

Appendix 4E

Wameja Limited
ABN 59 052 947 743

Preliminary Final Report
for the year ended 31 December 2020

1. Reporting Period

Current reporting period: Financial year ended 31 December 2020 (12 months)

Previous reporting period: Financial year ended 31 December 2019 (12 months)

2. Results for announcement to the market

Results		A\$ '000	
Loss after tax attributable to members	Down 29%	to	(9,430)
Dividends (distributions)	Amount per security	Franked amount per security	
<i>Current period</i>			
Interim dividend declared	Nil ¢	0%	
Final dividend paid	Nil ¢	0%	
<i>Previous corresponding period (i)</i>			
Interim dividend declared	Nil ¢	0%	
Final dividend paid	Nil ¢	0%	
Record date for determining entitlements to the dividend.	N/A		

Brief explanation

The Company is partnering with Mastercard to build the HomeSend global payments hub. HomeSend enables cross-border transfer between bank accounts, cards, mobile wallets, or cash outlets from anywhere in the world. As a founding partner in the HomeSend hub, Wameja helped conceive and bring the opportunity to market. HomeSend is a joint venture of Wameja (35.68%) and Mastercard (64.32%).

The net result of the consolidated entity from continuing operations for the year ended 31 December 2020 was a loss after tax and minority interest for the period of \$9.43 million (2019: \$13.2 million loss). Loss per share was 0.78 cents (2019: loss per share 1.09 cents).

During the period, there was a net cash outflow of \$3.6 million (2019 year: net outflow of \$15.5m) primarily resulting from a net outflow from investing activities (mainly in relation to investment to HomeSend) of \$1.965 million. Cash at 31 December 2020 was \$8.014 million.

On 10 September 2020, Wameja Limited entered into a Scheme Implementation Agreement with Burst Acquisition Co. Pty Ltd, a company controlled by Mastercard, for Burst Acquisition Co Pty Ltd to acquire all of the issued capital of Wameja Limited for £0.08 per share by way of a Scheme of Arrangement pursuant to Australian Law under Part 5.1 of the Corporations Act ("the Scheme").

The Scheme has been delayed by the Notices of Potential Claim issued by Seamless Distribution Systems AB referred to elsewhere in the preliminary final report ("the Notices"). The parties to the Scheme Implementation Agreement are attempting to resolve the issues raised by the Notices and are continuing to pursue completion of the Scheme.

3. Consolidated statement of profit or loss and other comprehensive income

	Year Ended 31 December 2020 \$'000	Year Ended 31 December 2019 \$'000
Continuing operations		
Interest income	59	70
Foreign exchange gain/ (loss)	329	157
Administration expenses	(2,039)	(2,789)
Restructure and transaction related costs	-	(1,412)
Share of profit/(loss) of associate	(7,779)	(6,596)
Loss before tax	(9,430)	(10,570)
Income tax expense	-	-
Loss for the period from continuing operations	(9,430)	(10,570)
Discontinued operations		
Loss for the year from discontinued operations	-	(2,620)
Loss for the year	(9,430)	(13,190)
Other comprehensive income, net of tax		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on the translation of foreign operations (nil tax impact)	(270)	(135)
Items that have been reclassified to profit or loss: Transfer from foreign exchange reserve on disposal of subsidiary	-	(891)
Total comprehensive income/ (loss) for the period	(9,700)	(14,216)
Loss attributable to:		
Equity holders of the parent	(9,700)	(13,190)
Total comprehensive income attributable to:		
Equity holders of the parent	(9,700)	(14,216)
Earnings/(Loss) per share:		
From continuing and discontinuing operations		
- Basic (cents per share)	(0.78)	(1.1)
- Diluted (cents per share)	(0.78)	(1.1)
From continuing and discontinuing operations		
- Basic (cents per share)	(0.78)	(0.9)
- Diluted (cents per share)	(0.78)	(0.9)

4. Consolidated statement of financial position

		Consolidated	
	Note	31 December 2020 \$'000	31 December 2019 \$'000
Current Assets			
Cash and cash equivalents	6	8,014	11,636
Other financial assets	9	-	4,239
Total Current Assets		8,014	15,875
Non-Current Assets			
Investment in associates	8	23,586	25,463
Total Non-Current Assets		23,586	25,463
Total Assets		31,600	41,338
Current Liabilities			
Trade and other payables		100	271
Total Current Liabilities		100	271
Non-Current Liabilities			
Provisions		-	-
Total Liabilities		100	271
Net Assets		31,500	41,067
Equity			
Issued capital		212,326	212,326
Reserves		4,785	4,922
Accumulated losses		(185,611)	(176,181)
Equity attributable to owners of the parent		31,500	41,067
Total Equity		31,500	41,067

5. Consolidated statement of changes in equity

	Issued Capital \$'000	Foreign Currency Translation Reserve \$'000	Equity- settled benefits Reserve \$'000	Accumulated Losses \$'000	Attributable to owners of the parent \$'000	Non controlling Interest \$'000	Total \$'000
Balance at 1 January 2020	212,326	879	4,043	(176,181)	41,067	-	41,067
Loss for the year	-	-	-	(9,430)	(9,430)	-	(9,282)
Exchange differences arising on translation of foreign operations	-	(270)	-	-	(270)	-	(270)
Total comprehensive income/(loss) for the period	-	(270)	-	(9,430)	(9,700)	-	(9,700)
Equity settled payments	-	-	133	-	133	-	133
Balance at 31 December 2020	212,326	609	4,176	(185,611)	31,500	-	31,500
Balance at 1 January 2019	212,326	1,905	3,748	(162,991)	54,988	120	55,108
Loss for the year	-	-	-	(13,190)	(13,190)	-	(13,190)
Exchange differences arising on translation of foreign operations	-	(135)	-	-	(135)	-	(135)
Transfer from foreign exchange reserve on disposal of subsidiary	-	(891)	-	-	(891)	-	(891)
Total comprehensive income/(loss) for the year	-	(1,026)	-	(13,190)	(14,216)	-	(14,216)
Derecognition of Non-Controlling Interest on disposal	-	-	-	-	-	(120)	(120)
Equity settled payments	-	-	295	-	295	-	295
Balance at 31 December 2019	212,326	879	4,043	(176,181)	41,067	-	41,067

6. Consolidated statement of cash flows

	Year Ended 31 December 2020 \$'000	Year Ended 31 December 2019 \$'000
Continuing and Discontinued Operations		
Cash Flows from Operating Activities		
Receipts from customers	-	7,198
Payments to suppliers and employees	(2,017)	(10,705)
Tax (paid)/ refund	-	(1,316)
Net cash used in operating activities	(2,017)	(4,823)
Cash Flows from Investing Activities		
Investment in HomeSend joint venture Company	(6,090)	(6,480)
Payment for property, plant and equipment	-	(78)
Cash flow from disposal of subsidiaries, net of cash disposed	-	1,485
Repayment by/ advances to HomeSend joint venture Company	4,125	(4,239)
Software development costs	-	(1,367)
Net cash used in investing activities	(1,965)	(10,679)
Cash Flows from Financing Activities		
Payment of dividends	-	-
Net cash used in financing activities	-	-
Net Decrease in Cash and Cash Equivalents	(3,982)	(15,502)
Cash at the beginning of the period	11,636	27,451
Effects of exchange rate changes on the balance of cash held in foreign currencies	360	(313)
Cash and Cash Equivalents at the end of the period	8,014	11,636

7. Dividends

No dividend has been declared in respect of this year (2019: Nil).

8. Investment in Associate

Details of the material investment in associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			31 December 2020	31 December 2019
HomeSend SRCL (i)	Provision of international mobile money services	Brussels, Belgium	35.68%	35.68%

(i) HomeSend SCRL was formed on 3 April 2014. The directors have determined that the Group exercises significant influence over HomeSend SCRL by virtue of its 35.68% voting power in shareholders meetings and its contractual right to appoint two out of six directors to the board of directors of that company. The associate is accounted for using the equity method.

(ii) Reconciliation of the carrying amount of the investment in associate:

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Opening balance	25,463	25,791
Investment in associate	6,090	6,480
Share of current period loss of the associate	(7,779)	(6,596)
Effects of foreign currency exchange movements	(188)	(212)
Closing balance	23,586	25,463

9. Other Financial Asset

	Consolidated	
	31 December 2020 \$'000	31 December 2019 \$'000
Advances to Homesend SCRL (i)	-	4,239

(i) During the 2019 financial year, the Company entered into a loan facility agreement with HomeSend SCRL for the sole permitted purpose of funding the pre- payment timing gaps in HomeSend's settlement model (the "Facility"). Mastercard had entered into a similar loan facility agreement with HomeSend SCRL. The Facility was for a total of \$31.16 million (€20 million) between the Company and Mastercard with the Company providing approximately \$11.57 million (€7.1 million) in proportion to its shareholding in HomeSend SCRL.

The Facility was a revolving credit line providing HomeSend the ability to draw and re-draw the funds as required, with an obligation to return amounts drawn if not required, based on HomeSend's forecasts. The Facility was unsecured, and interest was payable quarterly at 1.916% per annum on the amount drawn. There was no establishment or commitment fee.

The Facility was fully repaid on 12 August 2020.

10. Contingent Liabilities

I. Notices of Potential Claim

In July 2019, Wameja Limited (“Wameja” or the “Company”) sold all the issued capital of eServGlobal Holdings SAS and its subsidiaries (“eServGlobal”) to Seamless Distribution Systems AB (“Seamless”). The sale comprised the effective sale of Wameja’s operating business. The sale and purchase agreement (“SPA”) included an indemnity under which Wameja agreed to indemnify and hold Seamless harmless against any direct loss, damage or liability related to the lack of renewed licences for eServGlobal’s use of a specific third party’s intellectual property (“the Indemnity”). The third party is the provider of software embedded in all deployments of eServGlobal’s “Paymobile” platform, eServGlobal’s primary product.

At the end of September 2020, Wameja received a notification of potential claim under the Indemnity from Seamless regarding an issue that had arisen between Botswana Telecommunications (“BTC”) (an eServGlobal customer) and the third-party software supplier. Seamless subsequently issued another notice with their estimation of the exposure under the Indemnity across BTC and other eServGlobal clients.

An audit by the third-party software supplier of their intellectual property embedded in the Paymobile platform utilised by BTC commenced subsequent to year end. Based on the directors’ assessment, the potential for a legitimate material claim under the indemnity in the SPA is very low and the directors expect that the current audit, once completed, will support the Company’s assessment.

At the date of this preliminary financial report, the directors consider there to be no present obligation or material exposure under the Indemnity on the basis that:

- there has been no claim by the third-party software supplier against eServGlobal or Seamless arising from the non - renewal of licences, or any other matter, and
- Seamless has not particularised the basis upon which it believes that there is a potential claim under the Indemnity.

No provision has been recognised in the financial statements as at 31 December 2020.

II. Warranty claim

On 3 July 2020, the company received notification of a purported warranty claim from Seamless in relation to a French employee of eServGlobal SAS whose employment was terminated subsequent to completion of the sale of eServGlobal Holdings SAS to Seamless. The notification sought to claim €519,967 (\$843,007) under the warranties contained within the SPA, being the amount including taxes, that the employee was seeking from eServGlobal SAS for compensation for loss of employment.

The directors have assessed and considered the purported warranty claim to be without merit and have advised Seamless as such, and rejected the suggestion that the liability to the employee is subject to the warranties in the SPA.

At the date of this preliminary financial report, there has been no further correspondence from Seamless on this matter and the directors maintain their position that the purported warranty claim is without merit.

11. Subsequent Events

The impact of the Coronavirus (COVID 19) pandemic is ongoing and while COVID-19 has been financially neutral for the Group up to 31 December 2020, it is not practicable to estimate the extent of the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the governments and authorities around the world, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Based on the information available to the directors as at the date of this preliminary final report, there are no significant factors identified which would impact on the carrying value of the Group's investment in associate due to COVID-19. However, the directors consider that prolonged general economic impacts arising from COVID-19 may have a negative impact on the operations of the Group's associate. This in turn may impact the recoverability of the Group's carrying value of the investment in associate going forward.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the entity in subsequent financial years.

12. Commentary on Results for the Period

Refer to the explanation of results in Section 2

13. Accounts

This report is based on accounts which are in the process of being audited.

Director

Print name: John Conoley

Date: 26 February 2021