EML Payments Limited

2021 ANNUAL REPORT

Payment Revolution.

Continued growth.

EML is pleased to present the Annual Report for the 2021 financial year. Despite challenging economic conditions, the Group continued its strong track record of growth in GDV, Revenue, EBITDA and Cashflow.

GDV
$19.7bn ▲ 42%

EBITDA*
$42.2m ▲ 30%

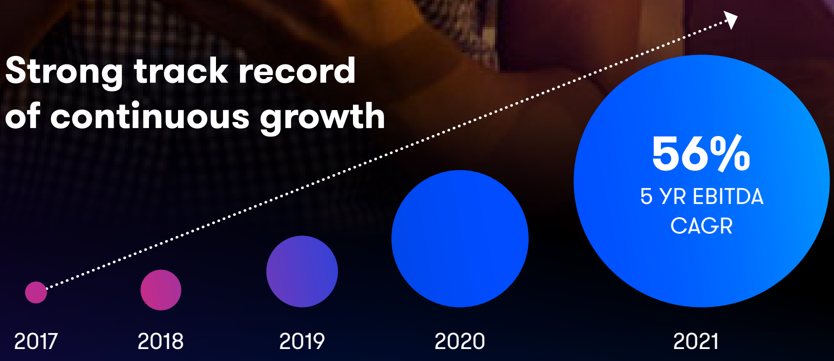
Revenue
$192.2m ▲ 60%

Operating Cashflow
$48.8m ▲ 121%

NPATA*
$21.0m ▲ -%

Cash At Bank
$141.2m ▲ 19%

Strong track record of continuous growth



*Refer to pages 12 and 13 for definition and calculation of EBITDA and NPATA.

Contents.

Chairman's report.

2021 has been another successful but challenging year for EML with very significant achievements alongside some recent headwinds. EML's underlying financial performance has been excellent, once again showing very strong growth in Gross Debit Volume, Revenue and EBITDA.

$19.7bn
Gross Debit Volume increased 42% from $13.9bn last year.

$48.8m
Record operating cashflow in the year.

> **"We see an increasing pace of disruption in the FinTech industry"**

EML continued to grow rapidly across geographies and business units in 2021, in line with our strategy of expanding our capabilities as a leading supplier of payment technologies. This strategy has proven particularly successful in the COVID-19 environment. Our strategy of continually diversifying our business risks across multiple dimensions has continued to pay off particularly given COVID-19 related business constraints.

At the end of the year, we were supporting programs in 27 countries. Approximately 60% of our global revenue comes from Europe, over 25% from North America and the balance from Australia. Over 80% of our revenues are recurring which provides a very strong underlying platform for growth.

Our financial results for 2021 have continued to be impressive with very strong growth of over 42% in Gross Debit Volume and 60% in Revenues. After our Irish-regulated subsidiary, Prepaid Financial Services (Ireland) Ltd (PFS)'s related regulatory and compliance costs, EBITDA [1] increased nearly 30% from the prior year. Operating cashflow for the year was $48.8 million.

PFS which we acquired on 31 March 2020, traded well ahead of expectations during fiscal 2021. However its financial performance has been impacted by costs related to a regulatory matter raised by the Central Bank of Ireland (CBI). As previously disclosed to the market, EML is working co-operatively with the CBI to address its concerns and will update the market with developments on this matter.

Conservative financial management has been a key part of EML's strategy and that will not change. Our financial position remains extremely strong. We have $141.2 million of cash on the Balance Sheet as at 30 June 2021. EML carries a small amount of debt with significant standby facilities if required.

In April 2021 we agreed to acquire Sentenial Limited based in Ireland as our first initiative in Open Banking. This is a large and rapidly expanding global payments market. Sentenial is regarded as one of the leaders in this space in Europe. In future years, this capability will be transferred into our other regions. Pleasingly, we received change of control approval for Sentenial by the Financial Conduct Authority on 21 June, and we are awaiting approval from the French financial services regulator, French Autorité de contrôle prudentiel et de resolution (ACPR). Subject to this approval we expect the transaction to complete in H1 FY22.

Our Accelerator strategy also came to fruition in 2021. We invested a total of $9.8 million in two fintechs, Hydrogen and Interchecks (USA). Our business development teams have worked closely to integrate these investments into the EML business and we have launched both programs this fiscal year. Both investments are performing in line with our expectations.

Further major opportunistic acquisitions to expand our global reach or capabilities are unlikely in the next 12 months. During the next financial year, management will be focused on bedding down the PFS remediation plan and the Sentenial acquisition. However small investments through our Accelerator strategy are being considered.

In FY20, we launched the 'Change for Good' initiative which reflects our commitment to helping improve the environment. In FY21 we converted 20% of our plastic card orders to digital cards and other environmentally friendly options such as recycled plastic and cardboard cards. We are proud of this achievement and will strive to improve on this as we grow the business.

Over the past year, our management team and staff led by our CEO, Tom Cregan have performed admirably. The demands on our team have been significant given acquisition integration, regulatory issues and continuing strong business growth. This has been exacerbated by COVID-19 related work and travel constraints.

In this context, the management team is being strengthened with the introduction of new senior management hires, primarily in Europe, to carry an increased workload. Our regional Finance, Risk and Compliance teams are also being expanded in response to the increased regulatory demands being seen across the global payments industry as it rapidly expands.

Once again I thank the members of the Board of EML for their support, dedication and commitment in a challenging year. I would also like to express my sincere thanks and best wishes to departing Board members Dr Kirsten Ferguson and George Gresham for their significant contributions to EML. We look forward to welcoming at least one new Board member this calendar year.

At EML we believe that a dedicated commitment to our clients, our staff and the communities in which we operate, will deliver superior results to our shareholders over the medium and long term. The integrity and commitment of the EML Board, management and staff is a fundamental strength of the Company and will see us meet any challenges that we face today or in the future.

Peter Martin
Non-executive Chairman

17 August 2021

(1) Refer to pages 12 and 13 for definition and calculation of EBITDA.

The strength to grow.

The last 12 months have been contrasts of record achievements and significant challenges. We are excited to have signed an agreement to acquire Sentenial Limited and broaden our product offering into a area of rapid payments innovation.

$42.2m

EBITDA increased 30% on prior year

In the 2020 calendar year, we faced a unique challenge to the business with the onset of COVID-19 and the impact that had on our financial results, particularly in the last quarter of the year, when the volumes in our Gift and Incentive segment fell by 97% in April 2020. In the 2021 calendar year, we faced a very different challenge following correspondence received by the Central Bank of Ireland ("CBI"), also received in the last quarter of the year, but every bit as impactful on our financial results.

Our financial guidance for 2021 was for revenue to be in the range of $180-190 million and for EBITDA (1) to be in the range of $50-54 million, up from $121.6 million and $32.5 million respectively in 2020. We exceeded the top end of our revenue guidance, coming in at $192.2 million, an increase of 60% on the prior year, and with underlying EBITDA (1) of $53.5 million, towards the top end of our guidance range.

We have not previously reported our EBITDA (1) result on an underlying basis, but it's important to look at our financial results excluding the impact of the CBI matter, to see how the business is performing. On an underlying basis our EBITDA (1) came in at $53.5 million - 65% higher than the prior year - which shows the fundamentals of the business are incredibly strong.

Factoring in the costs of the CBI matter, alongside provisions for advisory fees and potential fines in FY22, EBITDA increased 30% over the prior year.

Our focus remains on engaging and cooperating with the regulator and implementing a remediation plan that we want to be substantively completed by the end of March 2022. We are committed to this course of action which will be important to our continued success in the European market.

(1) Refer to pages 12 and 13 for definition and calculation of EBITDA and underlying EBITDA.

"EML generated record revenues of $192.2m and EBITDA (1) of $42.2m, an increase of 60% and 30% over the prior financial year."

In July, we announced to the market that we had injected funds into the UK safeguarded float to rectify historical deficiencies with regard to dormant and expired e-money accounts. These funds are expected to be released back to EML in cash and revenue in a future period but necessitated a restatement of the acquisition accounting which is discussed in Note F6.

We remain very positive about future growth and have taken significant strides in this regard.

We outlined last year the launch of Project Accelerator, our strategy for generating faster revenue growth by offering customers a feature rich, fully embedded payment solution via a simple, single touchpoint, and our purpose is to inspire transformative digital change for our customers and communities. Key to this strategy is the diversification of our revenue away from a reliance on Gift and Incentive ("G&I") programs, and in the year we generated 36% of revenues from the G&I segment, compared to more than 68% in FY19.

In the 2021 calendar year, we have undertaken integrations with Visa in our three regions and will be able to offer both Mastercard and Visa solutions in all markets, physically and digitally, by the end of September 2021. We closed our first 2 FINLAB investments, investing $9.8 million collectively into Interchecks (USA) and Hydrogen (USA), two leading fintech payment platforms. The integration work has been completed and so we are now in market focusing on business development initiatives.

We also undertook the acquisition of Sentenial Limited in Europe, to spearhead our launch into Open Banking and Account-to-Account ("A2A") payments, which we believe will be a transformational change in the global payments landscape. Sentenial services several banks and leading technology companies with payments solutions and generates €45 billion in annual payments volumes processed. We expect to close that deal in H1 FY22 and begin the integration process from a people, process, product and technical perspective.

We see many synergies between our General Purpose Reloadable segment ("GPR") and A2A solutions, which we look forward to executing. For example, if we are providing GPR solutions to a digital banking customer, one of the largest expenses of our customer is the interchange costs incurred when someone loads their account via their credit card or debit card. We will be able to facilitate those payments direct from the individual's bank account, at a lower cost, and extend the value that we are adding to our customer. If we are working with a company in the earned wage access market, we will be able to facilitate salary drawdowns to both a GPR card, or their bank account.

We have made some great progress, but we are one year into a three year strategy and we need to continue to execute in FY22.

On behalf of EML, I'd like to thank our employees, customers, and partners for their ongoing support and to our team, particularly in Europe and the United Kingdom, who have continued to deliver despite extensive lockdowns that in many cases has seen them not have any face to face contact with their colleagues for a year.

Thomas Cregan
Managing Director and Group CEO

17 August 2021

(1) Refer to pages 12 and 13 for definition and calculation of EBITDA.

Strategy delivering growth.

Last year we announced a three year strategy to accelerate our growth by expanding into new verticals and investing to remain at the forefront of payment innovations globally. This strategy includes four pillars (Technology, Product, Finlabs, Culture) which we have made exceptional progress on in the first 12 months, despite the impact of the COVID-19 pandemic.

Digital product led, customer centric strategy

Our product is our platform. Our platform is one of the most feature rich payments platforms globally.

At EML we continue to win new business by differentiating ourselves as a leading global platform with feature rich, highly configurable solutions and end-to-end program management and consulting services. We have made excellent progress in enhancing our product-led approach with seven notable achievements so far:

- Establishing and evangelising a global product strategy through our collective leadership and aligning our product and technology strategies to remain adaptive to new and emerging customer needs.
- Building out our global product management team aligned to our customer growth verticals, and adopting design thinking and lean product management to new product development.
- Designing our developer hub which will allow developers to readily access our APIs and product guides in an easy, digital portal. The first iteration is on track to launch this year.
- A completely new look to our website focused on making our products & features more accessible to clients and bringing these to life through industry use cases. This includes making our products and features more accessible for prospects and showcasing key use cases and the recipe of products and features that sit behind them. The new website is scheduled to go live in Q1 FY22.
- Enrichment to our account based and faster payment offering with the launch of Sepa Instant and Sepa Direct Debit (Europe) and enhancing our Faster Payments (UK) solution with a direct integration.
- Launched our open banking product suite in Australia through partnership with market leader Frollo. We are scheduled to launch our UK and European open banking product suite in FY22.
- Enhancing several of our existing product capabilities in each region to create global parity and progress towards a universal user experience.

Launched an open banking payment revolution in Australia (with Frollo)
(June 2021)

EML operates in a competitive industry on both a local and global level. 2021 represents the tipping point of a digital payment revolution driven by:

- ever increasing globalisation of payments
- proliferation of real-time data driven capability to power better and faster payment solutions
- open banking and finance shifting from concept to real value driven use cases with nearly 90% of countries now offering open source APIs [(1)]
- a growing demand from consumers (worldwide) for seamless and intuitive digital customer experiences, accelerated by the COVID-19 pandemic.

In response to this, we are integrating new open banking product capabilities through the acquisition of Nuapay (a business of Sentenial Limited). Combined with our innovation in digital wallet solutions, and our feature rich products, EML is in a very unique position to capture growth in the global payments.

(1) (https://www.finance-monthly.com/2019/11/open-banking-is-going-global-with-87-of-countries-having-open-apis/)

EML

Digital Product Strategy

Creating a universal experience & global platform, building out a feature rich and scheme agnostic product platform opportunities across the globe

Global Technology Infrastructure

Investing in our global technology architecture to ensure parity and future proofing of our business

EML FIN LAB

Investing in strategic partnerships that help EML to expand our product and distribution

Purpose Driven Alignment

Our people are our most valuable asset when it comes to delivering on this strategy so a focus on communication and new operating rhythms has been critical to the success

Innovation: Open Banking

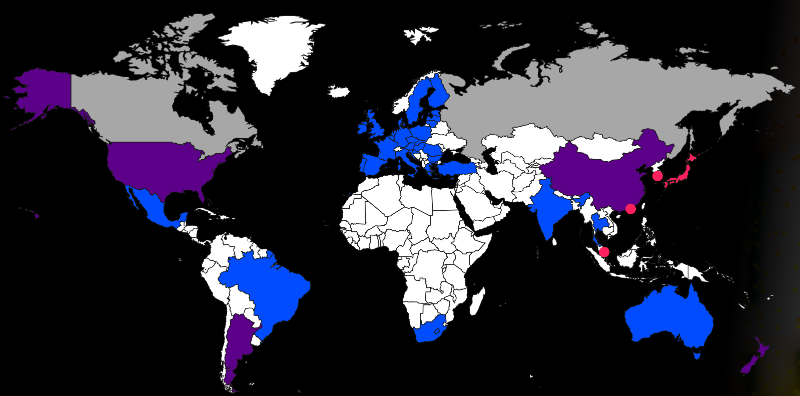
Open Banking is gaining momentum globally leading to more innovation & competition in financial services.

Open banking encompasses two core capabilities; the ability for consumers to share banking and payment data, and the ability to initiate real time account-based payments. Both are more secure and safer than traditional methods of sharing data as it is through direct connectivity with the users' bank.

There is an ever-growing number of use cases and innovations where niche payment service providers are building on top of open banking infrastructure. By adopting open banking solutions businesses and end users are benefiting from:

- fraud prevention
- frictionless user experiences
- automation of back office processes
- significant operational cost savings.

Open banking will fundamentally change the way we move money globally over the next decade and although we are only seeing the start of mass adoption play out in the most advanced markets of UK and Europe, we believe other markets including Australia and Americas are fast following this trend. EML's strategic response to invest in open banking globally will radically expand our total addressable market and provide greater service opportunities to deepen our engagement with existing clients.



- Prescriptive (regulations in force)
- Facilitative (guidelines only)
- Market-driven (industry initiatives)
- In process of adopting or actively considering

Evolution and transformation.

Modern global technology architecture

Technology is the backbone of EML's solutions, making investment in our technology architecture paramount to ensure the continuous growth of our business.

We have made significant progress in modernising and globalising our technology:

Modern state-of-the-art processor

We deployed TRACE, our newest and most modern card payment processor in Europe. This proprietary processor is purpose built to:

- handle account-based processing,
- have zero-downtime, and
- be multi-tenant in design.

TRACE has been built for use cases that demand rich features & functionality such as earned wage access, financial services and government incentive programs. We have successfully migrated and launched a variety of new and existing clients to this platform, notably Home Office, Wolverhampton Council, NHS Coventry and Warwickshire, Orenda Corporate, Crealsa Corporate, OktoPay and BelMoney. Work is underway to expand this processor to serve more of our clients, additional schemes and regions.

Cloud first

We have completed the foundational phase of our global cloud migration, including adoption of cloud-first development, building of global PCI-DSS compliant environments, enablement of seamless deployments, and interoperability between our regions so we can build products & services once and deploy everywhere.

Enhanced stability for scale

We continue to focus efforts on upgrades and expansions in each of our regions. This includes release and testing automation, improved real time performance monitoring, continuous integration, continuous deployment and ensuring multiple instances of our technology infrastructure for always-on processing.

Data enrichment

We have developed a data architecture and central global view of our data that is compliant with all international data standards including PCI DSS and GDPR. Rollout will commence in FY22, ensuring EML continues to evolve our data-driven capabilities.

Dual-scheme options globally

We are scheduled to issue Visa cards for clients in FY22 across our three regions. This will give our clients a choice between Mastercard (of which we are already a principal issuer) and Visa for their card-based programs.

Our people and purpose driven alignment

Our people are our most valuable asset in realising our strategy and we've continued to align their efforts by:

- introducing a focused communications and operating rhythm to empower our teams to bring our strategy to life; staying true to our mission while living and breathing our new vision and purpose
- embedding a global mindset in our operating rhythms including weekly sales calls, product and tech demo days, planning days, and common digital and visualisation tooling (for example Mural and Monday.com)
- working together in cross functional and cross regional teams to lead and manage both the discovery and delivery of product development and strategic global projects
- investing in key senior leadership roles across Commercial, Risk, Finance, Technology, Product and Design.

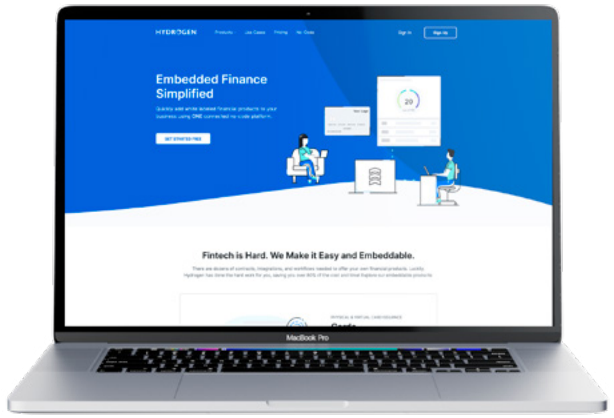
As a result of this commitment, employee understanding of and alignment with our strategy increased 5% globally in FY21.

Expand product capability through investment partnerships – Finlab

Payments technology is evolving faster than ever which in turn creates an abundance of new "product innovations"

Our strategy to expand our product and distribution capabilities through investment partnerships has enabled us to quickly offer clients best-in-class value added services and alternate non-card payment options at a fraction of the cost it would be to build and insource.

In FY21, we established 'Finlab' our minority investment business focused on sourcing, onboarding and embedding these partnerships. We have made solid progress on two Finlab partnerships in FY21:

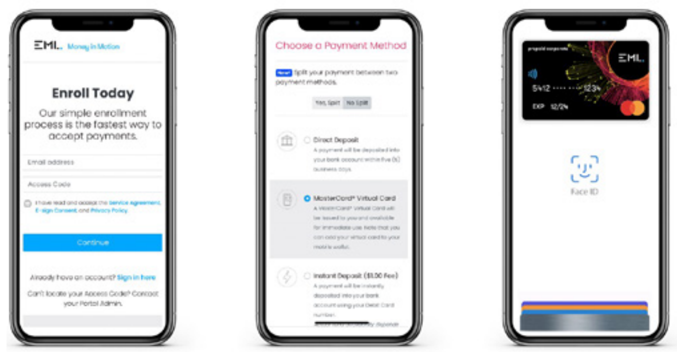


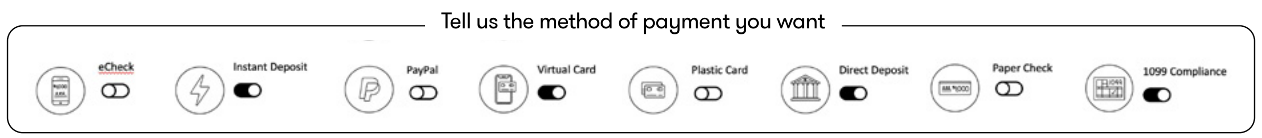
HYDROGEN

Is a banking and payments platform that embeds finance solutions for fintechs and SMBs through no/low code options. Hydrogen went live in July 2021 with an out-of-the-box prepaid consumer card solution powered by EML.

interchecks

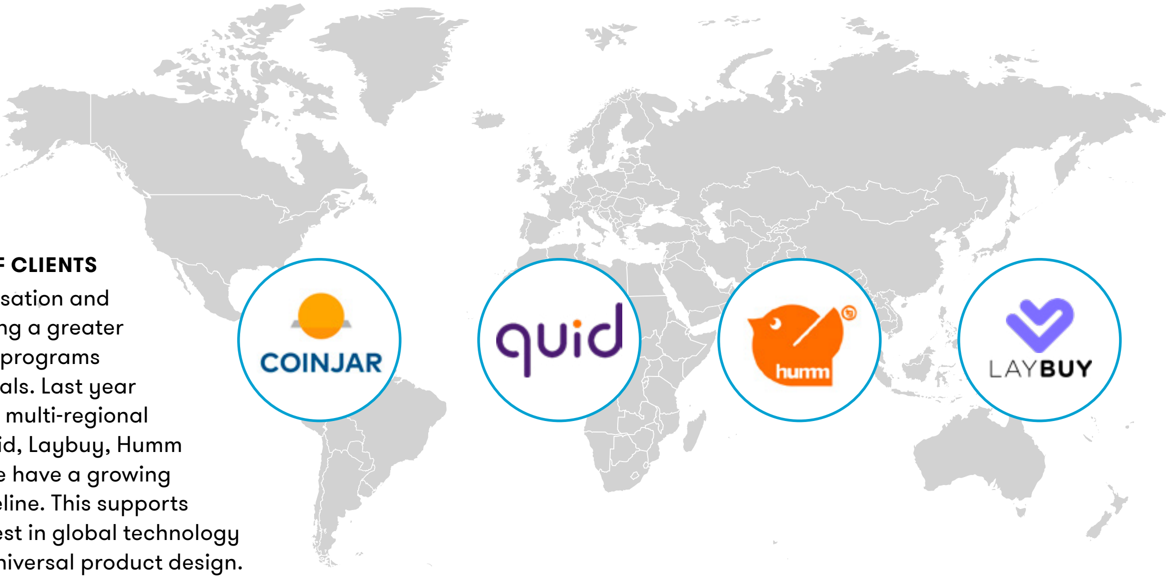
Is a fully customisable platform of non-card payment options. We integrated with Interchecks and launched our first program in FY21 to offer US customers a fully white label payment choice platform. This enhanced product capability is a primary driver of our North American disbursements and payouts growth strategy. Our pipeline includes a number of prospects that operate within the Payroll and Gaming verticals.





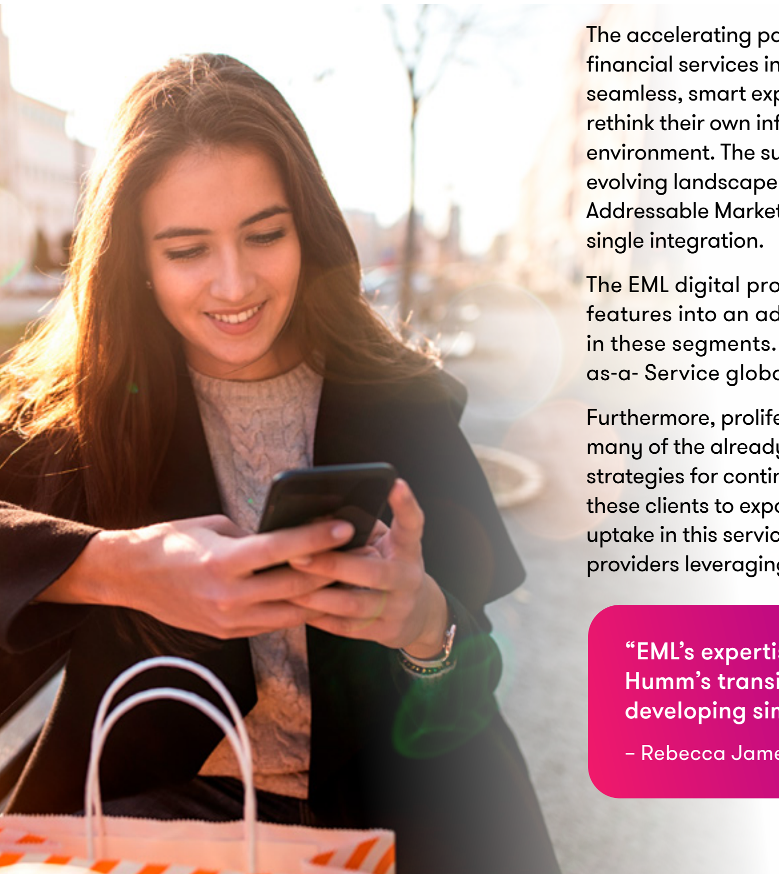
New growth and new verticals.

As a result of our new strategy, we have already seen strong organic GDV growth in our General Purpose Reloadable segment with the launch of a number of programs in high growth verticals. We believe the growing demand for embedded, rich and highly configurable payment solutions will drive our growth for the next 5 – 10 years.



GLOBALISATION OF CLIENTS

The growth in digitisation and ecommerce is driving a greater demand for global programs across many verticals. Last year alone we signed 23 multi-regional deals including Quid, Laybuy, Humm and Coinjar and we have a growing demand in our pipeline. This supports our strategy to invest in global technology architecture and universal product design.



FINANCIAL SERVICES AND NEO-LENDING

The accelerating pace of digital payments and API connectivity within the banking and financial services industries is leading to an influx of new entrants looking to provide seamless, smart experiences for niche segments. Traditional players are needing to rethink their own infrastructure and outsourcing models to remain relevant in this environment. The success of both of these groups will be in keeping up with the rapidly evolving landscape in an efficient way. That's where we see this providing a growing Total Addressable Market (TAM) globally for EML's embedded digital payment solutions via a single integration.

The EML digital product set that bundles card and account-based products and features into an advanced configurable solution is extremely popular with new clients in these segments. We have signed 43 new deals in Banking-as-a Service and Credit-as-a- Service globally in FY21.

Furthermore, proliferation from instalment-based payment providers is resulting in many of the already established Buy Now Pay Later providers looking to geo-expansion strategies for continued momentum in their growth plans. EML's global footprint allows these clients to expand into new markets at speed and with ease. EML is already seeing uptake in this service with Humm (ASX: HUM) and Laybuy (ASX: LBY), well established BNPL providers leveraging EML to launch into multiple regions in the past 12 months.

"EML's expertise and global scale have been instrumental in expediting Humm's transition into digital payments both in Australia and in developing similar implementations in the United Kingdom."

– Rebecca James, Humm CEO

"This scheme will give Islanders a positive way to support local businesses that have worked hard to adapt to the impact of COVID-19 and look after their customers in a safe way. The pandemic caused businesses across all sectors in Jersey to suffer. And while the Government has provided support through a range of measures, this scheme allows Islanders the opportunity to go out and treat themselves by supporting local Island businesses,"

- Senator John Le Fondré, Chief Minister of Jersey.

HIGH DEMAND FOR REAL TIME TRANSACTIONAL CONTROLS IN DISBURSEMENTS VERTICAL

A new contributor to our growth has been the demand from governments and local councils needing innovative payment solutions for the fast and safe distribution of stimulus monies and welfare payments to their communities.

EML, in partnership with MasterCard, launched a world-first stimulus program for the Jersey Government issuing 'spend local' cards to 105,000 citizens. EML was awarded the Annual Innovation Award at the One Gov Awards 2020 for this solution.

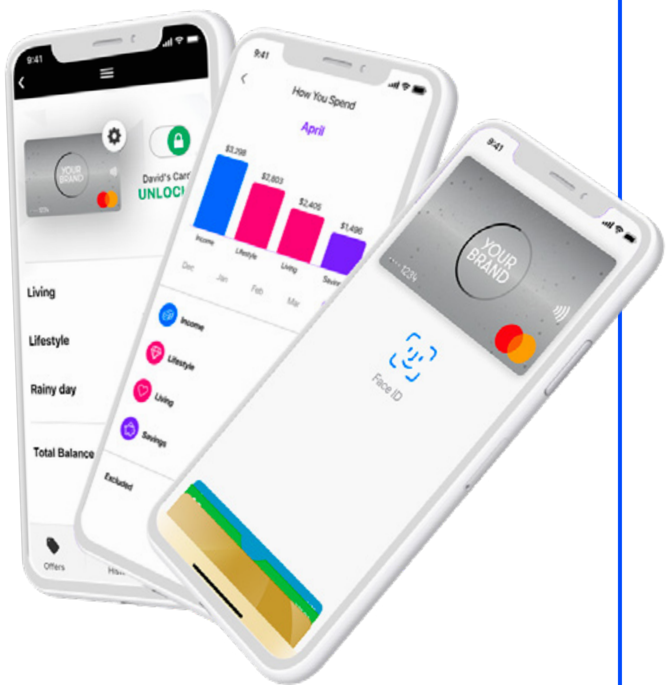
Since then, EML has won the contract for numerous new disbursement/payout programs in FY21 covering a vast range of use cases in governments, charities, local councils and gaming industries.

THE WAY PEOPLE GET PAID IS ON THE CUSP OF MAJOR DISRUPTION

The explosive adoption of buy now pay later payment options and on-demand services is dramatically changing the way end users look to maximise their personal cashflow, however wage payments remain rigid and driven by employer preferences, not employee needs.

There is a wave of new entrants entering this market looking to disrupt the disbursement of wages. They are seeking to address the issues facing up to 50% of employees globally who live paycheck to paycheck[1] whilst helping employers attract and retain talent in markets where demand outpaces supply. The solution involves smarter, smoother onboarding experiences coupled with flexible payment options for accessing wages including early wage access.

Whilst this new market is still early on the innovation curve, we believe it will see accelerated growth over the next five years, globally. EML has signed three notable salary-as-a-service clients in FY21 and we are well placed to serve this market with our packaged payment solutions going forward.



1. prnewswire.com/news-releases/nearly-40-percent-of-americans-with-annual-incomes-over-100-000-live-paycheck-to-paycheck-301312281.html
2. s1.q4cdn.com/050606653/files/doc_presentations/2020/02/Visa-Inc-2020-Investor-Day-Full-Presentation.pdf

Performance Overview.

Highlights of our financial performance were:

- Group EBITDA [1] of $42.2 million up 30% on FY20
- Underlying EBITDA [1] of $53.5 million up 65%, excluding one-off costs associated with the Central Bank of Ireland ("CBI") regulatory matter.
- Gross Debit Volume growth of 42% to $19.7 billion
- Revenue growth of 60% to $192.2 million
- Recurring revenue streams of $159.3 million, 83% of total revenue
- Operating cashflows of $48.8 million, up 121% on FY20 and representing 116% of EBITDA [1]
- Strong balance sheet with $141.2 million of cash on hand at 30 June 2021

30%

EBITDA grew 30% on the prior comparative period, including one-off costs associated with the CBI matter.

EBITDA is reconciled on the following page and is equivalent to the net profit/(loss) including R&D tax offset and excluding share based payments, depreciation and amortisation expense and foreign exchange included within the Statement of Profit or Loss and Other Comprehensive Income.

NPATA is reconciled on the following page and is equivalent to the Net Profit/(loss) after tax, with adjustments for all acquisition related costs, including: Amortisation of acquired software and intangibles, fair value movements and finance costs on contingent consideration.

The analysis of results in the Performance Overview is primarily based on EBITDA and NPATA 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 and NPATA are the most appropriate measure of maintainable earnings of 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 or NPATA as detailed in the remuneration report.

(1) Refer to page 13 for calculation of EBITDA and NPATA.

Summary Financial Performance.

	FY 2021 $'000	FY 2020 RESTATED [1] $'000	GROWTH
TOTAL GROSS DEBIT VOLUME			
General Purpose Reloadable (GPR)	9,742,596	4,234,169	134%
Gift & Incentive (G&I)	1,106,303	1,174,979	(6%)
Virtual Account Numbers (VANS)	8,829,487	8,466,788	4%
TOTAL GROSS DEBIT VOLUME	19,678,390	13,875,935	42%
REVENUE	192,218	120,959	59%
Add back: non-cash amortisation of AASB3 fair value uplift to bond investments [1]	1,958	671	192%
TOTAL REVENUE	194,176	121,630	60%
Gross Profit	130,376	88,746	47%
Gross Profit %	67%	73%	(6%)
Other income	178	-	100%
Employee benefits expense	(53,834)	(39,073)	38%
Professional fees	(15,315)	(2,999)	411%
Other expenses - operating	(20,197)	(15,481)	7%
Research and development tax incentive offset	967	1,343	(28%)
EBITDA	42,175	32,536	30%
LESS			
Fair value loss on contingent consideration	(16,211)	-	100%
Depreciation and amortisation expense	(29,836)	(19,119)	56%
Share-based payments	(4,967)	(6,146)	(19%)
Acquisition costs	(3,431)	(15,794)	(78%)
Finance costs	(1,983)	(2,535)	(22%)
Other income/(expense) - non-operating	(6,103)	5,210	(188%)
Add back Research and development tax incentive offset	(967)	(1,343)	28%
Add back: Non-cash amortisation of AASB3 fair value uplift to bond investments	(1,958)	(671)	192%
Loss for the year before tax	(23,281)	(7,862)	196%
Tax (expense)/benefit	(5,414)	719	(153%)
Net Loss for the year	**(28,695)**	**(7,143)**	**(302%)**
Add back: Amortisation on acquisition intangibles	20,210	11,085	82%
Add back: Non cash amortisation of AASB3 fair value uplift to bond investments	1,958	671	192%
Add back: Acquisition costs	3,431	15,794	(78%)
Add back: Fair value loss on contingent consideration	16,211	-	100%
Add back: Acquisition related costs - financing liabilities	4,205	3,627	16%
Add back: Tax expense effect on PFS hedge	3,714	-	100%
Deduct: Gain on cashflow hedge for acquisition	-	(3,026)	(100%)
NPATA	**21,034**	**21,008**	**-%**

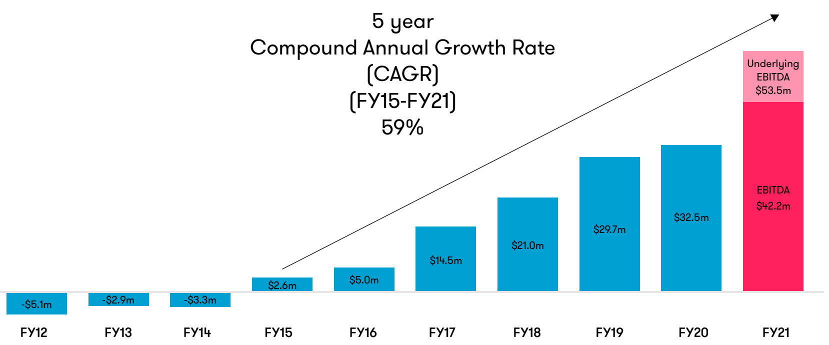
Underlying financial measures:

	EBITDA $'000	NPATA $'000
As reported above	42,175	21,034
Add back: One-off CBI costs recognised in FY21 (included in Professional fees)	11,351	11,351
Underlying EBITDA and NPATA	**53,526**	**32,385**
Growth in underlying EBITDA and NPATA	65%	54%

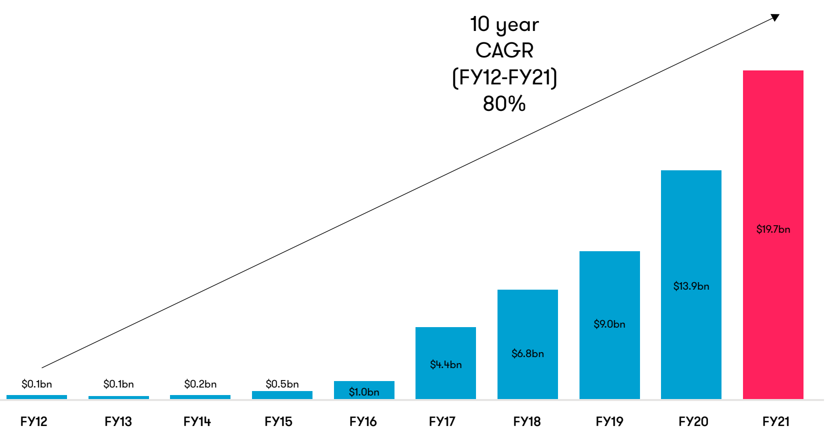
(1) Refer to Note F6 for details regarding the restatement as a result of an error.
There were no adjustments to any underlying financial measure in FY20.

Performance Overview.

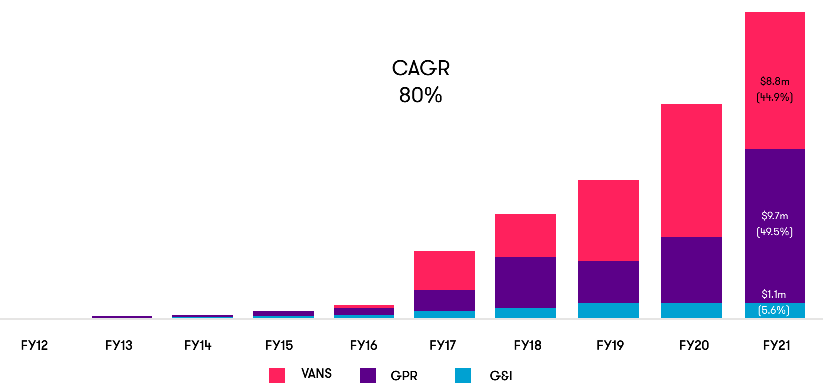
EBITDA



GROSS DEBIT VOLUME



GROSS DEBIT VOLUME BY SEGMENT (A$m)



Record Underlying Group EBITDA of $53.5 million (up 65% on FY20)

The Group achieved a record underlying EBITDA excluding $11.4 million of one-off costs associated with the Central Bank of Ireland ('CBI') matter. Including these costs, the Group still grew strongly up 30% on FY20 despite headwinds in our global Gift & Incentive segment.

Gross Debit Volume

The Group has a strong track record of GDV growth. Since FY12 we have grown GDV from $100.9 million to a record $19,678 million this year or a 10 year CAGR of 80%. In FY21 we have seen more challenging trading conditions in our high revenue yielding Gift and Incentive ('G&I') segment due to COVID-19 restrictions which have been offset by strong growth in our General Purpose Reloadable ('GPR') segment due to the acquisition of Prepaid Financial Services (Ireland) Limited and its subsidiaries ('PFS') and organic growth.

All three segments have continued to launch new programs in the financial year as demand for our innovative payment solutions continued. Whilst not all newly launched programs have reached their full potential, they will provide the basis for continued growth in the years to come.

EML has completed its transition into a majority GPR business with 50% of GDV now deriving from this segment, 6% from G&I and 44% from the Virtual Account Numbers ('VANS') segment. In April 2021, we announced the acquisition of Sentenial Limited which provides innovative Open Banking solutions alongside an established direct debit platform for major financial services groups. The Sentenial Limited acquisition will bring significant GDV to our VANS segment and will result in the segment being renamed Digital Payments in FY22.

Gift & Incentive ('G&I') Segment

Throughout FY21, the G&I segment has continued to experience the impacts of COVID-19 lockdowns reducing foot traffic through malls and reducing GDV in this segment. Total GDV for the year was $1.1 billion, down $68.7 million or 6% on FY20. The FY20 year also saw volumes impacted by COVID-19 in the period from March to June 2020. We are optimistic of improved trading conditions in the FY22 year. Mall volumes comprised approximately 56% of total segment volumes in the FY21 year and are expected to gradually decrease as a proportion of the total segment due to faster growth in incentive programs.

The G&I segment provides single load gift cards for shopping malls and incentive programs across the world. Our partners include many of the largest retail property groups and the most innovative customer engagement solutions.

Although reduced foot traffic in malls impacted GDV in the FY21 year, we saw an increase in breakage rates for cards loaded in prior years as the residual balance left unspent on gift cards increased. Whilst the increase in breakage rates was seen globally, the North American region benefited to a greater extent as our contractual arrangements are typically revenue share models. This resulted in a benefit of $11.1 million in the year through higher breakage rates which partially offset the impact of lower volumes.

As we start to look through the COVID-19 recovery, our expectations are for increased GDV as lockdowns ease across the global markets in which we operate. In late Q4 FY21, we saw restrictions easing in the UK, Germany and other European markets which has created improved trading conditions for this segment. In July 2021, our GDV for the segment was in line with July 2019 and whilst uncertainty remains, these data points provide a more positive outlook for FY22.

Revenue Yields and Recurring revenue streams

The Group revenue yield increased to 98 basis points (bps) during FY21 as the Group realigned to become a majority GPR business. All individual segments maintained or improved revenue yields during FY21 demonstrating the resilience of the Group.

	GROUP	G&I	GPR	VANS
FY21 Revenue Growth on PCP Revenue Yield	$194.2 60% 98 bps	$70.2 3% 635 bps	$113.5 171% 115 bps	$10.3 (4%) 12 bps
FY20 Revenue Growth on PCP Revenue Yield	$121.6 25% 88 bps	$68.2 3% 580 bps	$41.9 75% 99 bps	$10.7 66% 13 bps

A key strength of EML is our recurring revenues which represent 82% of total Group revenue. Recurring revenue streams include transactional revenue streams such as load fees, interchange, ATM fees, monthly minimum fees as well as breakage and interest. Establishment fees made up 14% of Group revenue and include both setup fees and card sales.

Revenue growth of 59% to $194.2m

Revenues grew strongly, up $72.5 million to $194.2 million. Our GPR segment grew strongly in Europe with our acquisition of PFS contributing for a full financial year and in Australia (up 23% on PCP) as we finalised the transition of Salary Packaging benefit accounts to our platform from a competitor and saw stronger volumes derived from gaming customers.

PFS contributed Revenue of $78.3 million (up $62.7m with a full 12 month contribution relative to 3 months included in the FY20 year). Globally, the GPR segment was resilient to numerous challenges including COVID-19, Brexit and an investigation by the Central Bank of Ireland ('CBI').

Excluding PFS, the remainder of the Group grew revenues by approximately 9% despite the challenges of COVID-19 impacting our Global G&I business particularly in Europe and North America. The Group benefited from higher breakage rates in North America and a one-off revenue benefit of $11.1 million. However, our GDV and consequently revenues, remained significantly behind our run rate prior to COVID-19.

During the year we incurred $2.0 million (2020: $0.7 million) of non-cash amortisation of fair value uplift on the PFS bond portfolio due to AASB 3 acquisition accounting. This is added back in arriving at EBITDA and underlying performance measures which exclude acquisition accounting.

Performance Overview.

General Purpose Reloadable ('GPR') Segment

The segment generates the majority of its revenues from digital banking, government and payroll programs which have proved resilient in challenging macro economic conditions.

The segment grew GDV to $9.7 billion, up 130% on the prior comparative period (PCP) and generating revenues of $113.6 million. Growth in FY21 was driven by the acquisition of PFS, strong growth from our Australian Salary Packaging vertical and our global winnings payouts programs.

We expect to see FY22 benefit from growth in programs launched in FY21 such as the UK Home Office which went fully live in June 2021, annualisation of volumes from the recently completed Salary Packaging transition which now provides services to over 320,000 accounts and increased travel driving growth in multi currency programs.

The GPR solutions we offer are typically white-labelled full service offerings including issuance, processing and program management allowing our customers to embed a payment solution into their market offerings.

GROUP GROSS PROFIT MARGIN OF 67%, DOWN FROM 73% IN FY20 DUE TO SEGMENT MIX REWEIGHTING TO GPR

Group Gross Profit margins were down on PCP at 67% (FY20: 73%) due to a mix shift away from the G&I segment and dilutive margins in PFS who outsource the majority of their payment processing costs. We have launched new programs for the UK Home Office and the Jersey stimulus on the Trace processor and expect material synergies in FY23 following a ramp of volume on the new platform in FY22. In FY21, we received the necessary approvals for a direct connection to the Bank of England Faster Payments Network which will further improve PFS margins.

Gross Profit (GP) margins for the GPR segment were down 1.9% to 58% as the segment grew materially. The G&I segment declined 2% and the VANs segment increased 9.39% due to changes in customer mix within each segment.

Group Cost of Goods sold predominantly relates to scheme costs, banking and BIN sponsor costs, negative interest on the cardholder float in some markets, and plastic card costs.

Virtual Account Numbers ('VANS') Segment

Providing payment options for consumers. Industries include Open Banking, Buy-Now Pay-Later providers and Bill payment providers.

EML provides our customers a competitive edge with the ability to offer multiple payment types embedded within their internal processes to save money and administration time.

During FY21 we signed a Share Purchase Agreement to acquire Sentenial Limited which will broaden our product offering into Open Banking and Account to Account payments. In FY22, the VANS segment will be renamed Digital Payments to reflect the more diverse nature of the segment.

The VANS segment continued to deliver GDV growth of 4% to contribute total GDV of $8.8 billion in FY21, up from $8.5 billion in FY20 at a yield of 12 bps converting to revenue of $10.3 million (FY20: $10.7 million, 13 bps yield). The lower revenue were at a higher gross profit margin of 74% due to customer mix.

CASH OVERHEADS INCREASED 52% TO $87.0 MILLION

The majority of the Group cash overheads relates to employment related expenses at $53.8 million (PCP $39.1 million) up 38% as the Group consolidated a full year of the PFS cost base. Employee expenses included costs in relation to the Group's Short Term Incentive Plan which was paid in share based payments in the prior year.

At the end of June the Group had 540 employees (2020: 450) and employment related expenses make up approximately 62% of Group cash overheads reflective of the nature of our business. Employment costs as a percentage of revenue fell materially to 28%, from 32% in PCP as the Group benefited from scale advantages. 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.

Other cash overhead expenses increased 81% to $33.1 million as the Group's operations have expanded to now support three regulated businesses in the UK and Ireland alongside a higher spend on ICT and marketing to support the larger business. We continued to see savings as a result of a global travel ban in place to protect the health of our employees but expect to see intra-regional travel return in the 2022 financial year.

The Group received a $1.0 million benefit from R&D Tax Concession programs in Australia and the United Kingdom. R&D tax concessions continue to be included in the EBITDA measure as this is a refund of expenditure previously incurred. Costs are predominantly internal employment costs, expended on qualifying research and development activities that the Group undertakes to continue offering innovative market leading products.

Non-recurring expenses

EXPENSES OF $11.4 MILLION IN RELATION TO THE CBI MATTER

The Group incurred a one time expense in relation to the Central Bank of Ireland ('CBI') investigation of $11.4 million of which $2.1 million was incurred in the 2021 year and $9.3 m was provided for in relation to the likely future expenses for legal and professional advisory and any potential enforcement action by the CBI. Expenses incurred relating to the investigation are included within EBITDA and decrease Net Profit After Tax.

CASH CONTINGENT CONSIDERATION ON PFS

The contingent consideration agreed in the March 2020 Share Purchase Agreement is based on achievement of an EBITDA target in each of the FY21, FY22 and FY23 years. Following the discovery of a regulatory error in the derecognition of cardholder liabilities, the purchase price accounting has been restated. The impact of the adjustment, was to reduce the earnout included in the upfront purchase consideration to $nil at 31 March 2020 (restated) and 30 June 2020 (restated).

No contingent consideration is payable in respect of earnout performance in the first assessment period, as performance in the year fell below the FY21 target.

As at 30 June 2021, the reassessment of the forward projections of EBITDA have led to the measurement of a discounted contingent consideration of $14.2 million.

Separately, the Group announced on 31 March 2021, that the UK Payment Services Regulator had reached a resolution with PFS in relation to an investigation that was in progress upon acquisition. The Group had withheld GBP 5.0 million in relation to the issue, of which GBP 2.0 million was in provisions and GBP 3.0 million in contingent consideration. Following conclusion of the investigation, a maximum fine of GBP 0.9 million was imposed and resulted in the release of surplus provision and contingent consideration back to the PFS vendors. There was no net financial impact to the Group.

ACQUISITION COSTS OF $3.4 MILLION (DOWN 78.3% ON PCP)

The Group incurred acquisition costs, primarily related to external advisory and associated funding, in relation to the acquisition of Sentenial Limited, a leading European Open Banking and Account-to-Account payments provider. The acquisition is expected to close in FY22 pending change of control approvals from the French Autorité de contrôle prudentiel et de resolution ('ACPR') having received approval from the United Kingdom Financial Conduct Authority ('FCA') in June 2021. Acquisition costs are excluded from EBITDA and reduce Net Profit After Tax.

SHARE-BASED PAYMENTS EXPENSE OF $5.0 MILLION (DOWN 19% ON PCP)

Share-based payments expense is solely related to employee incentives in FY21 including the charge associated with the FY20 STIP which the EML Board elected to pay in equity to conserve cash. The reversal of 50% of a long term incentive plan grant from FY19 led to a reduction in share-based payment expense of $0.9 million in the year. This is discussed in more detail in the Remuneration report on page 34.

Prior Period Adjustment

The entity became aware of a prior period error in connection with the accelerated conversion to cash and revenue of dormant funds, prior to what is permissible. The issue arose in the Prepaid Financial Services Limited business and prior to its acquisition by EML on 31 March 2020. The correction has impacted the balance sheet presented on acquisition at 31 March 2020 and the prior year comparative balance sheet as at 30 June 2020. Further details are presented in Note F6.

THE GROUP HAS A STRONG BALANCE SHEET WHICH SUPPORTS OUR GROWTH AMBITIONS. CLOSING CASH ON HAND OF $141.2 MILLION, UP $22.8 MILLION

The Group continues to maintain a significant cash reserve to exercise prudent management given uncertainties in the current global economy. The Group expects to use some of its cash reserves to complete the acquisition of Sentenial Limited in FY22 alongside a drawdown from the Group debt facility.

THE CONTRACT ASSET OF $26.6 MILLION REDUCED BY $5.2 MILLION IN FY21, RELEASING WORKING CAPITAL TO CASH

The contract asset (breakage) of $26.6 million (2020: $31.8 million) represents the residual portion of funds on Gift & Incentive (G&I) accounts that the Group has previously sold and expects to convert to cash. The Group expects approximately 62% of the contract asset balance to convert to cash within 12 months. The contract asset reduced in FY21 due to lower volumes in the G&I segment.

Performance Overview.

Summary Financial Position.

($ Thousands)	FY 2021	FY 2020 RESTATED [2]	GROWTH ON PRIOR COMPARATIVE 12 MONTHS
Cash and cash equivalents	141,228	118,381	19%
Contract asset	16,363	22,344	(27%)
Segregated funds and bond Investments [2]	1,409,552	833,407	69%
Other current assets	36,368	34,454	6%
Total Current Assets	**1,603,511**	**1,008,586**	**59%**
Contract asset	10,219	9,485	8%
Intangibles	350,133	371,714	(6%)
Deferred tax asset	21,453	25,044	(14%)
Segregated funds and bond Investments [2]	274,024	443,214	(38%)
Other non-current assets	29,438	22,910	30%
Total Non-Current Assets	**685,267**	**872,139**	**(21%)**
Total Assets	**2,288,778**	**1,880,725**	**22%**
Trade and other payables	62,868	47,463	32%
Provisions	10,801	3,585	201%
Liabilities to stored value account holders [2]	1,705,957	1,295,035	32%
Contingent consideration	863	4,328	(80%)
Other current liabilities	12,303	7,423	66%
Total Current Liabilities	**1,792,792**	**1,357,834**	**32%**
Interest-bearing borrowings	36,860	35,848	3%
Contingent consideration	14,280	11,054	29%
Other non-current liabilities	29,951	35,747	(16%)
Total Non-Current Liabilities	**81,091**	**82,649**	**(2%)**
Total Liabilities	**1,873,883**	**1,440,483**	**30%**
Net Assets	**414,895**	**440,242**	**(6%)**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.
(2) Segregated funds and bond Investments, and Liabilities to stored value account holders relate to products where EML has self-issued the card.

Summary Cashflow.

($ Thousands)	FY 2021	FY 2020	GROWTH
Generated by operating activities	48,818	22,070	121%
Generated by investing activities	(25,992)	(154,615)	(83%)
Generated by financing activities	(623)	219,870	(100%)
Impacts of foreign exchange	644	(2,029)	(132%)
Cash at the end of the year	**141,228**	**118,381**	**86%**

Trade and other Receivables fell slightly to $28.6 million (2020: $29.0 million) which is a positive result given the growth in the Group and reflects the attention the Group has placed on working capital management throughout the year.

A significant proportion of our **deferred tax asset** relates to tax losses in Australia and North America where the Group expects to generate sufficient taxable income to utilise them in a future period. We have now fully utilised our European tax losses brought forward into the FY21 year.

The Group has significant **intangible assets** of $350.1 million (2020: $371.7 million) which is comprised of acquired and internally generated software, customer relationships, contracts and goodwill. The Group completed a detailed impairment analysis in relation to the PFS business, which comprises a separate CGU, given indicators or impairment were noted. Further details are presented in Note E3.

The **Segregated** funds and bond investments total $1,683.6 million (2020: $1,276.3 million) offset by liabilities to stored value account holders of $1,706.0 million (2020: $1,295.0 million). The residual in the float, not offset by liabilities to stored value account holders reflects the premium paid to purchase bond investments using corporate funds and will convert into Group cash in a future period.

Trade and other payables increased to $62.9 million (2020: $47.5 million) in line with the growth of the Group, and includes commission and breakage amounts owed to customers not yet due.

Provisions have increased to $10.8 million (2020: $3.6 million, Note B9) with amounts provided in relation to the CBI matter as noted above, and the release of $2.0 million of amounts provided in relation to the PSR investigation no longer required, as noted above. The release of the provision is offset by a payment of contingent consideration to the vendors of the same amount.

Contingent consideration of $15.1 million (2020: $22.6 million) has been reduced following (a) the payment of approximately 93% of the maximum earnout for the Perfectcard acquisition, and (b) adjusting for the impacts of the CBI matter on the expected achievement for the PFS earnout. The PFS earnout can be achieved in any of the FY21, FY22 or FY23 years and so this will continue to be reassessed at each balance sheet date. Further details are presented in Note D5(iii).

The Group has non-current liabilities owing in relation to the PFS acquisition of $36.9 million which fall due in equal instalments in mid 2024 and 2025.

Cash inflows from operating activities totalled $48.8 million due to the Group generating EBITDA of $42.2 million, and payments of $3.4 million for acquisition expenses, 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 operating cash at 124% ($52.2 million; 2020: $35.8 million at 110%).

Cash outflows from investing activities included $9.7 million for the acquisitions of Finlab minority financial asset investments in Interchecks Technologies Inc and The Hydrogen Technology Corporation (refer to Note D4).
We continued to invest in software development including EML Connect (an integrated mall system), EML Control Pay, the mobile Pays product in North America, salary packaging solutions for web portal access in Australia and General Purpose Reloadable programs worldwide (Note E2) with total investment of $11.5 million in the year. During the year, the Group settled contingent consideration owing on the Perfectcard acquisition as noted above, alongside various amounts held back on the PFS consideration such as the PSR fine also noted above.

$141m
Cash and cash equivalents

"The strength of our balance sheet will support our growth ambitions"

JULY 2020

Employee Assistance Program

we launched a global partnership with EAP providers, giving our employees access to a range of mental wellbeing support services.

SEPTEMBER 2020

Employee Wellbeing Program

We delivered a global program of wellbeing webinars to help our employees stay connected during social isolation.

MAY 2021

Americas All Hands Session

We held an interrupting bias workshop facilitated by a leading diversity and inclusion expert to give EML employees an opportunity for open dialogue on racism and implicit bias.

JUNE 2021

Flexible Work at EML

We updated our flexible work policy to give employees choice of where and what hours they work.

Our people propel our performance.

Our strategic intention is to motivate our people by fostering a culture of collaboration, engagement, innovation and inclusion. The commitment and passion of our employees is reflected in the successful execution of our strategy over the past two years and our FY21 achievements are a testament to the awesome individuals at EML. Our strong organisational culture is the foundation of our employee value proposition and is enhanced and nurtured by the following initiatives and activities.

EML's response to COVID-19

The impacts of the COVID-19 pandemic are continuing to be felt by our employees globally. Our immediate response plan prioritised the health and wellbeing of our teams and this continues to be our focus. There have, and will continue to be, unintended consequences resulting from the various government-imposed restrictions. Mental health issues are of particular concern and are something we are focused on given the majority of our employees have been working remotely for most of FY21. We have conducted health and wellbeing surveys to ensure we are listening to our employees and monitoring their mental health. We will continue to engage with our employees to identify ways to support them during this challenging period.

Our People: Working in FinTech

Lewis Knapp
Finance Controller - UK

What keeps you motivated at EML?

Every day brings something new and different and this is what motivates me. Learning is what I love most about my position at EML. Operating in the FinTech space, there is always something new to learn and having the freedom to apply what I have learnt to the work I do every day.

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

EML recognises the hard work from all employees and provides excellent career opportunities. EML also embraces the value of flexible working practices which has been significantly beneficial to me since becoming a new dad.

Engagement

The Remuneration Report outlines our new FY22 executive remuneration framework. Our global compensation framework has been designed to attract the best talent and treat people fairly. We strive to be globally consistent and market competitive while respecting local market nuances. Our framework is underpinned by the philosophy of 'acting as owners' and delivering strong outcomes for our customers, merchants and shareholders.

Remuneration

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

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

The challenges of working through COVID-19 are reflected in our engagement scores and we continue to prioritise the health and wellbeing of employees including providing robust working from home arrangements.

Our strong, ethical core

At EML, we take our responsibilities to our stakeholders seriously and are committed to the highest standards of governance. This financial year, we've strengthened our ethical business practices by improving our supply chain oversight of modern slavery and introducing an enhanced whistleblower program. Access to our comprehensive corporate governance policies is available on the investor page of our website.

MODERN SLAVERY OVERSIGHT

After reporting last year for the first time against the requirements of the Modern Slavery Act, we have taken additional steps this financial year to ensure we enforce effective systems and controls that safeguard human rights throughout our business and across our supply chain.

Our region-specific modern slavery policies were used to develop a Group Human Rights and Modern Slavery Policy which was approved by the Board on 16 February 2021. This Policy outlines our expectations for respecting human rights, providing a safe and inclusive work environment, complying with all relevant local laws and regulations, and our zero-tolerance for any form of modern slavery throughout our business or supply chains.

WHISTLEBLOWER PROTECTIONS

In December 2020, we expanded our existing whistleblower program and policy to a Group wide policy ensuring employees and suppliers anywhere in the world can quickly, safely and confidentially raise concerns. We also introduced an external, independent whistleblowing service to ensure staff can feel safe and confident in their anonymity. We also rolled out an updated whistleblowing learning module to all staff in FY21.

DIVERSITY AND INCLUSION

Our Diversity and Inclusion Policy outlines our commitment to all our employees, regardless of gender, marital or family status, sexual orientation, gender identity, age, disability, ethnicity, religious beliefs, cultural background, socio-economic background, perspective and experience. Our focus on gender diversity has delivered positive outcomes across the business and in FY22 the Board plans to update our Policy to include company wide inclusion targets.

We are committed to further understanding our global race and ethnicity profile and over the course of FY22 will continue to develop and measure initiatives to improve our diversity.

Our Paid Parental Leave Policy demonstrates the value we place on our employees and our social obligations as an employer. All primary carers, regardless of how they become a parent, are entitled to paid parental leave. We encourage men and women to take paid parental leave and help them to return to work flexibility afterwards, with 'keeping in touch' days to keep them connected with teammates. Our policy offers 12 weeks paid leave for primary carers and 4 weeks paid leave for secondary carers.

Work life balance is essential for wellbeing, and EML have continued to build on our 'flex for everyone' working policy. We recognise our culture is more than just a 'vibe', it's the freedom to give our employees the flexibly to choose how, when and where they work. We trust our people to work in a way that best suits their needs and we provide them with the tools and movement to do it.

Our People: Becoming a parent @ EML

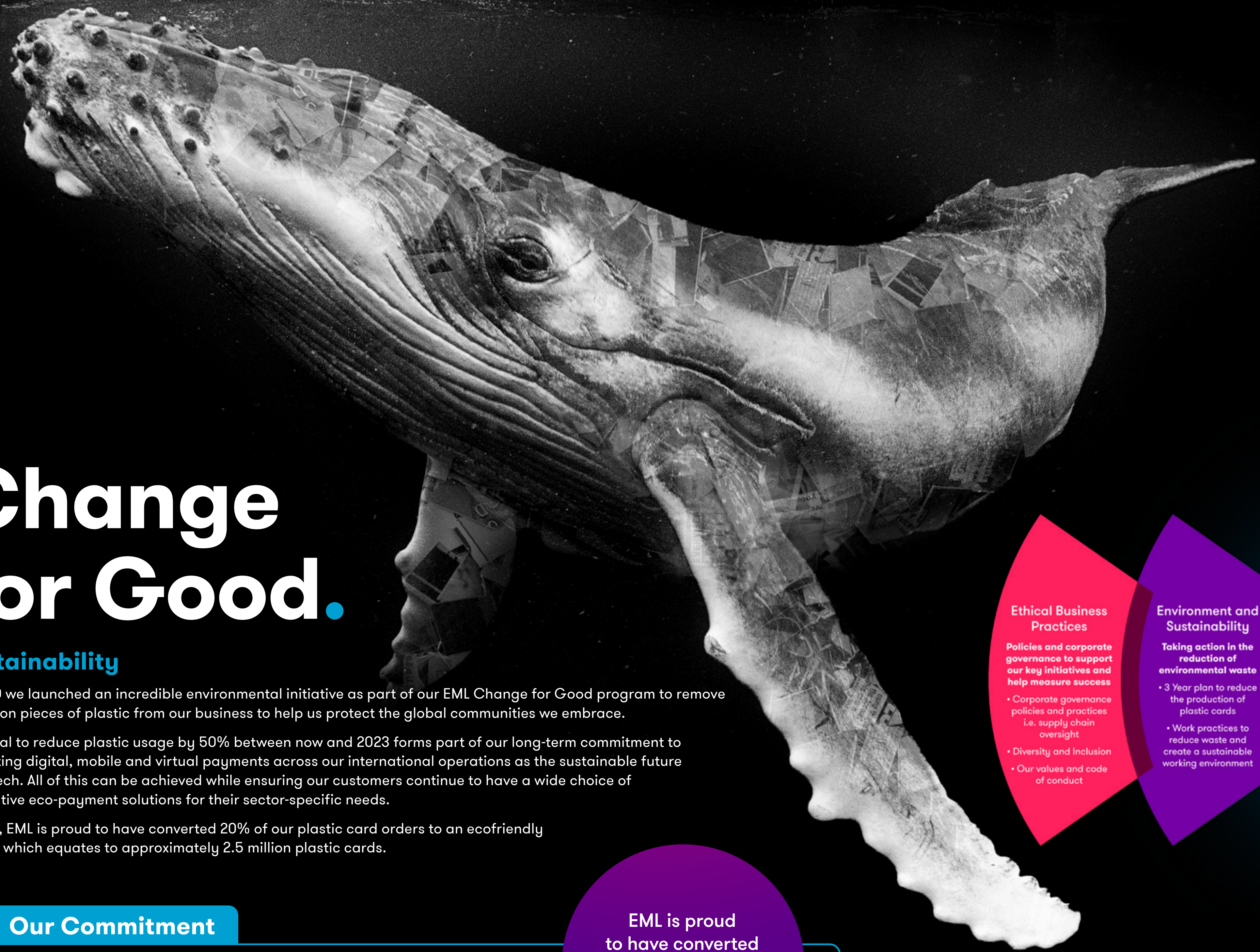
Hillary Melvin
People Team - Americas

What is your previous experience with maternity leave in the US?

As an HR professional I have seen a variety of leave policies, none as generous as EML's. It broke my heart to have to tell new mom's that they could take 12 weeks off but it wasn't paid or they had to use all their vacation time. I'm happy at EML that our employees don't have to worry about that. They don't have to choose between a career and a family

What did it mean to you that EML had paid parental leave in place?

Because of EML's generous parental leave policy, I was able to focus on my growing family and our child's needs. I feel fortunate be part of an organization that values its employees. Having my first child was a big change. I felt supported before, during and after my leave.



Change for Good.

Sustainability

In FY20 we launched an incredible environmental initiative as part of our EML Change for Good program to remove 25 million pieces of plastic from our business to help us protect the global communities we embrace.

This goal to reduce plastic usage by 50% between now and 2023 forms part of our long-term commitment to promoting digital, mobile and virtual payments across our international operations as the sustainable future of FinTech. All of this can be achieved while ensuring our customers continue to have a wide choice of alternative eco-payment solutions for their sector-specific needs.

In FY21, EML is proud to have converted 20% of our plastic card orders to an ecofriendly option, which equates to approximately 2.5 million plastic cards.

Our Commitment

EML is proud to have converted 20% of our plastic card orders to an ecofriendly option

- Complying with applicable legal and regulatory requirements.
- Actively pursuing recyclable and renewable alternatives to plastic card production
- Ensuring the environment is considered in our investment and corporate strategies, procurement and the products and services we offer.
- Engaging with our customers, employees and shareholders on environmental issues and transparently reporting on our environmental performance.
- Driving a culture of continuous environmental improvement with a focus on the reduction of personal and office waste (no print policy, recycling and no single-use plastics).

Our People: Making a positive impact

Sharon Wong
Finance Team - Australia

What does it mean to you to be a part of EMLs wellbeing and environmental initiatives?

I am proud to work for a company committed to be socially responsible. As part of the wellness and environmental committee I've been able to experience first-hand how EML has taken action to make an impact across social and environmental issues. The initiatives this committee champions create positive change for our people; for example offering volunteering leave for all staff and promoting wellness events throughout the year such as R U OK day, which is particularly important for the impacts of COVID-19 and lockdowns. EML has enormous potential to effect change in our communities and the environment, and I am proud to be a part of it.

Our metrics	2021	2020	2019
Headcount (permanent employees)	540	450	266
Employee engagement score	66%	70%	68%
Employee participation in engagement survey	76%	96%	98%
Employee turnover	16%	17%	22%
Female representation on Board	29%	29%	33%
Female representation in Executive	50%	50%	26%
Female representation in senior management	36%	36%	36%
Female representation in all employees	49%	48%	43%

Board of Directors.

Peter Martin.
Non-Executive Chairman

Appointed on 19 April 2012
Appointed as Chairman on 18 February 2015
MBA (Harvard Business School)
B. Civil Engineering (Monash University)

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

As at 30 June 2021, Mr Martin has a beneficial interest in 6,736,320 ordinary shares.

David Liddy AM.
Non Executive Director
Deputy Chairman

Appointed on 27 April 2012
MBA (Macquarie University)
Fellow of the Australian Institute of Company Directors (FAICD)

Mr Liddy has over 43 years' experience in banking, including international postings in London and Hong Kong. He was Managing Director and Chief Executive Officer of Bank of Queensland from April 2001 to August 2011.

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

Mr Liddy is the Chair of the Remuneration committee (formerly the People and Remuneration Committee), a member of the Investment committee and a member of the Culture, Governance and Nominations committee.

As at 30 June 2021, Mr Liddy has a beneficial interest in 960,000 ordinary shares.

Tom Cregan.
Managing Director
Group CEO

Appointed on 27 August 2012
MBA (Monash University)
B. Bus (Monash University)

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

As at 30 June 2021, Mr Cregan has a beneficial interest in 15,270,257 ordinary shares and 826,321 options over ordinary shares.

Melanie Wilson.
Independent
Non-Executive Director

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

Ms Wilson has over 15 years' experience in senior management roles across global retail brands including Limited Brands (Victoria's Secret, Bath & Bodyworks – New York), Starwood Hotels (New York), Woolworths/Big W and Diva/Lovisa. Her experience extends across all facets of retail including: store operations, merchandise systems, online/e-commerce, marketing, brand development and logistics/ fulfilment. She also held corporate finance and strategy roles with leading investment banks and management consulting firms including Goldman Sachs and Bain & Company.

Ms Wilson currently serves as a Non-Executive Director of Baby Bunting Group Ltd (ASX:BBN), iSelect Limited (ASX:ISU) and JB HI-FI Limited (ASX:JBH). Ms Wilson was previously a Non-Executive Director of Shaver Shop Group Limited (June 2016 - May 2020).

Ms Wilson is the Chair of the Investment Committee, a member of the Audit and Risk Committee, and a member of the Culture, Governance and Nominations Committee.

As at 30 June 2021, Ms Wilson has a beneficial interest in 48,000 ordinary shares.

Tony Adcock.
Independent
Non-Executive Director

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

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

Mr Adcock was formerly a Partner in PwC Consulting running an Asia Pacific business line and a Treasurer & General Manager in banking. Mr Adcock is a Chairman and Director of various private and Not for Profit companies.

Mr Adcock is Chair of the Audit and Risk Committee and a member of the Investment committee and Culture, Governance and Nominations committee.

As at 30 June 2021, Mr Adcock has a beneficial interest in 25,000 ordinary shares.

Dr Kirstin Ferguson.
Independent
Non-Executive Director

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

Dr Kirstin Ferguson is an independent Non-Executive Director with 10 years' experience across a range of company boards including ASX100, ASX200, government, not-for-profit and significant private companies. Dr Ferguson is also a keynote speaker, author and frequent contributor to media on leadership, culture, diversity and inclusion.

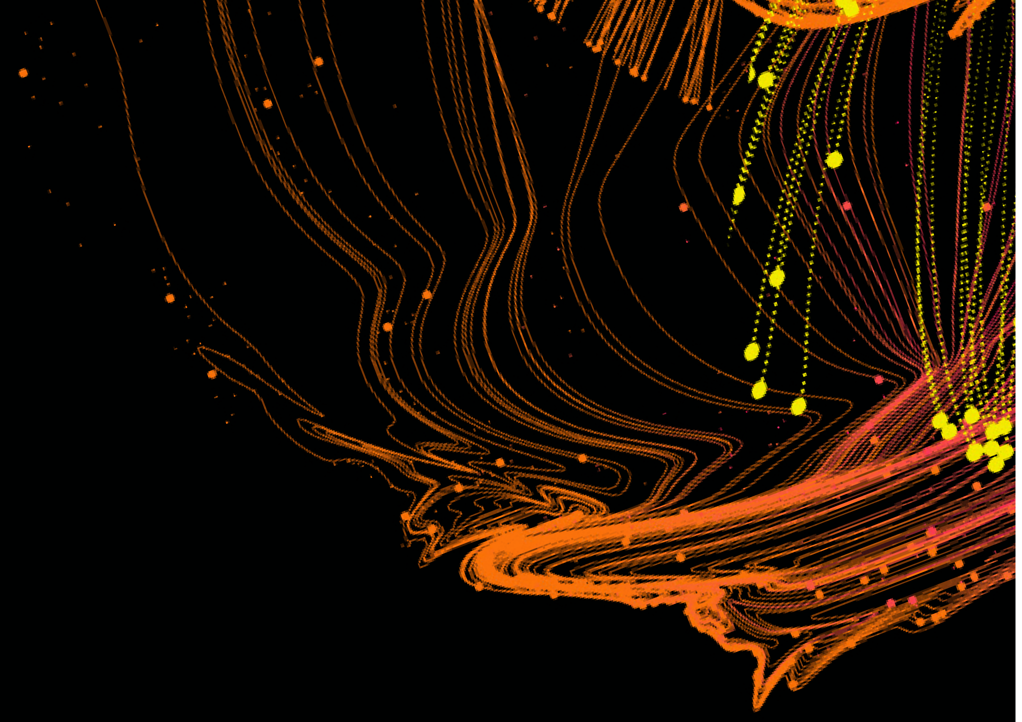
Dr Ferguson has had a successful executive career as a CEO of an international consulting organisation, as well as senior executive experience in a professional services environment.

The earlier part of Dr Ferguson's career was spent as an Officer in the Royal Australian Air Force.

Dr Ferguson currently serves as a Non-Executive Director of Property Exchange Australia (ASX:PXA) and SCA Property Group Ltd (ASX:SCP). Dr Ferguson was previously Director and Deputy chair of the ABC Board of Directors (November 2015 to November 2020).

Dr Ferguson was Chairman of the Culture, Governance and Nominations committee and member of the Remuneration committee (formerly the People and Remuneration Committee) until 16 July 2021.

As at 30 June 2021, Dr Ferguson has a beneficial interest in 18,323 ordinary shares.



Board of Directors.

George Gresham.
Independent Non-Executive Director

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

Mr Gresham is an accomplished Director and Executive Leader, based in Arizona, USA. Mr Gresham has extensive experience building, leading and advising financial enterprises through complex transactions, restructurings, international expansion, capital market transactions and changing regulatory landscapes.

Mr Gresham is a co-founder and Chairman of Dama Financial, a financial services business that provides solutions and services for cash-intensive businesses. Mr Gresham has previously held Non-Executive Directorships with Green Dot Corporation, an American financial technology and bank holding company and one of the largest prepaid companies in the world, as well as Blue Pay Processing, a leading provider of technology enabled payment processing for merchants in the United States and Canada.

During his Executive career, Mr Gresham was Chief Financial Officer of Netspend (now owned by TSYS, Global Payments), a large prepaid financial services company; Chief Financial Officer of Global Cash Access (GCA) Holdings (now Everi Holdings Inc), a full service Casino and gaming equipment and payment solutions provider; and Chief Financial Officer/Chief Administration Officer at eFunds Corporation (now Fidelity National Information Services), a provider of electronic processing and risk management services.

Mr Gresham was a member of the Audit and Risk Committee, Investment Committee, Remuneration Committee (formerly the People and Remuneration Committee) and the Culture, Governance and Nominations Committee until 29 July 2021.

As at 30 June 2021, Mr Gresham does not have a beneficial interest in ordinary shares.

Company Secretaries.

Sonya Tissera-Isaacs.
Company Secretary

Appointed on 26 November 2019.

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

Paul Wenk.
Group General Counsel

Appointed as Company Secretary July 2018
Resigned as Company Secretary June 2021

Mr Wenk has been EML Payments' Group General Counsel since July 2018 and was EML Payments Company Secretary from November 2018 to 30 June 2021. Prior to joining EML, Mr Wenk was a lawyer with global firm, Herbert Smith Freehills, 13 of them as a Partner. During that time, Mr Wenk gained significant experience acting for financial services clients in advisory, regulatory and litigious contexts.

Executive Leadership.

Tom Cregan.
Managing Director and Group CEO

Rob Shore.
Group Chief Financial Officer

Sarah Bowles.
Group Chief Digital Officer

Andrew Betts.
Group Chief Risk & Regulatory Officer

Kristen Shaw.
Group Chief People and Culture Officer

Richard Anderson.
Group Chief Revenue Officer

Jason Nadler.
Group Chief Technology Officer

Paul Wenk.
Group General Counsel

Eric Mettemeyer.
Group Chief Corporate Development Officer

Rachelle St. Ledger.
CEO Australia

Nikki Evans.
CEO Europe

Ailie Kofoid.
CEO Americas

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Directors' Report.

Directors' Meetings

The number of meetings of the Company's Board of Directors attended by each Director during the year ended 30 June 2021 were as follows:

Directors	COMMITTEE MEMBER	BOARD MEETINGS NUMBER OF MEETINGS HELD	BOARD MEETINGS NUMBER ATTENDED
Peter Martin [1]	CB, R	29	27
Tony Adcock [2]	CA, I, C	29	25
David Liddy AM [2] [3]	DC, CR, I, C, A	29	29
Dr Kirstin Ferguson [4]	CC, R	29	28
Melanie Wilson [2]	CI, A, C	29	27
Thomas Cregan	n/a	29	28
George Gresham [5]	A, R, C, I	29	28

		AUDIT AND RISK COMMITTEE		REMUNERATION COMMITTEE (FORMERLY PEOPLE & REMUNERATION COMMITTEE)		INVESTMENT COMMITTEE		CULTURE, GOVERNANCE & NOMINATIONS COMMITTEE [2]	
Directors	COMMITTEE MEMBER	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED	NUMBER OF MEETINGS HELD	NUMBER ATTENDED
Peter Martin [1]	CB, R	n/a	n/a	6	4	n/a	n/a	n/a	n/a
Tony Adcock [2]	CA, I, C	11	11	n/a	n/a	9	9	2	2
David Liddy AM [2] [3]	DC, CR, I, C, A	11	8	6	6	9	9	2	2
Dr Kirstin Ferguson [4]	CC, R	n/a	n/a	6	6	n/a	n/a	2	2
Melanie Wilson [2]	CI, A, C	11	10	n/a	n/a	9	9	2	2
Thomas Cregan	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
George Gresham [5]	A, R, C, I	11	11	2	2	9	8	2	1

CB - Non-executive Chairman of the Board
DC - Non-executive Deputy Chairman of the Board
CA - Chair of the Audit & Risk Committee
A - Audit & Risk Committee member
CR - Chair of the Remuneration Committee (formerly, People and Remuneration Committee)
R - Remuneration Committee member (formerly, People and Remuneration Committee)
CI - Chair of the Investment Committee
I - Investment Committee member
CC- Chair of the Culture, Governance and Nominations Committee
C - Culture, Governance and Nominations Committee member

(1) Peter Martin was appointed as Chair of the Culture, Governance and Nominations Committee effective 21 July 2021 following the retirement of Dr Kirstin Ferguson as a Non-Executive Director. Peter Martin resigned as a member of the Remuneration Committee effective 20 April 2021.

(2) The Culture, Governance and Nominations Committee was formed on 20 April 2021. Tony Adock, David Liddy AM and Melanie Wilson were appointed members of the Committee effective 20 April 2021.

(3) David Liddy AM resigned as a member of the Audit and Risk Committee effective 20 April 2021.

(4) Dr Kirstin Ferguson was appointed as Chair of the Culture, Governance and Nominations Committee effective 20 April 2021, and retired as a Non-Executive Director effective 16 July 2021.

(5) George Gresham was appointed a member of the Audit & Risk Committee and Investment Committee effective 1 July 2020. George Gresham was appointed a member of the Remuneration Committee effective 20 April 2021 and appointed a member of the Culture, Governance and Nominations Committee effective 1 June 2021. George Gresham resigned as a Non-Executive Director effective 29 July 2021.

Directors' Report.

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

Shares & Share Options

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

	SERIES	NUMBER GRANTED
SHARE OPTIONS		
Thomas Cregan	Series 41	255,236
Thomas Cregan	Series 42 (1)	101,881 (1)
Robert Shore	Series 39 (2)	62,696
Robert Shore	Series 40 (3)	130,891

(1) Series 42, relating to Thomas Cregan's FY21 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary Grant date has been taken to be balance date and will be revised upon shareholder approval. A total of 101,881 options were granted but this was reduced to 101,372 options for the performance achievement in FY21.

(2) A total of 536,096 options were issued under Series 39. The remaining options not disclosed above were issued to non-KMP, further information on the Group's share option plans is disclosed in Note F3.

(3) A total of 1,392,099 options were issued under Series 40. This represented the total options granted for accounting purposes as the service period had commenced. Performance was assessed on 29 June 2021 and subsequent cancellations were processed.

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

OPTIONS SERIES	NUMBER OF OPTIONS	EXPIRY DATE	EXERCISE PRICE	CLASS OF SHARE
Series 26	61,275	28/09/2021	$0.00	Ordinary
Series 27	195,782	30/10/2021	$0.00	Ordinary
Series 28	588,142	30/10/2021	$0.00	Ordinary
Series 33	884,279	29/08/2022	$0.00	Ordinary
Series 34	226,481	29/08/2022	$0.00	Ordinary
Series 36	48,824	29/08/2021	$0.00	Ordinary
Series 37	38,567	29/08/2022	$0.00	Ordinary
Series 38	405,968	31/10/2021	$0.00	Ordinary
Series 39	498,378	29/08/2022	$0.00	Ordinary
Series 40	1,363,601	30/10/2023	$0.00	Ordinary
Series 41	255,236	30/10/2023	$0.00	Ordinary
Series 42 (1)	92,202	29/08/2022	$0.00	Ordinary
Series 43	29,191	30/10/2023	$0.00	Ordinary
Series 44	69,388	30/10/2023	$0.00	Ordinary
	4,757,314			

(1) Series 42, relating to Thomas Cregan's FY21 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary grant date has been taken to be balance date and will be revised upon shareholder approval.

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

Grant date	OPTION SERIES	OPTIONS EXERCISED	ISSUE PRICE	NUMBER OF SHARES ISSUED	CLASS OF SHARE
19/04/2017	Series 20	1,313,581	$0.00	1,313,581	Ordinary
28/06/2018	Series 22	41,695	$0.00	41,695	Ordinary
16/07/2018	Series 25	61,275	$0.00	61,275	Ordinary
24/09/2018	Series 29	500,306	$0.00	500,306	Ordinary
13/11/2018	Series 31	24,479	$0.00	24,479	Ordinary
13/11/2019	Series 32	185,994	$0.00	185,994	Ordinary
1/07/2019	Series 35	56,620	$0.00	56,620	Ordinary
17/06/2020	Series 36	145,407	$0.00	145,407	Ordinary
		2,329,357		**2,329,357**	

Dividends

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

Principal activities

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

Review of operations

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

Rounding

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

Significant changes in the state of affairs

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

Significant events after balance date

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

Corporate Governance

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

Directors' Report.

Likely developments and expected results

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

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

Environmental legislation

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

Indemnification and insurance of directors and officers

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

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

Proceeding on behalf of the company

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

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note A6 to the financial statements.

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

The Directors are of the opinion that the services as disclosed in Note A6 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit Committee, for the following reasons:

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

Auditor independence

Section 307C of the *Corporations Act 2001* requires our auditors, Deloitte Touche Tohmatsu, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 64 and forms part of this Directors' report for the year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.

Peter Martin
Non-executive Chairman

17 August 2021

Remuneration Report.

Dear Shareholders,

On behalf of the board, I am pleased to present our Remuneration report, covering the 2021 financial year (FY21).

As a people centric business with global operations, EML's success relies on our ability to attract, motivate and retain world-class talent, and drive a collective focus on strategy through to execution. Ensuring EML has the right leadership team in place is critical to the ongoing success of the Company and to building sustainable, long-term shareholder value.

The Board's objective is to ensure a remuneration approach that is globally competitive, while remaining fair and reasonable in a local context and delivering outcomes that align with the long-term shareholder experience.

There is no doubt this financial year has been a particularly challenging one, with the impact of COVID-19 felt by our employees, our customers and our shareholders. Furthermore, the Company has also been dealing with the Central Bank of Ireland (CBI) concerns relating to EML's Irish regulated subsidiary, PFS Card Services Ireland Limited (PCSIL). EML and PCSIL's management team continues to work with the CBI to ensure that a robust and sustainable remediation plan is put in place. These concerns solely relate to PCSIL and have not affected the remainder of our global business. However, due to these issues remaining unresolved no executive salary adjustments or NED fee adjustments have been made for FY21 (no adjustments were made in FY20). However, this position will be reviewed when the issues have been resolved to the Board's satisfaction.

FY21 KMP Remuneration outcomes

EML's FY21 executive remuneration framework is structured such that there is a strong focus on both variable remuneration that is at-risk, but includes incentives/upside, and remuneration that is equity-based, to provide the 'skin-in-the-game' that creates direct alignment with shareholders.

After careful consideration of a number of factors, the Board believes the following FY21 outcomes for Executive KMP strike an appropriate balance between the immediate and long-term interests of our shareholders and our senior executives:

- Full vesting of the FY21 STI was achieved in accordance with the Board approved targets, which reflect strong performance against the financial and non-financial measures. These STI awards vest as options (in accordance with our executive remuneration framework) and deferred for 12 months to further align the interests of our Executives with our shareholders.
- To ensure we reward overall achievement, after testing of conditions, the Board have deemed it appropriate to award the FY19 granted LTIP which concludes with FY21 results, at 50%. This reflects the strong body of work achieved in the 3-year term and assessing the impact of the capital raise undertaken for the acquisition of PFS on financial measures associated with the FY19 LTIP in particular EBITDA per share and ROCE.

During FY21 and taking into consideration feedback received last year from our shareholder and interested parties, the Board undertook a wide- ranging review of EML's existing remuneration arrangements to ensure that our framework is fit for purpose and continues to support our core business objectives. In particular, the Board focused on ensuring the remuneration framework supported sustainable long-term value creation for EML's shareholders while also retaining, motivating and attracting executives in an international market.

As a result of that review, and in conjunction with remuneration consultants' Godfrey Remuneration Group, significant changes have been made to both our executive short- and long-term incentive plans. Full details of these changes are included in our Remuneration report (see section 4).

In making these adjustments, our remuneration principles of simple, fair and transparent, shareholder aligned and competitive were followed. In summary, the Board has sought to ensure our executives continue to think and act like owners of EML. However, you will note that based on a review against market and best-practices, a number of frameworks and practices will be changing for FY22.

Remuneration Report Glossary

EBITDA	Earnings before interest, tax, depreciation and amortisation
EML	EML Payments Limited
FY19	The 2019 fiscal year
FY20	The 2020 fiscal year
FY21	The 2021 fiscal year
FY22	The 2022 fiscal year
iTSR	Indexed Total Shareholder Return
KMP	Key Management Personnel
KPIs	Key Performance Indicators, the basis for EML's STIs
NEDs	Non-Executive Directors
NPATA	Net profit after tax and acquisition related costs
PBT	Profit before tax
RACE	Return on adjusted capital employed
REMCO	Remuneration Committee
ROCE	Return on Capital Employed
STIs/LTIs	Short-Term Incentives/ Long-Term Incentives

Remuneration Report.

The Remuneration Report contains the following sections:

EML remains focused on delivering its growth promises and we believe that our current remuneration structure, accompanied by the anticipated changes for FY22, positions us well to continue providing our shareholders with strong returns, both in the short and long-term, as well as ensuring alignment across our Executive KMP. We believe that our remuneration framework and outcomes for the year deliver a balanced and equitable outcome for all stakeholders.

The Board has carefully considered feedback received on the FY20 Remuneration Report, and notes the following:

- It appears that the purpose and nature of the service-tested grant of equity to the CEO was not properly communicated, with many stakeholders interpreting this grant as "LTI", which is universally expected to be subject to performance hurdles (including by the Board). This grant was not intended to be "LTI" but was instead a one-off retention grant, in addition to the regular ongoing grant. Retention only awards are not common practice at EML. However, in seeking to secure the Executive KMP through difficult times, and in recognition that it has been several years since a remuneration review has been undertaken for KMP, it was determined that a retention only award was appropriate. The Board acknowledges that this rationale could have been better explained to shareholders. To ensure close alignment with shareholders, the one-off award was comprised entirely of equity and subject to service conditions. No value has yet been realised from the one-off award with 100% of the award still at risk and subject to a three- year service condition.
- There was consistent feedback that shareholders are seeking additional information regarding the setting, weighting and assessment of short-term variable remuneration in particular. In this report, we have made an effort to move towards market best-practices in this regard, without revealing commercially sensitive information. It is trusted that shareholders will understand that some information cannot be disclosed, even retrospectively, without revealing trade secrets. Where not commercially sensitive, specific targets have now been disclosed.

We welcome any feedback you might have on our remuneration framework as we continue to ensure it is meeting the needs and expectations of our shareholders, employees and other stakeholders.

We thank you for your loyalty and look forward to your continued support.

Mr David Liddy AM
Chair, Remuneration Committee

17 August 2021

1. Introduction

This report forms part of the Company's FY21 Directors' Report and sets out EML Group's remuneration arrangements for Key Management Personnel (KMP) in accordance with the requirements of the *Corporations Act 2001* and its regulations.

1.1 Key Management Personnel (KMP)

In this report, KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

KMP are comprised of the Board of Directors and members of the Executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Group.

Executive Directors and Other Executives considered KMP are referred to collectively as "Executive KMP" in this report.

1.2 People covered by the Remuneration Report

The Remuneration Report discloses the remuneration arrangements and outcomes for those individuals who we have determined to meet the definition of Executive KMP under AASB 124 Related Party Disclosures. Table 1.3 summarises each Executive KMP, their position and term as Executive KMP.

1.3 Executive KMP FY21

The table below shows all the Executive KMP covered by the FY21 Remuneration Report.

	POSITION	FY20	FY21
EXECUTIVE DIRECTOR			
Thomas Cregan	Managing Director & Group Chief Executive Officer	✓	✓
OTHER EXECUTIVES			
Robert Shore	Group Chief Financial Officer	✓	✓

2. Remuneration Committee (formerly People and Remuneration Committee)

On the 20 April 2021 the Board resolved to approve the proposed amendments to the Remuneration Committee (REMCO) Charter (formerly known as the People and Remuneration Committee). This change was made to reflect the vital role the committee plays in the success and sustainability of the Company. The REMCO are responsible for setting and overseeing strategies aimed at improving EML's remuneration aligned with the creations of values for shareholders and having regard to applicable governance and industry standards for the Group.

Members of the Committee

The Committee is appointed by the Board and comprised solely of Non-Executive Directors. The members of the Remuneration Committee during FY21 were:

The members of REMCO during 2021 were:

1. David Liddy AM (Committee Chair);
2. Melanie Wilson;
3. Dr Kirstin Ferguson
4. George Gresham

As part of a Committee Chair rotation, Mr George Gresham was appointed a member of the Remuneration Committee on 20 April 2021 replacing Mr Peter Martin as a member. Ms Melanie Wilson was appointed to the Remuneration Committee on 22 July 2021, following Dr Kirstin Ferguson's retirement from the Board of EML effective 16 July 2021. Mr George Gresham resigned from the Board of EML effective 29 July 2021.

Remuneration Report.

2. Remuneration Committee (continued)

Remuneration Governance

The Board of EML (Board) has adopted a Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at www.emlpayments.com

The Board Charter confirms that the Board is accountable to shareholders for EML's performance and for the proper management of EML's business and affairs.

To assist the Board in carrying out its responsibilities, the Committee has responsibility for reviewing, making recommendations to the Board and, where relevant, approving the remuneration arrangements in place for the Non-Executive Directors, the Group CEO/ MD and Other Executives.

The charter for the REMCO is reviewed by the Board annually and can be found at www.emlpayments.com.

Role of the Committee

Remuneration of all Executive KMP is determined by the Board, acting on recommendations made by the Committee.

In relation to remuneration, the Committee provides advice and recommendations to the Board for approval on:

- The Group's remuneration policies and frameworks for KMP Executives;
- Fixed annual remuneration and incentive outcomes for Executives;
- Incentive plans for all Employees;
- Key performance indicators (KPIs) and assessing performance against those KPIs by Executives;
- Remuneration policies and fees for Non-Executive Directors and Committee members; and
- Any other remuneration matters that relate to Executives.

The Committee also considers and makes recommendations to the Board on other people related issues such as staff engagement, diversity and inclusion, health and safety and workplace culture.

Attendance

Other Non-Executive Directors, CEO, CFO, Group General Counsel, Company Secretaries and Group People and Culture Officer attend Remuneration Committee meetings as invitees except when their own performance or remuneration arrangements are being discussed. The Directors attendance for the Board and its Committees during the year is available in the Directors report.

External advisors and remuneration consultants

Where necessary, the Committee seeks assistance from independent experts and advisors on remuneration related matters. Remuneration consultants provide information on market trends in respect of executive remuneration structures and benchmarking information on executive remuneration levels. Other external advisors assist with the administration of the Group's remuneration plans.

During the year, the Committee engaged Godfrey Remuneration Group for assistance in providing market practice insights in relation to local and global variable reward practices. Godfrey Remuneration Group were also engaged to advise on remuneration benchmarking for Executives. Godfrey Remuneration Group did not make any 'remuneration recommendations' (as defined in the Corporations Act) in relation to any KMP during FY21. The fees paid for the engagement totalled $65,450 in FY21.

The Committee independently appoints its remuneration consultants and engages with them in a manner in which any information provided is not subject to undue influence by management. The information provided by external advisors is used as an input into the the Committee's considerations and decision making only.

The Board has ultimate decision-making authority over matters of remuneration structures and outcomes.

Specific responsibilities

The specific responsibilities of the Board and the Committee are detailed in their respective charters, which are available on EML's website at www.emlpayments.com.

3. Remuneration Strategy

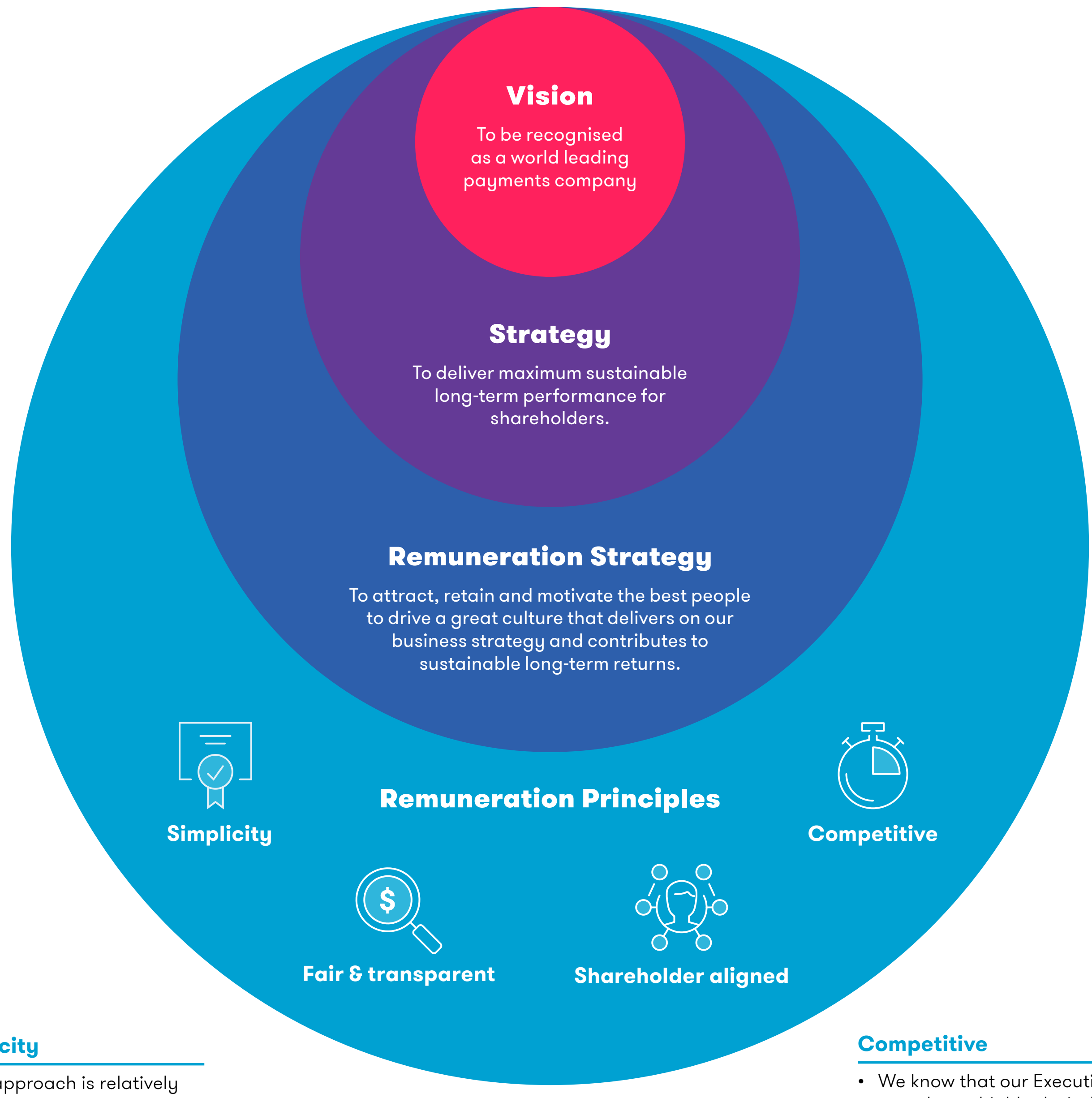
At EML, our remuneration strategy is:

- Focused on sustained growth in NPATA as well as focusing the Executive on key non-financial drives of value
- Is intended to attract, motivate and retain high calibre Executives
- Rewards team and individual performance capability and experience
- Reflects competitive rewards for contribution to growth in shareholder wealth
- Provides a clear structure for earning reward.

The Board believes that in order to deliver on our strategy and build long-term shareholder growth, EML must have a remuneration framework that allows it to compete for talent both locally and globally in a highly competitive and fast-moving environment and against other leading FinTech companies.

3. Remuneration Strategy (continued)

3.1 Our Remuneration Strategy and Principles



Simplicity

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

Fair & transparent

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

Shareholder aligned

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

Competitive

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

Remuneration Report.

3. Remuneration Strategy (continued)

3.2 Executive KMP Remuneration Components

The following table explains the remuneration components for the Executive KMP in place during the year and prior comparative year.

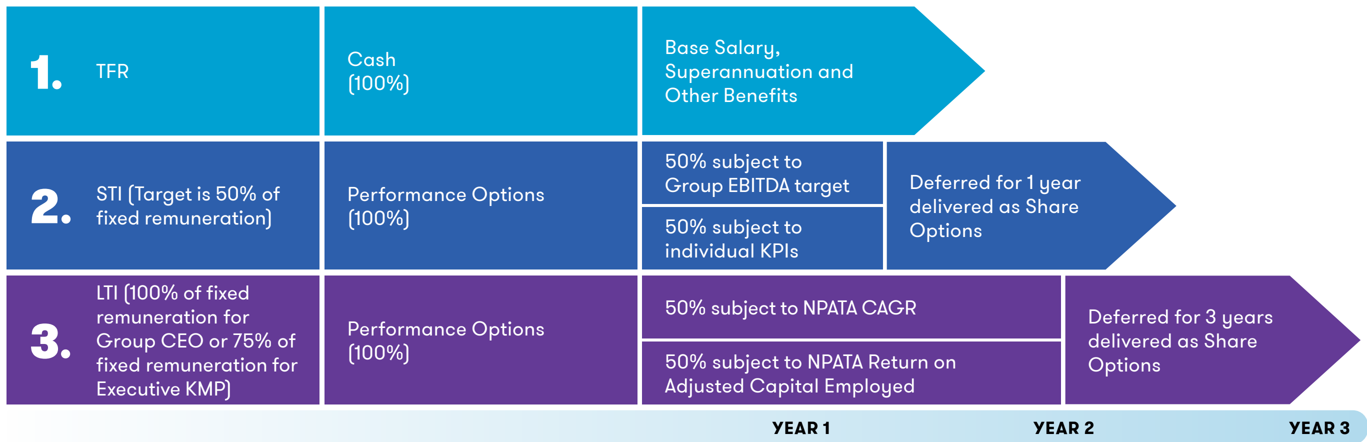
OBJECTIVE	ATTRACT & RETAIN THE BEST TALENT	REWARD CURRENT YEAR PERFORMANCE	REWARD LONG TERM SUSTAINABLE PERFORMANCE
REM component	**Total Fixed Remuneration (TFR)**[1]	**Short Term Incentive (STI)**	**Long Term Incentive (LTI)**
Purpose	TFR is set in relation to the external market and takes into account: • Size and complexity of the role. • Individual responsibilities. • Experience and skills.	STI provides appropriate differentiation of pay for performance and is based on business and individual performance outcomes.	LTI supports alignment to long-term overall company performance and is consistent with: • Strategic business drivers. • Long-term shareholder return.
Delivery	Base salary and superannuation.	Performance Options 100% (deferred for one year).	Performance Options 100% (vesting after three years, subject to performance).
FY21 Approach	Target TFR positioning is competitive against Comparator Group.[2]	Business Performance Measures • EBITDA (50%). • Plus individual performance outcomes. EBITDA target acts as a financial gateway on the STI award.	LTI Performance Measures subject to financial performance hurdles • NPATA CAGR • NPATA RACE

(1) Delivery of Total Fixed Remuneration is inclusive of superannuation, allowances, benefits and any applicable fringe benefits tax.

(2) Comparator group drew on information from companies in the financial services, consumer sectors, and ICT sectors, with two or more comparable financial metrics – companies 50% smaller & 50% larger.

3.3 Remuneration delivery

The Executive KMP remuneration mix is structured so that a substantial portion of remuneration is delivered as EML ESOP through either deferred STI or LTI. The total remuneration opportunity is positioned at the top quartile for outperformance. The following diagram (which is not to scale) sets out the remuneration structure and delivery timing for Executive KMP.

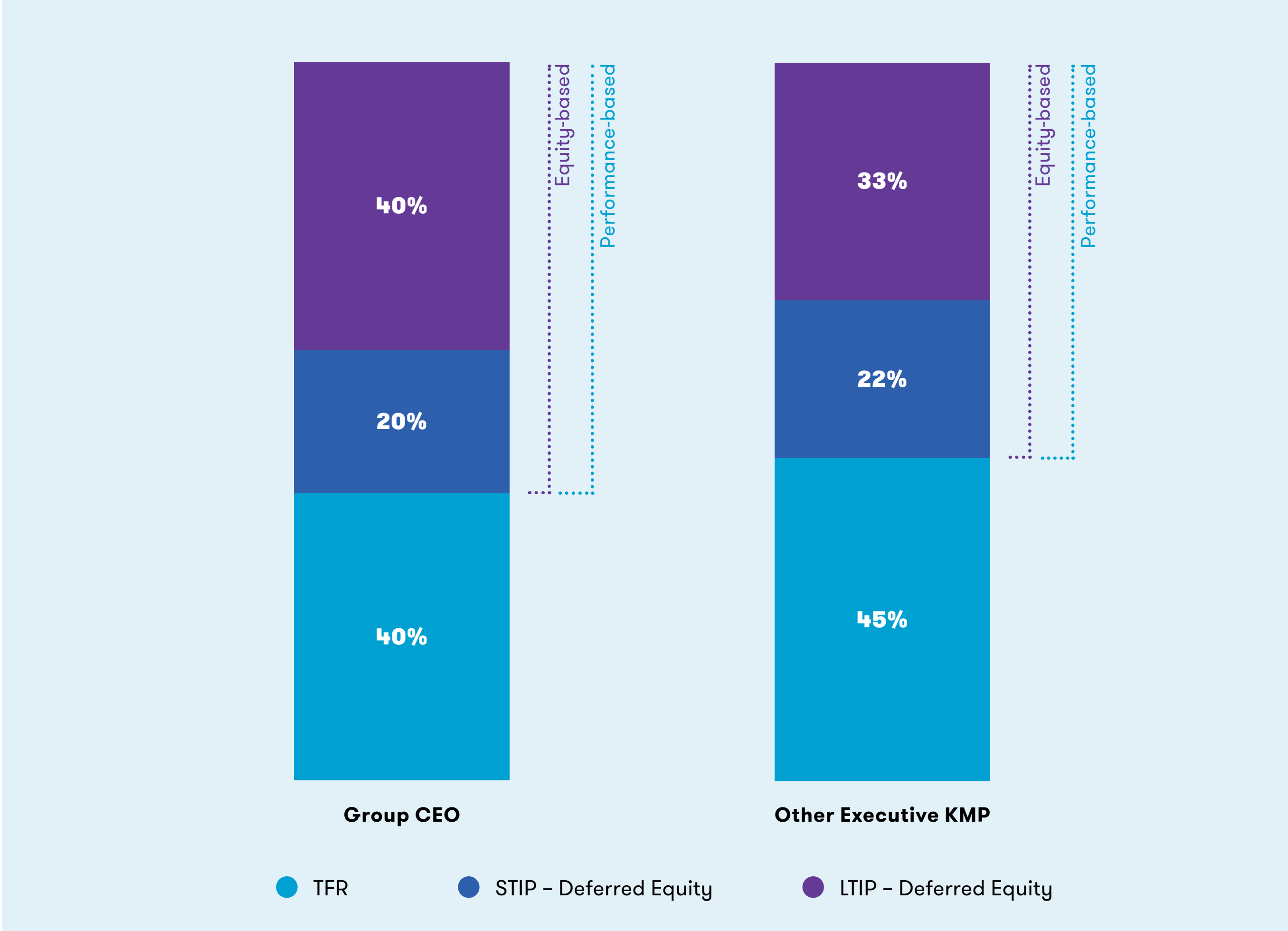


3. Remuneration Strategy (continued)

3.4 Remuneration Mix & Maximum Opportunity

Executive remuneration is structured as a mix of fixed and variable 'at-risk' STI and LTI components. While fixed remuneration is designed to provide a base level of remuneration, the 'at risk' STI and LTI components reward executives when challenging performance measures are met or exceeded.

Below the remuneration components for each Executive KMP are expressed as a percentage of total remuneration, with the STI value varied to reflect maximum performance. The maximum STI opportunity is set at 50% of fixed remuneration for all Executive KMP. The maximum LTI opportunity is set at 100% of total fixed remuneration for the Group CEO, 75% for other Executive KMP.



Remuneration Report.

4. FY21 Remuneration Overview

In FY21 the Committee undertook comprehensive review of the Groups remuneration framework. As a result, the following table outlines the Executive KMP remuneration framework and changes for FY22.

COMPONENT	FY21	FY22	RATIONALE
TOTAL FIXED REMUNERATION (TFR) POSITIONING			
External Benchmarking	TFR is aimed to position Executive KMP competitive with market benchmarks.	Variable remuneration framework be adopted to bring the focus back to target variable remuneration.	With EML operating in a sector with ever-increasing competition for talent, Executives' Total Remuneration Opportunity is targeted above the 62.5th percentiles of the 'market'.
Comparators	Target TFR positioning is market competitive against external benchmarks.	Comparator group drew on information from companies in the financial services, consumer sectors, and ICT sectors, with two or more comparable financial metrics – companies 50% smaller & 50% larger.	This is still considered to be the appropriate reference point for our business.
+ SHORT TERM INCENTIVE			
Opportunity	Threshold – 0% of Target. Target – 50% of Target. Maximum – 100% of Target. Threshold occurs for a minimum level of performance deemed appropriate; target STI would be paid for the achievement of budget with stretch; and maximum STI would be awarded for outperformance.	Transition to a modern target-based Short Term Variable Reward Plan (STVR) with a focus on Target rather than maximum/ stretch opportunities depending on elasticity and impact of the metric. Threshold – 0% of Target. Target – 100% of Target. Maximum – 120%-150% of Target. Threshold occurs for a minimum level of performance deemed appropriate; target STVR would be paid for the achievement of a stretch target; and maximum STI would be awarded for outperformance.	Ensure we reward for strong performance where it is aligned with shareholder interests and the strategic direction of the Group.
Performance Measures	All participant's eligibility to receive an STI at the end of the financial year is now conditional upon the achievement of a 'conduct gate.' Group or Regional EBITDA financial performance (50%) + Individual KPIs (50%).	All participant's eligibility to receive an STVR at the end of the financial year is conditional upon the achievement of non-financial factors i.e. risk and good governance (alongside a financial gate). Stretch is a function of mix of binary (no upside but has downside) vs scaled metrics (both upside and downside), and the weightings of each. Financial performance Group or Regional NPATA financial performance (At least 70%) + Strategic/operational milestones (~20%) + Individual effectiveness (10%).	Increase weighting on financial metrics and strategic/ operational milestones, and reduce weighting on non-financial metrics. Drives the right long-term focus, reinforces the right behaviours and delivers outcomes that are aligned with shareholders.
Delivery	STI delivered wholly in Options with a 1-year deferral.	Awards made in half cash and half Restricted Rights (no vesting conditions but subject to Exercise Restrictions for 1 Year to facilitate malus/clawback).	Delivered half in cash and half in restricted rights deferred for 12 months to align with shareholder interests.

4. FY21 Remuneration Overview (continued)

COMPONENT	FY21	FY22	RATIONALE
+ LONG TERM INCENTIVE			
Opportunity (grant value)	Opportunity is aligned at between 75% and 100% of TFR for KMP.	Opportunity is aligned at between 80% and 150% of TFR for KMP.	Opportunity aligned to market competitive levels.
Performance measures and targets	LTI as corporate (the Company) performance against Revenue and EBITDA targets split as follows: > 50% ROCE; and > 50% EBITDA per share.	Indexed Total Shareholder Return (30% weight) and RACE (70% weight) performance conditions. LTVR as corporate (the Company) performance against TSR and RACE measures split as follows: > 30% iTSR; and > 70% RACE.	Move to an internal and external value creation measure to be more aligned with shareholder views.
Vesting schedule	3 years.	Long Term Variable Reward (LTVR) will be seen as "earned" 12 months after grant, but subject to later outcomes testing (3 years test) – 1yr service testing only.	Reward LTVR annually, as part of the total remuneration package for the year, but subject to long-term outcomes vesting.
Delivery	Performance options.	Indeterminate performance rights (nil exercise price, may be settled in cash or shares at the Board's discretion).	Indeterminate performance rights (nil exercise price, may be settled in cash or shares at the Board's discretion).

5. Remuneration Policy and link to Performance

The Board reviews the performance conditions for the STI plan on an annual basis. The two performance conditions under the STI plan are Group EBITDA and individual KPIs (including threshold, target and stretch levels of performance).

The Board is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the Board receives detailed reports on performance which are based on independently verifiable data such as financial measures.

5.1 How performance translates into STI outcomes

The STI plan is aligned to shareholder holder interests by:

- Encouraging executives to achieve year-on-year performance in a balanced and sustainable manner (i.e. through a mix of financial and non-financial performance measures)
- Compulsory deferral of 100% of each STI award in Options acting as a retention mechanism

50% Financial

The Company must have achieved a Group EBITDA target for the year

+

50% Non-financial

- Operations Strategy
- Customer
- Growth
- People & Culture

Each Executive KMP is awarded an individual STI outcome between zero and 100% of their target. Scores are based on Group performance and individual contribution.

Remuneration Report.

5. Remuneration Policy and link to Performance (continued)

5.2 How performance translates into LTI outcome

The Committee sets the performance conditions for the LTI plan on an annual basis. The two performance conditions under the LTI plan are NPATA 3 Year Growth CAGR (75%) and NPATA Return on Adjusted Capital Employed (25%) target for the future 3 year period.

These performance conditions were selected to align the plan outcomes with commercial long-term performance that is within the executive's ability to influence. NPATA CAGR and NPATA RACE performance hurdles are set by the Board and are in line with EML's target range through the cycle. Both the NPATA CAGR and NPATA RACE performance targets will be disclosed retrospectively at the end of the performance period. The Group does not publish details of the hurdles prior to the end of the first performance period (year 3), as this would result in the disclosure of commercially sensitive information in connection with the Group's forecasts.

The LTI plan is aligned to shareholders' interests in the following ways:

- Encourages executives to make sustainable business decisions within the Board-approved strategy of the Group
- Aligns the financial interests of executives participating in the LTI Plan with shareholders through exposure to EML Options

75%
NPATA CAGR
75% of the award is subject to performance against the group's NPATA CAGR hurdle

+

25%
NPATA RACE
25% of the award is subject to performance against the Group's NPATA RACE performance

Vesting under both targets are on a sliding scale per Option against performance conditions set by the Board.

PERFORMANCE	VESTING OUTCOME
Below Threshold performance	Nil vesting
Target performance	50% vesting
Between Threshold and Outperformance	Straight line vesting
Outperformance	100% vesting

5.3 STI & LTI plan structure

STI

How much of the STI award is deferred?
100% of any award under the STI plan is deferred for one year in the form of Options to EML shares. Options deferred under the STI plan are subject to clawback and continued employment during the vesting period.

Are distributions paid on unvested Options awarded under the STI plan?
The STI is issued wholly in Options and deferred for a further 12 months, participants are entitled to the benefit of distributions paid on the underlying EML securities prior to vesting, through the issue of additional Options at the time of vesting.

When are STI awards forfeited?
Forfeiture will occur should the participant's employment terminate for any reason, or if the participant voluntarily resigns or is terminated for cause prior to the vesting date.

Notwithstanding the above, if a participant's employment is terminated for reasons such as retirement, redundancy, reorganisation, change in control or other unforeseen circumstances, the Remuneration Committee may recommend to the Board that the executive should remain in the plan as a 'good leaver'.

LTI

Do participants receive distributions on unvested LTI awards?
Participants are not entitled to distributions paid on underlying EML shares during the performance period prior to Performance Options being tested for vesting.

5. Remuneration Policy and link to Performance (continued)

5.3 STI & LTI plan structure (continued)

When are LTI awards forfeited?
If the performance conditions are not met, Performance Options relating to that tranche will be forfeited. There is no retesting of forfeited Options. Performance options are subject to clawback at the discretion of the Board.

Additionally, forfeiture will occur should the participant's employment terminate within 12 months of the grant date for any reason, or if the participant voluntarily resigns or is terminated for cause prior to the vesting date. Notwithstanding the above, if a participant's employment is terminated for reasons such as retirement, redundancy, reorganisation, change in control or other unforeseen circumstances, the Remuneration Committee may recommend for approval by the Board that the participant remain in the plan as a 'good leaver'.

Where deemed a 'good leaver' by the Board, the participant is entitled to keep a proportion of Options equivalent to the duration of the Measurement Period they were an employee.

OTHER REMUNERATION MATTERS

How is the number of options determined?
The number of Options awarded is based on a percentage of the awarded STI or LTI value divided by the volume weighted average price (VWAP) of EML securities 10 trading days up to and including the date the plan is approved by the Board.

Clawback / Malus
In addition to retaining an overarching discretion in respect of vesting outcomes, the Board will have the power to: forfeit deferred (but not yet paid) awards (i.e. malus) e.g. deferred STI; and recoup vested and paid awards (i.e. clawback). To reflect emerging best practice (and the heightened scrutiny of remuneration governance in the financial services sector), the trigger events will include: serious misconduct including fraud, dishonesty, gross negligence, recklessness or wilful indifference; a material misstatement in, or omission from EML's financial statements, or a misstatement of a performance condition applicable to the STI or LTI. Where a participant has acted or failed to act in a way that has contributed to material reputational damage to EML; and where, in the opinion of the Board acting in good faith, all or part of the initial award is no longer justified having regard to the circumstances or information which has come to light after a grant was made under the STI or LTI (e.g. poor customer outcomes).

To maximise legal enforceability, the above clawback / malus provisions is reflected in participant's service agreements (as well as the Plan Rules and offer documentation). It is intended that the Board's powers under the proposed provisions would only be exercised in exceptional circumstances.

Commencement Grants
In order to implement forward looking growth strategy, and to compete for talent globally, the Board will only consider commencement grants for Executive KMP and other executives in exceptional circumstances. Where commencement grants are made, they will be delivered in equity and subject to vesting restrictions aligned with those of forgone incentives for the individual who is joining EML. All commencement grants require approval by the Board after recommendation by the People & Remuneration Committee.

Exceptional Equity Grant
In certain exceptional circumstances, the Board will consider an equity grant for an individual or team that have outperformed and achieved results above and beyond the boundaries of the remuneration framework. Any such awards are limited to the KMP and Executive team and the size of the bonus is limited to a maximum of 50% of fixed pay to be paid in equity (not cash). Any exceptional equity grants require approval by the Board after recommendation by the Remuneration Committee.

How is the plan administered?
The administration of the STI & LTI plan is supported by the LTI plan rules. EML shares may be purchased on market or newly issued equity at the board's discretion (for all participants including the Group CEO) to satisfy the performance Options for the STI and LTI plan. The Board retains the right to amend, suspend or cancel the STI and LTI plans at any time.

Cost and administration
The Company will pay all costs of acquiring and issuing EML Shares, including brokerage and all costs of administering the ESOP. The Company prohibits the hedging of Options by participants.

Share-based payments are granted as compensation for the current year.

Board discretion
The Board has discretion to adjust remuneration outcomes to prevent any inappropriate reward outcomes including reducing (down to zero, if appropriate) any deferred STI and LTI award. The Board will only adjust remuneration outcomes where it believes to not do so would result in a material or perverse remuneration outcome to the detriment of shareholders or also to Executive KMP.

Discretion may be exercised in certain other exceptional circumstances on the grounds of business effectiveness, in relation to strategic business objectives, including in connection with the divestment or internalisation of EML businesses. Where such discretion is exercised, the Board may impose such other conditions as it considers appropriate.

The Board has broad discretion to vary the Plan Rules but not reduce the entitlements of participants in relation to previously offered Options without the consent of the participants.

Change of control
A change in control event is defined to occur when the Board recommends a takeover offer to be accepted by shareholders. In the event of a change of control, unvested Options may be exercised prior to their expiry date, regardless of whether the Vesting conditions have been met. The Board however retains discretion over the treatment of any unvested Options.

Remuneration Report.

6. FY21 EML Performance Summary

The Company is transitioning to the use of the non-statutory financial metric of Net Profit After Tax, with adjustments for all acquisition related costs (NPATA) as the key financial performance measure. The Directors believe this metric is relevant to users for the following reasons:

- Inclusive of the profit generated by the ongoing operations of the business;
- Inclusive of Interest income which is considered part of the operating business structure. The Group holds and manages large cash balances of prepaid stored value (2021: $2.1B, 2020: $1.44B);
- Inclusive of share-based payments, a non-cash expense but currently and going forward relates to executive compensation;
- Inclusive of foreign exchange gains or losses as the Company operates in multiple currencies;
- Inclusive of amortisation of software used in the operations of the Company;
- Exclusive of all acquisition related costs, including
  - Amortisation on acquired software;
  - Amortisation on acquired intangibles;
  - Fair value movements; and
  - Finance costs on contingent consideration.

NPATA

$21.0m

NPATA GROWTH

-%

The Company will continue to use the metric of Earnings Before Tax, Depreciation and Amortisation (EBITDA) as a non-statutory financial metric where appropriate as it continues to provide insight to the approximate cash operating earnings of the entity. EBITDA is equivalent to the net profit/(loss) for the period including R&D tax offset and excluding share based payments, depreciation and amortisation expense, acquisition expenses and non-cash unrealised foreign exchange included within the Statement of Profit or Loss and Other Comprehensive Income.

EBITDA

$42.2m

EBITDA GROWTH

+30%

	30 JUNE 2021 $'000	30 JUNE 2020 RESTATED (2) $'000	30 JUNE 2019 $'000	30 JUNE 2018 $'000	30 JUNE 2017 $'000
Net Profit/(Loss) after tax	(28,695)	(5,854)	8,450	2,208	9
EBITDA (1)	42,175	32,536	29,701	21,040	14,572
EBITDA cents per share	11.7	13.0	12.0	8.5	5.9
EBITDA/Return on Capital Employed	9%	6%	16%	14%	12%
NPATA (1)	21,034	21,008	20,034	12,663	n/a
NPATA cents per share	5.8	8.4	8.1	5.1	n/a
NPATA/Return on Capital Employed	5%	4%	11%	8%	n/a
Share price	3.48	3.34	2.96	1.41	1.62

(1) Refer to pages 12 and 13 for definition and calculation of EBITDA and NPATA.

(2) Refer to Note F6 for details regarding the restatement as a result of an error.

7. STI Outcomes

The annual outcomes achieved for KMP are based on EML's FY21 performance as follows:

OBJECTIVE	WEIGHTING	PERFORMANCE (Threshold / Target / Maximum)	OUTCOME (% OF OBJECT MET)	OUTCOME (% OF MAX AWARD PAYABLE)
Company Financial Objectives	50%		45.5%	91%
Strategic Objectives				
CEO	40%		35%	87.5%
CFO	40%		36.75%	91%
Individual Objectives				
CEO	10%		10%	100%
CFO	10%		10%	100%
Total				
CEO				90.5%
CFO				92.25%

Remuneration Report.

8. Remuneration Outcomes

8.1 Executive KMP remuneration outcomes for FY21

EXECUTIVE KMP FIXED REMUNERATION OUTCOMES

In line with our pay for performance approach to remuneration, fixed remuneration for our Executive KMP in FY21 comprised approximately 55% of total awarded remuneration, with the balance at risk and explicitly linked to performance.

EXECUTIVE KMP INCENTIVE OUTCOMES

In determining each Executive KMP's incentive awards for the year, the Committee carefully considered several factors with respect to each Executive KMP, including the financial performance of the group and each business function, people and culture leadership, their business judgement as well as a holistic assessment of both financial and non-financial risks, including conduct matters and outcomes for our customers and shareholders.

SHORT TERM INCENTIVES

The Board approved vesting of the FY21 KMP STI to reflect strong performance against the financial and non-financial measures which account for 50% of the STI balanced scorecard. KMP STI outcomes are shown in section 8.2.

These STI awards will be delivered wholly in equity (in accordance with our executive remuneration framework) and deferred for 12 months to further align the interests of our executives with our shareholders.

LONG TERM INCENTIVES

The Board has exercised its discretion and will award 50% against performance measures for the FY19 LTIP. The FY19 LTI is expected to partially vest at 50%, subject only to the KMP being employed as at 31 August 2021.

The Board took into consideration the significant efforts from EML management team in renegotiating a transformational business opportunity with the acquisition of PFS in early 2020.

Our Management's successful renegotiation of this transaction resulted in EML closing the deal with significant cash on hand and no debt- a strategically and financially sound position. This cash balance which is earning low returns, when combined with our significant capital raising has had a detrimental effect to our ROE calculation, and in turn affected the LTI plan outcomes.

In addition to the service condition, this plan was subject to two performance hurdles, being ROCE and EBITDA per share. Based on an assessment of the performance up to June 2021 the Board has deemed combined vesting to be at 50%.

The FY20 LTI will remain in play with the Board agreeing to assess the performance closer to the vesting date. At such time the Board may use its discretion to impose such other conditions as it considers appropriate.

NON-EXECUTIVE DIRECTOR REMUNERATION

No fee review undertaken this financial year. EML Board also agreed that there would be no individual director fee increases for FY20. At the 2019 AGM the shareholders approved the maximum aggregate fee pool of $1,250,000 per year.

8.2 Awards for FY21 performance

DEFERRED STI AND LTI GRANTS

The number of Options granted to Executive KMP is determined by dividing the Deferred STI value and LTI grant value by the VWAP of EML shares ten trading days up to and including 4 September 2020 (the date of Board Approval). The minimum value of the grant is nil if the performance conditions are not met. The maximum value is based on the estimated face value calculated at the time of grant and amortised in accordance with the accounting standard requirements.

8. Remuneration Outcomes (continued)

FY21 STI OUTCOMES

The following table shows the actual STI outcomes for each Executive KMP for FY21 the value of STI equity based on a volume weighted average price of $3.19.

EMPLOYEE	STI MAX OPPORTUNITY (% OF FIXED REMUNERATION)	ACTUAL STI (% MAX)	STI FORFEITED (% MAX)	ACTUAL STI (TOTAL) $
Thomas Cregan (1)	50%	90.50%	9.50%	$294,125
Robert Shore	50%	92.25%	7.75%	$184,500

(1) Series 42, relating to Thomas Cregan's FY21 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary Grant date has been taken to be the balance date and this will be revised upon shareholder approval.

FY21 LTI AWARDS GRANTED

The table below presents the LTI grants to Executive KMP made during FY21 that are due to vest on 31 August 2023, subject to performance conditions. The maximum total value of the LTI grants is based on the estimated face value calculated at the time of the grant and amortised in accordance with the accounting standard requirements.

	LTI GRANTS IN FY21					
	LTI MAX AS % OF FIXED REMUNERATION	PERFORMANCE MEASURES	NUMBER OF OPTIONS GRANTED	NUMBER OF OPTIONS FORFEITED	FAIR VALUE PER OPTION $	MAXIMUM TOTAL VALUE OF GRANT $
Thomas Cregan	100%	NPATA and CAGR ROCE	225,236	–	3.19	814,203
Robert Shore	75%	NPATA and CAGR ROCE	130,891	–	3.07	401,835

9. Terms of Executive KMP service agreements

EML has executive service agreements with each Executive KMP. These agreements may be terminated by written notice from either party or by the Company making a payment in lieu of notice.

The executive service agreements outline the components of remuneration paid to Executives and require the remuneration of Executives to be reviewed annually. The executive service agreements do not require the Company to increase base salary, pay a STI or offer a LTI in any given year.

The table below contains the key terms of the Executive team's service agreements for the year ended 30 June 2021.

NAME	TITLE	BASE SALARY INCLUDING SUPERANNUATION	TERMINATION NOTICE PERIOD	TERMINATION PAYMENTS
Thomas Cregan	Managing Director & Group Chief Executive Officer	AUD 650,000	3 months either party	Change of control agreement
Robert Shore	Group Chief Financial Officer	AUD 400,000	3 months either party	Change of control agreement

Remuneration Report.

10. Non-Executive Directors' Remuneration

EML aims to attract and retain a high calibre of Non-Executive Directors (NEDs) who are equipped with diverse skills to govern the organisation and oversee the decision making of EML Group Executives so as to return value for EML shareholders. EML aims to fairly remunerate Directors for their responsibilities relative to organisations of similar size and complexity.

As the Group continues on its journey as an ASX listed company with a global presence, the Group is committed to ensuring it meets the highest standards of corporate governance and external expectations, which includes the composition and independence of its Board. Ensuring the Board has the right composition and set of skills, expertise, experience and values to support the expansion and globalisation of the EML business is critical to the Group's long-term success.

Reflecting this, EML is recruiting for two new Non- Executive Directors following the retirement of Dr Kirstin Ferguson and resignation of Mr George Gresham in July 2021.

The ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 13 November 2019 when shareholders approved the maximum aggregate fee pool of $1,250,000 per year.

Each NED receives a board base fee for being a Director of the Company as well as Committee fees, with the exception of the Chairman who receives a flat fee regardless of any committee membership.

An additional fee is also paid to the following Non-Executives in their capacity as:

- Chairman and members of the Audit and Risk Committee,
- Chairman and members of the Investment Committee
- Chairman and members of the Remuneration Committee
- Chairman and members of the Culture, Governance and Nominations Committee

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers the fees paid to NEDs of comparable companies when undertaking the annual review process and in the current year engaged Godfrey Remuneration Group to perform the review the EML Group Board fees to ensure they were market competitive.

A review of NED remuneration was undertaken by the Committee in 2021, no changes to the NED fees was made.

The total NED remuneration payable in FY21 was $748,093, remaining under the maximum aggregate fee pool of $1,250,000 per year.

10.1 Summary of Fee Framework (Exclusive of statutory superannuation contribution)

	2021	2020
BOARD		
Chair	$150,000	$150,000
Member	$82,191	$82,191
AUDIT & RISK COMMITTEE		
Chair	$22,831	$22,831
Member	$10,958	$10,958
REMUNERATION COMMITTEE (FORMERLY PEOPLE & REMUNERATION COMMITTEE)		
Chair	$22,831	$22,831
Member	$10,958	$10,958
INVESTMENT COMMITTEE		
Chair	$12,000	$12,000
Member	$6,000	$6,000
CULTURE, GOVERNANCE & NOMINATIONS COMMITTEE		
Chair	$13,699	$nil
Member	$nil	$nil

10. Non-Executive Directors' Remuneration (continued)

The payment of additional fees for serving as Chairman, whether on the Board or a Committee recognises the additional time commitment required by the Chairman.

Non-Executive Directors are also entitled to be reimbursed for all business related expenses, including travel on EML business, incurred in the discharge of their duties in accordance with EML's Constitution.

Non-Executive Directors do not receive any benefits upon retirement under any retirement benefits schemes (other than statutory superannuation).

During the year ended 30 June 2021, there were no issued capital transactions with NEDs.

BENCHMARKING

Fees are set by reference to the following considerations:

- Industry practice and best principles of corporate governance;
- Responsibilities and risks attaching to the role of Non-Executive Directors;
- The time commitment expected of Non-executive Directors on Group matters; and
- Reference to fees paid to Non-Executive Directors of comparable companies.

Non-Executive Director fees are periodically reviewed to ensure they remain in line with general industry practice and reflect proper compensation for duties undertaken. External independent advice is sought in these circumstances.

11. Other

EMPLOYEE SHARE OPTION PLAN

The Company operates an ownership-based scheme for Executives and senior employees of the consolidated entity. In accordance with the provisions of the plan, as approved by shareholders at the Annual General Meeting held on 13 November 2019.

Each employee share option converts into one ordinary share of EML Payments Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights.

The number of options granted is determined by the Group CEO and is subject to Board approval. The awarding of options to Executives and senior employees, rewards employees against the extent of the consolidated entity's and individual achievements against both qualitative and quantitative requirements.

The options granted generally expire within three years of their issue, or upon the resignation of the employee to whom the options were granted.

SECURITIES TRADING POLICY

The Securities Trading Policy provides guidance to Directors, Employees (including Executive Key Management Personnel), Contractors and Associates for ongoing compliance with legal obligations relating to trading or investing in financial products managed by EML.

The Policy prohibits employees from trading in financial products while they are in possession of Inside Information (non-public price sensitive information) and hedging their exposure to unvested EML securities. Trading in EML securities or related products is only permitted with the permission of the EML Board Chairman.

The Group also has Code of Conduct and Insider Trading policies in place which extend to family members and associates of employees.

Remuneration Report.

12. Additional Disclosures

12.1 Executive shareholdings Shares under Options

The following grants of share-based payment compensation to Executive KMP relate to the current financial year. No share based payment compensation was granted to NEDs.

EMPLOYEE	OPTIONS SERIES	DATE GRANTED	DURING THE FINANCIAL YEAR NO. GRANTED DURING THE YEAR	NO. VESTED DURING THE YEAR	% OF GRANT VESTED	% OF GRANT FORFEITED
EXECUTIVE KMP						
Thomas Cregan	Series 41	30/10/2020	255,236	-	0%	0%
	Series 42[1]	1/07/2020	101,881	-	0%	10%
Robert Shore	Series 39[2]	7/09/2020	62,696	-	0%	8%
	Series 40[2]	7/09/2020	130,891	-	0%	0%

(1) Series 42, relating to Thomas Cregan's FY21 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary grant date has been taken to be the balance date and will be revised upon shareholder approval.

(2) A total of 1,928,195 options were issued under Series 39 and 40. The remaining options not disclosed above were issued to non-KMP.

OTHER TRANSACTIONS

Where Directors had other transactions with the Company, particulars of those transactions, which do not form part of this Remuneration Report, are shown at Note G1 to the Financial Statements.

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

EMPLOYEE	OPTIONS SERIES	VALUE OF THE OPTIONS GRANTED AT THE GRANT DATE[1] $	VALUE OF THE OPTIONS EXERCISED AT THE EXERCISED DATE[2] $	VALUE OF THE OPTIONS LAPSED AT THE LAPSED DATE $
EXECUTIVE KMP				
Thomas Cregan	Series 20 & 32	-	1,711,152	-
Thomas Cregan	Series 41 & 42[3]	1,168,749	-	-
Robert Shore	Series 20 & 29	-	428,250	-
Robert Shore	Series 39 & 40	594,312	-	-

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

(2) The value of options exercised at the exercise date was based on the number of shares actually awarded to the KMP at the market value of the shares on the date exercised. Thomas Cregan and Robert Shore exercised 346,575 and 41,589 share options respectively in Series 20 on 27 August 2020 when the Company's share price was $3.22. Thomas Cregan exercised 185,994 share options in Series 32 on 28 August 2020 when the Company's share price was $3.20. Robert Shore exercised 99,774 share options in Series 29 on 4 August 2020 when the Company's share price was $2.95.

(3) Series 42, relating to Thomas Cregan's FY21 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary grant date has been taken to be the balance date and will be revised upon shareholder approval.

12. Additional Disclosures (continued)

12.2 Shares under option

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

OPTIONS – SERIES	SHARE OPTION PLAN	GRANT DATE	VEST DATE	EXPIRY DATE	NUMBER OUTSTANDING AT DATE OF REPORT	FAIR VALUE AT GRANT DATE	EXERCISE PRICE
Series 27	ESOP 2	24/09/2018	01/09/2021	30/10/2021	195,782	$1.26	$0.00
Series 28	ESOP 2	24/09/2018	01/09/2021	30/10/2021	77,948	$1.26	$0.00
Series 33	ESOP 2	20/08/2019	01/07/2022	29/08/2022	104,530	$2.47	$0.00
Series 34	ESOP 2	13/11/2019	01/07/2022	29/08/2022	226,481	$3.48	$0.00
Series 39	ESOP 2	07/09/2020	01/07/2022	29/08/2022	57,837	$3.07	$0.00
Series 40	ESOP 2	07/09/2020	31/08/2023	30/10/2023	130,891	$3.07	$0.00
Series 41	ESOP 2	30/10/2020	31/08/2023	30/10/2023	255,236	$3.19	$0.00
Series 42[1]	ESOP 2	30/06/2021	01/07/2022	29/08/2022	92,202	$3.48	$0.00

(1) Series 42, relating to Thomas Cregan's FY21 STIP has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary Grant date has been taken to be balance date and will be revised upon shareholder approval.

OPTION SERIES SUBJECT TO PERFORMANCE HURDLES VESTING CONDITIONS:

	SERIES 33, 34 & 37	SERIES 35 & 36	SERIES 40, 41, 43 & 44	SERIES 39 & 42
OPTIONS- SERIES	FY20 LTIP	FY20 STIP	FY21 LTIP	FY21 STIP
FINANCIAL YEAR IN WHICH PERFORMANCE HURDLES WILL BE MEASURED	FY20-FY22	FY20	FY21-FY23	FY21
HURDLES REFERENCED TO	Group results	Group results	Group results	Group results
THRESHOLD FINANCIAL PERFORMANCE HURDLES				
(a) EBITDA	n/a	>36M	n/a	>33.0m
(b) EBITDA per share	>0.206	n/a	n/a	n/a
(c) Return on Capital Employed	>14.5%	n/a	n/a	n/a
(d) NPATA and CAGR	n/a	n/a	>12.5%	n/a
(e) NPATA per share	n/a	n/a	>12.5%	n/a
OTHER PERFORMANCE HURDLES				
(d) Performance evaluation	n/a	Individual KPIs	n/a	Individual KPIs

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12. Additional Disclosures (continued)

12.2 Shares under option (continued)

NUMBER OF PERFORMANCE HURDLES REQUIRED FOR OPTIONS TO VEST

Series 27 & 28 - FY19 LTIP

Series 27 and 28 financial metrics are split evenly between 50% EBITDA per share and 50% Return on Capital Employed targets. The Company must have achieved a threshold EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all Options the subject of this offer. Calculation of the number of options is based on outperformance.

Series 29 & 32 - FY19 STIP

Series 29 and 32 are weighted between 50% Group EBITDA target for FY19 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY19. Award is delivered wholly in Options. A vesting period of 1 year applies to all Options the subject of this offer. The 1 year commences on 1 July 2019. Even assuming all other vesting conditions that apply to these Options are met, they cannot exercise the Options until the expiry of that 1 year period. The number of options is a based on a straight-line calculation between threshold and outperformance.

Series 32 was approved by shareholders at the AGM during November 2019.

Series 33, 34 & 37 - FY20 LTIP

Series 33, 34 and 37 financial metrics are split evenly between 50% EBITDA per share and 50% Return on Capital Employed targets.

The Company must have achieved a compulsory EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all Options the subject of this offer. Calculation of the number of options is based on outperformance.

Series 35 & 36 - FY20 STIP

Series 35 and 36 are weighted between 50% Group EBITDA target for FY20 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY21. Award is delivered wholly in Options. A Vesting Period of 1 year applies to all Options the subject of this offer. The 1 year commences on 1 July 2020. Even assuming all other Vesting Conditions that apply to these Options are met, they cannot exercise the Options until the expiry of that 1 year period. The number of options is based on a straight-line calculation between threshold and outperformance.

Series 35 was approved by shareholders at the AGM during October 2020.

Series 40, 41, 43 & 44 - FY21 LTIP

Series 40, 41, 43 and 44 financial metrics are split evenly between 50% NPATA per share and 50% Return on Capital Employed targets.

The Company must have achieved a compulsory EBITDA per share and a Return on Capital Employed (ROCE) target in FY21. Both performance metrics are based on a straight line vesting between threshold and outperformance of targets. A vesting period of 3 years applies to all Options the subject of this offer. Calculation of the number of options is based on outperformance.

Series 39 & 42 - FY21 STIP

Series 39 and 42 are weighted between 50% Group NPATA target for FY21 and 50% the individual's achievement of specific key performance indicators ("KPIs") for FY22. Award is delivered wholly in Options. A Vesting Period of 1 year applies to all Options the subject of this offer. The 1 year commences on 1 July 2021. Even assuming all other Vesting Conditions that apply to these Options are met, they cannot exercise the Options until the expiry of that 1 year period. The number of options is based on a straight-line calculation between threshold and outperformance.

Series 42 has been recognised for accounting purposes as the service period has commenced. However, shareholder approval will be sought at the AGM during November 2021. In accordance with accounting standards, the temporary Grant date has been taken to be the balance date and this will be revised upon.

12. Additional Disclosures (continued)

12.3 KMP Compensation

		SHORT-TERM EMPLOYEE BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS	SHARE-BASED PAYMENTS				
		SALARY & FEES $	BONUSES $	NON-MONETARY BENEFITS $	OTHER $	SUPERANNUATION $	LONG-SERVICE LEAVE $	OPTIONS $	SHARES $	TOTAL $	PERFORMANCE RELATED %	VALUE OF SHARE-BASED PAYMENTS AS A % OF REMUNERATION %
NON-EXECUTIVE DIRECTORS												
Peter Martin	2021	150,000	-	-	-	14,250	-	-	-	164,250	-	-
	2020	150,000	-	-	-	14,250	-	-	-	164,250	-	-
Tony Adcock	2021	111,023	-	-	-	10,547	-	-	-	121,570	-	-
	2020	111,023	-	-	-	10,547	-	-	-	121,570	-	-
David Liddy AM (1)	2021	119,772	-	-	-	11,378	-	-	-	131,150	-	-
	2020	111,686	-	-	-	10,610	-	-	-	122,296	-	-
Dr Kirstin Ferguson (2)	2021	95,894	-	-	-	9,110	-	-	-	105,004	-	-
	2020	103,621	-	-	-	9,844	-	-	-	113,465	-	-
Melanie Wilson (3)	2021	115,140	-	-	-	-	-	-	-	115,140	-	-
	2020	115,140	-	-	-	-	-	-	-	115,140	-	-
George W Gresham (4)	2021	110,979	-	-	-	-	-	-	-	110,979	-	-
	2020	9,458	-	-	-	-	-	-	-	9,458	-	-
EXECUTIVE DIRECTOR												
Thomas Cregan	2021	628,306	-	4,857	-	21,694	-	779,371	-	1,434,228	54%	54%
	2020	628,997	-	-	-	21,003	-	937,758	-	1,587,758	59%	59%
OTHER EXECUTIVES												
Robert Shore	2021	378,306	-	-	-	21,694	-	332,925	-	732,925	46%	46%
	2020	378,997	-	-	-	21,003	-	282,976	-	682,976	41%	41%
Brandon Thompson (5)	2021	-	-	-	-	-	-	-	-	-	-%	-%
	2020	509,130	-	52,996	-	13,995	-	(224,176)	-	351,945	(64%)	(64%)
Total KMP compensation	**2021**	**1,709,420**	**-**	**4,857**	**-**	**88,673**	**-**	**1,112,296**	**-**	**2,915,246**	**38%**	**38%**
	2020	2,118,052	-	52,996	-	101,252	-	996,558	-	3,268,858	30%	30%

(1) David Liddy AM was appointed as Chair of the People and Remuneration Committee effective 20 May 2020. David Liddy AM resigned as a member of the Audit and Risk Committee effective 20 April 2021.

(2) Dr Kirstin Ferguson resigned as Chair of the People and Remuneration Committee effective 20 May 2020. Dr Kirstin Ferguson was appointed as the Chair of the Culture, Governance and Nominations Committee effective 20 April 2021.

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

(4) George Gresham was appointed as a Non-Executive Director on 18 May 2020. No cash payment was made in the financial year ended 30 June 2020. George Gresham was appointed a member of the Audit & Risk Committee and Investment Committee effective 1 July 2020. George Gresham was appointed a member of the People and Remuneration Committee effective 20 April 2021. George Gresham was appointed a member of the Culture, Governance and Nominations Committee effective 1 June 2021. George Gresham resigned from the Board of EML effective 29 July 2021.

(5) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020.

Remuneration Report.

12. Additional Disclosures (continued)

12.4 Actual Cash Remuneration for Executive KMP Earned in FY21

The table below represents:

- Total Fixed Remuneration, including Base salary including superannuation and non-monetary benefits such as travel and mobile phone allowances;
- Cash STI paid during the year;
- STI Vested – the value of STI that vested during the financial year using the share price on the date of vesting less any employee contribution; and
- LTI Vested – the value of LTI that vested during the financial year using the share price on the date of vesting less any employee contribution.

EXECUTIVE KMP	TOTAL FIXED REMUNERATION $	CASH STI $	STI VESTED $	LTI VESTED $	TOTAL REMUNERATION $
Thomas Cregan	654,857	-	595,181	1,115,971	2,366,009
Robert Shore	400,000	-	294,333	133,917	828,250
	1,054,857	**-**	**889,514**	**1,249,888**	**3,194,259**

12.5 Total Cash Remuneration for Non-Executive Directors

	BASE SALARY $	SUPERANNUATION $	TOTAL FIXED REMUNERATION(1) $
NON-EXECUTIVE DIRECTORS			
Peter Martin	150,000	14,250	164,250
Tony Adcock	111,023	10,547	121,570
David Liddy AM	119,772	11,378	131,150
Dr Kirstin Ferguson	95,894	9,110	105,004
Melanie Wilson (2)	115,140	-	115,140
George Gresham (3)	126,665	-	126,665
	718,494	**45,285**	**763,779**

(1) Total Fixed Remuneration, includes base salary, superannuation, non-monetary and other remuneration.

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

(3) George Gresham was appointed as a Non-Executive Director on 18 May 2020. No cash payment was made in the financial year ended 30 June 2020. The cash payment for the financial year ended 30 June 2021 includes George's cash payment from the financial year ended 30 June 2020.

12. Additional Disclosures (continued)

12.6 Ordinary shares held in EML Payments Limited by Directors and Executive KMP

		BALANCE AT BEGINNING OF YEAR	GRANTED AS REMUNERATION	ON EXERCISE OF OPTIONS	NET CHANGE	BALANCE AT END OF YEAR
NON-EXECUTIVE DIRECTORS						
Peter Martin	2021	7,318,992	-	-	(582,672)	6,736,320
	2020	7,655,213	-	-	(336,221)	7,318,992
Tony Adcock	2021	25,000	-	-	-	25,000
	2020	50,000	-	-	(25,000)	25,000
David Liddy AM	2021	960,000	-	-	-	960,000
	2020	800,000	-	-	160,000	960,000
Dr Kirstin Ferguson	2021	18,323	-	-	-	18,323
	2020	-	-	-	18,323	18,323
Melanie Wilson	2021	48,000	-	-	-	48,000
	2020	40,000	-	-	8,000	48,000
George Gresham	2021	-	-	-	-	-
	2020	-	-	-	-	-
EXECUTIVE DIRECTOR						
Thomas Cregan	2021	17,935,946	-	532,569	(3,198,258)	15,270,257
	2020	16,474,723	-	-	1,461,223	17,935,946
OTHER EXECUTIVES						
Robert Shore	2021	50,000	-	141,363	-	191,363
	2020	87,500	-	-	(37,500)	50,000
Brandon Thompson (1)	2021	-	-	-	-	-
	2020	350,000	-	-	(350,000)	-
Total Directors and Executive KMP ordinary shares held in EML Payments Limited	**2021**	**26,356,261**	**-**	**673,932**	**(3,780,930)**	**23,249,263**
	2020	25,457,436	-	-	898,825	26,356,261

(1) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020.

Remuneration Report.

12. Additional Disclosures (continued)

12.7 Option holdings of Executive KMP (number)

		OPENING BALANCE	GRANTED AS REMUNERATION	OPTIONS EXERCISED	OPTIONS CANCELLED	NET CHANGE OTHER	CLOSING BALANCE	BALANCE VESTED AT 30 JUNE 2021	VESTED BUT NOT EXERCISABLE	VESTED AND EXERCISABLE	OPTIONS VESTED DURING YEAR
EXECUTIVE DIRECTOR											
Thomas Cregan	2021	1,207,236	357,117	(532,569)	(205,463)	-	826,321	-	-	-	-
	2020	954,272	339,721	-	(86,757)	-	1,207,236	-	-	-	-
OTHER EXECUTIVES											
Robert Shore	2020	436,631	193,587	(141,363)	(75,124)	-	413,731	-	-	-	-
	2020	300,875	174,216	-	(38,460)	-	436,631	-	-	-	-
Brandon Thompson [1]	2021	-	-	-	-	-	-	-	-	-	-
	2020	546,384	237,948	(83,390)	-	(700,942)	-	-	-	-	-
Total options held by Executive KMP	**2021**	**1,643,867**	**550,704**	**(673,932)**	**(280,587)**	**-**	**1,240,052**	**-**	**-**	**-**	**-**
	2020	1,801,531	751,885	(83,390)	(125,217)	(700,942)	1,643,867	-	-	-	-

(1) Brandon Thompson resigned as Group Chief Commercial Officer effective 5 June 2020.

No options were held by the Non-Executive Directors during the financial year ended 30 June 2021 (2020: Nil).

Directors' Declaration.

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

The Directors declare that:

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

(b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note G4 to the financial statements

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

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

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

Peter Martin

Peter Martin
Non-executive Chairman

17 August 2021

Independent Auditor's Report.

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of EML Payments Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Key Audit Matters

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

Independent Auditor's Report.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Acquisition of Prepaid Financial Services Group As disclosed in note F6, on 31 March 2020, the Group acquired 100% ownership of Prepaid Financial Services (Ireland) Limited and its subsidiaries (collectively referred to as the 'Prepaid Financial Services Group' or 'PFS Group'). The following matters associated with the PFS Group have arisen in the current year impacting the financial statements: - Identification and correction of a prior period error in the acquisition balance sheet as at 31 March 2020 with consequential restatement of the consolidated financial statements for the year ended 30 June 2020; and - A regulator (Central Bank of Ireland ('CBI')) investigation. Correction of prior period error: As disclosed in Note F6, the Group identified an error in the PFS Group in connection with the accelerated conversion to cash of dormant funds and expired e-money accounts. The electronic money regulations ("EMRs") prescribe that the stored value funds on these accounts remain safeguarded for a period after the date of expiry and may result in the recognition of revenue and cash flow in a future period when the safeguarding obligation ends. The Group did not recognise a liability for such stored value amounts in the acquisition accounting for the PFS Group. The error relates to the period prior to the Group's acquisition, was identified outside of the measurement period and related to information that could reasonably be expected to have been obtained at the acquisition date. The Group has restated the acquisition accounting at 31 March 2020 to correct for this error. As a result of restating the acquisition accounting at 31 March 2020 there were consequential adjustments resulting in restatement of the consolidated financial statements for the year ended 30 June 2020. The amounts involved in this restatement are material and there is a significant level of complexity in accounting for the error. CBI investigation: As disclosed in Note B9 and F6, in May 2021 PFS Card Services Ireland Limited ('PCSIL') received correspondence from the Central Bank of Ireland ('CBI') raising significant regulatory concerns ('the regulatory concerns'). The investigation is still ongoing. As at 30 June 2021, the Group recognised a provision of $9.9 million for the likely costs that will be incurred to reach a resolution of the regulatory concerns. Provisions for any potential fine or enforcement action have been made after receipt of legal advice.	Correction of prior period error: In conjunction with the component auditor, valuation specialists and internal specialists, our audit procedures included, but were not limited to: • Obtaining an understanding of the nature of the error through inquiries and review of correspondence with advisors; • Evaluating the information used to quantify the error; • Evaluating and challenging the accounting treatment applied against the requirements in the relevant accounting standards; • Assessing the impact of correcting the error on the purchase price allocation for the PFS Group acquisition; • Assessing the impact of the correction of the purchase price allocation on the consolidated financial statements for the year ended 30 June 2020; and • Assessing the appropriateness of the disclosures in note F6 to the financial statements CBI investigation: In conjunction with the component auditor and subject matter experts, we have challenged management's assessment of the financial consequences of the regulatory concerns on the Group's financial statements through procedures including but not limited to: • Obtaining an understanding of the nature of the regulatory concerns raised by CBI through inspection of the correspondence received from CBI and related documentation, and inquiries with internal legal counsel, senior members of management and the Directors; • Obtaining an understanding of the status of the CBI regulatory matter at the date of this report and related remediation processes; • Reviewing documentation prepared by the Group and holding discussions with external legal counsel advising the Group on the matter regarding the approach and methodology utilised in estimating the provision; and • Assessing the appropriateness of the disclosures in notes B9 and F6 to the financial statements Contingent Consideration: In conjunction with the component auditor, our procedures to evaluate management's assessment of the impact of the regulatory concerns and remediation processes on the fair value of the contingent consideration included but were not limited to: • Challenging management's assessment of the various scenarios that may exist as a result of the regulatory concerns and how these have been considered in the valuation, including the probability applied to the scenarios and performing sensitivity analysis on the scenarios and probability assessments; • Assessing whether forecast cash flows had been determined and applied on a consistent basis and were consistent with the most up-to-date budget formally approved by the Board;

Independent Auditor's Report.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
This provision involves significant management estimation of the probability and quantum of outflows for remediation and potential fines or enforcement costs associated with the regulatory concerns. <u>Contingent considerations relating to earn out:</u> As disclosed in Note D5 and F6, there is significant management estimation involved in determining the fair value of the contingent consideration as at 30 June 2021. The increased costs incurred by the PFS Group as a result of the regulatory concerns as well as the future breakage income resulting from the correction of the prior period error has impacted the estimation of the expected contingent consideration payable. Further, the estimated EBITDA used in the calculations are subject to interpretation of costs included and excluded from EBITDA based on the Share Purchase Agreement. At 30 June 2021 the fair value of the contingent consideration is $14.3 million.	• Assessing and challenging the inputs to the calculation of the fair value of the contingent consideration against the contractual terms of the share purchase agreement, including holding discussions with professional advisors to support inclusion of the increased costs incurred as a result of the regulatory concerns; and • Assessing the appropriateness of the disclosures in Notes D5 and F6 to the financial statements.
Recoverability of the carrying value of non current assets including goodwill and customer related intangible assets As disclosed in Note E3, the Group has goodwill totalling $235.9 million arising from the acquisitions of businesses. The Group has identified the following Cash Generating Units (CGUs) to which this goodwill is allocated: - Australia; - Europe; - North America; and - Prepaid Financial Services Group Management conducts annual impairment tests to assess the recoverability of the carrying value of non-current assets. This assessment requires significant judgement due to the high level of assumptions and estimates involved in preparing a discounted cash flow model ('value in use'), including: - Future cash flows for the CGUs; - Discount rates; and - Terminal value growth rates. As disclosed in Note E3, management's assessment of the recoverable amount of the Prepaid Financial Services Group CGU required significant judgement with regard to the possible impact of the CBI investigation including the estimation of future cash flows for the CGU, adjusted with probability weightings specific to probable outcome scenarios.	To evaluate the Group's assessment of the recoverable amount of the Group's CGUs, we performed a number of procedures including the following: • Evaluating the appropriateness of management's identification of the Group's CGUs and understanding key controls over the Group's impairment assessment process; • Assessing whether the carrying value of the CGUs included all assets, liabilities and cashflows directly attributable to the CGU and a reasonable allocation of corporate overheads; • Evaluating the Group's historical ability to forecast future cashflows by comparing budgets with actual results; • Assessing the reasonableness of the projected cash flows against external economic and financial data; • Testing that forecast cashflows used in the model were consistent with the most up-to-date budget formally approved by the Board and other estimates made by the Group; • Assessing, with assistance from our valuation specialists: • the key assumptions used by management in the impairment model, in particular challenging the assumptions used in calculating discount rates and terminal growth rates; and • the mathematical accuracy of the impairment models; • In respect of the Prepaid Financial Services Group CGU, challenging management's assessment of the various scenarios that may exist as a result of the regulatory concerns and how these have been considered in the impairment model including the probability applied to

Independent Auditor's Report.

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
	the scenarios and performing sensitivity analysis on the scenarios and probability assessments; and • Assessing the recoverable amount against the carrying value of each CGU. We also evaluated the appropriateness of the Group's disclosures in Note E3 to the financial statements.
Accounting for breakage and Account Management Fees (AMF) revenue As disclosed in Note A1, the Group recognised $12.8 million of AMF revenue and $24.3 million of breakage revenue in the financial year ended 30 June 2021. As set out in Note A1, management has disclosed a key judgement made in the process of applying the Group's accounting policies in respect of breakage and AMF revenue. For breakage revenue, management is required to exercise significant judgment in estimating the expected residual non-refundable, unredeemed and unspent funds value left on cards and in accruing for breakage revenue in proportion to the historical pattern of rights exercised by the customer. In accounting for breakage and AMF revenue management has determined that it is appropriate to apply AASB 15 *Revenue from Contracts with Customers* to residual unspent funds on cards.	Our audit procedures included, but were not limited to: • Assessing the Group's accounting policy for breakage and AMF revenue against the requirements of AASB 15 through evaluating management's analysis on the application of AASB 15 to the Group's revenue from contracts with customers across the Group's card programs; • Providing direction and supervision for audit procedures on breakage and AMF revenue performed by the component audit teams; • Understanding key controls over the Group's breakage and AMF revenue recognition process; • Understanding, evaluating and challenging management's assumptions of expected residual percentages and pattern of rights of exercise with regards to actual historical data, market specific trends, and existing economic conditions for each program; • Developing an independent estimate using historical breakage rates and investigating any significant differences from management's estimate; • Assessing whether the impact of applying alternative accounting judgements, including accounting for certain of the Group's card programs under alternate accounting standards, would impact the users of the financial statements; and • Evaluating the Group's disclosures in Note A1 to the financial statements in respect of the judgements applied by management in the application of the Group's accounting policies.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

Independent Auditor's Report.

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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

Deloitte.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 56 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of EML Payments Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy
Partner
Chartered Accountants
Brisbane, 17 August 2021

Auditor's Independence Declaration.

Deloitte.

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

17 August 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 audit of the financial report of EML Payments Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrea Roy
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income.

For the year ended 30 June 2021

	NOTES	CONSOLIDATED 30 JUNE 2021 $'000	CONSOLIDATED 30 JUNE 2020 RESTATED (1) $'000
Revenue from contracts with customers	A1	187,141	117,284
Interest income	A1	5,077	3,675
Total Revenue		192,218	120,959
Cost of sales		(63,800)	(32,884)
Gross Profit		**128,418**	**88,075**
Other income	A1	178	3,137
Fair value loss on contingent consideration	D5	(16,211)	-
Employee benefits expense		(53,834)	(39,073)
Professional fees	A4	(15,315)	(2,999)
Share-based payments	F3	(4,967)	(6,146)
Depreciation and amortisation expense	E1, E2	(29,836)	(19,119)
Acquisition costs		(3,431)	(15,794)
Finance costs	A3	(1,983)	(2,536)
Other operating expenses	A4	(20,197)	(15,481)
Other non-operating (expense)/benefit	A4	(6,103)	2,074
Total Expenses		**(151,877)**	**(99,074)**
(Loss)/Profit before income tax		(23,281)	(7,862)
Income tax (expense)/benefit	A5	(5,414)	719
Net (Loss)/Profit for the year		**(28,695)**	**(7,143)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(3,428)	(22,860)
Gain on fair valuation of cashflow hedge, net of tax		262	-
Gain on fair valuation of financial asset held at fair value through other comprehensive income		1,806	-
Other comprehensive income for the year, net of income tax		(1,360)	(22,860)
Total comprehensive (loss) for the year		**(30,055)**	**(30,003)**
(LOSS) PER SHARE (CENTS PER SHARE)	A7		
Basic (cents per share)		(7.96)	(2.35)
Diluted (cents per share)		(7.96)	(2.35)

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

The accompanying notes form part of these financial statements.

Statement of Financial Position.

As at 30 June 2021

	NOTES	CONSOLIDATED 30 JUNE 2021 $'000	30 JUNE 2020 RESTATED (1) $'000
CURRENT ASSETS			
Cash and cash equivalents	B1	141,228	118,381
Contract assets	B3	16,363	22,344
Trade and other receivables	B4	21,955	21,664
Other current assets	B5	7,583	5,297
Current tax receivable		6,455	7,493
Derivative financial instrument	D6	375	-
Segregated funds and bond investments	D1	1,409,552	833,407
Total Current Assets		**1,603,511**	**1,008,586**
NON-CURRENT ASSETS			
Contract assets	B3	10,219	9,485
Trade and other receivables	B4	6,656	7,351
Segregated funds and bond investments	D1	274,024	443,214
Financial assets	D4	11,537	702
Plant, equipment and right-of-use assets	E1	11,245	14,629
Intangibles	E2	350,133	371,714
Deferred tax asset	A5	21,453	25,044
Total Non-Current Assets		**685,267**	**872,139**
Total Assets		**2,288,778**	**1,880,725**
CURRENT LIABILITIES			
Trade and other payables	B6	62,868	47,463
Lease liabilities	B8	1,726	2,342
Employee benefits		1,969	1,600
Current tax payable		6,034	2,634
Interest-bearing borrowings	D3	1,385	-
Other liabilities		1,189	847
Provisions	B9	10,801	3,585
Contingent consideration	D5, F6	863	4,328
Liabilities to stored value account holders	D2	1,705,957	1,295,035
Total Current Liabilities		**1,792,792**	**1,357,834**
NON-CURRENT LIABILITIES			
Other liabilities	B7	10,409	10,565
Lease liabilities	B8	5,155	6,808
Employee benefits		111	76
Interest-bearing borrowings	D3	36,860	35,848
Contingent consideration	D5, F6	14,280	11,054
Deferred tax liabilities	A5	14,276	18,298
Total Non-Current Liabilities		**81,091**	**82,649**
Total Liabilities		**1,873,883**	**1,440,483**
Net Assets		**414,895**	**440,242**
EQUITY			
Issued capital	F1	456,157	455,583
Accumulated losses		(55,761)	(27,067)
Foreign currency translation reserve	F2	(26,208)	(22,780)
Share and option reserves	F2	41,510	37,377
Other reserves	F2	(803)	(2,871)
Total Equity		**414,895**	**440,242**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

All on-demand liabilities to stored value account holders are classified as current liabilities, whereas a portion of the surplus segregated funds are classified as non-current. This results in the presentation of a net current liability position. Refer to Notes D1, D2 and G4.

Statement of Cash Flows.

For the year ended 30 June 2021

	NOTES	CONSOLIDATED 30 JUNE 2021 $'000	30 JUNE 2020 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		191,921	121,043
Payments to suppliers and employees		(143,866)	(90,401)
Tax paid		(2,877)	(716)
Payments for acquisition related expenses		(3,431)	(15,794)
Interest paid		-	(270)
Interest received		7,071	5,182
Gain on cashflow hedge	A1, D3	-	3,026
Net cash generated by operating activities	B2	**48,818**	**22,070**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment	E1	(1,098)	(1,538)
Payments for intangibles	E2	(11,520)	(9,456)
Payment of contingent consideration	D5	(3,544)	(1,090)
Payment for business combinations, net of cash acquired	F6	-	(142,531)
Payment for financial assets		(9,830)	-
Net cash used in investing activities		**(25,992)**	**(154,615)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	F1	-	248,206
Payments for share issue costs		573	(7,401)
Payments for principal relating to lease liability		(1,196)	(1,661)
Payment for acquisition of non-controlling interests	F6	-	(4,274)
Repayments of interest-bearing borrowings	D3	-	(15,000)
Net cash provided from financing activities		**(623)**	**219,870**
Net increase / (decrease) in cash held		22,203	87,325
Cash at beginning of the year		118,381	33,085
Impacts of foreign exchange		644	(2,029)
Cash at end of the year	B1	**141,228**	**118,381**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity.

For the year ended 30 June 2021

	NOTES	ISSUED CAPITAL $'000	ACCUMULATED LOSSES RESTATED [1] $'000	FOREIGN CURRENCY TRANSLATION RESERVE RESTATED [1] $'000	SHARE AND OPTIONS RESERVES $'000	OTHER RESERVES $'000	TOTAL RESTATED [1] $'000
BALANCE AT 1 JULY 2019		138,097	(21,614)	80	28,903	(1,181)	144,285
TOTAL COMPREHENSIVE LOSS							
– Loss for the year		-	(7,143)	-	-	-	(7,143)
OTHER COMPREHENSIVE LOSS							
– Unrealised foreign currency loss, net of tax		-	-	(22,860)	-	-	(22,860)
– Disposal of financial asset at FVOCI		-	(1,184)	-	-	1,184	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	(8,327)	(22,860)	-	1,184	(30,003)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY							
– Share-based payments		-	-	-	8,474	-	8,474
– Issue of share capital	F1	324,887	-	-	-	-	324,887
– Issue costs, net of tax		(7,401)	-	-	-	-	(7,401)
– Other reserves transfer		-	2,874	-	-	(2,874)	-
Restated balance at 30 June 2020		**455,583**	**(27,067)**	**(22,780)**	**37,377**	**(2,871)**	**440,242**
RESTATED BALANCE AT 1 JULY 2020		455,583	(27,067)	(22,780)	37,377	(2,871)	440,242
TOTAL COMPREHENSIVE INCOME							
— (Loss)/Profit for the year		-	(28,694)	-	-	-	(28,694)
OTHER COMPREHENSIVE LOSS							
— Unrealised foreign currency loss, net of tax		-	-	(3,428)	-	-	(3,428)
— Gain on fair valuation of cashflow hedge, net of tax		-	-	-	-	262	262
— Gain on fair valuation of financial asset held at fair value through other comprehensive income		-	-	-	-	1,806	1,806
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		-	(28,694)	(3,428)	-	2,068	(30,054)
TRANSACTIONS RECORDED DIRECTLY IN EQUITY							
— Share-based payments		-	-	-	4,133	-	4,133
— Issue of share capital	F1	-	-	-	-	-	-
— Issue costs, net of tax		574	-	-	-	-	574
Balance at 30 June 2021		**456,157**	**(55,761)**	**(26,208)**	**41,510**	**(803)**	**414,895**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.
The accompanying notes form part of these financial statements.

Notes to the Financial Statements.

A1 Revenue, Interest Income and Other Income

The following revenue, interest income and other income items are relevant in explaining the financial performance for the year.

	CONSOLIDATED 30 JUNE 2021 $'000	CONSOLIDATED 30 JUNE 2020 $'000
(A) REVENUE FROM CONTRACTS WITH CUSTOMERS		
Recurring revenue – Transaction based revenue	122,191	77,868
Recurring revenue – Service-based revenue		
- Account management fee	12,817	8,581
- Breakage revenue [2]	24,255	17,123
Non-recurring revenue – Establishment revenue	27,878	13,712
	187,141	**117,284**
(B) INTEREST INCOME		
Interest income – Stored value	1,057	1,417
Interest income – Group funds	96	931
Interest income – Bond investments [1]	3,924	1,327
	5,077	**3,675**
(C) OTHER INCOME		
Gain on cashflow hedge	-	3,026
Fair value gain on financial asset held at FVTPL (Refer to Note D4)	-	101
Other income	178	10
	178	**3,137**

(1) Interest income - Bond investments includes a reduction of $1,958,000 (2020: $671,000) for the non-cash amortisation of the AASB 3 fair value uplift of the PFS bond portfolio at acquisition date.
(2) North America benefited from $11.1 million in higher breakage rates and a one-off revenue benefit.

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

(i) Recurring Revenue

The Group's Recurring revenue, including Breakage revenue and Transaction fees are categorised together due to their recurring nature. It is recorded net of commissions.

TRANSACTION BASED REVENUE (FIXED CONSIDERATION)

The Group generates fixed consideration from cardholder transactions. This revenue includes transaction fees and fees generated from interchange.

Transaction and Interchange fees

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

Revenue is recognised at the point in time the service has been provided to the cardholder. The transaction price is fixed and determined with reference to the contracted terms.

Notes to the Financial Statements.

A1 Revenue, Interest Income and Other Income (continued)

SERVICE-BASED REVENUE (VARIABLE CONSIDERATION)

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

Account Management Fees (AMF)

AMF is an amount which is generated from monthly charges on inactive cardholder accounts. The Group's performance obligation is with the cardholder and either relates to redemption of value through goods and services, not cash, or providing the infrastructure to settle in goods and services, up to the card balance.

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

Significant accounting judgements and estimates relating to AMF are described further below.

Breakage revenue

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

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

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

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

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

Significant accounting judgements and estimates relating to Breakage revenue are described further on page 71.

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 Revenue from Contracts with Customers. 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 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's estimates of effective AMF rates. We have assessed this information for the impacts of COVID-19. At the balance date, the Group has considered the eighteen months of data available which demonstrates evidence of a slowdown in consumer spending. Where appropriate, the Group has exercised judgement and has incorporated this into estimated effective AMF rates. 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.

A1 Revenue, Interest Income and Other Income (continued)

Partially unsatisfied performance obligations

The aggregate amount of the transaction price allocated to performance obligations that are partially unsatisfied and will be received in over 12 months as at the reporting date is $10,219,000 (2020: $9,485,000). Amounts under 12 months are not included because the Group has elected to adopt the practical expedient available in AASB 15 paragraph 63. This value represents the timing difference between recognition of revenue over the cardholder spend profile and finalisation of performance obligations.

The Group has considered whether there is a significant financing component and have concluded there is no existence. Refer to Note B3 for further information.

Dormant state accounts revenue

The Group expects to generate revenue from general purpose reloadable products where a balance expires unused. In accordance with the relevant Electronic Money Regulations ('EMRs'), accounts become dormant following expiry of the product and termination of the agreement with the end user. Subject to redemption fees or dormancy fees as outlined in the applicable terms and conditions, balances may convert to revenue at the point the liability to the customer is no longer required to be retained by the Group under relevant EMRs. This time period varies depending on the jurisdiction under which the product was issued. Once calculated, the amount of liability to be extinguished will be approved by the Business Risk and Compliance Committee. This revenue will only be recognised once the liability is extinguished and revenue will be recognised net of commission to our partners.

No revenue was recognised for this revenue stream in the financial year ended 30 June 2021 (2020: $nil).

(ii) Non-recurring Revenue

ESTABLISHMENT REVENUE

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

Card sales revenue is recognised when the order is confirmed by the client as this represents the point in time at which the Group has satisfied its performance obligation and the Group has the right to consideration. Card orders are highly branded to the client's specific requirements and are unable to be repurposed. Following shipment, the client has full discretion over the manner of distribution and bears the risks of obsolescence and loss in relation to the card.

(iii) Interest Income

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

KEY JUDGEMENTS AND ESTIMATIONS - BREAKAGE REVENUE

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

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

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

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

Cardholder redemption patterns are continuously monitored as they inform the Group's estimates of 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 eighteen months of data available which demonstrates evidence of a slowdown in consumer spending. Where appropriate, the Group has exercised judgement and has incorporated this into estimated effective breakage rates. 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.

A2 Segment Information

The operating segments have been identified based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker. The Board of Directors of EML Payments Limited are the chief operating decision maker and are responsible for resource allocation and performance assessment of the operating segments.

As the Group's operations continues to increase in scale and reach, product segments provide a clear view of the Group's results. The Group has reported its three product segments as follows:

- General Purpose Reloadable (GPR) products provide reloadable cards to a variety of industries including, but not limited to Government, Salary Packaging, Gaming and Digital Banking. This segment provides a full-service offering including issuance, processing and program management.
- Gift & Incentive (G&I) products provide single load gift cards for shopping malls and incentive programs across the world.
- Virtual Account Numbers (VANs) products provide payment options for consumers. Industries include, but are not limited to Open Banking, Buy-Now Pay-Later providers and Bill payment providers.

Segment financial performance is assessed on Gross Profit being revenue less directly attributable costs of goods sold.

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on the product segment location of the business operations. Information about segment performance is reviewed on a monthly basis.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

A2 Segment Information (continued)

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

	YEAR ENDED 30 JUNE 2021				YEAR ENDED 30 JUNE 2020			
	GPR $'000	G&I $'000	VANS $'000	GROUP $'000	GPR $'000	G&I $'000	VANS $'000	GROUP RESTATED [1] $'000
Gross debit volume (GDV)	9,742,596	1,106,303	8,829,487	19,678,386	4,234,169	1,174,979	8,466,788	13,875,936
Revenue conversion (bps)	117	635	12	99	99	581	13	87
Recurring revenue - Transaction based revenue	85,805	26,249	10,137	122,191	34,648	32,558	10,662	77,868
Recurring revenue - Service-based revenue	-	37,072	-	37,072	-	25,704	-	25,704
Non-recurring revenue – Establishment revenue	21,081	6,662	135	27,878	5,013	8,699	-	13,712
Total revenue from contracts with customers	106,886	69,983	10,272	187,141	39,661	66,961	10,662	117,284
Interest income – Stored value	779	266	12	1,057	207	1,210	-	1,417
Interest income – Group funds	-	-	-	96	-	-	-	931
Interest income – Bond investment	3,924	-	-	3,924	1,327	-	-	1,327
Add back: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date [2]	1,958	-	-	1,958	671	-	-	671
Total Interest income	6,661	266	12	7,035	2,205	1,210	-	4,346
Total revenue [1]	**113,547**	**70,249**	**10,284**	**194,176**	41,866	68,171	10,662	121,630
Gross profit [1]	**65,726**	**57,014**	**7,636**	**130,376**	25,007	56,824	6,915	88,746
Gross profit %	58%	81%	74%	67%	60%	83%	65%	73%
Other income				178				3,137
Fair value loss on contingent consideration				(16,211)				-
Employee benefits expense				(53,834)				(39,073)
Professional fees				(15,315)				(2,999)
Share-based payments				(4,967)				(6,146)
Depreciation and amortisation				(29,836)				(19,119)
Acquisition costs				(3,431)				(15,794)
Finance costs				(1,983)				(2,536)
Other operating expenses				(20,197)				(15,481)
Other non-operating (expense)/benefit				(6,103)				2,074
Less: Non-cash amortisation of AASB 3 bond fair value uplift from acquisition date [2]				(1,958)				(671)
(Loss)/Profit before tax				**(23,281)**				(7,862)
Tax (expense)/benefit				(5,414)				719
Net (Loss)/Profit for the year				**(28,695)**				(7,143)

(1) Refer to Note F6 for details regarding the restatement as a result of an error.
(2) Interest income - Bond investments has been added back due to the AASB 3 fair value effect of the PFS bond portfolio at acquisition date.

Notes to the Financial Statements.

A2 Segment Information (continued)

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

	YEAR ENDED 30 JUNE 2021				YEAR ENDED 30 JUNE 2020			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP $'000
Revenue from contracts with customers	28,873	109,085	49,183	187,141	21,427	54,542	41,315	117,284

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

	YEAR ENDED 30 JUNE 2021				YEAR ENDED 30 JUNE 2020 RESTATED (1)			
	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP (2) $'000	AUSTRALIA $'000	EUROPE $'000	NORTH AMERICA $'000	GROUP(2) $'000
Current assets	281,384	1,305,908	16,219	1,603,511	153,434	835,208	19,944	1,008,586
Non-current assets	422,396	237,645	25,226	685,267	412,371	442,975	16,793	872,139
Total liabilities	(251,377)	(1,590,607)	(31,899)	(1,873,883)	(108,380)	(1,303,223)	(28,880)	(1,440,483)
Net assets/(liabilities)	**452,403**	**(47,054)**	**9,546**	**414,895**	457,425	(25,040)	7,857	440,242

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

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

A3 Finance Costs

	NOTES	CONSOLIDATED 30 JUNE 2021 $'000	CONSOLIDATED 30 JUNE 2020 RESTATED (1) $'000
Interest expense - General		119	263
Interest expense - Interest-bearing borrowings	D3	1,084	275
Interest expense - Lease liability interest expense		206	186
Interest expense - Unwind of discount on contingent consideration		574	1,812
		1,983	2,536

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

INTEREST EXPENSE - UNWIND OF DISCOUNT ON CONTINGENT CONSIDERATION

Interest expense - unwind of discount on contingent consideration relates to the acquisitions of EML Money Group and PFS Group. The contingent consideration relating to the EML Money Group earn- out has been fair valued following its measurement period completion in the current year.

The contingent consideration relating to the PFS Group earn- out has been fair valued at reporting date, refer to Note D5 (iii).

A4 Other Expenses

The following other expenses items are relevant in explaining the financial performance for the year.

	CONSOLIDATED 30 JUNE 2021 $'000	CONSOLIDATED 30 JUNE 2020 RESTATED (1) $'000
(A) OTHER OPERATING EXPENSES		
Fixed sponsor bank and other related costs	2,540	2,037
Information technology related costs	8,751	5,269
Risk and compliance	2,727	2,165
Expenses incurred by the Prepaid Financial Services (Ireland) Limited Group (PFS) relating to obligations arising prior to EML ownership (2)	13,507	-
Expenses recovered by the PFS Group relating to obligations arising prior to EML ownership (2)	(13,507)	-
Other	6,179	6,010
	20,197	**15,481**
(B) OTHER NON-OPERATING EXPENSES/(BENEFIT)		
Fair value loss on financial asset held at FVTPL (Refer to Note D4)	280	-
Impairment cost against goodwill (3)	-	806
Foreign exchange (gain)/loss, net	5,823	(2,880)
	6,103	**(2,074)**
(C) PROFESSIONAL FEES		
Provisions recognised in relation to the CBI correspondence (4)	9,952	-
Professional fees incurred in relation to the CBI correspondence (4)	1,399	-
Professional fees	3,964	2,999
	15,315	**2,999**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

(2) During the financial year, costs of $13,507,000 were incurred and identified as relating to obligations pre-EML ownership. These costs are non-recurring in nature and have been recovered from the vendors on a non-margin basis, refer to Note F6.

(3) An impairment charge against goodwill was recognised for Flex-e-Card International DMCC's operations for the year ended 30 June 2020, refer to Note E2.

(4) During the financial year, costs of $11,351,000 were incurred relating to the Central Bank of Ireland (CBI) correspondence, refer to Note B9 and F6.

Notes to the Financial Statements.

A5 Taxation

	CONSOLIDATED	
	30 JUNE 2021 $'000	30 JUNE 2020 $'000
(A) RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Current income tax expense	(6,911)	(2,328)
Deferred tax (expense)/benefit relating to the origination and reversal of temporary differences	4,040	1,194
Refundable R & D tax offset	966	1,343
Over/(under) provision of income tax in prior year	(3,509)	510
Income tax (expense)/benefit	**(5,414)**	**719**

	30 JUNE 2021 $'000	30 JUNE 2020 $'000
(B) RECONCILIATION BETWEEN INCOME TAX (EXPENSE)/BENEFIT AND LOSS BEFORE INCOME TAX		
Loss before income tax	(23,281)	(7,862)
Income tax expense using the domestic corporation tax rate of 30% (2020: 30%)	6,984	2,359
TAX EFFECT OF:		
Non-deductible expenses	(6,267)	(4,598)
Tax deduction in respect of contributions to employee share trust	1,614	4,194
Refundable R & D tax offset	985	1,343
Effect of differences in tax rates [1]	(3,517)	(1,102)
Utilisation of tax losses	(791)	909
Over/(under) provision of income tax in prior year	(3,508)	510
Recognised directly in equity	(85)	-
Other	(829)	(2,896)
Income tax (expense)/benefit	**(5,414)**	**719**

(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 26.50% and United Arab Emirates is nil.

KEY JUDGEMENTS AND ESTIMATIONS - RECOVERY OF DEFERRED TAX ASSETS

The Group recognises a deferred tax asset arising from unused carried forward losses for the US and Australian Groups.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant judgement on future profitability is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

These tax losses relate to subsidiaries that have historically incurred a tax loss, and also taxable profits. The Group has prepared forecasts that supports the recoverability of the deferred tax asset recognised in respect of unused tax losses on the basis that the Group expects that there will be sufficient taxable profits available against which the tax losses can be realised within a reasonable time frame. Consecutive years of losses, in any single subsidiary, would reduce the likelihood of recoverability. The Group has incorporated this into its forecast.

A5 Taxation (continued)

	30 JUNE 2021 $'000	30 JUNE 2020 $'000
(C) DEFERRED TAX ASSET		
Intangible assets	3,310	3,454
Employee benefits	3,140	2,778
Recognition of tax losses	12,234	16,513
Share capital costs	667	991
Other	2,102	1,308
Deferred tax asset	**21,453**	**25,044**

	30 JUNE 2021 $'000	30 JUNE 2020 RESTATED [1] $'000
(D) DEFERRED TAX LIABILITY		
Contract assets	(2,186)	(3,255)
Intangible assets	(10,897)	(11,850)
Plant, equipment and right-of-use assets	(686)	(1,340)
Other	(507)	(1,853)
Deferred tax liability	**(14,276)**	**(18,298)**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

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

Current income tax

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

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

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

Deferred income tax

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

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

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

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

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

Notes to the Financial Statements.

A5 Taxation (continued)

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

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

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

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

Tax consolidation legislation

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

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

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

A6 Auditor's Remuneration

	CONSOLIDATED	
	2021 $	2020 $
(A) STATUTORY AUDIT AND REVIEW OF FINANCIAL STATEMENTS		
Group	429,500	303,000
Controlled entities	784,340	554,120
Controlled entities - non-recurring fees relating to acquisitions	472,350	120,717
Statutory audit and review of financial statements	1,686,190	977,837
(B) OTHER NON-AUDIT SERVICES IN RELATION TO THE ENTITY AND ANY OTHER ENTITY IN THE CONSOLIDATED GROUP		
Other assurance services	363,200	-
Other consulting services	210,834	-
Total remuneration for non-audit services	**574,034**	-
	2,260,224	977,837

The auditor of EML Payments Limited is Deloitte Touche Tohmatsu.

A7 Earnings per Share

	CONSOLIDATED	
	2021 CENTS PER SHARE	2020 CENTS PER SHARE RESTATED [5]
(A) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO SHAREHOLDERS		
Basic earnings per share	(7.96)	(2.35)
Diluted earnings per share	(7.96) [4]	(2.35) [4]
(B) (LOSS)/PROFIT USED IN CALCULATING BASIC AND DILUTED EARNINGS PER SHARE	(28,695,000)	(7,143,000)
(C) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	360,489,297	304,151,623
Adjustment for shares deemed to be issued at nil consideration in respect of option rights entitlements	5,766,600 [1]	7,962,922 [1]
Adjustment for shares deemed to be issued in respect of contingent consideration	634,578 [2]	656,402 [2]
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	366,890,475	312,770,947 [3]

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

(2) The adjustment for shares deemed to be issued in respect of contingent consideration related to the EML Money Group business combination (refer to Note F6).

(3) The weighted average number of ordinary shares for the purpose of calculating both the basic and diluted earnings per share have been adjusted for both the current year and the prior year comparative to reflect the bonus element included in the rights issue conducted for the capital raising in November 2019.

(4) The diluted earnings per share has been adjusted to not be anti-dilutive.

(5) Refer to Note F6 for details regarding the restatement as a result of an error.

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

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

Notes to the Financial Statements.

B1 Cash and Cash Equivalents

	CONSOLIDATED	
	2021 $'000	2020 $'000
Cash on hand and at bank	92,255	53,112
Short-term deposits	48,973	65,269
	141,228	118,381

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

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents are as defined above, net of outstanding bank overdrafts.

B2 Reconciliation of Operating Cashflows

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

		CONSOLIDATED	
	NOTES	2021 $'000	2020 RESTATED (1) $'000
OPERATING PROFIT/(LOSS) AFTER INCOME TAX		(28,695)	(7,143)
ADD: NON-CASH ITEMS			
Depreciation and amortisation	E1, E2	29,836	19,119
Share-based payments	F3	4,967	6,146
Net foreign exchange differences		5,823	(2,880)
Unwind of discount on contingent consideration	A3, D5	574	1,812
Impairment charge against goodwill	E2	-	806
Loss/(gain) on fair value of financial asset	D4	280	(101)
Interest expense on lease liabilities	D3	206	186
Loss/(gain) on fair value contingent liabilities	D5	16,211	-
Interest expense on interest bearing borrowings - loan notes	A3	1,084	-
Non-cash settlement of contingent consideration for the PFS Group	D5	(13,152)	-
Other		(53)	543
CHANGE IN OPERATING ASSETS AND LIABILITIES			
(Increase) / decrease in trade and other receivables		(303)	2,993
(Increase) / decrease in other current assets		(2,281)	228
(Increase) / decrease in current tax		3,937	(1,588)
(Increase) / decrease in other long-term receivables		607	5,036
(Increase) / decrease in deferred tax asset		2,172	(63)
(Increase) / decrease in segregated funds and bond investments		1,958	1,329
(Increase) / decrease in contract assets		5,012	(250)
Increase / (decrease) in trade and other payables		16,320	688
Increase / (decrease) in employee benefits		404	430
Increase / (decrease) in provisions		7,216	-
Increase / (decrease) in other liabilities		267	(4,065)
Increase / (decrease) in deferred tax liabilities		(3,572)	(1,156)
Net cash generated by operating activities		**48,818**	22,070

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

Notes to the Financial Statements.

B3 Contract Assets

	CONSOLIDATED	
	2021 $'000	2020 $'000
CURRENT		
Contract assets	16,363	22,344
NON-CURRENT		
Contract assets	10,219	9,485

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

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

Variable consideration can only be recognised where it is highly probable that a significant reversal will not occur.

Contract assets are subject to the expected credit loss assessment under AASB 9. However, the Group will only recognise an asset when it expects to be entitled to the revenue and can demonstrate the ability to reliably measure cardholder redemption patterns.

The value recognised is in proportion to the pattern of rights exercised by the cardholder and consequently breakage accrual.

Due to the nature of this recognition no expected credit loss was recognised.

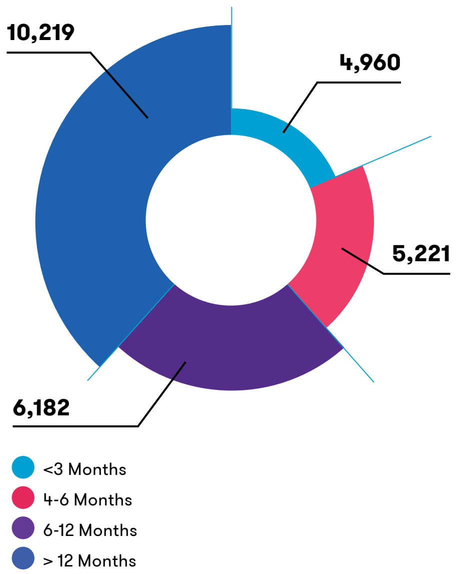
The Group has considered whether our non-current contract assets includes a significant financing component. The Group have concluded there is no existence, the following key factors have been considered.

— Stored value is pre-paid by the customer and held within segregated bank accounts which are not used for funding the trading operations of the Group;

— There is an immaterial difference between the estimated amount of promised consideration and the cash consideration received; and

— The credit risk is immaterial as EML is pre-funded and uses proprietary software to track cardholder data and control the flow of funds out of the segregated bank accounts.

PHASING OF FY21 BREAKAGE ACCRUAL EXPECTED CONVERSION TO CASH



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

	CONSOLIDATED	
	2021 $'000	2020 $'000
Opening balance	31,829	31,828
Revenue recognised [1]	37,072	25,704
Cash receipts	(42,083)	(25,953)
Unrealised foreign currency exchange difference	(236)	250
	26,582	**31,829**

(1) During the financial year, North America recognised an additional $11.1 million in revenue in respect of cash received in excess of the accrued revenue, refer to Note A1. This is not expected to be recurring.

B4 Trade and Other Receivables

	CONSOLIDATED	
	2021 $'000	2020 $'000
CURRENT		
Trade receivables	21,872	20,789
Sales tax receivable, net	-	776
Other	83	99
	21,955	**21,664**
NON-CURRENT		
Customer deposits [1]	6,656	7,295
Other	-	56
	6,656	**7,351**

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

Trade and other receivables are held at amortised cost. The Group has had $8,859,000 (2020: $8,337,000) of Trade receivables that are overdue and not impaired. Historically, the Group has had insignificant bad debts, resulting in an insignificant expected credit loss amount. For self-issued products, the Group controls cash stored value and have the right to offset client share of breakage payable after providing sufficient notice. The Group continually reviews and considers forward-looking information where available, and current customer correspondence. Refer to Note D3 for further details on the Group's credit risks.

IMPAIRMENT

The Group recognises an allowance for expected credit losses (ECLs) for contract assets and all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

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

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

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

Notes to the Financial Statements.

B5 Other Current Assets

	CONSOLIDATED 2021 $'000	2020 $'000
Prepayments	6,069	3,482
Other	1,514	1,815
	7,583	5,297

Other current assets are held at amortised cost.

B6 Trade and Other Payables

	CONSOLIDATED 2021 $'000	2020 $'000
Trade creditors	37,278	30,019
Accrued expenses	16,100	15,210
Sales tax payable, net	5,157	-
Other payables	4,333	2,234
	62,868	47,463

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

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

B7 Other Liabilities

	CONSOLIDATED 2021 $'000	2020 $'000
NON-CURRENT		
Customer deposits [1]	6,656	7,295
Deferred income	1,836	1,976
Other payable	1,917	1,294
	10,409	10,565

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

Other liabilities are held at amortised cost.

B8 Lease Liabilities

	CONSOLIDATED 2021 $'000	2020 $'000
CURRENT		
Lease liabilities	1,726	2,342
NON-CURRENT		
Lease liabilities	5,155	6,808

The Group's leases are primarily for office properties.

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. In the case of leases acquired in a business combination, the incremental borrowing rate at the date of acquisition is used.

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

The remaining lease terms range between 1 and 9 years.

The corresponding right-of-use assets and accumulated depreciation are included in Note E1.

The Group has $7,256,000 of contractual cash obligations (2020: $9,738,000), which is reduced by amounts representing finance charges of $374,000 (2020: $589,000). The maturity analysis of lease liabilities is presented in Note D3.

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

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

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

Notes to the Financial Statements.

B9 Provisions

	CONSOLIDATED	
	2021 $'000	2020 $'000
Regulatory matters	10,801	3,585

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.

When the Group expects some or all of a provision to be reimbursed, for example, under Share Purchase Agreements and other contractual rights, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. Where a reimbursement is agreed, the expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

The below table reconciles movements in Provisions during the financial year.

	REGULATORY MATTERS PROVISION
	2021 $'000
Opening balance	3,585
Charged/(credited) to profit or loss	
- Additional provisions recognised	9,952
- Unused amounts reversed	(1,951)
Amounts used during the year	-
Unrealised foreign currency exchange difference	(785)
	10,801

CENTRAL BANK OF IRELAND (CBI) CORRESPONDENCE

During the financial year, PFS Card Services (Ireland) Limited, a wholly owned subsidiary of EML, received correspondence raising a number of regulatory concerns. EML is working with the regulator to address their concerns, although the CBI's investigation has not been finalised, EML is working cooperatively with the CBI to address its concerns and has developed a remediation plan that it expects to be finalised by March 2022. A provision has been recognised for the likely costs that will be incurred to reach a resolution of the matter including remediation, advisory and other costs. The Group provided $9,952,000 in relation to the above matter, refer to Note A4.

PAYMENT SERVICES REGULATOR (PSR) CORRESPONDENCE

In February 2018, the PSR under the United Kingdom jurisdiction notified the Prepaid Financial Services Group (PFS Group) that it had commenced an investigation. On EML's acquisition of the PFS Group on 31 March 2020, EML withheld GBP 5 million from the vendors to settle any financial penalties. On acquisition, this was recognised as GBP 2 million in provisions and GBP 3 million in contingent consideration.

PFS and EML (post acquisition) worked collaboratively with the regulator to resolve the issue, and while the investigation is ongoing, have agreed a settlement of GBP 920,000 to the PSR however, no cash has been paid during the year ended 30 June 2021.

The penalty agreed was below the amount that had been withheld, EML returned the residual provision to the vendors ($1,951,000), after deducting legal costs, alongside amounts held as contingent consideration, refer to Note D5.

The below table reconciles movements in Provisions during the financial year.

KEY ESTIMATION - REGULATORY MATTERS PROVISION

The provision for regulatory matters represents management's best estimate of the Group's liability for remediation and potential fines or enforcement costs associated with the regulatory issues. The Group have engaged expert legal and professional advisors to assist with the remediation of issues raised. Provisions for the cost of external advisors have been determined considering the likely scope of work to be undertaken and estimates received from professional advisors. Provisions for any potential fine or enforcement action have been made after receipt of legal advice. Any future changes in the amount will recognised in the Statement of Profit or Loss and Other Comprehensive Income.

D1 Segregated Funds and Bond Investments

Segregated funds and bond investments are amounts held in respect of stored value issued by the Group, funded by external account holders. The liability to the external account holders is disclosed in Note D2.

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

	CONSOLIDATED	
	2021 $'000	2020 $'000
CURRENT		
Cash held with financial institutions	1,232,896	737,404
Bond investments	176,656	96,003
Total Current	**1,409,552**	**833,407**
NON-CURRENT		
Bond investments	274,024	443,214
Total Non-current	**274,024**	**443,214**
	1,683,576	1,276,621

Cash held with financial institutions

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

Bond investments

Stored value from account holders not required to meet short term account holder cash needs, is, where appropriate, invested in high-quality bonds. The bonds are held at amortised cost.

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

The below table indicates the balances ownership:

	CONSOLIDATED	
	2021 $'000	2020 $'000
Assets of stored value from account holders	444,874	529,885
Assets of EML	5,806	9,332
	450,680	539,217

The assets of EML will generate $9,220,000 (2020: $15,031,000) of cash interest over the remaining life of the bonds which will mature over the period to November 2024. Cash interest booked to Interest income in the Statement of Profit or Loss and Other Comprehensive Income will be offset by the remaining non-cash amortisation, split between the original amortisation of bond premium of $3,197,000 (2020: $4,415,000) and the AASB 3 fair value uplift on acquisition of $2,608,000 (2020: $4,917,000).

The fair value of the portfolio at 30 June 2021 was $467,027,000 (2020: $555,604,000). Refer to Note D5.

Notes to the Financial Statements.

D2 Liabilities to Stored Value Account Holders

	CONSOLIDATED 2021 $'000	2020 RESTATED [1] $'000
Liabilities to stored value account holders	1,705,957	1,295,035

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

Liabilities to stored value account holders is held at demand value and represents funds received for stored value accounts issued by the Company that have in turn been deposited by the Group with a financial institution. The Segregated funds and bond investments is disclosed in Note D1.

D3 Financial Instruments

Overview

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

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

The Group's basis for determining the fair value of financial instruments is included in Note D5.

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

	NOTE	CONSOLIDATED 2021 $'000	2020 RESTATED [1] $'000
FINANCIAL ASSETS			
Financial assets at amortised cost			
Cash and cash equivalents	B1	141,228	118,381
Trade and other receivables [2]	B4	21,955	20,858
Customer deposits receivable - Non-current	B4	6,656	7,295
Segregated funds and bond investments	D1	1,683,576	1,276,621
Financial assets at fair value through profit or loss (FVTPL)			
Equity investment - at FVTPL	D4	6,997	623
Financial asset at fair value through other comprehensive income (FVOCI)			
Equity investment - at FVTOCI	D4	4,541	79
Derivative financial instrument	D6	375	-

(1) Refer to Note F6 for details regarding the restatement as a result of an error.
(2) Sales tax receivable of $nil (2020: $776,000) under Trade and other receivables is not considered a financial asset and has been excluded.

D3 Financial Instruments (continued)

	NOTE	CONSOLIDATED 2021 $'000	2020 RESTATED [1] $'000
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Trade and other payables [2]	B6	57,711	47,463
Interest-bearing borrowings [3]		38,245	35,848
Liabilities to stored value account holders	D2	1,705,957	1,295,035
Customer deposits liability - Non-current	B7	6,656	7,295
Lease liabilities	B8	6,881	9,150
Financial liabilities at fair value through profit or loss (FVTPL)			
Contingent consideration - cash settled portion [4]	D5	14,280	11,053

(1) Refer to Note F6 for details regarding the restatement as a result of an error.
(2) Sales tax payable of $5,157,000 (2020: $nil) under Trade and other payable is not considered a financial liability and has been excluded.
(3) The interest-bearing borrowings relate to the unlisted, unsecured loan notes issued by the Group to the Prepaid Financial Services Group vendors. The loan notes are interest bearing at 2% during the financial year, and repayable in two tranches by 28 June 2024 and 30 June 2025. The Group holds an election to repay at any earlier date.
(4) The contingent consideration included is the cash only portion as this is classified as a financial liability under AASB 9. The remaining balance of contingent consideration is equity settled.

Financial Risk Management

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

RISK	EXPOSURE ARISING FROM	MEASUREMENT	MANAGEMENT OF RISK
Credit risk- (refer to (i))	Cash and cash equivalents; Trade and other receivables; Customer deposits; Segregated funds and bond investments.	Credit ratings; Aging analysis	Investment guidelines for bank deposits, diversification of bank deposits. Credit limits
Liquidity risk- (refer to (ii))	Trade and other payables; Interest-bearing borrowings; Contingent consideration - cash settled portion.	Maturity analysis; Cash flow forecasts	Maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows.
Market risk- Currency Risk (refer to (iii))	The Group's operating activities (when revenue or expense is denominated in foreign currency); The Group's net investments in foreign subsidiaries.	Sensitivity analysis	Forward exchange contracts to cover specific material foreign currency exposures.
Market risk- Interest rate risk (refer to (iii))	Cash and cash equivalents; Segregated funds and bond investments; Interest-bearing borrowings.	Sensitivity analysis	Maintain excess cash and cash equivalents in short term deposit at interest rates maturing over 90 days rolling period. Fixed interest rates

Notes to the Financial Statements.

D3 Financial Instruments (continued)

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

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

(i) Credit Risk

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

CASH AND CASH EQUIVALENTS

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

TRADE AND OTHER RECEIVABLES AND CUSTOMER DEPOSITS

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

The Group has $8,859,000 (2020: $8,337,000) of Trade receivables that are overdue and not impaired. For self-issued products, the Group controls cash stored value and have the right to offset client share of breakage payable after providing sufficient notice. Historically, the Group has had insignificant bad debts, resulting in an insignificant expected credit loss amount, refer to Note B4.

SEGREGATED FUNDS AND BOND INVESTMENTS

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

Bond Investments

The Group's investments in corporate bonds are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The low credit risk is based on investment criteria and external credit ratings, refer to Note D1.

(ii) Liquidity Risk

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

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

D3 Financial Instruments (continued)

(A) MATURITIES OF FINANCIAL LIABILITIES

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

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	6 MTHS OR LESS $'000	6-12 MTHS $'000	1-2 YEARS $'000	2+ YEARS $'000
30 JUNE 2021						
NON-DERIVATIVES						
Trade and other payables	57,711	57,711	57,711	-	-	-
Interest-bearing borrowings	38,245	42,206	922	737	1,474	39,073
Liabilities to stored value account holders (1)	1,705,957	1,705,957	-	-	-	-
Customer deposits - Non-current (2)	6,656	-	-	-	-	-
Contingent consideration - cash settled portion (3)	14,280	16,518	-	-	16,518	-
Lease liabilities	6,881	7,256	1,253	809	1,505	3,689
Total	**1,829,730**	**1,829,648**	**59,886**	**1,546**	**19,497**	**42,762**
30 JUNE 2020 RESTATED (4)						
NON-DERIVATIVES						
Trade and other payables	47,463	47,463	47,463	-	-	-
Interest-bearing borrowings	35,848	40,868	361	356	717	39,434
Liabilities to stored value account holders (1) (4)	1,295,035	1,295,035	-	-	-	-
Customer deposits - Non-current (2)	7,295	-	-	-	-	-
Contingent consideration - cash settled portion (3)	11,054	11,054	-	-	11,054	-
Lease liabilities	9,150	9,738	1,204	1,278	2,129	5,127
Total	1,405,845	1,404,158	49,028	1,634	13,900	44,561

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

(2) Customer deposits is included in Other liabilities, non-current. Other balances included in Other liabilities are not classified under AASB 9. The liability for customer deposits is utilised in the same proportion as the Customer deposits receivable. Therefore the contractual cashflow would net off, refer to Note B4.

(3) The contingent consideration included is the cash only portion as this is classified as a financial liability under AASB 9. The remaining balance of contingent consideration is equity settled, refer to Note D5.

(4) Refer to Note F6 for details regarding the restatement as a result of an error.

(B) FINANCING FACILITIES

The Group has access to a syndicated bank debt facility at 30 June 2021. This facility was undrawn during the financial year. At 30 June 2020, the Group had a floating rate financing facility with no collateral on a 12 month rolling option that was undrawn. The Group expects to meet its other obligations from operating cash flows.

The Group have the following financing arrangements:

	CONSOLIDATED 2021 $'000	2020 $'000
Interest-bearing borrowings - loan notes	38,245	35,848
Lease liability	6,881	9,150

Notes to the Financial Statements.

D3 Financial Instruments (continued)

(C) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES:

30 JUNE 2021	AT 1 JULY $'000	CASHFLOWS	BUSINESS COMBINATION	INTEREST EXPENSE	ADDITIONS	UNREALISED FOREIGN CURRENCY EXCHANGE DIFFERENCE	AT 30 JUNE $'000
	CONSOLIDATED						
Interest-bearing borrowings - loan notes	35,848	-	-	1,084	-	1,313	38,245
Lease liabilities	9,150	(1,196)	-	206	168	(1,447)	6,881

30 JUNE 2020	AT 1 JULY $'000	CASHFLOWS	BUSINESS COMBINATION	INTEREST EXPENSE	ADDITIONS	UNREALISED FOREIGN CURRENCY EXCHANGE DIFFERENCE	AT 30 JUNE $'000
Interest-bearing borrowings	15,000	(15,000)	-	-	-	-	-
Interest-bearing borrowings - loan notes	-	-	40,262	-	-	(4,414)	35,848
Lease liabilities	6,173	(1,661)	2,713	186	1,718	21	9,150

(iii) Market Risk

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

(A) CURRENCY RISK

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

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

Exposures relating to acquisitions in foreign currencies

The Group entered into a foreign exchange forward contract for the cash flow hedge in relation to the forthcoming acquisition of Sentenial Limited, refer to Note D6. The Group did not have outstanding forward foreign currency contracts as at 30 June 2020. At the end of the reporting period, a gain on fair valuation of cashflow hedge, net of tax of $262,000 was recognised in other comprehensive income (2020: $nil). In addition, a gain on fair valuation financial asset held at fair value through other comprehensive income of $1.8 million was recognised in other comprehensive income (2020: $nil).

There was a $nil cash gain in relation to forward exchange contract for the forthcoming acquisition of Sentenial Limited. In the financial year ended 30 June 2020, $3,026,000 was recognised as a cash gain in relation to the Prepaid Financial Services (Ireland) Limited forward exchange contracts, refer to Note A1.

At 30 June 2021, no ineffectiveness has been recognised in profit or loss for outstanding forward exchange contracts (2020: none).

D3 Financial Instruments (continued)

Foreign currency sensitivity

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

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

IMPACT ON EQUITY	GBP		USD		EURO		TOTAL	
SENSITIVITY	2021 $'000	2020 RESTATED [1] $'000	2021 $'000	2020 RESTATED [1] $'000	2021 $'000	2020 RESTATED [1] $'000	2021 $'000	2020 RESTATED [1] $'000
10% increase of AUD	6,867	7,571	2,537	2,856	12,556	17,406	21,960	27,833
10% decrease of AUD	(6,867)	(7,571)	(2,537)	(2,856)	(12,556)	(17,406)	(21,960)	(27,833)

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

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

In addition, translation of the net investment hedges would result in an increase in equity of $6,995,000 (2020: $5,012,000) for a 10% increase in AUD or an decrease in equity of $6,995,000 (2020: $5,012,000) for a 10% decrease in AUD. However, there would be no net effect on equity because there would be an offset in the currency translation of the foreign operations.

(B) INTEREST RATE RISK

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

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

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

	CONSOLIDATED 2021 $'000	2020 $'000
VARIABLE RATE INSTRUMENTS		
Cash and cash equivalents	141,228	118,381
Segregated funds - cash held with financial institutions	1,232,896	737,404
Security deposits	52	51
	1,374,176	**855,836**

Notes to the Financial Statements.

D3 Financial Instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	PROFIT OR LOSS		EQUITY	
	100BP INCREASE $'000	100BP DECREASE $'000	100BP INCREASE $'000	100BP DECREASE $'000
30 JUNE 2021				
Variable rate instruments	13,742	(13,742)	13,742	(13,742)
30 JUNE 2020				
Variable rate instruments	8,554	(8,554)	8,554	(8,554)

(iv) Capital Management

RISK MANAGEMENT

Capital is defined as the equity of the Group.

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

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

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

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

The Group is not subject to other externally imposed capital requirements.

LOAN COVENANTS

Under the terms of the undrawn interest-bearing borrowing facility, the Group is required to comply with the following financial covenants:

- Gearing ratio must not exceed 0.45:1 and not to be less than zero;
- Senior debt ratio must not exceed 2.50:1 for any 12 month period and not to be less than zero; and
- Interest cover ratio must not be less than 5.00:1 for any 12 month period.

The Group has complied with these covenants.

D3 Financial Instruments (continued)

(v) Financial Instruments Accounting Policy

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

CLASSIFICATION OF FINANCIAL ASSETS

There are three classifications available for financial assets:

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

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

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

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

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

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

2. Business Model Test

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

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

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

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

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

FINANCIAL ASSETS AT AMORTISED COST (DEBT INSTRUMENTS)

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (DEBT INSTRUMENTS)

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

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

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

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

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

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Notes to the Financial Statements.

D3 Financial Instruments (continued)

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

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

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

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

Impairment of financial assets

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

- Trade and other receivables – Note B4;
- Financial instruments – Note D3.

CLASSIFICATION OF FINANCIAL LIABILITIES

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

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

Subsequent measurement

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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

AMORTISED COST

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

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

OFFSETTING OF FINANCIAL INSTRUMENTS

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

D3 Financial Instruments (continued)

(vi) Derivative Financial Instruments

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

(vii) Hedge Accounting Policy

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

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

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

Notes to the Financial Statements.

D4 Financial Assets

Financial assets include the following unlisted equity investments:

	CONSOLIDATED 2021 $'000	2020 $'000
Equity investments - at FVTOCI	4,540	79
Equity investments - at FVTPL	6,997	623
	11,537	702

Fair value considerations have been included in Note D5.

(i) 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.

During the year ended 30 June 2021, a fair value gain of $1,806,000 was recognised in other comprehensive income (2020: $nil).

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.

(ii) Equity Investment - FVTPL

VISA INC.

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

During the year ended 30 June 2021, a fair value loss of $280,000 was recognised in other non-operating expense (2020: fair value gain of $101,000 recognised in other income).

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 ASSUMPTION -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 (warrants not exercised as at 30 June 2021) and has the right to hold a board seat. The Group had not executed its right to the board seat at 30 June 2021. 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.

D5 Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the measurement of fair values, for financial assets and liabilities. The Group's financial instruments are included in the balance sheet at amounts that approximate fair values. The basis for determining fair values is disclosed below.

The Group does not have any financial assets that are categorised as Level 2 in the fair value hierarchy. The Group 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. Refer to Note G4 for further information on the fair value hierarchy.

(i) Bond Investments

The Group measure Corporate bonds at amortised cost. The fair value, as determined by the quoted market price (I.E. Level 1), can fluctuate significantly based on conditions outside of the Group's control – i.e. economic conditions. The fair value of the portfolio at 30 June 2021 was $467,027,000 (2020: $555,604,000).

(ii) Financial assets

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

	FAIR VALUE AS AT 2021 $'000	2020 $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Visa Inc.	340	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 year end exchange rate.	The final conversion rate of Visa Inc. Series B preferred stock into Visa Inc. Class A common stock.	A decrease in conversion rate would result in a decrease in the fair value.
The Hydrogen Technology Corporation	6,656	-	Level 3	The valuation at 30 June 2021 was based on the recent acquisition price, with consideration of any significant events since acquisition and comparable company revenue multiples. The Group has assessed that no significant events impacting the fair value of the investment have arisen since the financial asset was acquired.		
Interchecks Technologies Inc.	4,468	-	Level 3	The valuation at 30 June 2021 was based on the recent acquisition price, with consideration of any significant events since acquisition and comparable company revenue multiples. During the financial year, Interchecks Technologies Inc. were successful in raising additional capital at a higher enterprise value. The Group have applied a marketability discount to this valuation.		

Notes to the Financial Statements.

D5 Fair Value (continued)

(iii) Contingent consideration

The Group's contingent consideration is recognised in relation to the equity earn-out of the recent business combinations as well as cash and other amounts contingently payable (Refer to Note F6). 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 2021 $'000	FAIR VALUE AS AT 2020 RESTATED (1) $'000	FAIR VALUE HIERARCHY	VALUATION TECHNIQUES AND KEY INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
EML Money DAC Contingent consideration in a business combination	863	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 (refer to Note F6)	14,280	11,054	Level 3	Valuation has been assessed with a discounted, forecast expected EBITDA performance method and completion conditions.	Present value of forecast EBITDA for each measurement period.	An increase in the actual or expected EBITDA would result in an increase in the fair value.
					Discount rate.	An increase in discount rate would result in a decrease in the fair value.
	15,143	15,382				

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

D5 Fair Value (continued)

MOVEMENT IN THE FAIR VALUE OF CONTINGENT CONSIDERATION

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

	EML MONEY GROUP 2021 $'000	PREPAID FINANCIAL SERVICES GROUP 2021 $'000	TOTAL 2021 $'000	EML MONEY GROUP 2020 $'000	PREPAID FINANCIAL SERVICES GROUP 2020 RESTATED (1) $'000	EML PAYMENTS AB 2020 $'000	TOTAL 2020 RESTATED (1) $'000
Opening balance	4,328	11,054	15,381	3,598	-	8,233	11,831
Acquisitions (refer to Note F6)	-	-	-	-	13,498	-	13,498
Settlement of contingent consideration	(3,544)	(13,152) (2)	(16,696)	-	(1,090)	(9,076)	(10,166)
Interest expense - Unwind of discount on contingent consideration (refer to Note A3)	574	-	574	781	-	1,008	1,789
Fair value (gain)/loss on contingent consideration	(360) (3)	16,571 (4)	16,211	-	-	-	-
Effect of unrealised foreign currency exchange difference	(135)	(193)	(327)	(51)	(1,354)	(165)	(1,570)
Closing balance at 30 June	**863**	**14,280**	**15,143**	4,328	11,054	-	15,382

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

(2) During the financial year, a settlement was agreed with the Prepaid Financial Services Group vendors to net settle costs against completion settlements, on a non-margin basis. The costs were incurred post acquisition and identified as relating to obligations pre-EML ownership. Refer Note A4.

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

(4) During the financial year, management revised the estimated achievement of the EBITDA earn-out results for Prepaid Financial Services Group resulting in a fair value adjustment to the contingent consideration, payable in future periods. Refer to Note F6.

Notes to the Financial Statements.

D6 Derivative Financial Instrument

	CONSOLIDATED	
	2021 $'000	2020 $'000
Foreign exchange forward contract in cash flow hedge	375	-

During the financial year ended 30 June 2021, the Group entered into a cash flow hedge for the purposes of the forthcoming acquisition of Sentenial Limited.

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

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

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

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

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

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

The effective portion of the gain or loss on the hedging instrument is recognised in Other Comprehensive Income (OCI) in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as Other expenses. At 30 June 2021, there was no ineffective portion, therefore $nil recognised as Other expenses.

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

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

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

E1 Plant, Equipment and Right-of-use Assets

	CONSOLIDATED				
	COMPUTER EQUIPMENT $'000	OFFICE EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	RIGHT-OF-USE ASSETS (1) $'000	TOTAL $'000
YEAR ENDED 30 JUNE 2021					
At 1 July 2020, net of accumulated depreciation and impairment	2,640	3,604	421	7,964	14,629
Additions	1,026	72	-	168	1,266
Acquired as part of a business combination (Note F6)	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge for the year	(1,059)	(827)	(149)	(2,228)	(4,263)
Effect of unrealised foreign currency exchange differences	(65)	(92)	(16)	(214)	(387)
At 30 June 2021, net of accumulated depreciation and impairment	2,542	2,757	256	5,690	11,245
AT 30 JUNE 2021					
Cost	5,314	5,457	772	9,685	21,228
Accumulated depreciation and impairment	(2,772)	(2,700)	(516)	(3,995)	(9,983)
Net carrying amount	**2,542**	2,757	256	5,690	11,245
YEAR ENDED 30 JUNE 2020					
At 1 July 2019, net of accumulated depreciation and impairment	2,630	2,276	449	-	5,355
Opening balance adjustment relating to the initial adoption of AASB 16	-	-	-	5,034	5,034
Restated balance at 1 July 2019	2,630	2,276	449	5,034	10,389
Additions	465	951	123	1,718	3,257
Acquired as part of a business combination (Note F6)	703	1,085	-	2,798	4,586
Disposals	-	-	-	-	-
Depreciation charge for the year	(1,160)	(650)	(160)	(1,642)	(3,612)
Effect of unrealised foreign currency exchange differences	2	(58)	11	54	9
At 30 June 2020, net of accumulated depreciation and impairment	2,640	3,604	423	7,962	14,629
AT 30 JUNE 2020					
Cost	5,559	5,599	862	9,799	21,819
Accumulated depreciation and impairment	(2,919)	(1,995)	(441)	(1,835)	(7,190)
Net carrying amount	**2,640**	**3,604**	**421**	**7,964**	**14,629**

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

Notes to the Financial Statements.

E1 Plant, Equipment and Right-of-use Assets (continued)

(i) Plant and Equipment

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

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

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

(ii) Right-of-use assets

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

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

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

(iii) Impairment

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

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

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

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment and right-of-use assets, impairment losses are recognised in the statement of profit and loss and other comprehensive income in other non-operating expense line item.

(iv) Derecognition and disposal

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

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

E2 Intangibles

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

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

Notes to the Financial Statements.

E2 Intangibles (continued)

	CONSOLIDATED					
	SOFTWARE $'000	CUSTOMER RELATIONSHIPS $'000	CUSTOMER CONTRACTS RESTATED (1) $'000	GOODWILL RESTATED (1) $'000	OTHER $'000	TOTAL $'000
AT 1 JULY 2019						
Cost	33,945	15,074	11,575	76,181	2,156	138,931
Accumulated amortisation and impairment	(18,177)	(7,585)	(8,615)	-	-	(34,377)
Net carrying amount	**15,768**	**7,489**	**2,960**	**76,181**	**2,156**	**104,554**
At 1 July 2019 net of accumulated amortisation and impairment	15,768	7,489	2,960	76,181	2,156	104,554
Additions (2)	14,478	-	-	-	-	14,478
Disposals	(37)	-	-	-	-	(37)
Acquired as part of a business combination (Note F6)	6,597	-	104,709	179,120	2,695	293,121
Amortisation charge for the year	(8,926)	(2,536)	(4,045)	-	-	(15,507)
Impairment charge against goodwill (3)	-	-	-	(806)	-	(806)
Effect of unrealised foreign currency exchange differences	(426)	32	(8,958)	(14,518)	(219)	(24,089)
At 30 June 2020, net of accumulated amortisation and impairment	**27,454**	**4,985**	**94,666**	**239,977**	**4,632**	**371,714**
AT 30 JUNE 2020 RESTATED						
Cost or fair value	54,333	14,968	107,761	240,783	4,632	422,477
Accumulated amortisation and impairment	(26,879)	(9,983)	(13,095)	(806)	-	(50,763)
Net carrying amount	**27,454**	**4,985**	**94,666**	**239,977**	**4,632**	**371,714**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.
(2) Software additions for the year ended 30 June 2020 includes $6,638,000 for the PayWith Worldwide, Inc. software transaction.
(3) An impairment charge against goodwill was recognised for continuing operations for the year ended 30 June 2020. This was in relation to Flex-e-Card International DMCC's operations that are expected to complete during the year ended 30 June 2022.

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

Software	4 - 5 years
Customer contracts	1 - 8 years
Customer relationships	3 - 6 years

E2 Intangibles (continued)

(i) Intangible assets acquired separately

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

(ii) Intangible assets acquired in a business combination

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

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

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

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

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

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

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

(iv) Goodwill

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

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

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

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

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

Notes to the Financial Statements.

E3 Impairment Testing

CARRYING AMOUNT OF GOODWILL, ALLOCATED TO THE CASH GENERATING UNITS

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

	CARRYING AMOUNT OF GOODWILL ALLOCATED TO CGU	
	2021 $'000	2020 RESTATED (1) $'000
Australia	10,777	10,777
Europe (2)	58,160	56,965
North America	6,886	7,503
Prepaid Financial Services Group	160,165	164,732
Consolidated Group	**235,988**	**239,977**

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

(2) During the year, the previously reported Europe, Flex-e-Card Group and EML Money Group CGUs have evolved into a single CGU. 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 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.

E3 Impairment Testing (continued)

KEY ASSUMPTIONS, JUDGEMENT AND ESTIMATIONS USED FROM VALUE-IN-USE CALCULATIONS - PREPAID FINANCIAL SERVICES GROUP

During the year ended 30 June 2021, PFS Card Services (Ireland) Limited received correspondence from the Central Bank of Ireland (CBI) raising a number of regulatory concerns, refer to Note F6. EML are working with the CBI to address their concerns, however, the investigation and response is still ongoing. PFS Card Services (Ireland) Limited forms part of the PFS Group CGU.

Due to this event, the Group evaluated several scenarios with differing cashflow projections covering a 5-year period to calculate the value-in-use. Management have applied a probability weighting to three scenarios; a base case scenario and two scenarios adjusting for variables including the timing of program launches and costs relating to the CBI regulatory matter. EML received legal advice in relation to a scenario based on the revocation of the authorisation by the CBI. Such a scenario would have materially restricted the CGU's continuing ability to trade within Europe. The Group concluded that the scenario was improbable and has not been included within the probability weighted scenario analysis on that basis. The three scenarios used all consider the investigation and remediation actions to be resolved over a maximum 24-month term.

In July 2021, EML identified various historical deficiencies relating to periods prior to EML's acquisition and the accelerated conversion into cash of funds in dormant and expired e-money accounts. The prior period adjustment to the acquisition balance sheet has the effect of increasing the forecast future revenues and cashflows in the impairment analysis. Refer to Note F6 for further details.

In determining the discount rate, an asset specific adjustment has been applied. Key assumptions used in the scenario testing are shown in the table below.

	30 JUNE 2021	30 JUNE 2020
Forecast growth, including Revenue and Gross Debit Volume (GDV)	11.6%	9.8%
Weighted Average Cost of Capital (WACC)	11.5%	11.0%
Terminal growth rate	3.5%	3.5%

The Gross Debit Volume growth rate has been considered in the context of the future projections over the forecast period and is supported by the growth rates currently demonstrated by the CGU. The growth rate used in the prior period of 9.8% has been significantly exceeded in the last 12 months, having been established during a period significantly impacted by the early stages of, and uncertainty caused by, the COVID-19 pandemic. The current year forecast of 11.6% considers the existing program growth rates and new program launches for the CGU.

The Weighted Average Cost of Capital (WACC) has increased through minor updates to the inputs and the inclusion of an asset specific adjustment. The inclusion of an asset specific adjustment is to reflect the higher risk profile currently associated with the CGU. Through the inclusion of this rate it more properly reflects that the risk is higher in the earlier years of discounted cash flow modelling.

The terminal value has remained consistent with prior years as management expect the CGU to retain its long term high growth potential, noting that we expect the investigation and remediation to be fully complete within two years.

The acquisition of PFS was initially concluded on terms agreed in November 2019 but subsequently renegotiated in March 2020 due to the impacts of the COVID-19 pandemic. This resulted in a price reduction of approximately $170.7 million, due to significant uncertainties and expected lower short term growth rates at that time. The actual GDV and revenue growth in the 12 months ending 30 June 2021 was stronger than budgeted for FY21, despite challenges associated with the CBI matter in Q4 FY21. The decline in profits in the FY21 year against budget resulted from a number of one off costs incurred rather than a material change in growth aspirations.

All scenarios assume a significant increase in the PFS overheads in the FY22 year in response to the CBI regulatory matter. The probability weighted discounted cashflows have indicated the recoverable amount of the Prepaid Financial Services Group CGU is above its carrying value. Therefore, no impairment charge is required to be recognised in the Statement of Profit or Loss and Other Comprehensive Income. An impairment charge is not estimated to be required under any of the three individual scenarios used. As a sensitivity, the Group have assessed that a 5% change in the gross profit is reasonably possible. This does not give rise to an impairment.

Notes to the Financial Statements.

E3 Impairment Testing (continued)

KEY ASSUMPTIONS USED FROM VALUE-IN-USE CALCULATIONS FOR REMAINING CGUS

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

The key assumptions used in the value-in-use calculations for the CGUs at 30 June 2021 were as follows:

Assumption	Description
Forecast growth, including revenue and Gross Debit Volume (GDV)	The Group determine growth of GDV and revenue with consideration to: — 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 is based on FY21 forward estimates. It anticipate continued headwinds in regard to the gift and incentive sector as a result of COVID-19 impacts. The forward cash flows assume recovery to more normal trading conditions by mid calendar year 2022. 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 resulting compound annual growth rate (CAGR) of GDV for the purpose of the value-in-use calculation was as follows:

	30 JUNE 2021	30 JUNE 2020
Australia	10.8%	7.9%
Europe (1)	7.9%	7.9%
North America	7.9%	8.9%

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

E3 Impairment Testing (continued)

Assumption	Description
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 the following post- tax WACC for each CGU:

	30 JUNE 2021	30 JUNE 2020
Australia	8.9%	8.7%
Europe (1)	10.3%	10.1%
North America	9.6%	9.4%

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

Assumption	Description
Terminal growth rate	The terminal growth rate of 3.5% (2020: 3.5%) is the average growth rate used to extrapolate cash flows beyond the five year forecast period. The rates are consistent with historical growth and forecasts.

KEY ESTIMATION - SENSITIVITY TO ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS (EXCLUDING PFS GROUP)

The Group have assessed sensitivity on the assumptions used for the value-in-use calculations for the annual testing and at European 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 impairment testing performed was developed using a combination of publicly available data, internal forecasts and third-party information. During the annual testing, the Group considered the impacts of COVID-19 and the most probable recovery period as a key driver of the outcomes.

Impairment testing is reviewed against the most up to date information the Group has available, including internal information on current monthly Gross Debit Volumes (GDV). 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. Assumptions used and the associated probabilities are ultimately approved by senior management.

Notes to the Financial Statements.

F1 Issued Capital

	CONSOLIDATED	
	2021 $'000	2020 $'000
361,828,369 fully paid ordinary shares (30 June 2020: 359,701,039)	456,157	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

	2021		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 contingent consideration - EML Money Group	-	-	-	-
Issued for consideration of services rendered(1)	-	-	704,877	-
Options exercised (2)	2,127,330	-	3,842,858	-
Benefits/(costs) associated with the issue of shares	-	574	-	(7,401)
Balance at end of the year	**361,828,369**	**456,157**	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 F3 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.

F2 Reserves

	CONSOLIDATED	
RESERVES	30 JUNE 2021 $'000	30 JUNE 2020 RESTATED (1) $'000
Share and options reserve	41,510	37,377
Foreign currency translation reserve	(26,208)	(22,780)
Other reserves	(803)	(2,871)
	14,499	11,726

(1) Refer to Note F6 for details regarding the restatement as a result of an error.

(a) Nature and purpose of reserves

SHARE AND OPTIONS RESERVE

The share and options reserve is used to recognise the grant and/or issue of shares and share options. When shares and share options are exercised, amounts carried in the reserve related to those particular shares and share options are dealt with based on their origination. If cash-related those amounts may be transferred out of the reserve to issued capital. If not cash-related the amounts are transferred out of the reserve to accumulated losses.

FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

OTHER RESERVES

Other reserves is used to recognise the acquisition of a Non-controlling interest.

(b) Movements in Share and options reserve

SHARE AND OPTIONS RESERVE	2021 $'000	2020 $'000
Balance at beginning of the financial year	37,377	28,903
Issue of shares to employee share trust	4,969	4,092
Share-based payments	-	2,059
Deferred tax movement recorded directly in equity	(836)	2,323
Balance at 30 June	**41,510**	37,377

Notes to the Financial Statements.

F3 Share-based payments

(i) Employee Share Option Plan

The Group established an equity-based compensation plan for employees which was approved by shareholders at an Extraordinary General Meeting held on 14 November 2018 ('ESOP 2'). ESOP 2 is open to any person who is a full-time or permanent part-time employee or Director of the Company or a related body corporate of the Company. Options may not be granted to a Director or his or her associates under ESOP 2 unless approval of the grant is given by shareholders in general meeting in accordance with the requirements of the ASX Listing Rules.

The Board has broad discretions under ESOP 2, including (without limitation) as to:

a. the timing of making an offer to participate in ESOP 2;

b. identifying persons eligible to participate in ESOP 2; and

c. the terms of issue of options (including vesting conditions, if any).

Each employee share option converts into one ordinary share of the Company on exercise. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The expense recognised in the statement of profit and loss and other comprehensive income in relation to share-based payments made under ESOP 2 is $4,967,000 (2020: $6,146,000).

(ii) Movements in Share Options

The following reconciles movements in share options during the financial year:

	CONSOLIDATED			
	2021		2020	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE $
Outstanding at beginning of financial year	6,131,519	-	10,942,037	0.7839
Issued during the financial year	2,390,905	-	2,719,429	-
Exercised during the financial year	(2,127,330)	-	(3,842,858)	(1.3634)
Cancelled during the financial year	(1,396,981)	-	(3,687,089)	(0.8931)
Outstanding at end of the financial year [1]	**4,998,113**	-	6,131,519	-

(1) Issued share options outstanding at the end of the financial year had a weighted average exercise price of $nil (2020: $nil) and a weighted average remaining contractual life of 418 days (2020: 356 days).

The weighted average fair value of options granted during the year was $3.11 per option (2020: $2.21).

F3 Share-based payments (continued)

(iii) Fair Value Measurement

The fair value of equity-settled share options is estimated as at the date of grant using the Black-Scholes model. The inputs into the model are as follows:

	SERIES 20	SERIES 22	SERIES 23	SERIES 25	SERIES 26	SERIES 27	SERIES 28
Number at the end of financial year	-	-	-	-	61,275	195,782	588,142
Fair value at grant date	$1.17	$1.09	$1.09	$1.20	$1.20	$1.26	$1.26
Grant date share price	$1.46	$1.36	$1.36	$1.50	$1.50	$1.58	$1.58
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	46%	44%	44%	44%	44%	44%	44%
Risk-free interest rate	1.99%	2.28%	2.28%	2.28%	2.28%	2.28%	2.28%
Expected life of option (years)	2	3	3	3	3	3	3
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Grant date	19/04/2017	28/06/2018	28/06/2018	16/07/2018	16/07/2018	24/09/2018	24/09/2018
Vesting date	30/08/2020	28/06/2020	28/06/2021	16/07/2020	16/07/2021	01/09/2021	01/09/2021
Expiry date	30/09/2020	28/09/2021	28/09/2021	28/09/2021	28/09/2021	30/10/2021	30/10/2021
Performance measures	Yes [2]	n/a	n/a	n/a	n/a	Yes [2]	Yes [2]

	SERIES 29	SERIES 31	SERIES 32	SERIES 33	SERIES 34	SERIES 35	SERIES 36
Number at the end of financial year	-	-	-	884,279	226,481	56,620	194,231
Fair value at grant date	$1.26	$1.24	$3.48	$2.47	$3.48	$3.04	$3.14
Grant date share price	$1.58	$1.55	$3.00	$3.08	$4.35	$3.80	$4.54
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	44%	44%	42%	41%	41%	71%	42%
Risk-free interest rate	2.28%	2.32%	1.01%	069%	0.69%	0.92%	1.00%
Expected life of option (years)	3	1	1	3	3	1	1
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Grant date	24/09/2018	13/11/2018	13/11/2019	20/08/2019	13/11/2019	17/06/2020	17/06/2020
Vesting date	01/07/2020	12/11/2020	01/07/2020	01/07/2022	01/07/2022	31/08/2021	01/07/2021
Expiry date	23/09/2021	12/11/2020	23/09/2021	29/08/2022	29/08/2022	31/10/2021	29/08/2021
Performance measures	Yes [1]	n/a	Yes [1]	Yes [2]	Yes [2]	n/a	Yes [1]

Notes to the Financial Statements.

F3 Share-based payments (continued)

	SERIES 37	SERIES 38	SERIES 39	SERIES 40	SERIES 41	SERIES 42 [3]	SERIES 43	SERIES 44
Number at the end of financial year	38,567	419,366	498,378	1,379,805	255,236	101,372	29,191	69,388
Fair value at grant date	$3.70	$3.04	$3.07	$3.07	$3.19	$3.48	$3.66	$3.28
Grant date share price	$4.63	$3.80	$3.07	$3.07	$3.19	$3.48	$3.66	$3.28
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	98%	71%	0%	58%	60%	0%	60%	74%
Risk-free interest rate	0.89%	0.92%	0.44%	0.44%	0.42%	0.42%	0.37%	0.73%
Expected life of option (years)	2	1	1	3	3	2	2	2
Dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Grant date	06/01/2020	17/06/2020	07/09/2020	07/09/2020	30/10/2020	30/06/2021	18/01/2021	2/06/2021
Vesting date	01/07/2022	31/08/2021	01/07/2022	31/08/2023	31/08/2023	01/07/2022	31/08/2023	31/08/2023
Expiry date	29/08/2022	31/10/2021	29/08/2022	30/10/2023	30/10/2023	29/08/2022	30/10/2023	30/10/2023
Performance measures	Yes [2]	n/a	Yes [1]	Yes [2]	Yes [2]	Yes [1]	Yes [2]	Yes [2]

(1) The number of short term incentive plan (STIP) options available at the vesting date will be impacted by the Group's and the individual's achievement judged against both qualitative and quantitative criteria with a mix of the following measures as outlined in the Remuneration report on page 46.

(2) The number of long term incentive plan (LTIP) options available at the vesting date will be impacted by the Group's and the individual's achievement judged against both qualitative and quantitative criteria with a mix of the following measures as outlined in the Remuneration report on page 46.

(3) Series 42, relates to Thomas Cregan's STIP for the financial year ended 30 June 2021. At the balance date, the service period had commenced however, shareholder approval will be sought at the AGM during November 2021. In accordance with the accounting standards, the temporary grant date has been taken as the balance date and will be revised upon shareholder approval. A total of 101,881 options were granted which has been adjusted down to 101,372 reflecting the performance outcome.

F3 Share-based payments (continued)

The expected life of the options is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

(iv) Accounting policy

EQUITY SETTLED TRANSACTIONS:

Equity-settled share-based payments to employees and others providing similar services are measured at fair value at the grant date. The fair value is determined using a Black-Scholes model and details used for the determination of the fair value are set out above.

The fair value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. It excludes the effect of non-market-based vesting conditions.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss and other comprehensive income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

CASH SETTLED TRANSACTIONS:

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

There are no options outstanding that are cash settled (2020: none).

KEY ASSUMPTION - SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled transactions

The Group measures the cost of equity-settled transactions with employees and Directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes model which references the Company share price on the day and may include a discount for lack of marketability.

The cost of equity-settled transactions is recognised, together with a corresponding increase in reserves under equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit within profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised separately in share-based payments expense.

Notes to the Financial Statements.

F4 Parent Entity Disclosures

The individual financial statements for the parent entity show the following aggregate amounts:

FINANCIAL POSITION	30 JUNE 2021 $'000	30 JUNE 2020 $'000
ASSETS		
Current assets	134,305	121,428
Non-current assets	426,410	415,839
Total Assets	560,715	537,267
LIABILITIES		
Current liabilities	116,943	88,431
Non-current liabilities	1,868	2,321
Total Liabilities	118,811	90,752
Net Assets	441,904	446,515
EQUITY		
Issued capital	456,153	455,580
Reserves	37,037	32,886
Accumulated losses	(51,286)	(41,951)
Total Equity	441,904	446,515
FINANCIAL PERFORMANCE		
Loss after income tax for the year	(13,463)	(9,759)
Other comprehensive income	4,229	6,988
Total comprehensive profit/(loss) for the year	**(9,234)**	**(2,771)**

(i) Commitments and Contingencies

The parent entity did not have any commitments as at 30 June 2021 or 30 June 2020.

The parent entity has provided bank guarantees for obligations to card schemes of $2,130,000 (2020: $2,335,000) and office properties of $569,000 at 30 June 2021 (2020: $569,000). No liability is expected to arise. Refer to Note G2 for further details.

(ii) Determining the parent entity financial information

The financial information for the parent entity, EML Payments Limited has been prepared on the same basis as the consolidated financial statements, except as set out below.

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are accounted for at cost in the financial statements of EML Payments Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

F5 Controlled Entities

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST (%) 30 JUNE 2021	30 JUNE 2020
PARENT ENTITY			
EML Payments Limited	Australia		
CONTROLLED ENTITIES			
EML Payment Solutions Limited	Australia	100	100
EML Payments Europe Limited	United Kingdom	100	100
EML Payments USA LLC	United States	100	100
EML Payments Mexico S de R.L.	Mexico	100	100
EML Financial 2 LLC	United States	100	100
EML Payments Canada, Ltd	Canada	100	100
EML Payments AB	Sweden	100	100
EML Money Designated Activity Company	Ireland	100	100
EML Payments (EU) Limited	Ireland	100	100
Flex-e-Card Limited	United Kingdom	100	100
Flex-e-Card International DMCC	United Arab Emirates	100	100
EML Payments European Holdings Limited	Ireland	100	100
Prepaid Financial Services (Ireland) Limited	Ireland	100	100
PFS Card Services Ireland Limited	Ireland	100	100
P.F.S. Spain SL	Spain	100	100
Prepaid Financial Services Limited	United Kingdom	100	100
Spectre Technologies Limited	Malta	100	100

Notes to the Financial Statements.

F6 Business Combinations

Acquisition of Prepaid Financial Services Group and correction of prior period error

On 31 March 2020, the Group acquired 100% of the shares of Prepaid Financial Services (Ireland) Limited, Prepaid Financial Services Limited, PFS Card Services Ireland Limited, P.F.S. Spain SL and Spectre Technologies Limited (collectively referred to as the Prepaid Financial Services Group), unlisted companies based in Europe.

The Prepaid Financial Services Group ("PFS Group") are a multi award winning European provider of white label payments and banking-as-a-service technology.

UPDATE ON PFS SUBSEQUENT TO ACQUISITION AND SUMMARY OF KEY ESTIMATES AND JUDGEMENTS

Since acquisition date a number of issues have arisen which has impacted the performance of the PFS Group and are reflected in these financial statements as follows:

Correction of a prior period error in the acquisition balance sheet

The Group became aware of historical deficiencies in connection with the accelerated conversion to cash of dormant funds and expired e-money accounts. Electronic money regulations ("EMRs") prescribe that, in certain circumstances, the stored value funds on dormant and expired e-money accounts remain safeguarded for a prescribed minimum period before release to income on expiry under the EMRs. The historical treatment is inconsistent with the Group's understanding of the correct application of EMRs.

On the acquisition of PFS the Group did not recognise a liability for such stored value amounts of $28,131,000 as part of the acquired liabilities recognised on acquisition at fair value. The error relates to the period prior to the Group's acquisition however, was identified outside of the measurement period and related to information that could reasonably be expected to have been obtained at the acquisition date.

Therefore, the Group corrected this error through a prior period adjustment to the acquisition balance sheet as at 31 March 2020 to recognise the stored value liability due to account holders. The Group expects to derecognise the liability in a future period when the safeguarding obligation ends, which may result in the recognition of revenue and cash flow in the future period, refer to Note A1.

The recognition of the stored value liability due to account holders as at acquisition date of 31 March 2020 has consequential impacts to the acquisition accounting adopted at 31 March 2020 including an increase to the value of acquired intangible assets and goodwill and impacts to current and deferred tax balances. Furthermore the acquisition agreement included contingent consideration in the event that certain pre-determined EBITDA results are achieved by the Prepaid Financial Services Group for the three financial years ending 30 June 2021 to 2023. The adjustment to the acquisition accounting impacts the Group's acquisition date forecast of EBITDA for the earn-out period and consequently the Group has also been required to correct an error in the contingent consideration liability at 31 March 2020.

Further, the Group has restated the prior year comparative financial statements as at 30 June 2020 to correct for this error. Refer Restatement of 31 March 2020 Acquisition Balance Sheet and Restatement of 30 June Financial Statements below:

F6 Business Combinations (continued)

RESTATEMENT OF 31 MARCH 2020 ACQUISITION BALANCE SHEET

The correction of this error at 31 March 2020 resulted in the following adjustments to the provisional acquisition accounting reported at 30 June 2020:

	NOTES	FAIR VALUE 31 MARCH 2020 $'000	INCREASE/ (DECREASE) $'000	FAIR VALUE 31 MARCH 2020 RESTATED $'000
Cash and cash equivalents		14,789	-	14,789
Trade and other receivables		10,828	-	10,828
Other current assets		2,182	-	2,182
Segregated funds and bond investments		954,944	-	954,944
Financial asset		589	-	589
Plant, equipment and right-of-use asset	E1	4,586	-	4,586
Intangibles (1)	E2	98,073	15,928	114,001
Current tax asset		-	4,571	4,571
Total Assets		**1,085,991**	**20,499**	**1,106,490**
Trade and other payables		(15,418)	-	(15,418)
Employee benefits		(313)	-	(313)
Current tax payable		(1,108)	1,108	-
Provisions		(4,026)	-	(4,026)
Contingent consideration		(1,022)	-	(1,022)
Lease liability		(2,713)	-	(2,713)
Other liabilities		(505)	-	(505)
Liabilities to stored value account holders	D2	(942,850)	(28,131)	(970,981)
Deferred tax liabilities	A5	(11,316)	(2,038)	(13,354)
Total Liabilities		**(979,271)**	**(29,061)**	**(1,008,332)**
Total identifiable net assets at fair value		106,720	(8,562)	98,158
Goodwill arising on acquisition	E2	234,276	(55,156)	179,120
Purchase consideration transferred		**340,996**	**(63,718)**	**277,278**

(1) The fair value of customer contracts was adjusted solely as a result of the mathematical implications directly arising from the prior period adjustment.

Goodwill represents the expected growth and synergies from combining operations of the acquiree. The Goodwill above does not comprise the value of the customer contracts and software as these are separately recognised as they meet the criteria for recognition as an intangible asset under AASB 138.

Notes to the Financial Statements.

F6 Business Combinations (continued)

RESTATEMENT OF CONSIDERATION TRANSFERRED

The correction of this error at 31 March 2020 resulted in the following adjustments to the provisional acquisition accounting reported at 30 June 2020:

	31 MARCH 2020 $'000	INCREASE/(DECREASE) $'000	31 MARCH 2020 RESTATED [1] $'000
Cash consideration	157,320	-	157,320
Ordinary shares issued [2]	67,220	-	67,220
Contingent consideration (refer below)	76,194	(63,718)	12,476
Interest-bearing borrowings [3]	40,262	-	40,262
Total purchase consideration	**340,996**	**(63,718)**	**277,278**

(1) The fair value of contingent consideration was adjusted solely as a result of the mathematical implications on EBITDA estimates directly arising from the prior period adjustment.

(2) The fair value of the 29,413,161 ordinary shares issued as part of the consideration paid for the Prepaid Financial Group was based on the published share price on 31 March 2020 of $2.30 per share. There were no directly attributable issue costs.

(3) The interest-bearing borrowings relate to the unlisted, unsecured loan notes issued by the Group to the vendors. The loan notes are interest bearing, and repayable in two tranches by 28 June 2024 and 30 June 2025. The Group holds an election to repay at any earlier date.

ANALYSIS OF CASHFLOWS FROM ACQUISITION - NOT RESTATED

	31 MARCH 2020 $'000
Cash consideration (included in cash flows from investing activities)	(157,320)
Net cash acquired with the business combination (included in cash flows from investing activities)	14,789
Transaction costs of the acquisition (included in cash flows from operating activities)	(15,559)
Net cash flow used for acquisition	**(158,090)**

Acquisition related costs of $15.5 million have been excluded from the consideration transferred and have been recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income for the prior year, within the 'Acquisition costs' line item. This table is not impacted by the prior period restatement.

F6 Business Combinations (continued)

RESTATEMENT OF 30 JUNE 2020 FINANCIAL STATEMENTS

The table below identifies the Statement of Financial Position categories that have been impacted from the correction of error:

STATEMENT OF FINANCIAL POSITION (EXTRACT)	30 JUNE 2020 $'000	INCREASE/ (DECREASE) $'000	30 JUNE 2020 RESTATED $'000
Current tax receivable	-	7,493	7,493
Intangibles	404,748	(33,034)	371,714
Total Assets	**1,906,266**	**(25,541)**	**1,880,725**
Contingent consideration (non-current) [1]	69,279	(58,225)	11,054
Liabilities to stored value account holders	1,265,896	29,139	1,295,035
Deferred tax liabilities	16,445	1,853	18,298
Current tax payable	194	2,440	2,634
Total Liabilities	**1,465,274**	**(24,791)**	**1,440,483**
Accumulated losses	25,778	1,289	27,067
Reserves - Foreign currency translation reserve	23,319	(539)	22,780
Equity	**440,992**	**(750)**	**440,242**

(1) The fair value of contingent consideration was adjusted solely as a result of the mathematical implications on EBITDA estimates directly arising from the prior period adjustment.

Subsequent to the financial year ended 30 June 2021, the Group injected $28,187,000 into the segregated funds and bond investments.

The table below identifies the Statement of Profit or Loss and Other Comprehensive Income categories that have been impacted from the correction of error:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)	30 JUNE 2020 $'000	INCREASE/ (DECREASE) $'000	30 JUNE 2020 RESTATED $'000
Depreciation and amortisation expense	(18,656)	(463)	(19,119)
Finance costs	(4,072)	1,536	(2,536)
Other non-operating benefit/(expense)	4,436	(2,362)	2,074
Total Expenses	**(97,785)**	**(1,289)**	**(99,074)**
Net (Loss)/Profit for the year	**(5,854)**	**(1,289)**	**(7,143)**
Basic EPS	(1.92)	(0.34)	(2.35)
Diluted EPS	(1.92)	(0.34)	(2.35)

Notes to the Financial Statements.

F6 Business Combinations (continued)

CENTRAL BANK OF IRELAND (CBI) INVESTIGATION

During the financial year, PFS Card Services (Ireland) Limited received a correspondence from the CBI outlining a number of regulatory concerns. This has resulted in the PFS Group incurring significant costs within the year (refer to Note A4 (c)) and providing for further costs expected to be incurred to reach a resolution of the issues, refer to Note B9.

CONTINGENT CONSIDERATION

Contingent consideration includes completion settlements and an earn-out arrangement, both payable in cash. The earn-out relates to certain predetermined EBITDA results for the three financial years ended 30 June 2021 to 2023. The contingent consideration is capped at $101,367,000, payable in cash. The payments will be made in three tranches, payable by 31 August 2021, 31 August 2022 and 31 August 2023. The completion settlements will be released once conditions have been met.

As required by accounting standards, a financial liability of $12,476,000 representing the fair value of the completion settlements was recognised at acquisition date.

SIGNIFICANT ESTIMATION - CONTINGENT CONSIDERATION RELATING TO EARN-OUT

In the event that certain pre-determined EBITDA results are achieved by the Prepaid Financial Services Group for the three financial years ending 30 June 2021 to 2023, a maximum of $101,367,000 (GBP 55 million) may be payable in cash.

Fair value is based on a discounted, estimated EBITDA achievement for the measurement periods. At 30 June 2021, the fair value has been measured to $14,280,000, refer to Note D5. The estimated EBITDA used in the calculations are subject to interpretation of the appropriateness of costs included and excluded from EBITDA based on the Share Purchase Agreement.

A reasonable possible change in estimated EBITDA achievement is considered to be GBP 1 million. A decrease of GBP 1 million in EBITDA achievement would result in a decrease in cash contingent consideration (undiscounted) of $16,518,000 in FY22 and $nil in FY23. An increase of GBP 1 million in EBITDA achievement would result in a increase in cash contingent consideration (undiscounted) of $9,215,000 in FY22 and $11,749,00 in FY23.

IMPAIRMENT TESTING

The issues noted above constitute indicators of impairment in relation to the "PFS Group Cash Generating Unit". A detailed impairment analysis has been conducted as presented in Note E3, no impairment is considered necessary as at 30 June 2021.

G1 Related Party Disclosures

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(a) Controlled entities

Details of Controlled entities, including the percentage of ordinary shares held are disclosed in Note F5 to the financial statements.

(b) Associate entities

Details of Associate entities are disclosed in Note D5 to the financial statements.

(c) Transactions with related parties

(I) WHOLLY-OWNED

The wholly-owned group includes:

- (a) The ultimate parent entity in the wholly-owned group (the Company); and
- (b) The wholly-owned controlled entities (subsidiaries).

The ultimate parent entity in the wholly-owned group is EML Payments Limited.

During the financial year, EML Payments Limited provided central administration and Director services to controlled entities. Balances and transactions between the Company and its subsidiaries, which are related parties have been eliminated on consolidation and are not disclosed in this note. No management fees were charged (2020: $nil).

(II) OTHER RELATED PARTIES

The Group did not enter into any other related party transactions during the financial year.

(d) Remuneration transactions with key management personnel

Refer to the Remuneration Report for remuneration transactions with key management personnel.

(e) Other transactions with key management personnel

An amount of $2,409 has been recognised as a current payable to George Gresham, a former Non-Executive Director, for additional committee fees payable.

Notes to the Financial Statements.

G2 Contingent Assets and Liabilities

Contingent Assets

During the preparation of the financial statements for the year ended 30 June 2021, the entity became aware of a prior period error in connection with the accelerated conversion to cash of dormant funds prior to six years after the expiry of the account or card. The issue arose in the Prepaid Financial Services Limited business and prior to its acquisition by EML on 31 March 2020. The correction has impacted the balance sheet presented on acquisition at 31 March 2020 (refer to Note F6) and the prior year comparative financial statements as at 30 June 2020.

EML considers that it has the benefit of various warranties and indemnities under the Share Purchase Agreement entered into in March 2020 to recover the liability. However, at 30 June 2021, a contingent asset has not been recognised as the probability is uncertain until further investigation is undertaken.

Contingent Liabilities

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

HOST-BASED STORE VALUE ACCOUNTS WITH BIN SPONSORS

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

Under the agreements:

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

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

GUARANTEES

The Group has provided the following bank guarantees at 30 June 2021:

- Bank guarantees with the lessors of the office properties to the value of $569,000 (2020: $569,000). No liability is expected to arise;
- Bank guarantees for obligations to card schemes to the value of $2,130,000 (2020: $2,334,000) No liability is expected to arise.

COMPLIANCE MATTERS

The Group operates in a number of regulated markets and works hard to meet our evolving regulatory requirements. We aim to maintain collaborative relationships with all our regulators. The Group is subject to regulatory reviews and inquiries and from time to time these may result in litigation, fines or other regulatory enforcement actions. Actual and potential claims and proceedings may arise in the conduct of the Group's business with clients and customers, revenue authorities, employees, and other stakeholders with whom the Group interacts. The Group recognises provisions for matters where an economic outflow of resources as a result of events occurring prior to the reporting date is probable and can be reliably measured utilising information that is known as at the reporting date. Provisions for these matters are included within Note B9. In some circumstances, including under Share Purchase Agreements and other contractual rights, the Group may receive protections to cover any potential fines or warranty claims that could ultimately be incurred for conduct or issues arising prior to the Group's acquisition which may also be offset against amounts held in escrow, vendor loans or contingent consideration, refer Note F6.

CENTRAL BANK OF IRELAND (CBI) CORRESPONDENCE

During the financial year, PFS Card Services (Ireland) Limited, a wholly owned subsidiary of EML, received correspondence raising significant regulatory concerns. EML are working with the regulator to address their concerns, however, the investigation is still ongoing. A provision has been recognised for the likely costs that will be incurred to reach a resolution of the issue including professional advisory services and an estimate of any financial penalty. The Group provided $9,952,000 in relation to the above matter, refer to Note A4. Additional costs may be incurred consequential to this matter, which are unknown or do not meet the criteria to be provided at 30 June 2021.

G2 Contingent Assets and Liabilities (continued)

BINDING SALE PURCHASE AGREEMENT

On 7 April 2021, the Group announced it had entered into a binding Share Purchase Agreement (SPA) to acquire 100% of Sentenial Limited and its wholly owned subsidiaries including their open banking product, Nuapay for an upfront enterprise value of $110,851,000 (EUR 70million), plus an earn out component of up to $63,343,000 (EUR 40million).

The completion of the SPA is subject to change of control regulatory approved from the Financial Conduct Authority (FCA) and Authorite de Controle Prudentiel et de Resolution (ACPR). The acquisition is expected to close in FY22.

Approval to the change of control has been received from the FCA. EML has not yet received change of control approval from the ACPR.

G3 Subsequent Events

During the preparation of the financial statements for the year ended 30 June 2021, the entity became aware of a prior period error in connection with the accelerated conversion to cash of dormant funds and expired e-money account prior to six years after the expiry of the account or card. The issue arose in the Prepaid Financial Services Limited business and prior to its acquisition by EML on 31 March 2020. The correction has impacted the balance sheet presented on acquisition at 31 March 2020 and the prior year comparative financial statements as at 30 June 2020 (refer to Notes F6).

Subsequent to the balance date, EML funded the shortfall in the safeguarded asset account.

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

G4 Summary of Significant Accounting Policies

(a) Reporting entity

EML Payments Limited (Company) is a for-profit company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The consolidated financial report of the Company for the year ended 30 June 2021 comprises the Company and its subsidiaries (together referred to as the Group or consolidated entity or EML). The consolidated financial report was authorised for issue in accordance with a resolution of the Directors on 17 August 2021.

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of EML Payments Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis except where otherwise stated. Cost is based on the fair 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 Company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are the provision of payment services.

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

STATEMENT OF COMPLIANCE

The financial report complies with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB).

Notes to the Financial Statements.

G4 Summary of Significant Accounting Policies (continued)

(c) Adoption of new and revised standards

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

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies for the period ended 30 June 2021.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The Group has determined no material impact of the issued but not yet effective standards referred to in section (d).

(d) Accounting standards and interpretations that have been issued but not yet effective

The Group has not applied the following new and revised AASBs that have been issued but are not yet effective:

STANDARDS/INTERPRETATION	EFFECTIVE FOR ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER	EXPECTED TO BE INITIALLY APPLIED IN THE FINANCIAL YEAR ENDING
AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform- Phase 2	1 January 2021	30 June 2022
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 June 2023
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January 2023	30 June 2024

(e) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2021 and the results of all subsidiaries for the year then ended.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its return. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Business combinations are accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

G4 Summary of Significant Accounting Policies (continued)

(g) Going concern

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

- Updated its economic outlook to prepare forward estimates and cash flow forecasts after reviewing external market, key customer, supplier and public forecasts that assume recovery over a period of time from 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, refer to Note D1;
- Re-evaluated material areas of judgement and uncertainty;
- Re-evaluated the Group strategy and the resources require to successfully execute it;
- Re-assessed current cash resources and funding sources available to the group alongside the expected future cash requirements; and,
- Considered the implications of the Central Bank of Ireland correspondence received in relation to PFS Card Services Ireland Limited.

As a result of the above analysis, the Directors have reached a conclusion that the Group is able to continue as a going concern for at least, but not limited to, 12 months from the date of this report.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and Value Added Tax (VAT) except:

- when the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST or VAT included.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis and the GST or VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST or VAT recoverable from, or payable to the taxation authority.

(i) Foreign Currency Translation

FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

TRANSACTIONS AND BALANCES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period.

Notes to the Financial Statements.

G4 Summary of Significant Accounting Policies (continued)

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

DISPOSAL OF FOREIGN OPERATIONS

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(j) Fair value measurement

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In a principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest..

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted market price (unadjusted) in an active market for identical assets and liabilities;

Level 2: valuation techniques on observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

Level 3: valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Financial asset – Note D4;
- Plant, equipment and right-of-use assets – Note E1;
- Intangibles – Note E2;
- Contingent liabilities – Note G2; and
- Contingent consideration – Note D5.

G4 Summary of Significant Accounting Policies (continued)

(k) Comparative figures

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

(l) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(m) Discontinued operations

A component of the Group's business is classified as a discontinued operation if the operations and cash flows of the component can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group and if the component either has been disposed of or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows are restated and presented as if the operation had been discontinued from the start of the comparative year.

During the year ended 30 June 2020, the Group announced its intention to cease Flex-e-Card International DMCC's operations. Operations are expected to complete during the financial year ended 30 June 2022. The operations do not form a major business line of the Group and have been classified as an abandoned operation.

(n) Employee benefits

(I) WAGES, SALARIES, ANNUAL LEAVE AND SICK LEAVE

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(II) LONG SERVICE LEAVE

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

Consideration is given to expect future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

(o) Provisions

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

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

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

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

ASX Additional Information.

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

1.1 Share Information

As at 31 July 2021 the Company only has one class of shares, fully paid ordinary share. Therefore all holders listed hold fully paid ordinary shares. There are no unlisted securities and there is currently no on-market buy-back.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(b) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(c) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(d) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each Fully Paid Share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid Shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the Share.

1.2 Distribution of Shares (as at 31 July 2021)

NO.	NO OF SHAREHOLDERS	FULLY PAID SHARES
1 to 1,000	13,945	6,368,620
1,001 to 5,000	9,105	22,091,567
5,001 to 10,000	1,940	14,568,259
10,001 to 50,000	1,397	28,376,376
50,001 to 100,000	127	9,149,445
100,001 and Over	128	281,455,223
Total	**26,642**	**362,009,490**

Unmarketable Parcels	1,487	140,498

1.3 Substantial Shareholders (as at 31 July 2021)

The following shareholders are recorded as substantial shareholders:

NAME	FULLY PAID SHARES NUMBER
CITICORP NOMINEES PTY LIMITED	56,621,783
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,859,071
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	49,442,911
NATIONAL NOMINEES LIMITED	36,682,658
Total	**193,606,423**

ASX Additional Information.

1.4 Holders of Unquoted Equity Securities (as at 31 July 2021)

A total of 4,998,113 unlisted options are on issue at 30 June 2021. All unlisted options are held by employees under the Company's Employee Share Options Plan.

1.5 Twenty Largest Shareholders (as at 31 July 2021)

ORDINARY SHAREHOLDERS	FULLY PAID ORDINARY NUMBER	PERCENTAGE
CITICORP NOMINEES PTY LIMITED	56,621,783	15.64
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,859,071	14.05
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	49,442,911	13.66
NATIONAL NOMINEES LIMITED	36,682,658	10.13
ARGO INVESTMENTS LIMITED	7,878,679	2.18
TACDBM PTY LTD	7,523,104	2.08
BT PORTFOLIO SERVICES LIMITED	6,736,320	1.86
PACIFIC CUSTODIANS PTY LIMITED	5,223,285	1.44
CITICORP NOMINEES PTY LIMITED	4,541,488	1.25
BNP PARIBAS NOMS PTY LTD	3,522,338	0.97
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	2,491,109	0.69
BNP PARIBAS NOMINEES PTY LTD	2,380,357	0.66
SHAMGAR INVESTMENTS PTY LTD	2,300,000	0.64
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,108,708	0.58
WILDWOOD CAPITAL PTY LTD	2,034,261	0.56
LSR TRADING PTY LIMITED	2,000,000	0.55
BNP PARIBAS NOMINEES PTY LTD	1,988,873	0.55
MS DIANA BARTON CREGAN	1,866,666	0.52
THOMAS CREGAN	1,801,310	0.50
LEE BRITTON	1,516,142	0.42
Total	**249,519,063**	**68.93%**

1.6 Share Buy-Backs

There is no current on-market buy-back scheme.

2. Other Information

EML Payments Limited, incorporated and domiciled in Australia, is a public listed company limited by Shares.

Corporate Information.

Directors

Peter Martin
Non-executive Chairman

Thomas Cregan
Managing Director and Group Chief Executive Officer

Tony Adcock
Non-executive Director

David Liddy AM
Non-executive Director

Melanie Wilson
Non-executive Director

Dr Kirstin Ferguson
Non-executive Director
(Retired 16 July 2021)

George Gresham
Non-executive Director
(Resigned 29 July 2021)

Company Secretaries

Sonya Tissera-Isaacs
Company Secretary

Paul Wenk
Group General Counsel
(Resigned as Joint Company Secretary 30 June 2021)

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

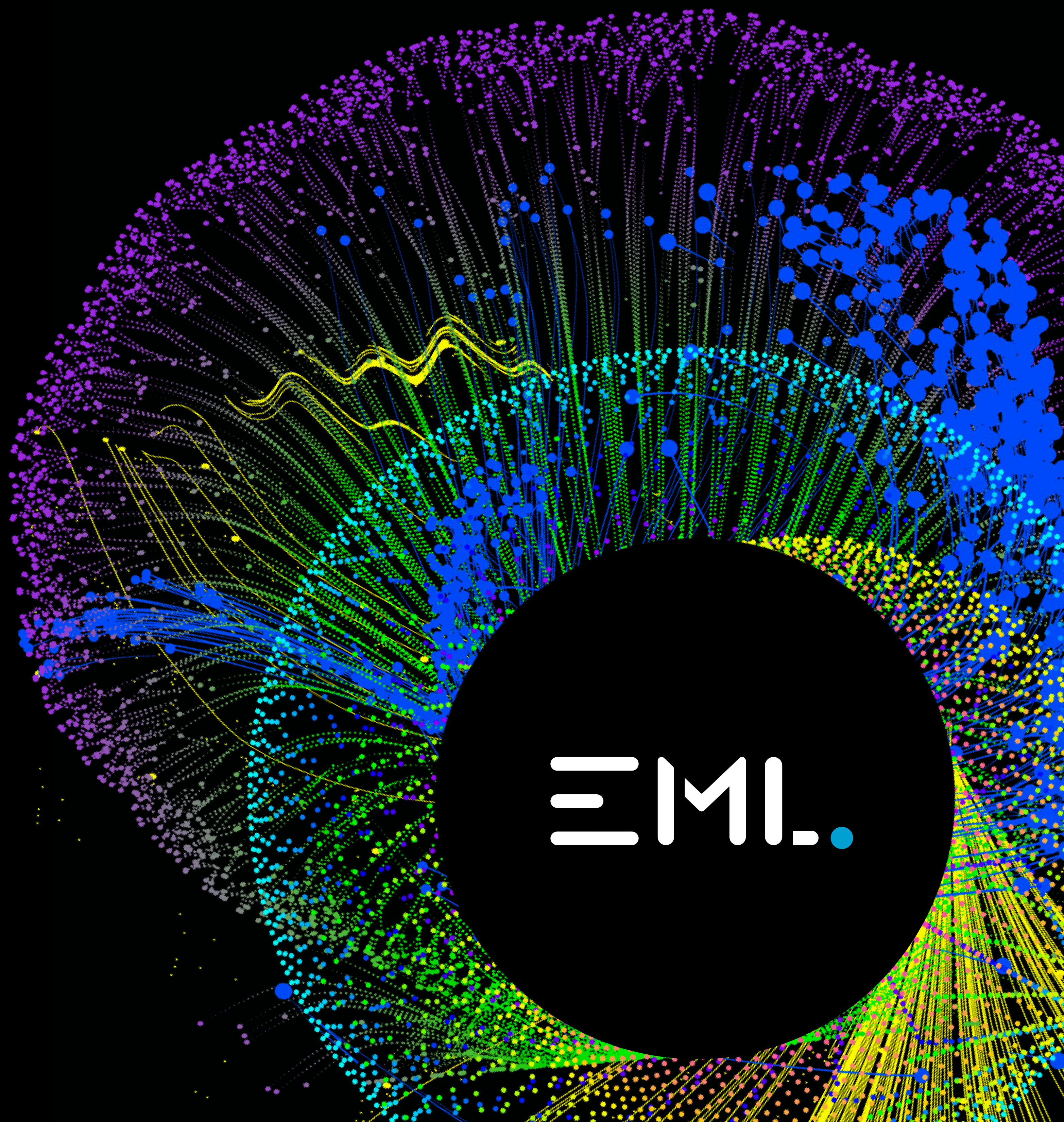
Link Market Services Limited
Level 15, 324 Queen Street
Brisbane, QLD 4000

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)



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