

ASX Announcement
31 August 2023

IODM FY2023 Results

IODM Limited (ASX:IOD), “**IODM**”, “**Group**” or “**the Company**”), a cloud-based software solution that revolutionises business cash flow management today released its full year results for the period ended 30 June 2023 (“**FY23**”).

FY23 Highlights:

- **Group revenue of \$1.6 million, +27% versus the prior corresponding period (pcp)**
- **Receipts from customers of \$1.1 million, +42% versus pcp**
- **Broader validation of UK education business amid ongoing business development efforts**
 - **Growing number of UK universities onboarded, utilising IODM platform solution**
 - **Total number of invoice communications sent exceeds 67,000**
 - **Strategic partnership with Convera resulting in strong revenue growth to \$366k**
 - **‘Work-in-progress’ underpinned by increased invoicing, with more than \$640 million of cumulative invoices still outstanding**
 - **Avg. margin attributable to IODM of 29bps (of total invoice value settled)**
- **Multiple enterprise trials commenced – across industries – reinforcing global opportunity**
- **Further platform and technical enhancements strengthen IODMs overall proposition**
- **Cash balance of \$1.7 million as at 30 June 2023, following successful capital raise in February**

Commenting on the results, IODM CEO, Mark Reilly said:

“I’m pleased to present the full year results today. As outlined, we remain particularly confident in the continued growth achieved and foundations laid in the UK education landscape. Having now established a working relationship with 12 UK Universities, we feel we’ve validated our solution during the year through the distribution of over 67,000 invoice communications totalling more than \$800 million. We’re also confident this represents a very small fraction of the total addressable market and eagerly anticipate a further acceleration in both invoice communications sent and total collections received into FY24. Our ‘work-in-progress’ metrics clearly illustrate this near-term upside, beyond any additional onboarding. Additionally, the annual recurring nature of these invoices further supports the market opportunity.”

Summary of Financial Performance

FY23 Group revenue was \$1.6 million, up 27% versus FY22 as IODM continued to strengthen its position as a premier automated accounts receivable management solution provider, on a global scale. During the year, the Company expanded its reach, engaging with businesses across various regions, including the UK, UAE, and North America. Receipts from customers was \$1.1 million, up 42% versus FY22, predominantly driven by strong growth in revenue growth arising from commercial partnership for UK education sector with Convera.

The Company reported a net loss after tax in FY23 of \$2.4 million, in line with the loss incurred in FY22.

Cash at bank as at 30 June 2023 was \$1.7 million, following successful capital raise of \$2.3 million (February 2023) to enable swift and effective solution rollout.

Validation of UK education business amid ongoing business development

During the year, IODM achieved some meaningful results across the education sector, notably with UK universities. An increasing number of universities were onboarded to the IODM platform to recover aged and current student fees including tuition and accommodation fees. The revenue share agreement with Convera contributed \$366k for the full year, a significant improvement on last year (FY22: \$1.2k). Notwithstanding this encouraging early-stage contribution from the Convera partnership, the rate of growth in collected invoices has lagged, predominantly due to timing issues (ie. being sent prior to holidays and semester breaks) which is the industry's standard seasonal slowdown period.

The Company remains confident in its ability to achieve an acceleration of growth within this market, following early industry validation achieved within the UK. Supporting this, significant efforts throughout the year have been directed at continued business development within the region, led by IODM's Head of UK Operations, Graham Smith, including:

- Speaking at the Money 20/20 global payments conference in Amsterdam (May 2023), alongside Convera, as well as and a representative from London School of Economics (LSE) to discuss the payment journey experience for students using the IODM/Convera solution; and
- Successfully hosting an education industry webinar – including participation from 42 UK universities, representing 25% of the addressable student market. Participants heard directly from Convera about what was new in the world of student payments, including direct LSE feedback on how their strategy combined with the IODM solution has had a positive impact on both students and the University's cash flow.

These initiatives have already resulted in substantial interest being expressed by institutions in the IODM/Convera offering, as well as additional onboarding of universities in Q4 FY23, including Chester University. In a groundbreaking new account for IODM, Chester has elected to use the IODM platform to manage its full end-to-end student payment journey and lifecycle, from the first deposit payment they make when enrolling through to their final payment upon graduation. In this instance, students will receive all invoices and options to pay through the IODM/Convera platform only. Once this model is proven and working, the Company expect it to result in incremental opportunity beyond purely management of outstanding or overdue payments.

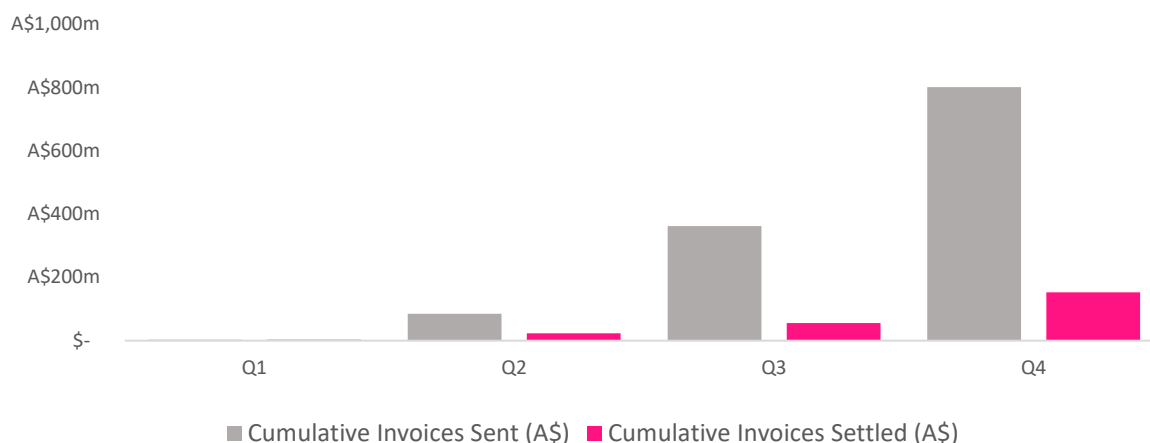
UK education 'work-in-progress' underpinned by increased invoicing and communications

As outlined within the Company's June quarterly, the number of UK university invoices (automated IODM reminder communications) sent increased meaningfully during the second half. The total number of invoice communications sent during FY23 – via the IODM platform – exceeded 67,000. The total value of outstanding invoices also continues to grow, underpinning the 'work-in-progress' revenue yet to be collected by IODM.

To elaborate, during FY23, the total value of invoice communications sent exceeded A\$800 million¹. As at 30 June 2023, less than 20% had been settled, leaving a balance of over \$640 million as 'work-in-progress', to be collected in FY24. This is further illustrated in the following chart.

¹ Converted using current GBP/AUD spot rate of 1.95, as at 31 August 2023.

FY23 UK Education (Cumulative Invoices Sent vs Settled), A\$m¹



Based on the total value of invoices settled during FY23, the average margin attributable to IODM under the Convera partnership was 29 basis points. The Company anticipates this to at least be maintained heading moving forward. Similarly, with further universities currently being onboarded, the Company is confident in the strength of its foundations to significantly increase revenue share in the UK education sector, in addition to future opportunities abroad.

Multiple enterprise trials commenced – across industries – reinforcing global opportunity

Beyond the pursuit of opportunities within the education sector, IODM is actively exploring further enterprise opportunities, both domestically and overseas. As outlined within the June quarterly, the launch of the IODM Connect cash allocation module has generated further interest within the enterprise market, showcasing the Company's commitment to innovation.

During the year, the Company also initiated trials of IODM Connect with potential global clients across a broader set of industries including healthcare and financial services. The Company will continue to keep shareholders informed as to the progress, outcomes and key insights gained from these trials.

Further platform and technical enhancements strengthen IODM's proposition

During the year, IODM also directed investment towards enhancing its technical capabilities, including streamlining onboarding processes, which continue to yield encouraging results. Firstly, the Company invested to bolster its technical teams, including the addition of James Burke as the Company's Chief Technology Officer, further solidifying IODM's technical leadership. Secondly, efforts were focussed on the development and expansion of features that significantly enhance the value of the IODM Connect platform. Additionally – as outlined – the introduction of the cash allocation module has attracted encouraging attention in the domestic market, confirming IODM's position as an innovative leader in the industry.

This announcement is authorised by IODM's Board of Directors

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About IODM

IODM is a leading accounts receivable (AR) solution that utilises digital technology to optimise automation. IODM's solution provides an end-to-end AR process that supports customers with invoicing, query management, payment reminders, escalation, analytics and more. IODM's solution drives increased client productivity and timely payments while reducing costs and minimising human error. The solution is a customisable application that seamlessly integrates with any accounting ERP software package. IODM operates globally and is headquartered in Melbourne, Australia. To learn more, please visit www.iodmconnect.com

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