

IODM Limited

March Quarter 2018 Report and Update

Highlights

- **Two ASX companies successfully onboarded and gone to revenue with first division with further divisions to follow**
- **Strategic alliance with NCI results in signing of another ASX company with first division to be onboarded and go to revenue in June quarter, further divisions to follow**
- **Standby Convertible Loan Facility**
- **Appointment of an additional Sales Executive to generate and work with corporate leads**
- **Introduction of marketing campaign to reduce lead conversion time frames**
- **IODM nominated as a finalist for the Fintech business award as 2018 accounting innovation of the year**
- **EC Credit Alliance generates SME subscriptions in both the Australian and NZ market**

Leading accounts receivable and operational efficiency solution IODM, IODM Limited (ASX: IOD) ("IODM" and "Company") is pleased to provide a report of its activities for the quarter ending 31 March 2018.

During the March quarter the Company continued to see signs that product acceptance, focussed on 'enterprise' style clients delivering material prospective revenue growth is continuing to take traction. Two ASX companies were successfully onboarded and went to revenue in March quarter with another ASX company signing late in the quarter through our alliance with NCI. This company will go to revenue in June quarter. All three ASX companies are looking to onboard further divisions in the June quarter.

The Company continues to gain and maintain momentum and credibility in the corporate sector due to its work with ERP software and its ability to customise a solution that accommodates the individual needs of the corporate clients. The brand awareness and marketing campaigns continue and have led to a significant number of proposals being prepared for medium to large corporate clients.

Whilst acknowledging that a material growth in revenue is critical, the Board continues to focus on the reduction of monthly operating costs by refining and restructuring operational processes with operational costs (before receipts) contained to circa \$ 80,000 per month.

IODM Limited

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Registered Address: Level 5, 22 Albert Road, South Melbourne, Vic, 3205

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To this, and to ensure IODM continues to manage capital and the needs to issue capital, the company has entered into a convertible loan facility (Standby Facility) agreement with an associate of a current shareholder. The Standby Facility will enable the Company to accommodate the short term capital needs in light of the recent sales growth pipeline. The Standby Facility is on terms that the board believe are favourable and affords the company the time to collect revenue from the recent sales campaigns and subsequent contract signings.

The key terms of this Standby Facility are:

- Maximum drawdown of \$320,000;
- Maximum term of 1 year ending on 1st May 2019;
- Drawdown in \$80,000 tranches on 14 days' notice;
- Interest rate of 12% per annum, payable at the end of the term;
- Commitment fee of \$16,000, payable at the end of the term;
- Convertible to Equity in the Company at the election of the Company (subject to Shareholder Approval and compliance with the Corporations Act) at a 15% discount to the 30 Day VWAP prior to conversion;
- Usual covenants of a Facility of this nature and scope including: unsecured obligation, no debt subordination without consent, anti-dilution provisions etc.; and
- Can be repaid in full or Facility reduced at any time at the election of the Company.

During the quarter the company appointed an additional sales executive to generate further leads and work within the corporate market which the company has identified as the market which identifies most with the IODM product suite, with its focus on delivering overall operational efficiencies through automation, rather than simply acting as an "accounts receivable" collection tool.

Sales & Marketing Update

The company continues to gain momentum in the corporate market through its brand awareness and marketing campaigns which have seen leads being generated through various channels.

Strategic Partnerships

The strategic partnership with NCI has resulted in a corporate sale with an ASX company and NCI have identified a number additional leads which area expected to go to revenue in next quarter.

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EC Credit Control has commenced the sign up of SME subscriptions in both the Australian and NZ markets. In addition, it is in advanced discussions with several large potential corporate clients in New Zealand.

Technology

The Company continues to be a market leader in both the SME and enterprise market with its flexibility and customised offering which resulted in a company being nominated as a finalist in Fintech business awards – 2018 accounting innovation of the year.

The Fintech business awards recognised a company within the accounting industry that has developed its own software or have incorporated FinTech into its service delivery – using innovation and technology to enhance overall business efficiencies and client experiences.

For further information, please contact Mark Reilly on 0418 921 993 or mark.reilly@iodm.com.au.

About IODM

IODM is an Australian leading accounts receivable solution that goes beyond chasing debt. Powered by technology, IODM streamlines the AR workflow to drive operational efficiencies and significantly improve cashflow. IODM offers a customisable application that seamlessly works with any accounting and ERP software package.

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