

31 July 2020

### 4QFY2020 – Quarterly Activity Report

iSentric Limited (ASX:ICU) (iSentric or the Company) provides an overview of its operational highlights.

#### Commercial Operations

The global economic growth is affected due to the outbreak of COVID-19 and its rapid spread across the globe. Inevitably, social and economic conditions in Malaysia, Indonesia and Myanmar has been affected by the COVID-19, particularly, as Government has implemented lockdowns, which has restricted business activities. Therefore, our Digital Media & Services, Enterprise Mobility and Digital Gaming divisions has slowed down during this outbreak period amidst market uncertainty. The net operating cashflow per division for the are outlined below:

#### June 2020 quarter ("4QFY20")

	Enterprise Mobility	Digital Media	Digital Gaming	Group Corporate Expenses	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Receipts from customers	1,421	285	78	-	1,784
Payments for:					
(i) Product costs	(1,293)	(5)	(17)	-	(1,315)
(ii) Advertising and marketing	-	(2)	(4)	-	(6)
(iii) Leased assets	(6)	(2)	(5)	-	(13)
(iv) Staff costs	(78)	(125)	(52)	(20)	(275)
(v) Administration costs	(105)	(78)	(8)	(90)	(281)
Interest / Finance costs	-	-	(2)	-	(2)
Income tax paid	1	1	(1)	-	1
Government grants	108	-	-	-	108
Others	-	1	-	-	1
<b>Total Net Operating Cash Flow</b>	<b>48</b>	<b>75</b>	<b>(11)</b>	<b>(110)</b>	<b>2</b>

#### March 2020 quarter ("3QFY20")

	Enterprise Mobility	Digital Media	Digital Gaming	Group Corporate Expenses	Total
	A\$'000	A\$'000	A\$'000	A\$'000	A\$'000
Receipts from customers	1,682	274	95	-	2,051
Payments for:					
(i) Product costs	(1,165)	41	(22)	-	(1,146)
(ii) Advertising and marketing	(5)	(20)	(41)	-	(66)
(iii) Leased assets	(8)	(2)	-	-	(10)
(iv) Staff costs	(106)	(175)	(112)	(27)	(420)
(v) Administration costs	(43)	(76)	(11)	(75)	(205)
Interest / Finance costs	-	-	(1)	-	(1)
Income tax paid	-	(15)	-	-	(15)
<b>Total Net Operating Cash Flow</b>	<b>355</b>	<b>27</b>	<b>(92)</b>	<b>(102)</b>	<b>188</b>

During 4QFY20, our Enterprise Mobility Division's net operating cash inflow decreased as compared to the previous quarter mainly due to lower revenue in relation to our D'Points services which was impacted by the lockdown during the quarter. In addition, payment to suppliers increased as we settled outstanding bulk SMS payments to Celcom during 4QFY20. Our venture into the Blockchain-as-a-Service business targeting the corporate space was impacted by the Movement Control Order imposed by the Malaysian Government as most companies adopted a work from home policy. Going forward, we will also venture into microfinancing space in Malaysia and Cambodia.

During 4QFY20, our Digital Media & Services Division's net operating cashflow increased as compared to the previous quarter as a result of cost cutting measurements as management responded to the service platform dispute and cancellation in between XL Axiata and our Indonesian marketing partner.

As compared to 3QFY20, our Digital Gaming Division business' experienced a reduced net operating cash outflow in 4QFY20 as a result of lower marketing expenses as the management had to manage expenditure as our distribution chain was impacted by the lockdown imposed by the Burmese Government.

#### **Related Party Transactions**

Payment to related party as disclosed in the item 6.1 of the Appendix 4C was in relation to:

- i. Revenue sharing with Mruncit Commerce Sdn. Bhd. amounting to \$137K for our D'Points services in Malaysia. iSentric Sdn Bhd functions as the payment aggregator which receives the payment from Telcos. Thereafter, we then pay Mruncit Sdn Bhd the payment received from Telco after deducting the aggregator commission.
- ii. Payment to Wise MPay Pte Ltd amounting to \$2K for Blockchain consultancy.
- iii. Payment to Recal International Sdn. Bhd. amounting to \$3K for consultant in Fintech project.

All transactions were made at arm's length.

#### **For further information:**

Sean Tham, Chief Executive Officer

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## Appendix 4C

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

**Name of entity**

iSentric Limited

**ABN**

11 091 192 871

**Quarter ended ("current quarter")**

30-Jun-2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,784	6,990
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,315)	(4,393)
(c) advertising and marketing	(6)	(141)
(d) leased assets	(13)	(47)
(e) staff costs	(275)	(1,480)
(f) administration and corporate costs	(281)	(1,026)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(5)
1.6 Income taxes paid	1	(15)
1.7 Government grants and tax incentives	108	182
1.8 Other (provide details if material)	1	1
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2</b>	<b>66</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	(67)
(d) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(e) intellectual property	(37)	(300)
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	33	48
	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(319)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	200
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	-	(3)
3.5	Proceeds from borrowings	-	40
3.6	Repayment of borrowings	(2)	(6)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(2)</b>	<b>231</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	623	609
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2	66
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(319)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	231
4.5	Effect of movement in exchange rates on cash held	(41)	(9)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>578</b>	<b>578</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> 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	515	577
5.2	Call deposits	63	46
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>578</b>	<b>578</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
(142)
-

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

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (Hire Purchases)	38	-
7.4 <b>Total financing facilities</b>	38	-

**7.5 Unused financing facilities available at quarter end**

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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 hire purchases are for 2 new motor vehicles purchased for office and marketing use. The hire purchases are secured, repayable in 5 years with interest rate of 13% per annum.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	2
8.2 Cash and cash equivalents at quarter end (Item 4.6)	578
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	578
8.5 <b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	289

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

- 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: NA.

- 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: NA.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: NA.

## 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: 31 July 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.