



InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)



Quarterly Activity Report



Sydney, Friday 24 April 2020

ClickSuper

By bringing together compliance, regulation and elegant payment solutions, ClickSuper's integrated payroll network continues to grow, having added new payroll providers each month.

In addition to new integrated payment solutions, increased security and automation, ClickSuper continues to innovate to deliver greater value and functionality for our customers in line with their changing needs.

Building on our core competency in delivering automated payment and compliance solutions, ClickSuper is well positioned to help our customers through the myriad of changing requirements resulting from COVID-19 and the federal government's response. For example, this includes passing all required data to the ATO for payments related to the JobKeeper initiative.

Staying in close contact with our customers and being responsive to their requirements enables ClickSuper to support all our customers during this challenging time.

PayVu

The major development phase of PayVu is now complete with the release into production of PayVu's partner API integration with Xero. It was planned to launch this release at the Accounting Business Expo Conference in Sydney in March. Unfortunately, this conference was cancelled due to COVID-19 and has been rescheduled for later in the year. Subsequently the off shore development team are being rolled off during April followed by a number of local development and testing resources during May and July. Robin Beauchamp will conclude his executive duties as Chief Technology Officer (with his employment contract ceasing on 8 July 2020) and will remain as a director on the board. It should be noted, moving forward, capitalised costs will be significantly reduced.

PayVu now enables bookkeepers and accountants to add or automate a payment solution for their customers. By replacing double handling and rework, with automation with enhanced security, PayVu allows bookkeepers and accountants to provide a complete and scalable accounts payable solution for all their customers. PayVu eliminates low value customer contact in payment processing. It provides a true separation of duties and reduces cyber security risks with multifactor authentication. It also enables complete accounts payable processing for all customers in minutes, not hours.

Withdrawal of Earnings Guidance

On 3 October 2019, the company issued a market update in relation to expected revenues for FY20. Given the current uncertainty created by COVID-19 and associated challenges to providing accurate forecasts, we withdraw the guidance as we feel it is no longer appropriate to provide earnings guidance.

Unaudited Financial Results

Attached is the unaudited consolidated Profit/(Loss) for the 9 months ending 31 March 2020.

Please note that the financial results shown in this release have not been audited and may be subject to change once the auditor's review has been completed.

This Quarterly Activity Report has been authorised for release to ASX by the Board.



Donald Sharp
EXECUTIVE CHAIRMAN
0419 632 315
don.sharp@inpaytech.com.au

Investors should be aware that certain financial measures included in this announcement are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information / non-GAAP financial measures include EBITDA and EBIT. The Company believes the non-IFRS financial information / non-GAAP measures provide useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS financial information / non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information / non-GAAP financial measures included in this presentation.

Consolidated Profit/(Loss) for the 3 months ending 31 March 2020

	QE	QE	QE	YTD
	30/09/2019	31/12/2019	31/03/2020	31/03/2020
	\$	\$	\$	\$
Revenue	377,064	362,297	357,351	1,096,712
Other Income	16,916	16,916	16,916	50,748
Cost of sales	-106,969	-104,384	-104,819	-316,172
Gross profit	287,011	274,829	269,448	831,288
Operating expenses	-262,893	-207,028	-231,835	-701,756
Operating profit	24,118	67,801	37,613	129,532
Interest	3,644	180	-7,692	-3,868
Corporate overheads	-468,301	-435,922	-422,986	-1,327,209
	-464,657	-435,742	-430,678	-1,331,077
EBITDA	-440,539	-367,941	-393,065	-1,201,545
Non-cash expenses				
Depreciations	-315,717	-315,717	-320,117	-951,551
Impairment Expense	0	0	0	0
Tax (expense)/benefit	70,450	-70,450	-271,836	-271,836
Cost of Options	-32,637	-32,637	-32,637	-97,911
	-352,036	-418,804	-624,590	-1,321,298
Net profit/(loss) for the period	-718,443	-786,745	-1,017,655	-2,522,843

The background features a dark blue grid pattern. A large, light blue arrow points upwards from the bottom center. A white dashed arrow also points upwards, following the path of the light blue arrow. At the bottom, a globe is visible, surrounded by concentric circular lines and a grid pattern, suggesting a global network or data flow.

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Integrated Payment Technologies Limited
ACN. 611 202 414

Level 5, 28 Margaret Street
Sydney, NSW 2000

Telephone: 02 8090 1130

Fax: 02 8090 1139

Email: info@inpaytech.com.au

Website: www.inpaytech.com.au

Appendix 4C

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

Name of entity

Integrated Payment Technologies Limited (Company)

ABN

50 611 202 414

Quarter ended ("current quarter")

31 March 2020 (Quarter 3)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	413	1,103
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(36)	(247)
(c) advertising and marketing	(46)	(145)
(d) leased assets		
(e) staff costs	(422)	(1,232)
(f) administration and corporate costs	(227)	(635)
1.3 Dividends received (see note 3)		
1.4 Interest received		5
1.5 Interest and other costs of finance paid	(8)	(9)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(326)	(1,160)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(2)	(5)
(d) investments		
(e) intellectual property	(63)	(133)
(f) other non-current assets	(178)	(584)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.....months) \$A'000
2.2 Proceeds from disposal of:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(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)		
2.6 Net cash from / (used in) investing activities	(243)	(722)

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	400	600
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
3.10 Net cash from / (used in) financing activities	400	600

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	347	1,460
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(326)	(1,160)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(243)	(722)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	400	600

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	178	178

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	21	120
5.2	Call deposits	158	227
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)	178	347

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000

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 <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	750	600
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	750	600

7.5 **Unused financing facilities available at quarter end** 150

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.

A loan facility with the following terms was entered into by the Company on 30 October 2019:

- a) Lenders: Donald Financial Enterprises Pty Ltd ATF The Elysium Trust, Parmms Enterprises Pty Ltd ATF Parmms Investments Unit Trust and Scully Financial Services Pty Ltd
- b) Aggregate Loan Commitment: \$750,000
- c) Interest Rate: 8% per annum
- d) Unsecured loan.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(326)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	178
8.3 Unused finance facilities available at quarter end (Item 7.5)	150
8.4 Total available funding (Item 8.2 + Item 8.3)	328
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	1

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: No

The major development phase of PayVu is now complete with the release into production of PayVu's partner API integration with Xero. Subsequently, the off shore development team are being rolled off during April followed by a number of local development and testing resources during May and July. Robin Beauchamp will conclude his executive duties as Chief Technology Officer and will remain as a director on the board. It should be noted, moving forward, capitalised costs will be significantly reduced.

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:

Additional loan funds from the shareholders who provided the \$750,000 facility are highly likely to be provided. These funds plus the Federal Government financial assistance schemes and reduction in costs set out in 1 above, are expected to be sufficient funds for the September quarter.

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

Yes on the basis of answers to 8.6 (1) and 8.6 (2) above

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: 24 April 2020

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

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.