

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

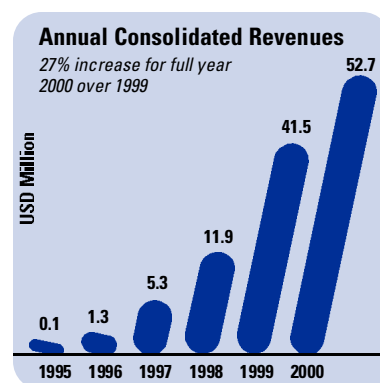
General Overview

Euronet Worldwide is a leading provider of secure electronic financial transaction solutions. The Company provides financial payment middleware, financial network gateways, outsourcing, and consulting services to financial institutions, retailers and mobile operators. The Company operates an independent automated teller machine ("ATM") network of over 2,600 ATMs in Europe and the United States, and through its software subsidiary, Euronet USA Inc. (formerly, Arkansas Systems, Inc.) ("Euronet USA"), offers a suite of integrated software solutions for electronic payment and transaction delivery systems. Euronet Worldwide thus offers comprehensive electronic payment solutions consisting of ATM network participation, outsourced ATM management solutions and software solutions. Its principal customers are banks and other companies such as retail outlets that require transaction processing services. With eleven offices in Europe and three in the United States, the Company offers its solutions in more than 60 countries around the world.

Euronet Worldwide and its subsidiaries operate in two business segments: (1) a segment providing secure processing of financial transactions (the "Network Services Segment"); and (2) a segment producing application software for the processing of secure electronic financial transaction (the "Software Solutions Segment"). In addition, the Company's management divides the Network Services Segment into three sub-segments: "Central European Sub-segment" (including Hungary, Poland, the Czech Republic, Croatia, Greece and Romania), "Western European Sub-segment" (including Germany, France and the United Kingdom) and "Other Operations Sub-segment" (including the United States and unallocated processing center costs). These business segments, and their sub-segments, are supported by a corporate service segment, which provides corporate and other administrative services that are not directly identifiable with the two business segments (the "Corporate Services Segment"). The accounting policies of each segment are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on profit or loss from operations before income taxes not including nonrecurring gains and net loss. Prior period segment information has been restated to conform to the current period's presentation. (See Note 19 to the Consolidated Financial Statements - Business segment information.)

Comparison of Results of Operations for the Years Ended December 31, 2000, 1999 and 1998

Revenues The Company's total revenues increased to \$52.7 million for the year ended December 31, 2000 from \$41.5 million for the year ended December 31, 1999 and \$11.9 million for the year ended December 31, 1998. The increase in revenues from 1999 to 2000 is primarily due to two factors: (1) a \$10.4 million increase in Network Services Segment revenues resulting from the increase in transaction volumes in the Company owned ATMs and an increase in the number of ATMs operated by the Company during this period; and (2) an increase of \$800,000 in Software Solutions Segment revenues. The increase in revenues from 1998 to 1999 is primarily due to two factors: (1) a \$15.0 million increase in Network Services Segment revenues resulting from the increase in transaction volume attributable to an increase in the number of ATMs operated by the Company during this period; and (2) the addition of \$14.6 million of Software Solutions Segment revenues. Revenues for the years ended December 31, 2000 and 1999 are discussed more fully in the Segment Results of Operations sections below.



Operating Expenses Total operating expenses increased to \$88.1 million for the year ended December 31, 2000 from \$68.3 million for the year ended December 31, 1999 and from \$34.5 million for the year ended December 31, 1998. The increase from 1999 to 2000 can be broken down by segment as follows: (1) a \$3.5 million increase in Network Services Segment operating costs due to growth in the size of the network operations; (2) a \$15.2 million increase in Software Services Segment due to write down of intangibles of \$11.2 million and investment in personnel and resources; and (3) a \$1.1 million increase in Corporate Services Segment operating costs due to the expended operations. The increase from 1998 to 1999 can be broken down by segment as follows: (1) a \$13.0 million increase in Network Services Segment operating costs, (2) the addition of \$19.6 million of Software Solutions Segment operating costs, and (3) a \$1.2 million increase in Corporate Services Segment operating costs. Operating expenses for the years ended December 31, 2000 and 1999 are discussed more fully in the Segment Results of Operations sections below.

Operating Loss The Company generated an operating loss of \$35.4 million for the year ended December 31, 2000 compared to \$26.8 million for the year ended December 31, 1999 and \$22.6 million for the year ended December 31, 1998. The increased operating loss from 1999 to 2000 is due to the net effect of three factors: (1) a \$6.8 million decrease in the operating loss from the Company's Network Services Segment; (2) a \$14.3 million increase in the operating loss from the Company's Software Solutions Segment; and (3) a \$1.1 million increase in the operating loss from the Company's Corporate Services Segment. The increased operating loss from 1998 to 1999 is due to the net effect of three factors: (1) a \$1.9 million decrease in operating losses from the Company's Network Services Segment; (2) the addition of \$4.8 million in operating losses from the Company's Software Solutions Segment; and (3) a \$1.3 million increase in operating losses from the Company's Corporate Services Segment.