



Money in Motion

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EML Payments Limited

24 February 2023

ASX Market Announcements

20 Bridge Street
SYDNEY NSW 2000

Central Bank of Ireland Update and Commencement of Strategic Review

Central Bank of Ireland (CBI) Update

EML Payments Limited (ASX:EML) ("EML"), advises that after close of trading on Wednesday, 22 February 2023, its Irish subsidiary PFS Card Services Ireland Limited (PCSIL) received correspondence from its regulator the CBI.

The timing of receiving the CBI correspondence coincided with Board change at EML which, together, necessitated a trading halt so that the Board (as reconstituted on Wednesday, 22 February 2023) could consider its impact. Below, we quantify the potential impact on previously stated guidance for FY23 and provide an update on strategy.

The CBI has stated that it considers that PCSIL has made limited remediation progress to date with significant and ongoing deficiencies remaining in PCSIL's AML/CFT control framework. CBI also notes that it is not satisfied with PCSIL's remediation plan and timetable for completion.

EML has previously advised that PCSIL's remediation program and third party assessment was expected to be completed by the end of 2023. EML considers that this timeframe is at risk and is subject to further engagement by PCSIL with the CBI.

CBI has notified PCSIL that it is 'minded to issue a direction' that growth in total payment volumes for the period 31 March 2023 to 30 March 2024 be restricted to nil% above annualised baseline volumes in the year January to December 2022. This would be a change from the previous 10% growth restriction imposed until 8 December 2023 and communicated to the market on 10 November 2022. The CBI has not yet made that direction and has provided PCSIL with an opportunity to provide it with submissions by 10 March 2023 for its consideration. Work has already commenced in that regard.

In respect of EML's previously stated guidance for FY23, the estimated impact of restricting PCSIL's growth as set out above, would be a reduction in revenue of approximately A\$3.5 million¹, and a reduction in underlying EBITDA of approximately A\$2 million¹ for the period 1 April 2023 to 30 June 2023. EML notes that any restriction will only apply to EML's European General Purpose Reloadable programs under the PCSIL eMoney institution license, which represents approximately 30% of EML's global revenue for the half year ended 31 December 2022. The remaining 70% of EML's global revenue is not impacted by the potential restriction.

¹ FX rate Euro:AUD 1.54 based on 31 January 2023.



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Further, if the growth restriction set out above were imposed on PCSIL, it will require an assessment of a potential impairment for the Group's carrying value of the assets for the PFS Group's CGU. Revenue growth is a key assumption which underpinned the impairment assessment and calculation of the impairment loss for the half-year ended 31 December 2022. Any impairment adjustment would be a non-cash impact.

Board sub-committee & Strategic Review

The Board is disappointed with this development. The reconstituted Board is taking the concerns of the CBI very seriously. It is committed to remediating the issues that are of concern to the CBI and engaging constructively with the CBI in relation to the remediation. In that context, the Board has established a new dedicated sub-committee (chaired by new non-executive director, Peter Lang) charged with oversight of the remediation program.

The Board has also resolved to immediately commence a strategic review of the business with the assistance of global investment banking advisors. The Board will provide an update on the strategic review in due course.

About EML Payments Limited

EML Payments is a global payments company that operates in Australia, the UK, Europe, and the US. Our customers are diverse and include major banks in Europe, government, retail brands and financial services companies. For more information: emlpayments.com

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

For further information, please contact:

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