

1. Company details

Name of entity:	REFFIND Ltd
ABN:	64 600 717 539
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	34.9% to	82,651
Loss from ordinary activities after tax attributable to the owners of REFFIND Ltd	up	42.2% to	(1,412,516)
Loss for the year attributable to the owners of REFFIND Ltd	up	42.2% to	(1,412,516)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the group after providing for income tax amounted to \$1,412,516 (30 June 2019: \$993,582).

REFFIND Ltd (ASX:RFN) is an Australian-based software-as-a-service solutions company that is revolutionising employee peer recognition as well as how customer loyalty and employee incentives are created, rewarded and managed. Our employee experience technology platform, Wooboard, uses a gamified, social cloud-based platform to allow employees to send recognition and share updates instantly. The group also has exposure to the loyalty space via its interest in Loyal Corporation and historical reseller rights.

The attached financial statements detail the performance and financial position of the group for the financial year ended 30 June 2020.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.34</u>	<u>0.69</u>

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited and an unqualified opinion, modified to include an emphasis of matter with respect to going concern, is expected to be issued.


11. Attachments

Details of attachments (if any):

The Preliminary Financial Report of REFFIND Ltd for the year ended 30 June 2020 is attached.

12. Signed

As authorised by the Board of Directors

Signed  _____

Date: 31 August 2020

Declan Jarrett
Director
Sydney

REFFIND Ltd

ABN 64 600 717 539

Preliminary Financial Report - 30 June 2020

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REFFIND Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

REFFIND

	Note	Consolidated 2020 unaudited \$	2019 \$
Revenue	2	66,062	100,847
Other income	3	-	177,193
Interest revenue calculated using the effective interest method		16,589	26,175
Expenses			
Employee benefits expense		-	(282,658)
Depreciation and amortisation expense	4	-	(7,910)
Advertising and marketing expenses		(138,335)	(68,837)
Occupancy expenses		(14,942)	(23,249)
Professional and consulting expenses		(1,173,712)	(678,907)
Impairment of receivables		-	(7,150)
Compliance and share registry expenses		(41,072)	(121,059)
Other expenses		(127,106)	(108,027)
Loss before income tax expense		(1,412,516)	(993,582)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of REFFIND Ltd		(1,412,516)	(993,582)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of REFFIND Ltd		<u>(1,412,516)</u>	<u>(993,582)</u>
		Cents	Cents
Basic earnings per share	11	(0.18)	(0.19)
Diluted earnings per share	11	(0.18)	(0.19)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 2020 unaudited \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	72,590	282,179
Trade and other receivables	6	86,891	95,399
Prepayments		-	28,116
Total current assets		<u>159,481</u>	<u>405,694</u>
Non-current assets			
Financial assets at fair value through profit or loss	7	<u>3,444,931</u>	<u>3,281,201</u>
Total non-current assets		<u>3,444,931</u>	<u>3,281,201</u>
Total assets		<u>3,604,412</u>	<u>3,686,895</u>
Liabilities			
Current liabilities			
Trade and other payables	8	159,734	145,338
Contract liabilities		-	2,027
Total current liabilities		<u>159,734</u>	<u>147,365</u>
Total liabilities		<u>159,734</u>	<u>147,365</u>
Net assets		<u>3,444,678</u>	<u>3,539,530</u>
Equity			
Issued capital	9	17,449,482	16,131,818
Reserves		179,174	179,174
Accumulated losses		<u>(14,183,978)</u>	<u>(12,771,462)</u>
Total equity		<u>3,444,678</u>	<u>3,539,530</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	16,131,818	179,174	(11,777,880)	4,533,112
Loss after income tax expense for the year	-	-	(993,582)	(993,582)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(993,582)	(993,582)
Balance at 30 June 2019	<u>16,131,818</u>	<u>179,174</u>	<u>(12,771,462)</u>	<u>3,539,530</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	16,131,818	179,174	(12,771,462)	3,539,530
Loss after income tax expense for the year	-	-	(1,412,516)	(1,412,516)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,412,516)	(1,412,516)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	1,317,664	-	-	1,317,664
Balance at 30 June 2020	<u>17,449,482</u>	<u>179,174</u>	<u>(14,183,978)</u>	<u>3,444,678</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2020 unaudited \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		78,947	120,105
Payments to suppliers and employees (inclusive of GST)		<u>(1,454,459)</u>	<u>(1,302,098)</u>
		(1,375,512)	(1,181,993)
Interest received		1,940	-
Research and development and grant income		<u>-</u>	<u>2,000</u>
Net cash used in operating activities		<u>(1,373,572)</u>	<u>(1,179,993)</u>
Cash flows from investing activities			
Payments for investments		<u>(153,681)</u>	<u>-</u>
Net cash used in investing activities		<u>(153,681)</u>	<u>-</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	1,405,000	-
Share issue transaction costs	9	<u>(87,336)</u>	<u>-</u>
Net cash from financing activities		<u>1,317,664</u>	<u>-</u>
Net decrease in cash and cash equivalents		(209,589)	(1,179,993)
Cash and cash equivalents at the beginning of the financial year		<u>282,179</u>	<u>1,462,172</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>72,590</u></u>	<u><u>282,179</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Operating segments

Identification of reportable operating segments

The group is organised into two operating segments: REFFIND and WooBoard Software as a Service products ('WooBoard'). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews adjusted EBITDA (earnings before interest, tax, depreciation and amortisation adjusted for impairment of assets). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers

During the year ended 30 June 2020, no customer (2019: nil) contributed more than 10% to the group's external revenue.

Operating segment information

	REFFIND \$	WooBoard \$	Total \$
Consolidated - 2020 unaudited			
Revenue			
Sales to external customers	-	66,062	66,062
Interest	16,589	-	16,589
Total revenue	16,589	66,062	82,651
Adjusted EBITDA			
Interest revenue			16,589
Loss before income tax expense	(1,482,124)	53,019	(1,429,105)
Income tax expense			-
Loss after income tax expense			(1,412,516)
Consolidated - 2019			
Revenue			
Sales to external customers	8,500	92,347	100,847
Interest	26,175	-	26,175
Total revenue	34,675	92,347	127,022
Adjusted EBITDA			
Depreciation and amortisation			(7,910)
Interest revenue			26,175
Loss before income tax expense	(1,086,002)	74,155	(1,011,847)
Income tax expense			-
Loss after income tax expense			(993,582)

All assets and liabilities, including taxes are not allocated to the operating segments as they are managed on an overall group basis.

Note 2. Revenue

	Consolidated 2020 unaudited \$	2019 \$
Rendering of services - subscription fees recognised over time	66,062	100,847

Disaggregation of revenue

All revenue from contracts with customers is recognised over time and in Australia. Revenue by product line is disclosed in note 3.

Note 3. Other income

	Consolidated 2020 unaudited \$	2019 \$
Net foreign exchange gain	-	167,651
Research and development income	-	2,000
Other	-	7,542
Other income	-	177,193

Note 4. Expenses

	Consolidated 2020 unaudited \$	2019 \$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Computer equipment	-	7,676
Office furniture	-	234
Total depreciation	-	7,910
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	19,914	-
<i>Leases</i>		
Minimum lease payments	-	23,249
Short-term lease payments	14,942	-
	14,942	23,249
<i>Superannuation expense</i>		
Defined contribution superannuation expense	-	26,404

Note 5. Current assets - cash and cash equivalents

	Consolidated 2020 unaudited \$	2019 \$
Cash at bank	72,590	241,512
Cash on deposit	-	40,667
	<u>72,590</u>	<u>282,179</u>

Note 6. Current assets - trade and other receivables

	Consolidated 2020 unaudited \$	2019 \$
Trade receivables	6,314	9,558
Convertible note interest receivable	52,083	37,434
Other receivables	861	861
GST receivable	27,633	47,546
	<u>86,891</u>	<u>95,399</u>

Note 7. Non-current assets - financial assets at fair value through profit or loss

	Consolidated 2020 unaudited \$	2019 \$
Designated at fair value through profit or loss: Investment in Loyyal Corporation	<u>3,444,931</u>	<u>3,281,201</u>

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	3,281,201	3,112,273
Additions	153,681	-
Foreign exchange movements	10,049	168,928
Closing fair value	<u>3,444,931</u>	<u>3,281,201</u>

Investment in Loyyal Corporation represents the group's investments in Loyyal Corporation ('Loyyal'), a leading US based blockchain loyalty and rewards company. The total investment in Loyyal at 30 June 2020 is US\$2,400,000 (30 June 2019: US\$2,300,000) consisting of:

- US\$1,500,000 worth of Series A-3 preferred shares acquired on 24 January 2018, giving the group 4,670,714 shares or 9.38% equity interest in Loyyal on a fully diluted basis;
- US\$800,000 in convertible notes, acquired on 24 January 2018. The option to convert the notes into Series A-3 preferred shares expired on 24 January 2020. Interest on the note is charged at 2.5% per annum; and
- US\$100,000 in Loyyal's funding round in October 2019 to preserve the ownership interest in Loyyal.

During the year ended 30 June 2020, interest revenue totalling \$14,649 (30 June 2019: \$26,175) was recognised on the convertible note component of the investment in Loyyal. As at 30 June 2020, no interest payment was received and interest receivable of \$52,083 (30 June 2019: \$37,434) is included in other receivables in note 6.

Note 7. Non-current assets - financial assets at fair value through profit or loss (continued)

On 24 June 2020 the group filed a claim in the United States District Court (Northern District of California) in the amount of USD\$883,969. On 28 July 2020, Loyyal Corporation entered Chapter 7 bankruptcy protection in the United States.

In calculating the fair value of the group's investment in Loyyal, the directors have considered the current financial situation of Loyyal and determined that there is no decline in fair value. The group is a member of a consortium of sophisticated investors engaged in a competitive bidding process for the Loyyal assets in bankruptcy. The directors are of the view that the group has strong prospects to emerge as the winning bidder in conjunction with its consortium of sophisticated investors and consequently, there is no decline in fair value. If the group is not successful in its consortium bid then there will be a significant decline in the fair value of the investment.

Note 8. Current liabilities - trade and other payables

	Consolidated 2020 unaudited \$	2019 \$
Trade payables	144,613	73,156
Accrued expenses	15,121	72,182
	<u>159,734</u>	<u>145,338</u>

Note 9. Equity - issued capital

	2020 unaudited Shares	2019 Shares	Consolidated 2020 unaudited \$	2019 \$
Ordinary shares - fully paid	<u>1,023,258,621</u>	<u>515,500,000</u>	<u>17,449,482</u>	<u>16,131,818</u>

Movements in ordinary share capital

Details	Date	Shares	\$	
Balance	1 July 2018	515,500,000		16,131,818
Balance	30 June 2019	515,500,000		16,131,818
Issue of shares	15 July 2019	73,333,333	\$0.0030	220,000
Issue of shares	8 August 2019	51,666,667	\$0.0030	155,000
Issue of shares	20 January 2020	30,400,000	\$0.0025	76,000
Issue of shares	30 January 2020	169,600,000	\$0.0025	424,000
Issue of shares	28 February 2020	27,586,207	\$0.0029	80,000
Issue of shares	28 February 2020	155,172,414	\$0.0029	450,000
Share issue transaction costs, net of tax		-	\$0.0000	(87,336)
Balance	30 June 2020	<u>1,023,258,621</u>		<u>17,449,482</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 11. Earnings per share

	Consolidated	
	2020 unaudited \$	2019 \$
Loss after income tax attributable to the owners of REFFIND Ltd	<u>(1,412,516)</u>	<u>(993,582)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>778,685,981</u>	<u>515,500,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>778,685,981</u>	<u>515,500,000</u>
	Cents	Cents
Basic earnings per share	(0.18)	(0.19)
Diluted earnings per share	(0.18)	(0.19)

For the purpose calculating the diluted earnings per share options have been excluded as the effect would be anti-dilutive.

Note 12. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 22 July 2020, the company completed a capital raise of \$880,000 at \$0.002 per share. The capital raise was conducted in two tranches. The first tranche for \$440,000 (220,000,000 shares) was conducted using the company's existing placement capacity. The remaining \$440,000 was raised by way of convertible note, subject to shareholder approval, at a conversion price of \$0.002 redeemable within 12 months with a capitalised interest rate of 6% pa paid on maturity. The funds raised will be applied to working capital, accelerate sales growth, to fund product development and costs of the offer.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.