incentiapay

Annual Report

FOR THE YEAR ENDED 30 JUNE 2022

2022

ASX-listed IncentiaPay is the owner of Australia and New Zealand's Entertainment Membership App and corporate Frequent Values product. Entertainment builds communities where everyone wins, through experiences, savings, philanthropy and the building of businesses. Helping others is at the heart of what we do.

Entertainment is an iconic brand with a 27-year history providing one of the largest portfolios of lifestyle offers and content in the market.

There are over 50 Entertainment employees working across Australia and New Zealand, with headquarters in Sydney.

Members

A choice of Memberships provide access to thousands of 2-for-1 and up to 50% off offers from over 6,500 business partners in dining, travel, activities, and retail across over 12,500 partner locations in Australia and New Zealand. Our offers are available across 20 major cities, regional areas, and country towns. Entertainment is about discovering new experiences and creating memories with family and friends all while helping a good cause.

Fundraising groups

An Entertainment Membership allows savvy consumers to do more of what they value and love every day, while at the same time saving money and helping a good cause. With up to 20 per cent of Membership sales going directly to fundraisers, Entertainment has helped almost 11,000 charities, large and small, local primary and high schools, sports clubs and community groups reach their fundraising goals this financial year.

Merchant partners

Entertainment drives new business and revenue growth through word of mouth and exclusive marketing programs for contemporary and casual dining Merchants, retail outlets, and travel and leisure partners.

Enterprise clients

Entertainment's bespoke dining and leisure benefits product provides organisations and major brands with trusted and well-known loyalty programs, featuring always-on special offers across dining, takeaway, travel, and wellbeing to help retain existing customers, reduce lapsed customers, and acquire new ones. Over 30 corporate clients including household names such as Zurich, HSBC and Budget Direct provide this offering to their clients.

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Chairman's Introduction

Dear Shareholders,

On behalf of the Board of Directors of IncentiaPay, I am pleased to present to you the 2022 Annual Report.

The past financial year has seen IncentiaPay make strong progress with its business transformation to rebuild the technology platform for its 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.

The new business, a B2B2C platform called Seamless Rewards, offers Card Linked Offer (CLO)-compatible Merchant content services that are provided via channel partners and Enterprise Loyalty program operators such as banks or other enterprises. By way of explanation, CLO offers are cashback offers that consumers automatically receive by transacting in-store or online after linking their debit or credit cards to a participating loyalty program.

The Seamless Rewards business, in time, will provide us with a more diversified revenue base and allow us to further leverage our leading loyalty and rewards content.

At the same time, we have focussed on returning our two core businesses, Entertainment B2C and Frequent Values B2B, to profitability following the extremely challenging years of COVID-19. We are aiming to return the business back to a profitable path via the management of Membership renewals and reactivations, improved marketing campaigns and new payment options (i.e. Afterpay).

Broadly, our strategy to deliver value and growth is as follows:

- Frequent Values – Position it as the pre-eminent 'Show and Save' Enterprise Loyalty program in Australia and NZ
- Entertainment – Deliver strong growth in revenues and Memberships through better management of renewals, reactivations and new Member acquisitions with improved marketing campaigns and product features
- Seamless Rewards – Deliver the most reputed Card Linked Offer (CLO)-ready content services to all CLO-based Loyalty Programs

> **"...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."**

We aim to deliver these business growth priorities through a lean, digitally enabled operating model.

In December, Ani Chakraborty succeeded Henry Jones as IncentiaPay's Chief Executive Officer and has made a seamless transition in the role. On behalf of the Board, I'd again like to thank Henry for his leadership of the Company through its transition from 'The Entertainment Book' to our current digital offering and establishing our growth strategy.

During the year, we initiated significant cost reductions aimed at delivering annualised cost savings of more than $4 million from the FY22 base (to be realised throughout FY23) and accelerate our path to operating cash break even. The cost reductions are in line with our ongoing investment in technology and strategy to drive growth in our Seamless Rewards platform and restore revenues in our core B2B and B2C businesses.

Our gross operating revenues in FY22 were $19.96 million; a 2.7% increase from the prior year.

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 $5.2 million.

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

Over the past 36 months, Suzerain has injected $29 million in new equity capital into IncentiaPay to fund our business strategy.

In March, we 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 full commitment to the business strategy whilst also providing us with the financial certainty and flexibility required to expedite our transformation projects and execute our growth strategy.

On behalf of the Board, I would like to acknowledge our CEO, Ani Chakraborty, our executive leadership team and all employees, Members and partners for their support and hard work through the past year.

I would also like to thank our shareholders and debt providers for their continued support of IncentiaPay, especially through a difficult few years.

Finally, I would like to thank my colleagues on the Board for their contributions and guidance.

Stephen Harrison
Chairman

CEO's Review

CEO's Review

Dear Shareholders,

I am delighted to be presenting my first Annual Report as Chief Executive Officer of IncentiaPay.

Whilst the Company has endured a difficult few years, I am excited about the opportunities for our business and I am confident that our strategy will set us up for growth over the years ahead.

As the Chair alluded to, our business and growth strategic plan has four key pillars:

1. **Entertainment Digital Membership:** Focus on growing our core B2C revenue.
2. **Frequent Values:** Growing our active audience in our B2B Enterprise business, allowing us to drive effective engagement uplift campaigns
3. **Seamless Rewards:** In time, build scale for our new transaction-linked Seamless Rewards Card Linked Offer (CLO)-based business
4. **Cost optimisation:** Deliver business growth priorities through a lean, digitally enabled operating model

Our vision and ambitions are threefold:

- **Entertainment Digital Membership:** Re-position Entertainment as the pre-eminent fundraising solution for Fundraisers in Australia and New Zealand, improve our app and Member satisfaction, and launch our brand 'live' in the market
- **Frequent Values:** Position our B2B Frequent Values solution as the pre-eminent 'Show and Save' Enterprise Loyalty program in Australia and New Zealand
- **Seamless Rewards:** Deliver the most reputed CLO-ready content services to all CLO-based Loyalty Programs via our new B2B2C Seamless Rewards business

Operational Review

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

During the year, we planned significant cost reductions to accelerate our path to operating cash break-even and position the Company for long-term growth, which culminated in a $4 million reduction as announced to marked on 25 July 2022. 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.

B2C (Entertainment)

During the financial year, IncentiaPay remained focused on its strategic growth pillar of growing its core B2C business via the management of renewals and reactivations, improved marketing campaigns and new payment options (eg. Afterpay).

The B2C business showed an improvement, recording one of the largest days of Membership sales in FY22. Membership sales cash receipts are also increasing, with receipts in the June quarter of 4 times higher than in Q3.

IncentiaPay also completed the re-platforming of its B2C (Entertainment) App using the Google Flutter platform. The re-platforming gives the Company the ability to implement its product roadmap and improve features to meet Member expectations.

As at the end of the financial year, the Company had over 12,500 Merchant partner locations, making IncentiaPay a market leader in the sector.

B2B (Frequent Values)

The re-platforming of the base framework for IncentiaPay's B2B app was also completed during FY22 using Google Flutter. This has given the Company the ability to implement its product roadmap and improve its features to meet customer expectations.

The majority of IncentiaPay's B2B customers will be migrated to the new app throughout FY23 providing significantly improved user interface and improved functionality.

Seamless Rewards

During the year we launched a live-pilot of our B2B2C Seamless Rewards platform, with the platform already generating first revenues through two programs that are currently in market. IncentiaPay also executed several agreements with additional partners including Verrency, Opensparkz, PayWith and EML.

These agreements give IncentiaPay access to a large audience of end customers and provide us with the ability to distribute our suite of offers from our 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.

Senior leadership team changes

During the financial year, there were some changes to our senior leadership team. Our Chief Operating Officer (COO) and Company Secretary, Ben Newling was appointed as the Company's Chief Financial Officer effective from 1 January 2022 and maintained his existing role as Company Secretary.

The COO function was amalgamated into a Chief Technology and Operations Officer 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 21 June 2022, we 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, we brought in senior professionals in key roles across the business. 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
- Louise Lee has been brought in to lead our People and Culture function. Ms Lee brings more than 18 years of Human Resources experience and successfully led her previous organisations through business transformations

Financial Performance

FY22 revenues totalled $19.96 million, up 2.7% on the previous corresponding period, primarily due to an increase in gift card sales.

Underlying EBITDA[1] totalled ($9.57 million), down 298% on the previous corresponding period. This was primarily due to investments in setting the foundation for Seamless Rewards business and IncentiaPay's technology re-platforming.

Cash Position

As at 30 June 2022, cash reserves totalled $0.98 million. In addition, the Company had an undrawn remaining cash facility available of $16.4 million.

Receipts from customers increased 7% to $20.87 million, driven by a post COVID-19 recovery in Membership subscription revenue, particularly in May and June.

Outlook

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

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

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

In closing, I'd like to thank our Member base, Fundraiser groups, Merchant partners and Enterprise clients for their continued support.

I'd also like to thank you, our shareholders for your faith in the longer-term potential of this Company.

Finally, a big thank you to the team at IncentiaPay for all their hard work and dedication.

Ani Chakraborty
Chief Executive Officer

1. Underlying EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation before one-off, unusual, and significant items not representative of the companies' normal operational activities. This non-IFRS measure has not been subject to audit or review.

Financial Review

Financial Review

Gross revenue for FY22 was $20.6 million, underlying EBITDA[1] for FY22 was a loss of $9.6 million, and negative operating cash flow was $12.2 million. Net loss after tax (NLAT) from ordinary activities was $15.6 million. Australian revenue accounted for $18.9 million, or 91.5 per cent (FY21: $17.5 million, 90.2 per cent), while New Zealand revenue accounted for $1.8 million, or 8.5 per cent (FY21: $1.9 million, 9.8 per cent).

Gross Revenue

Overall gross revenue for FY22 was $20.6 million compared to $19.4 million in FY21. This included $0.7 million, or 3.4 per cent from fee income and paid advertising (FY21: $0.7 million), $7.8 million, or 37.9 per cent from Membership sales (FY21: $8.2 million), $2.6 million, or 12.6 per cent from Enterprise client sales (FY21: $3.0 million) and $8.6 million, or 41.7 per cent from gift card sales (FY21: $7.3 million). Government assistance provided during the financial year was $0.7 million (2021: $2.4 million) and consisted of a COVID-19 Business Grant of $0.1 million and NSW JobSaver payments of $0.6 million. JobSaver has been presented as an item of revenue during the 2022 financial year, compared to JobKeeper in prior years, which was presented as a reduction to employee expenses.

Although operating revenue has increased 2.7 per cent, this increase has been driven by the increase in gift card sales of 17.5 per cent, with key operating revenues still being impacted by both technology platform transformations associated with Enterprise and Corporate customers, and continuing effects of COVID-19. Business to Consumer (B2C) revenue, being the Entertainment Membership subscriptions, decreased 4.9 per cent because of 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 1H FY22 and during the last quarter.

The increased sales trend experienced headwinds in the 3rd quarter due to the Omicron variant affecting the hospitality and leisure industry via supply chain constraints and availability of staff.

The June quarter of FY22 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 FY23 with the Group launching a significant brand and advertising campaign in the first half of FY23.

The Enterprise business invested heavily in the re-platforming of Frequent Values customers and relaunched multiple new customised apps and white-label apps during the second half of FY22. This was an extensive re-platforming program with the aim of positioning the corporate product on a solid foundation for the future. Delays in corporate renewals during FY22 due to this program of work is what drove the lower revenue in FY22. Given this, the business achieved their goal of minimising the impact.

Gift card sales increased 17.5 per cent 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 per cent increase year-on-year 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-19 volumes, but more importantly to target new areas of marketing opportunities and affiliation.

1. Underlying EBITDA is defined as Earnings Before Interest, Tax, Depreciation and Amortisation before one-off, unusual, and significant items not representative of the companies' normal operational activities. This non-IFRS measure has not been subject to audit or review.

Net loss after tax and impairments

Reported net loss after tax (NLAT) from ordinary activities in FY22 was $15.6 million compared to a net loss after tax from ordinary activities in FY21 of $8.4 million. The net loss was predominantly attributed to:

- The Government assistance changes between FY21 and FY22 with JobKeeper being replaced by the NSW backed JobSaver program, resulting in less support.
- Continued investment in core business technology platforms.
- Re-platforming of the Entertainment App to the Google based Flutter technology for a better user experience and flexible open-source technology stack.
- Investment in the re-platforming 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 Wine Bunch, an online marketplace in partnership with Junovate and Spineka.
- External strategic support during the first half of FY22 to guide, manage and drive key transformation initiatives.
- Impairment write-offs associated with the re-platforming of the previously developed Entertainment app and the Entertainment website, as well as Goodwill.
- Restructure and re-alignment costs associated with cost reduction and future sustainability strategies.

The cost-based strategies described above are focused towards:

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

Restructuring costs

As part of the Company's focus on achieving operating cash break-even, a significant cost rationalisation program was launched at the end of FY22, impacting both payroll and project-based contracting staff – aimed at delivering annualised cost savings of more than $4 million.

Discontinued operations

During the financial year the Group did not divest or discontinue any operations.

Debt management

During the second half of FY22, IncentiaPay secured an additional funding facility with New Gold Coast Holdings Limited (NGCH), an associate of IncentiaPay's majority shareholder, Suzerain Investments Holdings Limited. This commitment was governed via a convertible loan deed with NGCH. Additional detail covering this facility is included in the notes to the annual financial statements.

The extended funding facility was secured after an extensive capital management review and is focused on:

- Expediting technology investment and Merchant content acquisition resourcing in IncentiaPay's new B2B2C Seamless Rewards business unit;
- Growing revenues in the existing B2C (Entertainment) and B2B (Frequent Values) business units through technology enhancements, new marketing initiatives and increased Merchant content acquisition; and
- Enhancing IncentiaPay's capability to support its valued Not-for-Profit partners in meeting their fundraising objectives.

The facility, which was approved by shareholders at an Extraordinary General Meeting on 23 May 2022, provides the Group with $22.5 million, of which $17.5 million is new funding, and is secured over the Group's present and future assets.

Dividends

No dividend has been declared in relation to the FY22 results. The Board of Directors of IncentiaPay do not expect to declare any dividends in FY23.

The Leadership Team

Board of Directors

Meet Incentiapay's Board of Directors – A group of knowledgable business executives with a track record of growing and building businesses.

Stephen Harrison
Chairman

Stephen Harrison has over 35 years of experience in the financial services, funds management, private equity, and accounting fields.

He has held director positions with Investec Funds Management and the Australian subsidiary of US based fund manager Sanford C. Bernstein. He has been a founder and held Directorships in a number of listed companies both in Australia and overseas.

He is currently Chairman of NobleOak Life Limited and Aumake Ltd.

Dean Palmer
Non-Executive Director

Dean Palmer is a chartered accountant with more than 20 years of experience.

He is the founder and CEO of Skybound Fidelis Investment Limited - a specialist structured finance, commercial credit, and property fund manager. He has held numerous senior executive roles both in Australia and the UK.

He has a Bachelor of Commerce, Bachelor of Laws and is a member of Chartered Accountants Australia.

Charles Romito
Non-Executive Director

Charles Romito is an experienced management consultant and investment professional. He was previously in the London office of the global strategy consultancy McKinsey & Company and a co-founder of their Innovation & Growth Strategy practice. Charles is currently a Partner with Corpus Transformation Services in Sydney.

As a PE professional, Charles has held senior roles including as a COO and General Operating Partner in a Venture and Growth Equity fund. He has 20+ years track record and held Board positions in 5 countries.

Charles is also an accomplished management-academic with expertise in Business-Model Innovation, Growth Strategy and Business Transformation; he has published and presented at international conferences; and designed, developed and delivered Masters' level degree programmes and Executive Education.

Jeremy Thorpe
Non-Executive Director

Jeremy Thorpe holds BA and LLB degrees, is a qualified attorney in South Africa, and the Managing Director and Chief Executive Officer of Skybound Capital Australia.

He serves on the boards of a number of subsidiary and associate companies within Skybound Australia's diverse range of investments and is directly responsible for their performance and investment returns. He has over 30 years of experience in corporate finance, private equity, consumer and business credit, and structured finance.

In the recent past he has served on the Board of the National Credit Providers Association in Australia.

The Executive Team

IncentiaPay has an outstanding leadership team with a deep history in business and management, technology and marketing.

Ani Chakraborty
Chief Executive Officer

Ani Chakraborty brings more than 20 years of strategy and transformational experience in several different sectors such as digital operations, infrastructure, utilities and resources.

He has served as an Investment Director at Hastings Funds Management and has a management consulting background, primarily with McKinsey & Company.

Ben Newling
Chief Financial Officer

Ben Newling has more than 18 years of experience across general management and corporate advisory within investment banking, retail banking and technology. His executive experience spans equities, capital markets, M&A's, and people management.

Ben has a Master of Business Administration (MBA) focused in Finance and Financial Management Services from MGSM.

Ryan Rodrigues
Chief Technology and Operations Officer

Ryan Rodrigues has more than 25 years of experience across general management and executive leadership roles, within technology, government, FMCG, retail, automotive, oil & gas, utilities and outsourcing.

His role as CTO/COO is key to driving technology, product, customer experience and operations transformation with a clear focus on revenue and value growth through data-driven technology uplift.

Ryan has a Master of Business Administration (MBA) focused in Technology and Operations Management from Auckland University of Technology.

Steve Chant
Chief Partnerships Officer

Steve Chant has over 30 years of experience in building high performing teams in leisure, travel, hospitality, tourism, loyalty & rewards. He has extensive experience with early stage and emerging entrepreneurial businesses.

His role as Chief Partnerships Offer is key to growing national partnerships that support Entertainment's loyalty and rewards programmes throughout the Australian and New Zealand markets.

Steve has Bachelor of Business (QUT), Graduate Diploma in Applied Finance and Investment (FINSIA).

Louise Lee
Chief People Officer

Louise Lee has over 18 years of experience in strategic and operational human resource management across sport, education, travel and manufacturing.

Her role as Chief People Officer is key to leading the Company through transformational change, to optimise organisational performance and ensure a people-centred approach. Louise has a focus on driving strong leadership, engagement, values alignment and inclusion.

Louise has a Bachelor of Business (Human Resource Management) from Swinburne University and a Postgraduate Diploma in Management (PDM) from Melbourne Business School.

Saikat Ghosh
Director Strategy[1]

Saikat Ghosh has 24 years of strategic and executive experience, having founded and run two profitable start-ups in e-commerce and digital marketing. Prior to becoming an entrepreneur, he was a management consultant with Accenture and implemented strategic projects with industry leading clients. His business experience spans 3 countries.

His role focuses on delivering results from key parts of the business and revive Entertainment as an industry leader. Saikat has an MBA from IIM Ahmedabad, Certificate in Corporate Strategy from the University of London and Certificate (Honors) in Financial Markets from Yale.

[1] Saikat is a director in title only and not a Director for statutory purposes, and hence does not hold any fiduciary responsibly as a Director as defined by the Corporations Act 2001.

Jake Falkinder
Chief Marketing Officer

Jake Falkinder has over 20 years of experience in marketing and digital technology across the travel, retail and hospitality sectors. He has been recognised at #15 in the Top 50 People in E-commerce by Inside Retail.

His role as CMO is key to driving significant revenue with a clear focus on brand, customer acquisition and retention.

Jake has a Bachelor of Computer Science from the University of Queensland and is a member of the Australian Marketing Institute.

Brent Trimnell-Ritchard
Chief Enterprise Solutions Officer

Brent Trimnell-Ritchard is an experienced and accomplished digital business owner and leader with over 25 years of experience across digital strategy, solution and design. Specialising in B2B and B2C, Enterprise, advertising and media creating successful digital partnerships working with numerous leading Australian and international brands.

Brent's accomplishments include over 20 years as Founding Owner and Director of Gruden, a digital Media & Solutions agency, listed on the Australian Stock Exchange in May 2016 under the name of The Gruden Group (ASX:GGL)

As Chief Enterprise Solutions Officer, Brent is tasked with delivering innovative customer-centric solutions, driving engagement, growth and client retention for our partners.

Business Risks

IncentiaPay faces a number of business risks that may impact the Company's ability to achieve its strategic objectives and create shareholder value. The Board considers the following to be the key risks currently facing the business.

Business Risks

RISK	NATURE OF RISK
Funding	There is no certainty that IncentiaPay will remain sufficiently funded. IncentiaPay recently secured a $22.5 million convertible loan from New Gold Coast Holdings Limited, an Associate of its largest shareholder Suzerain Investments Holdings Ltd (Suzerain) to provide it with sufficient working and growth capital for the short to medium term.
	IncentiaPay continually manages its cash position and regularly monitors its investments to balance the risk, outlay, and timings.
Macro-economic uncertainty due to COVID-19	Throughout FY21 and FY22, the Company saw operating cash inflows decline due to the wide-ranging impacts of the global pandemic particularly in the dining and entertainment verticals due to extended lockdowns and the re-emergence of the Omicron variant.
	The Board and Management have implemented a cost rationalisation strategy and remain vigilant should macro-economic conditions change.
Success of Investment	Management have invested in an above the line marketing campaign for our Entertainment Membership business 'tap for fun'. IncentiaPay's success in part is predicated on our ability to generate new customers and cash inflows from marketing activity.
	Management and the Board reviews the results of all of our investments regularly which forms the basis of future investment decisions.
Personnel	IncentiaPay's success depends, in part, upon the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel. The loss of the services of these personnel without replacement could have an adverse impact on the successful operation, management, and marketing of IncentiaPay's product/service offerings and platforms. Further, a substantial increase in labour costs for employees or contractors may have an adverse impact on the financial performance and/or financial position of IncentiaPay.
	The Board reviews the incentive structures of key personnel and senior management to ensure their remuneration is in line with the market, with a proportion deferred as a long-term/retention incentive. Management regularly undertakes succession planning analysis of key lead roles with the view to understand suitable internal talent and their readiness to assume these roles.

RISK	NATURE OF RISK
Technology	IncentiaPay is increasingly reliant on its technology to deliver services to its customers. In the event of a technology outage or planned upgrade not fit for purpose, this could create an adverse reputational or financial impact to IncentiaPay.
	IncentiaPay has insourced management of the development function and infrastructure of all of its core technology platforms. This gives greater flexibility to control its technology delivery roadmap and directly manage the outage risk.
Regulatory	IncentiaPay is subject to substantial regulatory and legal oversight. The agencies with regulatory oversight of IncentiaPay and its subsidiaries include, among others, the ASX and ASIC. Failure to comply with legal and regulatory requirements may have a material adverse effect on IncentiaPay and its reputation among customers and regulators, and in the market.
	IncentiaPay has compliance frameworks, policies, and procedures in place to manage the risk of non-compliance and is prepared to play an active role in consulting with regulators on changes that could impact the business.
Reputation	Reputation risk may arise through the actions of IncentiaPay or its employees and adversely affect perceptions of IncentiaPay held by the public, customers, shareholders, or regulators. These issues include appropriately dealing with product outages or issues, potential conflicts of interests, legal and regulatory requirements, ethical issues, privacy laws, information security policies and sales and trading practices. Damage to IncentiaPay's reputation may have an adverse impact on IncentiaPay's financial performance, capacity to source funding, cost of sourcing funding, and liquidity.
	IncentiaPay actively manages the above risks by regularly monitoring its market reputation amongst customers and shareholders, as well as keeping an open dialogue with regulators and financiers.

RISK	NATURE OF RISK
Competition	New competitors are emerging in the loyalty and incentives markets, within which IncentiaPay operates. The loyalty space is particularly competitive, with many well-funded international competitors. An inability to adapt to technological advancement, including further digitisation and flexibility of products, could negatively impact the ability to attract customers and have a material adverse effect on the business of IncentiaPay.
	To mitigate this, IncentiaPay invests in its Merchant content and consumer brands. This ongoing investment assists with providing us with a competitive advantage.
Third Party Failure	IncentiaPay is reliant on several third-party contractors. These third parties provide essential services, on an outsourced basis, including software and/or product development activities. Accordingly, IncentiaPay is reliant on contractors properly performing their contractual obligations, and performance failures may have an adverse effect on IncentiaPay. IncentiaPay is also an extensive user of third party provided IT hardware and software platforms, systems, and infrastructure. IncentiaPay is reliant on these suppliers properly performing their contractual obligations, and performance failures or unreasonable price increases may have a material adverse impact on the Company. A failure by any of these suppliers to provide those services or a failure of their systems may adversely affect IncentiaPay's ability to provide services to its customers.
	To minimise these risks, IncentiaPay actively engages with its key third party providers on a regular basis, and remains abreast of potential risks within these providers through regular interaction at the senior management level.
Intellectual Property Risk	Whilst every effort has been made to secure the technology supporting IncentiaPay's various platforms, IncentiaPay does not intend to apply to register patents for all the intellectual property associated with the Entertainment and Frequent Values platforms. Other parties may claim infringement of patents, or alternatively other parties may develop and patent other very similar, potentially substitutable products, processes, or technologies.
	IncentiaPay sees the unique value of its intellectual property, in the content of its Entertainment and Frequent Values platforms, as a mitigant to this risk.

Directors' Report

Director's Report

The Directors present their report on the consolidated entity IncentiaPay Ltd and its controlled entities (IncentiaPay) for the financial year ended 30 June 2022. The information in the Operating and Financial Review forms part of this Directors' report and should be read in conjunction with this section of the Annual Report.

General Information

Directors

The following persons were Directors of IncentiaPay Ltd during or since the end of the financial year up to the date of this report:

- Stephen Harrison (appointed 15 February 2019 and re-elected 16 December 2020)
- Dean Palmer (appointed 19 August 2019) and elected 20 December 2019
- Charles Romito (appointed 28 June 2019 and re-elected 20 January 2022)
- Jeremy Thorpe (appointed 16 May 2019) and elected 20 December 2019

Particulars of each Director's experience and qualifications are presented later in this report.

Dividends paid or declared

No dividends were paid or declared for payment during the financial year. Investors should note that the Board of Directors of IncentiaPay Ltd do not expect to declare dividends from the Company during the next financial year.

Indemnifying directors and officers

The Company has entered into a Deed of Access and Indemnity in favour of each Director and Officer of the Company. The indemnity operates so that officers are indemnified on a full indemnity basis and to the full extent permitted by law against liabilities and losses incurred as an officer of the Company.

During or since the end of the financial year, the Company has paid premiums to insure the Directors and officers against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of Directors or officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The insurance is in accordance with section 199B of the Corporations Act 2001 (Cth). In accordance with the terms of the policy, the policy prohibits disclosure of its terms, including the amount of the premium.

Proceedings on behalf of company

No person has applied to the court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-audit services

The Board of Directors, pursuant to advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Audit and Risk Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to KPMG for non-audit services provided during the year ended 30 June 2022:

	$'000
Taxation services	12
Other services	1
Total	**13**

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 40 of the Annual Report.

ASIC instrument 2016/191 rounding in financial statements / Directors' report

The Company is an entity to which ASIC Instrument 2016/191 applies. Accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Matters arising after the end of financial year

The Company announced on 25 July 2022 a significant cost reduction, with more than $4 million of annualised cost being removed from the Company throughout the FY23 financial year.

Environmental regulation

The Group is not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Options[1]

There were no options over ordinary shares granted to or vested by directors or other key management personnel as part of compensation during the year ended 30 June 2022. There were no ordinary shares of the Group issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Loan funded share plan

As at 30 June 2022, there were 11,585,043 shares issued to Ben Newling as part of Loan Funded Share (LFS) arrangement approved by shareholders at the AGM in December 2020. Separately, there were 22,199,567 shares previously issued to former CEO, Henry Jones, forfeited under a modified arrangement and held in trust, with an agreement to repatriate the shares to the company.

The terms of the current LFS arrangement 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, share price hurdles, and the conversion of existing loans into shares, and are outlined in the table in section 10 of the Remuneration Report;
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.
8. Prior to the shares becoming unencumbered, the executive is required to repay the loan.

1. In the interests of removing any doubt, no options have been issued by the company at any time. Any reference to options in the remuneration report and annual financial statements applies to the Loan Funded Share plan that has been accounted for as options due to the nature of the rules and conditions of the scheme.

INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARY

Stephen Harrison - Chairman

Board appointment	15 February 2019 as Non-Executive Director 28 June 2019 as Chairman Re-elected as a Director on 16 December 2020
Interest in shares and options	4,754,285
Special responsibilities	Member of the Risk and Audit Committee Member of the Nominations and Remuneration Committee
Directorships held in other listed entities during the three years prior to the current year	MEC Resources Limited Aumake Limited Nobleoak Life Limited
Qualifications	Bachelor of Economics, CPA
Experience	Experienced Chairman and Director with a demonstrated history of working in the investment management industry. Skilled in negotiation, asset management, mergers & acquisitions, and start-ups.

Jeremy Thorpe - Non-Executive Director

Board appointment	16 May 2019 and elected 20 December 2019
Interest in shares and options	Jeremy Thorpe has an indirect interest in 927,570,550 shares. Jeremy Thorpe's family trust is a unit holder in Australian Fintech Plus Pty Ltd ACN 619 156 099 as trustee of the Australian Fintech Trust, and Jeremy Thorpe is a consultant of a related entity of Suzerain.
Special responsibilities	Member of the Audit and Risk Committee Member of the Nominations and Remuneration Committee
Directorships held in other listed entities during the three years prior to the current year	Nil
Qualifications	Bachelor of Laws (LLB) Bachelor of Arts
Experience	Experienced in private equity, corporate finance, and consumer and business credit.

Charles Romito - Non-Executive Director

Board appointment	28 June 2019 Re-elected 20 January 2022
Interest in shares and options	Nil
Special responsibilities	Chairman of the Nominations and Renumeration Committee Member of the Audit and Risk Committee
Directorships held in other listed entities during the three years prior to the current year	Nil
Qualifications	Doctor of Philosophy (Ph.D) MSci, Physics
Experience	Charles Romito is an experienced management consultant and investment professional. He was previously in the London office of the global strategy consultancy McKinsey & Company and a co-founder of their Innovation & Growth Strategy practice. Charles is currently a Partner with Corpus Transformation Services in Sydney. As a PE professional, Charles has held senior roles including as a COO and General Operating Partner in a Venture and Growth Equity fund. He has 20+ years track record and held Board positions in 5 countries. Charles is also an accomplished management-academic with expertise in Business-Model Innovation, Growth Strategy and Business Transformation; he has published and presented at international conferences; and designed, developed and delivered Masters' level degree programmes and Executive Education

Dean Palmer - Non-Executive Director

Board Appointment	15 August 2019 and elected 20 December 2019
Interest in shares and options	Dean Palmer has an indirect interest in 927,570,550 shares. Dean Palmer's family trust is a unit holder in Australian Fintech Plus Pty Ltd ACN 619 156 099 as trustee of the Australian Fintech Trust, and Dean Palmer is a contractor of a related entity of Suzerain.
Special responsibilities	Chairman of the Risk and Audit Committee Member of the Nominations and Renumeration Committee

Directorships held in other listed entities during the three years prior to the current year	Nil
Qualifications	Bachelor of Laws (LLB) Bachelor of Commerce Member of Chartered Accountants Australia & New Zealand
Experience	Chartered accountant with more than 20 years of experience. Founder and CEO of Skybound Fidelis Investment Limited - a specialist structured finance, commercial credit, and property fund manager. Has held numerous senior executive roles both in Australia and the UK.

Ben Newling - Company Secretary

Ben was appointed as the Company Secretary on 11 February 2019. Ben is employed at IncentiaPay as the Chief Financial Officer. He holds an MBA.

Meetings of directors

During the financial year, the following meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year was as follows:

	DIRECTORS' MEETINGS		AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATIONS COMMITTEE	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Stephen Harrison	12	12	2	2	2	2
Jeremy Thorpe	12	12	2	2	2	2
Charles Romito	12	12	2	2	2	2
Dean Palmer	12	12	2	2	2	2

This Directors' report, incorporating the Operating and Financial Review and the Remuneration report is signed in accordance with a resolution of the Board of Directors.

Stephen Harrison
Chairman

30 September 2022

Remuneration Report

Remuneration Report Framework

1. Key management personnel

KMP are those people who have authority and responsibility for planning, directing, and controlling the strategic activities of the Group, directly or indirectly, including any Group (the Board) or any individual acting under delegated authority.

KEY MANAGEMENT PERSONNEL FOR THE YEAR COMPRISED:

Non-Executive Directors as at June 2022

NAME	POSITION	DATES
Stephen Harrison	Non-Executive Chairman	Full Financial Year
Jeremy Thorpe	Non-Executive Director	Full Financial Year
Charles Romito	Non-Executive Director	Full Financial Year
Dean Palmer	Non-Executive Director	Full Financial Year

Key Management Personnel

NAME	POSITION	DATES
Henry Jones	CEO	1 July 2021 till 24 December 2021
Ani Chakraborty	CEO	Appointed 24 December 2021
Ben Newling	COO CFO	1 July 2021 to 1 January 2022 From 1 January 2022

2. Remuneration policy

The remuneration policy of IncentiaPay has been designed to attract the most qualified and experienced KMP and align objectives with those of the business and shareholders. All executives receive a base salary which is based upon factors such as the length of service, experience, and skills, as well as superannuation as required by law. Executives may sacrifice part of their salary to increase payments towards superannuation.

The Board approved a Loan Funded Share Scheme (LFS) for the previous CEO, Henry Jones and current CFO, Ben Newling on 23 July 2020, and an Employee Share Scheme (ESS) for other senior executives.

The Board and shareholder approved LFS Scheme is a three-year long-term incentive plan, which will vest over a three-year period ending 31 October 2023. Vesting conditions relate to achieving the FY21 Board approved budget (which was not met, resulting in these shares being rolled under the terms of the arrangement). For the 2022 financial year, the shares would vest where the share price is greater than $0.10 (tested in September 2022). For the 2023 financial year, vesting will occur where the share price is greater $0.15 (tested in September 2023). Shareholder approval was granted at the AGM held on 16 December 2020. Henry Jones, the previous CEO, was granted a modified allocation of shares upon his departure with most of the shares forfeited, see section 10 for more detail.

The Board and shareholder approved an ESS for senior management and executive directors, which will result in shares being issued into a trust controlled by the Company. The 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 under section 10 of this report. No shares were issued under this scheme during the financial year.

The Board's policy is to review remuneration for KMP annually, based on market practice, duties, and accountability. All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed in accordance with Australian Accounting Standards. Independent advice is proactively sought when required, particularly around the employment arrangements of new KMP including long-term incentive plans.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval at the AGM. The maximum amount currently approved by shareholders is $500,000 per annum.

3. Remuneration Committee and executive compensation

The Remuneration Committee has the responsibility for providing advice in relation to the remuneration packages of senior executives, non-executive, and executive directors. The Committee is also responsible for the design and oversight of any share option schemes, performance incentive packages, superannuation entitlements, and retirement and termination entitlements.

The Remuneration Committee reviews the compensation package for senior executives on an annual basis and makes recommendations to the Board for approval. Compensation packages are reviewed and determined based on current market rates and benchmarked against comparable roles and companies of a similar size. The Committee is chaired by Dr Charles Romito.

4. Remuneration objectives and principles

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's operations.
The Company's remuneration strategy is structured to:

- ensure employee remuneration is fair and reasonable;
- attract and retain high calibre executives;
- align performance with shareholder value; and,
- be easily understood by all stakeholders.

5. Remuneration framework

The Executive Remuneration Framework is characterised by Fixed Remuneration (base salary, superannuation plus other fixed benefits) and Variable/Performance Related Remuneration (including short-term incentive (STI) and long-term incentive (LTI) linked to performance).

Fixed compensation

This component is not performance linked and generally consists of salary, superannuation entitlements and a motor vehicle allowance.
The base amount is reviewed annually by the Remuneration Committee for the Chief Executive Officer and other senior executives. Any adjustments made during the year will either be because of market rate changes for the Company to remain competitive, or to reflect any changes in the level of responsibility in the event the role has expanded.

Performance related compensation

Performance related compensation includes both short-term and long-term incentives and is designed to reward key management personnel for meeting or exceeding their financial and personal objectives. The STI is an 'At Risk' bonus provided in the form of cash and its calculation is based on the achievement of agreed KPIs and goals. The LTI is provided predominantly as exposure to the price performance of ordinary shares of the consolidated entity, and to align management incentives with long-term shareholder value.

Short-term incentives (STI)

The STI performance arrangements in which executives are incentivised with KPI's and targets as set out in their contracts, are board approved and do not constitute a formal scheme. Targets and KPI's can change each year depending on business priorities and are determined to increase business performance. Final payment amounts are subject to individual, divisional and group measurement metrics, and are reviewed and approved by the Board. Given the impact of COVID-19 on business performance, the Board has determined that no STIs will be paid to KMP for the financial year ended 30 June 2022 (2021: nil).

Long-term incentives (LTI)

LTI's are linked to the achievement of operational targets, and share price performance, and are provided to certain KMP as part of their remuneration package, at the discretion of the Board. Shareholders, at the AGM in December 2020, approved an Employee Incentive Share Scheme and a Loan Funded Share Plan, both of which include vesting arrangements on the achievement of the

Board approved 2021 budget and share price hurdles and conversion of current loans into shares. The exercise prices are set at or above the share price on the date of issuance, and thereby assist in the alignment of management and shareholders' objectives.

During the financial year no shares were issued under the Employee Incentive Share Scheme and Ben Newling and Henry Jones were beneficiaries of the Loan Funded Share Plan in the prior year. The number of rights issued to each participant were 100% discretionary and based on commercial arrangements and negotiations. Shares under this scheme were either forfeited or awarded to Henry Jones as compensation upon his departure on 24 December 2021, details related to both executives are included under section 10 of this report.

6. Group performance and changes in shareholder wealth

The table below sets out summary information about the Company's performance and its impact on shareholder wealth for the five years to 30 June 2022:

	FY22	FY21	FY20	FY19	FY18
Revenue ($'000)	20,620	19,435	42,205	64,572[1]	75,809[1]
Revenue ex Gift Cards ($'000)	12,013	12,110	31,513	37,265	41,158
Profit/(loss) for the period before tax ($'000)	(15,631)	(8,588)	(20,945)	(27,367)[1]	(23,197)[1]
Dividends paid ($'000)	-	-	-	-	2,666
Share price as of 30 June	$0.007	$0.024	$0.026	$0.045	$0.245
Change in share price	($0.017)	($0.002)	($0.019)	($0.200)	($0.495)

1. Amounts exclude discontinued operations.

7. Transactions with key management personnel

MOVEMENT IN SHARES

	HELD ON 1 JULY 2021	OTHER CHANGES[2]	HELD ON 30 JUNE 2022
DIRECTORS			
Jeremy Thorpe[1]	53,323,914	12,400,911	65,724,825
Dean Palmer[1]	53,323,914	12,400,911	65,724,825
Stephen Harrison[3]	-	4,754,285	4,754,285

1. Ordinary shares are held by Australia Fintech Pty Ltd as trustee for the Australia Fintech Trust. Jeremy Thorpe and Dean Palmer are Directors of Australia Fintech Pty Ltd and beneficiaries of the Australia Fintech Trust.
2. Other changes represent shares that were purchased or sold during the year, that relates to the entitlement offer on 8 December 2021.
3. Stephen Harrison acquired the shares, for the provision of consultancy services out of a previous loan funded share scheme held in trust when they remained unissued at the conclusion of the scheme. Refer to section 8 for further details.

Other transactions with key management personnel

Certain key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities. Some of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. Details of transactions with related entities are detailed in the tables below:

	2022 $'000	2021 $'000
Sales of goods and services		
Membership subscriptions[1]	-	44
Enterprise sales[2]	56	92
Travel commission[6]	3	-
Purchases of goods or services		
Rent[3]	11	13
Technology consultancy[4]	17	-
Customer service[5]	252	324
Communication infrastructure[7]	21	0

1. Sale of Entertainment memberships to Fair Go Finance Pty Ltd, a related entity of Suzerain.
2. Enterprise sales to Noble Oak Life Limited, an entity related to Stephen Harrison, the Chairman of the Group.
3. Gold Coast office space provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
4. Technology consultancy services with Fintech Services (AUST) Pty Ltd, a related party due to common directors Dean Palmer and Jeremy Thorpe.
5. Customer service provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
6. Travel commission from Leisurecom Group Pty Ltd for Entertainment Travel bookings with accommodation venues previously under MyBookings.
7. Communication network costs on charged from Leisurecom Group Pty Ltd for Harrington Street location.

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

	2022 $'000	2021 $'000
Current payables		
Leisurecom Group[1]	1	29

1. Customer service and office space provided by a related entity of Suzerain.

Outstanding balances arising from loan agreements:

	2022 $'000	2021 $'000
Borrowings		
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	-

Significant loan and capital related transactions between the Group and related parties include the following:

- Suzerain and NGCH, are related parties to Jeremy Thorpe (Director) and Dean Palmer (Director), have provided a total of $34 million loan facilities to the Group. During the period, the Group drew down $6.4 million of the line of credit facility (before interest charges), with $16.4 million remaining unutilised. 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 23 September 2021.
- Suzerain participated in the rights issue on 8 December 2021, acquiring 162,612,401 shares, which was announced to the market on 10 November 2021. See note 19 to the annual financial statements for additional detail.

8. Details of remuneration (KMP)

Details of the remuneration of KMP of the consolidated entity are set out in the following tables.

2022	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		SHARE BASED PAYMENTS				
	CASH SALARY AND FEES	NON-MONETARY BENEFITS	BONUS	OTHER	SUPERANNUATION	OTHER	LONG SERVICE LEAVE	TERMINATION BENEFITS	RIGHTS AND OPTIONS	EQUITY SETTLED	OTHER E.G HYBRIDS	TOTAL	% OF REMUNERATION LINKED TO PERFORMANCE
DIRECTORS[5]													
Stephen Harrison[1]	158,695	-	-	-	-	-	-	-	-	104,594	-	263,289	0%
Jeremy Thorpe[2]	70,263	-	-	-	-	-	-	-	-	-	-	70,263	0%
Charles Romito[3]	87,960	-	-	-	-	-	-	-	-	-	-	87,960	0%
Dean Palmer[2]	76,650	-	-	-	-	-	-	-	-	-	-	76,650	0%
EXECUTIVES													
Henry Jones[5,7]	193,827	-	-	-	11,784	-	-	162,500	(254,039)[9]	149,600[10]	-	263,672	0%
Ben Newling[4,7]	260,000	-	-	-	24,676	-	-	-	58,807	-	-	343,483	17%
Ani Chakraborty[8]	208,749	-	-	-	16,409	-	-	-		-	-	225,158	0%

1. In addition to directors' fees, Stephen Harrison provided consulting and advisory services which were settled in both cash ($49,195) and the issue of 4,754,285 shares ($104,594).
2. Directors' fees were paid to an associated entity of Jeremy Thorpe and Dean Palmer and a related party of IncentiaPay Ltd.
3. Directors' fees were paid to an associated entity of Charles Romito and a related party of IncentiaPay Ltd.
4. Ben Newling is employed by IncentiaPay as a permanent full-time employee. For details relating to his notice period required to terminate his contract, and termination payments provided for under the contract, refer to section 9 of the remuneration report.
5. Henry Jones was employed by IncentiaPay as a permanent full-time employee up until the termination of his employment on 24 December 2021. For details relating to his termination payments provided for under his contract, refer to section 9 of the remuneration report.
6. All Directors are Non-Executive. Directors do not receive performance related compensation and are not provided with retirement benefits, apart from statutory superannuation where applicable.
7. 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 vested through a series of 5 tranches for each respective person which include market and non-market conditions, see section 10 of this report for additional detail. The fair value of the loan funded shares has been determined using a Monte Carlo simulation model. For the inputs to the model see Note 20 to financial statements. Henry Jones was issued an amended allocation upon his termination on 24 December 2021 which constituted all of tranche 2 related shares.
8. Ani Chakraborty is employed by IncentiaPay as a permanent full-time employee. For details relating to his notice period required to terminate his contract, and termination payments provided for under the contract, refer to section 9 of the remuneration report.
9. This amount relates to the reversal of the previously recognised share-based payment expense from the cancellation of Tranches 1,3 and 5.
10. This amount relates to the fair value adjustments against the issue of tranche 2 shares to Henry Jones under an amended allocation arrangement. See section 10 below.

2021	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		SHARE BASED PAYMENTS				
	CASH SALARY AND FEES	NON-MONETARY BENEFITS	BONUS	OTHER	SUPERANNUATION	OTHER	LONG SERVICE LEAVE	TERMINATION BENEFITS	RIGHTS AND OPTIONS	EQUITY SETTLED	OTHER E.G HYBRIDS	TOTAL	% OF REMUNERATION LINKED TO PERFORMANCE
DIRECTORS[5]													
Stephen Harrison[1]	93,075	-	-	-	-	-	-	-	-	-	-	93,075	0%
Jeremy Thorpe[1]	67,707	-	-	-	-	-	-	-	-	-	-	67,707	0%
Charles Romito[2]	125,910	-	-	-	-	-	-	-	-	-	-	125,910	0%
Dean Palmer[1]	61,320	-	-	-	-	-	-	-	-	-	-	61,320	0%
EXECUTIVES													
Henry Jones[4,6]	257,800	-	-	-	20,110	-	-	-	254,039	-	-	531,949	36%
Ben Newling[3,6]	219,800	-	-	-	19,492	-	-	-	108,255	-	-	347,547	23%

1. Directors' fees were paid to an associated entity of Jeremy Thorpe and Dean Palmer and a related party of IncentiaPay Ltd.
2. Directors' fees were paid to an associated entity of Charles Romito and a related party of IncentiaPay Ltd.
3. Ben Newling is employed by IncentiaPay as a permanent full-time employee. For details relating to his notice period required to terminate his contract, and termination payments provided for under the contract, refer to section 9 of the remuneration report.
4. Henry Jones is employed by IncentiaPay as a permanent full-time employee. For details relating to his notice period required to terminate his contract, and termination payments provided for under the contract, refer to section 9 of the remuneration report.
5. All Directors are Non-Executive Directors other than where noted for an interim period. Directors do not receive performance related compensation and are not provided with retirement benefits, apart from statutory superannuation where applicable.
6. 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, see section 10 of this report for additional detail. The fair value of the loan funded shares has been determined using a Monte Carlo simulation model. For the inputs to the model see Note 20 to financial statements

9. Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

NAME	Ani Chakraborty
Title	Chief Executive Officer
Agreement commenced	24 December 2021
Term of engagement	Until 30 June 2023
Details	**Termination of employment** • By either party on giving twenty-six (26) weeks' notice; or • Immediately on payment in lieu of notice or if any of the conditions for summary terminations are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime, or repeated absence without explanation. Excluding payment in lieu of notice and statutory entitlements to accrued leave, the contract does not specify any termination payment. **Equity compensation** • 15,000,000 loan funded shares subject to agreement related to vesting conditions and approval by the Board. As of 30 June 2022, a loan funded share agreement has not been finalised and consequently vesting conditions have not been agreed.

NAME	Ben Newling
Title	Chief Financial Officer (from 1 January 2022) Chief Operations Officer (Until 1 January 2022)
Agreement commenced	30 August 2019
Term of engagement	Ongoing
Details	**Termination of employment** • By either party on giving thirteen (13) weeks' notice; or • Immediately on payment in lieu of notice or if any of the conditions for summary terminations are met including serious misconduct, gross negligence, breach of contract, bankruptcy, crime, or repeated absence without explanation. Excluding payment in lieu of notice and statutory entitlements to accrued leave, the contract does not specify any termination payment. **Equity compensation** • 11,585,043 loan funded shares.

10. Share based compensation

As of 30 June 2022 there were 11,585,043 (2021: 38,771,277) options issued to key management personnel as part of Loan Funded Share (LFS) arrangement approved by shareholders at the AGM in December 2020.

The terms of the current LFS arrangement, which only apply to Ben Newling, as Henry Jones's allocation was modified upon his termination, 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, share price hurdles, and the conversion of existing loans into shares, 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.

Movement in loan funded shares

	HELD ON 1 JULY 2021	FORFEITED/ EXPIRED/ CANCELLED	ISSUED	HELD ON 30 JUNE 2022	VESTED AND EXERCISABLE AS OF 30 JUNE 2022[3]
Henry Jones[1]	27,186,234	(22,199,567)	(4,986,667)	-	-
Ben Newling[2]	11,585,043	-	-	11,585,043	1,522,679

1. 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.
2. No additional share options have vested during the period ending 30 June 2022. Tranche 2 share allocation amounting to 2,125,000 shares rolled into Tranche 3 due to the budget for 2021 not being achieved (as specified in the terms of the loan funded shares). The expiration of Tranche 2 is dependent on the achievement of the price hurdle for Tranche 3, which will be measured at the end of September 2022.
3. These options held as of 30 June 2022, they have vested and are exercisable on 31 October 2023.

Movements in the share based payment reserve

	BEN NEWLING $'000	HENRY JONES $'000	TOTAL $'000
Balance as at 1 July 2020	-	-	-
Amortised during the period	108	254	362
Balance as at 30 June 2021	**108**	**254**	**362**
Balance as at 1 July 2021	108	254	362
Amortised during the period	59	142	201
Forfeited during the period	-	(227)	(227)
Issued under modified allocation	-	(169)	(169)
Balance as at 30 June 2022	**167**	**-**	**167**

For additional information see note 20 to the annual financial statements.

Details of options issued to key management personnel as part of compensation during the financial year ending 30 June 2022, and their terms, as at the same date:

	GRANT DATE	TRANCHE	NO. OF OPTIONS	ISSUED VALUE $	VESTED & EXERCISABLE AT 30 JUNE 2022	FAIR VALUE OPTIONS $	VESTING CONDITIONS	VESTING DATE[4]
Ben Newling	9 Oct 2020	1	1,125,000	22,386	1,125,000[5]	22,386	Grant date	9 Oct 2020
	9 Oct 2020	2	2,125,000	-	-[1]	-	Budget FY 2021	30 Jun 2021
	9 Oct 2020	3	2,125,000	63,761	-[2]	22,957	Share price hurdle of $0.10	30 Sep 2022
	9 Oct 2020	4	2,125,000	41,171	-[3]	10,965	Share price hurdle of $0.15	30 Sep 2023
	9 Oct 2020	5	4,085,043	69,346	397,679	51,947	Proportion of the Suzerain convertible loan converted into shares and proportion of shares vested in tranches 1 to 4.	31 Oct 2023
Total Shares			**11,585,043**	**196,664**	**1,522,679**	**108,255**		

1. Shares have been carried over to Tranche 3 as vesting condition not satisfied under the terms of the loan funded share arrangement.
2. 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 is at risk of expiry on 30 September 2022.
3. Where the vesting price hurdle condition is not satisfied, tranche 3 and 4 shares will expire and will not be eligible for vesting.
4. Expiry date for these options is the last vesting date for tranche 5, being 31 October 2023.
5. Tranche 1 is not linked to performance conditions as it reflects retrospective outcomes already achieved during the set up and establishment of the scheme.

Auditor's Independence Declaration

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 audit of IncentiaPay Limited for the year ended 30 June 2022 there have been:

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

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

KPMG

Jeffrey Frazer
Partner

Gold Coast
30 September 2022

Financial Statements

Incentiapay Ltd and Controlled Entities

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	NOTE	CONSOLIDATED GROUP 2022 $'000	2021 $'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)
Loss before income tax		**(15,631)**	**(8,588)**
Tax benefit/(expense)	4(a)	-	186
Loss for the period		**(15,631)**	**(8,402)**
Net profit attributable to:			
- Members of the parent entity		**(15,631)**	**(8,402)**
Other comprehensive income			
- Items that may be reclassified subsequently to profit or loss			
Loss rising from translating foreign controlled entities from continuing operations	20	(49)	(6)
Total comprehensive loss for the period		**(15,680)**	**(8,408)**
Loss per share			
Basic loss per share (cents)	5(a)	(1.4)	(1.1)
Total		**(1.4)**	**(1.1)**
Diluted loss per share (cents)	5(a)	(1.4)	(1.1)
Total		**(1.4)**	**(1.1)**

The accompanying notes form part of these financial statements.

Incentiapay Ltd and Controlled Entities

Consolidated statement of financial position as at 30 June 2022

		CONSOLIDATED GROUP	
	NOTE	2022 $'000	2021 $'000
Current assets			
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
Total current assets		**3,907**	**6,351**
Non-current assets			
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
Total non-current assets		**12,949**	**17,305**
Total assets		**16,856**	**23,656**
Current liabilities			
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
Total current liabilities		**11,550**	**17,183**
Non-current liabilities			
Lease liabilities	**15**	310	1,123
Borrowings	**16**	6,125	28
Deferred revenue	**17**	78	32
Provisions	**18**	124	132
Total non-current liabilities		**6,637**	**1,315**
Total liabilities		**18,187**	**18,498**
Net assets		**(1,331)**	**5,158**
Equity			
Issued capital	**19**	132,143	122,984
Reserves	**20**	489	733
Accumulated losses		(133,963)	(118,559)
Total equity		**(1,331)**	**5,158**

The accompanying notes form part of these financial statements.

Incentiapay Ltd and Controlled Entities

Consolidated statement of changes in equity for the year ended 30 June 2022

	NOTE	ORDINARY SHARE CAPITAL $'000	ACCUMULATED LOSSES $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	TOTAL $'000
Balance at 1 July 2020		**116,026**	**(110,157)**	**377**	**-**	**6,246**
Comprehensive income						
Loss for the period		-	(8,402)	-	-	(8,402)
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	(6)	-	(6)
Total comprehensive loss for period		**-**	**(8,402)**	**(6)**	**-**	**(8,408)**
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period	19	7,000	-	-	-	7,000
Transaction costs	19	(42)	-	-	-	(42)
Movement during the period	20	-	-	-	362	362
Total transactions with owners and other transfers		**6,958**	**-**	**-**	**362**	**7,320**
Balance at 30 June 2021		**122,984**	**(118,559)**	**371**	**362**	**5,158**

	NOTE	ORDINARY SHARE CAPITAL $'000	ACCUMULATED LOSSES $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	SHARE BASED PAYMENTS RESERVE $'000	TOTAL $'000
Balance at 1 July 2021		**122,984**	**(118,559)**	**371**	**362**	**5,158**
Comprehensive income						
Loss for the period		-	(15,631)	-	-	(15,631)
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	(49)	-	(49)
Total comprehensive loss for period		**-**	**(15,631)**	**(49)**	**-**	**(15,680)**
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period	19	9,326	-	-	-	9,326
Transaction costs	19	(167)	-	-	-	(167)
Employee share-based payments	20	-	227	-	(227)	-
Movement during the period	20	-	-	-	32	32
Total transactions with owners and other transfers		**9,159**	**227**	**-**	**(195)**	**9,191**
Balance at 30 June 2022		**132,143**	**(133,963)**	**322**	**167**	**(1,331)**

Incentiapay Ltd and Controlled Entities

Consolidated statement of cash flows for the year ended 30 June 2022

	NOTE	CONSOLIDATED GROUP 2022 $'000	2021 $'000
Cashflows from operating activities			
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
Net cash used in continuing operations	**7**	**(12,202)**	**(5,335)**
Cashflows from investing activities			
Purchase of property, plant and equipment		(53)	(53)
Purchase of intangibles		(800)	(2,854)
Proceeds from security deposit		279	-
Net cash used in from investing activities		**(574)**	**(2,907)**
Cashflows from financing activities			
Proceeds from issue of shares, net of costs	**19**	5,433	531
Proceeds from borrowings		6,408	7,326
Payment of lease liabilities		(958)	(1,661)
Interest paid		(288)	(214)
Net cash from financing activities		**10,595**	**5,982**
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
Cash and cash equivalents at the end of the financial period in continuing operations	**6**	**978**	**3,228**

The accompanying notes form part of these financial statements.

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 audited consolidated financial statements were authorised for issue on 30 September 2022.

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 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 Verrency, 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 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 debt facilities with Suzerain and its related entities, 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 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 $12.9 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 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 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 consolidated financial statements in the current or future reporting periods.

(g) Critical acccounting 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.

<u>Processes applied</u>
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.

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 ($10 million) and brands ($3 million) 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 ($0.8 million), and "ready to use" TTPs ($0.6 million) 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 $1.2 million.

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:

- 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.

	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
Revenue from contracts with customers	**19,790**	**19,246**
Profit on sale of assets[1]	-	67
Government assistance[2]	676	112
Other income[3]	124	-
Interest received	30	10
Total revenue and other income	**20,620**	**19,435**

1. Sales of certain office equipment in Entertainment Publication New Zealand and the digital platform for Entertainment Digital.
2. 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.
3. Other income consists predominantly of the outgoings component of the sublease for the previous Sydney Head Quarters and Harrington Street.

	NOTE	2022 $'000	2021 $'000
Contract balances			
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	CONSOLIDATED GROUP 2022 $'000	CONSOLIDATED GROUP 2021 $'000
Direct expenses of providing services			
Amortisation of deferred commission	**10**	1,516	1,455
Enterprise book printing		7	169
Gift cards		8,371	7,069
Other		257	238
Total		**10,151**	**8,931**
Bad debts written off			
Movement in expected credit losses	**8**	(33)	(101)
Total		**(33)**	**(101)**
Employee expenses			
Employee related expenses		12,596	11,753
JobKeeper payments earned		-	(2,303)
Total		**12,596**	**9,450**
Building occupancy expense			
Variable lease expense		247	132
Total		**247**	**132**
Finance costs			
Finance costs on borrowings	**16**	763	518
Interest expense on lease liabilities	**15**	91	166
Other finance costs		65	110
Total		**919**	**794**
Depreciation and amortisation expense			
Plant & equipment	**12**	359	569
Intangibles	**13**	676	1,428
Right-of-use assets	**11**	136	1,347
Total		**1,171**	**3,344**
Impairments			
Goodwill	**13**	2,434	-
Intangible assets	**13**	1,181	-
Total		**3,615**	**-**

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 $2.3 million 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 FY22 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 FY22 for Intangibles is a direct result of "legacy" capitalised web development being fully amortised in FY21 and therefor seeing reduced amortisation in FY22.

The reduced depreciation expense in FY22 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 resulted in less depreciation.

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 FY23.
- Whilst assessable income is forecast from FY24 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.

		CONSOLIDATED GROUP	
	NOTE	2022 $'000	2021 $'000
a) The components of income tax (expense)/income comprise:			
Current tax		-	186
Deferred tax		-	-
Income tax benefit/(expense)		**-**	**186**
b) Numerical reconciliation of income tax expense to prima facie tax payable			
Loss from continuing operations before income tax expense		(15,631)	(8,588)
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to income tax as follows:			
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)
Add/(less) tax effect of:			
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)
Income tax (benefit)/expense		**-**	**(186)**

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 $57.4 million. Additionally there are other deductible temporary differences resulting in a net potential deferred tax asset position for the Group of approximately $1.5 million, 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.

	CONSOLIDATED GROUP	
d) Current tax	2022 $'000	2021 $'000
Income tax payable	-	-

Note 5 | Dividends, earnings per share and franking credit

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Franking account		
Balance of franking account at year end adjusted for franking credits arising from:	6,493	6,493
Payments of income tax	-	-
FRANKING CREDITS AVAILABLE FOR SUBSEQUENT FINANCIAL YEAR	**6,493**	**6,493**

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 $6.5 million (2021: $6.5 million) franking credits.

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

1. 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.

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Cash at bank and on hand	978	3,228
TOTAL CASH AND CASH EQUIVALENTS	**978**	**3,228**
RECONCILIATION OF CASH		
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
TOTAL CASH AND CASH EQUIVALENTS	**978**	**3,228**

Note 7 | Cash flow information

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATIONS		
Loss after income tax	(15,631)	(8,402)
Cash flows excluded from profit attributable to operating activities	167	-
Non-cash flows in loss		
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
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(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
CASH FLOW FROM OPERATING ACTIVITIES	**(12,202)**	**(5,335)**

Reconciliation of liabilities arising from cash flows from financing activities

	INTEREST BEARING LOAN $'000	ADDITIONAL GROWTH OPERATIONAL FACILITY $'000	LEASE LIABILITIES $'000	TRANSFORM-ATIONAL CAPITAL FACILITY $'000	NZ BUSINESS CASHFLOW LOAN $'000	NEW GOLD COAST HOLDINGS LOAN $'000	TOTAL $'000
BALANCE AS AT 30 JUNE 2020	**517**	**2,691**	**3,889**	**-**	**-**	**-**	**7,097**
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)
BALANCE AS AT 30 JUNE 2021	**571**	**2,800**	**2,178**	**1,208**	**28**	**-**	**6,785**
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)
BALANCE AS AT 30 JUNE 2022	**633**	**184**	**1,220**	**1,208**	**28**	**6,097**	**9,370**

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Current		
Trade receivables	735	640
Provision for loss allowance	(70)	(140)
Net trade receivables	**665**	**500**
Sublease rent receivable[1]	420	427
Other receivables	141	73
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**1,226**	**1,000**
Non-current		
Sublease rent receivable[1]	102	523
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	**102**	**523**

1. Sublease Sydney office rent receivable. See note 11 for details.

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

	OPENING BALANCE 01 JULY 2021 $'000	LOSS ALLOWANCE ADJUSTMENT FOR YEAR $'000	AMOUNTS WRITTEN OFF $'000	CLOSING BALANCE 30 JUNE 2022 $'000
Current trade receivables	(140)	33	37	(70)
TOTAL	**(140)**	**33**	**37**	**(70)**

	OPENING BALANCE 01 JULY 2020 $'000	LOSS ALLOWANCE ADJUSTMENT FOR YEAR $'000	AMOUNTS WRITTEN OFF $'000	CLOSING BALANCE 30 JUNE 2021 $'000
Current trade receivables	(241)	101	-	(140)
TOTAL	**(241)**	**101**	**-**	**(140)**

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%.

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

REPORT CATEGORY	DAYS	ADJUSTED LOSS RATE	RECEIVABLES BALANCE AS AT 30 JUNE 2022	LOSS ALLOWANCE AS AT 30 JUNE 2022
		%	$'000	$'000
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
		Total	**735**	**70**

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

REPORT CATEGORY	DAYS	ADJUSTED LOSS RATE	RECEIVABLES BALANCE AS AT 30 JUNE 2021	LOSS ALLOWANCE AS AT 30 JUNE 2021
		%	$'000	$'000
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
		Total	**640**	**140**

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Gross amount	735	640
Impaired (past due)	(70)	(140)
Total	**665**	**500**
Within initial trade terms	394	366
Past due not impaired – 30 days	196	113
60 days	75	21
90 days	-	-
90 days +	-	-
Total	**665**	**500**

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:

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Australia	629	473
New Zealand	36	27
Total	**665**	**500**

Note 9 | Inventories

Accounting policy

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

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Gift cards held for sale	200	155
TOTAL INVENTORIES	**200**	**155**

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
CURRENT		
Short-term investments[2]	576	855
Prepayments	423	220
Deferred commission[1]	504	893
TOTAL OTHER ASSETS	**1,503**	**1,968**

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 2021	
Balance as at 1 July 2020	996
Commission deferred	1,352
Amortisation	(1,455)
BALANCE AS AT 30 JUNE 2021	**893**
30 JUNE 2022	
Balance as at 1 July 2021	893
Commission deferred	1,127
Amortisation	(1,516)
BALANCE AS AT 30 JUNE 2022	**504**

Note 11 | Right-of-use assets

Accounting policy

The Group leases offices and equipment. The majority have expired in financial year 2022 except for the Harrington Street office, which is currently subleased for the reminder 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.

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Land and buildings		
At cost	1,805	1,805
Accumulated depreciation	(1,805)	(1,720)
Total	**-**	**85**
Equipment		
At cost	270	270
Accumulated depreciation	(248)	(197)
Total	**22**	**73**
TOTAL RIGHT-OF-USE ASSETS	**22**	**158**

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.

CONSOLIDATED GROUP	LAND AND BUILDINGS $'000	EQUIPMENT $'000	TOTAL $'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)[1]	(57)[2]	(1,246)
BALANCE AS AT 30 JUNE 2021	**85**	**73**	**158**
Balance as at 1 July 2021	85	73	158
Exchange difference	-	-	-
Depreciation charge for the year	(85)	(51)	(136)
BALANCE AS AT 30 JUNE 2022	**-**	**22**	**22**

1. 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.
2. Termination of phone leases relating to Harrington Street office.

Amounts recognised in profit and loss

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Variable lease expense	247	132
Interest on lease liabilities	91	166
Loss from sub-leasing Harrington Street office[1]	-	167
Loss from terminating phone leases relating to Harrington Street office[1]	-	18

1. Losses are included in other expenses in the statement of profit and loss.

Amounts recognised in statement of cash flows

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Interest on lease liabilities	91	166
Principal element of lease payments	958	1,661
Total cash flow for leases	**1,049**	**1,827**

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.

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

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 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
Plant and equipment		
At cost	922	874
Accumulated depreciation	(770)	(669)
Total	**152**	**205**
Leasehold improvements		
At cost	1,926	2,090
Accumulated depreciation	(1,575)	(1,484)
Total	**351**	**606**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**503**	**811**

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.

CONSOLIDATED GROUP	PLANT AND EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	TOTAL $'000
Balance as at 1 July 2020	242	1,085	1,327
Additions	53	-	53
Depreciation expense	(90)	(479)	(569)
BALANCE AS AT 30 JUNE 2021	**205**	**606**	**811**
Balance as at 1 July 2021	205	606	811
Additions	53	-	53
Disposals	(3)	-	(3)
Depreciation expense	(103)	(255)	(358)
BALANCE AS AT 30 JUNE 2022	**152**	**351**	**503**

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.

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.

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

CONSOLIDATED GROUP	GOODWILL $'000	TECHNOLOGY AND SOFTWARE $'000	SOFTWARE UNDER DEVELOPMENT $'000	BRAND NAME & INTERNATIONAL RIGHTS $'000	TOTAL $'000
Balance as at 1 July 2020	10,091	1,196	100	3,000	14,387
Additions-internally developed	-	-	2,854	-	2,854
Transfers[2]		2,046	(2,046)	-	-
Amortisation charge	-	(1,428)	-	-	(1,428)
Impairment	-	-	-	-	-
BALANCE AS AT 30 JUNE 2021	**10,091**	**1,814**	**908**	**3,000**	**15,813**
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**

1. 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.
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 relates to the groups Card Linked Offer rewards platform which is expected to be transferredto Technology and Software in FY23.
4. 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 (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 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.

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 BUSINESS CGU $'000	CARD LINKED OFFERS CGU $'000	TOTAL $'000
Goodwill	7,657[1]	-	7,657
Brands and international rights	3,000[1]	-	3,000
BALANCE AS AT 30 JUNE 2022	**10,657**	**-**	**10,657**

1. Management have assessed that the goodwill ($10 million) and brands ($3 million) 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 BUSINESS CGU $'000	CARD LINKED OFFERS CGU $'000	TOTAL $'000
Carrying Value	7,823	751	8,574
Recoverable amount	5,389	751	6,139
IMPAIRMENT CHARGE AT 30 JUNE 2022[1,2]	**2,434**	**-**	**2,434**

1. 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.
2. 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.

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

	ENTERTAINMENT BUSINESS CGU 2022	ENTERTAINMENT BUSINESS CGU 2021
Long term growth rate (terminal value)[1]	2%	2%
Post tax discount rate[2]	14%	13%
Revenue growth rates – year 1	18%[3]	
Revenue growth rates – year 2	29%[3]	3-10%[5]
Revenue growth rates – year 3 to 5	5%[4]	

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. 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 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.
5. 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 $4 million brand spend through 2023 and 2024	11,660
Fixed Operating Expenditure	10% increase in fixed costs in 2023 and 2024.	2,121

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
CURRENT		
Unsecured liabilities		
Trade payables	2,110	2,903
Other payables and accruals	2,513	3,078
TOTAL CURRENT UNSECURED LIABILITIES	**4,623**	**5,981**

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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
CURRENT		
Lease liabilities	910	1,055
TOTAL CURRENT LEASE LIABILITIES	**910**	**1,055**
NON-CURRENT		
Lease liabilities	310	1,123
TOTAL NON-CURRENT LEASE LIABILITIES	**310**	**1,123**
TOTAL LEASE LIABILITIES	**1,220**	**2,178**

CONSOLIDATED GROUP	LEASE LIABILITIES $'000
Balance as at 1 July 2020	3,889
Interest charges	166
Repayments (Including interest)	(1,827)
Rent concessions or deferred rents	(50)
BALANCE AS AT 30 JUNE 2021	**2,178**
Interest charges	91
Repayments (Including interest)	(1,049)
BALANCE AS AT 30 JUNE 2022	**1,220**

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
CURRENT		
Transformational capital facility	1,208	1,208
Additional growth capital facility	184	2,800
Interest bearing loan	633	571
TOTAL CURRENT BORROWINGS	**2,025**	**4,579**
NON-CURRENT		
New Gold Coast Holdings facility	6,097	-
NZ Business cashflow loan	28	28
TOTAL NON-CURRENT BORROWINGS	**6,125**	**28**
TOTAL BORROWINGS	**8,150**	**4,607**

	INTEREST BEARING LOAN $'000	ADDITIONAL GROWTH OPERATIONAL FACILITY $'000	TRANSFORM-ATIONAL 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	-	-	-	16,403	-
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	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

Drawn down as at 1 July 2021	**571**	**2,800**	**1,208**	**-**	**28**
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)[3]	-	-	-
Drawn down as at 30 JUNE 2022	**633[4]**	**184**	**1,208[5]**	**6,097**	**28**

1. 3% per annum, no interest charge on the loan if full repayment is made on or before 17 July 2022.
2. The loan facility increased from $5 million to $22.5 million on 23 May 2022 upon gaining shareholder approval at the EGM.
3. See note 19, Issued Capital, for more details.
4. The facility limit has been exceeded due to additional interest being charged while the group renegotiates the repayment terms of this facility.
5. 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. $0.5 million 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 $0.63 million (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 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 $3.4 million 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 Company finalised the renegotiation of the repayment date for the Transformational Capital facility loan with Skybound Fidelis Investment limited as trustee for the Skybound Fidelis Credit Fund in September 2022. The date was changed from 11 February 2022 to 31 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 20 January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). During the EGM on 23 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 $22.5 million and also deferring the repayment date to 31 December 2024. As at 30 June 2022 an amount of $6.09 million was utilised, with a further $16.4 million 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.

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
CURRENT		
Deferred revenue	3,163	4,526
TOTAL CURRENT DEFERRED REVENUE	**3,163**	**4,526**
Deferred revenue	78	32
TOTAL NON-CURRENT DEFERRED REVENUE	**78**	**32**
TOTAL DEFERRED REVENUE	**3,241**	**4,558**

	DEFERRED REVENUE $'000
YEAR ENDED 30 JUNE 2021	
Balance as at 1 July 2020	6,569
Revenue deferred	9,248
Revenue recognised	(11,259)
BALANCE AS AT 30 JUNE 2021	**4,558**
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**

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 2nd 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 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.

ANALYSIS OF TOTAL PROVISIONS	2022 $'000	2021 $'000
Current		
Make good provision	-	63
Employee benefits	829	979
Total current provisions	**829**	**1,042**
Non-current		
Make good provision[1]	78	73
Employee benefits	46	59
Total non-current provisions	**124**	**132**
TOTAL PROVISIONS	**953**	**1,174**

1. The lease concludes in October 2023.

	MAKE GOOD PROVISION $'000
BALANCE AS AT 30 JUNE 2021	**136**
Balance as at 1 July 2021	136
Released provisions[1]	(58)
BALANCE AS AT 30 JUNE 2022	**78**

1. 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.

Note 19 | Issued capital

	CONSOLIDATED GROUP			
	2022 SHARES	2021 SHARES	2022 $'000	2021 $'000
Ordinary shares - fully paid on issue	**1,231,279,015**	**867,002,904**	**132,143**	**122,984**

INP has no limit to its authorised share capital.

Movements in ordinary share capital	DATE	NUMBER OF SHARES	ISSUE PRICE $	$'000
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)
BALANCE AS AT 30 JUNE 2021		**867,002,904**		**122,984**
Ordinary shares at beginning of the year		**867,002,904**		**122,984**
Issues during the year:	23 Sep 2021[1]	104,740,097	0.03	3,448
	8 Dec 2021[2]	189,186,349	0.02	4,162
	17 Dec 2021[3]	45,817,543	0.02	1,008
	19 Jan 2022[4]	19,545,455	0.02	431
	3 Feb 2022[5]	4,986,667	0.03	150
	18 Oct 2019[6]		0.02	22
	17 Jan 2022[7]		0.02	105
	Less, costs of issues	-	-	(167)
BALANCE AS AT 30 JUNE 2022		**1,231,279,015**		**132,143**

1. 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.
2. On 8 December 2021, pursuant to the announcement on 10 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.
3. On 17 December 2021, pursuant to the announcement on 10 November 2021, ordinary shares were issued under the Top-up facility. The shortfall was issued to third parties at $0.022 per share.
4. 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.
5. 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.
6. 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.
7. 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.

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 FY21 Board approved budget, and for the FY22 and FY23 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 16 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.

	CONSOLIDATED GROUP		
	SHARE BASED PAYMENTS RESERVE $'000	FOREIGN CURRENCY TRANSLATION RESERVE $'000	TOTAL $'000
Balance as at 1 July 2020	-	377	377
Amortised during the period[1]	362	-	362
Movement during the period	-	(6)	(6)
BALANCE AS AT 30 JUNE 2021	**362**	**371**	**733**
Balance as at 1 July 2021	362	371	733
Amortised during the period[1]	201	-	201
Forfeited during the period[2]	(227)	-	(227)
Movement during the period[2]	(169)	(49)	(218)
BALANCE AS AT 30 JUNE 2022	**167**	**322**	**489**

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 24 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.

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[1]	27,186,234	(22,199,567)	(4,986,667)	-	-
Ben Newling	11,585,043	-	-	11,585,043	1,522,679
Total	**38,771,277**	**(22,199,567)**	**(4,986,667)**	**11,585,043**	**1,522,679**

1. 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.

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

	TRANCHE	NO. OF OPTIONS	ISSUED VALUE $	NO. VESTED AND EXERCISABLE 30 JUNE 2022	FAIR VALUE OF OPTIONS $
Ben Newling	1	1,125,000	22,386	1,125,000	22,386
	2	2,125,000	-[1]	-[1]	-
	3	2,125,000	63,761	-[2]	22,957
	4	2,125,000	41,171	-[3]	10,965
	5	4,085,043	69,346	397,679	51,947
Total Shares		**11,585,043**	**196,664**	**1,522,679**	**108,255**

1. Shares have been carried over to Tranche 3 as vesting condition not satisfied.
2. 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 is at risk of expiry on 30 September 2022.
3. Where the vesting price hurdle condition is not satisfied, tranche 3 and 4 shares will expire and will not be eligible for vesting.
4. Expiry date for these options is the last vesting date for tranche 5, being 31 October 2023.
5. 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:

	TRANCHE 1	TRANCHE 2	TRANCHE 3	TRANCHE 4	TRANCHE 5
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[1]	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.

1. 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.

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:

	TRANCHE 2 - ORIGINAL VALUATION	TRANCHE 2 - REVALUED AT SETTLEMENT DATE
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:

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Short-term employee benefits	1,056	826
Post-employment benefits	53	40
Termination payment benefits	163	-
Share based payments[1]	59	362
TOTAL KMP COMPENSATION	**1,331**	**1,228**

1. 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

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Auditing or reviewing the financial statements	255	257
Taxation services - compliance	12	12
Other services	1	2
TOTAL	**268**	**271**

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 %
a) Information about Principal Subsidiaries			
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[1]	Australia	100	100
Entertainment Seamless Rewards Pty Ltd[2]	Australia	100	0

1. 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.
2. 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 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
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss	(8,315)[1]	(6,726)
TOTAL COMPREHENSIVE INCOME	**(8,315)[1]**	**(6,726)**
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	1,568	1,562
Non-current assets	24,918	21,779
TOTAL ASSETS	**26,486**	**23,341**
Liabilities		
Current liabilities		
Current liabilities	3,675	8,522
Non-current liabilities	8,370	1,255
TOTAL LIABILITIES	**12,045**	**9,777**
Equity		
Issued capital	132,143	122,983
Reserves	150	345
Accumulated losses	(117,852)[1]	(109,764)[1]
TOTAL EQUITY	**14,441**	**13,564**

1. 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.

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.

	2022 $'000	2021 $'000
ASSETS		
Current assets		
Cash and cash equivalents	610	2,420
Trade and other receivables	1,185	940
Inventories	161	120
Other assets	1,413	1,761
Total current assets	**3,369**	**5,241**
Non-current assets		
Trade and other receivables	102	523
Property, plant and equipment	503	792
Right-of-use asset	22	134
Intangible assets	12,322	15,813
Total non-current assets	**12,949**	**17,262**
TOTAL ASSETS	**16,318**	**22,503**
LIABILITIES		
Current liabilities		
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
Total current liabilities	**10,650**	**15,825**
Non-current liabilities		
Trade and other payables	1,801	1,352
Lease liabilities	310	1,072
Borrowings	6,096	28
Deferred revenue	68	32
Provisions	123	59
Total non-current liabilities	**8,398**	**2,543**
TOTAL LIABILITIES	**19,048**	**18,368**
NET ASSETS	**(2,730)**	**4,135**
EQUITY		
Issued capital	132,141	122,983
Reserves	489	687
Retained earnings	(135,360)	(119,535)
TOTAL EQUITY	**(2,730)**	**4,135**

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.

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.

YEAR ENDED 30 JUNE 2022	AUSTRALIA $'000	NEW ZEALAND $'000	TOTAL $'000
Revenue			
Revenue from Contracts with customers	18,037	1,753	19,790
Other Income	123	1	124
Government assistance	676	-	676
Interest	30	-	30
Total Revenue	**18,866**	**1,754**	**20,620**
Expenses			
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)
Total expenses	**(35,370)**	**(881)**	**(36,251)**
Segment profit before tax	**(16,504)**	**873**	**(15,631)**
Segment total assets	**16,319**	**537**	**16,856**
Segment total non-current assets	**12,949**	**-**	**12,949**
Segment total liabilities	**17,251**	**936**	**18,187**

YEAR ENDED 30 JUNE 2021	AUSTRALIA $'000	NEW ZEALAND $'000	TOTAL $'000
Revenue			
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
Total revenue	**17,495**	**1,940**	**19,435**
Expenses			
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)
Total expenses	**(25,631)**	**(2,392)**	**(28,025)**
Segment profit before tax	**(8,136)**	**(452)**	**(8,588)**
Segment total assets	**22,501**	**1,155**	**23,656**
Segment total non-current assets	**17,261**	**44**	**17,305**
Segment total liabilities	**17,017**	**1,481**	**18,498**

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, $0.5 million.
- Guarantee for credit cards facility, $0.1 million.

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:

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

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	2022 CARRYING VALUE	2021 CARRYING VALUE	CONTRACTUAL CASH FLOWS: WITHIN 1 YEAR		1-5 YEARS		> 5 YEARS		TOTAL	
			2022	2021	2022	2021	2022	2021	2022	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets										
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
Financial liabilities										
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)	-	-	(11,314)	(4,744)

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	ASSETS AND LIABILITIES NOT AT FAIR VALUE	ASSETS AND LIABILITIES AT FAIR VALUE	FAIR VALUE: LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	$'000			$'000	$'000	$'000	$'000
Financial assets							
Cash	978	978	-	-	-	-	978
Trade debtors	665	665	-	-	-	-	665
Other receivables	663	663	-	-	-	-	663
Other current assets	576	576	-	-	-	-	576
Financial liabilities							
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	FAIR VALUE ASSETS AND LIABILITIES AT FAIR VALUE $'000	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financial assets							
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
Financial liabilities							
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.

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. $16 million 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

ıncluded in the $8.1 million disclosed in the 2022 borrowings time band is $3.5 million, of which $1.5 million 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.

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 20 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 $1.8 million 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 NZD $'000	2021 NZD $'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 $'000	EQUITY $'000
Year ended 30 June 2022		
+/- 0.5% in foreign exchange rates	21	70
Year ended 30 June 2021		
+/- 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.

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:

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Sales of goods and services		
Membership subscriptions[1]	-	44
Enterprise sales[2]	56	92
Travel commission[7]	3	-
Purchases of services		
Rent[3]	11	13
Customer service[4]	252	324
Consulting fees[8]	154	-
Technology Consultancy[5]	17	-
Communication Infrastructure[6]	21	-

1. Sale of Entertainment Memberships to Fair Go Finance, a related entity of Suzerain.
2. Enterprise sales to NobleOak Life Insurance, an entity related to Stephen Harrison, the Chairman of the Group.
3. Gold Coast office space provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
4. Customer service provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
5. Technology consultancy services with Fintech Services (AUST) Pty Ltd, a related party due to common directors Dean Palmer and Jeremy Thorpe.
6. Communication network costs on charged from Leisurecom Group Pty Ltd for Harrington Street location
7. Travel commission from Leisurecom Group Pty Ltd for Entertainment Travel bookings with accommodation venues previously under MyBookings
8. 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:

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Current payables		
Leisurecom Group Pty Ltd[1]	1	29

[1] Customer service and office space provided by a related entity of Suzerain.

Outstanding balances arising from loan agreements:

	CONSOLIDATED GROUP	
	2022 $'000	2021 $'000
Borrowings		
Interest bearing loan	633	574
Additional growth operational facility	184	2,800
Transformational capital facility	1,208	1,208
New Gold Coast Holdings Limited	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 NGCH, related parties to Jeremy Thorpe (Director) and Dean Palmer (Director), have provided a total of $34 million loan facilities to the Group. During the period, the Group drew down $6.4 million 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 23 September 2021.
- Suzerain participated in the rights issue on 8 December 2021, acquiring 162,612,401 shares, which was announced to the market on 10 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:

	2022 $’000	2021 $’000
Current Assets		
Prepayments[2]	120	-
Total[1]	**120**	**-**

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 and Spineka Group Pty Ltd for services, to be settled from future profit distributions under the provisions of the joint arrangement.

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

Note 31 | Events after the reporting period

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

The Company finalised the renegotiation of the repayment date for the Transformational Capital facility loan with Skybound Fidelis Investment limited as trustee for the Skybound Fidelis Credit Fund in September 2022. The date was changed from 11 Feb 2022 to 31 Dec 2024.

Directors' Declaration

In accordance with a resolution of the Directors of IncentiaPay Ltd, the Directors of the Company declare that:

The financial statements and notes, as set out on pages 41 to 108, are in accordance with the Corporations Act 2001 and:

a) Comply with Australian Accounting Standards, which, as stated in the notes to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and,

b) Give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the consolidated Group.

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, and the Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

STEPHEN HARRISON
CHAIRMAN

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Independent Auditor's Report

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Independent Auditor's Report

To the shareholders of IncentiaPay Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of IncentiaPay Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 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 year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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Material uncertainty related to going concern

We draw attention to Note 1, "Going Concern" in the Financial Report. The 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 financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. This included:

- Analysing the cash flow forecasts by:
  - Evaluating the underlying data used to generate the forecasts for consistency with other information tested by us, and our understanding of the Group's intentions, and past results and practices;
  - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, particularly in light of recent loss making operations, results since year end, and our understanding of the business, industry and economic conditions of the Group with consideration to Covid-19;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and financial position to assess the level of associated uncertainty;
- Reading correspondence with existing financiers (of whom are related parties) to assess the level of associated uncertainty with respect to the availability of new and existing facilities, and accommodative repayment terms including the extension of existing maturity dates and the conversion of outstanding facilities into equity; and
- Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow forecast assessment, the Group's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

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Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the ***Key Audit Matters***:

- Recoverable amount of Goodwill and other intangible assets; and
- Software assets.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Recoverable amount of Goodwill and other intangible assets ($12.322 million)	
Refer to Note 13 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the Group's annual testing of goodwill and other intangible assets for impairment, given the size of the balance (being 73% of total assets). We focused on the significant forward-looking assumptions the Group applied in its value-in-use model, including: • forecast cash flows – the Group incurred a loss during the year largely as a result of its revenues continuing to be impacted while demand for its products and services recovers from market conditions experienced due to Covid-19 (most notably in membership subscriptions). These conditions increase the possibility of goodwill and other intangible assets being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider. We focused on the expected rate of recovery for the Group, and what the Group considers as its future business model, when assessing the feasibility of the Group's forecast cashflows. • forecast growth rates and terminal growth rate – in addition to the uncertainties described above, the Group's model is highly sensitive to small changes in these assumptions, indicating increased risk of impairment. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy; and	Working with our valuation specialists, our procedures included: • We assessed the Group's determination of its CGUs in light of its future business model and consistency with the assumptions used in cash flow forecasts and the requirements of the accounting standards; • We considered the appropriateness of the value-in-use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • We assessed the integrity of the value-in-use model used, including the accuracy of the underlying calculation formulas; • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal growth rate and discount rate, within a reasonably possible range. We did this to identify those assumptions at higher risk of bias or inconsistency in application and to focus our further procedures; • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model; • We challenged the Group's significant forecast cash flow and growth assumptions in light of the continued downturn in membership subscriptions as a result of Covid-19, as well as

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• discount rate – this is complicated in nature and varies according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time, and the model's approach to incorporating risks into the cash flows or discount rate. The Group's modelling is highly sensitive to small changes in the discount rate. The Group's model used to perform its annual testing of goodwill and other intangible assets for impairment uses adjusted historical performance, and a range of internal and external sources as inputs to the assumptions. The Group has not met prior forecasts, raising our concern for reliability of current forecasts. Complex modelling, using forward-looking assumptions tend to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and its consistent application. The Group changed the composition of its CGUs necessitating our consideration of the Group's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows. In addition to the above, the Group recorded an impairment charge of $3.615 million against goodwill and intangible assets within the Entertainment Business CGU increasing the sensitivity of the model to small changes. This further increased our audit effort in this key audit area.	the change in anticipated cash flow cycles for what the Group considers its future business model following completion of its transformation program. We assessed key assumptions such as the expected rate of recovery for consistency with the Board approved plan and strategy and our knowledge of the business, industry and recent actual cash flows. As part of these procedures, we applied increased scepticism to forecasts in the areas where previous forecasts were not achieved and considered the impacts a slower rate of recovery may have on cash inflows; • We compared forecast growth rate over the 5 year forecast period to the Group's stated plan and strategy, past performance of the Group, and our experience regarding the feasibility of these in the industry/economic environment in which they operate. We also compared the terminal growth rate to published studies of industry trends and expectations and considered differences for the Group's operations. We used our knowledge of the Group, its past and current performance, business and customers, and industry experience to assist with this; • We analysed the Group's discount rate against publicly available data of a group of comparable entities; • We assessed the difference between the Group's year-end market capitalisation and the carrying amount of the net assets, by comparing the year-end market capitalisation to the Group's enterprise value; • We recalculated the impairment charge against the recorded amount disclosed; and • We assessed the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

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Software assets ($1.665 million)	
Refer to Note 13 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
A key audit matter for us was the accounting for the Group's software assets during the year, given the extent and nature of judgements and estimates involved in the identification and allocation of costs capitalised. Software assets include technology and software assets of $0.914 million and software under development assets of $0.751 million as outlined in note 13. These assets relate to the Group's technology transformation projects which have resulted in $800k of additions capitalised during the financial year and $647k of transfers to completed projects during the financial year. We focused on the Group's process for calculating the amount of internally generated costs to be capitalised under these projects given their application of judgement against the requirements of the accounting standards. These assessments include: • Estimating time which staff spend developing technology and software, and determining the value attributable to that time; • Allocating costs eligible for capitalisation, including staff and external providers, into relevant and appropriate Technology Transformation Projects; and • Determining when projects become available for use in a manner in which management intended, and therefore the appropriate method of depreciation that should be applied using the criteria in the accounting standards. These factors required significant audit effort and involvement of senior audit team members in assessing this key audit matter. In addition to the above, the Group recognised $1.181 million of impairment during the financial year for software assets which became redundant due to investment in newer technology solutions. Given the rapid changes in technology and market innovations, there remains a risk that additional impairment indicators exist for software assets. We therefore focused on the existence of additional indicators, particularly for expected changes in the	Our procedures included: • Assessing the appropriateness of the Group's accounting policies for the recognition and measurement of software assets against the requirements of the accounting standards and our understanding of the business and industry practice; • Assessing the nature of a sample of capitalised cost additions against the criteria of AASB 138 to be capitalised and meeting the definition of development assets; • Testing a sample of the staff costs capitalised. Using monthly management reports containing their estimates of the value of time attributable to development tasks, we checked salaries and/or hourly rates against their underlying employment contracts for accuracy of rates, and against internally approved timesheets to challenge the Group on its estimates of time allocated to development tasks as opposed to other operational tasks which would not meet the capitalisation criteria; and • Testing the allocation of capitalised costs into different projects by challenging the assumptions applied by the Group to underlying work programs. We also used our knowledge of the Group, the overall technology transformation project plan, agreements and invoicing patterns from key suppliers, and our industry experience. For the projects that became available for use during the year, we checked this against information evidencing the launch of these projects, the substance of costs incurred on these projects after launch, and their AASB 138 eligibility for ongoing capitalisation. For projects which remain under development at year end and expected to be available for use in future periods, we challenged the Group's assessment of when they are expected to be available for use, against our analysis of the nature of costs incurred to date, costs to complete, launch patterns and our experience of software launch phases.

manner in which the Group's software assets could be used.	Additionally, we assessed the factors considered by the Group regarding impairment of software assets and whether any additional indicators of impairment existed. This included having regard to: • Significant changes in the extent or manner in which the associated software is used; and • Potential or actual redundancy or disposal of developed software. We assessed the disclosures for software assets and related impairment considerations in the financial report using our understanding obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in IncentiaPay Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of IncentiaPay Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 29 to 38 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

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Jeffrey Frazer

Partner

Gold Coast

30 September 2022

ASX Additional Information

ASX Additional Information

As at 29 August 2022

Distribution of equitable securities

Analysis of the number of equitable security holders by size of holding:

RANGE	TOTAL HOLDERS	SECURITIES	% ISSUED CAPITAL
1 to 1,000	134	26,785	0.00
1,001 to 5,000	189	559,856	0.04
5,001 to 10,000	87	695,505	0.05
10,001 to 100,000	484	18,774,435	1.48
100,001 and over	217	1,245,007,044	98.41
TOTAL	1,110	1,265,063,625	100

*Including Loan Funded Shares in escrow.

Unmarketable parcels

The number of security investors holding less than a marketable parcel of 38,461 securities ($0.013 on 29/08/2022) is 708 and they hold 8,009,910 securities.

Substantial holders

RANK	NAME	CURRENT BALANCE	% ISSUED CAPITAL
1	Suzerain Investments Holdings Limited	861,845,725	68.13
2	Australia Fintech Plus Pty Ltd	65,724,825	5.20

Top 20 Holders of fully paid ordinary shares

The names of the twenty largest security holders of quoted equity securities are listed below:

RANK	NAME	26 AUG 2022	%IC
1	SUZERAIN INVESTMENTS HOLDINGS LTD	861,845,725	68.13
2	AUSTRALIAN FINTECH PLUS PTY LTD	65,724,825	5.20
3	BNP PARIBAS NOMS PTY LTD	41,597,364	3.29
4	MR HENRY MICHAEL HOY JONES	27,186,234	2.15
5	AFRICAN KLIP PTY LTD	12,809,091	1.01
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,703,730	1.00
7	IT'S TAKEN PTY LTD	12,444,444	0.98
8	BEN NEWLING	11,585,043	0.92
9	CITICORP NOMINEES PTY LIMITED	10,266,635	0.81
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,661,983	0.68
11	YOUTH TRAVEL PTY LTD	8,644,117	0.68
12	MR DEVEN HARRISON	7,684,167	0.61
13	EVEREST MB PTY LTD	7,518,000	0.59
14	BNP PARIBAS NOMINEES PTY LTD	7,400,546	0.58
15	MR DAVID RICHARD PALMER	6,506,132	0.51
16	MR BRIAN ROBERT HALL & MRS LEIGH ANNE HALL	6,500,000	0.51
17	MR LAWRENCE ALLAN PAPPIN	6,363,636	0.50
18	MR BILAL AHMAD	6,000,000	0.47
19	NETWEALTH INVESTMENTS LIMITED	5,323,509	0.42
20	STEPHEN HARRISON	4,754,285	0.38

Convertible Loan Security

The Company has one convertible loan security on issue that is unquoted and currently held by New Gold Coast Holdings Limited, an associate of the Company's majority shareholder, Suzerain Investments Holdings Limited. There are no voting rights attached to the convertible loan security. For further information regarding the terms of the convertible loan security, please refer to the Appendix 3B, Appendix 3G and s708A(12C)(e) Cleansing Notice lodged by the Company to ASX on 23 May 2022.

Voting rights

The Company has 1,265,063,625 fully paid ordinary shares on issue. Each ordinary share is entitled to 1 vote when a poll is called, otherwise each member present at a meeting, or by proxy, has 1 vote by a show of hands. There are no other classes of equity securities.

Voluntary escrow

The Company has 33,784,610 shares in voluntary escrow until 21 October 2023

On market by back

There is currently no on-market share buy back

Corporate Directory

Directors	Mr Stephen Harrison, Chairman Mr Jeremy Thorpe, Non-Executive Director Dr Charles Romito, Non-Executive Director Mr Dean Palmer, Non-Executive Director
Company Secretary	Mr Ben Newling
Registered Office	Level 6, Suite 7, 3 Spring Street Sydney NSW 2000 +61 2 8256 5300
Principal place of business	Level 6, Suite 7, 3 Spring Street Sydney NSW 2000
Share registry	Link Market Services ACN 083 214 537 Level 12, 680 George Street Sydney NSW 2000 +61 2 8280 7100
Auditor	KPMG Level 31, Tower Three, International Towers Sydney 300 Barangaroo Avenue, Sydney, NSW 2000
Legal advisers	Sundaraj & Ker Level 36, Australia Square 264 George Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia Level 3, 240 Queen Street Brisbane QLD 4000
Stock exchange listing	IncentiaPay Limited shares are listed on the Australian Securities Exchange (ASX code: INP)
Website	www.incentiapay.com

The Company's Corporate Governance Statement, which was approved by the Board at the same time as the Annual Report, sets out the corporate governance practices that were in operation during the financial period and identifies and explains any ASX Corporate Governance Principles and Recommendations that have not been followed. The Corporate Governance Statement for the year ended 30 June 2022 can be found on the Company's website at https://www.incentiapay.com/governance/.

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