

30 October 2020

ASX Announcement

IOUpay Limited (ASX Code: IOU)

September 2020 Quarterly Report & Business Activity Update

Highlights

- **Successful Rebranding and Change of Company Name approved at EGM**
- **Accelerated Business Expansion opportunities identified in core SEA region**
- **Technology Platform Improvements and enhancements made to further expand product development opportunities**
- **Executive changes and New Appointments to support identified growth initiatives**
- **Successful Capital Raising well supported by sophisticated Investors and existing shareholders**
- **Release of Market Update & Investor Presentation**

IOUpay Limited (ASX:IOU) ('**IOUpay**' or **the Company**) has released its Appendix 4C today and the Board of Directors are pleased to provide this Quarterly Activity Update for the period ended 30 September 2020.

Successful Rebranding, Change in Company Name & ASX Code

On 25 August the Company issued a Notice for General Meeting of shareholders to be held on 30 September to, amongst other things, consider and vote on a proposed change in company name from Icentric Limited and ASX code (ASX:ICU) to IOUpay Limited and (ASX:IOU). At the EGM held on 30 September, the Company's shareholders voted overwhelmingly in favour of the proposed changes with 97.57% of a total of 198,088,903 shares, voting for the proposed changes which were implemented the following week.

The renaming and rebranding of the Company marks an important step in repositioning the Company as an established market leader in its core fintech business divisions of Mobile Banking and Digital Payments & Services in South East Asia (SEA) where it has a proven track record in the processing and servicing of high volumes of mobile banking and digital purchase and payments for leading banks, telco's, insurers and big brand corporates.

The rebranding exercise has been well received by shareholders and the broader market with strong market support shown for the Company's renewed focus on building its share of the burgeoning online purchase and payments sector in South East Asia.

The Company is now well positioned to accelerate clearly identified growth opportunities particularly through leveraging its big brand commercial relationships and proven platform capabilities into the thriving digital payments market of Indonesia as well as rolling out its new Buy Now Pay Later (BNPL) purchase and payment processing capabilities, initially in Malaysia.

Accelerated Business Expansion

After conducting a review of existing business divisions and local SEA market opportunities in July, the Company has accelerated business expansion and growth opportunities under the newly branded IOUpay company name and technology platform. Significant growth opportunities have been identified and

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developed in the Company's core business divisions of Mobile Banking and Digital Payments including large Digital Payment portfolio opportunities in Indonesia and Buy Now Pay Later (BNPL) merchant integration and customer purchase and payment processing in Malaysia.

Technology Platform Improvements & Further Development

During the quarter, a number of improvements and enhancements were made to the IOUpay platform capabilities to originate, authenticate and process mobile banking and digital payments which have been further developed to accommodate Indonesian B2B and B2C bill payment processing, portfolio and individual account reconciliation and prepaid inventory supply and sale. Development and testing of new platform modules for payment gateways and merchants is underway in addition to new internal e-KYC admin and BNPL admin portals. This development is required to address significant market opportunities in the Indonesian online purchase and bill payment market.

The Company is also developing a comprehensive system network of modules within integration API's and web portals for payment gateways, merchants and consumers. New consumer modules include new e-KYC sign in and authentication (paperless electronic Know-Your-Customer), account and tenure selection, TAC one-time password requests and generation and BNPL payment creation and query status.

Merchant Mobile App modules and payment gateway modules include customer on-boarding, BNPL transaction processing and a wide range of payment administration features including pre-authorisation processing, refund processing and settlement reconciliation.

Executive changes & New Appointments

New senior executive appointments to the Company's leadership team have been made with Khong Kok Loong appointed CEO (as announced on 31 July this year), Kenneth Kuan appointed CFO and Lau Teck Huat appointed CTO for IOUpay's Malaysian operations.

Khong Kok Loong (CEO) brings 30 years of experience and relationships in the South East Asian technology sectors as a board and senior executive with a wide range of large technology based corporates covering internet and mobile banking, online share trading and settlement systems and e-commerce. He has Managing Director experience with Object Solutions Sdn Bhd (1996 – 2002) and Broadband Service Integrators Sdn Bhd (2005 – 2010).

More recently as Technical Director of Malaysian national payment gateway operator IPay88 (2011 – 2019) Khong Kok Loong brings a wealth of expertise and proven track record in fintech platform and product development and strategic commercial development. iPay88 is an e-commerce and m-commerce Payment Gateway handling Credit Cards (Visa, Master and Amex), Online Banking and E-Wallet Payment and settlement services to e-commerce merchants. IPay88 have operations in Malaysia, Indonesia, Philippine, Singapore, Thailand, Cambodia and Bangladesh. IPay88 was acquired by NTT Data Japan in year 2016.

Kenneth Kuan (CFO) brings 20 years of commercial and corporate law, finance industry management and regulatory compliance and mergers and acquisition experience from Malaysia, South East Asia and Australia. He holds a Bachelor of Law (LLB) Hons (1997) from the University of South Wales, United Kingdom specialising in Corporate Law. He commenced his career in 1998 as Head of Credit and Receivables with the largest Malaysian publicly listed non-bank finance company AEON Credit Berhad (formerly known as ACS Credit Sdn Bhd) before working as a senior consultant with Ernst & Young Malaysia where he had responsibility for corporate turnarounds, restructures and mergers and acquisitions for 5 years.

Kenneth Kuan also brings a depth of experience in Malaysian debt capital markets, legislative and regulatory issues to assist companies achieve funding and regulatory compliance requirements.

Lau Teck Huat (CTO) brings 22 years of system integration with network management and complex problem solving to IOUpay. After 16 years of integrating and managing front and back end systems in the stockbroking industry including 6 years as CTO for leading international financial data and terminal provider DZH International, Lau was appointed CTO of iPay88 - Malaysia's largest payment gateway and financial solution provider where he worked with IOUpay's CEO KL Kong for 6 years.

Lau brings detailed knowledge and relationships to IOUpay having worked closely with all the major e-wallet and digital cash providers in SEA including Grabpay, Alipay and WeChat and has managed system

integration and operations with all the major merchant point-of-sale platforms in SEA including VisaCheckout and Master Card's MasterPass.

Further board and executive team appointments are anticipated in the current quarter.

The Company has also invested in building its intellectual property and platform capabilities through additions to IOUpay's technical team including new database administration, quality assurance, system developers, data management and merchant integration services.

Investment in the Company's technical expertise and capabilities will also continue in the current quarter to best position the Company to capitalise on significant growth opportunities in the digital purchase and payments industry.

\$3.6m Capital Raised from Sophisticated Investors and Existing Shareholders

The Company has successfully raised \$1,517,532 from sophisticated investors with \$409,477 (tranche 1) as completed and announced on July 8 and 16 and \$1,108,055 (tranche 2) approved by shareholders at the EGM held on 30 September. The Company also raised \$2,066,043 from existing shareholders by way of a share purchase plan (SPP) completed in September. Funds raised are for working capital and to support new product development initiatives.

4C Cashflow Analysis

During the quarter, the Company reported receipts from customers of \$1,164,000 with a net operating cash flow of -\$792,000. Disruption to the Company's Indonesian business and non-recurring once-off costs contributed to this result. The once-off costs largely relate to past actions and legacy business performance issues associated with previous management and board including additional accounting and legal costs, staff termination costs, aged telco payables and legal costs incurred in response to actions by previous management and board members including the serving of a Section 249 Notice under the Corporations Act, 2001 (Commonwealth) by previous management and board members which was subsequently withdrawn.

The Company had \$2,812,000 in cash and call deposits as at the end of the September quarter.

The Company's cash reserves and Balance Sheet can be expected to be further strengthened by operating and financing activities in the following quarter.

The Company notes that the Appendix 4C item 4.5 "*Effect of Movement in exchange rates on cash held*" of \$170,000 represents an accounting or book loss as opposed to an actual cash loss, based on the Company's accounting policies and treatment of functional and foreign currencies set out in the Company's 2019 Annual Report. These gains and losses arise from differences in Australian dollar foreign exchange rates applicable at the date of exchange and funds transfers to its overseas offices compared to applicable Australian dollar exchange rates as at reporting period balance dates which, in the case of the September quarter, saw a strengthening of the Australian dollar against the Malaysia Ringgit. In the Company's 2019 Annual Report this accounting treatment states "*Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.*"

Release of Market Update - following the successful 30 September EGM and quarter end, the Company released a market update and investor presentation to communicate the strategic focus and direction of the Company, more clearly inform the market of the Company's business activities and highlight the Company's roadmap. This update and the Company's new positioning have been well received by shareholders and the broader market.

Outlook

The market conditions of large underbanked populations of South East Asia and regional trends of increased digital purchase and payment volumes and values are set to continue. With extended COVID-19 movement restrictions raising online bill payments and e-commerce volumes even further, demand-driven market economics present a positive outlook for the Company.

The Company now has a clear roadmap and advanced commercial pipeline and is well positioned to grow its Mobile Banking and Digital Payments businesses with additional funding, improved market positioning, strong additions to the Company's leadership team and new product development opportunities.

For more information regarding this announcement please contact Mr Lee Chin Wee, the Company's Chairman and Executive Director at aaron.lee@isentric.com.

The release of this announcement was authorised by the Board of the Company.

Yours faithfully

IOUpay Limited

Jarrold White
Company Secretary

About IOUpay (ASX:IOU):

IOUpay Limited (ASX:IOU) provides fintech and digital commerce software solutions and services that enable its institutional customers to securely authenticate end-user customers and process banking, purchase and payment transactions.

The Company's core technology platform enables large customer communities to connect to end user customers using any mobile device and integrate mobile technology throughout their existing business and customer product offerings. The Company's business divisions consist of Mobile Banking, Digital Payments and Digital Services which service the top 20 banks in Malaysia and large telco's and corporates in Malaysia & Indonesia. IOUpay also works with telecommunication network providers to provided mobile OTT (over-the-top) services that leverage their subscriber base to build active communities.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

IOUpay Limited

ABN

11 091 192 871

Quarter ended ("current quarter")

30 September 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,164	1,164
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,091)	(1,091)
(c) advertising and marketing	(10)	(10)
(d) leased assets	(27)	(27)
(e) staff costs	(361)	(361)
(f) administration and corporate costs	(462)	(462)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	(34)	(34)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	29	29
1.9 Net cash from / (used in) operating activities	(792)	(792)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(98)	(98)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	(331)	(331)

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	347	347
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	(4)	(4)
2.6	Net cash from / (used in) investing activities	(86)	(86)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,483	3,483
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(151)	(151)
3.5	Proceeds from borrowings	27	27
3.6	Repayment of borrowings	(77)	(77)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,282	3,282

Quarterly cash flow report for entities subject to Listing Rule 4.7B

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	578	578
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(792)	(792)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(86)	(86)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,282	3,282
4.5	Effect of movement in exchange rates on cash held	(170)	(170)
4.6	Cash and cash equivalents at end of period	2,812	2,812

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,721	515
5.2	Call deposits	91	63
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,812	578

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	78
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	38	38
7.4 Total financing facilities	38	38
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
The Group has a hire purchase facility that is secured, repayable over 5 years with an interest rate of 13% p.a.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(792)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,812
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,812
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.6
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 October 2020

Authorised by: the Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.