FY14 Full Year Results Presentation

emerchants
empowering | Your Money

September 2014

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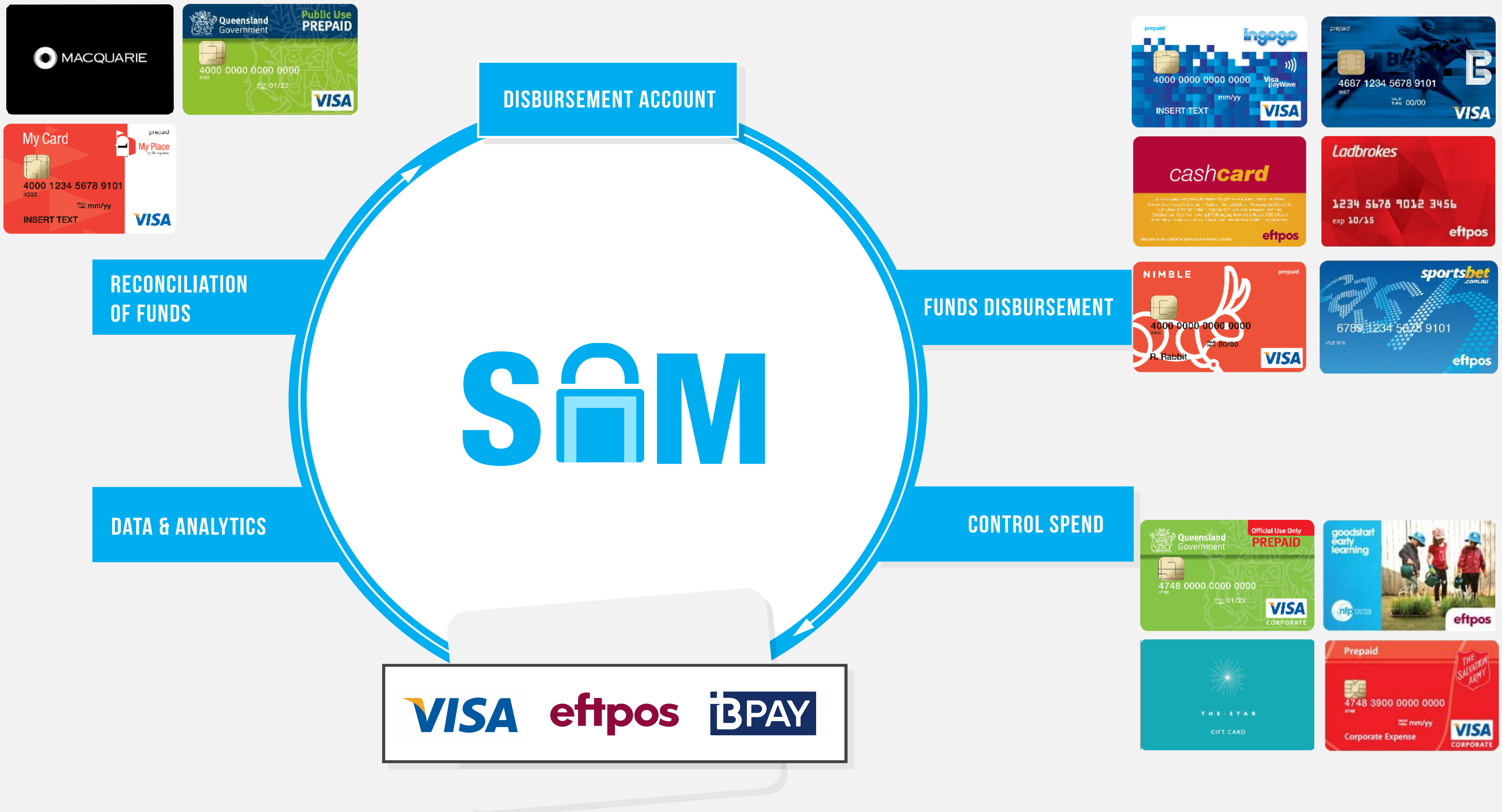
Mission

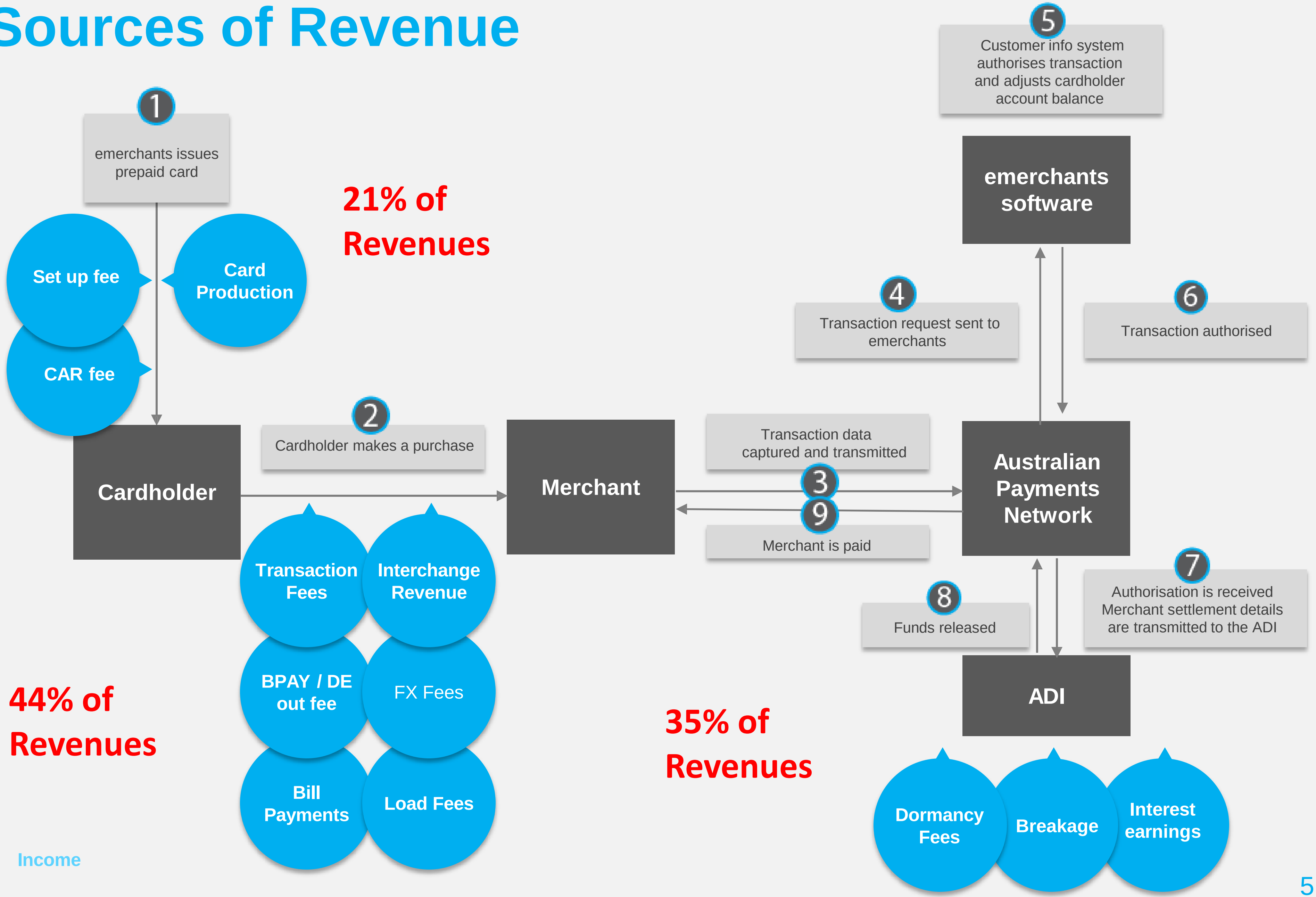
empowering | Your Money

To transform the commercial payment solutions landscape
by inspiring companies and their customers to demand ***more control***,
more transparency and ***more flexibility*** over their money.

Our Value Proposition



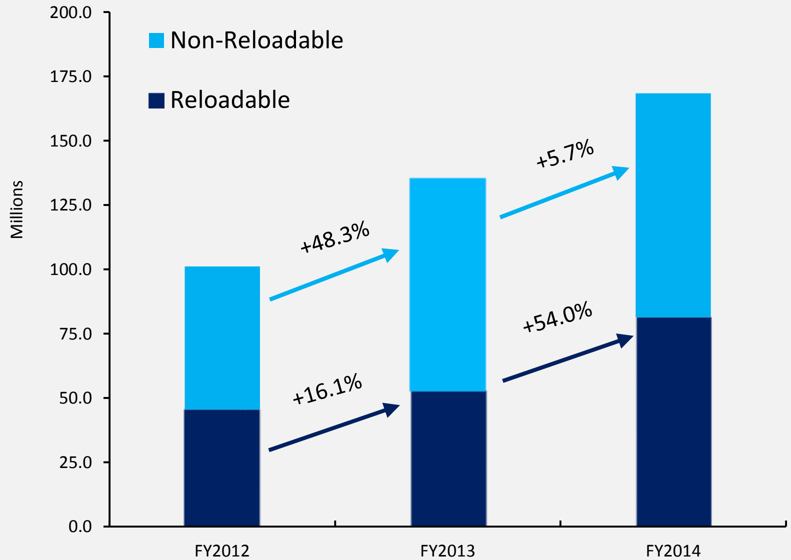
Sources of Revenue



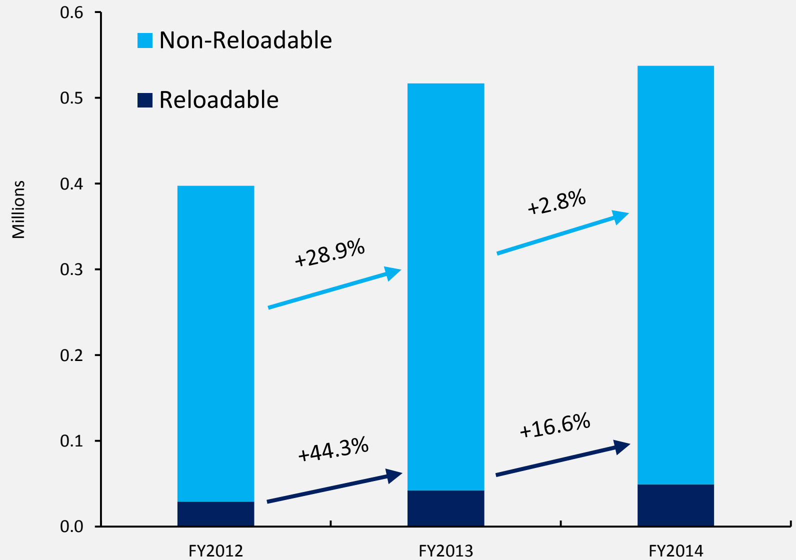
Performance Metrics

FY12 to FY14

Total dollars loaded prepaid platform ($millions)



Total number of active accounts (millions)

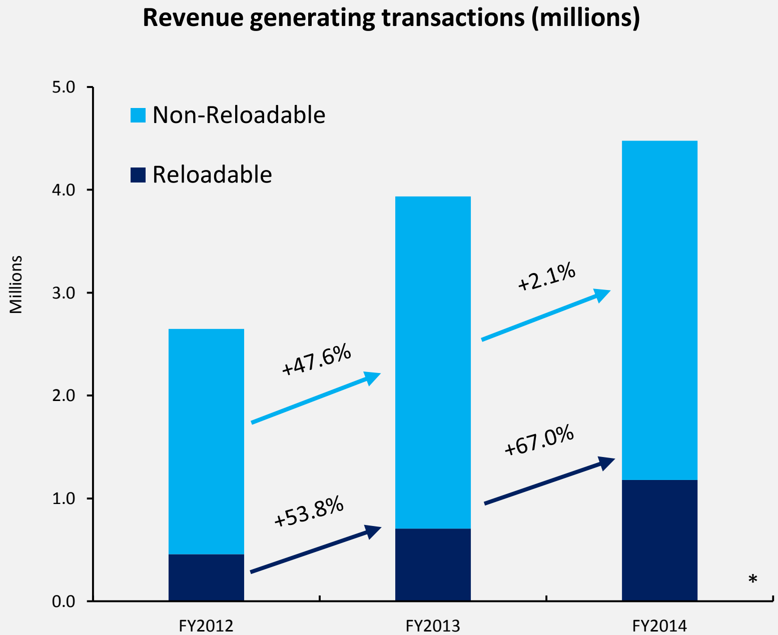


Total Loads: $168M +25%

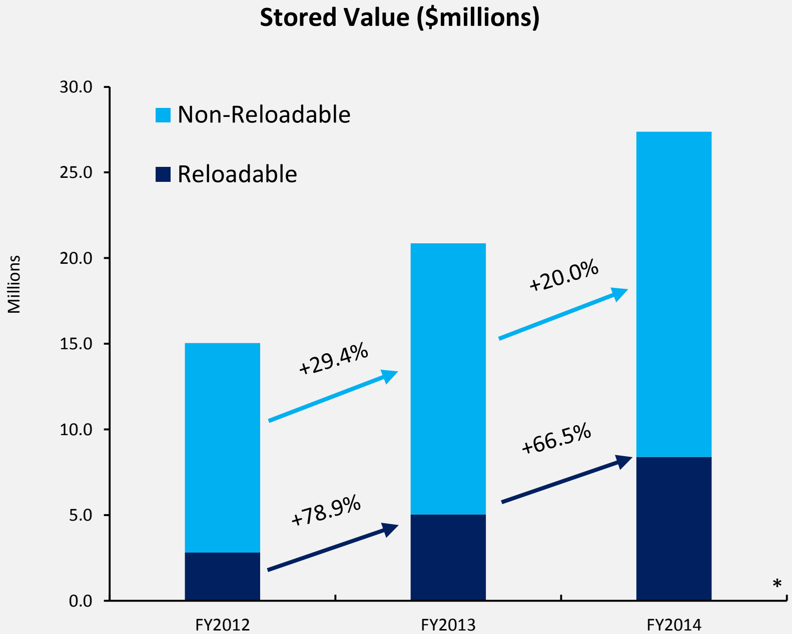
Number of Active Accounts:504K +4%

Performance Metrics

FY12 to FY14



Transactions: 4.48m +14%



Stored Value: $27.4m +31%

FY14 Business Highlights

Growth in Reloadable Metrics

We showed strong growth in all of our re-loadable metrics:

- Dollar Loads: 54% increase
- Active Accounts: 16.6% increase
- Transactions: 67% increase
- Stored Value: 66% increase

Ladbrokes

The launch of the Ladbrokes EFTPOS program in March was strategically important to our ambitions in this industry vertical.

The EFTPOS program is being replaced by a branded Ladbrokes Visa program in September, along with two other card brands – BetStar (following the acquisition by Ladbrokes) and Bookmaker,com.au.

Sportsbet

Sportsbet is the largest corporate bookmaker in Australia with 420K customers. It represents our biggest opportunity in FY15 and FY16 as we increase the penetration of cards into their customer base. The program is due to launch in early October 2014.

Bet Easy

Bet Easy was our third contract in the gambling services vertical and is now due to launch in November 2014.

Bet Easy is managed by a very experienced team, with CEO Matt Tripp the former founder and CEO of Sportsbet.

FY14 Business Highlights

CCIG

Following a successful pilot, we are due to launch loan disbursements onto cards in 24 Cash Converters stores, commencing early September.

Sales Pipeline

We are working on several material opportunities across each of our key segments – Gambling Services, Consumer Lending and Salary Packaging.

Depending on the timing for the rollout of these programs, we expect these to be accretive to revenues in FY15 but significantly more so in FY16 and beyond.

Infrastructure Project

We have largely completed our I.T Infrastructure upgrade so we have the capabilities to support several thousand concurrent users on our web site.

We are projecting to spend $0.3m in FY15 to complete the project.

Finance and Operations

- We successfully raised $7.1m in new capital and ended the year with $4.6m in cash and no debt.
- Initiated an ASAE 3402 internal controls assessment to enable us to communicate the effectiveness and transparency of our controls framework to our clients and partners.
- We are making a conscious decision to invest in being a best-in-class company, hence our spend in infrastructure, ASAE3402 and PCI.

Financials

Statement of Profit and Loss for 12 months ended 30 June 2014

('000)	12 months to June 13	12 months to June 14	% Δ
Breakage income	984	1,152	17%
Establishment income	1,290	1,097	(15%)
Transaction fees	1,925	1,988	3%
Interest received - host based stored value	586	613	5%
Interest received - group funds	118	178	50%
Service fees	130	156	20%
Total Revenue	**5,034**	**5,184**	**3%**
Revenue by reportable segments			
Reloadable revenue	1,464	1,367	(7%)
Non-reloadable revenue (Gift)	3,451	3,639	5%
Interest received - group funds	118	178	50%
Total revenue by segments	**5,034**	**5,184**	**3%**
Gross Profit	**4,366**	**4,049**	**(7%)**
Gross profit margin - %	87%	78%	
Other income	-	60	n/a
Cash overheads – employment related	(5,275)	(4,888)	(7%)
Cash overheads – other	(2,583)	(2,997)	16%
R&D tax offset	494	436	(12%)
EBITDA	**(2,998)**	**(3,340)**	**(12%)**
Net Loss	**(5,359)**	**(5,412)**	**(1%)**

- Flat revenue growth due to slowdown in gift volumes and set up fees for new programs falling into July 2014, the impact of which would have been revenue growth of 18%.
- Gross profit declined over the prior year by 7% due to the flat line performance of our non-reloadable business and the abovementioned delay in set up fees falling into July 2014.
- Employment related overhead expenses decreased by 7% to $4.89m, mainly due to the Non-executive Directors choosing to forego Director's fees for the period from March 2013 to June 2014.
- Other overhead expenses increased by 16% mainly attribute to systems infrastructure and incremental software development investment.

Financials

Statement of Financial Position and Cash Flow for 12 months ended 30 June 2014

Summary of Financial Position

(‘000)	12 months to June 13	12 months to June 14	% Δ
Cash and cash equivalents	1,359	4,496	231%
Other receivables and other assets	1,490	1,790	20%
Plant and equipment	609	964	58%
Goodwill and intangibles	11,505	11,223	(2%)
Total assets	**14,963**	**18,473**	**23%**
Total Liabilities	**1,310**	**1,767**	**35%**
Equity	**13,653**	**16,706**	**22%**

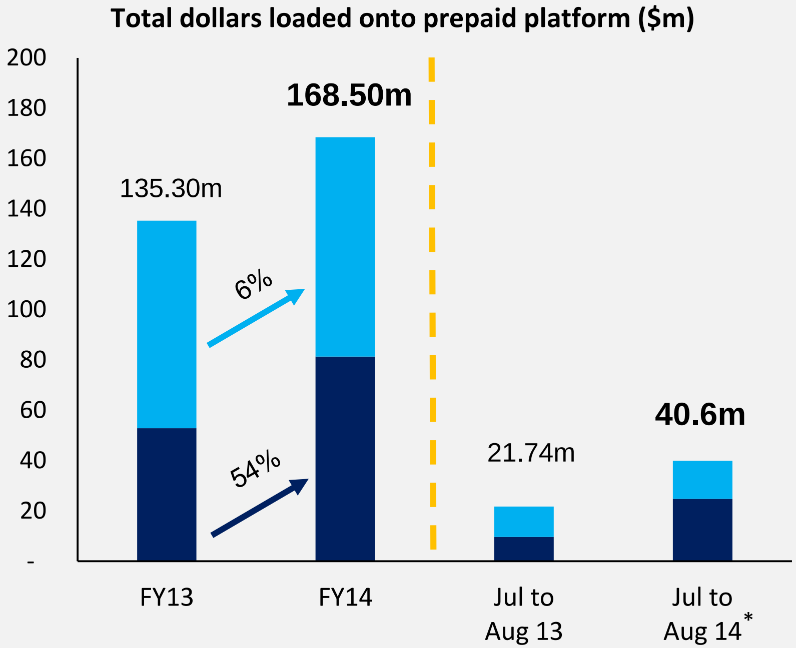
Summary of Cash flow

Cash flows from operating activities	**(3,099)**	**(3,187)**	**(3%)**
Cash flows from investing activities	**(27)**	**(739)**	**(2639%)**
Cash flows from financing activities	**2,196**	**7,063**	**222%**

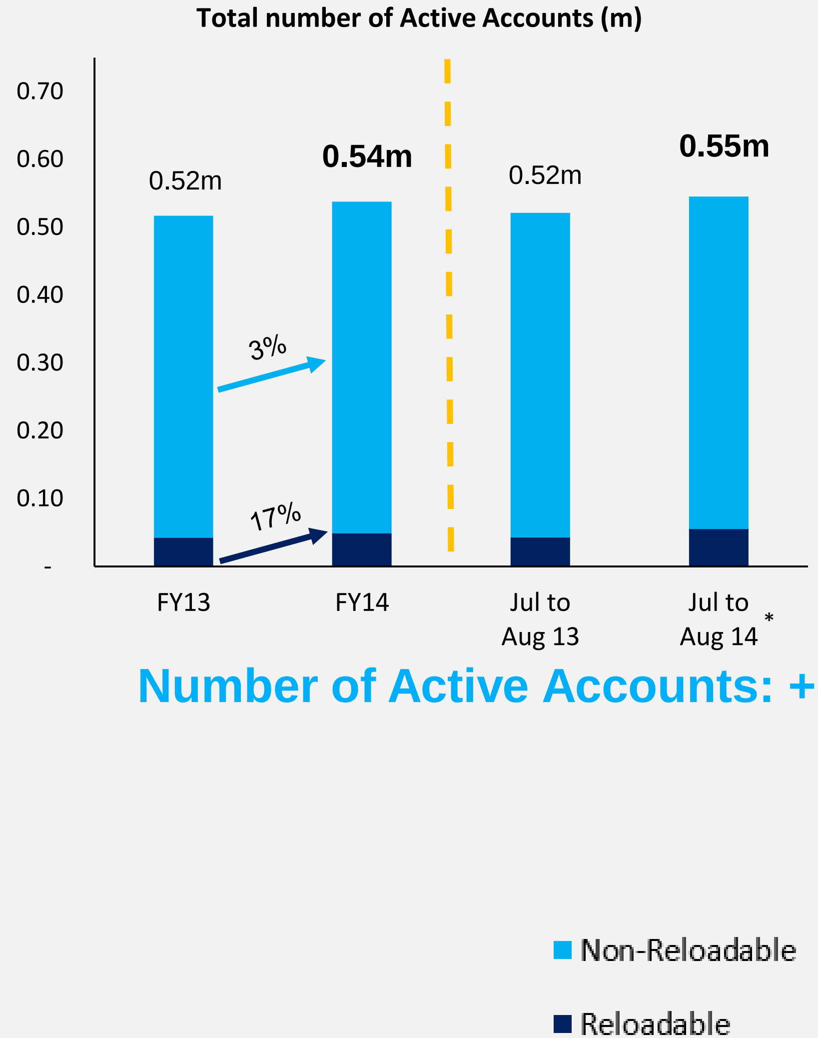
- The increase in cash outflows from operating activities compared with the prior year was adversely impacted by receiving both the 2010/2011 and 2011/2012 refunds from the R&D Tax Concession program in the prior year.
- Cash outflow from investing activities increased by 2639% to $0.74m due to investments made in our systems infrastructure.
- Cash inflows from financing activities increased by 222% to $7.06m as a result of a placement to sophisticated and institutional investors of 22.70m new shares at $0.33 per share in August 2013.
- Net cash position improved to $4.9m as at end July 2014.

Performance Metrics – FY15 Trading Update

FY14 vs. FY13 and trading update to August



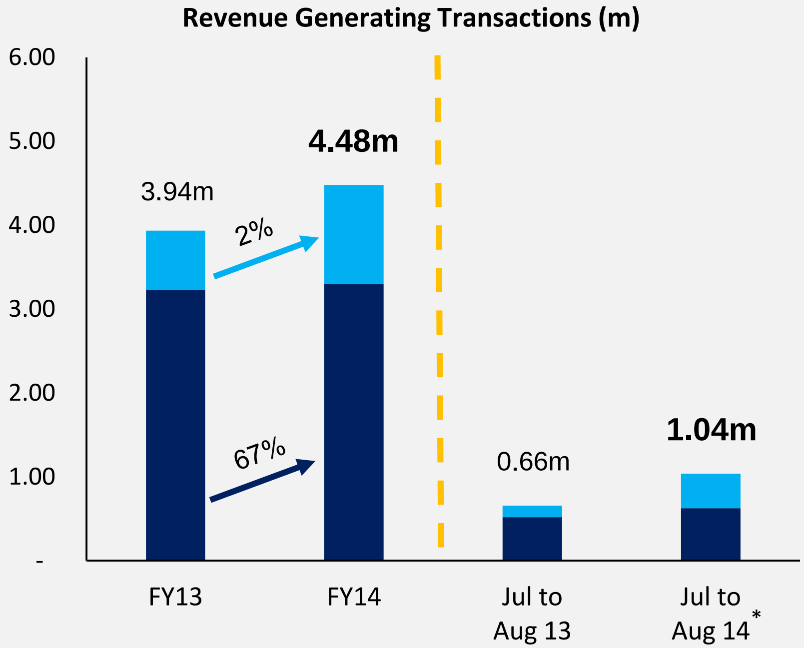
Total Dollars Loaded: +86%

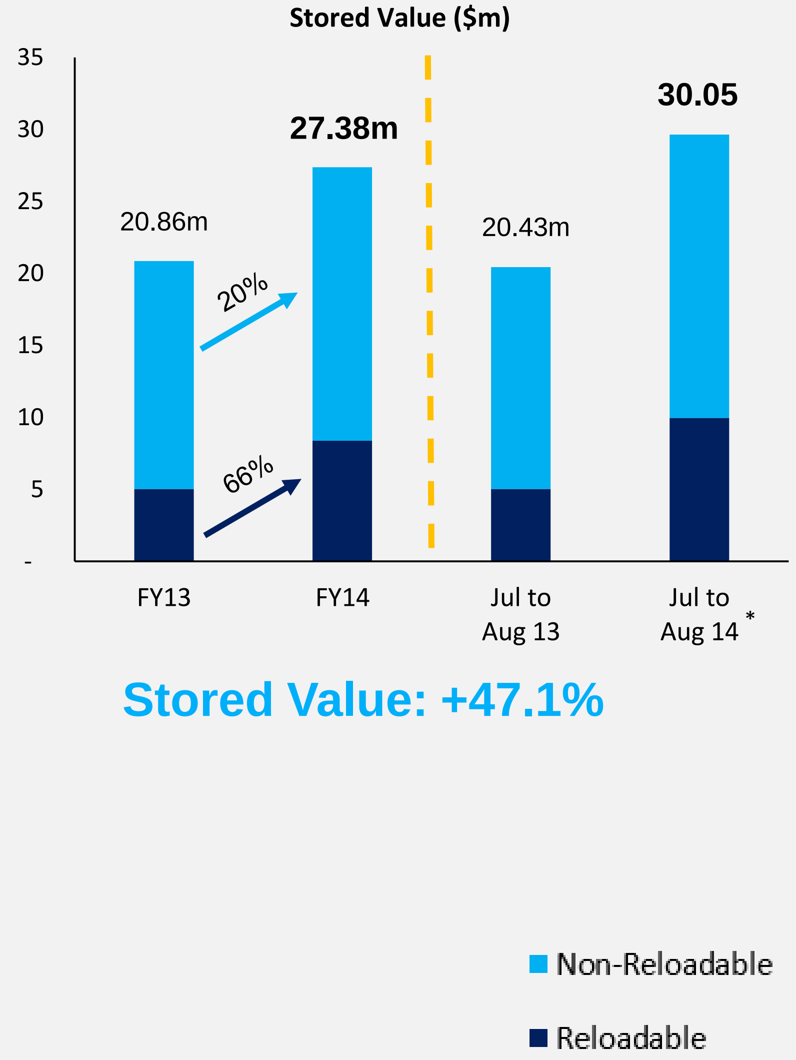


Number of Active Accounts: +5.7%

Performance Metrics – FY15 Trading Update

FY14 vs. FY13 and trading update to Aug





Transactions: +57.5%

Stored Value: +47.1%

Trading Update FY15 – Metrics and Financials

- Key metrics exhibiting strong growth rates versus PCP.
- Dollars Loaded on a run-rate of $240m prior to the launch of Sportsbet, Bet Easy and CCIG in September/October and prior to launch of new programs in the sales pipeline.
- Re-loadable Active Accounts will increase significantly in FY15.
- Set up revenue of approximately $700K booked in July sees a strong start to the year from a revenue, margin and cash perspective.
- July revenue was 22% of our FY14 revenue.

Trading Update FY15 – Sales Pipeline

- **Consumer Lending Vertical:**
  - We expect to sign and announce 2-3 new partnerships with online consumer lenders in the next 4-8 weeks
  - Working on a retail store delivery solution for first time loads that would double our load volumes with existing customers in the next 12 months

- **Gambling Solutions Vertical:**
  - Sportsbet on track for launch first week of October
  - In discussions with other corporate bookmakers for launch 2H15
  - Working towards launch of our cash load solution in 2H15

- **Salary Packaging Vertical:**
  - ATO approval obtained to offer salary packaging cards
  - Final offers submitted for large opportunities. We will advise when/if these opportunities are secured

- **Queensland Government**
  - Agency engagement process is underway with multiple CFO forums
  - Engaged in discussion with 3 agencies. For reasons of confidentiality, given the CBA is also a potential supplier, we will not be disclosing the agencies, programs and volumes until signed.
  - Unlikely to be accretive to FY15 financials but more likely in FY16 and beyond