

30 January 2020

Quarterly review for the period ended 31 December 2019

IncentiaPay Ltd (**ASX: INP**) provides the following update for the quarterly period ended 31 December 2019.

Financial highlights

- \$8 million of cash receipts
- \$1.2m in one-off restructure and redundancy costs
- \$3.8m of the Suzerain debt facility drawn-down
- \$3.5 million in the bank at the end of the quarter

Operational Highlights

- Changes to Executive team
- Launched rolling 12-month Entertainment membership that allows new users to be acquired at any time throughout the year
- Continued focus on transition to a 100% digital model
- Successful AGM all resolutions being approved

Operational Update

The December quarter saw continued progress to operationalise the three pillars of the strategic review conducted by the Board:

1. Move to a 100% digital membership model
2. Focus on core membership products
3. Expand distribution beyond the 'not for profit' channels

During the quarter, the Company enhanced its core digital product to allow a 12-month membership to commence at any time of the year. In time, it is expected that this will reduce the seasonality of the sales cycle currently in the business. In addition, the new product allows members to select a national or multi year membership. Since the launch of the updated product in November, the average sales transaction value has increased by 20% from \$70 to \$84.

Key Executive Appointments

Following the appointment of Henry Jones as CEO, further enhancements have been made to the Executive team with the following key appointments:

- Toby Ellis- Chief Revenue Officer, responsible for sales and growth opportunities across the Group;

- Ben Newling - Chief Operating Officer responsible for finance, operations and other shared services within the Group; and
- Linda McDonald - Chief Customer Experience Officer responsible for marketing, product, innovation and the customer experience.

Henry Jones On Market Share Purchase

In January, the CEO purchased 1,662,313 shares on market. The purchase of shares shows Mr Jones' commitment and confidence in the Company.

Restructuring

The Company is continuing with its restructuring initiatives. A higher than normal one-off expenditure is expected.

Outlook

As outlined in previous 4C for the quarter ended September 2019, Q2 revenues were lower than Q1 given the seasonal nature of the business. The Company receives the majority of its revenue between March and August of each year. The Board expects increased revenue in Q3 and Q4.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Incentiapay Limited

ABN

43 167 603 992

Quarter ended ("current quarter")

31 December 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	8,052	18,985
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(7,251)	(12,873)
(c) advertising and marketing	(344)	(926)
(d) leased assets	-	-
(e) staff costs	(5,026)	(11,674)
(f) administration and corporate costs	(1,097)	(3,158)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	13
1.5 Interest and other costs of finance paid	(35)	(77)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST paid)	(211)	(987)
1.9 Net cash from / (used in) operating activities	(5,904)	(10,697)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(26)	(26)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	(730)	(730)
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) 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)	-	-
2.6	Net cash from / (used in) investing activities	(756)	(756)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	3,750	12,750
3.6	Repayment of borrowings	(597)	(1,164)
3.7	Transaction costs related to loans and borrowings	-	(98)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,153	11,488

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,974	3,461
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,904)	(10,697)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(756)	(756)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,153	11,488

Appendix 4C
Quarterly report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	4	(25)
4.6	Cash and cash equivalents at end of quarter	3,471	3,471

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	3,471	6,974
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (s)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,471	6,974

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	140
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Salaries and directors' fees at normal commercial rates. These amounts exclude GST where applicable.

7. Payments to related entities of the entity and their associates

	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	64
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Payment for IT services to an associated entity of Suzerain Investments Holdings Limited (a significant shareholder) of \$34k.
Payment for sales support services to an associated entity of Suzerain Investments Holdings Limited (a significant shareholder) of \$30k.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	19,750	16,750
8.2 Credit standby arrangements	-	-
8.3 Other (Lease incentive loan)	536	536
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan Facility

Loan facility of \$19m is with Suzerain Investments Holdings Limited, of which \$16m has been drawn down. The remaining \$3m facility will be drawn down in January 2020.

Short Term Loan Facility

An additional facility was entered into with Suzerain Holdings Pty Limited for \$750k as security for office premises. This was drawn down during the quarter and is scheduled to be repaid in April 2020.

Lease incentive loan

Loan with the Landlord of the Sydney Corporate Office, who financed the fitout. This loan will be repaid at a rate of 20% subject to no defaults occurring. It is scheduled to be fully repaid by the end of the lease.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	3,991
9.3 Advertising and marketing	100
9.4 Leased assets	-
9.5 Staff costs	4,529
9.6 Administration and corporate costs	2,032
9.7 Other (GST payments)	240
9.8 Total estimated cash outflows	10,892

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets	-	-
10.5 Nature of business		

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.

Sign here:
(Chairman)

Date: 30/1/20

Print name: Stephen Harrison

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.