

29 October 2021

## Q1 FY22 Quarterly Activities Report

IncentiaPay Ltd (**ASX:INP** or **the Company**) Australia and New Zealand's Premier Entertainment, Lifestyle and Rewards Platform, is pleased to present its Appendix 4C and accompanying activities report for the quarter ended 30 September 2021.

### Highlights:

- Revenues of \$4.7m, up 6.7% on the previous corresponding period (pcp) with cash receipts of \$5.9m (up 7.3% on pcp)
- Member numbers on the B2C platform grew to c.160k as the Company focused on supporting members through COVID-19
- More than 6,500 Merchants as at September 30 as IncentiaPay pivoted its focus to its B2B/Enterprise business and growing white-label loyalty and rewards programs
- New B2B/Enterprise app being developed with rollout expected to key Merchants in the December quarter
- Post quarter end, new partnerships with Seven West Media (ASX:SWM) and Leisurecom Group to accelerate growth in Australia via platform data and campaign capability
- In October, resignation of CEO Henry Jones; to be succeeded by technology and transformation executive Ani Chakraborty on 24 December 2021.
- Cash and cash equivalents of \$2.02m at end of quarter down from \$4.9m in the pcp, reflecting the continued investment in the B2B/Enterprise business

Commenting on the quarter, IncentiaPay Chief Executive Officer Henry Jones said: *"During the quarter, we continued to support our existing B2C customer base through COVID-19 and continued to transition the business back to pre-COVID-19 levels. We also pivoted our focus towards the B2B/Enterprise business, resulting in the launch of a new partnership with SevenWest Media's 7Plus post the quarter end. Going forward, we will continue to focus on normalising B2C revenues through improved value propositions, expanded sales channels and new membership lifecycle management. We will also continue to build our Merchant asset base and look to develop a new marketplace platform and card-linked offer to generate greater customer value and revenues."*

## **Operational**

During the quarter, the COVID-19 associated lockdowns across Victoria and NSW continued to impact B2C Membership levels. Significant efforts were undertaken to support IncentiaPay's existing customer base through this period including extending the memberships of lockdown affected members.

The Company's focus remained on reactivating memberships that expired during COVID-19 with the view of transitioning the business back to pre-pandemic levels. Reactivated memberships, coupled with membership extensions saw IncentiaPay's customer base increase to c.160k (from c.150k in the June quarter)

The quarter also saw the Company's focus pivot to its B2B/Enterprise business with the aim of growing Merchant numbers via providing a greater value proposition as well as further growth of white-label loyalty and rewards programs. As at the end of the quarter, the Company had more than 6,500 Merchants operating in over 14,500 locations across Australia, New Zealand and Bali with more than 9,500 offers.

IncentiaPay also made progress with the development of its new enterprise app, with some back-end testing of user experiences completed during the quarter. The Company expects to rollout the app to key Merchants in the December quarter.

## **Financial**

Revenues increased 6.7% versus pcp to \$4.7m, and cash receipts increased 7.3% to \$5.9 million, reflecting a marginal increase in membership sales.

As detailed in the attached ASX Appendix 4C, the Company had \$2.02 million in cash and cash equivalents as at 30 September 2021.

## **Activities subsequent to the quarter**

In October, IncentiaPay created a new partnership with SevenWest Media's (ASX:SWM) video-on-demand service, 7Plus Pty Ltd (7Plus) called 7PlusDining.

The first partnership of its type in Australia between a media company's subscriber base and an offers and rewards marketplace, the partnership will use IncentiaPay's platform to create an exclusive community for 7Plus members to access a diverse range of rewards, offers, deals, and experiences through a new mobile application, 7Plus Dining.

The partnership is expected to drive loyalty and engagement with the 10 million users who have downloaded the 7Plus app, providing them with access to IncentiaPay's more than 10,000 offers from nearly 16,000 merchant locations across 21 major cities, regional areas, and country towns in Australia.

The 7Plus Dining application launch will be rolled out in two stages.

Phase one is a three-month proof of concept commencing 1 October 2021, where 5,000 7Plus members will have access to the 7Plus Dining app. The data obtained will be used to finalise the commercial agreement conditions for the planned second-phase rollout in early 2022. These are expected to include annual subscription, transaction, and platform revenue.

IncentiaPay also secured an agreement with Queensland-based travel services provider Leisurecom Group Pty Ltd. The deal will see Leisurecom Group enhance its travel services by providing an all-in-one travel and entertainment offering. Customers who book through Leisurecom Group will be provided with a two-week subscription to IncentiaPay's Entertainment-branded App providing them both travel and entertainment at discounted prices.

IncentiaPay will also use Leisurecom Group's travel deals and offers to create a new platform under the brand [entertainmenttravel.com](http://entertainmenttravel.com) that will enhance IncentiaPay's current travel offering.

Also in October, IncentiaPay announced that Chief Executive Officer Henry Jones had resigned.

Mr Jones will remain in the CEO position until 24 December 2021, when he will be succeeded by Ani Chakraborty who has been working with IncentiaPay as a consultant since July, leading the transformation office and technology teams.

Mr Chakraborty brings more than 20 years' experience in the role with deep expertise in transformation, technology, digital and service operations.

## **Corporate**

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$118,000 was paid in respect of directors' fees to associated entities of the directors and \$50,000 was paid for interest and line fees to associated entities of directors. These fees are in relation to the technology loan provided to the Company by associates of the directors and Suzerain Investments Holdings Limited (Suzerain), the Company's largest shareholder, the terms of which have previously been disclosed to the market.

Also during the quarter, Suzerain elected to convert \$3.448m of its convertible loan facility to equity at \$0.033 per share.

*This announcement has been authorised for release by the Board of Directors of IncentiaPay Ltd.*

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For more information:

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**About IncentiaPay**

Through its Entertainment-branded subsidiaries, IncentiaPay provides a marketplace for offers and rewards which connects merchants wanting more business with consumers seeking entertainment, lifestyle and leisure experiences at great value.

Founded in 1994, Entertainment is a trusted and iconic source of member-only offers and deals that manages the largest and most comprehensive amount of entertainment-related merchant content; provides fundraisers, merchants and enterprises with advanced data and campaign analytics; and markets to the largest closed-group of subscription-paying members in Australia and New Zealand.

It generates revenue through member subscription fees and marketplace features that provide data-as-a-service and targeted campaign value to merchants, enterprise and fundraising partners.

[www.incentiapay.com.au](http://www.incentiapay.com.au)

## Appendix 4C

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

**Name of entity**

IncentiaPay Limited

**ABN**

43 167 603 992

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

30 September 2021

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	5,879	5,879
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,637)	(3,637)
(c) advertising and marketing	(335)	(335)
(d) leased assets	-	-
(e) staff costs	(2,807)	(2,807)
(f) administration and corporate costs	(1,309)	(1,309)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	511	511
1.8 Other (GST refunded/(paid))	(225)	(225)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,910)</b>	<b>(1,910)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(11)	(11)
(d) investments	-	-
(e) intellectual property	(232)	(232)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(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>(243)</b>	<b>(243)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
3.5	Proceeds from borrowings	1,228	1,228
3.6	Repayment of borrowings	(178)	(178)
3.7	Transaction costs related to loans and borrowings	(56)	(56)
3.8	Dividends paid	-	-
3.9	Interest and other costs of finance paid	(64)	(64)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>930</b>	<b>930</b>

<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	3,228	3,228
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,910)	(1,910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(243)	(243)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	930	930
4.5	Effect of movement in exchange rates on cash held	15	15
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,020</b>	<b>2,020</b>

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	2,020	3,228
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,020</b>	<b>3,228</b>

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	278
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>Payment for sales support services to an associated entity of Suzerain of \$87k.</p> <p>Payment for rent to an associated entity of Suzerain of \$4k.</p> <p>Payment for IT support services to an associated entity of Suzerain of \$19k.</p> <p>Payment for directors' fees to associated entities of directors of \$118k.</p> <p>Payment for interest and line fees to associated entities of directors of \$50k.</p> <p><i>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.</i></p>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	6,728	2,233
7.2	Credit standby arrangements	-	-
7.3	Other (Lease incentive loan)	291	291
7.4	<b>Total financing facilities</b>	7,019	2,524
7.5	<b>Unused financing facilities available at quarter end</b>		4,495
7.6	<p><b>Interest bearing Loan (Previously Converted Loan facility)</b>  Interest rate: 10%  Maturity date: Updated repayment terms are yet to be agreed (Previously 30/09/2020)  Security: First ranking security over all the Group's present and future property  Drawn down as at 30 September 2021: \$0.5m</p> <p>On 27 February 2020, Suzerain opted to convert \$19,300,257 of their convertible loan into 410,643,766 ordinary shares at \$0.047 per share, in accordance with the Convertible Loan Deed approved by shareholders at the AGM held in December 2019. The balance remaining on this loan is \$0.5m (Including interest) and will remain as a secured interest-bearing loan until repaid. Updated repayment terms are yet to be agreed.</p> <p><b>Additional Growth Operational Facility (Previously Short-Term Loan Facility)</b>  Interest rate: 10%  Maturity date: 31/12/2021  Security: First ranking security over all the Group's present and future property  Drawn down as at 30 September 2021: \$9.8m  Balance converted to ordinary shares as at 30 September 2021: \$9.8m.</p> <p>The Short-Term Loan Facility was refinanced with a new Loan facility, Additional Growth Operational Facility with Suzerain on 27 February 2020 for the provision of a \$5.83m facility (including associated borrowing costs and roll-over of previously loaned \$750,000). On 4 June 2020, Suzerain agreed to increase the facility limit of the original loan by \$4m to \$9.825m. During the AGM in December 2020, the resolutions were passed to enter into a first ranking security deed and for the loan to be convertible to ordinary shares at the higher of \$0.0275 per share or the volume weighted average price of shares traded on ASX during the period 30 trading days and concluding on the trading day before the issue date of the relevant shares, plus an additional 20%. Suzerain may also give more than one notice to convert.</p> <p>On 19 January 2021, Suzerain opted to convert \$6,376,514 of their convertible loan into 187,544,529 ordinary shares at \$0.034 per share.</p> <p>On 23 September 2021, Suzerain opted to convert \$3,448,486 of their convertible loan into 104,740,097 ordinary shares at \$0.033 per share. The \$3,448,486 converted represents the outstanding balance (inclusive of capitalised interest) owed under the terms of the facility.</p>		



<p><b>Transformational Capital Facility</b></p> <p>Interest rate: 12.5%</p> <p>Maturity date: 11/02/2022</p> <p>Security: Second ranking security over all the Group's present and future property</p> <p>Drawn down as at 30 September 2021: \$1.2m</p> <p>A further \$1.2m facility was approved and the transformational capital expenditure was subsequently agreed between the Company and the lender, Skybound Fidelis Investment Limited as trustee for the Skybound Fidelis Credit Fund (Skybound) (a related entity of Suzerain). During the AGM in December 2020, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain).</p>
<p><b>NZ Business Cashflow Loan</b></p> <p>Interest rate: 3% per annum, no interest charge on the loan if full repayment is made on or before 16 July 2022</p> <p>Maturity date: 16/07/2025</p> <p>Security: Unsecured</p> <p>Drawn down as at 30 September 2021: \$0.028m</p> <p>The Group applied for and was granted a one-off loan provided by New Zealand government in July 2020 to support New Zealand business during the Pandemic.</p>
<p><b>New Gold Coast Holdings Loan Facility</b></p> <p>Interest rate: 12.5% per annum</p> <p>Maturity date: 31/12/2022</p> <p>Security: Unsecured</p> <p>Drawn down as at 30 September 2021: \$0.505m</p> <p>New Gold Coast Holdings \$5m Loan facility was approved on 3 June 2021. This facility will initially be unsecured with the view to obtaining shareholder approval for security at the Company's next Annual General Meeting, anticipated to be held in November 2021.</p>
<p><b>Lease incentive loan</b></p> <p>Loan with the Landlord of the Sydney Corporate Office, who financed the fit out. This loan will be repaid at a rate of 20% per annum subject to no defaults occurring. It is scheduled to be fully repaid by the end of the lease.</p>

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,910)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,020
8.3	Unused finance facilities available at quarter end (item 7.5)	4,495
8.4	Total available funding (item 8.2 + item 8.3)	6,515
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.4
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		

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

8.6.1 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:

Not applicable.

8.6.2 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:

Not applicable.

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

Answer:

Not applicable.

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## 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.

Company Secretary



Authorised by: Directors of the Board

Date: 29 October 2021

## 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.