

19 April 2023

ASX Announcement

Trading Update

IOUpay Limited (**IOUpay** or **the Company**) provides the following update on recent trading, pursuant to the revised business strategy announced on 28 March 2023.

The update is broken down into the Company's three income generating assets: IDSB, Mobile Banking, and the Buy Now Pay Later (BNPL) business.

Renewal of IDSB AG Code

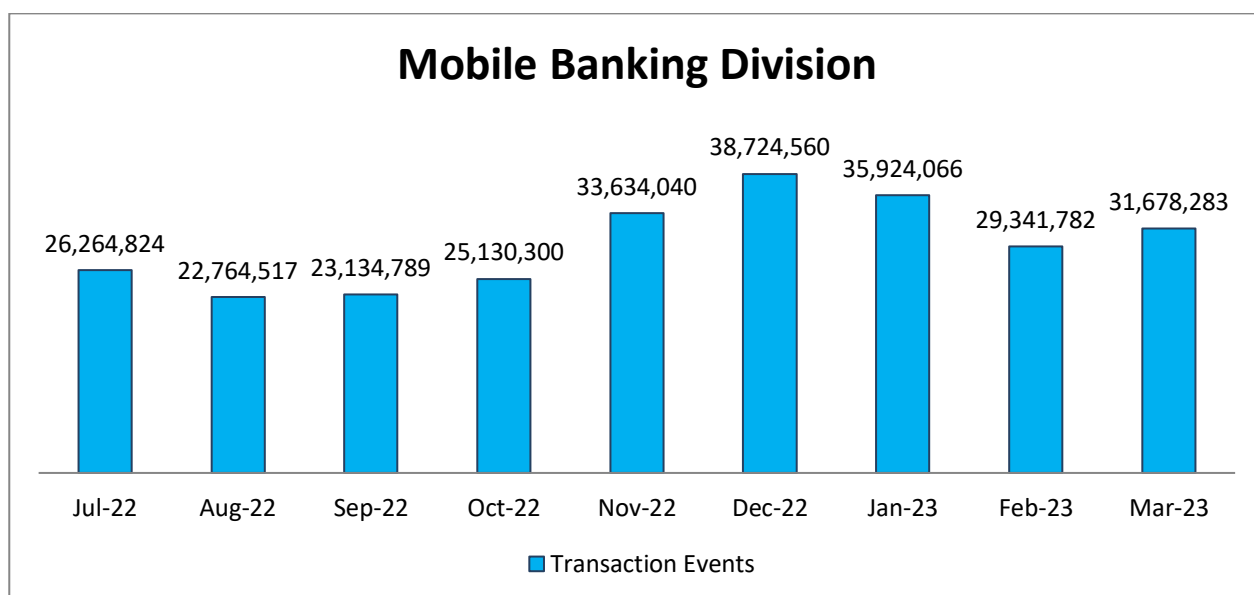
The Company notes that the formal agreement between iDestinasi Sdn Bhd (**IDSB**) and the Accountant General's office in Malaysia expired on 16 April 2023, however the renewal process is well advanced. The Accountant General Salary Deduction Code (**AG Code**) held by IDSB is expected to be formally renewed next week, following the upcoming Hari Raya holiday period in Malaysia. The business continues to operate as normal under an informal extension, pending the formal renewal.

Recent trading at IDSB has been strong, with monthly dividend payments to the Company in recent months of RM235,200 (approximately AUD80,000), pursuant to the Company's 21% shareholding. Based on IDSB's management accounts for the months of January and February 2023, IDSB's net profit in 2023 (at the run rate for those two months) would be approximately 15% higher than 2022.

With further strong growth expected in future years, IDSB is expected to be a candidate for listing on the Bursa Malaysia in future.

Mobile Banking

The Mobile Banking division continues to grow, with strong transaction volumes continuing in recent months. Transaction volumes in recent months are summarised below.



Following the cost cutting exercise undertaken by the Board in recent months, this division is profitable and will continue to operate and provide the core of the Company's fintech offering.

New customers continue to be signed, and discussions are under way with significant new partners. Trials are currently under way with Huawei for a major new mobile messaging business deployment in Malaysia.

Buy Now, Pay Later

The BNPL business was restarted on 27 March 2023, with carefully selected groups of merchants, together with careful vetting of customers. The business is operating at smaller volumes than previously, but transaction volumes continue to grow as additional batches of merchants are added back to the platform. Currently the BNPL business has 75,000 registered customers and an active database of 3,000 merchants.

The cost cutting exercise undertaken by the Board has also resulted in a reduction of the cost base in this division of approximately 40%. This will make profitability in this division easier to achieve, if a sufficient level of lending capital was available.

A number of variations to the BNPL business model are under active consideration to improve its profitability. Further, by harnessing the Company's unique relationship with IDSB, this business is developing new loan products to address the low credit risk market of approximately 1.6 million civil servants in Malaysia.

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

Yours faithfully,

IOUpay Limited

Ben Reichel
Company Secretary

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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 provided 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.