

Appendix 4E

Preliminary final report

Name of entity:

IOUpay Limited (formerly iSentric Limited)

ABN or equivalent company
reference:

11 091 192 871

1. Reporting period

Reporting period:

Year ended 30 June 2021

Previous corresponding period:

Year ended 30 June 2020

2. Results for announcement to the market

Current Year
2021
\$

2.1	Revenue from ordinary activities	Up	12%	to	7,186,717
2.2	Loss from ordinary activities for the period after tax attributable to members	Down	(84%)	to	4,793,588
2.3	Net loss for the period attributable to members	Down	(89%)	to	4,944,327
2.4	Dividends		Amount per security		Franked amount per security
	Final dividend		Nil		N/A
	Interim dividend		Nil		N/A
2.5	Record date for determining entitlements to the dividends	N/A			

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

- Refer to Section 14.5 for details of the trends in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

3. Consolidated Statement of Comprehensive Income

	Current Period 30 June 2021 \$	Previous Period 30 June 2020 \$
Revenue from continuing operations	7,186,717	6,390,287
Cost of goods sold	(5,998,106)	(4,745,050)
Gross profit	1,188,611	1,645,237
Other income	531,739	124,006
Amortisation and depreciation	(580,078)	(659,396)
Compliance and professional fees	(3,000,679)	(464,256)
Employee benefits expenses	(1,611,709)	(1,497,175)
Administration expenses	(413,551)	(242,895)
Marketing expenses	(139,724)	(125,459)
Travel expenses	(36,446)	(85,364)
Insurance expenses	(39,647)	(5,199)
Impairment expenses	(490,385)	(739,153)
Finance costs	(11,906)	-
Share-based payments	(67,710)	-
Loss on disposal of fixed assets	-	(255,231)
Other expenses	(117,967)	(119,408)
Loss before income tax	(4,789,452)	(2,424,293)
Income tax expense	(4,136)	(185,935)
Loss after income tax expense from continuing operations	(4,793,588)	(2,610,228)
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations, net of tax	(150,739)	(8,705)
Loss attributable to:		
Members of the Parent Company	(4,944,327)	(2,618,933)
Basic and diluted loss per share	(1.14 cents)	(1.37 cents)

4. Consolidated Statement of Financial Position

	Current Period 30 June 2021 \$	Previous Period 30 June 2020 \$
Current Assets		
Cash and cash equivalents	51,408,709	578,063
Trade and other receivables	4,952,995	1,747,887
Inventories	292,046	-
Total Current Assets	56,653,750	2,325,950
Non-Current Assets		
Property, plant and equipment	1,504,929	135,453
Intangible assets	1,627,199	2,138,529
Total Non-Current Assets	3,132,128	2,273,982
Total Assets	59,785,878	4,599,932
Current Liabilities		
Trade and other payables	1,881,289	2,134,755
Total Current Liabilities	1,881,289	2,134,755
Non-Current Liabilities		
Lease liabilities	828,541	-
Provision for restoration costs	39,944	-
Total Non-Current Liabilities	868,485	-
Total Liabilities	2,749,774	2,134,755
Net Assets	57,036,104	2,465,177
Equity		
Contributed equity	80,611,576	21,164,032
Options reserve	67,710	-
Foreign currency translation reserve	371,304	522,043
Accumulated losses	(24,014,486)	(19,220,898)
Total Equity	57,036,104	2,465,177

5. Consolidated Statement of Cash Flows

	Current Period 30 June 2021 \$	Previous Period 30 June 2020 \$
Cash flows from operating activities		
Receipts from customers	6,979,608	6,652,037
Payments to suppliers and employees	(10,767,300)	(6,674,746)
Payments to merchants	(523,867)	-
Finance costs paid	(1,305)	(4,599)
Interest received	271,854	567
Income tax (paid)	(36,390)	(15,261)
Other	117,782	123,439
Net cash (used in)/from operating activities	(3,959,618)	81,437
Cash flows from investing activities		
Payments for plant and equipment	(438,715)	(67,455)
Payments for intangible assets	-	(299,769)
Payments for other non-current assets	-	-
Payments for purchase of inventories	(1,456,650)	-
Deposits for investment	(1,199,974)	-
Proceeds from disposal of non-current assets	346,860	467,532
Deposits for business acquisition	(1,456,650)	-
Others	26,357	-
Net cash (used in)/from investing activities	(4,178,772)	100,308
Cash flows from financing activities		
Proceeds from shares issued net of costs	64,051,739	200,000
Cost of capital	(4,981,665)	(2,718)
Proceeds from borrowings	98,294	(299,592)
Repayment of borrowings	(159,238)	(107,437)
Net cash provided by/(used in) financing activities	59,009,130	(209,747)
Net increase/(decrease) in cash and cash equivalents	50,870,740	(28,002)
Cash and cash equivalents at the beginning of the year	578,063	608,783
Effects of exchange rate changes on cash	(40,094)	(2,718)
Cash and cash equivalents at the end of the year	51,408,709	578,063

6. Consolidated Statement of Changes in Equity

	Issued capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	21,164,032	-	522,043	(19,220,898)	2,465,177
Loss for the year	-	-	-	(4,793,588)	(4,793,588)
Other comprehensive income	-	-	(150,739)	-	(150,739)
Total comprehensive loss for the year	-	-	(150,739)	(4,793,588)	(4,944,327)
Transactions with owners in their capacity as owners:					
Shares issued in the year	64,438,875	-	-	-	64,438,875
Costs of capital raising	(8,020,413)	-	-	-	(8,020,413)
Options issued during the year	-	3,029,082	-	-	3,029,082
Options converted during the year	3,029,082	(3,029,082)	-	-	-
Share based payments expenses	-	67,710	-	-	67,710
Balance at 30 June 2021	80,611,576	67,710	371,304	(24,014,486)	57,036,104
Balance at 1 July 2019	20,966,750	-	530,748	(16,610,670)	4,886,828
Loss for the year	-	-	-	(2,610,228)	(2,610,228)
Other comprehensive income	-	-	(8,705)	-	(8,705)
Total comprehensive loss for the year	-	-	(8,705)	(2,610,228)	(2,618,933)
Transactions with owners in their capacity as owners:					
Shares issued in the year	200,000	-	-	-	200,000
Costs of capital raising	(2,718)	-	-	-	(2,718)
Balance at 30 June 2020	21,164,032	-	522,043	(19,220,898)	2,465,177

7. Dividends (in the case of a trust, distributions)

Date dividend is payable

N/A

+Record date to determine entitlements to the dividend

N/A

If it is a final dividend, has it been declared?

N/A

Amount per security

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
Final dividend: Current year	NIL	N/A	N/A
Interim dividend: Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim *plus* final)

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

8. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

N/A

9. NTA backing

	Current Period 2021 Cents per Share	Previous Period 2020 Cents per Share
Net tangible asset backing per ordinary share	10.05	0.16

10. Details of entities over which control has been gained or lost during the period

Controlled entities

	Country of Incorporation	Percentage Owned	Date Control Gained
N/A			

11. Details of associates and joint venture entities

N/A

12. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

Please refer to section 14.5 for information on the Group's financial performance.

13. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

14. Commentary on the results for the period

14.1 Earnings per security (EPS)

	Current Period 2021	Previous Period 2020
Basic Loss per share	(1.14 cents)	(1.37 cents)

14.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2021 \$	Previous Period 2020 \$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
Total	-	-

14.3 Significant features of operating performance

Please refer to section 14.5 for information on the Group's financial performance.

14.4 Segment Information

30 June 2021	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
Revenue							
External sales	5,502,836	1,583,597	-	9,235	91,049	-	7,186,717
Other	310,458	10,690	209,355	447	789	-	531,739
Total segment revenue	5,813,294	1,594,287	209,355	9,682	91,838	-	7,718,456
Segment operating result	(2,605,831)	(800,926)	(1,278,751)	(163,859)	(63,527)	119,306	(4,793,588)
Segment assets	54,525,866	4,228,779	71,470,951	130,245	104,606	(70,674,569)	59,785,878

30 June 2020	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
Revenue							
External sales	5,017,701	332,232	-	897,256	324,074	(180,976)	6,390,287
Other	23,689	52,113	38,391	13,052	6,001	(9,240)	124,006
Total segment revenue	5,041,390	384,345	38,391	910,308	330,075	(190,216)	6,514,293
Segment operating result	(600,080)	(1,520,723)	(246,429)	(79,080)	(65,865)	(98,051)	(2,610,228)
Segment assets	2,636,912	5,326,066	15,304,473	489,933	180,165	(19,337,617)	4,599,932

14.5 Report on trends in performance

Cashflows

- The Groups cash and cash equivalent position improved significantly due to a successful \$50m capital raising in February 2021;
- Significant costs were incurred during the financial year due to the aggressive growth and expansion strategies implemented at the start of the financial year:
 - Staff costs increased by more than \$100,000 to \$1.611m reflecting the expansion of employees from 7 as at the start of the year to 78 as at year end in line with the Company's development and launch of the myIOU BNPL service offering;
 - Legal and professional fees increased to \$2.45m primarily due to significant legal activities, corporate advisory and capital raising costs associated with four multi-tranched capital raises raising \$66,166,000 including a Share Purchase Plan (SPP, defending a Notice 249D which was subsequently withdrawn, legal review of activities in Indonesia and Singapore and termination of previous management, new branding and trademark applications, independent expert valuations and reports for successful Money Lending License acquisition and Malaysian market regulatory compliance and a change in the Company's share registry;
 - Increased telco supplier payments of more than \$732,000 in the form of increased COGS as a result of the Company's Mobile Banking revenues increasing
 - Increased office rental and utilities in line with the Company's new offices and operational requirements;
 - Payments to merchants occurred for first time due to new BNPL business started in March 2021.

Revenue

Revenue has seen an increase of 12% on the prior year to \$7,186,717 reflecting an increase in the Company's Mobile Banking division. The driver of the increase has been the reliance on digital and mobile technologies resulting from the COVID-19 restrictions across the Globe.

Expenses

- Expenses saw a 55% increase on the prior year to \$6,509,802 which has been due to the following activities:
 - Numerous once off compliance and professional fees as described in Cashflow above in particular legal and compliance costs associated with previous management activities, a 249D Notice filed by previous board and management subsequently withdrawn, acquisition costs, trademarks, change in share registries and four successful multi-tranched capital raisings including a Share Purchase Plan (SPP) raising a total of \$66,166,000;
 - Ongoing costs also increased related to increased regulatory and compliance costs associated with an expanded shareholder register;
 - General administration expense increased in line with the general expanded scope of the business.
- In April 2021, the Company issued 1,650,000 options to staff under an Employee Share Option Plan. The Group recognised \$67,710 in share-based payments expense to 30 June 2021.

Balance Sheet

- The balance sheet has seen a major improvement in the net assets on the prior year which has been the result of:
 - Successful capital raisings during the year resulted in a \$51.4 million cash at bank position at year end;
 - Trade and Other receivables increased from \$1,747,887 to \$4,952,995 reflecting the significant increase in Mobile Banking telco costs, Malaysian Government (MDEC) grants related to the Company's previous activities, rental and utility deposits for the Companies' new offices, GST and VAT refunds;
 - Purchase of pre-paid airtime inventories this being a new addition to the digital payments activities during the year. This activity has wound down pending improved trading margins and conditions as previously stated;
 - Increases in property plant and equipment reflecting the Company's increased staff head count from 7 to 78 employees including computer & IT infrastructure including new employee computers, network servers and supporting network security costs meeting Central Bank and Card Scheme regulatory standards.

14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

N/A

15. Compliance statement

This report is based on accounts to which one of the following applies.
(Tick one)

The accounts have been audited.

The accounts have been subject to review.

The accounts are in the process of being audited or subject to review.

✓

The accounts have not yet been audited or reviewed.

16. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

At the date of this report, the audit of the 2021 Annual Report is ongoing but the Board is not aware of any likely dispute or qualification.

16. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A

Sign here: 

Company Secretary

Date: 31 August 2021

Print name: Jarrod White