



IODM Limited

June Quarter 2017 Report and Update

Highlights

- **Momentum and demand increasing**
- **Several Major Corporates to go live in Sept. Quarter**
- **NCI sales team trained and ready to go to revenue**
- **New Sales Executive appointed to keep up with Demand**
- **Social Media campaign has increased interest and pipeline**

Cloud-based automated debtor management solution IODM, IODM Limited (ASX: IOD) (“IODM” and “Company”) is pleased to provide a report of its activities for the quarter ending 30 June 2017.

Throughout the June quarter, revenue did not grow and does not truly reflect the growth the company is experiencing. The company is gaining momentum and credibility in this sector and the main focus for the quarter was on closing out several corporate clients that had been identified and committed in the previous 2 quarters and to keep up with the demand that we are currently experiencing. These corporate clients are of multi-national status and of significant revenue value and will convert to revenue in the September quarter. Although the results did not reflect growth, recurring subscription based fees did increase, but due to the timing delay no significant revenue in set up fees were generated reflecting the result. These set up fees will be captured in the next quarter.

IODM continues to refine its overall cost base, resulting in a fall in the burn rate. Notwithstanding the no growth in revenue for the quarter, this was anticipated and managed in order to close out current proposals with the large corporate clients. The company’s revised strategy of focusing on helping large companies deliver overall operational efficiencies to their business through the automation of its accounts receivable management will lead to significantly larger revenues, however the short term trade off is that these contracts generally take longer to consummate. The company acknowledges that growth is below expectations but the corporate pipeline is starting to commercialise and on a YTD basis will realign to the budgeted projection.

The company launched a proactive social media campaign and relaunched its website in the Quarter to align itself and introduce IODM to the corporate sector. The interest and inquiries were beyond expectations and the results and interest have further increased the pipeline in the medium to corporate sectors.

IODM Limited

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

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Sales Update

During the July Quarter, the company was inundated with inquiries due to the previously formed strategic partnerships and the launch of the social media campaign. This resulted in many proposals being submitted with several being signed off towards the end of the quarter which will start generating revenue early in the September Quarter.

Several large multi-nationals have verbally committed to IODM and we are in the process of signing off contracts. These contracts will commence with the rollout being within their Australian operations with the intention of overseas rollout expansions in the September Quarter.

Due to high demand and interest that has been generated, and the positive response, IODM has identified a high calibre sales executive to join the IODM team. Paul Epstein has over 15 years of experience in selling IT solutions to the high end corporate market and not only brings his expertise and professionalism to the selling of IODM, but also his own network that he has already identified are in need of a debtor management solution.

Paul starts with IODM in mid-August.

Strategic Partnerships

National Credit Solutions (NCI) is a partnership that was formed several months ago. The June Quarter saw all the NCI sales team across Australia trained and enabled to commence selling IODM throughout it's client base. Several Medium to large corporates have already been identified and approached with the first committed client to go live and to revenue late in the September Quarter.

The strategic partnership with Australia and New Zealand's largest trade and debtor finance company, Scottish Pacific, is maturing with all relevant IT interfaces being commenced and are scheduled to be completed early August. Scottish Pacific's sales team has already been introduced to IODM and formal training will commence during the month of August.

Several other strategic partnerships have been formed with Finance companies to White Label IODM and introduce the solution throughout their network.

The NAB strategic partnership continues gain momentum, with the invoice and trade finance division successfully demonstrating the business case for IODM. This initiative has ratified the need for IODM throughout NAB's client base. The pilot program conducted by NAB was successful.

Technology

The company, as its committed to being a market leader, continues to enhance the system to accommodate with clients needs. With the larger corporates coming on board, and with the technology being agile we can know customise the offering to accommodate clients request and offer a tailor made solution.

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The company is aware that the slower than anticipated pipeline conversion has had an impact on the company's cash position. This is all related to the timing of contracts going to revenue. The delay in these contracts also delays revenue generated from set up fee's. However, in light of the significant pipeline, and the calibre of the client base - particularly in the large corporate and enterprise market - the company's non-executive directors are very confident that if further funding is required they will provide it personally or through existing strategic alliances. The company is also anticipating a refund of approximately \$ 350,000 for eligible research and development expenditure. Funding of up to \$300,000 will be made available against this refund.

For further information, please contact Damian Arena on 0419 106 176 or damian@iodm.com.au.

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