

29 April 2020

ZipTel Quarterly Review – Q3 FY2020

ACTIVITY HIGHLIGHTS

ZipTel Limited's ("ZipTel" or "the Company", ASX: ZIP) focus during the quarter was developing opportunities for the Company's platforms; building on the Company's software development capabilities and delivering IT solutions for its customers; and moving from due diligence through to progressing a transaction to acquire emerging Consumer Neobank **Dough Limited** ("Dough").

COMPANY OVERVIEW

On 23 January 2020, the Company has sought a trading halt and subsequently a suspension in the trading of its securities on the ASX pending a proposed material transaction.

On 20 March 2020, the Company announced that it had entered into a binding, conditional agreement to acquire 100% of the issued capital of Dough ("the Transaction").

ABOUT DOUGH

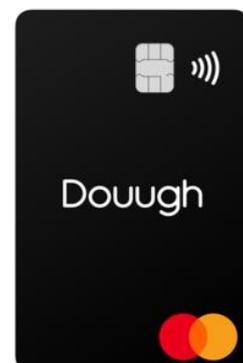
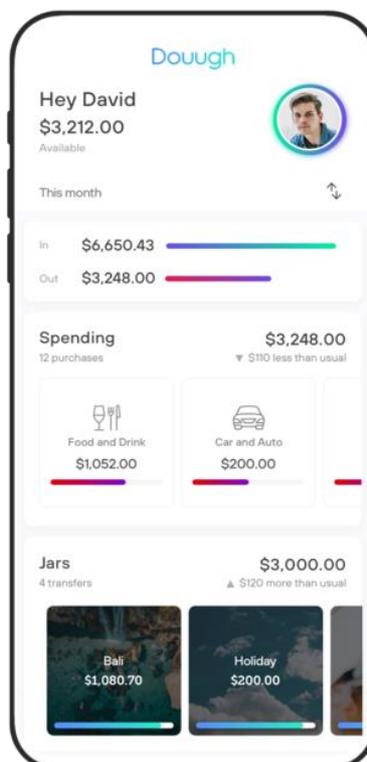
Dough is a purpose-led fintech and neobank, taking a proprietary artificial intelligence (AI) first approach to disrupting the business model of banking - helping customers live financially healthier.

Currently live in the U.S, the company is developing a subscription-based financial wellness platform, with the vision to autonomously help customers spend wisely, pay off debt, save more and build wealth - through a smart bank account and debit card.

Dough was recently recognised and nominated for the 2019 Emerging Fintech of the Year Award by Fintech Australia.

The business has a healthy pipeline of potential partners across the world, with Australia set to roll out in late 2021 with partner bank, Regional Australia. A global partnership agreement with Mastercard for innovation, issuing and marketing support further strengthens this ambition.

In the short-term, Dough is working on launching a variety of features including enhanced AI-automation, wealth management, cash rewards and instalment loans.



In the long-term, Dough plans to become a financial identity and payments platform for its users, fostering a vast ecosystem of best of breed partners who can harness the power of Dough and offer complementary services connected into Dough's smart bank account. Some of these will be integrated within the Dough application itself, others through an API product, which will facilitate secure data exchange and payments. This will enhance Dough's ability to coach, manage and execute in a more cohesive and intuitive way for the benefit of customers.

THE TRANSACTION

The Company and Dough have executed a binding, conditional agreement in relation to the Transaction, the key terms of which are as follows:

1. ZIP will acquire all of the legal and beneficial interest in the entire issued share capital of Dough via the issue of 500,000,000 fully paid ordinary shares in ZIP (**Shares**) at a deemed issue price of \$0.02 per Share to the shareholders of Dough (**Vendors**) (**Consideration Shares**);
2. ZIP will also issue the Vendors with 500,000,000 performance shares in ZIP (**Performance Shares**) which will convert into a Share on a one-for-one basis on achievement of the following milestones (and subject to such other terms and conditions required by ASX or the ASX Listing Rules);
 - i. 166,666,666 on the achievement of timed performance milestones*.
 - ii. 166,666,667 on the achievement of timed performance milestones*.
 - iii. 166,666,667 on the achievement of timed performance milestones*.

*The Company is in discussions with ASX to gain approval on the structure of the milestones.
3. ZIP will seek to raise a minimum of \$3.5 million through the issue of 175,000,000 Shares (and a maximum of \$5.0 million through the issue of 250,000,000 Shares) at a price of \$0.02 per Share under a prospectus (**Capital Raising**) and seek re-admission to the Official List of the ASX. Canaccord Genuity (Australia) Ltd has been appointed as Lead Manager.
4. On completion of the Transaction, ZIP will change its name to Dough Limited.

INDICATIVE TIMETABLE

An indicative timetable of the events to completion of the Transaction is as follows:

Activity	Date
Dispatch of notice of meeting seeking ZIP shareholder approval	22 May 2020
Lodgement of Prospectus by ZIP	29 May 2020
Opening date of Prospectus Offer	29 May 2020
ZIP shareholder meeting to approve Transaction	24 June 2020
Closing date of Prospectus Offer	24 June 2020
Issue of Securities under the Prospectus	26 June 2020
Completion of Transaction	26 June 2020
Expected date for reinstatement to official quotation of ZIP on ASX	2 July 2020

Further details are provided in the announcements to the ASX dated 20 March 2020 and 30 March 2020.

FINANCIAL OVERVIEW

Cash at the end of the quarter was \$1.16M.

During the quarter, the Company maintained its lean cost structure in line with previous quarters, however did incur one off costs in relation to progressing the Dough transaction

The Company continued to build on its software development offering with ~\$22,000 receipted from customers this quarter. To date, the Company has banked cumulative receipts of ~\$72,000 from software development and aims to continue expanding this business line.

The aggregate amount of payments to related parties and their associates included in the current quarter Cash flows from operating activities totalled ~\$100,000. These payments consisted of Directors' fees and salaries paid to non-executive directors. All payments were on normal commercial terms.

OUTLOOK

The Company will continue to progress the Dough transaction and will continue to update the market in this regard in due course.

-Ends-

For more information please contact:

ZipTel Limited

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About ZipTel

ZipTel is an Australian owned and operated telecommunications business focused on providing international roaming and calling solutions to consumers and businesses, using state of the art technologies developed and wholly owned by ZipTel Limited.

Appendix 4C

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

Name of entity

ZIPTTEL LIMITED

ABN

41 108 042 593

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	22	72
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(8)	(60)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(111)	(205)
(f) administration and corporate costs	(206)	(268)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	0	2
1.9 Net cash from / (used in) operating activities	(301)	(447)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,457	1,603
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(301)	(447)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	3	4
4.6	Cash and cash equivalents at end of period	1,160	1,160

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	407	707
5.2	Call deposits	753	750
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,160	1,457

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

100

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

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

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

n/a

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(301)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,160
8.3 Unused finance facilities available at quarter end (Item 7.5)	-
8.4 Total available funding (Item 8.2 + Item 8.3)	1,160
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	4

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

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Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

29 April 2020

Date:

By the Board

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.