

23 July 2024

Q4 FY24 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 30 June 2024.

Highlights:

- **New CEO appointment with focus on revenue growth.**
- **Signed \$5 million unsecured loan facility with Suzerain Investments, confirming majority funder's continued support of the Company.**
- **~\$286k raised for various charitable causes across Australia and New Zealand.**
- **Cash inflows of \$4.53 million, up 42% from the previous quarter driven by higher revenue across all the revenue lines.**
- **Frequent Values program continues to benefit from strong growth. More than 19,500 new members added during the quarter, continuing the quarter-on-quarter growth trend.**
- **Card Linked Offers, including Personalised Card Linked Offers (PCLO), continued the strong growth during the quarter driven by exciting offers content.**
- **Net Operating cash loss of \$1.42 million:**
 - **Down 37% from the previous quarter due to higher revenues.**
 - **Up 93% from the same quarter in the previous year due to higher employee costs as we invest in our revenue reboot strategy.**
- **Cash and cash equivalents of \$1.97 million at end of quarter.**

Commenting on the quarter, IncentiaPay Chief Executive Officer Heidi Halson said: *"We have successfully initiated our "quality focus and revenue pivot" plan. Our primary focus is on delivering high-quality products, well thought out and supported consumer experiences, and re-igniting the Entertainment Fundraiser distribution channel, all of which makes the Entertainment business so unique. The Enterprise products, primarily Frequent Values and Card Linked Offers, continue to experience solid growth and strong market demand. We are excited to secure a new loan facility from Suzerain which will allow the team to continue the focus on creating quality opportunities and partnerships where everyone wins, on our way to achieving strong revenue growth and a cash positive position."*

Operational

Entertainment Membership

This quarter witnessed significant activities in re-invigorating the valuable Fundraising Distribution Channel in our three pilot markets, Adelaide (South Australia), Perth (West Australia), and Brisbane & the Gold Coast (Queensland). Those markets now have full time Account Managers supporting the local Fundraising community, holding marketing meetings, setting their goals and strategy, and providing fundraisers with digital and print assets to support their efforts in fundraising with Entertainment. As a part of reboot, Entertainment Launch events were held in June at all the above markets where we hosted more than 150 Chairpersons of fundraisers at each location who are best placed to start the groundswell of word of mouth necessary for the success of this channel.

We assisted fundraisers to raise ~\$286k during the current quarter for various charitable causes.

Furthermore, we have relaunched our App in June with a better layout and redemption flow, refer-a-friend functionality, new fund raiser payment pages, as well as a more streamlined website.

We continued to onboard high-quality merchant offers onto our Entertainment App, with a specific focus on Fine Dining and National chains. This effort aims to continually enhance the brand and premium value we deliver to our members.

Frequent Values

The B2B program, Frequent Values, delivered another robust quarter of performance. Successful audience activation campaigns across multiple clients resulted into noteworthy 12% surge in activated users on the App. Moreover, we signed a new client and a renewal agreement with an existing key customer during the quarter and are currently engaged in advanced discussions with several prospective clients.

Gift Cards

This quarter, Gift Card revenues were slightly higher than the last quarter. We continue to expand our gift card portfolio offerings and have recently launched gift cards for H&M, Hotels.com, Athletes Foot, Bobbi Brown, Clinique among others providing our members with 'best in market' offers on these popular national brands.

Seamless Rewards

We witnessed another strong quarter in cashback offers facilitated through one of Australia's largest payment networks.

We continue to bring exciting offers for the customers across various categories including dining, telecommunications, travel, and retail.

Financials

Comparison with Same Quarter last year.

<u>Particulars</u>	<u>Quarter (Apr'24-June'24)</u>	<u>Quarter (Apr'23-June'23)</u>
1. Cash Receipts	\$4.53 million	\$4.46 million
2. Net Operating Loss	\$1.41 million	\$0.73 million

Cash receipts increased slightly driven by higher collections in the Frequent Value and Paid Advertising programs. Net operating loss increased, largely driven by an increase in sales promotion costs and salaries as we strategically invest to achieve revenue growth.

As detailed in the attached ASX Appendix 4C, the Company had \$1.97 million in cash and cash equivalents as at 30 June 2024.

Comparison with Previous Quarter.

<u>Particulars</u>	<u>Quarter (Apr'24-June'24)</u>	<u>Quarter (Jan'24-Mar'24)</u>
1. Cash Receipts	\$4.53 million	\$3.19 million
2. Net Operating Loss	\$1.41 million	\$2.24 million

Cash Receipts were significantly higher due to strong revenue across all revenue lines i.e. Entertainment memberships, Frequent Values, Paid Advertising, and Seamless rewards. Net operating loss is lower due to increase in the cash receipts.

Related Party Disclosures.

Pursuant to Listing Rule 4.7C.3 and as disclosed in Item 6.1 of the attached Appendix 4C, \$69k was paid in respect of directors' fees and other reimbursements to associated entities of the directors and \$153.8k was paid for interest and line fees to associated entities of directors. The interest and 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.

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CFO and 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	Quarter ended ("current quarter")	
43 167 603 992	30 June 2024	
Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,530	16,507
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(3,044)	(11,350)
(c) advertising and marketing	(167)	(714)
(d) leased assets	-	-
(e) staff costs	(2,346)	(8,316)
(f) administration and corporate costs	(270)	(1,127)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (GST refunded/(paid), old tax liabilities)	(122)	(433)
1.9 Net cash from / (used in) operating activities	(1,413)	(5,406)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(g) entities	-	-
(h) businesses	-	-
(i) property, plant and equipment	-	-
(j) investments	-	-
(k) intellectual property	-	-
(l) 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)	-	332
2.6 Net cash from / (used in) investing activities	-	332

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	2,500	5,930
3.6 Repayment of borrowings	-	(233)
3.7 Transaction costs related to loans and borrowings	(116)	(327)
3.8 Dividends paid	-	-
3.9 Interest and other costs of finance paid	(38)	(151)
3.10 Net cash from / (used in) financing activities	2,346	5,219

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,037	1,825
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,413)	(5,406)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	332
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,346	5,219
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	1,969	1,969

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	1,969	1,037
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)	1,969	1,037

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	69
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 \$69K.</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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<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>		
7.1	Loan facilities	29,200	24,059
7.2	Credit standby arrangements	-	-
7.3	Other	-	-
7.4	Total financing facilities	29,200	24,059
7.5	Unused financing facilities available at quarter end		5,141
7.6	Interest bearing Loan (Previously Converted Loan facility)		
	Interest rate:10%		
	Maturity date: Amended to 31 December 2025 (Previously 31/12/2024)		
	Security: First ranking security over all the Group's present and future property		
	Principal Drawn down as at 30 June 2024: \$0.50m		
	Available funds as at 30 June 2024: \$0.00m		
	<p>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. Company signed an amendment deed in August 2023 to defer the Principal and Interest payment to December 2024 and another amendment deed in December 2023 to defer the Principal and Interest payment to December 2025. The current principal outstanding at 31 June 2024 is \$0.500m and interest outstanding is \$0.27m.</p>		
	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		
	Principal Drawn down as at 30 June 2024: \$1.200m		
	Available funds at 30 June 2024: \$0.00m		
	<p>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 Company and Skybound have agreed in-principle to extend the repayment date of the facility to 31 December 2025. Documentation formalising this extension is currently being drafted. The current principal outstanding at 30 June 2024 is \$1.20m and interest outstanding is \$0.008m.</p>		

New Gold Coast Holdings Loan Facility

Interest rate: 12.5% per annum

Maturity date: 31 December 2025 (Previously 31/12/2024)

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

Principal Drawn down as at 30 June 2024: \$22.36m

Available funds at 30 June 2024: \$0.14m

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 increasing the loan facility limit to \$22.5m. 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. An amendment deed was signed with the debtholder in April 2023 to defer interest payments on the loan until 31 December 2024 and to reduce the monthly administration fee by 25%. Another amendment deed signed in December 2023 to defer the principal and interest payment until 31 December 2025. The current principal amount outstanding at 30 June 2024 is \$22.36m and interest outstanding is \$3.12m. The undrawn portion of the facility as at 30 June 2024 was \$0.14m.

Suzerain Investment Holdings Loan Facility (Unsecured Loan)

Interest Rate: 13.0% per annum

Maturity Date: 31 December 2025

Security: Unsecured loan

Principal Draw down as at 30 June 2024: NIL

Available funds at 30 June 2024: \$5 million

Suzerain Investment Holdings \$5 million loan facility was signed on 28th June 2024. The loan is unsecured with no convertible option.

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 2024

Security: Unsecured

Drawn down as at 30 June 2024: \$0.028m

Available funds at 30 June 2024: \$0.00m

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. The loan was paid off during the quarter.

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,413)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,969
8.3	Unused finance facilities available at quarter end (item 7.5)	5,141
8.4	Total available funding (item 8.2 + item 8.3)	7,110
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	5.0
<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?	
	Answer: Not Applicable	
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: Not Applicable	
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: Not Applicable..	
<i>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.</i>		

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.

Authorised by: Board of Directors.

Date: 23 July 2024

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 – e.g., 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.