



Money in Motion

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ASX Market Announcements

20 Bridge Street
SYDNEY NSW 2000

EML Announces Sale of Sentenial Business

Key Highlights:

- Agreement to sell the Sentenial business for an enterprise value of €32.75m (A\$54.1m¹), subject to potential adjustments
- Earnings and cashflow accretive to EML in year 1 in light of Sentenial being unprofitable
- Further simplifies EML's organisational structure and improves EML's ability to focus on its profitable core businesses
- Proceeds from the sale will be used to reduce debt and strengthen EML's balance sheet
- Completion of the sale is subject to a number of conditions precedent including required regulatory approvals.

EML Payments Limited (ASX: EML) ("EML") today announces the sale of Sentenial Limited ("**Sentenial**"), including its Nuapay services business, to GoCardless Ltd ("**Sale**").

On 29 November 2023, EML announced that it had received non-binding expressions of interest for Sentenial and that EML had determined as part of its previously announced strategic review that it would refocus on core business lines that demonstrate profitability and positive cash flow.

The Sentenial business was determined to be non-core to the EML Group's operations as it is unprofitable under EML ownership (projected ~A\$2m EBITDA loss in FY24), does not have any material product or customer overlap with other EML Group business lines, and is separable from the EML Group wider business. The Sale also allows the EML Group to simplify its organisational structure and provides additional funds to strengthen the EML Group's balance sheet.

The agreement to sell Sentenial is a significant milestone in the delivery of the EML Group's strategic review.

Transaction Details

The Sale price is €32.75m (A\$54.1m) and is subject to customary completion adjustments for working capital and net debt. The Sale also includes a potential downward price adjustment linked to ongoing key contract performance (capped at €7.5m) in the period up to completion of the Sale ("**Completion**") and an earn out based on recurring revenue from new contracts signed by the Sentenial business between 1 February 2024 and 30 days after Completion. Completion is not subject to financing.

¹ Assumes an EUR to AUD spot market exchange rate of 1.654 at today's date. This exchange rate is used throughout this announcement.

The Sale agreement includes various warranties and indemnities in favour of GoCardless. Warranty insurance has been obtained in relation to some, but not all warranties, and specific indemnities are provided to GoCardless in relation to specific matters. The parties have agreed that in the period up to Completion, obligations and restrictions will apply to the conduct of the Sentential business, including in relation to regulatory obligations, with any breach potentially being recoverable under the indemnities and a financially material breach potentially triggering the right for GoCardless to terminate the Sale.

The Sale is subject to approval from the French and United Kingdom financial regulators, L'Autorité de contrôle prudentiel et de résolution and the Financial Conduct Authority respectively, which are presently expected to be completed within 3 to 6 months.

Barrenjoey and Barclays were appointed as financial advisers on the Sale.

About EML Payments

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

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

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