



Money in Motion

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EML Payments Limited

26 November 2024

ASX Market Announcements

20 Bridge Street
SYDNEY NSW 2000

Annual General Meeting Addresses

EML Payments Limited (ASX:EML) ("EML"), is pleased to provide the attached addresses of the Chairman and Chief Executive Officer, which will be delivered today at the EML Payments Limited 2024 Annual General Meeting (**Meeting**).

The results of the Meeting will be released to the ASX after the conclusion of the Meeting.

About EML Payments Limited

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

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

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Annual General Meeting Addresses
EML Payments Limited
Tuesday, 26 November 2024, 9 am AEST (Brisbane time)
The offices of Herbert Smith Freehills, Level 31, 480 Queen Street,
Brisbane, QLD 4000

Chairman's Address

I am pleased to address you today for the first time as Chairman of EML.

I am grateful to our shareholders, board members and the broader EML team for the trust placed in me at this exciting transformational period for our company.

EML is a business that I have known of and admired for many years. It takes a lot of hard work, innovation and persistence through good times *and* challenging times to build a company that services over 1000 clients in three global markets processing more than \$20billion of payments annually with sound revenue and healthy profit.

We know there is room to grow and opportunities to enhance our performance, but we do have a good business that has bright prospects in the coming years.

The 2024 Financial Year was a period of intense focus on matters impacting the company's performance and capability. The Board and leadership group worked tirelessly to address and conclude longstanding and complex challenges.

During FY24 a range of structural initiatives were actioned. We:

- Successfully completed our UK remediation program
- Appointed a liquidator to our challenged Irish entity PCSIL limiting further exposure for EML
- Sold Sentential / Nuapay, which was completed in September for an enterprise value of €32.75m
- Settled the PFS acquisition liabilities inclusive of a \$15.1m discount on related vendor loan note repayments
- Advanced a cost reduction program

The completion of these critical works have resulted in a simplified business, a healthier balance sheet and a release of company resources to work on the next phase of our transformation, EML 2.0, which I will return to shortly.

In terms of financial performance, it was also a year where the company delivered a pleasing set of results with EBITDA of \$57.1m at the top end of our guidance range of \$52-58m and our balance sheet moving from net debt to net cash.

I want to congratulate the team for their accomplishments during FY24 which have laid a foundation upon which our new leadership team and supportive Board, reconfigured for the next phase of our journey, can pursue an exciting growth agenda for EML.

Looking forward we now have a Managing Director orientated towards sustainable growth. Ron is almost at his five-month mark and has worked quickly to deepen our management capability and create a medium-term plan that leverages the numerous assets of the company today to capture the opportunities around and ahead of us.

Ron has a full mandate from the Board to move at speed to reimagine and reshape the business for profitable growth. I know he is looking forward to sharing some of that vision with our shareholders and investment community today and over the coming weeks. The Board wholeheartedly supports the focus on our delivery structure, leadership, sales and relationship development and technology. Only through being truly excellent in each of these disciplines will EML deliver the financial targets that we have set for the medium term.

In summary, we have made significant strides in overcoming past challenges and setting a solid foundation for EML's next phase of growth. While there is more work ahead, our Board, leadership group, and dedicated team are energised and committed to realising the full potential of EML 2.0.

Before I introduce Ron, I would like to thank our shareholders for your ongoing support of EML. We value your trust and commitment to EML. To our team, thank you for your efforts and dedication in FY24 and for your continued support of our transformation journey.

I'd now like to hand you over to Managing Director & CEO Ron Hynes to share some further highlights of our FY24 year and touch on our EML 2.0 plan.

CEO Address

Thank you, Anthony, and good morning, everyone.

It is my pleasure to speak at today's Annual General Meeting and to have joined the company as Managing Director and Chief Executive Officer.

I will share reflections after nearly 5 months on the job, touch on our results for FY24, and finally, cover the key elements of our medium-term strategy.

The first thing I will tell you is that I am energised and excited by the progress we are making in this transformation phase of our journey.

Anthony recapped the key accomplishments in FY24, most of which were large scale, complex and demanding projects. Through my recruitment and over my short time with the business I have been amazed and encouraged by the enormity of the work completed by the team.

And I am pleased to report that throughout the course of FY24, many of the historical, structural obstacles and challenges have been addressed. As Anthony highlighted, these efforts have strengthened our foundation, putting us in a strong position to reshape EML as a payments industry leader and return us to double digit transaction revenue growth.

What I also knew coming into EML, was that I was coming into a resilient organisation with a compelling value proposition and a track record of success solving complex money flows at the intersection of business, government, and consumer needs; this is a great place to be.

Many opportunities lie ahead – and I am confident that, with our passionate team and revitalised leadership, we can capture those opportunities and deliver material value to our customers and shareholders.

Before I expand upon how we intend to create a new era of growth, I'd like to touch on our performance during FY24.

Financial performance for the year vastly improved on all key metrics.

- Revenue was up 18% to \$217.3m for our continuing business, this excludes business in liquidation, PFS Card Services Ireland Limited (PCSIL), driven by both customer revenue growth and treasury yield performance on float balances.
- Underlying EBITDA for the Group (which includes PCSIL) was \$57.1m, up 54%, at the top end of the guidance range of \$52m - \$58m.

- Underlying EBITDA for our continuing business was \$49.0 million, up 34% on PCP supported by revenue growth and a tapering of overhead costs in the second half.
- Net loss after tax from our continuing business was \$9.6 million, a marked improvement from \$260.3 million in FY23 absent of the impairments which featured in prior years.
- Our balance sheet is in a much healthier position following the sale of Sentenial and the refinancing of our debt facilities.

I commend our employees on delivering solid results in a challenged environment, it was a result of the team's energy and determination during the year and these are the very qualities that attracted me to EML and I can assure you, they remain active today which will hold us in good stead as we advance the next body of work to create a new era of growth in EML.

Next, I call your attention to our EML 2.0 strategy posted on the ASX this morning. I will touch on some of the highlights and would be pleased to take any questions after the meeting formalities.

Our vision and medium-term strategy is bold yet simple. We are determined to focus on doing the right things right to return the business to where double-digit transaction revenue growth in FY27, becomes the norm. Additionally, we will run the business more efficiently such that we have the money to deliver not only topline growth but create healthy margin expansion, as well.

Growth doesn't happen in isolation, and we are fortunate to operate in a dynamic, growing and attractive market. The favourable secular trends which see; Cash continuing to be displaced with electronic payments, digital wallets and embedded finance mainstream and the accelerating desire by our existing and new B2B clients to add value to their payment flows.

Our strategy is built upon three growth pillars supported by three core enablers all of which will guide our path forward.

Our first priority is to Nurture and Grow our core. The underpinning of our success will be led by our over 1000 existing customers. By deepening our relationships, we will ensure they continue to trust us with their customers and will allow us to work with them to unlock new revenue opportunities.

Our second pillar is to Accelerate into new verticals that align with our capabilities and current market set. This will be supported by a refreshed go-to-market execution that ensures all our great products are available and promoted across all our regions, positioning us to capitalise on growing demand and our strong credentials. We are already seeing green shoots with recent wins and growing opportunity pipeline which we expect to bear fruit over the next 12 months.

And the last pillar will see us expanding into new geographies over time. We will target growing economies with characteristics and opportunities similar to our existing, successful markets- focusing on complex payment flows that fit our expertise. We will look to enter new markets via strategic partnerships with established players to deliver ready-made customer opportunity. Only then will we invest to build out teams in new markets – we will invest behind new revenue, not ahead of it.

Now let me move on speak to briefly about the 3 strategic enablers that will bring this strategy to life:

- Transitioning to a global operating model
- Scaling our revenue engine,
- and a Single global technology platform

I think you are all aware that we are a global company, but our regional businesses have operated quite siloed and independently. This has led to duplication, fragmentation, inefficiency and less than optimal performance. To address this, we have begun transitioning to a Global Operating Structure. Single global owners of key functions – Such as Operations, Risk and Sales - will drive faster decision-making, build synergies and ultimately make us a much more well-oiled machine.

Our Go-to-market teams (sales and customers) will continue to be embedded in the regions they serve and get far closer to our customers. The result will be reduced costs, better performance, enhanced customer service, and a lower risk profile.

As part of this, I am pleased to welcome three new, growth-oriented, global executives to help lead this transition: Bryan Lewis, Chief Operating Officer; Shabab Muhaddes, Chief Revenue Officer; and Tom Cronin, Chief Product Officer. All three bring a wealth of experience and a proven ability to drive significant growth through innovation and operational excellence.

To Scale our Revenue Engine, we will build a highly effective commercial team. Putting the right people in place to grow our pipeline and accelerate the time-to-revenue and build a flywheel of success. Existing clients will benefit from dedicated end-to-end customer relationship teams and local account management driving deeper understanding of needs and greater engagement.

Our 3rd enabler, a single, Global Technology Platform. Currently, we operate three disparate platforms, which – while largely suitable in the old EML – are costly to operate and maintain, compound our risk footprint and offer no real scalable ability to innovate.

Investing in a unified, ledger-based and highly configurable platform will drive our innovation agenda, deliver significant cost efficiencies and enable us to serve new use

cases at scale. A \$12-15m capital investment will deliver on-going annual savings of \$8 and \$12 million beginning FY27.

These three strategic enablers – a global operating model, scaled revenue engine, and unified tech platform – will underpin the execution of our strategy and position EML for a more prosperous future.

As you have heard we are going to make some necessary investments in leadership, talent, and our global operating model of circa \$2-3m over the next 18 months. We will also invest a similar amount in our go-to-market teams and supporting activities, an area that has essentially been absent in the recent past. I expect that a good portion of these OPEX investments will be offset by similar sized efficiency gains from the streamlining of redundant work around the company, beginning in FY26.

Most importantly, over the period of FY25-FY28, our medium-term plan, we see positive financial metric improvement:

- Double digit transaction revenue growth by FY27, and this becoming the norm
- Costs held flat delivering a cost to revenue ratio <40% – material efficiencies will cover inflation and investments in leadership and GTM teams
- Underlying EBITDA margin reaching ~35%
- Material EPS improvement with a target of ~13cps by FY28

For FY25 I also take this opportunity to affirm our underlying EBITDA guidance in the range of A\$54-\$60m

Trading for Q1 is in line with our expectations with GDV up 7% on PCP, overall revenue up 12% on PCP, and underlying EBITDA up 46% on PCP.

In closing, I am energised by what the future holds for EML. Our strategy is clear and simple, our team is passionate and aligned, and the foundation laid over the past year, together with new capability and better focus, puts us in a position to execute effectively.

I extend my gratitude to our employees for their dedication and hard work, which has been instrumental in positioning us for this new phase of growth. I also want to thank our shareholders for your continued support and trust. We look forward to sharing our progress and building EML's future together.

Thank you.