

**ASX ANNOUNCEMENT**

Wednesday 30 June 2021

**STRATEGY REFRESH AND BUSINESS UPDATE**

On behalf of the executive team of Integrated Payment Technologies Limited (InPayTech or Company) (ASX: IP1), I am pleased to update you on the Company's progress; highlight the focus of our renewed Board; and outline the growth aspirations for the combined Company, following the recent merger with Comply Path Pty Ltd (Comply Path).

The renewed Board and I are resolute that the combination of InPayTech and Comply Path represents a solid platform for growth. Our focus is aligned towards achieving greater market success.

My tenure as your CEO began on April 28, 2021. At that time, I committed to share by today's date our strategy and objectives for transforming IP1 and making the necessary shifts to boost our competitiveness within the strongly growing regtech sector.

I am pleased to report the Company has already made considerable progress.

The merger of InPayTech and Comply Path positions the Company to combine critical technology and an opportunity pipeline that is transformational to the Company. The mission for the combined Company is to:

***Simplify compliance and unlock value for workers and their employers throughout the hire to retire lifecycle.***

**Merger integration update**

The Company's 3 merger goals are well progressed:

1. Leadership, talent retention and cultural renewal
2. Technology and Customer transition
3. Financial strength and strategic growth

**Leadership, talent retention and cultural renewal:**

The Company has a renewed and revitalised Board. Together with our new Independent Chair, Emma Dobson, myself and new Director Randolph Clinton join with existing IP1 Director Paul Collins. Each of your Directors is aligned to a strategy focused on revenue growth, market leadership through change and a high-performance culture.

A strong executive team has been secured. New executives bring proven track records in their specialist areas, including the recently announced Chief Financial Officer, Karen Gilmour. In addition to Karen, Joe Brasacchio will continue to lead technology development as Chief Technology Officer, Jean-Paul Seow will lead the Company's strategy, commercials and partnerships and Greg Tonner as Head of Growth.

Importantly, the Company has retained the key talent from each company and the teams are collaborating closely on the technology renewal.

### **Technology & Customer Transition:**

The Company's Technology consolidation is ahead of schedule. An integration plan, enabling our teams to take a comprehensive, cloud-based platform to market, will help to service the changing landscape of regulation from STP 2.0, Rollovers 3.0 and *Your Future, Your Super* (YFYS) stapling requirements.

Existing clients of InPayTech and Comply Path have responded well to the merger. Throughout the merger transition, the Company has retained all ClickSuper clients and transitioned all Comply Path related license and service revenue from PwC to Comply Path with sustained pricing.

We have qualified the Comply Path pipeline of opportunities under the new Comply Path ownership. As with existing clients of InPayTech, there has been a positive response to the merged entity and our pipeline remains healthy.

### **Financial Strength and Strategic Growth:**

The Company's cash position remains strong with over \$2.7m cash at bank and with the current contract visibility, we are targeting revenues to exceed \$5m in FY22 (subject to the success of current client contract negotiations which are well progressed). We believe our current contracts and funding support the pursuit of our growth strategy throughout FY22 and FY23.

## **A revised growth strategy**

The Company has revised its strategy to support future growth and deliver on shareholder and market expectations.

### **Growth pillar 1**

**One Platform:** Building on the current work of our teams the Company will move to one single technology platform for all clients. Based on the Comply Path platform, it is a multi-cloud architecture that delivers on the worker compliance moments from onboarding, pay, disbursements to superannuation entitlements. It includes employment transition and offboarding.

The platform is offered as Platform-as-a-Service (PaaS) for APRA Funds and Software-as-a-Service (SaaS) to Payrolls and Employers. There are obvious cost advantages to having a single platform and many clients. However, the real strength lies in the comprehensive feature set that moves our business beyond the reach of compliance gateways.

In addition to the single platform advantages, the merger delivers complementary service lines, including a flexible payment capability. The **substantial payments IP** within InPayTech has accelerated the enhancement of the combined platform. This flexible payment capability will support the changing needs of employers so that they can take advantage of changes to the

payments landscape from new payment rails such as New Payments Platform (NPP) to flexible pay models such as 'pay today' and salary packaging.

**One Brand:** Following a comprehensive review of existing brands, market awareness and alignment to Company strategy, a move to one single brand will be launched in the next few months. The re-branding will create a clear 'front door' for our clients, simplify how we showcase our platform and features and enable us to increase our voice to RegTech industry participants and customers.

## **Growth pillar 2**

**Increase reach within the ecosystem;** The Company has continued to invest across better worker experiences during compliance moments and improving how workers engage with service providers like Superannuation Funds. Recent YFYS legislation passed by the Australian Parliament supports the Company's position of enablement to APRA Funds, Payroll Providers and Employers to meet their stapling requirements while pursuing market growth. **Our Platform today serves four APRA funds directly, over 28 Payrolls touching over 70,000 businesses and 2.8million Australian Workers.**

InPayTech's compliance and payment handling pricing is competitive. We intend to correct customer data at the source rather than building on negative revenue streams such as error charges. We expect this will be welcomed by Payroll providers. We are targeting more aggressive growth through APRA Funds and their Administrators with a well-progressed sales funnel in place. **The Company's ambition is to increase our footprint to 5m Working Australians over the medium term.**

## **Growth pillar 3**

**Move to higher value (Onboarding and Consent):** With over two years' product development and market testing the Company has launched a Hire to Retire (H2R) solution. The solution helps workers and employers navigate all of the compliance moments during the lifecycle of an employee, contractor or gig economy worker from:

- Identification check (DVS)
- Rights to work (VEVO)
- Tax File Number Declaration
- Bank and pay instructions
- Superannuation nominations and rollovers
- Working with Children Check
- ABN Registration and Check
- Licence Checks and many more

Our architecture and investment have been in collaboration with many Payroll partners and APRA fund clients to maximise relevance. Our solution goes well beyond ATO reporting, Superannuation Guarantee and Payment compliance for Employers. The flexibility of our platform will help Employers navigate changing regulatory reforms (for example STP 2.0, YFYS) and help our Partners introduce flexible commercial models; while white labelling will help to maximise Customer Experience and Branding.

The Company intends to introduce solution bundling to assist small businesses with price effective digital solutions. Working closely with large employers will help them to integrate solutions to maximise the return on investment of incumbent HR and Payroll technology. We do this with Partners and market collaborations that target these specific segments (Payrolls, Contingent/Labour hire partners and Iconic Consultants).

By the end of September 2021, we expect to have more results from collaboration with partners to fine-tune revenue share models and SaaS pricing. We anticipate that this approach for long-term growth will far exceed the revenue available to us as a standalone Payments, Superstream and Single Touch Payroll reporting provider. Going deeper with our Partners has also identified natural potential synergies to grow geographically. We expect these opportunities to shift in priority after we pursue the anticipated natural market share in our home market.

**More exciting for InPayTech** is our continued investment in open data architecture. We continue to navigate **consent** between the worker and the various interactions we connect to. The experience, technology and security required to achieve consent for data rights and re-use, positions the business for its next horizon of planned growth (Pillar 4).

#### **Growth pillar 4**

**Innovate and partner for future value:** Building on growth pillar 2 (more Australian workers) and growth pillar 3 (higher value and more interactions) the Company is well-positioned to deliver a range of value and service offerings to Australian Workers from Superannuation Funds to financial and wellbeing products. The emerging Fintech market in Australia represents a strong opportunity for InPayTech. Our ability to navigate data consent and communicate with end-users are expected to be a key strength in partnering to target growth.

Our strategy will create long-term opportunities and, whilst actively exploring the right partnerships today, our operational and sales focus will be on Pillars 2 & 3 as we know that serving more Australian workers is key to future growth.

#### **In Summary**

The Company has the right fundamentals in place to accelerate towards its growth targets. To summarise:

- Our leadership and talent renewal is complete
- Our shift to one architecture is well underway
- Our existing customers are loyal
- Our opportunity pipeline is strong
- We have the capacity to deliver on our pipeline of opportunities
- Our growth plan and strategy is well tested with the key building blocks in place, and
- based on our current contract visibility we are targeting revenues to exceed \$5m in FY22 (subject to the success of current client contract negotiations which are well progressed).

Authorised by:

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## About Integrated Payment Technologies

Integrated Payment Technologies Limited (InPayTech) (ASX:IP1) is an Australian financial technology company founded and listed on the ASX in 2016.

InPayTech provides compliance and payment software solutions to create efficiencies for payroll service providers and both large and small Australian employers.

The company has four core offerings: **ClickSuper**, a superannuation gateway and clearing house; **Comply Path Platform**, a modern cloud-based compliance platform for handling messaging with ATO (SuperStream, STP 2.0, PEPPOL, SBR and State authorities), **Employee Onboarding**, a white label employee onboarding solution to manage the compliant onboarding of full-time and casual workers and **Payment Advisor** which focuses on the automated payment of invoices and the communication of remittance data, including the **PayVu brand** that integrates the functionality of ClickSuper and the Payment Advisor to deliver cloud-based services bridging the gap between accounting/payroll and internet banking.

InPayTech holds patents in Australia, the USA, China, Japan, Singapore, Hong Kong, South Africa and New Zealand.

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 InPayTech to be materially different from those expressed or implied in this release including, amongst others, 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, InPayTech assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, InPayTech 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 InPayTech's ASX announcements and releases.