

20 June 2022

ASX Announcement

IOUpay Second Tranche Payment for Investment in I-Destinasi Sdn Bhd and Agreement to Extend Settlement Period

Highlights

- **Second Tranche Payment for balance of IDSB investment has been determined as RM21,684,033 (~A\$6.9 million¹), with net amount RM12,184,033 (~A\$3.9 million¹) after applying funds held in escrow;**
- **Agreement with the Vendors for an extension of the settlement period for the Second Tranche Payment until 31 August 2022.**

IOUpay Limited (ASX:IOU) (“IOUpay” or the Company) and the Board of Directors are pleased to announce confirmation of the amount of the second tranche payment for the 50% balance of its investment in I.Destinasi Sdn Bhd (“IDSB”) and that it has agreed with the Vendors to extend the period for settlement of the second tranche payment until 31 August 2022.

Background

The Company announced on 9 September 2021 that it had executed binding documents to acquire 42% of the total issued capital of IDSB for cash consideration of RM126 million (~A\$40 million¹) (“Purchase Price”) paid 50% upfront and 50% payable by the later of completion of the audit of IDSB’s FY21 statutory accounts (FYE 31 December) or six (6) months after settlement of the first tranche. Documentation included a Share Purchase Agreement (“SPA” or the Agreement) executed between IOU Pay (Asia) Sdn Bhd, a wholly-owned subsidiary of IOUpay (“IOUpay Asia” or the Purchaser) and the shareholders of IDSB, Jiraniaga Sdn Bhd (“JSB”) and Dato’ Zainalabidin Mohamed Husain (“DZA”)(together, the Vendors).

On 1 December 2021, the Company announced confirmation that all conditions precedent had been satisfied and that the first tranche of its investment could be completed. The First Tranche Payment of RM63 million (~A\$20 million¹) was funded from existing cash holdings.

Settlement of the first tranche of the investment was formally completed on 20 December 2021 with the registration of transfer of shares (representing 21% of the total issued capital of IDSB) to IOUpay Asia. That date became the effective settlement date for the purposes of determining the date by which the Second Tranche Payment is due.

Calculation of Second Tranche Payment

The Agreement provides for an adjustment to the Purchase Price in the event that there is more than a 10% variance to the RM30 million Profit Before Tax (“PBT”) threshold for the FYE 31 December 2021 (FY21). In the situation where there is more than a 10% variance in PBT then the Adjusted Purchase Price will be calculated as 10 x PBT for FY21.

Note: 1. Assumed MYR/AUD exchange rate 3.15 using RBA sourced reference

The audited statutory accounts of IDSB for FY21 are now available and so the amount of the Second Tranche Payment can be determined. The Company confirms that IOUpay Asia and the Vendors have agreed the following calculation:

- PBT for FY21 confirmed as RM20,162,865
- Adjusted Purchase Price = 10 x PBT = RM201,628,650
- Total Amount Payable is 42% of RM201,628,650 = RM84,684,033
- Second Tranche Payment = Total Amount Payable less First Tranche Payment
- Second Tranche Payment = RM84,684,033 less RM63,000,000 = RM21,684,033

Note that the Company allocated funds to an escrow account with the Company's lawyers pending completion of the transaction. The escrow amount is currently RM9.5 million (~A\$3 million ¹) and will be applied to completion of the Second Tranche Payment.

The net amount required to complete settlement of the second tranche of the investment will be RM12,184,033 (~A\$3.9 million ¹), after applying the funds held in escrow.

Extension of Settlement Period

The Agreement provides for settlement of the Second Tranche Payment to be completed by 20 June 2022, being six (6) months after completion of settlement of the first tranche of the investment.

The Company advises that IOUpay Asia and the Vendors have formally agreed to extend the date for settlement of the Second Tranche Payment to no later than 31 August 2022.

Documentation to confirm the amount of the Second Tranche Payment and to extend the settlement period has been prepared by the Company's lawyers and executed by the parties.

The release of this announcement was authorised by the Board of the Company and released by the Company Secretary.

Yours faithfully,

IOUpay Limited

(Aaron) Lee Chin Wee
Chairman & Executive Director

Media Enquiries:

Marietta Delvecchio
+61 413 479 721
Media & Capital Partners
marietta.delvecchio@mcpartners.com.au

About IOUpay (ASX:IOU):

IOUpay Limited (ASX:IOU) provides fintech and digital commerce software solutions and services that enable its institutional customers to securely authenticate end-user customers and process banking, purchase and payment transactions.

The Company's core technology platform enables large customer communities to connect to end user customers using any mobile device and integrate mobile technology throughout their existing business and customer product offerings. The Company's business divisions consist of Mobile Banking and Digital Payments which service leading banks in Malaysia and large telcos and corporates in Malaysia & Indonesia. IOUpay also works with telecommunication network providers to provide mobile OTT (over-the-top) services that leverage their subscriber base to build active communities.

Forward Looking Statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward-looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of IOUpay and cannot be predicted by IOUpay and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which IOUpay operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

None of IOUpay or any of its subsidiaries, advisors or affiliates (or any of their respective officers, employees or agents) makes any representation, assurance or guarantee as to the accuracy or likelihood of fulfilment of any forward-looking statement or any outcomes expressed or implied in any forward-looking statements. Statements about past performance are not necessarily indicative of future performance.