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29 September 2020

IncentiaPay Announces \$9.825m Convertible Loan plus a Share Purchase Plan

Highlights:

- Existing Unsecured Loan with Suzerain to be replaced with a Convertible Loan, subject to shareholder approval
- A Share Purchase Plan to be implemented to provide the opportunity for all shareholders to participate in the Company's capital raise
- Funds to be raised to provide the Company with additional capital for transformation purposes

Convertible Loan

As previously announced to the market on 28 February 2020 and as revised on 4 June 2020 (announced to ASX on 5 June 2020), IncentiaPay Limited (ASX: INP, **Company** or **IncentiaPay**) and Suzerain Investments Holdings Limited (**Suzerain**), together the (**Parties**), entered into a \$9.825m unsecured loan deed (**Unsecured Loan Deed**).

The Parties have agreed to replace the Unsecured Loan Deed with, and the Parties have entered into, a convertible loan deed (**Convertible Loan Deed**), which provides for the loan to be secured over the Company's present and future assets and the option for Suzerain to convert the loan repayable under the Convertible Loan Deed into fully paid ordinary shares in the Company, in each case subject to shareholder approval which the Company intends to seek at the next AGM.

Suzerain will have the option to convert its debt and have new fully paid ordinary shares in the Company issued to it in satisfaction of the debt at an issue price (per share) of the **greater** of: \$0.0275 or a 20% premium of the 30 trading day Volume Weighted Average Price (**VWAP**) up to the trading day before the issue of the relevant shares, pending shareholder approval (full details are provided in Appendix A).

The Company to date has drawn \$3.2m of the facility.

Henry Jones, IncentiaPay's CEO said, "the willingness for Suzerain to enter into a convertible loan with conversion (at Suzerain's discretion) at a premium to market price, shows confidence in our strategy and business transformation. The funds being raised will provide some contingency working capital given COVID-19."

Share Purchase Plan

The Company is also pleased to announce a share purchase plan (**SPP**), which will be offered to eligible shareholders contemporaneously with the Convertible Loan to provide eligible shareholders the opportunity to acquire additional shares in IncentiaPay and participate in its capital raising.

The SPP is offered to ordinary shareholders on the IncentiaPay register, as at 7:00pm (Sydney time) on 28 September 2020 (**Record Date**), who have a registered address in Australia or New Zealand and who are not in the United States, nor acting for the account or benefit of any person in the United States, or otherwise excluded from participating under the terms and conditions set out in the SPP offer booklet to be despatched to eligible shareholders in due course (**Eligible Shareholders**).

Under the SPP, Eligible Shareholders will have the opportunity to subscribe for up to \$30,000 worth of fully paid ordinary shares in IncentiaPay (**SPP Shares**) free of any brokerage, commissions and transaction fees.

The issue price of SPP Shares will be at a 20% discount (rounded up to the nearest cent) to the volume weighted average price of IncentiaPay shares traded on the ASX during the 5 trading days up to the trading day before the date on which the SPP was announced. The SPP offer period will open from 9:00am (Sydney time) on 30 September 2020 and close at 5:00pm (Sydney time) on 14 October 2020.

The SPP aims to raise up to \$5,411,510 million and is not underwritten. If the total value of applications received under the SPP is more than \$5,411,510 million, the Company reserves its discretion to increase the amount raised under the SPP and/or scale back applications under the SPP.

The SPP Shares will rank equally with all other IncentiaPay shares at the date of allotment.

Authorised for release by the Board

For further information please contact:

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Appendix A – Convertible Loan Details

Repayment Date	31 December 2021
Interest	10% per annum capitalised to the loan until maturity, subject to the shareholders of the Company approving the use of the assets of the Company as collateral, and otherwise 14% per annum until maturity
Security	The Company will seek shareholder approval at the next AGM to enter into a general security deed and grant a security interest over the assets of the Company or amend the 2019 general security deed previously approved by shareholders at the 2019 AGM to include the funds lent under the Convertible Loan Deed
Drawdowns	Subject to the drawdown conditions below, up to \$1,000,000 per calendar month.
Drawdown Conditions	<p>Each draw down by the Company must first satisfy all of the following conditions:</p> <ul style="list-style-type: none"> • the Company's Net Operating Cash Flow for the relevant calendar month is equal or greater than the forecast Net Operating Cash Flow for that calendar month in the Budget (agreed between the Company and Suzerain); and • if the draw down requested by the Company falls in the month of December 2020 or later, both of the following conditions: <ul style="list-style-type: none"> ○ the Company's Shareholders have approved the Company's entry into the Loan Security (being a general security deed in the form of the 2019 general security deed described below) or approved an amendment to the previously approved 2019 general security deed to include the indebtedness under the Convertible Loan Deed, in accordance with Listing Rule 10.1 and Chapter 2E of the Corporations Act; and ○ the Company's Shareholders have approved the Convertible Loan Deed (and its resultant issue of Shares by the Company) pursuant to item 7 of section 611 of the Corporations Act (and for all other purposes).

Convertible Loan	The Company will seek shareholder approval at the next AGM to provide Suzerain with the right to convert the amounts owing under the Convertible Loan Deed into shares of the Company.
Conversion Price	<p>The amounts owing under the Convertible Loan Deed will be convertible into shares at the higher of:</p> <ul style="list-style-type: none"> • 2.75 cents per share; or • A 20% premium above the Volume Weighted Average Price for the 30 days immediately prior to the issue date of the relevant shares.