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Money in Motion

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**EML Payments Limited**

**30 July 2021**

**ASX Market Announcements**
20 Bridge Street
SYDNEY NSW 2000

# Injection of funds into Prepaid Financial Services UK safeguarding accounts

**EML PAYMENTS LIMITED (ASX: EML) ("EML")** wishes to advise that we have identified what we consider to be historical deficiencies relating to periods prior to EML's acquisition with respect to the accelerated conversion into cash of funds in dormant and expired e-money accounts. This cash would otherwise be retained in safeguarding accounts until six years post expiry of the accounts. The historical treatment is inconsistent with EML's understanding of the correct application of the electronic money regulations.

Subject to audit, there is not expected to be an impact to EML's profit and loss account as the issues related to the period prior to acquisition.

These deficiencies are historical in nature and pre-date the acquisition of Prepaid Financial Services Limited ('PFS UK') by EML on 31 March 2020. In line with our regulatory obligations, EML has proactively reported these historical issues to the Financial Conduct Authority ('FCA'). PFS UK is an authorised eMoney Institution under UK law, its relevant regulator therefore being the FCA. Our notification to the FCA was appreciated and we will be providing further details to the FCA next week in relation to the issues.

EML expects that the issue will require the injection of up to approximately £14.1 million (AUD 26.6 million) into safeguarded funds held by PFS UK. The injected funds may be released back to EML over an extended period, consistent with relevant regulatory requirements which allow conversion of dormant or expired eMoney. This is expected to be reflected in the FY22 to FY27 financial years.

Subject to audit, EML's consolidated Group financial statements for the year ended 30 June 2021, will reflect the £14.1 million (AUD 26.6 million) as a liability through an adjustment to the acquisition balance sheet. As at 30 June 2021, EML's unaudited cash balances exceed AUD 140 million. As noted above, there is not expected to be an impact to EML's profit and loss account as the issues related to the period prior to acquisition.

EML considers that, as the issues relate wholly to the period prior to its acquisition, any and all financial consequences are the responsibility of the previous owners of the PFS group. EML has the benefit of various warranties and indemnities under the Share Purchase Agreement entered into in March 2020 and we are assessing our position.

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# 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.

Come and explore the many opportunities our platform has to offer by visiting us at: EMLPayments.com

**This ASX announcement has been authorised for release by the Board.**

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