

14 December 2022

ASX Announcement

IOUpay accepts Letter of Offer from Malaysian NBFi for Debt Facility

Highlights

- IOUpay has signed a Letter of Offer from a leading Malaysian NBFi to provide a one (1) year, RM5.0 million (~A\$1.7m¹) Debt Facility;
- Purpose is funding the new short-term Bridging Loan product being developed with I.Destinasi Sdn Bhd (“IDSB”) for newly-hired Malaysian federal government employees;
- The Debt Facility provides for progressive drawdown to fund batches of underlying Bridging Loans with repayment matched in terms of maturity;
- The NBFi has indicated (after an initial trial period and subject to performance) an interest in providing a revolving facility at a limit sufficient to accommodate expected Bridging Loan originations;
- The Debt Facility represents a significant milestone in the enterprise development of the Company, proving its ability to secure non-dilutive debt to finance growth initiatives.

IOUpay Limited (ASX:IOU) (“IOUpay” or “the Company”) and the Board of Directors are pleased to announce that its wholly-owned subsidiary, IOU Pay (Asia) Sdn Bhd (“IOUpay Asia”) has signed a Letter of Offer from a leading Malaysian Non-Bank Financial Institution (“NBFi”) to provide a one (1) year, RM5.0 million Debt Facility (“Debt Facility”).

The Debt Facility is a special purpose wholesale finance facility structured to provide 100% funding for batches of Bridging Loans (see Company announcement on 8 September 2022) matched in terms of maturity. IOUpay Asia’s objective is to secure a debt facility that provides the necessary capital to support the new Bridging Loan product initiative with the flexibility for (subject to lender approval) expansion to accommodate future growth.

The value of establishing the Company’s first debt facility for wholesale funding of the Bridging Loan product initiative extends well beyond the initial IDSB strategic objectives, with potential for increasingly larger scale, lower cost capital to meet the Company’s sustainable and profitable growth objectives across all of its customer portfolios. This inaugural debt facility provides the opportunity for the Company to build debt servicing credibility in the debt capital markets, facilitating greater access to non-dilutive capital.

¹ Assumed MYR/AUD exchange rate 2.99 using RBA sourced reference

NBFI Debt Facility

The Company is pleased to confirm that a Letter of Offer has been received and accepted for a one (1) year, RM5.0 million (~A\$1.7 million¹) Debt Facility.

The proposed Debt Facility is a special purpose wholesale finance facility structured to provide 100% funding for batches of underlying Bridging Loans matched in terms of maturity.

Whilst the Facility Limit has initially been set at RM5.0 million, the NBFI has indicated an interest (after an initial trial period and subject to performance) in providing a revolving facility at a limit sufficient to accommodate expected Bridging Loan originations. To this extent IOUpay sees a strategic alignment between the NBFI's lending criteria and the Company's upcoming roadmap for the rollout of diversified instalment based financial products. This Facility Limit will accommodate the first 500 Bridging Loans originated as a pilot product launch, with a view to an expanded facility following a successful deployment of the terms currently offered.

Separately funding these strategic growth initiatives via wholesale funding facilities with financial institutions with an appetite for and interest in the target customers (including, for example, IDSB's partner banks), facilitates and accelerates the Company's sustainable and profitable growth objectives by accessing lower cost, non-dilutive capital.

Following acceptance of the Letter of Offer, the Company will now be working with the NBFI to finalise and agree detailed terms and conditions with the drafting of facility documentation. The Company will update the market upon agreement and execution of facility documents.

Kenneth Kuan, IOUpay's Group Chief Financial Officer commented:

"We are very pleased to have been offered our first debt facility from one of Malaysia's leading NBFI's, who have a track record building and supporting businesses for sustainable growth over the longer term. This is a very important phase two milestone on our roadmap as we expand the loan portfolio and establish access to efficient sources of capital to underwrite profitable growth into the future."

The release of this announcement was authorised by the Company's Board of Directors and released by the Company Secretary.

Yours faithfully,

IOUpay Limited

(Aaron) Lee Chin Wee
Managing Director

Media Enquiries:

Marietta Delvecchio
+61 413 479 721
Media & Capital Partners
marietta.delvecchio@mcpartners.com.au

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.

None of IOUpay or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements. Statements about past performance are not necessarily indicative of future performance.