



IOUPAY LIMITED (ASX: IOU)

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29 July 2021

ASX Announcement
IOUpay Limited (ASX Code: IOU)

June 2021 Quarterly Report & Business Activity Update

Highlights

- **Successful June public launch of the Company's myIOU BNPL platform and service offering - Merchant & Consumer Apps available from the App Store and Google Play Store**
- **Continued Merchant sign ups, approval and onboarding:**
 - **1,302 merchants already referred and individually signed**
 - **1,267 merchants onboarded**
 - **199 merchants system activated and listed on myIOU**
 - **new process of mass onboarding of merchants acquired via key partnerships**
 - **weekly onboarding run rate of >500 merchants achieved**
- **Immediate uptake with myIOU BNPL Total Transaction Value (TTV) for June of \$584,459 with Net Transaction Revenues (NTR) of \$48,413 - since June 30 a further \$1,609,431 in TTV has been transacted delivering NTR of \$142,508**
- **Strict COVID-19 pandemic Movement Control Order (MCO) lockdown restrictions have forced large in-store merchant rollouts to be deferred, adjusting focus to online merchants**
- **Key Partnerships secured for large scale merchant and customer acquisition – merchant referral and strategic teaming agreements signed with two of Malaysia's largest merchant networks – MYP1 & Razer Merchant Services – representing 65,000 merchants – taking the total combined merchants available from strategic partnership agreements to over 135,000**
- **Key Partnership secured to provide over the counter payment collection service – Bill Payment Service Agreement signed with RMS Reloads – a business of Razer Merchant Services, operated by Razer Fintech, part of Razer Inc. – providing O2O (offline to online) payment processing at more than 10,000 physical points in Malaysia**
- **New appointments to Board of Directors and Executive Team to support key competencies and identified growth initiatives**

IOUpay Limited (ASX:IOU) ('IOUpay' or the Company) has released its Appendix 4C today and the Board of Directors are pleased to provide this Quarterly Report & Business Activity Update for the period ended 30th June 2021.

BNPL Update

Values for Period	June 2021	Post 30 June 2021
Total Transaction Value	\$584,459	\$1,609,431
Net Transaction Revenues	\$48,413	\$142,508
Cumulative Totals as at	30 June 2021	23 July 2021
Merchants Signed	955	1,302
Merchants Onboarded	820	1,267
Merchants System Active	127	199
Consumer Downloads	1,677	2,550
Consumers Onboarded	1,189	1,837
Consumer Account Activations	450	773

Note: (i) All amounts in AUD
(ii) Assumed MYR/AUD exchange rate 3.1
(iii) Post 30 June 2021 values are determined as at 23rd July 2021

Mass Merchant Onboarding Underway

During the soft launch period systems integration work and testing progressed well with the various partner relationships to the point where the Company started in June to move into a phase of mass onboarding of merchants. The official myIOU product launch held in June and various digital marketing initiatives have also generated applications directly from merchants.

The Company's merchant sign up and onboarding process includes the provision of merchant company administration and financial information subject to merchant criteria required by IOU's risk management team which, subject to assessment and approval, then allows the merchant to be activated and listed in the myIOU platform.

There have now been 1,302 merchants signed up. Of these, 1,267 have been onboarded, including 1,206 through mass onboarding. There are currently 199 merchant outlets active on the myIOU platform. The current disparity between the number of merchants signed up and those that are system-active will continue during this period of MCO lockdown in which the IOUpay Merchant Services team is unable to visit merchants to complete activation and training.

Launch of myIOU BNPL Platform and Service Offering

The Company commenced soft launch activities in February and March consisting of processing live transactions in a controlled environment with a small pool of merchants to complete technical, commercial and operational aspects of the Company's BNPL platform and service offering.

The soft launch period ended as scheduled with a seamless transition to a larger scale scheduled rollout of the Merchant App to priority merchants trained and tested for immediate onboarding of customers to the "myIOU" Consumer App. The onboarding of customers may be completed online or in-store.

Internal and external resource planning and implementation for larger scale rollout is underway with the Company having established an experienced and dedicated Merchant Services team complemented with experienced third party in-field merchant services teams covering key regional cities in Malaysia.

Due to the various restrictions in place under the Movement Control Order (MCO) implemented by the Malaysia Government, introduction of third party merchant services teams has been deferred until the economy opens up and in-store merchants are able to be visited. In the meantime, the IOUpay in-house Merchant Services team has been focusing on online merchants and acquisition of new merchant relationships.

A comprehensive and continuous digital marketing plan commenced in June to build the IOU brand and product awareness and drive further online merchant and customer acquisition with a range of carefully planned merchant and customer product initiatives targeted at high transaction per day merchant activity levels and increased limits for repeat customer transactions.

At the end of May, during preparation for the Company's official launch of the myIOU BNPL service offering planned for mid-June, the Malaysia Government introduced a third national Full Movement Control Order (FMCO) in response to the COVID-19 pandemic. The planned event was professionally reconfigured by the marketing team to a virtual launch on 15th June streamed via Zoom Webinar to registered participants and available to view via IOUpay's Facebook account.

The launch was hosted by popular radio DJ and video production company founder, Jin Lim, better known as Jinnyboy. The Malaysian content creator has over one million subscribers on his YouTube channel.

The guest of honour at the launch was Datuk Michael Kang Hua Keong, in his capacity as National President of the SME Association of Malaysia. Mr Kang officially launched IOUpay's flagship myIOU BNPL service offering. His remarks emphasised the largely untapped opportunity in the Malaysia SME sector for adoption of digital economy technologies and the need for SMEs to adopt new technology solutions.

"[It] is...crucial that SME[s] accept that the way of doing business has changed over the year[s]. The company that does not want to adopt digital business will continue to [be] left behind."

Mr Kang welcomed innovative e-commerce solutions like myIOU BNPL to enhance the customer experience, profitability and sustainability of his members' businesses.

"...I welcome involvement and initiative from the industry players such as IOUpay. The introductions (sic) of their new 'buy-now-pay-later' service will...help our SMEs in their digitalisation journey."

Key launch partners included EasyStore, GoBiz, MYP1 and Razer Merchant Services. Senior executive representatives from each of the launch partners participated in a panel discussion with IOUpay's CEO Khong Kok Loong. The panel discussion was moderated by the prominent business radio and television broadcaster, speaker, writer and emcee, Freda Liu.

At the official launch, the Company announced two new BNPL product innovations that add more flexibility and convenience for both merchants and consumers:

- (i) myIOU Credit+
In addition to the standard, instant credit approval of MYR1,000, existing myIOU consumers are now able to apply for an increased credit limit of up to MYR10,000.
- (ii) myIOU Merchant+
Enables existing myIOU Merchants the ability to provide additional credit limit of up to MYR10,000 to eligible, existing myIOU consumers for a one-time purchase.

These innovations are designed to enhance customer experience, boost merchant engagement by helping to secure sales of larger value and to emphasise IOUpay's market leadership position as a premium brand focused on quality and innovation.

A number of promotional offers were introduced at the launch targeting both merchants and consumers to encourage onboarding, signup and referral.

Various print and broadcast media attended the official virtual launch, and also an additional Q&A forum available to invited media only. Three major television programmes covered the event, including Bizworld on TV3 (in English), Buletin 1:30 on TV3 (in Bahasa Melayu) and Berita Perdana on TV1 (in Bahasa Melayu). Malaysia's national news agency, Bernama, also covered the launch. Millions of Malaysians were introduced to the myIOU app via their afternoon and evening national news editions. Total average reach for the media covering the launch story was more than 8.6 million people.

Key Partnerships secured for Merchant Referrals and Customer Acquisition

Consistent with the strategic focus highlighted in the last Quarterly Report & Business Activity Update and the Investor Presentation released on 16th March this year, the Company continues to develop mutually beneficial relationships with partners who manage large networks of high quality digital economy merchants and consumers. These partner relationships are building a sophisticated, highly integrated foundation for the distribution of the Company's myIOU BNPL service offering to consumers.

During the first quarter of 2021, merchant referral agreements were signed with EasyStore (5,000 online merchants in Malaysia) and iPay88 (45,000 online merchants plus 20,000 in-store merchants in Malaysia). In early April, a strategic teaming agreement was signed with MYP1 (15,000 mainly in-store merchants in Malaysia) involving two-way referral of merchants from MYP1 for myIOU BNPL services and from IOUpay for MYP1's smart POS terminals.

Given iPay88's reported estimate of 50% market share of the total online payment market in Malaysia in 2020, management expects some duplication of merchants between partners, reducing the initial combined merchant pool. However, management views situations of duplication as a positive indication that IOUpay's innovative financial technologies are being woven into the payment infrastructure fabric of Malaysian commerce.

In June, the Company announced a merchant referral agreement with Razer Merchant Services Sdn Bhd ('Razer Merchant Services' or RMS) to refer and acquire merchants to onboard and utilise IOUpay's myIOU BNPL payment service offering.

With the Razer Merchant Services relationship adding to those already established, IOUpay now has access to over 135,000 merchants across Malaysia (less any duplication) through their providers of critical payment gateway and e-commerce platforms. This represents VIP access and systems integration for low cost acquisition of quality merchants and customers.

Merchant onboarding and rollout initially consists of selected priority merchants for quality control purposes, given the size and scope of the initial merchant networks. Selection criteria consists of transaction volumes and values, average purchase amounts, industry sector, merchant and merchant customer risk profiles and transaction margins.

Only those merchants who are going to work best with the myIOU BNPL service offerings, and who align with IOUpay premium brand values, will be activated as 'live' merchants available to consumers.

MYP1

On 6th April, the Company announced it had signed a Strategic Teaming Agreement with MYP1 Commerce Sdn Bhd (1137690-A) (MYP1) to connect MYP1's merchants to IOUpay's Merchant App and onboard their customers to the Company's "myIOU" Consumer App.

Details of the MYP1 arrangement were included in the March 2021 Quarterly Report & Business Activity Update announced 30th April 2021.

Razer Merchant Services (RMS)

On 15th June, the Company announced it had entered into a Master Merchant Agreement with Razer Merchant Services Sdn Bhd (Company No.: 948015-X) ('Razer Merchant Services' or RMS) to refer and acquire merchants to onboard and utilise IOUpay's Buy Now Pay Later (BNPL) payment service offering.

Under the agreement, RMS is to be responsible for the integration of IOUpay's BNPL service offering with the acquired merchants on merchants' webpages and e-commerce platforms and to work with IOUpay together to encourage the promotion and drive the use of IOUpay's BNPL payment services, while also ensuring that the necessary display of IOUpay's logo and other branding materials are properly displayed at the merchant's locations, website and platform as instructed by IOUpay.

RMS is a leading Southeast Asian (SEA) online payment gateway operating as a merchant services provider that processes online payments for global and regional blue-chip merchants and online platforms across the region. RMS currently provides credit card, debit card and e-wallet payment options to its 50,000+ merchants. Post integration and launch, RMS merchants will have IOUpay's BNPL payment services as a new alternative payment option.

Commercial activities with RMS are planned to go live after successful system integration and testing between IOUpay and RMS which, on 15th June, had been announced by the Company to be expected to take up to four weeks to complete. This implementation schedule has been extended due to the COVID-19 MCO lockdown restrictions.

RMS has completed integration development. User acceptance testing (UAT) is currently ongoing with RMS merchants divided into two groups - e-commerce and in-store. The e-commerce merchants are being tested first in phase 1, to be followed by the in-store merchants in phase 2. Due to the COVID-19 pandemic restricting activity for in-store merchants, the initial focus is the e-commerce merchant cohort.

In the UAT environment, the Company is monitoring test transactions being performed by the RMS Quality Control and Implementation team scheduled to be completed by early August. The Company is currently identifying a pilot group of merchants (approximately 20) to go live once testing is complete. Full implementation will then be activated as agreed with RMS.

Key Partnership secured with RMS Reloads

On 5th May the Company announced that it had entered into a Bill Payment Service Agreement with RMS Reloads Sdn Bhd (Company No.: 1303284-D) (RMS Reloads) for a three (3) year renewable term under which RMS Reloads is contracted on a non-exclusive basis to provide a collection agency service to enable IOUpay customers to make 'buy now pay later' (BNPL) instalment payments at any merchant across RMS Reloads' extensive national merchant network.

This agreement provides IOUpay customers with the ability to make cash and e-wallet payments over-the-counter, referred to as offline-to-online payments (O2O), for all or part of their BNPL instalments. O2O payments at high traffic supermarkets, convenience stores and leading shopping brands are particularly popular in Malaysia and South East Asia for customers wanting to make cash payments or past due payments.

RMS Reloads has more than 10,000 physical points-of-presence in Malaysia providing its over-the-counter services including 7-Eleven (2,500 stores), 99 Speedmart (1,900 stores) and KK MART (518 stores) to name a few. Each of these stores will effectively serve as payment collection agencies for the Company, providing IOUpay customers with a convenient in-field, over-the-counter payment alternative.

The Company commenced a system integration process in May 2021 involving an API connection of its Merchant App to RMS Reloads' Bill Payment Counter Collection System. This integration enables QR Codes to be scanned and to directly update IOUpay's system with the instalment as paid automatically, remitting the offline customer payment to IOUpay online.

During system integration and testing the Company identified system changes that are necessary to facilitate seamless functioning between consumer, merchant and IOUpay. Enhancements are scheduled for completion by end of September 2021. The Company expects the RMS Reloads bill payment collection service to be live and available to all registered and approved IOUpay BNPL customers during the fourth quarter of 2021.

Post Launch Activity Focus

Following the official virtual launch of myIOU, and during this extended period of MCO lockdown, the Company's marketing team is now concentrating on the following activities:

- A comprehensive digital marketing and social media strategy to achieve the objectives of building brand and product awareness and merchant and consumer acquisition;
- Accelerating and focusing the Company's business development and merchant services teams on onboarding, activating and closely servicing priority online merchants from the Company's major merchant referral partners;
- Capitalising on the B2B small business and corporate market opportunities;
- Consumer & Merchant App feature set improvements;
- Continuing to maintain strict risk management protocols around merchant and end-user BNPL limits and activities.

Other Update Items

IOU Rewards System

The IOU Rewards System has been successfully implemented, providing a loyalty programme to encourage and reward use of myIOU by consumers and merchants. Functionality currently offered includes activity based loyalty points, voucher generation, referrals and promotional campaigns. IOU Rewards is continuously being enhanced to capture various activity-based measures that promote acquisition and use of the myIOU BNPL service.

Card / Payment Processing

In the Operational Update announced 15th December 2020, the Company advised negotiation with two payment gateways each backed by commercial banks to enable the processing of BNPL transactions for its merchant customers using credit and debit card payments processed by the Company's platform.

During the first quarter of 2021 and prior to the soft launch of BNPL services, arrangements with the first of the payment gateways were restructured to better fit the Company's business model and documentation was executed and operations implemented.

The negotiations with the second payment gateway did not progress and were replaced with a new arrangement with a major SEA-based global trading bank (rated AA- by S&P).

To mitigate redundancy risk, as part of providing high service level agreement standards for its services to merchants and consumers, the Company ensures that it has arrangements in place with more than one quality payment acquirer. In late May, the Company completed negotiations and documentation for a third payment acquirer and is currently in the process of finalising arrangements with a fourth.

The Company conforms with Mastercard and Visa requirements (PCIDSS - Payment Card Industry Data Security Standard (securely / security)).

The Company can confirm that it has robust commercial arrangements in place with market leading acquirers of credit & debit card transactions to enable processing of its BNPL and card transactions. Payment systems are fully integrated to the Company's platform, tested and functioning securely, effectively and with redundancy.

Pre-Paid Inventory (PPI)

In the December 2020 Quarterly Report & Business Activity Update announced 29th January 2021, the Company reported funding for pre-paid inventory. Whilst this market opportunity remains within the business's commercial scope, early transactions identified did not achieve adequate returns to justify resourcing and capital allocation.

The Company continues to monitor the market and will review PPI opportunities as and when they arise.

Wholesale Funding

In the Investor Presentation announced 16th March 2021, the Company indicated in its 'Roadmap' that wholesale funding would be a third quarter milestone. Given the current stage of BNPL receivables portfolio development, this has been deferred and will be reassessed in the next quarter.

Territory Expansion

In the Investor Presentation announced 16th March 2021, the Company indicated in its 'Roadmap' that its BNPL capability would be expanded to offer services into two additional South East Asia territories. Whilst this remains the clear strategic objective, in light of travel restrictions and the extreme health emergency situation in each of the target jurisdictions, expansion into new SEA territories has been placed in abeyance until COVID-19 pandemic controls are eased.

COVID-19 Environment

Malaysia has experienced significant disruption since its first officially reported cases of COVID-19 confirmed late January 2020. The Malaysia Government implemented a Movement Control Order (MCO) on 18th March 2020 which was variously extended and modified throughout 2020 and into 2021.

On 3rd May 2021, in response to a surge in cases, full MCO restrictions were re-imposed in Kuala Lumpur, Johor, Selangor and Penang. From 12th May 2021 a nationwide MCO lockdown was imposed and then from 1st June 2021 a total lockdown was imposed for all social and economic sectors, with only essential economic activities being allowed to operate.

The Company has implemented COVID-safe work practices, following Malaysia Government guidelines, and facilitated remote access to systems during stay-at-home periods. All systems have been maintained and are able to operate on a business-as-usual basis.

During Phase 1 of the MCO the Ministry of International Trade & Industry (MITI) designated IOUpay as an essential business (payments) and approved the Company to operate with strict compliance to the standard operating procedures (SOP) working environment specified by MITI.

The current SOP strictly followed by the Company include: only up to 60% of total workforce on premises; no visitors; all meetings conducted via electronic devices; social distancing between workstations; temperature scans upon entry; and, careful hand sanitisation.

Societal and economic disruption during the pandemic has accelerated growth in digital payments, contactless payment methods and e-commerce activity. Opportunities for innovative financial technologies are rapidly evolving as consumer communities and commercial enterprises seek digital solutions. The Company is set to benefit from this evolution through all of its business channels – digital payments, mobile banking and BNPL services.

New appointment to Senior Executive

A new senior executive appointment has been made with Christopher Kok Min Joon to the role of Regional Commercial Officer (RCO).

The appointment of Mr Kok bolsters key account and commercial management capabilities of the Company as it enters a phase of mass onboarding of merchants via collaborative partnership agreements with major payment gateway and e-commerce platform providers, and effectively leveraging those partnerships in concert with the Company's direct marketing campaigns to acquire communities of quality consumers for BNPL services. The appointment also adds a proven resource to lead IOUpay's strategic regional territory expansion outlined in the Company's Investor Presentation announced 16th March 2021.

Christopher Kok (RCO) brings over 20 years of business development experience in fast moving consumer goods (FMCG) in international markets across SEA and the Pacific, the Middle East, Africa, South America and Central Asia. He has been responsible for developing big brand distribution into new markets, establishing partnerships with distribution agents, strategic advertising and promotional activities, building sales force velocity, delivering P&L objectives and monitoring market intelligence internationally.

Mr Kok holds a Bachelor of Business Administration (International Business) from the University of East London (2000).

Mr Kok replaces Mr Eddie Lee who left the Company in June for personal family reasons.

New appointment to Board of Directors

A fifth director was appointed to the Company's board of directors, complementing the existing board with valuable domain expertise in receivables portfolio development and funding combined with strong skillsets in compliance, reporting and stakeholder communication.

The appointment of Paul Russell as non-executive director to the Company's board of directors was made in May. The board now comprises four (4) independent non-executive directors working with chairman Mr Lee Chin Wee. Three (3) of the non-executive directors are Australian residents.

Paul Russell brings 15 years of institutional banking experience with Australia's leading financial institutions as a senior structured asset finance practitioner. Operating out of Sydney, he originated and executed transactions for large corporates, governments and institutional relationships across Australia and the Asia-Pacific region.

Mr Russell holds a Bachelor of Economics from the University of Sydney (1990) specialising in accounting and econometrics.

4C Cashflow Analysis

Receipts from customers remained buoyant at \$1,701,000 on a net operating cash outflow of \$1,714,000 compared to \$617,000 last quarter. This net cash outflow figure includes once off costs of \$480,000 and increased costs as part of the Company's commencement of its BNPL service offering launched on 15 June which added \$640,000 of additional costs including \$524,000 paid out to merchants and an increase of \$116,000 in staffing costs from the previous quarter. These additional costs produce a normalised net operating cash outflow of \$594,000. The \$480,000 of once off costs includes the Company's investment in a global financial receivables management system (\$270,000), share registry transition (\$140,000) and an independent expert report (\$70,000).

The Company's Mobile Banking division has continued to experience increased transaction levels reflecting the tightening of Malaysian Government Movement Control Order (MCO) conditions with increased work-from-home populations and continued travel restrictions from the current new Delta variant wave of new cases of the COVID-19 pandemic which continues to boost mobile banking and online purchasing and payments. However, this growth is not yet reflected in Receipts from Customers due to extended payment terms with the banks and other mobile banking customers during the extended MCO environment.

Total transaction levels for the quarter were 79,736,191 up from 72,953,277 in the previous quarter.

Total payments to Directors and their nominated entities for the quarter was \$95,000 as set out in item 6.1 of the Appendix.

The Company had \$51,405,000 in cash and call deposits as at the end of the June Quarter, which includes FX losses of \$813,000.

The Company received interest income of \$222,000 from its call and interest-bearing deposit accounts.

Outlook

The Company continues to make significant progress on identified key partnership opportunities to grow its merchant network, opening access to large scale customer acquisition and providing simple, innovative BNPL payment solutions to businesses and consumers.

The Company's focus remains on strategic, premium brand high quality opportunities in order to capitalise on its 'best-in-class' technology platform with quality at the forefront of all activities including merchants, consumer credit risk, product innovation and communication, and transaction profitability.

Whilst territorial expansion remains in abeyance and in-store merchant activity is limited given COVID-19 pandemic restrictions, the Company continues to acquire new online merchants and expects significant consumer activity to be generated through investment in digital marketing campaigns, promotional activities and deployment of social media influencers.

The outlook for e-commerce generally continues to be positive as evidenced by significant growth in transaction numbers in the Company's Mobile Banking Division.

Business development into the B2B segment is expected to provide significant opportunities for revenue growth given the strong interest shown by small business and corporates during ongoing marketing activities. Industry sectors that have been identified for development include automotive, technology & consumer electronics and professional services.

Once the COVID-19 pandemic restrictions are lifted, in-store merchant acquisition will be accelerated and territorial expansion will be reactivated.

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

Yours faithfully

IOUpay Limited

Jarrold White
Company Secretary

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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.

Appendix 4C

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

Name of entity

IOUpay Limited

ABN

11 091 192 871

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,701	6,980
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(1,553)	(5,126)
(c) payment to merchants	(524)	(524)
(d) advertising and marketing	(70)	(181)
(e) leased assets	-	(55)
(f) staff costs	(479)	(1,466)
(g) administration and corporate costs	(1,062)	(3,937)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	222	272
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	(37)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	51	118
1.9 Net cash from / (used in) operating activities	(1,714)	(3,957)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(187)	(439)
(d) investments	(391)	(867)
(e) intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(f) other non-current assets	-	(3,244)
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	347
(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)	-	24
2.6 Net cash from / (used in) investing activities	(578)	(4,179)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	60,196
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	(95)	(1,132)
3.5 Proceeds from borrowings	-	98
3.6 Repayment of borrowings	(6)	(159)
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	(101)	59,003

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	54,611	578
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,714)	(3,957)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(578)	(4,179)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(101)	59,003
4.5	Effect of movement in exchange rates on cash held	(813)	(40)
4.6	Cash and cash equivalents at end of period	51,405	51,405

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	5,134	53,079
5.2	Call deposits	46,271	1,532
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)	51,405	54,611

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	95
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	113	113
7.4 Total financing facilities	113	113
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. The Group has hire purchase facilities that are secured, repayable over 5 years with interest rates of 13% p.a. & 4.04% p.a.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,714)
8.2 Cash and cash equivalents at quarter end (item 4.6)	51,405
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	51,405
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	30.0
<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: N/A	
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: N/A	
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: N/A	
<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 of Directors
(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.