



InPayTech
Integrated Payment Technologies Limited

Entitlement Offer Presentation

10 April 2019



Cautionary Statements

Nature of this document

This presentation has been prepared by Integrated Payment Technologies Limited (InPayTech, IP1 or Company) in relation to a pro rata non-renounceable entitlement offer (Entitlement Offer) of new ordinary shares (**New Shares**) in InPayTech to be made under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) (as modified by ASIC Corporations Instrument 2016/84). The Entitlement Offer will be made to eligible institutional shareholders of InPayTech (Institutional Entitlement Offer) and eligible retail shareholders of InPayTech (Retail Entitlement Offer).

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New shares may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

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Capital Raising Overview

Entitlement Offer size and structure

Entitlement Offer comprises:

- a 1 for 1 accelerated non-renounceable entitlement offer to existing shareholders to raise up to approximately A\$1.544 million:
 - \$0.770 million Institutional Entitlement Offer; and
 - \$0.774 million Retail Entitlement Offer
- Up to 154,420,149 new InPayTech shares may be issued under the Entitlement Offer (**New Shares**) (subject to rounding of fractional entitlements).
- Eligible retail shareholders who take up their full entitlement under the Retail Entitlement Offer, and new sophisticated investors will be able to apply for New Shares under the Retail Entitlement Offer (subject to allocation and scaleback in the Board's absolute discretion).¹
- New Shares issued under the Entitlement Offer will rank equally with existing InPayTech shares on issue.

1. The Retail Entitlement Offer will include a shortfall facility, under which eligible retail shareholders who take up their full entitlement will be able to apply for additional New Shares in the Retail Entitlement Offer from a pool of New Shares made up of those not taken up by other eligible retail shareholders. Any shortfall from these eligible retail shareholders may be made available to new sophisticated investors. There is no guarantee that applicants under the shortfall facility will receive all or any of the additional New Shares they apply for. Allocation and scaleback will be in the Board's absolute discretion.

**Pre-commitments & partial
underwrite**

- All Directors of InPayTech being Don Sharp, Paul Collins and Robin Beauchamp (or entities associated with them) along with InPayTech's largest shareholder Colin Scully (or entities associated with him) are supportive of the Entitlement Offer and have made binding commitments to take up their pro-rata entitlements under the Institutional Entitlement Offer, amounting to approximately \$0.770 million, or approximately 50% of the Entitlement Offer.
- In addition to taking up their pro-rata entitlements, Colin Scully, Don Sharp, Paul Collins and Robin Beauchamp (or entities associated with them) have also irrevocably agreed to underwrite the Retail Entitlement Offer shortfall facility to the value of \$100,000, \$100,000, \$100,000 and \$20,000 respectively for a fee of \$1 each.
- As a result of the above, assuming no other existing eligible shareholders take up their entitlements or any additional New Shares through the shortfall facility, and no new sophisticated investors subscribe for New Shares through the shortfall facility, the total minimum amount to be raised under the Entitlement Offer is \$1.090 million.

Price

- A\$0.01 per New Share
 - 25.9% discount to the theoretical ex-rights price (TERP)² of A\$0.014;
 - 41.2% discount to InPayTech's closing price on Tuesday, 9 April 2019 of A\$0.017; and
 - 42.9% discount to InPayTech's 5 day volume weighted average price (VWAP)³ of A\$0.018

Purpose

- If the maximum amount of \$1.544m is raised under the Entitlement Offer, the net proceeds will be used by InPayTech:
 - to support it attaining and maintaining industry accreditations;
 - to strengthen its balance sheet;
 - for general working capital purposes; and
 - for continued development of its ClickSuper, STP and PayVu solutions.
- If the minimum amount of \$1.090m is raised under the Entitlement Offer, the net proceeds will be used in the manner described above, except that most PayVu product development will be progressed only when InPayTech achieves positive cash flows.

2. The theoretical ex-rights price (TERP) is the theoretical price at which InPayTech ordinary shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which InPayTech's ordinary shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP.

3. The volume weighted average price (VWAP) is the average price a security has traded at throughout the day, based on both volume and price.

Offer of Employee Options

- After completion of the Retail Entitlement Offer, the Board proposes to issue a maximum of 15,000,000 options under the Company's Employee Share Option Plan (**ESOP**).
- The options will be offered to key employees (other than directors) as an incentive to achieve internal management budgets and product deliverables. More broadly, the purpose of the option grant is to enable the Company and its subsidiaries to retain skilled employees whilst also aligning the interests of employees to the interests of shareholders.
- The proposed option terms are (subject to the ESOP rules), and as follows:
 - each option gives the right to subscribe for or acquire one ordinary share in the Company;
 - nil consideration is payable for the option grant;
 - exercise price is 3.5 cents (\$0.035) per option;
 - options vest on the date 12 months from the date of grant of the options if:
 - (i) the market price of an ordinary share in the Company is at least \$0.035; and
 - (ii) the relevant employee remains in employment with the Company or its subsidiaries; and
 - exercise period ends 3 years after the date of grant of the options.
- The Company's full ESOP rules were disclosed to the market on 16 December 2016.
- The Company will not seek shareholder approval in relation to the proposed grant of options.

Brokerage

- If the Company uses a broker to offer any New shares from the Retail Entitlement Offer shortfall facility (if any), then the Company may pay a brokerage fee of up to 6%.

Strategic Rationale for Capital Raising

Service compliance and accreditation

- Under the ATO's Operational Framework for digital service providers, organisations providing Superstream1 and single touch payroll (STP)² services for Australian employers must be certified against either: iRAP; ISO / IEC 27001; OWASP ASVS3.0; or ISAE 3402 SOC2.
- InPayTech is in the process of attaining its ISO 27001 accreditation (expected to be obtained by end FY19).
- The ISO 27001 accreditation provides requirements for an information security management system (ISMS). An ISMS is a systematic approach to managing sensitive company information so that it remains secure. It includes people, processes and IT systems by applying a risk management process.
- However the Directors believe that in order to increase market share in the lucrative super fund markets, InPayTech will need to apply for certification under ISAE 3402 SOC2, a United States certification which is considered by market participants to be the premium security compliance standard for software-as-a-service (SaaS) companies. Only entities which demonstrate that good security practices are in place and operating effectively are granted this accreditation.

¹ SuperStream is the way businesses must pay employee superannuation guarantee contributions to super funds. With SuperStream money and data are sent electronically in a standard format.

² Single Touch Payroll (STP) is a new way of reporting tax and super information to the ATO. Employees tax and super information to is required to be sent each time an employer runs a payroll and pays employees.

ClickSuper

- ClickSuper is InPayTech's current main income generating product.
- Since its launch in 2010, ClickSuper has processed millions of superannuation and e-commerce transactions representing more than \$20 billion in value.
- ClickSuper has been developed with the intention to deliver highly secure, automated and compliant payment and message handling services, including SuperStream data transfers to the ATO.
- ClickSuper is one of eight active SuperStream service providers, operating in a highly competitive market.
- In addition to obtaining ISO and ISAE certification, key product enhancements and a renewed customer service focus are expected to assist strengthen existing customer relationships and facilitate revenue growth by targeting super fund customers.

Single touch payroll (STP)

- Single touch payroll (STP) services allows the ATO to be notified of Pay as You Go (PAYG) tax deductions and all pay details of every employee via encrypted messages sent to their application programming interface (API).
- Employers with 20 or more employees have been required by law to use STP since 1 July 2018, while smaller employers are required to adopt STP from 1 July 2019.
- The ATO will only accept STP messages from ATO approved secure providers of taxation and superannuation related services. ClickSuper has met the stringent ATO security requirements for Interim STP Acceptance and has been conditionally approved as a Sending Service Provider
- The Company has grown the number of STP transactions processed per month from less than 30,000 to more than 80,000 in the last 6 months.

PayVu

- Over the last 12 months PayVu has evolved from a simple payment assistant for SME business owners to a fully automated multi-feature payments platform.
- PayVu's main features comprise:
 - complete display of all due payments from the client's accounting system (eg XERO);
 - payment recommendations communicated by smart phone to business owners to approve or reject;
 - direct credit and BPay payments made via internet banking;
 - full accounting system synchronization;
 - automated supplier payment notifications;
 - multi-factor authentication for security; and
 - full payroll and SuperStream compliance.
- On 25th February 2019, InPayTech released the latest version of PayVu with the ability to interact with XERO and each of the 4 Australian "big banks". The Directors believe this accounts for around 54% of the accessible bookkeeper market in Australia.
- Since release, client feedback has highlighted 3 key areas for further development:
 - streamlining the multi factor authentication feature;
 - developing a feature for the smart phone application for business owners to allow a "swipe"- approve/reject a payment at an item level; and
 - other, general performance improvements.
- To expand the potential client base, InPayTech's current focus is to:
 - respond to the key areas for development noted above and continue to engage with potential clients who are using XERO; and
 - to continue the development of PayVu to include interfaces with MYOB and QuickBooks, as well as a longer list of banks.
- The speed at which InPayTech can expand the PayVu offering to a larger market depends on the amount raised under the Capital Raising (see page 7 for proposed use of offer proceeds).

Use of Funds – \$1.544m



(the maximum amount is raised)

This table displays intended use of funds if \$1.544m is raised (100% of the Entitlement Offer)			
Sources	\$m	Uses	\$m
Cash balance at 31 March 2019	0.5	ISO 27001 Accreditation application and maintenance	0.1
		ISAE 3402 SOC 2 Accreditation application and maintenance	0.2
Cash raised from Entitlement Offer	1.544	Continued development of ClickSuper and STP	0.3
		Enhancements to PayVu	0.72
		Costs of the Entitlement Offer	0.03
		Cash on hand for working capital and other purposes	0.694
Total sources of funds	2.044	Total uses of funds	2.044

Use of Funds – \$1.09m

(the minimum amount is raised)



This table displays intended use of funds if \$1.090m is raised (approximately 70.6% of the Entitlement Offer)¹

Sources	\$m	Uses	\$m
Cash balance at 31 March 2019	0.5	ISO 27001 Accreditation application and maintenance	0.1
		ISAE 3402 SOC 2 Accreditation application and maintenance	0.2
Cash raised from Entitlement Offer	1.09	Continued development of ClickSuper and STP	0.3
		Enhancements to PayVu	0.29
		Costs of the Entitlement Offer	0.03
		Cash on hand for working capital and other purposes	0.67
Total sources of funds	1.59	Total uses of funds	1.59
<p><small>1 The Company has received pre- commitments that represents \$0.770 million in addition to a partially underwritten value of \$320k of any shortfall from the Retail Entitlement Offer (ie a minimum of \$1.09m in total)</small></p>			

Proforma Balance Sheet Summary

\$'000	IPT Reviewed as at 31-Dec-18	Minimum pro forma as at 31-Dec-18	Maximum pro forma as at 31-Dec-18
Current assets			
Cash and cash equivalents	1,086	2,146	2,600
Trade and other receivables	235	235	235
Total current assets	1,321	2,381	2,835
Non current assets			
PPE	28	28	28
Intangibles	6,945	6,945	6,945
Deferred tax	893	893	893
Total non current assets	7,866	7,866	7,866
Total assets	9,187	10,247	10,701
Current liabilities			
Trade and other payables	199	199	199
Deferred government grant	237	237	237
Employee benefits	211	211	211
Total current liabilities	646	646	646
Non current liabilities			
Deferred tax	704	704	704
Total non current liabilities	704	704	704
Total liabilities	1,351	1,351	1,351
Net assets	7,836	8,896	9,350
Equity			
Issued capital	20,057	21,134	21,586
Share option reserve	813	813	813
Accumulated losses	(13,034)	(13,052)	(13,049)
Total equity	7,836	8,896	9,350

Entitlement Offer Timetable

Event	Date
Announcement of Entitlement Offer and InPayTech goes into Trading Halt	Wednesday 10 April 2019
Institutional Entitlement Offer closes (5pm, Sydney time)	Thursday 11 April 2019
Results of Institutional Entitlement Offer announced and Trading Halt lifted InPayTech shares resume trading on an “ex-entitlement” basis	Friday 12 April 2019
Record date for Entitlement Offer (7pm, Sydney time)	Friday 12 April 2019
Settlement of the Institutional Entitlement Offer Retail Entitlement Offer opens and Retail Entitlement Offer booklet dispatched	Wednesday 17 April 2019
Issue and quotation of New Shares issued under the Institutional Entitlement Offer	Thursday, 18 April 2019
Retail Entitlement Offer closes	Wednesday 15 May 2019
Issue of New Shares under the Retail Entitlement Offer	Wednesday 22 May 2019
Normal trading of New Shares issued under the Retail Entitlement Offer	Thursday 23 May 2019
The above timetable is indicative only and subject to change. InPayTech reserves the right to vary these dates (or times) or to withdraw the Entitlement Offer at any time.	

Post Offer Capital Structure

	Pre Entitlement Offer	Post Entitlement Offer (assuming the minimum of \$1.09m is raised through the Entitlement Offer)	Post Entitlement Offer (assuming the maximum of \$1.544m is raised through the Entitlement Offer)
Shares	154.42 Million	263.45 Million	308.84Million
Cash	\$0.5M (March 2019)	\$1.59M	\$2.044M
Market Cap (at \$0.017)	\$2.63M	\$4.48M	\$5.25M

Potential Effect of the Entitlement Offer on the beneficial ownership of InPayTech



Shareholder	Current number of shares over which holder has beneficial ownership	Current beneficial ownership percentage of InPayTech	Maximum number of shares over which holder may have beneficial ownership ³	Maximum beneficial ownership percentage of InPayTech ³
Colin Scully and associated entities	37,553,842	24.32%	85,107,684	32.30% ¹
Don Sharp and associated entities	33,259,437	21.54%	76,518,874	29.04% ¹
Acorn Capital Limited	9,673,002	6.26%	9,673,002	3.67% ²
Paul Collins and associated entities	4,176,687	2.70%	18,353,374	6.97% ¹
Robin Beauchamp and associated entities	2,070,645	1.34%	6,141,290	2.33% ¹

¹ Assumes that the only New Shares issued to these shareholders are shares the subject of pre-commitments.

² Acorn Capital Limited is listed as a substantial holder but has not pre-committed to take up its entitlement under the Entitlement Offer. For the purposes of this table InPayTech has assumed it does not participate in the Entitlement Offer.

³ This calculation is based on the minimum amount being raised (ie the only shares issued under the Entitlement Offer are those the subject of pre-commitments, and those issued to Colin Scully, Don Sharp, Paul Collins and Robin Beauchamp (and their respective associated entities) in accordance with their underwriting commitment) (see page 7 of the investor presentation for further details). If, for example, the Retail Entitlement Offer is fully subscribed then the underwriting commitment from Colin Scully, Don Sharp, Paul Collins and Robin Beauchamp will not be called upon and the beneficial ownership percentages set out in the fifth column of the table in relation to Colin Scully, Don Sharp, Paul Collins and Robin Beauchamp will be reduced.

Key Risks

Introduction

An investment in InPayTech will be exposed to a number of risks.

Risks include key risks relating to InPayTech's business that senior management and the Directors focus on when managing the business and have the potential, if they occurred, to result in significant consequences for InPayTech and an investment in it, and also other risks that the Directors regard as being potentially material. These risks are described below.

There are also risks that are common to an investment in shares and which are not specific to an investment in InPayTech; for example, the general volatility of share prices including as a result of general economic conditions (including monetary and fiscal policy settings as well interest rates) in Australia and other events outside the usual course of InPayTech's business such as acts of terrorism or war.

Investors should note that the occurrence or consequences of some of the risks described in this section are partially or completely outside the control of InPayTech, its Directors and senior management. Further, investors should note that this description is a summary only and does not purport to list every risk that InPayTech may face now or in the future. It is important to note that there can be no guarantee that InPayTech will achieve its stated objectives or that any forward looking statements contained in this presentation will be realised or otherwise eventuate.

Investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described below, and have regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this presentation, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

Current revenue value

InPayTech's current revenue streams are primarily from clients contracted to use ClickSuper. Client contract renewals occur on a rolling basis. There is a risk that not all contracts with existing clients will be renewed or that new clients will not contract with InPayTech.

Regulatory Risks

In order to maintain its ATO approval and continue to provide the ClickSuper service as intended, InPayTech must obtain ISO 27001 accreditation. In order to increase market share in the superfund markets and execute its growth strategy, the Directors believe InPayTech must obtain ISAE 3402 SOC2 accreditation. There is a risk that InPayTech may not obtain these accreditations, or that when it does obtain these accreditations, it is unable to maintain them. This could be as a result of changes to the accreditation requirements, or an inability to meet the existing requirements. A failure to obtain or maintain these accreditations could restrict InPayTech's business operations and its ability to generate revenues.

As with all companies involved in providing financial services products, InPayTech must comply with a frequently changing regulatory environment. There is a risk that InPayTech may fail to comply with regulatory requirements that exist now or are introduced in the future, which could lead to an increase costs of operations, more onerous legal and administrative hurdles, or restrict InPayTech's business operations and its ability to generate revenues.

Accreditation as a Gateway

An entity must be approved by the ATO as a 'Gateway' in order to be eligible to send or receive SuperStream messages via the SuperStream Transaction Network. The ATO approval of ClickSuper is subject to InPayTech obtaining ISO 27001 accreditation by December 2019. There is a risk that InPayTech's Gateway approval could be withdrawn by the ATO if InPayTech does not meet its obligations under the ATO's Operational Framework for digital service providers, including if ClickSuper does not receive ISO 27001 accreditation by December 2019. If ClickSuper's ATO approval is removed, ClickSuper will be unable to act as a 'Gateway', limiting its ability to operate as a 'Clearing House'. If InPayTech was unable to contract with another Gateway approved operator, then InPayTech would not be able to continue providing its SuperStream services.

Competing products

InPayTech operates in a competitive market. It is aware of several other companies providing similar products to ClickSuper and STP. Competitors may be large companies which have access to significant resources with which to compete with InPayTech. Competitors (existing or new) may be able to market and/or develop products that are more effective and/or more cost effective.

Payroll groups or software providers could develop their own Clearing House and establish a Gateway. If this is the case, ClickSuper could lose these payroll groups as clients which would adversely affect the performance and growth prospects of InPayTech.

Dependence on key personnel

The operations and future success of InPayTech depends upon the efforts and abilities of its key executives. The loss of any of these people's services could adversely affect InPayTech's performance and its ability to execute its growth strategy.

Funding

The proposed use of funds set out in this presentation is based on estimates and assumptions about certain events and circumstances which have not yet taken place, and are therefore subject to variation and possible non fulfilment. There can be no assurances as to the accuracy of estimated expenditure or funding needs described in this presentation. If the Entitlement Offer is not fully subscribed, in the absence of other sources of funding on a timely basis, InPayTech may not be able to fund all activities.

Future capital needs

If the Entitlement Offer is not fully subscribed, or if InPayTech takes longer to become cash positive, it may be necessary for InPayTech to raise additional funds in order to undertake further product development or fund other working capital needs which arise. There is no assurance that such funding will be available to InPayTech in the future or that it will be available on acceptable terms.

Risk of dilution

In the future, InPayTech may elect to issue new securities including in connection with fundraisings to deliver its growth strategy. While InPayTech will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital it is able to issue within a 12 month period (other than where exceptions apply), investors may be diluted as result of such issues of securities.

Unanticipated Market Changes

It is possible that the superannuation and/or electronic payments markets may change in a way not anticipated by InPayTech. This change may be caused by the influence of single touch payroll, for example, if superannuation funds were to invest in a methodology to create a path between the employer and the ATO. Such changes may adversely affect the growth prospects, operating results and financial performance of InPayTech.

Contractual and Counterparty Risks

As a party to many contracts, InPayTech will have various contractual rights in the event of noncompliance by a contracting party. However, no assurance can be given that all contracts will be fully performed by all contracting parties and that InPayTech will be successful in securing compliance with the terms of each contract by the counterparties to its contracts.

InPayTech's material contracts may contain provisions providing for early termination of the contracts, on giving notice and paying a termination amount (which varies between the contracts). The early termination of any of these contracts, for any reason, may mean that InPayTech will not realise the full value of the contract, which is likely to adversely affect the growth prospects, operating results and financial performance of InPayTech.

Litigation

InPayTech is not currently involved in any material contractual disputes or litigation, arbitration or government prosecution matters. There is a risk that InPayTech may in the future have disputes with its customers/suppliers or other third parties (including payment disputes) and this may have an adverse impact its growth prospects, operating results and financial performance.

Disruption of Business Operations

InPayTech and its customers are exposed to a large range of operational risks relating to both current and future operations. Such operational risks include equipment failure, accidents, information systems failure, external services failure, industrial action or disputes. While InPayTech endeavours to take appropriate action to mitigate these operational risks and, where the Directors consider it practicable, insure against them, InPayTech cannot remove all possible risks of disruption to its business operations, and it cannot control the risks its clients are exposed to. A disruption in InPayTech's operations or those of its clients may have an adverse impact its growth prospects, operating results and financial performance.

Failure in Technology

The provision of InPayTech's services is a technically complex business requiring the deployment of sophisticated systems and technology. InPayTech depends on the capability and reliability of its information technology systems, and those of its key service providers to process transactions, report financial results and manage its business. A failure in these systems and technology could adversely affect its ability to deliver its services to clients. This may adversely affect InPayTech's business and severely damage its reputation.

A failure of critical computer equipment may also affect some or all of InPayTech's key service providers or suppliers. In such situations, InPayTech may not be able to source adequate or alternative sources of supply, which could impact on its ability to meet customer demand and impact the financial performance and future prospects of its business. Significant or sustained failure of the information technology systems of InPayTech's key service providers, or a disruption in the relationship between InPayTech and its key service providers would have a material adverse effect on the its financial performance.

Data Breach, Misuse and Breach of Privacy

Through the ordinary course of business, the InPayTech collects a wide range of confidential information. The ability to derive an employee's total salary from their superannuation guarantee amount and the emergence of identity theft has meant privacy and confidentiality of employee/employment information is a priority to all employers. Similarly, the secure carriage of superannuation payment details from payroll processing to the respective superannuation funds is also critical.

InPayTech maintains and relies extensively on information technology systems and network infrastructures for the effective operation of its business. It is also dependent on reliable telecommunication and information technology provision by third parties. Cyber-attacks may compromise or breach the technology platform used by InPayTech to protect confidential information. There is a risk that the measures taken by InPayTech may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or InPayTech's failure to protect confidential information could result in the loss of information integrity, or breaches of InPayTech's obligations under applicable laws (e.g. privacy law) or customer agreements, each of which may materially adversely impact InPayTech's financial performance and reputation.

Techniques used to gain unauthorised access to private networks are constantly evolving and InPayTech may be unable to anticipate or prevent unauthorised access to data pertaining to its customers, which could include personally identifiable information. InPayTech's services are vulnerable to computer viruses, phishing attacks or other attacks and similar disruptions from unauthorized use of its systems, any of which could lead to system interruptions, delays or shutdowns, causing loss of critical data or the unauthorized access to personally identifiable information.

If an actual or perceived breach of security occurs of InPayTech's systems, it may face civil liability and public perception of its security measures could be diminished, either of which would negatively affect InPayTech's ability to attract or maintain customers. InPayTech also would be required to expend significant resources to mitigate any such breach of security and to address related matters.

Liquidity and Realisation Risks

InPayTech is a small company when compared to other companies listed on ASX. As a result there may be limited liquidity of its shares on ASX at any given time. This may increase the volatility of the market price of the shares as well as the prevailing market price at which shareholders are able to sell their shares. This may result in shareholders receiving a market price for their shares that is less than the price paid for their shares.

Concentration of Shareholding

Following completion of this capital raising, the Directors and one other shareholder (Mr Colin Scully) or their associated entities will hold the beneficial ownership of: 70.64% at the minimum subscription; or 49.90% at the maximum subscription (if all holders take up their full entitlement) of the shares in InPayTech. As a result these shareholders may be in a position to exert significant influence over the operations and outcomes of InPayTech including the election of Directors and approval of major transactions.

Reliance on Internet Access

InPayTech will depend on the ability of its customers and the payment recipients to access a deployed solution over telecommunications and internet access and to feel confident processing financial transactions online. Access is provided by various classes of entities in the telecommunications, broadband and internet access marketplace. Should any of these entities experience disrupted or restricted access to InPayTech's products or services, including prohibitive costs, usage of those products or services may be negatively impacted. Further, any reduction in levels of trust or confidence in online integrity may negatively impact usage of InPayTech's products or services

Programming Errors

InPayTech’s products contain complicated programming and its objectives are to quickly develop and launch new and innovative products and features. They may therefore contain, now or in the future, errors, bugs or vulnerabilities or not be sufficiently documented or tested. Any errors, bugs or vulnerabilities discovered may take time to be remedied if not properly documented and could result in (among other consequences) damage to brand of InPayTech and its products or services, loss of customers, loss of platform partners, fall in revenues or liability for damages, any of which could adversely affect InPayTech’s business and operating results.

Failure to Listen and Satisfy Customer Requirements

The development and refinement of InPayTech’s products and services requires InPayTech to work closely with existing and potential customers to listen to and understand their needs. There is the risk that InPayTech may fail to maintain its current service culture, for example by failing to listen to its customers, and may not develop products or provide services that satisfy its customers’ requirements. This may negatively impact InPayTech’s reputation and its customers’ adoption of new products or services, and ultimately adversely impact InPayTech’s revenue and profitability.

Uncertainty of market acceptance of InPayTech’s products

Sales and growth in sales of ClickSuper and STP products largely depend on the level of acceptance by medium to large superannuation funds. While InPayTech has made good progress in this market, there is a risk that this progress will not continue and InPayTech will not be able to execute its growth strategy.

Sales and growth in sales of PayVu largely depend on the level of acceptance by bookkeepers using the Xero accounting system and any (or all) of the “big 4” Australian banks. The product has only recently been released and there is a risk that InPayTech will not be able to grow its client base or expand its offering to enable it to service bookkeepers using other accounting software packages or other banks which will limit its performance and its ability to execute its growth strategy.

Risks associated with an investment in shares

There are general risks associated with investments in equity capital such as InPayTech's shares. The trading price of InPayTech's shares may fluctuate with movements in equity capital markets in Australia and internationally. Generally applicable factors that may affect the market price of shares include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- changes in the interest rate and the rate of inflation;
- changes in government legislation and policies, in particular taxation laws and International Financial Reporting Standards;
- announcement of new technologies;
- natural disasters and geo-political instability, including international hostilities and acts of terrorism;
- demand for and supply of InPayTech's shares; and
- analyst reports.

No assurances can be given that the New Shares will trade at or above the Offer Price. None of InPayTech, its or any other person guarantees the market performance of the New Shares. The operational and financial performance and position of InPayTech and the price of InPayTech's shares may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or that existing risks manifest themselves in ways that are not currently foreseeable.

A\$ means the lawful currency of the Commonwealth of Australia.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Big 4 means Commonwealth Bank of Australia (CBA), Westpac Banking Corporation (Westpac), Australia and New Zealand Banking Group (ANZ) and National Australia Bank(NAB).

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company, IP1 or InPayTech means Integrated Payment Technologies Limited (ACN 611 202 414).

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company as at the date of this presentation.