

ASX Announcement

31 August 2020

4E PRELIMINARY FINAL REPORT FY2020

ISentric Limited (ASX:ICU) (**'Isentric'** or **the Company**) is pleased to announce the Company's 4E Preliminary Final Report for FY2020 and important subsequent events.

HIGHLIGHTS

- **Steady Cashflow from existing Mobile Banking and Digital Payments activities bolstered by capital raises** – Cashflow over the year remained steady. Post 30 June 2020, a series of capital raises have occurred which have resulted in the raising of \$409,477 in July 2020.
- **Revenue down marginally for the year** – Revenue has seen a slight decrease of 2% on the prior year to \$6,445,109. The driver of the increase has been from the initial COVID-19 restrictions in Malaysia and Indonesia impacting revenue streams. These restrictions have conditionally eased in Malaysia and Indonesia since June 30, spurring increased customer activity in the Digital Payments and Mobile Banking sectors.
- **Expenses significantly reduced** – Expenses saw a 52% decrease on the prior year to \$4,149,226 which has been due to the following material expense reductions:
 - Amortisation and depreciation reduced by 43% on the prior year to \$618,609;
 - Impairment reduced by 69% on the prior year to \$598,756; and
 - Other expenses reduced by 74% on the prior year to \$511,511.
 - **Balance Sheet strengthening** – Decisive measures were taken to impair non-core intangible assets and strengthen Balance Sheet through focus on key fintech activities and capital raisings. This saw a minor and temporary reduction in the net assets on the prior year which included a one-off impairment of the My Play Company Limited reducing Intangible assets by 32%.
- **Sharpened focus on core fintech business divisions** – Renewed focus on growth opportunities in the Company's existing fintech businesses of Mobile Banking and Digital Payments in Malaysia and Indonesia announced recently including key changes in board and senior executive teams, the rebranding of the Company's mobile banking and payment processing platform to the IOU Pay Platform and the renaming of Isentric Wireless Sdn Bhd to IOU Pay (Asia) Sdn Bhd.
- **EGM scheduled for 30 September including proposed further capital raisings, company name change and other important matters** – The Company will be holding an Extraordinary General Meeting of Shareholders to consider amongst other items set out in the Notice of Meeting (NOM) announced on 25 August and EGM Addendum to NOM announced on 26 August further capital raisings for working capital and product development and a proposed Company name change from Isentric Limited to IOUpay Limited and proposed ASX stock code change from ASX: ICU to ASX:IOU .



iSENTRIC LIMITED (ICU:ASX)

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iSentric Limited

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Company Secretary

Approved for release by the Board of Directors

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Interim Chairman

iSentric Limited

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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 leading corporates including utilities, insurance companies and telco's in Malaysia & Indonesia. iSentric also works with telecommunication network providers to provide mobile OTT (over-the-top) services that leverage their subscriber base to build active communities and digital commerce business volumes.

This announcement has been authorised for release by the Board of iSentric Limited.

Appendix 4E

Preliminary final report

Name of entity:

iSentric Limited

ABN or equivalent company
reference:

11 091 192 871

1. Reporting period

Reporting period:

Year ended 30 June 2020

Previous corresponding period:

Year ended 30 June 2019

2. Results for announcement to the market

Current Year
2020
\$

2.1 Revenue from ordinary activities	Down	2%	to	6,445,109
2.2 Loss from ordinary activities for the period after tax attributable to members	Down	(46%)	to	2,555,407
2.3 Net loss for the period attributable to members	Down	(40%)	to	2,564,112
2.4 Dividends		Amount per security		Franked amount per security
Final dividend		Nil		N/A
Interim dividend		Nil		N/A
2.5 Record date for determining entitlements to the dividends	N/A			

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

- Refer to Section 14.5 for details of the trends in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. Consolidated Statement of Comprehensive Income

	Current Period 30 June 2020 \$	Previous Period 30 June 2019 \$
Revenue from continuing operations	6,445,109	6,599,911
Cost of goods sold	(4,745,050)	(3,967,435)
Gross profit	1,700,059	2,632,476
Other income	79,695	695,587
Amortisation and depreciation	(618,609)	(1,076,385)
Compliance and professional fees	(464,258)	(359,256)
Employee benefits expenses	(1,497,175)	(1,959,699)
Administration expenses	(242,895)	(370,018)
Marketing expenses	(125,459)	(101,348)
Travel expenses	(85,364)	(162,529)
Insurance expenses	(5,199)	(18,150)
Impairment expenses	(598,756)	(1,915,003)
Other expenses	(511,511)	(1,965,715)
Loss before income tax	(2,369,472)	(4,600,040)
Income tax expense	(185,935)	(98,014)
Loss after income tax expense from continuing operations	(2,555,407)	(4,698,054)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations, net of tax	(8,705)	406,297
Loss attributable to:		
Members of the Parent Company	(2,564,112)	(4,291,757)
Basic and diluted loss per share	(1.25 cents)	(2.56 cents)

4. Consolidated Statement of Financial Position

	Current Period 30 June 2020 \$	Previous Period 30 June 2019 \$
Current Assets		
Cash and cash equivalents	578,063	608,783
Trade and other receivables	1,802,708	1,671,971
Total Current Assets	2,380,771	2,280,754
Non-Current Assets		
Property, plant and equipment	135,453	772,864
Intangible assets	2,138,529	3,130,229
Deferred tax assets	-	75,852
Total Non-Current Assets	2,273,982	3,978,945
Total Assets	4,654,753	6,259,699
Current Liabilities		
Trade and other payables	2,134,755	1,372,871
Total Current Liabilities	2,134,755	1,372,871
Total Liabilities	2,134,755	1,372,871
Net Assets	2,519,998	4,886,828
Equity		
Contributed equity	21,164,032	20,966,750
Reserves	522,043	530,748
Accumulated losses	(19,166,077)	(16,610,670)
Total Equity	2,519,998	4,886,828

5. Consolidated Statement of Cash Flows

	Current Period 30 June 2020 \$	Previous Period 30 June 2019 \$
Cash flows from operating activities		
Receipts from customers	6,989,769	7,234,671
Payments to suppliers and employees	(7,087,185)	(7,615,939)
Interest received	428	1,139
Income tax (paid) / refunded	(15,261)	30,961
Other	178,672	96,498
Net cash provided by (used in) operating activities	66,423	(252,670)
Cash flows from investing activities		
Payments for plant and equipment	(67,455)	(56,501)
Payments for intangible assets	(299,769)	(257,856)
Proceeds from disposal of non-current assets	48,609	-
Net cash used in investing activities	(318,615)	(314,357)
Cash flows from financing activities		
Proceeds from shares issued net of costs	200,000	-
Cost of capital	(2,718)	-
Proceeds from borrowings	39,645	-
Repayment of borrowings	(5,677)	-
Net cash provided by financing activities	231,250	-
Net (decrease)/increase in cash and cash equivalents	(20,942)	(567,027)
Cash and cash equivalents at the beginning of the year	608,783	1,144,340
Effects of exchange rate changes on cash	(9,778)	31,470
Cash and cash equivalents at the end of the year	578,063	608,783

6. Consolidated Statement of Changes in Equity

	Issued capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2019	20,966,750	530,748	(16,610,670)	4,886,828
Loss for the year	-	-	(2,555,407)	(2,555,407)
Other comprehensive income	-	(8,705)	-	(8,705)
Total comprehensive loss for the year	-	(8,705)	(2,555,407)	(2,564,112)
Transactions with owners in their capacity as owners:				
Shares issued in the year	200,000	-	-	200,000
Costs of capital raising	(2,718)	-	-	(2,718)
Balance at 30 June 2020	21,164,032	522,043	(19,166,077)	2,519,998
Balance at 1 July 2018	20,966,750	124,451	(11,912,616)	9,178,585
Loss for the year	-	-	(4,698,054)	(4,698,054)
Other comprehensive income	-	406,297	-	406,297
Total comprehensive loss for the year	-	406,297	(4,698,054)	(4,291,757)
Transactions with owners in their capacity as owners:				
	-	-	-	-
Balance at 30 June 2019	20,966,750	530,748	(16,610,670)	4,886,828

7. Dividends (in the case of a trust, distributions)

Date dividend is payable

N/A

[†]Record date to determine entitlements to the dividend

N/A

If it is a final dividend, has it been declared?

N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
Final dividend: Current year	NIL	N/A	N/A
Interim dividend: Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim plus final)

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

8. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

9. NTA backing

	Current Period 2020 Cents per Share	Previous Period 2019 Cents per Share
Net tangible asset backing per ordinary share	\$0.0124	\$0.0096

10. Details of entities over which control has been gained or lost during the period

Controlled entities

	Country of Incorporation	Percentage Owned	Date Control Gained
N/A			

11. Details of associates and joint venture entities

N/A

12. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

Please refer to section 2.6 above for information on the Group's financial performance.

13. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

14. Commentary on the results for the period

14.1 Earnings per security (EPS)

	Current Period 2020	Previous Period 2019
Basic Loss per share	(1.25 cents)	(2.56 cents)

14.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2020 \$	Previous Period 2019 \$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
Total	-	-

14.3 Significant features of operating performance

Please refer to section 2.6 above for information on the Group's financial performance.

14.4 Segment Information

30 June 2020	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
Revenue							
External sales	5,072,523	332,232	-	897,256	324,074	(180,976)	6,445,109
Other	23,688	52,113	-	13,053	81	(9,240)	79,695
Total segment revenue	5,096,211	384,345	-	910,309	324,155	(190,216)	6,524,804
Segment operating result	(319,889)	(1,520,723)	(246,429)	(304,451)	(65,865)	(98,050)	(2,555,407)
Segment assets	2,691,734	5,326,066	15,304,473	489,933	180,165	(19,337,617)	4,654,753

30 June 2019	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
Revenue							
External sales	4,555,532	1,094,604	-	791,475	347,562	(189,262)	6,599,911
Other	5,596	161,595	673,544	7,911	337	(153,396)	695,587
Total segment revenue	4,561,128	1,256,199	673,544	799,386	347,899	(342,658)	7,295,498
Segment operating result	(1,136,077)	(583,295)	(3,103,668)	(408,274)	(127,450)	660,710	(4,698,054)
Segment assets	2,564,842	6,845,353	15,207,287	886,396	172,954	(19,417,133)	6,259,699

14.5 Report on trends in performance

Cashflows

- Cashflow over the year remained steady. Post 30 June 2020, a series of capital raises have occurred which have resulted in the raising of \$409,477 in July 2020.

Revenue

- Revenue has seen a decrease of 2% on the prior year to \$6,445,109. The driver of the decrease has been from the COVID-19 restrictions across the Globe impacting revenue streams.

Expenses

- Expenses saw a 52% decrease on the prior year to \$4,149,226 which has been due to the following material expense reductions:
 - Amortisation and depreciation reduced by 43% on the prior year to \$618,609;
 - Impairment reduced by 69% on the prior year to \$598,756; and
 - Other expenses reduced by 74% on the prior year to \$511,511.

Balance Sheet

- The balance sheet has seen a reduction in the net assets on the prior year which has been the result of the following one-off transactions in the prior year:
 - Intangible assets reduced by 32% due in part to impairment of the My Play Company Limited
 - Trade and other payables increased by 55% on the prior year due to one off mobile and broadband upgrade costs and related infrastructure service costs.

14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

N/A

15. Compliance statement

This report is based on accounts to which one of the following applies.

(Tick one)

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

The accounts have not yet been audited or reviewed.

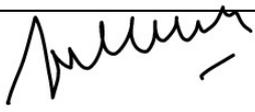
16. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The Board is of the view that it is unlikely that there will be any dispute or qualification.

16. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A

Sign here:


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Date: 31 August 2020

Print name: Lee Chin Wee