

30 April 2020

## **QUARTER ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2020**

### **Highlights**

- Completion of iBuyNew and Nyko Property asset sale;
- Improvement to the Company's balance sheet;
- Change of Company Name and Ticker from iBuyNew Group Limited (ASX:IBN) to RESA Group Limited (ASX:RE1);
- Tranche 1 of Placement shares complete and issued; and
- Changes to CEO Remuneration, consisting of a 78% reduction in annual remuneration.

RESA Group Limited (ASX:RE1) (Formerly iBuyNew Group Limited (ASX: IBN)) is pleased to provide its quarterly activities report and Appendix 4C for the period ended 31 March 2020.

### **Overview**

In January, RESA Group limited reported the completion of the iBuyNew and Nyko Property asset sale. The sale comprised of selected assets of the Company which excluded the future commission receivables book from past property sales. The result of the sale saw the Company change its name and ticker from iBuyNew Group Limited (ASX:IBN) to RESA Group Limited (ASX:RE1), reduce all non-core operating costs which were not associated with the collection of the future receivables book and reduce its principle balance of the secured loan facility by \$400,000.

At the end of the quarter the balance of the secured facility was \$1,485,000 which the Company anticipates to be paid down as a result of a successful negotiation with the lenders which was finalised in January 2020. Under the new terms, the Company has agreed to pay gross 66% of all settlement income which will include the interest payable for the month with the remaining funds reducing the principle.

In February, the Company announced a change in CEO and executive director Mr Bill Nikolouzakis' employment terms. The arrangement saw the Company reduce Mr Nikolouzakis hours from 38 hours per week to 8 hours per week and remuneration decrease by 78% to \$50,526 per annum. Due to the change in employment, the Company agreed to pay Mr Nikolouzakis \$88,959 which comprised of 3 months' salary and all outstanding leave entitlements. During the quarter 50% of the agreed \$88,959 (before tax) was paid to Mr Nikolouzakis. The remaining 50% remains outstanding and will be repaid at a future date.

Mr Nikolouzakis is still engaged with the company in the capacity of CEO and executive director.

### **Management Commentary**

Mr Bill Nikolouzakis, CEO and executive director said: "Despite a number of challenges and obstacles presented by the unfolding COVID-19 situation, I am pleased to report that RESA Group continued to achieve a number of key milestones during the quarter.

“At the beginning of the quarter the Company was successful in reducing its operating costs materially through the completion and sale of the iBuyNew and Nyko Property assets. We have been able to remove all non-core expenditure and improve the Company’s balance sheet by reducing the principle of the loan by \$400,000. This is a significant improvement as the assets had been written off in previous periods.”

“I would like to thank our shareholders and key stakeholders for their on-going support as the Company continues to explore potential acquisition opportunities.”

**Authorised for release by the board.**

**Sincerely,**

Bill Nikolouzakis

CEO & Executive Director

RESA Group Limited (Formerly iBuyNew Group Limited)

P: 1300 851 017

## Appendix 4C

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

**Name of entity**

RESA Group Limited

**ABN**

20 108 958 274

**Quarter ended ("current quarter")**

31 March 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	246	820
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(139)	(200)
(c) advertising and marketing	(3)	(20)
(d) leased assets	-	-
(e) staff costs*	Wages (185) Consulting Fees (38) Director Fees (0)	Wages (447) Consulting Fees (115) Director Fees (0)
(f) administration and corporate costs**	(152)	(900)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(73)	(162)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(344)</b>	<b>(1,024)</b>

\* staff costs include termination payments

\*\*administration and corporate costs' relate to all other operating costs except for those listed from (a) to (e)

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(6)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	400	400
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>400</b>	<b>394</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	900
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	(1)	(68)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings*	(400)	(400)
3.7	Transaction costs related to loans and borrowings	(11)	(11)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(412)</b>	<b>421</b>

**Appendix 4C**

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

\*Related to the proceeds from the disposal of the iBuyNew and Nyko Property assets. \$400,000 was used to repay a portion of the principle of the Company's secured loan facility. Under the instructions of the Company, these funds were paid directly from the purchaser to the secured lenders to reduce the principle component of the secured loan facility.

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	424	278
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(344)	(1,024)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	400	394
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(412)	421
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>68</b>	<b>68</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	68	424
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>68</b>	<b>424</b>

6. <b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to related parties and their associates included in item 1.2	80
6.2 Aggregate amount of payments to related parties and their associates included in item 2	
<p>During the quarter the company agreed to pay CEO and Executive Director Mr Bill Nikolouzakakis a total of \$124,252 for his remuneration as an employee, contractor and redundancy due to a change to his employment terms. From the total of \$124,252, a total of \$79,773 was paid to Mr Nikolouzakakis during the quarter. The total payment comprises of \$74,480 to Mr Nikolouzakakis as an employee and \$5,293 to an elected entity of Mr Nikolouzakakis as remuneration as CEO and Executive Director.</p> <p>Mr Nikolouzakakis full-time role was made redundant on the 14 February 2020. Due to the change the Company agreed to payout Mr Nikolouzakakis 3 months' salary and all outstanding leave entitlements equivalent to \$88,959 (before tax). During the quarter the company paid Mr Nikolouzakakis 50% of the payout, \$44,480 of the payout remains outstanding to be paid to Mr. Nikolouzakakis at a future date.</p> <p>Mr Nikolouzakakis is still engaged with the company in the capacity of CEO and executive director. His work hours have been reduced from 38 hours to 8 hours per week commencing 17 February 2020.</p>	

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

**7. Financing facilities**

*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.*

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
1,485	1,885

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.

**KEY TERMS OF THE LOAN FACILITY (8.1):**

- (a) The Secured Facility will be drawn over two tranches:
  - Tranche 1: Drawn \$1,950,000 made up of a combination of new lenders and \$600,000 of the Company's current convertible bond holders rolling into the Secured Facility; and
  - Tranche 2: Undrawn \$500,000 commitment on arms' length terms with entities associated with non-executive director Stephen Quantrill, namely McRae Investments Pty Ltd. Tranche 2 of the facility will be drawn down at the election of IBN against settlement income payable to McRae in relation to past Indo Pacific property sales
- (b) The Secured Facility attracts an interest rate of 18 percent per annum accruing on a daily basis;
- (c) Term: 12 months;
- (d) Minimum Interest: 6 months; and
- (e) The Secured Facility is a first ranking secured loan facility against the Company, its settlement book and its rent rolls.

The proceeds from the drawn loan facility were used to repay all debt obligations to Mark Mendel and nominees; the vendors of Find Solutions Australia. Mark Mendel and nominees were repaid \$250,000 on the 16 January 2019. The convertible bond balance of \$1,100,000 was reduced as a further \$500,000 from the drawn Secured Facility were used to repay a portion of the existing convertible bond holders on 24 January 2019. \$600,000 of the remaining convertible bond holders elected to roll into the Secured Facility.

In addition to repaying debt obligations and convertible bonds, the remaining proceeds from the Secured Facility were allocated towards working capital to complete the strategic initiatives announced on the 8 October 2018.

On 16 April 2019, the Company entered into an arrangement to dispose of its Western Australia based rent roll asset. As consideration for the sale \$65,000 plus GST was received for: 100% of properties under management (52 managements) in Western Australia held under the subsidiary iBuyNew Australia Pty Ltd. These properties were acquired as part of the Indo-Pacific property acquisition. The proceeds of \$65,000 were used to repay a portion of secured loan facility.

On 14 January 2020, the Group signed a forbearance deed with the lenders under the Secured Facility. Under the arrangement the Group agreed to terminate the undrawn Tranche 2 facility and repay 66% of gross commissions received from property settlements to be repaid towards interest and principal of the facility.

On the 16 January 2020, the Company reduced the loan facility by \$400,000 from the proceeds of the selected iBuyNew and Nyko property asset sale.

At the end of the Q3 FY20 quarter, the covenants under the Secured Facility have been breached by the Group. Subsequent to the quarter ending Q3 FY20 the Group and lenders of the facility agreed to pause interest payments towards the facility until 30 June 2020 as the Group continues to explore options to repay the facility before the end of the financial year.

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	914
8.2	Cash and cash equivalents at quarter end (Item 4.6)	60
8.3	Unused finance facilities available at quarter end (Item 7.5)	
8.4	Total available funding (Item 8.2 + Item 8.3)	60
8.5	<b>Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	0.06

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

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: Yes, the Company will continue to operate its future receivables book to generate income. Settlement expected timeframes continue to be provided by property developers.

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: Yes, as previously disclosed, the Company is exploring its options to acquire, raise capital and other activities to improve the health of its balance sheet.

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: Yes, the Company will continue to operate and meet its objectives. In the event that a material outcome arises as noted above, the Company will inform the market.



## 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: .30/04/2020.....

Authorised by: .....  
By the board of Directors. Bill Nikolouzakakis and Stephen Quantrill

## 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.