

Integrated Payment Technologies Ltd to Merge with ComplyPath Holdings Pty Ltd

Sydney, Tuesday 17 November 2020

Integrated Payment Technologies Ltd (ASX:IP1) is pleased to announce it has entered into a Merger Agreement (**Merger Agreement**) with the shareholders of Comply Path Holdings Pty Ltd (**Comply Path**) whereby IP1 will acquire 100% of the issued capital of Comply Path (**Merged Group**) (the **Transaction**). The Transaction is to be undertaken as a 100% Scrip for Scrip offer.

The Transaction is subject to shareholder approval, which will be sought at the IP1 Annual General Meeting on 21st January 2021. Should IP1 shareholders vote in favour of the transaction, then on settlement of the Transaction the Comply Path shareholders will own 50% of the shares on issue of IP1. Based on the share price of IP1 today, this notionally values Comply Path at approximately A\$19.5 million.

The Transaction is unanimously recommended by the Board of IP1.

About Comply Path

Comply Path's mission is to help businesses unlock value through compliance. Its Bond platform was established as a regtech venture in PwC Australia to improve the connectedness of the employee to member ecosystem. As of July 2020, it became a stand alone business 'Comply Path', but with all the rich compliance capability of Australia's largest professional services firm.

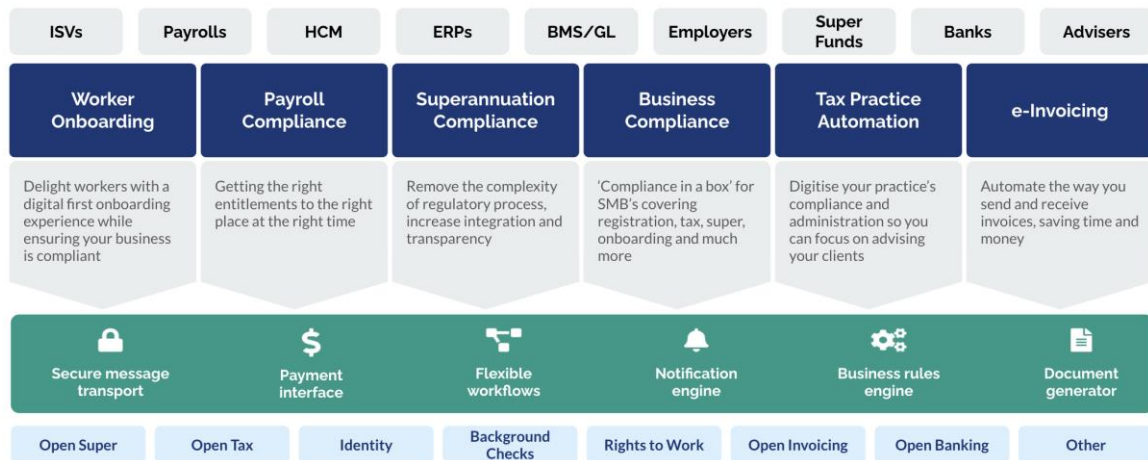
For over 7 years, Bond has been responsible for the secure interaction of tax and super data for over 15% of Australia's working population.

Bond also powers an award winning superannuation digital platform that has processed over \$10B in contributions payments and millions of

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Single Touch Payroll transactions. It powers digital platforms for a major government super fund, a major profit-for-member super fund and a major retail super fund helping their clients comply at a lower cost whilst enabling them to explore new value for their members.

The Comply Path Bond platform solutions can be summarised as follows:



Comply Path was a proposed collaboration partner for IP1's ClickVu platform. However, as the collaboration discussion progressed, the commonality of culture, capability and industry vision led to discussing a merger of the companies in order to scale IP1's operations and to progress IP1's ClickVu solution at a more integrated and rapid pace.

Synergies in merging the activities of IP1 and Comply Path

- IP1 will immediately diversify and increase its revenues as Comply Path generated circa \$1.5m pa in licensing and consulting revenues over each of the last 2 years.
- IP1 proposes to transition its ClickSuper service to utilise Comply Path's Bond platform which will also allow the group to further rationalise its IT costs.
- IP1 aims to integrate its patented payment technology with the Comply Path Bond platform to form a best of breed messaging and payment platform.

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- The merger brings the operating model of ClickSuper, which includes holding and maintaining an ASFL and a SaaS client support services, to Comply Path which will allow IP1 to sell Comply Path's Bond platform as a SaaS model rather than its current licensing and consulting model.
 - IP1 will acquire the IP rights to Comply Path's employee and super fund member onboarding functionality which will greatly enhance the ClickSuper proposition and allow IP1 to enter the KYE ('Know Your Employee') market, which is a key driver to ClickVu acceptance.
 - IP1 will acquire the IP rights to Comply Path's Employer and Business compliance functionality which will allow IP1 to offer deeper services with ClickSuper's existing channel partners expanding Single Touch Payroll reporting and Employee entitlements to other business compliance processing.
 - IP1 will also acquire the rights to Comply Path's e-Invoicing functionality of Bond Access Point (AP) and Service Metadata Provider (SMP) solutions which enables businesses or government agencies to start sending and receiving e-invoices using PEPPOL, the international standard recently adopted by Australia as the nation's e-invoicing standard. This should greatly enhance and potentially reposition IP1's PayVu product.

Transaction details

The Transaction will be implemented via the Merger Agreement as a 100% Scrip for Scrip offer.

As part of the Transaction, 573,260,447 IP1 shares will be issued to the existing shareholders of Comply Path (being Unlocked Investments Pty Ltd, GJB Consulting Pty Ltd, Digital Niche Investments Pty Limited and Clinton Capital Partners Pty Ltd) subject to IP1 shareholder approval.

The conditions precedent to the Transaction are set out below:

- the required resolutions being validly passed by IP1 shareholders; and

- the Comply Path shareholders entering into voluntary escrow deeds whereby 50% of the IP1 shares received by them under the Transaction will be escrowed for a period of 12 months and the remaining 50% of the IP1 shares received by them will be escrowed for 24 months from issue.

No funds will be raised from the issue of IP1 shares under the Transaction.

On Completion of the Transaction:

Following completion of the Transaction:

- Comply Path will be a wholly owned subsidiary of IP1;
- Comply Path shareholders will own 50% of the Merged Group and IP1 shareholders will own the remaining 50%;
- The effect of the issue of the shares (beneficially owned) under the transaction will be as follows:

Shareholder Name	Existing Structure		Post Transaction Structure	
	No. of Shares	% Held	No. of Shares	% Held
Trent Lund and related entities	-	0.0%	257,967,201	22.5%
Joe Brasacchio and related entities	-	0.0%	257,967,201	22.5%
Colin Scully and related entities	112,661,526	19.7%	112,661,526	9.8%
Donald Sharp and related entities	68,858,177	12.0%	68,858,177	6.0%
Clinton Capital Partners Pty Ltd and related entities	-	0.0%	57,326,045	5.0%
Paul Collins and related entities	42,083,374	7.3%	42,083,374	3.7%
Andrew Blair and related entities	30,000,000	5.2%	30,000,000	2.6%
Others	319,657,370	55.8%	319,657,370	27.9%
Total	573,260,447	100.0%	1,146,520,894	100.0%

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- key management personnel will comprise existing management and staff from both IP1 and Comply Path, in particular Comply Path's current CEO, Joe Brasacchio, will become the CTO of the Merged Group; and
 - IP1 and Comply Path will agree the strategic priorities and business plan of the Merged Group, including but not limited to:
 - development and growth of the Merged Group's existing products;
 - potential rebranding of the Merged Group;
 - strategic direction of the Merged Group's business; and
 - making the existing share scheme of IP1 available to Comply Path's personnel.

Merged Group Governance

After completion of the Transaction, it is proposed that the Board of the Merged Group will be composed of:

- Don Sharp - Executive Chair;
- Paul Collins - Non Executive Director;
- Trent Lund - Non Executive Director; and
- Randolph Clinton - Non Executive Director,

with an intention to appoint an independent non executive chair within 6 months of the Transaction's shareholder approval.

Shareholder approval under ASX Listing Rule 11.1.2

IP1 is required to seek the approval of shareholders under ASX Listing Rule 11.1.2 for a significant change in the scale of its activities as a result of the Transaction and therefore the Transaction may not proceed if approval is not obtained.

ASX has indicated to IP1 that it does not require IP1 to re-comply with Chapters 1 and 2 of the ASX Listing Rules in order to complete the Transaction under Listing Rule 11.1.3.

Propose Transaction timeframe and next steps

To implement the Transaction IP1 will prepare a notice of meeting seeking shareholder approval for the Transaction. The proposed timing of dispatch of the notice of meeting to shareholders and other next steps are set out below:

Tuesday, 24 November 2020	Submit notice of meeting to ASIC for approval
Wednesday, 9 December 2020	Submit notice of meeting to ASX for approval
Tuesday, 22 December 2020	Dispatch of IP1 notice of meeting
Thursday, 21 January 2021	IP1 AGM where shareholders will vote on the Transaction
Thursday, 28 January 2021	Completion and allotment of IP1 shares issued under the Transaction

The above table is an indication only and is subject to change. IP1 is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1 and the Board of IP1 will continue to provide shareholders with updates regarding the Transaction in accordance with the ASX Listing Rules.

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This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of IP1 to be materially different from those expressed or implied in this release including, amongst others, the merger transaction not proceeding as planned, changes in general economic and business conditions, regulatory environment, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, IP1 assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, IP1 and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release. This release should be read in conjunction with the IP1's ASX announcements and releases.