

Quarterly Activity Report - June

Thursday 29 July 2021

Integrated Payment Technologies Limited (ASX: IP1, InPayTech or Company), is pleased to announce its Quarterly Activity Report and Appendix 4C (Quarterly Cash Flow report) for the quarter ending 30 June 2021.

HIGHLIGHTS

- Awarded a 3-year contract (expected to contribute up to 25% of our target platform revenues for FY22) for the supply of our Comply Path platform to Precision's Beam.
- APRA Government Administrator/Fund for the continued supply of our Comply Path platform (2-year term with their option to extend) terms negotiated with formal contract exchange pending.
- APRA Retailer Fund contract signed for the continued supply of our Comply Path platform (2-year term with their option to extend).
- Completed our build and testing of Hire to Retire (H2R) - onboarding and contractor management solution for contingent workers.
- Completed solution build and technical due diligence of our interconnection with Verifier for connecting workers to financial wellness services.
- Full Strategy Refresh and team alignment.
- A new full-time CFO was appointed to oversee the combined group's finance function.
- A Head of Growth was appointed to drive revenue across the portfolio, emphasising the Hire to Retire (H2R) products.

The financial highlights are:

- **Cash Receipts FY21** - \$2.236 million cash receipts from customers for 12 months to 30 June-21 (with 5 months contribution from Comply Path post-merger) up 52% on the prior year 30 June-20 of \$1.475 million
- **Cash Receipts Q4 FY21** - \$0.665 million cash receipts from customers in the June-21 quarter (with 3 months contribution from Comply Path post-merger) up 79% on the prior year June quarter of \$0.372 million
- **Net Cashflow Q4 FY21 YoY** - \$0.792 million negative net cash flow from operations in the June-21 quarter (with 3 months operational cash flows from Comply Path post-merger) up 133.6% on the prior year June quarter negative cash flow of \$0.339 million

- **Net Cashflow Q4 FY21 QoQ** - \$0.792 million negative net cash flow from operations in the June-21 quarter (with 3 months operational cash flows from Comply Path post-merger) up 142.9% on the prior March-21 quarter negative cash flow of \$0.326 million (with 2 months operational cash flows from Comply Path post-merger)
- **Cash Position** - Strong cash balance of \$2.731 million as of 30 June 2021

It is important to note that the FY21 Revenue only takes into account 5 months of revenue from Comply Path as the acquisition was completed on 28 January.

Attached is the unaudited consolidated Profit/(Loss) for the InPayTech group for the 12 months ended 30 June 2021. 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.

Other

As required to be disclosed under ASX Listing Rules, payments to related parties amounted to \$109,000. This amount is shown in Appendix 4C under Section 6. Payments to related parties of the entity and their associates relates to directors' fees and the salary of the Chief Executive Officer.

Strategy Refreshed

In preparation for the release of the InPayTech **Strategy Refresh** there was a significant investment in this quarter for:

- Building a pipeline of talent
- Negotiating our Comply Path platform contract renewals with three APRA Funds
- Assessing quality and return on investment of all active technology initiatives, products and associated brands
- Progressing our integration to one architecture
- Building and strengthening a pipeline of partners for our Hire to Retire product among consulting and payroll providers
- Building out the H2R - Onboarding product features
- Building functionality in the core platform ahead of regulatory change announcements (STP 2.0, Rollovers 3.0/SMSF, YFYS stapling)

Building our leadership

As announced separately to the market we have appointed two key executives. Firstly, Karen Gilmour commenced as CFO on June 28 and is already providing leadership in investment analysis, forecasting and execution focus for the business. Having a dedicated and full-time executive will continue to bring better governance for our shareholders.

Award-winning technology deserves a strong market presence and in that vein, we have hired a Head of Growth for the business, Greg Tonner. Greg has a wealth of experience in software growth across enterprise and government and brings a strong leadership culture from his time as CEO of the Queensland Cowboys. Our CEO, Trent Lund has previously worked with Greg at Oracle Corporation, accelerating alignment and productivity.

InPayTech has also welcomed Emma Dobson to the Chair role stepping in to replace Don Sharp. Emma has already made an impact as a Director leveraging her networks across the ecosystem and deep understanding of the industry changes the Company is navigating.

The business strength

With the merger completed, the business focus in the last quarter has turned to aligning as one team, one architecture and one brand with the goal of revenue growth.

Our teams are now aligned under renewed leadership and the integration of technology continues to remain on schedule for 'all customers served by one architecture' by December.

The business continues to deliver to our revised plan as outlined in the Strategy Refresh on 30 June 2021:

- **Integrate the business**
- **Increase our reach in the (compliance) ecosystem**
- **Enable higher value compliance moments**
- **Innovate and partner for future value**

There has also been a thorough analysis of products, brands and initiatives which will position us for swift decommissioning of legacy technology over the next 2 quarters, freeing up technology talent to support revenue growth initiatives.

With long term contracts in place, transaction revenue expected to be stable, early traction in Hire to Retire SaaS revenue and opportunities to free up talent and spending on legacy products, we believe that our cash reserves are sufficient to fund operations in FY22.

The next quarter will see a focus on alignment under one brand and increased activity to strengthen our market presence. In particular, the next quarter will see significant brand activity to create market awareness of our offerings to support the three pending regulatory changes that impact our clients (APRA Funds, Payrolls and Employers).

This Quarterly Activity Report and the attached Appendix 4C (Quarterly Cash Flow report) have been authorised by the Board of InPayTech.

For further information, please contact:

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Chairman
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About Integrated Payment Technologies.

Integrated Payment Technologies Limited (InPayTech) (ASX:IP1) is an Australian financial technology company founded and listed on the ASX in 2016.

InPayTech provides compliance and payment software solutions to create efficiencies for payroll service providers and both large and small Australian employers.

The company has four core offerings: ClickSuper, a superannuation gateway and clearinghouse; Comply Path Platform, a modern cloud-based compliance platform for handling messaging with ATO (SuperStream, STP 2.0, PEPPOL, SBR and State authorities), Employee Onboarding, a white label employee onboarding solution to manage the compliant onboarding of full-time and casual workers and Payment Advisor which focuses on the automated payment of invoices and the communication of remittance data, including the PayVu brand that integrates the functionality of ClickSuper and the Payment Advisor to deliver cloud-based services bridging the gap between accounting/payroll and internet banking.

InPayTech holds patents in Australia, USA, China, Japan, Singapore, Hong Kong, South Africa and New Zealand.

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 1

IPT Consolidated Profit & Loss (unaudited)

	Jul-Sep 20 QTR	Oct-Dec 20 QTR	Jan-Mar 21 QTR	Apr-Jun 21 QTR	30-Jun YTD
	\$	\$	\$	\$	\$
Total Revenue	312,646	318,339	741,528	659,046	2,031,559
Total Cost of Sales	-114,715	-97,991	-109,941	-125,322	-447,969
Gross Profit	197,931	220,348	631,587	533,724	1,583,590
<i>Less Operating Expenses</i>					
Administration Expenses	-81,578	-124,036	-174,105	-174,808	-554,527
Consulting Expenses	-100,056	-125,248	-75,649	-126,822	-427,775
Employment Expenses	-357,581	-308,916	-651,810	-956,661	-2,274,968
Occupancy Expenses	-17,920	-18,536	-31,230	-25,500	-93,186
Total Operating Expenses	-557,135	-576,736	-932,794	-1,283,791	-3,350,456
Operating Profit/(Loss)	-359,204	-356,388	-301,207	-750,067	-1,766,866

*Includes Comply Path figures from merger date

Note: The Jun-21 quarter operating loss is before non-operating income of \$18,137 and non-operating expenses of \$906,441 which includes amortization, depreciation, and non-recurring expenses.

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 June 2021 (Quarter 4)

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	663	2,236
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(123)	(406)
(c) advertising and marketing	(16)	(76)
(d) leased assets		
(e) staff costs	(933)	(2,437)
(f) administration and corporate costs	(374)	(1,365)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	4
1.5 Interest and other costs of finance paid		(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	(782)	(2,046)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		(165)
(b) businesses		
(c) property, plant and equipment	(7)	(11)
(d) investments		
(e) intellectual property	(14)	(60)
(f) other non-current assets	(167)	(466)

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)		337
2.6	Net cash from / (used in) investing activities	(188)	(365)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		5,317
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	(10)	(416)
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	(10)	4,151

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,711	991
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(782)	(2,046)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(188)	(365)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

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)	(10)	4,151
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,731	2,731

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	2,400	2,953
5.2	Call deposits	331	758
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)	2,731	3,711

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	109
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

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

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)	(782)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,731
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	2,731
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: 29 July 2021

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.