

30 September 2021



Money in Motion

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EML Payments Limited

ASX Market Announcements

20 Bridge Street
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EML Completes Acquisition of Sentenial Limited

EML PAYMENTS LIMITED (ASX: EML) is pleased to confirm that earlier this morning it completed its acquisition of Sentenial Limited and its wholly-owned subsidiaries ('Sentenial').

EML's acquisition of Sentenial has been approved by the French and U.K. financial regulators; L'Autorité de contrôle prudentiel et de résolution (ACPR) and the Financial Conduct Authority (FCA) respectively.

EML is acquiring Sentenial, including their open banking product suite, Nuapay, for an upfront enterprise value of €70 million (A\$112.7 million¹) plus an earn-out component of up to €40 million (A\$64.4 million¹). A summary of the transaction is outlined below, please also refer to our ASX announcement and presentation released on 7 April 2021.

- The Acquisition broadens EML's payment offerings to include alternate (non-card, non-scheme) digital payment products to our platform to address customer demand, complementing EML's 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, utilising a cloud-native, API-first, full stack enterprise grade payment platform. Combining the EML & Nuapay platforms and expansive product 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\$62.6 million)¹ Cash on hand and a new multicurrency debt facility, of which €30 million (A\$48.3 million¹) will be drawn (previously A\$31 million). 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\$50.1 million) Scrip consideration (an issue of new EML shares) to Vendors at \$5.01 per share² which was calculated on a 10 day VWAP to the date of signing the share purchase 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\$64.4 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

¹ EUR / AUD conversion rate of 0.621 used throughout this announcement, reflecting the approximate rate as at 29 September. EML hedged AUD own funds used in the transaction at 0.640 in April and borrowed funds in EUR to fund the upfront cash consideration.

² Scrip consideration calculated using the rate on 1 April 2021 of 0.647.

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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.

The Sentenial acquisition aligns with our Accelerator Strategy and aims to expand the Nuapay open banking product suite into international markets. Combining our capabilities will create a world-first platform of card based payments, open banking & real time A2A based payment solutions coupled with extensive program management services.

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.

"Sentenial's scalable, bank-grade architecture perfectly complements EML Payments' diversification into open banking and our continued focus on creating market-leading payment solutions for clients with our global product expansion strategy.

We have been working with the Sentenial team for some months now on a go-to-market strategy encompassing sales, marketing, product and technology, and we will be showcasing that at our upcoming EMLCON4 event in November. Strategically this is an important acquisition for us, continuing our transition over the last ten years from a gift card company, to a General Purpose Reloadable company, and now extending that again to include digital payments, open banking and account to account payments, giving us a unique set of capabilities in the European market.

We are just as excited about welcoming the whole team from Sentenial into the EML family and once travel opens up, getting over to meet them all in person." commented **Tom Cregan, Managing Director & Group CEO at EML.**

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.

For more information on EML Payments Limited, visit: emlpayments.com

This ASX announcement has been authorised for release by the Board of EML Payments Limited.

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