EML Payments Limited

2022 INTERIM REPORT

Payment Revolution.

Continued growth.

GDV
$31.6bn ▲ 209%

EBITDA*
$14.2m ▼ 49%

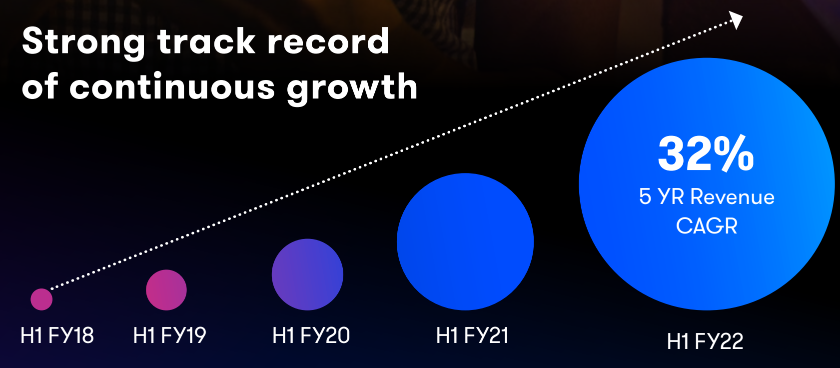
Revenue
$113.4m ▲ 20%

Gross Profit
$74.4m ▲ 12%

NPATA*
$3.9m ▼ 68%

Cash at Bank
$86.2m ▼ 39%

Strong track record of continuous growth



* Refer to pages 9 and 10 for definition and calculation of EBITDA and NPATA.

Contents.

Chairman's report.

"We remain tightly focused on our strategy of expanding our global footprint and deepening our capabilities as a leader in digital payment technology."

The first half of FY22 has seen EML Payments continue to grow at a very fast pace in a challenging business environment. The COVID-19 pandemic continues to throw curve balls at the world at large but, through it all, EML is continuing to prosper. We remain tightly focused on our strategy of expanding our global footprint and deepening our capabilities as a leader in digital payment technology.

In the first half of FY22 compared to the prior comparative period (PCP), EML revenue grew 20% to $113.4 million and underlying NPATA grew 6% to $13.1 million. Due to a significant increase in overheads, underlying EBITDA decreased by 4% to $26.9 million. Underlying EBITDA is expected to improve in the second half as a number of initiatives deliver results including new fees on inactive accounts and improved interest income. EML delivered a positive underlying cash flow from operations of $14.7 million with the statutory measure impacted by a number of non-recurring items in the first half including a one off GBP 14.8 million injection to the segregated funds announced in July 2021 connected with a legacy PFS issue.

EML's operating overheads have increased significantly this half due to the Sentenial acquisition and a higher cost base within our European operations impacted by the regulatory concerns raised by the Central Bank of Ireland. We expect these costs to provide headroom for future business expansion. We have also taken a non-recurring provision for anticipated one-off costs associated with the recent Group Proceedings initiated by Shine, discussed further below.

The closure of the Sentenial acquisition on 30 September opens the exciting world of Open Banking to EML and new opportunities are already being developed. The integration plan has been completed and we are presently beefing up business development resources in the Company to accelerate growth.

With the addition of Sentenial, EML is now operating in 32 countries around the world with 64% of our global revenue from Europe, 20% from North America and 15% from Australia and New Zealand.

EML's three year Accelerator strategy is progressing well. We are pleased with the performance of our FinLab investments in Interchecks and Hydrogen. We are also focusing on simplifying our global technology infrastructure to create a single source of data globally using TRACE a proprietary cloud-based processor developed by PFS.

Our pipeline of new business opportunities around the world remains robust and we are seeing large opportunities for programs wanting combined GPR and Open Banking solutions in Europe.

The explosive world-wide growth of digital payments has dramatically increased the regulatory intensity across a number of jurisdictions. This is particularly the case in Europe, where the move to digital payments and Open Banking leads the world.

Due to the regulatory scrutiny we faced over the past 12 months with PFS Card Services Ireland Limited (PCSIL), our Irish e-Money subsidiary, EML has emerged stronger and better equipped to take advantage of the more rigorous regulatory landscape in Europe and continued growth in that region.

We have strengthened our senior management team with David Curneen, presently based in the UK, who joined us in October as Group Chief Operating Officer reporting to Group CEO Tom Cregan. David has an extensive track record in Australia and internationally as CEO of rapidly growing fintechs. We have also added senior Finance, Risk, IT and Compliance expertise to the European team.

We have continued to work through a comprehensive remediation plan on the PCSIL subsidiary. This has resulted in the launch of over 20 new programs in December, in addition to a pipeline of new distributors.

In December, Shine Lawyers commenced class action proceedings which allege that EML did not comply with its disclosure obligations and engaged in misleading and deceptive conduct regarding disclosure. The allegations relate to EML's governance arrangements as regards PCSIL, and PCSIL's interaction with the CBI. EML strongly denies the allegations and denies any liability. EML has engaged highly experienced and leading class action defence lawyers.

We have provided in full for known legal costs likely to be incurred in what will be a vigorous defense of these proceedings over the coming years.

My thanks go to the management and staff of EML around the world led by Tom Cregan who have performed with skill and focus over the half under very significant pressure. We also would not be in a vibrant and rapidly growing business without the support of our clients, our suppliers and our shareholders.

Lastly, thanks go to the Board of Directors who have, once again, shouldered a very large workload over the half year. Their commitment to EML, their wise counsel and support to me is most valued.

Peter Martin
Non-executive Chairman

15 February 2022

General Purpose Reloadable (GPR)

GDV

$6.3bn
↑29%

Revenue[1]

$69.6m
↑28%

GDV:Revenue

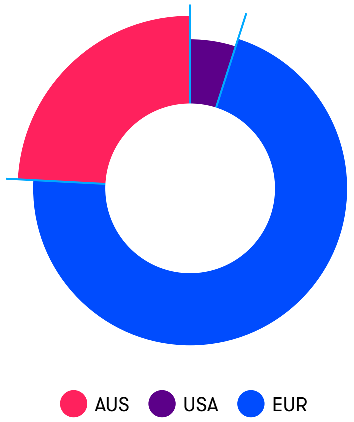
111bps
↓1%

Gross Profit[1]

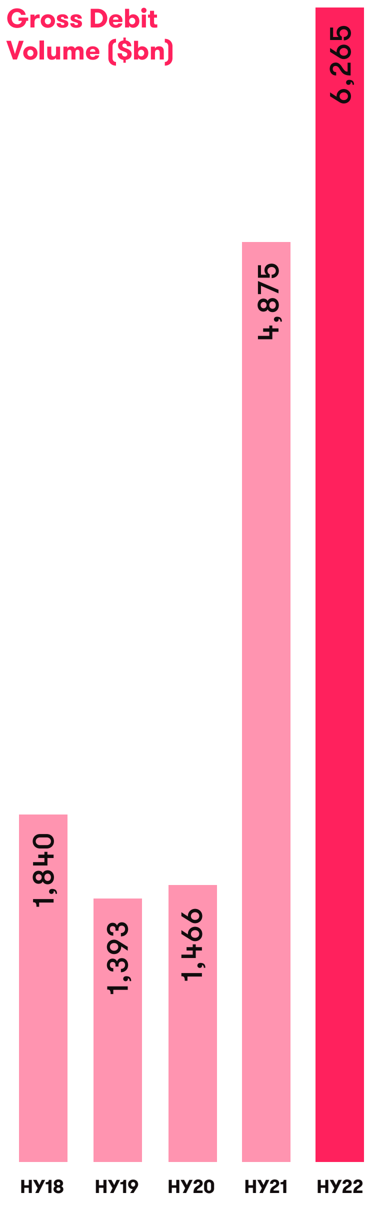
$39.1m
↑15%

1. Revenue and Gross Profit have been adjusted for the reduction of $989,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio at the PFS acquisition date.

Regional Split



Gross Debit Volume ($bn)



EML continues to grow General Purpose Reloadable (GPR) programs across our global operations. Our solutions are a full-service offering including issuance, processing and program management to a wide range of industries.

Gross Debit Volume (GDV) on GPR programs increased 29% to $6.3 billion driving revenue growth of 28% to $69.6 million. This included the commencement of the dormant state accounts revenue of $5 million.

The results are strong despite a restriction on our European operations throughout much of the period as we implemented a remediation plan.

We saw continued demand for established products such as EML's gaming disbursements vertical and salary-as-a-service vertical which grew to end the period with over 343,000 active customer accounts.

We consolidated our position in the UK government sector with strong growth from local authority programs, the UK Home Office and a Northern Ireland stimulus program of 1,410,553 cards and GBP 137 million of GDV.

We entered the second half with an GDV run rate exceeding $1 billion per month.

GPR represented 61% of Group revenue in the first half and we remain very positive about our prospects for growth in the GPR segment.

Gift & Incentive (G&I)

GDV

$911.1m
↑21%

Revenue

$37.1m
↑6%

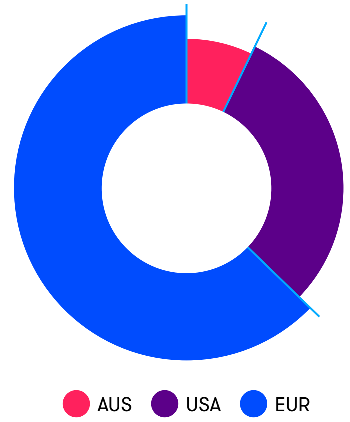
GDV:Revenue

408bps
↓13%

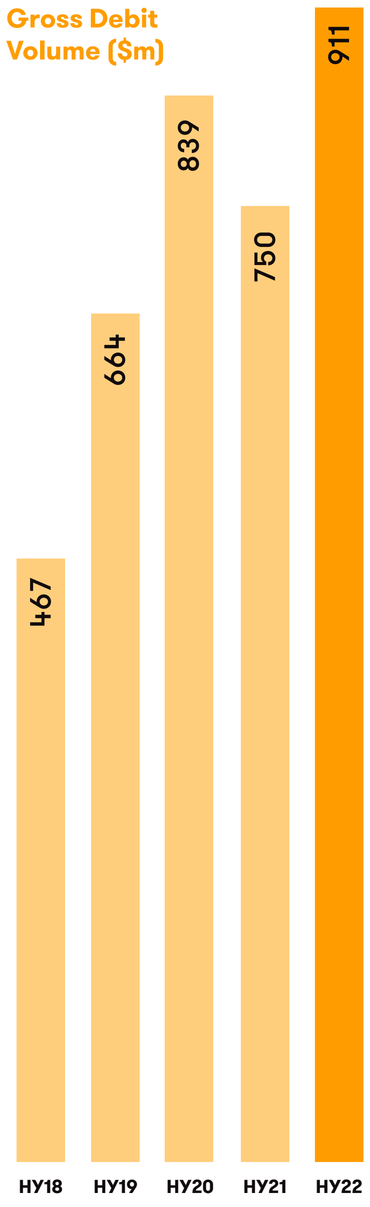
Gross Profit

$30.1m
↑4%

Regional Split



Gross Debit Volume ($m)



The Gift & Incentive (G&I) segment provides single load gift cards for shopping malls and incentive programs across the world. Providing services to over 1,185 shopping malls globally, our partners include many of the largest retail property groups. We manage programs in all our regions across multiple markets and industries.

Gross Debit Volume on G&I programs recovered to $911.1 million to deliver revenue of $37.1 million. We have continued to see growth from customers in the incentives vertical, which offers a much larger Total Addressable Market but typically at a lower revenue yield.

Recovery in the mall and retail vertical through the July – November period was strong, however, trading conditions in December were negatively impacted in certain key markets of the UK, Germany and Canada with the implementation of "stay-at-home" public health directives.

The incentives product continued its growth, with a 4% increase in GDV on prior year. With demand for single use gift cards remaining appealing for a variety of use cases in particular, corporate reward, government and staff reward.

Interest in the EML instant gift product continues to grow with multiple applications including public promotions, instant pay-outs, and charity and welfare support. We now support instant mobile gift programs in all markets and are seeing strong take up for our technology.

Digital Payments (DP)

(previously known as Virtual Account Numbers)

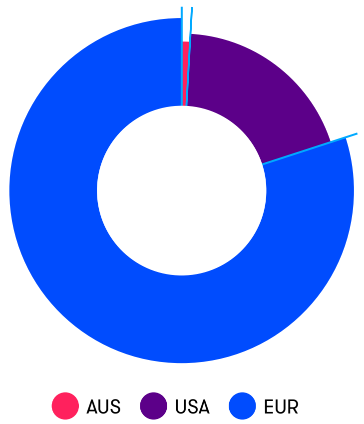
GDV
$24.4bn
↑431%

Revenue
$7.7m
↑33%

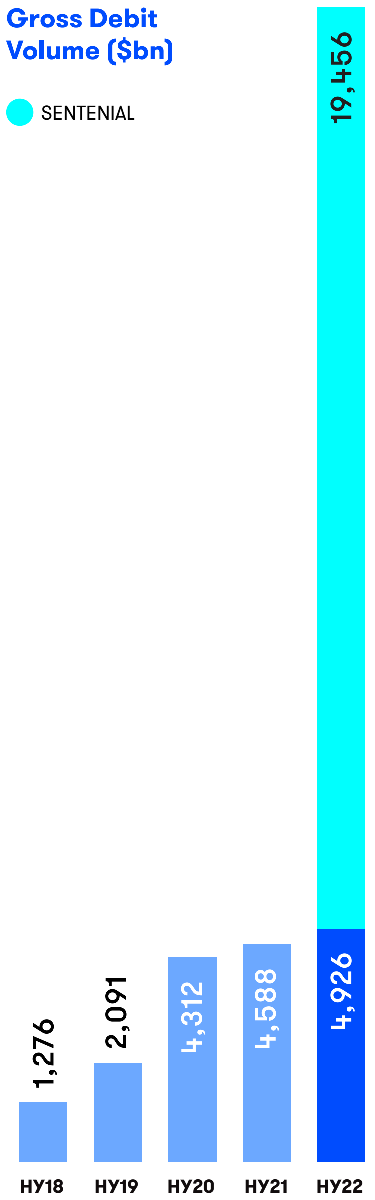
GDV:Revenue
3bps
↓77%

Gross Profit
$6.3m
↑48%

Regional Split



Gross Debit Volume ($bn)



EML provides businesses a competitive edge with proprietary technologies and custom solutions for account to account transfers including direct debits, open banking and virtual account numbers.

Growth in the Digital Payments segment derived from both acquisition and organic sources, with Sentenial contributing $19.5 billion GDV to our existing segment GDV of $5 billion (up 7% on PCP).

The Sentenial and Nuapay platforms were acquired by EML on 30 September 2021 and consolidated into EML results for the 3 months from October 2021. The open banking product will be a medium to long term growth driver and we remain positive on its prospects as the Open Banking market continues to mature into mainstream payments.

The EML platform gives our customers the ability to issue multiple payment types without changing internal processes; saving money and administration costs while improving transparency and control. As an issuing processor, certified program manager and full-service payment provider, EML streamlines end-to-end payments.

This segment includes our EML ControlPay programs providing authorisation decisions to our partners at an individual transaction level.

With multiple use cases, we are currently providing alternative banking and credit providers the ability to manage decisions instantly and based on their own cardholder and account records, coupled with EML's mobile PAYs capacity to create an instant end to end solution. This product now has programs live in all regions and with strong demand for our innovative solutions we expect continued global growth from the segment.

Performance Overview.

Highlights of our financial performance for the half-year ended 31 December 2021 were:

- Completed the acquisition of Sentenial, including their open banking product suite; Nuapay. This acquisition aligns to our Accelerator Strategy and aims to expand the Nuapay open banking product suite into the international markets. Since completion, EML and Sentenial have begun a platform integration.
- GDV growth of 209% driven by Sentenial acquisition alongside organic growth in all segments including a recovery in the G&I segment;
- Revenue growth of 20% on the PCP to $113.4 million;
- Gross profit increased by $8.2 million, up 12% on PCP with margins of 66% expected to improve in the second half;
- Overhead growth of $22.0 million, up 56% on the PCP driven by new European resources and higher insurance and audit fees;
- Overheads includes a provision of $10.5 million in relation to expected legal costs to respond to the class action filings received 16 December 2021;
- Underlying EBITDA of $26.9 million despite challenges in our European operations;
- Significant progress in completing the remediation plan to address concerns raised by the Central Bank of Ireland in May 2021; and
- Underlying NPATA growth of 6% to $13.1 million.

EBITDA is reconciled on the following page 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 unrealised foreign exchange included within the Statement of Profit or Loss and Other Comprehensive Income.

NPATA is reconciled on the following page and is equivalent to the net profit/(loss)after tax, with adjustments for all acquisition related costs, including: amortisation of acquired software and intangibles, fair value movements and finance costs on contingent consideration.

The analysis of results in the Performance Overview is primarily based on EBITDA and NPATA 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 and NPATA are the most appropriate measures 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 or NPATA.

The Group has included an Underlying EBITDA and NPATA on the following page that removes one-off costs associated with the CBI investigation and the class action. The Directors believe this aids the users understanding of the trading performance of the Group.

($ THOUSANDS)	SIX MONTHS ENDING 31 DECEMBER 2021	SIX MONTHS ENDING 31 DECEMBER 2020	% GROWTH
GROSS DEBIT VOLUME (GDV)			
General Purpose Reloadable (**GPR**)	6,264,905	4,874,500	29%
Gift & Incentive (**G&I**)	911,099	750,177	21%
Digital Payments (**DP**)	24,382,147	4,587,636	431%
Total GDV	**31,558,151**	**10,212,313**	**209%**

Performance Overview.

Summary Financial Performance.

($ THOUSANDS)	SIX MONTHS ENDING 31 DECEMBER 2021	SIX MONTHS ENDING 31 DECEMBER 2020 RESTATED [1]	% GROWTH
REVENUE	113,427	94,296	20%
Add back: Non-cash amortisation of AASB 3 fair value uplift to bond investments [2]	989	1,033	(4%)
Gross Profit [1] [2]	**75,407**	67,252	12%
Gross profit %	66%	71%	
Other income	25	-	100%
Employee benefits expense	(30,714)	(27,076)	13%
Professional fees	(15,849)	(2,084)	661%
Research and development tax incentive offset	-	906	(100%)
Other operating expenses	(14,665)	(10,944)	34%
EBITDA	**14,204**	28,054	(49%)
LESS			
Share-based payments	(3,580)	(2,876)	24%
Depreciation and amortisation expense	(14,159)	(14,824)	(4%)
Acquisition costs	(2,508)	(125)	1906%
Finance costs	(3,015)	(1,230)	145%
Other non-operating expense	(525)	(56,477)	(99%)
Add back: Gain on cashflow hedge for acquisition	543	-	100%
Add back: Fair value gain on financial asset	306	-	100%
Add back: Research and development tax incentive offset	-	(906)	(100%)
Add back: Non-cash amortisation of AASB 3 fair value uplift to bond investments [2]	(989)	(1,033)	(4%)
Net profit/(loss) before tax	**(9,723)**	(49,417)	(80%)
Income tax expense	(2,350)	(1,878)	25%
Net (loss)/profit for the period	**(12,073)**	(51,295)	(76%)
Add back: Amortisation on acquisition intangibles	8,554	10,186	(16%)
Add back: Non-cash amortisation of AASB 3 fair value uplift to bond investments [2]	989	1,033	(4%)
Add back: Gain on cashflow hedge, net of tax effect for acquisition	(272)	-	100%
Add back: Fair value on contingent consideration	-	51,771	100%
Add back: Acquisition related costs - Financing liabilities	4,236	530	699%
Add back: Acquisition costs	2,508	125	1906%
Add back: Fair value movements, net	19	-	100%
NPATA	**3,961**	12,350	(68%)

Underlying financial measures:

	EBITDA $'000	NPATA $'000
As reported above	14,204	3,961
One-off costs relating to CBI matter and associated litigation recognised in H1 FY22 (included in Professional fees)	12,659	12,659
Tax effect of underlying adjustments	-	(3,558)
Underlying results	**26,863**	**13,062**
Growth in underlying EBITDA and NPATA	**(4%)**	**6%**

(1) Refer to Note F1 for details regarding the restatement as a result of an error.

(2) Gross profit has been adjusted for the reduction of $989,000 (31 December 2020: $1,033,000) for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.

Performance Overview.

GDV.

The Group has achieved strong GDV growth of $31.6 billion or 209% on PCP driven by the acquisition of Sentenial which contributed 93% of this growth. Positively, we saw GDV growth in all segments.

Growth in G&I GDV of $160.1 million or 21% on PCP represented a significant recovery from the impacts of COVID-19 in the prior year. The segment continued to be impacted by social distancing restrictions in some key markets. This was most apparent in Germany, the United Kingdom and Canada in the key trading month of December and continuing into 2022. Based on trading up to November and the recovery in other key markets we expect that further volume recovery is likely, absent of the impact of further social distancing restrictions.

Growth in GPR GDV of $1.39 billion or 29% over the PCP contributed the remaining growth despite the restrictions under one of our Central Bank of Ireland (CBI) eMoney licences preventing the launch of new programs for the majority of the six months under review. The CBI eased the restrictions on the launch of new programs in November and we successfully launched 22 new programs in December though there was no material contribution to GDV in December.

The CBI has imposed material growth restrictions on this licence until the remediation plan is completed. The Group has taken actions to terminate specific high volume programs which do not provide the revenue return the Group expects and as a result the licence restrictions are not expected to have a material impact at this time.

Revenue.

Revenue has grown by $19.1 million to $113.4 million, driven by the GPR segment which was $15.1 million over PCP.

GPR segment growth of 28% included strong growth in our Australian and European operations with continued strong demand for our products. The CBI regulatory matter impacted our ability to launch new programs in the period reducing establishment income.

The European business has implemented a number of initiatives, which will mostly benefit H2 FY22, to offset higher regulatory costs including dormant account fees and improved economics under our contracts with payment schemes.

The G&I segment performed well up until November when we began to see the impacts of the Omicron variant of COVID-19 result in social distancing restrictions being introduced into certain key markets. The segment generated $37.1 million of revenue, inclusive of a $2.3 million one-off benefit from the retail business, resulting in growth of 6% on PCP. This was a good result noting that the PCP included $5 million of one off elevated breakage rates driven by COVID-19. Revenue yield for the segment fell due to a higher proportion of lower yielding incentive programs compared to malls.

Sentenial contributed $3.2 million of revenue in the 3 months from acquisition date; 30 September 2021. The Group has commenced targeting prospects with a joint prepaid payments and open banking solution with the first contract expected to be signed in Q3 FY22. Open banking is expected to be a strong growth driver for the Group in years to come and we will invest to deliver future growth.

Gross profit.

The Group's Gross profit margins were 66% as the contribution of GPR increased relative to the other segments with 56% of gross profit generated from the GPR segment. The Group incurred levels of negative interest on the liquid cardholder stored value float. This is expected to improve in the second half with higher levels of bond investments and an improved commercial agreement with our primary scheme, Mastercard. Gross profit margins in all segments were stable or improved in the period.

G&I segment margins were 81%, consistent with the prior period. In H2 FY22 we will recognise $4.2 million of revenue, up by $0.4 million in H1 FY21, on first half volumes in accordance with AASB 15 revenue recognition.

The Group has been impacted by negative interest on funds held in Europe. In H2 FY22 we will implement initiatives to increase our investment in bonds as pricing improves which will mitigate some of this expense for the full year. In the medium term outlook, we expect rising central bank interest rates to contribute positively to earnings.

Cash overheads.

Cash overheads have increased by 56% from H1 FY21 to H1 FY22. The increase reflects significantly increased investment in our European operations to implement the remediation plan in response to the CBI investigation. Approximately 28% of the increase is driven from the PFS business. A further 10% of the increase is driven by the consolidation of the Sentenial group from 30 September 2021.

Costs relating to employees, contractors and professional consultants increased by $16.7 million from FY21, or 56%. Capitalisation of internally generated software was in line with prior period at $4.8 million but a lower proportion of our total ICT expense due to a focus on maintenance and remediation activities.

Employment related expenses were 36% of total Group expenses due to the increased costs of professional consultation, risk and compliance and ICT. The increase in employment related expenses is expected to continue in the second half due to finalisation of recruitment in relation to the remediation plan, annualization of these new roles and significant inflationary pressures on wages in all regions.

Non-recurring costs.

There were an additional $12.7 million of non-recurring costs incurred resulting from the CBI investigation and associated legal action. They have been added back to present the underlying EBITDA and NPATA metrics.

On 16 December 2021, Shine Lawyers filed group proceedings in the Supreme Court of Victoria. EML strongly denies the allegations and denies any liability. A $10.5 million provision has been provided for legal costs that are highly probable costs as a direct consequence of this event.

Performance Overview.

Summary Financial Position.

($ THOUSANDS)	31 DECEMBER 2021	30 JUNE 2021	% GROWTH
Cash and cash equivalents	86,175	141,228	(39%)
Contract asset	19,061	16,363	16%
Segregated funds and bond investments [1]	1,918,573	1,409,552	36%
Other current assets	55,477	36,368	53%
Total Current Assets	**2,079,286**	1,603,511	30%
Contract asset	10,962	10,219	7%
Intangibles	471,044	350,133	35%
Deferred tax asset	22,621	21,453	5%
Segregated funds and bond investments [1]	147,777	274,024	(46%)
Other non-current assets	35,120	29,438	19%
Total Non-Current Assets	**687,524**	685,267	-%
Total Assets	**2,766,810**	2,288,778	21%
Trade and other payables	64,338	62,868	2%
Provisions	19,669	10,801	82%
Liabilities to stored value account holders [1]	2,063,018	1,705,957	21%
Contingent consideration	15,233	863	1665%
Other current liabilities	13,812	12,303	12%
Total Current Liabilities	**2,176,070**	1,792,792	21%
Interest-bearing borrowings	84,675	36,860	130%
Contingent consideration	26,119	14,280	83%
Other non-current liabilities	37,376	29,951	25%
Total Non-Current Liabilities	**148,170**	81,091	83%
Total Liabilities	**2,324,240**	1,873,883	24%
Net Assets	**442,570**	414,895	7%

(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.

Performance Overview.

Assets.

The Group's cash balance reduced by $55.0 million to $86.2 million due to outflows for the acquisition of Sentenial ($55.8 million), the repayment of GBP 14.8 million ($27.8 million) to segregated funds and re-investment into working capital as the G&I segment volumes recovered in FY22.

The contract assets of $30.0 million represents the residual portion of funds on G&I accounts that the Group has previously sold and expects to convert to cash. The Group expects approximately 63% of the contract asset to convert to cash within 12 months.

The segregated funds and bond investments total $2.1 billion offset by liabilities to stored value account holders of $2.1 billion.

The residual in the float, not offset by liabilities to stored value account holders reflects the premium paid to purchase bond investments using corporate funds and will convert into Group cash in a future period.

Non-current segregated funds and bond investments declined significantly as the maturity profile of the Group's bond portfolio moved into current. Bond investments are expected to increase in H2 FY22 as the Group looks to make further investments due to the market pricing of these assets improving.

The Group has significant intangible assets of $471.0 million which is comprised of acquired and internally generated software, customer relationships and contracts.

A significant proportion of our deferred tax asset relates to tax losses in Australia and North America where the Group expects to generate sufficient taxable income to utilise them in a future period.

Liabilities.

Provisions relate to amounts provided in relation to the CBI matter and legal costs.

Contingent consideration relates to earn-outs payable for the PFS Group and Sentenial Group acquisitions, held at fair value, being Management's estimation of the earn-out achievement.

Interest-bearing borrowings have increased by $47.8 million from the draw down of the new multicurrency debt facility. The funds were utilised for the acquisition of Sentenial.

Summary Cash Flows.

($ THOUSANDS)	SIX MONTHS ENDING 31 DECEMBER 2021	SIX MONTHS ENDING 31 DECEMBER 2020	GROWTH
Cash at the beginning of the half-year	141,228	118,381	19%
(Used in)/generated by operating activities	(39,219)	34,849	(209%)
Used in investing activities	(62,920)	(16,655)	284%
Generated by/(used in) financing activities	46,714	(1,196)	(4006%)
Impacts of foreign exchange	372	1,151	(68%)
Cash at the end of the half-year	**86,175**	136,530	(37%)

Cash outflows from operations totalled $39.2 million. Ordinarily, we would generate a cash inflow from generating an EBITDA of $14.2 million. However, operating cashflow was impacted by outflows for costs recognised in the prior period, including trade creditors, provisions for the CBI remediation and short-term incentive payments for employees. Outflows also included $10.9 million for acquisition expenses, tax and interest expense and $27.8 million for the prior period error on cardholder funds which are excluded from EBITDA.

The recovery in the G&I segment led to an increase in the contract asset with a resulting adverse impact on EBITDA cash conversion.

Excluding the cash impact of items not included in H1 FY22's EBITDA, the Group converted EBITDA to operating cash outflow at (33%).

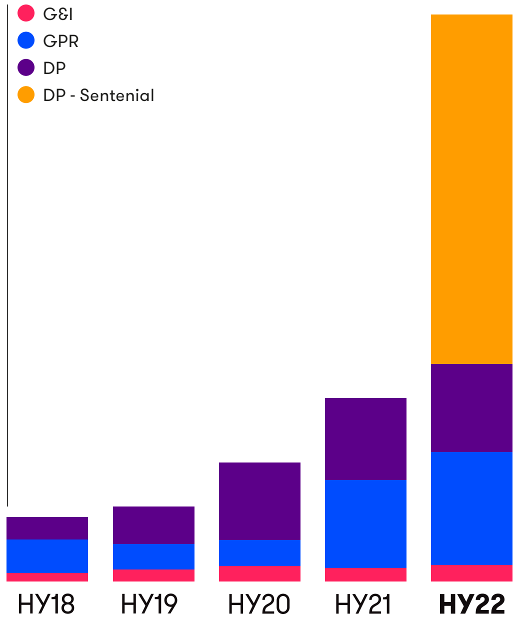
Cash outflows from investing includes $55.8 million for the acquisition of Sentenial. We continue to invest in software of $6.6 million which will drive the Group's continued growth in future periods.

Cash inflows from financing includes $48.1 million from a new multicurrency debt facility. The funds were utilised for the acquisition of Sentenial.

Performance Overview.

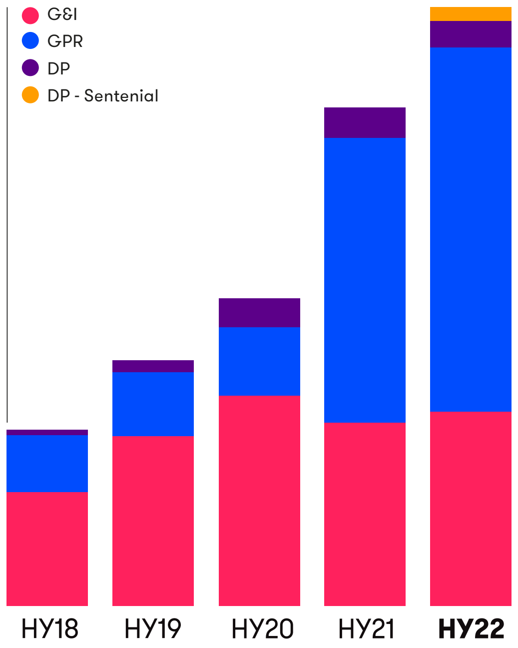
Gross Debit Volume H1 FY22
(AUD)

$31.6billion



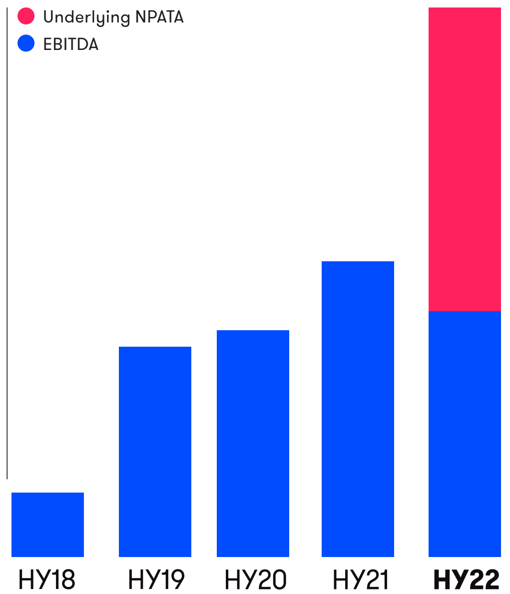
Revenue[1] H1 FY22
(AUD)

$113.4million



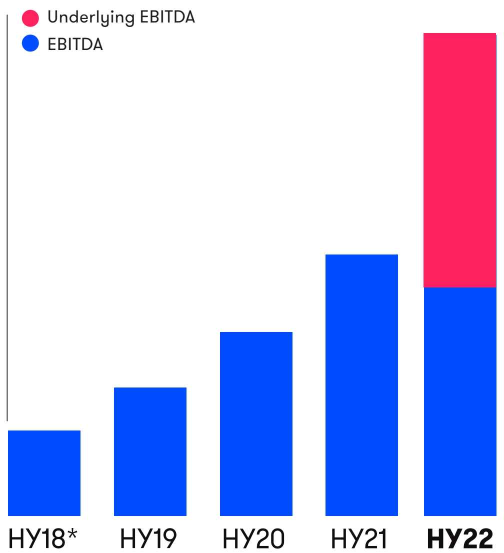
Underlying NPATA[2] H1 FY22
(AUD)

$13.1million



Underlying EBITDA[2,3] H1 FY22
(AUD)

$26.9million



1. Revenue has been adjusted for the reduction of $989,000 of non-cash amortisation of the fair value uplift at acquisition date.
2. Refer to pages 9 and 10 for definition and calculation of EBITDA and NPATA.
3. EBITDA for HY18 has not been adjusted for seasonality of AASB 15 *Revenue from contracts with customers*, as it was not effective in that accounting periods.

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; and

(b) 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.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Peter Martin
Chairman of the Board

Brisbane, 15 February 2022

Auditor's Independence Declaration.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Level 23, Riverside Centre
123 Eagle Street
Brisbane, QLD, 4000
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The Board of Directors
EML Payments Limited
Level 12/333 Ann Street
Brisbane City QLD 4000

15 February 2022

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 review of the half year financial report of EML Payments Limited for the half-year ended 31 December 2021, 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 review; and

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy
Partner
Chartered Accountants

Independent Auditor's Report.

Deloitte.

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

We reviewed the half-year financial report of EML Payments Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and 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 annual 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 review report.

Directors' Responsibility for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Independent Auditor's Report.

Deloitte.

Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy
Partner
Chartered Accountants
Brisbane, 15 February 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income.

For the half-year ended 31 December 2021

	NOTES	CONSOLIDATED 31 DECEMBER 2021 $'000	31 DECEMBER 2020 RESTATED [1] $'000
Revenue from contracts with customers	A1	112,108	91,860
Interest income	A1	1,319	2,436
Total Revenue		113,427	94,296
Cost of sales		(39,009)	(28,077)
Gross Profit		74,418	66,219
Other income	A1	874	-
Employee benefits expense		(30,714)	(27,076)
Share-based payments	E2	(3,580)	(2,876)
Acquisition costs		(2,508)	(125)
Depreciation and amortisation expense		(14,159)	(14,824)
Professional fees	A3	(15,849)	(2,084)
Finance costs	A6	(3,015)	(1,230)
Other operating expense	A2	(14,665)	(10,944)
Other non-operating expense	A2	(525)	(56,477)
Total Expenses		(85,015)	(115,636)
LOSS BEFORE INCOME TAX		(9,723)	(49,417)
Income tax expense	A5	(2,350)	(1,878)
Loss for the half-year		(12,073)	(51,295)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Exchange differences on translating foreign operations		(5,284)	(6,502)
Loss on fair valuation of cash flow hedge, net of income tax		(262)	-
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Gain on fair valuation of financial asset held at fair value through other comprehensive income, net of income tax	C2	4,467	-
Other comprehensive income/(loss) for the half-year, net of income tax		(1,079)	(6,502)
Total comprehensive loss for the half-year		(13,152)	(57,797)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE HALF-YEAR ATTRIBUTABLE TO:			
Equity holders of the parent		(13,152)	(57,797)
PROFIT PER SHARE (CENTS PER SHARE)			
Basic (cents per share)		(3.30)	(14.28)
Diluted (cents per share)		(3.30)	(14.28)

(1) Refer to Note F1 for details regarding the restatement as a result of an error.

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position.

As at 31 December 2021

	NOTES	CONSOLIDATED 31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
CURRENT ASSETS			
Cash and cash equivalents		86,175	141,228
Contract assets	B1	19,061	16,363
Trade and other receivables		38,572	21,955
Other current assets		11,260	7,583
Current tax receivable		5,645	6,455
Segregated funds and bond investments		1,918,573	1,409,552
Derivative financial instrument		-	375
Total Current Assets		2,079,286	1,603,511
NON-CURRENT ASSETS			
Contract assets	B1	10,962	10,219
Trade and other receivables		6,895	6,656
Segregated funds and bond investments		147,777	274,024
Financial assets	C1	18,210	11,537
Plant, equipment and right-of-use assets		10,015	11,245
Intangibles	C3	471,044	350,133
Deferred tax asset	A5	22,621	21,453
Total Non-Current Assets		687,524	685,267
Total Assets		2,766,810	2,288,778
CURRENT LIABILITIES			
Trade and other payables		64,339	62,868
Lease liability		3,474	1,726
Employee benefits		1,867	1,969
Current tax payable		4,280	6,034
Interest-bearing borrowings	D1	1,305	1,385
Other liabilities		2,885	1,189
Provisions	D2	19,669	10,801
Contingent consideration	C2, F1	15,233	863
Liabilities to stored value account holders		2,063,018	1,705,957
Total Current Liabilities		2,176,070	1,792,792
NON-CURRENT LIABILITIES			
Other liabilities		14,858	10,409
Lease liability		2,524	5,155
Employee benefits		70	111
Interest-bearing borrowings	D1	84,675	36,860
Contingent consideration	C2, F1	26,119	14,280
Deferred tax liabilities	A5	19,924	14,276
Total Non-Current Liabilities		148,170	81,091
Total Liabilities		2,324,240	1,873,883
Net Assets		**442,570**	**414,895**
EQUITY			
Issued capital	E1	494,288	456,157
Accumulated losses		(67,834)	(55,761)
Foreign currency translation reserve		(31,492)	(26,208)
Share and option reserves		44,206	41,510
Other reserves		3,402	(803)
Total Equity		**442,570**	**414,895**

All on-demand liabilities to stored value account holders 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.

Condensed Consolidated Statement of Cash Flows.

For the half-year ended 31 December 2021

	NOTES	CONSOLIDATED 31 DECEMBER 2021 $'000	31 DECEMBER 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		98,106	87,991
Payments to suppliers and employees		(102,372)	(53,605)
Payments for acquisition related expenses		(5,118)	(125)
Payments to segregated funds		(27,792)	-
Tax paid		(5,635)	(2,877)
Interest received		3,293	3,514
Interest paid		(244)	(49)
Gain on cashflow hedge		543	-
(Used in)/generated by operating activities		(39,219)	34,849
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(439)	(754)
Payments for intangibles	C3	(6,639)	(4,797)
Payments for business combination, net of cash acquired	F1	(55,842)	-
Payments for financial assets	C1	-	(9,839)
Payments for contingent consideration	C2	-	(1,265)
Net cash used in investing activities		(62,920)	(16,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceed from interest-bearing borrowings	D1	48,169	-
Payments for principal relating to lease liability		(1,455)	(1,196)
Generated by/(used in) financing activities		46,714	(1,196)
Net (decrease)/increase in cash held		(55,425)	16,998
Cash at beginning of the half-year		141,228	118,381
Impacts of foreign exchange		372	1,151
Cash at end of the half-year period		**86,175**	**136,530**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity.

For the half-year ended 31 December 2021

	NOTES	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	SHARE AND OPTIONS RESERVE $'000	OTHER RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
BALANCE AT 1 JULY 2021		456,157	(55,761)	41,510	(803)	(26,208)	414,895
TOTAL COMPREHENSIVE INCOME							
– Loss for the half-year		-	(12,073)	-	-	-	(12,073)
OTHER COMPREHENSIVE INCOME							
– Exchange differences on translating foreign operations		-	-	-	-	(5,284)	(5,284)
– Loss on fair valuation of cash flow hedge, net of income tax		-	-	-	(262)	-	(262)
– Gain on fair valuation of financial asset held at fair value through other comprehensive income, net of income tax		-	-	-	4,467	-	4,467
TRANSACTIONS RECORDED DIRECTLY IN EQUITY							
– Issue of share capital	E1	38,131	-	-	-	-	38,131
– Share-based payments		-	-	2,696	-	-	2,696
Balance at 31 December 2021		**494,288**	**(67,834)**	**44,206**	**3,402**	**(31,492)**	**442,570**
BALANCE AT 1 JULY 2020 (1)		455,583	(27,067)	37,377	(2,871)	(22,780)	440,242
TOTAL COMPREHENSIVE INCOME							
– Restated loss for the half-year (1)		-	(51,295)	-	-	-	(51,295)
OTHER COMPREHENSIVE INCOME							
– Exchange differences on translating foreign operations		-	-	-	-	(6,502)	(6,502)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY							
– Share-based payments		-	-	2,873	-	-	2,873
Restated balance at 31 December 2020 (1)		455,583	(78,362)	40,250	(2,871)	(29,282)	385,318

(1) Refer to Note F1 for details regarding the restatement as a result of an error.

The accompanying notes form part of these financial statements.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A1 Revenue, Interest Income and Other Income

The following revenue, interest income and other income items are relevant in explaining the financial performance for the period.

	CONSOLIDATED 31 DECEMBER 2021 $'000	31 DECEMBER 2020 $'000
(A) REVENUE FROM CONTRACTS WITH CUSTOMERS		
Recurring revenue - Transaction-based revenue	75,853	62,447
Recurring revenue - Service-based revenue		
- Account management fee	4,987	6,804
- Breakage revenue	10,857	8,886
- Dormant state accounts revenue	5,002	-
Non-recurring revenue - Establishment revenue	15,409	13,722
	112,108	**91,860**
(B) INTEREST INCOME		
Interest income - Stored value	311	283
Interest income - Group funds	11	123
Interest income - Bond investments (1)	997	2,030
	1,319	**2,436**
(C) OTHER INCOME		
Gain on cashflow hedge	543	-
Fair value gain on financial asset held at FVTPL (Refer to Note C1)	306	-
Other income	25	-
	874	**-**

(1) Interest income - Bond investments includes a reduction of $989,000 (31 December 2020: $1,033,000) for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.

Revenue is recognised when performance obligations are satisfied with 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.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A1 Revenue, Interest Income and Other Income (Continued)

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 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 rate accrual on our programs, we have assessed this information for the impacts of COVID-19. Where appropriate, the Group has exercised judgement and has incorporated this into 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.

For the half-year ended 31 December 2021

A1 Revenue, Interest Income and Other Income (Continued)

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 Revenue from Contracts with Customers. 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. We have assessed this information for the impacts of COVID-19. Where appropriate, the Group has exercised judgement and has incorporated this into estimated effective AMF 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 Other Expenses

The following other expenses items are relevant in explaining the financial performance for the period.

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	31 DECEMBER 2020 RESTATED (1) $'000
(A) OTHER OPERATING EXPENSES		
Fixed sponsor bank and other related costs	2,256	1,536
Information technology related costs	7,303	4,146
Risk and compliance	2,740	2,017
Expenses incurred by the Prepaid Financial Services (Ireland) Limited Group (PFS) relating to obligations prior to EML ownership (2)	-	3,760
Expenses recovered by the PFS Group relating to obligations prior to EML ownership (2)	-	(3,760)
Other	2,366	3,245
	14,665	**10,944**
(B) OTHER NON-OPERATING EXPENSES/(BENEFITS)		
Fair value loss on financial asset held at FVTPL	-	302
Fair value on contingent consideration	-	51,771
Fair value loss on financial liability at FVTPL	325	-
Foreign exchange loss/(gain), net	200	4,404
	525	**56,477**

(1) Refer to Note F1 for details regarding the restatement as a result of an error.

(2) During the half-year ended 31 December 2020, costs of $3,760,000 were incurred and identified as relating to obligations pre-EML ownership. These costs are non-recurring in nature and have been recovered from the vendors on a non-margin basis.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A3 Professional fees

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	31 DECEMBER 2020 RESTATED $'000
Professional fees incurred and provided for in relation to the CBI matter and litigation [1]	12,659	-
Other professional fees	3,190	2,084
	15,849	**2,084**

(1) Refer to Note F3 for details regarding the litigation on shareholder class action.

A4 Segment Information

The operating segments have been identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker. The Board of Directors of EML Payments Limited are the chief operating decision makers and are responsible for resource allocation and performance assessment of the operating segments.

As the Group's operations continues to increase in scale and reach, product segments provide a clear view of the Group's results. The Group has reported its three product segments as follows:

- General Purpose Reloadable (GPR) products provide reloadable cards to a variety of industries including, but not limited to Government, Salary Packaging, Gaming and Digital Banking. This segment provides a full-service offering including issuance, processing and program management.
- Gift & Incentive (G&I) products provide single load gift cards for shopping malls and incentive programs across the world.
- Digital Payments (DP), previously known as Virtual Account Numbers (VANs), products provide payment options for consumers. Industries include, but are not limited to Open Banking, Buy-Now Pay-Later providers and Bill payment providers. The operations of the acquisition of Sentenial Limited as at 30 September 2021 has been included within DP.

Segment financial performance is assessed on Gross Profit being revenue less directly attributable costs of goods sold.

Information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of performance is focused on the product segment location of the business operations. Information about segment performance is reviewed on a monthly basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A4 Segment Information (Continued)

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

	SIX MONTHS ENDED 31 DECEMBER 2021				SIX MONTHS ENDED 31 DECEMBER 2020			
	GPR $'000	G&I $'000	DP $'000	GROUP $'000	GPR $'000	G&I $'000	DP $'000	GROUP RESTATED [1] $'000
Gross debit volume (GDV)	6,264,905	911,099	24,382,147	31,558,151	4,874,500	750,177	4,587,636	10,212,313
Revenue conversion (bps)	111	408	3	36	112	467	13	93
Recurring revenue - Transaction-based revenue	50,860	17,601	7,392	75,853	41,438	15,297	5,712	62,447
Recurring revenue - Service-based revenue	5,036	15,810	-	20,846	34	15,657	-	15,691
Non-recurring revenue - Establishment revenue	11,500	3,612	297	15,409	9,760	3,894	68	13,722
Total revenue from contracts with customers	67,396	37,023	7,689	112,108	51,232	34,848	5,780	91,860
Interest income - Stored value	196	107	8	311	140	135	9	283
Interest income - Group funds	-	-	-	11	-	-	-	123
Interest income - Bond investment	997	-	-	997	2,029	-	-	2,029
Add back: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date [2]	989	-	-	989	1,033	-	-	1,033
Total interest income	2,182	107	8	2,308	3,202	135	9	3,469
Total revenue [1]	**69,578**	**37,130**	**7,697**	**114,416**	54,435	34,983	5,789	95,329
Gross profit	**39,071**	**30,062**	**6,274**	**75,407**	34,096	28,793	4,241	67,252
Gross profit %	56%	81%	82%	66%	63%	82%	73%	71%
Other income				874				-
Employee benefits expense				(30,714)				(27,076)
Professional fees				(15,849)				(2,084)
Other operating expense				(14,665)				(10,944)
Share-based payments				(3,580)				(2,876)
Depreciation and amortisation				(14,159)				(14,824)
Acquisition costs				(2,508)				(125)
Finance costs				(3,015)				(1,230)
Other non-operating (expense)/benefit				(525)				(56,477)
Less: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date [2]				(989)				(1,033)
(Loss)/profit before tax for the half-year				**(9,723)**				(49,417)
Tax (expense)/benefit				(2,350)				(1,878)
Net (loss)/profit for the year				**(12,073)**				(51,295)

(1) Refer to Note F1 for details regarding the restatement as a result of an error.

(2) Interest income - Bond investments has been added back due to the AASB 3 fair value effect of the PFS bond portfolio at acquisition date.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A4 Segment Information (Continued)

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

	SIX MONTHS ENDED 31 DECEMBER 2021				YEAR ENDED 30 JUNE 2021			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP (1) $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP (1) $'000
Current assets	273,105	1,786,881	19,300	2,079,286	281,384	1,305,908	16,219	1,603,511
Non-current assets	450,913	205,525	31,086	687,524	422,396	237,645	25,226	685,267
Total liabilities	(240,298)	(2,050,663)	(33,279)	(2,324,240)	(251,377)	(1,590,607)	(31,899)	(1,873,883)
Net assets/(liabilities)	**483,720**	**(58,257)**	**17,107**	**442,570**	452,403	(47,054)	9,546	414,895

(1) Net assets of the geographies presented include the impact of the intercompany loan balances on assets and liabilities. Group totals include the effects of intercompany eliminations.

The following table disaggregates Revenue from contracts with customers by geography:

	SIX MONTHS ENDED 31 DECEMBER 2021				SIX MONTHS ENDED 31 DECEMBER 2020			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000
Revenue from contracts with customers	**17,086**	**72,090**	**22,932**	**112,108**	14,373	54,973	22,514	91,860

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A5 Taxation

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	31 DECEMBER 2020 $'000
(A) RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Current income tax expense	(4,059)	(3,693)
Deferred tax benefit relating to the origination and reversal of temporary differences	3,054	1,831
Refundable R & D tax offset	-	906
Adjustments for income tax of prior year	(1,345)	(922)
Income tax expense	**(2,350)**	**(1,878)**
(B) RECONCILIATION BETWEEN INCOME TAX EXPENSE AND (LOSS)/PROFIT BEFORE INCOME TAX		
(Loss) before income tax	(9,723)	(49,417)
Income tax benefit/(expense) using the domestic corporation tax rate of 30% (2020: 30%)	2,917	14,825
TAX EFFECT OF:		
Non-deductible expenses	(3,016)	(13,587)
Tax deduction in respect of contributions to employee share trust	1,014	1,374
Refundable R & D tax offset		906
Effect of differences in tax rates (1)	(1,740)	(4,451)
Adjustments for income tax of prior year	(1,345)	(922)
Recognised directly in equity	-	(18)
Utilisation of tax losses	(417)	22
Other	237	(27)
Income tax expense	**(2,350)**	**(1,878)**

(1) United Kingdom corporate tax rate is 19%, Irish tax rate is 12.5%, Australian corporate tax rate is 30%, USA tax rate is 24.95%, Canadian tax rate is 26.5% and United Arab Emirates is nil.

In addition to the amount charged to profit or loss, $1,373,000 (31 December 2020: $nil) was recognised in other comprehensive which relates to the tax on the gain on fair valuation of financial asset held at fair value through other comprehensive income and the loss on fair valuation of cash flow hedge.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A5 Taxation (Continued)

	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
(C) DEFERRED TAX ASSET		
Intangible assets	3,246	3,310
Employee benefits	2,234	3,140
Recognition of tax losses [1]	11,346	12,234
Share capital costs	1,269	667
Provisions	3,961	-
Other	565	2,102
Deferred tax asset	**22,621**	**21,453**

(1) The Group is recognising a deferred tax asset arising from unused carried forward losses for the US and Australian regions.

KEY JUDGEMENTS AND ESTIMATIONS - RECOVERY OF DEFERRED TAX ASSETS

The Group recognises a deferred tax asset arising from unused carried forward losses for the US and Australian Groups.

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 supports the recoverability of the deferred tax asset recognised in respect of unused tax losses 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. Consecutive years of losses, in any single subsidiary, would reduce the likelihood of recoverability. The Group has incorporated this into its forecast.

	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
(D) DEFERRED TAX LIABILITY		
Contract assets	(1,257)	(2,186)
Intangible assets	(14,669)	(10,897)
Plant, equipment and right-of-use assets	(1,401)	(686)
Other	(2,597)	(507)
Deferred tax liability	**(19,924)**	**(14,276)**

Notes to the Financial Statements.

For the half-year ended 31 December 2021

A6 Finance Costs

	31 DECEMBER 2021 $'000	31 DECEMBER 2020 RESTATED[1] $'000
Interest expense - General	5	-
Interest expense - Interest-bearing borrowings	797	593
Interest expense - Lease liability interest expense	89	107
Interest expense - Unwind of discount on contingent consideration	1,890	530
Borrowing costs	234	-
	3,015	**1,230**

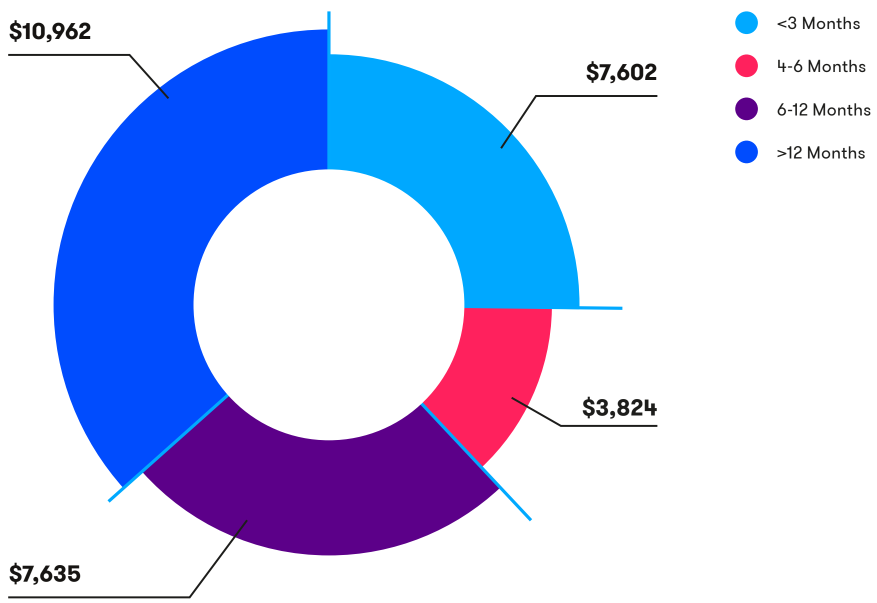
(1) Refer to Note F1 for details regarding the restatement as a result of an error.

B1 Contract Asset

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
CURRENT		
Contract assets	19,061	16,363
NON-CURRENT		
Contract assets	10,962	10,219

The contract assets is expected to convert to cash over the following time frame.

PHASING OF H1 FY22 CONTRACT ASSET EXPECTED CONVERSION TO CASH



Notes to the Financial Statements.

For the half-year ended 31 December 2021

C1 Financial Assets

Financial assets include the following unlisted equity investments:

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
Equity investments - at Fair Value through Other Comprehensive Income (FVTOCI)	10,661	4,540
Equity investments - at Fair Value through Profit and Loss (FVTPL)	7,549	6,997
	18,210	**11,537**

KEY JUDGEMENT - THE HYDROGEN TECHNOLOGY CORPORATION

The Group have determined they do not have significant influence over The Hydrogen Technology Corporation. The Group own 11% of the undiluted shares on issue (warrants not exercised as at 31 December 2021) and has a right to hold a board seat. The Group has not executed its right to the board seat at 31 December 2021. It is the Group's opinion that, together with qualitative information, the board seat, allows for monitoring of the investment.

The Group do not believe these circumstances allow for power to participate in the financial and operating policy decisions and is therefore unable to exercise significant influence over this entity.

The investment is accounted in accordance with AASB 9 and held at fair value through profit and loss.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

C2 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.

(a) 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 31 December 2021 was $401,414,000 (30 June 2021: $467,027,000).

(b) Financial assets

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

	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000				
Visa Inc.	650	340	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 balance date 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.
Interchecks Technologies Inc.	10,586	4,468	Level 3	Market price of recent capital raise, adjusted for a non-active market discount.	A non-active market discount of 20%.	A decrease in the non-active market discount would result in an increase in the fair value.
The Hydrogen Technology Corporation	6,899	6,656	Level 3	The valuation at 31 December 2021 was based on the original acquisition price, with consideration of any significant events since acquisition and comparable company revenue multiples. The Group has assessed that no significant events impacting the fair value of the investment have arisen since the financial asset was acquired.		

Notes to the Financial Statements.

For the half-year ended 31 December 2021

C2 Fair Value (Continued)

(c) Contingent consideration

The Group's contingent consideration is recognised in relation to earn-outs accounted for as part of business combinations.

Contingent consideration is measured at fair value at the end of each reporting period. The following table gives information about the valuation technique and inputs used.

	FAIR VALUE AS AT 31 DECEMBER 2021 $'000	FAIR VALUE AS AT 30 JUNE 2021 $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
EML Money DAC Contingent consideration in a business combination	-	863	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 Contingent consideration in a business combination	15,233	14,280	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 the discount rate would result in a decease in the fair value.
Sentenial Limited Contingent consideration in a business combination	26,119	-	Level 3	Valuation has been assessed with a discounted, forecast expected revenue performance method.	Present value of forecast revenue for the measurement period.	An increase in the actual or expected revenue would result in an increase in the fair value.
					Discount rate.	An increase in the discount rate would result in a decease in the fair value.
	41,352	15,143				

Notes to the Financial Statements.

For the half-year ended 31 December 2021

C2 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 half-year ended 31 December 2021:

	EML MONEY GROUP $'000	PREPAID FINANCIAL SERVICES GROUP $'000	SENTENIAL GROUP $'000	TOTAL $'000
Opening balance at 1 July 2021	863	14,280	-	15,143
Acquisition (refer to Note F1)	-	-	25,929	25,929
Interest expense - Unwind of discount on contingent consideration	-	816	1,072	1,888
Settlement of contingent consideration	(887)	-	-	(887)
Effect of unrealised foreign currency exchange difference	24	137	(882)	(721)
Closing balance at 31 December 2021	**-**	**15,233**	**26,119**	**41,352**

C3 Intangibles

	CONSOLIDATED SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	CUSTOMER CONTRACTS $'000	GOODWILL $'000	OTHER $'000	TOTAL $'000
BALANCE AT 1 JULY 2021						
At 1 July 2021, net of accumulated amortisation	28,183	2,696	78,788	235,988	4,478	350,133
Additions	6,639	-	-	-	-	6,639
Acquired as part of a business combination (refer to Note F1)	41,739	-	-	91,437	-	133,176
Amortisation charge for the period	(5,708)	(360)	(5,939)	-	-	(12,007)
Effect of unrealised foreign currency exchange differences	(1,432)	17	(88)	(5,327)	(67)	(6,897)
At 31 December 2021, net of accumulated amortisation	**69,421**	**2,353**	**72,761**	**322,098**	**4,411**	**471,044**
AT 31 DECEMBER 2021						
Cost or fair value	114,284	14,912	101,612	322,904	4,411	558,123
Accumulated amortisation and impairment	(44,863)	(12,559)	(28,851)	(806)	-	(87,079)
Net carrying amount	**69,421**	**2,353**	**72,761**	**322,098**	**4,411**	**471,044**

Notes to the Financial Statements.

For the half-year ended 31 December 2021

C3 Intangibles (Continued)

CARRYING AMOUNT OF GOODWILL, ALLOCATED TO THE CASH GENERATING UNITS

The carrying amount of goodwill has been allocated to the cash generating units (CGUs) as follow:

	CARRYING AMOUNT OF GOODWILL ALLOCATED TO CGU	
	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
Australia	10,777	10,777
Europe	58,394	58,160
North America	7,124	6,886
Prepaid Financial Services Group	156,953	160,165
Sentenial Group [1]	88,850	-
Consolidated Group	**322,098**	235,988

(1) Provisionally assessed goodwill from the acquisition of the Sentenial Limited Group business combination (refer to Note F1) has been wholly allocated to the CGU named Sentenial Group.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

D1 Interest-bearing borrowings

The Group has access to a multi-currency debt facility. As at 31 December 2021, $46,798,000 was drawn down for the acquisition of Sentenial Limited, refer to Note F1. The total undrawn amount is $195,000,000 at 31 December 2021. The Group expects to meet its other obligations from operating cash flows.

During the half-year ended 31 December 2021, the Group has provided collateral in the form of security over specific subsidiary's assets for the borrowings under the Syndicated Facilities Agreement (30 June 2021: not applicable).

The Group has the following financing arrangements:

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
CURRENT		
Interest-bearing borrowings - loan notes	1,303	1,385
Interest-bearing borrowings - financial institution loan	2	-
	1,305	1,385
NON-CURRENT		
Interest-bearing borrowings - loan notes	37,877	36,860
Interest-bearing borrowings - financial institution loan	46,798	-
	84,675	36,860

LOAN COVENANTS

Under the terms of the interest-bearing borrowing facility, the Group is required to comply with the following financial covenants:

- Gearing ratio must not exceed 0.45:1 and not to be less than zero;
- Senior debt ratio must not exceed 2.50:1 for any 12 month period and not to be less than zero; and
- Interest cover ratio must not be less than 5.00:1 for any 12 month period.

The Group has complied with these covenants.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

D2 Provisions

	CONSOLIDATED	
	31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
Regulatory matters	9,169	10,801
Litigation	10,500	-
	19,669	10,801

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.

When the Group expects some or all of a provision to be reimbursed, for example, under Share Purchase Agreements and other contractual rights, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Where a reimbursement is agreed, the expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

The below table reconciles movements in Provisions during the financial period.

	REGULATORY MATTERS	LITIGATION	TOTAL
	31 DECEMBER 2021 $'000	31 DECEMBER 2021 $'000	31 DECEMBER 2021 $'000
Opening balance	10,801	-	10,801
Charged/(credited) to profit or loss	-	-	-
Additional provisions recognised	953	10,500	11,453
Amounts used during the period	(2,787)	-	(2,787)
Unrealised foreign currency exchange difference	202	-	202
	9,169	**10,500**	**19,669**

Notes to the Financial Statements.

For the half-year ended 31 December 2021

D2 Provisions (Continued)

(a) Regulatory matters

CENTRAL BANK OF IRELAND (CBI) CORRESPONDENCE

During the financial period ended 31 December 2021, PFS Card Services (Ireland) Limited, a wholly owned subsidiary of EML, received further correspondence from the CBI. Although the CBI's investigation has not been finalised, EML is working cooperatively with the CBI to address its concerns and has developed a remediation plan that it expects to be finalised in mid 2022. A provision has been recognised for the likely costs that will be incurred to reach a resolution of the matter including remediation, advisory and other costs.

KEY ESTIMATION - REGULATORY MATTERS PROVISION

The provision for regulatory matters represents management's best estimate of the Group's liability for remediation and potential fines or enforcement costs associated with the regulatory issues. The Group have engaged expert legal and professional advisors to assist with the remediation of issues raised. Provisions for the cost of external advisors have been determined considering the likely scope of work to be undertaken and estimates received from professional advisors. Provisions for any potential fine or enforcement action have been made after receipt of legal advice. Any future changes in the amount will recognised in the Statement of Profit or Loss and Other Comprehensive Income.

PAYMENT SERVICES REGULATOR (PSR) CORRESPONDENCE

In February 2018, the PSR under the United Kingdom jurisdiction notified the Prepaid Financial Services Group (PFS Group) that it had commenced an investigation.

PFS and EML (post acquisition) worked collaboratively with the regulator to resolve the issue, and while the investigation is ongoing, have agreed a settlement of GBP 920,000 to the PSR however, no cash has been paid during the period ended 31 December 2021.

(b) Litigation

SHAREHOLDER CLASS ACTION

On 16 December 2021, Shine Lawyers filed group proceedings in the Supreme Court of Victoria. The proceedings allege that EML did not comply with its disclosure obligations and engaged in misleading and deceptive conduct regarding disclosure. The allegations relate to EML's governance arrangements in regards to its Irish subsidiary, PFS Card Services (PCSIL), and PCSIL's interaction with the Central Bank of Ireland (CBI). EML strongly denies the allegations and denies any liability. EML has engaged highly experienced and leading class action defence lawyers and will vigorously defend the proceedings.

It is currently premature to determine the impact (if any) of the class action on EML. As class action proceedings can take an extended period to resolve and EML is resolute in its intention to defend, EML has recognised a $10,500,000 provision for the likely legal costs that are expected to be incurred in defence of the claims. EML intends to seek an order for security for such costs from the class action Plaintiffs.

KEY ESTIMATION - LITIGATION

The provision for litigation represents management's best estimate of EML's liability for legal costs that meet the criteria for recognition. EML have engaged expert legal advisors to assist with the defence. Provisions for the cost of external advisors have been determined considering the scope of work which is considered likely to be undertaken. As the outcome of EML's future application for security of costs from the class action Plaintiffs (and the outcome of the proceedings generally) is yet to be resolved, EML has not recognised any asset or reduction/potential sources of recovery of those costs in provision in that regard. Any future changes in the provision amount will be recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

E1 Issued Capital

	CONSOLIDATED 31 DECEMBER 2021 $'000	30 JUNE 2021 $'000
373,443,744 fully paid ordinary shares (30 June 2021: 361,828,369)	494,288	456,157

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

	31 DECEMBER 2021		30 JUNE 2021	
	NO.	$'000	NO.	$'000
Balance at start of the year	361,828,369	456,157	359,701,039	455,583
Issued for consideration in business combination - Sentenial Group [1]	9,594,897	37,324	-	-
Issued for contingent consideration - EML Money Group	621,444	887	-	-
Options exercised [2]	1,399,034	-	2,127,330	-
Costs associated with the issue of shares	-	(80)	-	574
Balance at end of the period/year	**373,443,744**	**494,288**	**361,828,369**	**456,157**

(1) Refer to Note F1 for details regarding the Sentenial Limited acquisition.
(2) Options exercised during the period relate to the employee share options. Refer to Note E2 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 applicable taxes, 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 purchase consideration of the acquisition.

E2 Share-based payments

The expense recognised in the statement of profit or loss and other comprehensive income in relation to share-based payments made under ESOP 2 is $3,580,000 (31 December 2020: $2,876,000).

(a) Movements in share options

The following reconciles movements in share options during the financial period:

	CONSOLIDATED 31 DECEMBER 2021 NO.	30 JUNE 2021 NO.
Outstanding at beginning of financial period	4,998,113	6,131,519
Issued during the period	3,153,243	2,390,905
Exercised for issued capital during the period	(1,399,034)	(2,127,330)
Exercised for cash during the period	(41,573)	-
Cancelled during the period	(292,314)	(1,396,981)
Options balance at end of the period/year	**6,418,435**	**4,998,113**

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F1 Business Combinations

Acquisition of Sentenial Limited on 30 September 2021

On 30 September 2021, the Group acquired 100% of the shares of Sentenial Limited and its wholly-owned subsidiaries (collectively referred to as "Sentenial"), an unlisted group of companies based in Europe.

The Sentenial Group are a European provider of payment products including open banking.

(A) CONSIDERATION TRANSFERRED

	30 SEPTEMBER 2021 $'000
Cash consideration	60,228
Cash consideration - held in third party escrow	4,037
Deferred consideration [2]	1,245
Ordinary shares issued [1]	37,324
Contingent consideration (refer to (D) below)	25,929
Total purchase consideration	**128,763**

(1) The fair value of the 9,594,897 ordinary shares issued as part of the consideration paid for the Sentenial Group was based on the published share price on 30 September 2021 of $3.80 per share. There were no directly attributable issue costs.
(2) Deferred consideration relates to the estimated working capital adjustment.

(B) ANALYSIS OF CASHFLOWS FROM ACQUISITION

	$'000
INCLUDED IN CASH FLOWS FROM OPERATING ACTIVITIES	
Transaction costs of the acquisition	(5,118)
	(5,118)
INCLUDED IN CASH FLOWS FROM INVESTING ACTIVITIES	
Cash consideration	(64,265)
Cash acquired with the business combination	8,423
Payment for business combination, net of cash	**(55,842)**

Acquisition costs of $2,508,000 have been excluded from the consideration transferred and have been recognised as an expense in the Statement of Profit or Loss for the current period, within the 'Acquisition costs' line item. These are inclusive of actual cash payments made of $5,118,000. The difference being amount accrued in the prior period.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F1 Business Combinations (Continued)

(C) ASSETS 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 30 SEPTEMBER 2021 $'000
Cash and cash equivalents		8,423
Trade and other receivables		2,668
Other current assets		1,147
Segregated funds and bond investments		14,934
Plant, equipment and right-of-use asset		461
Intangibles	C3	41,739
Total Assets		**69,372**
Trade and other payables		(9,763)
Current tax payable		(3)
Lease liability		(326)
Other liabilities		(1,803)
Liabilities to stored value account holders		(14,934)
Deferred tax liabilities		(5,217)
Total Liabilities		**(32,046)**
Total identifiable net assets at fair value		37,326
Goodwill arising on acquisition	C3	91,437
Purchase consideration transferred		**128,763**

Goodwill represents the expected growth and synergies from combining operations of the acquiree. The Goodwill above does not comprise the value of the software as these are separately recognised as they meet the criteria for recognition as an intangible asset under AASB 138. In line with AASB 136, as the business acquired generates independent cash inflows, goodwill has been provisionally allocated to a separate CGU, Sentenial Group. Refer to Note C3.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F1 Business Combinations (Continued)

(D) CONTINGENT CONSIDERATION

Contingent consideration relates to an earn-out arrangement, payable in cash or equity at EML's discretion in 2024. The earn-out relates to targets correlating to incremental open banking revenue in the period ending on 31 December 2023. The contingent consideration is capped at EUR 40,000,000 ($64,400,000).

As required by accounting standards, a financial liability of $25,929,000 (refer to Note C2) representing the fair value of the earn-out was recognised at acquisition date.

SIGNIFICANT ESTIMATION - CONTINGENT CONSIDERATION RELATING TO EARN-OUT

In the event that certain pre-determined revenue results are achieved by the Sentenial Group for the 12-month period ending 31 December 2023, a maximum of EUR 40,000,000 ($64,400,000) may be payable in cash or equity at EML's discretion.

Fair value is based on a discounted, estimated revenue achievement for the measurement period. At 31 December 2021, the fair value has been measured to $26,119,000, refer to Note C2.

(E) 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.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F1 Business Combinations (Continued)

Prepaid Financial Services Group correction of prior period error in 30 June 2021 Annual Report

As disclosed in detail in the 2021 Annual Report, a number of issues have arisen since acquisition which has impacted the performance of the Prepaid Financial Services Group.

The Group corrected for a prior period error to the acquisition balance sheet as at 31 March 2020 after becoming aware of historical deficiencies in connection with the accelerated conversion to cash of dormant funds and expired e-money accounts. The restatement of acquisition accounting at 31 March 2020 had consequential impacts to the acquisition accounting and has resulted in a restatement of the comparative information included in the Condensed Statement of Profit or Loss and Other Comprehensive Income and Condensed Consolidated Statement of Changes in Equity.

CURRENT PERIOD IMPACT OF THE CORRECTION OF A PRIOR PERIOD ERROR IN THE ACQUISITION BALANCE SHEET

The 1 July 2020 opening balance of contingent consideration relating to the earn-out was restated to $nil in the 2021 Annual Report. This resulted in a decrease to the Finance costs – Unwind of discount on contingent consideration. The 31 December 2020 fair value of the contingent consideration relating to the earn-out was adjusted solely as a result of the mathematical implications on EBITDA estimates directly arising from the prior period adjustment. No other changes in assumptions were applied for 31 December 2020. This resulted in an increase to Fair value on contingent consideration, which is mapped to Other non-operating benefit/(expense).

The increase in value of acquired intangible assets has resulted in an increase to the Depreciation and amortisation expense for the period. The impacts of these restatements has also impacted unrealised FX and adjusted solely as a result of the mathematical implications on future cash flow estimates from customers.

RESTATEMENT OF 31 DECEMBER 2020 FINANCIAL STATEMENTS

The table below identifies the Condensed Statement of Profit or Loss and Other Comprehensive Income categories that have been impacted as a result of the correction of error:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)	31 DECEMBER 2020 $'000	INCREASE/ (DECREASE) $'000	31 DECEMBER 2020 RESTATED $'000
Depreciation and amortisation expense	13,895	929	14,824
Finance costs	4,398	(3,168)	1,230
Other non-operating benefit/(expense)	28,680	27,797	56,477
Total Expenses	90,078	25,558	115,636
Net (Loss) for the period	(25,737)	(25,558)	(51,295)
Basic EPS	(7.17)	7.11	(14.28)
Diluted EPS	(7.17)	7.11	(14.28)

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F2 Controlled entities

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 31 DECEMBER 2021	30 JUNE 2021
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	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	Ireland	100	100
EML Payments (EU) Limited	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	Ireland	100	100
Prepaid Financial Services (Ireland) Limited	Ireland	100	100
PFS Card Services Ireland Limited	Ireland	100	100
P.F.S. Spain SL	Spain	100	100
Prepaid Financial Services Limited	United Kingdom	100	100
Spectre Technologies Limited	Malta	100	100
Sentenial Limited	Ireland	100	-
Sentenial BVBA	Belgium	100	-
Sentenial GmbH	Germany	100	-
A2A International Holdings	Malta	100	-
Nuapay SAS	France	100	-
Nuapay SARL	France	100	-
Sentenial Limited	England	100	-

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F3 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 31 December 2021:

- Bank guarantees with the lessors of the office properties to the value of $569,000 (30 June 2021: $569,000). No liability is expected to arise;
- Bank guarantees for obligations to card schemes to the value of $2,208,000 (30 June 2021: $2,130,000). No liability is expected to arise.

COMPLIANCE MATTERS

The Group operates in a number of regulated markets and works hard to meet our evolving regulatory requirements. We aim to maintain collaborative relationships with all our regulators. The Group is subject to regulatory reviews and inquiries and 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 Note D2. 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 F1.

CENTRAL BANK OF IRELAND (CBI) CORRESPONDENCE

During the financial year ended 30 June 2021, PFS Card Services (Ireland) Limited, a wholly owned subsidiary of EML, received correspondence raising significant regulatory concerns. EML are working with the regulator to address their concerns, however, the investigation is still ongoing. A provision has been recognised for the likely costs that will be incurred to reach a resolution of the issue including professional advisory services and an estimate of any financial penalty. The Group has a provision of $9,169,000 at 31 December 2021 in relation to the above matter, refer Note D2.

Additional costs may be incurred consequential to this matter, which are unknown or do not meet the criteria to be provided at 31 December 2021.

LITIGATION - SHAREHOLDER CLASS ACTION

On 16 December 2021, Shine Lawyers filed group proceedings in the Supreme Court of Victoria. The proceedings allege that EML did not comply with its disclosure obligations and engaged in misleading and deceptive conduct regarding disclosure. The allegations relate to EML's governance arrangements in regards to its Irish subsidiary, PFS Card Services (PCSIL), and PCSIL's interaction with the Central Bank of Ireland (CBI). EML strongly denies the allegations and denies any liability. EML has engaged highly experienced and leading class action defence lawyers and will vigorously defend the proceedings.

A $10,500,000 provision has been recognised for the likely legal costs which are considered likely to be incurred in defence of the claims, refer to Note D2. Additional legal costs or damages, if any, may be incurred consequential to this matter, which are unknown or do not meet the criteria to be provided at 31 December 2021.

The Group expects to recover a portion of the costs associated with the class action through their insurance policy, however this does not yet meet the criteria for recognition.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F4 Subsequent events

There has not arisen an item, transaction or event of a material and unusual nature likely, 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.

F5 Statement 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 condensed consolidated financial report of the Company for the half-year ended 31 December 2021 comprises the Company and its subsidiaries (together referred to as the Group or consolidated entity or EML). The condensed consolidated financial report was authorised for issue in accordance with a resolution of the directors on 15 February 2022.

(b) Basis of preparation

The condensed consolidated financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The condensed consolidated financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial report are consistent with those adopted and disclosed in the Company's 2021 Annual financial report for the year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 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.

Notes to the Financial Statements.

For the half-year ended 31 December 2021

F5 Statement of Significant Accounting Policies (Continued)

(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 (AASB) that are relevant to its operations and effective for the current reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual consolidated financial statements for the year ended 30 June 2021.

(d) Going concern

The financial statements have been prepared on a going concern basis. To assess the appropriateness of the Group's going concern assumption, 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;
- Re-evaluated material areas of judgement and uncertainty;
- Re-evaluated the Group strategy and the resources require to successfully execute it;
- Re-assessed current cash resources and funding sources available to the Group alongside the expected future cash requirements;
- Considered the implications of the Central Bank of Ireland correspondence; and
- Considered the implications of the Class Action litigation.

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.

(e) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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

Melanie Wilson
Non-executive Director

Emma Shand
Non-executive Director
(Appointed 15 September 2021)

Dr Kirstin Ferguson
Non-executive Director
(Resigned 16 July 2021)

George Gresham
Non-executive Director
(Resigned 29 July 2021)

Company Secretary

Sonya Tissera-Isaacs
Company Secretary

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

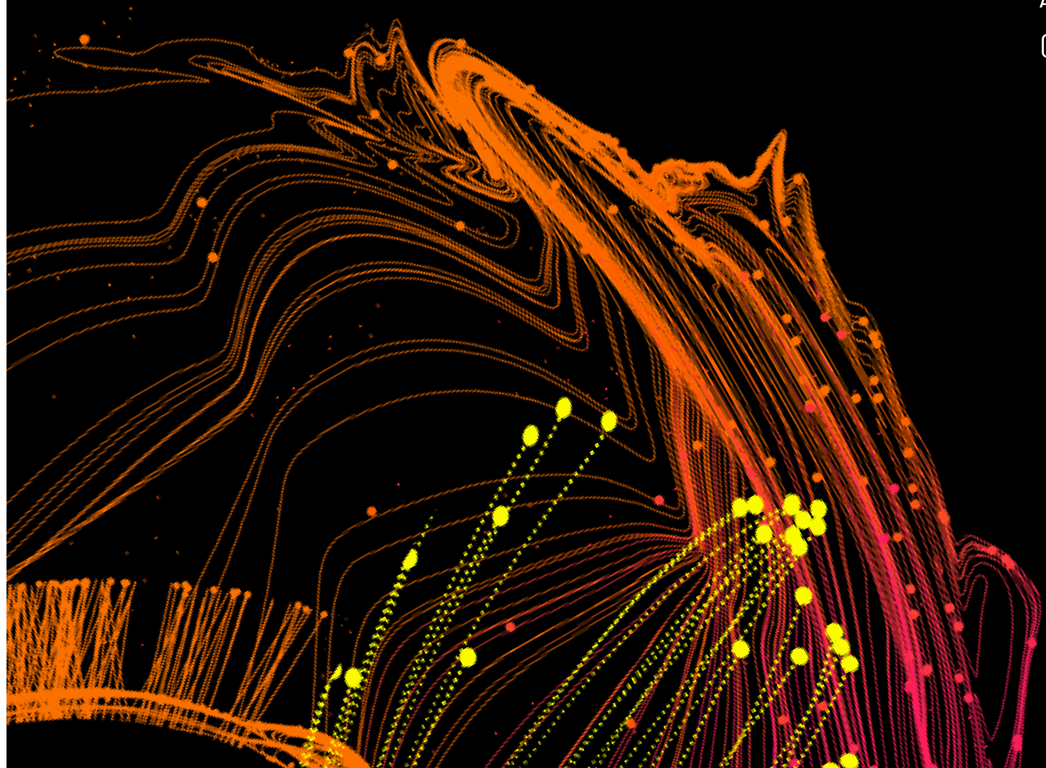
Link Market Services Limited
Level 15, 324 Queen Street
Brisbane, QLD 4000

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)



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