b>	<b>34,450</b>	<b>44,803</b>	<b>30%</b>
GP margin	73%	76%	3%
<b>OVERHEAD EXPENDITURE (Incl. R&amp;D tax offset)</b>	<b>(20,586)</b>	<b>(25,081)</b>	<b>22%</b>
<b>EBITDA (Incl. R&amp;D tax offset)</b>	<b>13,864</b>	<b>19,722</b>	<b>42%</b>
EBITDA margin	29%	33%	4%
Acquisition costs	(123)	(3,373)	2,646%
Share-based payments	(2,028)	(4,706)	132%
Depreciation and amortisation expense	(5,012)	(6,768)	35%
Other non-cash charges	(2,838)	57	(102%)
Add back R&D offset incl. in EBITDA	(300)	(500)	67%
<b>Net Profit / (Loss) before tax</b>	<b>3,563</b>	<b>4,432</b>	<b>24%</b>
Tax (including Research and Development tax offset)	(995)	(127)	(87%)
<b>Net Profit after tax</b>	<b>2,568</b>	<b>4,305</b>	<b>68%</b>
Add back: Amortisation on acquisition intangibles	3,680	4,832	31%
Add back: Share Based Payment expenses <sup>2</sup> and Finance costs on contingent consideration (other non cash charges) related to acquisitions	3,029	3,485	15%
Add back: Acquisition Costs	123	3,373	2,646%
<b>NPATA<sup>1</sup></b>	<b>9,400</b>	<b>15,995</b>	<b>70%</b>

<sup>1</sup> NPATA represents the profit generated by the business excluding all acquisition related costs including; amortisation, contingent considerations, share based payments and cash expenses that relate to acquisitions.

<sup>2</sup> NPATA Share based payment expense adjustment is inclusive of a one off \$2.0m share based payment to buy back a contractual agreement with a Salary Packaging consultant (announced 22 July 2019).

## \$19.7m ↑ 44%

Record Group 6 month EBITDA

**Acquisition due diligence expenses** totalling \$3.4m (\$0.1m in H1FY19), principally relating to Prepaid Financial Services (Ireland) Limited, were expensed during the period.

**Share based payment expense** up 117% inclusive of a one off \$2.0m share based payment to buy back a contractual agreement with a Salary Packaging consultant (announced 22 July 2019).

**Depreciation & Amortisation** up 35% inclusive of AASB16 Leases expenses. Approx 71% relates to the amortisation of intangibles arising upon acquisitions.

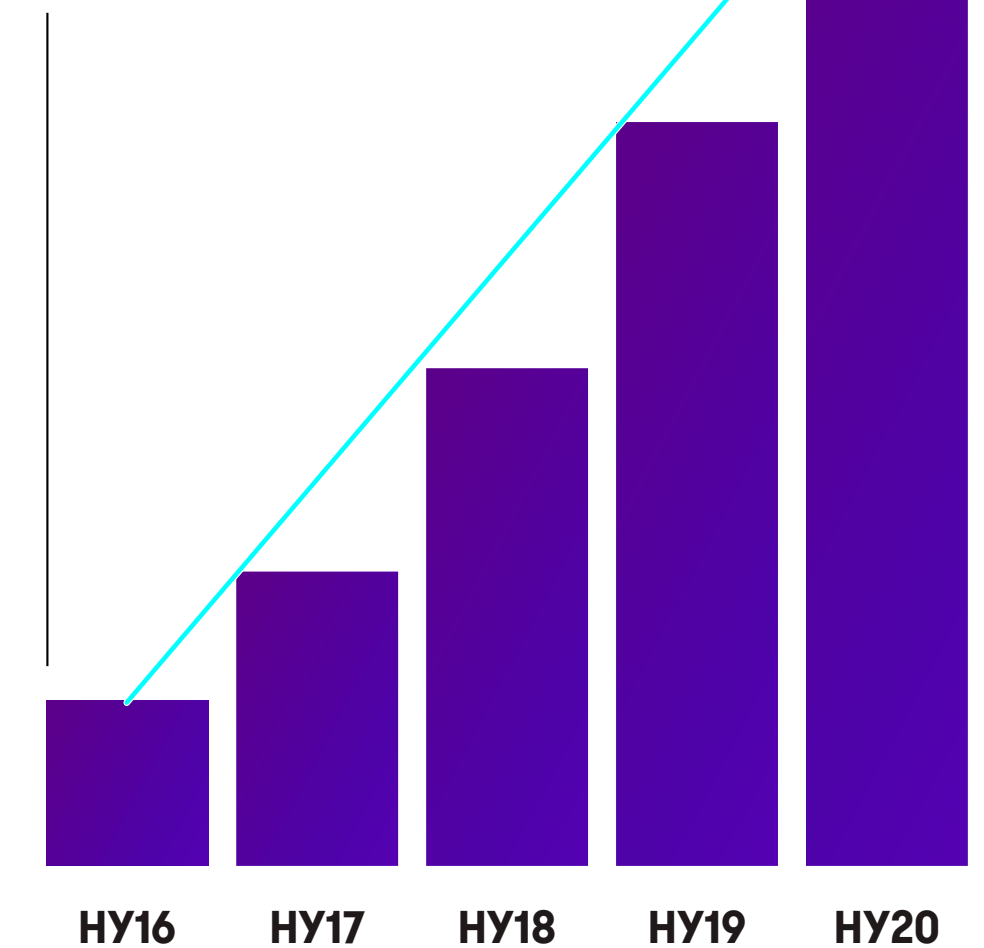
**Other non-cash charges** up in relation to the unwinding of discounted contingent consideration on acquisitions and fx movements on overseas assets & liabilities.

**Tax** of \$0.1m reflects multiple rates in effect across our regions and deductions for share based payments in the period. The Group has significant tax losses available for use in future years.

## EBITDA (A\$m)

5 Year CAGR

# 59%



EML generates interest income on Stored Value balances and as such is a source of core revenue. Earnings Before Tax, Depreciation & Amortisation ('EBITDA') is used as the most appropriate measure of assessing performance of the Group.

EBITDA includes R&D tax offset & excludes share based payments and acquisition costs, and is reconciled to the statutory profit and loss within the FY2020 Interim Report.

# Balance Sheet

(\$'000s)	30 June 2019	31 December 2019	% CHANGE
Cash and cash equivalents	33,085	256,812	676%
Contract asset	31,828	32,713	3%
Other receivables and other assets	34,408	32,146	(7%)
Deferred tax asset	22,653	27,098	20%
Receivables from financial institutions	244,824	429,999	76%
Plant and equipment	5,355	11,769	120%
Goodwill and intangibles	104,554	111,560	7%
<b>TOTAL ASSETS</b>	<b>476,707</b>	<b>902,097</b>	<b>89%</b>
Trade and other payables	65,337	65,139	0%
Liabilities to stored value account holders	244,824	429,999	76%
Deferred tax liabilities	7,315	7,638	4%
Interest-bearing borrowings	15,000	0	(100%)
<b>TOTAL LIABILITIES</b>	<b>332,476</b>	<b>502,776</b>	<b>51%</b>
<b>EQUITY</b>	<b>144,231</b>	<b>399,321</b>	<b>177%</b>

Cash on hand of \$256.8m, with no debt following the repayment of \$15m in December 2019. EML raised approx. \$241.6m net of costs in connection with the acquisition of Prepaid Financial Services (Ireland) Limited which is expected to complete in the second half of the year subject to certain conditions precedent, including regulatory approvals.

The contract asset (breakage) accrual increased \$0.9m, due to growth in the G&I segment.

Receivables from financial institutions and the offsetting liabilities to stored value account holders increased by 76% as the Group continued to switch programs to self issuance in Australia & Europe

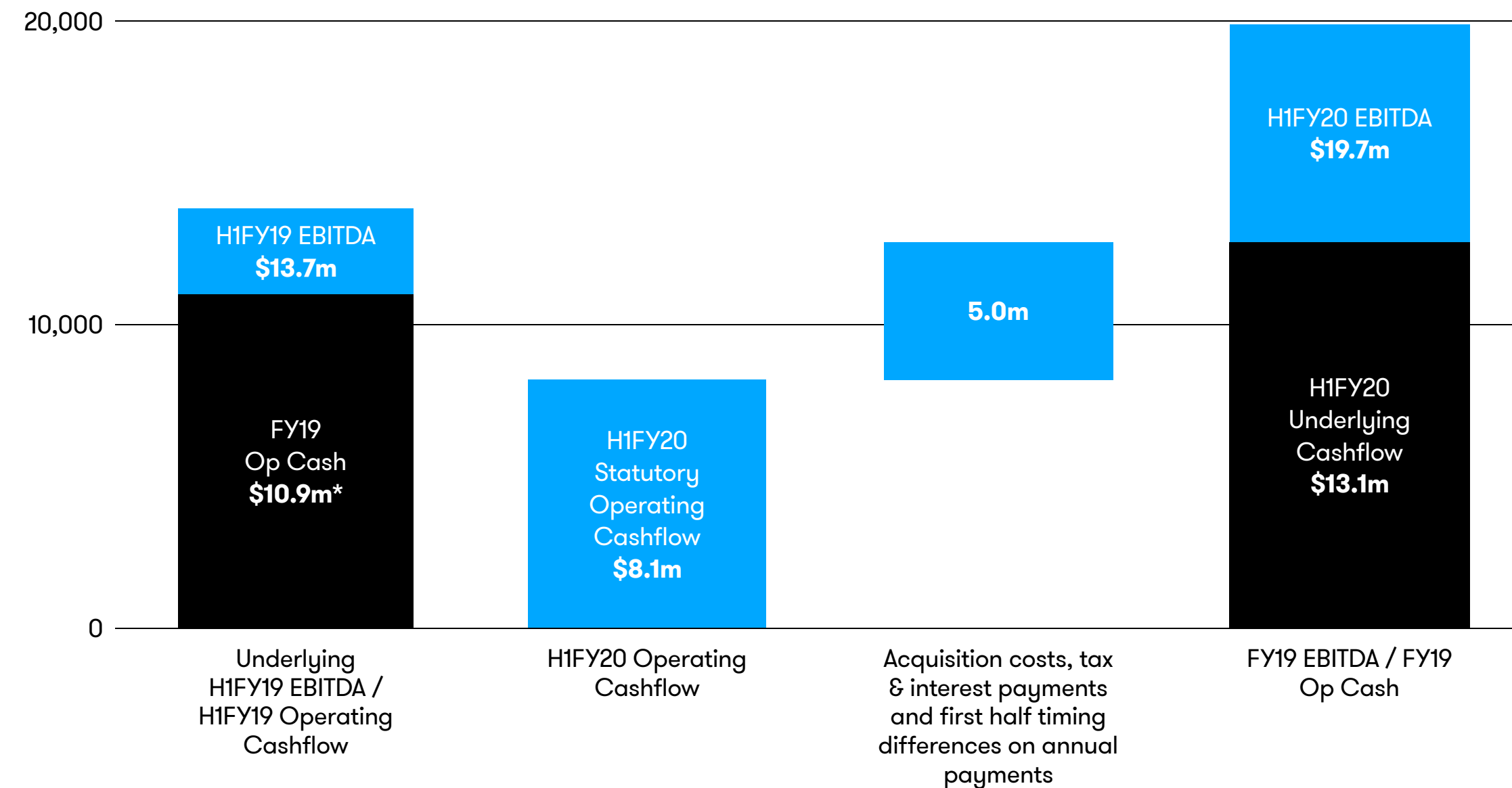
Deferred tax asset relates to tax losses primarily in Australia, USA and the UK

Trade & other payables includes \$12.8m of contingent consideration on the acquisitions of EML Payments AB (Presend) and PerfectCard DAC



# Financial Overview – Cash flow

## H1 FY20 Underlying Cashflow Movements



(\$'000s)	31 December 2019	31 December 2020	% CHANGE
Cashflows from operating activities*	17,008	8,121	(52%)
Cashflows used in investing activities	(5,864)	(6,055)	3%
Cashflows from financing activities	350	221,642	63226%

\* \$6.1m of accelerated breakage receipts relating to the restructuring of the timing of North American breakage receipts. This is deducted to arrive at underlying cashflow for the period

## CASH & CASH EQUIVALENTS

**\$256.8m** ↑676%

Cash & Cash equivalents increased \$223.7m from 30 June 2019 including cash inflows from a capital raise of \$241.6m net of transaction costs in relation to the acquisition of PFS. The Group repaid a \$15.0m debt facility in December 2019 prior to the expected draw down of a syndicated financing agreement upon completion of the PFS acquisition.

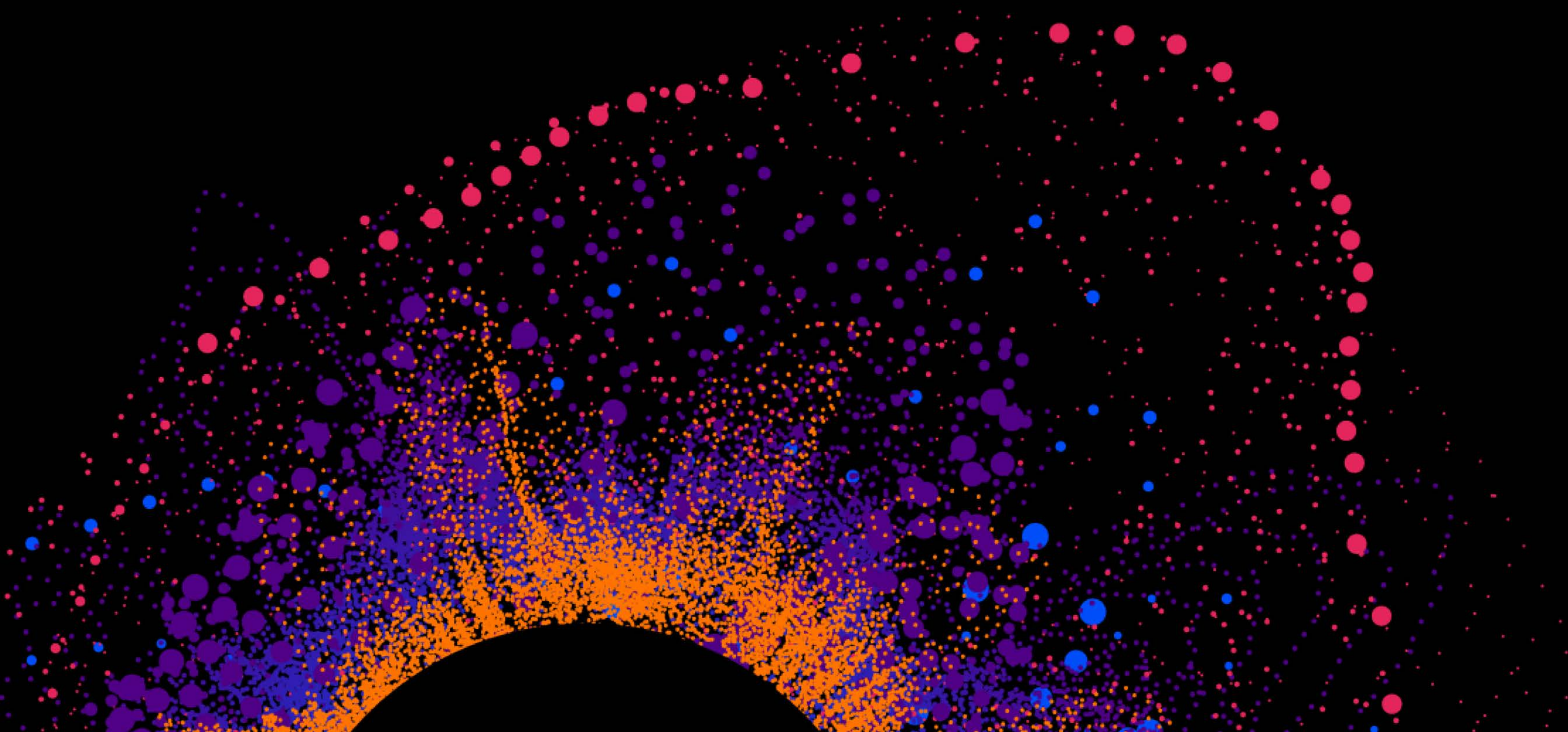
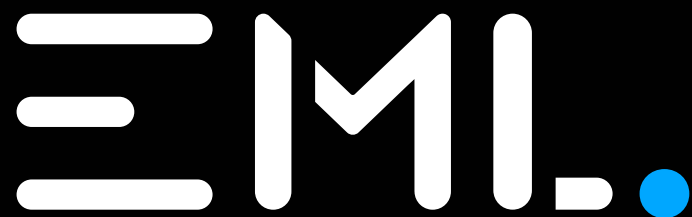
Statutory operating cash inflow for the first half was \$8.1m inclusive of acquisition costs paid of \$0.5m and tax & interest of \$0.5m which fall outside of EBITDA. The Group was impacted by timing differences on annual payments made in the first half for insurance, FY19 STIP and transition success fees totalling \$4.0m. Excluding these timing differences which will not recur in the second half Operating Cash Flow : EBITDA in H1FY20 was 67%. We continue to expect full year cash conversion to be in line with management expectations of between 70-80%

The Group invested \$4.9m primarily related to internally generated software development of \$3.4m and the acquisition of software from Paywith Worldwide, Inc. of \$1.5m that supports EMLs Salary Packaging vertical. Significant internally developed projects included mobile payments technology, a new mall till system and a web based card management portal for our Salary Packaging vertical.

The Group has a signed letter of commitment for a debt facility of up to \$175.0m in connection with the acquisition of PFS and for ongoing corporate purposes. No debt was drawn on this facility in the period.



# Outlook & FY2020 Guidance



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# FY2020 - Financial Guidance

The Group expects  
EBITDA<sup>1</sup> to be in a range of

**A\$39.5m - \$42.5m**

for FY20

Represents growth of

**36-43%**

over pcp of \$29.7m excluding  
acquisition costs.

## FY20 Updated Guidance (excluding PFS)

Revenue **\$120m - \$129m**

EBITDA **\$39.5m - \$42.5m**

NPATA **\$27.5m - \$30.5m**

Operating cash flow **70% - 80%**

## Assumptions:

01

Underlying EBITDA now excludes  
acquisition costs in FY20 and prior  
year comparatives

02

FX rates remain in line with  
December 2019 rates, partially offsetting  
interest rate headwinds

03

Declining global interest rates negatively  
impacting interest income in all regions by  
\$1.0m. No significant movement in rates  
for remainder of the year.

04

No impact included for the acquisition of  
PFS, announced on 11 November. Guidance  
will be updated following completion of  
acquisition

## FY20 Original Guidance

Revenue \$116m - \$132m

EBITDA \$38.5m - \$42.5m

NPATA \$26.2m - \$29.4m

Operating cash flow 70% - 80%

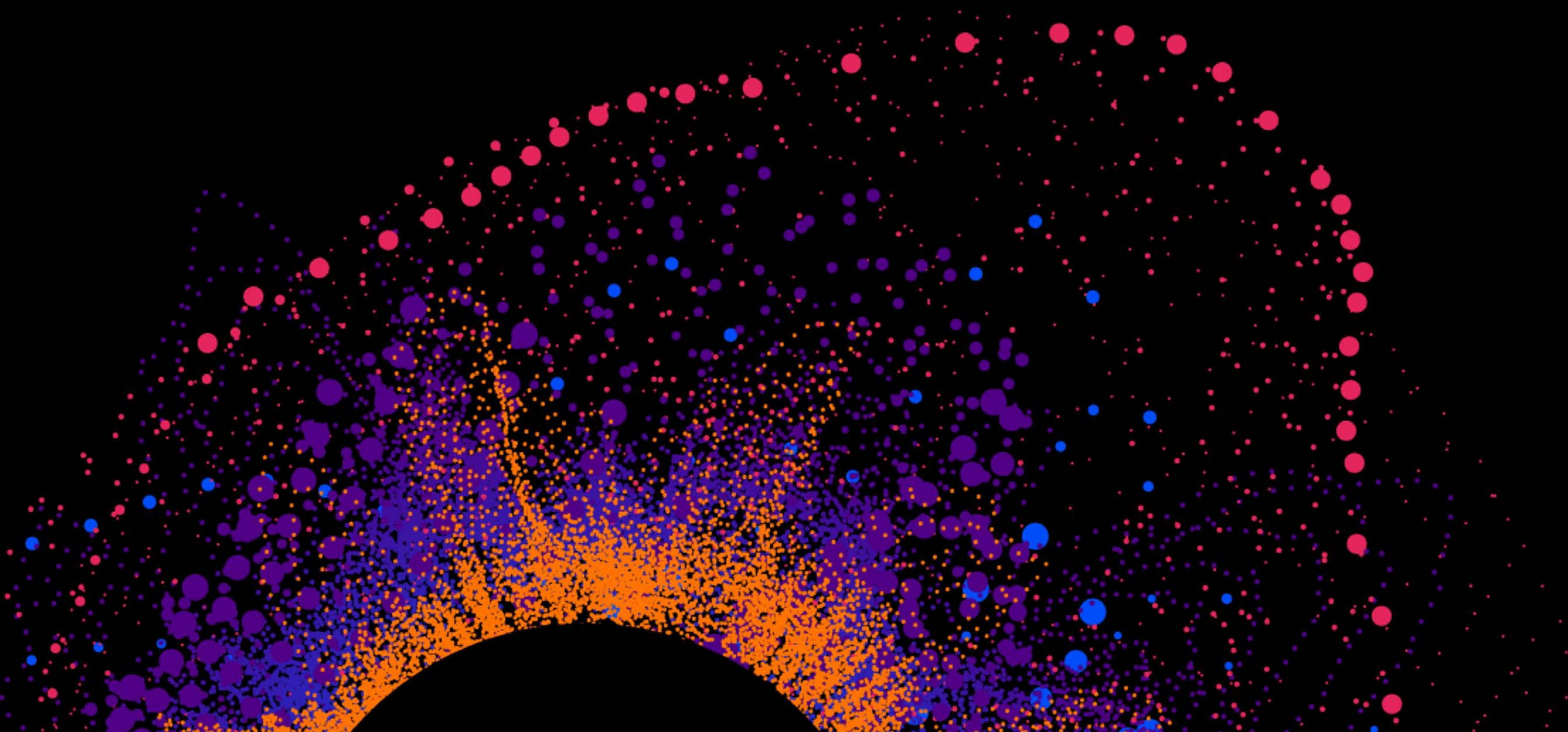
1 EBITDA is equivalent to the net profit/(loss) for the period including R&D tax offset and excluding share based payments, depreciation and amortisation expense, acquisition expenses and non-cash unrealised foreign exchange included within the Statement of Profit or Loss and Other Comprehensive Income. EBITDA presented in the FY19 results included acquisition cost of \$0.6m now excluded given the materiality of costs incurred in acquiring Prepaid Financial Services.

2 NPATA represents the profit generated by the business excluding all acquisition related costs including; amortisation, contingent considerations, share based payments and cash expenses that relate to acquisitions.



# Key Data

EMIL.



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# Key Data - 3 Years

Key Metrics (\$'000s)	H1 2018A	H2 2018A	FY2018A	H1 2019A	H2 2019A	FY2019A	H1 2020A
	6mths	6mths	12 mnths	6mths	6mths	12 mnths	6mths
Headcount (closing)	184	182	184	236	275	<b>275</b>	272
Average Headcount for the period	174	185	180	223	221	<b>219</b>	264
<b>Gross debit volume (GDV)</b>	<b>\$3,583,289</b>	<b>\$3,168,912</b>	<b>\$6,752,201</b>	<b>\$4,148,106</b>	<b>\$4,882,805</b>	<b>\$9,030,911</b>	<b>\$6,616,240</b>
Gift & Incentive	\$467,085	\$270,287	\$737,372	\$664,133	\$395,850	<b>\$1,059,983</b>	\$838,729
General Purpose Reloadable	\$1,840,281	\$1,508,166	\$3,348,447	\$1,392,659	\$1,346,678	<b>\$2,739,337</b>	\$1,465,909
Virtual Account Numbers	\$1,275,924	\$1,390,459	\$2,666,382	\$2,091,314	\$3,140,277	<b>\$5,231,591</b>	\$4,311,602
<b>Total Stored Value</b>	<b>\$514,521</b>	<b>\$411,069</b>	<b>\$411,069</b>	<b>\$636,216</b>	<b>\$495,400</b>	<b>\$495,400</b>	<b>\$710,671</b>
Interest on Stored Value (exc Group funds)	\$1,116	\$1,227	\$2,343	\$1,522	\$1,029	<b>\$2,325</b>	\$872
Effective Interest Rate (%)	0.43%	0.60%	0.57%	0.24%	0.42%	<b>0.47%</b>	0.25%

\* H1FY18 has been re-presented to show pro forma adjusted results as if the Group had reported under AASB15 Revenue from contracts with customers. A reconciliation is provided in the appendices to this presentation.

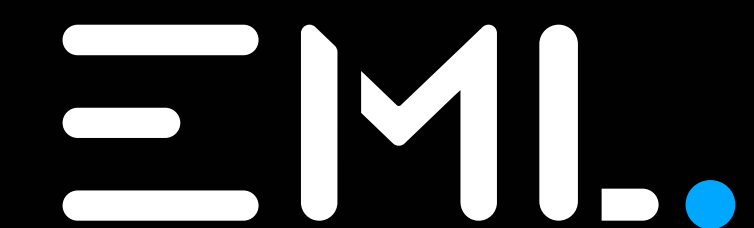
## Key Data - FY18-FY20

Key Financials (\$'000s)	H1 2018	H2 2018	FY2018	H1 2019	H2 2019	FY2019	H1 2020
	6mths	6mths	12 mnths	6mths	6mths	12 mnths	6mths
<b>Revenue</b> (includes interest income)	<b>\$33,908</b>	<b>\$37,112</b>	<b>\$71,020</b>	<b>\$47,194</b>	<b>\$50,001</b>	<b>\$97,195</b>	<b>\$59,156</b>
Gift & Incentive	\$21,753	\$24,470	\$46,223	\$32,380	\$33,985	\$66,365	\$40,149
General Purpose Reloadable	\$10,886	\$10,711	\$21,597	\$12,251	\$11,685	\$23,936	\$13,106
Virtual Account Numbers	\$1,042	\$1,383	\$2,425	\$2,319	\$4,096	\$6,415	\$5,522
Group interest & adjustments	\$227	\$548	\$775	\$244	\$235	\$479	\$379
<b>Gross profit</b>	<b>\$24,376</b>	<b>\$28,925</b>	<b>\$53,301</b>	<b>\$34,450</b>	<b>\$38,565</b>	<b>\$73,015</b>	<b>\$44,803</b>
Gift & Incentive	\$16,237	\$20,383	\$36,619	\$24,529	\$27,844	\$52,373	\$32,287
General Purpose Reloadable	\$7,192	\$6,969	\$14,161	\$8,092	\$7,705	\$15,797	\$8,738
Virtual Account Numbers	\$871	\$1,198	\$2,069	\$1,561	\$2,805	\$4,366	\$3,447
Group interest & adjustments	\$76	\$375	\$452	\$244	\$235	\$479	\$331
Overheads (excl acquisition costs)	(\$15,601)	(\$18,037)	(\$33,638)	(\$20,886)	(\$23,709)	(\$44,595)	(\$25,581)
Research and development credit	\$605	\$772	\$1,377	\$300	\$981	\$1,281	\$500
<b>EBITDA</b>	<b>\$9,380</b>	<b>\$11,660</b>	<b>\$21,040</b>	<b>\$13,864</b>	<b>\$15,837</b>	<b>\$29,701</b>	<b>\$19,722</b>
EBITDA margin	27%	31%	29%	29%	31%	30%	33%
<b>NPATA</b>	<b>\$2,876</b>	<b>\$9,787</b>	<b>\$12,663</b>	<b>\$9,400</b>	<b>\$10,634</b>	<b>\$20,034</b>	<b>\$15,995</b>
<b>Cash opening</b>	<b>\$39,872</b>	<b>\$34,697</b>	<b>\$39,872</b>	<b>\$39,006</b>	<b>\$50,113</b>	<b>\$39,006</b>	<b>\$33,085</b>
Operating activities	(\$3,361)	\$9,733	\$6,372	\$17,131	\$11,908	\$29,039	\$8,611
Investing activities	(\$1,835)	(\$4,802)	(\$6,637)	(\$5,987)	(\$43,708)	(\$49,695)	(\$6,547)
Financing activities (incl FX)	\$21	(\$622)	(\$601)	(\$37)	\$14,772	\$14,735	\$221,663
<b>Cash closing</b>	<b>\$34,697</b>	<b>\$39,006</b>	<b>\$39,006</b>	<b>\$50,113</b>	<b>\$33,085</b>	<b>\$33,085</b>	<b>\$256,812</b>

\* FY18 has been re-presented to show pro forma adjusted results as if the Group had reported under AASB15 Revenue from contracts with customers, there is no impact on full year values, half year split only



# Thank you



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