

ASX Announcement

19 January 2021

Acquisition of Malaysian Money Lending Licence

IOUpay Limited (ASX Code: IOU) (the Company) is pleased to announce it has secured a Malaysian Money Lending Licence required to comply with Malaysia's Money Lending Act 1951 (MA1951 Licence) and Financial Services Act 2013, for the provision of Buy Now Pay Later (BNPL) service offerings to consumers and merchants in Malaysia.

The MA1951 Licence has been secured by way of the acquisition of 100% of the ordinary shares in MA1951 licence holder Sibuh Kurnia Marine Sdn Bhd (200801033946 / 835284-D) (SKM) in exchange for RM4,300,000 (AUD1,375,000 based on an exchange rate of 3.127).

Following best practices, the Company engaged two independent valuation experts and obtained formal valuation reports that documented the various valuation methodologies and other qualitative and quantitative analysis undertaken by those experts to determine an equity valuation of SKM.

This formed the basis of the investment valuation and concluded the equity value of SKM on a controlling and non-marketable interest during the negotiation.

The Board is pleased to note that both reports provided values in excess of the final agreed consideration.

The completion of the acquisition of the authorised money lending entity SKM is an important milestone in the Company's plans which was announced in the Company's Operational Update released to the market on 15 December 2020.

The specific requirement to hold the MA1951 Licence falls under Section 5 (1) of the Money Lenders Act 1951 (MA1951), Malaysia with the regulatory authorities being Malaysia's Central Bank, Bank Negara Malaysia and the national registrar Kementerian Perumahan dan Kerajaan Tempatan (KPKT) which is the Malaysian Ministry of Housing and Local Government.

An MA1951 licence enables the Company to offer BNPL and consumer loan facilities in Malaysia.

The purchase will be funded from existing cash reserves.

Mr Lee Chin Wee, Chairman of IOUpay commented:

"The completion of this critical milestone ahead of schedule enables the Company to now accelerate its plans to capitalise on the significant market opportunities in the BNPL and digital payments sectors as highlighted in our Corporate Presentation and Investor Update last year.

Notwithstanding the regional COVID-19 environment including the revised Movement Control Order (MCO) implemented by the Malaysian Government last week, the market conditions and demand for our product offerings remain strong which is consistent with the continued increased uptake in online purchases and payments across the South East Asia region last year."

For more information regarding this announcement please contact Mr Lee Chin Wee, the Company's Interim Chairperson and Executive Director at aaron.lee@iou-pay.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 leading domestic and international 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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Sydney Singapore Jakarta Yangon Kuala Lumpur

IOUpay Limited (ASX:IOU)
(ACN 091 192 871)
www.iou-pay.com