



InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)



Quarterly Activity Report - 30 September 2020

Sydney, Friday 30 October 2020

TipsGo Acquisition Complete

The acquisition of the TipsGo/BizIntegration platform by **Integrated Payment Technologies Limited** (ASX: IP1) (InPayTech) was completed during the quarter, with shareholders supporting the issue of the TipsGo Acquisition shares at the General Meeting held on 8 October.

TipsGo Upgrade to ClickVu Completed

The ClickVu platform has been designed to support and accelerate the efforts of third-party developers and service providers on a unified platform that empowers consumer data rights (CDR) and is representative of InPayTech's authority in compliance and payments. From a technical perspective the platform has been designed to scale and adapt to new market conditions, domestically and internationally, with minimal development and support implications, and provides a marketplace for commercialising in-house development, with several projects in development at this time.

This quarter has seen TipsGo transition from a vertically scalable application and data repository, into a massively horizontally scalable cloud-based solution – ClickVu. We have moved from a relational data model to NoSQL, from RESTful APIs to GraphQL. The modernised architecture ensures the platform is both cost-effective and performant, catering to the dynamic opportunities the platform creates. Key to the product's direction was a strategy of innovation and third-party partnering, the enhancement of ClickVu technology base ensures the platform is a compelling offer for our partners technically, and provides future proofed tooling for commercialising financial applications for greater engagement.

Go to Market

A demo version of ClickVu is expected to be available for early adopters to review during mid-November.

With the acquisition of TipsGo completed, the go to market strategy has been initiated and discussions with ClickSuper's existing integrated payroll network have been promising. High interest in the platform's initial service offerings has been consistent across the industry, particularly as greater digitisation of payments and the delivery of services has been accelerated with Covid-19 restrictions. All payroll vendors understand the need to provide additional automation, services and access to flexible payment options for both employers and employees alike. At the same time the superannuation industry is redefining advice models to reduce cost and provide scalable and ideally specific advice to inform and guide members' wealth creation. ClickVu by using our payment process patent facilitates regular engagement, aligned to periodic payments, and is ideally positioned to leverage rich payroll data and aggregated financial information with personal preferences to simultaneously deliver scalable and specific advice and solutions to employees and members as and when requirements arise and change.

To increase levels of adoption on the platform we're working with proof of concept (PoC) partners, who bring a wealth of foresight and breadth of market coverage, to guide and prioritise the services ClickVu delivers.

In collaboration with payroll industry veterans and aggregators TipsGo has been enhanced using technology to create ClickVu. ClickVu is an engagement and collaboration platform as a service (PaaS)

designed to empower working Australians with timely and easy access to financial and wellbeing, information, insight and services. By frictionlessly facilitating timely engagement ClickVu aims to enable service providers to offer tailored services and solutions as and when they are most valuable to their customers.

ClickVu Verifier Collaboration

Our collaboration with Verifier empowers consumers to provide proof of income to third-parties leveraging ClickSuper, with full compliance and CDR. The main development has been completed and we move into system testing in early November. This new revenue stream is again supported by cloud technology, with a focus on low-cost high-volume transaction processing, and extends the API driven development and philosophy of the ClickVu platform.

ClickVu and ClickSuper

ClickSuper's proven core competencies in delivering compliance and payment automation form the foundation for the ClickVu engagement and collaboration platform. ClickVu enhances and provides a point of difference which aims to drive ClickSuper growth in three key areas. Firstly, by increasing its penetration and take up with more employers and employees who are already using a payroll service enabled with ClickSuper. Secondly, by helping to grow ClickSuper's payroll network and thirdly by providing additional high value services to both existing and new customers.

PayVu

Covid-19 has proven to be a double-edged sword for PayVu. The economic impact on many target industries has been significant. That said, PayVu's ability to provide a true separation of duties for bookkeepers, accountants and their SME and medium business customers together with the increased automation and security to process payments has been embraced by segments of the industry, who recognise the risks and spike in cybercrime, as they adapt and refine services with their customers on the digital service delivery journey.

The focus for PayVu remains on growing the customer base this year. With the Accounting Business Expo moving to a virtual event in November we're keen to see if the virtual format can support our growth requirements as well as the traditional face to face expo format. Any shortfall will be managed with increased digital marketing following the event.

Unaudited Financial Results

Attached is the unaudited consolidated Profit/(Loss) for the 3 months ended 30 September 2020.

Our cost reduction initiatives have significantly reduced our material recurring costs in the business. The intention is to continue our prudential approach to costs in subsequent periods while we simultaneously focus on generating new recurring revenue from existing and new services.

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.

Appendix 4C

The cash flow for the quarter ending 30 June 2020 was affected by the accrual at 30 June 2020 of a number of one-off expenses which were paid during the quarter ending 30 September 2020 as itemised below

Cash Flow from Operations as reported in 4C (741)

Expenses accrued before 30 June 2020 and paid the September Quarter:

Termination Payments

Redundancy	75	
Long Service Leave	64	
Holiday Pay	40	
One Off Expenses	59	
Annual Insurance fees	78	
Consulting Fees	<u>37</u>	
		<u>353</u>
Normalised Cash Flow		<u>\$ (388)</u>

This Quarterly Activity Report and the attached Appendix 4C (Quarterly Cash Flow report) have been authorised for release to ASX by the Board.



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EXECUTIVE CHAIRMAN
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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.

This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of InPayTech to be materially different from those expressed or implied in this release including, amongst others, changes in general economic and business conditions, regulatory environment, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, InPayTech assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, InPayTech and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release. This release should be read in conjunction with InPayTech's ASX announcements and releases.

Unaudited Consolidated Profit/(Loss) for the 3 months ending 30 September 2020

	QE 30/09/2020	QE 30/06/2020*
	\$	\$
Revenue	312,646	335,504
Other Income	91,916	116,916
Cost of sales	-114,715	-179,188
Gross profit	289,847	273,232
Less Overheads		
Administration Costs	81,577	169,143
Consulting Fees	100,056	124,925
Interest Paid	178	15,023
Employment Costs		
Directors Fee	47,390	62,011
Redundancy Fees	-	79,616
Salaries	310,191	347,480
Occupancy Costs	17,920	17,812
Net Loss	-267,465	-542,778

* Final audited numbers

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")

30 September 2020 (Quarter 1)

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	308	308
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(77)	(77)
(c) advertising and marketing	(9)	(9)
(d) leased assets		
(e) staff costs	(477)	(477)
(f) administration and corporate costs	(485)	(485)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(2)	(2)
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	(741)	(741)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	(26)	(26)
(c) property, plant and equipment		
(d) investments		
(e) intellectual property	(35)	(35)
(f) other non-current assets	(67)	(67)

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	(128)	(128)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,316	2,316
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	(85)	(85)
3.5	Proceeds from borrowings	(750)	(750)
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	1,481	1,481

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	991	991
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(741)	(741)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(128)	(128)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,481	1,481

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	1,603	1,603

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	1,471	1,471
5.2	Call deposits	132	970
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)	1,630	991

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
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	

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		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
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.		
<div style="border: 1px solid black; height: 100px; width: 100%;"></div>			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(741)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,603
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	1,603
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2
<p><i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i></p>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
	8.6.1 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?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;">Answer:</div>	
	8.6.2 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?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;">Answer:</div>	
	8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	<div style="border: 1px solid black; padding: 5px; min-height: 30px;">Answer:</div>	
<p><i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i></p>		

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 October 2020

Authorised by the Board

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.



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