

31 August 2022

## **FY22 technology platform transformation sets IncentiaPay up for strong future growth**

IncentiaPay Ltd (**ASX:INP or the Company**) Australia and New Zealand's premier entertainment, lifestyle and rewards platform, is pleased to present its financial results for the twelve months ended 30 June 2022.

### **FY22 Financial Highlights:**

- Gross operating revenues totalled \$19.96 million, up 2.7% on the previous corresponding period (pcp), primarily due to an increase in gift card sales
- Cash receipts of \$20.87 million (up 7% on pcp) driven by a post COVID-19 recovery in membership subscription revenue, particularly in May and June
- Cash and cash equivalents of \$0.98 million and additional undrawn cash facility of \$16.4 million

### **FY22 Operational Highlights:**

- Strong progress with returning core B2C business to profitability with single largest day of membership sales of \$212,000
- Re-platforming of the B2C app and re-platforming of the base framework for IncentiaPay's B2B app completed
- Development of its B2B2C Seamless Rewards platform completed, and first revenues generated through two programs currently in market

### **Corporate Highlights:**

- Significant cost reductions implemented to lower annual costs by more than \$4 million and position IncentiaPay for long-term growth
- Strengthened the senior management team with the addition of Ani Chakraborty as CEO, Jake Falkinder as CMO, Ryan Rodrigues as GM of Product, Operations and Technology, and Ben Newling appointed as CFO
- \$5.5 million raising via Entitlement Offer, subsequent placement and a new convertible loan facility of \$22.5 million to support future growth

Commenting on the performance for the period, IncentiaPay Chief Executive Officer Ani Chakraborty said: *"In FY22, we significantly advanced our business transformation to rebuild the technology platform for our two core businesses and with the launch of a new business channel that offers our Company transformational growth potential and underpins our goal of becoming the industry leader in digital solutions for consumer loyalty and engagement.*

*"This allows us to harness the heritage of our Entertainment-branded assets to build an offers and rewards marketplace, which provides companies, fund raisers and programs with the ability to create their own campaigns, which connect merchants wanting more business with consumers seeking entertainment, lifestyle and leisure experiences.*

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*"We also made significant progress in returning our core B2B and B2C businesses back to profitability after COVID-19, with our B2C business recording the single largest day of membership sales. We launched two programs for our high-growth Seamless Rewards business, and we generated our first revenues with two new partners.*

*"We finalised the first phase of our complex technology platform upgrades which allow us to fully leverage the value inherent in our three businesses and set IncentiaPay up for long-term growth. The implementation of our cost reduction initiatives reflects our lower ongoing costs associated with our new technology platform. In addition, we have recruited some key people to help drive growth across all IncentiaPay's business platforms.*

*"We enter FY23 in a strong position with technology re-platforming in our core business largely complete, our B2B and B2C businesses returning to more profitable levels and our new Seamless Rewards set to generate further revenues as IncentiaPay becomes a hub bring all stakeholders in the loyalty and rewards space together."*

## **Financial**

FY22 gross operating revenues totalled \$19.96 million, 2.7% on the previous corresponding period (pcp), primarily due to an increase in gift card sales.

Underlying EBITDA totalled (\$9.57 million), down 298% on the pcp, due to increased spend on in-house technology capabilities and in growth areas (e.g. Seamless Rewards) in anticipation of further scaling in FY23. As at 30 June 2022, cash reserves totalled \$0.98m. In addition, the Company had an undrawn remaining cash facility available of \$16.4million.

Cash inflows increased 7% to \$20.87 million, driven by a post COVID-19 recovery in membership subscription revenue, particularly in May and June.

## **Operational**

### ***B2C (Entertainment)***

IncentiaPay increased revenue in its core B2C business above FY21 levels via the management of renewals and reactiverations, improved marketing campaigns and new payment options (i.e. Afterpay).

These initiatives had an immediate impact with the B2C business rebounding significantly during the latter half of the period, recording the single largest day of membership sales in FY22 (\$212k sales in one day). Membership sales cash receipts are also increasing, with receipts in the June quarter about four times higher than in the March quarter.

IncentiaPay completed the re-platforming its B2C (Entertainment) App using the Google Flutter platform allowing the Company to more efficiently implement its product roadmap and improve features to meet evolving member expectations.

### ***B2B (Frequent Values)***

The re-platforming of the base framework for IncentiaPay's B2B app was also completed during FY22

IncentiaPay's B2B customers are migrating to the new app throughout FY23 significantly improving the user interface and functionality. In FY22, four major programs were re-platformed. Remaining major programs will be rolled out through the first quarter of FY23.

Once re-platforming is completed for all the programs, the Company will be able to significantly increase its active audience base through targeted audience activation programs with the support of its Enterprise customers.

The Company used its new platform to conduct a successful three-month proof of concept of the 7Rewards application as part of the new partnership with SevenWest Media's (ASX:SWM) video-on-demand service, 7Plus Pty Ltd (7Plus). Further possibilities between the companies to build on this success are being examined.

### **B2B2C (Seamless Rewards)**

IncentiaPay developed its new B2B2C Seamless Rewards platform which is unique to the rewards industry and gives fundraisers, merchants, enterprises and loyalty program providers the ability to create customised offers and timely campaigns to closed user groups through advanced analytics. The Seamless Rewards technology platform is generating first revenues through two programs

The Company also executed several agreements with additional partners including Verocurrency, Opensparkz, PayWith and EML. These agreements give IncentiaPay access to a large audience of end customers and the ability to distribute its suite of offers from Seamless Rewards merchants to the partners' end customer bases.

IncentiaPay will receive transaction-linked revenue each time a card holder transacts and uses a linked card at an IncentiaPay merchant.

IncentiaPay is also in advanced discussions with other key players in the Card Linked Offer space to increase its distribution capacity.

### **Corporate**

#### ***Cost reductions to lower annual costs by more than \$4 million***

IncentiaPay implemented significant cost reductions to accelerate our path to operating cash break-even and position the Company for long-term growth.

The Company launched cost rationalisation initiatives including a reduction of resources – both payroll and project-based contracting staff – aimed at delivering annualised cost savings of more than \$4 million from the FY22 base, which will be realised throughout FY23 as planned projects are delivered.

IncentiaPay has invested heavily in technology platform capability to support its growing Seamless Rewards platform as well as its core B2B and B2C businesses. With these upgrades largely complete, the Company's FTE and contractor requirements are lower due to: 1) the reduction in work teams and associated expenses associated with the technology build; and 2) the restructure of IncentiaPay's operating model in some areas of the business.

These changes are in line with IncentiaPay's ongoing investment in technology and its strategy to drive growth in its new Seamless Rewards platform and restore revenues from its core B2B and B2C businesses to pre-COVID-19 levels.

### ***Senior leadership changes***

There were some changes to IncentiaPay's senior leadership team in FY22. In December, Ani Chakraborty succeeded Henry Jones as IncentiaPay's Chief Executive Officer, while the Company's Chief Operating Officer (COO) and Company Secretary, Ben Newling was appointed as Chief Financial Officer effective from 1 January 2022 and maintained his existing role as Company Secretary.

The COO function was amalgamated into a GM of Product, Operations and Technology role to which Ryan Rodrigues was appointed in November.

Mr Rodrigues brings more than 25 years of product and technology delivery experience and will significantly strengthen IncentiaPay's implementation capabilities.

On 21st June 2022, IncentiaPay also appointed Jake Falkinder as Chief Marketing Officer (CMO) to assist with our efforts to grow our business offering.

Mr Falkinder brings 14 years' experience in senior marketing positions to the role and joins from Boardriders, a leading action sports and lifestyle company, where he was the Digital Marketing Director.

In addition to Mr Rodrigues and Mr Falkinder, IncentiaPay brought in senior professionals in key roles across the business in FY22 to enhance the Company's growth. Some notable additions are:

- Steve Chant has been brought in to lead our Merchant Partnerships with an aim to maintain our leading edge in the market. Mr Chant brings more than 25 years of business development and growth delivery experience, out of which more than 10 years in C-Suite roles in various growth businesses.
- Saikat Ghosh has been brought in to lead various strategic growth initiatives in the business. Mr Ghosh brings more than 25 years of business building experience and successfully founded 2 major start-up businesses. Mr Ghosh will bring a start-up mindset to our key growth projects

### ***Capital raising and new convertible loan facility to support future growth***

In December, IncentiaPay raised approximately \$4.162 million via a 1 for 4.3 renounceable pro rata entitlement offer for new fully paid ordinary shares for eligible shareholders. The shortfall of the Entitlement Offer, being 45,817,543 Offer Shares (Placement Shares), were issued to third parties via a placement on the same terms as the Entitlement Offer, this resulted in a total raise of \$5.1 million. In addition, the Company raised a further \$431,000 via a placement.

In addition, we continue to be strongly supported by our majority shareholder, Suzerain Investment Holdings Limited, which has a 74% ownership interest in IncentiaPay and two representatives on our Board.

Over the past 24 months, Suzerain has injected \$26 million in new equity capital into IncentiaPay to fund our business strategy.

In March, the Company agreed to a \$22.5 million convertible loan facility, of which \$5 million had already been made available, with Suzerain's associate, New Gold Coast Holdings Limited and the facility was approved at an Extraordinary Meeting of Shareholders in May 2022.

The loan demonstrates Suzerain's alignment with IncentiaPay's strategic vision and provides the Company with the flexibility required to expedite its transformation projects and execute its growth strategy.

## **Outlook**

IncentiaPay enters FY23 in a strong position with technology re-platforming in our core business largely complete and our new Seamless Rewards business generating first revenues.

Our core B2C and B2B businesses are starting to rebound post the COVID-19 impacted environment and we hope to see continued growth over the months ahead.

This is underpinned by our unparalleled merchant base and our proven ability to deliver loyalty program as a service.

*This announcement has been authorised for release by the Board of Directors of IncentiaPay Ltd.*

**-ends-**

For more information:

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### **About IncentiaPay**

Through its Entertainment-branded subsidiaries, IncentiaPay provides a marketplace for offers and rewards which connects merchants wanting more business with consumers seeking entertainment, lifestyle and leisure experiences at great value.

Founded in 1994, Entertainment is a trusted and iconic source of member-only offers and deals that manages the largest and most comprehensive amount of entertainment-related merchant content; provides fundraisers, merchants and enterprises with advanced data and campaign analytics; and markets to the largest closed-group of subscription-paying members in Australia and New Zealand.

It generates revenue through member subscription fees and marketplace features that provide data-as-a-service and targeted campaign value to merchants, enterprise and fundraising partners.

[www.incentiapay.com.au](http://www.incentiapay.com.au)

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## Appendix 4E

### IncentiaPay Limited (INP or the Company) (ABN 43 167 603 992)

### Results for announcement to the market

This Appendix 4E of IncentiaPay Limited is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.3A.

#### 1. Reporting period details

Current reporting period: Financial year ended 30 June 2022 (**FY2022**)  
Previous corresponding period: Financial year ended 30 June 2021 (**FY2021**)

#### 2. Results for announcement to the market

Unaudited Results	Direction	%	FY2022		FY2021
Gross Operating Revenue ('000's) <sup>2</sup>	▲	2.7%	to	19,959	from 19,425
Underlying EBITDA ('000's) <sup>1</sup>	▼	297.9%	to	(9,574)	from (2,406)
Net loss after tax ('000's)	▼	86.0%	to	(15,631)	from (8,402)
Basic loss per share (NPAT) (cents)	▼	27.3%	to	(1.4)	from (1.1)
Net tangible assets per share (cents)	▼	30.0%	to	(1.3)	from (1.0)

<sup>1</sup> Non-AIFRS item - see section 3 below.

<sup>2</sup> Revenue excludes interest income and Government assistance of \$631k.

## 2.1 Commentary on results for the period

Performance	Ref	FY2022 \$'000
<b>Revenue</b>		
Fee income - Paid advertising and Travel booking		729
Fee Income – Travel booking		32
Membership subscriptions		7,812
Corporate sales		2,610
Gift card sales		8,607
Miscellaneous Income		124
Government Assistance		676
Interest Income		30
<b>Total Gross Revenue<sup>2</sup></b>		<b>20,620</b>
Less Interest Income		(30)
Less Government Assistance (JobSaver)		(631)
<b>Total Gross Operating Revenue<sup>3</sup></b>		<b>19,959</b>
<b>Underlying EBITDA<sup>1</sup></b>		<b>(9,574)</b>
Depreciation & amortisation		(1,171)
<b>EBIT Before significant items<sup>1</sup></b>		<b>(10,745)</b>
Net interest expense		(889)
<b>Profit/(loss) before tax and significant items<sup>1</sup></b>		<b>(11,634)</b>
<b>Significant items<sup>1</sup></b>		
Intangible Asset impairment	<b>2.2.1</b>	(3,615)
Re-alignment costs	<b>2.2.2</b>	(809)
Share based payment	<b>2.2.3</b>	(204)
Government assistance (JobSaver)	<b>2.2.4</b>	631
<b>Profit/(loss) before tax</b>		<b>(15,631)</b>
Income tax benefit		-
<b>Net profit/(loss) after tax</b>		<b>(15,631)</b>

1 non-AIFRS items

2 Gross Revenue as per the annual financial statements

3 Gross Operating Revenue excludes interest income and JobSaver Government assistance. Interest income is included in "Net interest expense" and JobSaver Government assistance is presented under "Significant Items"

## Gross Operating Revenue

	FY2022	% Of Total	FY2021	% Of Total	% Increase/(Decrease)
Fee Income	761	3.8%	666	3.4%	14.3%
Membership subscription sales	7,812	39.1%	8,216	42.3%	(4.9%)
Enterprise/Corporate sales	2,610	13.1%	3,039	15.6%	(14.1%)
Gift card sales	8,607	43.1%	7,325	37.7%	17.5%
Other <sup>1</sup>	169	0.8%	179	0.9%	(5.6%)
<b>Gross Operating Revenue</b>	<b>19,959</b>		<b>19,425</b>		<b>2.7%</b>

<sup>1</sup> Other income includes Government assistance other than JobSaver.

Government assistance other than JobSaver in Australia, provided during the year amounted to \$0.05 million of revenue (2021: \$0.1 million) and is classified under "Other" in the table above. JobSaver, provided by the NSW state government during FY2022 amounted to \$0.6 million (2021: \$nil) and has been presented in revenue in the Statement of Financial Performance, and is presented as a significant one-off item when determining Underlying EBITDA. JobKeeper, Federal Government support during FY2021, was not received during FY2022 (2021: \$2.3 million).

Membership revenue continued to be impacted by COVID-19 lockdowns, extended restrictions, and border closures during the first half of the year; however, despite the continued challenges, showed signs of a recovery towards the end of the first half of FY2022. The increased sales trend experienced headwinds in the 3<sup>rd</sup> quarter due to the Omicron variant affecting the hospitality and leisure industry via supply chain constraints and availability of staff. The June quarter of FY2022 saw four times the level of Membership Sales than the March Quarter which points to the success of a renewal program of incentives and promotions revolving around reminding customers of the benefits of the membership, which will extend into FY2023 with the Group launching a significant brand and advertising campaign in the first half of FY2023.

The Enterprise business invested heavily in the replatforming of "Frequent Values" customers and relaunched multiple new customised apps and "white-labelled" apps during the second half of FY2022. This was an extensive replatforming program with the aim of positioning the corporate product on solid foundation for the future. Delays in corporate renewals during FY2022 due to this program of work, is what drove the lower revenue in FY2022. Given this, the business achieved their goal of minimising the impact.

Gift card sales increased 17.5% due to the re-opening of the retail industry, the surge in spending post the easing of restrictions, and the introduction of a range of new gift card options such as Sheridan, Harvey Norman, and Kathmandu.

Fee income saw a 14% increase YoY predominantly due to Paid advertising and the re-engagement of the travel industry. A major focus into FY23, will be to capitalise on the return of the travel industry back to pre-covid volumes, but more importantly to target new areas of marketing opportunities and affiliation.

## Net Loss After Tax and Impairments

Reported net loss after tax (NLAT) from ordinary activities in FY2022 was \$15.6 million compared to a net loss after tax from ordinary activities in FY2021 of \$8.4 million. The net loss was predominantly attributed to:

- The Government assistance changes between FY2021 and FY2022 with JobKeeper ceasing and being replaced by the NSW backed JobSaver program.
- Continued investment in core business technology platforms:
  - Replatforming of the Entertainment App to the Google based Flutter technology for a better user experience and flexible open-source technology stack.
  - Investment in the replatforming and migration of most of the Group's B2C Frequent Values customers to the more flexible Google Flutter technology for improved functionality and better customer user experience.
  - Development associated with the Seamless Rewards platform, that provides tailored, entertainment-based incentives and loyalty and rewards programs to large enterprise customers via a card-linked offer (CLO) or card scheme and an existing loyalty program.
- Development and set up of "The Winebunch" project, an online marketplace in partnership with Junovate and Spineka.
- External strategic support during the first half of FY2022 to guide, manage and drive key transformation initiatives.
- Impairment write-offs associated with the replatforming of the previously developed entertainment app and the Entertainment website.
- Impairment of goodwill given the outcome of a value in use calculation of the Entertainment and Frequent Value businesses.
- Restructure and re-alignment costs associated with cost reduction and future sustainability strategies.

The cost-based strategies described above are focused towards:

1. Delivering a solid foundation for B2B and B2C product technology platforms,
2. Operationalising and embedding the CLO-based loyalty programs via B2B2C Seamless Rewards business.
3. Forging a path to operating cash break-even and positioning the Company for long-term growth and sustainability.

## 2.2 Significant items

### 2.2.1 Intangible asset impairment (\$3,616k)

	\$'000
Technology Assets	1,181
Goodwill	2,434
<b>Total</b>	<b>3,615</b>

#### Technology Assets

During the FY2021, the Group capitalised development costs related to core B2B and B2C product platforms and back-end support systems, as part of the first phase of the technology

transformation. Subsequently, in FY2022, the Group identified a more flexible technology platform, and consequently, during the year, shifted its digital assets away from the current platform to the new open-source solution. This cost item reflects the change in strategy and the associated reduction in the carrying value of certain replaced assets.

#### **Goodwill**

As per the requirements of AAB136, an intangible asset with an indefinite life requires an annual review to assess the recoverable amount, using a value in use discounted cash flow approach. The outcome of the impairment review identified that the recoverable value of net assets associated the Entertainment and Frequent Values business is less than the carrying value resulting in an impairment adjustment.

#### **2.2.2 Restructure and re-alignment costs (\$809k)**

As part of the Company's focus on achieving operating cash break-even, a significant cost rationalisation program was launched at the end of FY2022, impacting both payroll and project-based contracting staff – aimed at delivering annualized cost savings of more than \$4 million.

These costs include the cost redundancies as well as the termination costs related to the departing CEO.

#### **2.2.3 Share based payment (\$204k)**

During FY2021, the Board approved and implemented a Loan Funded Share Scheme (LFS) for Ben Newling and Henry Jones. Upon the termination of Henry Jones, all shares both vested and unvested were forfeited, other than shares attributed to Tranche 2, which were awarded under a modification to original terms of the loan funded share agreement. All amortised expenditure other than that related to Tranche 2 was credited directly to retained earnings and was not accounted for through the profit and loss statement.

No shares were issued under the ESS during FY2022.

#### **2.2.4 Government assistance \$631k**

During the period under review, the Group received JobSaver support from the NSW government based on the impact that COVID-19 and corresponding restrictions had on sales. The criteria associated with the receipt of this support did not prohibit reducing employee costs with targeted stand downs and therefore is not considered an offset of employee costs otherwise incurred.

### **3 A Statement of Comprehensive Income**

A Statement of Comprehensive Income together with notes to the statement is contained in the Preliminary Financial Report for the year ended 30 June 2022.

### **4 A Statement of Financial Position**

A Statement of Financial Position together with notes to the statement is contained in the Preliminary Financial Report for the year ended 30 June 2022.

## **5 A Statement of Cash Flows**

A Statement of Cash Flows together with notes to the statement is contained in the Preliminary Financial Report for the year ended 30 June 2022.

## **6 A Statement of Changes in Equity**

A Statement of Changes in Equity, showing movements is contained in the Preliminary Financial Report for the year ended 30 June 2022.

## **7 Details of individual and total dividends or distributions and dividend or distribution payments.**

No dividend declared or distributed in relation to the year ended 30 June 2022.

## **8 Details of entities over which control has been gained or lost during the period.**

No control was gained or lost over entities during FY2022.

## **9 Details of any associates and joint venture entities**

There were no associates or joint ventures during the period.

## **10 Any other significant information needed by an investor**

Further significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position is included in the annual report.

## **11 Foreign entities, accounting standards used in compiling the report**

Not applicable.

## **12 Significant post year end events**

The Group announced on the 25th of July 2022 a significant restructure and cost reduction program, with over \$4 million of annualised resource related costs being removed.

## **13 Non-IFRS Financial Information**

Within this Appendix 4E the directors have presented several pieces of non-IFRS financial information, including a calculation of Underlying EBITDA, to better describe the underlying results of the business to users of this report. The directors believe that this additional disclosure allows users to better understand the business while it is navigating the current period of transformation and rejuvenation. See section 3 above for a reconciliation of non-IFRS information to the IFRS results presented in the attached interim financial report.

## **14 Progress of audit**

The FY2022 accounts are currently in the process of being audited. As such, the information set out in this Appendix 4E, and the attached Preliminary Financial Report is unaudited.

Although the FY2022 audit is not yet complete, the Company's auditors (KPMG) have noted a range of factors set out in the going concern discussion included at Note 1 of the preliminary

financial statements. KPMG have advised that they expect their audit opinion to include an emphasis of matter paragraph to draw attention to the factors outlined in Note 1 and therefore the existence of a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

The Board of Directors direct the attention of all readers to the matters described in Note 1 to the Preliminary Unaudited Financial Accounts and note that the results disclosed in this release should be read in the context of that disclosure.

Signed:

Date: 31 August 2022



**Stephen Harrison**

Chair

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**INCENTIAPAY LIMITED**

ABN 43 167 603 992

PRELIMINARY UNAUDITED ANNUAL FINANCIAL  
REPORT

FOR THE YEAR ENDED  
30 JUNE 2022

**INCENTIAPAY LIMITED AND CONTROLLED ENTITIES**  
**PRELIMINARY UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	<b>Note</b>	<b>Consolidated Group</b>	
		<b>2022</b> \$'000	<b>2021</b> \$'000
Revenue and other income	2	20,620	19,435
Direct expenses of providing services	3	(10,151)	(8,931)
Impairments	3	(3,615)	-
Employee expenses	3	(12,596)	(9,450)
Depreciation and amortisation expense	3	(1,171)	(3,344)
Building occupancy expense	3	(247)	(132)
Finance costs	3	(919)	(794)
Legal and professional costs		(2,654)	(1,078)
Marketing expenses		(973)	(1,071)
Website and communication		(2,270)	(1,628)
Bad debts reversals/(expense)	3	33	101
Other expenses		(1,688)	(1,696)
<b>Loss before income tax</b>		<b>(15,631)</b>	<b>(8,588)</b>
Tax benefit/(expense)	4(a)	-	186
<b>Loss for the period</b>		<b>(15,631)</b>	<b>(8,402)</b>
<b>Net profit attributable to:</b>			
- Members of the parent entity		(15,631)	(8,402)
<b>Other comprehensive income</b>			
- Items that may be reclassified subsequently to profit or loss			
Loss rising from translating foreign controlled entities from continuing operations	20	(49)	(6)
<b>Total comprehensive loss for the period</b>		<b>(15,680)</b>	<b>(8,408)</b>
<b>Loss per share</b>			
Basic loss per share (cents)	5(a)	(1.4)	(1.1)
<b>Total</b>		<b>(1.4)</b>	<b>(1.1)</b>
Diluted loss per share (cents)	5(a)	(1.4)	(1.1)
<b>Total</b>		<b>(1.4)</b>	<b>(1.1)</b>

The accompanying notes form part of these preliminary unaudited financial statements.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
PRELIMINARY UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

		Consolidated Group	
	Note	2022 \$'000	2021 \$'000
<b>Current assets</b>			
Cash and cash equivalents	6	978	3,228
Trade and other receivables	8	1,226	1,000
Inventories	9	200	155
Other assets	10	1,503	1,968
<b>Total current assets</b>		<b>3,907</b>	<b>6,351</b>
<b>Non-current assets</b>			
Trade and other receivables	8	102	523
Right-of-use assets	11	22	158
Property plant and equipment	12	503	811
Intangible assets	13	12,322	15,813
<b>Total non-current assets</b>		<b>12,949</b>	<b>17,305</b>
<b>Total assets</b>		<b>16,856</b>	<b>23,656</b>
<b>Current liabilities</b>			
Trade and other payables	14	4,623	5,981
Lease liabilities	15	910	1,055
Borrowings	16	2,025	4,579
Tax Liabilities	4(d)	-	-
Deferred revenue	17	3,163	4,526
Provisions	18	829	1,042
<b>Total current liabilities</b>		<b>11,550</b>	<b>17,183</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	310	1,123
Borrowings	16	6,125	28
Deferred revenue	17	78	32
Provisions	18	124	132
<b>Total non-current liabilities</b>		<b>6,637</b>	<b>1,315</b>
<b>Total liabilities</b>		<b>18,187</b>	<b>18,498</b>
<b>Net assets</b>		<b>(1,331)</b>	<b>5,158</b>
<b>Equity</b>			
Issued capital	19	132,143	122,984
Reserves	20	489	733
Accumulated losses		(133,963)	(118,559)
<b>Total equity</b>		<b>(1,331)</b>	<b>5,158</b>

The accompanying notes form part of these preliminary unaudited financial statements

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
 PRELIMINARY UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 30 JUNE 2022

	Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2020</b>	<b>116,026</b>	<b>(110,157)</b>	<b>377</b>	<b>-</b>	<b>6,246</b>
<b>Comprehensive income</b>					
Loss for the period	-	(8,402)	-	-	(8,402)
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	-	-	(6)	-	(6)
<b>Total comprehensive loss for period</b>	<b>-</b>	<b>(8,402)</b>	<b>(6)</b>	<b>-</b>	<b>(8,408)</b>
<b>Transactions with owners, in their capacity as owners and other transfers</b>					
Shares issued during the period	19	7,000	-	-	7,000
Transaction costs	19	(42)	-	-	(42)
Movement during the period	20	-	-	362	362
<b>Total transactions with owners and other transfers</b>	<b>6,958</b>	<b>-</b>	<b>-</b>	<b>362</b>	<b>7,320</b>
<b>Balance at 30 June 2021</b>	<b>122,984</b>	<b>(118,559)</b>	<b>371</b>	<b>362</b>	<b>5,158</b>

	Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2021</b>	<b>122,984</b>	<b>(118,559)</b>	<b>371</b>	<b>362</b>	<b>5,158</b>
<b>Comprehensive income</b>					
Loss for the period	-	(15,631)	-	-	(15,631)
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	-	-	(49)	-	(49)
<b>Total comprehensive loss for period</b>	<b>-</b>	<b>(15,631)</b>	<b>(49)</b>	<b>-</b>	<b>(15,680)</b>
<b>Transactions with owners, in their capacity as owners and other transfers</b>					
Shares issued during the period	19	9,326	-	-	9,326
Transaction costs	19	(167)	-	-	(167)
Employee share-based payments	-	227	-	(227)	-
Movement during the period	20	-	-	32	32
<b>Total transactions with owners and other transfers</b>	<b>9,159</b>	<b>227</b>	<b>-</b>	<b>(195)</b>	<b>9,191</b>
<b>Balance at 30 June 2022</b>	<b>132,143</b>	<b>(133,963)</b>	<b>322</b>	<b>167</b>	<b>(1,331)</b>

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
PRELIMINARY UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$'000	Consolidated Group 2021 \$'000
<b>Cashflows from operating activities</b>			
Receipts from customers		20,868	19,503
Payments to suppliers and employees		(33,763)	(27,544)
Government assistance received		676	2,696
Interest paid		(13)	-
Interest received		30	10
<b>Net cash used in continuing operations</b>	<b>7</b>	<b>(12,202)</b>	<b>(5,335)</b>
<b>Cashflows from investing activities</b>			
Purchase of property, plant and equipment		(53)	(53)
Purchase of intangibles		(800)	(2,854)
Proceeds from security deposit		279	-
<b>Net cash used in from investing activities</b>		<b>(574)</b>	<b>(2,907)</b>
<b>Cashflows from financing activities</b>			
Proceeds from issue of shares, net of costs	<b>19</b>	5,433	531
Proceeds from borrowings		6,408	7,326
Payment of lease liabilities		(958)	(1,661)
Interest paid		(288)	(214)
<b>Net cash from financing activities</b>		<b>10,595</b>	<b>5,982</b>
Net decrease in cash held		(2,181)	(2,260)
Cash and cash equivalents at beginning of financial period		3,228	5,307
Effects of movements in exchange rates on cash and cash equivalents held		(69)	181
<b>Cash and cash equivalents at the end of the financial period in continuing operations</b>	<b>6</b>	<b>978</b>	<b>3,228</b>

The accompanying notes form part of these preliminary unaudited financial statements

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

**Note 1 | Summary of Significant Accounting Policies**

**Basis of preparation**

These general-purpose financial statements for the year ended 30 June 2022 have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Consequently, this financial report is compliant with IFRS. IncentiaPay Limited is a listed public Company incorporated and domiciled in Australia. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals 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.

These unaudited preliminary consolidated financial statements were authorised for issue on 31 August 2022.

**Going concern**

The unaudited preliminary consolidated financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

During the year the Group continued with its updates and enhancements associated with its technology platforms with efforts focused on the implementation of the open source Google owned Flutter framework, for both the Entertainment app and Frequent Value Enterprise customised apps. Multiple corporate Enterprise customers have now been transitioned to white-labelled versions of the app and for some of the larger customers, fully customised versions have been released. In addition, the Group has developed the first new B2B2C platform called Seamless Rewards, that offers Card Linked Offer (CLO)-compatible merchant content services provided via channel partners and Loyalty program operators. At the same time the Group has focused on returning our core Entertainment B2C and Frequent Values B2B businesses to profitability through the management of renewals and reactivations, improved and targeted marketing campaigns and enhancements such as new payment options.

On 30 June 2022 the Group had cash on hand of \$1.0 million, net liabilities of \$1.3 million and a net current asset deficiency of \$7.6 million. During the year ended 30 June 2022, the Group incurred a net loss before tax from continuing operations of \$15.6 million and incurred net cash outflows from operating activities of \$12.2 million.

The Directors have prepared cash flow forecasts for the period from 1 July 2022 to 30 September 2023 that support the ability of the Group to continue as a going concern. Most notable aspects of the cash flow forecasts include:

- Deliver the most reputed Card Linked Offer (CLO) ready content services to CLO-based Loyalty Programs with contribution to profit being delivered in the second half of FY23 through agreements with Verryncy, PayWith and EML.
- Targeted management of reactivations and renewals using enhanced capability made possible using an industry leading marketing analytics platform.
- Re-position Entertainment as the pre-eminent fundraising solution for Fundraisers in Australia and New Zealand and address member satisfaction app ratings.
- Partnering with M&C Saatchi on our first B2C advertising and marketing campaign, with an investment in an above the line marketing acquisition strategy, which together with the re-activations and renewals programs is anticipated to result in an uplift in sales.
- With the migration of all B2B Enterprise customers to our Flutter backed app, there will be a push to increase our audience base with a focus on new corporate partners.
- Delivery of significant cost reductions covering both payroll resources and project-based contracting staff aimed at delivering annualised cost savings of more than \$4 million.
- Transitioning from platform development and build phase to a phase that is characterised by ongoing maintenance and feature enhancements.
- Expenditure associated with Entertainment membership distribution will be managed through alternative cost-effective models utilising affiliate marketing partners, as well as aligning fundraiser commission to the source and nature of the transaction and acknowledging the role of the updated marketing strategy and the efforts of fundraisers.
- Inflationary pressures associated with the Group's expenditure will be largely experienced around resourcing which will be managed through the discretionary nature of increases where possible. The expenditure profile associated with the business model is predominantly discretionary and can be flexed as required. Inflation has been assumed to be 3% over the near and medium terms.
- The ability of the Group to enter flexible repayment terms related to the Transformational Capital Facility which are currently under negotiation to extend the repayment date to 31 December 2024, see note 16 for additional information.

The funding of ongoing operations of the Group is dependent upon the Group continuing to access the Suzerain and related parties financing facilities, the success of the revenue growth strategies, the success of the CLO business venture and/or the Group reducing expenditure in-line with existing strategies and current cash and funding resources. As of 30 June 2022, the

**INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
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Group had undrawn financing facilities from Suzerain and related parties totalling \$16.4 million. See note 16 for further information. This undrawn amount has reduced to \$13.9 million at the date of the approval of this annual financial report.

The Directors have reasonable grounds to believe that the ongoing financial support of Suzerain and its related entities is likely to continue and therefore, the going concern basis on which the financial report has been prepared is appropriate. However, should the Group not meet its cash flow forecasts, the achievement of which is inherently uncertain and highly sensitive to assumptions made in respect of revenue performance, including not obtaining further financing from Suzerain and its related entities as required, there is a material uncertainty as to whether the Group will be able to continue as a going concern.

In the event the Group is unable to continue as a going concern, the Group may be required to realise assets at an amount different to that recorded in the statement of financial position, settle liabilities other than in the ordinary course of business and make provision for other costs which may arise.

**(a) Principles of consolidation**

The preliminary consolidated financial statements incorporate all of the assets, liabilities and results of the parent IncentiaPay Limited and all of its subsidiaries (also referred to as "the Group"). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been adjusted where necessary to ensure uniformity of the accounting policies adopted by the Group.

**(b) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The preliminary consolidated financial statements are presented in Australian dollars, which is the parent entity's functional currency.

**Transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income. Otherwise, the exchange difference is recognised in profit or loss.

**Group companies**

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- Assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the Statement of Financial Position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the Group disposes of the operation.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
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(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant taxation authority.

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the relevant taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(e) Rounding of amounts

The parent entity has applied the relief available to it under ASIC Instrument 2016 / 191. Accordingly, amounts in the preliminary consolidated financial statements and Directors' report have been rounded off to the nearest \$1,000.

(f) New standards, interpretations and amendments adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 reporting period and have not been early adopted by the Group. These amended standards and interpretations are not expected to have a material impact on the Group's preliminary consolidated financial statements in the current or future reporting periods.

(g) Critical accounting estimates and judgements

The Directors' estimates and judgments are incorporated into the financial statements and are based on historical knowledge and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and from within the Group.

(h) Economic outlook impacts on the Group's estimates and judgements

Given the recent Entertainment sales trends and economic variables such as cost of living, inflation and interest rates, the Group has considered the potential impacts on carrying values of assets and liabilities and potential liabilities. Other than adjusting events that provide evidence of conditions that existed at the end of the reporting period, the impact of events that arise after the reporting period will be accounted for in future reporting periods.

Processes applied

As a consequence of the Group's trend in reported revenue and recent changes to key economic variables, management have considered and/or performed the following:

- Re-evaluated whether there were any additional areas of judgement or estimation uncertainty beyond what has been disclosed above in the going concern assumption.
- Updated its economic outlook – principally for the input into the impairment analysis of financial and non-financial asset classes and disclosures.
- Reviewed external market communications to identify other economic related impacts.
- Reviewed public forecasts and experience from previous downturns.
- Considered the impact of recent economic variables on the Group's financial statement disclosures.
- Engaged a key Marketing partner in developing and assessing the likely success and impact of an above line advertising campaign.
- Reviewed industry-based forecasts and commentary related to the hospitality, travel and leisure industries as to the likely increase and growth in travel and hospitality sectors over the next 3 to 5 years.
- Considered the view that given the increase in inflation the Entertainment membership is designed to provide the ability for consumers to utilise hospitality dining venues with discounts and value options during this time.

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Key judgements

*Revenue recognition*

The Group recognises revenue over time, using a method that reflects the manner in which its obligations are fulfilled. See note 2.

*Lease term*

The Group assesses whether it is reasonably certain that an extension option or hold over period will be exercised.

*Number of CGU's*

Indefinite and finite life intangible assets are tested at a cash generating unit (CGU) level, which is the smallest level that generates cash inflows that are largely independent from other cash inflows of other assets of the Group. In this case, the CGU's of the Group are considered to be the Entertainment Business and the new Credit Linked Offer (CLO) business. This determination of CGU's represents a change from prior periods where there was one CGU assessed for the Group. This change was made through a re-assessment of the separation of core operating assets and revenues test under accounting standards. Due to events and circumstances that have arisen during the financial year, there is a core change to separation of the Entertainment and Frequent Value's customer and merchant databases, technology platforms and revenue contracting with respect to the new CLO business. This has resulted in management assessing the new CLO business to be in a separate CGU.

Goodwill and indefinite life brands are allocated to CGU's, or groups of CGU's, expected to benefit from synergies arising from the acquisition giving rise to the goodwill and brands. Management have assessed that the goodwill (\$10m) and brands (\$3m) of the Group are fully allocated to the Entertainment Business CGU.

Key estimates

*Measurement of ECL allowance for trade receivables and contract assets*

ECLs are measured at an unbiased, probability-weighted amount, using reasonable and supportable information that is available without undue cost or effort at the reporting date. Refer to note 8.

*Deferred tax assets "DTA"*

Availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised. Refer to note 4.

*Goodwill and other intangibles*

The Group assesses impairment at the end of each reporting period for each CGU by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the higher of fair value less costs of disposal or value-in-use calculations which incorporate various key assumptions.

Management have undertaken their assessment on the recoverable amount of each CGU which has resulted in impairment of goodwill amounting to \$2.4 million. This impairment pertains to goodwill within the Entertainment Business CGU.

Further details on the key estimates used in the impairment evaluation in respect of goodwill or other intangibles for the year ended 30 June 2022 can be found in note 13.

*Software under development and available for use*

Costs relating to Technology Transformation "TTPs" and Card Linked Offer "CLO" Projects were capitalised during the year (\$0.8m), and "ready to use" TTPs (\$0.6m) were allocated to Technology & Software when they were in a condition for use as per the expectations of management.

Management reviewed existing TTPs and impaired certain assets which became redundant due to group investing in and developing newer technology. This resulted in impairment amounting to \$1.2m.

Ready to use TTP assets were amortised in accordance with the company accounting policies and resulted in an amortisation charge of \$0.7 million for the year.

The Card Linked Offer platform is accounted for as Work in Progress at 30 June 2022 as a result of development work and significant pilot testing continuing to be undertaken until approximately September 2023.

Further details on software under development and available for use can be found in note 13.

**Note 2 | Revenue**

**Accounting policy**

*Revenue from contracts with customers*

Other than for a limited number of exceptions, including leases, the revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective AASB 15 provides the following five-step process:

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- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The Entertainment membership is a digital product that incorporates a rolling 12-month subscription period. The subscription period commences when the membership is activated and expires after a period of between 12 to 24 months, depending on the applicable period of the membership type.

The Group satisfies its obligations as services are rendered to members during the period of membership. Benefits must be provided constantly throughout the period and Entertainment Publications has concluded that a straight-line basis is the most appropriate method.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of services	Nature and timing of satisfaction of performance obligations and revenue recognition policies
Fee income – Paid advertising	Revenue from Entertainment Publications marketing and merchant support fees through the placement of advertisements and the distribution of offers and promotions on behalf of businesses to members is recognised at point in time when the advertisement or offer is placed, distributed and invoiced. Revenue from the successful promotion of merchant offers is recognised when the transaction occurs which evidences the take up of the promotion.
Fee income – Travel booking	Revenue from commission receivable for bookings are recognised at point in time when the bookings are made, and it is paid for. Members have access to a range of discounts and deals from hotels, airlines and car rental companies through the Group's platform through which the Group acts as an agent on behalf of the hotels, airlines and car rental companies.
Membership subscriptions	On commencement of memberships, Entertainment Publications enters into a performance obligation to deliver benefits in the form of special offers, discounts, promotions and booking facilities to members during the period of membership when revenue is recognised over time. A contract liability is recognised for unearned revenue for performance obligations to members that have not yet been satisfied. Payment for membership is made prior to the commencement of membership. Gift with purchase promotion is treated as a reduction in revenue over the life of the subscription.
Enterprise sales	Entertainment Publications enters into contracts with corporate customers to develop a program of special offers, discounts, promotions and booking facilities for their customers or employees over the period of time applicable in the contract. Entertainment Publications has taken the view that the performance obligations defined in the contract should be bundled into one performance obligation centred around access to the program of benefits.
Gift card sales	Revenue from the sale of gift cards to members is recognised at a point in time when the gift card is provided to the customer, and it is paid for. The Group is a principal in these transactions as it purchased the gift cards and obtains full control of them before selling them to members.

Payment terms are highly varied for the different sources of revenue, different customers and contract terms are individually negotiated.

#### Revenue from government grants

Revenue from government grants is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

In the current reporting period, Government assistance relates to JobSaver payments received during the first half of the year, in addition to an amount relating to COVID-19 business grants. The comparative amount relates to Cash flow assistance boost.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
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	Consolidated Group	2022 \$'000	2021 \$'000
Fee income – Paid advertising		729	600
Fee income – Travel booking		32	66
Membership subscriptions		7,812	8,216
Enterprise sales		2,610	3,039
Gift card sales		8,607	7,325
<b>Revenue from contracts with customers</b>		<b>19,790</b>	<b>19,246</b>
Profit on sale of assets <sup>1</sup>		-	67
Government assistance <sup>2</sup>		676	112
Other income <sup>3</sup>		124	-
Interest received		30	10
<b>Total revenue and other income</b>		<b>20,620</b>	<b>19,435</b>

<sup>1</sup> Sales of certain office equipment in Entertainment Publication New Zealand and the digital platform for Entertainment Digital.

<sup>2</sup> During the reporting period, the Government assistance received relates mainly to the JobSaver program. For more details, please refer to the policy section of the revenue note.

<sup>3</sup> Other income consists predominantly of the outgoings component of the sublease for the previous Sydney Head Quarters and Harrington Street.

Contract balances	Note	2022 \$'000	2021 \$'000
Trade receivables (Included in 'Trade and other receivables')	8	735	640
Contract liabilities	17	3,241	4,558

The contract liabilities primarily relate to the advance consideration received from members for subscriptions and Enterprise customers, for which revenue is recognised over time. See note 17 for details.

### Note 3 | Expenses

Loss before income tax from continuing operations includes the following significant expenses:

	Note	2022 \$'000	2021 \$'000
<b>Direct expenses of providing services</b>			
Amortisation of deferred commission	10	1,516	1,455
Enterprise book printing		7	169
Gift cards		8,371	7,069
Other		257	238
<b>Total</b>		<b>10,151</b>	<b>8,931</b>
<b>Bad debts written off</b>			
Movement in expected credit losses	8	(33)	(101)
<b>Total</b>		<b>(33)</b>	<b>(101)</b>
<b>Employee expenses</b>			
Employee related expenses		12,596	11,753
JobKeeper payments earned		-	(2,303)
<b>Total</b>		<b>12,596</b>	<b>9,450</b>
<b>Building occupancy expense</b>			
Variable lease expense		247	132
<b>Total</b>		<b>247</b>	<b>132</b>

**INCENTIAPAY LIMITED AND CONTROLLED ENTITIES**  
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<b>Finance costs</b>			
Finance costs on borrowings	<b>16</b>	763	518
Interest expense on lease liabilities	<b>15</b>	91	166
Other finance costs		65	110
<b>Total</b>		<b>919</b>	<b>794</b>
<b>Depreciation and amortisation expense</b>			
Plant & equipment	<b>12</b>	359	569
Intangibles	<b>13</b>	676	1,428
Right-of-use assets	<b>11</b>	136	1,347
<b>Total</b>		<b>1,171</b>	<b>3,344</b>
<b>Impairments</b>			
Goodwill	<b>13</b>	2,434	-
Intangible assets	<b>13</b>	1,181	-
<b>Total</b>		<b>3,615</b>	-

#### **Direct expenses of providing services**

Direct expenses are predominantly made up of sales commission paid to fundraiser partners and gift card expenses. Sales commission paid to fundraiser partners for the sale of Entertainment memberships is an incremental cost of obtaining contracts with customers and is initially recognised as a prepayment on the balance sheet, and subsequently amortised as an expense through the income statement in line with the recognition of revenue from associated membership sales.

Gift cards expenses represents the cost of gift cards sold to members. Some gift cards are held as inventory first, prior to being sold, and others are acquired from third parties at the time of the transaction. Unsold gift cards at 30 June 2022 are classified as inventory and carried on the balance sheet.

#### **Bad debts written off**

Movement in expected credit losses relates to the loss allowance adjustment to update the expected credit loss allowance at year end. See note 8 for details.

#### **Employee expenses**

The increase in employee expenses is predominantly due to:

- Termination entitlements paid to various departing employees including the former CEO in the first half of the year.
- Increased spend on project-based contracting staff to accelerate the development of the group's core business technology platforms.
- Restructure costs at year end as part of the group's focus on returning to operating cash break-even.
- Employee expenses in the prior year include all costs associated with human resources and were offset by JobKeeper payments earned of \$2.3m as part of the Covid-19 government assistance package.
- The voluntary reduction in salaries from all staff between 10% and 40% was also not a feature in this reporting period, whereas in the corresponding period that helped reduce our employee expenses further.

#### **Impairment of intangible assets**

See note 13.

#### **Depreciation and amortisation expense**

Depreciation of Plant & equipment relates to leasehold improvements and office equipment. Amortisation of intangibles relates to software assets. Amortisation of right-of-use assets relates to offices and office equipment assets recognised in accordance with AASB 16.

The reduced depreciation expense in FY2022 for Plant & Equipment can be ascribed to our office leases for Entertainment Publications ending in July 2021 and as such all leasehold improvements have been fully depreciated at 31 July 2021.

The reduced amortisation expense in FY2022 for Intangibles is a direct result of "legacy" capitalised web development being fully amortised in FY2021 and therefore seeing reduced amortisation in FY2022.

The reduced depreciation expense in FY2022 for Right of use assets is because of our office leases for Entertainment Publications ending in July 2021 and the derecognition of the Harrington Street office in June 2021 which ultimately then resulted in less depreciation.

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**Building occupancy expense**

Building and occupancy expenses represent variable lease payments related to leases that have not been incorporated into the measurement of lease liabilities.

**Finance costs on borrowings**

The increase in finance costs on borrowings is because of additional interest & admin fees on the new & increased New Gold Coast Holdings Limited loan facility.

**Note 4 | Income tax**

**Accounting policy**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

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

Current and deferred income tax expense is charged outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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. In the current circumstances, the Group do not believe that sufficient taxable profit will be available in the short term to utilise the carry forward tax losses.

The Group has considered the following factors:

- There is a history of tax losses being incurred over the past few years.
- Management is forecasting further taxable losses again for FY2023.
- Whilst assessable income is forecast from FY2024 onwards, it is not sufficiently large enough to generate taxable income that will fully utilise the carry forward tax losses (Per 30 June 2021 Income Tax Return, \$51,428,701) in the near term.
- The accounting standard requirement is for there to be convincing evidence to support the recognition of deferred tax assets where the entity incurs losses.

Accordingly, the Group has not recognised a deferred tax asset at 30 June 2022.

**Tax consolidation group**

Incentiapay (the head entity) and its wholly owned Australian subsidiaries implemented the tax consolidation legislation.

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing and funding agreement which, in the opinion of the directors, limits the joint and several liability of the wholly-owned subsidiaries in the case of a default by the head entity.

This agreement provides that the wholly-owned subsidiaries will continue to fully compensate Incentiapay for any current tax payable assumed and be compensated by Incentiapay for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Incentiapay under the tax consolidation legislation.

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		<b>Consolidated Group</b>	
	<b>Note</b>	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>a) The components of income tax (expense)/income comprise:</b>			
Current tax		-	186
Deferred tax		-	-
<b>Income tax benefit/(expense)</b>		-	<b>186</b>
<b>b) Numerical reconciliation of income tax expense to prima facie tax payable</b>			
Loss from continuing operations before income tax expense		(15,631)	(8,588)
<b>The prima facie tax payable on profit from ordinary activities before income tax is reconciled to income tax as follows:</b>			
Prima facie tax payable (benefit) on profit from ordinary activities before income tax at domestic statutory rate of 30% (2021: 30%)		(4,689)	(2,577)
<b>Add/(less) tax effect of:</b>			
Permanent differences		1,069	2,502
Temporary differences		(2,050)	(3,467)
Unrecognised tax losses		5,670	3,542
Unders/(overs) from prior periods		-	(186)
<b>Income tax (benefit)/expense</b>		-	<b>(186)</b>

No tax losses were recognised for the financial year. This income tax benefit arising from tax losses will only be realised if:

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

**c) Deferred tax**

The movement analysis for deferred tax assets and liabilities has not been presented due to the derecognition of deferred tax balances resulting in no current or comparative amounts on the Statement of Financial Position.

The Group has estimated unutilised tax losses of \$57.4m. Additionally there are other deductible temporary differences resulting in a net potential deferred tax asset position for the Group of approximately \$1.5m, calculated using the prevailing rate of Australia corporation tax of 30% for the Group.

After considering the above, the Group previously determined that these deferred tax assets will no longer be recognised as it is uncertain whether future taxable profits in the foreseeable future will be sufficient to utilise the losses. The Group is moving into a recovery phase related to its B2C business and launching its Client Linked Offers (CLO) business. In addition the Group restructured in July 2022 in accordance with the capital management plan and cost reduction strategy to return the company to cash break even. Current projections indicate a return to profitability however given the levels of uncertainty with respect to economic recovery, it is not sufficiently convincing for the purposes of recognition of these tax losses.

		<b>Consolidated Group</b>
	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>d) Current tax</b>		
<b>Income tax payable</b>	-	-

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**Note 5 | Dividends, earnings per share and franking credit**

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>Franking account</b>		
<b>Balance of franking account at year end adjusted for franking credits arising from:</b>	6,493	6,493
Payments of income tax	-	-
<b>FRANKING CREDITS AVAILABLE FOR SUBSEQUENT FINANCIAL YEAR</b>	<b>6,493</b>	<b>6,493</b>

The Directors have advised that they do not intend to declare dividends for the 2022 financial year. The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, Incentiapay Limited as the head entity in the tax consolidated group has also assumed the benefit of \$6.5m (2021: \$6.5m) franking credits.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>a) Reconciliation of earnings to profit or loss</b>		
Loss for the period from continuing operations	(15,631)	(8,402)
Loss for the period from discontinued operations	-	-
<b>EARNINGS USED TO CALCULATE BASIC EPS</b>	<b>(15,631)</b>	<b>(8,402)</b>
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS <sup>1</sup>	1,088,536,622	746,647,173
Weighted average of dilutive convertible notes and equity instruments outstanding	-	-
<b>Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS</b>	<b>1,088,536,622</b>	<b>746,647,173</b>

<sup>1</sup> Of the 38,771,277 ordinary shares issued on 9 October 2020 at a price of \$0.03 each under the loan funded shares plan, 33,784,610 are still in escrow and as such not included in the weighted average number of ordinary shares as they are treated as in substance options for accounting purposes and would be considered anti-dilutive in nature.

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**Note 6 | Cash and cash equivalents**

**Accounting policy**

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, if any, are reported within short-term borrowings in current liabilities in the Statement of Financial Position.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
Cash at bank and on hand	978	3,228
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>978</b>	<b>3,228</b>
<b>RECONCILIATION OF CASH</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows		
Cash and cash equivalents	978	3,228
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>978</b>	<b>3,228</b>

**Note 7 | Cash flow information**

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATIONS</b>		
<b>Loss after income tax</b>		
Loss after income tax	(15,631)	(8,402)
Cash flows excluded from profit attributable to operating activities	167	-
<b>Non-cash flows in loss</b>		
Amortisation-intangibles	676	1,428
Depreciation-property plant and equipment	359	569
Depreciation-right-of-use	136	1,347
Impairment of intangibles in continuing operations	3,615	-
Share based payment expense	(195)	454
Net interest included within investing	919	794
<b>Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries</b>		
(Increase)/decrease in trade receivables	240	417
(Increase)/decrease in prepayments	466	333
(Increase)/decrease in inventories	(45)	(21)
Increase/(decrease) in trade payables and accruals	(1,371)	(285)
Increase/(decrease) in deferred income	(1,317)	(2,011)
Increase/(decrease) in income taxes payable	-	(186)
Increase/(decrease) in provisions	(221)	228
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(12,202)</b>	<b>(5,335)</b>

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**Reconciliation of liabilities arising from cash flows from financing activities**

	Interest bearing loan \$'000	Additional growth operational facility \$'000	Lease liabilities \$'000	Transformational Capital Facility \$'000	NZ Business Cashflow Loan \$'000	New Gold Coast Holdings Loan \$'000	Total \$'000
<b>BALANCE AS AT 30 JUNE 2020</b>	<b>517</b>	<b>2,691</b>	<b>3,889</b>	-	-	-	<b>7,097</b>
Drawn down	-	6,099	-	1,199	28	-	7,326
Rent concessions	-	-	(50)	-	-	-	(50)
Repayment or amortised	-	-	(1,661)	-	-	-	(1,661)
Interest paid	-	-	(166)	(48)	-	-	(214)
Interest expenses	54	267	166	55	-	-	542
Line fees paid	-	-	-	(20)	-	-	(20)
Line fees	-	120	-	22	-	-	142
Loan converted to equity	-	(6,377)	-	-	-	-	(6,377)
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>571</b>	<b>2,800</b>	<b>2,178</b>	<b>1,208</b>	<b>28</b>	-	<b>6,785</b>
Balance as 1 July 2021	571	2,800	2,178	1,208	28	-	6,785
Drawn down	-	728	-	-	-	5,680	6,408
Repayment or amortised	-	-	(958)	-	-	-	(958)
Admin fees	-	-	-	-	-	73	73
Interest paid	-	-	(91)	(157)	-	(16)	(264)
Interest expenses	62	61	91	157	-	326	697
Line fees paid	-	-	-	(24)	-	-	(24)
Line fees	-	29	-	24	-	34	87
Loan converted to equity	-	(3,434)	-	-	-	-	(3,434)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>633</b>	<b>184</b>	<b>1,220</b>	<b>1,208</b>	<b>28</b>	<b>6,097</b>	<b>9,370</b>

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**Note 8 | Trade and other receivables**

**Accounting policy**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value, less any provision for loss allowance.

		<b>Consolidated Group</b>	
		<b>2022 \$'000</b>	<b>2021 \$'000</b>
<b>Current</b>			
Trade receivables		735	640
Provision for loss allowance		(70)	(140)
<b>Net trade receivables</b>		<b>665</b>	<b>500</b>
Sublease rent receivable <sup>1</sup>		420	427
Other receivables		141	73
<b>TOTAL CURRENT TRADE AND OTHER RECEIVABLES</b>		<b>1,226</b>	<b>1,000</b>
<b>Non-current</b>			
Sublease rent receivable <sup>1</sup>		102	523
<b>TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES</b>		<b>102</b>	<b>523</b>

<sup>1</sup>Sublease Sydney office rent receivable. See note 11 for details.

Movement in the provision for loss allowance of receivables is as follows:

	<b>Opening balance 1/07/2021</b>	<b>Loss allowance adjustment for year</b>	<b>Amounts written off</b>	<b>Closing balance 30/06/2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current trade receivables	(140)	33	37	(70)
<b>TOTAL</b>	<b>(140)</b>	<b>33</b>	<b>37</b>	<b>(70)</b>
	<b>Opening balance 1/07/2020</b>	<b>Loss allowance adjustment for year</b>	<b>Amounts written off</b>	<b>Closing balance 30/06/2021</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current trade receivables	(241)	101	-	(140)
<b>TOTAL</b>	<b>(241)</b>	<b>101</b>	<b>-</b>	<b>(140)</b>

The Group impairs the value of individual trade debtors based on an assessment of the credit quality of the customer, the previous trading pattern of the customer and management's assessment of the likely recovery. All trade debtors which are not likely to be recovered are either written off or an impairment for lifetime expected credit losses is recognised. Minimal risk is expected in respect of recoverable which are not written off or provided against. The remainder of receivables, after credit losses, are of high credit quality.

The Group uses a "roll rate" method to calculate expected credit losses for trade receivables from individual customers that is made up of variable mix of number and size of balances. Loss rates are calculated based on the probability of receivables progressing through successive stages of delinquency to write off. Roll rates are calculated using an analysis of how balances change from one month to next until they reach 90 days. Data over the last 12 months was reviewed to determine the level of recovery of those receivables older than 90 days. Combining these two measurements provided the Group with the ability to determine the loss allowance as of 30 June. As a result of recent economic variables such as inflation and interest rates, the Group reviewed the expected credit loss allowance and determined that the adjusted loss rate for trade debtors past due over 90 days should be 100%.

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On that basis, the expected credit loss allowance as at 30 June 2022 was determined as follows for trade receivables:

<b>Report category</b>	<b>Days</b>	<b>Adjusted loss rate</b>	<b>Receivables balance as at 30 June 2022</b>		<b>Loss allowance at 30 June 2022</b>
			<b>%</b>	<b>\$'000</b>	
Current	0-30	3		405	12
Past due 1-30	31-60	7		210	14
Past due 31-60	61-90	9		83	7
Past due 61-90	91-120	100		1	1
Past due over 90	121-150	100		1	1
Greater than over 90 days overdue	Greater than 150	100		35	35
			<b>Total</b>	<b>735</b>	<b>70</b>

The expected credit loss allowance as at 30 June 2021 was determined as follows for trade receivables:

<b>Report category</b>	<b>Days</b>	<b>Adjusted loss rate</b>	<b>Receivables balance as at 30 June 2021</b>		<b>Loss allowance at 30 June 2021</b>
			<b>%</b>	<b>\$'000</b>	
Current	0-30	7		393	27
Past due 1-30	31-60	24		148	35
Past due 31-60	61-90	51		43	22
Past due 61-90	91-120	100		-	-
Past due over 90	121-150	100		-	-
Greater than over 90 days overdue	Greater than 150	100		56	56
			<b>Total</b>	<b>640</b>	<b>140</b>

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#### Credit risk

The Group has a sublease rent receivable of \$0.5 million for the Sydney office. The sub lessee has provided a bank guarantee of \$0.2 million as a security. Apart from the sublease rent receivable, the Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically impaired. The class of assets described as "trade and other receivables" are the main source of credit risk related to the Group.

No collateral is held in respect of these exposures and there are no other credit enhancement arrangements. All trade receivables have been investigated and, other than those which have been written off or for which credit losses have been recognised, there are no indicators of poor credit quality for trade receivables. Securities in the form of personal guarantees from directors, or registered mortgages are regularly taken to support customer trading activities.

<b>Consolidated Group</b>		
	<b>2022</b> \$'000	<b>2021</b> \$'000
Gross amount	735	640
Impaired (past due)	(70)	(140)
<b>Total</b>	<b>665</b>	<b>500</b>
Within initial trade terms	394	366
Past due not impaired – 30 days	196	113
60 days	75	21
90 days	-	-
90 days +	-	-
<b>Total</b>	<b>665</b>	<b>500</b>

#### Geographical credit risk

The Group has significant operations in Australia and New Zealand. The Group's exposure to credit risk for trade and other receivables at the end of the reporting period in these regions is as follows:

<b>Consolidated Group</b>		
	<b>2022</b> \$'000	<b>2021</b> \$'000
Australia	629	473
New Zealand	36	27
<b>Total</b>	<b>665</b>	<b>500</b>

#### Note 9 | Inventories

##### Accounting policy

Inventories represent gift cards. These assets are valued at the lower of cost and net realisable value.

<b>Consolidated Group</b>		
	<b>2022</b> \$'000	<b>2021</b> \$'000
Gift cards held for sale	200	155
<b>TOTAL INVENTORIES</b>	<b>200</b>	<b>155</b>

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**Note 10 | Other assets**

**Accounting policy**

Other assets relate to prepaid fundraiser commission incurred as a result of the sale of memberships and short-term investments that relate to security deposits for the Harrington Street premises and also the credit card facility. Prepayments are the right to receive future goods or services within the next 12 months.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>CURRENT</b>		
Short-term investments <sup>2</sup>	576	855
Prepayments	423	220
Deferred commission <sup>1</sup>	504	893
<b>TOTAL OTHER ASSETS</b>	<b>1,503</b>	<b>1,968</b>

<sup>1</sup> Sales commission paid to fundraiser partners for the sale of Entertainment memberships is an incremental cost of obtaining contracts with customers and is initially recognised as a prepayment on the balance sheet, and subsequently amortised as an expense through the income statement in line with the recognition of revenue from associated membership sales.

<sup>2</sup> Short-term investments are all deposits held with banks.

	<b>Deferred commission \$'000</b>
<b>30 JUNE 2021</b>	
Balance as at 1 July 2020	996
Commission deferred	1,352
Amortisation	(1,455)
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>893</b>
<b>30 JUNE 2022</b>	
Balance as at 1 July 2021	893
Commission deferred	1,127
Amortisation	(1,516)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>504</b>

**Note 11 | Right-of-use assets**

**Accounting policy**

The Group leases offices and equipment. The majority have expired in financial year 2022 except for Harrington Street office which is currently subleased for the remainder of the lease term, which ends in financial year 2024.

Right-of-use assets relate to leased property that do not meet the definition of investment property and are classified as property, plant and equipment.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability (See note 15);
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial costs; and
- Restoration costs.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and adjustments for remeasurement of the lease liability.

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In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. An extension option (or periods after termination options) is only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The Group has determined that it will not be exercising the option to renew, as such, an extension option is not included in the calculation. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value and short-term leases, including certain land and building leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

#### **Depreciation of right-of-use assets**

The right-of-use asset is depreciated over the shorter of the asset's life and the lease term on a straight-line basis.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>Land and buildings</b>		
At cost	1,805	1,805
Accumulated depreciation	(1,805)	(1,720)
<b>Total</b>	<b>-</b>	<b>85</b>
<b>Equipment</b>		
At cost	270	270
Accumulated depreciation	(248)	(197)
<b>Total</b>	<b>22</b>	<b>73</b>
<b>TOTAL RIGHT-OF-USE ASSETS</b>	<b>22</b>	<b>158</b>

#### **Movements in carrying amounts**

Movements in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year are set out below.

<b>Consolidated Group</b>	<b>Land and buildings</b>	<b>Equipment</b>	<b>Total</b>
	\$'000	\$'000	\$'000
Balance as at 1 July 2020	2,558	223	2,781
Exchange difference	(68)	38	(30)
Depreciation charge for the year	(1,216)	(131)	(1,347)
Derecognition	(1,189) <sup>1</sup>	(57) <sup>2</sup>	(1,246)
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>85</b>	<b>73</b>	<b>158</b>
Balance as at 1 July 2021	85	73	158
Exchange difference	-	-	-
Depreciation charge for the year	(85)	(51)	(136)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>-</b>	<b>22</b>	<b>22</b>

<sup>1</sup> Derecognition of the right-of-use asset is as a result of entering into a finance sub-lease for 100% of the floor space in Harrington Street office.

<sup>2</sup> Termination of phone leases relating to Harrington Street office.

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**Amounts recognised in profit and loss**

	<b>Consolidated Group</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Variable lease expense	247	132
Interest on lease liabilities	91	166
Loss from sub-leasing Harrington Street office <sup>1</sup>	-	167
Loss from terminating phone leases relating to Harrington Street office <sup>1</sup>	-	18

<sup>1</sup> Losses are included in other expenses in the statement of profit and loss.

**Amounts recognised in statement of cash flows**

	<b>Consolidated Group</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Interest on lease liabilities	91	166
Principal element of lease payments	958	1,661
<b>Total cash flow for leases</b>	<b>1,049</b>	<b>1,827</b>

**Leases as lessor**

During the previous financial year, the Group subleased the office space for Harrington Street for the remaining term of the lease. There were no other factors suggesting that Incentiapay Limited has retained significant risks and rewards associated with the term of the office space for the remaining term of the lease. As a result, the Group has derecognised the whole of the right-of-use asset relating to the remaining period, recognised the present value of the lease payments as lease receivable under the sub-lease (See note 8) and the difference was recognised in the profit and loss. The Group received \$17,322 interest income relating to subleasing during the reporting period ending 30 June 2022. (2021:\$334)

As the Group is still responsible for all of the lease payments relating to the head lease, the lease liability is still recognised in lease liabilities in note 15.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	<b>Consolidated Group</b>	
	<b>2022 \$'000</b>	<b>2021 \$'000</b>
Not later than 1 year	463	443
Between 2 and 3 years	116	461
Later than 3 years	-	120
<b>Total undiscounted lease receivable</b>	<b>579</b>	<b>1,024</b>
<b>Unearned finance income</b>	<b>(57)</b>	<b>(74)</b>
<b>Net investment in the lease</b>	<b>522</b>	<b>950</b>

**Note 12 | Property, plant and equipment**

**Accounting policy**

Each class of property, plant and equipment is carried at cost or fair value (as indicated) less, where applicable, any accumulated depreciation and impairment losses.

**Plant and equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are

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recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. Where material, the expected net cash flows are discounted to their present values in determining recoverable amounts. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

#### **Depreciation of plant and equipment**

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group. Useful life is taken to commence from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Estimated useful life for each class of depreciable assets are:

CLASS OF FIXED ASSET	ESTIMATED USEFUL LIFE
Leasehold improvements	2-4 years
Plant and equipment	3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

	Consolidated Group	
	2022 \$'000	2021 \$'000
<b>Plant and equipment</b>		
At cost	922	874
Accumulated depreciation	(770)	(669)
<b>Total</b>	<b>152</b>	<b>205</b>
<b>Leasehold improvements</b>		
At cost	1,926	2,090
Accumulated depreciation	(1,575)	(1,484)
<b>Total</b>	<b>351</b>	<b>606</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>503</b>	<b>811</b>

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### Movements in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below.

<b>Consolidated Group</b>	<b>Plant and equipment</b>	<b>Leasehold improvements</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance as at 1 July 2020	242	1,085	1,327
Additions	53	-	53
Depreciation expense	(90)	(479)	(569)
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>205</b>	<b>606</b>	<b>811</b>
Balance as at 1 July 2021	205	606	811
Additions	53	-	53
Disposals	(3)	-	(3)
Depreciation expense	(103)	(255)	(358)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>152</b>	<b>351</b>	<b>503</b>

### Note 13 | Intangible assets

#### Accounting policy

##### Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of the following items, over the acquisition date fair value of net identifiable assets acquired:

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

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 financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in the profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested for impairment at least annually and/or when other indicators of impairment exist and is allocated to the Group's cash-generating units or groups of cash-generating units, ("CGUs"). These CGUs represent the lowest level at which goodwill is monitored but are not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill of the entity that has been sold. 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.

##### Technology, web development and database assets

Technology and software assets acquired separately are capitalised at cost. Where the technology and software asset has been acquired as part of a business acquisition, these assets are recognised at fair value as at the date of acquisition.

Amounts capitalised as part of internally-developed intellectual property include the total cost of any external services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved. Research costs are expensed as incurred.

The useful lives of these assets are then assessed to be either finite or indefinite. Assets with a finite life are amortised over that life with the expense being recognised in the profit and loss. Expenditure on the development of technology and software assets are capitalised until the software is ready for use and then amortised over their expected useful life of 3 years. The total cost of the "ready for use" asset is based on the costs capitalised monthly. Any additional costs capitalised to the "ready for use" asset, are only those that will extend future economic benefits, and as such, will attract immediate amortisation.

These assets are tested for impairment at least annually as part of the value in use analysis associated with the cash-generating unit.

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### **Brand names and international rights**

The brand names and international rights were acquired in a separate transaction. These assets are recognised using the cost model, which requires an intangible asset to be recorded at cost less any accumulated amortisation and any accumulated impairment losses.

These intangible assets have been assessed as having an indefinite useful life as neither brand names nor international rights are subject to contractual or statutory time limits. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. As a result, no amortisation will be charged.

These assets are tested for impairment at least annually, either individually or within a cash-generating unit.

### **Impairment of assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Impairment testing is performed at least annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

	<b>Consolidated Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Goodwill</b>		
Cost	31,199	31,199
Accumulated impairment losses	(23,542)	(21,108)
<b>Total</b>	<b>7,657</b>	<b>10,091</b>
<b>Technology and software</b>		
Cost	9,203	10,200
Accumulated amortisation and impairment losses	(8,289)	(8,386)
<b>Total</b>	<b>914</b>	<b>1,814</b>
<b>Software under development</b>		
Cost	751	908
Accumulated amortisation and impairment losses	-	-
<b>Total</b>	<b>751</b>	<b>908</b>
<b>Purchased brand names and international rights</b>		
Cost	3,000	3,000
Accumulated impairment losses	-	-
<b>Total</b>	<b>3,000</b>	<b>3,000</b>
<b>Other intangibles</b>		
Cost	-	752
Accumulated amortisation	-	(752)
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL INTANGIBLES</b>	<b>12,322</b>	<b>15,813</b>

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	Goodwill	Technology and software	Software under development	Brand name & international rights	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2020	10,091	1,196	100	3,000	-	14,387
Additions- internally developed	-	-	2,854	-	-	2,854
Transfers <sup>2</sup>		2,046	(2,046)	-	-	-
Amortisation charge	-	(1,428)	-	-	-	(1,428)
Impairment	-	-	-	-	-	-
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>10,091</b>	<b>1,814</b>	<b>908</b>	<b>3,000</b>	<b>-</b>	<b>15,813</b>
Balance as at 1 July 2021	10,091	1,814	908	3,000	-	15,813
Additions- internally developed	-	-	800	-	-	800
Transfers <sup>2</sup>	-	647	(647)	-	-	-
Amortisation charge	-	(676)	-	-	-	(676)
Impairment	(2,434) <sup>4</sup>	(871) <sup>1</sup>	(310) <sup>1</sup>	-	-	(3,615)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>7,657</b>	<b>914</b>	<b>751<sup>3</sup></b>	<b>3,000</b>	<b>-</b>	<b>12,322</b>

<sup>1</sup> During the reporting period, the Group terminated the partnership with a key technology platform provider and has moved to an alternative open-source platform, as such the related work in software under development was impaired, \$310k. The group also reviewed existing technology and impaired certain assets which became redundant amounting to \$871k, due to investment in newer technology solutions.

<sup>2</sup> Technology Transformation Projects were allocated to Technology and software when they were in a condition for use as per the expectations of management. These costs included estimates covering the amount of time resources were allocated to key project components. They were amortised in accordance with the company accounting policies.

<sup>3</sup> The remaining \$751k in Software under development relates to the groups Card Linked Offer rewards platform which is expected to be transferred to Technology and Software in FY2023.

<sup>4</sup> Goodwill was impaired following the value in use calculation performed as at 30 June 2022. Additional information is included in the latter paragraphs of note 13 below.

#### *Assessment of cash-generating units (CGU's)*

Indefinite and finite life intangible assets are tested at a cash generating unit (CGU) level, which is the smallest level that generates cash inflows that are largely independent from other cash inflows of other assets of the Group. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Identification of CGU's involves judgement. In this case, the CGU's of the Group are considered to be the Entertainment Business and the new Credit Linked Offer (CLO) business. This determination of CGU's represents a change from prior periods where there was one CGU assessed for the Group. This change was made through a re-assessment of the separation of core operating assets and revenues test under accounting standards. Due to events and circumstances that have arisen during the financial year, there is a core change to separation of the Entertainment and Frequent Value's customer and merchant databases, technology platforms and revenue contracting with respect to the new CLO business. This has resulted in management assessing the new CLO business to be in a separate CGU for the 2022 financial year. The CLO business was previously included in the Entertainment Business CGU for the 2021 financial year.

Current market conditions brought on by factors such as economic activity, inflation, cost of living and interest rates, as well as the continued downward trend related to revenue and operating profit, has triggered an assessment whether the carrying value of the Groups' goodwill and other non-current assets associated with the Group's "core products" in the Entertainment Business CGU, may be impaired. These product lines are at higher risk of impairment due to reliance on an improvement in consumer sentiment evidenced through increased spending on hospitality and leisure activities, merchants honouring offers, inflation and cost of living kept under control, and the success of the new brand campaign. The Card Linked Offer business's underlying core assets are currently in the final stages of testing and are classified under work in progress.

The recoverable amount of the Entertainment Business CGU is determined based on a value-in-use calculation. This has been performed using a discounted cash flow model forecast based on financial budgets approved by the Board covering a 5-year period from 2023 through to 2027, followed by a terminal year calculation using growth rates determined by management.

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*Allocation of goodwill and indefinite life assets to CGU's*

Goodwill and indefinite life brands are allocated to CGU's, or groups of CGU's, expected to benefit from synergies arising from the acquisition giving rise to the goodwill and brands.

A summary of the goodwill and brands allocated to each CGU for the period ended 30 June 2022, is presented below:

	Entertainment and Frequent Value CGU \$'000	Card Linked Offers CGU \$'000	Total \$'000
Goodwill	7,657 <sup>1</sup>	-	7,657
Brands and international rights	3,000 <sup>1</sup>	-	3,000
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>10,657</b>	<b>-</b>	<b>10,657</b>

<sup>1</sup> Management have assessed that the goodwill (\$10m) and brands (\$3m) of the Group are fully allocated to the Entertainment Business CGU which is within the Australian operating segment. The basis for this allocation stems from the fact that Goodwill was acquired in a previous business acquisition as part of the Entertainment Business CGU and the brands asset is linked to the Entertainment membership when the company operated the membership as a physical book prior to transforming to a digital membership. The Entertainment brand has continued and will continue to be used for all current and new digital platforms.

*Impairment losses and recoverable amounts*

During the 2022 financial year, impairment losses totalling \$3,615,796 have been recognised in respect of the following CGU's. Included in this impairment loss total, is a reduction in the value of Goodwill of \$2,434,425, due to a value in use calculation, which is detailed below, and an amount of \$1,181,371 associated with the impairment of technology and software assets within this CGU. The recoverable amounts of each of these CGU's for which an impairment was recognised as part of the value in use calculation, are presented below:

	Entertainment and Frequent Value CGU \$'000	Card Linked Offers CGU \$'000	Total \$'000
Carrying Value	7,823	751	8,574
Recoverable amount	5,389	751	6,139
<b>IMPAIRMENT CHARGE AT 30 JUNE 2022<sup>1,2</sup></b>	<b>2,434</b>	<b>-</b>	<b>2,434</b>

<sup>1</sup> Goodwill was impaired following the value in use calculation performed as at 30 June 2022. The impairment amounts to \$2,434,425 has been recorded against goodwill and presented as an impairment charge in the profit and loss.

<sup>2</sup> During the reporting period, the Group terminated the partnership with a key technology platform provider and has moved to an alternative open-source platform, as such the related work in software under development was impaired by \$309,625. The group also reviewed existing technology and impaired certain assets which became redundant, amounting to \$871,746, due to investment in newer technology solutions. Combined, these impairments, along with the above, totals \$3,615,796

*Key assumptions used for calculating recoverable amounts of the Entertainment Business CGU*

The Company has over the last three years been on a product, business model and technology transformation designed specifically to modernise and digitise the products and associated platform technologies, this ensuring the long-term sustainability of the company. These changes are near completion and have established the foundation on which to grow the customer base and ultimately revenue. As part of the journey the company has strategically delivered multiple reorganisation structures thereby reducing the cost base and bringing it in line with the new operating model and ultimately increase operating margins. The outlooks and budgets have been determined using this as a measure to grow revenue and increased profitability.

Cash flows used in the value-in-use calculations are based on forecasts produced by management which have been approved by the Board. The growth rates are based on a proposed strategic repositioning of the core operations of the business focusing on returning the business to cash flow break even with a focus on short term growth and significant investment in the brand via marketing expenditures. Forecasts for 2023 consider the increased level of sales from the significant investment in the brand and marketing campaign, the focus on B2B Frequent Value app roll out, reduced costs from the restructure and cost out program, and an uplift program linked to the fundraiser channel. The Directors consider these forecasts to reflect the best estimates of revenue based on facts and circumstances available as at 30 June 2022.

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The following assumptions were used in the value-in-use calculations:

	Entertainment Business CGU	Entertainment Business CGU
	2022	2021
Long term growth rate (terminal value) <sup>1</sup>	2%	2%
Post tax discount rate <sup>2</sup>	14%	13%
Revenue growth rates – year 1	18% <sup>3</sup>	
Revenue growth rates – year 2	29% <sup>3</sup>	3-10% <sup>5</sup>
Revenue growth rates – year 3 to 5	5% <sup>4</sup>	

<sup>1</sup> Based on long-term expectations consistent with forecast included in industry reports.

<sup>2</sup> Reflect specific risks relating to the CGU.

<sup>3</sup> Revenue growth rates are the most appropriate driver for the key inputs into the impairment model. The key assumptions for the 2023 and 2024 years includes:

- For the 2023 and 2024 financial years, the cash flows assume growth from investment in above the line marketing, the first of its kind for the Group. Investment is included in the discounted cash flow for both 2023 and 2024 to the extent of \$2 million per year and assumes a return of \$1.50 for each dollar invested per year. The forecast growth in revenue is dependent on the success of the brand investment campaign resulting in this forecast return on brand spend.
- Renewal and reactivation rates applied to memberships that have expired. The cash flows assume a growth in reactivations of 54% between 2023 and 2024.
- The white labelling of the completed Frequent Values app for all remaining Enterprise customers and using the completed app to expand to new customers.

Operational efficiencies are also included in the cash flows. These reflect the cost savings associated with the restructure announced to market and implemented in July 2022, resulting in removing \$4 million annualised from fixed expenses. These cost reductions have been made possible through the completion of the technology transformation and replatforming and will form the basis of some of the revenue

<sup>4</sup> This reflects the expected growth rate associated with the travel, leisure and hospitality industries over the medium term.

<sup>5</sup> For 30 June 2021, the CGU includes both the Entertainment Business and the CLO Business. The combination Growth rates relate to existing revenue streams. From 2023 financial year, the discounted cash flows assumed new revenue streams associated with the next phase of the business transformation, called Seamless Rewards. The growth attributed to this revenue item reflects confidence in the planned product and market development strategies. As outlined above, the revenues from this new business are attributed to the CLO CGU and therefore are not included in the 30 June 2022 model.

Following the impairment to the Entertainment Business CGU, the recoverable amount equals the carrying amount. As a result, any adverse changes to key assumptions would drive further impairment. The following table outlines the sensitivity scenarios of a decrease in renewal rates, decrease in the return of the brand investment campaign and an increase in the discount rate, that would trigger impairment:

Sensitivity Scenario for Key Assumptions	Change	Additional Impairment \$'000
Long term growth rate (terminal value)	0.5% decrease in the long-term growth from 2% to 1.5%	338
Post tax discount rate	1% increase in the discount rate from 14% to 15%	1,070
Renewal rate reduced by 10% in 2023 on a monthly basis	10% decrease each month in 2023	5,295
Return on brand investment in 2023 and 2024 reduced from \$1.50 to \$1.00 per dollar of investment.	Reduce return on \$4m brand spend through 2023 and 2024	11,660
Fixed Operating Expenditure	10% increase in fixed costs in 2023 and 2024.	2,121

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**Note 14 | Trade and other payables**

**Accounting policy**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 60 days of recognition of the liability. The non-current payables are amounts not expected to be settled within the next 12 months.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>CURRENT</b>		
<b>Unsecured liabilities</b>		
Trade payables	2,110	2,903
Other payables and accruals	2,513	3,078
<b>TOTAL CURRENT UNSECURED LIABILITIES</b>	<b>4,623</b>	<b>5,981</b>

**Note 15 | Leases**

**Accounting policy**

Lease liabilities are measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payment, less any lease incentives receivable;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the lessee's incremental borrowing rate of 5.54%, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>CURRENT</b>		
Lease liabilities	910	1,055
<b>TOTAL CURRENT LEASE LIABILITIES</b>	<b>910</b>	<b>1,055</b>
<b>NON-CURRENT</b>		
Lease liabilities	310	1,123
<b>TOTAL NON-CURRENT LEASE LIABILITIES</b>	<b>310</b>	<b>1,123</b>
<b>TOTAL LEASE LIABILITIES</b>	<b>1,220</b>	<b>2,178</b>

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Consolidated Group	Lease liabilities
	\$'000
<b>Balance as at 1 July 2020</b>	<b>3,889</b>
Interest charges	166
Repayments (Including interest)	(1,827)
Rent concessions or deferred rents	(50)
<b>Balance as at 30 June 2021</b>	<b>2,178</b>
Interest charges	91
Repayments (Including interest)	(1,049)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>1,220</b>

**Note 16 | Borrowings**

**Accounting policy**

**Non-derivative**

Non-derivative loans and borrowings are financial liabilities with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the financial liability is derecognised.

Amortised cost is calculated as the amount at which the financial liability is measured at initial recognition less principal repayments, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

	Consolidated Group	
	2022 \$'000	2021 \$'000
<b>CURRENT</b>		
Transformational capital facility	1,208	1,208
Additional growth capital facility	184	2,800
Interest bearing loan	633	571
<b>TOTAL CURRENT BORROWINGS</b>	<b>2,025</b>	<b>4,579</b>
<b>NON-CURRENT</b>		
New Gold Coast Holdings facility	6,097	-
NZ Business cashflow loan	28	28
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>6,125</b>	<b>28</b>
<b>TOTAL BORROWINGS</b>	<b>8,150</b>	<b>4,607</b>

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	<b>Interest bearing loan</b>	<b>Additional growth operational facility</b>	<b>Transformational capital facility</b>	<b>New Gold Coast Holdings Loan facility</b>	<b>NZ Business Cashflow Loan</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Facility limit	500	-	1,200	22,500 <sup>2</sup>	28
Unused facility	-	-	-	16,403	-
Interest rate	10% per annum	10% per annum	12.5% per annum	12.5% per annum	3% per annum <sup>1</sup>
Line fees	N/A	9.7 per month	2 per month	The line fees have been replaced by a fixed monthly admin fee.	N/A
Admin fees	N/A	N/A	N/A	36.5 per month	N/A
Maturity date	30/09/2020	31/12/2021	11/02/2022	31/12/2024	19/07/2025
Security	Security over all the Group's present and future property	Security over all the Group's present and future property	Second ranking security over all the Group's present and future property	Second ranking security over all the Group's present and future property	Unsecured
<b>Drawn down as at 1 July 2021</b>	<b>571</b>	<b>2,800</b>	<b>1,208</b>	<b>-</b>	<b>28</b>
Drawn down	-	728	-	5,680	-
Interest expenses	62	61	157	326	-
Line fees	-	29	24	34	-
Admin fees	-	-	-	73	-
Interest repaid	-	-	(157)	(16)	-
Line fees repaid	-	-	(24)	-	-
Admin fees repaid	-	-	-	-	-
Loan converted to equity	-	(3,434) <sup>3</sup>	-	-	-
<b>Drawn down as at 30 JUNE 2022</b>	<b>633<sup>4</sup></b>	<b>184</b>	<b>1,208<sup>5</sup></b>	<b>6,097</b>	<b>28</b>

<sup>1</sup> 3% per annum, no interest charge on the loan if full repayment is made on or before 17 July 2022.

<sup>2</sup> The loan facility increased from \$5m to \$22.5m on 23 May 2022 upon gaining shareholder approval at the EGM.

<sup>3</sup> See note 19, Issued Capital, for more details.

<sup>4</sup> The facility limit has been exceeded due to additional interest being charged while the group renegotiates the repayment terms of this facility.

<sup>5</sup> The facility limit has been exceeded due to monthly interest payments being made after the end of the month.

### Interest bearing loan

On 9 August 2019 the Group entered into a loan deed with Suzerain for total funding of \$19 million to support working capital requirements and to restructure the business.

The loan was to be repaid on 30 September 2020 with interest capitalised at 10% per annum. During the 2020 AGM, resolutions were passed to enter into a General Security Deed over the assets of the Group in the form attached to the Convertible Loan Deed and for the loan to be convertible to ordinary shares at the higher of \$0.047 per share or 30 days volume weighted average price prior to conversion.

Accordingly, \$19.3 million including accrued interest on the convertible loan was converted to equity with the issuance of 410,643,766 ordinary shares (4.7cent per share) in the Company. \$0.5m of the convertible loan was left in the loan in which Suzerain had the option to convert up until 30 June 2020. The option lapsed as the loan was not converted at 30 June 2020. The balance remaining on this loan is \$0.63m (Including interest) and will remain as a secured interest-bearing loan until repaid. The Interest-bearing loan matured on 30 September 2020 and the updated repayment terms are currently being finalised and is expected to be repaid in the coming weeks using funds from the NGCH facility.

### Additional growth operational facility

The Group entered into a new Loan Deed with Suzerain on 27 February 2020 for the provision of a \$5.83 million facility (including associated borrowing costs). Subsequently, Suzerain agreed to increase the facility limit of the original loan by \$4 million to \$9.825 million. During the AGM in December 2020, the resolutions were passed to enter into a first ranking

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security deed and for the loan to be convertible to ordinary shares at the higher of \$0.0275 per share or the volume weighted average price of shares traded on ASX during the period 30 trading days and concluding on the trading day before the issue date of the relevant shares, plus an additional 20%.

On 19 January 2021, Suzerain opted to convert \$6,376,514 of their convertible loan into 187,544,529 ordinary shares at \$0.034 per share. Suzerain opted to convert the remaining amount of \$3.4m of their convertible loan into 104,939,367 ordinary shares at 3.29c per share, on 20 September 2021, in accordance with the convertible loan agreement approved by shareholders at the AGM held in December 2020.

The final line fees of \$184k have been repaid on 15 July 2022 to extinguish this loan facility.

#### **Transformational capital facility**

Skybound Fidelis Investment limited as trustee for the Skybound Fidelis Credit Fund (Skybound) (a related entity of Suzerain) provided the Group with a \$1.2 million facility for the transformational capital expenditures. During the AGM in December 2020, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain). As at 30 June 2022 this loan facility has been fully drawn down.

The original repayment date for this loan was 11 February 2022, however, as part of the Group's debt management plans, the repayment date is currently being renegotiated and is expected to be deferred to December 2024.

#### **New Gold Coast Holdings Limited Loan Facility**

New Gold Coast Holdings Limited (NGC)'s, a related party of Suzerain, provided a \$5 million Loan facility that was approved on 3 June 2021. The funds have been predominantly used to expedite the development of the company's technology and customer experience platforms and to provide contingent working capital due to seasonal cash inflows. During the AGM on the 20<sup>th</sup> of January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). During the EGM on 23<sup>rd</sup> of May 2022, IncentiaPay Ltd gained shareholder approval to enter a convertible loan deed with New Gold Coast Holdings Limited which extended the total facility to \$22.5m and also deferring the repayment date to 31 December 2024. As at 30 June 2022 an amount of \$6.09m was utilised, with a further \$16.4m available.

#### **NZ Business Cashflow Loan**

The Group applied for and was granted a one-off loan provided by the New Zealand government in July 2020 to support New Zealand business during the Pandemic. The loan was interest free for the first two years but will start attracting interest at 3% per annum as of 20 July 2022. The loan needs to be repaid by 19 July 2025.

#### **Note 17 | Deferred revenue**

##### **Accounting policy**

Deferred revenue constitutes contract liabilities under AASB 15, as it relates to performance obligations to the members of Entertainment Publications not yet satisfied. See note 2.

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>CURRENT</b>		
Deferred revenue	3,163	4,526
<b>TOTAL CURRENT DEFERRED REVENUE</b>	<b>3,163</b>	<b>4,526</b>
Deferred revenue	78	32
<b>TOTAL NON-CURRENT DEFERRED REVENUE</b>	<b>78</b>	<b>32</b>
<b>TOTAL DEFERRED REVENUE</b>	<b>3,241</b>	<b>4,558</b>

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	Deferred revenue \$'000
<b>YEAR ENDED 30 JUNE 2021</b>	
Balance as at 1 July 2020	6,569
Revenue deferred	9,248
Revenue recognised	(11,259)
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>4,558</b>
<b>YEAR ENDED 30 JUNE 2022</b>	
Balance as at 1 July 2021	4,558
Revenue deferred	9,047
Revenue recognised	(10,364)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>3,241</b>

The contract liabilities primarily relate to cash receipts from membership sales, for which revenue is recognised over time. The reduction in the above is mainly due to the continued impact of the Covid-19 pandemic which caused lockdowns in Sydney & Melbourne in the first half of the financial year and the Omicron variant that caused headwinds for membership sales in the 2<sup>nd</sup> half of the financial year.

## Note 18 | Provisions

### Accounting policy

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

### Employee benefits

#### Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled within 12 months after the end of the annual reporting period in which the employees render the related service. These benefits include wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits are recognised as a component of current trade and other payables in the Statement of Financial Position.

#### Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period of high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period. In this case the obligations are presented as current provisions.

#### Retirement benefits

All employees of the Australian entities and the majority of employees of foreign subsidiaries in the Group receive defined contribution superannuation entitlements, for which the Group pays a fixed superannuation contribution based on a percentage of the employee's ordinary salary. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined

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contribution entitlements is limited to its obligation for any unpaid superannuation contributions at the end of the reporting period. All obligations for unpaid superannuation contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's Statement of Financial Position.

#### **Make good provision**

The Group is required to restore the leased premises of its offices to their satisfactory condition at the end of the respective lease terms. A provision has been recognised for the present value of the estimated expenditure required for the restoration. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the shorter of the term of the lease and the useful life of the assets.

<b>ANALYSIS OF TOTAL PROVISIONS</b>	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>Current</b>		
Make good provision	-	63
Employee benefits	829	979
<b>Total current provisions</b>	<b>829</b>	<b>1,042</b>
<b>Non-current</b>		
Make good provision <sup>1</sup>	78	73
Employee benefits	46	59
<b>Total non-current provisions</b>	<b>124</b>	<b>132</b>
<b>TOTAL PROVISIONS</b>	<b>953</b>	<b>1,174</b>

<sup>1</sup>The lease concludes in October 2023.

	<b>Make good provision \$'000</b>
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>136</b>
Balance as at 1 July 2021	136
Released provisions <sup>1</sup>	(58)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>78</b>

<sup>1</sup> Make good provision for the Entertainment Publications offices were released as majority of the leases ended in July 2021 and no claims for make good were received from the landlord. The provision currently reflects the net present value of expected make good obligations at the remaining properties.

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Note 19 | Issued capital

		Consolidated Group		
	2022 shares	2021 shares	2022 \$'000	2021 \$'000
<b>Ordinary shares - fully paid on issue</b>	<b>1,231,279,015</b>	<b>867,002,904</b>	<b>132,143</b>	<b>122,984</b>
INP has no limit to its authorised share capital.				
<b>Movements in ordinary share capital</b>	<b>Date</b>	<b>Number of shares</b>	<b>Issue price \$</b>	<b>\$'000</b>
Ordinary shares at beginning of the year		655,940,612		116,026
Issues during the year:				
	9 Oct 2020	3,066,667	0.03	92
	19 Oct 2020	20,451,096	0.03	531
	2 February 2021	187,544,529	0.03	6,377
	Less, costs of issues	-	-	(42)
<b>BALANCE AS AT 30 JUNE 2021</b>		<b>867,002,904</b>		<b>122,984</b>
Ordinary shares at beginning of the year		867,002,904		122,984
Issues during the year:				
	23 Sep 2021 <sup>1</sup>	104,740,097	0.03	3,448
	8 Dec 2021 <sup>2</sup>	189,186,349	0.02	4,162
	17 Dec 2021 <sup>3</sup>	45,817,543	0.02	1,008
	19 Jan 2022 <sup>4</sup>	19,545,455	0.02	431
	3 Feb 2022 <sup>5</sup>	4,986,667	0.03	150
	18 Oct 2019 <sup>6</sup>		0.02	22
	17 Jan 2022 <sup>7</sup>		0.02	105
	Less, costs of issues	-	-	(167)
<b>BALANCE AS AT 30 JUNE 2022</b>		<b>1,231,279,015</b>		<b>132,143</b>

<sup>1</sup> On 23 September 2021, Suzerain, the Group's largest shareholder and a related party, opted to convert \$3,448,486, representing the remainder of their convertible loan into 104,740,097 ordinary shares at \$0.033 per share.

<sup>2</sup> On 8 December 2021, pursuant to the announcement on the 10 of November 2021, ordinary shares were issued under an entitlement offer at \$0.022 per share to existing shareholders. Suzerain, as the Group's largest shareholder and a related party, participated in this rights issue.

<sup>3</sup> On 17 December 2021, pursuant to the announcement on the 10 of November 2021, ordinary shares were issued under the Top-up facility. The shortfall was issued to third parties at \$0.022 per share.

<sup>4</sup> On 19 January 2022, the group issued 19,545,455 ordinary shares as an oversubscription of the recent Top-Up facility which was announced to the market on 17 December 2021.

<sup>5</sup> On 3 February 2022, 4,986,667 ordinary shares were issued to the former Chief Executive Officer, Henry Jones, as per the terms in his Deed of Release. For more detail, please refer to Note 20 under share-based payments - Loan funded shares.

<sup>6</sup> On 18 October 2019, 960,000 ordinary shares were issued to employees upon winding up of the company ESOP. These shares were previously part of the 2018 LFS held in trust for the CEO & COO/CFO and incorrectly allocated at no value in the Issued Capital note of the June 2018 annual report. This entry serves as a correction.

<sup>7</sup> On 17 January 2022, 4,754,285 ordinary shares were issued to the group's chairman, Stephen Harrison, as remuneration for consultancy and advisory services. These shares were previously part of the 2018 LFS held in trust for the CEO & COO/CFO and incorrectly allocated at no value in the Issued Capital note of the June 2018 annual report. This entry serves as a correction.

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. Shares have no par value.

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.

The entity manages its capital to ensure that it maximises the returns to shareholders as dividends and in capital value, whilst maintaining sufficient equity to ensure the Company can meet its business development objectives and continue as a going concern. The Group only has ordinary shares on issue and is not subject to any externally imposed capital requirements.

Capital is also managed having regard to the Group's long-term growth requirements.

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### **Employee and Executive Share Based Schemes**

On 29 September 2020, the Board implemented an Employee Gift Plan for all eligible employees under section 83A-35 of the Income Tax Assessment Act 1997. The Board accepts, since the onset of Covid-19, many staff worked reduced hours or were on reduced salaries. Commensurate with this, the Board approved the scheme, and all eligible employees received \$1,000 of ordinary shares which were issued from the Company's placement capacity during the previous reporting period ending 30 June 21. No further shares were issued under this arrangement in the current reporting period ending 30 June 2022.

The Board also implemented a Loan Funded Share Scheme being a three-year long-term incentive plan for the former CEO and current CFO, which will vest over a three-year period. Vesting conditions relate to achieving the FY2021 Board approved budget, and for the FY2022 and FY2023 financial years, will vest where the share price is greater than \$0.10 and \$0.15, respectively. Shareholder approval was granted at the AGM held on the 16th of December 2020. Refer to note 20 for further details. The former CEO has since left the group and his entitlements under the LFS scheme has been modified and settled. No further LFS arrangements have been entered into.

Additionally, the Board implemented an Employee Share Scheme for senior management and executive directors, which will result in shares being issued into a trust controlled by the Company. Maximum number of performance rights to be issued under the plan is 7,500,000. These shares will be issued in 4 tranches and will be subject to the same vesting hurdles as those applicable to tranches 2 – 5 under the LFS scheme and detailed in note 20. No shares were issued under this scheme during the financial years ended June 2021 or June 2022.

### **Note 20 | Reserves**

#### **Accounting policy**

#### **Share based payments**

The fair value of unissued ordinary shares granted is recognised as a benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipients become unconditionally entitled to the equity-based incentive.

Upon the issue of shares, the balance of the share-based payments reserve relating to those equity-based incentives are transferred to share capital.

Shares issued under the loan funded share scheme is accounted for as in substance option and share based payments were measured using a Monte Carlo simulation model.

#### **Foreign currency translation**

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as a foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

	<b>Consolidated Group</b>		
	<b>Share based payments reserve \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Total \$'000</b>
Balance as at 1 July 2020	-	377	377
Amortised during the period <sup>1</sup>	362	-	362
Movement during the period	-	(6)	(6)
<b>BALANCE AS AT 30 JUNE 2021</b>	<b>362</b>	<b>371</b>	<b>733</b>
Balance as at 1 July 2021	362	371	733
Amortised during the period <sup>1</sup>	201	-	201
Forfeited during the period <sup>2</sup>	(227)	-	(227)
Movement during the period <sup>2</sup>	(169)	(49)	(218)
<b>BALANCE AS AT 30 JUNE 2022</b>	<b>167</b>	<b>322</b>	<b>489</b>

<sup>1</sup> During financial year ending June 2021, the Group issued 38,771,277 shares at \$0.03 under its loan funded share plan approved by shareholders during the Annual General Meeting "AGM" in December 2020. These shares have been issued to Ben Newling and Henry Jones who are key management personnel of the Group. The loan funded shares are issued through a series of 5 tranches for each respective person which include market and non-market conditions.

<sup>2</sup> Henry Jones departed as CEO on the 24th of December 2021, all tranches, except tranche 2, related to the Loan Funded Share Scheme were forfeited and are under the control of Group. Under the terms of an agreement, Tranche 2 shares were awarded to Henry Jones as part of a modification to the original loan funded deed from the 2021 financial year and will be allocated in February 2022. The modification has been fair valued through the profit and loss as at 30 June 2022.

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#### **Share based payments - Loan funded shares**

There were 38,771,277 options issued to key management personnel as part of Loan Funded Share (LFS) arrangements approved by shareholders at the AGM in December 2020. Following the departure of Henry Jones in December 2021, the scheme applies only to Ben Newling, whereby 11,585,043 options are on issue at 30 June 2022. The terms of the LFS arrangements can be summarised as follows:

1. IncentiaPay provides its key executives, ('the executive') with a loan to purchase an agreed number of IncentiaPay shares at an issue price based on the 5-day Volume Weighted Average Price (VWAP) immediately before issue date;
2. If there is an outstanding amount owing under the Loan, all dividends declared and paid with respect to the shares (after deduction for tax payable in relation to those dividends) shall be applied to repaying the Loan, therefore the executives shall have no right to receive those dividends;
3. The loan provided is interest free and limited recourse, such that the executive has the option to either repay the loan or return the shares at the loan repayment date, being 30 business days after the last vesting date;
4. Vesting conditions apply to each executive's shares, being related to time, meeting budgeted targets, and share price hurdles, and are outlined in table below;
5. Vesting of each tranche is subject to the continued employment of the Executive up to the relevant date on which the vesting conditions are tested;
6. The Board will retain a broad discretion to determine or vary any vesting conditions if they consider that the commercial performance and circumstances of the Company justify that variation or waiver;
7. Any unvested loan funded shares that do not meet their vesting conditions (after rollover, if applicable) will cease to become eligible to become vested loan funded shares and will be cancelled, bought-back or transferred to a third party nominated by the Board on terms determined by the Board in its sole discretion; and
8. Prior to the shares becoming unencumbered, the executive is required to repay the loan.

Under the settlement terms agreed between the Company and the former CEO, Henry Jones, Tranches 1, 3, 4 & 5 of the Executive Loan Shares (being 22,199,567 Executive Loan Shares) would be delivered to the Company (or its nominee) in full and final discharge of Tranches 1, 3, 4 & 5 of the Executive Loan.

The Company would in turn deem that Tranche 2 of the Executive Loan Shares (being 4,986,667 unvested Executive Loan Shares) will vest with the Employee. The Company would forgive Tranche 2 of the Executive Loan (being for the sum of \$149,600) so that no amounts are owing by the Employee to the Company under Tranche 2 of the Executive Loan.

Under the applicable accounting standards, the LFS shares are accounted for as options, which give rise to share based payments.

During the 2022 financial year, changes were accounted for through the share-based payments reserve due to the continued amortisation for Ben Newling and the adjustments for the departure of Henry Jones and the associated modified allocation.

KMP	Held on 1 July 2021	Forfeited	Granted as Compensation	Held on 30 June 2022	Vested and exercisable as of 30 June 2022
Henry Jones <sup>1</sup>	27,186,234	(22,199,567)	(4,986,667)	-	-
Ben Newling	11,585,043	-	-	11,585,043	1,522,679
<b>Total</b>	<b>38,771,277</b>	<b>(22,199,567)</b>	<b>(4,986,667)</b>	<b>11,585,043</b>	<b>1,522,679</b>

<sup>1</sup> Henry Jones forfeited Tranche 1 share allocation that had already vested at the time of his termination, amounting to 3,573,220 shares. Tranche 2 share allocation of 4,986,667 shares, was transferred and formally issued under the provisions of a modified allocation agreement, approved by the Board. The remaining shares, being tranches 3, 4 and the remaining shares in Tranche 5 amounting to 18,626,347 shares, were cancelled.

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Details of options issued to Ben Newling and their terms as at 30 June 2022 are set out below:

	<b>Tranche</b>	<b>No. of Options</b>	<b>Issued Value \$</b>	<b>No. Vested and Exercisable 30 June 2022</b>	<b>Fair Value of Options \$</b>
Ben Newling	1	1,125,000	22,386	1,125,000	22,386
	2	2,125,000	- <sup>1</sup>	- <sup>1</sup>	-
	3	2,125,000	63,761	- <sup>2</sup>	22,957
	4	2,125,000	41,171	- <sup>3</sup>	10,965
	5	4,085,043	69,346	397,679	51,947
<b>Total Shares</b>		<b>11,585,043</b>	<b>196,664</b>	<b>1,522,679</b>	<b>108,255</b>

<sup>1</sup> Shares have been carried over to Tranche 3 as vesting condition not satisfied.

<sup>2</sup> Where the vesting price hurdle condition is not satisfied, tranche 2 shares will expire and only tranche 3 shares will roll-over to tranche 4. The price hurdle test for tranche 2 and 3 shares will be performed on 30 September 2022. Tranche 2 shares amounting to 2,125,000 and a proportional allocation of tranche 5 shares of 2,532,727 are at risk of expiry on 30 September 2022.

<sup>3</sup> Where the vesting price hurdle condition is not satisfied, tranche 3 and 4 shares will expire and will not be eligible for vesting.

<sup>4</sup> Expiry date for these options is the last vesting date for tranche 5, being 31 October 2023.

<sup>5</sup> Tranche 1 is not linked to performance conditions as it reflects retrospective outcomes already achieved during the set up and establishment of the scheme.

The fair value of the loan funded shares issued on 9 October 2020 has been determined using a Monte Carlo simulation model which includes the following inputs:

	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>	<b>Tranche 5</b>
Grant date	9-Oct-20	9-Oct-20	9-Oct-20	9-Oct-20	9-Oct-20
Vesting date	9-Oct-20	30-Jun-21	30-Sept-21	30-Sept-23	31-Oct-23
Maturity date	31-Oct-23	31-Oct-23	31-Oct-23	31-Oct-23	31-Oct-23
Share price at grant date	0.029	0.029	0.029	0.029	0.029
Dividend yield	0%	0%	0%	0%	0%
Volatility <sup>1</sup>	114%	114%	114%	114%	114%
Risk free rate/G Bond rate	0.138	0.138	0.138	0.138	0.138
Vesting condition	Grant date	Budget FY 2021	Share price hurdle of \$0.10	Share price hurdle of \$0.15	Proportion of the Suzerain convertible loan converted into shares vested in tranches 1 to 4.

<sup>1</sup> Volatility is based on 3 years historical data adjusted from 6 December 2018 to 11 February 2019 due to specific events relating to the sale of business assets.

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Henry Jones had a modification of options during the year for tranche 2 which had to get re fair valued. Below were the revaluation inputs:

	<b>Tranche 2 - Original valuation</b>	<b>Tranche 2 - revalued at settlement date</b>
Grant date	9-Oct-20	9-Oct-20
Vesting date	30-Jun-21	30-Jun-21
Maturity date	31-Oct-23	29-Oct-21
Share price at grant date	0.029	0.029
Dividend yield	0%	0%
Volatility	114%	124%
Risk free rate/G Bond rate	0.138	0.472%
Vesting condition	Budget FY 2021	Deemed vested per deed of release and free shares given

#### **Note 21 | Key Management Personnel compensation**

The total remuneration paid to KMP of the Group during the year was as follows:

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
Short-term employee benefits	1,056	826
Post-employment benefits	53	40
Termination payment benefits	163	-
Share based payments <sup>1</sup>	59	362
<b>TOTAL KMP COMPENSATION</b>	<b>1,331</b>	<b>1,228</b>

<sup>1</sup> Shared based payments for the current reporting period is a combination of shares issued to the Group's chairman for consulting services of \$105k (Refer to note 19) , the reversal of previously recognised share-based payment expenses relating to the former CEO of (\$254k), shares issued to the former CEO as part of his deed of agreement on his departure of \$150k, and movement in the fair value of the loan funded shares for the Group's CFO, Ben Newling, of \$58k.

#### **Note 22 | Auditor's remuneration**

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
Auditing or reviewing the financial statements	255	257
Taxation services - compliance	12	12
Other services	1	2
<b>TOTAL</b>	<b>268</b>	<b>271</b>

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**Note 23 | Interests in subsidiaries and business combinations**

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 also reflects its country of incorporation.

Name of entity	Principal place of business	Ownership interest held by the Group	
		2022 %	2021 %
<b>a) Information about Principal Subsidiaries</b>			
Entertainment Publications of Australia Pty Ltd	Australia	100	100
Entertainment Publications Ltd	New Zealand	100	100
Entertainment Digital Pty Ltd (previously MobileDEN Pty Ltd)	Australia	100	100
Entertainment Trus Co Pty Ltd <sup>1</sup>	Australia	100	100
Entertainment Seamless Rewards Pty Ltd <sup>2</sup>	Australia	100	0

<sup>1</sup> The Employee share plan trust ("ESP") was established on 24 April 2020 to provide benefits to current employees, directors and contractors ("the Beneficiaries"). Under the employee shares scheme, the trustee, Entertainment Trus Co Pty Ltd will purchases the Company's shares currently held under the previous directors. The shares will be held until the vesting day for the benefit of the Beneficiaries, in such numbers or proportions that the trustee deem reasonable.

<sup>2</sup> The entity has been set up as the vehicle through which to operate the Group's new card linked business.

Subsidiary financial statements used in the preparation of these preliminary consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements, using the same accounting policies. There are no significant restrictions over the Group's ability to access or use the assets and settle liabilities of the Group.

**Note 24 | Parent company information**

a) Information relating to IncentiaPay Limited (the Parent Entity):

	2022 \$'000	2021 \$'000
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>		
Total loss	(8,315) <sup>1</sup>	(6,726)
<b>TOTAL COMPREHENSIVE INCOME</b>		
	<b>(8,315)<sup>1</sup></b>	<b>(6,726)</b>
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>Assets</b>		
Current assets	1,568	1,562
Non-current assets	24,918	21,779
<b>TOTAL ASSETS</b>	<b>26,486</b>	<b>23,341</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current liabilities	3,675	8,522
Non-current liabilities	8,372	1,255
<b>TOTAL LIABILITIES</b>	<b>12,047</b>	<b>9,777</b>
<b>Equity</b>		
Issued capital	132,141	122,983
Reserves	150	345
Accumulated losses	(117,852) <sup>1</sup>	(109,764) <sup>1</sup>
<b>TOTAL EQUITY</b>	<b>14,439</b>	<b>13,564</b>

<sup>1</sup> The movement between accumulated losses from 2022 & 2021 do not tie back to the total loss as shown in the Profit and loss. This relates to the \$227k forfeited options for the former CEO, Henry Jones. See note 20 for further details.

Details of the contingent assets and liabilities of the Group are contained in note 27. Details of the contractual commitments are contained in note 26.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
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**Deed of cross guarantee**

IncentiaPay Limited, Entertainment Publications of Australia Pty Ltd, Entertainment Digital Pty Ltd and Entertainment Seamless Rewards Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

Set out below is a consolidated balance sheet as of 30 June 2022 of the parties to the Deed of Cross Guarantee.

ASSETS	FY2022 \$'000	FY2021 \$'000
<b>Current assets</b>		
Cash and cash equivalents	610	2,420
Trade and other receivables	1,185	940
Inventories	161	120
Other assets	1,413	1,761
<b>Total current assets</b>	<b>3,369</b>	<b>5,241</b>
<b>Non-current assets</b>		
Trade and other receivables	102	523
Property, plant and equipment	503	792
Right-of-use asset	22	134
Intangible assets	12,322	15,813
<b>Total non-current assets</b>	<b>12,949</b>	<b>17,262</b>
<b>TOTAL ASSETS</b>	<b>16,318</b>	<b>22,503</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	4,212	5,373
Lease liabilities	910	1,081
Borrowings	2,023	4,552
Deferred revenue	2,700	3,716
Provisions	805	1,103
<b>Total current liabilities</b>	<b>10,650</b>	<b>15,825</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,801	1,352
Lease liabilities	310	1,072
Borrowings	6,096	28
Deferred revenue	68	32
Provisions	123	59
<b>Total non-current liabilities</b>	<b>8,398</b>	<b>2,543</b>
<b>TOTAL LIABILITIES</b>	<b>19,048</b>	<b>18,368</b>
<b>NET ASSETS</b>	<b>(2,730)</b>	<b>4,135</b>
<b>EQUITY</b>		
Issued capital	132,141	122,983
Reserves	489	687
Retained earnings	(135,360)	(119,535)
<b>TOTAL EQUITY</b>	<b>(2,730)</b>	<b>4,135</b>

See note 25 for the Consolidated Statement of Profit or Loss for the year ended 30 June 2022 of the parties to the Deed of Cross Guarantee. All entities incorporated in Australia are the parties of Deed of Cross Guarantee.

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**Note 25 | Segment information**

**Accounting policy**

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance. IncentiaPay Limited manages the Group as one segment, being the Entertainment Publications business. The geographic information presented in the table below is included to facilitate a better understanding of Entertainment's geographic footprint, however, is not regularly monitored or reviewed by management as separate segments.

**Geographical location**

The profit and loss, excluding revenue from discontinued operations, attributable to external customers is disclosed below based on the country in which the revenue is derived and billed.

<b>YEAR ENDED 30 JUNE 2022</b>	<b>Australia</b>	<b>New Zealand</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	18,037	1,753	19,790
Revenue from Contracts with customers	123	1	124
Government assistance	676	-	676
Interest	30	-	30
<b>Total Revenue</b>	<b>18,866</b>	<b>1,754</b>	<b>20,620</b>
<b>Expenses</b>			
Direct expenses of providing services	(9,661)	(490)	(10,151)
Employee expenses	(12,216)	(380)	(12,596)
Depreciation and amortisation	(1,128)	(43)	(1,171)
Impairments	(3,615)	-	(3,615)
Interest	(919)	-	(919)
Other expenses	(7,831)	32	(7,799)
<b>Total expenses</b>	<b>(35,370)</b>	<b>(881)</b>	<b>(36,251)</b>
<b>Segment profit before tax</b>	<b>(16,504)</b>	<b>873</b>	<b>(15,631)</b>
<b>Segment total assets</b>	<b>16,319</b>	<b>537</b>	<b>16,856</b>
<b>Segment total non-current assets</b>	<b>12,927</b>	-	<b>12,927</b>
<b>Segment total liabilities</b>	<b>17,251</b>	<b>936</b>	<b>18,187</b>

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
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	Australia	New Zealand	Total
YEAR ENDED 30 JUNE 2021	\$'000	\$'000	\$'000
<b>Revenue</b>			
Revenue from Contracts with customers	17,321	1,925	19,246
Profit on sale of assets	52	15	67
Government assistance	112	-	112
Interest	10	-	10
<b>Total revenue</b>	<b>17,495</b>	<b>1,940</b>	<b>19,435</b>
<b>Expenses</b>			
Direct expenses of providing services	(8,484)	(447)	(8,931)
Employee expenses	(8,643)	(807)	(9,450)
Depreciation and amortisation	(3,096)	(248)	(3,344)
Impairments	-	-	-
Interest	(758)	(36)	(794)
Other expenses	(4,650)	(854)	(5,504)
<b>Total expenses</b>	<b>(25,631)</b>	<b>(2,392)</b>	<b>(28,025)</b>
<b>Segment profit before tax</b>	<b>(8,136)</b>	<b>(452)</b>	<b>(8,588)</b>
<b>Segment total assets</b>	<b>22,501</b>	<b>1,155</b>	<b>23,656</b>
<b>Segment total non-current assets</b>	<b>17,261</b>	<b>44</b>	<b>17,305</b>
<b>Segment total liabilities</b>	<b>17,017</b>	<b>1,481</b>	<b>18,498</b>

**Major customers**

The Group has no major customers with all customers contributing small balances to revenues.

**Note 26 | Capital commitments**

**Capital Commitments**

The group has a \$250K capital commitment whereby it will purchase all of the underlying source code in the Seamless Rewards platform.

**Note 27 | Contingent liabilities and contingent assets**

**Security deposit**

The parent entity has given the following guarantees as at 30 June 2022:

- Lease of the Sydney office space, \$0.5m.
- Guarantee for credit cards facility, \$0.1m.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE PRELIMINARY UNAUDITED FINANCIAL STATEMENTS  
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**Note 28 | Financial risk management**

**Accounting policy**

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

	<b>Consolidated Group</b>	
	<b>2022</b> \$'000	<b>2021</b> \$'000
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	978	3,228
Trade and other receivables	1,328	1,523
Other current assets	576	855
<b>TOTAL FINANCIAL ASSETS</b>	<b>2,882</b>	<b>5,606</b>
<b>FINANCIAL LIABILITIES</b>		
Trade and other payables	4,623	5,981
Lease liabilities	1,220	2,178
Borrowings	8,150	4,607
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>13,993</b>	<b>12,766</b>

**Financial risk management policies**

Senior management meet on a regular basis to review currency and interest rate exposure and to evaluate treasury management strategies where relevant, in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use credit risk policies and future cash flow requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual liabilities interest payments and exclude the impact of netting agreements.

MATURITY ANALYSIS	CONTRACTUAL CASH FLOWS									
	Within 1 year		1 - 5 years		> 5 years		Total			
	2022 Carrying value \$'000	2021 Carrying value \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
<b>FINANCIAL ASSETS</b>										
Cash	978	3,228	978	3,228	-	-	-	978	3,228	
Trade debtors	1,328	1,523	1,226	1,035	102	488	-	1,328	1,523	
Other current assets	576	855	576	855	-	-	-	576	855	
<b>FINANCIAL LIABILITIES</b>										
Trade and other payables	(4,623)	(5,981)	(4,623)	(5,981)	-	-	-	(4,623)	(5,981)	
Lease liabilities	(1,220)	(2,178)	(950)	(1,055)	(311)	(1,261)	-	(1,261)	(2,316)	
Borrowings	(8,150)	(4,607)	(3,552)	(4,716)	(7,762)	(28)	-	(11,540)	(4,744)	

**INCENTIAPAY LIMITED AND CONTROLLED ENTITIES**  
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**Accounting classifications and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

30 June 2022	Assets and liabilities at carrying value \$'000	Assets and liabilities not at fair value	Assets and liabilities at fair value Level 1 \$'000	Fair value			
				Level 2 \$'000	Level 3 \$'000	Total \$'000	
<b>Financial assets</b>							
Cash	978	978	-	-	-	-	978
Trade debtors	665	665	-	-	-	-	665
Other receivables	663	663	-	-	-	-	663
Other current assets	576	576	-	-	-	-	576
<b>Financial liabilities</b>							
Trade and other payables	(4,623)	(4,623)	-	-	-	-	(4,623)
Lease liabilities	(1,220)	(1,220)	-	-	-	-	(1,220)
Borrowings	((8,150))	(8,150)	-	-	-	-	(8,150)

30 June 2021	Assets and liabilities at carrying value \$'000	Assets and liabilities not at fair value \$'000	Assets and liabilities at fair value Level 1 \$'000	Fair value			
				Level 2 \$'000	Level 3 \$'000	Total \$'000	
<b>Financial assets</b>							
Cash	3,228	3,228	-	-	-	-	3,228
Trade debtors	500	500	-	-	-	-	500
Other receivables	1,023	1,023	-	-	-	-	1,023
Other current assets	855	855	-	-	-	-	855
<b>Financial liabilities</b>							
Trade and other payables	(5,981)	(5,981)	-	-	-	-	(5,981)
Lease liabilities	(2,178)	(2,178)	-	-	-	-	(2,178)
Borrowings	(4,607)	(4,607)	-	-	-	-	(4,607)

**Recognised fair value measurements**

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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### Valuation techniques used to determine fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

#### Market risk

##### a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by customers of contract obligations that could lead to a financial loss to the Group.

###### i. Risk management

Credit risk is managed through the maintenance of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers, ensuring to the extent possible that customers to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single customer or group of customers. \$16m of the revenue in note 2 is from memberships and gift cards sales, they are cash on delivery, therefore, the Group has no significant credit risk.

###### ii. Impairment of financial assets

The Group has trade and other receivables that are subject to the expected credit loss model. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 8. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial because the Group deals with reputable banks with high credit ratings.

#### Trade and other receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 8.

#### b. Liquidity risk

Included in the \$8.1m disclosed in the 2022 borrowings time band is \$3.5m, of which \$1.5m is interest, which is 'within 1 year'. Two of these loans are past maturity date and their repayment terms are currently being renegotiated. See note 16 for more details. Management monitors rolling forecasts of the Group's liquidity reserve and cash and cash equivalents on the basis of expected cash flows.

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from major financial institutions;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.
- Renegotiating maturity dates of key funding lines of credit to ensure liquidity is managed within acceptable and planned thresholds.

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**i. Financing arrangements**

New Gold Coast Holdings Limited, an associate of Suzerain has provided the Group with an additional \$17.5 million loan, thereby extending the facility to \$22.5 million. This has been approved at the EGM held on 23 May 2022 and is available at year end. The funds will be used to enhance the Group's technology capabilities. Earlier in the year, during the AGM on the 20<sup>th</sup> of January 2022, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain). See note 16 for more details.

**ii. Maturities of financial liabilities**

**Interest bearing loan**

As at 30 June 2022, the interest bearing loan with Suzerain matured on 30 September 2020. Updated repayment terms are currently being finalised and the facility is expected to be repaid in the coming weeks using funds from the NGCH facility. See note 16.

**Additional growth operational facility**

As at 30 June 2022, the additional growth capital facility with Suzerain matured on 31 December 2021 and has been fully repaid on 15 July 2022. See note 16.

**Transformational capital facility**

As at 30 June 2022, the Transformational capital facility with Skybound matured on 11 February 2022. The company is currently busy renegotiating the repayment date and it is expected to be deferred to December 2024. See note 16.

**New Gold Coast Holdings Limited Loan facility**

As at 30 June 2022, the loan facility with New Gold Coast Holdings Limited will mature on 31 December 2024. See note 16.

**c. Foreign exchange risk**

The Group is exposed to foreign currency risk on the sale of memberships and other fee income from foreign entities and on the translation of its foreign subsidiaries. Senior management has not hedged foreign currency transactions as at 30 June 2022 as \$1.8m of total revenue is in NZD and the foreign currency fluctuation between AUD and NZD is historically insignificant at 0.5% during the year. Foreign exchange risk was therefore, considered insignificant. Senior management continue to evaluate this risk on an ongoing basis.

The exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2022	2021
	NZD	NZD
	\$'000	\$'000
Trade debtors	46	31
Trade payables	(179)	(180)

At the end of the financial year, the effect on profit and equity as a result of changes in the foreign exchange rate with all other variables remaining constant would be as follows:

	Profit	Equity
	\$'000	\$'000
<b>Year ended 30 June 2022</b>		
+/- 0.5% in foreign exchange rates	21	70
<b>Year ended 30 June 2021</b>		
+/- 0.5% in foreign exchange rates	13	51

**d. Interest rate risk**

The interest rate relating to the borrowings with Suzerain is capitalised at a fixed rate of 10% per annum and is expected to be repaid in the coming weeks.

Interest relating to the borrowings with Skybound is paid monthly at a fixed rate of 12.5% and repayable by 31 December 2024.

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**Note 29 | Related party transactions**

**Key Management Personnel**

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity, are considered key management personnel.

During the year certain remuneration entitlements of executive and non-executive directors were paid, upon request of the directors, to related entities or associates of those Directors.

See note 21 for the value of the related party transactions above and remuneration report.

**Other related parties**

Other related parties include entities controlled by the Company and entities over which key management personnel have joint control. Amounts disclosed in note 21 includes transactions with associated entities of key management personnel.

Transactions between related parties are on normal commercial terms and conditions that are no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties controlled by key management personnel:

	<b>Consolidated Group</b>	
	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Sales of goods and services</b>		
Membership subscriptions <sup>1</sup>	-	44
Enterprise sales <sup>2</sup>	56	92
Travel commission <sup>7</sup>	3	-
<b>Purchases of services</b>		
Rent <sup>3</sup>	11	13
Customer service <sup>4</sup>	252	324
Consulting fees <sup>8</sup>	154	-
Technology Consultancy <sup>5</sup>	17	-
Communication Infrastructure <sup>6</sup>	21	-

<sup>1</sup> Sale of Entertainment memberships to Fair Go Finance, a related entity of Suzerain.

<sup>2</sup> Enterprise sales to NobleOak Life Insurance, an entity related to Stephen Harrison, the Chairman of the Group.

<sup>3</sup> Gold Coast office space provided by Leisurecom Group Pty Ltd, a related entity of Suzerain.

<sup>4</sup> Customer service provided by Leisurecom Group Pty Ltd, a related entity of Suzerain.

<sup>5</sup> Technology consultancy services with Fintech Services (AUST) Pty Ltd, a related party due to common directors Dean Palmer and Jeremy Thorpe.

<sup>6</sup> Communication network costs on charged from Leisurecom Group Pty Ltd for Harrington Street location

<sup>7</sup> Travel commission from Leisurecom Group Pty Ltd for Entertainment Travel bookings with accommodation venues previously under MyBookings

<sup>8</sup> Consulting services provided by Stephen Harrison settled in both cash and the issue of shares. See note 19 for details associated with the issue of shares and the remuneration report for additional details.

Outstanding balances arising from sales/purchases of goods and services:

	<b>Consolidated Group</b>	
	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Current payables</b>		
Leisurecom Group Pty Ltd <sup>1</sup>	1	29

<sup>1</sup> Customer service and office space provided by a related entity of Suzerain.

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Outstanding balances arising from loan agreements:

	<b>Consolidated Group</b>	
	<b>2022</b> <b>\$'000</b>	<b>2021</b> <b>\$'000</b>
<b>Borrowings</b>		
Interest bearing loan	633	574
Additional growth operational facility	184	2,800
Transformational capital facility	1,208	1,208
New Gold Coast Holdings	6,097	-

Transactions between the Company and controlled entities include loans, management fees and interest, which are eliminated on consolidation. Significant loan and capital related transactions between the Group and related parties include the following:

- Suzerain, Skybound and NGC, related parties to Jeremy Thorpe (Director) and Dean Palmer (Director), have provided a total of \$34m loan facilities to the Group. During the period, the Group drew down \$6.4m of the line of credit facility. See note 16 for additional detail.
- Suzerain opted to convert the remainder of their convertible loan of \$3.4 million into 104,740,097 ordinary shares on the 23<sup>rd</sup> of September 2021.
- Suzerain participated in the rights issue on the 8th of December 2021, acquiring 162,612,401 shares, which was announced to the market on the 10th of November 2021. See note 19 to the annual financial statements for additional detail.

#### **Note 30 | Joint Arrangements**

During the year ended 30 June 2022, the Group entered a joint arrangement with Spineka Group Pty Ltd and Junovate Pty Ltd to set up and operate an online wine marketplace, jointly and equally controlled by the three participants, primarily via a contractual arrangement. Consequently, the Group has classified this joint arrangement as a "joint operation". The joint operation is currently in set-up and initiation phase and is yet to be launched.

In a joint operation, the Group has rights to the assets, and obligations for the liabilities relating to the arrangement. In relation to the Group's interest in the joint operation, the Group recognises: its share of assets and liabilities; commission revenue from successful transactions the sale of its share of the output and its share in any revenue generated from the sale of the output by the joint operation; and its share of expenses. All such amounts are measured in accordance with the terms of the arrangement, which is usually in proportion to the Group's interest in the joint operation. Each participant has an equal share of the joint operation.

Assets held in the joint operation subject to restrictions are as follows:

	<b>FY2022</b> <b>\$'000</b>	<b>FY2021</b> <b>\$'000</b>
<b>Current Assets</b>		
Prepayments <sup>2</sup>	120	-
<b>Total<sup>1</sup></b>	<b>120</b>	-

<sup>1</sup> The Group does not have the right to sell individual assets used in the joint operation without the unanimous consent of the other participants. The assets in the joint operation are also restricted to the extent that they are only available to be used by the joint operation itself and not by other operations of the group.

<sup>2</sup> Prepayments include payments to Junovate Pty Ltd and Spineka Group Pty Ltd for services, to be settled from future profit distributions under the provisions of the joint arrangement.

IncentiaPay has funded \$0.5m during the current reporting period ending 30 June 2022.

#### **Note 31 | Events after the reporting period**

The Group announced on the 25th of July 2022 a significant restructure and cost reduction program, with over \$4 million of annualised resource related costs being removed.

<b>Directors</b>	Mr Stephen Harrison Chairman Mr Jeremy Thorpe Non-Executive Director Dr Charles Romito Non-Executive Director Mr Dean Palmer Non-Executive Director
<b>Company Secretary</b>	Mr Ben Newling
<b>Registered Office</b>	Level 6, Suite 7, 3 Spring Street Sydney NSW 2000
<b>Principal place of business</b>	Level 6, Suite 7, 3 Spring Street Sydney NSW 2000
<b>Share registry</b>	Link Market Services ACN 083 214 537 Level 12, 680 George Street Sydney NSW 2000 +61 2 8280 7100
<b>Auditor</b>	KPMG Level 38, Tower Three, International Towers Sydney 300 Barangaroo Avenue, Sydney, NSW 2000
<b>Legal advisers</b>	Sundaraj & Ker Level 36, Australia Square 264 George Street Sydney NSW 2000
<b>Bankers</b>	Commonwealth Bank of Australia Level 3, 240 Queen Street Brisbane Qld 4000
<b>Stock exchange listing</b>	IncentiaPay Limited shares are listed on the Australian Securities Exchange (ASX code: INP)
<b>Website</b>	<a href="http://www.incentiapay.com">www.incentiapay.com</a>