

31 October 2022

ASX Announcement

September 2022 Quarterly Report & Business Activity Update

Highlights

- **myIOU BNPL transactions completed in the September Quarter (1 Jul to 30 Sep):**
 - **\$9,576,475 in Total Transaction Value (“TTV”) has been transacted; delivering,**
 - **\$591,129 in Net Transaction Revenues (“NTR”).**
- **Positive adjusted Net Operating Cashflow for the fourth consecutive quarter, having launched the myIOU product in June 2021 – positive \$7.16m after adding back \$8.87m payments to BNPL merchants that form part of BNPL receivables;**
- **Continued growth in Consumer and Merchant sign ups (since mid-June 2021 launch), approval and onboarding, cumulatively:**
 - **2,717 merchant outlets activated and listed on myIOU (up 14% since 30 Jun);**
 - **45,227 consumer activated accounts (up 34% since 30 Jun).**
- **Multiple strategic partnerships progressed throughout the quarter:**
 - **Pine Labs – integration complete, now in production testing;**
 - **PayHalal – first Shariah compliant transactions processed ahead of schedule;**
 - **myIOU KA\$Hplus Visa prepaid card – launch and first cards issued;**
 - **myIOU Islamic - Shariah Compliance certification issued;**
 - **BSN Marketing Collaboration – first partnership with a major retail bank;**
- **IDSB Strategic Partnership Agreement signed and first project announced for a local market-first Bridging Loan product;**
- **Technology Update – myIOU 2.0 phase 2 rollout & phase 3 under development – additional credit decisioning tools and security enhancements; and**
- **IDSB Investment – Revised Tranche 2 completion terms – total acquisition to result in 34% ownership interest.**

IOUpay Limited (ASX:IOU) (‘IOUpay’ or the Company) has released its Appendix 4C today and the Board of Directors are pleased to provide a Quarterly Report & Business Activity Update for the period ended 30 September 2022.

BNPL Business Update

TTV¹ and NTR² Performance Metrics

Values for Period	1 July – 30 September 2022
Total Transaction Value ^{1,3}	\$9,576,475
Net Transaction Revenue ^{2,3}	\$591,129
myIOU Income Margin ⁴	6.2%
Cumulative Totals as at	30 September 2022
TTV (past 12mths)	\$32,921,265
NTR (past 12mths)	\$2,147,174
Non-Performing Loans ⁵	\$223,799
NPL Ratio ⁶	0.68%
Merchant Outlets Signed ⁷	4,891
Merchant Outlets Onboarded	4,046
Merchant Outlets System Active	2,717
Merchant Relationships System Active ^{8, 9}	1,027
Consumer Downloads	151,211
Consumers Onboarded	115,065
Consumer Account Activations	45,227

- Note:
1. Total Transaction Value (TTV) means total value of purchases made by myIOU customers
 2. Net Transaction Revenue (NTR) means TTV less the amounts paid to merchants
 3. All amounts in AUD, assumed MYR/AUD exchange rate 2.98 using an RBA sourced reference
 4. myIOU Income Margin means NTR as a percentage of TTV
 5. Non-Performing Loan (NPL) means the current outstanding value of a transaction account which has an instalment remaining unpaid for at least 6 months
 6. NPL Ratio means NPL as a percentage of TTV written during past 12 months
 7. Merchant Outlets means discrete shopfronts, whether physical or online
 8. Merchant Relationships means business entities that may have multiple outlets
 9. Merchant Relationships System Active does not include any merchants that have been onboarded by Razer Merchant Services to its payment platform with the myIOU BNPL payment option

Activity during the September quarter was strong reflecting increased transaction value written during July following cultural holidays in the previous quarter. The myIOU BNPL business originated transactions with TTV of \$9,576,475 delivering NTR of \$591,129 for the period.

The myIOU Income Margin for the period of 6.2% was consistent with the previous quarter indicating stable market pricing and relative flows to the different instalment plans (2, 3 or 6 payments). Effective annualised returns for individual transaction profiles remain within the Company's target range.

Over the prior 12 months to the reporting date, the Company has written TTV of \$32,921,265 delivering NTR of \$2,147,174 (AUD values assume MYR/AUD exchange rate 2.98 as per note 3). The resultant myIOU Income Margin for the 12 months to 30 September 2022 is 6.5%, which remains above the Company's internal expectations.

The Company reports Non-Performing Loans ("NPL") of \$223,799 and an NPL Ratio of 0.68% as at 30 September 2022. Whilst the NPL Ratio marginally increased from the previous quarter, it remains modest and is a reflection of the Company's targeted consumer acquisition process, including sophisticated credit checking technology to authenticate customers and independently verify credit profiles, as well as its continuous assessment and management of merchant relationship performance.

The Company continues its focus on building a community of quality merchants and consumers as part of its 'best-in-class' brand positioning in South East Asia. There are now more than 2,700 merchant outlets that are system active on the myIOU platform across thirteen industry verticals, with more than 2,000 signed

as at 30 September still to be assessed for activation. These active outlets represent the physical and online shopfronts of more than 1,000 merchant relationships from around Malaysia.

Merchant & Consumer Activation

During the September quarter, 185 new merchants operating 428 outlets around Malaysia were added to the myIOU platform. New merchants were added to all 13 industry vertical categories. Key industry verticals with numerous merchants added since 30 June include: Automotive (23 merchants with 29 outlets); Beauty & Wellness (26/48); Electronics & Gadgets (53/161); Fashion (19/41); Home & Living (26/90); and, Sports & Outdoors (9/17).

Notable businesses amongst these new merchant relationships include: Cub Furniture Trading ('Home & Living' from Southern Malaysia with 6 outlets); Chin Loong Lighting Electrical Sdn Bhd ('Electronics & Gadgets' from KL/Selangor with 22 outlets); Lionmas Furnishers (M) Sdn Bhd ('Home & Living' from Southern Malaysia with 36 outlets); Starwheels Electronic Sdn Bhd ('Sports & Outdoors' from KL/Selangor with 4 outlets); and Wacoal Malaysia Sdn Bhd ('Fashion' from KL/Selangor with 10 outlets).

Growth in consumer engagement has continued through the September quarter on a trend established following the launch of myIOU 2.0 mid-March. As measured against results as at 30 June 2022, consumer downloads are up 39%, consumer onboarding is up 39% and consumer account activation is up 34%.

More than 75% of consumers who download the myIOU app complete the onboarding process and about 30% of those who download the app go on to complete a transaction. These ratios have returned to the long term average after a growth uplift during the June quarter following the launch of myIOU 2.0 during March.

Strategic Partnerships

During the September quarter, material progress has been made with previously announced partnerships and new partnership agreements were announced with IDSB and a major retail bank. Two additional partnerships with payment platform providers were originated and are currently being developed.

Pine Labs – Master Services Partner Agreement (June 2022)

On 6 June 2022, the Company announced that its subsidiary, IOU Pay (Asia) Sdn Bhd ("IOUpay Asia"), entered into a Master Services Partner Agreement with Pine Payment Solutions Sdn Bhd ("Pine Labs") to enable mutual merchant clients to offer myIOU BNPL services to the merchants' consumer customers via the Pine Labs merchant platform.

Whilst systems integration work has been completed, production testing is ongoing into October. The Company expects to 'go live' with myIOU available on Pine Labs' merchant platform in November.

In the meantime, Pine Labs has been referring selected merchants for assessment and approval in anticipation of onboarding.

SOGO Department Stores Update (Phase 1 launched in June 2022)

During the March quarter, the Company entered into a Merchant Agreement with SOGO (K.L.) Departmental Store Sdn. Bhd. ("SOGO") for the provision of myIOU BNPL services at SOGO's department stores on both point-of-sale (POS) and e-commerce payment platforms. Integration, testing and rollout was completed in two phases.

On 24 June, the Company launched myIOU on SOGO's POS platform and went 'live', providing SOGO customers the myIOU payment option when completing their purchases instore.

During the September quarter, the phase 2 work for integration of myIOU to SOGO's e-commerce payment platform was progressed. On 13 October, subsequent to the end of the quarter, myIOU went live on SOGO's

e-commerce platform for online purchases. Technical issues delayed completion of the phase 2 integration beyond the September quarter.

Promotional campaigns to build awareness and promote the myIOU BNPL offering to SOGO's customers have been extended until the end of October.

PayHalal Merchant Acquiring Services Agreement (July 2022)

On 13 July, the Company announced that IOUpay Asia had entered into a Merchant Acquiring Services Agreement with Souqa Fintech Sdn Bhd (trading as PayHalal). PayHalal provides Islamic financial technology solutions, including payment gateway services, to approximately 7,000 Shariah-compliant merchants in Malaysia.

The agreement provides for PayHalal to acquire and refer to IOUpay Asia merchants who follow Shariah principles and wish to offer to their customers BNPL payment options consistent with Shariah principles and the practices of Islamic finance. PayHalal will also provide payment gateway services for the processing of BNPL transaction payments originated by its Shariah-compliant merchants.

Integration works have been completed so that, once onboarded, PayHalal merchants are able to process myIOU Islamic BNPL transactions via PayHalal's Shariah-compliant payment gateway. This now satisfies an important requirement for myIOU Islamic as a Shariah-compliant Islamic BNPL payment option (see below, Product Development Update).

IOUpay Asia has now approved 53 merchants referred by PayHalal and is in the process of onboarding those approved merchants.

The Company accelerated operational readiness and on 4 September 2022 processed the first Shariah-compliant BNPL transactions via PayHalal. This was completed ahead of the originally scheduled December quarter completion.

A promotional campaign is currently being developed with PayHalal to promote myIOU to PayHalal's merchants and their consumers.

Razer Merchant Services ("RMS") Update

As of the date of this report, RMS now has 292 merchants onboarded, making available myIOU as a payment option to those merchants' consumer customers. These merchants are currently offering myIOU's 3 payment plan option.

During July, RMS has agreed to expand the myIOU offering to include three instalment plan options (including 2, 3 & 6 payment plans), providing the full complement of standard myIOU payment plans. This provides more flexibility for merchants to offer the plan(s) that best suit their respective business and customer demand.

The second phase of integration work to add the additional payment plan options is currently underway and the Company expects the additional plans to be available early next year (Q3 FY23) on the RMS platform.

IDSB – Commercial Partnership Opportunities

As reported in the June 2022 Quarterly Report & Business Activity Update announced 1 August 2022, the relationship focus with I.Destinasi Sdn Bhd ("IDSB") is now centred on strategic business development.

As reported in the BNPL Business Offering & Operational Update announced 1 June 2022, the Company has been working closely with IDSB to develop a marketing programme to promote myIOU BNPL services into IDSB's high credit quality, civil servant customer base. This was anticipated to be rolled out in stages commencing in the September quarter (Q1 FY23). Plans for the marketing programme involve issuing to

IDSB customers the KA\$Hplus Visa prepaid card for them to use at any merchant that accepts Visa and then convert the purchase into a myIOU BNPL transaction.

Integration of the KA\$Hplus Visa prepaid card to the myIOU platform is subject to approval from Bank Negara Malaysia (“BNM”, Malaysia’s central bank), which remains outstanding. Accordingly, the marketing programme planned to utilise the KA\$Hplus Visa prepaid card is in abeyance until the necessary BNM approval is obtained and integration to the myIOU platform completed.

In the Business Strategy Update presentation announced 21 July 2022, the Company reported that it is working together with IDSB to develop commercial partnership opportunities that will broaden the base of consumer finance products offered. Establishing recurring revenue streams for diversified growth along the consumer finance value chain is the objective of the strategically aligned investment in IDSB.

On 8 September, the Company announced that IOUpay Asia has entered into a Strategic Partnership Agreement (“SPA”) with IDSB to collaborate on strategic initiatives that leverage each company’s competitive strengths to generate incremental value in their respective businesses and markets, and to specifically target financial products to the Federal Government Servant customer target category.

The SPA is for a five year term and, whilst non-exclusive, includes non-competition provisions reflecting the strong, investment-based relationship.

The strategic focus of the SPA is on identified areas in which the parties are able to cooperate with the view of achieving synergy in the parties’ offerings to their respective markets and businesses. In particular, the initial market focus under the SPA is Shariah compliant personal financing to Malaysia’s more than 1.7 million high credit quality Federal Government Servants.

The first project initiated under the SPA is a local market-first Bridging Loan product initially targeting newly-hired Malaysia Government employees of the Ministry of Education (see below, Product Development Update).

Bank Simpanan Nasional Marketing Collaboration

On 13 September, the Company announced that IOUpay Asia has entered into a Marketing Collaboration Agreement (“MCA”) with Bank Simpanan Nasional (“BSN”) to promote the Company’s myIOU BNPL service and BSN’s card products.

BSN is a state owned enterprise incorporated in 1974 by the Government of Malaysia under the Minister of Finance with the enactment of the Bank Simpanan Nasional Act 1974. BSN replaced the Post Office Savings Bank which was established in 1948. BSN employs more than 7,000 people and offers retail banking services via 390 branches as well as BSN Banking Agents around Malaysia.

Under the MCA, the parties will work together to promote the myIOU BNPL service to BSN’s 6.5 million card members nationwide. The collaboration offer period will run for six months until 31 March 2023.

The large portfolio of BSN Cardmembers represent prime target customers for the Company given the pre-screening requirements, ensuring their high credit quality and proven retail activity.

As the Company’s first collaboration with a major Malaysian retail bank for its instalment based consumer finance offerings, the Agreement also represents an important and significant milestone in its strategic growth plans to leverage its resources and relationships with the well-established bank and finance industry.

Additional Partnerships with Payment Platforms

During the September quarter, the Company established new relationships with two payment platform providers, AsiaPay and ManagePay.

AsiaPay Malaysia is a wholly-owned subsidiary of AsiaPay Limited, based in Hong Kong. AsiaPay Malaysia supports more than 200 merchants to accept digital payments by credit / debit cards, bank accounts / netbanking, BNPL and point-of-sale processing. The Company is working with AsiaPay Malaysia to integrate myIOU into AsiaPay's payment platform. Phase one involves integration for e-commerce payments with a target completion of December 2022. Phase two integration for instore purchases via POS terminals is currently in the planning stage.

ManagePay Systems Bhd ("ManagePay" or "MPay") is an investment holding company whose major operating business is payment services, including the design and development of end-to-end financial technology solutions for banks and financial institutions, merchants and card issuers with operations in Malaysia. ManagePay has relationships with nearly 4,000 merchants in Malaysia including large, global retail chains. The Company is working with ManagePay to integrate myIOU into ManagePay's payment platform. Phase one involves integration for e-commerce payments with a target completion of November 2022. Phase two integration for instore purchases via POS terminals is currently in the planning stage.

Product Development Update

Previously announced product development initiatives designed to access large markets of new customers and to provide greater product coverage and flexibility for existing customers were progressed during the September quarter. Additionally, a new product development initiative was announced during the quarter in collaboration with the Company's associate, IDSB.

Virtualflex Collaboration - myIOU KA\$Hplus Visa Prepaid Card

In the Product Development Update announced 24 June 2022, the Company reported collaborating with Virtualflex Sdn Bhd ("Virtualflex") to provide a co-branded myIOU KA\$Hplus prepaid Visa card under a collaboration agreement.

The Stage 1 rollout (including issuance of cards to selected myIOU customers) was officially launched on 15 July 2022, with a press conference in Kuala Lumpur involving senior executives of Virtualflex and the Company, as well as officials from Malaysia Digital Chamber of Commerce, Malaysia Retail Chain Association and Malaysia Digital Economy Corporation.

The Stage 2 integration remains subject to Bank Negara Malaysia ("BNM") approval for the linkage to the myIOU BNPL service. The Company is working with VirtualFlex to satisfy BNM's approval requirements.

myIOU Islamic & Shariah Compliance Certification

The Company announced in the Product Development Update that it was developing a Shariah-compliant BNPL offering to be marketed under the name 'myIOU Islamic'. Given more than 60% of Malaysia's population follows the Muslim faith tradition, myIOU Islamic will open greater access to this large and growing community.

Following certification of Shariah Compliance, announced 13 July, the Company completed during the September quarter preparations to offer both conventional and Islamic financing. This requires a partitioning of the myIOU portfolio, integration with an Islamic Payment Gateway as well as separate documentation, policies and procedures, and an Islamic Bank Account for all Shariah-compliant transactions.

Also announced on 13 July, the Company finalised an agreement with a Shariah-compliant payment gateway, PayHalal (see above, Strategic Partnerships), and has completed integration works to facilitate onboarding of merchants. The Company accelerated operational readiness and on 4 September 2022 processed the first Shariah-compliant BNPL transactions originated via PayHalal. This was completed ahead of the originally scheduled December quarter completion.

IDSB Strategic Partnership Initiative – Bridging Loan

As the Company announced on 8 September, the first project being initiated under the Strategic Partnership Agreement with IDSB is a new, local market-first Bridging Loan product tailored for and targeting newly-employed Federal Government Servants that is revenue accretive to both IOUpay and IDSB (in which, IOUpay is a substantial shareholder).

Individual loans of RM10,000 (~A\$3,356³) will be provided to new Malaysia Government employees with IOUpay Asia (or one of its wholly owned subsidiaries) taking the short term credit risk (up to 4 months) but takeout (full repayment) will be via a pre-approved IDSB 10-year term loan (estimated average loan amount RM100,000 or ~\$33,557³) to be funded by IDSB's bank partners.

The initial rollout of the Bridging Loan product will be limited to employees of the Ministry of Education with a view to expanding to other key ministries (e.g. Health) over time. The ministries of Education and Health employ approximately 20,000 new civil servants each year with a significant proportion of these being bonded civil servants who are indentured to government service for up to eight (8) years.

The Company is in advanced stages of negotiation with a reputable non-bank financial institution for a bespoke funding facility planned to provide 100% funding so that working capital requirements for the project are minimal given IDSB will be originating and managing the individual customers.

Importantly, the Bridging Loan product will provide a pipeline of deal flow into IDSB's 10-year Term Loan product which generates for IDSB upfront agency fee income and recurring account management revenues over the life of each loan.

This Strategic Partnership initiative for the Bridging Loan product reflects the Company's continued consumer finance diversification, focusing on short term credit for low risk customers, and leveraging its competitive strengths to capture a greater share of customer lifetime value.

Technology Update

The Company has more than 20 years' experience providing fintech solutions in South East Asia. The following technology developments and achievements during the September quarter reinforce the Company's 'best-in-class' brand positioning based on innovation and a secure, scalable technology platform.

myIOU 2.0 Launch and Rollout

Phase two of the myIOU 2.0 technology upgrade was completed and rolled out during the September quarter. The upgraded app was made available in the Apple Appstore and Google Playstore during August. Details of phase two were provided in the June 2022 Quarterly Report & Business Activity Update announced 29 July 2022.

Phase three is currently in development and includes:

- (i) **Mini shopping cart** - to allow selected merchants to publish and offer selected goods to myIOU consumers for purchase directly through the myIOU mobile app in a single transaction with myIOU BNPL as a payment option;
- (ii) **Merchant scan 3DS** – the 3D security protocol adds an additional layer of payment protection to an online transaction by requiring the cardholder to provide proof of identity by entering a unique password, an SMS code or a temporary One-Time-PIN;
- (iii) **Merchant App UI/UX** – enhancement to upgrade merchant app version consistent with consumer app with completion expected by December 2022.

Experian – additional credit analysis tools

Experian is a global information services company that provides data, analytical tools and services to assist consumers, businesses and credit providers. The Company is working to integrate Experian directly to the myIOU platform to provide additional consumer financial background analysis and credit score checking as part of the automated myIOU consumer credit limit application and decision process.

The Experian credit analysis and checking services are additional to (and provide a backup for) the Company's primary credit reference service provided by CTOS Digital Bhd.

Digital Footprints

Digital footprints are digital identity traces users leave behind while browsing the internet. These digital footprints can be used to identify users who attempt to create multiple myIOU accounts.

During September, the Company deployed a digital footprint service to the myIOU platform. This adds an additional layer of security to protect the integrity of the myIOU BNPL portfolio.

Shariah Transactions

In September, the first Shariah compliant BNPL transactions were processed for merchants onboarded by PayHalal. These transactions are currently being handled at the PayHalal payment portal before being transmitted to the myIOU platform. The Company is working with PayHalal to complete tokenization integration to enable any Shariah transactions made by myIOU consumers via the myIOU mobile app to be sent to PayHalal via digital token.

Subsequent to the end of the reporting period, on 13 October, the Company deployed and published to the Apple Appstore and Google Playstore an enhancement to the myIOU consumer app that facilitates filtering and searching for merchants who are Shariah compliant.

4C Cashflow Analysis

Receipts from customers were \$10,867,000 (down from \$11,406,000 last quarter) reflecting receipts from lower BNPL transaction volumes written in the previous June quarter relative to the high volume written in the March quarter. The net operating cash outflow of \$1,708,000 is derived after paying out \$8,873,000 to merchants for BNPL purchases during the period.

This net cash outflow figure includes product and manufacturing costs of \$1,300,000 (up from \$1,063,000 last quarter); these being the core telco costs of the Mobile Banking business division. Staff costs of \$947,000 decreased (down by 11% from \$1,066,000) reflecting the reduction in senior management personnel in Malaysia and changes to the presence in Myanmar.

Advertising and Marketing costs of \$357,000 were steady (up 1% from \$354,000) following rationalisation in the previous June quarter.

Administration and corporate costs of \$1,023,000 increased by 35% from \$756,000 in the June quarter reflecting increased professional fees, directors' fees and the reclassification of services tax.

The underlying BNPL business generated a positive net cash inflow of \$7,165,000 for the quarter compared to an effective net inflow of \$8,084,000 reported last quarter. This is the fourth successive quarter that the Company has produced a positive quarterly effective operating cashflow. This positive cashflow result is calculated by adjusting the reported net operating cash outflow of \$1,708,000 by adding back the \$8,873,000 Payments to Merchants made during the period.

Payments to Merchants (along with the profit margin on the BNPL transactions) form part of BNPL receivables which will be reflected as cash receipts in future reporting periods, and represent amounts due to be returned to the Group within relatively short maturities (terms up to 6 months from the date funded).

The Company's Net Transaction Revenues are spread over the term of each BNPL transaction and are added to the merchant payout figure plus upfront BNPL deposits to calculate Total Transaction Revenue, which is not provided in the 4C Cashflow and therefore reported separately in the BNPL Business Update.

The Company had \$4,142,000 in cash and call deposits as at the end of the quarter, however this amount is after deducting the \$8,873,000 paid out to merchants to come back as part of customer BNPL instalments and does not include a deposit of approximately \$3,188,000 (being RM9,500,000) for the IDSB transaction. The \$8,873,000 merchant payment figure combined with the Company's Net Transaction Revenues is effectively now BNPL receivables to be reflected as cash receipts in future months excluding any non-performing loans (NPL's).

The Company's Mobile Banking division produced 72,164,130 transaction events, marginally down from 74,392,492 in the previous quarter.

Total payments to Directors and their nominated entities for the quarter was \$189,000 as set out in item 6.1 of the Appendix.

Acquisitions and Investments Update

IDSB Investment

On 1 September, the Company announced that it has revised the terms of its investment in IDSB effective 31 August 2022 (the date of extended completion as announced 20 June 2022).

The Company's total investment in IDSB following completion (as varied) of the acquisition will represent a total ownership of 34% of IDSB's issued capital in return for a total investment of RM72.5 million (~AU\$24.3 million³). Tranche Two Completion is therefore now fixed to be an amount of RM9.5 million (~A\$3.2 million³) in return for a further 13% acquisition of the issued capital of IDSB. This represents a reduction in RM12.18 million (~AU\$4.09 million³) in the cash investment in return for an 8% reduction in IOUpay's overall purchase of IDSB.

The date for Tranche Two Completion has been extended and will now occur within sixty (60) days of the Vendors having procured and assisted for IDSB to obtain requisite approvals in respect of IDSB's Accountant General Code for salary deduction of Federal Government Servants.

As previously announced, IOUpay's funding for Tranche Two Completion RM9.5 million (~\$AU3.2 million³) has already been paid into a solicitor's trust account from existing cash reserves and therefore completion of the entire IDSB acquisition will not require further capital investment or outlay by IOUpay.

IDSB Business Model and Key Metrics

IDSB generates revenue through upfront transaction fees and ongoing account management fees which are calculated based on the number and value of loans originated and serviced by IDSB.

Activity levels for new business generation into the September quarter have been broadly consistent with the previous March and June quarters following expiry of the loan moratoriums imposed by the Malaysia Government in the midst of COVID-19 lockdowns during mid-2021. The outlook is positive for growth in new loan business over calendar 2022 based upon current pipeline and level of inquiry.

Portfolio as at	31 Dec 2021	31 Mar 2022	30 Jun 2022	30 Sep 2022
Active Loans # ¹⁰	36,323	38,909	43,727	43,886
Loan Balances ^{11,12}	A \$818,415,000	A \$838,103,000	A \$893,694,000	A \$894,246,000
Business Activity	FY21	Q1 FY22	Q2 FY22	Q3 FY22
New Loans #	n/a	2,782	2,711	2,842
New Loans \$	n/a	A \$76,739,262	A \$74,795,302	A \$75,970,805
Financial Performance ^{12,13}	FY21	Q1 FY22	Q2 FY22	Q3 FY22
Total Revenue	A \$10,392,136	A \$2,650,088	A \$2,422,735	A \$2,583,822
Profit Before Tax	A \$6,769,662	A \$1,510,218	A \$1,491,924	A \$1,568,679

- Note:
10. Loan Accounts are originated and managed by IDSB for its partner bank lenders
 11. Loans are funded by partner bank lenders who take consumer counterparty credit risk
 12. The dollar values in the table above are shown in AUD, having been converted from MYR assuming an MYR/AUD exchange rate of 2.98, using an RBA sourced reference
 13. IDSB uses a financial year ending 31 December

IDSB Dividend Distributions

The Company received dividend distributions from IDSB during the September quarter based upon its current 21% shareholding. The values of the dividend payments are shown in the table below. The AUD equivalent amounts shown in the table assume an MYR/AUD exchange rate of 2.98 as per note 12 above.

Date Received	MYR Dividend	AUD Equivalent	Applicable Period
July 2022	MYR 235,200	AUD 78,926	June 2022

The timing and amounts of any future dividend distributions will be determined by and at the discretion of the Board of IDSB. The Company notes that the share purchase agreement entered into by the relevant parties includes provisions for IDSB to maintain an agreed amount of working capital.

Outlook

The business has established consistent momentum with four successive quarters of positive effective operating cashflow generated through a strong and growing foundation of merchants from around Malaysia. The Company's measured approach to growth and dedication to maintaining strict brand values, including pursuing quality relationships and profitable transactions, is reflected in the robust income margin on BNPL business despite market competition.

A number of key strategic partnerships were progressed during the quarter that will further expand merchant coverage and introduce myIOU to new customer communities. Notably, the Company's first collaboration with a major Malaysian retail bank represents an important milestone in the strategic growth plans to leverage its experience, resources and relationships. The Company will continue to pursue relationships with financial institutions, payment gateways, digital payment processors and other reputable partners who manage large networks of merchants and consumers.

The Company's premium brand positioning is developed and maintained through continuous innovation and product development. The co-brand myIOU KASHplus Visa prepaid card was officially launched in July with cards being rolled out to selected customers and the Company is working towards gaining central bank approvals for integration of the cards to the myIOU platform.

Pleasingly, the myIOU Islamic project team was able to accelerate completion of operational requirements and processed myIOU's first Shariah compliant BNPL transactions in early September, well ahead of the scheduled December quarter launch. This capability reinforces the Company's market leadership position and preparations for expansion into new markets, as well as the competitive strength of the strategic partnership with IDSB.

The technology platform is continuously being enhanced and improved to support the developing business initiatives with efficient and secure systems. Phase 2 of myIOU 2.0 was successfully rolled out during the quarter and phase 3 development is underway with an enhanced merchant app, additional security for customer identification and fraud protection, and new consumer app functionality. The integration of Experian's analytical credit tools and the new digital footprint service will strengthen the credit risk management capabilities and security of the technology platform.

The IDSB investment has been varied and completion will occur once IDSB further secures its AG-Code licence going forward. Importantly, funding for the second tranche completion has been allocated with no additional capital required to complete the investment. The relationship focus is now on collaboration initiatives to unlock commercial partnership opportunities and the first project announced is set to reinforce the competitive position with government employees and be value accretive to both companies.

The Mobile Banking business continues a positive outlook with healthy transaction volumes and capacity for growth following the infrastructure upgrade. The Company is seeking a greater share of the market by developing new client relationships and capturing more volume from existing clients.

Through innovative product development and ongoing technology platform enhancement, the Company is continuing to strengthen its brand leadership position, and is executing on its strategy to pursue new markets and diversified growth via a broader base of consumer finance offerings with recurring revenue streams.

This announcement was authorised by the Board of the Company for release by the Company Secretary.

Yours faithfully,

IOUpay Limited

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About IOUpay (ASX:IOU):

IOUpay Limited (ASX:IOU) provides fintech and digital commerce software solutions 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 connect to end user customers using any mobile device and integrate mobile technology throughout their existing business and customer product offerings. The Company's business divisions consist of Mobile Banking and Digital Payments which service leading banks in Malaysia and large telcos and corporates in Malaysia & Indonesia. IOUpay also works with telecommunication network providers to provide mobile OTT (over-the-top) services that leverage their subscriber base to build active communities.

Forward Looking Statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward-looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of IOUpay and cannot be predicted by IOUpay and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which IOUpay operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

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