

# Quarterly Activity Report - September

Thursday 28 October 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 September 2021.

It has been a very productive quarter for the entire business and I am excited to report that both the integration and strategic plans are starting to deliver results. I would like to highlight the progress and return on our investments this quarter over three specific focus areas:

1. The creation of our new brand and marketing campaigns
2. The launch of a new product to respond to gaps in SMSF compliance, and
3. Progress of our pipeline in all priority segments
  - Deepening payroll alliances with 'wrkr Ready' and 'wrkr Pay'
  - Solving the stapling challenge for funds and employers

We have made investments and expended resources as per our business plan:

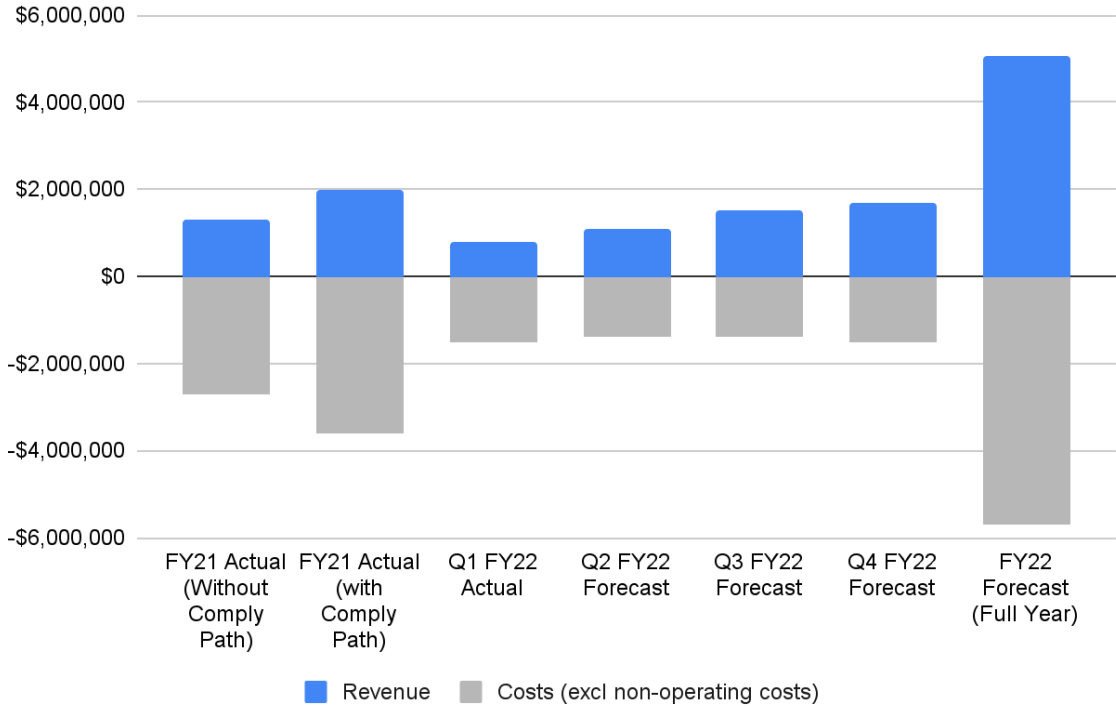
- Re-brand ~\$100k external support
- SMSF Hub - internal development staff only
- Payroll Alliances - internal sales and development staff efforts only
- Solving the stapling challenges - internal sales and development staff
- We have hired an additional 2 developers to keep up with growth demands (delivering proof of concepts and delivering on Platform licence growth)
- We have bolstered our sales and marketing activity with an external advisor providing lead generation aligned to the timing of regulatory changes

## Financials

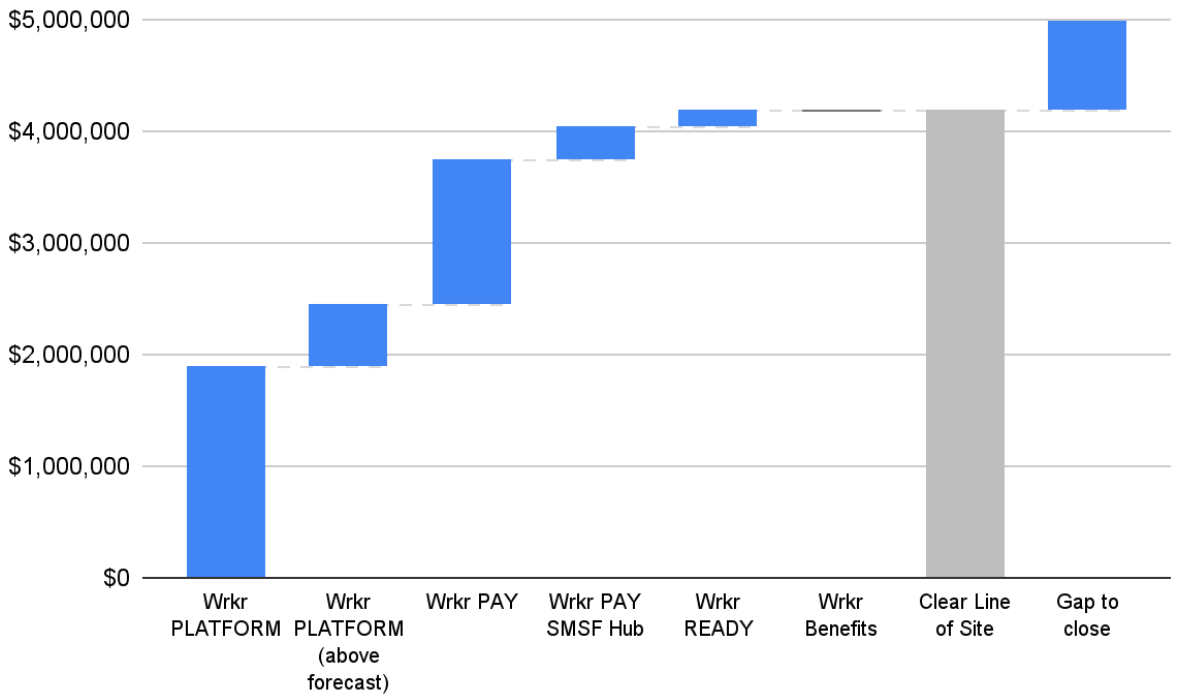
1. Q1 FY22 **Revenue** of \$793k (+153% on previous year Q1 FY21 of \$313k)
2. Q1 FY22 **Revenue** of \$793k (+20% on previous quarter Q4 FY21 of \$659k)
3. Q1 FY22 **Cash Receipts** from customers of \$965k (+45% on previous quarter Q4 FY21 of \$665k)
4. Q1 FY22 **Net Operating Cash Used** of \$508k (-35% compared with \$782k in Q4 FY21)
5. Q1 FY22 **Operating Loss** of (\$771k) vs budgeted operating loss of (\$643k)
6. **Cash at bank** as at end September is \$2,040k

Attached in Appendix 1 is the unaudited consolidated Profit/(Loss) for the InPayTech group for the 3 months ended 30 September 2021.

**FY22 Revenue and Cost Forecast vs FY21 Actual**



**FY22 Revenue Forecast by Segment**



While the above graph may suggest an \$800,000 shortfall on our full year revenue forecast of \$5m, the growth team has a well progressed pipeline that far exceeds this gap. With 3 operating quarters remaining, we are confident that our current sales activity with APRA Funds and leading Cloud Payrolls, above forecast growth in Wrkr READY and SMSF Hub, and the expected conclusion of two commercial deals in the next quarter will easily close this gap. In addition, we expect this pipeline of activity to bring longer term revenues forward and to position the company for further growth in FY23 and beyond.

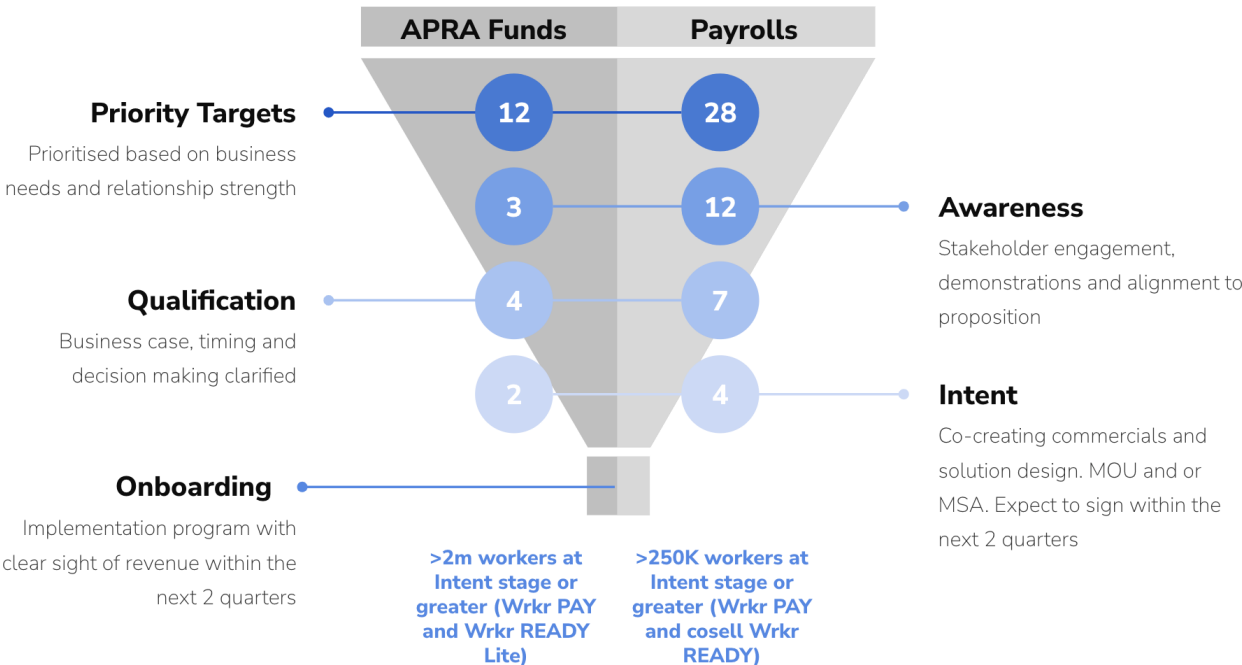
## Progressed our pipeline in priority segments

Converting our pipeline of APRA Funds and Payrolls can take up to 12 months, due to the complexity, size and implementation planning required by our target segments but; after 9 months of sales activity, we are now seeing that pipeline mature. To date, we have seen continued engagement from all prospects. Our priority targets are those aggressively seeking a response for stapling and/or resolving cost and quality issues from existing providers.

Our overall pipeline represents over 7m working Australians, spread across 12 APRA Funds and 28 Payrolls. We have seen wide interest and a steady progression in our refreshed product offerings. We expect to conclude negotiations of our MOUs and agree public announcements by the end of Q2 & Q3, with revenue recognition within the year. Closing the year at \$5m in revenue represents a very strong year, however more importantly, the annuity of that revenue sets a very strong base for FY23 and beyond.

## InPayTech SALES FUNNEL

Strategic sales



## Deepening our Payroll Alliances:

This quarter has seen an increase in activity with payrolls to ensure retention, increased penetration of service offerings and to establish strategic supplier arrangements. There remains significant interest in our onboarding compliance solution (wrkr READY) and we are well progressed on commercial negotiations for revenue share models across 4 Payrolls.

## Stapling for APRA Funds and Administrators:

The pipeline has seen an increase of 6 new Funds / Administrators on the back of our response to stapling and the overall quality of the wrkr PLATFORM. We expect to announce MOU's for service provisions and the co-development of unique solutions over the next two quarters.

Our approach to stapling has already seen an increase in activity from our existing Platform clients, delivering a forecast increase of \$700K of platform revenue this year. We expect this trend to continue.

## Launched a new product to respond to gaps in SMSF compliance

InPayTech has demonstrated market leadership in solving a regulatory requirement, providing individual Electronic Service Addresses (ESA) for SMSFs as well as auditable information for Advisors and Trustees. The total addressable market is 600,000 SMSFs of which we estimate over 200,000 are underserved by technology. InPayTech had traditionally provided a free service to ~15,000 SMSFs. We estimate the total addressable market (TAM) for this compliance moment to be between \$15m and \$24m dollars in annual revenue.

The Wrkr SMSF Hub product was designed, built and tested with a soft launch of the wrkr brand. InPayTech represents two of the six providers (ClickSuper and Wrkr SMSF Hub) that have met the ATO SMSF rollover requirements. This effort has been rewarded with growth on our pre-existing customer base of:

- 180 Advisor sign ups (30 already onboarded)
- 3,000 new SMSFs from wholesale contracts
- 2,000 new SMSFs Trustee sign ups (organic sign ups of ~100 per day pre marketing)

We have a retail price of \$39.95 and a wholesale preferred partner price for SMSF service professionals (Banks/Accountants/Advisers), and we expect this product to provide a healthy revenue contribution as we decommission the free service and migrate all existing clients. We are experiencing new growth from wholesale customers and direct retail SMSF sign-ups. We are priced competitively at a time when the regulatory requirements mandate action with few active competitors.

This quarter we launch our digital marketing campaign and believe that 50,000 SMSF's are possible over the next 12-18 months. While this quick response by our team has connected us to over 20,000 accounts with 30,000 more being targeted over the coming year, we can see an addressable market for InPayTech of up to \$2-\$3m p.a. beyond FY22 and real cash flow growth this year between \$300K and \$500K.

## Launched our new brand and marketing campaigns:

As foreshadowed in the recent FY2021 Results Presentation, we have been working hard to develop, test and secure new branding for InPayTech. The driving force behind the re-branding is to:

1. Resonate with Australian Workers directly which is key to our move to direct engagement
2. Simplify our messaging as we increase our voice in the market, and
3. Supports the coming together of our many brands and solutions for our people, customers and collaborators

I am very pleased to announce the new branding of “wrkr”. There will be a resolution at the AGM on November 25 seeking approval for the company name change (Integrated Payment Technologies Limited to wrkr Ltd) with ASIC and the change of the stock ticker on the ASX (IP1 to WRK).

In the interim, we have launched the product branding and have tested it widely with customers and partners with positive feedback.

The new branding will see a shift from:



and a shift to:



Our growth plan under the new branding is very clear; serve more workers with more compliance moments. Today we have workers leveraging wrkr Pay transactions from as low as \$1 per annum, through to wrkr Ready freelancers consuming over \$60 per annum. The priority of the business is to continue to secure partnerships and strategic supplier agreements to reach more workers while we invest in our platform and products to serve more worker compliance moments. We differentiate by

enhancing the interaction between the worker and the employer and leveraging this position to strengthen the quality of data and relationships with Funds.

## Integration Update

ClickVu is being merged into the 'One Wrkr PLATFORM' and will be in production and available to our Platform clients by the end of December, largely completing the integration program.

We have moved to a single Dev Ops and Service Reliability Engineering framework and have invested in standardising our security and reliability across the business. We expect to complete this in time for our ISO2701 Audit in January 2022. The group continues to maintain and invest in meeting the stringent industry standards of:

- ISO2701
- SOCII Compliance
- GDPR & Australian Data Privacy Act
- ATO Digital Service Provider status
- GNGB Superstream Gateway member
- ASIC AFSL for non-cash deposits

Beyond our integration and move to a single platform across STP, Superstream and payments is the implementation of secure blockchain-based digital wallet and consent management to enable secure real-time payments and notifications. This next advancement is planned for late in the calendar year of 2022. Subject to demand from APRA Funds and Payroll early adopters we may prioritise this and implement sooner.

## Leadership

We have asked Trent Lund our CEO to extend his services contract on the same terms until 30 June 2022 and he has accepted. We are delighted with the progress and the stability under his leadership and feel that any change would be counterproductive. Trent and the Board will continue to look for a long term candidate that can steward the growth into the future.

## Other Matters

As required to be disclosed under ASX Listing Rules, payments to related parties amounted to \$124k. 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.

## Quarter ahead

It is clear that we have a very talented and dedicated team that continues to deliver on the plan and transform the business toward being a leading RegTech player in the Australian market.

What is happening next quarter:

- Full re-brand subject to AGM resolution approval. (25 November)
- Focus on finalising commercials for re-platforming priority APRA Funds
- Convert more payrolls
- Accelerate our direct sales of wrkr Ready in the Retail and Hospitality sectors
- Collaborate on designs for Payments 2.0 with Payroll and Fund early adopters

We expect to share more with you as commercial contracts conclude. We continue to believe that our current cash position will meet our operating obligations for FY22.

**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:**

**Emma Dobson**

**Chairman**

**E: [edobson@inpaytech.com.au](mailto:edobson@inpaytech.com.au)**

## **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

<b>Integrated Payment Technologies Limited</b>		
<b>Unaudited Consolidated Profit/(Loss) for the 3 months ending 30 September 2021</b>		
	<b>FY2022</b>	<b>FY2021</b>
	<b>Jul-Sep 21</b>	<b>Apr-Jun 21</b>
	<b>\$</b>	<b>\$</b>
Total Revenue	792,567	659,046
Total Cost of Sales	-124,419	-125,322
Gross Profit	<b>668,148</b>	<b>533,724</b>
<i>Less Operating Expenses</i>		
Administration Expenses	-251,954	-174,808
Consulting Expenses	-156,115	-126,822
Employment Expenses	-1,005,739	-956,661
Occupancy Expenses	-25,591	-25,500
<b>Total Operating Expenses</b>	<b>-1,439,399</b>	<b>-1,283,791</b>
<b>Operating Profit/(Loss)</b>	<b>-771,251</b>	<b>-750,067</b>

Note: The Sep-21 quarter operating loss is before non-operating income of \$16,879 and non-operating expenses of \$747,714 which includes amortisation, 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 September 2021 (Quarter 1)

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	965	965
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(87)	(87)
(c) advertising and marketing	(38)	(38)
(d) leased assets		
(e) staff costs	(947)	(947)
(f) administration and corporate costs	(401)	(401)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(508)</b>	<b>(508)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(3)	(3)
(d) investments		
(e) intellectual property		
(f) other non-current assets	(180)	(180)

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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(183)</b>	<b>(183)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,731	2,731
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(508)	(508)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(183)	(183)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (.....months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,040</b>	<b>2,040</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,534	2,400
5.2	Call deposits	506	331
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,040</b>	<b>2,731</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	124
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(508)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,040
8.3 Unused finance facilities available at quarter end (item 7.5)	
8.4 Total available funding (item 8.2 + item 8.3)	1,532
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	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: 27 October 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.