

APPENDIX 4D

1. Name of Entity **IOUpay Limited**
ACN 091 192 871

Half year ended 31 December 2022
Reporting period 1 July 2022 to 31 December 2022
Previous period 1 July 2021 to 31 December 2021

2. Results for announcement to the market

	31 December 2022	31 December 2021	% Change Up (Down)
	\$	\$	
2.1 Revenues from continuing operations	4,744,279	4,379,024	8%
2.2 Loss from continuing operations after tax attributable to members	(2,076,080)	(5,200,301)	(60%)
2.3 Net loss attributable to members	(2,001,383)	(5,486,204)	(64%)
2.4 Proposed dividends	Nil	Nil	-
2.5 Record date for dividend entitlement	N/A	N/A	-
2.6 Revenues for the period increased on a year on year basis by \$365,255, reflecting growth from the Company's new BNPL business as well as continued growth in the Mobile Banking division. The decrease in net loss is largely attributable to expenditure decreased in compliance and professional fees.			

	31 December 2022	31 December 2021	% Change Up (Down)
	Cents	Cents	
3. Net tangible asset per security	7.67 cents	9.08 cents	(16%)
4. A wholly owned subsidiary of the Company, IOU Pay (Asia) Sdn. Bhd. acquired 100% of the equity interest in Sibuh Kurnia Marine Sdn. Bhd. (SKMSB) for cash consideration of RM4,500,000 (\$1,505,117).			
5. There were no payments of dividends during the reporting period.			
6. There is no dividend reinvestment plan in operation.			

7. The Group has a 21% interest I-Destinasi Sdn Bhd (“IDSB”), a Malaysian specialised finance company.
8. The Company is not a foreign entity.
9. The accounts are not subject to any audit dispute or qualification.

The Company’s half year report follows.

Yours sincerely,



Louisa Ho
Company Secretary
28 February 2023

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, Digital Payments and Digital Services which service leading domestic and international banks in Malaysia and large telco’s and corporates in Malaysia & Indonesia. IOUpay also works with telecommunication network providers to provided mobile OTT (over-the-top) services that leverage their subscriber base to build active communities.

IOUpay LIMITED

ABN 11 091 192 871

AND CONTROLLED ENTITIES

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

IOUpay LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

Directors

The names of directors who held office during or since the end of the half-year:

Lee Chin Wee	Executive Director
Paul Russell	Executive Director
Kwong Yang Chong	Non-Executive Director
Byung Moo Shin	Non-Executive Director (Ceased 24 November 2022)
Datuk Khairul Adham Bin Ismail	Non-Executive Director
Wan Asmadi Wan Ahmad	Non-Executive Director, Non-Executive Chairman (Appointed 30 June 2022)

Company Secretary

Jarrod White (Resigned 11 November 2022)

Louisa Ho (Appointed 11 November 2022)

Review of Operations

myIOU BNPL Instalment Credit

The Company launched its Buy Now Pay Later (BNPL) service offering *myIOU* on 15 June 2021, so the period of this Interim Report effectively represents the first half of the second year of operation.

During the period, Total Transaction Value ("TTV") written, representing the gross merchandise value of purchases made using *myIOU*, was \$14,082,584¹ (up 11.6% on prior year). This delivered Net Transaction Revenue ("NTR", representing TTV less payments made to merchants) of \$884,584¹. Resulting *myIOU* Income Margin was 6.3% which is above the Company's internal expectations.

The Company reports Non-Performing Loans ("NPL") of \$299,603¹ and an NPL Ratio² of 0.99% as at 31 December 2022. This result supports the Company's measured approach to growth, indicates modest delinquencies 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 is well-positioned for further growth in short term instalment plan volumes (including BNPL) during the second phase of its *Pathway to Profitability*³ with a number of strategic growth initiatives being implemented.

Note:

1. AUD values for TTV & NTR assume an MYR/AUD exchange rate of 3.03 using an RBA sourced reference.
2. NPL Ratio means NPL as a percentage of TTV written during the period in which the NPL accounts were written.
3. Refer to the Business Strategy Update announced 21 July 2022 for details of the Company's measured approach to growth in phases.

Staffing Levels

To best position the business for the next phase of development, staffing levels increased during the period by 8.9% from 124 staff as at 30 June 2022 to 135 staff as at 31 December 2022. The additional resourcing was mainly applied to the business development, account management, operations, collections and credit teams.

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DIRECTORS' REPORT (CONTINUED)

Staffing Levels (Continued)

The Company is currently reviewing resourcing across the group to optimise work flow efficiencies and deploy staff for greatest impact to growth opportunities consistent with the Company's strategic roadmap.

Development of Partner Relationships

To leverage the Company's strengths and build a sustainable, profitable BNPL business, it has been strategically focused on developing mutually beneficial relationships with partners who manage large networks of high quality digital economy merchants and consumers. These partner relationships are building a sophisticated, highly integrated foundation for the distribution of the Company's myIOU BNPL service offering to consumers.

During the period, the Company reported significant progress with previously announced partnerships and new partnership agreements were announced with additional payment platforms, a major retail bank and its investment partner.

The relationship with Razer Merchant Services Sdn Bhd ("RMS") continues to build with many new merchants onboarded. More than 400 RMS merchants now make available myIOU as a payment option to their customers. During July 2022, RMS agreed to expand the myIOU offering to include the full complement of standard myIOU payment plans.

Also in July 2022, a Merchant Acquiring Services Agreement was signed with Souqa Fintech Sdn Bhd (trading as PayHalal). As a Shariah-compliant payment gateway, the agreement with PayHalal provides an important element to the Company's development of myIOU Islamic as a Shariah-compliant Islamic BNPL payment option. The first Shariah-compliant BNPL transactions were processed in September.

Progress was made with the Pine Labs partnership agreement, with integration works nearing completion and pilot merchants deployed with the myIOU service offering. Pine Labs' sales team are signing up merchants and referring applications for approval in anticipation of onboarding.

In October 2022, myIOU went live on the e-commerce platform of SOGO Departmental Stores and a new agreement was signed with Simplepay Gateway for the acquisition of merchants operating on the senangPay payments platform. More than 50 of senangPay's merchants now make available myIOU as a payment option to their customers.

New product distribution relationships were developed during the period with a number of payment platforms, including AsiaPay Malaysia, ManagePay, MobilityOne and Revenue Monster. Integration of myIOU to Revenue Monster's point-of-sale terminals and e-commerce platform was completed during December and to date more than 70 merchant applications have been approved for onboarding by Revenue Monster. Integration works with the other new relationships are well-progressed and expected to complete during H2 FY23.

In September 2022, the Company announced a marketing collaboration with Bank Simpanan Nasional ("BSN") to promote the myIOU BNPL service and BSN's card products. As the Company's first collaboration with a major Malaysian retail bank, the agreement represents an important milestone in the strategic growth plans to leverage existing resources and relationships with the banking and finance industry.

Also in September 2022, the Company announced a strategic partnership agreement with its investment partner, I-Destinasi Sdn Bhd ("IDSB"), to collaborate on strategic initiatives that leverage each company's competitive strengths to generate incremental value and to specifically target financial products to the Federal Government Servant customer category. The first project initiated under the agreement is a local market-first Bridging Loan product initially targeting newly-hired Malaysia Government employees of the Ministry of Education.

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DIRECTORS' REPORT (CONTINUED)

Merchant Acquisition

As the local Malaysian economy has opened up and grown with execution of the National Recovery Plan, active merchant acquisition has continued with business development personnel in the field and engaging with prospective merchants through in-person marketing and account management calls. This includes dedicated sales staff operating in regional Malaysia under the Company's regional commercial development plan.

Merchant relationships representing more than 1,000 outlets were signed during the period. Of these, more than 500 outlets were activated on the myIOU platform following review and assessment. As at the balance date, there were 1,090 active merchant relationships operating 2,984 outlets (both physical & online) throughout Malaysia⁴. The Company's myIOU BNPL service is offered across a diverse range of products and services from thirteen industry verticals, including beauty & wellness, fashion, home & living, automotive, electronics & gadgets, education and sports & outdoors, amongst others.

Concurrently with merchant acquisition activities, the Company's merchant services teams and Operations Division conduct ongoing re-assessment and evaluation of merchant relationship performance to ensure alignment with IOUpay brand values, anticipated transaction activity levels and satisfaction of return expectations. Following review, those merchant relationships not meeting satisfactory levels of performance, and considered unlikely to improve, are terminated and removed from the myIOU platform.

Note:

4. These numbers do not include the more than 400 RMS merchants onboarded to offer myIOU payment options.

Digital Marketing Strategy

Early in FY22, the Company implemented a sophisticated Digital Marketing Strategy ("DMS") to target key cultural demographic groups including a portfolio of social media influencers. Particularly during periods of constrained movement, digital marketing and the use of social media is an important method of building brand awareness, acquiring merchants and driving customer engagement.

As people increasingly returned to work and with increased economic activity, the Company's marketing exposure progressively expanded to include outdoor advertising, coverage across various media platforms and big screen messaging in cinemas located in and around the busiest economic centres. The impact of the various advertising and targeted product promotional campaigns was evidenced throughout the period via continued growth in merchant acquisition and consumer engagement.

During March 2022, the Company introduced two new Brand Ambassadors to strategically support and promote the launch of the newly refreshed myIOU 2.0 app. Contracted for calendar 2022, Hong Kong based actress, Priscilla Wong, and high profile local Malaysian actor and model, Syafiq Kyle have been producing monthly content, working with the Company's Marketing Team to promote brand awareness and also on specific campaign initiatives throughout the reporting period.

Consistent with its DMS, the Company strategy is to leverage the influence of the brand ambassadors to increase brand exposure in additional follower communities, giving access to new potential customers and further driving engagement with myIOU.

As the myIOU ecosystem has grown and developed with many new partner platforms, merchants, chain stores and brands, the marketing strategy is increasingly focused on targeted product initiatives, merchant or industry promotions and other campaigns related to cultural events with heightened consumer activity.

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DIRECTORS' REPORT (CONTINUED)

Consumer Engagement

Throughout the period, the Company has reported consistent growth in all key BNPL consumer metrics. Consumer app downloads, onboarding and account activation metrics all increased by more than 70%. This growth reflects expanded shopping choice with many more merchants added across industry verticals and physical store locations across the country, and correlates with the Company's ongoing Digital Marketing Strategy and various promotional campaigns.

Take up of myIOU has been evenly divided between genders but female consumers account for 57% of active users. This is reflected in growth in activity in merchants from the Fashion, Home & Living and Baby & Kids industry verticals as more merchants from these categories are onboarded and activated.

Age distribution has remained relatively consistent throughout the period. Almost 80% of active myIOU users are aged from 25 to 44 years which reflects the Company's target demographic.

The Company's marketing team conducted a number of brand awareness initiatives, customer surveys and promotional campaigns, including various media such as billboards and cinema advertising, to expand reach and develop consumer engagement with the myIOU product and brand. The data collected is used to refine and enhance the digital marketing initiatives.

Growth in consumer engagement has been consistent following the myIOU 2.0 app upgrade earlier in the year. The myIOU platform reported 196,414 consumer app downloads and 58,198 activated consumer accounts as at 31 December 2022. Post balance date, the Company notes that this general growth trend in myIOU consumer metrics continues into H2 FY23.

Strategic Investment in IDSB

On 9 September 2021, the Company announced a strategic investment to acquire 42% of I.Destinasi Sdn Bhd ("IDSB") for cash consideration of RM126 million (~A\$41.6 million) paid in two equal tranches over a period of up to six months. IDSB is a private company incorporated in Malaysia in 1981, which operates a financial services business focusing on providing instalment based consumer credit services to civil servants for and on behalf of Malaysian banks.

On 1 September 2022, the Company announced a variation to the tranche two completion terms and confirmed that all funding for full completion of the investment has been provided for by IOUpay. The revised terms provide for:

- Total acquisition of IDSB to be 34% at completion (an 8% reduction from the original 42%);
- Second Tranche Completion varied to be a 13% increment to the Company's existing 21% holding;
- Second Tranche Payment amended to RM9.5 million (~A\$3.2 million);
- Total acquisition cost of 34% interest to be RM72.5 million (~A\$23.3 million);
- Timing of Second Tranche Completion to be linked to the vendors obtaining additional certainty of IDSB's ability to deduct loan instalments / payments from federal government employees.

The Company's funding for the Second Tranche Payment of RM9.5 million (~\$AU3.2 million) has 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.

The investment in IDSB is accounted for as an investment in an associate using the equity method. The Company's share of IDSB's profit / loss is presented as a separate line item (being "share of profit/loss from associates") as distinct from the Company's primary operating profit / loss (in accordance with all relevant accounting standards). This provides IOUpay shareholders and the market with clear visibility of the financial impact of the investment.

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DIRECTORS' REPORT (CONTINUED)

Strategic Investment in IDSB (Continued)

Unaudited management accounts show IDSB recorded revenues of RM16,564,801 (~A\$5,466,931) and profit after tax of RM6,589,358 (~A\$2,174,488) for the six months ended 31 December 2022. As at the reporting date, the number of loans under management was 46,518 for a total value outstanding of ~RM2,842 million (~A\$938 million), up from 43,727 loans with total value outstanding of ~RM2,663 million (~A\$878 million) as at 30 June 2022.

Activity levels for new business generation through the period have continued to grow as IDSB implements new sales initiatives following expiry of the loan moratoriums imposed by the Malaysia Government in the midst of COVID-19 lockdowns during mid-2021. The outlook remains positive for growth in new loan business over calendar 2023 based upon activity levels and potential to develop new partner bank relationships.

Technology Platform Improvements & Product Development

The Company continued through the period to enhance and upgrade the technology platform to improve the functionality and user experience of the myIOU applications, provide additional credit analysis and security tools, improve workflow management and administration of the portfolio, and to prepare for territory expansion.

In August 2022, phase two of the myIOU 2.0 technology upgrade was completed and rolled out to the Apple Appstore and Google Playstore. Phase two includes various enhancements to the functionality, user experience and security of the myIOU App.

During September 2022, 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.

Also in September 2022, 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.

During October 2022, the Company deployed and published to the app stores an enhancement to the myIOU consumer app that facilitates filtering and searching for merchants who are Shariah compliant.

The myIOU 2.0 Phase 3 development was completed in December 2022. Amongst other enhancements, Phase 3 includes functionality to process myIOU transactions in two foreign currencies. This will facilitate cross border transactions in anticipation of expansion into additional South East Asian jurisdictions.

Development work was completed during the December 2022 quarter to integrate Experian directly into the myIOU platform. The Experian credit tools will 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.

Also during December 2022, the technology team completed development of a new administration portal designed to support the various internal teams in their daily tasks, whether working from the office or remotely in the field. The new administration portal will improve efficiency, data analysis, reporting and performance of the backend system. Quality assurance testing is underway before rollout to internal users.

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DIRECTORS' REPORT (CONTINUED)

Technology Platform Improvements & Product Development (Continued)

Product development initiatives announced in the prior period (refer below, 'myIOU KA\$Hplus Visa Prepaid Card' and 'myIOU Islamic – Shariah Compliance Certification') were progressed and two new initiatives (refer below, 'IDSB Strategic Partnership Initiative – Bridging Loan' and 'myIOU Business+') were announced during the reporting period. Apart from facilitating access to large markets of new consumers and providing greater product coverage and flexibility for existing customers, these new product innovations also align with the Company's objective to diversify growth and increase share of customer lifetime value.

myIOU KA\$Hplus Visa Prepaid Card

The co-branded myIOU KA\$Hplus Visa prepaid card ("myIOU KA\$Hplus Card") was officially launched on 15 July 2022 and the Stage 1 rollout of cards commenced to selected myIOU customers.

The Stage 2 integration remains subject to approval by Bank Negara Malaysia for the linkage to the myIOU BNPL service.

myIOU Islamic – Shariah Compliance

During July 2022, the Company obtained certification of Shariah Compliance and completed during the September 2022 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 in July 2022, the Company finalised an agreement with a Shariah-compliant payment gateway, PayHalal (see above, Development of Partner Relationships), and 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 2022 quarter completion.

IDSB Strategic Partnership Initiative – Bridging Loan

The Company announced on 8 September 2022 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.

On 14 December 2022, the Company announced that it had received and accepted a Letter of Offer from a leading Malaysian NBF to provide a one (1) year RM5.0 million (~A\$1.65 million) Debt Facility for the purpose of funding the new, short-term Bridging Loan product. The Debt Facility provides for progressive drawdown to fund batches of underlying Bridging Loans with repayment matched in terms of maturity.

The NBF 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.

Following acceptance of the Letter of Offer, the Company is working with the NBF to finalise and agree detailed terms and conditions with the drafting of facility documentation.

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DIRECTORS' REPORT (CONTINUED)

myIOU Business+

On 1 December 2022, the Company announced that IOUpay Asia is launching myIOU Business+, an innovative new short-term B2B financing solution targeting small to medium sized enterprises (SMEs) in Malaysia.

The new product is an online portal allowing business purchasers of goods and services to facilitate financing for their suppliers in credit terms via a seamless and automated transaction. Transactions are initiated and payments processed after goods have been delivered and accepted by the purchaser ensuring payment obligations are committed and reducing the risk of disputes.

myIOU Business+ is structured as a 'pay-in-four' instalment plan over three (3) months. The first 25% payment is collected to initiate a transaction and then three (3) further equal 25% instalments are collected every 30 days thereafter via FPX-linked automated direct debit to the purchaser's account.

Mobile Banking Division Continues Growth Trajectory

The Mobile Banking Division is performing strongly and experiencing a growth trend with record transaction event volumes for November and December 2022, exceeding the previous record highs achieved during Q1 FY22. More than 97 million transaction events were processed during the December quarter (Q2 FY23), an increase of 14% over the previous record quarter. A significant portion of the growth in volumes is attributed to notifications and marketing messages distributed to the mobile devices of clients' customers.

Increased transaction activity levels during the quarter have predominantly been achieved from the existing client base. Clients have both re-routed regular traffic from other aggregators and also awarded to the Company a number of special projects involving SMS notifications.

To leverage the increased capacity created through the infrastructure upgrade completed late 2021, there are opportunities for further growth through new client acquisition as the business seeks to capture a greater share of this market.

Financial Summary

Total revenues for the half year of \$4,744,279 represented an increase of 8.34% on a year on year basis, reflecting growth from the Company's Instalment Credit (including BNPL) and Mobile Banking businesses. These revenues do not include the full value of all BNPL business written during this period with \$16,946,968 of trade and other receivables including \$14.27 million in BNPL receivables which are only accounted for as revenue on a cash basis during the unexpired BNPL term once customer payments are received. These receivables will therefore be accounted for as revenue over terms extending after the balance date.

The overall result produced a consolidated entity loss for the half year ended 31 December 2022 of \$2,076,080 compared to a loss of \$5,200,301 for the half year ended 31 December 2021. As mentioned above, this result excludes the full value of all BNPL business written during the period to be derived from the \$14.27 million of BNPL receivables.

Direct cost of sales, employee benefits expense and marketing expenses all increased due to the establishment and growth of the new BNPL activities and overall expansion of the Group's activities. The Consolidated Group Net Assets declined from \$48,001,353 to \$47,011,066, reflecting the Net Loss for the period. Net Assets are supported by cash and cash equivalents of \$4,413,695 and trade and other receivables of \$16,946,968.

In relation to the investment in IDSB (refer Note 13), the Company's current 21% shareholding and share of profit is reported for the full six months of this Interim Report. IDSB recorded record revenues of RM16,564,801 (~A\$5,466,931) and profit after tax of RM6,589,358 (~A\$2,174,488) for the six months ended 31 December 2022.

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DIRECTORS' REPORT (CONTINUED)

Financial Summary (Continued)

Consistent with IDSB's strong financial performance during its H2 FY22, IDSB has allowed for a dividend distributions of RM4.32 million (~A\$1.43 million¹) during the period. This is reflected in Note 13 as Dividends received of \$303,432 representing the Company's 21% share of the amount appropriated.

COVID-19 Disclosure Note

The Company has been impacted by the COVID-19 pandemic. While there has been a revenue impact, the Company has employed a range of cost-reduction initiatives to mitigate the impact. The Company is currently seeing a recovery from the pandemic and is well-positioned to continue with its growth strategy and investment.

Significant Changes in the State of Affairs

Other than as disclosed in this report, there were no significant changes in the state of affairs of the consolidated group for the half-year ended 31st December 2022.

Share Purchase Plan

On 11 November 2022, the Company launched a Share Purchase Plan (SPP) for all eligible shareholders in Australia and New Zealand under which it targeted to raise approximately \$1.0 million.

The SPP issue price of \$0.045 represented a 15.42% discount to the volume weighted average market price of the Company's shares over the five days on which sales of the shares were recorded by ASX up to 10 November 2022 (date of record).

The Company received applications for fully paid ordinary shares from eligible shareholders under the SPP at an issue price of \$0.045 per share in the amount of \$821,849.99 representing an 82% take-up of the original target. All valid applications and demand received under the terms of the SPP were allotted in full.

The purpose of the Company undertaking the SPP was to enhance the Company's financial position and to enable shareholders to participate in the next growth phase of the Company.

Annual General Meeting

On 24 November 2022, the Company held its Annual General Meeting (AGM). In addition to the required compliance resolutions, the Company approved (pursuant to ASX Listing Rule 7.1A) an additional 10% placement facility for the issue of equity securities over the next 12 months.

Three directors offered themselves for re-election. Both Dato' Wan Asmadi Wan Ahmad and Datuk Khairul Idham Bin Ismail were re-elected as directors of the Company. As a result of Mr Byung Moo Shin not being re-elected by shareholders, he ceased to be a director of the Company from the close of the AGM.

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DIRECTORS' REPORT (CONTINUED)

Events Subsequent to Reporting Date

Effective from 1 January 2023, a number of changes to the senior management team were made.


Mr Wayne Wang (formerly Chief Credit Officer) was promoted to Group Chief Credit Officer and appointed joint Chief Executive Officer for IOU Pay (Asia) Sdn Bhd. Mr Wang will oversee the Credit Team and also manage Special Projects.

Mr Edward Tan (Group Chief Operating Officer) was appointed joint Chief Executive Officer for IOU Pay (Asia) Sdn Bhd. Mr Tan will oversee the Company's operations and businesses outside of Malaysia. Mr Tan has also assumed responsibility for the Commercial Team.

Auditor's Independence Declaration

The lead auditor's independence declaration under s307C of the *Corporations Act 2001* in relation to the review of the interim financial report for the half-year ended 31 December 2022 is shown on page 26 and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.

Director 

Lee Chin Wee

Dated this 28th day of February 2023

IOUpay LIMITED
ABN 11 091 192 871
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

		Consolidated Group	
	Note	31.12.22	31.12.21
		\$	\$
Revenue		4,744,279	4,379,024
Other income	2	811,339	1,097,719
		<hr/>	<hr/>
		5,555,618	5,476,743
Sales direct costs		(3,080,531)	(3,375,502)
Amortisation and depreciation		(325,490)	(222,330)
Compliance and professional fees		(754,015)	(2,989,567)
Administration expenses		(394,077)	(505,569)
Employee benefits expense		(2,286,852)	(1,863,120)
Marketing expenses		(681,017)	(1,125,503)
Travel expenses		(55,083)	(24,817)
Insurance expenses		(27,654)	(22,823)
Finance costs		(21,758)	(22,276)
Share based payments expenses		(226,551)	(146,572)
Other expenses		(231,752)	(384,391)
Share of gain from associate company	13	456,009	11,048
		<hr/>	<hr/>
Loss before income tax		(2,073,153)	(5,194,679)
Income tax expense		(2,927)	(5,622)
		<hr/>	<hr/>
Net loss for the period		(2,076,080)	(5,200,301)
		<hr/>	<hr/>
Other comprehensive income			
Share of distribution by associate		-	(251,995)
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		74,697	(33,908)
		<hr/>	<hr/>
Total comprehensive loss for the period attributable to members of the parent entity		(2,001,383)	(5,486,204)
		<hr/>	<hr/>
Earnings per share:			
Basic/Diluted (cents per share)	5	(0.37)	(0.94)

The financial statements should be read in conjunction with the accompanying notes.

IOUpay LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Consolidated Group	
		31.12.22	30.06.22
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,413,695	5,859,768
Trade and other receivables	3	16,946,968	18,291,973
Deposits	13	3,177,470	3,094,643
Contract assets		701,288	509,493
TOTAL CURRENT ASSETS		25,239,421	27,755,877
NON-CURRENT ASSETS			
Property and equipment		1,686,525	1,725,663
Investment in associate	13	21,127,005	20,653,297
Intangible assets	11	3,097,402	1,600,952
TOTAL NON-CURRENT ASSETS		25,910,932	23,979,912
TOTAL ASSETS		51,150,353	51,735,789
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,913,509	2,401,926
Lease liabilities		285,564	299,277
Provisions		250,000	250,000
TOTAL CURRENT LIABILITIES		3,449,073	2,951,203
NON-CURRENT LIABILITIES			
Lease liabilities		626,692	721,739
Provisions		63,522	61,494
TOTAL NON-CURRENT LIABILITIES		690,214	783,233
TOTAL LIABILITIES		4,139,287	3,734,436
NET ASSETS		47,011,066	48,001,353
EQUITY			
Issued capital	4	81,888,132	81,126,819
Options Reserve		803,848	554,065
Foreign currency translation reserve		429,846	355,149
Accumulated losses		(36,110,760)	(34,034,680)
TOTAL EQUITY		47,011,066	48,001,353

The financial statements should be read in conjunction with the accompanying notes.

IOUpay LIMITED

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AND CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2021	80,611,576	67,710	371,304	(24,014,486)	57,036,104
Loss for the period	-	-	-	(5,200,301)	(5,200,301)
Foreign currency translation	-	-	(33,908)	-	(33,908)
Other comprehensive loss	-	-	-	(251,995)	(251,995)
Total comprehensive loss	-	-	(33,908)	(5,452,296)	(5,486,204)
Options vesting expense for the period	-	146,572	-	-	146,572
Balance at 31 December 2021	80,611,576	214,282	337,396	(29,466,782)	51,696,472
Balance at 1 July 2022	81,126,819	554,065	355,149	(34,034,680)	48,001,353
Loss for the period	-	-	-	(2,076,080)	(2,076,080)
Foreign currency translation	-	-	74,697	-	74,697
Total comprehensive income/(loss)	-	-	74,697	(2,076,080)	(2,001,383)
Shares issued	821,850	-	-	-	821,850
Costs of capital raising	(60,537)	-	-	-	(60,537)
Options issued during the period	-	23,232	-	-	23,232
Share based payments expenses	-	226,551	-	-	226,551
Balance at 31 December 2022	81,888,132	803,848	429,846	(36,110,760)	47,011,066

The financial statements should be read in conjunction with the accompanying notes.

IOUpay LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated Group	
	31.12.22	31.12.21
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	17,389,633	8,045,682
Payments to suppliers and employees	(6,712,223)	(9,573,191)
Payments to merchants	(13,212,274)	(10,779,393)
Interest received	878	683,505
Income tax paid	(6,184)	(90,827)
Others	-	(57,083)
	<hr/>	<hr/>
Net cash (used in) operating activities	(2,540,170)	(11,771,307)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(7,727)	(420,190)
Proceeds from disposal of equipment	579	-
Payment for business acquisition	-	(23,941,445)
Dividend received	299,974	-
	<hr/>	<hr/>
Net cash provided by/(used in) investing activities	292,826	(24,361,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Share Issuance	821,850	-
Repayment of borrowings	(10,042)	(10,094)
Capital raising cost	(30,311)	-
	<hr/>	<hr/>
Net cash provided by/(used in) financing activities	781,497	(10,094)
Net (decrease) in cash held	(1,465,847)	(36,143,036)
Cash at start of period	5,859,768	51,408,709
Effect of exchange rate changes	19,774	118,838
	<hr/>	<hr/>
Cash at end of period	4,413,695	15,384,511

The financial statements should be read in conjunction with the accompanying notes.

IOUpay LIMITED

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

IOUpay Limited is the legal parent of iSentric Sdn. Bhd. The consolidated financial statements are issued under the name of IOUpay Limited but are deemed to be a continuation of the legal subsidiary iSentric Sdn. Bhd.

This interim financial report is intended to provide users with an update on the latest annual financial statements of IOUpay Limited and its controlled entities (referred to as the "consolidated group" or the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. The Group has considered the implications of new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

(c) Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the 30 June 2022 annual report.

(d) Investments

Investments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at cost.

Investments are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period.

(e) New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

The accounting policies applied by the Group in this condensed half-year financial report are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2022.

In the current period, the Group has adopted all applicable new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current interim reporting period and relevant to the Group. The adoption of these amendments has not resulted in any changes to the Group's accounting policies and has had no effect on the amounts reported for the current or prior periods.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Going Concern

The financial report has been prepared on a going concern basis. This presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

For the half year ended 31 December 2022 the Group generated a loss after tax of \$2,076,080 (31.12.2021: loss \$5,200,301), as at the balance date the Group had net assets of \$47,011,066 (30.06.2022: net assets \$48,001,353), and net cash outflows from operating activities of \$2,540,170 (31.12.2021: outflow \$11,771,307).

The Directors believe that the Group will be able to continue as a going concern and, as a consequence, the financial report has been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

The Directors believe that the going concern basis of accounting is appropriate due to the expected cash flows to be generated by the Group over the next twelve (12) months and that the company will be able to pay its debts as and when they fall due.

(g) General information and basis for preparation

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the half year ended 31 December 2022 and are presented in Australian Dollars (\$), which is the functional currency of the parent entity.

The interim financial statements have been approved and authorised for issue by the Board of Directors on the 28th of February 2023.

(h) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(i) Covid-19 Disclosure Note

The Group has been impacted by the COVID-19 pandemic. While there has been a revenue impact, the Group is satisfied with its efforts of cost-reduction to mitigate the impact. The Group is currently seeing a recovery from the pandemic and is well-positioned to continue with its growth strategy and investment.

	Consolidated Group	
	31.12.2022	31.12.2021
	\$	\$
NOTE 2: OTHER INCOME		
Finance income	882	673,537
Gain on foreign exchange translation	807,427	375,850
Other miscellaneous income	3,030	48,332
	<hr/>	<hr/>
	811,339	1,097,719

	Consolidated Group	
	31.12.2022	30.06.2022
	\$	\$
NOTE 3: TRADE AND OTHER RECEIVABLES		
Trade receivables*	15,158,591	14,821,784
Other receivables	1,333,338	2,800,386
Prepayments	244,137	473,047
Deposits	187,216	186,058
Tax refundable	23,686	10,698
	<hr/>	<hr/>
	16,946,968	18,291,973

*Includes Buy Now Pay Later loans of \$14,266,237 (30.06.22: \$14,238,543)

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AND CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

	Consolidated Group	
	31.12.2022	30.06.2022
	\$	\$
NOTE 4: SHARE CAPITAL		
Issued shares:		
572,275,484 (30.06.2022: 554,012,065) ordinary shares	81,888,132	81,126,819
(a) Ordinary shares - value		
At the beginning of the reporting period	81,126,819	80,611,576
Add: Share issued	821,850	516,750
Less: Cost related to shares issued	(60,537)	(1,507)
Balance at end of the reporting period	81,888,132	81,126,819
(b) Ordinary shares - number		
	No.	No.
At the beginning of the reporting period	554,012,065	551,412,065
Add: Share issued	18,263,419	2,600,000
Balance at end of the reporting period	572,275,484	554,012,065

Options

15 million unlisted options were issued on 2 November 2022 with an exercise price of \$1 expiring 2 November 2023.

The balance of options at 31 December 2022 was as follows:

- 1,650,000 unlisted employee options (IOUOPT1) with an exercise price of \$NIL, vesting two years from date of employee acceptance, and expiring 1 May 2023;
- 1,600,000 unlisted options (IOU002) with an exercise price of \$NIL, vesting on 10 day VWAP of over \$0.35, and expiring 27 January 2024;
- 1,600,000 unlisted options (IOU003) with an exercise price of \$NIL, vesting on 10 day VWAP of over \$0.425, and expiring 27 January 2024;
- 15,000,000 unlisted options (IOU004) with an exercise price of \$1.00, fully vested, and expiring 2 November 2023.

	Consolidated Group	
	31.12.2022	31.12.2021
NOTE 5: EARNINGS PER SHARE		
Basic (cents per share)	(0.37)	(0.94)
Diluted (cents per share)	(0.37)	(0.94)
Weighted average number of shares used in the calculation of basic earnings per share	554,905,384	551,412,065
Weighted average number of shares used in the calculation of diluted earnings per share	554,905,384	551,412,065

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 6: DIVIDENDS

No dividends were declared or paid in the period.

NOTE 7: CONTINGENT LIABILITIES

There are no other contingent liabilities or commitments as at 31 December 2022.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

Effective from 1 January 2023, a number of changes to the senior management team were made.

Mr Wayne Wang (formerly Chief Credit Officer) was promoted to Group Chief Credit Officer and appointed joint Chief Executive Officer for IOU Pay (Asia) Sdn Bhd. Mr Wang will oversee the Credit Team and also manage Special Projects.

Mr Edward Tan (Group Chief Operating Officer) was appointed joint Chief Executive Officer for IOU Pay (Asia) Sdn Bhd. Mr Tan will oversee the Company's operations and businesses outside of Malaysia. Mr Tan has also assumed responsibility for the Commercial Team.

NOTE 9: FAIR VALUE MEASUREMENT

The Group has financial instruments which are measured at fair value in the balance sheet. These had the following fair values as at 31 December 2022.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

	Level	Carrying Amount	Fair Value
		\$	\$
Buy Now Pay Later loans	2	14,266,237	14,266,237
		14,266,237	14,266,237

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 10: SEGMENT REPORTING

The Group identified its operating segments based on internal reports that were reviewed and used by the Board of Directors in assessing performance and determining allocation of resources.

	Malaysia	Singapore	Australia	Indonesia	Myanmar	Consolidation Adjustment	Consolidated Group
	\$	\$	\$	\$	\$	\$	\$
31.12.2022							
REVENUE							
External sales	4,323,472	-	-	420,807	-	-	4,744,279
Interest revenue	680	-	-	202	-	-	882
Other income	809,171	-	-	1,286	-	-	810,457
Total revenue	<u>5,133,323</u>	<u>-</u>	<u>-</u>	<u>422,295</u>	<u>-</u>	<u>-</u>	<u>5,555,618</u>
Sales direct costs	(3,080,531)	-	-	-	-	-	(3,080,531)
Expenses	(3,455,124)	(309,608)	(660,391)	(101,007)	-	(22,110)	(4,548,240)
Loss before income tax expense	(1,402,332)	(309,608)	(660,391)	321,288	-	(22,110)	(2,073,153)
Income tax expense							(2,927)
Loss after income tax expense							<u>(2,076,080)</u>
31.12.2022							
ASSETS							
Total assets	<u>47,995,737</u>	<u>3,406,919</u>	<u>70,662,085</u>	<u>1,300,107</u>	<u>61,867</u>	<u>(72,276,362)</u>	<u>51,150,353</u>
LIABILITIES							
Total liabilities	<u>58,273,087</u>	<u>103,935</u>	<u>2,206,079</u>	<u>2,116,704</u>	<u>129,997</u>	<u>(58,690,515)</u>	<u>4,139,287</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

NOTE 10: SEGMENT REPORTING (CONTINUED)

	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
31.12.2021							
REVENUE							
External sales	3,997,071	354,254	-	-	27,699	-	4,379,024
Interest revenue	673,486	-	-	51	-	-	673,537
Other income	365,258	43,834	14,583	496	11	-	424,182
Total revenue	5,035,815	398,088	14,583	547	27,710	-	5,476,743
Sales direct costs	(3,075,617)	(297,727)	-	-	(2,158)	-	(3,375,502)
Expenses	(5,491,342)	(812,449)	(899,070)	(55,657)	(39,558)	2,156	(7,295,920)
Loss before income tax expense	(3,531,144)	(712,088)	(884,487)	(55,110)	(14,006)	2,156	(5,194,679)
Income tax expense							(5,622)
Loss after income tax expense							(5,200,301)
31.12.2021							
ASSETS							
Total assets	52,344,439	3,644,650	70,815,243	80,944	91,877	(71,920,471)	55,056,682
LIABILITIES							
Total liabilities	58,206,502	26,474	1,966,131	1,286,363	182,036	(58,307,296)	3,360,210

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 11: INTANGIBLE ASSETS

	Product Development Expenditure	Intellectual Properties	Goodwill	Software	Consolidated Group
	\$	\$	\$	\$	\$
At 31.12.2022					
Cost	635,609	3,812,432	17,986,155	59,302	22,493,498
Accumulated amortisation and impairment	(631,404)	(3,812,432)	(14,916,020)	(36,240)	(19,396,096)
Net book amount	<u>4,205</u>	<u>-</u>	<u>3,070,135</u>	<u>23,062</u>	<u>3,097,402</u>
Movement					
Opening balance 1 July 2022	4,712	-	1,563,789	32,451	1,600,952
Additions	-	-	1,506,346	-	1,506,346
Amortisation charge	-	-	-	(9,738)	(9,738)
Effect of movement in exchange rate	(507)	-	-	349	(158)
Closing balance 31 December 2022	<u>4,205</u>	<u>-</u>	<u>3,070,135</u>	<u>23,062</u>	<u>3,097,402</u>
At 30.06.2022					
Cost	629,765	3,620,697	16,479,809	58,413	20,788,684
Accumulated amortisation and impairment	(625,053)	(3,620,697)	(14,916,020)	(25,962)	(19,187,732)
Net book amount	<u>4,712</u>	<u>-</u>	<u>1,563,789</u>	<u>32,451</u>	<u>1,600,952</u>
Movement					
Opening balance 1 July 2021	12,926	-	1,563,789	50,484	1,627,199
Additions	-	-	-	-	-
Amortisation charge	(7,504)	-	-	(19,252)	(26,756)
Impairment/Write off	-	-	-	-	-
Effect of movement in exchange rate	(710)	-	-	1,219	509
Closing balance 30 June 2022	<u>4,712</u>	<u>-</u>	<u>1,563,789</u>	<u>32,451</u>	<u>1,600,952</u>

Goodwill impairment tests

Description of the cash generating units and other information

Goodwill acquired through business combinations has been allocated to three cash generating units (CGUs) for impairment testing.

The aggregate carrying amounts of goodwill allocated to CGUs are as follows:

	Consolidated Group	
	31.12.2022	30.06.2022
	\$	\$
Arte Mobile Technology	1,563,789	1,563,789
Sibu Kurnia Marine (refer to Note 12)	1,506,346	-
	<u>3,070,135</u>	<u>1,563,789</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 12: BUSINESS ACQUISITIONS

On 7 November 2022, a wholly owned subsidiary of the Company, IOU Pay (Asia) Sdn. Bhd. entered into a Share Sale Agreement with Aspire Project Management Sdn. Bhd. for the proposed acquisition of 100% equity interest in Sibu Kurnia Marine Sdn. Bhd. (SKMSB) for cash consideration of RM4,500,000 (AU\$1,505,117). The acquisition was completed during the financial period.

The fair value of the identifiable liabilities of SKMSB as at the date of acquisition were as follows:

	SKMSB
	\$
Non-current liabilities	
Amount due to a director	710
Other payables	519
Total liabilities	<u>1,229</u>
Investment in SKMSB	1,505,117
Add: Net liabilities acquired	<u>1,229</u>
Goodwill on consolidation	<u>1,506,346</u>
Less: Cash and cash equivalents in SKMSB	-
Net cash outflows arising from acquisition of a subsidiary	<u>1,506,346</u>

NOTE 13: INVESTMENT IN ASSOCIATES

On 30 November 2021, the Group completed the first tranche of an investment in I-Destinasi Sdn Bhd ("IDSB"), acquiring a 21% equity interest in the Malaysian specialised finance company. The original investment was announced as a 42% interest in total.

On 1 September 2022, IOUpay Limited announced a variation to the second (and final) tranche completion terms and confirmed that all funding for full completion of the investment has been provided for by the Group. The revised terms provide for:

- Total acquisition of IDSB to be 34% at completion (an 8% reduction from the original 42%);
- Second Tranche Completion varied to be a 13% increment to the Company's existing 21% holding;
- Second Tranche Payment amended to RM9.5 million (~AU\$3.2 million);
- Total acquisition cost of 34% interest to be RM72.5 million (~AU\$23.3 million);
- Timing of Second Tranche Completion to be linked to the vendors obtaining additional certainty of IDSB's ability to deduct loan instalments / payments from federal government employees.

The Company's funding for the Second Tranche Payment of RM9.5 million (AU\$3.2 million) has 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

NOTE 13: INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised aggregated financial information of the Group's share in the associate is as follows

	Consolidated Group	
	31.12.2022	30.06.2022
	\$	\$
Profit from continuing operations	2,171,473	2,488,362
Total comprehensive income	2,171,473	2,488,362
Aggregate carrying amount of the Group's interest in the associate	21,127,005	20,653,297
Reconciliation of the Group's carrying amount:		
Opening balance	20,653,297	-
Acquisition cost paid	-	20,755,774
Dividends received	(303,432)	(611,570)
Share of profit after income tax	456,009	522,556
Effect of foreign exchange	321,131	(13,463)
Closing balance	21,127,005	20,653,297

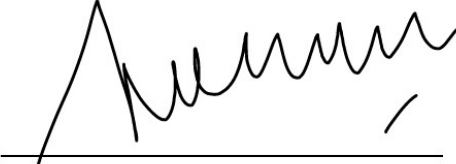
IOUpay LIMITED
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DIRECTORS' DECLARATION

In accordance with a resolution of the directors of IOUpay Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 24 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director 

Lee Chin Wee

Dated this 28th day of February 2023



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IOUpay LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

MNSA PTY LTD

MNSA Pty Ltd

Allan Facey
Director

Sydney
Dated 28th February 2023

MNSA



**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
IOUpay LIMITED
ABN 11 091 192 871
AND CONTROLLED ENTITIES**

Report on the Half-year Financial Report

Conclusion

We have reviewed the half-year financial report of IOUpay Limited, which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of IOUpay Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the IOUpay Limited financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of IOUpay Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of IOUpay Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of IOUpay Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

MNSA PTY LTD

MNSA Pty Ltd



Allan Facey
Director

Sydney
Dated 28th February 2023