



IOUpayTM
Buy Now Pay Digital

**IOUPAY LIMITED
AND CONTROLLED ENTITIES
ACN 091 192 871**

2022 ANNUAL REPORT

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Dear Shareholders,

On behalf of the Board, I want to thank our shareholders for their support throughout the year. We truly appreciate your commitment, particularly given the global economic environment and substantial disruption to the sector.

Despite this period of economic volatility for IOU the 2022 financial year has been a period of dedicated execution on the Company's strategic plan with the first year of operation for *myIOU*, the Company's 'best-in-class' short term instalment plan consumer finance (BNPL) service. As local Malaysian businesses emerged from pandemic-related lockdowns and movement control orders were relaxed, the economy opened up and Malaysia got back to work.

During this first phase of growth along the planned *Pathway to Profitability*, the Company has been building brand awareness and consumer engagement, deploying business development teams to acquire and manage merchant relationships, investing in technology enhancements and innovation, and establishing relationships with strategic partners who complement the product suite and facilitate access to large communities of credit worthy consumers. With significant achievements throughout the 2022 financial year, the Company is looking forward to the next phase of growth as it implements a number of exciting partner programmes and product initiatives designed to build scale in the lending portfolio and diversification in the product suite.

In particular, the two new product initiatives announced in June exemplify brand leadership through innovation and a keen focus on developing opportunities to access new markets and customer communities. The *myIOU KA\$Hplus prepaid Visa card* represents a real game-changer for *myIOU* as it will expand merchant coverage to all Visa-approved merchants and provides opportunities for creative origination innovations. Entering the Islamic finance market with a Shariah-compliant BNPL service – *myIOU Islamic* - and other instalment based lending products provides greater penetration of the Malaysian consumer finance market and positions the Company for future expansion into other SEA jurisdictions with established Muslim populations.

The Company's focus on strategic partnerships is delivering an impressive range of highly credible partners providing access to new markets and established communities of merchant and consumer customers. Partnerships with Razer Merchant Services, Pine Labs, SOGO Department Stores and PayHalal leverage the Company's technology platform into new payment ecosystems for efficient acquisition of merchants and origination of consumer finance transactions. The Company will continue to pursue new partnerships as it expands the lending portfolio through the second phase of growth.

The strategic investment in l'Destinas Sdn Bhd ("IDSB") successfully closed during the first half of the year representing a significant milestone for the Company as it seeks to position for diversified growth along the consumer finance value chain. Working with another high quality partner such as IDSB with a number of complementary competitive strengths is presenting significant opportunities for growth originating consumer finance into IDSB's high credit quality customers, building scale and diversification with new distribution models and innovative product development to capture a greater share of customer lifetime value. Our new bridging loan product initiative is a great example of how the investment is facilitating high level collaboration for strategic value creation.

The Company has a nearly 20 year history of processing payments securely at high volumes for Malaysia's financial institutions. To do this successfully over time requires continuous improvement to the technology platform. During the year there have been some significant technology achievements and all the teams involved should be congratulated in helping to maintain brand leadership and facilitate the growth objectives being pursued.

A special acknowledgement to all of our employees and senior management for their outstanding contributions, and for helping to build a culture of collaboration and inclusion. Your dedication to the task at hand during the societal dislocation of the past two years shows resilience and an admirable commitment to the team.

We are looking forward to FY23 as IOUpay moves into the second phase of our *Pathway to Profitability*.

With the right strategy in place, and a clear focus on dedicated execution, the Company is well positioned to build sustainable shareholder value through profitable transactions with creditworthy customers and more diversified growth along the consumer finance value chain, in Malaysia and beyond.

Dato' Wan Asmadi Wan Ahmad
Chairman

The Directors present their report together with the financial report of IOUpay Limited (Company) and its controlled entities (Consolidated Group) (ASX:IOU) for the financial year ended 30 June 2022.

Directors

The names of Directors in office at any time during or since the end of the financial year are:

Lee Chin Wee	Executive Director, Interim Chairman (30 June 2022)
Paul Russell	Executive Director
Kwong Yang Chong	Non-Executive Director
Datuk Khairul Idham Bin Ismail	Non-Executive Director
Byung Moo Shin	Non-Executive Director
Wan Asmadi Wan Ahmad	Non-Executive Director, Non-Executive Chairman (Appointed 30 June 2022)

Company Secretary

Jarrod White

Principal Activities

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, Digital Payments and Digital Services which service the top 20 banks in Malaysia and large telco's 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.

Review of Operations and Operating Activities

Rapid Early Growth in myIOU BNPL Service

The Company launched its Buy Now Pay Later (BNPL) service offering *myIOU* on 15 June 2021, so the 2022 financial year effectively represents the first year of operation. The initial period around and following launch was impacted by the highly restrictive COVID-19 MCO lockdown conditions which reinforces the strength of early BNPL volumes and consumer interest in the offering.

Throughout the year, and as the economy began to re-open, transaction volumes have been strong and *myIOU* Income Margin has been regularly above the Company's internal expectations. Total Transaction Value ("TTV"), representing the gross merchandise value of purchases made using *myIOU*, for the period was \$29,380,335¹. This delivered Net Transaction Revenue ("NTR", representing TTV less payments made to merchants) of \$2,012,456¹. Resulting *myIOU* Income Margin was 6.8% which is above the Company's internal expectations.

The Company reports Non-Performing Loans ("NPL") of \$179,413¹ and an NPL Ratio² of 0.61% as at 30 June 2022. This result supports the Company's measured approach to growth, indicates modest delinquencies and is a reflection of the Company's targeted consumer acquisition process, including sophisticated credit checking technology to authenticate customers and independently verify credit profiles, as well as its continuous assessment and management of merchant relationship performance.

The Company is well-positioned for further growth in short term instalment plan volumes (including BNPL) as it moves into the second phase of its *Pathway to Profitability*³ with a number of strategic growth initiatives being implemented.

Note:

1. AUD values for TTV & NTR assume an MYR/AUD exchange rate of 3.05 using an RBA sourced reference.
2. NPL Ratio means NPL as a percentage of TTV written during the past 12 months.
3. Refer to the Business Strategy Update announced 21 July 2022 for details of the Company's measured approach to growth in phases.

Expansion of Staffing Levels

To accommodate the rapid early growth of the new BNPL service offering and the operational support required, and to position the business for the next phase of development, during the period staffing levels increased by 107% from 60 staff as at 30 June 2021 to 124 staff as at 30 June 2022. The largest additional resourcing was made to the business development, account management, merchant services, operations and credit teams.

Staffing levels remained relatively stable during the second half of the period (H2 FY22) with a reduction in staff numbers during the June quarter (Q4 FY22) reflecting changes made to the Company's presence in Myanmar.

New Non-Executive Chairman Appointed

On 1 July, the Company announced the appointment of Dato' Wan Asmadi Wan Ahmad to the Company's Board of Directors as non-executive director and elected non-executive Chairman effective from 30 June 2022. He replaces the immediately prior Interim Chairman Mr Lee Chin Wee, who remains on the Board as an Executive Director and will formally continue to fulfil the duties of the Group Chief Executive Officer function. Mr Lee was appointed as Managing Director.

Mr Wan Ahmad is based in Kuala Lumpur and brings more than 25 years of corporate advisory and investment banking experience with some of Malaysia's leading financial institutions. He is currently one of nine members of the Market Participants Committee of Malaysia's securities exchange, Bursa Malaysia. He is also the current Chairman of the Association of Corporate Finance Advisors (Malaysia) and a Corporation Member of Pahang State Development Corporation.

Importantly, the appointment of Mr Wan Ahmad as an independent non-executive Chairman is a step towards improving the corporate governance and satisfaction of the ASX Corporate Governance Principles.

Development of Partner Relationships

To leverage the Company's strengths and build a sustainable, profitable BNPL business, it has been strategically focused on developing 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 period, the Company reported significant progress with its relationship with Razer Merchant Services Sdn Bhd ("RMS"). Following successful completion of systems integration testing, training on the myIOU platform was conducted for RMS sales and internal staff and completed in October. A pilot was conducted during November and the Company moved to full implementation with RMS working with the Company to promote myIOU and onboard merchants. More than 200 RMS merchants were onboarded during the period, making available myIOU as a payment option to those merchants' consumer customers.

In December, integration work with RMS Reloads Sdn Bhd ("RMS Reloads"; related to RMS) was finalised and testing completed to enable myIOU customers to make over-the-counter cash payments to their myIOU accounts. This provides additional flexibility to myIOU customers and further evidences the developing relationship with the Razer Fintech Group.

Subsequent to the balance date, RMS has agreed to expand the myIOU offering to include the full complement of standard myIOU instalment payment plans. This provides more flexibility for merchants to offer the plan(s) that best suit their respective business and customer demand.

During the March quarter, the Company entered into a Merchant Agreement with SOGO (K.L.) Departmental Store Sdn Bhd ("SOGO") for the provision of myIOU services at SOGO's department stores on both point-of-sale and e-commerce payment platforms. SOGO is one of Malaysia's leading retailers, operating three premium properties in key commercial districts, and has an established loyal following of frequent shoppers including approximately 800,000 SOGO Card members.

In June, following integration works, myIOU was made available for purchases made through SOGO's point-of-sale platform for purchases made in-store. Phase two involves the implementation of myIOU on SOGO's e-commerce platform for online purchases.

The Pine Labs Group is a growing merchant commerce platform operating across India and Southeast Asia, which partners with many leading retailers in Malaysia including large global brands as well as major regional and local enterprises. In June, the Company announced an agreement with Pine Payment Solutions Sdn Bhd ("Pine Labs") to enable mutual merchant clients to offer myIOU services via the Pine Labs merchant platform. The operational engagement between the Company and Pine Labs involves integration between the myIOU and Pine Labs platforms so that all approved merchants can directly connect to and access the deferred payment offerings of IOUpay in one automated process, streamlining and accelerating the multi-merchant onboarding process.

With significant growth potential in Malaysia and Southeast Asia, the strategic relationship with Pine Labs further positions the Company for growth and territory expansion as Pine Labs grows its footprint.

As noted below in 'Matters Subsequent to the End of the Financial Year', a number of additional strategic partnerships have been announced after 30 June 2022.

Merchant Acquisition

As the local Malaysian economy opened up during the period, merchant acquisition markedly increased 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 included dedicated sales staff operating in regional Malaysia under the Company's regional commercial development plan.

Merchant relationships representing nearly 3,500 outlets were signed during the period. Of these, more than 2,000 outlets were activated on the myIOU platform following review and assessment. As at the balance date, there were 877 merchant relationships operating 2,390 outlets (both physical & online) throughout Malaysia⁴. The Company's myIOU BNPL service is offered across a diverse range of products and services from thirteen industry verticals⁵, including Automotive, Beauty & Wellness, Education, Electronics & Gadgets, Home & Living, Sports & Outdoors and Travel, amongst others.

A number of notable businesses, large chain stores and big brand names were added to the myIOU ecosystem during the period. These included Advanced Apotheke (Jurlique), Box of Bricks (Lego), Brightstar Computer (including Dell & Lenovo), Brooks, Darson Electronics, Five Star Fitness (trading as Star Fitness), Gintell, Happikiddo, Hewlett Packard, Petsmore, Samsung (selected distributors), Senheng and Wah Lee.

Concurrently with merchant acquisition activities, the Company's merchant services teams and Operations Division conduct ongoing re-assessment and evaluation of merchant relationship performance to ensure alignment with IOUpay brand values, anticipated transaction activity levels and satisfaction of return expectations. Following review, those merchant relationships not meeting satisfactory levels of performance, and considered unlikely to improve, are terminated and removed from the myIOU platform.

Note:

4. These numbers do not include the more than 200 RMS merchants onboarded to offer myIOU payment options.

5. During Q3 FY22, the Company consolidated twenty industry verticals into the thirteen categories now shown on the myIOU apps and myIOU.com website.

Digital Marketing Strategy Launched – Brand Ambassadors Announced

Early in FY22, with some ongoing pandemic-related restrictions as the Malaysia economy was progressively opening up, the Company implemented a sophisticated Digital Marketing Strategy ("DMS") to target key cultural demographic groups including a portfolio of social media influencers. With the newly launched myIOU service seeking to acquire consumer and merchant customers, but in-field business development still somewhat constrained, digital marketing and the use of social media was an important method of building brand awareness, acquiring merchants and driving customer engagement.

In August 2021, as part of the DMS launch, the Company signed award-winning international singer-songwriter, Yuna, as the inaugural 'Face of myIOU' and Brand Ambassador to drive expanded reach and engagement with both merchants and consumers in Malaysia. Yuna brought the value of her considerable following in Malaysia and around South East Asia to the promotion of the Company and the myIOU brand. Yuna's personal interest in the impact and challenges faced by SME's during the pandemic health emergency supported IOUpay's marketing to prospective merchant customers and overall brand positioning as Malaysia opened up under the country's National Recovery Plan.

As people increasingly got back to work and with increased economic activity, the Company's marketing exposure progressively expanded to include outdoor advertising, coverage across various media platforms and big screen messaging in cinemas located in and around the busiest economic centres. The impact of the various advertising and targeted product promotional campaigns was evidenced throughout the year via continued growth in merchant acquisition and consumer engagement.

During March 2022, the Company introduced two new Brand Ambassadors to strategically support and promote the launch of the newly refreshed myIOU 2.0 app. Hong Kong based actress, Priscilla Wong was signed as myIOU International Brand Ambassador. High profile local Malaysian actor and model, Syafiq Kyle was signed as myIOU Brand Ambassador. Each ambassador is contracted for calendar year 2022 to produce monthly content, working with the Company's Marketing Team to promote brand awareness and also on specific campaign initiatives.

Consistent with its DMS, the Company's strategy is to leverage the influence of the new ambassadors to increase brand exposure in additional follower communities, giving access to new potential customers and further driving engagement with myIOU.

Consumer Engagement

Throughout the financial year, the Company has reported consistent growth in all key BNPL consumer metrics. During the June quarter, the number of consumer app downloads reached 100,000 and account activations exceeded 30,000.

Consumer app downloads, onboarding and account activation metrics all increased by around 60% during Q4 FY22 and all are up by more than 175% during H2 FY22. This growth reflects expanded shopping choice with many more merchants added across industry verticals and physical store locations across the country, and correlates with the Government of Malaysia's easing of COVID-19 restrictions under its National Recovery Plan as well as the Company's ongoing Digital Marketing Strategy and various promotional campaigns.

Take up of myIOU has been evenly divided between genders but female consumers account for 58% of active users. This is reflected in growth in activity in merchants from the Fashion, Lifestyle and Baby & Kids industry verticals as more merchants from these categories are onboarded and activated.

Age distribution has remained relatively consistent throughout the period. Almost 80% of active myIOU users are aged from 25 to 44 years which reflects the Company's target demographic.

The Company's marketing team conducted a number of brand awareness initiatives, customer surveys and promotional campaigns, including various media such as billboards and cinema advertising, to expand reach and develop consumer engagement with the myIOU product and brand. The data collected is used to refine and enhance the digital marketing initiatives.

Given the myIOU BNPL offering was launched mid-June 2021, FY22 effectively represents the first year of commercial operation for the short term instalment plan product suite. The myIOU platform reported 108,749 consumer app downloads and 33,871 activated consumer accounts as at 30 June 2022. Post balance date, the Company notes that this general growth trend in myIOU consumer metrics continues into H1 FY23.

Strategic Investment in IDSB

On 9 September 2021, the Company announced a strategic investment to acquire 42% of I.Destinasi Sdn Bhd ("IDSB") for cash consideration of RM126 million (~A\$41.0 million⁶) paid in two equal tranches over a period of up to six months. IDSB is a private company incorporated in Malaysia in 1981, which operates a financial services business focusing on providing instalment based consumer credit services to civil servants for and on behalf of Malaysian banks.

The investment represents a non-controlling interest and will not see any merger of operations as both companies have distinct service offerings and business models with different financial, human and technical resources.

Acting as a service provider to Malaysian retail banks, IDSB provides new account processing, credit, collections and account management services for long term instalment based finance to civil servant customers of Malaysian retail banks, with the average term being 10 years.

The strategic rationale for making the investment is to collaborate with IDSB and cross-sell the Company's BNPL service offerings to IDSB customers given the myIOU service offerings are essentially short term renewable instalment plans for smaller affordable purchase amounts. There is also the potential to market the myIOU BNPL service into the large customer communities of the partner banks who exclusively contract IDSB to process and manage their civil servant loan portfolios.

Settlement of the transaction occurred 20 December 2021 following satisfaction of all necessary conditions precedent, completion of the first tranche payment of RM63 million (~A\$20.5 million⁶) and transfer of shares representing 21% of the total issued capital of IDSB. The Company funded the first tranche payment from existing cash holdings. The second tranche payment for the balance of the investment was due on the later of completion of the audit of IDSB's FY2021 statutory accounts or six months after settlement.

On 20 June 2022, the Company announced confirmation of the amount of the second tranche payment and that it had agreed with the vendors to extend the period for settlement until 31 August 2022. The amount of the second tranche payment was confirmed as RM21,684,033 (~A\$7.1 million⁶), based upon an adjusted purchase price calculated referencing IDSB's audited full year profit before tax for FYE 31 December 2021.

On 1 September 2022, the Company announced a variation to the tranche two completion terms and confirmed that all funding for full completion of the investment has been provided for by IOUpay. The revised terms provide for:

- Total acquisition of IDSB to be 34% at completion (an 8% reduction from the original 42%);
- Second Tranche Completion varied to be a 13% increment to the Company's existing 21% holding;
- Second Tranche Payment amended to RM9.5 million (~A\$3.1 million¹);
- Total acquisition cost of 34% interest to be RM72.5 million (~A\$23.3 million¹);
- Timing of Second Tranche Completion to be linked to the vendors obtaining additional certainty of IDSB's ability to deduct loan instalments / payments from federal government employees.

The investment in IDSB is accounted for as an investment in an associate using the equity method. The Company's share of IDSB's profit / loss is presented as a separate line item (being "share of profit/loss from associates") as distinct from the Company's primary operating profit / loss (in accordance with all relevant accounting standards). This provides IOUpay shareholders and the market with clear visibility of the financial impact of the investment.

IDSB recorded record revenues of RM30,968,566 (~A\$10,088,070⁶) and profit before tax of RM20,162,865 (~A\$6,568,092⁶) for its financial year ended 31 December 2021, despite the significant negative impacts during the year of the national interest payment loan moratorium (ending January 2022) combined with the market setbacks from the COVID-19 pandemic health emergency.

Audited interim results show IDSB recorded revenues of RM15,116,842 (~A\$4,924,340⁶) and profit before tax of RM7,638,826 (~A\$2,488,362⁶) for the half year ended 30 June 2022. As at the reporting date, the number of loans under management was 43,727 for a total value outstanding of ~RM2,663 million (~A\$873 million⁶), up from ~RM2,439 million (~A\$800 million) as at 31 December 2021.

IDSB's revenues are set to continue a growth trend through calendar 2022 with the loan moratoriums expiring in January and general economic activity continuing to improve with the Malaysia Government's National Recovery Plan well underway.

Note:

6. AUD values reflect exchange rate used to determine values in Note 11 to the Financial Statements.

Technology Platform Improvements & Product Development

The Company continued through the period to enhance and upgrade the technology platform to facilitate effective integration with e-commerce and payment gateway partners, add capability to the Mobile Banking business and provide additional features to the myIOU BNPL platform including vouchers, loyalty rewards and over-the-counter cash payments (via partnership with RMS Reloads).

In August, the Company began a process of reviewing and upgrading its BNPL customer interfacing technology including myIOU mobile apps for consumers and merchants as well as the myIOU.com website and the merchant web portal. Following the review, an external specialist design firm was engaged to provide design and performance advice and commence development work with IOUpay's technology and marketing teams.

The objectives in enhancing the UI/UX design include:

- a design update to better reflect branding and improve key user feature sets
- streamlining & simplification to increase onboarding speed and efficiency
- substantial functionality improvements to user experience, designed to increase activity and grow transaction volumes

In March, the myIOU 2.0 technology upgrade was launched during a five-day roadshow event at which the phase one app upgrade was introduced and two new brand ambassadors were announced. Phase two of the upgrade began rolling out after the reporting period.

In April, the Company announced development of mobile software development kits ("Mobile SDK") with myIOU payment options. These Mobile SDK provide a set of software development tools that allow merchants' own mobile apps to integrate with IOUpay (enabling myIOU as one of the payment options) without the need for full API integration. The Mobile SDK were released ahead of schedule in May. Further enhancement to the Mobile SDK was developed during June and released after the reporting date in July.

On 3 June 2022, the Company announced that its main operating subsidiary in Malaysia, IOU Pay (Asia) Sdn Bhd has been certified as compliant with the Payment Card Industry Data Security Standard ("PCI DSS") Version 3.2.1 (Level-1). PCI DSS compliance is required by payment card brands and acquirers to help protect and regulate the security of card transactions.

PCI DSS compliance is an ongoing process that aids in providing protection for payment systems from security breaches and theft of cardholder data. The ongoing process of review and annual audit contributes to improvements in the efficiency of IT infrastructure.

The PCI DSS certification confirms and reinforces the Company's strong credentials in payment processing, customer identification, fraud protection and data security.

On 9 June 2022, the Company announced that the myIOU BNPL offering is available to Malaysian merchants operating on the payments platform of Shopify Commerce Singapore Pte Ltd. Shopify provides a proprietary e-commerce platform for online stores and retail point-of-sale systems to businesses around the world. The Company completed integration work for seamless operation of myIOU as a payment option on the Shopify platform and is now able to market this new functionality to its existing and prospective merchant customers.

The Company announced in a Product Development Update on 24 June 2022, two significant strategic initiatives designed to access large markets of new consumers and to provide greater product coverage and flexibility for existing customers. These initiatives (refer below, 'myIOU KA\$Hplus Visa Prepaid Card' and 'myIOU Islamic – Shariah Compliance Certification') also align with the Company's objective to diversify growth and increase share of customer lifetime value.

myIOU KA\$Hplus Visa Prepaid Card

On 24 June 2022, the Company announced that it is collaborating with Virtualflex Sdn Bhd to provide to myIOU customers in Malaysia a co-branded myIOU KA\$Hplus Visa prepaid card ("myIOU KA\$Hplus Card") under a Collaboration Agreement.

The key objectives of the myIOU KA\$Hplus Card initiative include:

- Access merchants not yet onboarded to myIOU;
- Provide additional value to myIOU consumers;
- Drive growth in new consumers and enhance brand loyalty;
- Generate additional revenue streams via potential future product enhancements; and
- Expand myIOU product coverage to more merchants (local or international).

The Stage 1 rollout of cards commenced after the reporting date, in July. The Stage 2 integration remains subject to approval by Bank Negara Malaysia approval for the linkage to the myIOU BNPL service.

Once integrated into myIOU, the myIOU KA\$Hplus Card will mean customers are not limited in their shopping choice to merchants operating on the myIOU platform. Purchases made at any merchant that accepts Visa card for payment will be able to be processed via the myIOU KA\$Hplus Card and then converted into a myIOU BNPL transaction.

The myIOU KA\$Hplus Card can also be used to facilitate marketing initiatives with strategic partners for innovative origination of short term, instalment-based consumer finance products.

myIOU Islamic – Shariah Compliance

The Company announced in the Product Development Update of 24 June 2022 that it was developing a Shariah-compliant BNPL offering to be marketed under the name 'myIOU Islamic'. Given more than 60% of Malaysia's population follows the Muslim faith tradition, myIOU Islamic will open greater access to this large and growing community.

Following certification of Shariah compliance, announced after the reporting date in July, the Company is preparing to offer both conventional and Islamic financing. This requires a partitioning of the myIOU portfolio, integration with an Islamic Payment Gateway as well as separate documentation, policies and procedures, and an Islamic Bank Account for all Shariah-compliant transactions.

The key objectives of the Shariah Compliance initiative include:

- Enter the Islamic BNPL market, serving Islamic merchants and consumers;
- Provide an alternative to conventional BNPL;
- Increase brand standing in Malaysia and SEA; and
- Prepare for territory expansion into other SEA jurisdictions with large Islamic populations.

Mobile Banking Division Continues Growth Trajectory

The Company's Mobile Banking Division has continued to grow with transaction levels hitting a record 85 million events during the September quarter. This growth (up 50% since early 2020) reflects a fundamental shift in the economy to digital payments and e-commerce, which accelerated during the pandemic health emergency, but is expected to continue post-COVID.

Anticipating further growth in demand for its mobile banking services, during the December quarter the Company upgraded and transitioned to a new data centre with larger capacity infrastructure capabilities to cater for expected future transaction volumes. This meant some temporary capacity limitations during the transition resulting in volumes for the December quarter being down from the September peak due to transactions being diverted to other service providers. Whilst there was a lag in the diverted transactions returning to IOUpay, transaction volumes from March indicate a return to the volumes achieved prior to the upgrade.

The Company is now ready to accommodate anticipated further growth in mobile banking transaction volumes.

Acquisition of SibU Kurnia Marine Sdn Bhd – Government Approvals Obtained

As announced in January 2021, the Company secured a Malaysian Money Lending Licence (MA1951 Licence) via the acquisition by IOU Pay (Asia) Sdn Bhd of 100% of the ordinary shares in SibU Kurnia Marine Sdn Bhd ("SKM"). To complete the transfer of control and formal ownership title of SKM (which was required due to the MA1951 Licence it holds), ministerial consents and formal government

approvals were required from the Malaysian Ministry of Housing and Local Government ("the Ministry"). The Company had been awaiting the required approval from the Ministry due to ongoing local government delays resulting from COVID-19, and more importantly the impacts from various changes of Malaysian government during 2021.

On 14 January 2022, the Company announced confirmation that it is in receipt of the necessary consents and approvals from the Ministry and that the official transfer of licence ownership and control of SKM is completed, and that despite the unexpected delay in Ministerial consent being granted, that this process had been completed within the terms of the acquisition as originally announced on 19 January 2021.

Annual General Meeting

On 27 January 2022, the Company held its Annual General Meeting. In addition to the required compliance resolutions, the Company ratified the issue of shares in the \$50 million placement completed in February 2021, approved the issue of performance options to executive directors, and approved (pursuant to ASX Listing Rule 7.1A) an additional 10% placement facility for the issue of equity securities over the next 12 months.

Operating and Financial Review of Operations

For the year ended 30 June 2022, the consolidated entity generated an after-tax loss of \$10,020,194 (2021: loss \$4,793,588), had net cash outflows from operating activities of \$21,215,384 (2021: outflows \$3,959,618) and had net assets of \$48,001,353 (2021: \$57,036,104).

Revenue has seen an increase of 17% on the prior year to \$8,399,809 reflecting revenue generated in the first year of operation of the myIOU consumer finance portfolio. The driver of the increase has been greater brand awareness as well as ongoing COVID-19 restrictions resulting in continued growth in online shopping.

Significant Changes in State of Affairs

Other than as disclosed in this report, there were no significant changes in the state of affairs of the consolidated group for the financial year ended 30 June 2022.

COVID-19 Disclosure Note

The Company has been impacted by the COVID-19 pandemic. While there has been a revenue impact, the Company has employed a range of cost-reduction initiatives to mitigate the impact. The Company is currently seeing a recovery from the pandemic and is well-positioned to continue with its growth strategy and investment.

Dividends

No interim dividend was declared or paid during the current financial year. The directors are recommending that no final dividend to be paid in respect of the year ended 30 June 2022 (2021: \$nil).

Financial Position

The net assets of the consolidated group have decreased by \$9,034,751 from 30 June 2021 to \$48,001,353 as at 30 June 2022.

As at 30 June 2022, the consolidated group has a working capital surplus, being current assets less current liabilities, of \$24,804,674 (2021: \$54,772,461).

Likely Developments

- Existing core mobile banking services to be maintained and expanded to compliment emerging BNPL offering and corporate focus;
- Territory expansion in the Southeast Asia region to launch myIOU and IOUpay offering in other local markets;
- Initiatives to extend strategic partnerships and IOU's consumer finance product portfolio in the SEA region through its current business and also through its investment in IDSB; and
- Execution of the corporate strategy that was outlined and released to the ASX in July 2022.

Director Information

Mr Lee Chin Wee

Executive Director, Interim Chairman (30 June 2022)

Appointed 8 September 2014, appointed Interim Chairman on 8 July 2020 to 30 June 2022

Mr Lee has over 20 years' experience in a Fintech space, mobile payment, mobile banking solutions, digital marketing and telecommunication industry. He was a former business consultant of Accenture focusing on telecommunications billing systems, product developments and revenue assurance.

Mr Lee holds a First Class BEng (Hon) degree in Electrical & Electronic Engineering from University College London and a Master of Business Administration (MBA) from University of Malaya.

Mr Datuk Khairul Idham Bin Ismail

Non-Executive Director

Appointed 26 November 2020

Mr Idham Bin Ismail D.P.S.M. is a lawyer by profession. Datuk Khairul was called to the Malaysian Bar in September 2000 and holds a LLB (2nd Class Upper Division) from King's College, London and a Certificate in Legal Practice (C.L.P.) from the Legal Profession Qualifying Board of Malaysia.

Datuk Khairul started his legal career with Messrs David Chong & Co in 2000 before joining the Corporate Secretarial and Legal Department of MMC Corporation Berhad in January 2003. In 2006 Datuk Khairul joined Messrs Naqiz & Partners and was promoted to become its Managing Partner in 2015. Datuk Khairul's experience in the legal industry includes all corporate & commercial matters, capital markets, Islamic banking & finance, construction and real estate transactions, infrastructure and projects, corporate restructuring, public-private partnerships, privatisation and intellectual property.

Mr Paul Russell

Executive Director

Appointed 12 May 2021

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. Ranging from big-ticket capex funding for mining, aviation and marine equipment through to portfolio finance for specialised non-bank financial institutions, Paul's transaction and relationship experience has covered a range of industries, jurisdictions, regulatory frameworks and credit profiles. In his previous role as Director, Structured Asset Finance at Westpac Institutional Bank, Paul was involved in building a portfolio of direct and third-party originated receivables, relationship management, product development, credit structuring & evaluation, and growing the bank's Debt Capital Markets business.

Mr Kwong Yang Chong

Independent Non-Executive Director

Appointed 8 September 2014

Kwong Yang Chong has substantial experience in finance and accounting and is a CPA Australia member. Kwong Yang Chong's relevant experience includes:

- (a) Audit manager at Ernst & Young;
- (b) Financial controller of a leading commercial advertisement production Group in Malaysia;
- (c) Corporate Finance Manager and Company Secretary of Eaton Industries Pty Ltd, a wholly owned company of Eaton Corporation, a Fortune 500 company listed on the US stock exchange; and
- (d) Chief Financial Officer of Donaco International Ltd (an ASX listed company).

Mr Byung Moo Shin

Non-Executive Director

Appointed 11 January 2021

Mr Shin is a commercial lawyer by profession holding an LLB, Bachelor of Commerce & Bachelor of Laws from The University of Sydney (2011) and having been admitted as a Lawyer of the Supreme Court of New South Wales by the NSW Legal Profession Admission Board in 2012. Mr Shin specialises in institutional investment and asset management, specifically inbound and outbound South Korean investment across a diverse range of industries. Mr Shin has a strong passion for the financial technology sector and has held senior executive roles with Trihill Partner Investment Management and Hangang Asset Management in Seoul, South Korea and Manhattan, New York.

Dato' Wan Asmadi Wan Ahmad

Non-Executive Director, Non-Executive Chairman

Appointed 30 June 2022

Mr Wan Ahmad is based in Kuala Lumpur and brings more than 25 years of corporate advisory and investment banking experience with some of Malaysia's leading financial institutions.

He is currently one of the nine members of the Market Participants Committee of Malaysia's national securities exchange, Bursa Malaysia. He is also the current Chairman of the Association of Corporate Finance Advisers (Malaysia) and a Corporation Member of Pahang State Development Corporation.

Currently, Mr Wan Ahmad is the Managing Principal of DWA Advisory Sdn Bhd (DWA), a corporate advisory firm he established in 2013, where he has successfully led a team of 12 personnel and has been involved in mergers and acquisitions and fundraising activities with a cumulative transaction value of more than AU1.5 billion.

Prior to DWA, Mr Wan Ahmad spent close to a decade in various senior executive roles with Maybank Investment Bank Berhad, Kuala Lumpur including, EVP/Head of Islamic Capital Markets and EVP/Head of Dealing, Equity Capital Markets, which culminated in his appointment as Chief Operating Officer of the bank's Saudi Arabia division in 2009.

Mr Wan Ahmad holds a Bachelor of Business Administration (1989) and a Master of Business Administration (1996) from Temple University, Philadelphia, USA.

Directors' Interests in Shares and Options

Directors	Existing Shares	Existing Options
<i>Direct Interest</i>		
Kwong Yang Chong	38,000	-
Lee Chin Wee	5,292,843	1,200,000
Datuk Khairul Idham Bin Ismail	-	-
Byung Moo Shin	-	-
Paul Russell	100,000	200,000
Wan Asmadi Wan Ahmad	-	-

Meetings of Directors

The number of director's meetings attended by each of the directors of the Company during the financial year were:

Director	Directors' Meetings		Audit & Remuneration	
	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend
Lee Chin Wee	14	14	1	1
Kwong Yang Chong	13	14	1	1
Datuk Khairul Idham Bin Ismail	14	14	6	6
Byung Moo Shin	13	14	1	1
Paul Russell	14	14	6	6
Wan Asmadi Wan Ahmad	-	-	-	-

Remuneration Report

Remuneration levels for Directors and executives are determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice. Remuneration packages comprise only a fixed salary component. The remuneration structures in place are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account the following:

- (a) The capability and experience of the Directors and executives; and
- (b) The Directors and executive's ability to control the financial performance of the Company's operations.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT payable related to employee benefits), as well as employer contributions to superannuation funds. In addition, external consultants provide analysis, and when requested, advice to ensure the Directors' and senior executives' remuneration is competitive in the market place.

Service agreements

Executives have service agreements that are capable of termination within three months. In the event of termination or resignation, employees are entitled to their statutory entitlements to annual leave and long service leave, if applicable.

There are service agreements in place with:

- Mr Paul Russell, the key terms of that agreement are:
 - the consultancy commenced 12 May 2021 and will continue on a month to month basis for a 12 month period renewable term;
 - consultancy fee of \$10,500 ex GST per month, less applicable deductions required by law;
 - the consultancy fee is subject to a quarterly review by the Chairman; and
 - the Company may terminate the agreement immediately if there are any material breach as outlined in the agreement, otherwise either party may terminate the agreement with three calendar months written notice.

There are no service agreements with the other Directors.

Non-executive directors

Total aggregate remuneration for all non-executive Directors approved by shareholders at an annual general meeting totalled \$250,000 (plus statutory superannuation). Director fees paid or payable to non-executive Director's total \$154,908. Fees for non-executive directors are not linked to the performance of the consolidated group. Currently, the remuneration for a non-executive director is \$48,000 per annum plus an additional \$6,000 per annum to serve as the Chairman or head of any Board approved committee.

Directors' fees cover all main Board activities. Directors who perform additional duties (e.g. extended business related travel overseas, special projects relating to preparation of half year and annual

Directors' Report

reports) over and above that of normal Director's duties are remunerated on commercial terms and conditions. Details of the nature and amount of each major element of remuneration for each Director of the Consolidated Entity and each of the most highly remunerated officers are as follows:

Details of remuneration

Total remuneration paid or payable to the Key Management Personnel for the year ended **30 June 2022** is set out below:

Key Management	Short term benefits		Long term benefits	Total
	Director's Fees	Remuneration	Share Based Payments	
	\$	\$	\$	\$
Lee Chin Wee	241,148	42,999	164,388	448,535
Kwong Yang Chong	59,400	-	-	59,400
Byung Moo Shin	54,000	-	-	54,000
Paul Russell	52,800	126,000	27,398	206,198
Datuk Khairul Idham Bin Ismail	46,908	-	-	46,908
Kenneth Kuan Choon Hsuing	-	273,632	268,186	541,818
Wan Asmadi Wan Ahmad	-	-	-	-
Total	454,256	442,631	459,972	1,356,859

Total remuneration paid or payable to the Key Management Personnel for the year ended **30 June 2021** is set out below:

Key Management	Short term employee benefits		Total
	Director's Fees	Remuneration	
	\$	\$	\$
Lee Chin Wee	68,636	59,033	127,669
Kwong Yang Chong	34,500	-	34,500
Byung Moo Shin *	26,500	-	26,500
Paul Russell **	6,630	-	6,630
Datuk Khairul Idham Bin Ismail ***	23,372	-	23,372
Bai GuoJin ****	2,381	-	2,381
Raymond Hor *****	15,000	-	15,000
Andrew Bristow *****	24,516	-	24,516
Tim Monger^	4,125	-	4,125
Kenneth Kuan Choon Hsuing ^^	-	141,206	141,206
Tham Jee Yeung^^^	-	17,262	17,262
Total	205,660	217,501	423,161

* Appointed 11 January 2021

** Appointed 12 May 2021

*** Appointed 26 November 2020

**** Resigned 28 September 2020

***** Resigned 26 November 2020

***** Appointed 8 July 2020 - Ceased to be a director as of 11 January 2021 after not being re-elected by shareholders at the AGM

^ Resigned 8 July 2020

^^ Appointed 1 July 2020

^^^ Terminated 31 July 2020

Options issued as part of remuneration for the year ended 30 June 2022

2,100,000 options were granted as part of remuneration to Directors (2021: nil) and 1,200,000 options were issued during the year (but unvested at year end) to other key management personnel of the group (2021: 1,650,000).

Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Company:

2022	Balance at the start of the year	Granted as remuneration	Other changes during the year	Balance at the end of the period
Direct Interest				
Kwong Yang Chong	38,000	-	-	38,000
Lee Chin Wee	4,692,843	-	600,000	5,292,843
Kenneth Kuan Choon Hsuing	-	-	400,000	400,000
Datuk Khairul Idham Bin Ismail	-	-	-	-
Byung Moo Shin	-	-	-	-
Paul Russell	-	-	100,000	100,000
Wan Asmadi Wan Ahmad	-	-	-	-
2021	Balance at the start of the year	Granted as remuneration	Other changes during the year	Balance at the end of the period
Direct Interest				
Kwong Yang Chong	-	-	38,000	38,000
Lee Chin Wee	4,692,843	-	-	4,692,843
Kenneth Kuan Choon Hsuing	-	-	-	-
Datuk Khairul Idham Bin Ismail	_*	-	-	-
Byung Moo Shin	_*	-	-	-
Paul Russell	_*	-	-	-
Andrew Bristow	-	-	-	_*
Raymond Hor	833,334	-	-	833,334**
Bai GuoJin	10,000,000	-	-	10,000,000**
Tim Monger	1,000,000	-	-	1,000,000**

*As at date of appointment

**As at date of resignation

Option holdings of Key Management Personnel

Shares held directly and indirectly in the Company:

2022	Balance at the start of the year	Granted as remuneration	Exercised	Balance at the end of the period
Direct Interest				
Kwong Yang Chong	-	-	-	-
Lee Chin Wee	-	1,800,000	(600,000)	1,200,000
Kenneth Kuan Choon Hsuing	-	1,200,000	(400,000)	800,000
Datuk Khairul Idham Bin Ismail	-	-	-	-
Byung Moo Shin	-	-	-	-
Paul Russell	-	300,000	(100,000)	200,000
Wan Asmadi Wan Ahmad	-	-	-	-
2021	Balance at the start of the year	Granted as remuneration	Other changes during the year	Balance at the end of the period
Direct Interest				
Kwong Yang Chong	-	-	-	-
Lee Chin Wee	-	-	-	-
Kenneth Kuan Choon Hsuing	-	-	-	-
Datuk Khairul Idham Bin Ismail	_*	-	-	-
Byung Moo Shin	_*	-	-	-
Paul Russell	_*	-	-	-
Andrew Bristow	-	-	-	_*
Raymond Hor	-	-	-	**
Bai GuoJin	-	-	-	**
Tim Monger	-	-	-	**

*As at date of appointment

**As at date of resignation

The Directors are of the view that at the current stage of IOU's development, the above framework is appropriate in achieving shareholder objectives and supporting an appropriate culture having regard to the sectors and regions in which we operate.

The Board seeks independent advice on market practices in determining reward outcomes for directors and senior staff across the group. Executive remunerations consists if fixed remuneration which includes contributions to superannuation funds and where appropriate, incentives reflecting the company and individual performance; those benefits being delivered in the form of cash or equity as determined by the Board.

The Board reviews executive packages annually, referencing the company's performance compared to our strategy and business plan and draw upon information from industry sectors and relevant listed companies in similar sectors and operating in similar regions to IOU.

The Board engages independent advisors as appropriate in the conduct of its annual review process. This advice is sought in relation to non-executive directors, executives and other key management of the Group. We have set out below the key elements of executive and director remuneration, and details of key management personnel remuneration for both the 2022 and 2021 financial years.

We look forward to shareholders' continued strong support for the organisation's strategies and the Board's current assessment of our performance. We will continue to ensure that the outcomes of our annual remuneration reviews are appropriate to the evolving challenges faced by the company in the period ahead, as well as the opportunities which the Board and the executive team are continually reviewing for the benefit of shareholders.

[This is the end of the Remuneration Report].

Audit Committee

The Board resolved for all members of the Board to be members of the Audit & Risk Committee due to the number of Board appointment changes during the financial reporting period. This meant that under the Chairman of the Audit & Risk Committee, all Directors became responsible in fulfilling the functions of the Audit Committee.

This involves maintaining a Code of Corporate Conduct for the consolidated group, and to ensure additional assurance with respect to the quality and reliability of the information provided is prepared or approved by third party providers. The board is responsible for the appointment of the external auditor. The Board is responsible for reviewing the effectiveness of the organisation's internal control environment covering:

- (a) effectiveness and efficiency of operations
- (b) reliability of financial reporting
- (c) compliance with applicable laws and regulations.

In fulfilling its responsibilities, the Board receives monthly management accounts which are tabled at monthly board meetings.

Environmental Issues

The consolidated group's operations are not subject to significant environmental regulation under a law of the Commonwealth or of a state or territory of Australia.

Directors' and Executive Officers' Indemnification

The Consolidated Entity has not, during the financial year, in respect of any person who is or has been an officer or auditor of the Consolidated Entity or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

During the financial year, the Consolidated Entity paid insurance premiums of \$55,664 (excluding of GST & stamp duty) to insure the Directors and officers of the consolidated entity for costs and expenses which may be incurred in defending civil or criminal proceedings that may be brought against the Directors and officers in their capacity as Directors and officers of entities in the group.

There is no indemnification in relation to the auditors.

Non-audit Services

During the year, MNSA Pty Ltd, the Company's Auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the Auditor and is satisfied that the provision of those non-audit services during the year by the Auditor is compatible with, and did not compromise, the Auditor independence requirements of the Corporations Act 2001 for the following reasons:

- (a) all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the Auditor;
- (b) the non-audit services do not undermine the general principles relating to auditor independence;
- (c) as set out in APES110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the Auditor's own work, acting in management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The following amounts were paid or are payable by the Consolidated Entity for non-audit services provided during the year:

	2022	2021
	\$	\$
Non audit services		
Tax compliance services	1,100	1,100

Options

During the financial year, the company issued 5,800,000 options (2021: 21,650,000):

- 2,600,000 unlisted options, nil exercise price and vesting 4 months from the date of issue. All options were converted by 30 June 2022;
- 1,600,000 unlisted options expiring 27 January 2024. These options have a nil exercise price and will vest upon the Company's share price achieving a 10-day VWAP over \$0.35;
- 1,600,000 unlisted options expiring 27 January 2024. These options have a nil exercise price and will vest upon the Company's share price achieving a 10-day VWAP over \$0.425.

The balance of options as at 30 June 2022 is 4,850,000 (2021: 1,650,000).

Proceedings on Behalf of Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Matters Subsequent to the End of the Financial Year

Subsequent to the end of the financial year the following matters occurred that were material to the Company:

Shariah Compliance Certification

On 13 July, the Company announced that it has been working closely with Tawafuq Consultancy, a suitably licensed, independent global Shariah advisory firm, to gain certification of Shariah Compliance for its myIOU BNPL service offering and that annual certification of Shariah Compliance was provided commencing 12 July 2022. Subsequent yearly renewals will be subject to annual audit.

PayHalal

Also on 13 July, the Company announced that it has finalised an agreement with a Shariah-compliant payment gateway, PayHalal, and has completed integration works to facilitate onboarding of merchants who follow Shariah principles. The Company expects to be operationally ready during the December quarter (Q2 FY23) to process Shariah-compliant BNPL transactions.

This now satisfies an important requirement for myIOU Islamic as a Shariah-compliant Islamic BNPL payment option.

myIOU 2.0 - Phase Two Rollout

On 29 July, the Company confirmed that Phase Two development and testing was complete and the upgraded app was scheduled to rollout to the Apple Appstore and Google Playstore by early August 2022.

IDSB Tranche 2 Variation

On 1 September, the Company announced revised terms of its investment in IDSB effective 31 August 2022 (the date of extended completion as announced 20 June 2022). The revised terms provide for:

- Total acquisition of IDSB to be 34% at completion (an 8% reduction from the original 42%);
- Second Tranche Completion varied to be a 13% increment to the Company's existing 21% holding;
- Second Tranche Payment amended to RM9.5 million (~A\$3.1 million);
- Total acquisition cost of 34% interest to be RM72.5 million (~A\$23.3 million);
- Timing of Second Tranche Completion to be linked to the vendors obtaining additional certainty of IDSB's ability to deduct loan instalments / payments from federal government employees.

The Company confirmed that all funding for full completion of the investment has been provided for by IOUpay.

IDSB Strategic Partnership Agreement

On 8 September, the Company announced that it had signed a Strategic Partnership Agreement with IDSB to collaborate on financing opportunities targeting Malaysian federal civil servants and that the first project under the agreement would be a short term bridging loan product.

Individual bridging loans of RM10,000 (~A\$3,279) would be offered by IOUpay to newly-hired federal civil servants to fund the period (up to 3 months) until the first payslip is issued, at which time a pre-approved 10-year IDSB term loan (estimated average value RM100,000 or ~A\$32,787) would be drawn down (funded by IDSB's partner banks) to refinance the bridge and provide additional borrowing as required.

The Company also reported that it is in advanced stages of negotiation with a reputable non-bank financial institution for a bespoke funding facility structured to finance the bridging loan drawdowns on a daily batched basis. The prospective facility is planned to provide 100% funding so working capital requirements for the project are minimal given IDSB will be originating and managing the individual bridging loans.

Marketing Collaboration with Bank Simpanan Nasional

On 13 September, the Company announced that it had signed a Marketing Collaboration Agreement with Bank Simpanan Nasional ("BSN") to promote myIOU BNPL services and BSN card user acquisition and usage. BSN is a Government of Malaysia owned bank which replaced Malaysia's Post Office Savings Bank in 1974. It has more than 7,000 employees and 390 branches across Malaysia serving more than 6.5 million cardmembers.

The marketing campaign commences 1 October 2022 and runs for six months with promotions across the consumer and merchant networks of both BSN and IOUpay. The target audience is high credit quality bank customers including BSN's existing more than 6.5 million card users. In particular, the group of BSN's customers that have been pre-approved by IOUpay will be targeted with direct marketing promotions.

The agreement represents the Company's first collaboration with a major Malaysian retail bank for its instalment based consumer finance offerings.

Other Matters

On 29 September 2022, the Company was notified of a potential claim in relation to a past capital markets mandate. The Company is of the view that the claim is without merit, and will be defended if it proceeds.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of the affairs of the consolidated group, in subsequent financial years.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 25 of this Financial Report.

Signed in accordance with a resolution of directors.



Lee Chin Wee
Managing Director
Sydney
30 September 2022



**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF IOUPAY LIMITED AND CONTROLLED ENTITIES
ACN 091 192 871**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of IOUpay Limited.

As the auditor for the audit of the financial report of IOUpay Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro

Director

Sydney

Dated this 30th September 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	Consolidated Group	
		2022 \$	2021 \$
Revenue	2	8,399,809	7,186,717
Cost of Sales		(6,018,674)	(5,998,106)
Gross Profit		2,381,135	1,188,611
Other income	2	2,639,135	531,739
Amortisation and depreciation		(512,016)	(580,078)
Compliance and professional fees		(4,430,293)	(3,000,679)
Employee benefits expenses		(4,253,322)	(1,611,709)
Administration expenses		(933,062)	(413,551)
Marketing expenses		(2,004,324)	(139,724)
Travel expenses		(92,484)	(36,446)
Insurance expenses		(48,867)	(39,647)
Finance costs		(48,401)	(11,906)
Share-based payments	24	(1,003,105)	(67,710)
Impairment expense		-	(490,385)
Bad debts expense		(680,507)	-
Other expenses		(1,543,413)	(117,967)
Share of profit of equity-accounted associate	11	522,556	-
Loss before tax		(10,006,968)	(4,789,452)
Income tax expenses	3	(13,226)	(4,136)
Net loss for the year		(10,020,194)	(4,793,588)
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange difference on translating foreign operations, net of tax		(16,155)	(150,739)
Total comprehensive loss for the year attributable to members of the parent entity		(10,036,349)	(4,944,327)
		Cents per share	Cents per share
Losses per share			
- Basic	6	(1.82)	(1.14)
- Diluted	6	(1.82)	(1.14)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

IOUpay Annual Report 2022

Consolidated Statement of Financial Position as at 30 June 2022

	Note	Consolidated Group	
		2022	2021
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	7	5,859,768	51,408,709
Trade and other receivables	8	21,386,616	4,801,850
Contract assets		509,493	151,145
Inventories		-	292,046
Total Current Assets		27,755,877	56,653,750
Non-Current Assets			
Property and equipment	10	1,725,663	1,504,929
Investment in an associate	11	20,653,297	-
Intangible assets	12	1,600,952	1,627,199
Total Non-Current Assets		23,979,912	3,132,128
Total Assets		51,735,789	59,785,878
Liabilities			
Current Liabilities			
Trade and other payables	13	2,401,926	1,663,107
Lease liabilities	20	299,277	218,182
Provisions		250,000	-
Total Current Liabilities		2,951,203	1,881,289
Non-Current Liabilities			
Lease liabilities	20	721,739	828,541
Provisions		61,494	39,944
Total Non-Current Liabilities		783,233	868,485
Total Liabilities		3,734,436	2,749,774
Net Assets		48,001,353	57,036,104
Equity			
Issued capital	14	81,126,819	80,611,576
Reserves	23	909,214	439,014
Retained losses		(34,034,680)	(24,014,486)
Total Equity		48,001,353	57,036,104

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IOUpay Annual Report 2022

Consolidated Statement of Changes in Equity for the year ended
30 June 2022

Consolidated Group

	Issued Capital \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 30 June 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	439,014	(24,014,486)	57,036,104
Loss for the year	-	-	(10,020,194)	(10,020,194)
Other comprehensive income	-	(16,155)	-	(16,155)
Total comprehensive loss for the year	-	(16,155)	(10,020,194)	(10,036,349)
Transactions with owners in their capacity as owners:				
Costs of capital raising	(1,507)	-	-	(1,507)
Share based payments expenses	-	1,003,105	-	1,003,105
Exercise of options	516,750	(516,750)	-	-
Balance at 30 June 2022	81,126,819	909,214	(34,034,680)	48,001,353

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

IOUpay Annual Report 2022

Consolidated Statement of Cash Flows for the year ended 30 June 2022

		Consolidated Group	
		2022	2021
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		25,177,122	6,979,608
Payments to suppliers and employees		(17,182,191)	(10,767,300)
Payments to merchants		(29,639,069)	(523,867)
Finance costs paid		-	(1,305)
Interest received		698,527	271,854
Income tax paid		(207,406)	(36,390)
Other		(62,367)	117,782
Net cash outflow from operating activities	18	(21,215,384)	(3,959,618)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(554,559)	(438,715)
Payments for purchase of inventories		-	(1,456,650)
Deposits for investment		-	(1,199,974)
Proceeds from disposal of non-current assets		293	346,860
Payment for acquisition of associate		(23,941,445)	(1,456,650)
Dividend received		611,570	-
Others		-	26,357
Net cash outflow from investing activities		(23,884,141)	(4,178,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from capital raising		-	64,051,739
Capital raising cost		(1,507)	(4,981,665)
Loans to related parties		-	98,294
Repayment of borrowings		(19,976)	(159,238)
Net cash (outflow)/inflow from financing activities		(21,483)	59,009,130
Net (decrease)/increase in cash held		(45,121,008)	50,870,740
Cash at the beginning of the financial period		51,408,709	578,063
Effect of exchange rate changes		(427,933)	(40,094)
NET CASH AT THE END OF THE YEAR	7	5,859,768	51,408,709

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note 1: Summary of Significant Accounting Policies

IOUpay Limited is a company incorporated and domiciled in Australia and is a listed public company whose shares are publicly traded on the Australian Securities Exchange ("ASX").

IOUpay Limited is the legal parent of iSentric Sdn Bhd. The consolidated financial statements are issued under the name of IOUpay Limited but are deemed to be a continuation of the legal subsidiary iSentric Sdn Bhd (refer Note 1(a)). The consolidated financial statements are for the Consolidated Entity consisting of IOUpay Limited and its subsidiaries and iSentric Sdn Bhd and its subsidiaries, combined.

Basis of Preparation

The consolidated financial report is a general-purpose financial report prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial report complies with International Financial Reporting Standards and the interpretations adopted by the International Accounting Standards Board.

The financial report covers IOUpay Limited (Company) and its controlled entities as a consolidated entity ("Group"). IOUpay Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was approved by the Directors on 30 September 2022.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant Accounting Policies

(a) Principles of Consolidation

In 2014 IOUpay Limited acquired all of the issued shares of iSentric Sdn Bhd, resulting in iSentric Sdn Bhd becoming a wholly owned subsidiary of IOUpay Limited. The acquisition resulted in the original shareholders of iSentric Sdn Bhd holding a majority share in IOUpay Limited. Pursuant to Australian Accounting Standards this transaction represented a reverse acquisition with the result that iSentric Sdn Bhd was identified as the acquirer, for accounting purposes, of IOUpay Limited (the "acquiree" and "legal parent").

The consolidated financial report includes the financial statements of IOUpay Limited ("Legal Parent Entity") and its consolidated entities. IOUpay Limited and its consolidated entities are together referred to in the financial report as the "Consolidated Entity" or "The Group".

A controlled entity is any entity the Legal Parent Entity has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have a June financial year-end.

The effects of all transactions between entities in the Group have been eliminated in full and the consolidated financial report has been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Notes to the Financial Statements for the year ended 30 June 2022

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- (iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (ie reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139: *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Financial Statements for the year ended 30 June 2022

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Financial Instruments

Initial Recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to purchase or sale of asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are contingent consideration that may be paid by an acquirer as part of a business combination to which AASB 3: *Business Combinations* applies, held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount included in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned from the financial asset and is included in the face of the statement of profit and loss and other comprehensive income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Notes to the Financial Statements for the year ended 30 June 2022

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies is classified as a financial liability and measured at fair value through profit or loss.

Fair value estimations

The fair values of financial assets and financial liabilities must be estimated for recognition and disclosure purposes. The nominal value less estimated credit adjustment of trade receivables and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that is available for similar financial instruments.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Notes to the Financial Statements for the year ended 30 June 2022

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

(c) Property and Equipment

Property and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate cost of assets, net of their residual values, over their estimated useful lives, as follows:

<i>Class</i>	<i>Rate</i>
Office & Computer equipment	5-33%
Renovation	20-25%
Motor vehicles	12.5-25%
Building	5%
Freehold land	-

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(d) Intangibles

Intellectual Property

Intellectual property is recognised at cost of acquisition and is amortised over the period in which its benefits are expected to be realised. The balances are reviewed annually for impairment and any balance representing future benefits for which the realisation is considered to be no longer probable are recognised in the statement of profit or loss and other comprehensive income as impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. In relation to the amortisation of intangibles with finite useful lives, management judgements are used to determine the estimated useful lives. The estimated useful lives are as follows:

	<i>Number of years</i>
Mobile content and services	5
Software platform	10

Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the recoverable amount of the cash generating units to which goodwill have been allocated. The assumption used in this estimation of recoverable amount and the amount of goodwill are discussed in Note 12.

Notes to the Financial Statements for the year ended 30 June 2022

Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (a) its ability to measure reliably the expenditure attributable to the asset under development;
- (b) the product or process is technically and commercially feasible;
- (c) its future economic benefits are probable;
- (d) its intention to complete and the ability to use or sell the developed asset; and
- (e) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Impairment of Non-Financial Assets

The carrying values of assets, other than those to which AASB136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(e) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Notes to the Financial Statements for the year ended 30 June 2022

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from the business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

(g) Revenue and other income

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of sales tax, returns and trade discounts.

(ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Revenue from Support Maintenance Services

Revenue from support maintenance services is recognised on the provision of software licensing maintenance and product enhancement services.

(iv) Licensing Software

Revenue is recognised when the right to use the software is granted to the buyers.

(v) Interest Income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

Notes to the Financial Statements for the year ended 30 June 2022

(v) Share of profit of equity accounted associate

Under the equity method, the share of the profits or losses of the associate is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(h) Goods and Services Tax (GST) or Value Added Tax (VAT)

Revenues, expenses and assets (other than receivables) are recognised net of the amount of GST in Malaysia and Singapore or net of the amount of VAT in Indonesia, except where the amount of GST or VAT incurred is not recoverable from the Tax Offices of the respective jurisdictions. In these circumstances the GST or VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST or VAT included. The net amount of GST or VAT recoverable from, or payable to, the Tax Offices of the respective jurisdictions is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST or VAT components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Tax Offices of the respective jurisdictions are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Functional and Foreign Currencies**(i) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency. The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) Foreign Operations

Assets and liabilities of foreign operations are translated to Australian dollars at the rates of exchange ruling at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

Notes to the Financial Statements for the year ended 30 June 2022

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

(j) Employee Benefits

The following liabilities arising in respect of employee entitlements are measured at their nominal amounts. Wages and salaries and annual leave regardless of whether they are expected to be settled within twelve months of balance date and other employee benefits which are expected to be settled within twelve months of balance date.

All other employee entitlements, including long service leave, are measured at the present value of estimated future cash outflows in respect of services provided up to balance date. Liabilities are determined after taking into consideration estimated future increases in wages and salaries and past experience regarding staff departures. Related on costs are included.

(k) Leases and Right-of-Use Assets

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Notes to the Financial Statements for the year ended 30 June 2022

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Share-Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Notes to the Financial Statements for the year ended 30 June 2022

The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period;
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum, an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(n) Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Financial Statements for the year ended 30 June 2022

(0) Going Concern

The financial report has been prepared on a going concern basis. This presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities will occur in the normal course of business.

For the year ended 30 June 2022 the Group generated a loss after tax of \$10,020,194 (2021: loss \$4,793,588), as at the balance date the Group had net assets of \$48,001,353 (2021: net assets \$57,036,104), and net cash outflows from operating activities of \$21,215,384 (2021: outflow \$3,959,618).

The Directors believe that the going concern basis of accounting is appropriate due to the expected cash flows to be generated by the Group over the next twelve months. The Directors will closely monitor cash flows as the Group grows and if revenues do not increase as expected, the Directors will look to contain costs. The Directors believe that these actions, if required, will be sufficient to ensure that the company will be able to pay its debts as and when they fall due for the next twelve months.

Notwithstanding the above, the directors acknowledge that there are a number of risk factors that could materially affect the Group's future profitability and cash flows, which include, but are not limited to:

(i) Competition

There can be no assurance given in respect of the Group's ability to continue to compete profitably in the competitive markets in which the Group operates. The potential exists for change in the competitive environment in which the Group operates.

(ii) Reliance on key management

The responsibility of overseeing the day-to-day operations and strategic management of the Group is substantially dependent upon its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Group if one, or a number of, these employees cease their employment.

(p) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(q) New and amended accounting policies adopted by the Group and New Accounting Standards for application in future periods

As at 30 June 2022, the group has adopted all new and revised mandatory accounting standards applicable. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(r) Key Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(i) Depreciation of Property and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of

Notes to the Financial Statements for the year ended 30 June 2022

technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Financial Assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(v) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(vii) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exists. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

Note 2: Revenue and Other Income

	Consolidated Group	
	2022	2021
	\$	\$
<i>Revenue from contracts with customers</i>		
BNPL	2,246,851	-
Mobile services	6,152,958	7,186,717
	<u>8,399,809</u>	<u>7,186,717</u>
<i>Other income</i>		
Interest revenue	700,215	278,818
Gain on disposal of equipment	287	-
Gain on foreign exchange translation	1,508,184	244,517
Other miscellaneous income	430,449	8,404
	<u>2,639,135</u>	<u>531,739</u>

Note 3: Income Tax Expense

Prima facie tax expense on loss before tax calculated at 25% (2021: 26%)	(2,501,742)	(1,245,258)
<i>Tax effects of:</i>		
Difference in overseas tax rates	143,038	126,114
Non-taxable income	(346,200)	(69,935)
Non-deductible expenses	1,332,249	719,345
Changes in unrecognised temporary difference	-	(362,657)
Deferred tax asset not recognised during the financial year	1,394,661	756,539
Movement of deferred tax asset	(19,373)	75,852
Under/(over) provision of current tax in the previous financial year	10,593	4,136
Income tax expense	<u>13,226</u>	<u>4,136</u>

Where applicable, grants and tax concessions are accrued in the year in which they are receivable.

Potential deferred tax asset attributable to unused tax losses, amounting to \$3,332,049 (2021: \$1,937,388) have not been brought to account because Directors do not believe it is appropriate to regard realisation of the deferred tax as probable. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction of the loss to be realised;
- the Company continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

Dividend imputation

The balance of the franking account of the Company at the end of the year was nil. No dividends were paid during the year.

Note 4: Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated Group	
	2022	2021
	\$	\$
(a) Audit Services		
Auditing or reviewing the financial reports:		
- Group auditor	56,664	56,664
- Other auditors	43,928	35,676
(b) Non Audit Services		
- Group auditor		
- Tax compliance services	1,100	1,100

Note 5: Dividends

No dividends were paid or proposed during the financial year.

Note 6: Earnings per Share

	Consolidated Group	
	2022	2021
	\$	\$
Overall Operations		
Loss per share (cents per share)		
- Basic	(1.82)	(1.14)
- Diluted	(1.82)	(1.14)
Loss used in the calculation of basic EPS (\$)	(10,020,194)	(4,793,588)
Weighted average number of shares outstanding during the year used in calculations of basic earnings per share	551,568,777	419,213,972
Dilutive effect of options outstanding	-	-
Weighted average number of shares outstanding during the year used in calculations of diluted earnings per share	551,568,777	419,213,972

Information on options outstanding at the balance sheet date can be found in Note 14.

Notes to the Financial Statements for the year ended 30 June 2022

Note 7: Cash and Cash Equivalents

	Consolidated Group	
	2022	2021
	\$	\$
Cash at bank	2,225,203	51,406,586
Cash in hand	2,305	2,123
Cash held in trust account	3,632,260	-
	<u>5,859,768</u>	<u>51,408,709</u>

Reconciliation of cash

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows

	<u>5,859,768</u>	<u>51,408,709</u>
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Note 8: Trade and Other Receivables

	Consolidated Group	
	2022	2021
	\$	\$
Trade receivables	15,246,889	1,838,955
Allowance for credit loss	(425,105)	(365,467)
Other receivables	5,895,029	2,701,664
Prepayments	473,047	180,732
Deposits	186,058	434,669
Tax refundable	10,698	11,297
	<u>21,386,616</u>	<u>4,801,850</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$623,365 in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Note 9: Interest in Subsidiaries

Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Country of Incorporation	Ownership Interest Held by the Group	
		2022	2021
iSentric Sdn. Bhd.	Malaysia	100%	100%
IOU Pay (Asia) Sdn. Bhd.	Malaysia	100%	100%
Datamorph Services Sdn. Bhd.	Malaysia	100%	100%
PT Isentric Technology Indonesia	Indonesia	100%	100%
Arte Mobile Technology Pte. Ltd.	Singapore	100%	100%
iSentric Australia Pty. Ltd	Australia	100%	100%
My Play Company Limited	Myanmar	100%	100%
Sibu Kurnia Marine Sdn Bhd	Malaysia	100%	-%

Significant Restrictions

There are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

Notes to the Financial Statements for the year ended 30 June 2022

Note 10: Property and Equipment

	Consolidated Group	
	2022	2021
	\$	\$
Cost		
Opening Balance	1,838,240	744,537
Additions	685,189	1,582,287
Lease modification	(21,379)	-
Written off	-	(401,624)
Disposals	(5,422)	-
Effect of movement in exchange rate	56,785	(86,960)
Closing Balance	2,553,413	1,838,240
Accumulated depreciation		
Opening Balance	333,311	609,084
Depreciation for the year	485,260	172,116
Lease modification	(4,632)	-
Written off	-	(401,622)
Disposals	(1,926)	-
Effect of movement in exchange rate	15,737	(46,267)
Closing Balance	827,750	333,311
Total plant and equipment	1,725,663	1,504,929

Note 11: Investment in Associates

The Group acquired a 21% equity interest in I-Destinasi Sdn Bhd ("IDSB"), a specialised Malaysian finance company, on 30 November 2021.

Summarised aggregated financial information of the Group's share in the associate is as follows:

	2022
	\$
Profit from continuing operations	2,488,362
Other comprehensive loss	-
Total comprehensive income	2,488,362
Current assets	8,330,366
Total assets	9,307,553
Current liabilities	617,139
Total liabilities	736,252

Reconciliation of the Group's carrying amount:

Acquisition cost paid	20,755,774
Dividends received	(611,570)
Share of profit after income tax	522,556
Effect of foreign exchange	(13,463)
Closing balance	20,653,297

Note 12: Intangible Assets

2022 Consolidated Group

	Product Development Expenditure	Intellectual Properties	Goodwill	Software	Total
	\$	\$	\$	\$	\$
At 30 June 2022					
Cost	629,765	3,620,697	16,479,809	58,413	20,788,684
Accumulated amortisation and impairment	(625,053)	(3,620,697)	(14,916,020)	(25,962)	(19,187,732)
Net book amount	4,712	-	1,563,789	32,451	1,600,952
Movement					
Opening balance 1 July 2021	12,926	-	1,563,789	50,484	1,627,199
Additions	-	-	-	-	-
Amortisation charge	(7,504)	-	-	(19,252)	(26,756)
Impairment/Write off	-	-	-	-	-
Effect of movement in exchange rate	(710)	-	-	1,219	509
Closing balance 30 June 2022	4,712	-	1,563,789	32,451	1,600,952

2021 Consolidated Group

At 30 June 2021

Cost	614,656	3,432,660	16,479,809	56,794	20,583,919
Accumulated amortisation and impairment	(601,730)	(3,432,660)	(14,916,020)	(6,310)	(18,956,720)
Net book amount	12,926	-	1,563,789	50,484	1,627,199

Movement

Opening balance 1 July 2020	26,939	547,801	1,563,789	-	2,138,529
Additions	-	-	-	56,794	56,794
Amortisation charge	(9,201)	(392,366)	-	(6,395)	(407,962)
Impairment/Write off	-	(129,443)	-	-	(129,443)
Effect of movement in exchange rate	(4,812)	(25,992)	-	85	(30,719)
Closing balance 30 June 2021	12,926	-	1,563,789	50,484	1,627,199

Goodwill impairment tests

Description of the cash generating units and other information

Goodwill acquired through business combinations has been allocated to three cash generating units (CGUs) for impairment testing.

The aggregate carrying amounts of goodwill allocated to CGUs are as follows:

	Consolidated Group	
	2022	2021
	\$	\$
Arte Mobile Technology	1,563,789	1,563,789
	<u>1,563,789</u>	<u>1,563,789</u>

The annual impairment test undertaken at 30 June 2022 involved determining the recoverable amount of each CGU based on their fair value less cost to sell and comparing it to the CGU's carrying amount. Fair value reflects the best estimate of the amount that an independent third party would pay to purchase the CGUs, less related selling costs. Carrying value reflects goodwill and the other identifiable assets and liabilities that can be allocated to each CGU and that generate the CGU's cash flows.

The directors used management's internal assessment as the basis for determining the fair value less costs to sell. Fair value has been calculated using discounted future cash flows. The fair value measurement was categorised as a Level 3 fair value based on the inputs in the valuation technique used. Discounted cash flows include a terminal value calculated in accordance with the Gordon Growth model using a long term nominal inflation rate of 5%.

The valuation is based on cash flow projections over a five year period using assumptions that represent management's best estimate of the range of business and economic conditions at this time. The valuations have been reviewed and approved by the Board of IOUpay.

Discount rates are calculated using a weighted average cost of capital method which is based on market data, reflects the time value of money and includes a risk premium to account for current economic conditions.

The pre-tax discount rates applied to the undiscounted cash flows were 20.5%-22.5% for Arte Mobile Technology. Management consider that, as all CGUs operate in the Digital Media Industry in Malaysia and Indonesia and provide equivalent products and services in the same markets, the risk specific to each unit are comparable and therefore a discount rate of 20.5%-22.5% is applicable to Arte Mobile Technology. While the pre-tax discount rates applied to the undiscounted cash flows for My Play were 30.0%-35.0%.

Based on the results of the tests undertaken, no impairment was recognised in relation to goodwill of all CGUs in the 2022 financial year (2021: nil).

Note 13: Trade and Other Payables

	Consolidated Group	
	2022	2021
	\$	\$
Current		
Trade payables	1,398,592	897,197
Contract liabilities	440,305	42,183
Other payables	274,582	563,218
Accruals	248,198	121,442
Tax payable	40,249	39,067
	<u>2,401,926</u>	<u>1,663,107</u>

Note 14: Contributed Equity

	Consolidated Group	
	2022	2021
	\$	\$
554,012,065 (2021: 551,412,065) fully paid ordinary shares	81,126,819	80,611,576

(a) Ordinary shares - value

At the beginning of the reporting period	80,611,576	21,164,032
Add: Shares issued on exercise of options	516,750	66,421,716
Less: Cost related to shares issued	(1,507)	(6,974,172)
Balance at end of reporting period	81,126,819	80,611,576

(b) Ordinary shares - number

	No.	No.
At the beginning of the reporting period	551,412,065	203,655,041
Add: Shares issued	2,600,000	347,757,024
Balance at end of reporting period	554,012,065	551,412,065

Ordinary shares

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Options

During the financial year, the company issued 5,800,000 options (2021: 21,650,000):

1. 2,600,000 unlisted options, nil exercise price and vesting 4 months from the date of issue. All options were converted by 30 June 2022;
2. 1,600,000 unlisted options expiring 27 January 2024. These options have a nil exercise price and will vest upon the Company's share price achieving a 10-day VWAP over \$0.35;
3. 1,600,000 unlisted options expiring 27 January 2024. These options have a nil exercise price and will vest upon the Company's share price achieving a 10-day VWAP over \$0.425.

The balance of options as at 30 June 2022 is 4,850,000 (2021: 1,650,000).

Note 15: Segment Reporting

Identification of reportable segments

IOUpay Limited has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter segment transactions

Segment revenues, expenses and results include inter-segment transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the consolidated group at arm's length. These transfers are eliminated on consolidation.

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(c) Segment assets

Assets include all assets used by a segment and consist principally of cash, receivables, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis.

(d) Segment liabilities

Liabilities consist principally of accounts payable, employee entitlements, accrued expenses and provisions.

	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
2022							
REVENUE							
External sales	7,739,221	355,928	-	271,912	32,748	-	8,399,809
Interest revenue	699,266	-	-	938	11	-	700,215
Other income	1,845,366	32,018	-	370	43,591	17,575	1,938,920
Total revenue	10,283,853	387,946	-	273,220	76,350	17,575	11,038,944
Expenses	(16,903,850)	(1,349,044)	(2,483,324)	(268,250)	(75,463)	34,019	(21,045,912)
Profit / (loss) before income tax expense	(6,619,997)	(961,098)	(2,483,324)	4,970	887	51,594	(10,006,968)
Income tax expense	-	(10,593)	-	(2,633)	-	-	(13,226)
Profit / (loss) after income tax expense	(6,619,997)	(971,691)	(2,483,324)	2,337	887	51,594	(10,020,194)
ASSETS							
Total assets	48,339,211	3,463,875	70,396,020	1,371,124	69,333	(71,903,774)	51,735,789
LIABILITIES							
Total liabilities	57,064,214	22,584	2,290,719	2,551,271	145,685	(58,340,037)	3,734,436

	Malaysia \$	Singapore \$	Australia \$	Indonesia \$	Myanmar \$	Consolidation Adjustment \$	Consolidated Group \$
2021							
REVENUE							
External sales	5,502,836	1,583,597	-	9,235	91,049	-	7,186,717
Interest revenue	286,663	74	9	447	29	-	287,222
Other income	23,795	10,616	209,346	-	760	-	244,517
Total revenue	5,813,294	1,594,287	209,355	9,682	91,838	-	7,718,456
Expenses	(8,419,125)	(2,391,077)	(1,488,106)	(173,541)	(155,365)	119,306	(12,507,908)
Profit / (loss) before income tax expense	(2,605,831)	(796,790)	(1,278,751)	(163,859)	(63,527)	119,306	(4,789,452)
Income tax expense	-	(4,136)	-	-	-	-	(4,136)
Profit / (loss) after income tax expense	(2,605,831)	(800,926)	(1,278,751)	(163,859)	(63,527)	119,306	(4,793,588)
ASSETS							
Total assets	54,525,866	4,228,779	71,470,951	130,245	104,606	(70,674,569)	59,785,878
LIABILITIES							
Total liabilities	56,500,202	17,542	1,883,924	1,221,490	185,855	(57,059,239)	2,749,774

Note 16: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables, trade and other payables, loans to and from related parties.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated Group	
	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	5,859,768	51,408,709
Trade receivables	14,821,784	1,473,488
Other receivables	6,378,774	2,893,693
Contract assets	509,493	151,145
Deposits	186,058	434,669
Total	27,755,877	56,361,704
Financial Liabilities		
Trade payables	1,398,592	897,197
Other payables	440,305	42,183
Contract liabilities	274,582	563,218
Accruals	248,198	121,442
Tax payable	40,249	39,067
Total	2,401,926	1,663,107

(a) General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Group where such impacts may be material. The board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when the debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

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Notes to the Financial Statements for the year ended 30 June 2022

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables as appropriate. The main components of this allowance are specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior year experience and the current economic environment.

(i) Credit risk concentration profile

As at the end of the financial year, the Group has significant concentration of credit risk related to the amount owing by 5 customers (2021 – 6 customers) which constituted approximately 70% (2021 – 76%) of total trade receivables.

(ii) Exposure to credit risk

At the end of the financial year, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment (where applicable).

(iii) Ageing analysis

The ageing of trade receivables at the reporting date is as follows:

	2022	2021
	\$	\$
Not past due	14,385,356	935,427
Past due 0 – 30 days	296,026	24,640
Past due 31 – 60 days	84,999	132,069
Past due 61 – 90 days	14,923	5,928
Over 90 days	40,480	375,424
Total	14,821,784	1,473,488

At the end of the financial year, trade receivables that are individually impaired were those with significant financial difficulties and have defaulted on payments. The receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments, e.g. borrowing repayments. The Board of Directors manage liquidity risk by continually monitoring forecast cash flows and generating when required additional capital funding as necessary. It is noted that the Group does not have any borrowing facilities.

The following maturity analysis is done on a contractual undiscounted cash flow basis:

Maturity Analysis - Consolidated Group

Financial liabilities	Carrying Amount	Contractual Cash flows	Within 1 year
	\$	\$	\$
2022			
Trade payables	1,398,592	1,398,592	1,398,592
Other payables	274,582	274,582	274,582
Contract liabilities	440,305	-	-
Accruals	248,198	248,198	248,198
Tax payable	40,249	40,249	40,249

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Notes to the Financial Statements for the year ended 30 June 2022

Financial liabilities	Carrying Amount \$	Contractual Cash flows \$	Within 1 year \$
2021			
Trade payables	897,197	897,197	897,197
Other payables	563,218	563,218	563,218
Contract liabilities	42,183	-	-
Accruals	121,442	121,442	121,442
Tax payable	39,067	39,067	39,067

The fair value of the current trade and other payables approximates their carrying values.

(d) Market rate risk

Market rate risk arises from the use of interest bearing and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or foreign exchange rates (currency risk). The Company and Group are not subject to other price risk on its financial instruments.

(i) Interest rate risk

The Group does not have any interest-bearing borrowings and hence is not exposed to interest rate risk. Any surplus funds of the Group will be placed with licensed financial institutions to generate income.

(ii) Currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in foreign currencies for the financial year ended 30 June 2020. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD"), Euro ("Euro"), Malaysian Ringgit ("MYR"), Indonesian Rupiah ("IDR") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an on-going basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure:

2022	USD AUD	EUR AUD	AUD AUD	SGD AUD	NZD AUD	IDR AUD	MYR AUD	MMK AUD	Total AUD
Financial asset									
Trade and other receivables	-	-	64,850	487	-	1,051,384	20,250,149	19,746	21,386,616
Contract assets	-	-	-	-	-	-	509,493	-	509,493
Cash and cash equivalents	134,710	608	157,874	215,488	579	314,534	5,034,730	1,245	5,859,768
Financial liability									
Trade and other payables	-	-	(92,643)	(20,186)	-	(63,448)	(2,079,964)	(145,685)	(2,401,926)
Net currency exposure	134,710	608	130,081	195,789	579	1,302,470	23,714,408	(124,694)	25,353,951

Notes to the Financial Statements for the year ended 30 June 2022

2021	USD AUD	EUR AUD	AUD AUD	SGD AUD	IDR AUD	MYR AUD	MMK AUD	Total AUD
Financial asset								
Trade and other receivables	-	-	142,765	523,204	-	4,106,504	29,377	4,801,850
Contract assets	-	-	-	-	-	151,145	-	151,145
Cash and cash equivalents	23,517	458	46,286,384	321,879	54,811	4,719,972	1,688	51,408,709
Financial liability								
Trade and other payables	-	-	(34,377)	(17,542)	-	(1,470,967)	(140,221)	(1,663,107)
Net currency exposure	23,517	458	46,394,772	827,541	54,811	7,506,654	(109,156)	54,698,597

Foreign currency sensitivity analysis:

The following table details the sensitivity analysis to a reasonable possible change in the foreign currencies at the end of the financial year, with all other variables held constant:

	2022 Increase/(Decrease) AUD	2021 Increase/(Decrease) AUD
USD:		
- strengthen by 10%	13,471	2,352
- weakened by 10%	(13,471)	(2,352)
EUR:		
- strengthen by 10%	61	46
- weakened by 10%	(61)	(46)
AUD:		
- strengthen by 10%	13,008	4,639,477
- weakened by 10%	(13,008)	(4,639,477)
SGD:		
- strengthen by 10%	19,579	82,754
- weakened by 10%	(19,579)	(82,754)
NZD:		
- strengthen by 10%	60	-
- weakened by 10%	(60)	-
IDR:		
- strengthen by 10%	130,247	5,481
- weakened by 10%	(130,247)	(5,481)
MYR:		
- strengthen by 10%	2,371,441	735,551
- weakened by 10%	(2,371,441)	(735,551)
MMK:		
- strengthen by 10%	(12,469)	(10,916)
- weakened by 10%	12,469	10,916

(e) Fair values of financial assets and liabilities

At the end of the reporting period, there were no financial instruments carried at fair values in the statements of financial position except as disclosed in Note 17.

The fair values of the financial assets and liabilities of the Group which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

(f) Capital Management

The Board endeavours to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Note 17: Fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- obligation for contingent consideration arising from a business combination

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy

For financial reporting purposes, the fair value measurements are analysed into one of the three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities;
- *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value;
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

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Notes to the Financial Statements for the year ended 30 June 2022

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 18: Notes to the Statements of Cash Flows

(a) Reconciliation of Cash Flow from Operations with profit/(loss) after income tax

	Consolidated Group	
	2022	2021
	\$	\$
Loss after income tax	(10,020,194)	(4,793,588)
<i>Non-cash flows in loss for the year:</i>		
Depreciation and amortisation	512,016	580,078
Impairment loss	680,507	490,385
Share of gain from associate	(522,556)	-
Finance lease costs	48,401	11,906
Share-based payments expense	1,003,105	67,710
Amounts allocated to investing cash flows	3,213,874	3,421,584
Unrealised (gain)/loss on foreign exchange	(426,426)	(74,358)
Sub total	(5,511,273)	(296,283)
<i>Change in operating assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(16,943,114)	(2,961,537)
(Decrease)/Increase in trade and other payables	988,819	(260,016)
(Increase)/decrease in inventories	292,046	(292,046)
Increase in lease liabilities	(25,707)	1,003
Effect of exchange rate changes	(16,155)	(150,739)
Net cash (outflow)/inflow from operating activities	(21,215,384)	(3,959,618)

(b) Non-cash Financing and Investing Activities

Securities issued on acquisition

There were no equity-settled capital acquisition in the financial year (2021: Nil).

Note 19: Key Management Personnel

(i) Details of Key Management Personnel

Name	Title
Lee Chin Wee	Executive Director
Paul Russell	Executive Director
Kwong Yang Chong	Non-Executive Director
Datuk Khairul Idham Bin Ismail	Non-Executive Director
Byung Moo Shin	Non-Executive Director
Wan Asmadi Wan Ahmad	Non-Executive Director, Non-Executive Chairman (Appointed 30 June 2022)
Kenneth Kuan Choon Hsuing	Chief Financial Officer

(ii) Compensation of Key Management Personnel

These remuneration disclosures are provided in the Directors' Report under Remuneration Report and designated as audited.

	Consolidated Group	
	2022	2021
	\$	\$
Short term employee benefit	896,887	423,161
Long term employee benefits	459,972	-
	1,356,859	423,161

(iii) Shareholdings of Key Management Personnel

Shares held directly and indirectly in the Company:

2022	Balance at the start of the year	Granted as remuneration	Other changes during the year	Balance at the end of the period
Direct Interest				
Kwong Yang Chong	38,000	-	-	38,000
Lee Chin Wee	4,692,843	-	600,000	5,292,843
Kenneth Kuan Choon Hsuing	-	-	400,000	400,000
Datuk Khairul Idham Bin Ismail	-	-	-	-
Byung Moo Shin	-	-	-	-
Paul Russell	-	-	100,000	100,000
Wan Asmadi Wan Ahmad	-	-	-	-
2021				
Direct Interest				
Kwong Yang Chong	-	-	38,000	38,000
Lee Chin Wee	4,692,843	-	-	4,692,843
Kenneth Kuan Choon Hsuing	-	-	-	-
Datuk Khairul Idham Bin Ismail	_*	-	-	-
Byung Moo Shin	_*	-	-	-
Paul Russell	_*	-	-	-
Andrew Bristow	-	-	-	_*
Raymond Hor	833,334	-	-	833,334**
Bai GuoJin	10,000,000	-	-	10,000,000**
Tim Monger	1,000,000	-	-	1,000,000**

*As at date of appointment

** As at date of resignation

All equity transactions with key management personnel, which relate to the Company's listed ordinary shares, have been entered into on an arm's length basis.

(iv) Option holdings of Key Management Personnel

During the financial year, Mr Kenneth Kuan received 900,000 options under the Company's Employee Option Plan. No options were exercised by Key Management Personnel during the financial year.

IOUpay Annual Report 2022

Notes to the Financial Statements for the year ended 30 June 2022

Note 20: Lease liabilities

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

	Lease Contracts Number	Fixed Payments %	Variable Payments %	Sensitivity \$
Property leases with payments linked to inflation	-	-	-	-
Property leases with periodic uplifts to market rentals	-	-	-	-
Property leases with fixed payments	1	100	-	52,336

	Consolidated Group	
	2022 \$	2021 \$
Lease liabilities		
Land and buildings		
Balance at beginning of the year	1,046,723	-
Additions	190,361	1,108,273
Interest expense	42,893	13,073
Lease payments	(264,648)	(74,623)
Reversal	(21,379)	-
Effect of movement in exchange rate	27,066	-
Balance at the end of the year	1,021,016	1,046,723
Within 1 year	299,277	218,182
Later than 1 year but not later than 5 years	721,739	828,541
	1,021,016	1,046,723

Note 21: IOUPay Limited Parent Company Information

iSentric Sdn. Bhd. was acquired by IOUpay Limited on 8 September 2014. As required by Australian Accounting Standard AASB3: Business Combinations, IOUpay Limited is deemed to have been acquired by iSentric Sdn. Bhd. as at 8 September 2014 under reverse acquisition rules. Accordingly, iSentric Sdn. Bhd. is the Parent Entity for accounting purposes. IOUpay Limited is the legal parent.

The following information has been extracted from the books and records of the legal parent, IOUpay Limited and has been prepared in accordance with Australian Accounting Standards. Accordingly the information presented below does not relate to "the Parent Entity" as defined on page 30.

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Notes to the Financial Statements for the year ended 30 June 2022

	Parent Entity	
	2022	2021
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	55,250,820	56,325,751
Non-current assets	15,145,100	15,145,100
TOTAL ASSETS	70,395,920	71,470,851
LIABILITIES		
Current liabilities	2,290,719	1,883,924
Non-current liabilities	-	-
TOTAL LIABILITIES	2,290,719	1,883,924
EQUITY		
Contributed equity	131,814,209	131,815,716
Reserves	1,070,815	67,710
Accumulated losses	(64,779,823)	(62,296,499)
TOTAL EQUITY	68,105,201	69,586,927
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Net loss for the year	(2,483,324)	(1,278,75)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS	(2,483,324)	(1,278,751)

Parent Entity Contingencies

The directors are of the opinion that no provisions are required in respect of the Company's contingencies.

Guarantees

The Company has not entered into any guarantees, in the current or previous financial year in relation to the debts of its subsidiaries.

Contractual Commitments

At 30 June 2022, the Company has not entered into any contractual commitments for the acquisition of property, plant and equipment (2021: Nil).

Note 22: Related Party Transactions

	Consolidated Group	
	2022	2021
	\$	\$
Sales received/receivable from related parties	1,173	21,863
Cost of sales paid/payable to a related party	-	6,929
Rental income received/receivable from related parties	-	3,993

The related parties are entities that have common directors.

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Notes to the Financial Statements for the year ended 30 June 2022

Note 23: Reserves

a) Options reserve

The options reserve records the value of options on issue at balance date.

	Consolidated Group	
	2022	2021
	\$	\$
Value of options issued	554,065	67,710
Movement in options reserve	486,355	67,710

b) Foreign Currency Translation Reserves

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Consolidated Group	
	2022	2021
	\$	\$
Exchange differences on translation of foreign operations	355,149	371,304
Movement in foreign currency translation reserve	(16,155)	(150,739)

Note 24: Share-Based Payments

During the financial year, the following transactions were equity settled by the Group:

	Value of Securities
	\$
5,800,000 unlisted options issued employees	1,003,105

During the financial year, the Group issued share options as follows:

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted	Exercised	Expired/ forfeited	Balance at end of the year
06/04/2021	01/05/2023	\$0.00	1,650,000	-	-	-	1,650,000
08/02/2022	08/08/2022	\$0.00	-	2,600,000	(2,600,000)	-	-
08/02/2022	27/01/2024	\$0.00	-	1,600,000	-	-	1,600,000
08/02/2022	27/01/2024	\$0.00	-	1,600,000	-	-	1,600,000
			1,650,000	5,800,000	(2,600,000)	-	4,850,000
Weighted average exercise price				\$-	\$-	-	\$-

The weighted average share price during the financial year was \$0.2167.

All options were exercisable with a weighted average remaining contractual life of 1.33 years at year end.

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Notes to the Financial Statements for the year ended 30 June 2022

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Exercise price	Share price at grant date	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
08/02/2022	08/08/2022	\$0.00	\$0.1988	90%	-	1.02%	\$0.1988
08/02/2022	27/01/2024	\$0.00	\$0.1988	90%	-	1.02%	\$0.1624
08/02/2022	27/01/2024	\$0.00	\$0.1988	90%	-	1.02%	\$0.1473

Options issued during the year are subject to the following performance milestones:

- 1,600,000 unlisted options expiring 27 January 2024. These options have a nil exercise price and will vest upon the Company's share price achieving a 10 day VWAP over \$0.35;
- 1,600,000 unlisted options 27 January 2024. These options have a nil exercise price and will vest upon the Company's share price achieving a 10 day VWAP over \$0.425.

Note 25: Subsequent Events

Subsequent to the end of the financial year the following matters occurred that were material to the Company:

Shariah Compliance Certification

On 13 July, the Company announced that it has been working closely with Tawafuq Consultancy, a suitably licensed, independent global Shariah advisory firm, to gain certification of Shariah Compliance for its myIOU BNPL service offering and that annual certification of Shariah Compliance was provided commencing 12 July 2022. Subsequent yearly renewals will be subject to annual audit.

PayHalal

Also on 13 July, the Company announced that it has finalised an agreement with a Shariah-compliant payment gateway, PayHalal, and has completed integration works to facilitate onboarding of merchants who follow Shariah principles. The Company expects to be operationally ready during the December quarter (Q2 FY23) to process Shariah-compliant BNPL transactions.

This now satisfies an important requirement for myIOU Islamic as a Shariah-compliant Islamic BNPL payment option.

myIOU 2.0 - Phase Two Rollout

On 29 July, the Company confirmed that Phase Two development and testing was complete and the upgraded app was scheduled to rollout to the Apple Appstore and Google Playstore by early August 2022.

IDSB Tranche 2 Variation

On 1 September, the Company announced revised terms of its investment in IDSB effective 31 August 2022 (the date of extended completion as announced 20 June 2022). The revised terms provide for:

- Total acquisition of IDSB to be 34% at completion (an 8% reduction from the original 42%);
- Second Tranche Completion varied to be a 13% increment to the Company's existing 21% holding;

Notes to the Financial Statements for the year ended 30 June 2022

- Second Tranche Payment amended to RM9.5 million (~A\$3.1 million);
- Total acquisition cost of 34% interest to be RM72.5 million (~A\$23.3 million);
- Timing of Second Tranche Completion to be linked to the vendors obtaining additional certainty of IDSB's ability to deduct loan instalments / payments from federal government employees.

The Company confirmed that all funding for full completion of the investment has been provided for by IOUpay.

IDSB Strategic Partnership Agreement

On 8 September, the Company announced that it had signed a Strategic Partnership Agreement with IDSB to collaborate on financing opportunities targeting Malaysian federal civil servants and that the first project under the agreement would be a short term bridging loan product.

Individual bridging loans of RM10,000 (~A\$3,279¹) would be offered by IOUpay to newly-hired federal civil servants to fund the period (up to 3 months) until the first payslip is issued, at which time a pre-approved 10-year IDSB term loan (estimated average value RM100,000 or ~A\$32,787) would be drawn down (funded by IDSB's partner banks) to refinance the bridge and provide additional borrowing as required.

The Company also reported that it is in advanced stages of negotiation with a reputable non-bank financial institution for a bespoke funding facility structured to finance the bridging loan drawdowns on a daily batched basis. The prospective facility is planned to provide 100% funding so working capital requirements for the project are minimal given IDSB will be originating and managing the individual bridging loans.

Marketing Collaboration with Bank Simpanan Nasional

On 13 September, the Company announced that it had signed a Marketing Collaboration Agreement with Bank Simpanan Nasional ("BSN") to promote myIOU BNPL services and BSN card user acquisition and usage. BSN is a Government of Malaysia owned bank which replaced Malaysia's Post Office Savings Bank in 1974. It has more than 7,000 employees and 390 branches across Malaysia serving more than 6.5 million cardmembers.

The marketing campaign commences 1 October 2022 and runs for six months with promotions across the consumer and merchant networks of both BSN and IOUpay. The target audience is high credit quality bank customers including BSN's existing more than 6.5 million card users. In particular, the group of BSN's customers that have been pre-approved by IOUpay will be targeted with direct marketing promotions.

The agreement represents the Company's first collaboration with a major Malaysian retail bank for its instalment based consumer finance offerings.

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of the affairs of the consolidated group, in subsequent financial years.

Other Matters

On 29 September 2022 the Company was notified of a potential claim in relation to a past capital markets mandate. The Company is of the view that the claim is without merit, and will be defended if it proceeds.

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Notes to the Financial Statements for the year ended 30 June 2022

There are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of the affairs of the consolidated group, in subsequent financial years.

Note 26: Contingent Assets and Liabilities

The directors are of the opinion that no provisions are required in respect of the Group's contingencies.

Note 27: Commitments

At 30 June 2022, the Group has not entered into any contractual commitments except the Second IDSB Tranche payment as described in Note 25 (2021: Nil).

Note 28: Company Details

The registered office of the Company is:
IOUpay Limited
Suite 305, 35 Lime Street
Sydney NSW 2000

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 26 to 63, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the company and consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. the Directors have been given the declarations required by s295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.



Lee Chin Wee
Managing Director
30 September 2022



**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
IOUPAY LIMITED AND CONTROLLED ENTITIES
ACN 091 192 871**

Report on the Financial Report

Opinion

We have audited the financial report of IOUpay Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter Related to Going Concern

Without qualifying our conclusion, we draw your attention to Note 1(o) in the financial report which indicates that the consolidated entity has experienced a loss after tax of \$10,020,194 (2021: \$4,793,588), as at the balance date the Group had net assets of \$48,001,353 (2021: \$57,036,104), and net cash outflows from operating activities of \$21,215,384 (2021 outflow: \$3,959,618). The continuing viability of the consolidated entity and its ability to continue as a going concern and meet its debts and commitments as and when they fall due are dependent upon the consolidated entity's ability to generate sufficient cash flows from the Groups business units. These conditions, along with other matters as set forth in Note 1(o), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2022. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Emphasis of Matter Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<i>Decentralised operations</i> The Group comprises subsidiaries (components) whose operations are spread across Singapore, Malaysia, Indonesia and Myanmar. The Group's business is the provision of software-based mobile telecommunications and technology, and the components are wide ranging in size and also in the customers and products of each business operation. The decentralised and varied nature of these operations require significant oversight by IOUpay's management to monitor the activities, review component financial reporting and undertake the Group consolidation. This was a key audit matter for us given the number of subsidiaries, varied operations and the significance of these operations to the group, and the varied accounting processes and systems used. We focused on: - Understanding the components and identifying significant risks of misstatement within them; - The scoping of relevant procedures consistent with the risks identified and to enable coverage of significant aggregated balances; - The assessment of component compliance with Group accounting policies, particularly in regard to revenue recognition and capitalisation of development costs; - The consolidation process and the information provided by components used for consolidation purposes.	We instructed component audit teams to perform procedures on the financial information prepared for consolidation purposes for all components. The objective of this was to gather evidence on significant balances that aggregate to form the Group's financial reporting. The component audit teams performed audits of the financial information of the components and provided an opinion on component financial statements, which included notes and compliance with International Financial Reporting Standards. We worked with the component audit team to understand the components, to identify risks that are significant to the audit of the Group and to plan relevant procedures. We discussed the audits as they progressed to identify any issues, working with the components, as appropriate. We evaluated the work performed by the component audit teams for sufficiency for our overall audit purpose. We also considered the component auditors' compliance with the Group's accounting policies, including revenue recognition. We tested the financial data used, the consolidation process, for consistency with the financial data audited by component audit teams. We also assessed the consolidation process for compliance with accounting standards.

Key Audit Matter

How Our Audit Addressed the Key Audit Matter

Investment in associate

On 9 September 2021, the Group executed binding documents to acquire 42% of the total issued capital of IDSB for cash consideration of RM126 million (~\$AUD40 million).

On 1 December 2021, the Group 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 (~\$AUD 20.7 million) was funded from existing cash holdings.

On 20 June 2022, the Group announced amendment of the Second Tranche Payment of RM21 million (~\$AUD 6.9 million) and extension of settlement payable before 31 August 2022. The Group allocated RM9.5 million (~AUD 3 million) to an escrow account with the Group's lawyers. The net amount required to complete settlement will be RM12 million (~\$AUD 3.9 million)

On 1 September 2022, subsequent to year end, the Group announced revised terms for the acquisition resulting in a reduction of total acquisition to 34% of IDSB for a total purchase price of RM72.5M (~\$AUD 23.3 million).

In accordance with Australian Accounting Standards, the acquisition has been recognised under equity accounting and disclosed as an investment in associate with share of profit being recognised through the profit or loss and other comprehensive income statement.

Our audit procedures included the following:

- Reviewed the terms and conditions of the share purchase agreement to obtain an understanding of the transaction and the key terms.
- Assessed and recalculated the value of the purchase consideration, inclusive of the deferred and contingent consideration.
- Considered the adequacy of the disclosures in the financial report in respect of the acquisition of IDSB.
- Considered the relevant disclosures included within the financial reports in respect of the original investment and subsequent recognition of profits.

Accounting treatment and disclosure for buy now pay later (BNPL)

Revenue recognition of BNPL is the difference between consumer order value and net paid to merchants. During the period, BNPL revenue was recognised with total cash receipts being received in repayment of total loans. Payments to merchants were not recognised within the statement of profit or loss and other comprehensive income. Trade receivables increased in reflection of the increased activity in BNPL loans.

The nature of the Group's business is to assume the credit risk of merchant transactions with consumers. In accordance with Australian Accounting Standards, the Group has considered the recoverability of BNPL loans and provided a provision for doubtful debts.

Significant judgement is involved in determining the provision on outstanding receivables including any impact of the COVID-19 pandemic, along with forward-looking factors.

Our audit procedures included the following:

- Considered whether the methodology applied by management in their calculation of revenue is in accordance with the requirements of Australian Accounting Standards.
- Reviewed the mathematical accuracy of the model and recalculated the ageing of the consumer receivables at period end.
- Assessed the integrity of provision for doubtful debts on consumer receivables and compared these assumptions to those of the prior period and investigated any significant differences.
- Assessed the impact of the COVID-19 pandemic on the loss rates along with forward looking factors in the measurement of the provision for doubtful debts.
- Considered the adequacy of the provision by comparing the cash receipts after period end to the outstanding consumer receivables balance at period end.
- Considered the adequacy of the related disclosures in the financial report in respect of the consumer receivables.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
<i>Going concern</i> Following operating losses and net cash outflows from operating activities, there is a heightened degree of judgement as to the Group's ability to continue as a going concern through the assessment period. Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty and the adequacy of management's disclosure to be a key risk.	We have challenged the key assumptions in management's forecast cash flows for the next 12 months (base case and downside possibilities) by: • Comparing the cash flow forecasts with the Board approved budget, and obtaining explanations for any significant differences; • Ensuring consistency between the forecasts in the Group going concern model and those used in the asset value-in-use calculations for impairment assessment purposes; • Assessing the historical accuracy of forecasts prepared by management; • Testing the mechanical accuracy of the model used; • Consideration of COVID-19 impacts to managements assumptions in regard to future revenue forecasts, especially the uncertainty of general economic conditions and return to normal business activity and • Considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.

There were no restrictions on our reporting of Key Audit Matters.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of IOUpay Limited for the year ended 30 June 2022 complies with s300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA Pty Ltd

MNSA Pty Ltd



Mark Schiliro

Director

Sydney

Dated this 30th September 2022

The Board is committed to operating the Company's business ethically and in a manner consistent with high standards of corporate governance.

The Company has adopted the fourth edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council. The Company's Annual Corporate Governance Statement for the financial period ending 30 June 2022 has been approved by the Board and is publicly available on the Company's website at <http://ioupay.com/governance.html>. It will also be and released to the ASX at the same time as this Annual Report.

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1. Shareholding

a. Distribution of Shareholders Number as at 27 September 2022:

	Number of ordinary shares	Number of holders	% Issued Share Capital
1-1,000	1,519,367	1,924	0.27%
1,001-5,000	17,130,921	6,486	3.09%
5,001-10,000	19,680,049	2,514	3.55%
10,001-100,000	128,872,613	3,983	23.26%
100,001 and over	386,809,115	791	69.83%
	554,012,065	15,698	100%

b. Unmarketable Parcels

- The number of unmarketable parcel holders as at 27 September 2022 is 10,144.
- Under the ASX Listing Rules, any shareholding values at less than \$500 is considered to be an unmarketable parcel.

c. The number of holders of each class of equity security as at 27 September 2022.

Class of Security	Number of Holders
Fully Paid Ordinary Shares	15,698
IOU001 Performance Options – EXP 08/08/22	4
IOU002 Performance Options – EXP 27/01/24	4
IOU003 Performance Options – EXP 27/01/24	4

d. Substantial holders as at 27 September 2022.

As at 27 September 2022, the Company has not received any Form 604s. However, the Company notes that Citicorp Nominees Pty Limited holds 7.37% of the Company's issued capital. Substantial holders are shareholders who hold 5% or more of the Company's Shares.

e. Voting rights

- Every member is entitled to be present at a meeting and may vote. Options do not carry a right to vote.
- On a show of hands, every Member has one vote.
- On a poll, every Member has:
 - One vote for each fully paid share; and
 - Voting rights pro rata to the amount paid up on each partly paid share held by the Member.

f. 20 Largest Shareholders as at 27 September 2022 – Ordinary Shares

	Shareholder	Number of shares	Percentage Holding %
1	CITICORP NOMINEES PTY LIMITED	40,833,911	7.37%
2	JOX HOLDINGS LIMITED	21,808,380	3.94%
3	BNP PARIBAS NOMS PTY LTD <DRP>	10,365,643	1.87%
4	MR BRETT PARTRIDGE & MRS CHRISTINE JOANNE PARTRIDGE <PARTRIDGE FAMILY S/F A/C>	8,198,312	1.48%
5	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	5,576,212	1.01%
6	MR MARK JOHN WARD	5,507,600	0.99%
7	KEONG YEW LIM	5,178,986	0.93%
8	MR MARK JOHN WARD & MS CATHERINE ALEXANDRA SMITH	5,129,500	0.93%
9	MR PAUL ANDREW JENKINS	5,000,000	0.90%
10	MR ARTHUR BROMIDIS	4,500,000	0.81%
11	MR WEN WANG	4,000,000	0.72%

12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,805,149	0.69%
13	TA SECURITIES HOLDINGS BERHAD	3,054,168	0.55%
14	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	2,996,811	0.54%
15	MR STEVE SIVA PARAMASIVAM	2,871,981	0.52%
16	MR ANTHONY JOSEPH GASPARRE	2,796,800	0.50%
17	MR GEORGE SPIROS PAPAConstantinos	2,661,350	0.48%
18	MR ZAW YE MYINT	2,501,098	0.45%
19	MR ALTAF RAISE KHAWARI	2,380,996	0.43%
20	MR MARK WILLIAM LEONARD	2,331,206	0.42%
		141,498,103	25.53%

2. The name of the Company Secretary is Mr Jarrod White. Mr White's qualifications are:

Bachelor of Business (BBus)
Chartered Accountant (CA ANZ)

Mr White has a practice in Chartered Accounting and advises and works in a number of public listed companies in Australia. In addition, he holds the position of Company Secretary in numerous public listed companies.

3. The address of the registered and principle office is:

Suite 305
35 Lime Street
Sydney NSW 2000

4. Registers of securities are held at the following address

Automic Group
Lvl 5/126 Philip Street
Sydney NSW 2000

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Stock Exchange Limited.

6. Restricted Securities

Ordinary Shares
Of the 554,012,065 ordinary shares on issue as at 27 September 2022. All ordinary shares are quoted on the Australian Stock Exchange. No ordinary shares are subject to escrow restrictions.

Options
No options are subject to escrow restrictions.