Half Year Report and Appendix 4D

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

Results for announcement to the market

This interim report of IncentiaPay Limited is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.

1. Reporting period details

Current reporting period: Half-year ended 31 December 2022 (**FY2023**)
Previous corresponding period: Half-year ended 31 December 2021 (**FY2022**)

2. Results

Results	Direction	%		Half Year Ended 31 Dec 2022		Half Year Ended 31 Dec 2021
Revenue from ordinary activities ($'000's)[2]	▼	-8.19%	to	9,268	from	10,095
Underlying EBITDA ($'000's)[1]	▲	36.63%	to	(3,757)	from	(5,929)
Loss from ordinary activities after tax attributable to members ($'000')	▼	-138.23%	to	(16,707)	from	(7,013)
Net loss for the period attributable to members ($'000')	▼	-138.23%	to	(16,707)	from	(7,013)
Basic loss per share (NPAT) (cents)	▼	-76.09%	to	(1.32)	from	(0.75)
Net tangible assets per share (cents)	▼	-65.36%	to	(1.50)	from	(0.91)

[1] Non-AIFRS item - see section 3 below.

[2] Revenue from ordinary activities excludes interest income, other miscellaneous revenue, and significant one-off government assistance.

Note:

The information contained in this Appendix, and the attached Half Year Financial Report, do not include all the notes of the type normally included in annual financial statements. Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001

Additional information supporting the Appendix 4D disclosure requirements can be found in the attached Directors' Report and the consolidated financial statements for the half-year ended 31 December 2022.

IncentiaPay Limited ABN 43 167 603 992
Level 6, Suite 7, 3 Spring Street, Sydney, NSW 2000, Australia
p +61 2 8256 5300 | e info@incentiapay.com.au |
www.incentiapay.com.au

3. Summary of 1HFY2023 Operational Results

Performance	Ref	Half Year ended 31 Dec 22 $'000	Half Year ended 31 Dec 21 $'000
Revenue			
Fee income - Paid advertising		341	267
Fee Income – Travel booking		12	19
Membership subscriptions		3,188	4,165
Enterprise sales		954	1,319
Seamless Rewards Success Fee		8	-
Gift card sales		4,765	4,325
Revenue from Ordinary Activities		**9,268**	**10,095**
Profit on sale of assets		-	10
Miscellaneous income		91	31
Total Gross Revenue[2,3]		**9,359**	**10,135**
Cost of gift cards		(4,622)	(4,200)
Operating costs		(8,494)	(11,864)
Underlying EBITDA[1]		**(3,757)**	**(5,929)**
Significant one-off items[1]			
Government assistance[2]		-	676
Asset impairment	**4.1**	(11,605)	(310)
Redundancy/termination costs		-	(252)
Share based payments	**4.2**	62	(173)
Other significant items		-	-
EBITDA[1]		**(15,300)**	**(5,988)**
Depreciation & amortisation		(458)	(628)
EBIT[1]		**(15,758)**	**(6,616)**
Net interest expense[2]		(949)	(397)
Profit/(loss) before tax		**(16,707**	**(7,013)**
Income tax benefit		-	-
Net profit/(loss) after tax		**(16,707)**	**(7,013)**

1 non-AIFRS items

2 Gross Revenue excludes interest income of $18k (2022: $17k), as this has been included in Net interest expense. No government assistance was received this period (2022: $676k, has been classified as a Significant one-off item)

Revenue

Revenue for ordinary activities 1HFY2023 was $9.3m compared to $10.1m in 1HFY2022. This included $0.35m, or 3.8% from fee income (2022: $0.29m, 2.8%), $3.2m, or 34.4% from membership sales (2022: $4.2m, 41.3%), $0.95m, or 10.3% from enterprise client sales (2022: $1.3m, 13.1%), $0.01m or 0.09% from Seamless Rewards which was a new revenue line item this half and $4.8m, or 51.42% from gift card sales (2022: $4.3m, 42.84%).

Government assistance was not received in 1HFY23, JobSaver of $676k was realised in 1HFY22 and was excluded from ordinary revenue and included as a significant one-off item when determining underlying EBITDA.

Membership revenue decreased by 23.5% primarily due to the recognition of revenue, which under accounting standards is earned over the period of the membership. Membership cash receipts in the first half of the FY2023 is 3% lower than the same period in FY2022.

Enterprise revenue decreased by 27.7% due to development work focused on re-platforming Frequent Values, resulting in delays in onboarding new Enterprise customers.

Advertising and travel combined is 23.4% up on the previous year due to the relaxing of COVID travel restrictions.

Gift cards continued to provide members with real value during FY2023, resulting in an increase in gift card sales of 10.2%. This increase reflects a continued trend in client preference and working efficiencies of the new apps.

Underlying EBITDA

Reported Underlying Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) loss for 1HFY2023 was $3.76m (1HY2022: loss of $5.9m), improvement in Underlying EBITDA is predominantly attributed to:

- Decreased operating expenditure, due to:
    - reduced employment and costs post a significant restructure in August 2022
    - reduced outsourced labour (technology contractors) due to completion of key technology / re-platforming projects.
    - External strategic support no longer required due to the completion of key strategic projects
- Offset by reduced:
    - Membership Sales revenue under-performing due to the impacts of lockdowns, extended restrictions, and border closures which impacted FY22 cash inflows and hence the recognition of the deferred revenue in 1HFY23.
    - Continued investment in our merchant content in both Seamless Rewards and Entertainment, which under the accounting standards is an operating expense.
    - Reduced Enterprise revenues compared to the prior corresponding period.

4. Significant One-off Items

4.1. Asset Impairment - ($11,605k)

Following a review of market conditions, historical performance and a review of the recoverable amount on all of the intangible assets on the balance sheet. IncentiaPay has adjusted forecast growth rates and other key on its Membership Sales and Enterprise businesses. This has resulted in an impairment charge of $11.61 million. This impairment pertains to all intangibles within the Entertainment Business Cash Generating Unit (CGU).

The assets on the Seamless Rewards business have not been impaired as management and the board believe there is sufficient growth opportunities to support its carrying value.

4.2. Share based payment - $62k

During FY2021, the Board approved and implemented a Loan Funded Share Scheme (LFS) for Ben Newling and former CEO 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.

During the period, $21k was amortised from equity reserve to the P&L and $83k was forfeited (credited) pursuant the terms of the scheme.

Ben Newling has resigned from the Company, effective 28 February 2022 after which all shares both vested and unvested, will be returned to the Company.

5. Non-IFRS Financial Information

Within this Appendix 4D 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 pandemic. See section 3 above for a reconciliation of non-IFRS information to the IFRS results presented in the attached interim financial report.

6. Dividends

No interim dividend was paid or proposed for the period.

7. Entities over which control was gained or lost during the period

No control was gained or lost over entities during the half year ended 31 December 2022.

8. Independent Auditor's Review

The condensed consolidated financial statements for IncentiaPay Limited and its controlled entities for the half year ended 31 December 2022 have been reviewed by the Group's independent auditors (KPMG) and a copy of their review report is included in the attached 31 December 2022 half-year financial report.

KPMG have noted the various factors set out in the going concern discussion included in Note 1 of the 31 December half-year financial report and have included 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.

Signed: Stephen Harris   Date: 28 February 2023

Stephen Harrison

Chair

INCENTIAPAY LIMITED

ABN 43 167 603 992

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2022

Contents

The Directors present their report on the consolidated entity IncentiaPay Limited and its controlled entities ("INP" or "the Group") for the half year ended 31 December 2022.

Directors

The following persons were Directors of Incentiapay Limited during or since the end of the half year, up to the date of this report:

- Stephen Harrison
- Jeremy Thorpe
- Charles Romito
- Dean Palmer

Company Secretary

Ben Newling (Resigned effective 28 February 2023), effective 1 March 2023, Sean Coleman will succeed as Company Secretary.

Review of Operations

Founded in 1994, as The Entertainment Book, Incentiapay has evolved to become Australia and New Zealand's Premier Entertainment, Lifestyle and Rewards Platform Operator for individuals and enterprises.

Our marketing programs connect merchants with consumers seeking great offers on dining, entertainment, lifestyle and leisure experiences through direct digital memberships and loyalty programs.

In addition, the Group has launched a new Seamless Rewards business aimed at providing point of sale loyalty and rewards programmes to key corporate customers.

We exist to support great causes, local businesses and provide our consumers an opportunity to give, get and share.

Financial Review

Revenue from ordinary activities decreased 8.2% versus the previous corresponding period to $9.3m. Revenue levels continued to be impacted in a post COVID environment with the Company facing challenges including reduced customer discretionary spending due to high inflation and higher interest rates.

In June 2022 the Company undertook a significant restructure, resulting in a 28% reduction to employee costs. This restructure was achieved due to the successful completion of a number of capital projects allowing for a lower 'go forward' cost base.

Separately, and following a review of macro-economic market conditions and expected industry growth rates and reviewing the historical performance of each business line, the Directors have fully impaired the intangible assets of the Entertainment Cash Generating Unit (CGU) this has resulted in an impairment charge of $11.37m.

The Company has continued its investment in its Seamless Rewards business which in the half has achieved its first revenues in the half. This is viewed as the key area of growth in the business with the Company undertaking a number of pilot programs with major corporate customers during the period.

The Company delivered an EBITDA loss of $3.7m before impairment (1HFY22 loss of $5.9m). Including impairment, the Company delivered an EBITDA loss of $15.3m (1HFY22 loss of $6.0m)

Cash and cash equivalents of $2.47m at end of the period together with undrawn facilities of $9.6m, provides the Company with sufficient short-term funding to manage existing operations and progress its Seamless Rewards business.

Revenue

Revenue from ordinary activities for First Half Financial Year 2023 (1HFY2023) was $9.3m compared to $10.1m in First Half Financial Year 2022 (1HFY2022). This included $0.35m, or 3.8% from fee income (2022: $0.29m, 2.8%), $3.2m, or 34.4% from membership sales (2022: $4.2m, 41.3%), $0.95m, or 10.3% from enterprise client sales (2022: $1.3m, 13.1%), $4.8m, or 51.4% from gift card sales (2022: $4.3m, 42.8%) and $0.01m from Seamless Rewards success fee, which is a new revenue line item this half.

Government assistance was not received in 1HFY2023 compared to $0.68m in 1HFY2022. The Company received $0.1m in other income relating to a sub-lease of its former premises which is reported as non-operating.

Membership revenue decreased by 23.5% which reflects the slow recovery post COVID and is amplified by the recognition of revenue, which under accounting standards is earned over the period of the membership. Membership cash receipts in the first half of the FY2023 is 3% lower than the same period in FY2022.

Enterprise revenue decreased by 27.7% due to development work focused on re-platforming Frequent Values, resulting in delays in onboarding new Enterprise customers.

Advertising and travel combined is 23.4% up on the previous year due to the relaxing of COVID travel restrictions.

Gift cards continued to provide members with real value during FY2023, resulting in an increase in gift card sales of 10.2%. This increase reflects a continued trend in client preference and working efficiencies of the new apps.

Net Loss After Tax

Reported net loss after tax (NLAT) for 1HFY2023 was $16.7m (1HY2022: loss of $7.01m), which is predominantly attributed to:

- $11.6m impairment of the Entertainment CGU
- Revenue under-performing because of the impacts of COVID-19 and recognition of FY22 cash inflows in the period
- Reduced operating expenditure due to reduced employment and contractor costs.

Operational Review

The IncentiaPay Platform ecosystem brings together merchants, consumers, and fundraisers, while supporting local economies and fundraising needs.

Seamless Rewards

During the half-year, IncentiaPay made solid progress with its B2B Seamless Rewards business, which is designed to provide tailored, entertainment-based incentives, loyalty, and rewards programs to large enterprise customers via a card-linked offer (CLO) or card scheme with an existing loyalty program.

The Company launched a travel cashback site for its high value programs, integrated its systems with Pokitpal, which has seen over 100 weekly transactions recorded and has undertaken a number of pilot programs with corporates, including a large credit card scheme.

B2B business

IncentiaPay is currently focused on re-platforming its B2B 'Frequent Values' product for its enterprise customers and expects to launch an engagement uplift program in order to increase engagement over the coming year.

The Company has executed multiyear agreements with a subsidiary of Seven West Media (ASX:SWM) as well as extensions of number of existing customers including NRMA and Zurich.

This half has seen the number of end users increase by more than 50% to 250 thousand. Out of these end users, more than 50 thousand users are using the new Apps with greater engagement levels than before. This gives the Company an opportunity to further leverage in H2.

B2C business

IncentiaPay remains focused on its strategic growth pillar of growing B2C business revenues. The B2C business showed signs of improvements in the half year, due to successful marketing campaigns including the Black Friday sales.

As at the end of the half, the Company had nearly 9,000 merchant offers, making IncentiaPay a market leader in the sector.

Outlook

IncentiaPay continues to invest in our people, merchants, operating platforms, entertainment-based incentives and loyalty and rewards programs to position the Company to benefit from the positive macro trends in loyalty programs. This investment, coupled with increased capability in our marketing and fundraiser investment streams, the Company remains hopeful of increased sales in the Entertainment CGU.

Further, IncentiaPay continues to leverage its merchant and corporate relationships to grow scale and distribution in its Seamless Rewards CGU. With the recent signing an agreement of a large global card scheme the Company is confident in growing revenues in the medium term.

ASIC Instrument 2016 / 191 Rounding in Financials/Directors' Reports

The Group is of a kind referred to in ASIC Instrument 2016/191. Accordingly, amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated.

Events after the end of the Interim Period

On 2 February 2023, Chief Financial Officer and Company Secretary Ben Newling tendered his resignation effective 28 February 2023. Current Chief Executive Officer Ani Chakraborty will assume the CFO responsibilities whilst the board conducts a search for a replacement. In addition, Sean Coleman has been appointed as Company Secretary effective 1 March 2023.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This Directors' report is signed in accordance with a resolution of the Board of Directors:

Dated this 28th day of February 2023.

Stephen Harrison
Chairman

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of IncentiaPay Limited

I declare that, to the best of my knowledge and belief, in relation to the review of IncentiaPay Limited for the half-year ended 31 December 2022 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Jeffrey Frazer

Partner

Gold Coast

28 February 2023

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2022

		Consolidated Group	
	Note	Half-year ended 31-Dec-22 $'000	Half-year ended 31-Dec-21 $'000
Revenue and other income	2	9,377	10,828
Direct expenses of providing services	3	(5,288)	(5,209)
Impairments	3	(11,605)	(310)
Employee expenses	3	(4,856)	(6,746)
Depreciation and amortisation expense	3	(458)	(628)
Building occupancy expense	3	(206)	(35)
Finance costs	3	(967)	(414)
Legal and professional costs	3	(184)	(2,073)
Marketing expenses	3	(941)	(390)
Website and communication		(711)	(1,100)
Bad debts	3	11	21
Other expenses		(879)	(957)
Loss before income tax		**(16,707)**	**(7,013)**
Tax benefit		-	-
Loss for the period		**(16,707)**	**(7,013)**
Net loss attributable to: Members of the parent entity		**(16,707)**	**(7,013)**
Other comprehensive income			
(Loss)/Gain arising from translating foreign controlled entities from continuing operations		38	6
Total comprehensive loss for the period		**(16,669)**	**(7,007)**
Loss per share			
Loss from continuing operations		(1.4)	(0.7)
Total		**(1.4)**	**(0.7)**

The accompanying notes form part of these financial statements.

		Consolidated Group	
		As at 31 Dec 2022 $'000	As at 30 June 2022 $'000
Current assets	**Note**		
Cash and cash equivalents		2,472	978
Trade and other receivables		787	1,226
Inventories		95	200
Other assets	5	1,069	1,503
Total current assets		**4,423**	**3,907**
Non-current assets			
Trade and other receivables		-	102
Right-of-use asset		6	22
Property, plant, and equipment		118	503
Intangible assets	6	974	12,322
Total non-current assets		**1,098**	**12,949**
TOTAL ASSETS		**5,521**	**16,856**
Current liabilities			
Trade and other payables		3,495	4,623
Lease liabilities		771	910
Borrowings	8	665	2,025
Deferred revenue	9	3,668	3,163
Provisions	7	553	829
Total current liabilities		**9,152**	**11,550**
Non-current liabilities			
Lease liabilities		-	310
Borrowings	8	14,139	6,125
Deferred revenue	9	234	78
Provisions	7	58	124
Total non-current liabilities		**14,431**	**6,637**
TOTAL LIABILITIES		**23,583**	**18,187**
NET ASSETS		**(18,062)**	**(1,331)**
EQUITY			
Issued capital	10	132,143	132,143
Reserves	11	465	489
Accumulated losses		(150,670)	(133,963)
TOTAL EQUITY		**(18,062)**	**(1,331)**

The accompanying notes form part of these financial statements

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021		**122,984**	**(118,559)**	**371**	**362**	**5,158**
Comprehensive income						
Loss for the period		-	(7,013)	-	-	(7,013)
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	6	-	6
Total comprehensive loss for period		**-**	**(7,013)**	**6**	**-**	**(7,007)**
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period[1]		8,618	-	-	-	8,618
Transaction costs of shares issued		(135)	-	-	-	(135)
Employee share-based payments[2]			227	-	(227)	-
Movement during the period[2]		-	-	-	173	173
Total transactions with owners and other transfers		**8,483**	**227**	**-**	**(54)**	**8,656**
Balance at 31 December 2021		**131,467**	**(125,345)**	**377**	**308**	**6,807**
Balance at 1 July 2022		**132,143**	**(133,963)**	**322**	**167**	**(1,331)**
Comprehensive income						
Loss for the period		-	(16,707)	-	-	**(16,707)**
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	38	-	**38**
Total comprehensive loss for period		**-**	**(16,707)**	**38**		**(16,669)**
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period		-	-	-	-	**-**
Transaction costs of shares issued		-	-	-	-	**-**
Employee share-based payments[2]		-	-	-	(83)	(83)
Movement during the period[2]		-	-	-	21	21
Total transactions with owners and other transfers		**-**	**-**	**-**	**(62)**	**(62)**
Balance at 31 December 2022		**132,143**	**(150,670)**	**360**	**105**	**(18,062)**

1 On 23 September 2021, Suzerain opted to convert $3,448,486 of their convertible loan into 104,740,097 ordinary shares at $0.033 per share, and subsequently, on 8 December 2021, the Group issued 235,003,892 shares at $0.022 under the entitlement offer.

2 Refer to note 11 for additional information related to share-based payments reserve.

	Note	Consolidated Group	
		Half-year ended 31-Dec-22 $'000	Half-year ended 31-Dec-21 $'000
Cashflows from operating activities			
Receipts from customers		10,972	11,104
Interest received		18	13
Interest paid		(10)	-
Government assistance received		-	676
Payments to suppliers and employees		(14,558)	(17,360)
Net cash used in operating activities		**(3,578)**	**(5,567)**
Cashflows from investing activities			
Purchase of property, plant, and equipment		(3)	(15)
Purchase of intangibles		(311)	(390)
Proceeds from sale of business assets		-	-
Proceeds from term investments		140	-
Net cash (used in)/provided by investing activities		**(174)**	**(405)**
Cashflows from financing activities			
Net proceeds from issue of shares		-	5,250
Proceeds from borrowings		6,500	3,728
Repayment of borrowings		(4)	-
Interest and other finance costs		(799)	(380)
Principal element of lease payments		(449)	(423)
Net cash provided by financing activities		**5,248**	**8,175**
Net increase/(decrease) in cash held		1,496	2,203
Effects of exchange rate changes on cash held		(2)	14
Cash and cash equivalents at beginning of financial period		978	3,228
Cash and cash equivalents at the end of the financial period in continuing operations		**2,472**	**5,445**

Note 1 | Summary of Significant Accounting Policies

Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Incentiapay Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2022, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2023.

Going concern

The 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 half the Group continued with its updates and enhancements associated with its technology platforms with efforts focused on the implementation of the Google owned Flutter framework, for both the Entertainment app and Frequent Value Enterprise customised apps. During this period, 7 Custom and 3 White label Apps have been released to transition Enterprise programs from the old platform to the new platform. In addition, the new Seamless Rewards platform, that offers Card Linked Offer (CLO)-compatible merchant content services provided via channel partners and Loyalty program operators has been released and has started generating first revenues.

On 31 December 2022 the Group had cash on hand of $2.47 million, net liabilities of $18.0 million and a net current asset deficiency of $4.7 million. During the year ended 31 December 2022, the Group incurred a net loss before tax from continuing operations of $16.7 million (or $5.1m before impairment charges) and incurred net cash outflows from operating activities of $3.58 million.

The Directors have prepared cash flow forecasts for the period from 1 January 2023 to 28 February 2024 that support the ability of the Group to continue as a going concern. Most notable aspects of the cash flow forecasts include:

- Deliver a reputable 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 Verrency, Pokitpal and EML.
- Targeted management of reactivations and renewals using enhanced capability made possible using an industry leading marketing analytics platform.
- Renewal rate on the Entertainment memberships remaining at 40%
- 4,000 reactivations of previous members per month
- 1.5-1 return on performance marketing investment with continued engagement from Periscope digital
- Continued ongoing investment in resourcing with the view to continue development in the Company's technology and marketing assets.
- Lower cost base than historical actuals, due to a restructure finalised in August 2022 with an estimated annualised saving of $4 million.
- Transitioning from platform development and build phase to a phase that is characterised by ongoing maintenance and feature enhancements.
- The ability for the Company to continue to draw the debt facility to its limit and to enter into flexible repayment terms
- 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 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 31 December 2022, the Group had undrawn financing facilities from Suzerain and related parties totalling $9.6 million. See note 8 for further information. This undrawn amount has reduced to $8.8 million at the date of the approval of this interim 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 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.

(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 financial statements have been rounded off to the nearest $1,000.

(f) 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.

(g) 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.
- 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.

Key estimates and judgements

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 will be exercised.

Key estimates

Measurement of Expected Credit Loss “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.

Deferred tax assets “DTA”
Availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

Goodwill and other intangibles
The Group assesses impairment at the end of each reporting period for each Cash Generating Unit “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 $11.61 million. This impairment pertains to all intangibles within the Entertainment Business CGU.

Further details on the key estimates used in the impairment evaluation and the impairment recognised in respect of goodwill or other intangibles for the half year ended 31 December 2022 can be found in note 6.

Software under development and available for use
Additional costs relating to the Card Linked Offer "CLO" rewards platform project were capitalised during the first half of the year ($0.3m) and the platform has been transferred to "ready to use" Technology & Software when it was in a condition for use as per the expectations of management.

Ready to use Technology & Software assets were amortised in accordance with the company accounting policies and resulted in an amortisation charge of $0.3 million for the half year ended 31 December 2022.

Management have reviewed the technology and software assets associated with the Seamless Rewards platform at the balance date. The assets have not been impaired due to:

1. $89k of 'ready to use' assets were amortised over the period in accordance with the accounting standards
2. Revenue projections, coupled with successful pilot programs with key corporate clients.

Further details on software under development and available for use can be found in note 6.

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:

- 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 subscription period. The subscription period commences when the membership is activated and expires after a period of between 3 to 24 months, depending on the applicable period of the membership type. Sometimes promotions could see memberships with special subscription periods.

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 the Company 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.
Fee income - Consulting and media	Revenue relates to rendering of information technology consulting services and it is recognised at point in time by reference to the stage of completion of the contract.

Type of services	Nature and timing of satisfaction of performance obligations and revenue recognition policies
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.
Seamless Rewards - Success Fee	Under the Seamless Rewards program, IncentiaPay receives transaction-linked revenue each time a cardholder transacts using a linked card at an IncentiaPay merchant.
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 attached to them and the grants will be received. In the corresponding reporting period, Government assistance relates to JobSaver payments received from July 2021 to December 2021 including an amount relating to COVID-19 business grants.

	Consolidated Group	
	Half-year Ended 31-Dec-22 $'000	Half-year Ended 31-Dec-21 $'000
Fee income-Paid advertising	341	267
Fee income-Travel booking	12	19
Membership subscriptions	3,188	4,165
Enterprise sales	954	1,319
Seamless Rewards Success Fee	8	-
Gift card sales	4,765	4,324
Revenue from contracts with customers	**9,268**	**10,094**
Profit on sale of assets[1]	-	10
Other income[2]	91	31
Government assistance[3]	-	676
Interest received	18	17
Total Revenue and other income	**9,377**	**10,828**

[1] Sales of miscellaneous office equipment

[2] During the current reporting period, the Group received rent from Harrington Street office sublease and reimbursement for marketing services provided by IncentiaPay staff.

[3] During the reporting period ending 31 December 2021, the Government assistance received relates mainly to the JobSaver program. For more details, please refer to the policy section of the revenue note.

Note 3 | Expenses

		Consolidated Group	
	Note	Half-year Ended 31-Dec-22 $'000	Half-year Ended 31-Dec-21 $'000
Direct expenses of providing services			
Amortisation of deferred commission	5	530	861
Enterprise book printing		6	7
Gift cards		4,622	4,200
Other		130	141
Total		**5,288**	**5,209**
Bad debts			
Movement in expected credit losses		(11)	(21)
Total		**(11)**	**(21)**
Employee expenses			
Employee related expenses		4,856	6,746
Total		**4,856**	**6,746**
Building occupancy expense			
Variable lease expense		206	35
Total		**206**	**35**
Finance costs			
Finance costs on borrowings		930	358
Interest expense on lease liabilities		27	52
Other finance costs		10	4
Total		**967**	**414**
Depreciation and amortisation expense			
Plant & equipment		153	176
Intangibles	6	288	341
Right-of-use assets		17	111
Total		**458**	**628**
Legal and professional costs			
Legal and professional fees related expenses		184	2,073
Total		**184**	**2,073**
Marketing expenses			
Marketing related expenses		941	390
Total		**941**	**390**
Impairments			
Leasehold Improvements		234	-
Goodwill	6	7,655	-
Brand name & international rights	6	3,000	-
Intangible assets	6	716	310
Total		**11,605**	**310**

Direct expenses of providing services
The 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 on 31 December 2022 are classified as inventory and carried on the balance sheet.

Impairment of intangible assets
See note 6.

Impairment of Leasehold assets
The leasehold assets and make good provision for a lease the Company is subletting has been impaired by $234k due to the lease terminating in October 2023 and management's view of the recoverable value of the asset.

Employee expenses
The main reason for the reduction in employee expenses is the significant cost rationalisation initiatives implemented by the company, previously announced to the ASX on 25 July 2022, which included a reduction of resources – both payroll and project-based contracting staff with an aim at delivering annualised cost savings of more than $4 million from the FY22 base.

Operational depreciation and amortisation costs
Amortisation of right of use assets relates to offices and office equipment assets recognised in accordance with AASB 16.

Finance costs
Operational finance costs are predominantly made up of establishment fees, interest, line fees and administration fees accrued on the loan facilities as can be seen in note 8. Interest expense on lease liabilities relates to offices and office equipment leases recognised in accordance with AASB 16.

Legal and professional Costs
The reduction in professional and legal fees can be associated with the conclusion in June 2022 of the agreement that previously saw external consultants provide strategic and project support.

Marketing expenses
The increase is mainly due to a marketing campaign with M&C Saatchi and Periscope Digital that focused on an above the line marketing acquisition strategy with the aim of building brand awareness and performance marketing with the view of increasing conversions for digital media.

Website and communication
This expense category includes information technology and telecommunications costs which includes infrastructure, software licencing, platform licencing, and networking expenditure. The reduction compared to the corresponding period relates to the conclusion of platform fees associated with legacy platforms.

Note 4 | Operating Segments

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 two segments, being the Entertainment business and Seamless Rewards business.

	Entertainment		Seamless Rewards[2]		Total	
	Half Year Ended		Half Year Ended		Half Year Ended	
	Dec 22 $'000	Dec 21 $'000	Dec 22 $'000	Dec 21 $'000	Dec 22 $'000	Dec 21 $'000
Revenue and other income	9,369	10,828	8	-	9,377	10,828
Direct expenses of providing services	(5,286)	(5,209)	(2)	-	(5,288)	(5,209)
Impairments	(11,605)	(310)	-	-	(11,605)	(310)
Employee expenses	(4,777)	(6,746)	(79)	-	(4,856)	(6,746)
Depreciation and amortisation expense	(369)	(628)	(89)	-	(458)	(628)
Building occupancy expense	(206)	(35)	-	-	(206)	(35)
Finance costs	(967)	(414)	-	-	(967)	(414)
Legal and professional costs	(184)	(2,073)	-	-	(184)	(2,073)
Marketing expenses	(941)	(390)	-	-	(941)	(390)
Website and communication	(615)	(1,100)	(96)	-	(711)	(1,100)
Bad debts	11	21	-	-	11	21
Other expenses	(568)	(957)	(311)[1]	-	(879)	(957)
Loss before income tax	**(16,138)**	**(7,013)**	**(569)**	-	**(16,707)**	**(7,013)**

1. Other expenses in Seamless Rewards consists of fees paid for contracting merchants to participate in the group's Seamless Rewards program.
2. The Card Linked Offers CGU was first referenced in the June 2022 annual report however the group has now decided to rename this CGU to Seamless Rewards going forward. The group always refers to this new product as Seamless Rewards in all announcements to the market.

Revenue by geographical location

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. Revenue attributable to external customers and other income is disclosed in the below table relative to the country in which it is derived and invoiced.

	Half-year ended 31-Dec-22 $'000	Half-year ended 31-Dec-21 $'000
Australia	8,776	9,861
New Zealand	601	967
Total	**9,377**	**10,828**

Note 5 | 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 leased premises. Prepayments are the right to receive future goods or services within the next 12 months.

	Consolidated Group	
	Half-year ended 31-Dec-22 $'000	Year ended 30-Jun-22 $'000
CURRENT		
Short term investments[2]	436	576
Prepayments	152	423
Deferred commission[1]	481	504
TOTAL OTHER ASSETS	**1,069**	**1,503**

1. 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.
2. Short-term investments are all security deposits held with banks.

	Deferred commission $'000
30 JUNE 2022	
Balance as at 1 July 2021	893
Commission deferred	1,127
Amortisation	(1,516)
BALANCE AS AT 30 JUNE 2022	**504**
31 DECEMBER 2022	
Balance as at 1 July 2022	504
Commission deferred	507
Amortisation	(530)
BALANCE AS AT 31 DECEMBER 2022	**481**

Note 6 | 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.

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 recognised.

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.

Movements in Intangible Assets

	Goodwill	Technology and software	Software under development	Brand name & international rights	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	**10,091**	**1,814**	**908**	**3,000**	**15,813**
Additions-internally developed	-	-	800	-	800
Transfers[2]		647	(647)	-	-
Amortisation charge	-	(676)	-	-	(676)
Impairment	(2,434)[4]	(871)[1]	(310)[1]	-	(3,615)
BALANCE AS AT 30 JUNE 2022	**7,657**	**914**	**751[3]**	**3,000**	**12,322**
Balance as at 1 July 2022	**7,657**	**914**	**751**	**3,000**	**12,322**
Additions-internally developed	-	-	311	-	311
Transfers[5]		1,062	(1,062)	-	-
Amortisation charge	-	(288)	-	-	(288)
Impairment[6]	(7,657)	(714)	-	(3,000)	(11,371)
BALANCE AS AT 31 DECEMBER 2022	**-**	**974**	**-**	**-**	**974**

1 During the previous 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.

2 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.

3 The remaining $751k in Software under development at 30 June 2022, relates to the groups Card Linked Offer rewards platform which was expected to be transferred to Technology and Software in FY2023.

4 Goodwill was impaired following the value in use calculation performed as at 30 June 2022 in the Entertainment CGU.

5 On 30 September 2022, the groups Card Linked Offer rewards platform was transferred to Technology and software when it was in a condition for use as per the expectations of management.

6 Following the value in use calculation as at 31 December 2022, all intangible assets in the Entertainment CGU have been impaired.

Assessment 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 form other cash inflow of other assets of the Group. Where it is not possible 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 (comprising the Group's Entertainment and Frequent Values businesses) involves judgement. In this case, the CGU's of the Group are considered to be the Entertainment Business and the new Card Linted Offer (CLO or Seamless Rewards) business.

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 on whether the carrying value of the Group's 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 a higher risk of impairment due to the reliance on an improvement in consumer sentiment evidence through increased spending on hospitality and leisure activities, Merchant honouring offers, inflation and cost of living kept under control, and the success of the Company's short-term investments i.e. marketing.

The recoverable amount of the Entertainment Business CGU is determined based on a value-in-use calculation, covering a detailed five-year forecast, followed by an expected cash flow for the unit's remaining useful life using the growth rates determined by management. Where appropriate the value of any proposed sale of cash-generating units has been considered and the model includes a sensitivity analysis allowing for a range of growth rates.

Allocation of goodwill and indefinite life assets to CGU's

Goodwill and Brand and International Rights in the Entertainment CGU has been impaired to $0, intangible assets in the Seamless Rewards CGU has been recorded as 'software assets'.

A summary of the goodwill and brands allocated to each CGU for the period ended 31 December 2022, post impairment charges, is presented below:

	Entertainment and Frequent Value CGU $'000	Seamless Rewards CGU $'000	Total $'000
Goodwill	-	-	-
Brands and international rights	-	-	-
BALANCE AS AT 31 December 2022	**-**	**-**	**-**

Impairment losses and recoverable amounts

During 1HFY23, impairment losses totalling $11,371,326 have been recognised in respect of the following CGU's. 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	Seamless Rewards CGU $'000	Total $'000
Carrying value of CGU assets	13,680	974	14,654
Recoverable amount	2,075	974	3,049
IMPAIRMENT CHARGE AT 31 December 2022[1]	**11,605**	**-**	**11,605**

[1] Intangible assets were impaired following the value in use calculation performed as at 31 December 222. The impairment amounts to $11,371,326 has been recorded and presented as an impairment charge in the profit and loss. Additionally, the leasehold assets and make good provision for a lease the Company is subletting has been impaired by $234,000 due to the lease terminating in October 2023 and management's view of the recoverable value of the asset. The remaining assets in the CGU, as outlined above, have not been impaired below their individual recoverable values.

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

Cash flows used in the value-in-use calculations are based on forecasts produced by management which have been approved by the Board. Forecasts for HY2023 consider some increased level of sales from the significant investment in performance marketing, reduced costs from the restructure and cost out program in June 2022, 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 31 December 2022.

The resulting impairment charge in 1HFY2023 is driven by changes in the underlying assumptions of the forecasts, as compared to FY22. The revision in these underlying assumptions primarily includes a reduced level of marketing investment at a reduced rate of return, which has resulted from facts and circumstances that have arisen during 1HFY2023. The revision in these underlying assumptions have a pervasive impact throughout the remaining periods of the forecasts.

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

	Entertainment Business CGU 1H FY23	Entertainment Business CGU FY 2022
Long term growth rate (terminal value) [1]	2%	2%
Post tax discount rate[2]	15%	14%
Revenue growth rates – year 1	15%[3]	18%
Revenue growth rates – year 2	8%[3]	29%
Revenue growth rates – year 3 to 5	5%[4]	5%

1 Based on long-term expectations consistent with forecast included in industry reports.
2 Reflect specific risks relating to the CGU.
3 Revenue growth rates are the most appropriate driver for the key inputs into the impairment model and growth rates is calculated from the calendar year 2022 actual. The key assumptions for the 2023 and 2024 years includes:

- For the 2023 calendar year, the cash flows assume growth from investment in performance marketing. Investment is included in the discounted cash flow for both 2023 and 2024 calendar years to the extent of $1.2 million per year and assumes a return of $1.50 for each dollar invested per year. The forecast growth also includes the business selling bulk memberships to a range of corporate customers
- Renewal and reactivation rates applied to memberships that have expired. The cash flows assume a 40% renewal rate and 4,000 re-activated customers per month.
- 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 re-platforming and will form the basis of some of the revenue

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

Note 7 | 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.

ANALYSIS OF TOTAL PROVISIONS	Half-year ended 31-Dec-22 $'000	Year ended 30-June-22 $'000
Current		
Make good provision	85	-
Employee benefits[1]	468	829
Total current provisions	**553**	**829**
Non-current		
Make good provision	-	78
Employee benefits[1]	58	46
Total non-current provisions	**58**	**124**
TOTAL PROVISIONS	**611**	**953**

1 The reduction is due to significant cost rationalisation initiatives implemented by the company, which included a reduction of payroll resources.

	Make good provision $'000
HALF YEAR ENDED 31 DECEMBER 2022	
Balance as at 1 July 2022	**78**
Additional provisions[1]	7
BALANCE AS AT 31 DECEMBER 2022	**85**

[1]The Make good provision currently reflects the net present value of the expected make good obligation at the end of the lease for the Sydney office which expires October 2023.

Note 8 | Borrowings

Accounting policy

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	
	Half-year ended 31-Dec-22 $'000	Year ended 30-June-2022 $'000
CURRENT		
New Gold Coast holdings loan facility		-
Transformational capital facility	-	1,208
Additional growth capital facility	-	184
Interest bearing loan	665	633
TOTAL CURRENT BORROWINGS	**665**	**2,025**
NON-CURRENT		
New Gold Coast holdings loan facility	12,877	6,097
Transformational capital facility	1,238	
NZ Business Cashflow Loan	24	28
TOTAL NON-CURRENT BORROWINGS	**14,139**	**6,125**
TOTAL BORROWINGS	**14,804**	**8,150**

	Interest bearing loan $'000	Additional growth operational facility $'000	Transformational capital facility $'000	New Gold Coast Holdings Loan facility $'000	NZ Business Cashflow Loan $'000
Facility limit	500	-	1,200	22,500[2]	28
Unused facility	-	-	-	9,623	-
Interest rate	10% per annum	10% per annum	12.5% per annum	12.5% per annum	3% per annum[1]
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	31/12/2024	31/12/2024	16/07/2025
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
Drawn down as at 1 July 2022	**633**	**184**	**1,208**	**6,097**	**28**
Drawn down	-	-	-	6,500	-
Interest expenses	32	-	76	590	-
Line fees	-	-	12	-	-
Admin fees	-	-	-	220	-
Interest paid	-	-	(50)	(310)	-
Line fees paid	-	(184)	(8)	-	-
Admin fees paid	-	-	-	(220)	-
Loan repayments	-	-	-	-	(4)
Drawn down as at 31 DECEMBER 2022	**665[3]**	**-**	**1,238[4]**	**12,877**	**24**

1. Monthly repayments have commenced that will see this loan fully repaid by July 2025.
2. The loan facility increased from $5 million to $22.5 million on 23 May 2022 upon gaining shareholder approval at the EGM.
3. The facility limit has been exceeded due to additional interest being charged while the group renegotiates the repayment terms of this facility.
4. 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 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 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 $0.66m (Including interest) and will remain as a secured interest-bearing loan until repaid. The Interest-bearing loan matured on 30 September 2020. The updated repayment terms have not yet been agreed. It is expected that the loan will be repaid in the coming months using funds from the NGCH facility.

Additional growth operational facility

The Group entered 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 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 were 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 has been renegotiated and has been deferred to December 2024.

New Gold Coast Holdings 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 20th of January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). During the EGM on 23rd 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 31 December 2022 an amount of $12.9m was utilised, with a further $9.6m available.

NZ Business Cashflow Loan

The Group applied for and was granted a one-off loan provided by New Zealand government in July 2020 to support New Zealand business during the Pandemic. Monthly repayments have commenced that will see this loan fully repaid by July 2025.

Note 9| Deferred revenue

Accounting policy

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

	Consolidated Group	
	Half-year ended 31-Dec-22 $'000	Year ended 30-June-22 $'000
CURRENT		
Deferred Revenue	3,668	3,163
TOTAL CURRENT DEFERRED REVENUE	**3,668**	**3,163**
Deferred Revenue	234	78
TOTAL NON-CURRENT DEFERRED REVENUE	**234**	**78**
TOTAL DEFERRED REVENUE	**3,902**	**3,241**

	Deferred revenue $'000
YEAR ENDED 30 JUNE 2022	
Balance as at 1 July 2021	4,558
Revenue deferred	9,047
Revenue recognised	(10,364)
BALANCE AS AT 30 JUNE 2022	**3,241**
HALF-YEAR ENDED 31 DECEMBER 2022	
Balance as at 1 July 2022	3,241
Revenue deferred	4,827
Revenue recognised	(4,166)
BALANCE AS AT 31 DECEMBER 2022	**3,902**

Note 10 | Issued Capital

There has been no movement in Issued Capital during the current reporting period. Please refer to the 30 June 2022 annual report for more details.

Note 11 | 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 a substance option and share based payments were measured using a Monte Carlo simulation model.

No changes in employee and executive shared based schemes occurred during the current reporting period.

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.

	Consolidated Group		
	Share based payments reserve $'000	Foreign currency translation reserve $'000	Total $'000
Balance as at 1 July 2021	**362**	**371**	**733**
Amortised during the period	201	-	201
Forfeited during the period	(227)	-	(227)
Movement during the period	(169)	(49)	(218)
BALANCE AS AT 30 JUNE 2022	**167**	**322**	**489**
Balance as at 1 July 2022	167	322	489
Amortised during the period	21	-	21
Lapsed during the period	(83)	-	(83)
Movement during the period	-	38	38
BALANCE AS AT 31 DECEMBER 2022	**105**	**360**	**465**

Share based payments – loan funded shares

Under the applicable accounting standards, the loan funded shares are accounted for as options, which give rise to share based payments. During the half year ended 31 December 2022, changes were accounted for through the shared based payments reserve due to the continued amortisation for Ben Newling.

	Held on 30 June 2022	Lapsed	Granted as Compensation	Held on 31 December 2022	Vested and exercisable on 31 December 2022
Ben Newling[1]	11,585,043	5,382,791	-	6,202,252	3,668,323
Total	**11,585,043**	**5,382,791**	**-**	**6,202,252**	**3,668,323**

1, Ben Newling has resigned, effective 28 February 2023. Post resignation, the remaining unvested shares will be forfeited and returned to the company.

	Share based payments reserve		
	Henry Jones $'000	Ben Newling $'000	Total $'000
Balance as at 1 July 2021	254	108	362
Amortised during the period[1]	142	59	201
Forfeited during the period[2]	(227)	-	(227)
Movement during the period[2]	(169)	-	(169)
BALANCE AS AT 30 JUNE 2022	**-**	**167**	**167**
Balance as at 1 July 2021	-	167	167
Lapsed during the period	-	(83)	(83)
Amortised during the period	-	21	21
BALANCE AS AT 31 DECEMBER 2022[3]	**-**	**105**	**105**

1 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

2 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 were allocated in February 2022. The modification has been fair valued through the profit and loss as at 30 June 2022.

3 At 31 December 2022, only Ben Newling has shares remaining. Of the original 11,585,043 shares, Mr Newling only has 6,202,252 remaining at 31 December 2022.

Note 12 | Fair Value Measurement

Financial assets and liabilities are measured at either fair value or amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There have been no changes in the nature of the financial assets or liabilities or changes to the way the Group measures fair value since 31 Dec 2022. Refer to the 30 June 2022 consolidated financial statements for further information. The carrying amounts of all financial assets and liabilities recognised in the consolidated interim financial statements approximate their fair value.

Note 13 | 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. IncentiaPay has funded $0.5m during the reporting period ending 30 June 2022. During the half year ended 31 December 2022, the Group paused development and expenditure on the joint arrangement. The developed assets remain controlled by the three participants through a contractual arrangement.

In the event the assets are commercialised, the Group will recognise: 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 will be 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.

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:

	Half-year ended 31-Dec-22 $'000	Half-year ended 31-Dec-21 $'000
Current Assets		
Prepayments[2]	-	30
Total[1]	**-**	**30**

1. 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.
2. Prepayments include payments to Junovate Pty Ltd for services, to be settled from future profit distributions under the provisions of the joint arrangement.

Note 14 | Events after the end of the Interim Period

On 2 February 2023, Ben Newling resigned as Chief Financial Officer and Company Secretary effective 28 February 2023. On 1 March 2023, current Chief Executive Officer Ani Chakraborty will assume CFO responsibilities, in addition Sean Coleman will be appointed the Company Secretary.

Note 15 | Contingent liability

Security deposit

The parent entity has given the following guarantees as at 31 December 2022:

- Lease of the Sydney office space, $0.3m.
- Guarantee for credit cards facility, $0.1m.

Directors' Declaration

In accordance with a resolution of the directors of Incentiapay Limited, the Directors of the company declare that:

1. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The financial statements and notes, as set out on pages 7 to 27, are in accordance with the Corporations Act 2001 and:

a) comply with Accounting Standard AASB 134: Interim Financial Reporting, and

b) give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of the performance for the half-year ended on that date.

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

Dated this 28th day of February 2023.

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Stephen Harrison

Chairman

KPMG

Independent Auditor's Review Report

To the shareholders of IncentiaPay Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of Incentia-Pay Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of IncentiaPay Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2022 and of its performance for the ***Half-year*** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises IncentiaPay Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

The ***Interim Period*** is the 6 months ended on 31 December 2022.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of IncentiaPay Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Review Report.

Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the Half-year Financial Report. The events or conditions disclosed in Note 1, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Half-year Financial Report. Our conclusion is not modified in respect of this matter.

[Emphasis of matter – basis of preparation and restriction on use and distribution

We draw attention to Note 1 to the Half Year Financial Report, which describes the basis of preparation.

The Half Year Financial Report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001* and *Australian Accounting Standard AASB 134: Interim Financial Reporting*. As a result, the Half Year Financial Report and this Auditor's Report for the review of the Half Year Financial Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Our report is intended solely for the shareholders]of IncentiaPay Limited and should not be used by parties other than the shareholders of IncentiaPay Limited. We disclaim any assumption of responsibility for any reliance on this report, or on the Half Year Financial Report to which it relates, to any person other than the shareholders of IncentiaPay Limited or for any other purpose than that for which it was prepared.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Jeffrey Frazer

Partner

Gold Coast

28 February 2023