17 February 2021

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Money in Motion

+61 (07) 3557 1100

Level 12
333 Ann Street
Brisbane QLD 4000

EML Payments Limited
ACN 104 757 904

EML ANNOUNCES RECORD REVENUES OF $95.3M AND EBITDA OF $28.1M

- Group Gross Debit Volume of $10.2 billion, up 54% over PCP;
- Group Revenue[1] of $95.3 million, up 61% over PCP;
- Group EBITDA[2] of $28.1 million, up 42% over PCP;
- Group NPATA of $13.2 million, up 30% over PCP;
- Underlying operating cash inflows of $35.1 million, up 68% on PCP; and
- FY21 Reinstated EBITDA Guidance Range of $50.0 million - $54.0 million.

EML Payments Limited (ASX: EML) is pleased to release its FY21 Interim Report, as attached to this announcement with its Appendix 4D.

Highlights for the six months ended 31 December 2020 include:

Gross Debit Volume ('GDV') of $10.2 billion, up 54% over PCP

GDV represents the debit volume processed by the Group through our proprietary processing platforms. The first six months of FY21 delivered a record result, with GDV growing 54% over the prior comparative period ('PCP') to $10.2 billion. Whilst this volume translates to revenues at different rates depending on the segment, GDV is an indicator of demand for our payment services.

GDV from our General Purpose Reloadable ('GPR') segment grew strongly, up 233% to finish on $4.87 billion. Despite lockdown and social distancing restrictions in key markets including Spain, France and the UK, Prepaid Financial Services ("PFS") exceeded our expectations, contributing $3.12 billion in GDV, following strong performance in the digital banking and government sector. The GPR segment also saw solid growth in the non-PFS EML businesses which were up 25% on PCP on a like for like basis, driven by organic growth from programs in Salary Packaging (+60%) and Gaming (+42%).

Our Gift & Incentive ('G&I') segment saw challenging trading conditions due to COVID-19 related mall closures, lockdowns and social distancing regulations, with GDV in the segment falling 11% to $0.75 billion, compared to $0.84 billion in H1 FY20. We experienced more stringent lockdown restrictions in key European and Canadian markets in the weeks immediately prior to the seasonal peak of December resulting in a 19% decline in mall volumes relative to PCP. Despite this impact, incentive programs grew 11% on PCP, partially offsetting weaker mall volumes. Whilst impactful to our results in the short term, we expect the majority of the lost volume in the malls segment to be recovered in FY22 as economies re-open and lockdown restrictions are removed. We expect to see a continuation of growth in our Incentive vertical driven by new partners and programs in market.

In our Virtual Account Numbers ('VANs') segment, GDV increased by 6% to $4.59 billion, driven by volume growth from existing customers. The December exit run rate finished on $815m per month, up 20% on the same month last year, which is a positive sign for the remainder of the year.

1 Revenue is adjusted for the reduction of $1,033,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio at the PFS acquisition date.

2 EML generates interest income on Stored Value balances and as such is a source of core revenue. Earnings Before Interest, Tax, Depreciation & Amortisation ('EBITDA') is used as the most appropriate measure of assessing performance of the group. EBITDA includes R&D tax offset and excludes share based payments, acquisition costs and foreign exchange gains or losses and is reconciled to statutory profit and loss within the FY21 Interim Report.

Revenue of $95.3 million, up 61% over PCP

The Group achieved record revenue of $95.3 million which is growth of 61% over the PCP. Revenue yield for the group is a function of segment mix and remained stable at 93bps (PCP: 89 bps) for the six months.

GPR revenue represented 57% of Group revenues in the first half, demonstrating the extent of the Group's pivot to deriving a majority of revenues from the GPR segment. The segment supports customers in multiple industry verticals, including digital banking, government and payroll programs which have proved resilient, but not immune to challenging macro-economic conditions. The GPR segment increased revenue by a significant 314% to $54.4 million, derived from both acquisition and organic sources. PFS generated $38.0 million in revenue, while the non-PFS contributed $16.4 million (up 25% on PCP) in revenue for the full six-month reporting period. The segment revenue yield was consistent since the acquisition of PFS in March 2020, at 112 bps, and up on PCP at 89bps.

Revenues in our G&I segment declined by 13%, or $5.2 million over the PCP, due to the reduction in GDV from mall gift cards. The impact of lower volumes on revenues were partly offset by an increase in breakage rates due to greater amounts unspent on gift cards sold in prior years. Overall, the G&I segment delivered $35.0 million or 37% of the Group's revenue. We remain conservative in our estimates and expect to see further benefits from residual gift card breakage in the second half of FY21. Revenue yield converted lower at 467bps (PCP: 479bps) with a mix shift towards greater volumes of lower yielding Incentive programs.

The VANs segment increased revenue in line with GDV growth, to $5.8 million, up 5% on PCP. The VANs segment generated 6% of Group revenues but remains a strategically important vertical for us in terms of overall volumes and our relationships with the payment schemes. GDV converted to revenue at a revenue yield of 13 bps, consistent with the prior period.

Gross profit margins of 71%, down 5% over PCP

The Group generated a gross profit margin of 71%, down 5% on the PCP. Gross profit margins vary across the three segments. The reduction in Group gross profit margin is largely attributable to the segment mix shift toward GPR which was dilutive to the margins driven by outsourced processing costs and costs incurred using the Faster Payments network in the UK. These are the two synergy savings that were outlined in our acquisition case and as these costs are removed, gross margins from PFS will increase, which will flow into the GPR segment and overall gross margin percentage.

As outlined in our investor presentation, we expect to complete the Faster Payments integration by the end of the financial year, saving approximately £480K in FY22 (A$850K), and we are continuing to set the foundations for saving the bulk of our outsourced processing costs by the end of FY23. These projects, all else being equal, would add back approximately 5% to percentage gross margins.

The G&I segment generated a gross profit margin of 82%, an increase on PCP (80%) with the segment benefiting from higher rates of breakage in North America tied to lower redemption rates. We will recognise $3.8 million of breakage revenue on gift cards loaded in the first half, but phased into the second half of the financial year under AASB15. The decline in carry forward breakage this year compared to PCP ($6.8 million) is due to lower unit sales in the two to three weeks immediately prior to Christmas.

Moving forward, we expect continued benefits to gross profit margins from reduced transaction costs, due to higher volumes, and PFS insourcing volumes from third party processing over the next 3 years.

EBITDA of $28.1 million, up 42% over PCP

Despite COVID-related challenges in our G&I segment, the Group achieved record EBITDA of $28.1 million for the half-year ended 31 December 2020 (PCP: $19.7 million). This is a significant result for a number of reasons, but principally it demonstrates that we have transitioned away from being a company reliant on seasonal mall gift card results, to a broader business where we generate a majority of revenues from the GPR segment.

In HY1 FY20 we generated approximately 70% of revenues from the G&I segment, and therefore any impact to that segment would have had a disproportionate impact on Group results. In H1 FY21, we generated 37% of revenue from the G&I segment and that diversification has allowed us to post a record result despite some challenging market conditions.

Underlying Operating Cash Flow of $35.1 million and Cash on hand of $136.5 million

Statutory operating cash inflows totalled $34.8 million, which included $2.8 million of one-off accelerated breakage receipts under agreements with our Canadian sponsor banks, tax & interest outflows of $2.9 million and favourable working capital movements of $4.0 million. Underlying operating cash flows totalled $35.1 million or an EBITDA conversation rate of 125% (PCP: $13.1 million 66%).

Cash outflows from investing activities included $9.8 million for the minority investments connected with Project Accelerator, gaining us access to new technology and commercial opportunities. We continued to invest in software development, capitalising $4.8million of internally generated assets which will generate an economic return in future periods.

The Group has significant cash reserves and continues to generate strong operating cashflows which fully covers future operational needs and provides a platform for future investments.

EML ended the period with $136.5 million in cash and $29.1 million of breakage accruals (Contract Asset), of which 63% will convert to cash within 12 months. In FY21, investors will see an improvement in operating cash flow from the G&I segment as breakage on previously issued cards converts to cash but against a backdrop of lower unit sales (and therefore less accrued breakage revenue under AASB15. In FY22, as economies re-open it's likely that we would see higher unit sales, higher accrued breakage revenue and lower cash conversion.

Guidance range for FY21

The Group's guidance range for FY21 incorporates the uncertainty of COVID-19 as lockdown and social distancing measures remain in place for the foreseeable future in many of our key markets in Europe and North America.

Our EBITDA guidance reflects growth in absolute terms of approx. 60% for the full financial year and pleasingly maintains our track record of year-on-year EBITDA growth.

- Revenue forecasted between $180.0 million – $190.0 million (up 48-56% on FY20)
- EBITDA forecasted between $50.0 million – $54.0 million (up 54-66% on FY20)
- NPATA forecasted between $30.0 million – $33.5 million (up 25-40% on FY20)
- EBITDA per share forecasted between 13.8¢ - 15.0¢ / share (up 54-66% on FY20)

Business Development Update

The Group continued to sign new contracts with customers in each segment and has seen increasing activity in new business contract wins and program launches.

In our GPR segment, we signed a remarkable 55 contracts and in the G&I segment we signed 19 contracts, largely with Incentive partners who will utilise our mobile PAYS technology. Incentive programs will be a key platform for growth in this segment whilst we wait for volume in our malls gift card programs to rebound and it's worth noting that in Australia, we managed 150 fully digital incentive programs, a number of which were in industries where doing a physical incentive card program would be impractical.

In the VANs segment, we signed 5 contracts and are working to launch these programs by the end of the financial year.

We also launched 64 programs in the market in the first half which are now contributing to revenue. One of these programs was the launch of a GPR payout card for Paddy Power in Europe and the migration of cards from a competitor to EML, which was completed in December 2020. We continued the migration of Smart Salary accounts to our platform and ended the half with 282,000 accounts active, which has since increased to 286,000 and we expect to be 300,000 by the end of the financial year. In the UK we have launched Phase 1 of the program with the Home Office and launched the Jersey stimulus program, ending the half with 561 government programs in market.

Coinciding with our EMLCON2020 event, we announced the pilot with the NSW Department of Transport for their digital Opal card trial, and we look forward to updating shareholders on the progress of that pilot. These fully digital programs are fully aligned to our core strategy, Project Accelerator.

About EML Payments Limited

At EML we develop tailored payment solutions for brands to make their customers lives simpler. Through next-generation technology, our portfolio of payment solutions offers innovative options for disbursement payout's, gifts, incentives and rewards. We're proud to power many of the world's top brands and expect to process over $18 billion in GDV in FY21 across 28 countries in Australia, Europe and North America. Our payment solutions in 27 currencies are safe and secure, easy and flexible, providing customers with their money in real-time. We know payments are complex, that's why we've made the process simple, smart and straightforward, for everyone.

We encourage you to learn more about EML Payments Limited, by visiting: EMLpayments.com

This announcement has been authorised for release by the Board of Directors.

For further information, please contact:

Tom Cregan
Managing Director and Group Chief Executive Officer
EML Payments Limited
M: 0488 041 910
E: tcregan@emlpayments.com

Rob Shore
Group Chief Financial Officer
EML Payments Limited
M: 0419 590 128
E: rshore@emlpayments.com

Rule 4.2A.3

Appendix 4D

Half year report
Half-Year ended 31 December 2020

Introduced 1/1/2003

Name of entity

EML Payments Limited

ABN or equivalent company reference

93 104 757 904

1.

Half year ended (current period)	Half year ended ('previous corresponding period')
31 December 2020	31 December 2019

2. Results for announcement to the market

		Movement	31 December 2020	31 December 2019
			A$'000	A$'000
2.1	Revenues & other income	59%	94,296	59,156
2.2	Profit/(Loss) from ordinary activities after tax attributable to members	(698%)	(25,737)	4,305
2.3	Profit/(Loss) for the period attributable to members	(698%)	(25,737)	4,305

Dividends (distributions)		Amount per security	Franked amount per security
2.4	Final dividend *(Preliminary final report only)*	N/A	N/A
2.4	Interim dividend *(Half yearly report only)*	N/A	N/A
2.5	Record date for determining entitlements to the dividend	N/A	

2.6 Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Refer to the review of operations report in the half year financial report.

3. NTA backing		As at 31 December 2020 $	As at 30 June 2020 $
	Net tangible assets per security [1]	0.06	0.11

[1] Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie: all liabilities, preference shares, outside equity interest etc).

4. Control gained over entities having material effect

4.1	Name of entity (or group of entities)	N/A
4.2	Date of gain of control	N/A
4.3	Consolidated profit/(loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
4.3	Loss from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect

4.1	Name of entity (or group of entities)	N/A
4.2	Date of loss of control	N/A
4.3	Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
4.3	Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

5. Dividends / Distributions

Date the dividend (distribution) is payable	N/A
Amount per security of foreign source dividend	N/A

6. Total Dividends /Distributions

Ordinary securities	N/A
Preference securities	N/A

Dividend or distribution investment plans in operation: N/A	
The last date(s) for receipt of election notices for the dividend or distribution reinvestment plans	N/A

7. Details of aggregate share of profits (losses) of associates and joint venture entities

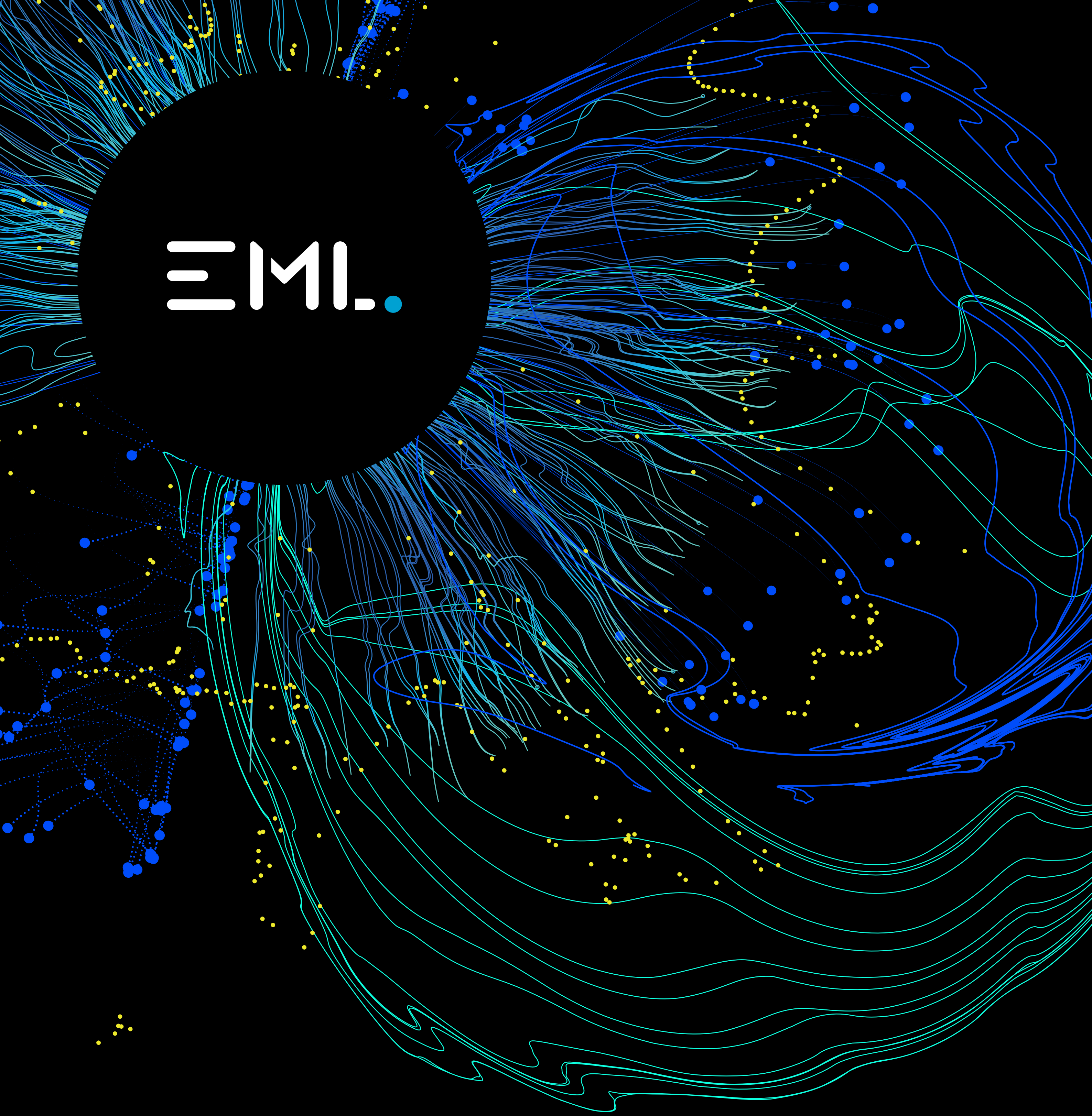
Name of associate/joint venture:	N/A		
Holding in entity		N/A	
Group's share of associates' and joint venture entities':		Current period $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities before tax		N/A	N/A
Income tax on ordinary activities		N/A	N/A
Profit (loss) from ordinary activities after tax		N/A	N/A
Extraordinary items net of tax		N/A	N/A
Net profit (loss)		N/A	N/A
Adjustments		N/A	N/A
Share of net profit (loss) of associates and joint venture entities			

8. Foreign Entities

Which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)	International Accounting Standards

9. All Entities

A description of Accounts subject to audit dispute or qualification: N/A



2021 Interim Report.

Money in Motion

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

General Purpose Reloadable (GPR)

$4.87bn

↑233%

Revenue[1]

$54.4m

↑314%

Gift & Incentive (G&I)

$0.75bn

↓11%

Revenue

$35.0m

↓13%

Virtual Account Numbers (VANS)

$4.59bn

↑6%

Revenue

$5.8m

↑5%

GDV

$10.2bn

54%

Revenue[1]

$95.3m

61%

EBITDA[2]

$28.1m

42%

NPATA[3]

$13.2m

30%

Operating Cashflow

$34.8m

329%

Cash At Bank

$136.5m

15% (30 June 2020)

1. Revenue is adjusted for the reduction of $1,033,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio at the PFS acquisition date.
2. See page 9 for the definition and calculation of EBITDA.
3. NPATA represents the profit generated by the business excluding all acquisition related costs including; amortisation on acquired software, Fair value movements and finance costs on contingent consideration.
4. Percentage movement has been calculated based on the prior comparative period, H1 FY2020, unless otherwise noted.

Contents.

Directors' Report.

Despite challenging trading conditions due to COVID-19, EML has had an excellent half-year with record six-month results for Gross Debit Volume ('GDV'), Revenue, EBITDA and Operating Cashflow.

We also made significant progress in integrating our most recently acquired business, Prepaid Financial Services (PFS). PFS's excellent financial results demonstrate the potential of this acquisition and the ability of the global EML team to effectively integrate large international investments.

Our recently launched Accelerator strategy is also developing very well. We are seeking to rapidly expand our capabilities as a leading-edge supplier of payments technologies to international businesses. We have made our first two investments with more on the way. Our short to medium term vision is to enter the rapidly evolving "Open Banking" market to enhance our suite of payment solutions.

Directors

The names of the Directors of the Company during or since the end of the half-year are:

- Peter Martin (Chairman)
- Thomas Cregan
- Tony Adcock
- David Liddy AM (Deputy Chairman)
- Dr Kirstin Ferguson
- Melanie Wilson
- George Gresham

Review of operations

Maintaining momentum during tough times is a real challenge for all companies. The team at EML has generated record results for the Group whilst revitalising EML's strategy and undertaking the integration of PFS. This has happened whilst dealing with the impacts of COVID-19 in key markets, plus Brexit in the UK, with most of our people working remotely. A tremendous effort.

In the half, EML's GDV increased by 54% to $10.21 billion, revenue increased by 61% to $95.3 million[1] and EBITDA by 42% to $28.1 million. Growth was driven by the General Purpose Reloadable (GPR) segment which grew revenue by over 300% to $54.4 million[1] for the half-year.

Gift & Incentive (G&I) GDV was only down 11%, which was a very good result given that European and North American malls were closed over much of the half-year. Challenging trading conditions in malls due to COVID-19 impacting foot traffic in malls was offset by growth in the incentive gift card market. Overall the G&I segment generated Gross Profit of $28.8 million or 43% of the Group total.

1. Revenue has been adjusted for the reduction of $1,033,000 of AASB 3 non-cash amortisation of the fair value uplift at acquisition date.

The Group will recognise a further $3.8 million (31 December 2019: $6.8 million) of breakage revenue in the second half of the year on first half activations and volumes. Under the AASB 15 accounting standard, breakage revenue on gift cards is accrued over the months post a gift card being sold. We are carrying forward less breakage into the second half of the year due to lower unit sales in the two to three weeks immediately prior to Christmas. Breakage revenue converts to Gross Profit at 100%.

GPR segment revenue represented 57% of Group revenue in the first half demonstrating a positive re-balancing between our G&I and GPR segments. GPR revenue grew 314% to $54.4 million[1], driven by a $38.0 million revenue contribution from PFS and strong growth in the non-PFS businesses which were up over 25% on the prior comparative period (PCP) on a like-for-like basis.

The PFS results exceeded our expectations despite multiple COVID-19 related lockdowns and curfews in key markets including Spain, France, Greece and the UK. GDV growth in the non-PFS business was driven by growth in payroll-as-a-service programs in Australia and gaming disbursement programs for major brands in North America and Europe.

The results in PFS have created a fair value loss on contingent consideration of $25,221,000. This reflects the strong performance and positive outlook of PFS's forecasted EBITDA, and the associated earnout achievement. The Fair value loss on contingent consideration is included in "Other non-operating expenses" (Refer to Note A1) and has been adjusted from the Group's calculations of EBITDA and NPATA. The first tranche of the contingent consideration is expected to be paid by August 2021.

The Virtual Account Numbers (VANS) segment grew 6% on the PCP to deliver GDV of $4.59 billion (PCP: $4.31 billion), converting to $5.8 million in revenue (PCP: $5.5 million) at a consistent revenue yield of 13 bps. The VANS segment generated 6% of Group revenue but remains a strategically important product for us in terms of overall volumes and our relationships with the payment schemes.

In summary, EML is successfully trading through one of the worst periods in global economic and social memory. As COVID-19 impacts recede with the introduction of vaccines in 2021 and beyond, EML is ideally placed to take advantage of the explosive growth in the payments industry around the world. Our financial results should continue to reflect that opportunity.

Auditor Independence

The auditor's independence declaration is included on page 15 of the interim financial report.

Peter Martin

Peter Martin
Non-executive Chairman

16 February 2021

1. Revenue has been adjusted for the reduction of $1,033,000 of AASB 3 non-cash amortisation of the fair value uplift at acquisition date.

General Purpose Reloadable (GPR)

GDV

$4.87bn

↑233%

Revenue[1]

$54.4m

↑314%

GDV:Revenue

112bps

↑26%

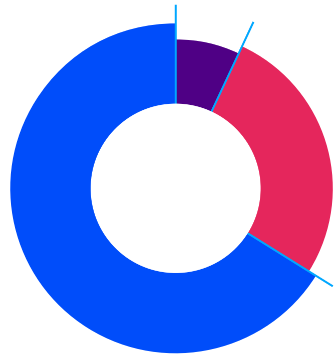
Gross Profit[1]

$34.1m

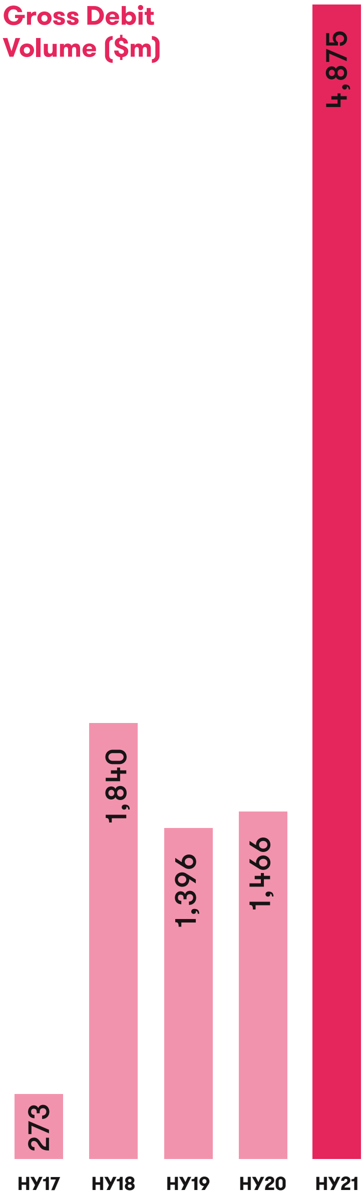
↑290%

1. Revenue is adjusted for the reduction of $1,033,000 of non-cash amortisation of the fair value uplift relating to the bond portfolio at the PFS acquisition date.

Regional Split



Gross Debit Volume ($m)



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

Gross Debit Volume (GDV) on General Purpose Reloadable Cards increased 233% to $4.87 billion driving revenue growth of 314% to $54.4 million. We consolidated results with Prepaid Financial Services (PFS) Group for the full half-year reporting period and saw improved revenue growth in our existing business which was up 25% on a like for like basis. The PFS Group results exceeded our expectations despite challenging trading conditions with multiple lockdowns in key markets including Spain, France and the UK.

GDV from our gaming disbursements vertical continued to grow over the prior comparative period (PCP), with continued demand for an established product in Australia and strong growth from newly launched programs in North America and Europe. We entered the second half with an annualised GDV run rate exceeding $1 billion.

EML's payroll-as-a-service vertical increased to over 280,000 active customer accounts, up from 187,000 at 31 December 2019. We expect the pace of growth to slow as we approach the end of the transition of SmartGroup volumes from a competitor, ahead of schedule.

GPR revenues represented 57% of Group revenue in the first half demonstrating a positive re-balancing between our G&I and GPR segments. We remain very positive about our prospects for growth in the GPR segment.

Gift & Incentive (G&I)

GDV

$750.2m
↓11%

Revenue

$35.0m
↓13%

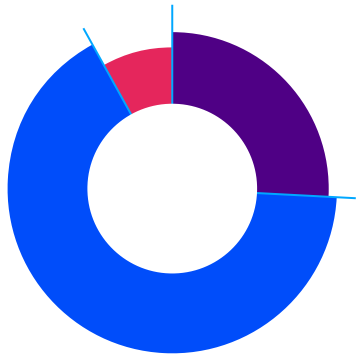
GDV:Revenue

467bps
↓2%

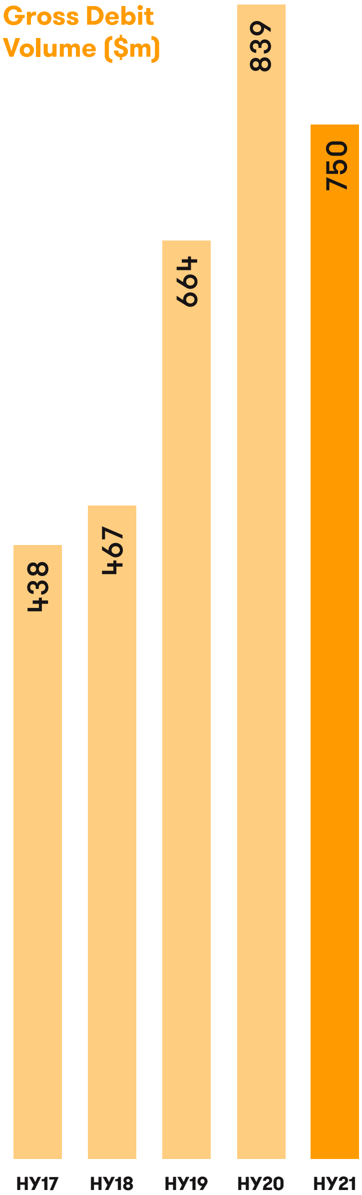
Gross Profit

$28.8m
↓11%

Regional Split



Gross Debit Volume ($m)



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

Gross Debit Volume on Gift and Incentive programs fell 11% to $750.2 million in H1FY21 to deliver revenue of $35.0 million. We have continued to see growth from customers in the incentives vertical, including online retailers such as Etsy, that have skewed the mix towards lower revenue yielding programs. Higher incentive volumes have however helped to offset the impacts of challenging trading conditions in malls globally. We saw trading conditions worsen quickly in the run up to Christmas with many countries, including the key markets of the UK, Germany and Canada, under "stay-at-home" public health directives. Whilst impactful to our results in the short term, we expect the majority of the lost volume to be recovered in FY22 and drive improved financial performance.

Although volumes declined due to lower foot traffic within malls, we saw an increase in cash breakage rates from lower spend on card programs partially offset the revenue impact of lost volumes. We remain conservative in our estimates and expect to see further upside in the second half year. Overall the G&I segment delivered $28.8 million or 43% of the Group's Gross Profit, $3.5 million less than PCP.

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

Virtual Account Numbers (VANs)

GDV

$4.59bn
↑6%

Revenue

$5.8m
↑5%

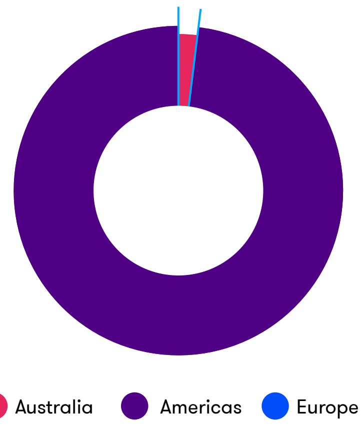
GDV:Revenue

13bps
↑-%

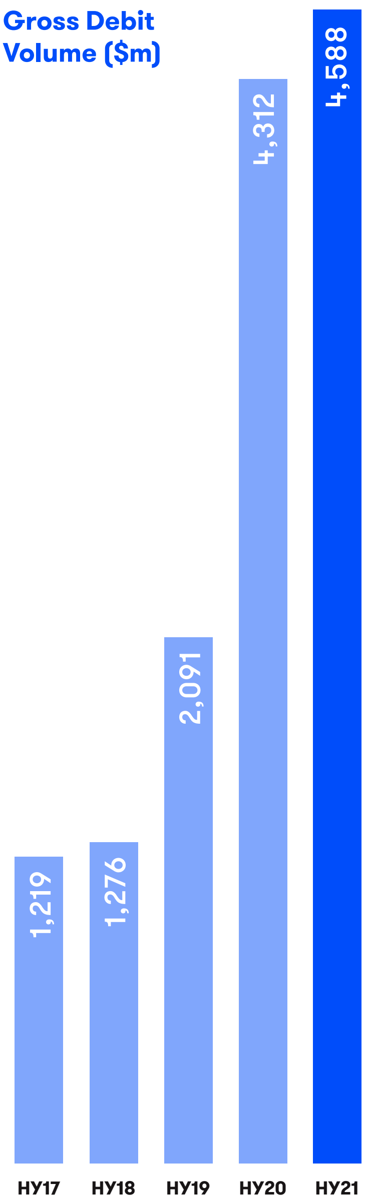
Gross Profit

$4.2m
↑23%

Regional Split



Gross Debit Volume ($m)



EML provides businesses a competitive edge with proprietary technologies and custom solutions for Virtual Account Numbers.

Gross Debit Volume (GDV) for the segment increased 6% to $4.59 billion with Gross Profit increasing by 23% to $4.2 million due to improved scheme rebates with increasing scale.

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

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

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

The VANs segment converts GDV to revenue at a revenue yield of 13 bps, consistent with the prior period. The VANs segment generated 6% of Group revenue, but remains a strategically important product for us in terms of overall volumes and our relationships with the payment schemes.

Performance Overview.

The first six months of FY21 delivered a record result, GDV increased 54% to $10.21 billion (H1 FY20: $6.62 billion) with significant growth in the General Purpose Reloadable (GPR) segment (up 233%). Prepaid Financial Services Group (PFS) was consolidated for the full period and performed well despite tough trading conditions in key European markets due to lockdowns. The Group achieved record EBITDA of $28.1 million for the half-year ended 31 December 2020 (PCP: $19.7 million), which represents an EBITDA margin of 29.8%.

Summary Financial Performance.

($ Thousands)	SIX MONTHS ENDING 31 DECEMBER 2020	SIX MONTHS ENDING 31 DECEMBER 2019	GROWTH
GROSS DEBIT VOLUME (GDV)			
General Purpose Reloadable (GPR)	4,874,500	1,465,909	233%
Gift & Incentive (G&I)	750,177	838,729	(11%)
Virtual Account Numbers (VANs)	4,587,636	4,311,602	6%
TOTAL GDV	**10,212,313**	6,616,240	**54%**
Revenue	94,296	59,156	59%
Add back: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date[1]	1,033	-	100%
TOTAL REVENUE	**95,329**	**59,156**	**61%**
Gross Profit [1]	**67,252**	**44,803**	**50%**
Gross profit %	71%	76%	(7%)
Employee benefits expense	(27,076)	(16,794)	61%
Professional fees	(2,084)	(1,689)	23%
Other operating expenses	(10,944)	(7,098)	54%
Research and development tax offset	906	500	81%
EBITDA [2]	**28,054**	19,722	**42%**
LESS			
Acquisition costs	(125)	(3,373)	(96%)
Depreciation and amortisation expense	(13,895)	(6,768)	105%
Share-based payments	(2,876)	(4,706)	(39%)
Finance costs	(4,398)	(1,333)	230%
Other non-operating (expense)/benefit	(28,680)	1,390	(2164%)
Add back: Research and development tax offset included above	(906)	(500)	81%
Less: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date [1]	(1,033)	-	100%
(Loss)/profit for the period before tax	(23,859)	4,432	(533%)
Tax expense	(1,878)	(127)	1379%
(Loss)/profit for the period	**(25,737)**	**4,305**	**(698%)**

(1) Revenue has been adjusted for the reduction of $1,033,000 of AASB 3 non-cash amortisation of the fair value uplift at acquisition date.

(2) EBITDA is reconciled above and disclosed within the Directors' Report and is equivalent to the net profit/(loss) for the period including R&D tax offset however, excluding share-based payments, depreciation and amortisation expense, acquisition costs and non-cash unrealised foreign exchange included within the Statement of Profit or Loss and Other Comprehensive Income. The analysis of results, included within this Performance Review section, is primarily based on EBITDA so as to align the information that is given to users of financial reports to the way the Directors view the business and to assist better understanding of the Group's performance. The Directors believe that EBITDA is the most appropriate measure of maintainable earnings of the Group, and assists in better understanding the Group, and therefore best reflects the core drivers and ongoing influences upon those earnings. The Directors also link the Group CEO and Senior Executives' short and long term incentives to EBITDA.

Performance Overview.

Financial Growth.

Group GDV achieved a record $10.21 billion up 54% on the PCP and eclipsing the annual GDV processed in FY19. Revenue yield for the Group is a function of segment mix and remained stable at 92bps (PCP: 89bps) for the half-year. The Group now generates 57% of Group revenue from the GPR segment with G&I diluted down to 37% of the Group. We have continued to see breakage revenue as a % of total revenue fall and for the half-year it was less than 30% of Group revenue. The Group has diversity of program, customer, product, revenue type and geography which makes the business relatively resilient and offers numerous growth opportunities.

Growth in the GPR segment derived from both acquisition and organic sources, with PFS contributing $38.0 million of revenue and the non-PFS business contributing $16.4 million[1] (up 25% on PCP). Organic growth was sourced from Australian Payroll-as-a-Service programs and global gaming disbursement programs. Globally, we entered the second half with an annualised GDV run rate from gaming disbursement programs exceeding $1.0 billion and strong growth. The segment revenue yield was consistent with prior periods at approximately 110 bps. The segment generates the majority of its revenue from digital banking, government and payroll programs which have proved resilient, but not immune to challenging macro economic conditions. As economies continue to open following lockdowns we expect the programs most impacted, such as multi-currency travel programs, to grow strongly.

The G&I segment contributed GDV of $0.75 billion (PCP: $0.84 billion) with COVID-19 related mall closures, lockdowns and social distancing regulations impacting performance in the shopping mall vertical throughout the period. We experienced more challenging trading conditions in weeks leading up to Christmas with more stringent lockdowns enforced in key European and Canadian markets. As advised previously, the Group exited from the Middle Eastern market because we were unable to offer Reloadable programs in the region and the resources required to grow this to a meaningfully contributing business would outweight the return. Non-mall programs continued to grow despite the prevailing headwinds, up 11% on PCP.

The VANs segment faced headwinds in the first quarter before rebounding in the latter part of the six -month reporting period. Against PCP the segment GDV increased 6% and finished with a December exit run rate of $815 million per month (up 20% on the same month last year) which is a positive sign for the remainder of the year. Segment yield remained consistent at 13 bps converting to revenue of $5.8 million (PCP: $5.5 million).

During the year we incurred $1.0 million of non-cash amortisation of fair value uplift on the PFS bond portfolio due to the AASB 3 acquisition accounting. This is added back in arriving at underlying performance measures. Gross Profit margins were down on PCP at 70.2% (PCP: 75.7%) due to a mix shift away from the G&I segment and dilutive margins in PFS who outsource most of their payments processing. Group gross profit margins are expected to be lower in the first half as breakage revenue on gift cards sold in December is phased into the second half of the financial year.

Expenses.

Employment related expenses were $27.1 million (PCP: $16.8 million) up 61% on PCP due to the impacts of the acquisition of PFS in Europe and accruals for cash based Short-term incentive plan increased as several businesses are materially ahead of target. Approximately 90% of the employment cost increase related to the PFS acquisition. Capitalisation of internally generated software was below expectations at $4.8 million (PCP: $3.3 million, excluding PFS) for the period, due to higher than planned expenditure on maintenance development which is expensed.

At the end of December, the Group had 486 employees (PCP: 272) inclusive of seasonal contractors working for the G&I segment and employees joining the group through the PFS acquisition. Employment related expenses make up 69.5% of Group cash overheads reflective of the nature of our business. Employment costs as a percentage of revenue remained consistent at 28.7% (PCP: 28.4%) despite the impacts of COVID-19 on revenues. The Group will continue to invest in our people to attract and retain talent which will be a key driver of the sustainable success of the Group.

Professional fee's and other operating expenses increased 48% to $13.0 million as the Group's operations have expanded to include additional eMoney licences in Ireland and the UK, a larger European business and manage a complex regulatory framework. In the first half of the year, we incurred higher spend on specialist regulatory legal and tax advisors and marketing to support the integration of the PFS business and Brexit transition. This was offset by savings on travel as we implemented a global travel ban to protect the health of our employees.

Share-based payments expense of $2.9 million relates to staff incentives, down 39% on PCP as earlier options have now vested.

Depreciation and amortisation expense increased to $13.9 million with 67% of amortisation related to assets acquired and revalued to fair value under AASB 3. The remaining amortisation represents the continued investment in the Group to remain at the forefront of technology. We expect internally generated software assets to increase at a faster rate in the second half as Accelerator projects move from planning into the build phase.

Finance costs relate to the unwinding of the discount on the contingent consideration payable for acquisitions completed in prior years. Following a review of strong trading results and internal forecasts for the PFS business, we have included in the Other non-operating expenses a charge of $25.2 million to increase the expected contingent payable on the three year earn-out to a full achievement level. The Fair value loss on contingent consideration is included in "Other non-operating expenses", but has been adjusted from the Group's calculations of EBITDA and NPATA.

1. Revenue has been adjusted for the reduction of $1,033,000 of AASB 3 non-cash amortisation of the fair value uplift at acquisition date.

Performance Overview.

Summary Financial Position.

($ Thousands)	31 DECEMBER 2020	30 JUNE 2020	GROWTH
Cash and cash equivalents	136,530	118,381	15%
Contract asset	18,443	22,344	(17%)
Segregated funds and bond investments(1)	1,259,636	833,407	34%
Other current assets	33,515	26,961	24%
Total Current Assets	**1,448,124**	1,001,093	31%
Contract asset	10,658	9,485	11%
Plant, equipment and right-of-use assets	12,945	14,629	(13%)
Intangibles	389,478	404,748	(4%)
Deferred tax asset	25,281	25,044	1%
Segregated funds and bond investments(1)	372,739	443,214	(19%)
Other non-current assets	16,061	8,053	99%
Total Non-Current Assets	**827,162**	905,173	(9%)
Total Assets	**2,275,286**	1,906,266	16%
Trade and other payables	59,023	47,461	20%
Liabilities to stored value account holders(1)	1,625,806	1,265,896	22%
Contingent consideration	58,993	4,328	93%
Other current liabilities	14,121	8,568	65%
Total Current Liabilities	**1,757,943**	1,326,253	25%
Deferred tax liabilities	13,989	16,445	(15%)
Contingent consideration	40,924	69,279	(69%)
Other non-current liabilities	50,804	53,297	(5%)
Total Non-Current Liabilities	**105,717**	139,021	(24%)
Total Liabilities	**1,863,660**	1,465,274	27%
Total Equity	**411,626**	440,992	(7%)

(1) Segregated funds and bond investments and Liabilities to stored value account holders relate to products where EML has self-issued the card.

The net current liability position of the Group is due to the non-current bond investment asset of surplus Segregated funds being misaligned with the on-demand cardholder liability.

Summary of Cash Flows

($ Thousands)	SIX MONTHS ENDING 31 DECEMBER 2020	SIX MONTHS ENDING 31 DECEMBER 2019	GROWTH
Cash flows from operating activities	34,849	8,121	329%
Cash flows used in investing activities	(16,655)	(6,055)	175%
Cash flows used in financing activities	(1,196)	221,642	(100%)

Performance Overview.

Financial Position.

As a result of the capital raise in November 2019 to fund the acquisition of PFS, and the subsequent price renegotiation in March 2020, the Group retains surplus cash balances. During the period, the Group continued to be highly cash generative, with operating cash inflows of $34.8 million to leave the Group with cash balances on hand of $136.5 million at 31 December 2020.

The contract asset of $29.1 million (30 June 2020: $31.8 million) represents the residual portion of funds on G&I cards that the Group has previously sold and expects to convert to cash. The fall from 30 June 2020 represents a release of working capital due to lower unit sales and accelerated cash conversion of previously accrued breakage in line with the agreements with our Canadian sponsor banks. This is expected to result in one-off cash inflows in the second half and the Group will continue to benefit from accelerated cash conversion in future periods.

Segregated funds and bond investments and the offsetting amount reflected in Liabilities to stored value account holders relates to a number of payment programs that are issued directly by our European and Australian operations.

A significant proportion of our deferred tax asset reflects the fact that the Group expects to generate taxable income in these regions and consequently, under the accounting standards, has recognised carried forward tax losses.

Cashflow.

Cash inflows from operating activities totalled $34.8 million due to the Group generating EBITDA of $28.1 million, and payments of $2.4 million for tax and interest expense which are excluded from EBITDA. Operating cashflow was supported by the continued conversion of the contract asset to cash as breakage is realised on cards loaded in prior periods. Excluding the cash impact of items not included in EBITDA, the Group converted EBITDA to cash at $31.5 million 112% (PCP: $13.1 million 67%).

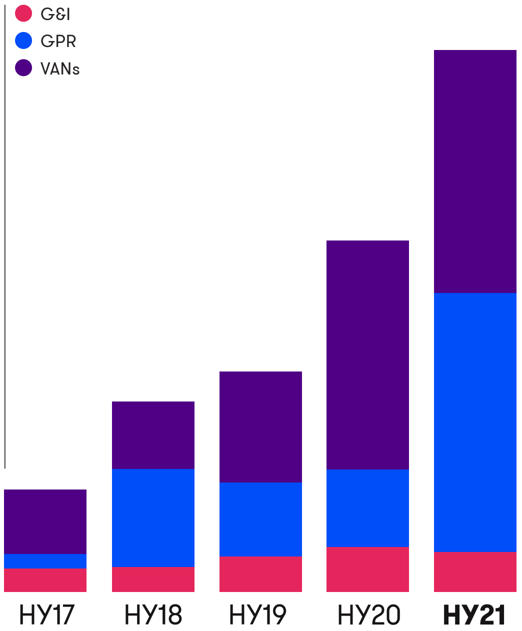
Cash outflows from investing activities included $9.8 million for the minority investments connected with Project Accelerator access to new technology (Note C1). We continued to invest in software development, capitalising $4.8 million of internally generated assets which will generate an economic return in future periods.

Cash outflows from financing activities related to payments on lease liabilities now on the balance sheet following the adoption of AASB 16.

Performance Overview.

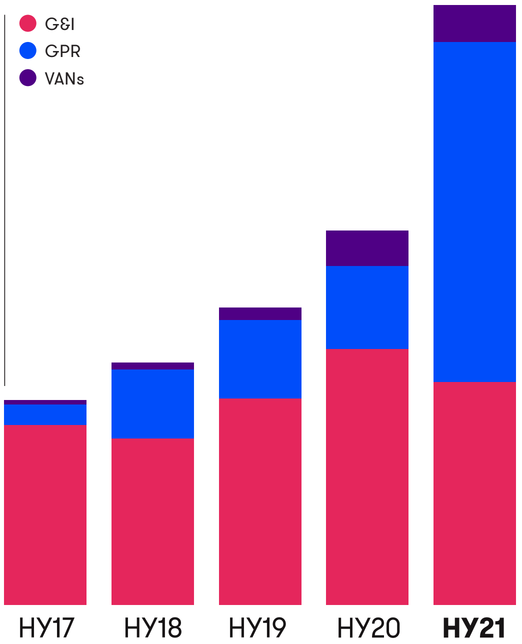
Gross Debit Volume H1 FY21
(AUD)

$10.2 billion



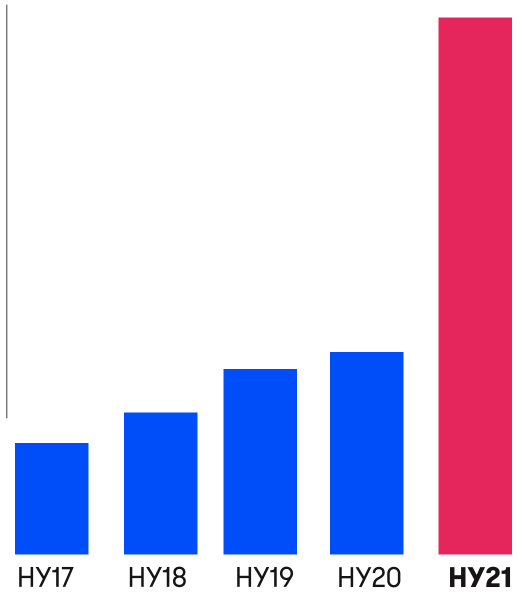
Revenue[1] H1 FY21
(AUD)

$95.3 million



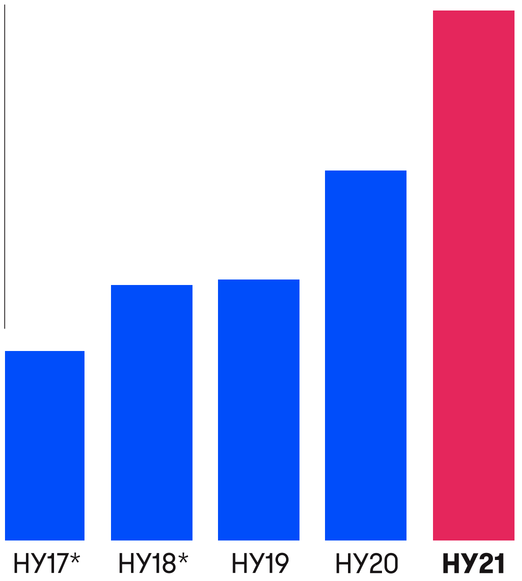
Stored Value H1 FY21
(AUD)

$1.9 billion



EBITDA H1 FY21
(AUD)

$28.1 million



1. Revenue has been adjusted for the reduction of $1,033,000 of non-cash amortisation of the fair value uplift at acquisition date.

* EBITDA for HY17 and HY18 has not been adjusted for seasonality of AASB 15 *Revenue from contracts* with customers, as it was not effective in these accounting periods.

Directors' Declaration.

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

The Directors declare that:

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

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

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

On behalf of the Directors

Peter Martin
Chairman of the Board

Brisbane, 16 February 2021

Auditor's Independence Declaration.

Deloitte.

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

16 February 2021

Dear Board Members

Auditor's Independence Declaration to EML Payments Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of EML Payments Limited.

As lead audit partner for the review of the half year financial report of EML Payments Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy

Andrea Roy
Partner
Chartered Accountants

Independent Auditor's Report.

Deloitte.

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

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

Conclusion

We have reviewed the half-year financial report of EML Payments Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2020, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 14 to 39.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibility for the Half-year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for

Independent Auditor's Report.

Deloitte.

such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy

Andrea Roy
Partner
Chartered Accountants
Brisbane, 16 February 2021

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

For the half-year ended 31 December 2020

	NOTES	CONSOLIDATED 31 DECEMBER 2020 $'000	CONSOLIDATED 31 DECEMBER 2019 $'000
Revenue from contracts with customers	A1	91,860	57,950
Interest income	A1	2,436	1,206
Total Revenue	A2	94,296	59,156
Cost of sales		(28,077)	(14,353)
Gross Profit	A2	**66,219**	44,803
EXPENSES			
Employee benefits expense		(27,076)	(16,794)
Share-based payments		(2,876)	(4,706)
Acquisition costs		(125)	(3,373)
Depreciation and amortisation expense		(13,895)	(6,768)
Professional fees		(2,084)	(1,689)
Finance costs	A4	(4,398)	(1,333)
Other operating expense	A1	(10,944)	(7,098)
Other non-operating (expense)/benefit	A1	(28,680)	1,390
Total Expenses		**(90,078)**	(40,371)
(LOSS)/PROFIT BEFORE INCOME TAX		**(23,859)**	4,432
Income tax (expense)	A3	(1,878)	(127)
(Loss)/profit for the half-year		**(25,737)**	4,305
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(6,502)	1,174
Items that will not be reclassified subsequently to profit or loss			
Gain on fair valuation of cash flow hedge, net of income tax		-	747
Other comprehensive (loss)/income for the half-year, net of income tax		(6,502)	1,921
Total comprehensive (loss)/profit for the half-year		**(32,239)**	6,226
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE HALF-YEAR ATTRIBUTABLE TO:			
Equity holders of the parent		(32,239)	6,226
PROFIT PER SHARE (CENTS PER SHARE)			
Basic (cents per share)		(7.17)	1.61
Diluted (cents per share)		(7.17)	1.56

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position.

As at 31 December 2020

	NOTES	CONSOLIDATED 31 DECEMBER 2020 $'000	CONSOLIDATED 30 JUNE 2020 $'000
CURRENT ASSETS			
Cash and cash equivalents		136,530	118,381
Contract assets	B1	18,443	22,344
Trade and other receivables		26,305	21,664
Other current assets		6,692	5,297
Current tax receivable		518	-
Segregated funds and bond investments		1,259,636	833,407
Total Current Assets		**1,448,124**	1,001,093
NON-CURRENT ASSETS			
Contract assets	B1	10,658	9,485
Trade and other receivables		6,561	7,351
Segregated funds and bond investments		372,739	443,214
Financial assets	C1	9,500	702
Plant, equipment and right-of-use assets		12,945	14,629
Intangibles	D1	389,478	404,748
Deferred tax asset	A3	25,281	25,044
Total Non-Current Assets		**827,162**	905,173
Total Assets		**2,275,286**	1,906,266
CURRENT LIABILITIES			
Trade and other payables		59,023	47,461
Employee benefits		1,738	1,600
Current tax payable		3,224	194
Interest-bearing borrowings		799	-
Lease liability		3,588	2,342
Other liabilities		1,231	847
Provisions	F3	3,541	3,585
Contingent consideration	C2	58,993	4,328
Liabilities to stored value account holders		1,625,806	1,265,896
Total Current Liabilities		**1,757,943**	1,326,253
NON-CURRENT LIABILITIES			
Employee benefits		69	76
Lease liability		4,498	6,808
Interest-bearing borrowings		35,413	35,848
Other liabilities		10,824	10,565
Contingent consideration	C2	40,924	69,279
Deferred tax liabilities	A3	13,989	16,445
Total Non-Current Liabilities		**105,717**	139,021
Total Liabilities		**1,863,660**	1,465,274
Net Assets		**411,626**	**440,992**
EQUITY			
Issued capital	E1	455,583	455,583
Accumulated losses		(51,515)	(25,778)
Reserves		7,558	11,187
Total Equity		**411,626**	**440,992**

The net current liability position of the Group is due to the non-current bond investment asset of surplus Segregated funds being misaligned with the on-demand cardholder liability.

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows.

For the half-year ended 31 December 2020

	NOTES	CONSOLIDATED 31 DECEMBER 2020 $'000	CONSOLIDATED 31 DECEMBER 2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		87,991	54,314
Payments to suppliers and employees		(53,605)	(46,409)
Payments for acquisition related expenses		(125)	(492)
Tax paid		(2,877)	(289)
Interest received		3,514	1,258
Interest paid		(49)	(261)
Net cash generated by operating activities		**34,849**	8,121
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(754)	(1,157)
Payments for intangibles	D1	(4,797)	(4,898)
Payments for financial assets	C1	(9,839)	-
Payments for contingent consideration	C2	(1,265)	-
Net cash used in investing activities		**(16,655)**	(6,055)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	E1	-	248,207
Payments for share issue costs	E1	-	(6,630)
Repayment of interest-bearing borrowings		-	(15,000)
Acquisition of non-controlling interests		-	(4,274)
Payments for principal relating to lease liability		(1,196)	(661)
Net cash provided from financing activities		**(1,196)**	221,642
Net increase in cash held		16,998	223,706
Cash at beginning of the half-year		118,381	33,085
Impacts of foreign exchange		1,151	21
Cash at end of the half-year period		**136,530**	256,812

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity.

For the half-year ended 31 December 2020

	NOTES	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	OTHER RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
BALANCE AT 1 JULY 2020		455,583	(25,778)	34,506	(23,319)	440,992
TOTAL COMPREHENSIVE INCOME						
– Loss for the half-year		-	(25,737)	-	-	(25,737)
OTHER COMPREHENSIVE INCOME						
– Exchange differences on translating foreign operations		-	-	-	(6,502)	(6,502)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY						
– Share-based payments		-	-	2,873	-	2,873
Balance at 31 December 2020		**455,583**	**(51,515)**	**37,379**	**(29,821)**	**411,626**
BALANCE AT 1 JULY 2019		138,097	(21,668)	27,722	80	144,231
Opening balance adjustments relating to the adoption of AASB 16		-	54	-	-	54
RESTATED BALANCE AT 1 JULY 2019		138,097	(21,614)	27,722	80	144,285
TOTAL COMPREHENSIVE INCOME						
– Profit for the half-year		-	4,305	-	-	4,305
OTHER COMPREHENSIVE INCOME						
– Unrealised foreign currency gain, net of tax		-	-	-	1,174	1,174
– Disposal of financial asset at FVOCI		-	(1,184)	1,184	-	-
– Gain on fair valuation of cash flow hedge, net of income tax		-	-	747	-	747
TRANSACTIONS RECORDED DIRECTLY IN EQUITY						
– Share-based payments		-	-	8,029	-	8,029
– Issue of share capital		248,207	-	-	-	248,207
– Issue costs		(7,077)	-	-	-	(7,077)
Balance at 31 December 2019		**379,227**	**(18,493)**	**37,682**	**1,254**	**399,670**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A1 Revenue and Other Expenses

The following revenue items are relevant in explaining the financial performance for the period

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	31 DECEMBER 2019 $'000
(A) REVENUE FROM CONTRACTS WITH CUSTOMERS		
Recurring revenue - Transaction-based revenue	62,447	35,513
Recurring revenue - Service-based revenue	15,691	15,467
Non-recurring revenue - Establishment revenue	13,722	6,970
	91,860	57,950

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

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.

Cardholder redemption patterns are continuously monitored as they inform the Group estimates of the effective breakage rate accrual on our Gift & Incentive programs, we have assessed this information for the impacts of COVID-19. At the balance date, the Group has considered the ten months of data available which demonstrates evidence of a slowdown in consumer spending which may be driven by social mobility restrictions and mall closures in the period.

The Group has exercised judgement and has not incorporated an adjustment to the estimated effective breakage rate accrual for cards loaded after December 2019 pending further information on consumer behaviour. This will continue to be assessed in future periods as further data is available to be evaluated across the Group's programs and geographical locations.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A1 Revenue and Other Expenses (Continued)

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

AMF is an amount which is generated from monthly charges on cardholder accounts.

Management have exercised judgement in assessing the features of the Group's AMF products and have concluded that AMF falls within the scope of AASB 15. This is because the performance obligation is with the cardholder and either relates to redemption of value through goods and services, not cash, or providing the infrastructure to settle in goods and services, up to the card balance.

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

The calculated AMF and pattern of rights of exercised are reviewed regularly in line with new commercial agreements and changes in cardholder behaviour.

Cardholder redemption patterns are continuously monitored as they inform the Group estimates of the effective accrual rate on our Gift & Incentive programs, we have assessed this information for the impacts of COVID-19. At the balance date, the Group has considered the ten months of data available which demonstrates evidence of a slowdown in consumer spending which may be driven by social mobility restrictions and mall closures in the period.

The Group has exercised judgement and has not incorporated an adjustment to the estimated effective accrual rate for cards loaded after December 2019 pending further information on consumer behaviour. This will continue to be assessed in future periods as further data is available to be evaluated across the Group's programs and geographical locations.

The following income and expense items are relevant in explaining the financial performance for the period.

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	31 DECEMBER 2019 $'000
(B) INTEREST INCOME		
Interest income – Stored value	283	872
Interest income – Group funds	123	334
Interest income – Bond investments [1]	2,030	-
	2,436	1,206
(C) OTHER OPERATING EXPENSES		
Fixed sponsor bank and other related costs	1,536	312
Information technology related costs	4,146	2,250
Risk and compliance	2,017	710
Expenses incurred by the Prepaid Financial Services (Ireland) Limited Group (PFS) relating to obligations prior to EML ownership [2]	3,760	-
Expenses recovered by the PFS Group relating to obligations prior to EML ownership [2]	(3,760)	-
Other	3,245	3,826
	10,944	7,098

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

(2) During the half-year costs of $3,760,000 were incurred and identified as relating to obligations pre-EML ownership. These costs will be recovered from the vendors on a non-margin basis.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A1 Revenue and Other Expenses (Continued)

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	31 DECEMBER 2019 $'000
(D) OTHER NON-OPERATING EXPENSES/(BENEFIT)		
Fair value loss on contingent consideration [1]	24,859	-
Fair value loss on financial asset held at FVTPL	302	-
Foreign exchange loss/(gain), net	3,519	(1,533)
Other	-	143
	28,680	(1,390)

(1) During the period, the earn-out conditions for EML Money DAC and PFS Group were updated to align with the improved financial forecasts. This resulted in a net fair value adjustment to the contingent consideration estimation, payable in future periods. EML Money DAC generated a fair value gain of $362,000, offset by the PFS Group fair value loss of $25,211,000. Refer to Note C2 for further information.

A2 Segment Information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of EML Payments Limited.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on product segments.

As the Group's operations continue to increase in scale and reach, product segments provide a clear view of the Group's results. As a result, the Group has reported its primary segments under AASB 8 as follows:

- Gift & Incentive (**G&I**)
- General Purpose Reloadable (**GPR**)
- Virtual Account Numbers (**VANS**)

Segment financial performance is assessed on Gross Profit being revenue less directly attributable costs of goods sold. EBITDA is reported at a Group level after cash overheads, inclusive of R&D tax incentive and allocation of central administration costs and Directors' fees, before share based payments, depreciation and amortisation, acquisition costs and income tax expense. These are the measures reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A2 Segment Information (Continued)

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

	SIX MONTHS ENDED 31 DECEMBER 2020				SIX MONTHS ENDED 31 DECEMBER 2019			
	GPR $'000	G&I $'000	VANS $'000	GROUP $'000	GPR $'000	G&I $'000	VANS $'000	GROUP $'000
Gross debit volume (GDV)	4,874,500	750,177	4,587,636	10,212,313	1,465,909	838,729	4,311,602	6,616,240
Revenue conversion (bps)	112	467	13	93	89	479	13	89
Recurring revenue - Transaction-based revenue	41,438	15,297	5,712	62,447	11,448	18,540	5,525	35,513
Recurring revenue - Service-based revenue	34	15,657	-	15,691	-	15,467	-	15,467
Non-recurring revenue - Establishment revenue	9,760	3,894	68	13,722	1,569	5,401	-	6,970
Total revenue from contracts with customers	51,232	34,848	5,780	91,860	13,017	39,408	5,525	57,950
Interest income - Stored value	140	135	9	283	143	729	-	872
Interest income - Group funds	-	-	-	123	-	-	-	334
Interest income - Bond investment	2,029	-	-	2,029	-	-	-	-
Add back: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date (1)	1,033	-	-	1,033	-	-	-	-
Total interest income	3,202	135	9	3,469	143	729	-	1,206
Total Revenue (1)	**54,435**	**34,983**	**5,789**	**95,329**	13,160	40,137	5,525	59,156
Gross Profit	**34,096**	**28,793**	**4,241**	**67,252**	8,738	32,284	3,447	44,803
Gross profit %	63%	82%	73%	71%	66%	80%	62%	76%
Employee benefits expense				(27,076)				(16,794)
Professional fees				(2,084)				(1,689)
Other operating expense				(10,944)				(7,098)
Share-based payments				(2,876)				(4,706)
Depreciation and amortisation				(13,895)				(6,768)
Acquisition costs				(125)				(3,373)
Finance costs				(4,398)				(1,333)
Other non-operating (expense)/ benefit				(28,680)				1,390
Less: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date (1)				(1,033)				-
(Loss)/profit before tax for the half-year				**(23,859)**				4,432

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

Total Revenue and Gross profit include unallocated Interest income – Group funds.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A2 Segment Information (Continued)

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

	SIX MONTHS ENDED 31 DECEMBER 2020				YEAR ENDED 30 JUNE 2020			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP [1] $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP [1] $'000
Current assets	146,732	1,280,219	21,173	1,448,124	153,434	827,715	19,944	1,001,093
Non-current assets	417,758	386,962	22,442	827,162	412,371	476,007	16,795	905,173
Total liabilities	(103,478)	(1,722,438)	(37,744)	(1,863,660)	(108,448)	(1,327,946)	(28,880)	(1,465,274)
Net assets	**461,012**	**(55,257)**	**5,871**	**411,626**	457,357	(24,224)	7,859	440,992

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

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

	SIX MONTHS ENDED 31 DECEMBER 2020				SIX MONTHS ENDED 31 DECEMBER 2019			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000
Revenue from contracts with customers	**14,373**	**54,973**	**22,514**	**91,860**	10,469	24,455	23,026	57,950

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A3 Taxation

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	31 DECEMBER 2019 $'000
(A) RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Current income tax expense	(3,693)	(780)
Deferred tax benefit relating to the origination and reversal of temporary differences	1,831	61
Refundable R & D tax offset	906	500
Adjustments for income tax of prior year	(922)	92
Income tax expense	**(1,878)**	**(127)**
(B) RECONCILIATION BETWEEN INCOME TAX EXPENSE AND PROFIT BEFORE INCOME TAX		
(Loss)/profit before income tax	(23,859)	4,432
Income tax benefit/(expense) using the domestic corporation tax rate of 30% (2020: 30%)	7,158	(1,330)
TAX EFFECT OF:		
Non-deductible expenses	(5,920)	(1,571)
Tax deduction in respect of contributions to employee share trust	1,374	4,192
Refundable R & D tax offset	906	500
Effect of differences in tax rates [(1)]	(4,451)	926
Adjustments for income tax of prior year	(922)	92
Recognised directly in equity	(18)	(3,545)
Utilisation of tax losses	22	-
Other	(27)	609
Income tax expense	**(1,878)**	**(127)**

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

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A3 Taxation (Continued)

	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000
(C) DEFERRED TAX ASSET		
Intangible assets	3,187	3,454
Employee benefits	2,659	2,778
Recognition of tax losses [1]	17,611	16,513
Share capital costs	792	991
Other	1,032	1,308
	25,281	25,044

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

KEY JUDGEMENTS AND ESTIMATIONS - RECOVERY OF DEFERRED TAX ASSETS

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 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. The Group has prepared forecasts that support the unused tax loss deferred tax asset 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.

	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000
(D) DEFERRED TAX LIABILITY		
Contract asset	(3,000)	(3,255)
Intangible assets	(9,689)	(11,850)
Plant, equipment and right-of-use assets	(1,111)	(1,340)
Other	(189)	-
	(13,989)	(16,445)

Notes to the Financial Statements.

For the half-year ended 31 December 2020

A4 Finance Costs

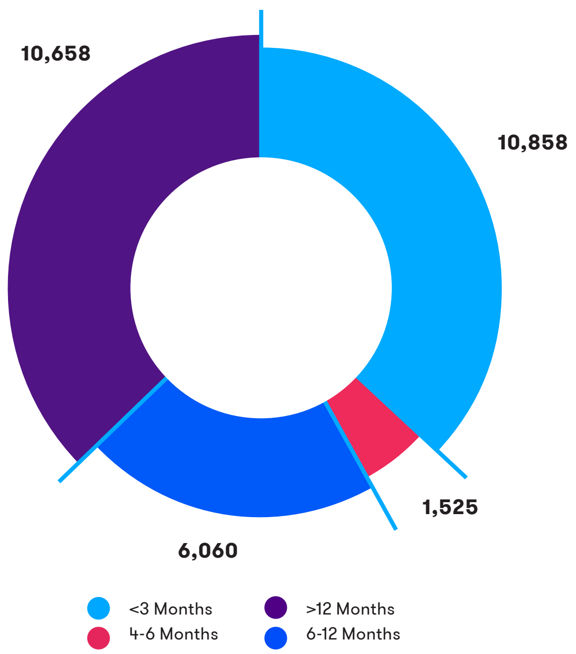
	31 DECEMBER 2020 $'000	31 DECEMBER 2019 $'000
Interest expense - General	593	261
Interest expense - Lease liability interest expense	107	82
Interest expense - Unwind of discount on contingent consideration	3,698	990
	4,398	1,333

B1 Contract Asset

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000
CURRENT		
Contract asset	18,443	22,344
NON-CURRENT		
Contract asset	10,658	9,485

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

PHASING OF H1 FY21 CONTRACT ASSET EXPECTED CONVERSION TO CASH $'000



Notes to the Financial Statements.

For the half-year ended 31 December 2020

C1 Financial Assets

Financial assets include the following unlisted equity investments:

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000
Equity investments - at FVTOCI	2,675	79
Equity investments - at FVTPL	6,825	623
	9,500	702

(a) Equity Investment - FVTOCI

INTERCHECKS TECHNOLOGIES INC.

On 13 August 2020, the Group purchased Series A Convertible preferred stock in Interchecks Technologies Inc. (Interchecks). The Group holds 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 will be recognised at fair value. The Group have made the irrevocable classification to designate any gains and losses recognised through other comprehensive income.

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 will be recognised at fair value. The Group have made the irrevocable classification to designate any gains and losses recognised through other comprehensive income.

(b) 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 half-year ended 31 December 2020, a fair value loss of $302,000 was recognised.

THE HYDROGEN TECHNOLOGY CORPORATION

On 1 October 2020, the Group purchased 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.

KEY JUDGEMENT - THE HYDROGEN TECHNOLOGY CORPORATION

The Group have determined they do not have significant influence over The Hydrogen Technology Corporation. The Group own 11% of the undiluted shares on issue and hold a board seat. It is the Group's opinion that, together with qualitative information, the board seat, allows for monitoring of the investment.

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

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

Notes to the Financial Statements.

For the half-year ended 31 December 2020

C2 Fair Value

The Group's financial instruments held at fair value are included in the balance sheet at amounts that approximate fair values. Valuation techniques and inputs for Financial Instruments classified as held at fair value are disclosed below.

The Group does not have any financial assets that are categorised as Level 2 in the fair value hierarchy. The Group does not have any financial liabilities that are categorised as Level 1 or Level 2 in the fair value hierarchy. There were no transfers between Level 1 and 2 in the period.

(a) Bond Investments

The Group measure Corporate bonds at amortised cost. The fair value, as determined by the quoted market price, can fluctuate significantly based on conditions outside of the Group's control - i.e. economic conditions. The fair value of the portfolio at 31 December 2020 was $484,630,000 (30 June 2020: $555,604,000).

(b) Financial assets

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

	FAIR VALUE AS AT		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000				
Visa Inc.	314	623	Level 3	Quoted market price of Visa Inc. Class A common stock to which a discount has been applied for the illiquidity and the conversion rate variability of the preferred stock of Visa Inc. This was converted at the balance date exchange rate.	The final conversion rate of Visa Inc. Series B preferred stock into Visa Inc. Class A common stock.	A decrease in conversion rate would result in a decrease in the fair value.
Interchecks Technologies Inc.	2,604	-	Level 3	The valuation at 31 December 2020 was based on the recent acquisition price, with consideration of any significant events since acquisition. The Group has assessed that no significant events impacting the fair value of the investment have arisen since the financial asset was acquired.		
The Hydrogen Technology Corporation	6,511	-	Level 3	The valuation at 31 December 2020 was based on the recent acquisition price, with consideration of any significant events since acquisition.		

Notes to the Financial Statements.

For the half-year ended 31 December 2020

C2 Fair Value (Continued)

(c) Contingent consideration

The Group's contingent consideration is recognised in relation to earn-outs accounted for as part of business combinations as well as cash and other amounts contingently payable.

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		FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000				
EML Money DAC Contingent consideration in a business combination	4,399	4,328	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	95,518	69,279	Level 3	Valuation has been assessed with a discounted, forecast expected EBITDA performance method and completion conditions.	Present value of forecast EBITDA for each measurement period.	An increase in the actual or expected EBITDA would result in an increase in the fair value.
					Discount rate.	An increase in the discount rate would result in a decease in the fair value.
	99,917	73,607				

Notes to the Financial Statements.

For the half-year ended 31 December 2020

C2 Fair Value (Continued)

MOVEMENT IN THE FAIR VALUE OF CONTINGENT CONSIDERATION

Set out below are the movements in the fair value of contingent consideration for the half-year ended 31 December 2020:

	EML MONEY DAC	PREPAID FINANCIAL SERVICES (IRELAND) LIMITED	TOTAL
	$'000	$'000	$'000
Opening balance at 1 July	4,328	69,279	73,607
Fair value (gain)/loss on contingent consideration	(362)	25,221 (1)	24,859
Interest expense - Unwind of discount on contingent consideration	530	3,168	3,698
Release of provision	-	(1,265)	(1,265)
Effect of unrealised foreign currency exchange difference	(97)	(885)	(982)
Closing balance at 31 December 2020	**4,399**	**95,518**	**99,917**

(1) During the period, the earn-out conditions for EML Money DAC and PFS Group were updated for subsequent performance and to align with the improved financial forecasts. This resulted in fair value adjustments to the contingent consideration estimation, payable in future periods.

D1 Intangibles

	CONSOLIDATED					
	SOFTWARE $'000	CUSTOMER RELATIONSHIPS & TRADEMARKS $'000	CUSTOMER CONTRACTS $'000	GOODWILL $'000	OTHER $'000	TOTAL $'000
BALANCE AT 1 JULY 2020						
At 1 July 2020, net of accumulated amortisation	27,454	4,985	79,911	287,766	4,632	404,748
Additions	4,797	-	-	-	-	4,797
Amortisation charge for the period	(5,313)	(1,233)	(5,216)	-	-	(11,762)
Effect of unrealised foreign currency exchange differences	(173)	(110)	(1,698)	(6,217)	(107)	(8,305)
At 31 December 2020, net of accumulated amortisation	**26,765**	**3,642**	**72,997**	**281,549**	**4,525**	**389,478**
AT 31 DECEMBER 2020						
Cost or fair value	58,588	14,332	90,394	281,549	4,525	449,388
Accumulated amortisation	(31,823)	(10,690)	(17,397)	-	-	(59,910)
Net carrying amount	**26,765**	**3,642**	**72,997**	**281,549**	**4,525**	**389,478**

Notes to the Financial Statements.

For the half-year ended 31 December 2020

D1 Intangibles (Continued)

CARRYING AMOUNT OF GOODWILL, ALLOCATED TO THE CASH GENERATING UNITS

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

	CARRYING AMOUNT OF GOODWILL ALLOCATED TO CGU	
	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000
Australia	10,777	10,777
Europe [1]	56,455	56,965
North America	6,724	7,503
Prepaid Financial Services Group	207,593	212,521
Consolidated Group	**281,549**	**287,766**

(1) During the period, the previously reported Europe, Flex-e-Card Group and EML Money Group CGU's have evolved into a single cash-generating unit. The comparative has been represented to reflect the current structure.

KEY JUDGEMENT - MULTIPLE EUROPEAN ASSETS GROUPED TO FORM A SINGLE CASH-GENERATING UNIT

During the half-year, the previously reported CGU's of Europe, Flex-e-Card Group and EML Money Group have evolved into a singular CGU structure and the revised Europe CGU represents the smallest identifiable group that generates largely independent inflows. This has occurred due to the evolution of the European businesses' operational and reporting structure.

On completing the reorganisation, goodwill in these three CGUs was allocated to the new singular Europe CGU. The new Europe CGU was tested for impairment, with no impairment charge identified.

KEY ESTIMATION - SENSITIVITY TO ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS AT REORGANISATION DATE

The Group have assessed sensitivity on the assumptions used for the value-in-use calculations at reorganisation date which form part of the impairment modelling. Assumptions assessed include forecast growth rates and terminal growth rates to generate a scenario for reasonably possible outcomes.

The Group considered two COVID-19 impacted cases, broadly representing a delayed recovery case and a base case to be most reflective of the current macro-economic environment as at the reporting date. The scenarios, including its underlying indicators, have been developed using a combination of publicly available data, internal forecasts and third-party information to form the initial baseline. At reorganisation date the Group considered the impacts of COVID-19 and the most probable recovery period as being over the next 12 months as a key driver of the outcomes.

The scenario's are reviewed against the most up to date information the Group has available, including internal information on current monthly Gross Debit Volumes. With limited data sources against which to benchmark key forward indicators management have exercised judgement when determining the duration, severity and impact of the pandemic on the scenarios used. The scenarios and the associated probabilities are ultimately approved by senior finance executives.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

D1 Intangibles (Continued)

The assumptions used at the reoganisation date, specifically relating to COVID-19 duration, severity and impact of the pandemic were suffciently robust.

Feature	Description and approach to determining values
Forecast growth including revenue and Gross Debit Volume (GDV)	The Group determine growth of GDV and revenue with consideration of: — Growth in existing contracts; — Recent new contracts; — Sales pipeline; and — Management estimates. The growth % used within the impairment calculations represent the lower end of the growth rate scenarios. 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, based on FY21 forward estimates, anticipate continued headwinds, particularly in regard to the gift and incentive sector as a result of ongoing COVID-19 impacts. The forward cash flows assume recovery to more normal trading conditions by late calendar year 2021. As a sensitivity analysis, should the normal trading conditions not resume for an additional 12 months, to financial year 2023, no impairment is noted. The Group has used an 8% forecast GDV CAGR for the European Group.
Weighted Average Cost of Capital (WACC)	The discount rate applied is calculated with reference to a weighted average cost of capital (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, and — 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. The cost of debt has been based on an interest rate referenced in a recent Commitment and underwriting letter financing facility. 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 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 a 10% post tax WACC for the European Group.
Terminal growth rate	This is the average growth rate used to extrapolate cash flows beyond the 5-year forecast period. The rates are consistent with historical growth and forecasts.

Post reorganisation, the Group have performed an impairment indicators assessment across all CGUs at 31 December 2020 and concluded there were no impairment indicators. During the FY21 budgeting process, the Group considered the possible financial impact of COVID-19 in duration, severity and impact. These considerations included an impact on our G&I segment for the Christmas peak. The Group has closely monitored results, particularly where key trading countries, including the UK, Germany and Canada, were under “stay-at-home” public health directives. Actual results for the period have aligned with expectations.

The CGU's recoverable amount will be calculated and tested for impairment during the annual process at 30 June 2021, unless indicators are identified and require testing before this date.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

E1 Issued Capital

	CONSOLIDATED	
	31 DECEMBER 2020 $'000	30 JUNE 2020 $'000
361,803,890 fully paid ordinary shares (30 June 2020: 359,701,039)	455,583	455,583

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(A) MOVEMENTS IN ISSUED CAPITAL

	31 DECEMBER 2020		30 JUNE 2020	
	NO.	$'000	NO.	$'000
Balance at start of the year	359,701,039	455,583	250,953,603	138,097
Issued for equity under the Entitlement Offer	-	-	51,092,556	181,379
Issued for equity under the Placement Offer	-	-	18,824,660	66,828
Issued for consideration in business combination - PFS Group	-	-	29,413,161	67,220
Issued for contingent consideration - EML Payments AB	-	-	4,869,324	9,460
Issued for consideration of services rendered (1)	-	-	704,877	-
Options exercised (2)	2,102,851	-	3,842,858	-
Costs associated with the issue of shares	-	-	-	(7,401)
Balance at end of the period/year	**361,803,890**	**455,583**	359,701,039	455,583

(1) 704,877 fully paid ordinary shares were issued in consideration of services rendered for the year ended 30 June 2020. The fair value of the award was $2,023,000 and was fully amortised in the year.

(2) Options exercised during the period relate to the employee share options. Refer to Note E2 for further details.

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of applicable taxes, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the purchase consideration of the acquisition.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

E2 Share Option Plan

The expense recognised in the statement of profit or loss and other comprehensive income in relation to share-based payments made under ESOP 2 is $2,876,000 (31 December 2019: $2,683,000).

(A) MOVEMENTS IN ESOP 2 SHARE OPTIONS

The following reconciles outstanding issued employee share options at the beginning and end of the financial period under ESOP 2:

	CONSOLIDATED	
OPTIONS OVER ORDINARY SHARES	31 DECEMBER 2020 NO.	30 JUNE 2020 NO.
Options balance at start of the year	6,131,519	10,942,037
Options issued during the period	2,292,326	2,719,429
Options exercised during the period	(2,102,851)	(3,842,858)
Options cancelled during the period	(487,332)	(3,687,089)
Options balance at end of the period/year	**5,833,662**	6,131,519

F1 Commitments and Contingent Liabilities

Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

COMPLIANCE AND OPERATIONAL MATTERS

The Group operates in a number of regulated markets and is subject to regulatory reviews and inquiries. From time to time, these may result in litigation, fines or other regulatory enforcement actions. Actual and potential claims and proceedings may arise in the conduct of the Group's business with clients and customers, revenue authorities, employees and other stakeholders with whom the Group interacts. The Group is also exposed to the risk of cyber-crime and fraudulent behaviour and the Group holds insurance policies in respect of such matters.

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. In some circumstances, including under Share Purchase Agreements and other contractual rights, the Group may receive protection 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.

HOST-BASED STORE VALUE ACCOUNTS WITH BIN SPONSORS

A number of BIN Sponsors provide depository accounts to the Group to facilitate clients of the Group to deposit funds relating to the provision of prepaid payment products. The BIN Sponsors have sole authority to transact on the licensee depository accounts. Due to the fact that the Group does not have ownership or the right to direct operation of the depository accounts, the account is not recognised as an asset in the financial statements of the Group.

Under the agreements:

(i) In consideration of the BIN Sponsors performing any Authorised Act, the Group will indemnify the BIN Sponsors and the Directors, employees, officers, agent and independent contractors of the Bin Sponsors on demand from time to time; and

(ii) The Group is liable to the BIN Sponsors in respect of any debit balance of the depository account and in respect of any other moneys owing or contingently owing by the Group to the BIN Sponsors under or in connection with the depository account.

GUARANTEES

The Group has provided the following bank guarantees at 31 December 2020:

— Bank guarantees with the lessors of the office properties to the value of $569,000 (30 June 2020: $569,000). No liability is expected to arise;

— Bank guarantees for obligations to card schemes to the value of $2,083,000 (30 June 2020: $2,334,000). No liability is expected to arise.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

F2 Subsequent Events

There has not arisen item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in subsequent financial periods.

F3 Statement of Significant Accounting Policies

(a) Reporting entity

EML Payments Limited (Company) is a company incorporated and domiciled in Australia whose shares are publically traded on the Australian Stock Exchange. The condensed consolidated financial report of the Company for the half-year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the Group or consolidated entity or EML). The condensed consolidated financial report was authorised for issue in accordance with a resolution of the directors on 16 February 2021.

(b) Basis of preparation

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

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

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial report are consistent with those adopted and disclosed in the Company's 2020 Annual financial report for the year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial report has also been prepared on a historical cost basis except where otherwise stated. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

The entity's principal activities are the provision of payment services.

For the purpose of preparing the consolidated financial statements, the Company is a for profit entity.

Notes to the Financial Statements.

For the half-year ended 31 December 2020

F3 Statement of Significant Accounting Policies (Continued)

(c) Adoption of new and revised standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual consolidated financial statements for the year ended 30 June 2020.

(d) Going concern

The financial statements have been prepared on a going concern basis. To assess the appropriateness of the Group's going concern assumption as a consequence of COVID-19, management have:

- Updated its economic outlook to prepare forward estimates and cash flow forecasts after reviewing external market, key customer, supplier and public forecasts that assume recovery over a period of time from FY22 and considering experience from previous downturns;
- Evaluated the net current liability position of the Group. All on-demand cardholder liabilities are classified as current liabilities, whereas a portion of the surplus segregated funds are classified as non-current;
- Re-evaluated material areas of judgement and uncertainty;
- Re-evaluated the Group strategy and the resources require to successfully execute it; and,
- Re-assessed current cash resources and funding sources available to the group alongside the expected future cash requirements.

(e) Provisions

Provisions are recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure. The Group operates in a number of regulated markets and is subject to regulatory reviews and inquiries. The Group has provided for costs arising from the United Kingdom's Payment Service Regulator ('PSR') investigation into anti-competitive conduct in relation to a minor part of the PFS business prior to the Groups' acquisition. A PSR investigation may run for a considerable period of time before any outcomes are announced. The progress and scope of the investigation remain confidential and the Group are co-operating with the PSRs' investigation. The provision was included in the opening balance sheet acquired as at 31 March 2020. As at 31 December 2020, the investigation is on-going and due to confidentiality, the Group are unable to comment further.

Under the terms of the PFS share purchase agreement, EML has received protections from the Vendors to cover any potential fines that could ultimately be imposed by the PSR, other regulatory authorities or warranty claims for conduct or issues arising prior to EML's acquisition.

(f) Comparative figures

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

Corporate Information.

Directors

Peter Martin
Non-executive Chairman

Thomas Cregan
Managing Director and Group Chief Executive Officer

Tony Adcock
Non-executive Director

David Liddy AM
Non-executive Director

Dr Kirstin Ferguson
Non-executive Director

Melanie Wilson
Non-executive Director

George Gresham
Non-executive Director

Joint Company Secretaries

Paul Wenk
Joint Company Secretary

Sonya Tissera-Isaacs
Joint Company Secretary

ABN

93 104 757 904

Registered Office and Principal Place of Business

Level 12
333 Ann Street
Brisbane QLD 4000

Telephone: (07) 3557 1100
Facsimile: (07) 3607 0111
Website: www.emlpayments.com

Auditors

Deloitte Touche Tohmatsu
Level 23, Riverside Centre,
123 Eagle Street
Brisbane QLD 4000

Telephone: (07) 3308 7000
Facsimile: (07) 3308 7004

Bankers

Australia and New Zealand
Banking Group Limited
Level 5, 242 Pitt Street,
Sydney, NSW 2000

Share Register

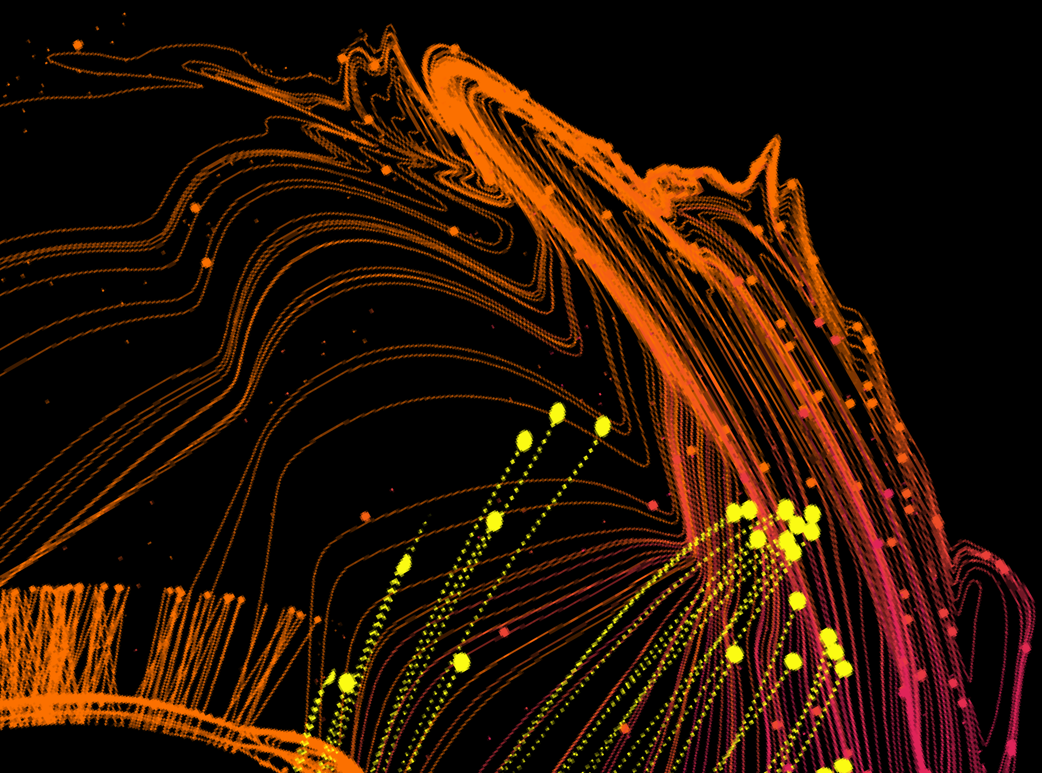
Link Market Services Limited
Level 15, 324 Queen Street
Brisbane, QLD 4000

Telephone: (within Australia): 1300 554 474
Facsimile: (02) 9287 0303

Securities Exchange Listing

EML Payments Limited is listed on the Australian Securities Exchange

(ASX: EML)



Level 12 / 333 Ann Street
Brisbane QLD 4000

Telephone: (07) 3557 1100
Facsimile: (07) 3607 0111

Connect with us

INVESTORS
emlpayments.com/investors

twitter.com/emlpayments

facebook.com/emlpayments

linkedin.com/company/emlpayments

emlpayments.com