EML

Money in Motion

2022 Annual Report.

Wherever money is in motion, we help businesses create awesome payments experiences.

Our technology powers the payment process, moving money quickly, conveniently, and securely, while our programme management expertise creates superior configurable, feature-rich payments solutions.

Our digital accounts and prepaid card products are used to drive both business growth and customer loyalty while our market-leading Open Banking and account to account payment solution saves businesses and their customers time, money, and resources at every turn.

This is payments as it should be.

To learn more visit **emlpayments.com**

Vision.

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

Mission.

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

Purpose.

Inspiring transformative digital change for our customers and communities.

Contents.

Introduction

Chairman's Report.

While EML again delivered new growth milestones, the Board recognises the importance of strengthening operational efficiency and enhancing regulatory compliance capacity to enhance value for shareholders.

We are pleased to report strong organic revenue growth across all three business segments and a healthy initial contribution from the Sentenial acquisition. However, the 4% reduction in Underlying EBITDA for FY 2022 underscores our increased focus on reviewing our operational framework with a view to greater sustainability over time. We aim to not just resolve the regulatory compliance matters with the Irish Regulator, but become recognised as a leader in compliance.

These are key strategic priorities that Directors have agreed with our new Managing Director and Group CEO, Emma Shand who commenced in her role in July. In her initial Managing Director's letter which follows, Emma has laid out her early observations about the strengths of the Company's teams, market leadership and product innovation across our global markets; some immediate efficiency and accountability changes she has implemented; and importantly her plan for an in-depth strategic review to address the strategic priorities we have agreed.

The outcomes of the strategic review will be reported to shareholders at the 2022 Annual General Meeting in November. This work will be a key underpinning for the Company's successful growth, particularly in Europe over the next three to five years.

As many shareholders will be aware, our CEO of 11 years, Tom Cregan, resigned in July this year.

Tom was instrumental in building EML from a small technology company with one Australian gift card client in 2012 to what it is today, an international business with a suite of quality payments products in Australia, Europe and North America. On behalf of the Board, I'd like to thank Tom for his vision, dedication and outstanding contribution to the growth of EML.

Tom's successor, Emma, joined EML as a Non-Executive Director of the Company in September 2021. Emma was fresh from an executive role and has the ideal set of attributes to lead EML through the next stage of its evolution. She has 25 years' experience in financial technology and markets, the last 17 years as a senior executive with Nasdaq working in a variety of countries around the world. She has a track record of execution in sophisticated, highly regulated markets, and will be unveiling a new strategy over coming months.

In terms of the Company's financial results, EML benefited in FY22 from continued customer and payment volume growth across all regions. Gross Debit Volume increased to $80.2 billion, up 308% inclusive of organic growth in all three segments including a nine-month contribution from our Sentenial acquisition.

This momentum translated into revenue of $234.1 million up 21% on the prior year. Underlying EBITDA of $51.2 million was down 4%, impacted by the growth in overheads relating to the PCSIL remediation plan and other costs.

Underlying operating cash inflow remains strong at $25.7 million after adjusting for acquisition costs, segregated funds contribution and other non-recurring items. As at 30 June 2022, we finished the year in a strong position with cash of $73.7 million, minimal debt and significant standby liquidity facilities. We have also started FY23 benefiting from the tailwinds provided by an increasing interest rate environment in all regions.

I am proud of our people who worked tremendously hard, in often difficult circumstances, to deliver for our customers and to innovate and strengthen the business for the future. It's their work which enabled the acquisition of Sentenial and its Open Banking subsidiary, Nuapay. Our people are also central to why our customers continue to select us as their payments partner of choice, which last year saw EML launch a new customer programme every second day. We ended the year with 4,000 active programmes in 32 countries.

I also wish to thank the Non-Executive Directors of the Company and our new CEO for the support and commitment they have shown through this period.

Peter Martin

Peter Martin
Non-executive
Chairman

21 August 2022

Managing Director and CEO Letter.

EML is a company that experienced extraordinary growth over the past decade, positioning itself as a genuine leader in global payments. Now, as we consider the future of EML over the next decade, we do so from a position of relative strength.

We have a strong base and vast global footprint, operating in 32 geographies while serving customers across a diverse mix of industries with over 4000 programmes– providing them with rich and ever-evolving payment and digital transaction solutions.

It's this foundation that underpins my enthusiasm to have taken the helm at EML Payments.

At the same time, I understand the deep importance and urgency of the task ahead, to chart a new course for the company over the next 3 -5 years, which will build on EML's global market position and its successes.

A key underpinning the next phase of development will be strengthening and some streamlining of EML's operational capabilities and structures. My immediate focus is ensure that we both protect the base that has been built while enabling the EML business teams to efficiently leverage that base for growth.

To deliver this, I will be leading a robust review of all aspects of EML's business over the next two months, culminating with a strategy that will be equally focused on a strengthened operating model and better defined platforms for growth through to 2025 and beyond.

I look forward to presenting our future strategy to shareholders and our broader stakeholder community at the time of our Annual General Meeting in November. Following this, an update on the early implementation work will be provided at EML's first-half results in February of next year.

Over the six weeks since I stepped into the CEO role, I have visited each of our offices across Australia, Europe, UK and North America and listened to the views of both longer term and new team members about what is working well and where they see opportunities for improvement. I have also engaged with our customers, regulators, industry stakeholders and valued investors. The conversations have been broad, open and honest.

This includes our engagement with the Central Bank of Ireland (CBI) and the continued remediation of our Irish subsidiary PFS Card Services (Ireland) Ltd (PCSIL). It would be inappropriate to pre-empt any conclusions from the CBI, however recent discussions with the regulator have been appreciated and very constructive. We will continue to take onboard the many learnings from this programme to strengthen our future operational, regulatory and compliance processes.

The enthusiasm of team members to weave the fabric of tomorrow's payments landscape and EML's place in it is very strong. There's been difficult but reasonable conversations as to what we can – and should - do better. There is also encouragement and an unshakable belief amongst key stakeholders that EML can expand beyond its current capabilities to drive responsible innovation and sustainable growth.

Those insights will be included in the strategic review process but they have also helped me identify and implement some key early initiatives including:

— Combining our North American and European Gift and Incentive businesses to drive operational efficiency, enhance product and customer focus and new business acceleration;

— Separating the areas of global risk and compliance to foster greater accountability, to ensure a more disciplined approach to internal controls, and to expand EML's regulatory affairs; and

— Successfully exiting one of EML's FinLabs ventures at 3×Return on Investment, while remaining active partners, serving customers and developing a pipeline of US business.

I am energised by the opportunity to take EML into its next chapter of exciting and sustainable growth, which will be underpinned by strengthening our operational focus.

I, and a strong cohort of long-serving and new faces at EML, are committed to fostering a culture of technology and product innovation to serve and delight our global customers and to be held to the highest standards of transactional integrity and operational excellence.

My thanks to the Board of Directors of EML and its subsidiaries and the wider EML team for their confidence and enthusiasm towards charting the next course together.

Emma Shand
Managing Director and Group CEO

21 August 2022

Year In Review

Customer and Payment Volumes Continue to Grow.

EML continued to grow during FY22. Customers in all regions continue to select us as their payments partner of choice.

During the year over 190 different customer programmes and implementations went live across all our regions, equivalent to more than one every second day.

Gross Debit Volume increased strongly to $80.2 billion, up 308% inclusive of organic growth in all three segments, and a nine-month contribution from our Sentenial acquisition. Revenue also increased 21% to $234.1 million.

Underlying EBITDA and underlying NPATA decreased by 4% and 1% respectively, impacted by increased overheads reflecting the continued investment in Europe related to the Central Bank of Ireland (CBI) remediation plan as well as the consolidation of Sentenial. EML maintains significant cash balance of $73.7 million.

On 11 July 2022 EML welcomed a new Managing Director and Group Chief Executive Officer, Emma Shand to lead the business into its next stage of evolution and growth.

Key contributors

- Ongoing demand for General Purpose Reloadable cards and white-label wallet solutions
- Recovery of the Gift and Incentives segment with global shopping centres reopening
- Acquisition of Sentenial and its open banking business Nuapay (9 months contribution)

Gross Debit Volume

$80.2 billion

▲ 308%

Revenue (1)

$234.1 million

▲ 21%

Underlying EBITDA (2)

$51.2 million

▼ 4%

Underlying NPATA (2)

$32.1 million

▼ 1%

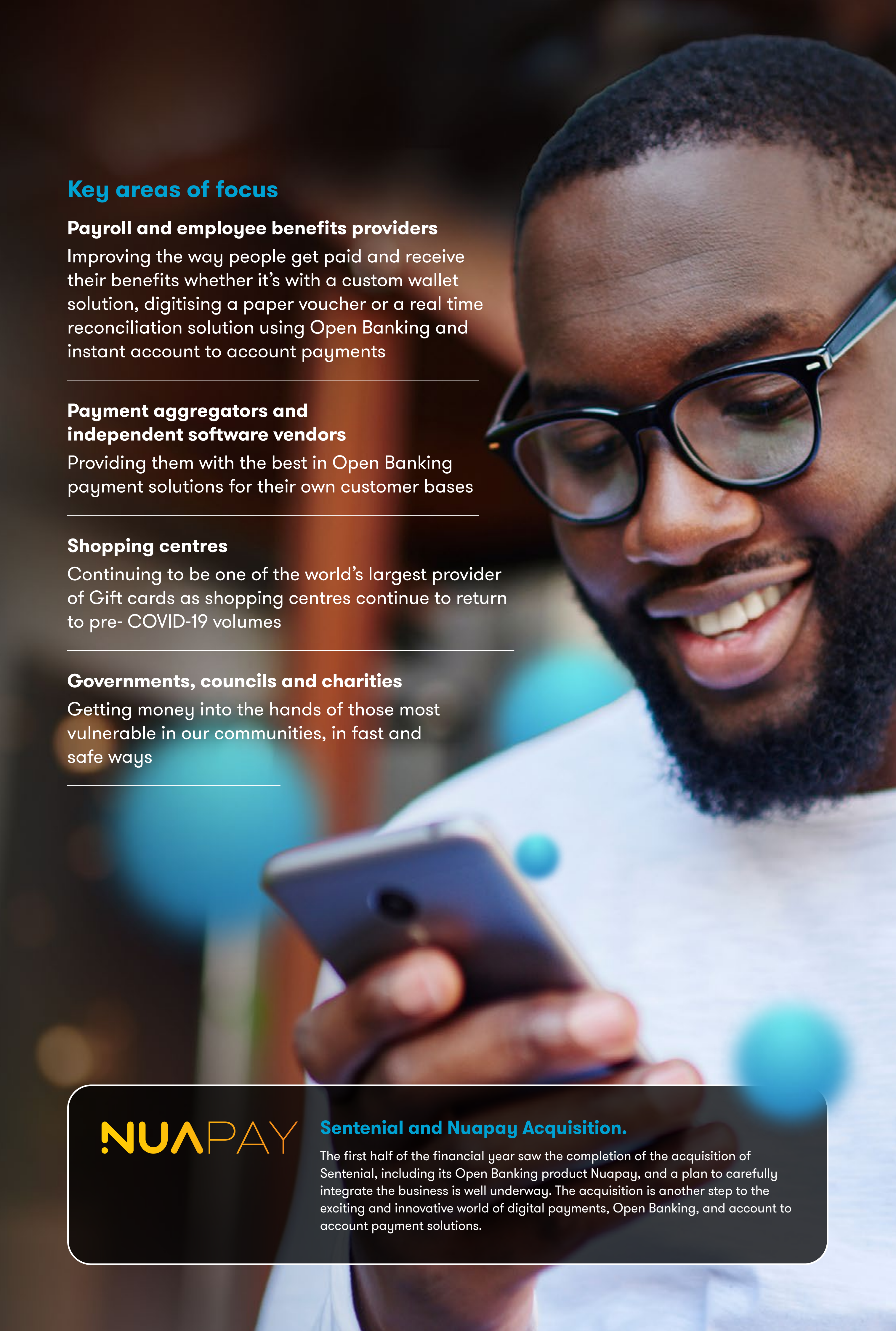
Cash At Bank

$73.7 million

▼ 48%

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

(2) Underlying EBITDA and Underlying NPATA are explained on page 26 of this report.



Key areas of focus

Payroll and employee benefits providers

Improving the way people get paid and receive their benefits whether it's with a custom wallet solution, digitising a paper voucher or a real time reconciliation solution using Open Banking and instant account to account payments

Payment aggregators and independent software vendors

Providing them with the best in Open Banking payment solutions for their own customer bases

Shopping centres

Continuing to be one of the world's largest provider of Gift cards as shopping centres continue to return to pre- COVID-19 volumes

Governments, councils and charities

Getting money into the hands of those most vulnerable in our communities, in fast and safe ways

NUAPAY

Sentenial and Nuapay Acquisition.

The first half of the financial year saw the completion of the acquisition of Sentenial, including its Open Banking product Nuapay, and a plan to carefully integrate the business is well underway. The acquisition is another step to the exciting and innovative world of digital payments, Open Banking, and account to account payment solutions.

GENERAL PURPOSE RELOADABLE

Empowering customers with feature rich solutions.

Growth was driven by an increase in new innovative wallet solutions covering card issuance, processing, and programme management options across different industry sectors.

On Demand Pay

Technological advancements, COVID-19 and digitalisation are impacting the world of work including expectations around how and when employees get paid. Attracting and retaining talent is more essential than ever and businesses who can disburse pay and benefits in an innovative way, compatible with the expectations of a modern workforce, will have an edge.

Last year, we predicted that this industry sector would be a new disruptive growth market for embedded payment solutions. Our solution is the key to providing pay on demand to an employee's account or a real-time load to a digital or plastic card. They then gain the support and flexibility they need when it comes to their own cash flow management, helping to reduce financial worries.

Government Disbursements

We remain a trusted partner of governments and non-government organisations all over the world to help get money to people who need it most, safely, and quickly. Whether its disaster relief or humanitarian assistance people in need in United States, the United Kingdom, Jersey, Australia, Spain, Italy, Ukraine, and Finland have all been helped by our disbursement payment solutions.

As part of an economic stimulus and COVID-19 recovery programme, we supported Northern Ireland Executive to provide a £100 pre-paid card to every resident of Northern Ireland over the age of 18, to be spent exclusively at local businesses within the region.

It was the largest non-gift card programme undertaken in our history and we successfully issued £140 million across 1.4 million cards. It follows the innovative, world-first card-based stimulus solution that we developed in conjunction with Mastercard for the Government of Jersey in 2020.

Employee Benefits

We are also proud to be the market leader in Salary Packaging solutions across Australia where we provide seamless tax-free employee benefit services to over 367,000 public and healthcare industry workers.

During the year, we also partnered with Up Spain, with the intention of launching a new employee benefits offering covering meal vouchers and employee benefit solutions in FY23.

EML partners with Up Spain.

During the year we entered the Employee Benefits Market in Europe, covering meal vouchers and employee benefit solutions, through a multi-year agreement with Up Spain. The market in Europe is worth $30 billion per annum and is expected to grow by $20 billion in the years between 2021 to 2025, making it one of the largest prepaid verticals in the region.

Up Spain is one of the three biggest providers in Spain, with over 1 million users across approximately 4,700 corporate customers and a network of over 30,000 restaurants. Up Spain will use our proprietary platform to enable real-time benefit and payments in a single transaction, providing the end-customer with a seamless user experience.

GIFT AND INCENTIVES

A leading global provider of gift cards and incentives.

EML is now one of the market leaders in providing single load gift cards to shopping centres worldwide, with over 1,100 retail partners today.

Our out-of-the-box gifting product is also growing and serves corporate customers across multiple markets and industries. In FY22 over 9 million gifts of thanks, congratulations, celebration, and rewards were shared with loved ones, partners, friends, and employees worldwide.

This success was despite shopping centre foot traffic continuing to be impacted by COVID-19 in the United Kingdom, Germany and Canada in the key trading period leading up to Christmas.

PERX Rewards

PERX prepaid rewards cards are the perfect corporate gifts for employee achievements and welfare, celebrations, successes, end-of-year giving and other key business milestones.

Remote working has brought an increase in interest in businesses looking to reward or incentivise their employees. This is particularly the case in Ireland where up to €500 can be gifted tax free and our local PERX team worked round the clock to meet increased demand in the run-up to Christmas 2021.

Seamless launches in USA.

Seamless is an easy, innovative, and straightforward way for merchants and businesses to manage disbursements and refunds, enabling them to provide their customers with all the payment options they may want.

Seamless works by providing merchants and businesses with their own-branded payments portal. All they need is the payee's email address and amount to be paid! Seamless can then be used to send an email to the payee. Once the payee receives the email, they confirm the payment and then choose their preferred payout method including the option to instantly receive the funds.

Our Sales teams are marketing Seamless to the insurance and merchandise exchange industries in the USA where cheques are still the most prevalent form of refunds and disbursements.

Customer Segments

DIGITAL PAYMENTS

An innovative, bank-grade, Open Banking platform.

Digital Payments houses our most innovative and newest products and provides customers with the ability to embed instant, digital payments solutions.

We provide customers with the ability to offer multiple payment types embedded within their internal processes, saving money and time, and providing their own customers with #awesome payments experiences.

Open Banking

Open banking is the latest and fastest expanding digital payment product on our platform and its API connectivity allows customers to initiate instant and safe, account-based payments via an end users bank account. It also enables non-banks to access rich banking data including the ability to pre-populate application forms and provide personalised ways people can better manage their money.

During the year we connected the Nuapay platform to banks in another 20 countries in Europe, becoming one of the first Open Banking operators to provide complete connectivity across the Eurozone and expand into Eastern Europe and non-Euro Nordic countries. Connectivity now reaches 2,350 banks in 28 European countries with the potential to reach 420 million [1] customers.

The platform now powers several of the largest global gateways, payment service providers and independent software vendors and, corporates across a range of industries. Plans are underway to bring the platform to our other markets starting with Australia, allowing our customers to take advantage of the latest Open Banking and account based payment solutions.

Banking and Credit

The increasing pace of digital payments and API connectivity is generating an explosion of new ideas, customer experiences and business in an industry that historically has been dominated by traditional banks. Our embedded digital payments solution, encompassing card and account-based products and configurable features is proving to be popular with innovative players like MoneyMe.

(1) Banking population in Europe in 2019, by country, Statista, Mar. 8th, 2022 https://www.statista.com/statistics/944142/banking-population-in-europe-by-country/

25% of U.K. Merchants predict Open Banking will become the most popular payment method

Research commissioned earlier this year highlighted that Open Banking presents the greatest opportunities of any payment method in the coming 3 years. Respondents said Open Banking was the top choice (36%), followed by digital wallets (35%) and Buy Now Pay Later (BNPL) (26%).

The survey of payments decision makers highlights the growing confidence in Open Banking as a payment method and marks a significant step forward towards general adoption of the technology.

> "The survey results demonstrate a step change in merchant awareness and appreciation of Open Banking. The increase in uptake observed by respondents and predictions for it to become the most popular payment method in the next 3 years point to a growing understanding of the value of Open Banking."
>
> Commented Brian Hanrahan
> CEO of Nuapay, EML's Open Banking Business.

MONEYME

"MoneyMe looks to solve challenges for our customers by providing credit through readily available means and EML has been able to partner with us to provide that really successfully."

Jonathan Wu
Director – MoneyMe

MoneyMe is one of Australia's fastest growing digital financial service companies. Starting out 8 years ago with one simple product, they have now grown to offer a broad range of credit products with an emphasis on speed.

EML have helped MoneyMe deliver faster and flexible outcomes for their customers. EML's ControlPay solution has provided MoneyMe with a fully reloadable digital prepaid card allowing their customers access to a line of credit within minutes.

"EML have been very aligned to our core values of customer first and speed, helping us to deliver fast outcomes to our customers. One of our key products is our freestyle virtual credit card, where MoneyMe's proprietary system can deliver fast credit decisioning and the partnership with EML has allowed us to issue digital cards instantly to delight our customers," commented Jonathan Wu, Chief Product Officer – MoneyMe.

Further developing the features of our platforms.

Our vision to offer a feature rich, fully embedded payment solution, via a simple, single touchpoint continues to resonate with our customers. FY22 has been another year of progress.

Product Initiatives:

Landmark expansion of our digital product offering to include instant and frictionless open banking payment solutions throughout Europe with our Nuapay platform.

Enriched our account based and faster payment offering with the launch of Sepa Direct Debit and enhancing our Faster Payments solution.

Seamless

Launch of a digital-first white-label payments platform, Seamless, that offers users several payment options for refunds and disbursements.

Global launch of a 3DS universal security payment solution that involves an additional layer of security to protects consumers from online fraud.

Relaunched our website which aims to simplify payments and inform more businesses about how to take advantage of embedded payment solutions using our technology.

OneBanx
All banks. One location. All welcome.

"As a startup trying to disrupt a traditional retail banking market, we would not have been able to get where we are as quickly without EML and their Nuapay Open Banking solution."

Duncan Cockburn
Founder and CEO
OneBanx

OneBanx.

OneBanx, in partnership with EML, have pioneered the innovative shared economy approach to banking in the UK.

Following many local bank branch closures and the move to online banking, OneBanx wanted to provide a shared space where non-digital savvy people can do all their everyday banking in one location.

Utilising EML's Nuapay Open Banking platform, customers can interact with all their banks via OneBanx manned kiosk style branches, providing both digital technology and old-fashioned personal service. EML worked closely together with OneBanx to get to market faster with a more customer focussed solution, enabling world- first innovation and true customer experience.

"EML provides a fundamental core part of the OneBanx ecosystem, working with us to deliver innovation and pioneer the shared economy in the banking space, as well as enabling us to offer a much better customer experience.

We fully trust EML and their reliability of service, and they are always very flexible and open to support and work with us. We are excited about OneBanx partnership with EML as we continue to expand the business," said Duncan Cockburn, Founder and CEO – OneBanx.

Strengthening our core.

Technology is the backbone of our platform and our investments into developing our capabilities, to stay abreast of customer requirements, continued during the year.

New Account-based Processor in Europe	Global data warehouse strategy
Move to cloud in Australia	Enhanced security protocols

Our new account-based processor in Europe, which is flexible, scalable and cloud native, and provides customers with enhanced functionality, came online during the year.

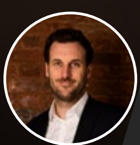
At the end of FY22, 43% of all newly issued and activated cards in Europe were being processed on it. We are intending to have our two biggest clients in the region activating all new cards on it by December 2022.

Other initiatives include the movement of all operations in Australia from physical datacentres to the cloud with Microsoft Azure providing more reliable, scalable, and agile systems for our customers.

Additional investment has gone into our global data warehouse strategy, a global 'follow the sun' technology support pilot and the successful roll-out of additional security protocols for online card transactions across all regions.

cardstream

"It has been great watching EML's innovation and evolution with their Open Banking platform, as well as their level of energy and conviction behind what they are doing."



Adam Sharpe
CEO – Cardstream

Cardstream is an independent provider of payment solutions, providing access to all payment options including credit card, debit card, wallets, alternative payment methods – all from a single platform and open API.

Nuapay has enabled Cardstream to bring the innovation of Open Banking into their platform through a single API, complementing their other payment methods.

"We are always looking for the next payment method. EML's Open Banking capabilities have been important for us to include in our platform to complement our other payment methods. Being able to include everything that EML have done with Open Banking has been a massive help for our merchants to better service their customers," said Adam Sharpe - CEO – Cardstream.

Our people are our future.

During FY22 we continued to help our teams shift to a remote first way of working through enhanced systems, improved communication and engagement programmes, as well as building our remote working leadership capability.

Over the past few years, we've remained committed to maintaining the positive momentum that has been gained through the shared experience of working remotely. This was extended in FY22 with the reopening of many of our offices, empowering our teams to tailor their approach to working together, allowing for flexibility while also staying aligned and connected.

Flexible working has always been a key part of our workplace culture. In addition to our flexible working practices, we supported our people with a range of different initiatives as they navigated a changing work environment and the fatigue of lockdowns including:

- Paid time to get vaccinated during business hours;
- COVID-19 sick leave; and
- Our Take 5 policy which rewards those who take their full annual leave to recharge by providing an extra 5 days of leave in the following year.

Attraction and retention of talent

Attracting, retaining, and inspiring talent is critical to our growth. Our talent acquisition strategy requires us to meet ambitious hiring goals each year. In FY22, our team delivered our biggest-ever talent drive, and we ended the year with a global team of over 640 people, a 19% increase on FY21.

We also launched several new programmes. Our flexibility working policy was expanded to include a remote first philosophy, which expands our potential talent pool and, since introducing our paid parental leave policy we have seen an increased uptake of parental leave taken by male employees.

We also recognise the need to ensure our people and the talent team are ready to respond effectively to the requirements of a highly competitive candidate market. In FY23, we will be investing additional resources into our hiring processes and tactical advice and insights.

Remuneration

The Remuneration Report outlines our FY22 executive remuneration framework. Our global compensation framework has been designed to attract the best talent and treat people fairly.

We strive to be globally consistent and market competitive while respecting local market nuances. Our framework is underpinned by the philosophy of 'Acting as Owners' and delivering strong outcomes for our employees, customers, and shareholders.

While recognition and reward will always be crucial to attracting and retaining talent, the experience of the past two years has highlighted the importance of the other factors such as a sense of purpose, flexibly and remote work, clarity of objectives, and career opportunities.

Marie O'Riordan
Global Director
of Public Relations

Diversity at EML

Why is it important for you to work for a company that values Diversity and Inclusion?

I have a lifelong passion for Diversity and Inclusion as a Double Minority; I live with Autism and am part of the LGBT+ community. It's tremendously important to me to work in a progressively forward-thinking company where the typical stereotypes and negativity I can face in the world are simply left behind at the door. EML's culture is refreshing, allowing me to thrive. I feel like I can breathe.

What makes EML different to other companies you have worked for?

The difference is at a policy, people, and inclusivity level. In other companies, despite policies on paper, ignorance towards the LGBT+ community and an ill awareness of people living with a disability crept into the culture, where exclusion and an unwillingness to learn about diversity and difference became the norm. I don't feel I have to change the system at EML because it's not broken.

Why would you recommend EML as a great place to work?

At EML, I feel seen, heard, and respected as an individual and a teammate. It's beautiful to feel part of the conversation. EML's the first workplace in my career where I can genuinely relax about being myself and where being your authentic self is valued in the day-to-day working life. There's a soul in the culture here, which means the world to me.

Diversity and Inclusion

Diversity, inclusion and belonging in the workplace are important elements of living our values and are critical to success. While it is early days in our journey to truly reflect the communities in which we live and work, the Board has articulated ambitious diversity aspirations and we've now broadened our focus include ethnic and sexuality diversity.

Our Diversity and Inclusion Policy was refreshed in FY22 to include our objectives and aspirations with regards to our policy targets. It outlines our commitment to all our people regardless of gender, marital or family status, sexual orientation, gender identity, age, disability, ethnicity, religious beliefs, cultural background, socio-economic background, perspective, and experience.

We are committed to further understanding our diversity metrics and profile, and during FY23 we will continue to develop and measure initiatives to improve diversity. The refreshed policy outlines our principles and links them to our objectives to measure our progress.

44%
of females at an Executive level

We will expand our reporting to include details on our workforce make-up including women in leadership, age diversity and cultural diversity. This reporting will include:

- The respective proportions of gender diversity across the business, including a target of at least 30% female at Board level and at least 50% at the Senior Executive level;
- Promote inclusive and collaborative work practices to recruit, develop and retain a diverse workforce by delivering unconscious bias recruitment training annually; and
- A statement as to the mix of skills and diversity which the Board itself is looking to achieve.

Diversity and Inclusion Principles:

1. Committing to an inclusive culture
2. Attracting diverse talent and hiring fairly
3. Supporting flexible work
4. Tracking equal pay

Our People

Engagement

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

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

We achieved positive results in our employee engagement surveys and have continued to prioritise the health and wellbeing of employees through COVID-19 including providing clear working from home arrangements.

Blair Vodicka
Product Manager
Americas

Working at EML

Why would you recommend EML as a great place to work?

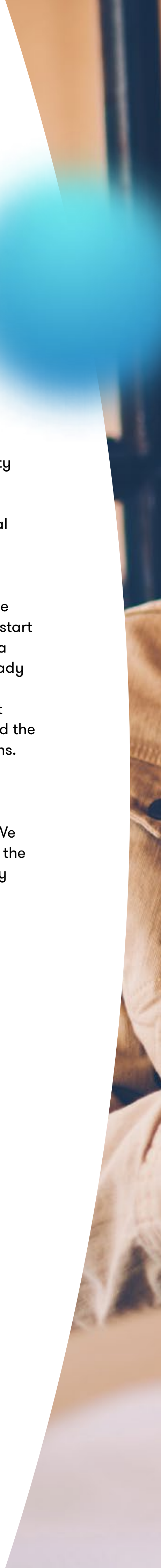
EML has great people. I love my job not only for the people but for the flexibility and work life balance and I never feel guilty about using my time. If I have a family need, my team and manager know that it comes first, and I can make up my work later. The company has created a comfortable and efficient virtual working experience.

What keeps you motivated at EML?

I am motivated because I appreciate EML's willingness to pivot. I appreciate the agile nature of the organization to identify when things aren't working and to start over. One of the first projects I worked on was the global API project. We built a list of requirements, interviewed customers, dedicated dev teams and were ready to go full steam ahead. After reviewing the customer interviews and feedback, we identified that we'd missed the mark and needed to re-evaluate our project initiatives. It was the first time in my career that the leadership team redirected the project team so quickly. At previous jobs, the decision would have taken months.

What makes you proud to work for EML?

I am proud to work at EML because even though we are small, we are mighty. When delivering on large projects, the team rallies together to move quickly. We work together brilliantly and display the #oneteam mentality. I love what I do, the people that I do it with, and we are working to improve and make the company better every day. My voice is heard, and I feel valued.



Our metrics

Our People Report	2022	2021	2020	2019
Headcount (permanent employees)	642	540	444	266
Employee engagement score	60%	66%	70%	68%
Employee participation in engagement survey	80%	76%	96%	98%
Annual regrettable employee turnover	26%	16%	17%	22%
Female representation on Board	33%	29%	29%	33%
Female representation in Executive	44%	50%	50%	26%
Female representation in senior management	29%	36%	36%	36%
Female representation in all employees	47%	49%	48%	43%
*LGBTQ representation in all employee group	8%	6%	NA	NA
*Black, Indigenous employees and people of colour (BIPOC)	26%	14%	NA	NA
*Culturally and linguistically diverse employees (CALD)	27%	28%	NA	NA

* EML Diversity and Inclusion Survey in February 2022. Other data collected from EML's HR system.

Environmental, Social and Governance

Change for Good.

In FY20 we launched our 'Change For Good' initiative to reduce plastic usage by 50% by 2023.

This forms part of our ongoing commitment to promote digital, mobile, and virtual payments across our international operations.

In FY22, we are proud to have converted 36% of our plastic card orders to a more ecofriendly option, which equates to approximately 3.7 million plastic cards.

In addition to our Change for Good initiative we also use our payments technology to contribute to government relief and humanitarian causes as well as meeting all that is required of us by the variety of regulators, regulations, and laws in the various countries in which we operate.

EML is proud to have achieved a 36% reduction of the production of Plastic Cards.

Our Commitment

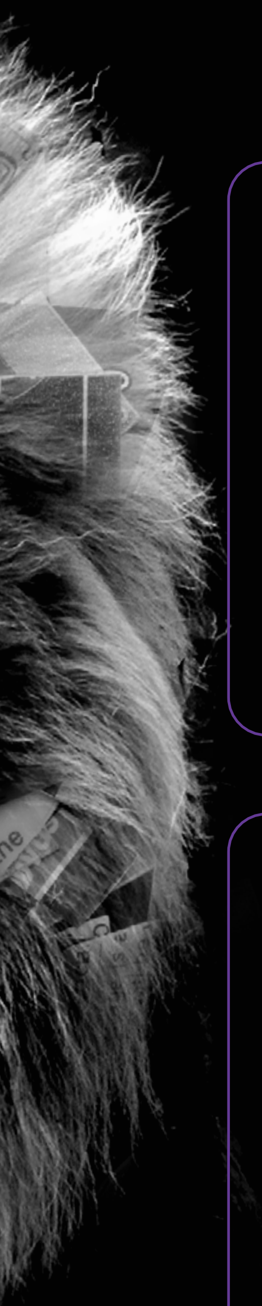
Complying with applicable legal and regulatory requirements.

Actively pursuing recyclable and renewable alternatives to plastic card production.

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

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

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



EML and CORE provide a cash assistance programme for Ukrainian refugees

During the year, we launched a prepaid card programme with CORE providing digital cash assistance to Ukrainian refugees.

The programme empowers displaced families to cover their basic needs and safely relocate on their own terms. We are proud to continue to our track record of humanitarian and disaster-relief support work and help make a difference for those who need it most.

EML and Correos commit to help plant 15,000 trees with Mastercard

EML, Correos and Mastercard have committed to plant 15,000 trees as part of Mastercard's Priceless Planet Coalition (PPC).

PPC unites businesses, financial institutions, local authorities, and consumers worldwide with the goal of implementing actions that help to safeguard the planet and fight climate change. The commitment is to plant a tree for each new Correos Prepago card.

EML's payment tools to help support victims of domestic violence

In 2021 the Federal Government of Australia announced a national programme to support victims of domestic violence with an 'escaping violence payment'.

We are proud to have signed a contract with the lead agency, Uniting Care (Victoria and Tasmania) to help an instant, secure, safe payment tool. This will make a huge difference to women and children escaping abusive relationships.

Board of Directors.

Peter Martin.

Independent
Non-Executive Chairman

Appointed on 19 April 2012

Appointed as Chairman on
18 February 2015

MBA (Harvard Business School)

B. Civil Engineering (Monash University)

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

As at the signing of this report, Mr Martin is the Chair of the Culture, Governance and Nominations Committee and a member of the Audit and Risk and Remuneration Committees.

Mr Martin has a beneficial interest in 6,536,320 ordinary shares.

David Liddy AM.

Independent Non-Executive
Director and Deputy Chairman

Appointed on 27 April 2012

MBA (Macquarie University)

Fellow of the Australian Institute of Company Directors (FAICD)

Mr Liddy has over 44 years' experience in banking, including international postings in London and Hong Kong. He was Managing Director and Chief Executive Officer of Bank of Queensland from April 2001 to August 2011.

Mr Liddy currently serves as a Director of Steadfast Group Limited (ASX:SDF).

As at the signing of this report, Mr Liddy is a member of the Audit & Risk, Remuneration and Culture, Governance and Nomination Committees.

During the financial year ended 30 June 2022, Mr Liddy was also a member of the Investment Committee that was disbanded on 14 July 2022.

Mr Liddy has a beneficial interest in 960,000 ordinary shares.

Emma Shand.

Managing Director
and Group CEO

Non-Executive Director:
15 September 2021 to 11 July 2022

CEO: 11 July 2022

Appointed Managing Director and Group CEO on 11 July 2022

Appointed Non-Executive Director on 15 September 2021

BA (Curtin)

GradDipAppFinInv (SIA)

Graduate, Australian Institute of Company Directors (GAICD)

Fellow, Financial Services Institute of Australasia, Finsia (F Fin)

Member, Professional Risk Managers' International Association (PRMIA)

Signatory, The Banking & Finance Oath (BFO)

Governance Studies (Harvard)

Emma is a seasoned executive and multi-disciplinary leader having worked at the intersection of technology, financial services and capital markets for 25 years across Asia Pacific, the US and EMEA. She has deep experience of different operating and technology environments and diverse cultural settings in a career which includes over 16 years with US based market leader Nasdaq.

Emma has worked with and advised highly regulated market infrastructure operators, governments and disruptive companies across multiple sectors and has a track record of initiating and overseeing complex structural, technology and transformational change to drive growth.

During the financial year ended 30 June 2022 and up to 11 July 2022 in her capacity as a Independent Non-Executive Director, Ms Shand was a member of the Audit and Risk and Culture, Governance and Nominations Committees and Chair of the Investment Committee that was disbanded on 14 July 2022.

Tony Adcock.

Independent
Non-Executive Director

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

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

Mr Adcock is a former Partner in PwC Consulting running an Asia Pacific business line and a Treasurer & General Manager in banking & capital markets. Mr Adcock is a Chairman and Non-Executive Director of various private, Not for Profit and indigenous companies. He is also Chair of the Tungsten Metals Group Ltd.

As at the signing of this report, Mr Adcock is Chair of the Audit & Risk Committee and a member of the Remuneration and Culture, Governance and Nominations Committees.

Mr Adcock has a beneficial interest in 25,000 ordinary shares.

Melanie Wilson.

Independent
Non-Executive Director

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

Ms Wilson has over 16 years' experience in senior management roles across global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths/Big W and Diva/Lovisa. Her experience extends across all facets of retail including: store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/fulfilment. She also held corporate finance and strategy roles with leading investment banks and management consulting firms including Goldman Sachs and Bain & Company.

Ms Wilson currently serves as Chair of Baby Bunting Group Ltd (ASX:BBN) and Non-executive Director of JB HI-FI Limited (ASX:JBH) and Property Guru (NYSE: PGRU). Ms Wilson was previously a Non-Executive Director of Shaver Shop Group Limited (June 2016 - May 2020) and ISELECT Limited (June 2016- Oct21).

As at the signing of this report, Ms Wilson is Chair of the Remuneration Committee and a member of the Audit and Risk and Culture, Governance and Nominations Committees.

During the financial year ended 30 June 2022, Ms Wilson was also a member of the Investment Committee that was disbanded on 14 July 2022.

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

Tom Cregan.

Managing Director
and Group CEO

Resigned 11 July 2022

Appointed on 27 August 2012
Resigned 11 July 2022
MBA (Monash University)
B. Bus (Monash University)

Prior to joining EML, Mr Cregan was the Executive Vice President of NetSpend Corporation in the USA. NetSpend is a market leader in the pre-paid card industry which was acquired by Total Systems for $1.6 billion. Previous roles held include Founder and Managing Director of E-pay Australia and New Zealand Pty Ltd, President of E-pay Americas, and Sales and Channel Management positions at Westpac Bank, Singtel Optus Limited and Mobil Oil Australia.

Mr Cregan has a beneficial interest in 15,522,660 ordinary shares, 573,919 options and 254,569 performance rights over ordinary shares.

Board of Directors.

George Gresham.

Independent
Non-Executive Director
Resigned 29 July 2021

Appointed on 18 May 2020 | Retired 29 July 2021
MBA (Thunderbird School of Global Management)
Bachelor of Science, Accountancy (Northern Arizona University)
Certified Public Accountant (Certificate retired 2010)

During the Financial year ended 30 June 2022 Mr Gresham was a member of the Audit and Risk and Culture, Investment and Culture Governance and Nominations Committees until his resignation from the Board on 29 July 2021.

Dr Kirstin Ferguson.

Independent
Non-Executive Director
Retired 16 July 2021

Appointed on 20 February 2018 | Retired 16 July 2021
PhD (Queensland University of Technology)
B. Law (Hons) (Queensland University of Technology)
B. History (Hons) (University of New South Wales)
Fellow of the Australian Institute of Company Directors (FAICD)

Dr Ferguson currently serves as a Non-Executive Director of Property Exchange Australia (ASX:PXA).

Dr Ferguson was previously a Director of the SCA Property Group Ltd (ASX:SCP) Board (January 2015 to August 2021).

During the Financial year ended 30 June 2022 Dr Ferguson was Chair of the Culture, Governance and Nominations Committee until her retirement from the Board on 16 July 2021.

Company Secretary.

Sonya Tissera-Isaacs.

Company Secretary

Appointed on 26 November 2019
Bachelor of Business, Accounting and Banking and Finance (Victoria University of Technology)
Graduate Diploma in Applied Corporate Governance (Governance Institute of Australia)

Sonya has a broad range of experience in corporate administration, corporate governance and finance having worked with listed and unlisted public, and other companies within the financial services, Superannuation and Not for profit sectors. Sonya is a Chartered Secretary/Chartered Governance Professional, a Fellow of the Chartered Governance Institute and a Fellow of the Governance Institute of Australia.

Executive Leadership.

Emma Shand.
Managing Director and Group CEO

Rob Shore.
Group Chief Financial Officer

David Curneen.
Group Chief Operating Officer

Sarah Bowles.
Group Chief Digital Officer

Andrew Betts.
Group Chief Risk & Regulatory Officer

Kristen Shaw.
Group Chief People and Culture Officer

Richard Anderson.
Group Chief Revenue Officer

Jason Nadler.
Group Chief Technology Officer

Paul Wenk.
Group General Counsel

Eric Mettemeyer.
Group Chief Corporate Development Officer

Rachelle St. Ledger.
CEO Australia

Nikki Evans.
CEO Europe

Ailie Kofoid.
CEO Americas

Brian Hanrahan.
CEO Nuapay

Performance Overview.

Financial Performance Highlights:

1. Gross Debit Volume growth of 308% driven by Sentenial acquisition alongside organic growth in all segments including a recovery in the Gift and Incentives segment.

2. Revenue growth of 21% on the PCP to $234.1 million, including one off revenue $17.9 million [(1)] relating to the introduction of new fees in Europe.

3. Underlying EBITDA of $51.2 million with challenges in our European business resulting in growth in overheads in relation to the CBI remediation, and class action filings received 16 December 2021.

4. Underlying NPATA decrease of 1% to $32.1 million.

5. Completed the acquisition of Sentenial, including their open banking product suite, Nuapay. This acquisition aligns to EML strategy and aims to expand the Nuapay open banking product line into the international markets. Since completion, EML and Sentenial have commenced a platform integration.

NPATA is reconciled to net profit after tax on the following page and is net profit/(loss) after tax, with adjustments for acquisition related costs including:

— Costs associated with the acquisition of a business;
— Amortisation expense relating to the fair valued intangible assets for software and customer relationships; and
— Fair value movements and financing costs relating to contingent consideration. EML acquisitions often include a contingent consideration tied to the future short to medium term performance of the acquired business. The contingent consideration is fair valued at each reporting report with any changes to the fair value recognised in the P&L as well as financing costs in relation to the future liability.

The Directors view NPATA as the key measure of maintainable earnings of EML and best reflects the core drivers and ongoing influences upon business financial performance. Analysis of the results in the Performance Overview has been presented to align the information that is given to users of financial reports to the way the Directors view the business.

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.

EML CEO and Senior Executives' short and long term incentives are linked to EBITDA and other targets NPATA.

EML 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 consider these underlying measures aid the users understanding of the trading performance of EML.

(1) For the financial year ended 30 June 2022, the Group revised existing terms and conditions for European GPR accounts. This allowed the Group to recognise Account Management Fees (AMF) on existing accounts where the Group has previously provided settlement services. The Group has recognised $14,785,000 AMF revenue benefit relating to the existing accounts in the GPR segment, with a corresponding increase to contract assets. In addition, there was a $3,098,000 revenue benefit in the European region relating to the GPR segment. Dormant state accounts revenue is where cardholder liabilities are no longer required to be retained by the Group under the applicable Electronic Money Regulations (EMRs) and therefore were released from safeguarding requirements.

Summary Financial Performance.

	FY22 $'000	FY21 $'000	CHANGE
TOTAL GROSS DEBIT VOLUME			
General Purpose Reloadable	12,354,823	9,742,596	27%
Gift and Incentives	1,342,416	1,106,303	21%
Digital Payments	66,551,029	8,829,487	654%
TOTAL GROSS DEBIT VOLUME	**80,248,268**	**19,678,386**	**308%**
REVENUE	232,383	192,218	21%
Add back: Non-cash amortisation of acquisition fair value uplift to bond investments (1)	1,736	1,958	(11%)
TOTAL REVENUE	**234,119**	**194,176**	**21%**
Gross Profit (1)	**159,552**	**130,376**	**22%**
Gross Profit %	68%	67%	1%
Other income	135	178	(24%)
Employee benefits expense	(66,243)	(53,834)	23%
Professional fees	(26,090)	(15,315)	70%
Information technology related costs	(15,776)	(8,745)	80%
Other operating expenses	(18,256)	(11,452)	59%
Research and development tax incentive offset	978	967	1%
EBITDA	**34,300**	**42,175**	**(19%)**
LESS			
Depreciation and amortisation expense	(29,943)	(29,836)	-%
Share-based payments	(2,991)	(4,967)	40%
Acquisition costs	(3,499)	(3,431)	2%
Finance costs	(2,390)	(1,983)	21%
Impairment expense for customer contracts relationships	(1,504)	-	(100%)
Fair value gain/(loss) on financial assets and liabilities	1,774	(16,211)	(111%)
Other non-operating benefit/(expense)	6,084	(6,103)	(200%)
Other income excluded from EBITDA	543	-	100%
Add back Research and development tax incentive offset	(978)	(967)	1%
Add back: Non-cash amortisation of acquisition fair value uplift to bond investments (1)	(1,736)	(1,958)	(11%)
Loss for the year before tax	**(340)**	**(23,281)**	**(99%)**
Tax expense	(4,461)	(5,414)	(18%)
Net Loss for the year	**(4,801)**	**(28,695)**	**(83%)**
Add back: Amortisation on acquisition intangibles, net of tax	16,505	20,210	(18%)
Add back: Non-cash amortisation of acquisition fair value uplift to bond investments (1)	1,736	1,958	(11%)
Add back: Acquisition costs	3,499	3,431	2%
Add back: Fair value movements, net	(1,774)	16,785	(111%)
Add back: Acquisition related costs - financing liabilities	3,234	3,631	(11%)
Add back: Tax expense effect on PFS hedge	-	3,714	(100%)
Add back: Impairment of acquisition intangibles, net of tax	1,218	-	100%
Deduct: Gain on cashflow hedge for acquisition, net of tax	(272)	-	(100%)
NPATA	**19,345**	**21,034**	**(8%)**

Underlying financial measures:	EBITDA $'000	NPATA $'000
As reported above	34,300	19,345
Add back: One-off CBI costs	16,851	12,707
Underlying EBITDA and NPATA for FY22	**51,151**	**32,052**
Underlying EBITDA and NPATA for FY21	**53,526**	**32,385**
Change in Underlying EBITDA and NPATA	(4%)	(1%)

(1) Interest income - Bonds investments includes a reduction of $1,736,000 (2021: $1,958,000) for the non-cash amortisation of the AASB 3 fair value uplift of the Prepaid Financial Services bond portfolio at acquisition date.

Performance Overview

Gross profit

- EML will benefit in the short to medium term as we expect central banks to raise interest rates. EML holds $2.0 billion in stored value (FY21: $1.7 billion) that attracts interest. EML has in the current and previous periods been impacted by negative interest or our Euro balances. EML has implemented initiatives to increase our investment in low-risk GBP bonds as pricing improves which has mitigated some of this expense for the full year.
- EML's Gross profit margins were 68% as the contribution of General Purpose Reloadable increased relative to the other segments with 57% of gross profit generated from the General Purpose Reloadable segment. The General Purpose Reloadable segment has also benefited from $17.9 million of non-recurring fees relating to back book of inactive cards. Gross profit margins in all segments were stable or improved in the period.

Operating overheads

- 45% increase (including one-off underlying costs refer below) which reflects increased investment in our European operations to implement the remediation plan in response to the CBI investigation. Approximately 17% of the increase is driven from the Prepaid Financial Services (PFS). A further 8% of the increase is driven by the consolidation of Sentenial from 30 September 2021.
- Costs relating to employees increased by $12.5 million (+23%) compared to FY21. At the end of June, EML had 642 employees (2021: 540) and employment related expenses make up approximately 53% of cash overheads. The increase in employment related expenses is expected to continue into FY23 due to finalisation of recruitment in relation to the remediation plan, annualisation of these new roles and significant inflationary pressures on wages in all regions. EML will continue to invest in our people to attract and retain talent which will be a key driver of the future success of EML.
- Professional fees have increased by $10.7 million. They include professional consultation and outsourced providers resulting from the class action, CBI investigation and associated legal action.
- Other operating expenses were 27% of the total due to the increased costs of risk and compliance and information technology. EML support five regulated business in the UK, Ireland and France.

Non-operating overheads

- Share-based payment expense is $3.0 million. This is inclusive of a $5.6 million reduction for prior period expenses due to an assessment in FY22 that the performance measures for the vesting of these rights will not be achieved.
- $1.5 million of impairment losses relating to intangible assets been incurred, these relate to customer contracts and relationships recognised upon acquisition of Flex-e-Card. The impairment follows a major European customer entering administration during the year
- Fair value movement on contingent consideration delivered as a result of an expectation that the PFS contingent consideration will not be paid a fair value adjustment of $13.6 million. EML finalised the FY21 earn out with the Sellers in August 2022, with no contingent consideration payable for that performance year.

Underlying cost add backs

The following have been added back to present the underlying EBITDA:

- There were an additional $6.4 million of non-recurring costs incurred resulting from the CBI investigation and associated legal action.
- 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 provision of $10.5 million was recognised, with current year utilisation of $0.8 million, for legal costs that are highly probable costs as a direct consequence of this event.

General Purpose Reloadable.

EML continues to grow General Purpose Reloadable programmes across its global operations. Our solutions are a full-service offering including issuance, processing and programme management to a wide range of different industries.

Gross Debit Volume

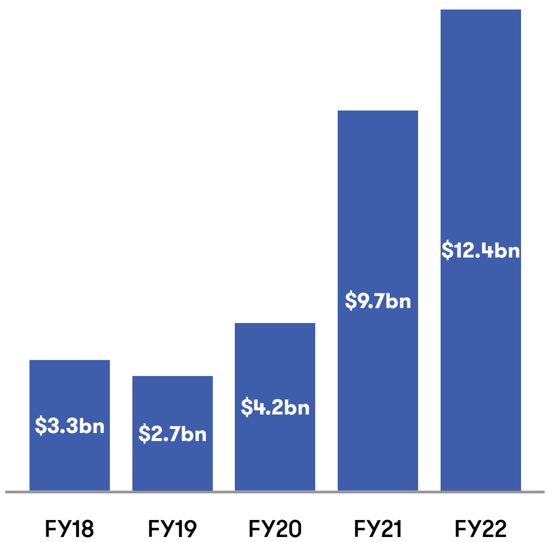
$12.4 billion ▲ 27%

Gross Debit Volume

Gross Debit Volume grew 27% to $12.4 billion, primarily in Europe where key programmes with PCS, Correos and the United Kingdom Home Office grew strongly over the period.

This was despite restrictions under one of our CBI eMoney licences slowing the launch of new programmes. These restrictions were eased in November 2021.

We continue to see growth in gaming and salary packaging verticals and newly signed contracts with Up Spain and a major payroll provider are expected to drive further long-term growth.



Revenue [1]

$148.1 million ▲ 30%

Revenue

Segment revenue grew 30% to $148.1 million. The CBI restrictions did impact the launch of new programmes in the period, reducing establishment income.

During the second half of the financial year, a project to introduce account management fees in Europe was undertaken. The fees will provide a recurring revenue stream and there was also a $17.9 million non-recurring benefit relating to back book of inactive cards (2021: $nil).

Revenue Yield 120 bps

Gross Profit [1]

$90.0 million ▲ 37%

Gross Profit

Gross Profit was up 37% primarily driven by organic volume growth and the account management fee benefits. Gross Profit Margin increased 3% due to this project, the introduction of a new account-based processor and the renegotiation of scheme agreements.

Gross Profit Margin 61%

(1) Interest income - Bond investments includes a reduction of $1,736,000 (2021: $1,958,000) for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.

Gift and Incentives.

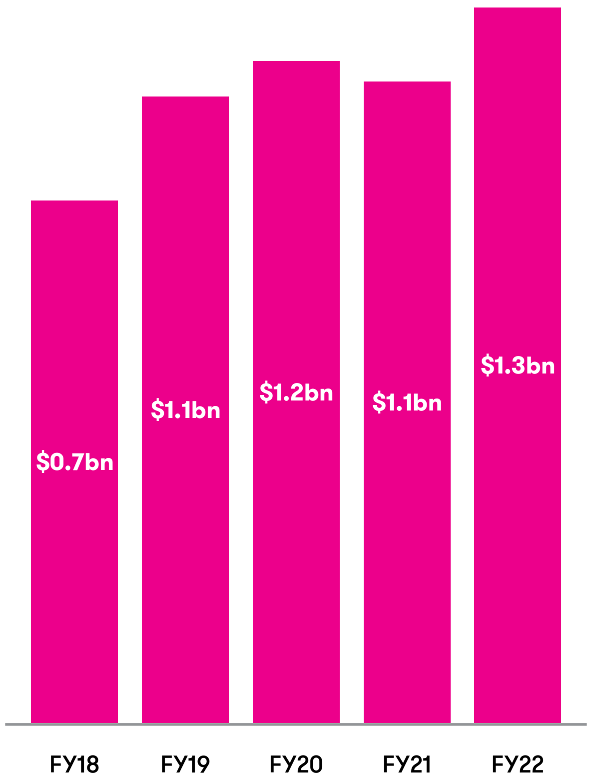
The Gift and Incentives segment provides single load gift cards for shopping centres and incentive programmes across the world. It's a seasonal business with the majority of volumes going through in the first half of the financial year.

Gross Debit Volume

$1.3 billion ▲ 21%

Gross Debit Volume

Growth in Gross Debit Volume of 21% represented a recovery from the impacts of COVID-19 in the prior year, with full year volume of $1.3 billion. The segment performed well up to November 2021 before the impacts of the Omicron variant resulted in declining shopping centre footfall in Germany, the United Kingdom and Canada in the key trading month of December and into 2022.



Revenue

$68.4 million ▼ 3%

Revenue

The segment generated $68.4 million of revenue, down 3%. This was a positive result noting that the prior comparable period included $11.1 million of elevated breakage rates in the North American business.

Revenue yield at 510 bps, was down on prior year due to the impacts of COVID-19.

Revenue Yield 510 bps

Gross Profit

$54.6 million ▼ 4%

Gross Profit

Gross Profit was down 4% primarily due to the reduced breakage revenue. Margin was also slightly down with higher volumes replacing the FY21 elevated breakage rates.

Gross Profit Margin 80%

Digital Payments.

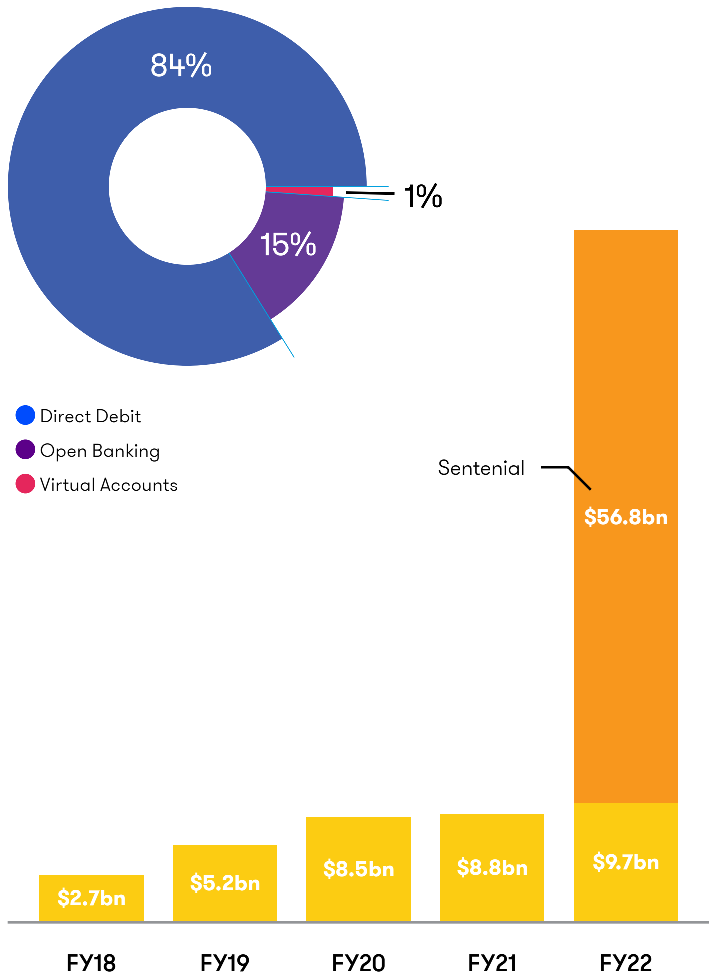
Providing businesses with proprietary technologies and custom solutions for account to account transfers including direct debits, open banking and virtual account numbers.

Gross Debit Volume

$66.6 billion ▲ 654%

Gross Debit Volume

Growth in Gross Debit Volumes to $66.6 billion was driven by the acquisition of Sentenial. Excluding Sentenial, digital payment volumes were up $0.9 billion, or 10% over the prior year.



Revenue ▲ 71%

$17.6 million

Revenue

Sentenial contributed $7.7 million of the total $17.6 million of segment revenue, with a nine-month contribution post acquisition.

Excluding Sentenial, segment revenue yield was largely in line with the prior comparable period.

Revenue Yield 3 bps

Gross Profit ▲ 95%

$14.9 million

Gross Profit

Sentenial contributed $6.3 million to Gross Profit. Excluding Sentenial Gross Profit was up 8% primarily driven by a change in customer mix.

Gross Profit Margin 85%

Summary Financial Position.

	FY22	FY21	% GROWTH
Total Current Assets	1,855,122	1,603,511	16%
Total Non-Current Assets	827,321	685,267	21%
Total Assets	**2,682,443**	2,288,778	17%
Total Current Liabilities	2,100,079	1,792,792	17%
Total Non-Current Liabilities	145,247	81,091	79%
Total liabilities	**2,245,326**	1,873,883	20%
Net assets	**437,117**	414,895	5%
Equity	**437,117**	414,895	5%

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.

Assets

— **Contract assets $50.1 million (+88%)**

- Contract assets have increased to include the impact of a European project to introduce an account management fees on certain General Purpose Reloadable programmes.

— **Segregated funds**

- The segregated funds and bond investments total $2,005.6 million (2021: $1,683.6 million) offset by liabilities to stored value account holders of $2,000.1 million (2021: 1,706.0 million). 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 cash in a future period.

— **Intangible assets**

- EML has significant intangible assets of $448.5 million (2021: $350.1 million) which is comprised of acquired and internally generated software, customer relationships, customer contracts and goodwill.
- The Sentenial acquisition on 30 September 2022 contributed $41.7 million of software and $91.4 million of goodwill to the balance in FY22.
- A $1.5 million impairment of customer contract and relationship intangible assets has been recognised, relating to the loss of a European mall customer who entered administration in the year.

Liabilities

— **Provision**

- During the year EML invested significant resources to address the CBI's regulatory concerns. The remediation project is subject to independent third party review and regulatory approval. A provision has been recognised for the likely costs that will be incurred to reach a resolution of the matter including professional advisory services and an estimate of any financial penalty. EML has a provision of $8.1 million (30 June 2021: $10.8 million) in relation to the above matter.
- Shine Lawyers filed 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. EML has recognised a provision of $10.5 million (with $0.8 million already incurred) to reflect legal costs associated with defending this action.

— **Contingent consideration**

- This liability of $28.9 million reflects the fair value of amounts owing in relation to the Sentenial acquisition. During the period, the contingent consideration associated with the Prepaid Financial Services acquisition has been reduced to nil based on projected fair value.

— **Interest-bearing borrowings**

- Increase is due to draw down of multi currency debt facility of $48.2 million as a consequence of the Sentenial acquisition.

Summary Cash Flows.

	FY22	FY21	% GROWTH
(Used in)/generated by operating activities	(41,538)	48,848	(185%)
Used in investing activities	(71,145)	(25,992)	174%
Generated by/(used in) financing activities	46,254	(623)	7524%
Impacts of foreign exchange	(1,100)	644	(271%)
Cash at the end of the year	**73,699**	**141,228**	**(48%)**

— **Operating cashflows**

- Operating cashflows was impacted by CBI remediation, acquisition related costs, contribution to segregated funds arising from the prior year adjustments, increased tax payable and reduced net interest received.
- Underlying operating cash inflow remains strong at $25.7 million after adjusting for acquisition costs, segregated funds contribution and other non-recurring items.

— **Investing cashflows**

- Cash outflows from investing includes $57.1 million for the acquisition of the Sentenial Group. We continue to invest in software of $12.4 million which will drive EML's continued growth in future periods.

— **Financing cashflows**

- Cash inflows from financing includes $48.2 million from a draw down of the Group's multicurrency debt facility. The funds were utilised for the acquisition of Sentenial.

34
Director's Report

Director's Report.

Directors' Meetings

The number of meetings of the Company's Board of Directors attended by each Director during the year ended 30 June 2022 were as follows:

		BOARD MEETINGS	
Directors	COMMITTEE MEMBER	NUMBER OF MEETINGS HELD	NUMBER ATTENDED
Peter Martin [1] [2]	CB, CN	39	38
Tony Adcock [3]	CA, R, I	39	31
David Liddy [3]	R, I, N	39	35
Emma Shand [4] [5] [6] [7]	A, CI, N	39	31
Melanie Wilson [8]	A, CR, N, I	39	35
Thomas Cregan [9]		39	31
George Gresham [10]		39	1
Dr Kirstin Ferguson [11]		39	1

		AUDIT AND RISK COMMITTEE		REMUNERATION COMMITTEE		INVESTMENT COMMITTEE		CULTURE, GOVERNANCE & NOMINATIONS COMMITTEE (CGN)	
Directors	COMMITTEE MEMBER	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED
Peter Martin [1] [2]	CB, CN	6	2	n/a	n/a	n/a	n/a	7	7
Tony Adcock [3]	CA, R, I	6	6	4	4	5	5	7	4
David Liddy [3]	R, I, N	n/a	n/a	4	4	5	5	7	4
Emma Shand [4] [5] [6] [7]	A, CI, N	6	4	n/a	n/a	5	4	7	4
Melanie Wilson [8]	A, CR, N, I	6	6	4	4	5	5	7	7

CA	Chairperson of the Audit and Risk Committee
A	Audit Committee member
CR	Chairperson of the Remuneration Committee
R	Remuneration member
CB	Non-Executive Chairperson
CI	Chairperson of the Investment Committee
I	Investment Committee member
CN	Chairperson of the Culture, Governance and Nominations Committee
N	Culture, Governance and Nominations Committee member

(1) Appointed as Chair of the CGN Committee effective 21 July 2021
(2) Resigned from the Audit Committee effective 19 October 2021
(3) Resigned as a Member of the CGN Committee effective 30 November 2021
(4) Appointed as Non-Executive Director effective 15 September 2021
(5) Appointed Chairperson of the Investment Committee effective 30 November 2021
(6) Appointed as a Member of the Audit Committee effective 15 September 2021
(7) Appointed as a Member of the CGN Committee effective 15 September 2021
(8) Appointed Chair of the Remuneration Committee effective 30 November 2021
(9) Resigned as Managing Director & Group CEO effective 11 July 2022
(10) Resigned as a Non-Executive Director effective 29 July 2021
(11) Retired as a Non-Executive Director effective 16 July 2021

Directors' Report.

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

Shares & Share Options

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

	SERIES	NUMBER GRANTED
SHARE OPTIONS		
Thomas Cregan	Series 46	254,569
Thomas Cregan	Series 48 [1]	73,629
Robert Shore	Series 45 [2]	37,337
Robert Shore	Series 46 [3]	129,243
David Curneen	Series 45	37,821
David Curneen	Series 46 [3]	141,831
David Curneen	Series 50,51,52	78,864

(1) Series 48, relating to Thomas Cregan's FY22 STIP has been recognised for accounting purposes as the service period has commenced which was FY22. The performance condition was not met and as a result, no grant will be made.
(2) A total of 332,085 options were issued under Series 45. The remaining options not disclosed above were issued to non-KMP, further information on the Group's share option plans is disclosed in Note E3.
(3) A total of 1,406,873 options were issued under Series 46. The remaining options not disclosed above were issued to non-KMP, further information on the Group's share option plans is disclosed in Note E3.

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

OPTIONS SERIES	NUMBER OF OPTIONS	EXPIRY DATE	EXERCISE PRICE	CLASS OF SHARE
Series 33	869,812	29/08/2022	$0.00	Ordinary
Series 34	226,481	29/08/2022	$0.00	Ordinary
Series 38	32,861	31/08/2022	$0.00	Ordinary
Series 39	309,484	29/08/2022	$0.00	Ordinary
Series 40	1,145,235	30/10/2023	$0.00	Ordinary
Series 41	255,236	30/10/2023	$0.00	Ordinary
Series 42	92,202	29/08/2022	$0.00	Ordinary
Series 43	29,191	30/10/2023	$0.00	Ordinary
Series 44	17,080	30/10/2023	$0.00	Ordinary
Series 45	332,085	1/07/2036	$0.00	Ordinary
Series 46	1,406,873	21/12/2036	$0.00	Ordinary
Series 47	431,373	23/12/2036	$0.00	Ordinary
Series 48	73,629	30/06/2037	$0.00	Ordinary
Series 49	745,397	29/04/2024	$0.00	Ordinary
Series 50, 51, 52	78,864	19/12/2024	$0.00	Ordinary
Series 53, 54, 55	63,704	15/04/2025	$0.00	Ordinary
Series 56	118,949	14/06/2037	$0.00	Ordinary
	6,228,456			

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

GRANT DATE	OPTION SERIES	OPTIONS EXERCISED	ISSUE PRICE	NUMBER OF SHARES ISSUED	CLASS OF SHARE
16/07/2018	Series 26	61,275	$0.00	61,275	Ordinary
24/08/2018	Series 27	195,783	$0.00	195,783	Ordinary
24/09/2018	Series 28	588,148	$0.00	588,148	Ordinary
01/07/2019	Series 35	56,620	$0.00	56,620	Ordinary
17/06/2020	Series 36	194,231	$0.00	194,231	Ordinary
17/06/2020	Series 38	367,003	$0.00	367,003	Ordinary
07/09/2020	Series 39	116,217	$0.00	116,217	Ordinary
		1,579,277		**1,579,277**	Ordinary

Dividends

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

Principal activities

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

Review of operations

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

Rounding

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

Significant changes in the state of affairs

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

Significant events after balance date

On 19 August 2022, the Group entered into an agreement to sell its Series A Convertible preferred stock in Interchecks Technologies Inc for $10.6 million (US$7 million). The completion of the sale is expected in FY23.

On 11 July 2022, EML announced Ms Emma Shand had been appointed Managing Director and CEO with immediate effect, following the resignation of Mr Thomas Cregan.

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

Corporate Governance

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

Directors' Report.

Likely developments and expected results

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

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

Environmental legislation

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

Indemnification and insurance of directors and officers

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

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

Proceeding on behalf of the company

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

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note A9 to the financial statements.

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

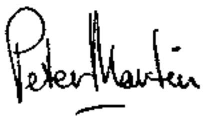
The Directors are of the opinion that the services as disclosed in Note A9 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor independence

Section 307C of the *Corporations Act* 2001 requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 61 and forms part of this Directors' report for the year ended 30 June 2022.

Signed in accordance with a resolution of the Directors.



Peter Martin
Non-executive Chairman

21 August 2022

39

Remuneration Report

Remuneration Report.

This Remuneration Report for the year ended 30 June 2022 (FY22) forms part of the Directors' Report. It has been prepared in accordance with *The Corporations Act 2001 (Cth), the Corporations Regulations 2001* and *AASB 124 Related Party Disclosures*. It also includes additional information and disclosures that are intended to enable a deeper understanding by shareholders of EML's remuneration governance and practices.

Dear Shareholders,

On behalf of the Board, I am pleased to present the Remuneration Report for FY22.

FY22 has been a challenging year for many, including for EML and its stakeholders. Volatility driven by local and global factors is impacting markets broadly, with technology and financial technology companies among the most impacted. In addition, EML has had some specific challenges to grapple with, in the form of unexpected compliance and legal matters connected to our European Regulated Prepaid business that have taken longer than expected to resolve.

Despite these challenges, the business has marked some notable achievements in FY22, including:

- Completed the acquisition of Sentenial to enter into the fast-growing Open Banking industry;
- Introduced new account fees in Europe which will offset higher regulatory costs; and
- Transitioned key customers to a new Cloud native account based processor, which will significantly reduce the cost of outsourced processes in future years.

Notwithstanding these notable achievements, and the hard work of EML's employees, including executives, the drivers of value that are assessed as part of the short and long term incentives fell below expectations in FY22, resulting in no payment to KMP for either short or long term incentives in FY22.

The Board has also taken the time to gather and respond to feedback on remuneration practices provided by stakeholders in relation to previous reporting periods, which has led to the Board not exercising its discretion to make short term awards, or trigger long term vesting, in relation to the completed FY22 reporting period. As such, the Board takes the view that the remuneration framework demonstrates a strong and appropriate link between performance, stakeholder interests, and reward for executives. This same strong framework will, in current and coming periods, align management's interests directly with the interest of shareholders and other stakeholders, in working to create new value.

On the 11 July 2022, Mr Thomas Cregan resigned from the Managing Director and Group CEO position. Mr Cregan was not provided with any termination payment or payment in lieu of notice. Mr Cregan is on gardening leave until his last day being 11 October 2022. Ms Emma Shand was appointed as Managing Director and Group CEO effective 11 July 2022 and her Total Remuneration opportunity is disclosed in section 2.4.2 within this report.

We ask for shareholders to show their support for the current remuneration framework, and its ability to align the interests of stakeholders in future periods at the 2022 AGM.

Melanie Wilson
Chair of the Remuneration Committee

REMUNERATION REPORT GLOSSARY

EML	EML Payments Limited
KMP	Key Management Personnel
NEDs	Non-Executive Directors
FY21	The 2021 fiscal year
FY22	The 2022 fiscal year
KPIs	Key Performance Indicators
iTSR	Indexed Total Shareholder Return
STVR	Short Term Variable Remuneration
LTVR	Long Term Variable Remuneration
NPATA	Net profit after tax and acquisition related costs
EBITDA	Earnings before interest, tax, depreciation and amortisation
VWAP	Volume Weighted Average Price
TFR	Total Fixed Remuneration
TRP	Total Remuneration Package
REMCO	Remuneration Committee
RACE	Return on adjusted capital employed
ROCE	Return on Capital Employed
CAGR	Compound Annual Growth Rate
MD	Managing Director
Group CEO	Group Chief Executive Officer
Group CFO	Group Chief Financial Officer
Group COO	Group Chief Operating Officer

1. People Covered in this Report

This report covers KMP which are defined as those who have the authority and responsibility for planning, directing and controlling the activities of EML.

NAME	ROLE	APPOINTED TO BOARD	AUDIT & RISK	REMUNERATION	INVESTMENT (DISBANDED 14 JULY 2022)	CULTURE, GOVERNANCE & NOMINATIONS
NON-EXECUTIVE KMP						
Peter Martin	Non-Executive Chair	19/04/2012	✓			C
David Liddy AM	Deputy Chairman & Non-Executive Director	27/04/2012		✓	✓	✓
Emma Shand	Non-Executive Director (appointed MD and Group CEO 11/07/2022)	15/09/2021	✓		C	✓
Melanie Wilson	Non-Executive Director	20/02/2018	✓	C	✓	✓
Tony Adcock	Non-Executive Director	21/11/2011	C	✓	✓	✓
Dr Kirstin Ferguson	Non-Executive Director (retired 16/07/2021)	20/02/2018				
George Gresham	Non-Executive Director (resigned 29/07/2021)	18/05/2020				
EXECUTIVE KMP						
Thomas Cregan	Managing Director & Group Chief Executive Officer					
David Curneen	Group Chief Operating Officer					
Robert Shore	Group Chief Financial Officer					

C = Chair of Committee ✓ = Member of Committee

1.1 Changes in Executive KMP

NAME	ROLE CHANGE	DATE OF CHANGE
Thomas Cregan	Resigned as Managing Director & Group Chief Executive Officer	11/07/2022
Emma Shand	Appointed as Managing Director & Group Chief Executive Officer	11/07/2022
David Curneen	Appointed as Group Chief Operating Officer	20/10/2021

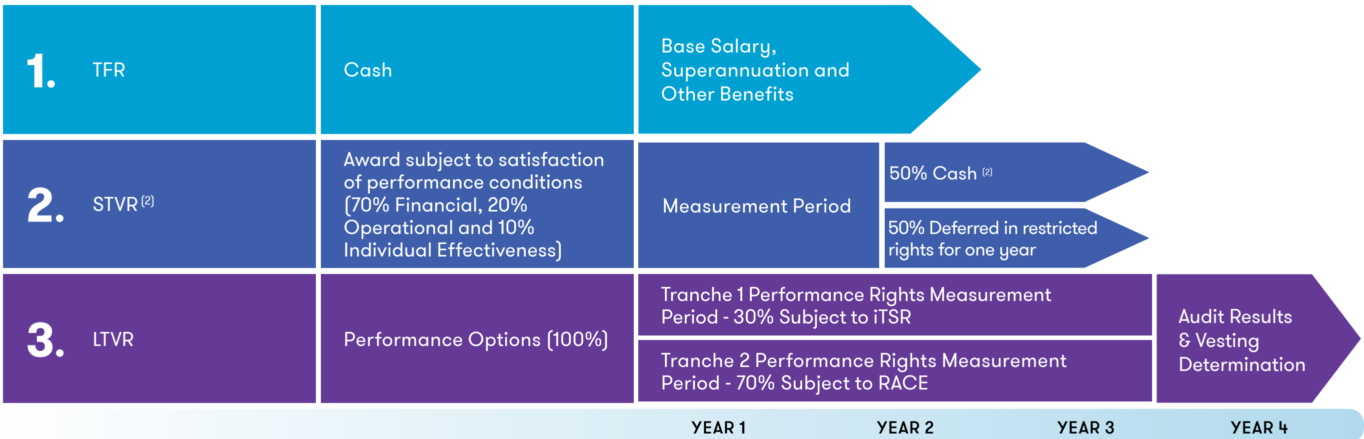
Remuneration Report.

2. Remuneration Overview

2.1 Executive Remuneration Structure at-a-Glance

The following diagrams outline EML's approach to executive remuneration and the remuneration cycle under the framework applicable to FY22:

OBJECTIVE	ATTRACT & RETAIN THE BEST TALENT	REWARD CURRENT YEAR PERFORMANCE	REWARD LONG TERM SUSTAINABLE PERFORMANCE
REMUNERATION COMPONENT	**TOTAL FIXED REMUNERATION (TFR)**	**SHORT TERM VARIABLE REMUNERATION (STVR)**	**LONG TERM VARIABLE REMUNERATION (LTVR)**
PURPOSE	TFR is set in relation to the external market and takes into account the size and complexity of the role, individual responsibilities and experience and skills.	STVR provides appropriate differentiation of pay for performance and is based on business and individual performance outcomes.	LTVR supports alignment to long-term overall company performance and is consistent with: Strategic business drivers and long-term shareholder return.
DELIVERY	Base salary, superannuation and other benefits.	50% Cash (2) and 50% Restricted Rights (deferred for one year subject to an exercise restriction).	100% Indeterminate Performance Rights performance tested over a three year measurement period.
FY22 APPROACH	Target TFR positioning is set competitively with reference to P50 of a balanced comparator group of comparable ASX listed companies.	Business Performance Measures (1): Financial (70%), Strategic (20%), and Individual Effectiveness (10%).	LTVR Performance Measures: — Indexed TSR (iTSR): 30% — RACE: 70%.



(1) A gate applies to the STVR award such that Group NPATA must be at least 80% of Target (equal to Threshold performance for NPATA) in order for any award to become payable.

(2) STVR Cash awards are generally awarded following the release of the audited Annual Report.

2.2 FY22 Company Performance at a Glance

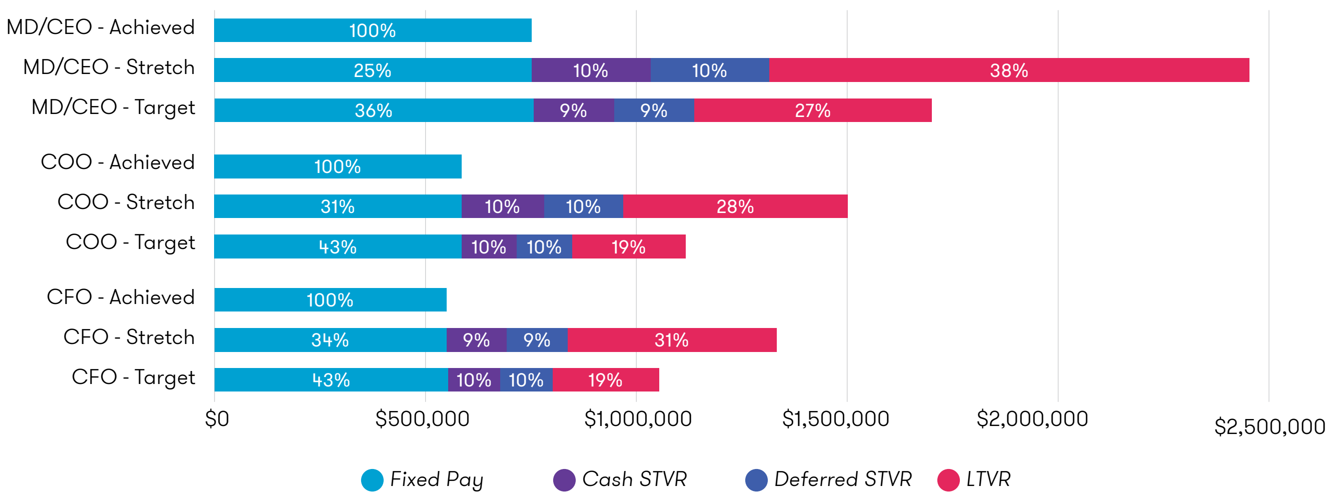
The following outlines the Company's performance in FY22, which is intended to assist in demonstrating the link between performance, value creation for shareholders, and executive reward:

	30 JUN 2022 $'000	30 JUN 2021 $'000	30 JUN 2020 $'000	30 JUN 2019 $'000	30 JUN 2018 $'000
Statutory Net (loss)/profit after tax	(4,801)	(28,695)	(5,854)	8,450	2,208
EBITDA	34,300	42,175	32,536	29,701	21,040
EBITDA / ROCE	6%	9%	6%	16%	14%
NPATA	19,345	21,034	21,008	20,034	12,663
NPATA / ROCE	3%	5%	4%	11%	8%
Share price	$1.23	$3.48	$3.34	$2.96	$1.41

REMUNERATION LINK	METRIC	RATIONALE FOR METRIC USE	FY22 OUTCOME
STVR	Group or Regional NPATA	Increase weighting on financial metrics and strategic/operational milestones, and reduce weighting on non-financial metrics. Drives the right long-term focus, reinforces the right behaviours and delivers outcomes that are aligned with shareholders.	FINANCE GATE NOT MET
	Strategic/Operational Milestones Individual Effectiveness		THRESHOLD NOT MET
LTVR	Indexed TSR/iTSR RACE	Move to an internal and external value creation measure to be aligned with shareholder views.	TO BE ASSESSED AS AT 1 JULY 2024 AS AT 1 JULY 2022 PERFORMANCE BELOW EXPECTATION VESTING NOT LIKELY

2.3 FY22 Executive Remuneration Opportunities and Outcomes at-a-glance

The following charts outline the remuneration opportunities under EML's executive remuneration structures, with the outcomes dependent on performance over FY22 for STVR and LTVR, and the "Achieved" remuneration payable in respect of the completed FY22 year and performance delivered. Due to the gate condition related to group financial performance not being met, no awards became payable in relation to the STVR and because threshold conditions were not met for the LTVR, nil vesting occurred (full forfeiture):



Note: "Achieved" refers to Fixed Remuneration received during FY22 and the full amount of STVR (both cash and amounts to be subsequently deferred into equity awarded in respect of FY22 outcomes (nil for FY22), and LTVR that vested following the end of FY22 (nil for FY22) valued using the VWAP used in the grant calculation (i.e. ignoring changes in share price).

Remuneration Report.

2. Remuneration Overview (continued)

2.4 Key KMP Remuneration Governance Considerations and Changes

The following summarises the key remuneration governance matters that were the focus of considerations in FY22, and those that are expected to be addressed in FY23, including planned changes and responses to feedback from proxy advisors.

2.4.1 Response to Feedback

EML's Board has sought feedback from shareholders, stakeholders and governance advisors on its remuneration governance and practices, and notes the following:

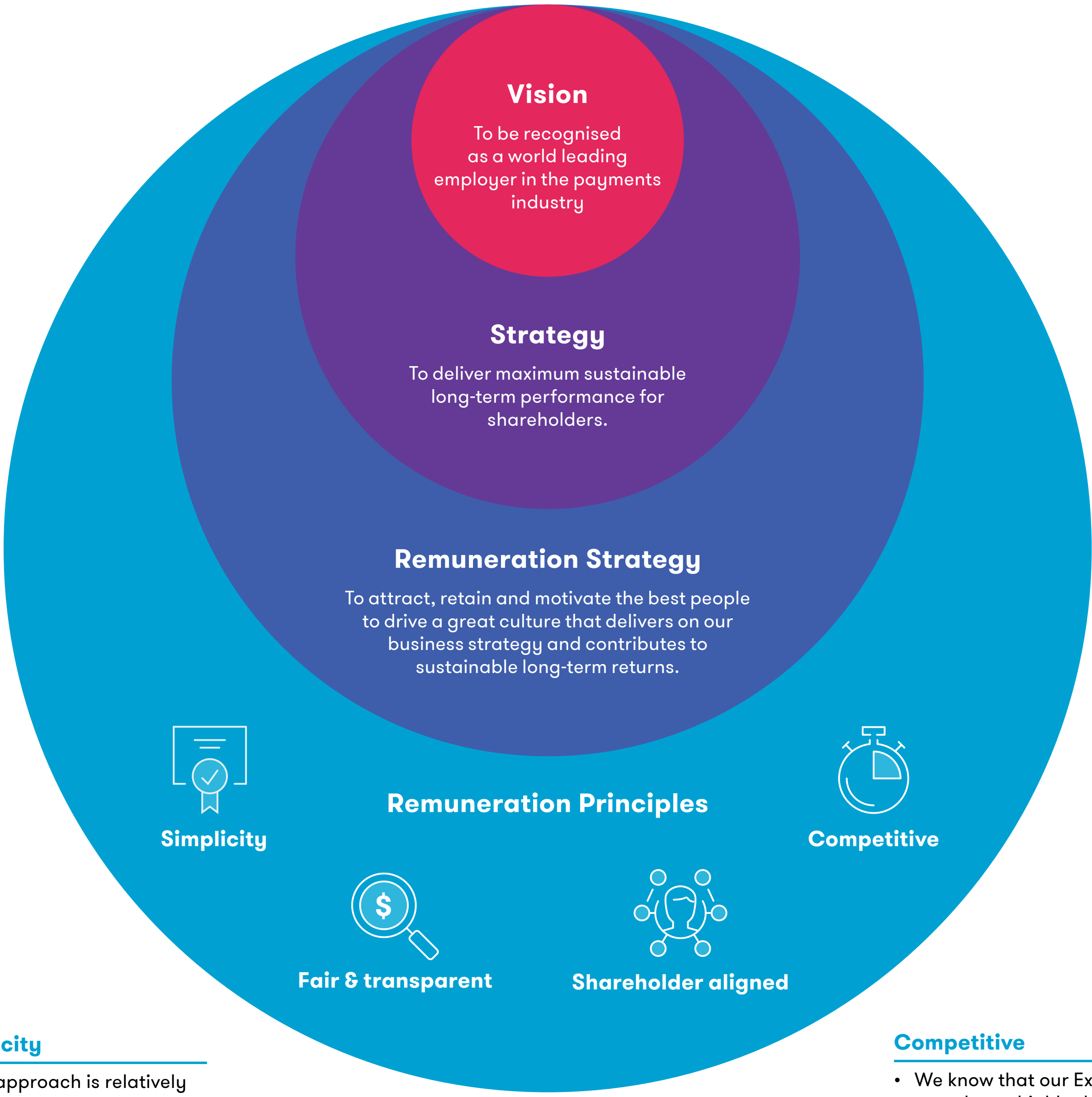
- It is accepted that ongoing use of Board discretion to make awards under short and long term variable remuneration structures while objectives are not being met, is not sustainable and results in misalignment between the shareholder experience and executive reward. Such discretion was not used in FY22, and is not anticipated to be used again unless it can be clearly justified in terms of external stakeholder alignment;
- The Remuneration Report has been reviewed and updated to improve structure and disclosure, to make it easier for all stakeholder groups to access desired information, and to provide greater clarity and transparency. The Board would welcome further feedback on the Company's disclosures as part of a continuous improvement objective.

2.4.2 Other Considerations

- Ms Emma Shand was appointed as Managing Director & Group Chief Executive Officer (MD & Group CEO) effective 11 July 2022 and her Total Remuneration Opportunity was disclosed in EML's ASX announcement on 21 July 2022. Ms Shand's contractual remuneration is provided for transparency: base salary and superannuation of $850,000. The Board determined that in stepping into the MD and Group CEO role, the majority of the increase to the total remuneration package would be via Executive Performance Rights, ensuring strong alignment with long-term interests of shareholders. At the 2022 Annual General Meeting (AGM) on 25 November 2022, shareholders will be asked to approve the grant of LTVR (the annual LTVR component of the MD and Group CEO's package) which is proposed to be in performance rights, as well as a sign-on grant of service rights. In seeking to secure the individual who the Board believed had the requisite seniority and experience to lead EML's Global business through the next stage of development, following several rounds of negotiation, it was determined that a sign-on award was required in this case.
- Upon resigning from the role of MD & Group CEO effective 11 July 2022, Thomas Cregan was not provided with any termination payment or payment in lieu of notice, Mr Cregan is on gardening leave until his last day being 11 October 2022. All outstanding on-foot equity awards were treated in accordance with the default provisions per the plan rules as approved by shareholders. Mr Cregan's FY20 and FY21 LTI were forfeited in full, and his FY22 LTVR outstanding equity award will remain on foot as per the plan rules and will be tested in accordance with the respective vesting conditions in July 2024. This is intended to form a "good behaviour bond" such that the individual's interests will remain aligned with those of shareholders for some time following the termination.
- Following a review of benchmark data prepared by independent consultants, Godfrey Remuneration Group, in FY21 the Board determined that due to workloads being shared equally across NEDs, the committee fees would be rolled into Board Fees for FY22. Subsequently, the workload of the Board increased significantly due to the expansion of the business, increasing complexity in compliance and stakeholder management, and as a result it was determined by the Board to increase the Board Fee to $210,000 for the Chair, $175,000 for Deputy Chair and $155,000 for Board, which falls at around P75 of the benchmark market data received.
- It should be noted that due to a change in the structure of LTVR, grants are fully expensed in the year in which they are granted. This will result in an apparent substantial increase in the value of equity remuneration shown in statutory tables based on AASB 2 Share-based Payments disclosure for as long as previous grants that continue to be expensed over multiple years remain on-foot.

3. EML's Remuneration Strategy, Policy and Framework

3.1 Our Remuneration Strategy Principles



Simplicity

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

Fair and transparent

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

Shareholder aligned

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

Competitive

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

Remuneration Report.

3. EML's Remuneration Strategy, Policy and Framework (continued)

3.2 Executive Remuneration - Total Fixed Remuneration and the Variable Remuneration Framework

The primary purpose of the Remuneration Policy is to ensure that remuneration is competitive, aligned with the Company's business strategy and objectives in both the short term and the long term and produces appropriate alignment between stakeholder interests. In accordance with this objective, the Company has structured remuneration packages to provide an appropriate mix of fixed and performance-based remuneration components which link to both the individual's performance and Group performance. By adopting a robust approach to remuneration, the Group aims to attract and retain top talent while ensuring an appropriate variable cost to shareholders. The remuneration framework is also designed to reward prudent risk-taking, support effective risk management and prioritise the long term sustainability of the business.

Executive KMP remuneration is made up of three components:

- TFR;
- STVR, made up of:
  - Cash; and
  - Restricted Rights (deferred); and
- LTVR.

TFR is made up of base salary, superannuation and other benefits. To ensure an employee's TFR is both competitive and reasonable, it is benchmarked against median/P50 salary data based on a group of comparable Australian companies (within a range of half to double the Company's market value at the time, balanced, with 10 larger and 10 smaller to ensure measures of central tendency are highly relevant). In FY21 the Company undertook benchmarking to determine FY22 remuneration, based on the following companies which were the most appropriate reference points in terms of market value and business activities at the time:

FY21 COMPARATOR GROUP

Altium Ltd	Credit Corp Group Ltd	Perpetual Ltd
Appen Ltd	Hansen Technologies Ltd	Polynovo Ltd
ARB Corp Ltd	IPH Ltd	PSC Insurance Group Ltd
AUB Group Ltd	IRESS Ltd	Temple & Webster Group Ltd
Bing Industries Ltd	Kogan.com Ltd	Technology One Ltd
Corporate Travel Management Ltd	Nanosonics Ltd	Webjet Ltd
Codan Ltd	Pendal Group Ltd	

Variable remuneration is intended to balance financials, risk and strategic or operational outcomes, using a blend of at risk remuneration and incentives. Metrics selected are intended to be linked to the primary drivers of value creation for stakeholders, and successful implementation of the long term strategy over both the short and long term. Thresholds are intended to be a near-miss of expectations, while target is intended to be challenging but realistically achievable objective with a probability of around 50% to 60%. Stretch on the other hand is designed to be exceptionally challenging with a probability of around 10%.

The following table shows changes in TFR over FY22:

POSITION	EXECUTIVE KMP	TFR AT END OF FY21 $	TFR AT END OF FY22 $	% CHANGE	ACTUAL TFR RECEIVED FY22 $	NOTES (I.E. ROLE CHANGES, BENCHMARKING, ROLE RESPONSIBILITIES ETC).
MD & Group CEO	Thomas Cregan	650,000	752,000	16%	741,227	EML engaged remuneration consultants during the FY21 to undertake benchmarking for these roles. EML's policy is to pay P50 of the benchmarking data given the Company's market position at the time. As a result, the TFR for these roles have been increased to fall in line with this policy.
Group COO	David Curneen [1]	n/a	584,227	n/a	419,632	
Group CFO	Robert Shore	400,000	550,000	38%	522,711	

(1) David Curneen was appointed Group Chief Operating Officer on 20 October 2021.

3.3 FY22 Short Term Variable Remuneration Plan

A description of the STVR structure applicable for FY22 is set out below:

PURPOSE	STVR is intended to create a strong link between executive reward and performance over a one year period, by assessing key drivers of value creation linked to annual business plans and EML's strategy.
MEASUREMENT PERIOD	The financial year of the company (1 July – 30 June).
OPPORTUNITY	Opportunity as % of TFR Target / Stretch MD & Group CEO: 50% / 75% Group CFO: 45% / 65% Group COO: 45% / 65%
OUTCOME METRICS AND WEIGHTINGS	For FY22, the following metrics and weightings applied: • Financial – 70%; • Strategic/Operational milestones – 20%; • Individual Effectiveness – 10%. These metrics were because they had the most direct alignment with shareholder interests and the strategic direction of the group. Specific metrics and outcomes by individual are addressed later in this report.
GATE	A gate applies to the STVR award such that Group NPATA must be at least 80% of Target (equal to Threshold performance for NPATA) in order for any award to become payable.
AWARD, SETTLEMENT AND DEFERRAL	STVR will be calculated based on the audited financial performance. 50% of any STVR is to be paid in cash, 50% of any STVR is to be settled in the form of a grant of Restricted Rights subject to an exercise restriction for one year to facilitate malus/clawback.
CESSATION OF EMPLOYMENT	In the case of termination for cause, fraud or misconduct, full forfeiture applies. For participants who cease employment with EML before the end of the Measurement Period in other circumstance, a pro-rata forfeiture based on the remaining portion of the measurement period applies. Entitlement to STVR, if any, will be determined for all participants following the end of the Measurement Period, unless otherwise determined by the Board.
CORPORATE ACTIONS	In the event of a Corporate Action including a takeover, a demerger, Change in Control, delisting or major return of capital, the Board may in its discretion decide to: • Terminate the Plan for the Measurement Period and pay pro-rata STVR based on the completed proportion of the Measurement Period taking into account outcomes up to the date of the Change in Control; • Continue the STVR but make interim non-refundable pro-rata STVR based on the completed proportion of the Measurement Period, taking into account outcomes up to the date of the Change in Control; or • Allow the STVR to continue without change. If a payment is made and the Plan continues in relation to the Measurement Period, only the excess of the STVR calculated at the end of the Measurement Period, compared to the amount already paid, would be payable. If the STVR calculated at the end of the Measurement Period is less than the payment already made in relation to the Corporate Action event, no payment will be made, and no portion of the amount already paid is refundable to the Company, except as otherwise provided for in relation to any applicable malus or clawback policy. In the circumstances of a Corporate Action, the proportions of STVR that are subject to deferral as outlined in an Offer, may be deemed not to be subject to deferral, and any portions of STVR specified in an Offer to be payable in the form of Equity may be deemed to be payable in cash, at the discretion of the Board.
BOARD DISCRETION	The Board has discretion to adjust STVR to ensure that they are not inappropriate including awards to nil despite any metric outcome. The Board will only adjust remuneration outcomes where it believes to not do so would produce a more inappropriate outcome. The Board has broad discretion to vary the terms of the STVR opportunity for compliance reasons or to ensure that participants are neither advantaged or disadvantaged by unforeseen changes in circumstances.
MALUS & CLAWBACK	In addition to retaining an overarching discretion in respect of award outcomes, the Board will have the power to: trigger forfeiture of unpaid at (i.e. malus) and or deferred equity subject to Exercise Restrictions (i.e. clawback). To reflect emerging best practice (and the heightened scrutiny of remuneration governance in the financial services sector), the trigger events will include serious misconduct including fraud, dishonesty, gross negligence, recklessness, or wilful indifference; a material misstatement in, or omission from EML's financial statements, or a misstatement of a performance condition applicable to the STVR. Where a participant has acted or failed to act in a way that has contributed to material reputational damage to EML; and where, in the opinion of the Board acting in good faith, all or part of the initial award is no longer justified having regard to the circumstances or information which has come to light after an offer was made under the STVR (e.g. poor customer outcomes). To maximise legal enforceability, the above clawback/malus provisions are reflected in participant's service agreements (as well as the Plan Rules and offer documentation).

Remuneration Report.

3. EML's Remuneration Strategy, Policy and Framework (continued)

3.4 FY22 Long Term Variable Remuneration Plan

A description of the LTVR structure applicable for FY22 is set out below:

PURPOSE

LTVR supports alignment between long term overall company performance and long term executive reward and is linked to:

- Strategic business drivers and sustainable financial improvement;
- Long-term shareholder return.

INSTRUMENT

The LTVR is in the form of Indeterminate Performance Rights with a nil Exercise Price, which may be settled in cash or EML Shares at the Board's discretion.

MEASUREMENT PERIOD

The Performance Rights are subject to a Measurement Period from the start of FY22 (1 July 2021) to the end of FY24 (30 June 2024), with no vesting or assessment of performance conditions prior to the end of the Measurement Period, in the ordinary course of events.

TERM

Each Right has a Term of 15 years from the Grant Date and if not exercised within that Term the Rights will lapse.

OPPORTUNITY

	Opportunity as % of TFR	
	Target	Stretch
MD & Group CEO	65%	130%
Group CFO	45%	90%
Group COO	48%	96%

GRANT CALCULATION

The number of Rights to be granted is determined by the formula as follows;
No. Rights = Total Fixed Remuneration (TFR) x LTVR % ÷ 10-day VWAP
Where LTVR % is the maximum LTVR opportunity as a % of TFR.

The Share Price used to calculate the grant of Rights was based on a volume weighted average price (VWAP) of $3.83 over the 10 trading days following the release of FY21 financial results.

SETTLEMENT

The Rights are "Indeterminate Performance Rights" which may be settled in the form of a Company Share or cash equivalent at the Board's discretion.

PERFORMANCE METRICS AND VESTING SCHEDULE

Tranche 1 Performance Rights are subject to an iTSR performance vesting condition (Weight 30%). This vesting condition compares the Company's TSR over the Measurement Period with the movement in the ASX 300 Information Technology Total Return Index. This Index is a TSR Index.

Total Shareholder Return (TSR) is calculated as a percentage growth in shareholder value based on Share Price growth and dividends, assuming that they are reinvested into Shares. It is calculated over a specific period which for purpose of this Invitation is the Measurement Period.

PERFORMANCE LEVEL	ITSR	% OF PERFORMANCE RIGHTS VESTING (1)
Threshold	15%	25%
Target	17.5%	50%
Stretch	20%	100%

(1) Pro-rata vesting between threshold, target & stretch. Performance outcomes that were below the threshold resulted in nil vesting.

Tranche 2 Performance Rights are subject to a Return on Adjusted Capital Employed (RACE) Performance Vesting Condition (Weight 70%). This vesting condition measures the company's operational financial return which is then compared against the vesting scale.

These metrics were selected as being the most direct indicators of internal and external views of value creation of the long term, based on EML's current strategy and circumstances.

PERFORMANCE LEVEL	RACE	% OF PERFORMANCE RIGHTS VESTING (1)
Threshold	15%	25%
Target	17.5%	50%
Stretch	20%	100%

(1) Pro-rata vesting between threshold, target & stretch.

3. EML's Remuneration Strategy, Policy and Framework (continued)

3.4 FY22 Long Term Variable Remuneration Plan (continued)

GATES	A gate applies to the Tranche 1 iTSR Performance Rights, such that vesting will not be considered if the Company's TSR is not positive for the Measurement Period. No gate applies to Tranche 2.
RETESTING	No retesting is allowed for under the Plan Rules.
CORPORATE ACTIONS	The financial year of the company (1 July – 30 June).
CORPORATE ACTIONS	In the event of delisting, unvested performance rights with nil exercise price will vest on a pro rata basis taking into account the change in share price during the Measurement Period up until delisting and the proportion of the Measurement Period elapsed. In the event of a demerger or major return of capital, the board has discretion to vest, lapse or adjust the terms of rights to ensure that Participants are neither advantaged nor disadvantaged, subject to the ASX Listing Rules.
BOARD DISCRETION	The Board has discretion to adjust vesting to ensure that it is not inappropriate, including reducing vesting to nil despite any vesting condition assessment outcome. The Board will only adjust remuneration outcomes where it believes to not do so would produce a more inappropriate outcome. The Board has broad discretion to vary the terms of the LTVR opportunity for compliance reasons or to ensure that participants are neither advantaged or disadvantaged by unforeseen changes in circumstances.
MALUS & CLAWBACK	In addition to retaining an overarching discretion in respect of vesting outcomes, the Board will have the power to: trigger forfeiture of unvested equity (i.e., malus) and or equity subject to Exercise Restrictions. To reflect emerging best practice (and the heightened scrutiny of remuneration governance in the financial services sector), the trigger events will include serious misconduct including fraud, dishonesty, gross negligence, recklessness, or wilful indifference; a material misstatement in, or omission from EML's financial statements, or a misstatement of a performance condition applicable to the LTVR. Where a participant has acted or failed to act in a way that has contributed to material reputational damage to EML; and where, in the opinion of the Board acting in good faith, all or part of the initial award is no longer justified having regard to the circumstances or information which has come to light after a grant was made under the LTVR (e.g., poor customer outcomes). To maximise legal enforceability, the above clawback/malus provisions are reflected in participant's service agreements (as well as the Plan Rules and offer documentation).

Remuneration Report.

3. EML's Remuneration Strategy, Policy and Framework (continued)

3.5 FY22 NED Remuneration

FY22 FRAMEWORK

ROLE/FUNCTION	MAIN BOARD $
Chair	210,000
Deputy Chair	175,000
Member	155,000

Fees are inclusive of superannuation and committee fees.

FY21 FRAMEWORK

ROLE/FUNCTION	MAIN BOARD $	AUDIT & RISK $	REMUNERATION $	INVESTMENT $	CULTURE, GOVERNANCE & NOMINANTIONS $
Chair	150,000	22,831	22,831	12,000	13,699
Member	82,191	10,958	10,958	6,000	-

Fees are inclusive of superannuation.

Following a review of benchmark data prepared by independent consultants, Godfrey Remuneration Group, in FY21 the Board determined that due to workloads being shared equally across NEDs, the committee fees would be rolled into Board Fees for FY22. Subsequently, the workload of the Board increased significantly due to the expansion of the business, increasing complexity in compliance and stakeholder management, and as a result it was determined by the Board to increase the Board Fee to $210,000 for the Chair, $175,000 for Deputy Chair and $155,000 for Board, which falls at around P75 of the benchmark market data received.

The total amount of fees paid to NEDs in the year ended 30 June 2022 is within the aggregate amount set as part of the Prospectus of $1,250,000. The total NED remuneration payable in FY22 was $836,077 which did not include any equity grants.

4. The link between Performance and Reward in FY22

The Board reviews the performance conditions for the variable remuneration plans on an annual basis, and weighs metrics across group, business unit/region and individual/role-related key result areas, classifiable as financial, strategic or operational metrics. The Board is responsible for assessing performance against metrics and determining the STVR awards and LTVR vesting.
The following disclosures are intended to assist in demonstrating the link between EML's strategy, performance and executive reward in the FY22 period.

4.1 FY22 STVR Outcomes

The STVR plan is designed to reward executives for the achievement against annual performance objectives set by the Board at the beginning of the performance period, linked to the strategy and annual business plans. The payment of an STVR is dependent on delivery of performance against a range of weighted outcome metrics. The performance metrics, goals and outcomes are summarised below, in respect of each executive:

OBJECTIVE	WEIGHTING	PERFORMANCE (Threshold – Target – Maximum)	OUTCOME (% OF MAX AWARD)	OUTCOME (% OF MAX AWARD)
Financial Objectives [1]	70%		0%	0%
Strategic Objectives				
MD & Group CEO	20%		10%	50%
Group CFO	20%		20%	100%
Group COO	20%		10%	50%
Individual Objectives				
MD & Group CEO	10%		5%	50%
Group CFO	10%		7.5%	75%
Group COO	10%		5%	50%

(1) Threshold not met for Company Financial Objective. A gate applies to the STVR award such that the Group Financial measure must be met in order for any award to become payable.

Overall STVR outcomes for FY22 are determined through the Board's assessment of actual performance against expectations, as outlined below. Due to the gate condition related to Group financial performance not being met, no awards became payable:

	OPPORTUNITY (AS % OF FP)						% MAXIMUM STVR		
EXECUTIVE KMP	MAXIMUM STVR	TARGET STVR	STVR OUTCOME AS % OF TARGET	TOTAL STVR AWARDED $	CASH $	RESTRICTED RIGHTS $	AWARDED %	FORFEITED %	AWARD OUTCOMES FY22 $
Thomas Cregan	75%	50%	0%	-	-	-	0%	100%	-
David Curneen	65%	45%	0%	-	-	-	0%	100%	-
Robert Shore	52%	45%	0%	-	-	-	0%	100%	-

Remuneration Report.

4. The link between Performance and Reward in FY22 (continued)

4.2 FY22 LTVR Structure

The LTVR structure that was eligible to vest in FY22, subject to performance assessment on the FY22 results is described below:

INSTRUMENT	Performance Rights
MEASUREMENT PERIOD	3 Years
PERFORMANCE METRICS AND WEIGHTINGS	**Tranche 1** (50% weighted at Target) subject to an EBITDA per share:

PERFORMANCE LEVEL	CAGR IN EBITDA PER SHARE	% OF PERFORMANCE RIGHTS VESTING*
Threshold	15%	0%
Target	20%	50%
Stretch	25%	100%

*Pro-rata vesting between threshold, target and stretch.

Tranche 2 (50% weighted at Target) subject to a ROCE:

PERFORMANCE LEVEL	AVERAGE ROCE (TARGET)	% OF PERFORMANCE RIGHTS VESTING*
Threshold	11.5%	0%
Target	13%	50%
Stretch	14.5%	100%

*Pro-rata vesting between threshold, target and stretch.

PERFORMANCE OUTCOME AND VESTING DETERMINATION	The Board has assessed that the threshold performance vesting conditions have not been met, and as a result, 0% vesting applies in respect of the completed FY22 reporting period for participants.

4.3 FY22 LTVR Outcomes

EXECUTIVE KMP	ROLE	TRANCHE	WEIGHTING	NUMBER ELIGIBLE TO VEST FOLLOWING FY22 COMPLETION	TARGET PERFORMANCE	ACTUAL OUTCOME $	% OF TRANCHE INVESTED	NUMBER VESTED	GRANT DATE VALUATION $	$ VALUE OF LTVR THAT VESTED (AS PER GRANT DATE VALUATION)	REALISABLE VALUE $
Thomas Cregan	MD & Group CEO	CAGR EBITDA per share, achievement in FY22	50%	113,241	20% CAGR	-	0%	-	394,079	-	-
		ROCE achievement in FY22	50%	113,240	13% ROCE	-	0%	-	394,079	-	-
David Curneen [1]	Group COO					n/a					
Robert Shore	Group CFO	CAGR EBITDA per share, achievement in FY22	50%	52,265	20% CAGR	-	0%	-	128,862	-	-
		ROCE achievement in FY22	50%	52,265	13% ROCE	-	0%	-	128,862	-	-

(1) David Curneen was appointed Group Chief Operating Officer (Group COO) on 20 October 2021.

4. The link between Performance and Reward in FY22 (continued)

4.4 FY22 Achieved Total Remuneration Package

The following outlines "Achieved" (what became payable, awarded or vested) total remuneration, and amounts that were forfeited or lapsed as the result of performance assessments in the reporting period:

			FIXED PACKAGE		TOTAL STVR EXERCISED DURING THE FINANCIAL YEAR [1]		TOTAL LTVR EXERCISED DURING THE FINANCIAL YEAR [2]		
EXECUTIVE KMP	ROLE	YEAR	AMOUNT $	% OF TFR	AMOUNT $	% OF TFR	AMOUNT $	% OF TFR	TOTAL TFR $
Thomas Cregan	MD & Group CEO	2022	741,227	41%	216,855	12%	828,162	46%	1,786,244
		2021	709,876	29%	595,181	25%	1,115,972	46%	2,421,029
David Curneen [3]	Group COO	2022	419,632	100%	-	0%	-	0%	419,632
	n/a	2021	n/a						
Robert Shore	Group CFO	2022	522,711	59%	132,752	15%	236,962	27%	892,424
		2021	428,137	50%	294,333	34%	133,917	16%	856,387

(1) This is the grant value of the deferred STVR that vested in the reporting period.
(2) This is the grant value of the LTVR that vested in the reporting period.
(3) David Curneen was appointed Group Chief Operating Officer on 20 October 2021.

Due to the awarding and deferral of STVR in respect of previous reporting periods, the deferred STVR award for FY21 was released from disposal restrictions at the end of FY23, as follows:

EXECUTIVE KMP	ROLE	YEAR	STVR VALUE THAT CEASED TO BE SUBJECT TO DEFERRAL FOLLOWING YEAR END [1] $
Thomas Cregan	Managing Director & Group Chief Executive Officer	2022	296,474
Robert Shore	Group Chief Financial Officer	2022	192,477
David Curneen	Group Chief Operating Officer	2022	-

(1) This is the value as at time of the calculation of the grant of the deferred STVR (i.e. the value of previously awarded STVR that was deferred), using a Black-Scholes value of $2.91 for Thomas Cregan and $3.07 for Robert Shore.

Remuneration Report.

5. Statutory Tables and Supporting Disclosures

5.1 Executive KMP Statutory Remuneration for FY22

The following table outlines the statutory remuneration of Executive KMP:

			TFR				VARIABLE REMUNERATION					OTHER STATUTORY ITEMS	
EXECUTIVE KMP	ROLE	YEAR	SALARY $	SUPER $	OTHER BENEFITS [1] $	TOTAL TFR $	CASH STVR $	DEFERRED STVR [2] $	LTVR [3] $	TOTAL TRP $	VARIABLE REMUNERATION AS % OF TRP	TERMINATION BENEFITS $	CHANGE IN ACCRUED LONG SERVICE LEAVE $
Thomas Cregan	MD & Group CEO	2022	678,369	23,568	39,290	741,227	-	133,984	(96,757)	778,454	5%	-	32,769
		2021	628,306	21,694	59,876	709,876	-	220,158	531,473	1,461,507	51%	-	12,397
David Curneen	Group COO	2022	407,461	12,171	-	419,632	-	-	286,711	706,344	41%	-	-
	n/a	2021	n/a										
Robert Shore	Group CFO	2022	452,369	23,568	46,774	522,711	-	106,647	63,994	693,352	25%	-	13,866
		2021	378,306	21,694	28,137	428,137	-	149,545	186,904	764,587	44%	-	-
Total KMP Compensation		**2022**	**1,538,199**	**59,307**	**86,064**	**1,683,570**	**-**	**240,630**	**253,949**	**2,178,149**	**23%**	**-**	**46,636**
		2021	1,006,612	43,388	88,013	1,138,013	-	369,703	718,377	2,226,094	49%	-	12,397

(1) Other benefits relate to company funded benefits including accrued annual leave.

(2) Note that the deferred STVR reported in this table is the amortised accounting charge of all grants that have not lapsed or vested as at the start of the reporting period. Variable remuneration outcomes for the reporting period are outlined elsewhere in this report.

(3) Note that the LTVR reported in this table is the amortised accounting charge of all grants that have not lapsed or vested as at the start of the reporting period. Where a market based measure of performance is used such as TSR or share price, no adjustments can be made to reflect actual LTVR vesting. This is inclusive of a reduction for prior period expenses due to an assessment in FY22 that the long term performance measures for the vesting of these rights will not be achieved.

It should be noted that due to a change in the structure of the LTVR, grants are fully expensed in the year in which they are granted. This will result in an apparent substantial increase in the value of equity remuneration shown in statutory tables based on AASB2 Share based payments disclosure for as long as previous grants that continue to be expensed over multiple years remain on-foot. This apparent increase is therefore artificial and temporary (no further expensing of prior year grants will apply after FY23).

5. Statutory Tables and Supporting Disclosures (continued)

5.2 Non-Executive Director KMP Statutory Remuneration for FY22

The following table outlines the statutory and audited remuneration of NEDs:

NED	ROLE	YEAR	BOARD FEES $	SUBSIDIARY FEES [1] $	SUPERANNUATION $	OTHER BENEFITS $	EQUITY GRANT EXPENSE $	TERMINATION BENEFITS $	TOTAL $
Peter Martin	Non-Executive Chair	2022	184,091	-	18,409	-	-	-	202,500
	Non-Executive Chair	2021	150,000	-	14,250	-	-	-	164,250
David Liddy AM	Deputy Chairman and Non-Executive Director	2022	159,034	-	7,153	-	-	-	166,188
	Deputy Chairman and Non-Executive Director	2021	119,772	-	11,378	-	-	-	131,151
Melanie Wilson [2]	Non-Executive Director	2022	148,357	-	-	-	-	-	148,357
	Non-Executive Director	2021	115,140	-	-	-	-	-	115,140
Tony Adcock	Non-Executive Director	2022	135,928	38,504	15,962	-	-	-	190,394
	Non-Executive Director	2021	111,023	-	10,547	-	-	-	121,570
Emma Shand [3]	Non-Executive Director	2022	112,087	-	11,209	-	-	-	123,295
	n/a	2021	-	-	-	-	-	-	-
George Gresham [4]	n/a	2022	-	-	-	-	-	-	-
	Non-Executive Director	2021	110,979	-	-	-	-	-	110,979
Dr Kirstin Ferguson [5]	n/a	2022	4,857	-	486	-	-	-	5,342
	Non-Executive Director	2021	95,894	-	9,110	-	-	-	105,004
Total KMP Compensation		**2022**	**744,353**	**38,504**	**53,219**	**-**	**-**	**-**	**836,077**
		2021	702,808	-	45,285	-	-	-	748,093

Following a review of benchmark data prepared by independent consultants, Godfrey Remuneration Group, in FY21 the Board determined that due to workloads being shared equally across NEDs, the committee fees would be rolled into Board Fees for FY22. Subsequently, the workload of the Board increased significantly due to the expansion of the business, increasing complexity in compliance and stakeholder management, and as a result it was determined by the Board to increase the Board Fee to $210,000 for the Chair, $175,000 for Deputy Chair and $155,000 for Board, which falls at around P75 of the benchmark market data received.

(1) Subsidiary fee comprises fees paid during the reporting period for work relating to a NED sitting on the board of a regulated overseas subsidiary to provide oversight and assistance with respect to a significant regulatory issue in that region. This is not a typical arrangement and is not intended to extend beyond the reporting period.

(2) Melanie Wilson's remuneration is paid through a service company.

(3) Emma Shand was appointed a Non-Executive Director effective 15 September 2021.

(4) George Gresham resigned as a Non-Executive Director effective 29 July 2021.

(5) Dr Kirstin Ferguson retired as a Non-Executive Director effective 16 July 2021.

Remuneration Report.

5. Statutory Tables and Supporting Disclosures (continued)

5.3 KMP Equity Interests and Changes During FY22

5.3.1 EXECUTIVE EQUITY INTERESTS - OPTIONS

			DURING THE FINANCIAL YEAR			
EXECUTIVE KMP	OPTIONS SERIES	DATE GRANTED	NO. GRANTED DURING THE YEAR	NO. VESTED DURING THE YEAR	% OF GRANT VESTED	% OF GRANT FORFEITED
Thomas Cregan	Series 48 (1)	01/07/2021	73,629	-	0%	100%
	Series 46 (2)	21/12/2021	254,569	-	0%	0%
David Curneen	Series 45 (2)	01/07/2021	37,821	-	0%	100%
	Series 50	20/10/2021	26,288	-	0%	0%
	Series 51	20/10/2021	26,288	-	0%	0%
	Series 52	20/10/2021	26,288	-	0%	0%
	Series 46 (2)	21/12/2021	141,831	-	0%	0%
Robert Shore	Series 45 (2)	01/07/2021	37,337	-	0%	100%
	Series 46 (2)	21/12/2021	129,243	-	0%	0%

(1) Series 48, relating to Thomas Cregan's FY22 STIP has been recognised for accounting purposes as the service period has commenced which was FY22. The performance condition was not met and as a result, no grant will be made.

(2) A total of 1,738,958 options were issued under Series 45 and 46. The remaining options not disclosed above were issued to non-KMP.

OTHER TRANSACTIONS

Where Directors had other transactions with the Company, particulars of those transactions, which do not form part of this Remuneration report, are shown at Note F1 to the Financial Statements.

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

EXECUTIVE KMP	OPTIONS SERIES	VALUE OF THE OPTIONS GRANTED AT THE GRANT DATE (1) $	VALUE OF THE OPTIONS EXERCISED AT THE EXERCISED DATE (2) $	VALUE OF THE OPTIONS LAPSED AT THE LAPSED DATE $	SHARE OPTION PLAN
Thomas Cregan	Series 27 & 35	-	1,045,017	-	ESOP 2
	Series 46 & 48 (3)	605,175	-	-	ESOP 2
David Curneen	Series 45,46,50,51,52	578,498	-	-	ESOP 2
Robert Shore	Series 28 & 36	-	369,714	-	ESOP 2
	Series 45 & 46	307,189	-	-	ESOP 2

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

(2) The value of options exercised at the exercise date was based on the number of shares actually awarded to the KMP at the market value of the shares on the date exercised. Thomas Cregan exercised 195,783 share options in Series 27 on 8 September 2021 when the Company's share price was $4.23; Thomas Cregan also exercised 56,620 share options in Series 35 on 17 July 2021 when the Company's share price was $3.83; Robert Shore exercised 77,948 share options in Series 28 on 19 October 2021 when the Company's share price was $3.04 and Robert Shore also exercised 34,843 share options in Series 36 on 26 July 2021 when the Company's share price was $3.81.

(3) Series 48, relating to Thomas Cregan's FY22 STIP has been recognised for accounting purposes as the service period has commenced which was FY22. The performance condition was not met and as a result, no grant will be made.

5. Statutory Tables and Supporting Disclosures (continued)

5.3.2 SHARES UNDER OPTION

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

OPTIONS - SERIES	SHARE OPTION PLAN	GRANT DATE	VEST DATE	EXPIRY DATE	NUMBER OUTSTANDING AT DATE OF REPORT	FAIR VALUE AT GRANT DATE	EXERCISE PRICE
Series 33	ESOP 2	20/08/2019	1/07/2022	29/08/2022	104,530	$2.47	$0.00
Series 34	ESOP 2	13/11/2019	1/07/2022	29/08/2022	226,481	$2.47	$0.00
Series 42	ESOP 2	1/07/2020	1/07/2022	29/08/2022	92,202	$2.91	$0.00
Series 39	ESOP 2	7/09/2020	1/07/2022	30/10/2023	57,837	$3.07	$0.00
Series 40	ESOP 2	7/09/2020	31/08/2023	30/10/2023	130,891	$3.07	$0.00
Series 41	ESOP 2	30/10/2020	31/08/2023	30/10/2023	255,236	$3.19	$0.00
Series 45 [1]	ESOP 2	1/07/2021	1/07/2023	1/07/2036	75,158	$-	$0.00
Series 48 [1]	ESOP 2	1/07/2021	1/07/2023	30/06/2037	73,629	$-	$0.00
Series 50	ESOP 2	20/10/2021	20/10/2022	19/12/2022	26,288	$3.11	$0.00
Series 51	ESOP 2	20/10/2021	20/10/2023	19/12/2023	26,288	$3.11	$0.00
Series 52	ESOP 2	20/10/2021	20/10/2024	19/12/2024	26,288	$3.11	$0.00
Series 46	ESOP 2	21/12/2021	1/07/2023	21/12/2036	525,643	$1.56/$3.11 [2]	$0.00

(1) Series 45 and 48 relate to the FY22 STIPs and has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2022. In accordance with accounting standards, the temporary grant date has been taken to be the balance date and will be revised upon shareholder approval.

(2) Due to the different performance conditions relating to the Series 46 performance rights, there are two different fair valuations at grant date.

5.3.3 OPTION HOLDINGS OF EXECUTIVE KMP (NUMBER):

		OPENING BALANCE	GRANTED AS REMUNERATION	OPTIONS EXERCISED	OPTIONS CANCELLED	NET CHANGE OTHER	CLOSING BALANCE	BALANCE VESTED AT 30 JUNE 2022	VESTED BUT NOT EXERCIS-ABLE	VESTED AND EXERCIS-ABLE	OPTIONS VESTED DURING YEAR
EXECUTIVE DIRECTOR											
Thomas Cregan	30/06/2022	826,321	328,198	(252,403)	-	-	902,116	-	-	-	-
	30/06/2021	1,207,236	357,117	(532,569)	(205,463)	-	826,321	-	-	-	-
OTHER EXECUTIVES											
David Curneen	30/06/2022	-	258,516	-	-	-	258,516	-	-	-	-
	30/06/2021	-	-	-	-	-	-	-	-	-	-
Robert Shore	30/06/2022	413,731	166,580	(112,791)	-	-	467,520	-	-	-	-
	30/06/2021	436,631	193,587	(141,363)	(75,124)	-	413,731	-	-	-	-
TOTAL OPTIONS HELD BY EXECUTIVE KMP	**30/06/2022**	**1,240,052**	**494,778**	**(365,194)**	**-**	**-**	**1,369,636**	**-**	**-**	**-**	**-**
	30/06/2021	1,643,867	550,704	(673,932)	(280,587)	-	1,240,052	-	-	-	-

Remuneration Report.

5. Statutory Tables and Supporting Disclosures (continued)

5.3.4 ORDINARY SHARES HELD IN EML PAYMENTS LIMITED BY DIRECTORS AND EXECUTIVE KMP

Movements in equity interests held by executive and non-executive KMP during the reporting period, including their related parties, are set out below:

		BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE	BALANCE AT END OF YEAR
NON-EXECUTIVE DIRECTORS						
Peter Martin	30/06/2022	6,736,320	-	-	(200,000)	6,536,320
	30/06/2021	7,318,992	-	-	(582,672)	6,736,320
Tony Adcock	30/06/2022	25,000	-	-	-	25,000
	30/06/2021	25,000	-	-	-	25,000
David Liddy AM	30/06/2022	960,000	-	-	-	960,000
	30/06/2021	960,000	-	-	-	960,000
Melanie Wilson	30/06/2022	48,000	-	-	-	48,000
	30/06/021	48,000	-	-	-	48,000
Dr Kirstin Ferguson (1)	30/06/2022	18,323	-	-	(18,323)	-
	30/06/2021	18,323	-	-	-	18,323
Emma Shand (2)	30/06/2022	-	-	-	-	-
	30/06/2021	-	-	-	-	-
George Gresham (3)	30/06/2022	-	-	-	-	-
	30/06/2021	-	-	-	-	-
EXECUTIVE DIRECTOR						
Thomas Cregan	30/06/2022	15,270,257	-	252,403	-	15,522,660
	30 /06/2021	17,935,946	-	532,569	(3,198,258)	15,270,257
OTHER EXECUTIVES						
David Curneen	30/06/2022	-	-	-	-	-
	30/06/2021	-	-	-	-	-
Robert Shore	30/06/2022	191,363	-	112,791	(150,000)	154,154
	30/06/2021	50,000	-	141,363	-	191,363
TOTAL DIRECTORS AND EXECUTIVE KMP ORDINARY SHARES HELD IN EML PAYMENTS LIMITED	30/06/2022	23,249,263	-	365,194	(368,323)	23,246,134
	30 /06/2021	26,356,261	-	673,932	(3,780,930)	23,249,263

(1) Dr Kirstin Ferguson retired as a Non-Executive Director effective 16 July 2021.

(2) Emma Shand was appointed a Non-Executive Director effective 15 September 2021.

(3) George Gresham resigned as a Non-Executive Director effective 29 July 2021.

5. Statutory Tables and Supporting Disclosures (continued)

The following outlines the accounting values and potential future costs of equity remuneration granted during FY22 for executive KMP:

EXECUTIVE KMP	TRANCHE	GRANT TYPE	NUMBER OF OPTIONS	VESTING CONDITIONS	GRANT DATE	FAIR VALUE AT GRANT DATE	TOTAL FAIR VALUE AT GRANT $	VALUE EXPENSED IN FY22 [2] $
Thomas Cregan	FY22 LTVR Performance Rights	LTVR	76,371	iTSR	21/12/2021	$3.11	237,513	237,513
	FY22 LTVR Performance Rights	LTVR	178,198	RACE	21/12/2021	$3.11	554,197	554,197
	FY22 Deferred STVR Restricted Rights [1]	STVR	73,629	70% Group NPATA, 20% strategic milestones, 10% individual effectiveness	-	$-	90,564	-
David Curneen	FY22 LTVR Performance Rights	LTVR	42,549	iTSR	21/12/2021	$3.11	132,328	132,328
	FY22 LTVR Performance Rights	LTVR	99,282	RACE	21/12/2021	$3.11	308,766	308,766
	FY22 Deferred STVR Restricted Rights [1]	STVR	37,821	70% Group NPATA, 20% strategic milestones, 10% individual effectiveness	-	$-	46,520	-
Robert Shore	FY22 LTVR Performance Rights	LTVR	38,773	iTSR	21/12/2021	$3.11	120,584	120,584
	FY22 LTVR Performance Rights	LTVR	90,470	RACE	21/12/2021	$3.11	281,362	281,362
	FY22 Deferred STVR Restricted Rights [1]	STVR	37,337	70% Group NPATA, 20% strategic milestones, 10% individual effectiveness	-	$-	45,925	-

(1) Series 45 and 48 relate to the FY22 STIPs and has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2022. In accordance with accounting standards, the temporary grant date has been taken to be the balance date and will be revised upon shareholder approval.

(2) This is the grant value of the LTVR that vested in the reporting period. There is no reversal of any amount relating to the FY22 LTVR as a consequence of the conclusion that long term performance measures will not be achieved.

Remuneration Report.

5. Statutory Tables and Supporting Disclosures (continued)

5.4 KMP Service Agreements

5.4.1 EXECUTIVE KMP SERVICE AGREEMENTS

The following outlines current executive KMP service agreements:

NAME	POSITION HELD AT CLOSE OF FY22	EMPLOYING COMPANY	APPOINTMENT DATE	PERIOD OF NOTICE		TERMINATION PAYMENTS*
				FROM COMPANY	FROM KMP	
Thomas Cregan [1]	Managing Director & Group Chief Executive Officer	EML Payments Limited	03/01/2012	3 months	3 months	Change of Control Agreement
David Curneen	Group Chief Operating Officer	EML Payments Limited	20/10/2021	3 months	3 months	Change of Control Agreement
Robert Shore	Group Chief Financial Officer	EML Payments Limited	04/10/2016	3 months	3 months	Change of Control Agreement

(1) Mr Thomas Cregan resigned as Managing Director and CEO effective 11 July 2022.

Under The Corporations Act, broadly the termination benefit limit is 12 months average salary (over prior 3 years), unless shareholder approval is obtained.

5.4.2 NON-EXECUTIVE DIRECTORS SERVICE AGREEMENTS

The appointment of Non-Executive Directors is subject to a letter of engagement. The NEDs are not eligible for any termination benefits following termination of their office, nor any payments other than those required under law such as in respect of superannuation. There are no notice periods applicable to either party under this approach.

5.5 Other Statutory Disclosures

5.5.1 LOANS TO KMP AND THEIR RELATED PARTIES

During the financial year and to the date of this report, the Company made no loans to directors and other KMP and none were outstanding as at 30 June 2022 (2021: $nil).

5.5.2 OTHER TRANSACTIONS WITH KMP

There were no other disclosable transactions with KMP for FY22.

5.5.3 EXTERNAL REMUNERATION CONSULTANTS

During FY22, the Board retained External Remuneration Consultants; Godfrey Remuneration Group Pty Ltd (GRG) to provide assistance with drafting EML's Remuneration Report. These services provided by GRG did not constitute remuneration recommendations, however the advisor maintained an appropriate level of independence from KMP in executing its duties. The fees payable to GRG was $78,640 exclusive of GST.

Directors' Declaration.

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

The Directors declare that:

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

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note F4 to the financial statements

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

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

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

Peter Martin
Non-executive Chairman

21 August 2022

Independent Auditor's Report.

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

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

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EML Payments Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Recoverability of the carrying value of goodwill for Prepaid Financial Services (PFS) Group and Sentenial Group As disclosed in Note D3, the Group has goodwill totalling $239.3 million allocated to the Prepaid Financial Services Group and the Sentenial Group Cash Generating Units (CGUs) which arose on the acquisitions of the businesses in FY 2021 and FY 2022 respectively. Management conducts annual impairment tests to assess the recoverability of the carrying value of goodwill. This assessment requires significant judgement due to the assumptions and estimates involved in preparing discounted cash flow models ('value in use'), including: - Future cash flows for the CGUs; - Discount rates; and - Terminal value growth rates. As disclosed in Note D3, management's assessment of the recoverable amount of the PFS Group CGU required significant judgement with regard to the possible impact of the ongoing Central Bank of Ireland (CBI) investigation including the estimation of the impacts on future cash flows for the PFS Group CGU and the discount rate. As disclosed in Note D3, management's assessment of the recoverable amount of the Sentenial Group CGU required significant judgement with regard to the estimation of future cash flows, the discount rate and the terminal value growth rates.	To evaluate the Group's assessment of the recoverable amount of the Group's PFS Group and Sentenial Group CGUs, we performed a number of procedures including but not limited to the following: • Obtaining an understanding of the key controls associated with the preparation of valuation models used to estimate the recoverable amount of each CGU by management and approval by the Board; • Assessing whether the carrying value of the PFS Group and Sentenial Group CGUs included all assets, liabilities and cashflows directly attributable to the CGU and a reasonable allocation of corporate overheads; • Evaluating the Group's historical ability to forecast future cashflows by comparing budgets with actual results; • Assessing the reasonableness of the projected cash flows against external economic and financial data; • Testing that forecast cashflows used in the model were consistent with the most up-to-date approved forecasts and other estimates made by the Group; • Assessing, in conjunction with our valuation specialists, the key assumptions used by management in the impairment model, in particular challenging the assumptions used in calculating discount rates and terminal growth rates; • In respect of the PFS Group CGU, challenging management's assessment of the impact of regulatory concerns and remediation program on the forecast cash flows and how these have been considered in the impairment model; and • Assessing the recoverable amount against the carrying value of each CGU. We also evaluated the appropriateness of the Group's disclosures in Note D3 to the financial statements.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for Account Management Fee (AMF) and breakage revenue As disclosed in Note A1, the Group recognised $27.5 million of AMF revenue including a cumulative catch-up benefit of $14.8 million relating to those accounts existing when the Group revised existing terms and conditions. The Group also recognised $15.9 million of breakage revenue in the financial year ended 30 June 2022. In accounting for the AMF and breakage revenue, management has determined that it is appropriate to apply AASB 15 *Revenue from Contracts with Customer*s. Management has also disclosed key judgements made in the process of applying the Group's accounting policies in respect of AMF and breakage revenue in Note A1. For both these streams of revenue, management is required to exercise significant judgment in estimating the timing at which it is highly probable that a significant reversal of revenue will not occur and estimating future cardholder behaviour to determine expected AMF and breakage revenue.	In conjunction with the component auditor, our audit procedures included but were not limited to the following: • Assessing the Group's accounting policy for AMF and breakage revenue against the requirements of AASB 15 through evaluating management's analysis of the application of AASB 15 to the Group's revenue from contracts with customers across the Group's card programs; • Understanding, evaluating and challenging management's assumptions of the timing at which it is highly probable that a significant reversal will not occur with regards to actual historical data, market specific trends, and existing economic conditions for each program; • Understanding, evaluating and challenging management's assumptions in relation to future cardholder behaviour; • Providing direction and supervision for audit procedures on AMF and breakage revenue performed by the component audit teams; and • Evaluating the Group's disclosures in Note A1 to the financial statements in respect of the judgements applied by management in the application of the Group's accounting policies.
Provisions and contingent liabilities in respect of regulatory matters impacting the Prepaid Financial Services Group As disclosed in Note B9, in the year ended 30 June 2021 PFS Card Services Ireland Limited ('PCSIL'), a wholly owned subsidiary of EML received correspondence from the Central Bank of Ireland ('CBI') raising significant regulatory concerns. The Group has developed a remediation program to address the concerns raised by CBI. The investigation and the implementation of the ensuing remediation program is still ongoing.	In conjunction with the component auditor and subject matter experts, our audit procedures included but were not limited to the following: • Obtaining an understanding of the status of the CBI regulatory matter at the date of this report through inspection of the correspondence received from CBI and related documentation, and inquiries of internal legal counsel, senior members of management, the Directors of the Group and the Directors of PCSIL; • Inspecting documentation prepared by the Group and holding discussions with external legal counsel advising the Group on the matter regarding the approach and methodology utilised in estimating the provision for any potential fine or enforcement action;

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
At 30 June 2022, the Group has recognised a provision of $8.1 million for the likely costs that will be incurred to reach a resolution on the matter including professional advisory services and an estimate of any financial penalty. Provisions for costs 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. This provision involves significant management estimation of the probability and quantum of outflows for remediation and potential fines or enforcement costs associated with the regulatory concerns. Management has also disclosed contingent liabilities with regards to compliance matters in Note F2.	• Challenging the Group's assessment of the consequences of the regulatory concerns on the Group's financial statements including remediation costs and contingent liabilities; and • Assessing the appropriateness of the provision and related disclosures in Notes B9 and F2 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Independent Auditor's Report.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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

Independent Auditor's Report.

Deloitte.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 40 to 60 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of EML Payments Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountants

Brisbane, 21 August 2022

Auditor's Independence Declaration.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Riverside Centre
Level 23
123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

Tel: +61 7 3308 7000
Fax: +61 7 3308 7001
www.deloitte.com.au

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

21 August 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 audit of the financial report of EML Payments Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountants

69

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income.

For the year ended 30 June 2022

	NOTES	CONSOLIDATED 30 JUNE 2022 $'000	CONSOLIDATED 30 JUNE 2021 $'000
Revenue from contracts with customers	A1	229,050	187,141
Interest income	A1	3,333	5,077
Total Revenue		232,383	192,218
Cost of sales	A2	(74,567)	(63,800)
Gross Profit		**157,816**	**128,418**
Other income	A1	678	178
Employee benefits expense		(66,243)	(53,834)
Professional fees	A7	(26,090)	(15,315)
Information technology related costs [1]		(15,776)	(8,745)
Other operating expenses [1]	A5	(18,256)	(11,452)
Share-based payments	E3	(2,991)	(4,967)
Depreciation and amortisation expense	D1, D2	(29,943)	(29,836)
Acquisition costs		(3,499)	(3,431)
Finance costs	A4	(2,390)	(1,409)
Impairment expense on customer contracts and relationships	D2, D3	(1,504)	-
Fair value gain/(loss) on financial assets and liabilities [2]	A6	1,774	(17,065)
Other non-operating benefit/(expense) [2]	A5	6,084	(5,823)
Total Expenses		**(158,834)**	**(151,877)**
Loss before income tax		(340)	(23,281)
Income tax expense	A8	(4,461)	(5,414)
Net Loss for the year		**(4,801)**	**(28,695)**
OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(17,221)	(3,428)
Gain on fair valuation of cashflow hedge, net of tax		(262)	262
Gain on fair valuation of financial asset held at fair value through other comprehensive income, net of tax		4,081	1,806
Other comprehensive loss for the year, net of income tax		**(13,402)**	**(1,360)**
Total comprehensive loss for the year		**(18,203)**	**(30,055)**
LOSS PER SHARE (CENTS PER SHARE)	A10		
Basic (cents per share)		**(1.29)**	**(7.96)**
Diluted (cents per share)		**(1.29)**	**(7.96)**

The accompanying notes form part of these financial statements.

(1) Information technology related costs has been disclosed separately from Other operating expenses.

(2) Fair value gain/(loss) on financial assets and liabilities has been disclosed separately from Other non-operating benefit/(expense).

Statement of Financial Position.

As at 30 June 2022

	NOTES	CONSOLIDATED 30 JUNE 2022 $'000	CONSOLIDATED 30 JUNE 2021 $'000
CURRENT ASSETS			
Cash and cash equivalents	B1	73,699	141,228
Contract assets	B3	21,531	16,363
Trade and other receivables	B4	35,836	21,955
Other current assets	B5	8,583	7,583
Current tax receivable		5,758	6,455
Derivative financial instrument	C6	-	375
Segregated funds and bond investments	C1	1,709,715	1,409,552
Total Current Assets		**1,855,122**	**1,603,511**
NON-CURRENT ASSETS			
Contract assets	B3	28,565	10,219
Trade and other receivables	B4	7,399	6,656
Segregated funds and bond investments	C1	295,842	274,024
Financial assets	C4	11,432	11,537
Plant, equipment and right-of-use assets	D1	12,719	11,245
Intangibles	D2	448,460	350,133
Deferred tax asset	A8	22,904	21,453
Total Non-Current Assets		**827,321**	**685,267**
Total Assets		**2,682,443**	**2,288,778**
CURRENT LIABILITIES			
Trade and other payables	B6	65,685	62,868
Interest-bearing borrowings	B8	3,721	3,111
Current tax payable		2,786	6,034
Other liabilities	B7	7,831	1,189
Provisions	B9	19,917	12,770
Contingent consideration	C5, E6	-	863
Liabilities to stored value account holders	C2	2,000,139	1,705,957
Total Current Liabilities		**2,100,079**	**1,792,792**
NON-CURRENT LIABILITIES			
Other liabilities	B7	10,427	10,409
Provisions	B9	90	111
Interest-bearing borrowings	B8	87,685	42,015
Contingent consideration	C5, E6	28,856	14,280
Deferred tax liabilities	A8	18,189	14,276
Total Non-Current Liabilities		**145,247**	**81,091**
Total Liabilities		**2,245,326**	**1,873,883**
Net Assets		**437,117**	**414,895**
EQUITY			
Issued capital	E1	494,208	456,157
Accumulated losses		(60,562)	(55,761)
Foreign currency translation reserve	E2	(43,429)	(26,208)
Share and option reserve	E2	43,884	41,510
Other reserves	E2	3,016	(803)
Total Equity		**437,117**	**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. Refer to Notes C1, C2 and F4(l).

Statement of Cash Flows.

For the year ended 30 June 2022

	NOTES	CONSOLIDATED 30 JUNE 2022 $'000	CONSOLIDATED 30 JUNE 2021 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		194,594	191,921
Payments to suppliers and employees		(194,548)	(143,866)
Payment to segregated funds	C1	(27,848)	-
Tax paid		(9,812)	(2,877)
Payments for acquisition related expenses	E6	(6,109)	(3,431)
Interest paid		(4,107)	-
Interest received		5,749	7,071
Receipt from cashflow hedge	A1, C3	543	-
Net cash (used in)/generated by operating activities	B2	**(41,538)**	**48,818**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	D1	(1,684)	(1,098)
Payments for intangibles	D2	(12,374)	(11,520)
Payment of contingent consideration	C5	-	(3,544)
Payment for business combinations, net of cash acquired	E6	(57,087)	-
Payment for financial assets		-	(9,830)
Net cash used in investing activities		**(71,145)**	**(25,992)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for share issue costs		-	573
Payments for principal relating to lease liability		(1,914)	(1,196)
Proceeds from interest-bearing borrowings	C3	48,168	-
Net cash generated by/(used in) financing activities		**46,254**	**(623)**
Net increase / (decrease) in cash held		(66,429)	22,203
Cash at beginning of the year		141,228	118,381
Impacts of foreign exchange		(1,100)	644
Cash at end of the year	B1	**73,699**	**141,228**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity.

For the year ended 30 June 2022

	NOTES	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	SHARE AND OPTIONS RESERVES $'000	OTHER RESERVES $'000	TOTAL $'000
BALANCE AT 1 JULY 2020		455,583	(27,067)	(22,780)	37,377	(2,871)	440,242
TOTAL COMPREHENSIVE LOSS							
— Loss for the year		-	(28,694)	-	-	-	(28,694)
OTHER COMPREHENSIVE LOSS							
— Unrealised foreign currency loss, net of tax		-	-	(3,428)	-	-	(3,428)
— Gain on fair valuation of cashflow hedge, net of tax		-	-	-	-	262	262
— Gain on fair valuation of financial asset held at fair value through other comprehensive income, net of tax		-	-	-	-	1,806	1,806
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		-	(28,694)	(3,428)	-	2,068	(30,054)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY							
— Share-based payments		-	-	-	4,133	-	4,133
— Issue of share capital	E1	-	-	-	-	-	-
— Issue costs, net of tax		574	-	-	-	-	574
Balance at 30 June 2021		**456,157**	**(55,761)**	**(26,208)**	**41,510**	**(803)**	**414,895**
BALANCE AT 1 JULY 2021		456,157	(55,761)	(26,208)	41,510	(803)	414,895
TOTAL COMPREHENSIVE LOSS							
— Loss for the year		-	(4,801)	-	-	-	(4,801)
OTHER COMPREHENSIVE LOSS							
— Unrealised foreign currency loss, net of tax		-	-	(17,221)	-	-	(17,221)
— Gain on fair valuation of cashflow hedge, net of tax		-	-	-	-	(262)	(262)
— Gain on fair valuation of financial asset held at fair value through other comprehensive income, net of tax		-	-	-	-	4,081	4,081
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		-	(4,801)	(17,221)	-	3,819	(18,203)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY							
— Share-based payments		-	-	-	2,374	-	2,374
— Issue of share capital	E1	38,211	-	-	-	-	38,211
— Issue costs, net of tax		(160)	-	-	-	-	(160)
Balance at 30 June 2022		**494,208**	**(60,562)**	**(43,429)**	**43,884**	**3,016**	**437,117**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements.

A1 Revenue, Interest Income and Other Income

	CONSOLIDATED	
	30 JUNE 2022 $'000	30 JUNE 2021 $'000
(A) REVENUE FROM CONTRACTS WITH CUSTOMERS		
Recurring revenue – Transaction-based revenue	146,110	117,444
	146,110	**117,444**
Recurring revenue – Service-based revenue		
– Account management fees (1)	27,489	12,817
– Dormant state accounts revenue (2)	6,879	-
– Breakage revenue (3)	15,887	24,255
– Other service-based revenue(4)	3,130	4,747
	53,385	**41,819**
Non-recurring revenue		
– Establishment revenue	25,096	27,878
– Other service-based revenue (5)	4,459	-
	29,555	**27,878**
	229,050	**187,141**
(B) INTEREST INCOME		
Interest income – Stored value	908	1,057
Interest income – Group funds	13	96
Interest income – Bond investments (6)	2,412	3,924
	3,333	**5,077**
(C) OTHER INCOME		
Gain on cashflow hedge	543	-
Other income	135	178
	678	**178**

(1) For the financial year ended 30 June 2022, the Group revised existing terms and conditions for European GPR accounts. This allowed the Group to recognise Account Management Fees (AMF) on existing accounts where the Group has previously provided settlement services. The Group has recognised a $14,785,000 AMF revenue benefit relating to the existing accounts in the GPR segment, with a corresponding increase to Contract assets (refer Note B3).

(2) For the financial year ended 30 June 2022, there was a $3,098,000 revenue benefit in the European region relating to the GPR segment. Dormant state accounts revenue is where cardholder liabilities are no longer required to be retained by the Group under the applicable Electronic Money Regulations (EMRs) and therefore were released from safeguarding requirements.

(3) For the financial year ended 30 June 2021, the North American G&I segment benefited from $11,100,000 in higher breakage rates attributed to lower spend during COVID-19 restrictions.

(4) The comparative amount of $4,747,000 was reclassified from Recurring revenue - Transaction based revenue into Recurring revenue - Service based revenue.

(5) For the financial year ended 30 June 2022, a $4,459,000 revenue benefit was recognised in the G&I segment. This relates to an agreement with a customer to provide an additional once off service, with a corresponding increase to Contract assets (refer Note B3).

(6) Interest income - Bond investments includes a reduction of $1,736,000 (2021: $1,958,000) for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.

A1 Revenue, Interest Income and Other Income (continued)

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

(i) Recurring Revenue - Transaction based

TRANSACTION BASED REVENUE (FIXED CONSIDERATION)

The Group generates fixed consideration from cardholder transactions. This revenue includes transaction fees and fees generated from interchange. Consideration for transaction based revenue is drawn from the cardholders prepaid, unexercised rights.

Transaction and Interchange fees

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

Revenue is recognised at the point in time the service has been provided to the cardholder.

The transaction price is fixed and determined with reference to the contracted terms.

(ii) Recurring Revenue - Service based

SERVICE-BASED REVENUE (VARIABLE CONSIDERATION)

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

Account Management Fees (AMF)

AMF is an amount which is generated from monthly charges on cardholder accounts. The Group's performance obligation with the cardholder relates to the provision of settlement services for redemption of value through goods and services, up to the card balance.

AMF is variable consideration, dependant on future cardholder behaviour. The Group estimate future cardholder behaviour to determine expected AMF.

Where the Group expects to be entitled to an AMF amount and can demonstrate the ability to reliably measure the value, revenue is recognised at the point in time when the settlement services are provided. EML utilise cardholder behaviour to estimate performance obligation completion.

Variable consideration can only be recognised where it is highly probable that a significant reversal will not occur. Significant accounting judgements and estimates relating to AMF revenue are described further below.

Dormant state accounts revenue

The Group expects to generate revenue from GPR products where a balance expires unused. In accordance with the relevant Electronic Money Regulations (EMRs), accounts become dormant following expiry of the product and termination of the agreement with the end user.

Subject to redemption fees or dormancy fees as outlined in the applicable terms and conditions, balances may convert to revenue at the point the liability to the customer is no longer required to be retained by the Group under relevant EMRs. This time period varies depending on the jurisdiction under which the product was issued. Once calculated, the amount of liability to be extinguished will be approved by the Business Risk and Compliance Committee. This revenue will only be recognised once the liability is extinguished and revenue will be recognised net of commission to our partners.

KEY JUDGEMENTS AND ESTIMATIONS - ACCOUNT MANAGEMENT FEE (AMF) REVENUE

Estimating variable consideration

The Group estimates future cardholder behaviour to determine expected AMF revenue. These estimations utilise and analyse historical data, market-specific trends, and existing economic conditions for each program. The calculated AMF revenue rates are reviewed regularly in line with new commercial agreements and changes in cardholder behaviour.

Estimating when a highly probable reversal will not occur.

The timing of the Group estimating when a highly probable reversal will not occur is at different stages for G&I and GPR. This is due to the nature of the products.

G&I PRODUCTS

AMF revenue is estimated and recognition commences from the month when funds are loaded onto the account on G&I products. It is at this point the Group have estimated that it is highly probable that a significant reversal will not occur as there is more certainty in the spend profile on a single load product. The estimated AMF revenue is then recognised as transactions are settled in proportion to the pattern of rights exercised by the cardholder.

GPR PRODUCTS

AMF revenue is estimated and recognition commences from account inactivity (being 12 months from the date of last transaction) for GPR products. It is at this point the Group have estimated that it is highly probable that a significant reversal will not occur. This point has been identified as a GPR product may have multiple load and spend events. The estimated AMF revenue relating to past services is then recognised.

Notes to the Financial Statements.

A1 Revenue, Interest Income and Other Income (continued)

BREAKAGE REVENUE

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

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

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

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

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

(ii) Non-recurring Revenue

ESTABLISHMENT REVENUE

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

Card sales revenue is recognised when the order is confirmed by the client as this represents the point in time at which the Group has satisfied its performance obligation and the Group has the right to consideration. Card orders are highly branded to the client's specific requirements and are unable to be repurposed.

OTHER SERVICE BASED REVENUE

Other service-based revenue has been generated in the year ended 30 June 2022. The Group's performance obligation was completed during the year. The transaction price is variable consideration, dependant on future cardholder behaviour. Where the Group can demonstrate the ability to reliably measure the value, revenue is recognised at a point in time as the contract is terminated.

(iii) Interest Income

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

KEY JUDGEMENTS AND ESTIMATIONS - BREAKAGE REVENUE

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

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

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

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

Notes to the Financial Statements.

A2 Cost of Sales

Cost of sales are expenses incurred that directly relate to the generation of revenue and for the year ended 30 June 2022 are $74,567,000 (2021: $63,800,000). Included in this category are costs relating to facilitating transactions, costs from payment networks and costs relating to card manufacturing.

The Group's cost of sales also includes $3,618,000 of interest expense from a negative cash rate on the European stored value assets (2021: $1,594,000).

A3 Segment Information

The operating segments have been identified based on internal reports about components of the Group. These are regularly reviewed by the Board of Directors of EML Payments Limited who are the Chief Operating Decision Maker (CODM). The CODM are responsible for resource allocation and performance assessment of the operating segments.

As the Group's operations continue 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:

— 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.
— 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 CODM 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.

A3 Segment Information (continued)

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

	YEAR ENDED 30 JUNE 2022				YEAR ENDED 30 JUNE 2021			
	GPR $'000	G&I $'000	DP $'000	GROUP $'000	GPR $'000	G&I $'000	DP $'000	GROUP $'000
Gross debit volume (GDV)	12,354,823	1,342,416	66,551,029	80,248,268	9,742,596	1,106,303	8,829,487	19,678,386
Revenue conversion (bps)	120	510	3	29	117	635	12	99
Recurring revenue - Transaction based revenue	98,811	30,450	16,849	146,110	82,972	24,357	10,112	117,441
Recurring revenue - Service-based revenue	25,126	28,063	196	53,385	2,843	38,948	22	41,822
Non-recurring revenue	19,489	9,560	506	29,555	21,081	6,662	135	27,878
Total revenue from contracts with customers	**143,426**	**68,073**	**17,551**	**229,050**	106,886	69,983	10,272	187,141
Interest income – Stored value	535	347	25	907	779	266	12	1,057
Interest income – Group funds	-	-	-	14	-	-	-	96
Interest income – Bond investment	2,412	-	-	2,412	3,924	-	-	3,924
Add back: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date (1)	1,736	-	-	1,736	1,958	-	-	1,958
Total Interest income	**4,683**	**347**	**25**	**5,070**	6,661	266	12	7,035
Total revenue (1)	**148,109**	**68,420**	**17,576**	**234,119**	**113,547**	**70,249**	**10,284**	**194,176**
Gross profit (1)	**90,027**	**54,599**	**14,926**	**159,552**	**65,726**	**57,014**	**7,636**	**130,376**
Gross profit %	61%	80%	85%	68%	58%	81%	74%	67%
Other income				678				178
Total expenses				(158,834)				(151,877)
Less: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date (1)				(1,736)				(1,958)
Loss before tax				**(340)**				**(23,281)**
Income tax expense				(4,461)				(5,414)
Net Loss for the year				**(4,801)**				**(28,695)**

(1) Interest income - Bond investments includes a reduction of $1,736,000 (2021: $1,958,000) for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.

A3 Segment Information (continued)

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

	YEAR ENDED 30 JUNE 2022				YEAR ENDED 30 JUNE 2021			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000
Recurring revenue - Transaction based revenue	29,681	90,261	26,168	146,110	24,094	69,262	24,085	117,441
Recurring revenue - Service-based revenue	1,480	37,813	14,090	53,383	1,592	16,476	23,744	41,812
Non-recurring revenue	3,286	24,815	1,456	29,557	3,186	23,337	1,354	27,877
Revenue from contracts with customers	**34,447**	**152,889**	**41,714**	**229,050**	28,872	109,075	49,183	187,141

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

	YEAR ENDED 30 JUNE 2022				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	281,511	1,557,757	15,854	1,855,122	281,384	1,305,908	16,219	1,603,511
Non-current assets	450,245	348,050	29,026	827,321	422,396	237,645	25,226	685,267
Total liabilities	(251,501)	(1,965,431)	(28,394)	(2,245,326)	(251,377)	(1,590,607)	(31,899)	(1,873,883)
Net assets/(liabilities)	**480,255**	**(59,624)**	**16,486**	**437,117**	452,403	(47,054)	9,546	414,895

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

Notes to the Financial Statements.

A4 Finance Costs

	NOTES	CONSOLIDATED 30 JUNE 2022 $'000	CONSOLIDATED 30 JUNE 2021 $'000
Commitment fees on borrowings		485	119
Interest expense - Interest-bearing borrowings	C3	1,905	1,290
		2,390	**1,409**

A5 Other Expenses

	CONSOLIDATED 30 JUNE 2022 $'000	CONSOLIDATED 30 JUNE 2021 $'000
(A) OTHER OPERATING EXPENSES		
Fixed sponsor bank and other related costs	6,636	2,540
Risk and compliance	5,667	2,727
Expenses incurred by the Prepaid Financial Services (Ireland) Limited Group (PFS) relating to obligations arising prior to EML ownership [1]	-	13,507
Expenses recovered by the PFS Group relating to obligations arising prior to EML ownership [1]	-	(13,507)
Other	5,953	6,185
	18,256	**11,452**
(B) OTHER NON-OPERATING EXPENSES/(BENEFIT)		
Foreign exchange (gain)/loss, net	(6,084)	5,823
	(6,084)	**5,823**

(1) During the financial year ended 30 June 2021, costs of $13,507,000 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.

A6 Fair value (gain)/loss on financial assets and liabilities

	CONSOLIDATED	
	30 JUNE 2022 $'000	30 JUNE 2021 $'000
FAIR VALUE (GAIN)/LOSS ON FINANCIAL ASSETS HELD AT FVTPL		
- Fair value loss on the Hydrogen Technology Corporation equity investment	7,274	-
- Fair value (gain)/loss on Visa Inc equity investment	(292)	280
FAIR VALUE (GAIN)/LOSS ON FINANCIAL LIABILITIES HELD AT FVTPL		
- Fair value (gain)/loss on contingent consideration	(9,074)	16,785
- Fair value loss on other financial liability	318	-
	(1,774)	17,065

Gains or losses from revaluation of financial assets and liabilities held at fair value through profit or loss are included in this note.

(i) Fair value (gain)/loss on financial assets held at FVTPL

Fair value movements on financial assets held at fair value through profit or loss relate to the Group's equity investments in The Hydrogen Technology Corporation and Visa Inc. Refer to Note C4 and C5.

(ii) Fair value (gain)/loss on financial liabilities held at FVTPL

Fair value movements for contingent consideration relate to the estimated achievement of earn-out components on business combinations and the unwind of discount on contingent consideration for PFS Group and Sentenial Group, refer to Note C5.

A7 Professional fees

	CONSOLIDATED	
	30 JUNE 2022 $'000	30 JUNE 2021 $'000
Professional fees incurred and provided for in relation to the CBI matter and litigation (1)	16,851	11,351
Other professional fees	9,239	3,964
	26,090	15,315

(1) Refer to Note B9 for details regarding the CBI matter and litigation.

Notes to the Financial Statements.

A8 Taxation

	CONSOLIDATED	
	30 JUNE 2022 $'000	**30 JUNE 2021 $'000**
(A) RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Current income tax expense	(6,782)	(6,911)
Deferred tax benefit relating to the origination and reversal of temporary differences	2,219	4,040
Refundable R & D tax offset	978	966
Over/(under) provision of current income tax in prior year	(876)	(3,509)
Income tax expense	**(4,461)**	**(5,414)**
(B) RECONCILIATION BETWEEN INCOME TAX (EXPENSE)/BENEFIT AND LOSS BEFORE INCOME TAX		
Loss before income tax	(340)	(23,281)
Income tax benefit using the domestic corporation tax rate of 30% (2021: 30%)	(102)	6,984
TAX EFFECT OF:		
Non-deductible expenses	(4,122)	(6,267)
Tax deduction in respect of contributions to employee share trust	891	1,614
Refundable R & D tax offset	978	985
Effect of differences in tax rates [1]	(728)	(3,517)
Tax losses not recognised	(467)	(791)
Fair value on financial assets/liabilities	(156)	-
Over/(under) provision of income tax in prior year	(459)	(3,508)
Recognised directly in equity	89	(85)
Other	(385)	(829)
Income tax expense	**(4,461)**	**(5,414)**

(1) United Kingdom tax rate is 19%, Irish tax rate is 12.5%, Australian tax rate is 30%, USA tax rate is 24.95% and Canadian tax rate is 26.50%.

KEY JUDGEMENTS AND ESTIMATIONS - RECOVERY OF DEFERRED TAX ASSETS

The Group recognises a deferred tax asset arising from unused carried forward losses for the Europe, 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.

A8 Taxation (continued)

	30 JUNE 2022 $'000	30 JUNE 2021 $'000
(C) DEFERRED TAX ASSET		
Employee benefits	1,261	3,140
Intangible assets	3,244	3,310
Recognition of tax losses and credits	12,805	12,234
Share capital costs	581	667
Other	5,013	2,102
Deferred tax asset	**22,904**	21,453

	30 JUNE 2022 $'000	30 JUNE 2021 $'000
(D) DEFERRED TAX LIABILITY		
Contract assets	(885)	(2,186)
Plant, equipment and right-of-use assets	(1,948)	(686)
Intangible assets	(12,957)	(10,897)
Financial assets	(1,464)	-
Other	(935)	(507)
Deferred tax liability	**(18,189)**	(14,276)

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

Current income tax

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

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

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

Deferred income tax

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

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

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

Notes to the Financial Statements.

A8 Taxation (continued)

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

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

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

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

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

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

Tax consolidation legislation

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

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

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

A9 Auditor's Remuneration

	CONSOLIDATED	
	2022 $	2021 $
(A) STATUTORY AUDIT AND REVIEW OF FINANCIAL STATEMENTS		
Group	498,000	429,500
Controlled entities	1,075,954	784,340
Controlled entities - non-recurring fees relating to acquisitions	449,779	472,350
Controlled entities - non-recurring fees relating to acquisitions prior year	158,108	-
Statutory audit and review of financial statements	**2,181,841**	**1,686,190**
(B) OTHER NON-AUDIT SERVICES IN RELATION TO THE ENTITY AND ANY OTHER ENTITY IN THE CONSOLIDATED GROUP		
Other assurance services	276,418	363,200
Other consulting services	265,787	210,834
Total remuneration for non-audit services	**542,205**	**574,034**
	2,724,046	2,260,224

The auditor of EML Payments Limited is Deloitte Touche Tohmatsu.

A10 Earnings per Share

	CONSOLIDATED 2022 CENTS PER SHARE	2021 CENTS PER SHARE
(A) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS		
Basic earnings per share	(1.29)	(7.96)
Diluted earnings per share [1]	(1.29)	(7.96)
(B) (LOSS)/PROFIT USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE	(4,801,000)	(28,695,000)
(C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	370,737,434	360,489,297
Adjustment for shares deemed to be issued at nil consideration in respect of option rights entitlements [2]	5,212,134	5,766,600
Adjustment for shares deemed to be issued in respect of contingent consideration	527,623 [3]	634,578 [4]
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	376,477,191	366,890,475

(1) Diluted EPS is the same as Basic EPS as the Group were loss making for the financial years.

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

(3) The adjustment for shares deemed to be issued in respect of contingent consideration related to the Sentenial Group business combination, refer to Note E6.

(4) The adjustment for shares deemed to be issued in respect of contingent consideration related to the EML Money Group business combination.

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

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

B1 Cash and Cash Equivalents

	CONSOLIDATED 2022 $'000	2021 $'000
Cash on hand and at bank	73,699	141,228

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

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

Notes to the Financial Statements.

B2 Reconciliation of Operating Cashflows

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

	NOTES	CONSOLIDATED 2022 $'000	2021 $'000
OPERATING LOSS AFTER INCOME TAX		(4,801)	(28,695)
ADD: NON-CASH ITEMS			
Depreciation and amortisation	D1,D2	29,943	29,836
Share-based payments	E3	2,991	4,967
Net foreign exchange differences		(6,311)	5,823
Impairment expense on customer contracts and relationships	D2,D3	1,504	-
Fair value (gain)/loss on financial assets and liabilities	A6	(1,774)	17,065
Interest expense - interest-bearing borrowings		1,449	1,290
Non-cash settlement of contingent consideration for the PFS Group	C5	-	(13,152)
Amortisation of the bond portfolio		2,915	3,497
Other		992	(53)
CHANGE IN OPERATING ASSETS AND LIABILITIES			
(Increase) / decrease in contract assets		(23,359)	5,012
(Increase) / decrease in trade and other receivables		(10,955)	(303)
(Increase) / decrease in other current assets		(590)	(2,281)
(Increase) / decrease in current tax		(2,553)	3,937
(Increase) / decrease in segregated funds and bond investments		(304,355)	(466,544)
(Increase) / decrease in other long-term receivables		(618)	607
(Increase) / decrease in deferred tax asset		(2,116)	2,172
(Decrease) / Increase in trade and other payables		(6,341)	16,320
(Decrease) / Increase in other liabilities		4,556	267
(Decrease) / Increase in provisions		7,126	7,620
(Decrease) / Increase in liabilities to stored value account holders		274,197	465,005
(Decrease) / Increase in deferred tax liabilities		(3,438)	(3,572)
Net cash (used in)/generated by operating activities		**(41,538)**	48,818

B3 Contract Assets

	CONSOLIDATED	
	2022 $'000	2021 $'000
CURRENT		
Contract assets	21,531	16,363
NON-CURRENT		
Contract assets	28,565	10,219

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

Where the Group expects to be entitled to variable consideration and can demonstrate the ability to reliably measure cardholder redemption patterns, the Group will recognise a contract asset in proportion to the pattern of rights exercised by the cardholder.

Variable consideration can only be recognised where it is highly probable that a significant reversal will not occur. The Group will only recognise an asset when it expects to be entitled to the revenue and can demonstrate the ability to reliably measure cardholder redemption patterns. The value recognised is in proportion to the pattern of rights exercised by the cardholder.

Contract assets are generated from the revenue categories of Account management fees, Breakage revenue and other service-based revenue.

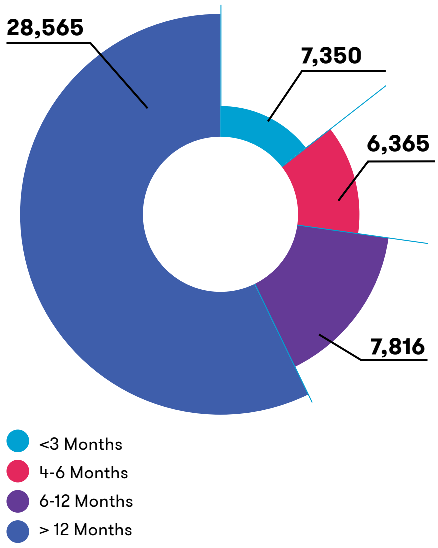
Contract assets are subject to the expected credit loss assessment under AASB 9. For $45,637,000 of the balance (2021: $26,582,000), the Group directly holds the cardholder assets, and can directly withdraw the consideration when eligible. The credit risk associated with these balances is contained to the associated financial institution which holds the funds on deposit. Therefore, due to the nature of this balance no expected credit loss has been recognised.

The Group has considered whether our non-current contract assets includes a significant financing component. When applying the financing component, consideration has been given to the effects of the following key factors:

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

For certain contract assets that have a multi-year cash conversion period, revenue consideration and the associated contract assets have been reduced by an implied financing component.

PHASING OF FY22 BREAKAGE ACCRUAL EXPECTED CONVERSION TO CASH



Notes to the Financial Statements.

B3 Contract Assets (continued)

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

	CONSOLIDATED	
	2022 $'000	2021 $'000
Opening balance	26,582	31,829
Revenue recognised	50,517	37,072
Cash receipts	(26,726)	(42,083)
Unrealised foreign currency exchange difference	(277)	(236)
	50,096	26,582

B4 Trade and Other Receivables

	CONSOLIDATED	
	2022 $'000	2021 $'000
CURRENT		
Trade receivables	37,473	22,044
Provision for expected credit loss	(1,743)	(172)
Other	106	83
	35,836	**21,955**
NON-CURRENT		
Customer deposits (1)	7,273	6,656
Other	126	-
	7,399	**6,656**

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

Trade and other receivables are held at amortised cost. The Group has had $13,891,000 (2021: $8,859,000) of Trade receivables that are overdue and not impaired. Historically, the Group has had insignificant bad debts, resulting in an insignificant expected credit loss amount. For self-issued products, the Group controls cash stored value and have the right to offset client share of payables after providing sufficient notice. The Group continually reviews and considers forward-looking information where available, and current customer correspondence. Refer to Note C3 for further details on the Group's credit risks.

EXPECTED CREDIT LOSSES

The Group applies the simplified approach to measuring expected credit losses (ECLs) for all trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

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

Notes to the Financial Statements.

B5 Other Current Assets

	CONSOLIDATED	
	2022 $'000	2021 $'000
Prepayments	5,739	6,069
Other	2,844	1,514
	8,583	7,583

Other current assets are held at amortised cost.

B6 Trade and Other Payables

	CONSOLIDATED	
	2022 $'000	2021 $'000
Trade creditors	45,694	37,278
Accrued expenses	15,942	16,100
Sales tax payable, net	1,453	5,157
Other payables	2,596	4,333
	65,685	62,868

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

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

B7 Other Liabilities

	CONSOLIDATED	
	2022 $'000	2021 $'000
CURRENT		
Deferred income	6,186	-
Other	1,645	1,189
	7,831	1,189
NON-CURRENT		
Customer deposits [1]	7,273	6,656
Deferred income	-	1,836
Other payable	3,154	1,917
	10,427	10,409

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

Other liabilities are held at amortised cost.

The following table reconciles movements in deferred income (current):

	CONSOLIDATED	
	2022 $'000	2021 $'000
At 1 July	1,836	1,976
Consideration received from customer in the previous reporting period, recognised as revenue in the current period where the performance obligation has been completed	(1,836)	(1,976)
Consideration received from customer in the current reporting period for future performance obligations	6,186	1,836
	6,186	1,836

Notes to the Financial Statements.

B8 Interest-bearing borrowings

	CONSOLIDATED	
	2022 $'000	2021 $'000
CURRENT		
Loan notes	1,586	1,385
Financial institution loan	212	-
Lease liabilities	1,923	1,726
	3,721	3,111
NON-CURRENT		
Loan notes	36,053	36,860
Financial institution loan	45,563	-
Lease liabilities	6,069	5,155
	87,685	42,015

The interest-bearing borrowings are held at amortised cost, refer to Note C3 (v) for the accounting policy.

(i) Loan notes

The loan notes relate to the unlisted, unsecured loan notes issued by the Group to the Prepaid Financial Services Group (PFS Group) vendors. The loan notes are interest bearing at 2% during the financial year (2021: 2%), and repayable in two tranches by 28 June 2024 and 30 June 2025. The Group holds an election to repay at any earlier date.

(ii) Financial institution loan

The Group has access to a multi-currency debt facility under a Syndicated Facilities Agreement. The currencies available for draw down include AUD, USD, CAD, GBP and current borrowings are in EUR.

During the year ended 30 June 2022, $48,168,000 was drawn down. As at 30 June 2022, the total undrawn amount is $195,000,000 (2021: $250,000,000) at 30 June 2022. The facility that was drawn down during the financial year has a repayment date of 28 September 2024. Under this agreement the Group is required to provide collateral in the form of security over specific subsidiary's assets and shares [1], such that at all times:

- The aggregate EBITDA of those subsidiaries providing security over their assets and shares represents at least 85% of the annual EBITDA of the Group; and
- The net assets of those subsidiaries providing security over their assets and shares represents at least 85% of the net assets of the Group.

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.

(1) Funds received from customers or held on behalf of cardholders relating to stored value is specifically excluded as collateral.

B8 Interest-bearing borrowings (continued)

(iii) Lease liabilities

The Group is a lessee and all leases are primarily for office properties. The remaining lease terms range between one and seven years.

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. In the case of leases acquired in a business combination, the incremental borrowing rate at the date of acquisition is used. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

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

The corresponding right-of-use assets and accumulated depreciation are included in Note D1.

The Group has $8,519,000 of contractual cash obligations (2021: $7,256,000), which is reduced by amounts representing finance charges of $527,000 (2021: $374,000). The maturity analysis of lease liabilities is presented in Note C3.

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

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

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

Notes to the Financial Statements.

B9 Provisions

	CONSOLIDATED	
	2022 $'000	2021 $'000
CURRENT		
Employee benefits	2,144	1,969
Regulatory matters	8,084	10,801
Litigation	9,689	-
	19,917	**12,770**
NON-CURRENT		
Employee benefits	90	111
	90	**111**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

The below table reconciles movements in regulatory matters and litigation during the financial year.

	REGULATORY MATTERS	LITIGATION	TOTAL
	2022 $'000	2022 $'000	2022 $'000
Opening balance	10,801	-	10,801
(Credited)/charged to profit or loss			
- Additional provisions recognised	3,955	10,500	14,455
- Unrealised foreign currency exchange difference	365	-	365
Amounts used during the year	(7,037)	(811)	(7,848)
	8,084	**9,689**	**17,773**

(i) Employee benefits

ANNUAL LEAVE

Liabilities for annual leave expected to be settled within 12 months of the balance date are recognised in provisions in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled.

LONG SERVICE LEAVE

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date.

Consideration is given to expect future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

B9 Provisions (continued)

(ii) Regulatory matters

CENTRAL BANK OF IRELAND (CBI) CORRESPONDENCE

During the financial year ended 30 June 2021, PFS Card Services (Ireland) Limited (PCSIL), a wholly owned subsidiary of EML, received correspondence raising significant regulatory concerns. EML have invested significant resources in a remediation programme to address the regulator's concerns. The CBI has constructively engaged with PCSIL and identified shortcomings in components of the programme, principally the sequencing and approach taken to the risk assessment of its distributors, corporates and customers. PCSIL will adopt a revised approach to these components and completion of this work may result in additional controls being embedded into the internal control framework. The remediation programme is subject to independent third party review and regulatory approval. It is anticipated that adjustments to the remediation programme identified will result in assurance being finalised in 2023.

A provision has been recognised for the likely costs that will be incurred to reach a resolution of the matter including professional advisory services and an estimate of any financial penalty. As at 30 June 2022, the Group has a provision of $8,084,000 (30 June 2021: $10,801,000) in relation to the above matter. Additional costs may be incurred consequential to this matter, which are unknown or do not meet the criteria to be provided at 30 June 2022.

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 PFS Group that it had commenced an investigation.

PFS and EML (post acquisition) worked collaboratively with the regulator to resolve the issue and agreed a settlement of GBP 920,000 to the PSR. The full settlement amount has been paid during the financial year ended 30 June 2022.

At EML's acquisition of the PFS Group on 31 March 2020, EML withheld GBP 5,000,000 from the vendors to settle any financial penalties. EML returned the residual amounts after deducting legal costs to the vendors in the financial year ended 30 June 2021.

(iii) Litigation

SHAREHOLDER CLASS ACTION

On 16 December 2021, Shine Lawyers filed group proceedings in the Supreme Court of Victoria. The proceedings allege that the Company did not comply with its disclosure obligations and engaged in misleading and deceptive conduct regarding disclosure. The allegations relate to the Company's governance arrangements in regards to its Irish subsidiary, PCSIL and PCSIL's interaction with the CBI. The Company 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 provision of $10,500,000 was recognised in the year for the likely legal costs which are considered likely to be incurred in defence of the claims. As at 30 June 2022, a provision of $9,689,000 continues to be recognised. Additional legal costs or damages, if any, may be incurred, which are unknown or do not meet the criteria to be provided at 30 June 2022. 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.

KEY ESTIMATION - LITIGATION

The provision for litigation represents management's best estimate of the Company's liability for legal costs that meet the criteria for recognition. The Company has 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 the Company'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.

C1 Segregated Funds and Bond Investments

Segregated funds and bond investments are amounts held in respect of stored value issued by the Group, funded by external account holders. The liability to the external account holders is disclosed in Note C2.

Cash received from stored value account holders is placed in facilities according to assessed short-term treasury and liquidity needs. The financial risk and return of the Segregated funds and bond investments is attributable to the Group. Refer to Note C3 for information regarding credit risk.

The Group generate interest income on Segregated funds and bond investments. Income generated from Cash held with financial institutions is impacted by movements in central bank cash rates. Income generated from Bond investments is determined based on the effective interest rate at purchase date.

The net income generated in the financial year ended 30 June 2022 was $1,436,000 (2021: $5,344,000), being $908,000 Interest income - Stored value (2021: $1,057,000, Note A1(b)), $2,412,000 Interest income - Bond investments (2021: $3,924,000, Note A1(b)), $1,736,000 add back for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date (2021: $1,958,000), less the impact of $3,620,000 of interest expense from a negative cash rate on the European stored value assets (2021: $1,595,000, Note A3).

	CONSOLIDATED	
	2022 $'000	**2021 $'000**
CURRENT		
Cash held with financial institutions	1,473,321	1,232,896
Bond investments	236,394	176,656
Total Current	**1,709,715**	**1,409,552**
NON-CURRENT		
Bond investments	295,842	274,024
Total Non-current	**295,842**	**274,024**
	2,005,557	1,683,576

(i) Cash held with financial institutions

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

(ii) Bond investments

The Group assess the liquidity needs of Stored value from account holders, and where not required to meet short term account holder cash needs, excess funds are may be invested in high-quality bonds. Certain regulators require the Group to submit the Treasury Investment Policy for approval to ensure safeguarding requirements will be met.

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

The fair value of the portfolio at 30 June 2022 was $527,577,000 (2021: $467,027,000). Refer to Note C5.

C1 Segregated Funds and Bond Investments (continued)

The below table indicates the balance ownership:

	CONSOLIDATED	
	2022 $'000	2021 $'000
Assets of stored value from account holders	526,818	444,874
Assets of EML	5,418	5,806
	532,236	450,680

The assets of EML will generate $5,021,000 (2021: $9,220,000) of cash interest over the remaining life of the bonds which will mature over the period to November 2024. Cash interest booked to interest income in the Statement of Profit or Loss and Other Comprehensive Income will be offset by the remaining non-cash amortisation, which is inclusive of the remaining AASB 3 fair value uplift on the PFS acquisition of $821,000 (2021: $2,608,000).

SEGREGATED ASSETS - PFS GROUP

During the financial year ended 30 June 2021, the Group corrected an error in the PFS Group acquired liabilities recognised on acquisition that related to recognition of a liability for stored value amounts. The error related to the period prior to the Group's acquisition however, was identified outside of the measurement period and related to information that could reasonably be expected to have been obtained at the acquisition date.

During the financial year ended 30 June 2022, the Group injected $27,792,000 into the Segregated funds and bond investments. This cash outflow has been identified as the category Payment to segregated funds in the Statement of Cash Flows.

C2 Liabilities to Stored Value Account Holders

	CONSOLIDATED	
	2022 $'000	2021 $'000
Liabilities to stored value account holders	2,000,139	1,705,957

Liabilities to stored value account holders are held at demand value and represent funds received for stored value accounts issued by the Company that have in turn been deposited by the Group with a financial institution.

As Liabilities to stored value account holders are on-demand liabilities they are classified as current liabilities. The Liabilities to stored value account holders is utilised in the same proportion as the Segregated funds and bond investments. However, a portion of the surplus segregated funds are invested into bonds and result in a portion classified as non-current. This results in the presentation of a net current liability position. The Segregated funds and bond investments is disclosed in Note C1.

Notes to the Financial Statements.

C3 Financial Instruments

Overview

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

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

The Group's basis for determining the fair value of financial instruments is included in Note C5.

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

	NOTE	CONSOLIDATED 2022 $'000	CONSOLIDATED 2021 $'000
FINANCIAL ASSETS			
Financial assets at amortised cost			
Cash and cash equivalents	B1	73,699	141,228
Trade and other receivables - current	B4	35,836	21,955
Trade and other receivables - non-current	B4	7,399	6,656
Segregated funds and bond investments	C1	2,005,557	1,683,576
Financial assets at fair value through profit or loss (FVTPL)			
Equity investment - at FVTPL	C4	601	6,997
Financial assets at fair value through other comprehensive income (FVOCI)			
Equity investment - at FVTOCI	C4	10,831	4,540
Derivative financial instrument	C6	-	375

	NOTE	CONSOLIDATED 2022 $'000	CONSOLIDATED 2021 $'000
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Trade and other payables (1)	B6	64,232	57,711
Interest-bearing borrowings	B8	91,406	45,126
Liabilities to stored value account holders	C2	2,000,139	1,705,957
Customer deposits liability - Non-current	B7	7,273	6,656
Financial liabilities at fair value through profit or loss (FVTPL)			
Contingent consideration - cash settled portion (2)	C5	28,856	14,280

(1) Sales tax payable of $1,453,000 (2021: $5,157,000) under Trade and other payable is not considered a financial liability and has been excluded.

(2) For the financial year ended 30 June 2022, the contingent consideration – cash settled portion relates to the Sentenial Group acquisition (refer Note E6). Payment in cash or equity in 2024 is at EML's discretion. No determination has been made, however, has been presented as a cash liability for liquidity analysis purposes.

C3 Financial Instruments (continued)

Financial Risk Management

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

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

Notes to the Financial Statements.

C3 Financial Instruments (continued)

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

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

(i) Credit Risk

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

CASH AND CASH EQUIVALENTS

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

TRADE AND OTHER RECEIVABLES AND CUSTOMER DEPOSITS

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

The Group has $13,891,000 (2021: $8,859,000) of Trade receivables that are overdue and not impaired. Historically, the Group has had insignificant bad debts (2022: $992,000; 2021 $502,000). For self-issued products, the Group controls cash stored value and have the right to offset client share payable after providing sufficient notice, resulting in an insignificant expected credit loss amount, refer to Note B4.

SEGREGATED FUNDS AND BOND INVESTMENTS

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

Bond Investments

The Group's bond investments are considered to have low credit risk, and the ECL considerations are therefore limited to 12 months expected losses. The Group's Treasury Investment Policy provides the guidelines for investing cardholder funds and requires that bonds purchased are secure, liquid and low credit risk. The Group assess the impact of current economic conditions, collate external credit ratings and consider historical default rates on investments that have the same credit rating. The Group have determined the credit risk to be low. Refer to Note C1 for further information on Bond investments.

(ii) Liquidity Risk

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

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

C3 Financial Instruments (continued)

(A) MATURITIES OF FINANCIAL LIABILITIES

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

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	6 MTHS OR LESS $'000	6-12 MTHS $'000	1-2 YEARS $'000	2+ YEARS $'000
30 JUNE 2022						
NON-DERIVATIVES						
Trade and other payables	64,232	64,232	64,232	-	-	-
Interest-bearing borrowings	91,406	234,535	48,671	49,165	67,647	69,052
Liabilities to stored value account holders [(1)]	2,000,139	2,000,139	-	-	-	-
Customer deposits - Non-current [(2)]	7,273	7,273	-	-	-	-
Contingent consideration - cash settled portion [(3)]	28,856	36,274	-	-	-	36,274
Total	**2,191,906**	**2,342,453**	**112,903**	**49,165**	**67,647**	**105,326**
30 JUNE 2021						
NON-DERIVATIVES						
Trade and other payables	57,711	57,711	57,711	-	-	-
Interest-bearing borrowings	45,126	49,462	2,175	1,546	2,979	42,762
Liabilities to stored value account holders [(1)]	1,705,957	1,705,957	-	-	-	-
Customer deposits - Non-current [(2)]	6,656	6,656	-	-	-	-
Contingent consideration - cash settled portion	14,280	16,518	-	-	16,518	-
Total	1,829,730	1,836,304	59,886	1,546	19,497	42,762

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

(2) Customer deposits is included in Other liabilities, non-current. The liability for customer deposits is utilised in the same proportion as the Customer deposits receivable. Therefore the contractual cashflow would net off, refer to Note B4.

(3) For the financial year ended 30 June 2022, the contingent consideration – cash settled portion relates to the Sentenial Group acquisition, refer Note E6. Payment in cash or equity in 2024 is at EML's discretion. No determination has been made, however, has been presented as a cash liability for liquidity analysis purposes.

Notes to the Financial Statements.

C3 Financial Instruments (continued)

(B) RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

The below table sets out the changes in the liabilities for which cash flows have been classified as financing activities in the Statement of Cash Flows.

	CONSOLIDATED							
30 JUNE 2022	**AT 1 JULY $'000**	**BUSINESS COMBINATION**	**INTEREST EXPENSE**	**ADDITIONS**	**DISPOSALS**	**CASH FLOWS**	**UNREALISED FOREIGN CURRENCY EXCHANGE DIFFERENCE**	**AT 30 JUNE $'000**
Interest-bearing borrowings - loan notes	38,245	-	1,103	-	-	-	(1,709)	37,639
Interest-bearing borrowings - financial institution loan	-	-	665	48,168	-	(452)	(2,606)	45,775
Interest-bearing borrowings - lease liabilities	6,881	326	137	3,772	(696)	(1,914)	(514)	7,992
Total	**45,126**	**326**	**1,905**	**51,940**	**(696)**	**(2,366)**	**(4,829)**	**91,406**

30 JUNE 2021	**AT 1 JULY $'000**	**BUSINESS COMBINATION**	**INTEREST EXPENSE**	**ADDITIONS**	**CASH FLOWS**	**UNREALISED FOREIGN CURRENCY EXCHANGE DIFFERENCE**	**AT 30 JUNE $'000**
Interest-bearing borrowings - loan notes	35,848	-	1,084	-	-	1,313	38,245
Interest-bearing borrowings - lease liabilities	9,150	-	206	168	(1,196)	(1,447)	6,881
Total	**44,998**	**-**	**1,290**	**168**	**(1,196)**	**(134)**	**45,126**

(iii) Market Risk

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

(A) CURRENCY RISK

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

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

Foreign exchange forward contracts

In the financial year ended 30 June 2021, the Group had designated a foreign exchange forward contract for the cash flow hedge in relation to the acquisition of Sentenial Limited, refer to Note C6.

There was a $543,000 cash gain in relation to excess forward exchange contracts initially contracted for the Sentenial Limited Group acquisition (2021: nil).

At 30 June 2022, there are no outstanding forward exchange contracts.

C3 Financial Instruments (continued)

Foreign currency sensitivity

The sensitivity to the Group's Profit and Loss to a reasonably possible change in GBP, Euro and USD exchange rates, with all other variables held constant is immaterial due to the portfolio nature of the business operating in a number of currencies.

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

IMPACT ON EQUITY	GBP		USD		EUR		TOTAL	
SENSITIVITY	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
10% increase of AUD	6,448	6,867	2,918	2,537	24,119	12,556	33,485	21,960
10% decrease of AUD	(6,448)	(6,867)	(2,918)	(2,537)	(24,119)	(12,556)	(33,485)	(21,960)

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

In addition, translation of the net investment hedges would result in an increase in equity of $4,249,000 (2021: $6,995,000) for a 10% increase in AUD or an decrease in equity of $4,249,000 (2021: $6,995,000) for a 10% decrease in AUD. However, there would be no net effect on equity because there would be an offset in the currency translation of the foreign operations.

(B) INTEREST RATE RISK

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

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

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

	CONSOLIDATED	
	2022 $'000	2021 $'000
VARIABLE RATE INSTRUMENTS		
Cash and cash equivalents	73,699	141,228
Segregated funds - cash held with financial institutions	1,473,321	1,232,896
Interest-bearing borrowings - financial institution loan	(45,563)	-
	1,501,457	1,374,124

Notes to the Financial Statements.

C3 Financial Instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	PROFIT OR LOSS		EQUITY	
	100BP INCREASE $'000	100BP DECREASE $'000	100BP INCREASE $'000	100BP DECREASE $'000
30 JUNE 2022				
Variable rate instruments	16,792	(14,872)	16,792	(14,872)
30 JUNE 2021				
Variable rate instruments	13,742	(13,742)	13,742	(13,742)

(iv) Capital Management

RISK MANAGEMENT

Capital is defined as the equity of the Group.

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

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

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

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

C3 Financial Instruments (continued)

(v) Financial Instruments Accounting Policy

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

CLASSIFICATION OF FINANCIAL ASSETS

There are three classifications available for financial assets:

- Amortised cost- this category is the most relevant to the Group;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

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

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

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

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

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

2. Business Model Test

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

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

- Hold the asset solely to collect cash flows- Amortised cost;
- Collect cash flows and sell financial assets- FVOCI and;
- Solely to sell financial assets- FVTPL.

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

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

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (DEBT INSTRUMENTS)

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

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

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

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

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

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Notes to the Financial Statements.

C3 Financial Instruments (continued)

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

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

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

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

Impairment of financial assets

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

- Trade and other receivables – Note B4;
- Financial instruments – Note C3.

CLASSIFICATION OF FINANCIAL LIABILITIES

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

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

SUBSEQUENT MEASUREMENT

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

AMORTISED COST

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

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

C3 Financial Instruments (continued)

(vi) Derivative Financial Instruments

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

(vii) Hedge Accounting Policy

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

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

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

Notes to the Financial Statements.

C4 Financial Assets

Financial assets include the following unlisted equity investments:

	CONSOLIDATED	
	2022 $'000	2021 $'000
Equity investments - at FVTOCI	10,831	4,540
Equity investments - at FVTPL	601	6,997
	11,432	**11,537**

Fair value considerations have been included in Note C5.

(i) Equity Investment - FVTOCI

INTERCHECKS TECHNOLOGIES INC.

The Group holds Series A Convertible preferred stock in Interchecks Technologies Inc. (Interchecks). The Group holds approximately 10% of the undiluted share capital. The Directors do not consider that the Group is able to exercise significant influence over this entity. The investment is not held for trading and is recognised at fair value. The Group have made the irrevocable classification to designate any gains and losses recognised through other comprehensive income.

During the year ended 30 June 2022, a fair value gain of $4,081,000, net of tax was recognised in other comprehensive income (2021: fair value gain of $1,806,000, net of tax).

CONTRARIAN HOLDINGS, LLC.

The Group holds less than 1% of the ordinary share capital of Contrarian Holdings, LLC, a company that manages employee benefit activities, only in the USA. The Directors of the Company do not consider that the Group is able to exercise significant influence over this entity. This investment is not held for trading and is recognised at fair value. The Group have made the irrevocable classification to designate any gains and losses recognised through other comprehensive income.

(ii) Equity Investment - FVTPL

VISA INC.

The Group holds Series B preferred stock in Visa Inc. as part of the consideration for its holding of shares in Visa Europe. The preferred stock will be convertible into Class A common stock of Visa Inc. at a later point in the future. The conversion is subject to certain Visa Europe litigation risks that may affect the ultimate conversion rate. In addition, the stock being denominated in US dollars is subject to foreign exchange risk. The option held is restricted from sale or transfer until the vesting date in 2028.

During the year ended 30 June 2022, a fair value gain of $292,000 was recognised in the Fair value (gain)/loss on financial assets and liabilities Note A6 (2021: fair value loss of $280,000 recognised in Note A6).

THE HYDROGEN TECHNOLOGY CORPORATION

The Group holds Series A preferred stock and warrants in The Hydrogen Technology Corporation (Hydrogen). The warrants are exercisable at EML's option under certain circumstances, or by 12 October 2023.

The total undiluted share capital held is 11%. This increases to 13% with the impact of the warrants. The Directors do not consider that the Group is able to exercise significant influence over this entity. The investment is not held for trading and will be recognised at fair value with any gains and losses recognised through profit or loss. The Group was unable to make the irrevocable classification to designate to FVTOCI due to the warrants held.

The Group has assessed events during the financial year, metrics of financial performance and other contributory data for the financial year ended 30 June 2022 and a fair value loss of $7,274,000 was recognised through profit or loss (2021: $nil).

C4 Financial Assets (continued)

KEY ASSUMPTION -THE HYDROGEN TECHNOLOGY CORPORATION

The Group have determined it does not have significant influence over The Hydrogen Technology Corporation. The Group own 11% of the undiluted shares on issue (warrants not exercised as at 30 June 2022) and has the right to hold a board seat. The Group had not executed its right to the board seat at 30 June 2022. 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 for in accordance with AASB 9 and held at fair value through profit or loss.

Notes to the Financial Statements.

C5 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 Statement of Financial Position at amounts that approximate fair values. The basis for determining fair values is disclosed below.

The Group does not have any financial assets that are categorised as Level 2 in the fair value hierarchy. The Group has financial liabilities categorised as Level 1 in the fair value hierarchy. There were no transfers between Level 1 and 2 in the period. Refer to Note F4 for further information on the fair value hierarchy. The Group's financial assets categorised as Level 3 in the fair value hierarchy are described below.

(i) Bond Investments

The Group measure Corporate bonds at amortised cost. The fair value, as determined by the quoted market price (i.e. Level 1), can fluctuate significantly based on conditions outside of the Group's control – i.e. economic conditions. The fair value of the portfolio at 30 June 2022 was $527,577,000 (2021: $467,027,000). Refer to Note C1.

(ii) Financial assets

The following table provides 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
	2022 $'000	2021 $'000				
Visa Inc.	601	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 year end exchange rate.	The final conversion rate of Visa Inc. Series B preferred stock into Visa Inc. Class A common stock.	A decrease in conversion rate would result in a decrease in the fair value.
The Hydrogen Technology Corporation	-	6,656	Level 3	The valuation considers events during the financial year, metrics of financial performance and other contributory data. Refer to Note C4.	Metrics of financial performance.	A decrease in metrics of financial performance would results in a decrease in the fair value.
Interchecks Technologies Inc.	10,752	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.
	11,353	**11,464**				

C5 Fair Value (continued)

(iii) Contingent consideration

The Group's contingent consideration is recognised in relation to the equity earn-out of the recent business combinations as well as cash and other amounts contingently payable (refer to Note E6). It is measured at fair value at the end of each reporting period. The following table gives information about the valuation technique and inputs used.

	FAIR VALUE AS AT 2022 $'000	FAIR VALUE AS AT 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	-	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 discount rate would result in a decrease in the fair value.
Sentenial Limited Contingent consideration in a business combination (refer to Note E6)	28,856	-	Level 3	Valuation has been assessed with a discounted, forecast expected revenue performance method.	Present value of forecast revenue for each measurement period.	An increase in the actual or expected revenue would result in an increase in the fair value.
					Discount rate.	An increase in discount rate would result in a decrease in the fair value.
	28,856	**15,143**				

Notes to the Financial Statements.

C5 Fair Value (continued)

MOVEMENT IN THE FAIR VALUE OF CONTINGENT CONSIDERATION

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

	EML MONEY GROUP	PREPAID FINANCIAL SERVICES GROUP	SENTENIAL GROUP	TOTAL	EML MONEY GROUP	PREPAID FINANCIAL SERVICES GROUP	TOTAL
	2022 $'000	2022 $'000	2022 $'000	2022 $'000	2021 $'000	2021 $'000	2021 $'000
Opening balance	863	14,280	-	15,143	4,328	11,054	15,381
Acquisitions (refer to Note E6)	-	-	25,929	25,929	-	-	-
Settlement of contingent consideration	(887)	-	-	(887)	(3,544)	(13,152) [1]	(16,696)
Fair value (gain)/loss on contingent consideration	-	(13,595) [3]	4,521	(9,074)	214 [2]	16,571 [3]	16,785
Effect of unrealised foreign currency exchange difference	24	(685)	(1,594)	(2,255)	(135)	(193)	(327)
Closing balance at 30 June	-	-	28,856	**28,856**	863	14,280	15,143

(1) During the financial year ended 30 June 2021, a settlement was agreed with the PFS Group vendors to net settle costs against completion settlements, on a non-margin basis. The costs were incurred post acquisition and identified as relating to obligations pre-EML ownership. Refer Note A5.

(2) During the financial year ended 30 June 2021, the earn-out conditions for EML Money Group were finalised resulting in a fair value adjustment to the contingent consideration.

(3) During the financial years ended 30 June 2022 and 30 June 2021, management revised the estimated achievement of the EBITDA earn-out results for PFS Group resulting in a fair value adjustment to the contingent consideration, payable in future periods.

C5 Fair Value (continued)

CONTINGENT CONSIDERATION - SENTENIAL GROUP

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).

The contingent consideration is split between the vendors, maximum of EUR 38,000,000, payable in cash or equity at EML's discretion and key employees, maximum of EUR 2,000,000, payable as equity. The key employees have been granted share options in EML that will vest in proportion to the earn-out achievement.

As required by accounting standards, a financial liability of $25,929,000 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 open banking 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 30 June 2022, the fair value has been measured to $28,856,000.

A reasonable possible change in estimated revenue achievement has been considered that would result in a range of undiscounted earn-out payable of between $34,110,000 and $41,835,000.

CONTINGENT CONSIDERATION - PFS GROUP

Contingent consideration includes completion settlements and an earn-out arrangement, both payable in cash. The earn-out relates to certain predetermined EBITDA results for the three financial years ended 30 June 2021 to 2023. The contingent consideration is capped at $110,721,000, payable in cash. The payments will be made in three tranches, payable by 31 August 2021, 31 August 2022 and 31 August 2023. The completion settlements will be released once conditions have been met.

SIGNIFICANT ESTIMATION - CONTINGENT CONSIDERATION RELATING TO EARN-OUT

In the event that certain pre-determined EBITDA results are achieved by the PFS Group for the three financial years ending 30 June 2021 to 2023, a maximum of $110,721,000 (GBP 55,000,000) may be payable in cash.

Fair value is based on a discounted, estimated EBITDA achievement for the measurement periods. At 30 June 2022, the fair value has been measured to $nil (2021: $14,280,000). The estimated EBITDA used in the calculations are subject to interpretation of the appropriateness of costs included and excluded from EBITDA based on the Share Purchase Agreement.

A reasonable possible change in estimated EBITDA achievement is considered to be GBP 1 million and this would not impact the fair value estimation.

Notes to the Financial Statements.

C6 Derivative Financial Instrument

	CONSOLIDATED	
	2022 $'000	2021 $'000
Foreign exchange forward contract in cash flow hedge	-	375

As at 30 June 2022, the Group did not have outstanding foreign exchange forward contract in cash flow hedge.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

- At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.
- The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Cash flow hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Statement of Profit or Loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as Other expenses. At 30 June 2022, there was no ineffective portion, therefore $nil recognised as Other expenses.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged item.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

D1 Plant, Equipment and Right-of-use Assets

	CONSOLIDATED				
	COMPUTER EQUIPMENT $'000	OFFICE EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	RIGHT-OF-USE ASSETS [1] $'000	TOTAL $'000
YEAR ENDED 30 JUNE 2022					
At 1 July 2021, net carrying amount	2,542	2,757	256	5,690	11,245
Additions	375	172	1,137	3,772	5,456
Acquired as part of a business combination (Note E6)	93	43	-	325	461
Lease modification [2]	-	-	-	(696)	(696)
Disposals	-	-	-	-	-
Depreciation charge for the year	(1,154)	(636)	(135)	(2,042)	(3,967)
Effect of unrealised foreign currency exchange differences	130	214	(3)	(121)	220
At 30 June 2022, net carrying amount	1,986	2,550	1,255	6,928	12,719
AT 30 JUNE 2022					
Cost	7,119	5,120	1,952	13,129	27,319
Accumulated depreciation and impairment	(5,133)	(2,570)	(697)	(6,201)	(14,601)
Net carrying amount	1,986	2,550	1,255	6,928	12,719
YEAR ENDED 30 JUNE 2021					
At 1 July 2020, net carrying amount	2,640	3,604	421	7,964	14,629
Additions	1,026	72	-	168	1,266
Acquired as part of a business combination (Note E6)	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge for the year	(1,059)	(827)	(149)	(2,228)	(4,263)
Effect of unrealised foreign currency exchange differences	(65)	(92)	(16)	(214)	(387)
At 30 June 2021, net carrying amount	2,542	2,757	256	5,690	11,245
AT 30 JUNE 2021					
Cost	5,314	5,457	772	9,685	21,228
Accumulated depreciation and impairment	(2,772)	(2,700)	(516)	(3,995)	(9,983)
Net carrying amount	2,542	2,757	256	5,690	11,245

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

(2) For the year ended 30 June 2022, PFS Card Services Ireland Limited exercised their option to modify the lease term resulting in a decrease in the Right-of-use asset.

Notes to the Financial Statements.

D1 Plant, Equipment and Right-of-use Assets (continued)

(i) Plant and Equipment

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

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

Computer equipment	3 - 4 years
Office equipment	10 years
Leasehold improvements	6 – 7 years
Right-of-use assets	1 - 7 years

(ii) Right-of-use assets

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

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

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

(iii) Impairment

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

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

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

An impairment exists when the carrying value of an asset or CGU exceeds its estimated recoverable amount. The asset or CGU is then written down to its recoverable amount.

For plant and equipment and right-of-use assets, impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income separately.

(iv) Derecognition and disposal

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

D2 Intangibles

	CONSOLIDATED					
	SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	CUSTOMER CONTRACTS $'000	GOODWILL $'000	OTHER [1] $'000	TOTAL $'000
AT 1 JULY 2021						
At 1 July 2021 net carrying amount	28,183	2,696	78,788	235,988	4,478	350,133
Additions	12,374	-	-	-	-	12,374
Acquired as part of a business combination (Note E6)	41,739	-	-	91,437	-	133,176
Amortisation charge for the year	(13,541)	(710)	(11,726)	-	-	(25,976)
Impairment expense [2]	-	(873)	(631)	-	-	(1,504)
Effect of unrealised foreign currency exchange differences	(2,913)	(90)	(2,013)	(14,542)	(184)	(19,741)
At 30 June 2022, net of accumulated amortisation and impairment	65,842	1,023	64,418	312,883	4,294	448,460
AT 30 JUNE 2022						
Cost or fair value	95,328	14,805	98,539	313,690	4,294	526,656
Accumulated amortisation and impairment	(29,487)	(13,782)	(34,121)	(806)	-	(78,196)
Net carrying amount	65,841	1,023	64,418	312,884	4,294	448,460

(1) Other intangible assets relate to the Group's regulatory and emoney licences that were acquired in a business combination. Licences have an infinite life and are not amortised, but are included in the annual review for impairment each reporting period end, or more frequently when there is an indication that the unit may be impaired.

(2) An impairment expense was recognised for the customer contracts and relationships of Flex-e-Card Limited for the financial year ended 30 June 2022. This has been recognised separately on the Statement of Profit or Loss and Other Comprehensive Income. Refer to Note D3 for further information.

Notes to the Financial Statements.

D2 Intangibles (continued)

	CONSOLIDATED					
	SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	CUSTOMER CONTRACTS $'000	GOODWILL $'000	OTHER $'000	TOTAL $'000
At 1 July 2020 net carrying amount	27,454	4,985	94,666	239,977	4,632	371,714
Additions	11,520	-	-	-	-	11,520
Amortisation charge for the year	(11,161)	(2,277)	(12,135)	-	-	(25,573)
Effect of unrealised foreign currency exchange differences	370	(12)	(3,743)	(3,989)	(154)	(7,528)
At 30 June 2021, net carrying amount	28,183	2,696	78,788	235,988	4,478	350,133
AT 30 JUNE 2021						
Cost or fair value	67,021	14,895	104,063	236,794	4,478	427,251
Accumulated amortisation and impairment	(38,838)	(12,199)	(25,275)	(806)	-	(77,118)
Net carrying amount	28,183	2,696	78,788	235,988	4,478	350,133

Intangibles are stated at cost or fair value less accumulated amortisation and any accumulated impairment losses. The following useful lives are used in the calculation of amortisation:

Software	4 - 7 years
Customer contracts	5 - 8 years
Customer relationships	3 - 6 years

D2 Intangibles (continued)

(i) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are recorded at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates being accounted for on a prospective basis.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(iii) Internally generated intangible assets-research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset;
- The ability to measure reliably the expenditure attributable to the intangible asset during its development; and
- The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

(iv) Goodwill

Goodwill acquired in a business combination is initially recognised and measured as the excess of the sum of the consideration transferred over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed in a business combination.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at each reporting period end, or more frequently when there is an indication that the unit may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's CGU (or groups of CGUs) expected to benefit from the synergies of the combination. Each CGU to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. On disposal of a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The recoverable amount of the Group's CGUs have been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by senior management and the Directors covering a 5 year period.

Notes to the Financial Statements.

D3 Impairment Testing

CARRYING AMOUNT OF GOODWILL, ALLOCATED TO THE CASH GENERATING UNITS

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which goodwill is monitored for internal management purposes. The recoverable amount of each CGU is compared against the allocated goodwill to determine if an impairment exists at each reporting period end.

	CARRYING AMOUNT OF GOODWILL ALLOCATED TO CGU	
	2022 $'000	2021 $'000
Australia	10,777	10,777
Europe	55,281	58,160
North America	7,506	6,886
PFS Group	152,812	160,165
Sentenial Group (refer to Note E6)	86,506	-
	312,883	**235,988**

KEY ASSUMPTIONS USED FROM VALUE-IN-USE CALCULATIONS

The recoverable amount of the Group's CGUs have been determined based on a value-in-use calculation using cash flow projections based on five year financial forecasts from FY23 onwards.

The key assumptions used in the value-in-use calculations for the CGUs at 30 June 2022 were as follows:

Assumption	Description
Forecast growth including and Gross Debit Volume (GDV) and revenue	The Group determine growth of GDV and revenue with consideration to: — Growth in existing contracts; — Recent new contracts; — Sales pipeline — Interest income on the stored value float; and — Management estimates. The growth % used within the impairment calculations is based on past performance and management's expectations of market development. The long-term growth rate for each of the CGUs does not exceed the long-term average growth rate for the business in which the CGU operates. The forecast is based on FY23 forward estimates. The resulting compound annual growth rate (CAGR) of GDV for the purpose of the value-in-use calculation was as follows:

	FORECAST FY23-FY27 30 JUNE 2022	FORECAST FY22-FY26 30 JUNE 2021
Australia	12.2%	10.8%
Europe	5.8%	7.9%
North America	4.4%	7.9%
PFS Group	8.5%	11.6%
Sentenial Group	46.4%	-%

The revenue CAGR has been calculated to include recurring, non-recurring revenue and interest income. The forecast growth has significantly been impacted by the interest income assumptions offsetting more conservative recurring revenue growth assumptions. Additional details relevant to this for the PFS Group and Sentenial Group CGUs are detailed over.

D3 Impairment Testing (continued)

Assumption	Description
Weighted Average Cost of Capital (WACC)	The discount rate applied is calculated with reference to a WACC formula. The inputs are based on: Cost of equity is calculated with the following inputs: — Risk free rate for a ten-year Australian Commonwealth Government bond as at balance date, — The implied risk premium, being the required increased return required over and above a risk free rate by an investor who is investing in the market as a whole, and — Risk adjustment applied to reflect the risk of the Group relative to the market as a whole reflected through the application of a five year forecast beta for the Group. The cost of debt has been based on the base interest rate on borrowing of 3.5% for Australian dollar denominated borrowings plus the margin referenced in the multi-currency debt facility, refer to Note B8. The Group has access to the current facility which provides opportunity for borrowing in jurisdictions which currently have available lower interest rate levels however, the Group have determined to utilise the more conservative assumption of Australian dollar denominated debt base for base interest rate projections. The allocation between the debt to equity has been applied based on a theoretical long-term capital structure for the Group (comprising 80% equity and 20% debt). The Group also includes any specific asset risk factors into its review of the business risks associated with each CGU. The Group has assessed that a 1% change in the discount rate is reasonably possible. This does not give rise to an impairment. The Group has used the following post- tax WACC for each CGU:

	30 JUNE 2022	30 JUNE 2021
Australia	11.3%	8.9%
Europe	11.4%	10.3%
North America	11.4%	9.6%
PFS Group	12.1%	11.5%
Sentenial Group	15.5%	-%

Assumption	Description
Terminal growth rate	The terminal growth rate of 3.5% (2021: 3.5%) is the average growth rate used to extrapolate cash flows beyond the five year forecast period. The rates are consistent with historical growth and forecasts.

During the financial year ended 30 June 2022, there have been significant judgements made in respect of the PFS Group and Sentenial Group CGUs as well as assets relating to the Flex-e-Card Limited acquisition. Further detail of those specific significant judgements is provided below and should be read in combination with the above.

Notes to the Financial Statements.

D3 Impairment Testing (continued)

KEY ASSUMPTIONS, JUDGEMENT AND ESTIMATIONS USED FROM VALUE-IN-USE CALCULATIONS- PFS GROUP

During the financial year ended 30 June 2021, PCSIL, a wholly owned subsidiary of EML, received correspondence from the Central Bank of Ireland (CBI) raising significant regulatory concerns. The matters relate to the European regulated operations of the PFS Group, and do not concern the UK regulated entity. EML have invested significant resources to address the CBIs' concerns in the year ended 30 June 2022. The remediation project is subject to independent third party review and regulatory approval.

During the year ended 30 June 2022, there has been ongoing remediation activities being undertaken by PCSIL however this program remains ongoing. The CBI have engaged with PCSIL to identify shortcomings in components of the remediation work completed to date. To address the CBIs' feedback, PCSIL will implement a revised approach.

The Group has undertaken a detailed impairment assessment as at 30 June 2022 and concluded that the recoverable amount for this CGU is greater than its carrying value. The key assumptions that have been adopted in respect of the impairment assessment include:

- Revenue growth factors have been reduced in the current period which has resulted in lower projected GDV and revenue projections for the PFS Group CGU. Growth rates are based on forecasts for the year ended 30 June 2023 with additional growth of 10% in FY24 to FY27 (2021: 10-18% (on a declining growth curve)) for subsequent periods. Forecast growth rates are lower than the historical growth rates of this business;
- Improved interest revenue returns reflecting increasing central bank interest rates including relevant bond investment returns. Interest income on the large stored float balance is a core component of the business model. Central bank interest rates have risen, and continue to return to more normalised levels, resulting in the CGU benefiting from improved cash inflows. The interest revenue growth had a material impact on revenue and gross profit growth for the PFS Group over the forecast period and in absence of these improved macro-economic drivers, an impairment may have arisen;
- Higher operating overheads to address the remediation plan alongside business as usual requirements are reflected in the forecast for the year ending 30 June 2023; and
- WACC of 12.1% reflects the base assumptions for the EML Group and an additional business risk premium for the PFS Group CGU. This additional risk premium reflects the ongoing remediation project with the risk factor from the prior period due to remediation work completed in FY22.

During the year ended 30 June 2022, there has been a reduction in the surplus of the recoverable amount over carrying amount compared to prior year impairment assessments however the Group considers this asset is not impaired at this time. The Group has considered sensitivities with respect of these key variables (i.e. revenue growth percentage, cost, interest rates and WACC) and there are scenarios identified where the recoverable amount may be below the carrying value and where there is significant increased surplus above the carrying value of the assets. Modelling of a worst case scenario of the combined impact of (i) material reductions in growth rates; (ii) reduced stored value balances and, (iii) lower interest returns over the five year forecasts results in an impairment outcome. The growth in total revenue is a key driver and a reduction in the proposed revenue growth (excluding interest revenue growth) assumption by 21% of the base growth assumption reduces the surplus above the carrying value to breakeven.

D3 Impairment Testing (continued)

KEY ASSUMPTIONS, JUDGEMENT AND ESTIMATIONS USED FROM VALUE-IN-USE CALCULATIONS- SENTENIAL GROUP

On 30 September 2021, the Group acquired a 100% investment in Sentenial Group. The details of the acquisition are outlined in Note E6. The timing of planned investment in the business to drive growth was delayed as a result of regulatory change of control approvals and resource constraints in the European market. These factors have resulted in delays to the timing of the business development relative to the acquisition plan. In combination with prevailing market forces during the period, the Group has determined that impairment indicators for the business exist which in addition to the requirements to assess goodwill annually, has resulted in the Group preparing detailed impairment assessments.

The Group has undertaken a detailed impairment assessment as at 30 June 2022 and concluded that the recoverable amount for this CGU is greater than its carrying value. The key assumptions that have been adopted in respect of the impairment assessment include:

- Revenue growth factors are in line with the acquisition model projects however, reflecting the delayed completion of the acquisition and consequently investment in additional resources to drive growth. Growth rates reflect the Group forecast for the year ended 30 June 2023 with additional growth of between 20 - 60% for the subsequent periods (on a declining growth curve);
- Gross profit margins are projected to decline due to changing product mix as the open banking product line grow faster than the direct debit products lines;
- Investment through operating overheads and capital investment has been assumed in the value-in-use models, in line with business plans to facilitate the growth targets set and minimise the risks to achieve growth targets; and
- WACC of 15.5% reflecting the base assumptions above plus an assumed business risk premium. This risk premium reflects (a) the earlier stage of the business lifecycle for the Sentenial Group as compared the Group as a whole, and (b) the smaller size of Sentenial Group will have less influence on overall beta for the Group.

Judgements regarding revenue growth have significant impacts on the recoverable amount and sensitivities in the assumptions result in a scenario presenting an impairment loss. In the current macro-economic environment, there is a risk that a higher risk free rate, set based on a 10 year government bond rate, may increase the WACC applied. A higher WACC in combination with delayed or failure to achieve growth targets may result in an impairment loss in a future reporting period. A sensitivity on WACC of 1% does not result in an impairment. Revenue growth is a key driver and a reduction in the proposed revenue growth assumption by 4% of the base growth assumption reduces the surplus above carrying value to breakeven.

CARRYING AMOUNT OF INTANGIBLE ASSETS ACQUIRED IN A BUSINESS COMBINATION

IMPAIRMENT OF CUSTOMER CONTRACTS AND RELATIONSHIPS – FLEX-E-CARD LIMITED

During the year ended 30 June 2022, Flex-e-Card Limited (FEC) has seen a decline in its business. This included the termination of a customer contract who entered administration during challenging economic circumstances as a consequence of COVID-19. The loss of the customer contract is an indicator of impairment for the customer contracts and relationship assets belonging to the European region.

As at 30 June 2022, it was determined that the carrying amount for FEC's customer contracts and relationships were greater than the recoverable amount, resulting in an impairment loss of $1,504,000 recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements.

E1 Issued Capital

	CONSOLIDATED	
	2022 $'000	2021 $'000
373,462,815 fully paid ordinary shares (30 June 2021: 361,828,369)	494,208	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

	2022		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)	1,418,105	-	2,127,330	-
Benefits/(costs) associated with the issue of shares	-	(160)	-	574
Balance at end of the year	**373,462,815**	**494,208**	361,828,369	456,157

(1) Refer to Note E6 for details regarding the Sentenial Limited acquisition.

(2) Options exercised during the period relate to the employee share options. Refer to Note E3 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 Reserves

RESERVES	CONSOLIDATED 30 JUNE 2022 $'000	30 JUNE 2021 $'000
Share and options reserve	43,884	41,510
Foreign currency translation reserve	(43,429)	(26,208)
Other reserves		
- Fair value reserve for financial assets at FVOCI	5,888	2,068
- Other	(2,872)	(2,871)
	3,471	**14,499**

(a) Nature and purpose of reserves

SHARE AND OPTIONS RESERVE

The share and options reserve is used to recognise the grant and/or issue of shares and share options. When shares and share options are exercised, amounts carried in the reserve related to those particular shares and share options are dealt with based on their origination. If cash-related those amounts may be transferred out of the reserve to issued capital. If not cash-related the amounts are transferred out of the reserve to accumulated losses.

FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

FAIR VALUE RESERVE FOR FINANCIAL ASSET AT FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve of equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

OTHER RESERVES

Other reserves is used to recognise the acquisition of a Non-controlling interest.

(b) Movements in Share and options reserve

SHARE AND OPTIONS RESERVE	2022 $'000	2021 $'000
Balance at beginning of the financial year	41,510	37,377
Issue of shares to employee share trust	3,002	4,969
Deferred tax movement recorded directly in equity	(628)	(836)
Balance at 30 June	**43,884**	**41,510**

Notes to the Financial Statements.

E3 Share-based payments

(i) Employee Share Option Plan

The Group established an equity-based compensation plan for employees which was approved by shareholders at an Extraordinary General Meeting held on 14 November 2018 ('ESOP 2'). ESOP 2 is open to any person who is a full-time or permanent part-time employee or Director of the Company or a related body corporate of the Company. Options and rights may not be granted to a Director or his or her associates under ESOP 2 unless approval of the grant is given by shareholders in general meeting in accordance with the requirements of the ASX Listing Rules.

The Board has broad discretions under ESOP 2, including (without limitation) as to:

a. The timing of making an offer to participate in ESOP 2;

b. Identifying persons eligible to participate in ESOP 2; and

c. The terms of issue of options (including vesting conditions, if any).

Each employee share option converts into one ordinary share of the Company on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The expense recognised in the Statement of Profit and Loss in relation to share-based payments made under ESOP 2 is $2,991,000 (2021: $4,967,000). This is inclusive of a reduction of $5,608,000 for prior period expenses due to an assessment in FY22 that the long term performance measures for the vesting of these rights will not be achieved.

(ii) Movements in Share Options

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

	CONSOLIDATED			
	2022		2021	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding at beginning of financial year	4,998,113	-	6,131,519	-
Issued during the financial year	2,669,363	-	2,390,905	-
Issued as contingent consideration (refer to Note C5)	745,397	-	-	-
Exercised for issued capital during the financial year	(1,418,105)	-	(2,127,330)	-
Exercised for cash during the financial year	(41,573)	-	-	-
Cancelled during the financial year	(546,087)	-	(1,396,981)	-
Outstanding at end of the financial year (1)	**6,407,108**	**-**	4,998,113	-

(1) Issued share options outstanding at the end of the financial year had a weighted average exercise price of $nil (2021: $nil) and a weighted average remaining contractual life of 344 days (2021: 418 days).

The weighted average fair value of options granted during the year was $2.86 per option (2021: $3.11).

E3 Share-based payments (continued)

(iii) Fair Value Measurement

The fair value of equity-settled share options is estimated as at the date of grant using the Black-Scholes model. The inputs into the model are as follows:

	SERIES 26	SERIES 27	SERIES 28	SERIES 33	SERIES 34	SERIES 35	SERIES 36
Number at the end of financial year	-	-	-	869,812	226,481	-	-
Fair value at grant date	$1.20	$1.26	$1.26	$2.47	$3.48	$3.04	$3.14
Grant date share price	$1.50	$1.58	$1.58	$3.08	$4.35	$3.80	$4.54
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	44%	44%	44%	41%	41%	71%	42%
Risk-free interest rate	2.28%	2.28%	2.28%	069%	0.69%	0.92%	1.00%
Term (vesting period)	3	3	3	3	3	1	1
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Grant date	16/07/2018	24/09/2018	24/09/2018	20/08/2019	13/11/2019	17/06/2020	17/06/2020
Vesting date	16/07/2021	01/09/2021	01/09/2021	01/07/2022	01/07/2022	31/08/2021	01/07/2021
Expiry date	28/09/2021	30/10/2021	30/10/2021	29/08/2022	29/08/2022	31/10/2021	29/08/2021
Performance measures	n/a	Yes (2)	Yes (2)	Yes (2)	Yes (2)	n/a	Yes (1)

	SERIES 37	SERIES 38	SERIES 39	SERIES 40	SERIES 41	SERIES 42	SERIES 43
Number at the end of financial year	-	36,243	425,701	1,154,817	255,236	92,202	29,191
Fair value at grant date	$3.70	$3.80	$3.07	$3.07	$3.19	$3.48	$3.66
Grant date share price	$4.63	$3.80	$3.07	$3.07	$3.19	$3.48	$3.66
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	98%	71%	0%	58%	60%	0%	60%
Risk-free interest rate	0.89%	0.92%	0.44%	0.44%	0.42%	0.42%	0.37%
Term (vesting period)	2	1	1	3	3	2	2
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Grant date	06/01/2020	17/06/2020	07/09/2020	07/09/2020	30/10/2020	30/06/2021	18/01/2021
Vesting date	01/07/2022	31/08/2021	01/07/2022	31/08/2023	31/08/2023	01/07/2022	31/08/2023
Expiry date	29/08/2022	31/10/2021	29/08/2022	30/10/2023	30/10/2023	29/08/2022	30/10/2023
Performance measures	Yes (2)	n/a	Yes (1)	Yes (2)	Yes (2)	Yes (1)	Yes (2)

Notes to the Financial Statements.

E3 Share-based payments (continued)

	SERIES 44	SERIES 45	SERIES 46	SERIES 47	SERIES 48 [3]	SERIES 50
Number at the end of financial year	38,256	332,085	1,406,873	459,668	73,629	26,288
Fair value at grant date	$3.28	$3.48	$1.56/$3.11 [4]	$3.11	$1.23	$3.11
Grant date share price	$3.28	$3.48	$3.11	$3.11	$1.23	$3.11
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	74%	97%	96%	96%	97%	75%
Risk-free interest rate	0.73%	0.77%	1.35%	1.35%	0.77%	1.21%
Term (vesting period)	3	2	1	3	1	1
Dividend yield	0%	0%	0%	0%	0%	0%
Grant date	2/06/2021	1/07/2021	21/12/2021	23/12/2021	30/06/2022	20/10/2021
Vesting date	31/08/2023	1/07/2023	1/07/2023	1/07/2024	1/07/2023	20/10/2022
Expiry date	30/10/2023	1/07/2036	21/12/2036	23/12/2036	30/06/2037	19/12/2022
Performance measures	Yes [2]	Yes [1]	Yes [2]	Yes [2]	Yes [1]	n/a

	SERIES 51	SERIES 52	SERIES 53	SERIES 54	SERIES 55	SERIES 56
Number at the end of financial year	26,288	26,288	21,234	21,235	21,235	118,949
Fair value at grant date	$3.11	$3.11	$3.03	$3.03	$3.03	$1.33
Grant date share price	$3.11	$3.11	$3.03	$3.03	$3.03	$1.33
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	77%	68%	78%	79%	70%	96%
Risk-free interest rate	1.21%	1.21%	1.85%	1.85%	1.85%	3.68%
Term (vesting period)	2	3	1	2	3	3
Dividend yield	0%	0%	0%	0%	0%	0%
Grant date	20/10/2021	20/10/2021	14/02/2022	14/02/2022	14/02/2022	14/06/2022
Vesting date	20/10/2023	20/10/2024	14/02/2023	14/02/2024	14/02/2025	1/07/2024
Expiry date	20/10/2023	19/12/2024	15/04/2023	14/04/2024	15/04/2025	14/06/2037
Performance measures	n/a	n/a	n/a	n/a	n/a	Yes [2]

(1) The number of short term incentive plan (STIP) options available at the vesting date will be impacted by the Group's and the individual's achievement judged against both qualitative and quantitative criteria as outlined in the Remuneration report.

(2) The number of long term incentive plan (LTIP) options available at the vesting date will be impacted by the Group's and the individual's achievement judged against both qualitative and quantitative criteria as outlined in the Remuneration report.

(3) Series 48, relating to Thomas Cregan's FY22 STIP has been recognised for accounting purposes as the service period commenced which was FY22. The performance condition was not met and as a result, no grant will be made.

(4) Due to the different performance conditions relating to the Series 46 performance rights, there are two different fair valuations at grant date.

The expected life of the options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

E3 Share-based payments (continued)

(iv) Accounting policy

EQUITY SETTLED TRANSACTIONS

Equity-settled share-based payments to employees and others providing similar services are measured at fair value at the grant date. The fair value is determined using a Black-Scholes model and details used for the determination of the fair value are set out above.

The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. It excludes the effect of non-market-based vesting conditions.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss and other comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

CASH SETTLED TRANSACTIONS

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

There are no options outstanding that are cash settled (2021: none).

KEY ASSUMPTION - SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled transactions

The Group measures the cost of equity-settled transactions with employees and Directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model which references the Company share price on the day and may include a discount for lack of marketability.

The cost of equity-settled transactions is recognised, together with a corresponding increase in reserves under equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit within profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised separately in share-based payments expense.

Notes to the Financial Statements.

E4 Parent Entity Disclosures

The individual financial statements for the parent entity show the following aggregate amounts:

FINANCIAL POSITION	30 JUNE 2022 $'000	30 JUNE 2021 $'000
ASSETS		
Current assets	146,436	134,305
Non-current assets	450,525	426,410
Total Assets	**596,961**	**560,715**
LIABILITIES		
Current liabilities	130,162	116,943
Non-current liabilities	1,664	1,868
Total Liabilities	**131,826**	**118,811**
Net Assets	**465,135**	**441,904**
EQUITY		
Issued capital	494,204	456,153
Reserves	35,750	37,037
Accumulated losses	(64,819)	(51,286)
Total Equity	**465,135**	**441,904**
FINANCIAL PERFORMANCE		
Loss after income tax for the year	(13,530)	(13,463)
Other comprehensive (loss)/ income	(3,694)	4,229
Total comprehensive loss for the year	**(17,224)**	**(9,234)**

(i) Commitments and Contingencies

The parent entity did not have any commitments as at 30 June 2022 or 30 June 2021.

The parent entity has provided bank guarantees for obligations to card schemes of $1,986,000 (2021: $2,130,000) and office properties of $569,000 at 30 June 2022 (2021: $569,000). No liability is expected to arise. Refer to Note F2 for further details.

(ii) Determining the parent entity financial information

The financial information for the parent entity, EML Payments Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are accounted for at cost less accumulated impairment losses in the financial statements of EML Payments Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

E5 Controlled Entities

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%)	
		30 JUNE 2022	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 Limited	United Kingdom	100	-
Nuapay SAS	France	100	-
Sentenial BVBA	Belgium	100	-
Sentenial SARL	France	100	-
Sentenial GmbH	Germany	100	-
A2A International Holdings Limited	Malta	100	-

Notes to the Financial Statements.

E6 Business Combinations

Acquisition of Sentenial Limited

On 30 September 2021, the Group acquired 100% of the shares of Sentenial Limited and its wholly-owned subsidiaries (collectively referred to as Sentenial Group), 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 [1]	1,245
Ordinary shares issued [2]	37,324
Contingent consideration (refer to Note C5)	25,929
Total purchase consideration	**128,763**

(1) Deferred consideration relates to the working capital adjustment. This was remitted during the financial year ended 30 June 2022.

(2) 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.

(B) ANALYSIS OF CASHFLOWS FROM ACQUISITION

	$'000
INCLUDED IN CASH FLOWS FROM OPERATING ACTIVITIES	
Transaction costs of the acquisition	(6,109)
	(6,109)
INCLUDED IN CASH FLOWS FROM INVESTING ACTIVITIES	
Cash consideration	(65,510)
Cash acquired with the business combination	8,423
Payment for business combination, net of cash	**(57,087)**

Acquisition costs of $3,499,000 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 included in actual cash payments made of $6,109,000. The difference being amount accrued in the prior period.

E6 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	D1	461
Intangibles	D2	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	D2	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 D2.

SIGNIFICANT JUDGEMENT AND ESTIMATE – ACQUISITION FAIR VALUE

The determination of the fair values of net identifiable assets acquired, and of any goodwill, involves significant judgement including the impacts of contingent consideration identified as a significant judgement in Note C5. The allocation of fair value between intangible assets, and the tangible assets with which they are used, is also judgemental. The Group engages third party valuers to advise on the purchase price allocation for significant acquisitions.

Notes to the Financial Statements.

E6 Business Combinations (continued)

(D) IMPACT OF ACQUISITION TO THE RESULTS OF THE GROUP

Sentenial Group contributed revenue from continuing operations of $7,680,000 and net loss before tax of $5,340,000 to the Group for the period from 30 September 2021 to 30 June 2022.

Had the acquisition occurred on 1 July 2021, consolidated pro forma revenue from continuing operations and net loss before tax for the year ended 30 June 2022 would have been $10,133,000 and $10,217,000 respectively.

(E) INFORMATION DISCLOSED AS PROVISIONAL

The net assets recognised in these financial statements are based on a provisional assessment of their fair value. Fair value has been maintained as provisional for 30 June 2022 and expects to be finalised within the allowable 12 month period post acquisition date.

F1 Related Party Disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Controlled entities

Details of Controlled entities, including the percentage of ordinary shares held are disclosed in Note E5 to the financial statements.

(b) Associate entities

Details of Associate entities are disclosed in Note E5 to the financial statements.

(c) Transactions with related parties

(I) WHOLLY-OWNED

The wholly-owned group includes:

(a) The ultimate parent entity in the wholly-owned group (the Company); and

(b) The wholly-owned controlled entities (subsidiaries).

The ultimate parent entity in the wholly-owned group is EML Payments Limited.

During the financial year, EML Payments Limited provided central administration and Director services to controlled entities. No management fees were charged during the financial year ended 30 June 2022 (2021: $nil).

(II) OTHER RELATED PARTIES

The Group did not enter into any other related party transactions during the financial year.

(d) Key management personnel compensation

	CONSOLIDATED	
	2022 $	2021 $
Short-term employee benefits	2,407,120	1,797,433
Post-employment benefits	112,526	88,673
Long-term benefits	46,636	12,397
Share-based payments	494,579	1,088,080
	3,060,861	2,986,583

Detailed remuneration disclosures are provided in the Remuneration report.

(e) Other transactions with key management personnel

There were no transactions with key management personnel during the financial year ended 30 June 2022. An amount of $2,409 has been recognised as a current payable to George Gresham, a former Non-Executive Director, for additional committee fees payable for the financial year ended 30 June 2021. This amount was paid during FY22.

Notes to the Financial Statements.

F2 Contingent Liabilities

Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

HOST-BASED STORE VALUE ACCOUNTS WITH BIN SPONSORS

A number of BIN Sponsors provide depository accounts to the Group to facilitate clients of the Group to deposit funds relating to the provision of prepaid payment products. The BIN Sponsors have sole authority to transact on the licensee depository accounts. Due to the fact that the Group does not have ownership or the right to direct operation of the depository accounts, the account is not recognised as an asset in the financial statements of the Group.

Under the agreements:

(i) In consideration of the BIN Sponsors performing any Authorised Act, the Group will indemnify the BIN Sponsors and the Directors, employees, officers, agent and independent contractors of the Bin Sponsors on demand from time to time; and

(ii) The Group is liable to the BIN Sponsors in respect of any debit balance of the depository account and in respect of any other moneys owing or contingently owing by the Group to the BIN Sponsors under or in connection with the depository account.

GUARANTEES

The Group has provided the following bank guarantees at 30 June 2022:

- Bank guarantees with the lessors of the office properties to the value of $569,000 (2021: $569,000). No liability is expected to arise;
- Bank guarantees for obligations to card schemes to the value of $3,430,000 (2021: $2,130,000). No liability is expected to arise.
- Bank guarantee for obligations to payment processors to the value of $376,000 (2021: $nil). No liability is expected to arise.

COMPLIANCE AND OTHER 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. As at 30 June, the Group is engaged in regulatory and compliance audit or reviews in the normal course of its operations across several jurisdictions. 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 B9. In some circumstances, including under Share Purchase Agreements and other contractual rights, the Group may receive protections to cover any potential fines or warranty claims that could ultimately be incurred for conduct or issues arising prior to the Group's acquisition which may also be offset against amounts held in escrow, vendor loans or contingent consideration.

CENTRAL BANK OF IRELAND (CBI) CORRESPONDENCE

During the financial year ended 30 June 2021, PCSIL, a wholly owned subsidiary of EML, received correspondence raising significant regulatory concerns. EML have invested significant resources to address the regulators' concerns. The CBI has constructively engaged with PCSIL and identified shortcomings in components of the programme, principally the sequencing and approach taken to the risk assessment of its distributors, corporates and customers. PCSIL will adopt a revised approach to these components and completion of this work may result in additional controls being embedded into the internal control framework. The remediation project is subject to independent third party review and regulatory approval. It is anticipated that adjustments to the remediation programme identified will result in assurance being finalised in 2023.

A provision has been recognised for the likely costs that will be incurred to reach a resolution of the matter including professional advisory services and an estimate of any financial penalty. The Group has a provision of $8,084,000 (30 June 2021: $9,952,000) in relation to the above matter, refer to Note B9. Additional costs may be incurred consequential to this matter, which are unknown or do not meet the criteria to be provided at 30 June 2022.

F2 Contingent Liabilities (continued)

SHAREHOLDER CLASS ACTION

On 16 December 2021, Shine Lawyers filed group proceedings in the Supreme Court of Victoria. The proceedings allege that the Company did not comply with its disclosure obligations and engaged in misleading and deceptive conduct regarding disclosure. The allegations relate to the Company's governance arrangements in regards to its Irish subsidiary, PCSIL, and PCSIL's interaction with the CBI. The Company 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 provision of $10,500,000 was recognised in the year for the likely legal costs which are considered likely to be incurred in defence of the claims. As at 30 June 2022, a provision of $9,689,000 continues to be recognised. Additional legal costs or damages, if any, may be incurred, which are unknown or do not meet the criteria to be provided at 30 June 2022. 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.

F3 Subsequent Events

On 19 August 2022, the Group entered into an agreement to sell its Series A Convertible preferred stock in Interchecks Technologies Inc for $10.6 million (US$7 million). The completion of the sale is expected in FY23.

On 11 July 2022, EML announced Ms Emma Shand had been appointed Managing Director and CEO with immediate effect, following the resignation of Mr Thomas Cregan.

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

F4 Summary of Significant Accounting Policies

(a) Reporting entity

EML Payments Limited is a for-profit company incorporated and domiciled in Australia whose shares are publicly traded on the ASX. The consolidated financial report of the Company for the year ended 30 June 2022 comprises the Company and its subsidiaries (together referred to as the Group or consolidated entity or EML). The consolidated financial report was authorised for issue in accordance with a resolution of the Directors on 21 August 2022.

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act* 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of EML Payments Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis except where otherwise stated. Cost is based on the fair value of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated. The Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are the provision of payment services.

For the purpose of preparing the consolidated financial statements, the company is a for profit entity.

STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Notes to the Financial Statements.

F4 Summary 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 (the AASB) that are relevant to its operations and effective for the current year.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies for the period ended 30 June 2022.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Group has determined no material impact of the issued but not yet effective standards referred to in section (d).

(d) Accounting standards and interpretations that have been issued but not yet effective

The Group has not applied the following new and revised AASBs that have been issued but are not yet effective:

STANDARDS/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023	30 June 2024
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024
AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	30 June 2024

(e) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2022 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its return. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations are accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

F4 Summary of Significant Accounting Policies (continued)

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(g) Going concern

The financial statements have been prepared on a going concern basis. To assess the appropriateness of the Group's going concern assumption, 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 FY23;
- Evaluated the net current liability position of the Group. All on-demand cardholder liabilities are classified as current liabilities, whereas a portion of the surplus segregated funds are classified as non-current, refer to Note C1;
- Re-evaluated material areas of judgement and uncertainty;
- Re-assessed current cash resources and funding sources available to the group alongside the expected future cash requirements; and
- Considered the implications of the Group's regulatory and litigation matters.

As a result of the above analysis, the Directors have reached a conclusion that the Group is able to continue as a going concern for at least, but not limited to, 12 months from the date of this report.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and Value Added Tax (VAT) except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to the taxation authority.

(i) Foreign Currency Translation

FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

TRANSACTIONS AND BALANCES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the Financial Statements.

F4 Summary of Significant Accounting Policies (continued)

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

DISPOSAL OF FOREIGN OPERATIONS

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(j) Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In a principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted market price (unadjusted) in an active market for identical assets and liabilities;

Level 2: valuation techniques on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Financial asset – Note C4;
- Plant, equipment and right-of-use assets – Note D1;
- Intangibles – Note D2; and
- Contingent consideration – Note C5.

(k) Comparative figures

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

(l) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

ASX
Additional Information.

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1.1 Share Information

As at 31 July 2022 the Company only has one class of shares, fully paid ordinary share. Therefore all holders listed hold fully paid ordinary shares. There are no unlisted securities and there is currently no on-market buy-back.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) Each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

1.2 Distribution of Shares (as at 31 July 2022)

NO.	NO OF SHAREHOLDERS	FULLY PAID SHARES	%
1 to 1,000	12,240	5,650,672	1.51
1,001 to 5,000	8,832	22,158,027	5.93
5,001 to 10,000	2,379	18,019,592	4.82
10,001 to 50,000	2,080	45,294,341	12.12
50,001 to 100,000	225	16,475,366	4.41
100,001 and Over	206	265,984,416	71.20
Total	**25,962**	**373,582,414**	**100**

Unmarketable Parcels	6,954	1,666,020	

1.3 Substantial Shareholders (as at 31 July 2022)

The following shareholders are recorded as substantial shareholders:

NAME	FULLY PAID SHARES NUMBER
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,424,130
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	37,248,935
NATIONAL NOMINEES LIMITED	32,369,945
CITICORP NOMINEES PTY LIMITED	26,305,417
Total	**133,348,427**

ASX Additional Information.

1.4 Holders of Unquoted Equity Securities (as at 31 July 2022)

A total of 6,287,509 unlisted options are on issue at 31 July 2022. All unlisted options are held by 87 employees under the Company's Employee Share Options Plan.

1.5 Twenty Largest Shareholders (as at 31 July 2022)

ORDINARY SHAREHOLDERS	FULLY PAID ORDINARY NUMBER	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	37,424,130	10.02
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	37,248,935	9.97
NATIONAL NOMINEES LIMITED	32,369,945	8.676
CITICORP NOMINEES PTY LIMITED	26,305,417	7.04
ARGO INVESTMENTS LIMITED	18,590,447	4.98
CITICORP NOMINEES PTY LIMITED	14,060,335	3.76
BNP PARIBAS NOMS PTY LTD	8,893,583	2.38
TACDBM PTY LTD	7,523,104	2.01
BT PORTFOLIO SERVICES LIMITED	6,536,320	1.75
PACIFIC CUSTODIANS PTY LIMITED	4,839,640	1.30
LSR TRADING PTY LIMITED	3,500,000	0.94
SEAN FITZGERALD	2,740,112	0.73
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,664,401	0.71
SHAMGAR INVESTMENTS PTY LTD	2,200,000	0.59
WILDWOOD CAPITAL PTY LTD	2,034,261	0.54
THOMAS CREGAN	1,997,093	0.53
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,879,167	0.50
MS DIANA BARTON CREGAN	1,866,666	0.50
LEE SMASH REPAIRS PTY LTD	1,600,000	0.43
WILDWOOD CAPITAL PTY LTD	1,496,450	0.40
Total	**215,770,006**	**57.76**

1.6 Share Buy-Backs (as at 31 July 2022)

There is no current on-market buy-back scheme.

2. Other Information

EML Payments Limited, incorporated and domiciled in Australia, is a public listed company limited by Shares.

Corporate Information.

Directors

Peter Martin
Non-executive Chairman

Emma Shand
Managing Director and
Group Chief Executive Officer
(Appointed 11 July 2022)

Non-executive Director
(Appointed 15 September 2021,
resigned 11 July 2022)

Thomas Cregan
Managing Director and
Group Chief Executive Officer
(Resigned 11 July 2022)

Tony Adcock
Non-executive Director

David Liddy AM
Non-executive Director

Melanie Wilson
Non-executive Director

Dr Kirstin Ferguson
Non-executive Director
(Retired 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

Auditor

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)

Level 12 / 333 Ann Street
Brisbane QLD 4000

Telephone: (07) 3557 1100
Facsimile: (07) 3607 0111

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