

23<sup>rd</sup> November 2021

ASX Announcement

## BNPL Business Offering & Operational Update

### Highlights

- Uptake of BNPL service continues with strong margins for myIOU BNPL transactions completed in the first half of the December Quarter (1 Oct to 14 Nov):
  - \$3,189,092 in Total Transaction Value (“TTV”<sup>3</sup>) has been transacted; delivering,
  - \$306,616 in Net Transaction Revenues (“NTR”<sup>4</sup>)
- Strong growth in Consumer and Merchant sign ups, approval and onboarding:
  - 2,613 merchants now onboarded (up 13% since 30 Sept)
  - 1,182 merchants system activated and listed on myIOU (up 25% since 30 Sept)
  - 28,370 consumer downloads of myIOU (up 67% since 30 Sept)
  - 8,201 consumer activated accounts (up 71% since 30 Sept)
- Razor Merchant Services (“RMS”) pilot group of merchants to go live by early December
- Merchant acquisition active across industry verticals and into regional Malaysia driving significant growth trend in consumer onboarding and activation
- Update on IDSB Completion and Settlement Process of acquisition
- COVID-19 Environment Update – Phase 4 of National Recovery Plan underway with a significant reopening of the economy

IOUpay Limited (ASX:IOU) (‘IOUpay’ or the Company) is pleased to announce a BNPL & Operational Update with information current to 14th November 2021.

### **BNPL Business Offering Update**

#### TTV<sup>1</sup> and NTR<sup>2</sup> Performance Metrics

Values for Period	1 October – 14 November 2021
Total Transaction Value <sup>1,3</sup>	\$3,189,092
Net Transaction Revenue <sup>2,3</sup>	\$306,616
myIOU Income Margin <sup>4</sup>	9.6%
Cumulative Totals as at	14 November 2021
Merchants Signed	2,865
Merchants Onboarded	2,613
Merchants System Active	1,182
Consumer Downloads	28,370
Consumers Onboarded	19,469
Consumer Account Activations	8,201

Note: 1. Total Transaction Value (TTV) means total value of purchases made by myIOU customers  
 2. Net Transaction Revenue (NTR) means TTV less the amounts paid to merchants  
 3. All amounts in AUD, assumed MYR/AUD exchange rate 3.05 using RBA sourced reference  
 4. myIOU Income Margin means NTR as a percentage of TTV

### **Razer Merchant Services (RMS)**

Following successful completion of systems integration testing by the RMS Quality Control & Implementation team, training of RMS internal and sales staff on the myIOU platform was conducted by the IOUpay Merchant Services team and completed at the end of October.

A pilot group of merchants is being prepared to go live, expected within the next three (3) weeks. Full implementation will then be activated on a timetable to be agreed with RMS.

### **Merchant & Consumer Acquisition**

As the local Malaysian economy opens up, merchant acquisition is increasing with business development personnel able to be more active in the field and engage with prospective merchants through in-person marketing and account management calls. This includes dedicated sales staff operating in regional Malaysia under the Company's regional commercial development plan.

During the first half of the December quarter, more than 100 merchants operating over 300 outlets around Malaysia have been added to the myIOU platform. New merchants have been added to almost every industry vertical category. Key industry verticals with numerous merchants added since 30<sup>th</sup> September include: Electrical & Electronics (17 merchants with 126 outlets); Automotive (17/21); IT & Gadgets (18/51); Home & Garden (10/14); Beauty (5/10); and, Health & Personal Care (7/45).

Notable businesses amongst these new merchant relationships include the following electrical stores from regional Malaysia (outside Kuala Lumpur & Selangor): Wah Lee Chain Store Sdn Bhd, Darson Electronics Sdn Bhd, Star Electronics Sales and Services Sdn Bhd, and Surai Jerai Electrical Sdn Bhd.

As shopping choice expands with many new merchants added across industry verticals and physical store locations, consumer engagement with myIOU has shown a significant growth trend over recent weeks. This growth also correlates with the Government's easing of COVID-19 restrictions, the Company's ongoing Digital Marketing Strategy and various promotional campaigns.

### **IDSB Completion and Settlement Update**

As noted in the recent update in the September Quarterly Activities Report, released 29 October 2021, there was, at that time one remaining condition precedent ("CP") expected to be satisfied in November at which point the first tranche payment of 50% of the purchase price would be made.

The one remaining CP to be satisfied is a third-party consent from one of IDSB's banking partners for the change of shareholding, which is required under the terms of the respective collaboration agreement between IDSB and the bank partner. The Company expects this to be a formality and this has only been delayed due to the banking partner's ability to convene its normally scheduled formal Board meetings due to local COVID restrictions.

At the date of this release whilst the CP remains outstanding, the Company is not aware of any reason as to why the expectation of completion of that condition precedent by the end of November is not on foot, and if not by the end of November otherwise imminent at the next meeting of the third-party banking partner.

IOU will of course keep the market informed of the progress of the IDSB transaction and satisfaction of that condition precedent which is material to the Company's progression of its BNPL expansion objectives in the Malaysia and South-East Asia region generally.

## **COVID-19 Environment Update**

During October and early November, nearly all states, territories and major economic centres moved into Phase 4 of the Malaysia Government's National Recovery Plan ("NRP"). Phase 4 provides for the re-opening of all economic sectors, interstate travel (subject to SOPs) and no gathering limits.

On 10<sup>th</sup> October, all interstate and international travel restrictions for fully vaccinated residents were lifted as the required vaccination threshold of 90% of the adult population had been reached.

With economic re-opening and interstate travel permissions, the Company has deployed a dedicated Regional Commercial Officer to develop the regional areas outside of the Klang Valley central economic hub encompassed by Kuala Lumpur and Selangor. Business development operatives have been employed and calling programmes implemented with immediate success evidenced by the numerous merchant relationships established (particularly in the electrical goods sector).

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.

### **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.

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