

31 January 2023

Q2 FY23 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 31 December 2022.

Highlights:

- **Cash inflows of \$5.02 million (3.94%) down from the previous corresponding year quarter due to reduced inflows in the B2B business unit due to timing differences in receiving payments**
- **Cash and cash equivalents of \$2.47 million at end of quarter**
- **Improved net operating cash loss of (\$1,979) compared to (\$3,630) in the prior corresponding quarter**
- **Contracted a new B2B contract with a 'blue chip' client, and renewed key existing customers**
- **Frequent Values audience grown by more than 15% - 2 custom apps and 3 white label apps launched, audience ramped up systematically across all programs**
- **Integrated with Pokitpal distribution network for INP Seamless Rewards merchant offers**

Commenting on the quarter, IncentiaPay Chief Executive Officer Ani Chakraborty said: *"This quarter was another transformational quarter for our business. We had a strong quarter in Entertainment membership sales compared to the corresponding period last year. We completed major milestones in delivery of our technology roadmap. We have integrated with Pokitpal to distribute our CLO (card linked offer) offers. Our Frequent Values program continues to grow in audience and engagement."*

Operational

Strong progress in B2C

IncentiaPay remains focused on its strategic growth pillar of growing its B2C revenues. The B2C showed signs of improvement and delivered 42% above the corresponding period last year thanks to a successful Black Friday Sales campaign.

The Company, continues to invest in its merchant content relationships and as at the end of the quarter, had over 9,000 merchant offers, making IncentiaPay a market leader in the sector.

New Customer Signings and customer engagement growth in B2B (Frequent Values)

During the quarter the Company signed a three-year service agreement with a large corporate to provide 'Dining content' to their member benefits programmes. The Company also signed a Letter of Intent (LoI) to launch a Rewards program for a national multi-sector retail chain. This will be a pilot program.

IncentiaPay is in advanced discussions with several new corporate clients to provide and rewards solutions for their customers that we will continue to progress in this quarter.

Overall engaged audience in Frequent Values program has grown by 15% in this quarter. Our redemption rate from Frequent Values program have tripled from last year's average delivering greater value for our customers and merchant partners.

Seamless Rewards

During this quarter, IncentiaPay made steady progress in building scale with Seamless Rewards business. Following are some the key customer activities that were conducted in this quarter:

- Programs conducted with a large credit card scheme
 - Launch of a travel cashback site for its high value programs
 - Launch of the first Quick Service Restaurant merchant in one of the big 4 bank programs
 - Advanced alignment for INP to provide Merchant cash back operations as a service
- Integration with Pokitpal - ~ 100-150 transactions recorded per week post integration, to be ramped up in future

Progress on Technology Roadmap

During the period, the Company has made significant progress in delivering its Technology Roadmap that enables it to deliver higher quality service at a lower cost.

We will continue to deliver on our technology roadmap in subsequent quarters with increased efficiency and effectiveness.

Financial

Cash receipts in this quarter was \$5,019 compared to \$5,952 in the previous quarter representing a 15.68% decrease due to seasonality in B2C revenue and B2B invoice timings. Cash receipts in the corresponding quarter in FY22 was \$5,225.

As detailed in the attached ASX Appendix 4C, the Company had \$2.47 million in cash and cash equivalents as at 31 December 2022.

The net operating cash loss declined to (\$1,979) compared to (\$1,603) in the September quarter.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$104k was paid in respect of directors' fees to associated entities of the directors, and \$145k was paid for interest and line fees to associated entities of directors. These fees are in relation to the loans provided to the Company by associates of the directors and Suzerain, the terms of which have previously been disclosed to the market.

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

For more information please contact:

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Company Secretary

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

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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	5,019	10,971
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,243)	(6,700)
(c) advertising and marketing	(643)	(1,100)
(d) leased assets	-	-
(e) staff costs	(2,494)	(5,434)
(f) administration and corporate costs	(545)	(1,137)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	18
1.5 Interest and other costs of finance paid	(8)	(10)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refunded/(paid))	(75)	(190)
1.9 Net cash from / (used in) operating activities	(1,979)	(3,582)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(1)	(4)
(d) investments	-	-
(e) intellectual property	-	(311)
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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 (security deposit returned)	140	140
2.6	Net cash from / (used in) investing activities	139	(175)

3.	Cash flows from financing activities		
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	3,000	6,500
3.6	Repayment of borrowings	(241)	(453)
3.7	Transaction costs related to loans and borrowings	(39)	(413)
3.8	Dividends paid	-	-
3.9	Interest and other costs of finance paid	(123)	(386)
3.10	Net cash from / (used in) financing activities	2,597	5,248

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,705	978
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,979)	(3,582)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	139	(175)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,597	5,248
4.5	Effect of movement in exchange rates on cash held	10	3
4.6	Cash and cash equivalents at end of period	2,472	2,472

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	2,472	1,705
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,472	1,705

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	249
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p>Payment for directors' fees to associated entities of directors of \$104k.</p> <p>Payment for interest and line fees to associated entities of directors of \$145k.</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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	24,228	14,689
7.2	Credit standby arrangements	-	-
7.3	Other	-	
7.4	Total financing facilities	24,228	14,689
7.5	Unused financing facilities available at quarter end		9,539
7.6	<div>Interest bearing Loan (Previously Converted Loan facility) 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 31 December 2022: \$0.663m 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 \$0.663m (Including interest) and will remain as a secured interest-bearing loan until repaid. Updated repayment terms are yet to be agreed.</div> <div>Transformational Capital Facility Interest rate:12.5% Maturity date: 31 December 2024 (Previously February 2022) Security: Second ranking security over all the Group's present and future property Drawn down as at 31 December 2022: \$1.233m 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 a second ranking security deed (ranking behind Suzerain). The Group has successfully renegotiated the repayment date, which is now 31 December 2024.</div> <div>NZ Business Cashflow Loan Interest rate: 3% per annum, no interest charge on the loan if full repayment is made on or before 16 July 2022 Maturity date: July 2025 Security: Unsecured Drawn down as at 31 December 2022: \$0.024m 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. Monthly repayments have commenced that will see the loan repaid by maturity date.</div>		

New Gold Coast Holdings Loan Facility

Interest rate: 12.5% per annum

Maturity date: 12/2024

Security: Second ranking security over all the Group's present and future property

Drawn down as at 31 December 2022: \$12.769m

New Gold Coast Holdings \$5m Loan facility was approved on 3 June 2021. During the Annual General Meeting in January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). On the 16th of March 2022 IncentiaPay Ltd announced it has secured additional funding of \$17.5M from New Gold Coast Holdings Limited via a conditional non-binding convertible loan deed. Approval was gained from Shareholders in May 2022. The original funding agreement has been superseded by this new funding deed and has changed the maturity date from December 2022 to December 2024.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,979)
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,472
8.3	Unused finance facilities available at quarter end (item 7.5)	9,539
8.4	Total available funding (item 8.2 + item 8.3)	12,011
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.1
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.		
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:		
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:		
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:		
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: Board of Directors

Date: 31 January 2023

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.