

ASX Announcement

31 July 2020

Quarterly Business Activity Update

ISentric Limited (ASX:ICU) (**'Isentric'** or **the Company**) has released its Appendix 4C today and the Board of Directors are pleased to provide this Quarterly Business Update for the quarterly period ended 30 June 2020.

Highlights

- **Board Restructure** – new board structure realigns focus on existing fintech strength and adds legal, governance and compliance expertise
- **Business Review** – review of businesses and market opportunities completed resulting in renewed focus on digital payments and mobile banking businesses and clearer communication of Company activities and market positioning
- **Capital Raise** – successful capital raise of over \$1,517,483 from sophisticated investors with \$409,429 (tranche 1) completed on 16 July and commitments secured for a further \$1,108,054 (tranche 2) with shareholder approval sought at an EGM to be held on 24 August. Funds are for working capital and product development.
- **Rebranding of Core Software Platform & Malaysian Subsidiary** – the Company's core fintech platform has been rebranded the **IOU Pay Platform** (previously called Mobility2U, MobilityPay & MobilityGames). Malaysian subsidiary Isentric Wireless Sdn Bhd has also been renamed IOU Pay (Asia) Sdn Bhd.
- **Technology Platform Improvements & Product Development** – existing platform capabilities to originate, authenticate and process mobile banking and digital payments have been further developed. Initial technical and user testing has been completed with newly added capabilities to process micro-finance consumer loan payments. Further investment, development and testing is to be carried out for Buy Now Pay Later instalment payment processing, account management and analytics in the current quarter (Q1 FY 2021).
- **New Appointments** – new in-country appointments for the roles of CEO, Malaysia and CFO, Malaysia add considerable financial, compliance, technical and commercial strengths to the Company's leadership team with an in-country CEO, Indonesia appointment pending.

Board Restructure

On 8 July 2020 Lee Chin Wee was appointed Interim Executive Chairman to replace Tim Monger as Non-Executive Chairman. Mr Lee is a founding director of the Company with more than 20 years experience in financial technology, specialising in digital payment platform development and operations across South East Asia.

Also on 8 July 2020, Andrew Bristow was appointed to the Company's Board of Directors as Non-Executive Director. Mr Bristow is a corporate lawyer with over 35 years experience, specialising in corporate and commercial law with a focus on initial public offerings (**IPOs**) and capital raising for both listed and unlisted companies.

Jarrod White was also appointed Company Secretary, replacing Gary Stewart. Mr White is a Chartered Accountant and founding Director of Traverse Accountants Pty Ltd (Traverse), a Corporate Advisory and Chartered Accounting Firm based in Sydney.

In conjunction with his Corporate Advisory roles at Traverse, Mr White has been appointed Company Secretary and Chief Financial Officer of several other listed entities that operate on the Australian Securities Exchange and has a sound knowledge of corporate governance and compliance.

Business Review

To more clearly align with the Company's fintech and digital commerce industry terminology and to more accurately communicate the Company's existing activities and market positioning, the Company is reviewing and updating its marketing and communication content and platforms. The business division previously reported as Enterprise Mobility is renamed Mobile Banking, the Digital Payments business division remains unchanged and the Digital Media and Content business are now reported as Digital Services.

The outbreak of COVID-19 and its rapid spread across the globe, including South East Asia has seen social and economic conditions in Malaysia, Indonesia and Myanmar significantly impacted, particularly with national and state government movement control orders and policies which have significantly restricted most business activities. These restrictions negatively impacted the company's Mobile Banking and Digital Services businesses as reported last quarter, in particular gaming and media content services which experienced reduced user activity amidst market uncertainty.

Notwithstanding this, with large sectors of national workforce populations still being required to work from home and with increased COVID-19 products and services being supplied via new and existing e-commerce merchants, the demand and business volumes for digital payments has risen significantly. This reflects a positive market trend for increased consumer and business purchases for essential products and services electronically via the internet from home. Prepaid airtime and data, utility bill payments, food and beverage supplies, e-Money purchases and mobile banking transfers are all experiencing significant growth in terms of transaction volumes, transaction values and turnover to GDP. Conversely, traditional forms of payment including credit card, cheque and ATM usage are experiencing continued declines as reported by the central banks of Malaysia and Indonesia (Bank Negara Malaysia and Bank Indonesia, Q1 & Q2 Reports 2020).

These trends present significant growth opportunities for the Company which already processes more than 18 million mobile banking and payment transactions per month for Malaysia's top 20 banks and major telco's and corporations in Malaysia and Indonesia.

Further acceleration of growth in the digital payments and mobile banking sectors is occurring as a result of a shortage of consumer and small business credit with both Malaysian and Indonesian governments encouraging micro-financing and e-wallet initiatives as economic stimulus initiatives. The Company plans to capitalise on its technology platform strength in customer authentication and e-KYC (paperless electronic Know Your Customer), secure payment processing and e-commerce to optimise revenue opportunities in this fast growing sector.

Capital Raise

On July 8 and 16, the Company announced the successful capital raise of \$409,429 from sophisticated investors by way of placement of 25,913,260 ordinary shares under its existing 15% capacity (tranche 1). The Company also announced the receipt of secure commitments for the placement of 70,130,037 ordinary shares to sophisticated investors to raise \$1,108,054 under specific approval sought from the Company's shareholders at an extraordinary general meeting to be held on 24 August 2020. The funds are required for working capital and product development.

Cashflow Analysis

During the period the Company reported receipts from customers of \$1,784,000 with a net operating cash flow of -\$55,000. Staff costs and administration and corporate costs have been reduced to \$275,000 and \$284,000 respectively including continued reduced directors fees. The Company had \$578,000 in cash and call deposits as at the end of quarter.

The Company's cash reserves are bolstered by the proceeds of the recent Capital Raise.

Rebranding

The Company's core fintech platform has been rebranded **the IOU Pay Platform** (previously called Mobility2U, MobilityPay & MobilityGames). A Malaysian subsidiary of Isentric Sdn Bhd, Isentric Wireless Sdn Bhd has also been renamed IOU Pay (Asia) Sdn Bhd.

Technology Platform Improvements & Further Development

The Company has added new features and capabilities to its mobile banking and digital payments platform in response to increased demand and new revenue growth opportunities in Malaysia and Indonesia. These include the system's ability to integrate with existing bank, non-bank and telco customers to authenticate, credit score and on-board customers and process consumer loan payments. Further product design and development for Buy Now Pay Later instalment payment processing is underway.

New Appointments

New senior executive appointments to the Company's Malaysia business have been made with Khong Kok Loong appointed CEO (effective 30 July), and Kenneth Kuan appointed CFO for Isentric Sdn Bhd ('Isentric Malaysia').

Khong Kok Loong brings 30 years of experience and relationships in the South East Asian technology sectors as a board and senior executive with a wide range of large technology based corporates covering internet and mobile banking, online share trading and settlement systems and e-commerce. He has Managing Director experience with Object Solutions Sdn Bhd (1996 – 2002) and Broadband Service Integrators Sdn Bhd (2005 – 2010).

More recently as Technical Director of Malaysian national payment gateway operator IPay88 (2011 – 2019) Khong Kok Loong has a wealth of expertise, a proven track record in fintech platform and product development and strategic commercial development. iPay88 is an e-commerce and m-commerce Payment Gateway handling Credit Cards (Visa, Master and Amex), Online Banking and E-Wallet Payment and settlement services to e-commerce merchants. IPay88 have operations in Malaysia, Indonesia, Philippine, Singapore, Thailand, Cambodia and Bangladesh. IPay88 was acquired by NTT Data Japan in year 2016.

Kenneth Kuan brings 20 years of commercial and corporate law, finance industry management and regulatory compliance and mergers and acquisition experience from Malaysia, South East Asia and Australia. He holds a Bachelor of Law (LLB) Hons (1997) from the University of South Wales, United Kingdom specialising in Corporate Law. He commenced his career in 1998 as Head of Credit and Receivables with the largest Malaysian publicly listed non-bank finance company AEON Credit Berhad (formerly known as ACS Credit Sdn Bhd) before working as a senior consultant with Ernst & Young Malaysia where he had responsibility for corporate turnarounds, restructures and mergers and acquisitions for 5 years.

Kenneth Kuan also brings a depth of experience in Malaysian debt capital markets, legislative and regulatory issues to assist companies achieve funding and regulatory compliance requirements.

Mr Kuan's engagements over the past 20 years include:-

- Special Administrator, appointed by Danaharta for public listed Rahman Hydraulic Tin Berhad & Sabah Shipyard Berhad with receivables of more than RM500 million.
- Monitoring Accountant for Berjaya Group subsidiaries including Berjaya Times Square with receivables more than 250million.
- Co-Lead Corporate Advisor for RM1billion & RM3billion fund raisings via MTN preference share placements for a large diversified private company and a public listed micro-finance company in Malaysia.

Outlook

The Company is well positioned to consolidate and grow its existing Mobile Banking, Digital Payments and Services businesses with additional funding, improved communication and market positioning, strong additions to the Company's executive leadership team and new product development against a background of increasing transaction volumes and values in the SE Asian digital commerce sector.

Yours faithfully,

iSentric Limited

Jarrod White

Company Secretary

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Approved for release by the Board of Directors

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About iSentric (ASX:ICU):

iSentric Limited (ASX:ICU) provides fintech and digital commerce software 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 extend their information technology applications to any mobile device and integrate mobile technology throughout their existing business. The Company's business divisions consist of Mobile Banking, Digital Payments and Digital Services which service the top 20 banks in Malaysia and large telco's and corporates in Malaysia & Indonesia. iSentric also works with telecommunication network providers to provided mobile OTT (over-the-top) services that leverage their subscriber base to build active communities.