



Money in Motion

22 July 2019

ASX Market Announcements

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EML Payments Limited

EML Acquires Salary Packaging Merchant Coalition Software, & Supply Contracts

Salary Packaging Supply Contracts

EML PAYMENTS LIMITED (ASX: EML) ("EML") is pleased to announce that it has purchased software from PayWith Worldwide, Inc. that supports EML's Salary Packaging vertical. The software is already integrated with EML's technology to provide cardholders with a merchant coalition that includes discounted offers from thousands of merchants. Including recently announced contract wins, EML expects to provide services to more than 260,000 benefit account holders by April 2022 from an estimated addressable market of more than 350,000 benefit account holders.

EML will pay total cash consideration of USD \$1 million and transfer its investment in PayWith Worldwide Inc. (approximately 19%) as part of the purchase consideration. The share sale will be a non-cash asset transfer to PayWith resulting in a non-cash, non-EBTDA impairment of approximately AUD \$1 million. In accordance with AASB9 accounting standards for this type of transaction, the impairment will be recognized directly in reserves. Post-close EML will own and control the technology, source code, intellectual property and merchant coalition relationships in Australia and will continue to work with PayWith Worldwide Inc. in the North American market.

EML will immediately benefit from incremental cash savings of approximately AUD\$0.6 million in FY20 rising to up to more than AUD\$1.0 million per annum following the completion of the Smartgroup transition announced on 23 May 2019. The merchant coalition supported by this software provides discounts from thousands of merchants and is a core differentiator of the EML solution. Through the purchase of the software EML will now have greater control over the cardholder experience as we continue to grow this vertical.

In an unrelated transaction, EML has agreed to buy back a contractual agreement with a Salary Packaging consultant who assisted EML in signing key contracts and navigating the regulatory and taxation requirements for a salary packaging product to be fully compliant, and ultimately EML becoming the largest provider of payment solutions to the Salary Packaging industry. Under the terms of the agreement EML was paying a trailing commission stream, which will now cease. The contract was due to end on 30 June 2023, EML has provided consideration of 704,878 Ordinary Shares at a cost of approximately AUD \$2.0 million, recognized as an acquisition expense within Share Based Payments expense in FY20. EML will immediately benefit from incremental cash savings in excess of AUD \$0.5 million in FY20 rising to approximately AUD \$0.8 million per annum following full transition of recently announced contract to the EML solution.

Collectively, the re-structuring of both agreements will cost the company approximately \$3.5m and save the company approximately \$1.2m in FY20 and approximately \$1.8m in FY21 and beyond, giving it a payback of 2.5 years. Both are also consistent with our



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strategy of removing input costs that provide for margin expansion and greater operating cash flow conversion.

Flex-e-Card Acquisition Completed

On 20 May 2019, EML announced it had executed a Share Purchase Agreement to acquire 100% of Flex-e-Card Limited ('FEC') which trades as flex-e-card and flex-e-vouchers. FEC is a FinTech company providing gift card solutions to the shopping mall sector, with 226 shopping centres under contract in Europe (principally the United Kingdom, Ireland, Poland, Italy, and Finland), and the United Arab Emirates.

EML is pleased confirm the transaction completed as planned on 28 June and we will consolidate FEC into our financial results from 28 June 2019 onwards.

About EML Payments Limited

With EML, you will be empowered with more control, transparency and flexibility over your payment processes. Whether you serve businesses or consumers, EML makes your payment processing more efficient and secure from start to finish, while helping you improve customer service and increase brand loyalty.

Our portfolio offers innovative financial technology that provide solutions for payouts, gifts, incentives and rewards, and supplier payments. We issue mobile, virtual and physical card solutions to some of the largest corporate brands around the world, processing billions of dollars in payments each year, and manage more than 1,200 programs across 23 countries in North America, Europe and Australia.

For more information on EML Payments Limited, visit: [EMLpayments.com](https://emlpayments.com)

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