



InPayTech

Integrated Payment Technologies Limited

ACN. 611 202 414

ASX Code IP1(one)



Quarterly Activity Report - 31 December 2020

Sydney, Thursday 28 January 2021

Quarterly and Merger Update

Merger Approved

With shareholder approval granted at the AGM on the 21st of January 2021 and the merger agreement now completed and settled today, Integrated Payment Technologies Limited (ASX: IP1) (InPayTech or IP1) is now in the process of merging with Comply Path Holdings Pty Ltd (Comply Path). The merged entity will provide additional capacity and competencies to accelerate the delivery of a transformative platform to repurpose quality data for employee financial wellbeing.

ClickSuper Update and Benefits

With 4 new payrolls onboarding during the first half of the financial year ClickSuper's payroll network continues to grow, which is integral to our strategic plan. The merger will enable IP1 to leverage Comply Path's award-winning technology to deliver a feature rich and contemporary compliance solution aiming to reduce the risks and costs of compliance for employees, employers, payroll, and superannuation.

PayVu Update and Benefits

Despite Covid restrictions effectively removing industry events, conferences and face to face exhibitions, the key elements in PayVu's go to market strategy, IP1 has a committed core of bookkeepers and small medium businesses consistently using the service. While we are waiting for Covid restrictions to be removed, again by leveraging Comply Path, PayVu will be enhanced with improved technology with the aim to accelerate payments and future proof the solution for e-Invoicing.

ClickVu Update and Benefits

Brad Riley, our Chief Innovation Officer, has been working to ensure ClickVu is a modern, scalable and efficient platform which is easy to engage with for payroll and service providers while simultaneously easy to access and use for employees and members.

Further, ClickVu has benefited from the insight and experience of payroll industry veterans and aggregators. Their broad market awareness, combined with our technical capabilities, has informed and guided the ClickVu proof of concept with both expert knowledge and a breadth of market exposure.

ClickVu is currently testing with an initial service provider, to facilitate frictionless and fair lending, which is currently on track for release before June 2021.

As we increasingly move to a digital economy, the merger may enable us to selectively work with more service providers to deliver high value solutions for employees and the businesses that serve them from employers and payroll to tax professionals and superannuation.

Accelerated Platform Delivery

InPayTech and Comply Path aim to effectively connect the hire to retire ecosystem with key customer relationships and collaboration partners in payroll, bookkeeping, accounting, superannuation, actuarial and other financial services.

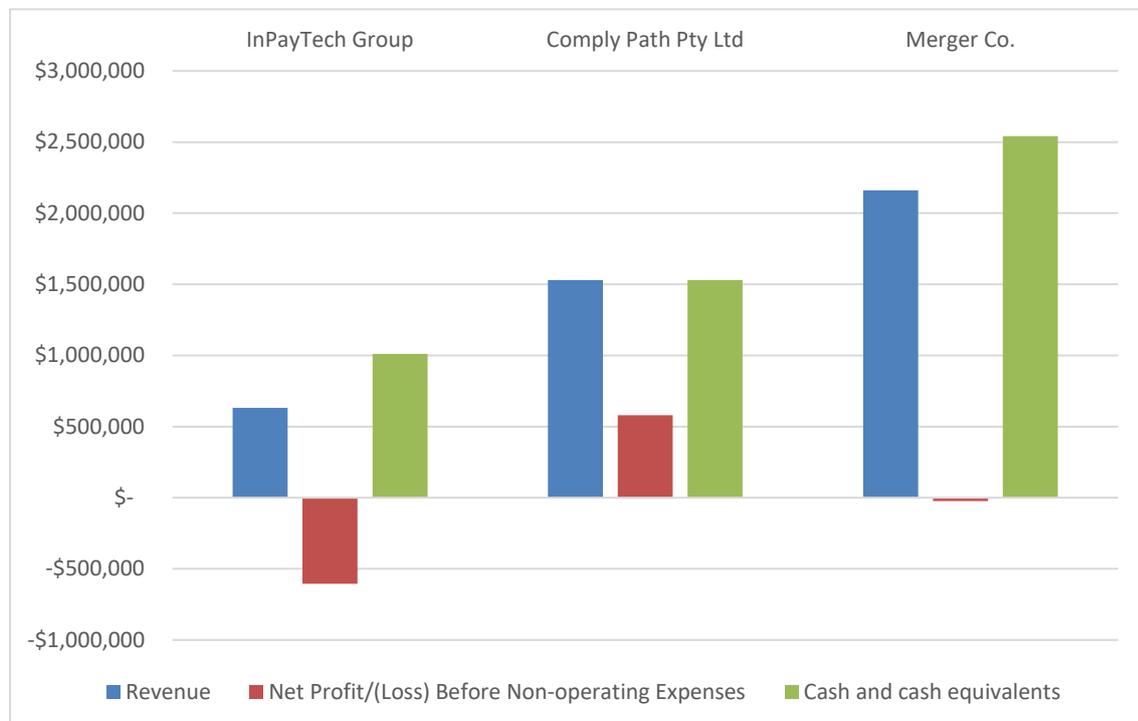
The merger will allow award winning technology to be leveraged and sold to existing and new customers. It facilitates additional services being provided, to meet the growing compliance requirements of employers, payroll and superannuation, for example by enabling a seamless transition from default funds to fund stapling.

In short, the merger provides a clear line of sight to additional and significant growth opportunities. It provides additional revenue streams and added financial strength. Finally, the complementary nature of the businesses is expected to yield synergistic cost savings in technology, infrastructure and sales and marketing activities.

Unaudited Financial Results

InPayTech's Operating expenses were \$600,034 which was up 8% from the previous quarter (\$557,312 Q1 – FY21).

The chart below shows draft unaudited profit/loss results of InPayTech and Comply Path for the six months ended 31 December 2020 which clearly demonstrates the benefit of additional revenue streams in the merged entity:



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.

InPayTech's Appendix 4D and half year report to the end of 31 December 2020 (to be lodged at the end of February 2021) will not include the results of Comply Path as the merger agreement was completed after 31 December 2020.

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

Contact details:

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.

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.

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 December 2020 (Quarter 2)

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	342	650
1.2 Payments for		
research and development		
product manufacturing and operating costs	(70)	(147)
advertising and marketing	(26)	(35)
leased assets		
staff costs	(481)	(958)
administration and corporate costs	(135)	(620)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(1)	(3)
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	(370)	(1,111)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(4)	(4)
businesses	(106)	(133)
property, plant and equipment		
investments		
intellectual property	(8)	(43)
other non-current assets	(101)	(167)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
2.2	Proceeds from disposal of: (b) entities businesses property, plant and equipment investments intellectual property 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	(219)	(347)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		2,317
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	(2)	(88)
3.5	Proceeds from borrowings		(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	(2)	1,479

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,603	991
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(370)	(1,111)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(219)	(347)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.....months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	1,479
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,012	1,012

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	872	1,471
5.2	Call deposits	140	132
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)	1,012	1,630

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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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.	

8. Estimated cash available for future operating activities	\$A'000	
8.1	Net cash from / (used in) operating activities (item 1.9)	(370)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,012
8.3	Unused finance facilities available at quarter end (item 7.5)	
8.4	Total available funding (item 8.2 + item 8.3)	1,012
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3
<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>		
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?	
	Answer:	
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?	
	Answer:	
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?	
	Answer:	
<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>		

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: 28 January 2021

Authorised 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.



InPayTech

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