

# Annual Results Presentation

26 August 2020

# InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)

Authorised by the Board

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# From the CEO

- Year of consolidation and refocused strategy
- Completion of PayVu development
- Reduction of IT development costs
- Initiated acquisition of BizIntegration (TipsGo)
- Repositioning of ClickSuper from a compliance payment platform to be a member/employee engagement platform
- Debt free post 30 June 2020 and balance sheet strengthened
- The delegate of the Commissioner of Patents at IP Australia has issued a decision in favour of granting our patent application. The Australian patent is expected to be granted by the end of the 2020 calendar year, or early in 2021. If granted as expected, this will be the eighth patent from InPayTech across the globe

# Our 12 month Plan

## Integrate

- Finalise BizIntegration (TipsGo) acquisition – shareholder approval at EGM early October
- Merge Tipsgo with ClickVu initial build to create the base platform
- Expose Australian patented payment API to platform
- Merge PayVu functionality into ClickSuper for a “pay today” capability

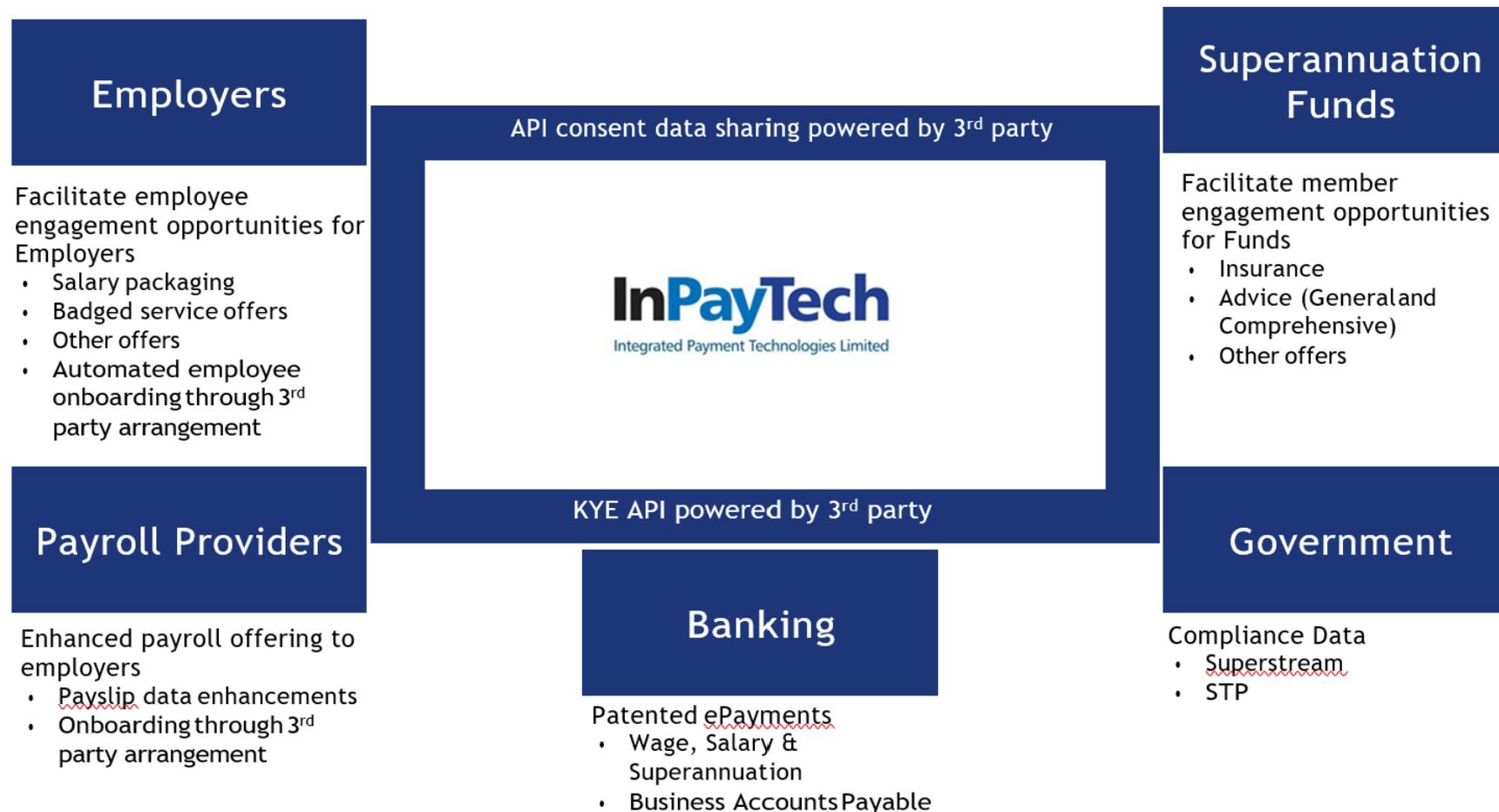
## Collaborate

- 3 pillars to a unique member/employee engagement platform
  - Digital Identity – Using 3<sup>rd</sup> party services, allow individual consent for data use through Consumer Data Rights
  - Data driven – using payroll and payments data to allow the individual to control and monetise their own data on their terms
  - Distribution – open platform to allow institutions (employers, superannuation funds, banks) to configure their choice of services

## Perform

- Reprice and relaunch ClickSuper to move from a compliance payment service to a value added engagement platform with the plan to:
  - Allow ClickSuper to compete more strongly in the market
  - Accelerate revenue growth
  - Open up new revenue opportunities

# Enhanced digital engagement is expected to be facilitated through third party collaboration (under discussion)



# How the platform will work<sup>1</sup>

## The Platform

The Platform has over 140 APIs available. Sample applications and sandboxes are available for partners to rapidly build new digital applications leveraging the APIs.



## Deployment Mode

The platform allows multiple deployment models. Partner organisations can:

- (a) deploy it completely within the organisation's environment, or
- (b) deploy it as a SaaS model



## Quicker and Easier for Partners to build new digital build applications

The platform has a well defined process for Partners to rapidly build new digital applications. Steps for Partners include:

- 1) Registering New Application Name
- 2) Selecting APIs to be used
- 3) Defining Market place products and customer segments
- 4) Using Sample application and Code
- 5) Using API test and data tools
- 6) Launching new Application
- 7) Analytics test and learn

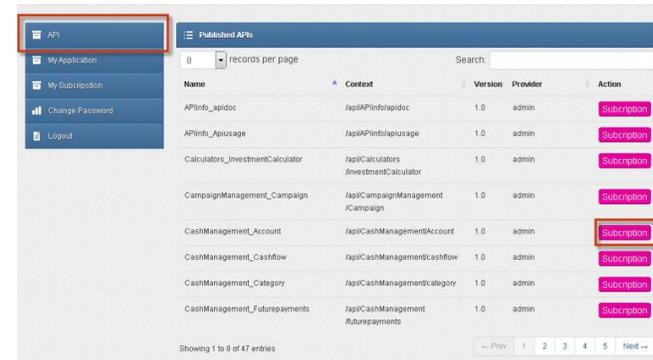
<sup>1</sup> – Subject to shareholder approval of the TipsGo acquisition

# How A Partner Creates an Application

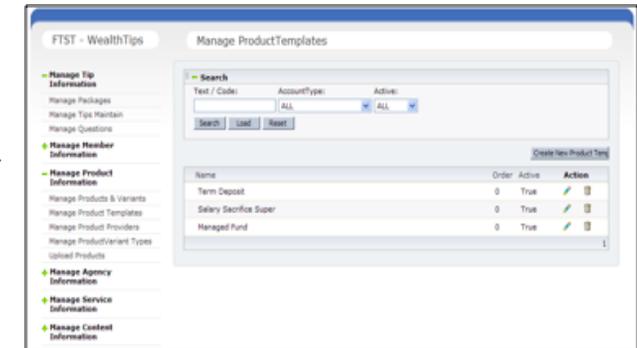
1) Adds New Application Name



2) Selects APIs to be use



3) Define Market place products and customer segments



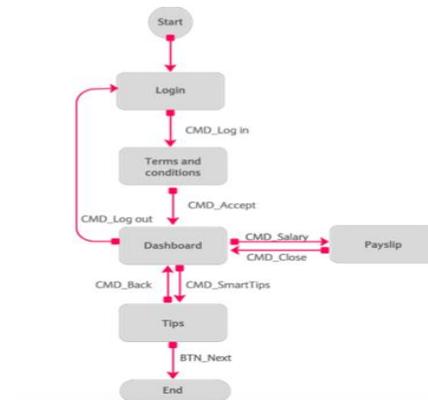
7) Analytics test and learn



6) Launch new Application



5) Use API test and data tools



4) Use Sample application and Code



# FY20 Detailed Financials

# Results Summary

- The NPBT for the financial year ended 30 June 2020 was a loss of \$3,671,857 (2019 loss \$12,969,059).
- The EBITDA after including the non-cash cost of Depreciation (2019 Depreciation and Impairment) loss and non-cash share option costs was a loss of \$1,748,755 (2018 loss \$1,168,473).
- The impact of the coronavirus (COVID-19) pandemic up to 30 June 2020 has been neutral for the InPayTech group except for the significant and progressive lowering of interest rates over the financial year which has resulted in a materially adverse impact on ClickSuper float income and marketing of PayVu.
- The Company had a successful Share Placement prior to 30 June 2020 and a follow-on Entitlement Offer to existing shareholders with funds received post June. The funds raised from the Entitlement Offer, together with the Placement, were \$3,471,302. The Company has now repaid the borrowings of \$750,000 and is debt free.

# FY20 Financial Results

	FY20 \$m	FY19 \$m	Movement
Service Fee Revenue	1.43	1.73	-17.4%
Direct Costs	0.50	0.45	
Gross Profit	0.93	1.28	-27.1%
Gross Profit Margin	65.3%	74.0%	
Other Income	0.07	0.09	
Operating Expenses	2.75	2.54	8.4%
Underlying EBITDA <sup>1</sup>	-1.75	-1.17	-49.7%
Non recurring revenue	0.10	0	
Depreciation & Amortisation	1.85	2.07	
Impairment of receivables	0.05	9.67	
Employee share scheme	0.07	0.06	
NPBT	-3.67	-12.97	
Tax	0.01	-0.05	
NPAT	-3.67	-13.02	

<sup>1</sup> EBITDA and underlying EBITDA are non-statutory financial measures which are not prescribed by Australian Accounting Standards (AAS). They represent the profit under AAS adjusted for Interest, Tax, Depreciation and Amortisation and certain other specified items. The Directors consider that EBITDA and underlying EBITDA reflect core earnings of the entity consistent with internal reporting.

- Service Fee Revenue - Float Interest impacted by significant reduction in Interest rates which reduced income in FY20 by \$371,634.
- The Company is planning to partly meet this loss of income by increasing ClickSuper transaction fee income, commencing next quarter. This will be the first time fees have been increased since the business commenced.
- The Company is also planning to introduce a new service Pay Direct or “pay today” with a higher fee structure which has no Float Income.

# Costs Breakdown

	FY20 \$m	FY19 \$m	Movement
<b>Operating Expenses</b>			
Employment Related Costs	1.76	1.47	
IT Hosting and Transaction Fees	0.50	0.45	
Professional fees and Consulting	0.35	0.28	
Other expenses	0.74	0.80	
<b>Total Operating Expenses</b>	<b>3.34</b>	<b>3.00</b>	<b>-11.37%</b>
<b>Depreciation &amp; Amortisation</b>			
Depreciation & Amortisation	1.85	2.07	
Impairment of Goodwill	0	9.67	
Impairment of Receivables	0.05	0	
	<b>1.90</b>	<b>11.74</b>	<b>-83.83%</b>
<b>One-off expenses</b>			
Patent related	0.01	0.01	
Research & Development related	0	0.04	
Finance costs	0.02	0	
	<b>0.03</b>	<b>0.05</b>	<b>-35.99%</b>

- Operating expenses increased by 11.4% primarily through the increase in Salaries. Since the completion of PayVu, salaries have been reduced, after new appointments, by \$412k pa
- With the completion of PayVu development and the acceleration of amortization of client contracts in H1 FY20, ongoing amortisation costs are expected to reduce

# Cash Flows

	FY20 \$'m	FY19 \$'m
Receipts from customers	1.51	2.03
Payments to suppliers and employees	-3.07	-2.88
Government COVID assistance	0.10	0.00
Interest and other finance costs paid	-0.03	-0.01
Net interest and other income	0.01	0.03
<b>Operating cash flows</b>	<b>-1.48</b>	<b>-0.83</b>
Payments for plant & equipment	-0.01	-0.01
Payment for intangibles	-0.82	-1.20
<b>Investing cash flows</b>	<b>-0.83</b>	<b>-1.21</b>
Proceeds from issues of shares	1.16	1.54
Proceeds from Shareholder Loans	0.75	0.00
Share Issue Transaction Cost	-0.08	-
<b>Financing cash flows</b>	<b>1.83</b>	<b>1.54</b>
<b>Net cash flow</b>	<b>-0.48</b>	<b>-0.50</b>

- PayVu product is now complete which was \$684,418 of the Intangibles spend
- Entitlement Issue in July 2020 raised \$2,316,303 before fees

# Statement of Financial Position

	30 Jun 20 \$m	30 Jun 19 \$m
Cash and cash equivalents	0.99	1.46
Trade and other receivables	0.25	0.27
<b>Non-current Assets</b>		
Property, Plant and Equipment	0.02	0.03
Intangible assets	2.61	3.55
Deferred tax assets	0.00	0.56
<b>Total assets</b>	<b>3.87</b>	<b>5.87</b>
<b>Liabilities</b>		
Trade and other payables	0.49	0.24
Deferred R&D government grant	0.07	0.07
Employee benefits	0.19	0.22
Borrowings	0.75	-
Provisions	0.18	-
<b>Net Assets</b>	<b>2.18</b>	<b>0.53</b>
Paid up capital	22.69	21.60
Share option reserve	0.07	0.68
Accumulated losses	-20.63	-17.64
<b>Total equity</b>	<b>2.13</b>	<b>4.64</b>

- Entitlement Issue in July 2020 raised \$2,316,303 before fees
- Shareholder loan repaid in July 2020
- Reduction in intangible assets attributed to accelerated amortisation of client contracts

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