



IOUPAY LIMITED (ASX: IOU)
(ACN 091 192 871)

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1 February 2024

Company Announcements Office
Australian Securities Exchange

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

The Board of IOUpay Limited (**IOU** or the **Company**) provides its quarterly activities report for the period ended 31 December 2023.

Principal Activities

- iSentric Mobile Banking business performed to management expectations, with the Board resolving to support current resourcing and capital allocations to continue operating the business.

Operations

- During the quarter, iSentric actively and aggressively pursued collaborations with large corporations to enhance and expand its fintech solutions. This proactive approach aimed to provide an even more robust and comprehensive offering to clients. The introduction of innovative services such as Electronic Direct Mail (EDM) and WhatsApp is expected to play a pivotal role in diversifying and amplifying revenue streams.
- The company is strategically positioned to enhance its digital marketing endeavours through the introduction of Electronic Direct Mail (EDM). EDM serves as a comprehensive platform within the digital marketing strategy, enabling businesses to promote products to an opted-in list of potential customers via email. In conjunction with EDM, brands have the flexibility to extend their reach through cross-channel marketing, targeting customers across various platforms. The utilization of EDM as a strategy aims to build a robust subscriber database, facilitating targeted engagement through both online and offline channels to cultivate personal relationships, generate leads, and drive sales. The anticipated launch of this service is targeted for Q2 next year, with a focus on extending it to our existing financial institution customers.
- Simultaneously, the company is poised to introduce an Omni-Channel solution, an approach that integrates sales, marketing, and customer support to provide customers with a seamless and unified brand experience across multiple channels. This solution combines digital and physical touch points onto a single platform, including online, mobile, point-of-sale, call center, social media, and print, offering a contextual, personalized, and relevant customer experience. The company is on track to launch this service by March 2024, collaborating with a prominent Koperasi in Malaysia, thereby demonstrating our commitment to providing consistent and meaningful experiences to customers across every channel.
- Amidst the ongoing strategic realignment within the Commercial team, specifically the KoOpTech team, we are actively refining our Buy Now Pay Later (BNPL) services to cater to Koperasi members, enhancing flexibility with shorter repayment terms compared to traditional installment schedules.
- Koperasi is a co-operative whose objective is to assist its members in acquiring quality goods in a wide range of categories at reasonable prices. Categories include banking &

finance, housing, consumer goods, transport, farming, industrial, construction and other services.

- This initiative has garnered interest from various Koperasi entities, and advanced discussions are underway with potential collaborators. Our upcoming presentation at Koperasi TNB will highlight the tailored benefits and features of our BNPL services to meet the unique needs of their members. Working closely with Koperasi, a government servant sector entity, we aim to establish a robust collaborative partnership, minimizing risk through a seamless process where Koperasi members utilize our BNPL app, and installment repayments are auto-deducted from their salaries. This strategic pivot underscores our commitment to adapting to market demands and providing innovative financial solutions. We are optimistic about the potential collaboration with Koperasi TNB, viewing it as a precedent-setting move for future engagements with other Koperasi partners. As we progress, our commitment to professionalism and dedication remains steadfast in nurturing mutually beneficial relationships within the cooperative sector.
- In conclusion, the Company's strategic initiatives, which include aggressive collaborations with large corporations, position it as a formidable player poised for substantial growth in SMS traffic, revenue, and profitability.

Corporate

- Benefits from the cost-optimisation program continue to accrue, as evidenced by staff costs reducing (\$199k) by over 50% from the prior corresponding quarter (\$492k).
- Administration costs increased from \$1,149k in the Sep23 quarter to \$1,504k in Dec23, reflecting the additional investment in legal and associated advisors as the focus pivots from stabilisation to recovery.
- On 6 October 2023, the Company held a General Meeting, at which all resolutions put to shareholders were approved by the requisite majority.
- The Company remained suspended from trading on the ASX throughout the period.
- Additional capital raised in the quarter totalled A\$3.35m comprising:
 - \$0.65m Placement (3 November 2023),
 - \$2.0m Placement (28 November 2023)
 - The majority of funds were utilised to repay the Finran loan facility and accrued interest, significantly improving the Company's balance sheet,
 - \$0.7m Placement (6 December 2023).
- On 5 December 2023, the Company lodged its Annual Financial Statements for the period ended 30 June 2023, along with its Corporate Governance Statement and Appendix 4G.
 - This was a major step on the path to reinstatement of trading on ASX and was a precursor to the convening of the 2023 Annual General Meeting of the Company to be held on 24 January 2024.
- On 12 December 2023, the Company announced the appointment of Daler Fayziev and Joshua Quinn as director representatives of Finran, further broadening the skills on the Board.
- On 20 December 2023, Frank Chin was appointed as Chief Financial Officer, a core appointment in the rebuilding of the management team to support business operations.
- In consultation with its advisors, implementation of an agreed framework to pursue and potentially recover funds on behalf of the Company's shareholders relating to certain claims and allegations of potential misappropriation of Company funds, including appointment of suitably qualified external legal advisors.
 - This included the appointment of Herbert Smith Freehills on 24 November 2023.

Material Events Subsequent to the end of the Quarter

- Historic Quarterly Activity Reports and associated Appendix 4C's were lodged for the March, June and September 2023 quarters.
- Annual General Meeting was held on 24 January 2024, with all resolutions passed by shareholders with the requisite majority.
 - Following approval, the Company has received confirmation from ASIC of the change in name to Ovanti Limited (reserved ASX ticker: OVT) and are working with ASX on effecting this change.
- \$0.83m of Convertible Notes were announced on 24 January 2024.

Related Party Payments Made during the Quarter

- Payments to related parties during the quarter amounted to A\$64k, consisting of director and consulting fees.

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

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.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

IOU PAY Limited

ABN

11 091 192 871

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$AU'000	Year to date (6 months) \$AU'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,912	4,134
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,011)	(4,210)
(c) advertising and marketing	(213)	(601)
(d) leased assets	(58)	(82)
(e) staff costs	(199)	(691)
(f) administration and corporate costs	(1,504)	(2,653)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	1	2
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(2,072)	(4,101)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		(28)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$AU'000	Year to date (6 months) \$AU'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	7	7
	(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)	231	464
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	238	443

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,400	1,400
3.2	Proceeds from issue of convertible debt securities	830 ¹	1,130
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(195)	(210)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	2,035	2,320

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	503	2,042
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,072)	(4,101)

¹ On 24 January 2024, the Company announced \$830k of convertible notes having been subscribed for. Funds for this raise were received in a trust account prior to the end of the quarter, however note agreements were only executed on 24 January 2024.

Consolidated statement of cash flows		Current quarter \$AU'000	Year to date (6 months) \$AU'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	238	443
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,035	2,320
4.5	Effect of movement in exchange rates on cash held	(7)	(7)
4.6	Cash and cash equivalents at end of period	697	697

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 \$AU'000	Previous quarter \$AU'000
5.1	Bank balances	697	503
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)	697	503

Other includes cash held in trust accounts

6.	Payments to related parties of the entity and their associates	Current quarter \$AU'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	64
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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> <p><i>6.1 Includes payment of wages and salaries, directors fees and consulting fees.</i></p>		

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$AU'000	Amount drawn at quarter end \$AU'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	N/A	

8. Estimated cash available for future operating activities	\$AU'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,072)
8.2 Cash and cash equivalents at quarter end (item 4.6)	697
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	697
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	0.34
<i>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.</i>	
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?	No, this quarter included significant legal and advisor fees that are not expected to be recurring. With the benefits of the cost optimisation program delivering incremental savings, together with a measured approach to incurring legal & advisor costs commensurate with likely recoveries, the Company expects ongoing net operating cashflows to improve as the Company stabilises and rebuilds.
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?	During the quarter, the Company raised additional capital totalling \$3.35m to fund ongoing operations and recovery activities. The Company is confident it will continue to be able to raise additional capital as required. This is evidenced by the announcement on 24 January 2024 of a further \$830k being raised.

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?

The Board has demonstrated success in raising additional capital since appointment in May 2023 and have the support of major shareholders as evidenced by voting at the recent AGM. Capital management is a standing agenda item at monthly Board meetings, allocation of capital is carefully considered and the Company is confident of continuing to deliver on its strategic objectives.

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.

Date: 1 February 2024

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

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.