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EML Payments Limited

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ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

EML Acquires Sentenial Limited and enters the Open Banking market in Europe

EML Payments Limited (ASX: EML) has entered into a binding Share Purchase Agreement to acquire 100% of Sentenial Limited and its wholly owned subsidiaries ('Sentenial') including their open banking product, Nuapay for an upfront enterprise value of €70 million (A$108.6 million), plus an earn-out component of up to €40 million (A$62.1 million) (the 'Acquisition').

- The Acquisition broadens EML's payment offerings to include alternate (non-card, non-scheme) payment products to our platform to address customer demand, complementing card scheme based payments;
- EML continues its growth as one of the largest FinTech enablers in digital banking, prepaid and open banking globally, expecting to process in excess of A$90 billion annually post acquisition;
- Sentenial is a leading European Open Banking and Account-to- Account ("***A2A***") payments provider, utilizing a cloud-native, API-first, full stack enterprise grade payment platform. Combining the EML & Nuapay platforms and capabilities is an opportunity to deepen customer relationships, enter new industry verticals and diversify our revenue streams;
- Sentenial has an attractive customer base across banking, corporate and software industries, including 4 of the top 7 banks in the United Kingdom and some of the largest merchant acquirers in Europe;
- Sentenial has a highly scalable platform that has had continual investment to future proof the business and allow for agile deployments and rapid growth. EML is well positioned to export the technology globally, with plans to leverage the Sentenial platform into Australia and North America.

The acquisition and transaction costs will be funded by a combination of:

- **€38.9 million** (A$60.3 million)[1] Cash on hand and a new multicurrency debt facility, of which A$31 million will be drawn. EML has secured a total facility of up to circa A$225 million to support working capital and future growth, which includes a A$100 million accordion facility. This facility will provide the Group with flexibility for future M&A opportunities as they arise;
- **€31.1 million** (A$48.2 million) Scrip consideration (an issue of new EML shares) to Vendors at a 10 day VWAP to signing this agreement, equating to approximately 9.6m shares or 2.9% of the issued shares of EML. Approximately 60% will be subject to a 6 month restriction from sale.
- Up to **€40 million** (A$62.1 million) earn-out consideration, contingent on the achievement of earn-out targets correlating to incremental Open Banking revenue of €27 million (A$41.9 million) in the 12-month period ending on 31 December 2023. Earn-out payable in cash or equity at EML's discretion in 2024;
- **€2.5 million** (A$3.9 million) of the cash consideration will be held in escrow for 12 months following completion of the Acquisition for claims made under the Acquisition agreement alongside a Warranty & Indemnity Insurance Policy.

[1] EUR / AUD conversion rate of 0.645 used throughout this announcement

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Sentenial was founded in 2003, building out a technology platform to be a leading provider of Account-to-Account (A2A) payments across the United Kingdom (UK) and Europe. Sentenial services major banking customers including Barclays, Lloyds and Citibank with a bank-grade platform and innovative suite of solutions.

Sentenial has serviced major banks, blue chip enterprises, small-medium size businesses (SMEs) and payment service providers for almost two decades. The majority of the business is the provision of direct debit, credit transfers and Real –Time Payments for major European banks with annual volumes of more than €45 billion in Calendar Year (CY) 2020. Sentenial provides the software platform through a Software-as-a-Service (SaaS) revenue model with fixed recurring charges for access to the platform, and as such the yield is circa 1-2 basis points (bps).

In 2018, the platform was extended to Open Banking and has since connected to over 1,750 banks and financial institutions across Europe, servicing key customers such as Worldpay and Cybersource. This fast growing Open Banking product is integrated within Nuapay's A2A capabilities, which in CY20 processed volumes of approximately €600 million. Nuapay typically provides regulated services using Payment Institution licences issued by the Financial Conduct Authority (FCA), UK and L'Autorité de contrôle prudentiel et de résolution (ACPR), France and generates higher yields of circa 30-45 bps.

The combined group is expected to process in excess of A$90 billion in Gross Debit Volume ('GDV') in FY22. Completion of the deal is subject to regulatory approval from the FCA and ACPR with the acquisition expected to complete in late FY21.

The Sentenial acquisition aligns with our Accelerator Strategy and aims to expand the Nuapay Open Banking product's international reach. Combining our capabilities will create a world-first platform of Card Issuance, Open Banking and Program Management products.

EML and Sentenial have a shared vision that Open Banking is an essential offering for embedded payment solutions. EML considers Open Banking a critical offering to provide clients and hyper-growth FinTechs with the ability to embed its payment products seamlessly into their solutions.

Strategic Rationale

- Post-acquisition, EML will be a leading global player and one of the largest independent FinTech enablers in Open Banking and prepaid anywhere in the world.

- Sentenial is currently connected to 1,750 banks and growing across Europe.

  Nuapay is one of only a few Open Banking products in the marketplace, which provides merchants and payment service providers with a feature rich Open Banking solution, including interwoven money movement capabilities, reconciliation and batch settlement of transactions.

- Sentenial has a highly scalable platform that has had continual investment to future proof the business and allows for agile deployments and rapid growth. EML is well positioned to export the technology globally;

- With scheme payments as well as A2A payment solutions all under one roof, EML and Sentenial are uniquely positioned to support clients. EML leads the race to mass market a single API-based platform that offers all dominant A2A payment types, including Direct Debits, Open Banking, Credit Transfers, Virtual Account products, International Bank Account Numbers (IBANs), Single Euro Payments Area (SEPA), Faster Payments Service (FPS) and Instant Payments to its partners.

Tom Cregan, EML's Managing Director & Group CEO *stated: "EML has transitioned over the years from primarily a gift-card company to a company with a diverse revenue base across multiple prepaid products. The acquisition of Sentenial will be the next evolution for EML, as we transition into a broader payments business by adding instant account-to-account (Open Banking) payments into our suite of solutions for current and prospective customers.*

EML supports thousands of prepaid programmes globally, and our platform is how our customers interact with us. Sentenial operates an enterprise-grade payments platform processing over 45 billion Euro per

annum, and it's, therefore, a similar business to EML but servicing a different customer set with different payment types. The net result of bringing the companies together allows EML to increase our Total Addressable Market by expanding our product suite, and we see a number of opportunities to cross-sell Account to Account payments into existing EML customers, and vice versa.

Sentenial is a European business today, and we will be working to extend their platform to our other regions in the coming 12-18 months.

Sean and the team have attracted an extraordinary calibre of international clients who trust its innovative products range, and the entire EML family looks forward to welcoming the Sentenial team, which is currently comprised of 60 full-time employees. Geographically, with its principal office in Ireland and offices located in London, Paris, Brussels and Krakow, Sentenial fits well with EML."

Sean Fitzgerald, Sentenial's Founder and CEO *added "Nuapay's mission is to be the best way to pay and get paid. The revolution in payments caused by Open Banking and Real-Time Payments is rapidly building momentum globally, and we are hugely excited by this opportunity to move to a global scale as part of EML."*

"From the moment EML approached us we've been impressed by their vision, ambition and growing ecosystem. Joining EML and becoming listed on the Australian Stock Exchange as a result of this transaction is an exciting step for our organisation, which will help us rapidly scale and deliver a broader and more complete set of solutions to our clients and partners."

About EML Payments Limited

EML provides an innovative payment solutions platform, helping businesses all over the world create awesome customer experiences. Wherever money is in motion, our agile technology can power the payment process, so money can be moved quickly, conveniently and securely. We offer market-leading programme management and highly skilled payments expertise to create customisable feature-rich solutions for businesses, brands and their customers.

We encourage you to learn more about EML Payments Limited, by visiting: https://www.emlpayments.com/

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

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