

FOR PERSONAL USE ONLY



Money in Motion

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Level 12  
333 Ann Street  
Brisbane QLD 4000

**EML Payments Limited**

21 October 2020

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**ASX Market Announcements**  
20 Bridge Street  
SYDNEY NSW 2000

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## INVESTOR BRIEFING AND FY21 Q1 TRADING UPDATE

**EML PAYMENTS LIMITED (ASX: EML) (“EML”)** provides the attached investor briefing and FY21 Q1 trading update for release to the market.

EML’s Managing Director & Group CEO, Tom Cregan and Group CFO, Rob Shore will present the attached briefing & Q1 update for shareholders and the investment community at:

- Goldman Sachs 4<sup>th</sup> Annual Virtual Tech Forum on Wednesday 21<sup>st</sup> October; and,
- Morgan Stanley’s Virtual Australian Emerging Companies Forum on Monday 26<sup>th</sup> October.

### 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 \$19 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](http://EMLpayments.com)

**This announcement has been authorised for release by the Joint Company Secretaries.**

**For further information, please contact:**

**Robert Shore**  
Group CFO

**EML Payments Limited (ASX: EML)**

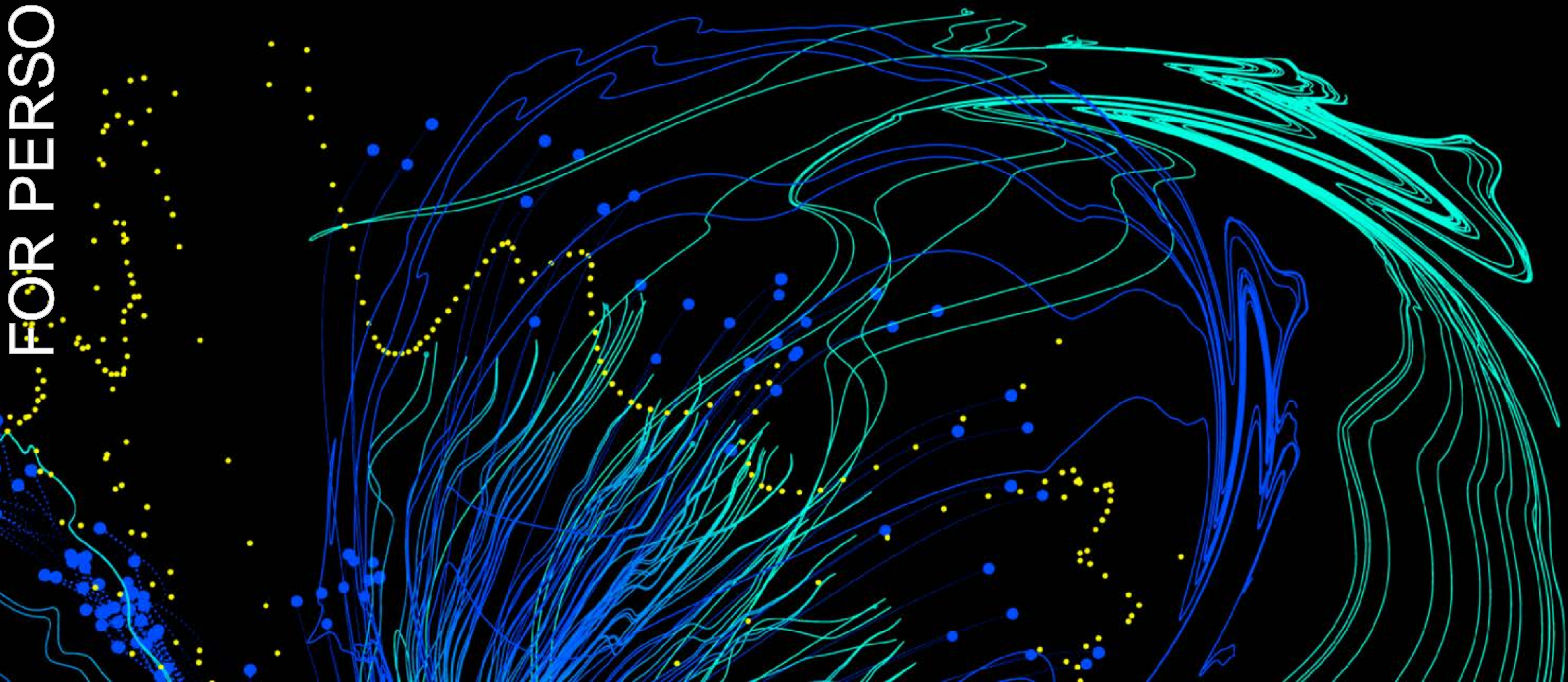
[rshore@emlpayments.com.au](mailto:rshore@emlpayments.com.au)

+61 (0) 419 590 128

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# Investor Briefing & FY21 Q1 Update

October 2020



Money in Motion

## Mission.

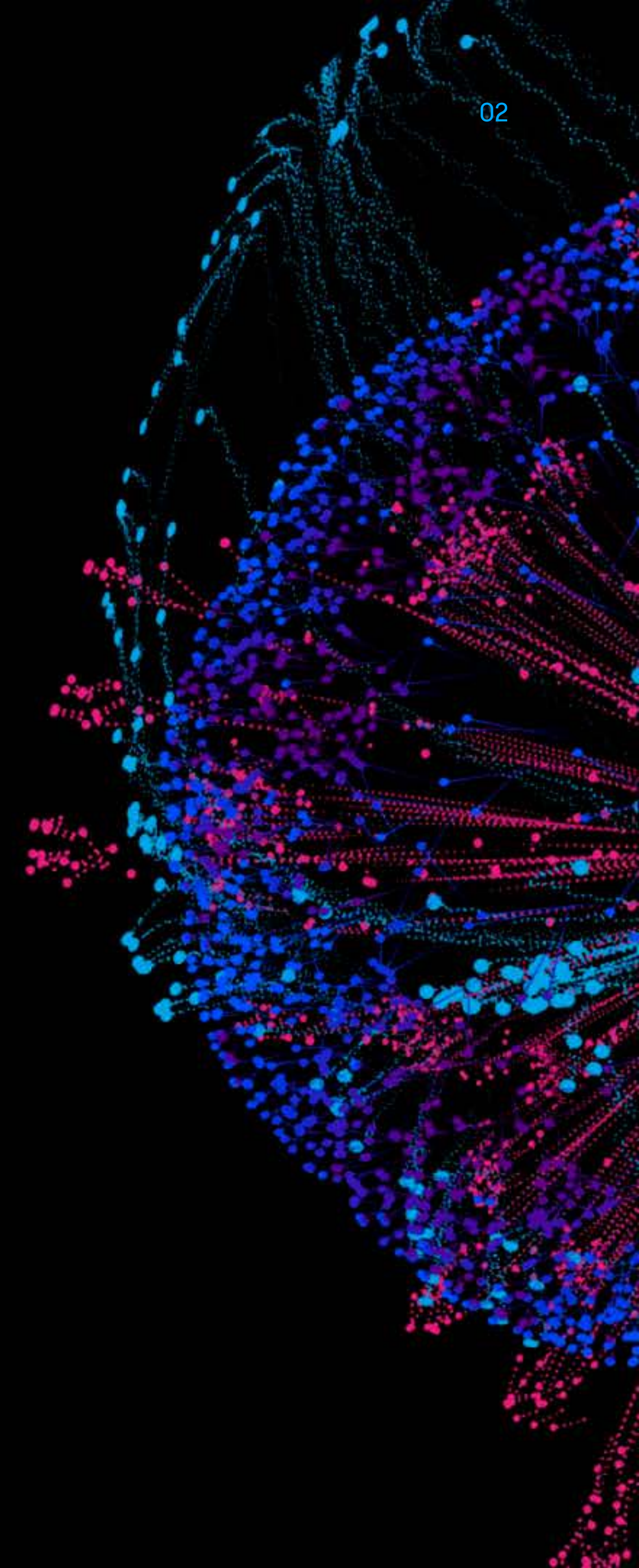
We create awesome, instant and secure payment solutions that connect our customers to their customers, anytime, anywhere, wherever money is in motion.

## 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.



# About Us – EML Snapshot

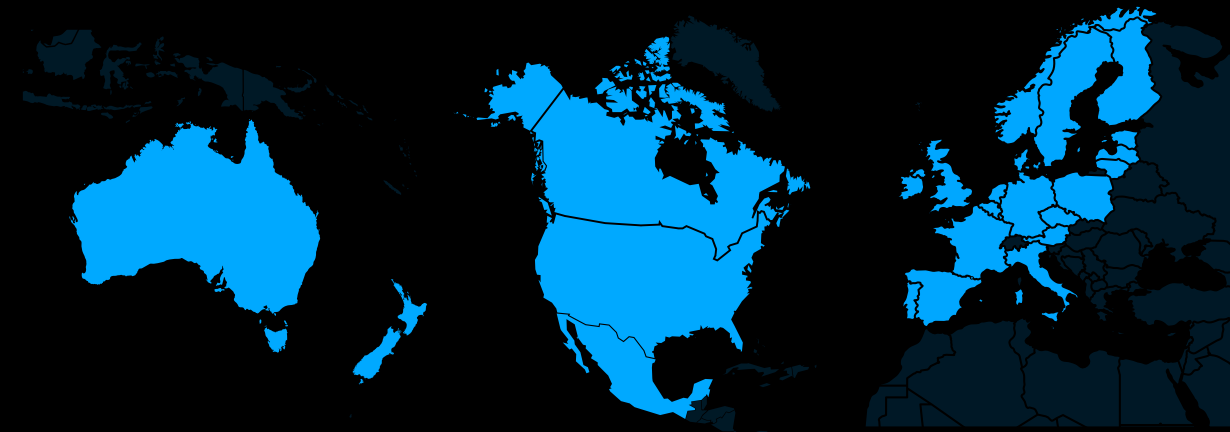
OPERATE IN

**28**

COUNTRIES

**450**

EMPLOYEES



GROUP GDV<sup>1</sup>

**\$19bn**

ANNUALISED GDV  
RUN RATE

GPR

**55%**

COMBINED GROUP  
FORWARD REVENUES<sup>1</sup>

ANNUAL ISSUE IN EXCESS OF

**11M**

GIFT & INCENTIVE  
CARDS

**2M**

GENERAL PURPOSE  
RELOADABLE CARDS

## TECHNOLOGY PLATFORMS

SUPPORTING THOUSANDS OF PROGRAMS  
ACROSS MULTIPLE INDUSTRIES

EML is an ASX listed (ASX:EML) Payments Technology company operating proprietary processing platforms that enable Fintech disruption, with offices in Australia, United Kingdom, Europe, and the United States of America.

GROUP GDV (FY20)

**\$13.88bn**

↑ 54%

GROUP EBITDA<sup>2</sup> (FY20)

**\$32.5M**

↑ 10%

GROUP REVENUE<sup>2</sup> (FY20)

**\$121.6M**

↑ 25%

GROUP NPATA<sup>2</sup> (FY20)

**\$24.0M**

↑ 17%

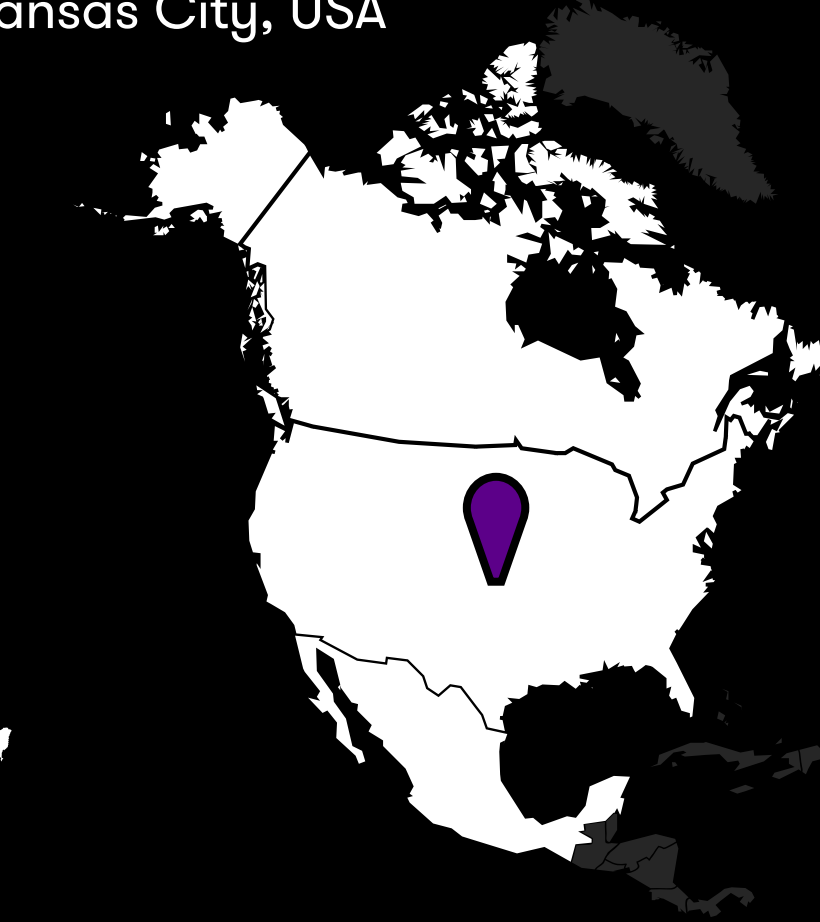
### Australia

Head Office  
Brisbane, Australia  
Melbourne, Australia



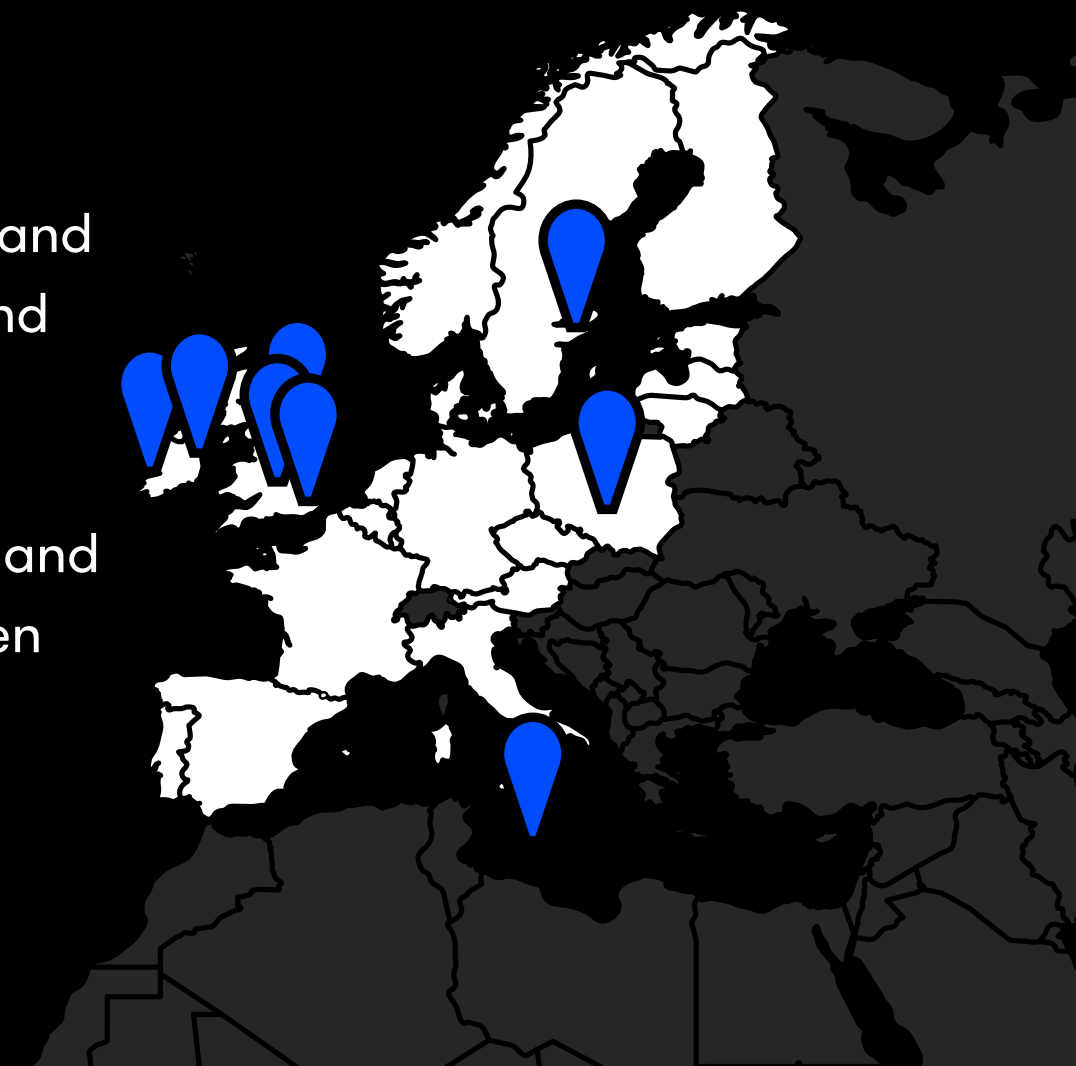
### Americas

Kansas City, USA



### Europe

London, England  
Birmingham, England  
Newcastle, England  
Dublin, Ireland  
Galway, Ireland  
Czestochowa, Poland  
Stockholm, Sweden  
Malta



<sup>1</sup> GDV forward estimate based on FY21 Q1 run rate

<sup>2</sup> Revenue, EBITDA & NPATA are stated excluding the impacts of AASB3 Business Combinations, a full reconciliation is provided in the FY20 Investor Presentation

# Our Journey

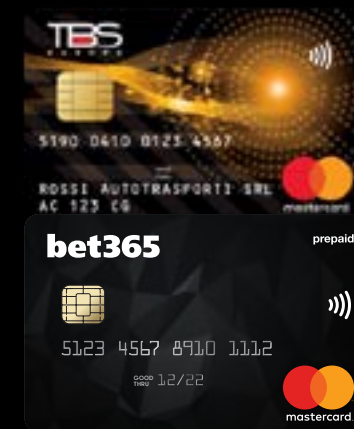
Incentives  
B2B & B2C Cards



Launch of GPR  
in Australia



Launch of GPR in  
UK and Europe  
+ Mastercard licence



Launch of GPR in North America  
+ Launch of Mobile Rewards  
+ Expansion into Scandinavia



Launch of largest  
European mall  
program

- + Expand into Poland
- + Expanded technology use cases
- + Delegated authority
- + Instant mobile gift

EML launches EML Finlabs and proudly announces the first partner:



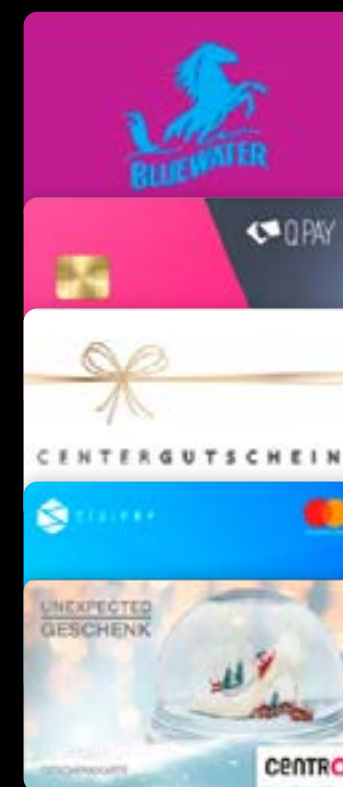
2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 Project Accelerator



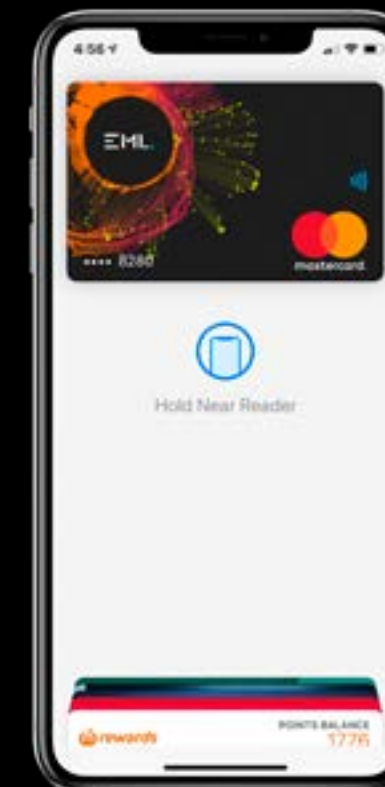
Heritage-Issued  
Visa Integration



Expansion into the  
UK and Europe



Expansion  
into the USA  
and Canada  
+ Obtain MC  
licence in  
Australia



Launch of  
mobile payments  
+ Obtain E-money  
licence in Europe



Acquisition of Prepaid  
Financial Services (PFS):  
+ Multi Currency  
+ Payments as a Service  
+ Banking as a Service

# EML operates in a Trillion dollar industry

**Global:**  
e-commerce sales by 2023 - \$6.5 Trillion  
[Source: "Emarketer Global E-Commerce 2019"]

**USA Prepaid Market:**

- Transaction value Total \$395.5B USD
- Significant existing market opportunities for EML to continue to grow market share

[Source: 2019 Euromonitor]

**Global:** number of debit and prepaid cards in market = 799 million  
[Source: Nilsson Report February 2020]

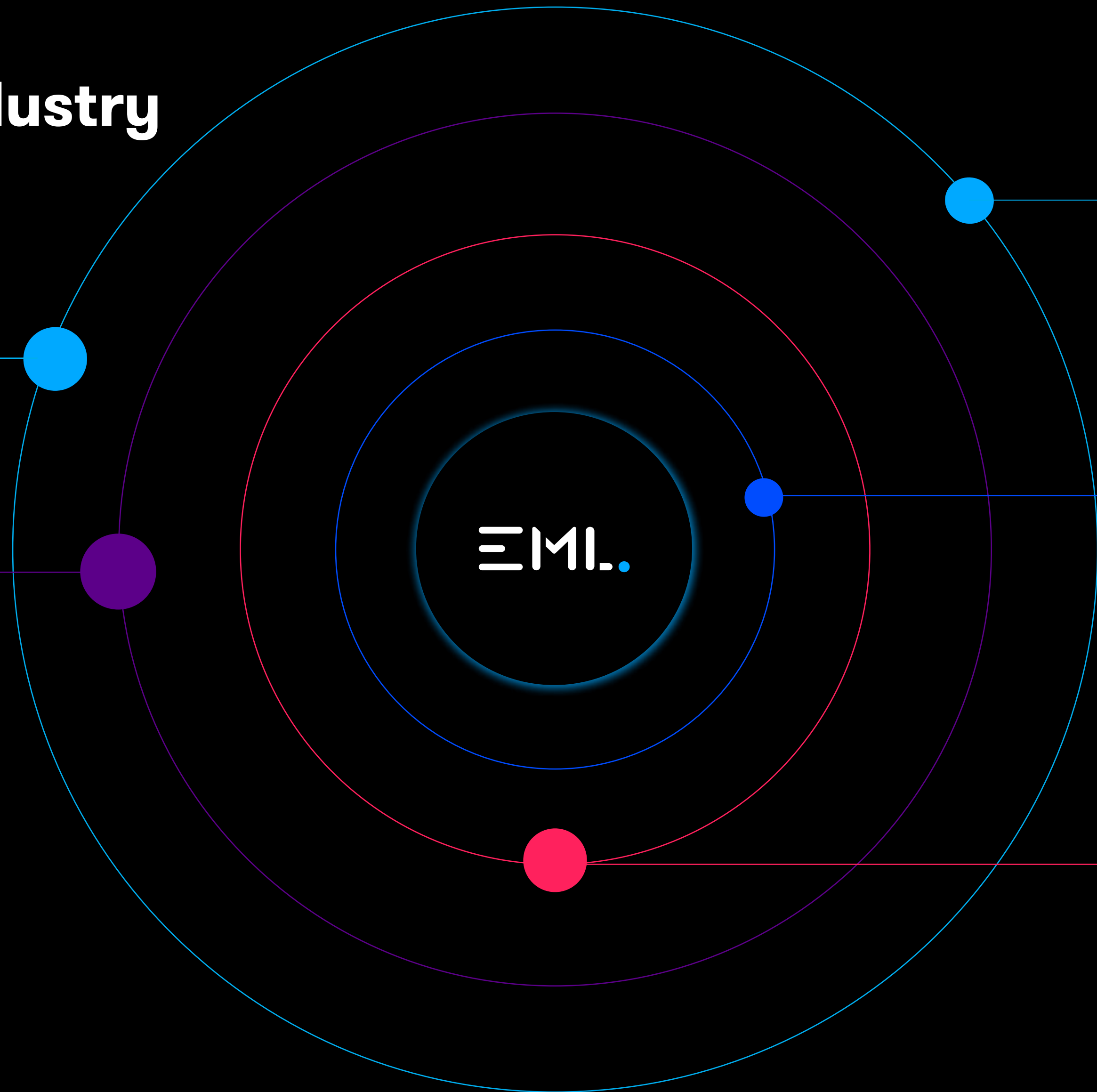
**United Kingdom & Europe Prepaid Market:**

- Transaction Value \$23.7B pounds growing to \$26.3B by 2024
- EU prepaid market expected to reach EU\$371B by end of 2023
- Fast growing market provides significant opportunities for continued growth

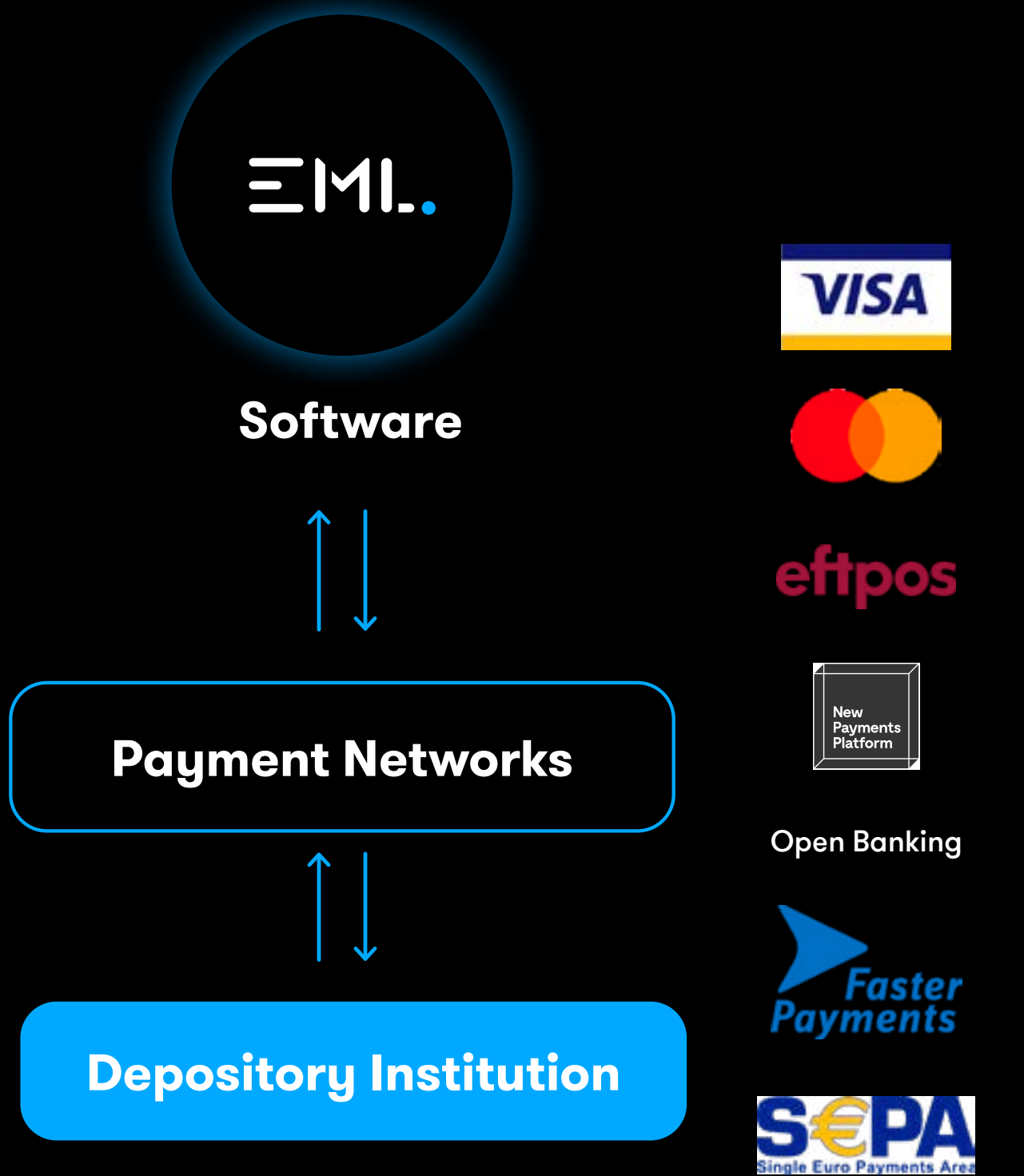
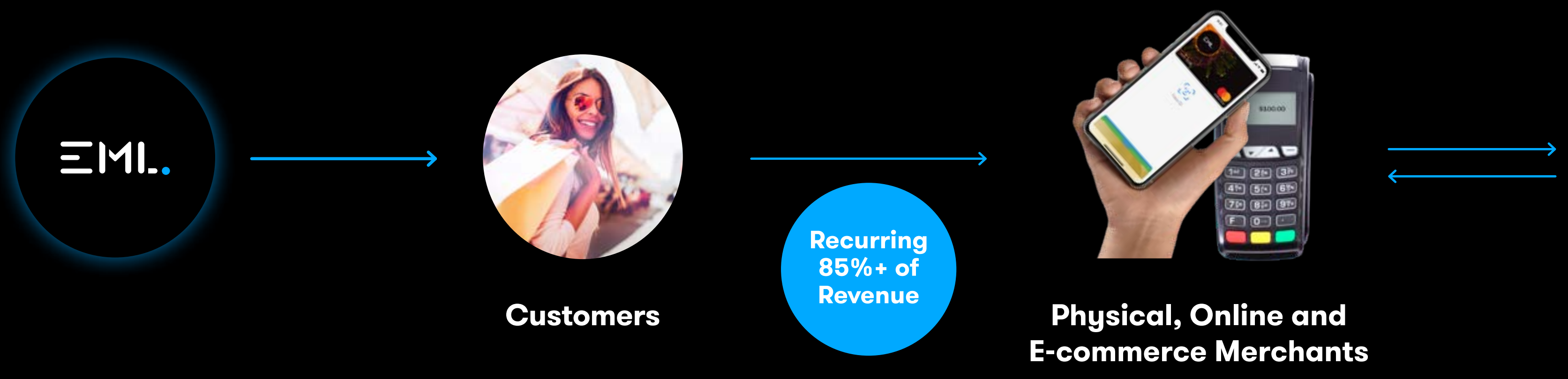
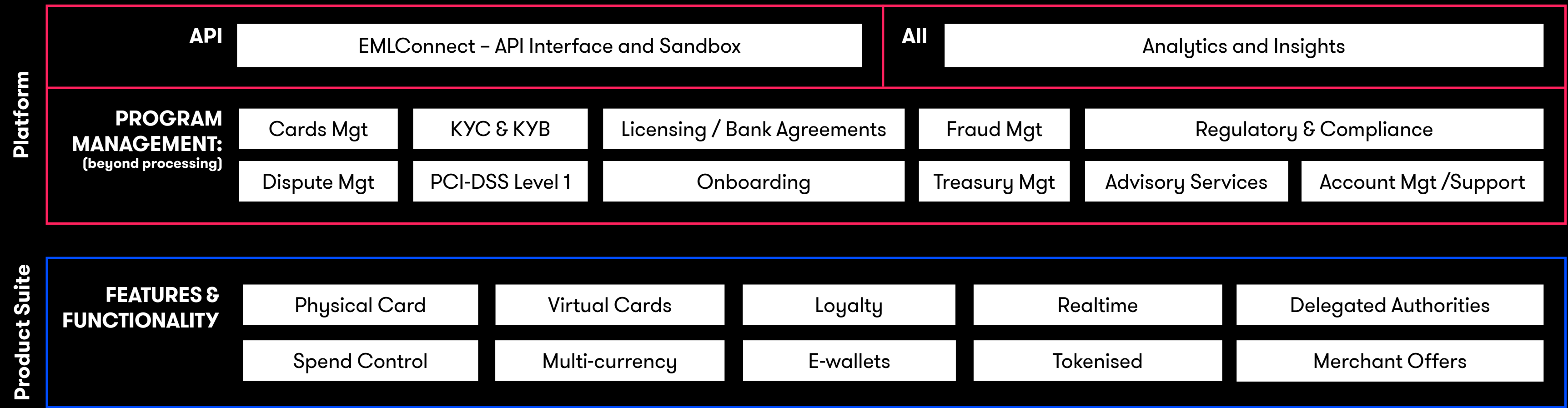
[Source: Businesswire.com "Europe Prepaid Card Business and Investment Opportunities - Market Size and Forecast 2014-2023", Research and Markets]

**Australian Prepaid Market:**

- Total stored value June 2020: \$1.1B  
[Source: "RBA July 2020"]
- Significant market participant but with <20% market share the market continues to provide significant opportunities for growth
- Total GDV 2019 \$11.8B AUD  
[Source: Euromonitor]



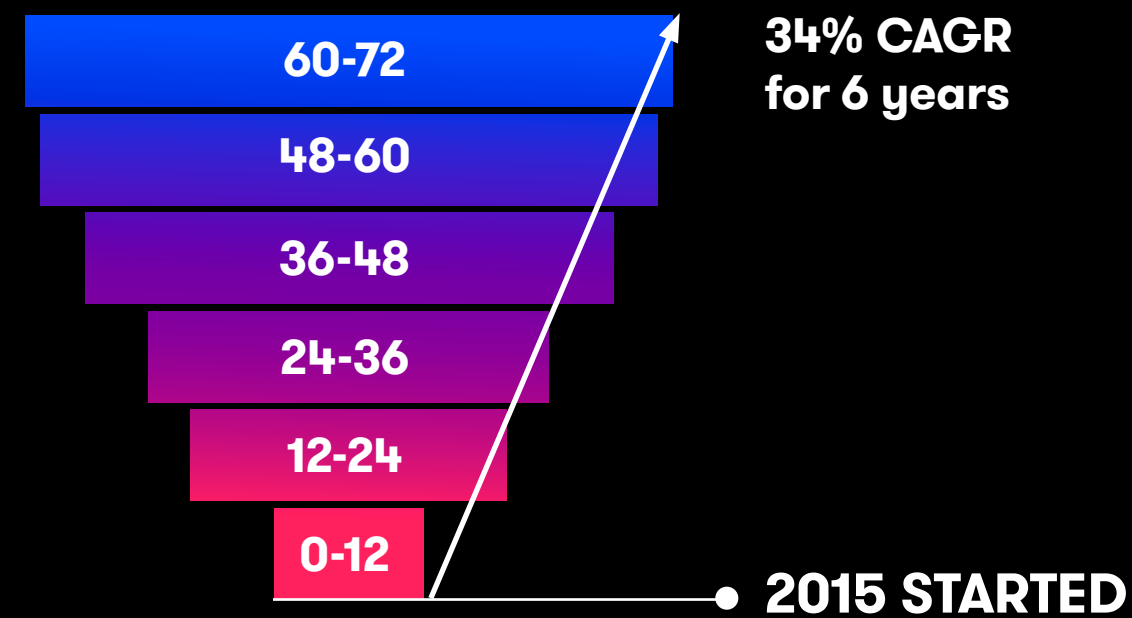
# Solution Suite



# Business Model – Cohort Analysis

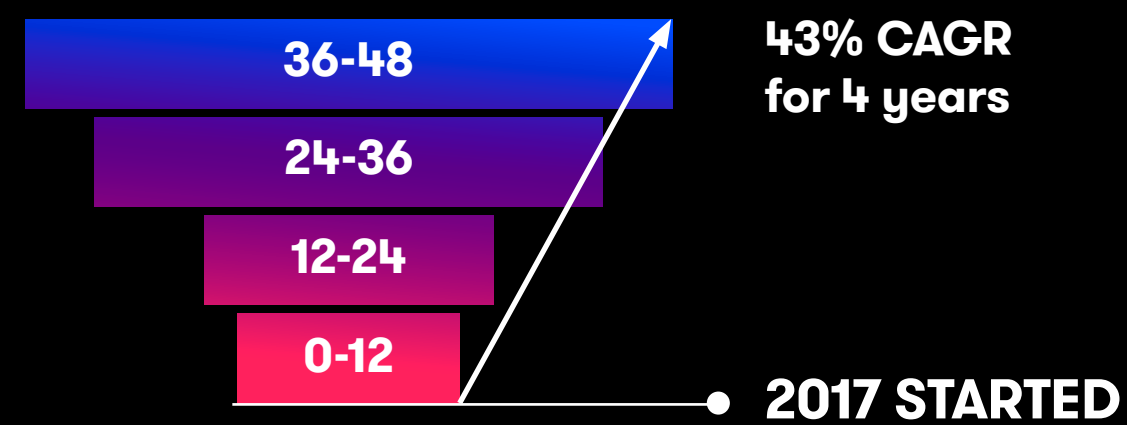
## Distribution as a Service Customer

This gaming industry customer uses our cards to distribute funds to their customers. The programs loads have grown 34% over the last 6 years in GDV.



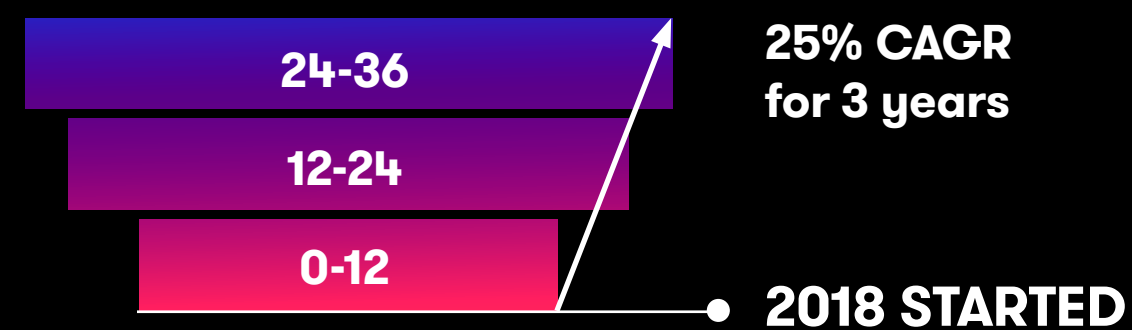
## Banking as a Service Customer

This BaaS customer uses our full technology suite so that their customers can access the funds that they have in various accounts with us. The programs load have grown 43% over the last 4 years in GDV.

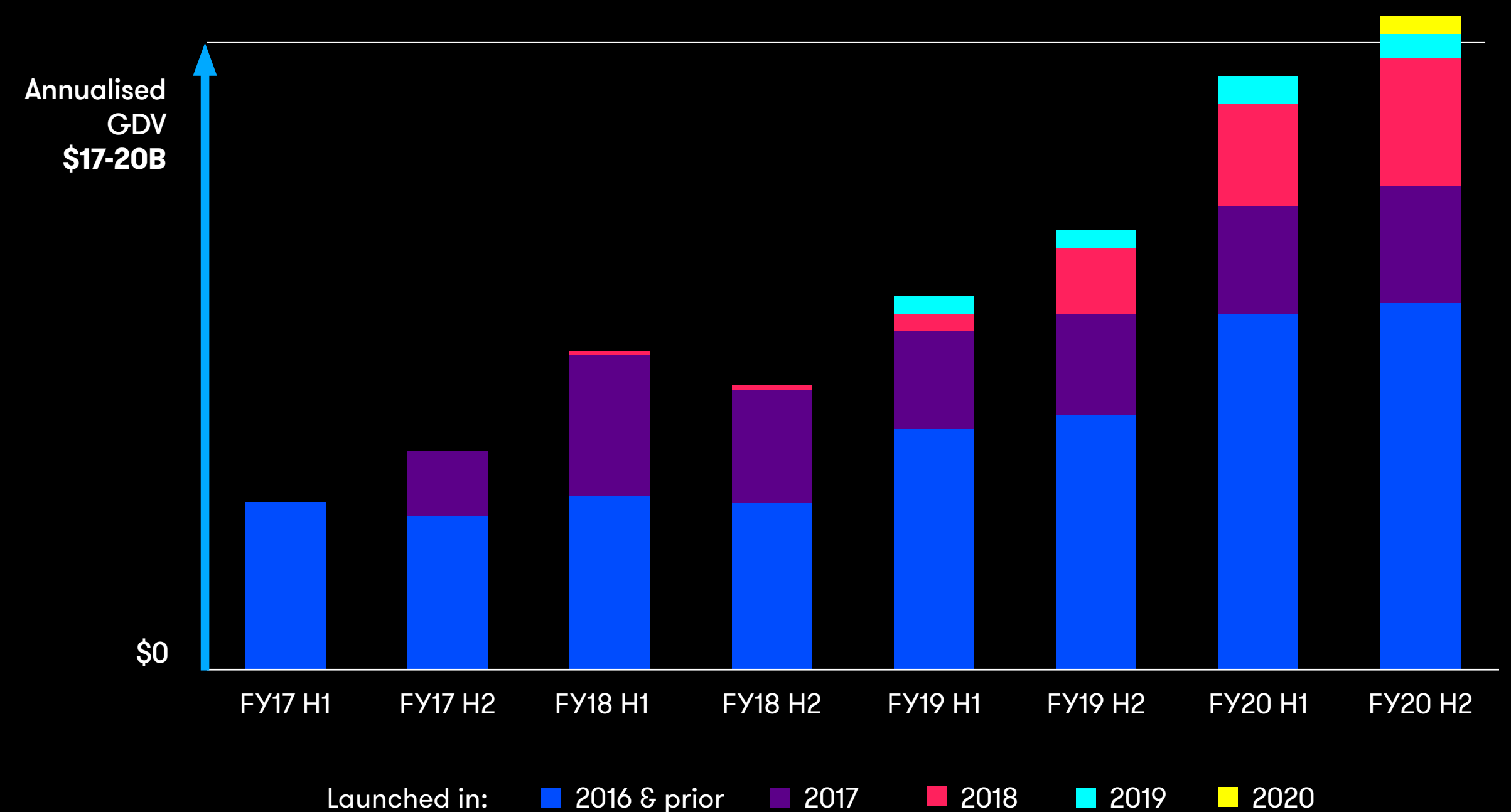


## Salary as a Service Customer

This salary packaging program has cards to distribute pre-tax funds to their customers in accordance with government regulations for spend on various merchant categories. The programs load have grown 25% over the last 3 years in GDV.



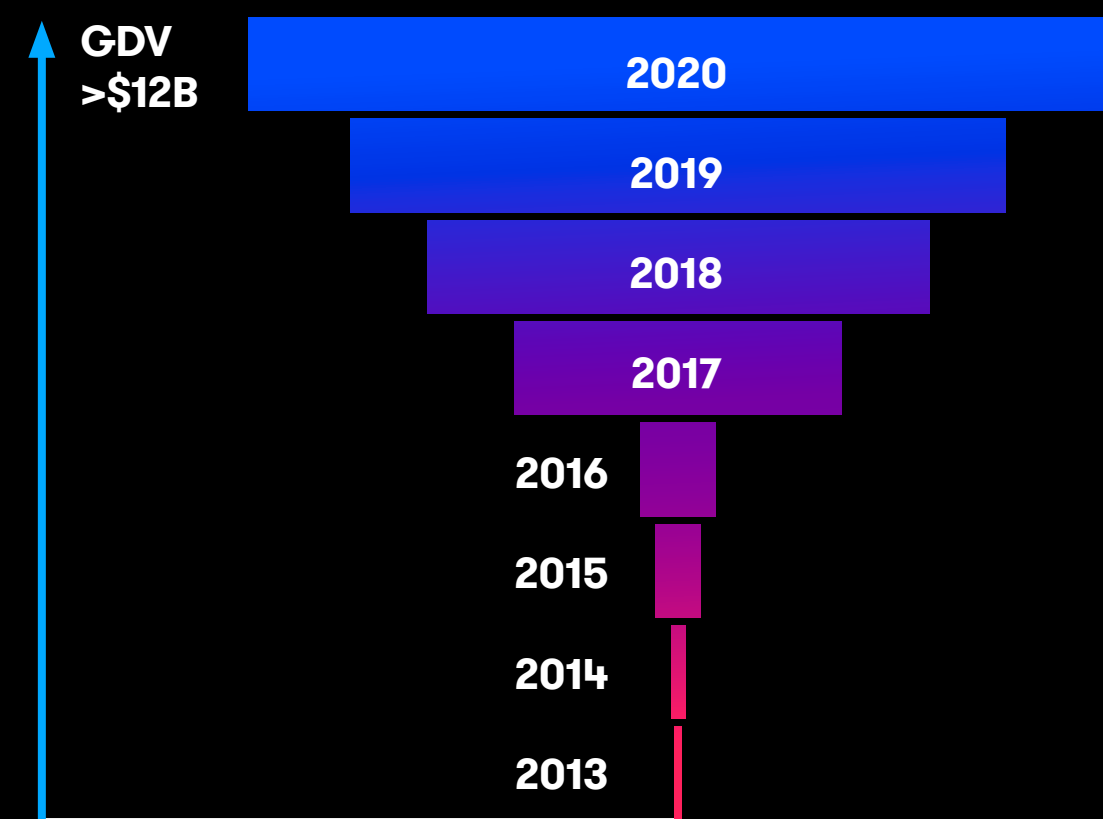
## Cohort – Half Year



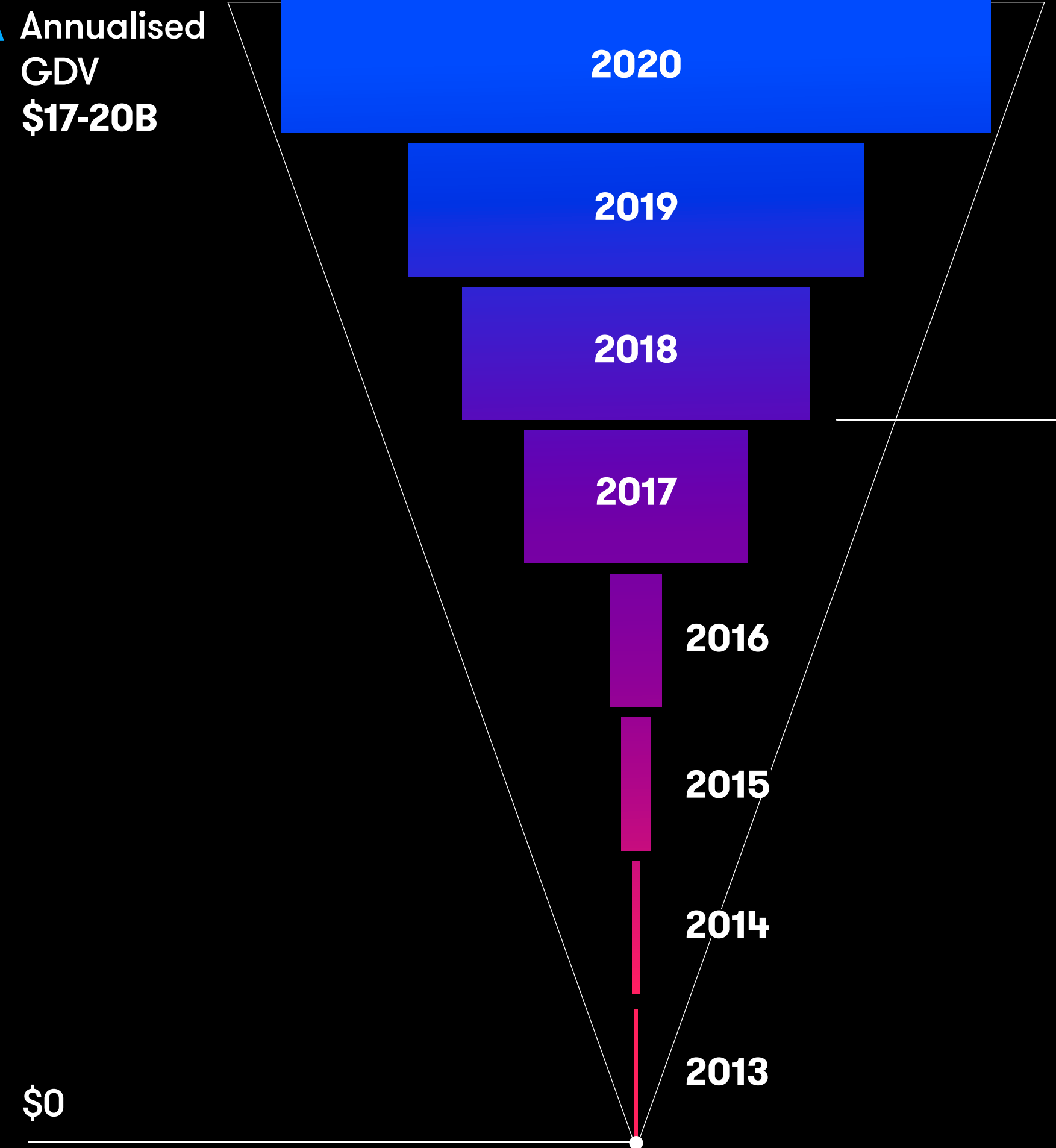


# Business Model – Cohort Analysis

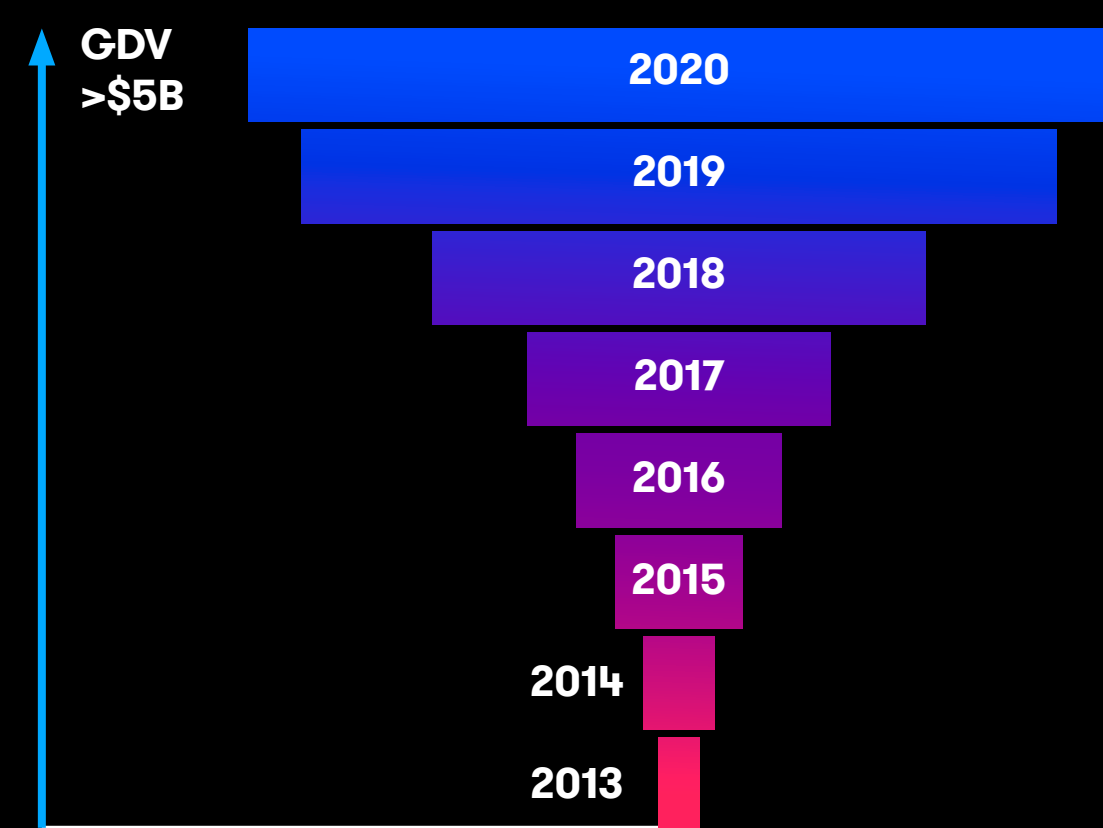
## GDV – EML



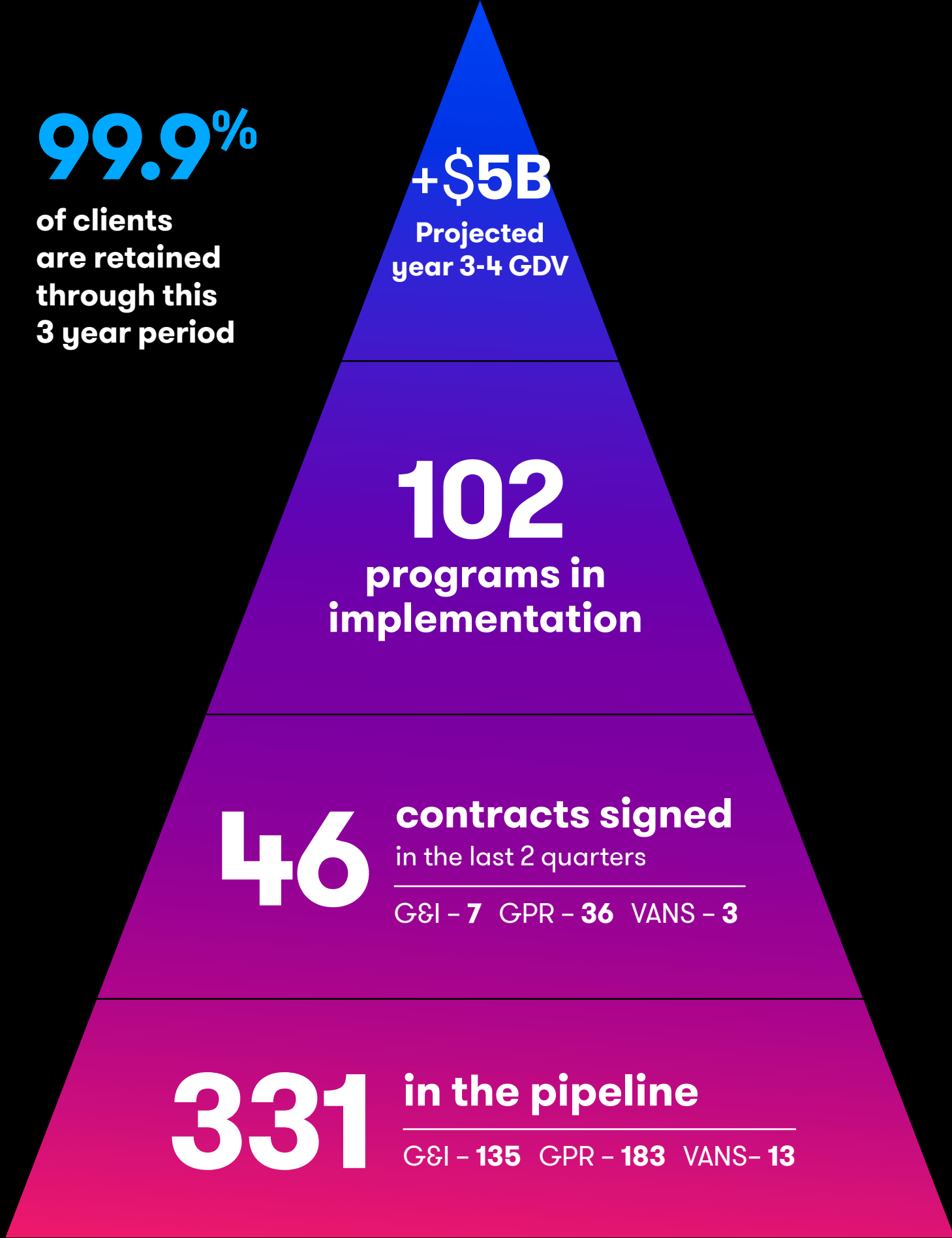
## Annualised GDV \$17-20B



## GDV – PFS



## SALES PIPELINE

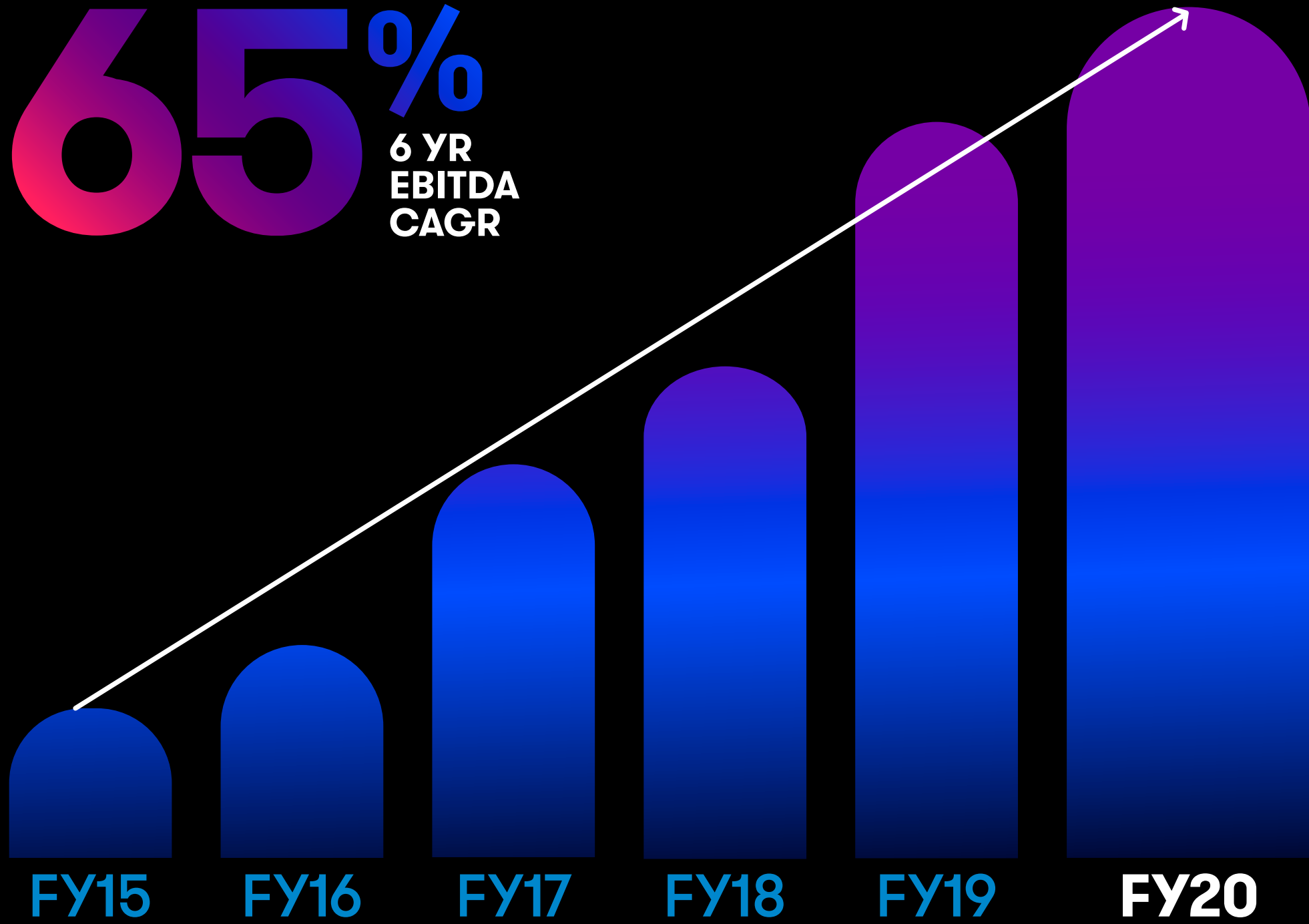


Customer attrition has been calculated based on GDV from active customers in 2017, and the cumulative GDV loss for FY2018, FY2019 and FY2020 over cumulative volume for the same period.

EML data is presented for the Financial Years ending 30 June. PFS data is presented for the calendar years ending 31 December, 2020 is extrapolated for illustration. Combined pro forma group ignores immaterial seasonality in the PFS data and timing of EML gaining control over PFS being illustrative only.

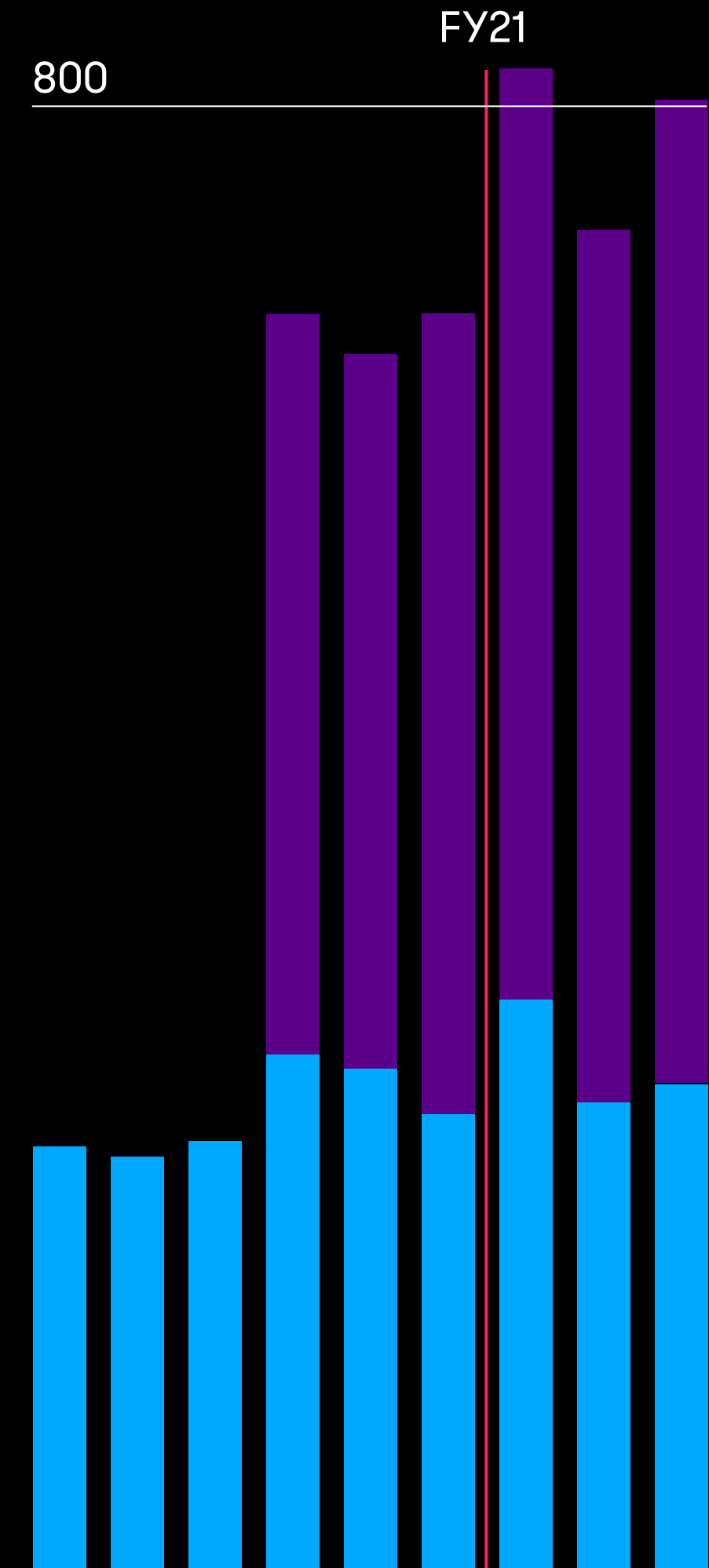
# Track Record of Growth

**65%**  
6 YR  
EBITDA  
CAGR

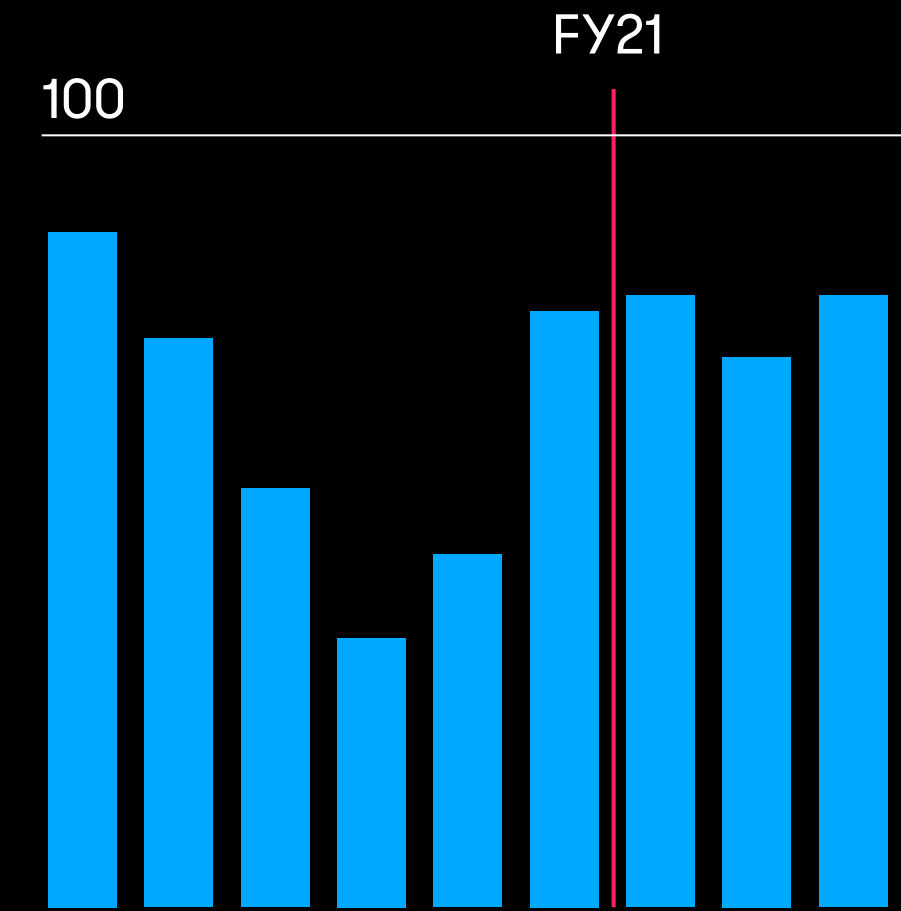


<b>GDV</b>	\$0.5B	\$1.0bn	\$4.4bn	\$6.8bn	\$9.0bn	<b>\$13.9bn</b>
<b>REVENUE</b>	\$14.4m	\$23.3M	\$58.0M	\$71.0M	\$97.2M	<b>\$121.6M</b>
<b>EBITDA</b>	\$2.6M	\$5.0M	\$14.5M	\$21.0M	\$29.7M	<b>\$32.5M</b>
<b>HEADCOUNT</b>	55	150	170	182	275	<b>450</b>
<b>COUNTRIES</b>	10	13	13	21	23	<b>28</b>

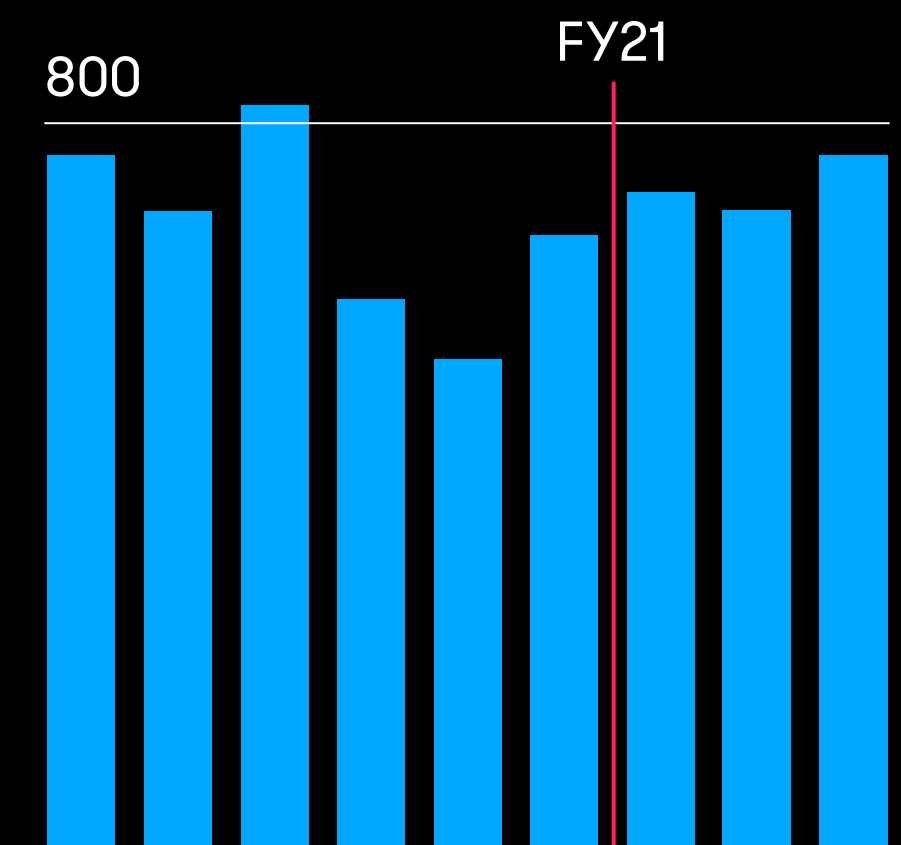
**GPR GDV**  
January - September 2020



**G&I GDV**  
January - September 2020



**VANS GDV**  
January - September 2020



# Business Model - Barriers to Entry

## End to end

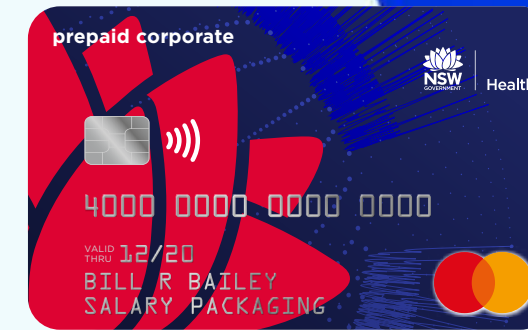
End to End payment processing platform  
(card issuing, transaction processing, fraud control, settlement and reconciliation)



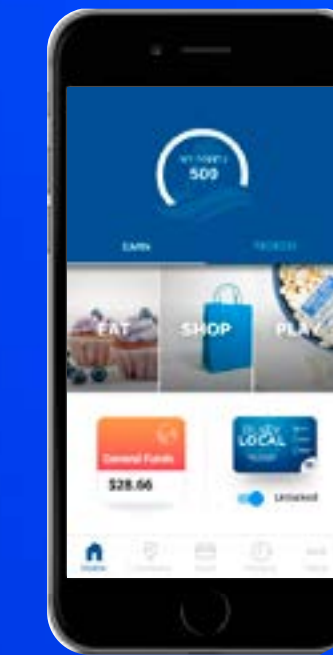
Non-reloadable



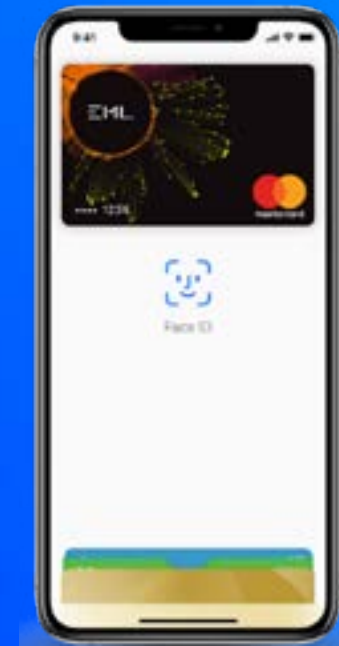
Virtual



Reloadable



Mobile Merchant Rewards



Mobile Payments



## Regulatory and compliance across the globe

**9** Issuing bank agreements

**>50** Regulations / laws

**21** Compliance with regulatory authorities

- 5 Major licences**
- AFS Licence (Australia)
  - Mastercard membership (Australia, UK & Europe)
  - BPay (Australia)
  - E-Money Licence FCA (United Kingdom)
  - E-Money Licence CBol (Ireland)

## People

**450** Employees servicing 28 countries

**200** Over 200+ years prepaid experience in group leadership team

## Information Technology

**3** In-house, prepaid, processing platforms

**LEVEL 1**  
PCI-DSS Level 1 compliant

**6** Data Centres

**~\$30m**  
Over ~\$30m invested in our platforms to date

**30%** Staff are IT based

**5** Connectivity to 5 major card schemes

**MULTI** Multi-currency, Multi-factor (Plastic, Virtual, Mobile) & Multi-lingual

## Fraud Monitoring

**24-7**  
Fraud Monitoring & Detection across 14 different currencies

**REALTIME ID**  
decision & action on suspect card transactions

**3D** Secure Capability

# Segment Analysis

Gift & Incentive (G&I)					
	<p><b>REVENUE</b></p> <p><b>\$68.2M</b></p> <p>PCP \$66.4M</p>	<p><b>GP%</b></p> <p><b>82.1%</b></p> <p>PCP 78.9%</p>	<p><b>YIELD</b></p> <p><b>581bps</b></p> <p>PCP 627bps</p>	<p><b>Use Cases</b></p> <ul style="list-style-type: none"> <li>— Mall Gift Cards</li> <li>— Employer incentives</li> <li>— Cross-Sell</li> <li>— Consumer incentives</li> </ul>	<p><b>Growth Thematics</b></p> <ul style="list-style-type: none"> <li>— Physical incentive gift card business transitioning to digital</li> <li>— Adoption of digital gifting</li> <li>— Recovery of Mall volumes post COVID</li> </ul>
General Purpose Reloadable (GPR) (Including PFS for 1 April to 30 June 2020)					
	<p><b>REVENUE</b></p> <p><b>\$41.9M</b></p> <p>PCP \$23.9m</p>	<p><b>GP%</b></p> <p><b>59.7%</b></p> <p>PCP 66.0%</p>	<p><b>YIELD</b></p> <p><b>99bps</b></p> <p>PCP 86bps</p>	<p><b>Use Cases</b></p> <ul style="list-style-type: none"> <li>— Banking as a Service</li> <li>— Software as a Service</li> <li>— Neo-lending</li> <li>— Multi-currency</li> <li>— Government</li> <li>— Non Governmental Organizations</li> </ul>	<p><b>Growth Thematics</b></p> <ul style="list-style-type: none"> <li>— Digital payments transformation</li> <li>— Disruptive Fintech</li> <li>— Expanding PFS offerings - Banking as a Service</li> <li>— Expansion of Disbursements as a Service in Europe and North America</li> <li>— Rollout of ControlPay solution to existing markets</li> </ul>
Virtual Account Numbers (VANS)					
	<p><b>REVENUE</b></p> <p><b>\$10.7M</b></p> <p>PCP \$6.4M</p>	<p><b>GP%</b></p> <p><b>64.8%</b></p> <p>PCP 68.1%</p>	<p><b>YIELD</b></p> <p><b>13bps</b></p> <p>PCP 12bps</p>	<p><b>Use Cases</b></p> <ul style="list-style-type: none"> <li>— Commercial Payments</li> <li>— Buy Now Pay Later</li> </ul>	<p><b>Growth Thematics</b></p> <ul style="list-style-type: none"> <li>— Volume growth through servicing payment aggregators</li> </ul>

Figures specified above are for the twelve months ended 30 June 2020 ('FY20'), presented in Australian Dollars. Unless otherwise stated, the prior comparative period refers to the twelve months ended 30 June 2019 ('FY19').

# Q1 Trading Update

**Strong GPR growth and improved trading conditions in G&I drove a record first quarter**

<b>GDV:</b>	<b>\$4.85bn</b>
PCP Q1FY20	<b>\$3.21bn</b> ↑51%
Prior Quarter Q4FY20	<b>\$4.05bn</b> ↑20%

<b>REVENUE:</b>	<b>\$40.6m</b>
PCP Q1FY20	<b>\$23.2m</b> ↑75%
Prior Quarter Q4FY20	<b>\$33.9m</b> ↑20%

<b>EBITDA:</b>	<b>\$10.0m</b>
PCP Q1FY20	<b>\$3.2m</b> ↑215%
Prior Quarter Q4FY20	<b>\$6.0m</b> ↑69%

### Record Q1 EBITDA up 215% on PCP

Historically, Q1 is the weakest quarter of the year

Cost control initiatives reduced cash overheads \$0.7m over the PCP (excludes PFS).

Group Cash Overheads are in line with top end of guidance previously given (\$64-72m) inclusive of accrued FY21 STIP, and costs associated with Brexit and integration of PFS

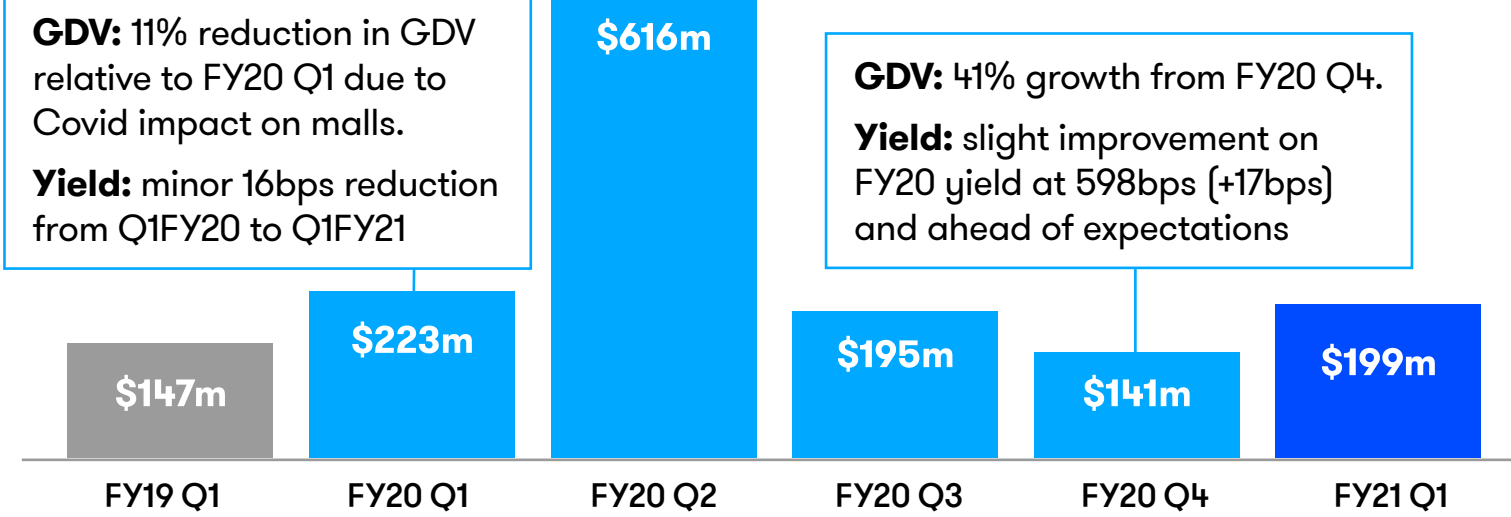
H1 / H2 split is expected to be between 48 - 52% of full year profits

#### Q1 FY21 Bridge of EBITDA

Category	Value
FY20 Q1 EBITDA	\$3.2m
Lower G&I Gross Profit	(\$0.9m)
Growth in EML GPR	\$6.5m
Reduction in EML Cash Overheads	\$0.7m
Other	\$0.6m
<b>FY21 Q1 EBITDA</b>	<b>\$10.0m</b>

# Q1 Trading Update

## Gift & Incentive (G&I)



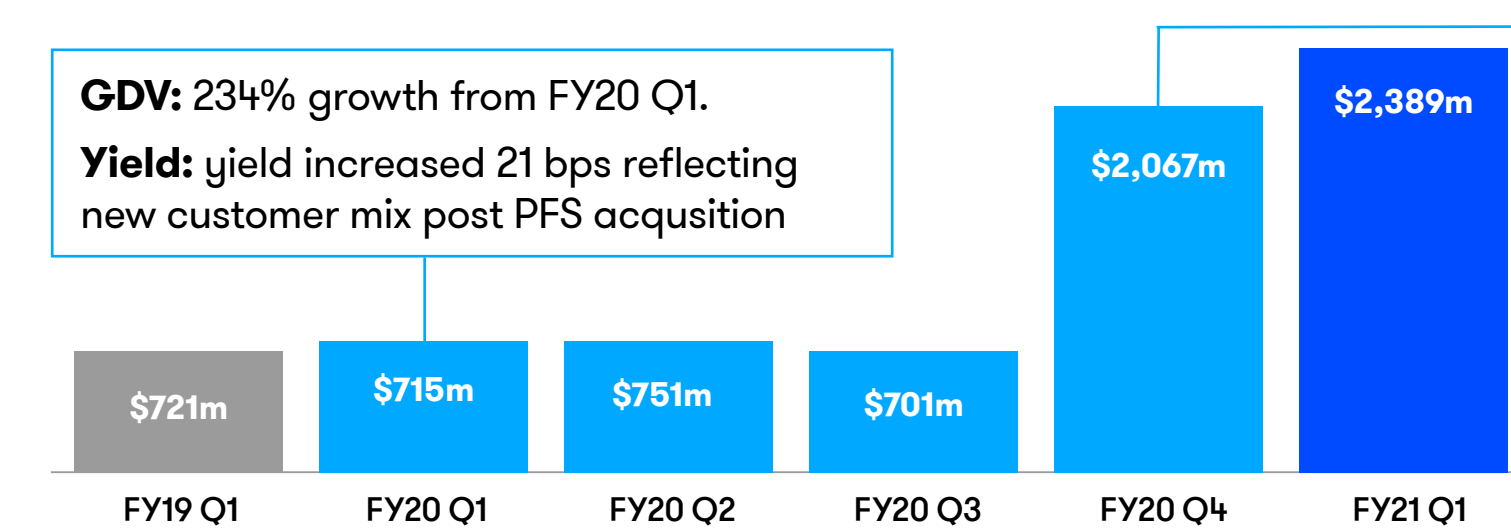
**GDV:** 11% reduction in GDV relative to FY20 Q1 due to Covid impact on malls.  
**Yield:** minor 16bps reduction from Q1FY20 to Q1FY21

**GDV:** 41% growth from FY20 Q4.  
**Yield:** slight improvement on FY20 yield at 598bps (+17bps) and ahead of expectations

**Gift & Incentive volumes recovered significantly in the first quarter following the initial impacts of Covid-19**

- GDV recovered in Q1 (up 41% on Q4 of FY20) and finished 11% below PCP
- Yield ahead of expectations at 598 bps due to improved trading in mall programs
- Trading through the three months to December is crucial to the results of this segment
- FY20 Q2 seasonal gift card volumes were approximately \$0.4bn generating c. \$24m of Revenue and \$19m Gross Profit

## General Purpose Reloadable (GPR)



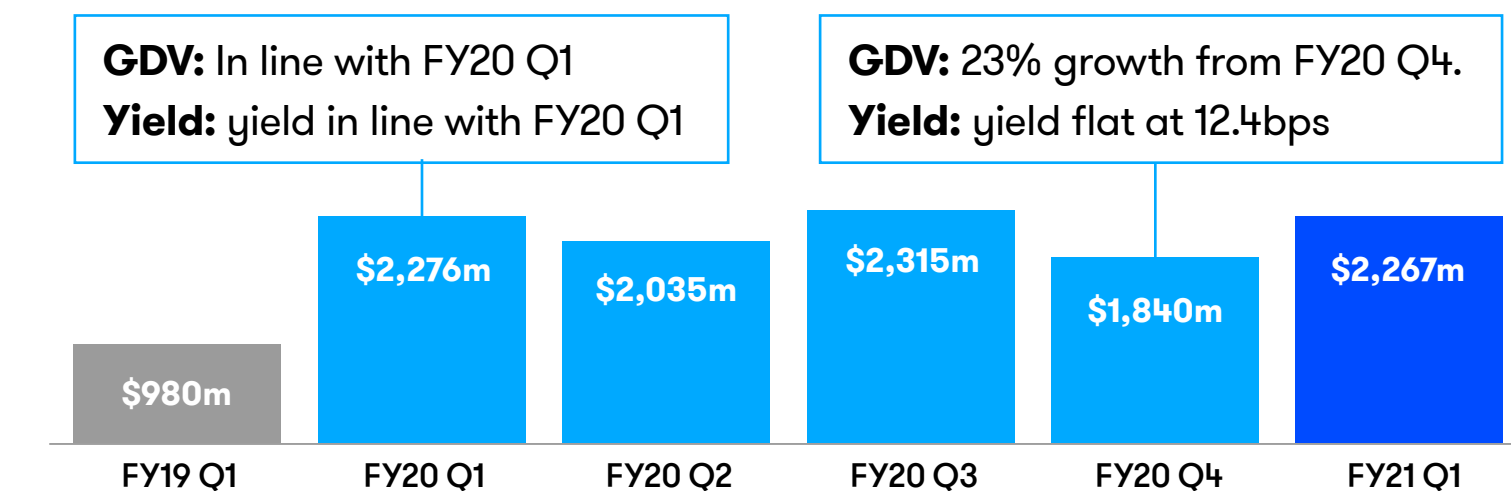
**GDV:** 234% growth from FY20 Q1.  
**Yield:** yield increased 21 bps reflecting new customer mix post PFS acquisition

**GDV:** 16% growth from FY20 Q4.  
**Yield:** yield unchanged at 110bps reflecting consistent customer mix

**General Purpose Reloadable volumes grew significantly in the first quarter driven by BaaS and Government**

- GDV grew strongly in Q1 (up 16% on Q4 of FY20) and finished 234% above PCP
- Yield in line with expectations at 110 bps (no change from Q4FY20) with stable program mix
- Excluding PFS, EML grew GDV & GP by 16% over the PCP (Q1FY20) driven by Australian payroll and gaming payout volumes
- PFS grew GDV & GP by 24% in Q1FY21 over Q4FY20
- PFS recorded two new record GDV months in July & September to drive growth in GPR.

## Virtual Account Numbers (VANS)



**GDV:** In line with FY20 Q1  
**Yield:** yield in line with FY20 Q1

**GDV:** 23% growth from FY20 Q4.  
**Yield:** yield flat at 12.4bps

**Virtual Account Numbers volumes recovered to pre-Covid levels in the first quarter**

- GDV recovered in Q1 (up 23% on Q4 of FY20) and finished in line with PCP
- Yield in line with expectations at 12.4 bps

# Project Accelerator

## Technology

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Single global integration touchpoint

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Cloud native

---

Low/no-code

---

API integration

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Support payments on mastercard and visa networks

## Products

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Leverage expanded product suite to drive incements revenue for EML and partners

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Expand to include non-card payments

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Expand to include open-banking payments

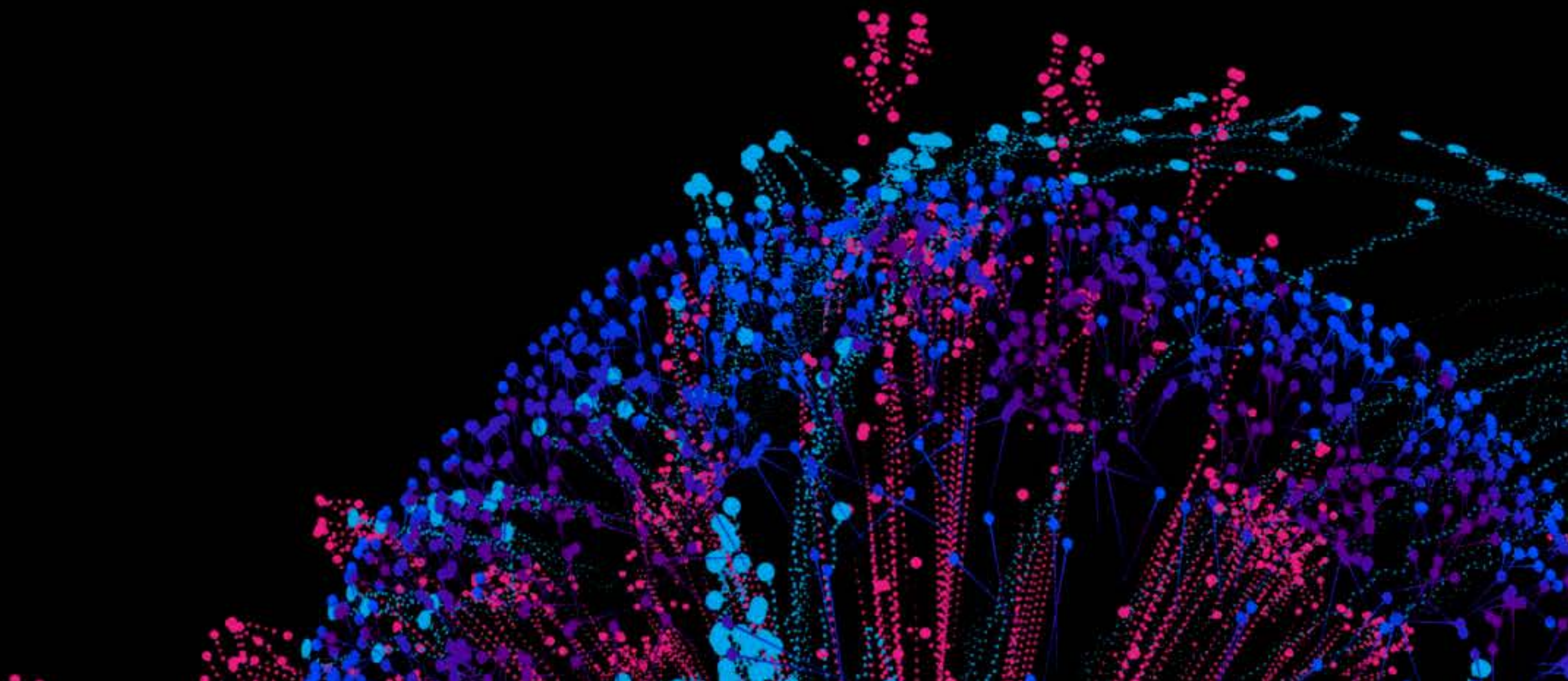
## Investment

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Internal investment in technology and platform \$10-15m over 2021/2022

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External investments in Fintech innovators





**Gus Balbontin.**

Founder and Director at Roshambo



Watch EML's own Eric Mettemeyer, Chief Corporate Development Officer open the conversation on

**FinLab.**



Get to see EML's very own Andrew Betts, Group Chief Risk & Regulatory Officer, introduce the conversation on EML's latest achievement

**NSW Transit.**



Look out for EML's Sarah Bowles, Chief Product Officer talk

**Open Banking.**



At EMLCON 2020, Rachelle St Ledger, EML's CEO of Australia speaks to industry leaders on

**Buy Now Pay Later (BNPL).**



Watch EML's Deirdre Ives, Chief Digital Transformation Officer lead the discussion on the

**Digital Revolution.**

**Premiere EML Virtual Event**

Date: **29th October 2020**

[Click here to register for EML.CON](#)

**Speakers will include:**

Partners, Customers, Capital Markets, Schemes, FinLabs, Industry Experts, Global Perspective



# Building the EML Global Brand

Press releases have generated 2,814 stories, featured in Forbes, Wall Street Journal, Financial Time, Bloomberg, Sky news, and the Times

Estimated global news impressions reached 10,804,177,808.

4775 uses of the Social Media images.

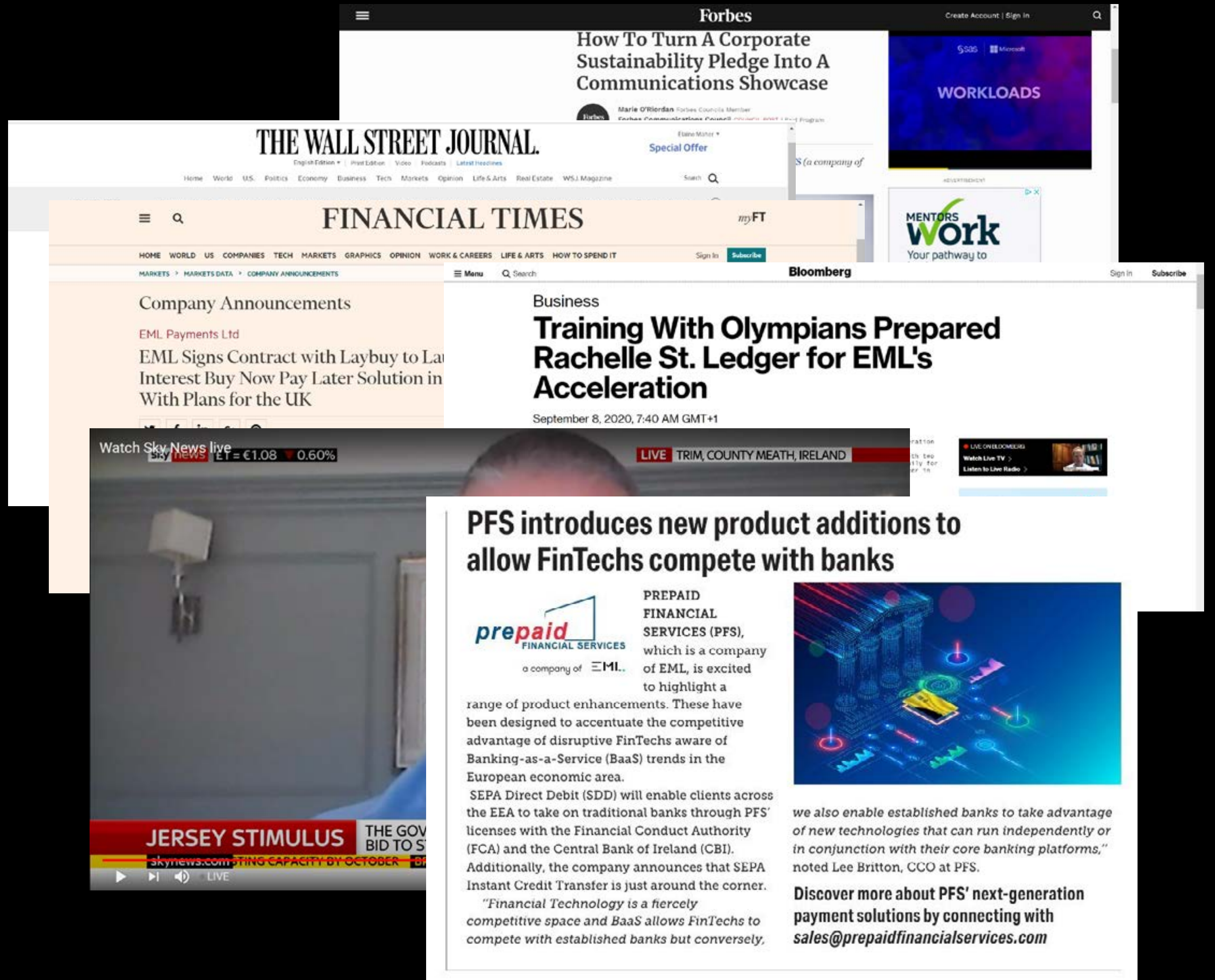
News in an average of 203 cities in 66 countries, per press release.

Stories found 1596 times via Google searches in: Australia, New Zealand, US, UK, Ireland, Spain, Italy, Germany, Canada, Switzerland, France, Singapore, Taiwan, Hungary, Hong Kong, Norway and Romania.

82,325 Newswire Subscriber emails read.

15,824 Newswire RSS feed reads.

548 clicks on the EML website just from the Business Wire link.



## PFS introduces new product additions to allow FinTechs compete with banks



PREPAID FINANCIAL SERVICES (PFS), which is a company of EML, is excited to highlight a

range of product enhancements. These have been designed to accentuate the competitive advantage of disruptive FinTechs aware of Banking-as-a-Service (BaaS) trends in the European economic area.

SEPA Direct Debit (SDD) will enable clients across the EEA to take on traditional banks through PFS' licenses with the Financial Conduct Authority (FCA) and the Central Bank of Ireland (CBI). Additionally, the company announces that SEPA Instant Credit Transfer is just around the corner.

"Financial Technology is a fiercely competitive space and BaaS allows FinTechs to compete with established banks but conversely,



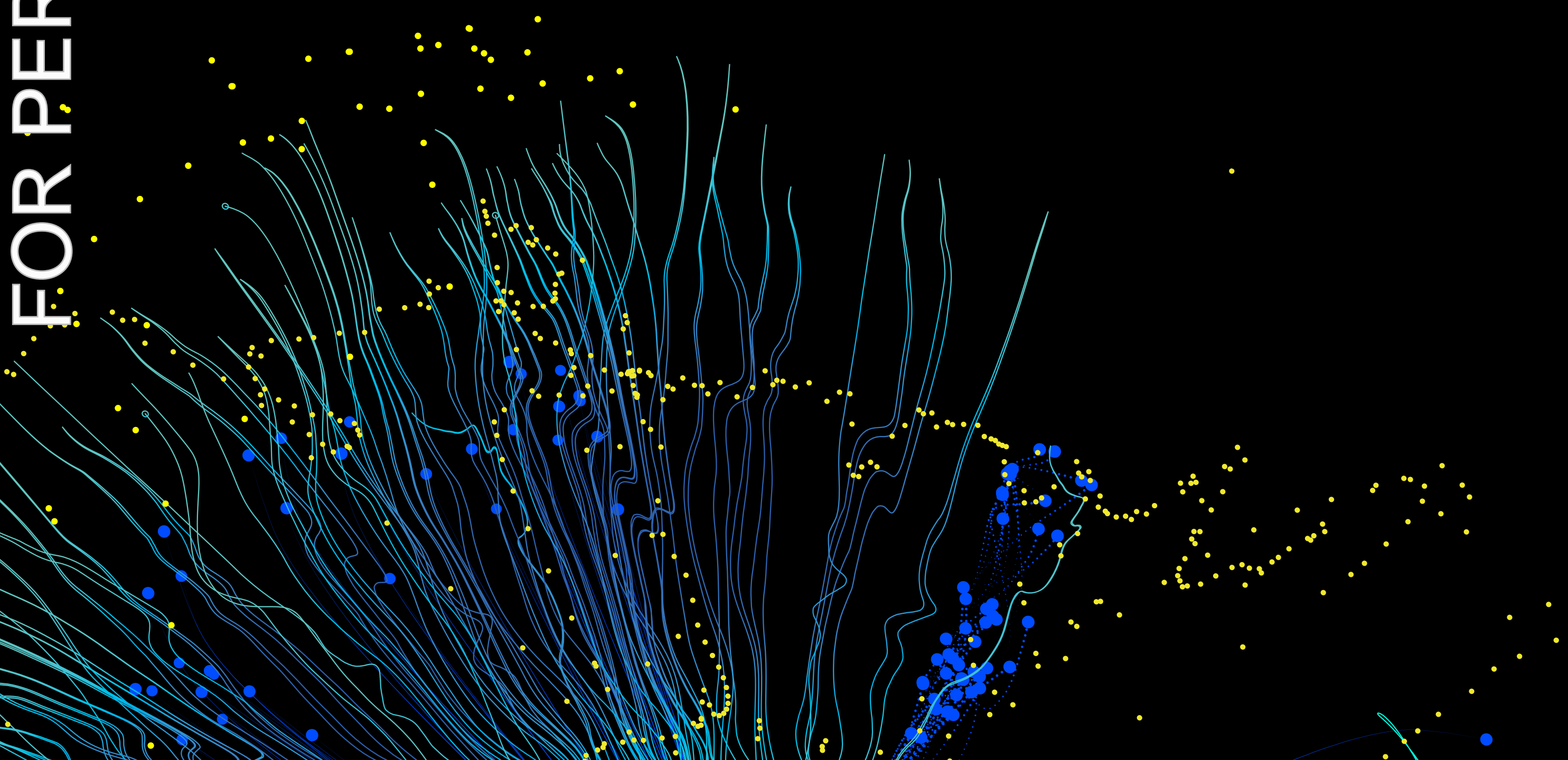
we also enable established banks to take advantage of new technologies that can run independently or in conjunction with their core banking platforms," noted Lee Britton, CCO at PFS.

Discover more about PFS' next-generation payment solutions by connecting with [sales@prepaidfinancialservices.com](mailto:sales@prepaidfinancialservices.com)

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