incentiapay

Annual Report

FOR THE YEAR ENDED 30 JUNE 2023

2023

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 29-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 6,700 business partners in dining, travel, activities, and retail across over 13,000 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.

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.

Seamless Rewards

A unique B2B2C Personalised Card Linked Offers (PCLO) platform enabling CLO-ready content services to CLO based loyalty programs. Entertainment technology provides seamless integration for the cash back programs across merchants offers, card issuers, and payment networks.

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.

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.

Contents

Chairman’s Introduction

Chairman's Introduction

Dear Shareholders,

On behalf of the Board of Directors of IncentiaPay, I am pleased to present to you the 2023 Annual Report.
The past financial year has seen IncentiaPay make strong progress in the following key areas:

- overarching business transformation to align the Company with its key objectives;
- rebuild the technology platform for our two core businesses; and
- 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 rewards, benefit and engagement.

Continuing our strong history of supporting the community, we made contributions of in excess of $1.25m to charities and not-for-profit organisations during FY23. This is something that we are very proud of and remains a core value of our business now and into the future.

Our new business, a B2B2C platform called Seamless Rewards, offers Card Linked Offers (CLO). Our CLO platform allows merchant content services to be provided via channel partners and enterprise loyalty program operators such as banks. 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. In this new business, we have developed a strong relationship with one of the world's largest payment networks to provide cashback operations as a service. This is a transformational opportunity for our business to build an asset base on their card linked programs to reach the largest audiences in the Australian market.

At the same time, we have focused 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 stronger fundraiser engagement.

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

- Build our audience asset through increasing end-users of our Entertainment and Frequent Values Programs
- Strengthen our network asset including our invaluable fundraiser, merchant and corporate client networks
- Grow transaction linked revenues through building a strong offer base in our client's (one of the world's largest payment networks) platform and through travel, leisure and online retail offers to our audience base.

During the year, we implemented significant cost reductions that delivered annualised cost savings of ~ $5.0 million. In addition to that, we have reduced our property footprint (and therefore costs), restructured the Board and reviewed other external expenses to optimise our cost base. This significant cost reduction combined with maintaining revenue (albeit with a small decline) resulted in our underlying EBITDA improving by $3.89 million to ($6.1million) in FY23 from ($9.9 million) in FY22.

We continue to be strongly supported by our majority shareholder, Suzerain Investment Holdings Limited and its associates. In April 2023, IncentiaPay negotiated a deferment of interest payment and a reduction of the Loan Administration fee which materially improved our overall cashflows. In May 2023, Suzerain reiterated its commitment to the business by announcing its intention to convert their debt to equity if the share price went above 2.2 cents per share on a 7-day volume weighted average price basis.

The leadership team has been stable in FY23 other than the departure of Ben Newling, CFO and Company Secretary in February 2023. We wish Ben well. The Company welcomed Kunal Kapoor, an accomplished finance professional in the capacity of Senior Financial Controller to lead the finance function.

We had a restructuring of the Board in April and May 2023 to support Jeremy Thorpe's retirement and Stephen Harrison's transition. As part of that process, our CEO Ani Chakraborty was appointed as Managing Director. I would like to acknowledge the major contributions made by Jeremy and Stephen to the company over the last 4 years.

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.

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

Dean Palmer
Chairman

CEO's Review

CEO's Review

Dear Shareholders,

I am delighted to be presenting my second 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 five key pillars:

1. **Entertainment Digital Membership:** Focus on growing our core B2C revenue
2. **StaffPerks:** Employee Rewards and engagement solution building on Entertainment offer set
3. **Frequent Values:** Growing our active audience in our B2B Enterprise business
4. **Seamless Rewards**: Build scale for our new transaction-linked Seamless Rewards Card Linked Offer (CLO)-based business
5. **Revenue growth with operating leverage:** Deliver business growth priorities maintaining 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.
- **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

Delivery on promised cost savings

During the year, we delivered significant cost reductions to accelerate our path to operating cash break-even and position the Company for long- term growth, which culminated in a $5.0 million cost reduction in FY23. In addition to the realised cost savings, we have also implemented some additional items such as property footprint optimisation that we will reduce our operating costs further in FY24 by delivering an efficient core ready for revenue growth with high operating leverage.

Progress on Technology Roadmap

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 has achieved the following:

1. Fully re-platformed Entertainment and Frequent Values App
2. Fully revamped Entertainment website
3. Reduction of legacy tech components

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, improved Fundraiser engagement and augmentation of offers.

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. In addition, several new features such as push notification, in app messaging, content card has been implemented that has improved our Merchant's and Member's abilities to interact with each other.

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 IncentiaPay's B2B app was also completed during FY23 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 have been migrated to the new app throughout FY23 providing significantly improved user interface and improved functionality. Remaining B2B customers will be migrated to the new App in FY24.

Programs that have migrated to the new App have shown significant improvement in member usage and engagement.

Seamless Rewards

During FY23, we established steady transaction volumes with card linked program networks (~120 – 150 transactions a week).

A major achievement of the business in FY23 was to develop a strong relationship with a large Payment Network for whom IncentiaPay will provide Merchant operations as a service for their cashback programs. Foundations have been set in place in FY23 for this relationship. It will further be boosted in FY24 as the program ramps up.

Senior leadership team changes

We enjoyed a stable senior leadership team in FY23 except for one change.

On 6 February 2023, we also appointed Kunal Kapoor as Senior Financial Controller to replace outgoing Chief Financial Officer, Ben Newling, who resigned from the company effective 28 February 2023.

Mr Kapoor is an accomplished finance professional with more than 20 years of experience in financial management and corporate finance. His skills will help us in delivering the next phase of growth.

Financial Performance

FY23 revenues totaled $17.2 million, down 16% on the previous corresponding period, due to decrease in the membership subscription sales and the gift card sales which was impacted by the inflationary pressures being faced by the members in FY23.

Despite lower revenues, underlying EBITDA[1] improved by $3.89 million to ($6.1 million) in FY23 from ($9.9 million) in FY22, driven by significant reduction in the employee and technology costs.

Cash Position

As of 30 June 2023, cash reserves totaled $1.82 million. In addition, the Company had an undrawn remaining cash facility available of $6.0 million.

Outlook

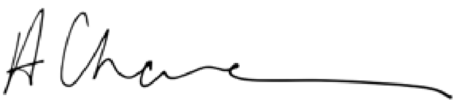
IncentiaPay enters FY24 in a strong position with an optimised cost base, a better product set, stable Executive team and a well-defined strategic plan. IncentiaPay now also has cornerstone corporate clients who can have a transformational impact on our business.

Our focus on FY24 will continue to be to focus on the core – build our B2C member base and grow B2B audience base and grow transaction linked revenues. To grow transaction linked revenues, in addition to bringing better travel, leisure and online offers to our audience base, our principal focus will be to ramp up our Merchant operations base with our major Payment network client.

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 FY23 was $17.2 million, underlying EBITDA for FY23 was a loss of $6.1 million, and negative operating cash flow was $6.9 million. Following impairment charge of $ 11.6 million, Net loss after tax (NLAT) from ordinary activities was $20.4 million. Australian revenue accounted for $16.0 million, or 93.2 per cent (FY22: $18.9 million, 91.5 per cent), while New Zealand revenue accounted for $1.2 million, or 6.8 per cent (FY22: $1.8 million, 8.5 per cent).

Gross Revenue

Overall gross revenue for FY23 was $17.2 million compared to $20.6 million in FY22. This included, $6.2 million, or 35.9 per cent from Membership sales (FY22: $7.8 million), $1.9 million, or 11.3 per cent from Enterprise client sales (FY22: $2.6 million), $8.0 million, or 46.7per cent from gift card sales (FY22: $8.6 million), and $0.9 million, or 5.1 per cent from fee income and paid advertising (FY22: $0.7 million). Company commenced Card Linked Offers (CLO) platform in October'22 with revenues of $0.03 million (FY22:NIL) for the transaction fees and another $0.02 million for the Merchant management fees (FY22:NIL).

Although Business to Consumer (B2C) revenue, being the Membership Subscriptions, declined by 20.7% (overall decrease is amplified by the recognition of revenue, which under accounting standards is earned over the period of the membership, membership cash receipts are lower by 12.2% over the last year), it showed signs of recovery during the end of H2 with volumes increasing by 110% over the same period last year driven by tactical sales promotions.

The June quarter of FY23 saw around five times the level of Membership volume sold compared to the March quarter of FY23, which points to the success of a renewal program of incentives and promotions.

The Enterprise business revenues declined 25.5% over last year as the company was investing heavily in the re-platforming of the Frequent Values App which was completed in H1. Post re-platforming, the Company was able to launch customized apps for the majority of its clients and went live with one of the largest media houses in the country in H2. The number of subscribers in the Enterprise business almost doubled from December 2022 to June2023.

Gift card sales decreased 6.5% per cent.

Paid Advertising saw an 18.4% per cent increase year-on-year predominantly due to paid advertising and the re-engagement of the travel industry.

Net loss after tax and impairments

Reported net loss after tax (NLAT) from ordinary activities in FY 2023 was $20.4 million compared to a net loss after tax from ordinary activities in FY 2022 of $15.6 million. The net loss was materially impacted by to a once-off impairment charge of $11.6 million.

Restructuring costs

As part of the Company's focus on achieving operating cash break-even, the company undertook a significant cost rationalisation program during FY23, which delivered total operational costs savings of $5.0 million in FY23 ($3.6 million in payroll costs, $1.1 million in IT related costs, and $0.3 million in marketing costs).

Debt management

During the second half of FY23, IncentiaPay was able to negotiate and secure the following favorable amendments to its following debt facilities:

A. $22.5 million loan facility with New Gold Coast Holdings (NGCH):

1.Deferment of interest payments from 1 February 2023 to 31 December 2024,

2.No interest will be charged on the interest accrued.

3.Reduction in the administration fee from $36,667 per month to $27,500 per month till 31 December 2024.

B. $0.5 million loan facility with Suzerain:

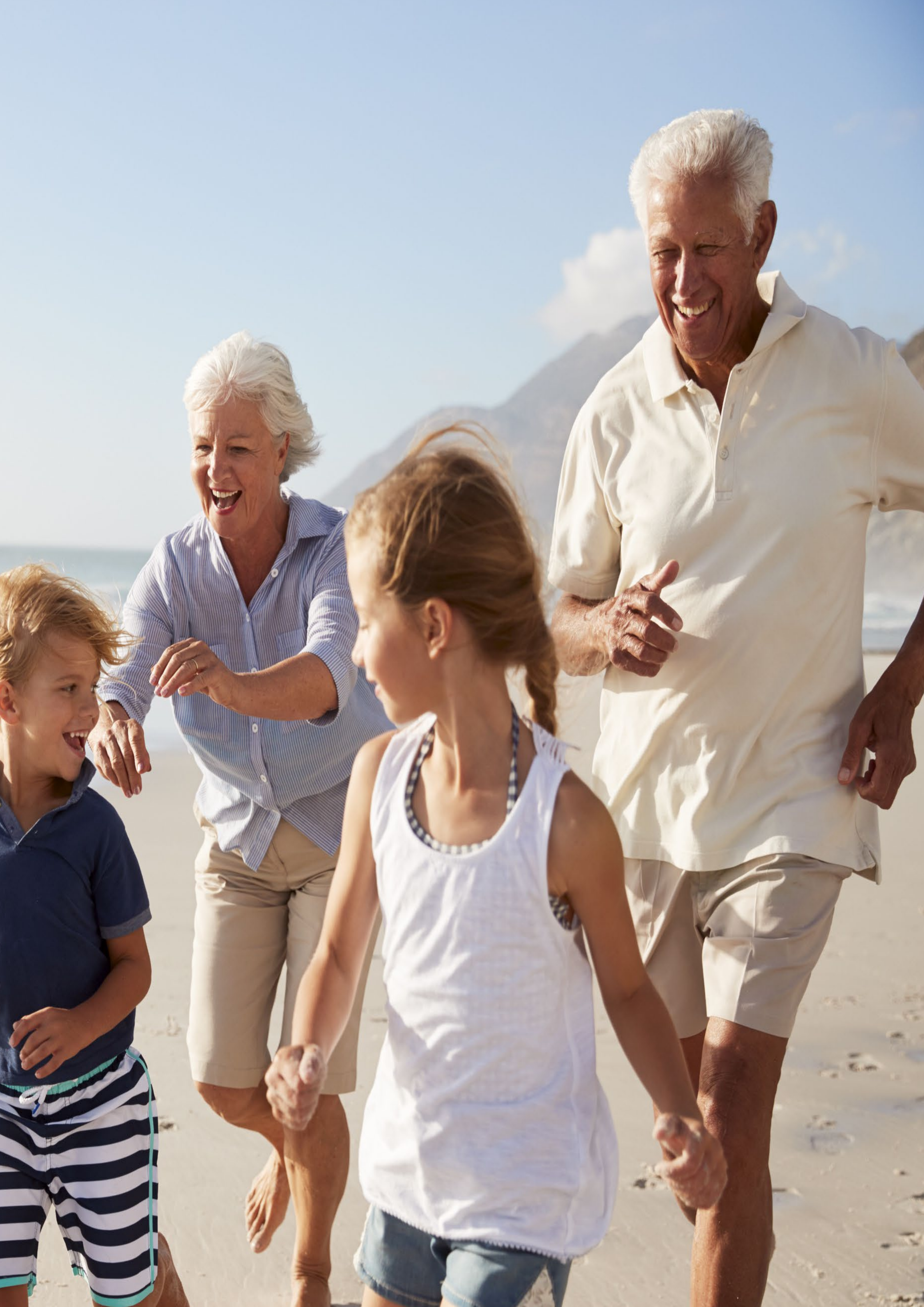
1.Deferment of loan repayment date to 31 December 2024.

2.Interest will accrue with full amount to be payable by 31 December 2024.

3.No interest will be charged on the interest accrued with effect from 1 July 2023.

Dividends

No dividend has been declared in relation to the FY23 results. The Board of Directors of IncentiaPay do not expect to declare any dividends in FY24.



The Leadership Team

Board of Directors

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

Dean Palmer
Chairman

Dean Palmer is a business professional with over 25 years' experience in finance, business building and funds management.

Dean is the Managing Director of Skybound Capital's operations in Australia. Dean is also the founder and CEO of Skybound Fidelis Investment Limited, a specialist finance, commercial credit and property funds management company which holds an Australian Financial Services Licence. Dean has held numerous senior executive positions both in Australia and the UK.

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

Ani Chakraborty
Managing Director

Ani Chakraborty is an engineer and management graduate and 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.

Ani joined the Board as the Managing Director from 1 Jun 2023. Ani is a Non-Executive Director of LARES, private operator of Land and Chattel Mortgage Registry of the Philippines.

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.

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/ Chief Financial 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.

Kunal Kapoor
Senior Financial Controller

Kunal Kapoor brings in more than 20 years of Industry experience in Corporate Finance and Financial Control having worked across Australia, Asia, and Middle East in different industries like IT, Hospitality and Real Estate.

His role as Senior Financial Controller is key to driving revenue and optimal cost control, along with finding opportunities for M&A and capital raising for the business.

Kunal is a member of CPA (Australia) and CFA Institute.

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 has $6.0 million funding available out of $22.5 million convertible loan facility from New Gold Coast Holdings Limited, an Associate of its largest shareholder Suzerain Investments Holdings Ltd (Suzerain) to provide it with sufficient working 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 inflation	During FY23, the Company saw operating cash inflows decline due to the wide-ranging impacts of the global inflationary pressures resulting into lower purchasing power for the subscribers.
	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 the Seamless Rewards platform. IncentiaPay's success in part is predicated on our ability to generate new customers and cash inflows from the above platform.
	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.
	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 2023. 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 until 31 May 2023 (appointed 15 February 2019 and re-elected 16 December 2020)
- Dean Palmer (appointed 19 August 2019 and re-elected 30 November 2022)
- Charles Romito (appointed 28 June 2019 and re-elected 20 January 2022)
- Jeremy Thorpe until 21 April 2023 (appointed 16 May 2019, re-elected 30 November 2022 and resigned 21 April 2023)
- Ani Chakraborty (appointed 31 May 2023)

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 favor 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 willful 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 2023:

	$'000
Taxation services	14
Other services	2
Total	**16**

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 39 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 Group has successfully re-negotiated the repayment of the Suzerain Interest Bearing loan until 31 December 2024.

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

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 2023. There were no ordinary shares of the Group issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Loan funded share plan

As at 30 June 2023, all the remaining shares under the Loan Funded Share (LFS) arrangement approved by shareholders at the AGM in December 2020 were forfeited on the resignation of ex CFO, Ben Newling on 28 February 2023.

INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARY

Dean Palmer - Chairman

Board Appointment	15 August 2019 and re-elected 30 November 2022. Appointed as Chairman 31 May 2023.
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 Director & CEO 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 25 years of experience. Founder and CEO of Skybound Fidelis Investment Limited - a specialist finance, commercial credit, and property fund manager. Has held numerous senior executive roles both in Australia and the UK and is currently Managing Director of Skybound Capital in Australia.

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

Ani Chakraborty - Managing Director

Board appointment	31 May 2023
Interest in shares and options	Nil
Special responsibilities	CEO
Directorships held in other listed entities during the three years prior to the current year	Nil
Qualifications	Bachelor of Technology (Electrical Engineering), MBA (Finance and Operations)

Experience	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.

Company Secretary

Sean Coleman is a Principal at Sundaraj & Ker and was appointed as the Company Secretary with effect from 1 March 2023 replacing Ben Newling who was Company Secretary from 11 February 2019 till 28 February 2023.

Mr. Coleman is a corporate lawyer with over a decade of experience specialising in public and private mergers & acquisitions, cross-border transactions, capital raisings and funds management. He also advises on general security law matters including ASX Listing Rules compliance and corporate governance.

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
Dean Palmer	12	12	2	2	2	2
Charles Romito	12	12	2	2	2	2
Ani Chakraborty	1	1	-	-	-	-
Stephen Harrison	11	11	1	1	1	1
Jeremy Thorpe	10	9	1	1	1	1

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.

Dean Palmer
Chairman

4 September 2023

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 and Executive Directors during the year ended 30 June 2023

NAME	POSITION	DATES
Stephen Harrison	Non-Executive Chairman	1 July 2022 to 31 May 2023
Dean Palmer	Non-Executive Chairman Non-Executive Director	31 May 2023 to 30 June 2023 1 July 2022 to 31 May 2023
Jeremy Thorpe	Non-Executive Director	1 July 2022 to 21 April 2023
Charles Romito	Non-Executive Director	Full Financial Year
Ani Chakraborty	Executive Managing Director	31 May 2023 to 30 June 2023

Key Management Personnel

NAME	POSITION	DATES
Ani Chakraborty[1]	CEO	Full Financial Year
Ben Newling	CFO	1 July 2022 to 28 February 2023

[1] Ani Chakraborty assumed the responsibilities of CFO from 1 March 2023 until present date.

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 and CFO, Henry Jones and Ben Newling on 23 July 2020, and an Employee Share Scheme (ESS) for other senior executives.

The Board and shareholder approved LFS is a three-year long-term incentive plan, which would 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 and the vesting condition was not met). For the 2023 financial year, shares would vest where the share price is greater than $0.15 (to be 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 his shares forfeited in FY2023. With Ben Newling's departure in FY2023, shares under his LFS have lapsed/forfeited. As at 30 June 2023, there are no remaining LFS on issue, see section 10 for more detail.

The Board and shareholders 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 and detailed under section 10 of this report. No shares were issued under this scheme during the financial year. The ESS is no longer effective as all associated employees who were party to this arrangement have left the Group in both the current and prior reporting periods. A new LTI plan is currently being developed by the Remuneration Committee and Management to replace the ESS.

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 caliber 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 proposed LTI is under discussion by the Remuneration Committee 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 on an annual basis, 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 that the current economic variables such as rising cost of living and inflationary pressure experienced by our members is having on business performance, the Board has determined that no STIs will be paid to KMP for the financial year ended 30 June 2023 (2022: nil).

Long-term incentives (LTI)

Earlier approved LTI's were linked to the achievement of operational targets, and share price performance, and were 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 Loan Funded Share Plan and Employee Incentive Share Scheme. With Ben Newling's departure from the company, all remaining options under Loan Funded Share Plan have been forfeited.

The Remuneration Committee and Management are currently in the process of developing a new LTI plan for all KMP.

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 2023:

	FY23	FY22	FY21	FY20	FY19
Revenue ($'000)	17,249	20,620	19,435	42,20 5	64,572[1]
Revenue ex Gift Cards ($'000)	9,198	12,013	12,110	31,513	37,265
Profit/(loss) for the period before tax ($'000)	(20,390)	(15,631)	(8,588)	(20,945)	(27,367)[1]
Dividends paid ($'000)	-	-	-	-	-
Share price as of 30 June	$0.007	$0.007	$0.024	$0.026	$0.045
Change in share price	($0.000)	($0.017)	($0.002)	($0.019)	($0.200)

[1] Amounts exclude discontinued operations.

7. Transactions with key management personnel

MOVEMENT IN SHARES

	HELD ON 1 JULY 2022	OTHER CHANGES	HELD ON 30 JUNE 2023
DIRECTORS			
Jeremy Thorpe & Dean Palmer[1]	65,724,825	-	65,724,825
Stephen Harrison[2]	4,754,285	-	N/A

[1] Ordinary shares are held by Australia Fintech Plus Pty Ltd as trustee for the Australia Fintech Trust. Jeremy Thorpe and Dean Palmer are Directors of Australia Fintech Plus Pty Ltd and beneficiaries of the Australia Fintech Trust.
[2] Stephen Harrison has resigned as non-executive director and Chair of the Company with effect from 31 May 2023.

	HELD ON 1 JULY 2021	OTHER CHANGES[2]	HELD ON 30 JUNE 2022
DIRECTORS			
Jeremy Thorpe and 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 Plus Pty Ltd as trustee for the Australia Fintech Trust. Jeremy Thorpe and Dean Palmer are Directors of Australia Fintech Plus 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:

	2023 $'000	2022 $'000
Sales of goods and services		
Membership subscriptions[1]	3	-
Enterprise sales[2]	61	56
Travel commission[3]	6	3
Charging of Salary[4]	93	-
Purchases of goods or services		
Rent[5]	7	11
Technology consultancy[6]	-	17
Customer service[7]	17	252
Communication infrastructure[8]	1	21

1. Sale of Entertainment memberships to Leisurecom Group, a controlled entity of Suzerain.
2. Enterprise sales to Noble Oak Life Limited, an entity related to Stephen Harrison, the ex-Chairman, until he left the group on 31 May 2023.
3. Travel commission from Leisurecom Group Pty Ltd, a controlled entity of Suzerain, for Entertainment Travel bookings with accommodation venues previously under MyBookings.
4. Recharge of salary expenses to Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
5. Gold Coast office space provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
6. Technology consultancy services with Fintech Services (AUST) Pty Ltd, a related party due to common directors Dean Palmer and Jeremy Thorpe.
7. Customer service provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.
8. Communication network costs on charged from Leisurecom Group Pty Ltd for Harrington Street location.

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

	2023 $'000	2022 $'000
Current payables		
Leisurecom Group[1]	7	1

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

	2023 $'000	2022 $'000
Current receivables		
Leisurecom Group[2]	10	-

2. Membership, Commission, and Salary charging provided to a related entity of Suzerain.

Outstanding balances arising from loan agreements:

	2023 $'000	2022 $'000
Borrowings[1]		
Interest bearing loan	699	633
Additional growth operational facility	-	184
Transformational capital facility	1,208	1,208
New Gold Coast Holdings facility	17,233	6,097

[1] All loans are related parties to the group's chairman, Dean Palmer.

Significant loan and capital related transactions between the Group and related parties are outlined below:

NGCH, Suzerain and Skybound, related parties to Dean Palmer (Chairman), have provided a total of $24.2 million loan facilities to the Group. During the period, the Group drew down $10.5 million of the line of credit facility (before interest charges), with $6.0 million remaining unutilised at 30 June 2023.

Interest bearing loan
Balance at 30 June 2023: $699K.
Interest charged during period: $66K.
Interest paid during period: -
Terms and conditions: 10% per annum charged monthly.
Repayment date: 31/12/2024[1]
Security: Security over all the Group's present and future property.

[1] Updated repayment terms have been agreed post 30 June 2023 seeing a deferment in repayment of the loan until 31 December 2024.

Additional growth operational facility
Balance at 30 June 2023: $ nil
Interest charged during period: $ nil.
Interest paid during period: $ nil.
Terms and conditions: 10% per annum charged monthly.
Repayment date: 31/12/2021
Security: Security over all the Group's present and future property.

The final line fees of $184k as shown in FY2022 have been repaid on 15 July 2022 to extinguish this loan facility.

Transformational capital facility
Balance at 30 June 2023: $1,208K.
Interest charged during period: $150K.
Interest paid during period: $150K.
Terms and conditions: 12.5% per annum charged monthly.
Repayment date: 31/12/2024
Security: Second ranking security over all the Group's present and future property.

During September 2022 the group renegotiated the repayment date to 31 December 2024.

New Gold Coast Holdings Limited Facility
Balance at 30 June 2023: $17,233K.
Interest charged during period: $1,493K.
Interest paid during period: $783K.
Terms and conditions: 12.5% per annum charged monthly.
Repayment date: 31/12/2024
Security: Second ranking security over all the Group's present and future property.

Interest payments on the Loan have been deferred until 31 December 2024 and the monthly administration fee has also been reduced from $36.5k to $27.5k per month.

8. Details of remuneration (KMP)

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

2023	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		SHARE BASED PAYMENTS				
	CASH SALARY AND FEES	NON-MONETARY BENEFITS	BONUS	OTHER	SUPERAN-NUATION	OTHER	LONG SERVICE LEAVE	TERMINATION BENEFITS	RIGHTS AND OPTIONS	EQUITY SETTLED	OTHER E.G HYBRIDS	TOTAL	% OF REMUNER-ATION LINKED TO PERFORMANCE
DIRECTORS[3]													
Dean Palmer[1]	80,262	-	-	-	-	-	-	-	-	-	-	80,262	0%
Stephen Harrison[7]	100,375	-	-	-	-	-	-	-	-		-	100,375	0%
Jeremy Thorpe[1]	63,875	-	-	-	-	-	-	-	-	-	-	63,875	0%
Charles Romito[2]	80,0000	-	-	-	7,600	-	-	-	-	-	-	87,600	0%
EXECUTIVES													
Ani Chakraborty[4]	325,000	-	-	550	25,292	-	-	-	-	-	-	350,842	0%
Ben Newling[5]	201,520	-	-	343	17,558	-	-	-	(167,062)[6]	-	-	52,359	0%

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.
3. All Directors except Ani Chakraborty are Non-Executive. Directors do not receive performance related compensation and are not provided with retirement benefits, apart from statutory superannuation where applicable.
4. 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.
5. Ben Newling was employed by IncentiaPay as a permanent full-time employee up until the termination of his employment on 28 February 2023.
6. This amount relates to the reversal of the previously recognised share-based payment expense under the Loan Funded Share Scheme that has either expired, lapsed, or been forfeited during the current financial year, refer to section 10 of the remuneration report.
7. Stephen Harrison has resigned as non-executive director and Chair of the Company with effect from 31 May 2023.

2022	SHORT-TERM BENEFITS				POST EMPLOYMENT BENEFITS		LONG-TERM BENEFITS		SHARE BASED PAYMENTS				
	CASH SALARY AND FEES	NON-MONETARY BENEFITS	BONUS	OTHER	SUPERAN-NUATION	OTHER	LONG SERVICE LEAVE	TERMINATION BENEFITS	RIGHTS AND OPTIONS	EQUITY SETTLED	OTHER E.G HYBRIDS	TOTAL	% OF REMUNER-ATION LINKED TO PERFORMANCE
DIRECTORS[6]													
Stephen Harrison[1]	158,695	-	-	-	-	-	-	-	-	104,594	-	263,289	0%
Jeremy Thorpe[2]	70,263	-	-	-	-	-	-	-	-	-	-	70,263	0%
Charles Romito[3]	80,360	-	-	-	7,600	-	-	-	-	-	-	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.

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	Permanent Full time
Details	**Termination of employment** • By either party on giving 6 months' 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** • Discretionary benefits of 15,000,000 loan funded shares subject to agreement related to vesting conditions and approval by the Board. As of 30 June 2023, these discretionary benefits were not agreed and there is no present expectation that they will be approved or received.

NAME	Ben Newling
Title	Chief Financial Officer (from 1 January 2022 until 28 February 2023) Chief Operations Officer (until 1 January 2022)
Agreement commenced	30 August 2019
Term of engagement	Already resigned
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 of which 5,382,791 shares lapsed at 31 December 2022 and the remaining 6,202,252 shares were forfeited upon departure from the group on 28 February 2023.

10. Share based compensation

The Board approved a Loan Funded Share Scheme (LFS) for the previous CEO, Henry Jones and previous CFO, Ben Newling, on 23 July 2020.

The terms of the current LFS arrangements, 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.

Henry Jones' employment with the Company ended on 24 December 2021 at which point 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. Total shares issued to Henry Jones were 4,986,667.

Ben Newling's employment with the Company ended on 28 February 2023 at which point he forfeited the remaining Loan Funded Shares (including those previously vested and exercisable).

Movement in loan funded shares

	HELD ON 1 JULY 2022	FORFEITED/ EXPIRED/ CANCELLED	ISSUED	HELD ON 30 JUNE 2023	VESTED AND EXERCISABLE AS OF 30 JUNE 2023
Ben Newling[1]	11,585,043	(11,585,043)	-	-	-

[1] At 31 December 2022, 5,382,791 share options lapsed and the remaining 6,202,252 share options were forfeited upon resignation and departure from the company at the end of February 2023.

	HELD ON 1 JULY 2021	FORFEITED/ EXPIRED/ CANCELLED	ISSUED	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[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 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.

Movements in the share based payment reserve

	Share based payments reserve		
	Henry Jones $'000	Ben Newling $'000	Total $'000
Balance as at 1 July 2021	254	108	362
Amortised during the period[1]	142	59	201
Forfeited during the period[2]	(227)	-	(227)
Movement during the period[2]	(169)	-	(169)
BALANCE AS AT 30 JUNE 2022	**-**	**167**	**167**
Balance as at 1 July 2022	-	167	167
Amortised during the period[1]	-	21	21
Lapsed during the period[3]	-	(83)	(83)
Forfeited during the period[3]	-	(105)	(105)
BALANCE AS AT 30 JUNE 2023[4]	**-**	**-**	**-**

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

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

[3] During current reporting period 5,382,791 of Ben Newling's share options lapsed and the remaining 6,202,252 share options were forfeited upon his resignation in February 2023.

	GRANT DATE	TRANCHE	NO. OF OPTIONS	ISSUED VALUE $	VESTED AND EXERCISABLE AT 30 JUNE 2023	FAIR VALUE OPTIONS $	VESTING CONDITION	VESTING DATE
Ben Newling	9 Oct 2020	1	1,125,000	22,386	-	22,386	Grant date	9 Oct 2020
	9 Oct 2020	2	2,125,000	-	-	-	Budget FY 2021	30 Jun 2021
	9 Oct 2020	3	2,125,000	63,761	-	22,957	Share price hurdle of $0.10	30 Sep 2022
	9 Oct 2020	4	2,125,000	41,171	-	10,965	Share price hurdle of $0.15	30 Sep 2023
	9 Oct 2020	5	4,085,043	69,346	-	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]**	**108,255**		

[1] All vested and exercisable share options have been forfeited upon Ben Newling's resignation from the company.

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

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 2023 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

4 September 2023

1

Financial Statements

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2023

		Consolidated Group	
	Note	2023 $'000	2022 $'000
Revenue and other income	2	17,249	20,620
Direct expenses of providing services	3	(9,352)	(10,151)
Impairments	3	(11,605)	(3,615)
Employee expenses	3	(9,027)	(12,596)
Depreciation and amortisation expense	3	(539)	(1,171)
Building occupancy expense	3	(399)	(247)
Finance costs	3	(2,211)	(919)
Legal and professional costs		(285)	(2,654)
Marketing expenses	3	(1,292)	(973)
Website and communication	3	(1,219)	(2,270)
Bad debts reversals/(expense)	3	(46)	33
Other expenses		(1,664)	(1,688)
Loss before income tax		**(20,390)**	**(15,631)**
Tax benefit/(expense)	4(a)	-	-
Loss for the period		**(20,390)**	**(15,631)**
Net profit attributable to:			
- Members of the parent entity		**(20,390)**	**(15,631)**
Other comprehensive income			
- Items that may be reclassified subsequently to profit or loss			
Gain/(loss) rising from translating foreign controlled entities from continuing operations	20	**24**	(49)
Total comprehensive loss for the period		**(20,366)**	**(15,680)**
Loss per share			
Basic loss per share (cents)	5(b)	(1.7)	(1.4)
Total		**(1.7)**	**(1.4)**
Diluted loss per share (cents)	5(b)	(1.7)	(1.4)
Total		**(1.7)**	**(1.4)**

The accompanying notes form part of these financial statements.

		Consolidated Group	
		2023	2022
Current assets	**Note**	**$'000**	**$'000**
Cash and cash equivalents	6	1,825	978
Trade and other receivables	8	622	1,226
Inventories	9	71	200
Other assets	10	1,146	1,503
Total current assets		**3,664**	**3,907**
Non-current assets			
Trade and other receivables	8	-	102
Right-of-use assets	11	-	22
Property plant and equipment	12	42	503
Intangible assets	13	974	12,322
Total non-current assets		**1,016**	**12,949**
Total assets		**4,680**	**16,856**
Current liabilities			
Trade and other payables	14	2,601	4,623
Lease liabilities	15	310	910
Borrowings	16	708	2,025
Tax Liabilities	4(d)	-	-
Deferred revenue	17	3,334	3,163
Provisions	18	517	829
Total current liabilities		**7,470**	**11,550**
Non-current liabilities			
Lease liabilities	15	-	310
Borrowings	16	18,451	6,125
Deferred revenue	17	489	78
Provisions	18	51	124
Total non-current liabilities		**18,991**	**6,637**
Total liabilities		**26,461**	**18,187**
Net assets		**(21,781)**	**(1,331)**
Equity			
Issued capital	19	132,143	132,143
Reserves	20	346	489
Accumulated losses		(154,270)	(133,963)
Total equity		**(21,781)**	**(1,331)**

The accompanying notes form part of these financial statements

	Note	Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2021		**122,984**	**(118,559)**	**371**	**362**	**5,158**
Comprehensive income						
Loss for the period		-	(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		-	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)**

	Note	Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
		$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022		**132,143**	**(133,963)**	**322**	**167**	**(1,331)**
Comprehensive income						
Loss for the period		-	(20,390)	-	-	(20,390)
Other comprehensive income						
Exchange differences on translation of foreign operations		-	-	24	-	24
Total comprehensive loss for period		-	**(20,390)**	**24**	-	**(20,366)**
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period	19	-	-	-	-	-
Transaction costs	19	-	-	-	-	-
Employee share-based payments		-	83	-	(83)	-
Movement during the period	20	-	-	-	(84)	(84)
Total transactions with owners and other transfers		-	**83**	-	**(167)**	**(84)**
Balance at 30 June 2023		**132,143**	**(154,270)**	**346**	-	**(21,781)**

	Note	Consolidated Group 2023 $'000	2022 $'000
Cashflows from operating activities			
Receipts from customers		19,209	20,868
Payments to suppliers and employees		(26,110)	(33,763)
Government assistance received		-	676
Interest paid		(44)	(13)
Interest received		43	30
Net cash used in continuing operations	**7**	**(6,902)**	**(12,202)**
Cashflows from investing activities			
Purchase of property, plant and equipment	12	(3)	(53)
Purchase of intangibles	13	(311)	(800)
Proceeds from security deposit	10	131	279
Net cash used in investing activities		**(183)**	**(574)**
Cashflows from financing activities			
Proceeds from issue of shares, net of costs	19	-	5,433
Proceeds from borrowings	16	10,500	6,408
Payment of lease liabilities	15	(910)	(958)
Borrowing costs	15 & 16	(1,649)	(288)
Net cash from financing activities		**7,941**	**10,595**
Net increase/(decrease) in cash held		856	(2,181)
Cash and cash equivalents at beginning of financial period		978	3,228
Effects of movements in exchange rates on cash and cash equivalents held		(9)	(69)
Cash and cash equivalents at the end of the financial period in continuing operations	**6**	**1,825**	**978**

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 2023 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 4 September 2023.

Going concern

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

On 30 June 2023 the Group had cash on hand of $1.82 million, net liabilities of $21.7 million and a net current asset deficiency of $3.8 million. During the year ended 30 June 2023, the Group incurred a net loss before tax from continuing operations of $20.3 million and incurred net cash outflows from operating activities of $6.9 million. Net cash outflows in this year had reduced significantly compared to the previous year.

The Directors have prepared cash flow forecasts for the period from 1 July 2023 to 30 September 2024 that support the ability of the Group to continue as a going concern.

The ongoing operations of the Group is critically 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 maintaining the projected cost base.

As of 30 June 2023, the Group had undrawn financing facilities from Suzerain and related parties totalling $6.0 million. See note 16 for further information. This undrawn amount has reduced to $5.6 million at the date of the approval of this annual financial report. The Group may require further financial support from Suzerain and related parties in addition to the existing facilities.

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, which is highly sensitive to assumptions made in respect of revenue performance, maintain a low cost base, and receive further financial support from Suzerain and its related parties beyond what has already been agreed, 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

The Group has consistently applied its accounting policies to all periods presented in these consolidated financial statements.

(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) 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.

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

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

Processes applied

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

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

Key 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. Please refer to note 15 for more details on leases.

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 Seamless Rewards business. This determination of CGU's represents an assessment of the separation of core operating assets and revenue test under accounting standards. No change in the assessment of the number of CGU's has occurred during the financial year.

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. The group recognised total impairment of $11.6 million during the year which included the goodwill and the brand under Entertainment Business CGU. Please refer note 3 and 13.

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 $11.6 million. This impairment pertains to all of the intangibles within the Entertainment Business CGU as outlined in note 13, and a portion of property, plant and equipment as outlined in note 12.

Further details on the key estimates used in the impairment evaluation in respect of goodwill or other intangibles for the year ended 30 June 2023 can be found in note 13.

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

As mentioned above, the Entertainment Business CGU saw an impairment of its Ready to use Technology & Software for the year ended 30 June 2023 of $0.7m.

Ready to use Technology & Software assets (which solely comprised of the CLO rewards platform) were amortised in accordance with the company accounting policies and resulted in an amortisation charge of $0.288 million for the year ended 30 June 2023. Management assessed a useful life of 9 years was appropriate with reference to the nature and use of the CLO rewards platform.

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

The Group satisfies its obligations as services are rendered to members during the period of membership. Benefits must be provided constantly throughout the period and 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. Revenue earned through Gift with purchase promotions is treated slightly different. The group calculates the stand alone value of the gift and recognises that portion upfront and the remaining stand alone value of the memberships sold during this promotion is recognised over the life of the membership.
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 and revenue is recognised over the term of the contract.
Seamless Rewards - Success Fee	Under the Seamless Rewards program, the Seamless Rewards business receives transaction-linked revenue each time a cardholder transacts using a linked card at a Seamless Rewards merchant and that revenue earned is recognised in full as the performance obligation has been met.

Type of services	Nature and timing of satisfaction of performance obligations and revenue recognition policies
Merchant Management Services	Seamless Rewards earns revenue from managing partners' existing merchants and also onboarding new merchants on their behalf. In order to ensure that the revenue is recognised over time, in a manner that depicts the entity's performance against the targets and obligations, management has decided to recognise revenue on a straight-line basis as the services are performed on an ongoing basis during the term of contract period.
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.

Government assistance received in FY2022 relates to JobSaver payments received during the first half of the year, in addition to an amount relating to COVID-19 business grants. Nothing has been received during the FY2023.

	Consolidated Group	
	2023 $'000	2022 $'000
Fee income – Paid advertising	863	729
Fee income – Travel booking	24	32
Membership subscriptions	6,191	7,812
Enterprise sales	1,945	2,610
Gift card sales	8,051	8,607
Seamless Rewards Success Fee	28	-
Merchant Management Services	26	-
Revenue from contracts with customers	**17,128**	**19,790**
Government assistance[1]	-	676
Other income[2]	78	124
Interest received	43	30
Total revenue and other income	**17,249**	**20,620**

[1] The Government assistance received in FY22 relates mainly to the JobSaver program. For more details, please refer to the policy section of the revenue note.
[2] Other income consists predominantly of the outgoings component of the sublease for the previous Sydney Head Quarters and Harrington Street.

Contract balances	**Note**	**2023 $'000**	**2022 $'000**
Trade receivables (Included in 'Trade and other receivables')	**8**	368	735
Contract liabilities	**17**	3,823	3,241

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 2023 $'000	Consolidated Group 2022 $'000
Direct expenses of providing services			
Amortisation of deferred commission	10	1,049	1,516
Enterprise book printing		9	7
Gift cards		7,811	8,371
Other		483	257
Total		**9,352**	**10,151**
Bad debts written off			
Movement in expected credit losses	8	46	(33)
Total		**46**	**(33)**
Employee expenses			
Employee related expenses		9,027	12,596
Total		**9,027**	**12,596**
Building occupancy expense			
Variable lease expense		399	247
Total		**399**	**247**
Marketing expenses			
Marketing expenses		1,292	973
Total		**1,292**	**973**
Website and Communication			
Website and communication		1,219	2,270
Total		**1,219**	**2,270**
Finance costs			
Finance costs on borrowings	16	2,127	763
Interest expense on lease liabilities	15	40	91
Other finance costs		44	65
Total		**2,211**	**919**
Depreciation and amortisation expense			
Plant & equipment	12	229	359
Intangibles	13	288	676
Right-of-use assets	11	22	136
Total		**539**	**1,171**
Impairments			
Leasehold Improvements	12	234	-
Goodwill	13	7,657	2,434
Brand name & international rights	13	3,000	-
Intangible assets	13	714	1,181
Total		**11,605**	**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 represent 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 with instantaneous transfer to the buyer members. Unsold gift cards at balance date 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 main reason for the reduction in employee expenses is the significant cost rationalisation initiatives implemented by the company, previously announced to the ASX on 25 July 2022, which included a reduction of resources – both payroll and project-based contracting staff with an aim at delivering annualised cost savings of more than $4 million from the FY22 base.

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 FY2023 for Plant & Equipment can be ascribed to the impairment at 31 December 2022 of Leasehold assets.

The reduced amortisation expense in FY2023 for Intangibles is a direct result of impairments raised against Entertainment's Software Intangibles at the end of FY2022 and also further impairments at 31 December 2022.

The reduced depreciation expense in FY2023 for Right of use assets is due to the conclusion of Office & Equipment leases for Entertainment Publications during FY2022 and also the conclusion of an Equipment lease in IncentiaPay FY2023.

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. The increase is due to increased payments for the Sydney Spring Street office in FY2023. The Sydney office has been relocated and will see reduced rent payments in FY2024.

Marketing expenses

Marketing expenses generally relate to costs incurred by the company to execute its marketing strategy which includes expenses such as media cost for paid advertising on the internet, marketing software utilised to help achieve the marketing strategy and outsourcing aspects of the process to specialised online marketing agencies.

The increase in FY2023 is mainly due to increased marketing spend to drive sales & member acquisitions.

Website and communication expenses

Website and communication costs generally relate to costs incurred by the company to host our technology & software in a safe and secure environment.

The decrease in FY2023 expenditure is mainly due to reduced hosting costs as part of IT realignment and also the retirement of old legacy platforms which in turn then resulted in less monthly platform fees being paid to third parties.

Finance costs on borrowings

The increase in finance costs on borrowings is due to more interest & admin fees on the New Gold Coast Holdings Limited loan facility. New Gold Coast Holdings Limited agreed to a deferral of interest payments on the facility until 31 December 2024. More details can be seen in note 16.

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..

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 FY2024.
- Whilst assessable income is forecast in future periods, it is not sufficiently large enough to generate taxable income that will fully utilise the carry forward tax losses (Per 30 June 2022 Income Tax Return, $71,134,359) 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 2023.

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.

	Note	Consolidated Group	
		2023 $'000	2022 $'000
a) The components of income tax (expense)/income comprise:			
Current tax		-	-
Deferred tax		-	-
Income tax benefit/(expense)		**-**	**-**
b) Numerical reconciliation of income tax expense to prima facie tax payable			
Loss from continuing operations before income tax expense		(20,390)	(15,631)
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% (2022: 30%)		(6,117)	(4,689)
Add/(less) tax effect of:			
Permanent differences		3,316	1,069
Temporary differences		(29)	(2,050)
Unrecognised tax losses		2,830	5,670
Unders/(overs) from prior periods		-	-
Income tax (benefit)/expense		**-**	**-**

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 $74m. Additionally there are other deductible temporary differences resulting in a net potential deferred tax asset position for the Group of approximately $0.5m, calculated using the prevailing rate of Australia corporation tax of 30% for the Group.

After considering the above, the Group previously determined that these deferred tax assets will not be recognised as it is uncertain whether future taxable profits in the foreseeable future will be sufficient to utilise the losses. Current projections indicate a return to profitability in the longer term however given the levels of uncertainty with respect to economic recovery, and growth in the Group's profitability, it is not sufficiently convincing for the purposes of recognition of these tax losses.

	Consolidated Group	
d) Current tax	**2023 $'000**	**2022 $'000**
Income tax payable	-	-

Note 5 | Dividends, earnings per share and franking credit

	Consolidated Group	
a) Franking account	**2023 $'000**	**2022 $'000**
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 2023 financial year. The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, Incentiapay Limited as the head entity in the tax consolidated group has also assumed the benefit of $6.5m (2022: $6.5m) franking credits.

	Consolidated Group	
	2023 $'000	**2022 $'000**
b) Reconciliation of earnings to profit or loss		
Loss for the period from continuing operations	(20,390)	(15,631)
EARNINGS USED TO CALCULATE BASIC EPS	**(20,390)**	**(15,631)**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS[1]	1,231,279,015	1,088,536,622
Weighted average of dilutive convertible notes and equity instruments outstanding[2]	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	**1,231,279,015**	**1,088,536,622**

[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.
[2] There is a convertible loan deed in place with New Gold Coast Holdings Limited which is not included as anti-dilutive.

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	
	2023 $'000	2022 $'000
Cash at bank and on hand	1,825	978
TOTAL CASH AND CASH EQUIVALENTS	**1,825**	**978**
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	1,825	978
TOTAL CASH AND CASH EQUIVALENTS	**1,825**	**978**

Note 7 | Cash flow information

	Consolidated Group	
	2023 $'000	2022 $'000
RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOW FROM OPERATIONS		
Loss after income tax	(20,390)	(15,631)
Cash flows excluded from profit attributable to operating activities	-	167
Non-cash flows in loss		
Amortisation-intangibles	288	676
Depreciation-property plant and equipment	229	359
Depreciation-right-of-use	22	136
Impairment of Intangibles and Leasehold Improvements in continuing operations	11,605	3,615
Share based payment expense	(167)	(195)
Net interest included within Financing Activities	2,211	919
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade receivables	668	240
(Increase)/decrease in prepayments	357	466
(Increase)/decrease in inventories	129	(45)
Increase/(decrease) in trade payables and accruals	(2,051)	(1,371)
Increase/(decrease) in deferred income	582	(1,317)
Increase/(decrease) in income taxes payable	-	-
Increase/(decrease) in provisions	(385)	(221)
CASH FLOW USED IN OPERATING ACTIVITIES	**(6,902)**	**(12,202)**

Reconciliation of liabilities arising from cash flows from financing activities

	Interest bearing loan $'000	Additional growth operational facility $'000	Lease liabilities $'000	Transformational Capital Facility $'000	NZ Business Cashflow Loan $'000	New Gold Coast Holdings Loan $'000	Total $'000
BALANCE AS AT 30 JUNE 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**
Balance as 1 July 2022	**633**	**184**	**1,220**	**1,208**	**28**	**6,097**	**9,370**
Drawn down	-	-	-	-	-	10,500	10,500
Repayment or amortised	-	-	(910)	-	-	-	(910)
Admin fees paid	-	-	-	-	-	(468)	(468)
Admin fees	-	-	-	-	-	394	394
Interest paid	-	-	(40)	(150)	-	(783)	(973)
Interest expenses	66	-	40	150	-	1,493	1,749
Line fees paid	-	(184)	-	(24)	-	-	(208)
Line fees	-	-	-	24	-	-	24
Loan repaid	-	-	-	-	(9)	-	(9)
BALANCE AS AT 30 JUNE 2023	**699**	**-**	**310**	**1,208**	**19**	**17,233**	**19,469**

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 55 recognized at fair value, less any provision for loss allowance.

	Consolidated Group 2023 $'000	Consolidated Group 2022 $'000
Current		
Trade receivables	368	735
Provision for loss allowance	(116)	(70)
Net trade receivables	**252**	**665**
Sublease rent receivable[1]	102	420
Other receivables	268	141
TOTAL CURRENT TRADE AND OTHER RECEIVABLES	**622**	**1,226**
Non-current		
Sublease rent receivable[1]	-	102
TOTAL NON-CURRENT TRADE AND OTHER RECEIVABLES	**-**	**102**

[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 1/07/2022 $'000	Loss allowance adjustment for year $'000	Amounts written off $'000	Closing balance 30/06/2023 $'000
Current trade receivables	(70)	(46)	-	(116)
TOTAL	**(70)**	**(46)**	**-**	**(116)**
	Opening balance 1/07/2021 $'000	**Loss allowance adjustment for year $'000**	**Amounts written off $'000**	**Closing balance 30/06/2022 $'000**
Current trade receivables	(140)	33	37	(70)
TOTAL	**(140)**	**33**	**37**	**(70)**

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 56 recognized. 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 cost of living, 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 2023 was determined as follows for trade receivables:

Report category	Days	Adjusted loss rate	Receivables balance as at 30 June 2023	Loss allowance at 30 June 2023
		%	$'000	$'000
Current	0-30	9	145	13
Past due 1-30	31-60	5	93	5
Past due 31-60	61-90	21	40	8
Past due 61-90	91-120	100	28	28
Past due over 90	121-150	100	31	31
Greater than over 90 days overdue	Greater than 150	100	31	31
		Total	**368**	**116**

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 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**

Credit risk

The Group has a sublease rent receivable of $0.1 million for the Sydney office. The sub lessee has provided a bank guarantee of $0.2 million as 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	
	2023 $'000	2022 $'000
Gross amount	368	735
Impaired (past due)	(116)	(70)
Total	**252**	**665**
Within initial trade terms	132	394
Past due not impaired – 30 days	88	196
60 days	32	75
90 days	-	-
90 days +	-	-
Total	**252**	**665**

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	
	2023 $'000	2022 $'000
Australia	209	629
New Zealand	43	36
Total	**252**	**665**

Note 9 | Inventories

Accounting policy

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

	Consolidated Group	
	2023 $'000	2022 $'000
Gift cards held for sale	71	200
TOTAL INVENTORIES	**71**	**200**

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	
	2023 $'000	2022 $'000
CURRENT		
Short-term investments[1]	445	576
Prepayments	375	423
Deferred commission[2]	326	504
TOTAL OTHER ASSETS	**1,146**	**1,503**

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

	Deferred commission $'000
30 JUNE 2022	
Balance as at 1 July 2021	893
Commission deferred	1,127
Amortisation	(1,516)
BALANCE AS AT 30 JUNE 2022	**504**
30 JUNE 2023	
Balance as at 1 July 2022	504
Commission deferred	871
Amortisation	(1,049)
BALANCE AS AT 30 JUNE 2023	**326**

Note 11 | Right-of-use assets

Accounting policy

The Group leases offices and equipment. The majority have expired in financial year 2022 except one equipment lease that expired in financial year 2023 and the Harrington Street office which is currently subleased for the remainder of the lease term, which expires in financial year 2024. The Harrington Street office lease will not be extended.

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	
	2023 $'000	2022 $'000
Land and buildings		
At cost	1,805	1,805
Accumulated depreciation	(1,805)	(1,805)
Total	**-**	**-**
Equipment		
At cost	270	270
Accumulated depreciation	(270)	(248)
Total	**-**	**22**
TOTAL RIGHT-OF-USE ASSETS	**-**	**22**

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 2021	85	73	158
Depreciation charge for the year	(85)	(51)	(136)
BALANCE AS AT 30 JUNE 2022	**-**	**22**	**22**
Balance as at 1 July 2022	-	22	22
Depreciation charge for the year	-	(22)	(22)
BALANCE AS AT 30 JUNE 2023	**-**	**-**	**-**

Amounts recognised in profit and loss

	Consolidated Group	
	2023 $'000	2022 $'000
Variable lease expense	399	247
Interest on lease liabilities	40	91

Amounts recognised in statement of cash flows

	Consolidated Group	
	2023 $'000	2022 $'000
Interest on lease liabilities	40	91
Principal element of lease payments	910	958
Total cash flow for leases	**950**	**1,049**

Leases as lessor

During the financial year ending 30 June 2021, 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 $42,215 interest income relating to subleasing during the reporting period ended 30 June 2023 (2022: $17,322).

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	
	2023 $'000	2022 $'000
Not later than 1 year	117	463
Between 2 and 3 years	-	116
Later than 3 years	-	-
Total undiscounted lease receivable	**117**	**579**
Unearned finance income	**(15)**	**(57)**
Net investment in the lease	**102**	**522**

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	
	2023 $'000	2022 $'000
Plant and equipment		
At cost	924	922
Accumulated depreciation	(882)	(770)
Total	**42**	**152**
Leasehold improvements		
At cost	1,926	1,926
Accumulated depreciation	(1,926)	(1,575)
Total	**-**	**351**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**42**	**503**

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 2021	**205**	**606**	**811**
Additions	53	-	53
Disposals	(3)	-	(3)
Depreciation expense	(103)	(255)	(358)
BALANCE AS AT 30 JUNE 2022	**152**	**351**	**503**
Balance as at 1 July 2022	152	351	503
Additions	3	-	3
Disposals	(1)	-	(1)
Impairment	-	(234)	(234)
Depreciation expense	(112)	(117)	(229)
BALANCE AS AT 30 JUNE 2023	**42**	**-**	**42**

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

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 9 years (namely the CLO rewards platform which is the remaining asset in use). 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	
	2023 $'000	2022 $'000
Goodwill		
Cost	31,199	31,199
Accumulated impairment losses	(31,199)	(23,542)
Total	**-**	**7,657**
Technology and software		
Cost	10,265	9,203
Accumulated amortisation and impairment losses	(9,291)	(8,289)
Total	**974**	**914**
Software under development		
Cost	-	751
Accumulated amortisation and impairment losses	-	-
Total	**-**	**751**
Purchased brand names and international rights		
Cost	3,000	3,000
Accumulated impairment losses	(3,000)	-
Total	**-**	**3,000**
TOTAL INTANGIBLES	**974**	**12,322**

	Goodwill	Technology and software	Software under development	Brand name & international rights	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2021	10,091	1,814	908	3,000	-	15,813
Additions-internally developed	-	-	800	-	-	800
Transfers[1]	-	647	(647)	-	-	-
Amortisation charge	-	(676)	-	-	-	(676)
Impairment	(2,434)[2]	(871)[3]	(310)[3]	-	-	(3,615)
BALANCE AS AT 30 JUNE 2022	**7,657**	**914**	**751[4]**	**3,000**	**-**	**12,322**
Balance as at 1 July 2022	7,657	914	751	3,000	-	12,322
Additions-internally developed	-	-	311	-	-	311
Transfers[6]	-	1,062	(1,062)	-	-	-
Amortisation charge	-	(288)	-	-	-	(288)
Impairment	(7,657)[5]	(714)[5]	-	(3,000)[5]	-	(11,371)
BALANCE AS AT 30 JUNE 2023	**-**	**974**	**-**	**-**	**-**	**974**

[1] 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.
[2] Goodwill was impaired following the value in use calculation performed as at 30 June 2022.
[3] During the previous reporting period, the Group terminated the partnership with a key technology platform provider and has moved to an alternative open-source platform, as such the related work in software under development was impaired, $310k. The group also reviewed existing technology and impaired certain assets which became redundant amounting to $871k, due to investment in newer technology solutions.
[4] The remaining $751k in Software under development at 30 June 2022 relates to the groups Card Linked Offer rewards platform which has been transferred to Technology and Software on 30 September 2022.
[5] Following the value in use calculation as at 31 December 2022, all intangible assets in the Entertainment Business CGU have been impaired.
[6] On 30 September 2022, the groups Card Linked Offer rewards platform was transferred to Technology and software when it was in a condition for use as per the expectations of management.

Assessment of cash-generating units (CGU's)

Indefinite and finite life intangible assets are tested at a cash generating unit (CGU) level, which is the smallest level that generates cash inflows that are largely independent from other cash inflows of other assets of the Group. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. Identification of CGU's involves judgement. In this case, the CGU's of the Group are considered to be the Entertainment Business and the new Seamless Rewards business.

Current market conditions, brought on by factors such as economic activity, inflation, cost of living and interest rates, as well as the downward trend related to revenue and operating profit, has triggered an assessment on whether the carrying value of the Group's goodwill and other non-current assets associated with the Group's "core products" in the Entertainment Business CGU, may be impaired. These product lines are at a higher risk of impairment due to the reliance on an improvement in consumer sentiment evidence through increased spending on hospitality and leisure activities, Merchant honouring offers, inflation and cost of living kept under control, and the success of the Company's short-term investments i.e. marketing.

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

Allocation of goodwill and indefinite life assets to CGU's

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

A summary of the goodwill and brands allocated to each CGU for the period ended 30 June 2023, post impairment charges, is presented below:

	Entertainment Business CGU $'000	Seamless Rewards CGU $'000	Total $'000
Goodwill	-	-	-
Brands and international rights	-	-	-
BALANCE AS AT 30 JUNE 2023	**-**	**-**	**-**

Impairment losses and recoverable amounts

During the 2023 financial year, impairment losses totalling $11,371,326 have been recognised in respect of the following CGU's. The recoverable amounts of each of these CGU's for which an impairment was recognised as part of the value in use calculation, are presented below:

	Entertainment Business CGU $'000	Seamless Rewards CGU $'000	Total $'000
Carrying Value of CGU assets[1]	13,680	974	14,654
Recoverable amount[1]	2,075	974	3,049
IMPAIRMENT CHARGE AT 31 December 2022[2]	**11,605**	**-**	**11,605**

[1] The carrying value and the recoverable amount of the Entertainment Business CGU assets reflects those as at 31 December 2022 being the date the impairment test was performed. No material change in the outcome of the impairment test has occurred in the 6 month period to 30 June 2023, and no additional impairment has been recorded.
[2] Intangible assets were impaired following the value in use calculation performed as at 31 December 2022. The impairment amounts to $11,371,326 which has been recorded and presented as an impairment charge in the profit and loss. Additionally, the leasehold assets and make good provision for a lease the Company is subletting has been impaired by $234,000 due to the lease terminating in October 2023 and management's view of the recoverable value of the asset. The remaining assets in the Seamless Rewards CGU, as outlined above, have not been impaired below their individual recoverable values. Subsequent to the impairment charge at 31 December 2022, no additional charge to impairment has occurred.

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

Cash flows used in the value-in-use calculations are based on forecasts produced by management which have been approved by the Board. Forecasts consider some increased level of sales from the significant investment in performance marketing, reduced costs from the restructure and cost out program in June 2022, and an uplift program linked to the fundraiser channel. The Directors consider these forecasts to reflect the best estimates of revenue based on facts and circumstances available as at 31 December 2022 (being the date the impairment test was performed).

The resulting impairment charge in FY2023 is driven by changes in the underlying assumptions of the forecasts, as compared to FY2022.

The revision in these underlying assumptions primarily includes a reduced level of marketing investment at a reduced rate of return, which has resulted from facts and circumstances that have arisen during FY2023. The revision in these underlying assumptions have a pervasive impact throughout the remaining periods of the forecasts.

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

	Entertainment Business CGU 2023	Entertainment Business CGU 2022
Long term growth rate (terminal value) [1]	2%	2%
Post tax discount rate[2]	15%	14%
Revenue growth rates – year 1	15%[3]	18%
Revenue growth rates – year 2	8%[3]	29%
Revenue growth rates – year 3 to 5	5%[4]	5%

[1] Based on long-term expectations consistent with forecast included in industry reports.
[2] Reflects 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 year 1 and 2 years includes:

- For year 1, the cash flows assume growth from investment in performance marketing. Investment is included in the discounted cash flow for both year 1 and 2 to the extent of $1.2 million per year and assumes a return of $1.50 for each dollar invested per year. The forecast growth also includes the business selling bulk memberships to a range of corporate customers.
- Renewal and reactivation rates applied to memberships that have expired. The cash flows assume a 40% renewal rate and 4,000 re-activated customers per month.
- The white labelling of the completed Frequent Values app for all remaining Enterprise customers and using the completed app to expand to new customers.

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

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

Impairment assessment for the Seamless Rewards CGU

The Company completed the development of its card linked platform called CLO (Card linked offers) in October 2022 and achieved an important milestone by signing a Master Services Agreement with one of the largest payment networks in April 2023. As part of the agreement, the company will manage merchant onboarding for the payment network provider on its CLO platform to earn commission revenue on each card linked transaction. Onboarding of merchants started in June 2023.

The Directors have determined to perform an impairment test as part of their annual indicators of impairment review for the definite life software asset. This test has been performed based on a value-in-use calculation, covering a detailed nine-year forecast based on the estimated useful life of the asset.

The year 1 cash flows used in the value-in-use calculations are based on the forecasts which have been approved by the Board. The growth rates are based on the level of activity targeted driven by the ease of use of the platform and the number of merchants to be signed for offering card linked cashbacks to the members.

The Directors consider these forecasts to reflect the best estimates of revenue based on the circumstances available as at 30 June 2023, noting that there is limited trading performance at the date of signing these financial statements.

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

	Seamless Rewards CGU 2023	Seamless Rewards CGU 2022
Life of the Asset[1]	9 years	-
Post tax discount rate[2]	14%	-
Revenue growth rates – year 1	Forecasted[3]	-
Revenue growth rates – year 2	51%[4]	-
Revenue growth rates – year 3 to 5	6%-12%[5]	-
Revenue growth rates – year 6 to 9	4.5% p.a.	-
Costs % to the sales – years 2 to 9.	58%-68%	-

[1] Reflects the useful life of the underlying CLO rewards platform asset.
[2] Reflects specific risks relating to the underlying asset and the broader CGU for which it belongs.
[3] Revenue for the first year assumes $16 million annual value at the merchants POS with average order value of $60 per order. Commission rate has been assumed at 2%.
[4] Revenue for the second year assumes $28 million annual value at the merchants POS driven by average order value of $65 per order. Commission rate has been assumed at 2%.

[5] Based on long-term expectations.

Based on the above assumptions, management have determined that there is no impairment for the Seamless Rewards CGU as at 30 June 2023. Value-in-use is mainly driven by the key revenue assumptions above and to lesser extent by post-tax discount rate. As a result, any adverse change in these assumptions would decrease the value-in-use. Costs are mostly in fixed nature.

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	
	2023 $'000	2022 $'000
CURRENT		
Unsecured liabilities		
Trade payables	828	2,110
Other payables and accruals	1,773	2,513
TOTAL CURRENT UNSECURED LIABILITIES	**2,601**	**4,623**

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	
	2023 $'000	2022 $'000
CURRENT		
Lease liabilities	310	910
TOTAL CURRENT LEASE LIABILITIES	**310**	**910**
NON-CURRENT		
Lease liabilities	-	310
TOTAL NON-CURRENT LEASE LIABILITIES	**-**	**310**
TOTAL LEASE LIABILITIES	**310**	**1,220**

Consolidated Group	Lease liabilities $'000
Balance as at 1 July 2021	**2,178**
Interest charges	91
Repayments (Including interest)	(1,049)
Balance as at 30 June 2022	**1,220**
Interest charges	40
Repayments (Including interest)	(950)
BALANCE AS AT 30 JUNE 2023	**310**

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	
	2023 $'000	2022 $'000
CURRENT		
Transformational capital facility	-	1,208
Additional growth capital facility	-	184
Interest bearing loan	699	633
NZ Business cashflow loan	9	-
TOTAL CURRENT BORROWINGS	**708**	**2,025**
NON-CURRENT		
Transformational capital facility	1,208	-
Interest bearing loan	-	-
New Gold Coast Holdings facility	17,233	6,097
NZ Business cashflow loan	10	28
TOTAL NON-CURRENT BORROWINGS	**18,451**	**6,125**
TOTAL BORROWINGS	**19,159**	**8,150**

	Interest bearing loan	Additional growth operational facility	Transformational capital facility	New Gold Coast Holdings Loan facility	NZ Business Cashflow Loan
	$'000	$'000	$'000	$'000	$'000
Facility limit	500	-	1,200	22,500[2]	28
Available funds	-	-	-	6,071[5]	-
Interest rate	10% per annum	10% per annum	12.5% per annum	12.5% per annum[6]	3% per annum
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	27.5 per month[3]	N/A
Maturity date	31/12/2024[4]	31/12/2021	31/12/2024	31/12/2024	19/07/2025[1]
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
Opening balance as at 1 July 2022	**633**	**184**	**1,208**[5]	**6,097**	**28**
Drawn down	-	-	-	10,500	-
Interest expenses	66	-	150	1,493[6]	-
Line fees	-	-	24	-	-
Admin fees	-	-	-	394	-
Interest repaid	-	-	(150)	(783) [6]	-
Line fees repaid	-	(184)	(24)	-	-
Admin fees repaid	-	-	-	(468)	-
Loan repaid	-	-	-	-	(9)
Closing balance as at 30 JUNE 2023	**699**	**-**	**1,208**	**17,233**	**19**

[1] Monthly repayment have commenced that will see this loan fully repaid by July 2025.
[2] The loan facility increased from $5m to $22.5m on 23 May 2022 upon gaining shareholder approval at the EGM.
[3] A reduction in administration fees has been negotiated down from $36.5k to $27.5k from 1 February 2023 onwards.
[4] Updated repayment terms have been agreed post 30 June 2023 seeing a deferment in repayment until 31 December 2024.
[5] Available funds is calculated by deducting the total drawn down from the facility total. The opening balance at 1 July 2022 includes amounts previously drawn down totaling $5.929m. This excludes any capitalised interest which will be repaid 31 December 2024.
[6] Interest payments have been deferred until 31 December 2024. For more details see the New Gold Coast Holdings Limited Loan Facility paragraph below.

Interest bearing loan

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

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

Accordingly, $19.3 million including accrued interest on the convertible loan was converted to equity with the issuance of 410,643,766 ordinary shares (4.7cent per share) in the Company. $0.5m of the convertible loan was left in the loan in which Suzerain had the option to convert up until 30 June 2020. The option lapsed as the loan was not converted at 30 June 2020. The balance remaining on this loan is $0.70m (Including interest) and will remain as a secured interest-bearing loan until repaid. The Interest-bearing loan originally matured on 30 September 2020. Updated repayment terms have been agreed post 30 June 2023 seeing a deferment in repayment until 31 December 2024.

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 $3.4m of their convertible loan into 104,939,367 ordinary shares at 3.29c per share, on 20 September 2021, in accordance with the convertible loan agreement approved by shareholders at the AGM held in December 2020.

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

Transformational capital facility

Skybound Fidelis Investment limited as trustee for the Skybound Fidelis Credit Fund (Skybound) (a related entity of Suzerain) provided the Group with a $1.2 million facility for the transformational capital expenditures. During the AGM in December 2020, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain). As at 30 June 2023 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 the 20th of January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). During the EGM on 23rd of May 2022, IncentiaPay Ltd gained shareholder approval to enter a convertible loan deed with New Gold Coast Holdings Limited which extended the total facility to $22.5m and also deferring the repayment date to 31 December 2024.

As at 30 June 2023 an amount of $16.5m capital has been drawn down leaving a further $6m available to the company for future use. During the current financial year, the company has renegotiated the administration fee associated with this loan down from $36.5k to $27.5k per month while also negotiating deferral of interest payments from 1 February 2023 onwards until 31 December 2024. No additional interest will be charged on the interest that has been deferred and it is not capitalised to the loan.

NZ Business Cashflow Loan

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

Note 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	
	2023 $'000	2022 $'000
CURRENT		
Deferred revenue	3,334	3,163
TOTAL CURRENT DEFERRED REVENUE	**3,334**	**3,163**
Deferred revenue	489	78
TOTAL NON-CURRENT DEFERRED REVENUE	**489**	**78**
TOTAL DEFERRED REVENUE	**3,823**	**3,241**

	Deferred revenue $'000
YEAR ENDED 30 JUNE 2022	
Balance as at 1 July 2021	**4,558**
Revenue deferred	9,047
Revenue recognised	(10,364)
BALANCE AS AT 30 JUNE 2022	**3,241**
YEAR ENDED 30 JUNE 2023	
Balance as at 1 July 2022	**3,241**
Revenue deferred	8,278
Revenue recognised	(7,696)
BALANCE AS AT 30 JUNE 2023	**3,823**

The contract liabilities primarily relate to cash receipts from membership sales, for which revenue is recognised over time.

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	2023 $'000	2022 $'000
Current		
Make good provision[1]	84	-
Employee benefits	433	829
Total current provisions	**517**	**829**
Non-current		
Make good provision	-	78
Employee benefits	51	46
Total non-current provisions	**51**	**124**
TOTAL PROVISIONS	**568**	**953**

[1]The lease concludes in October 2023.

	Make good provision $'000
BALANCE AS AT 30 JUNE 2022	**78**
Balance as at 1 July 2022	78
Additional provisions[1]	6
BALANCE AS AT 30 JUNE 2023	**84**

[1] The provision currently reflects the net present value of expected make good obligations at the remaining property.

Note 19 | Issued capital

	Consolidated Group			
	2023 shares	2022 shares	2023 $'000	2022 $'000
Ordinary shares - fully paid on issue	**1,231,279,015**	**1,231,279,015**	**132,143**	**132,143**
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		**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**
Ordinary shares at beginning of the year		**1,231,279,015**		**132,143**
Issues during the year:	-	-	-	-
	Less, costs of issues	-	-	-
BALANCE AS AT 30 JUNE 2023		**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 the 10 of November 2021, ordinary shares were issued under an entitlement offer at $0.022 per share to existing shareholders. Suzerain, as the Group's largest shareholder and a related party, participated in this rights issue.
[3] On 17 December 2021, pursuant to the announcement on the 10 of November 2021, ordinary shares were issued under the Top-up facility. The shortfall was issued to third parties at $0.022 per share.
[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 acknowledged, due to Covid-19, many staff worked reduced hours or were on reduced salaries for a certain period of time. 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 reporting period ending 30 June 21. No further shares were issued under this arrangement in the current reporting period ending 30 June 2023.

The Board also implemented a Loan Funded Share Scheme being a three-year long-term incentive plan for the former CEO and former CFO, which will vest over a three-year period. Vesting conditions relate to achieving the FY2021 Board approved budget, and for the FY2022 and FY2023 financial years, will vest where the share price is greater than $0.10 and $0.15, respectively. Shareholder approval was granted at the AGM held on the 16th of December 2020. Refer to note 20 for further details. The former CEO & former CFO has since left the group and their entitlements under the LFS scheme has been modified and settled where applicable. 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, June 2022 or June 2023. The ESS is no longer effective as all associated employees who were party to this arrangement have left the Group in both the current and prior reporting periods. A new LTI plan is currently being developed by the Remuneration Committee and Management to replace the ESS.

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 2021	**362**	**371**	**733**
Amortised during the period	201	-	201
Forfeited during the period	(227)	-	(227)
Movement during the period	(169)	(49)	(218)
BALANCE AS AT 30 JUNE 2022	**167**	**322**	**489**
Balance as at 1 July 2022	167	322	489
Amortised during the period	21	-	21
Lapsed during the period	(83)	-	(83)
Forfeited during the period	(105)	24	(81)
BALANCE AS AT 30 JUNE 2023	**-**	**346**	**346**

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 and Ben Newling on 28 February 2023, no options are on issue at 30 June 2023. The original 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 applicable accounting standards, the LFS shares are accounted for as options, which give rise to share based payments.

In the 2022 financial year, 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.

As at 30 June 2022, there were no remaining LFS on issue with Henry Jones.

During the 2023 financial year, 5,382,791 of Ben Newling's share options lapsed and the remaining 6,202,252 share options were forfeited upon his resignation. Prior to his resignation, the LFS continued to be amortised through the share-based payments reserve.

As at 30 June 2023, there were no remaining LFS on issue.

KMP	Held on 1 July 2022	Lapsed	Forfeited	Held on 30 June 2023	Vested and exercisable as of 30 June 2023
Ben Newling	11,585,043	(5,382,791)	(6,202,252)	-	-
Total	**11,585,043**	**(5,382,791)**	**(6,202,252)**	**-**	**-**

	Share based payments reserve		
	Henry Jones $'000	Ben Newling $'000	Total $'000
Balance as at 1 July 2021	254	108	362
Amortised during the period[1]	142	59	201
Forfeited during the period[2]	(227)	-	(227)
Movement during the period[2]	(169)	-	(169)
BALANCE AS AT 30 JUNE 2022	**-**	**167**	**167**
Balance as at 1 July 2021	-	167	167
Amortised during the period	-	21	21
Lapsed during the period[3]	-	(83)	(83)
Forfeited during the period[3]	-	(105)	(105)
BALANCE AS AT 30 JUNE 2023	**-**	**-**	**-**

[1] During financial year ending June 2021, the Group issued 38,771,277 shares at $0.03 under its loan funded share plan approved by shareholders during the Annual General Meeting "AGM" in December 2020. These shares have been issued to Ben Newling and Henry Jones who are key management personnel of the Group. The loan funded shares are issued through a series of 5 tranches for each respective person which include market and non-market conditions.
[2] Henry Jones departed as CEO on the 24th of December 2021, all tranches, except tranche 2, related to the Loan Funded Share Scheme were forfeited and are under the control of Group. Under the terms of an agreement, Tranche 2 shares were awarded to Henry Jones as part of a modification to the original loan funded deed from the 2021 financial year and were allocated in February 2022. The modification has been fair valued through the profit and loss as at 30 June 2022.
[3] During current reporting period 5,382,791 of Ben Newling's share options lapsed and the remaining 6,202,252 share options were forfeited upon his resignation in February 2023.

Note 21 | Key Management Personnel compensation

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

	Consolidated Group	
	2023 $'000	2022 $'000
Short-term employee benefits	860	1,056
Post-employment benefits	43	53
Termination payment benefits	-	163
Share based payments[1]	(167)	59
TOTAL KMP COMPENSATION	**736**	**1,331**

[1] Shared based payments for the current reporting period comes from the reversal of previously recognised share-based payment expenses relating to the former CFO, Ben Newling, of $167k.

Note 22 | Auditor's remuneration

	Consolidated Group	
	2023 $'000	2022 $'000
Auditing or reviewing the financial statements	259	255
Taxation services - compliance	14	12
Other services	2	1
TOTAL	**275**	**268**

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 2023 %	Ownership interest held by the Group 2022 %
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	100

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

Note 24 | Parent company information

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

	2023 $'000	2022 $'000
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss[1]	(34,729)	(8,315)
TOTAL COMPREHENSIVE INCOME[1]	**(34,729)**	**(8,315)**
STATEMENT OF FINANCIAL POSITION **Assets**		
Current assets	1,327	1,568
Non-current assets[2]	8	24,918
TOTAL ASSETS	**1,335**	**26,486**
Liabilities **Current liabilities**		
Current liabilities	1,366	3,675
Non-current liabilities	20,341	8,370
TOTAL LIABILITIES	**21,707**	**12,045**
Equity		
Issued capital	132,143	132,143
Reserves	(17)	150
Accumulated losses	(152,498)[1]	(117,852)[1]
TOTAL EQUITY	**(20,372)**	**14,441**

[1] The movement between accumulated losses from 2023 & 2022 do not tie back to the total loss as shown in the Profit and loss. FY2023 relates to the $83k lapsed options for the former CFO, Ben Newling. See note 20 for further details.

[2] The reduction in Non-current assets are mainly due to the impairment of the Entertainment Publications loan account & investments in subsidiaries.

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 2023 of the parties to the Deed of Cross Guarantee.

ASSETS Current assets	FY2023 $'000	FY2022 $'000
Cash and cash equivalents	1,601	610
Trade and other receivables	577	1,185
Inventories	49	161
Other assets	1,084	1,413
Total current assets	**3,311**	**3,369**
Non-current assets		
Trade and other receivables	7,547	102
Property, plant and equipment	42	503
Right-of-use asset	-	22
Intangible assets	974	12,322
Total non-current assets	**8,563**	**12,949**
TOTAL ASSETS	**11,874**	**16,318**
LIABILITIES		
Current liabilities		
Trade and other payables	11,233	4,212
Lease liabilities	310	910
Borrowings	699	2,023
Deferred revenue	2,864	2,700
Provisions	496	805
Total current liabilities	**15,602**	**10,650**
Non-current liabilities		
Trade and other payables	-	1,801
Lease liabilities	-	310
Borrowings	18,440	6,096
Deferred revenue	415	68
Provisions	51	123
Total non-current liabilities	**18,906**	**8,398**
TOTAL LIABILITIES	**34,508**	**19,048**
NET ASSETS	**(22,634)**	**(2,730)**
EQUITY		
Issued capital	132,141	132,141
Reserves	322	489
Retained earnings	(155,097)	(135,360)
TOTAL EQUITY	**(22,634)**	**(2,730)**

See note 25 for the Consolidated Statement of Profit or Loss for the year ended 30 June 2023 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 two segments, being the Entertainment business and Seamless Rewards business. This has changed from previous reporting periods where the group only reported on one CGU being the Entertainment Business. The change came into effect when the Seamless Rewards platform went live and started generating revenue during the current reporting period. Therefore we have enhanced our segment reporting by including additional information on the performance of individual CGUs to accompany our reporting on geographical location.

	Entertainment Year Ended		Seamless Rewards[2] Year Ended		Total Year Ended	
	June 23 $'000	June 22 $'000	June 23 $'000	June 22 $'000	June 23 $'000	June 22 $'000
Revenue and other income	17,194	20,620	55	-	17,249	20,620
Direct expenses of providing services	(9,332)	(10,151)	(20)	-	(9,352)	(10,151)
Impairments	(11,605)	(3,616)	-	-	(11,605)	(3,616)
Employee expenses	(8,810)	(12,596)	(217)	-	(9,027)	(12,596)
Depreciation and amortisation expense	(450)	(1,171)	(89)	-	(539)	(1,171)
Building occupancy expense	(399)	(247)	-	-	(399)	(247)
Finance costs	(2,211)	(919)	-	-	(2,211)	(919)
Legal and professional costs	(285)	(2,654)	-	-	(285)	(2,654)
Marketing expenses	(1,292)	(973)	-	-	(1,292)	(973)
Website and communication	(1,035)	(2,270)	(184)	-	(1,219)	(2,270)
Bad debts	(46)	33	-	-	(46)	33
Other expenses	(1,351)	(1,687)	(313)[1]	-	(1,664)	(1,687)
Segment loss before income tax	**(19,622)**	**(15,631)**	**(768)**	**-**	**(20,390)**	**(15,631)**
Segment total assets	**3,680**	**16,854**	**1,000**	-	**4,680**	**16,854**
Segment total non-current assets	**42**	**12,949**	**974**	-	**1,016**	**12,949**
Segment total liabilities	**17,278**	**18,185**	**9,183**	-	**26,461**	**18,185**

[1] Other expenses in Seamless Rewards consists of fees paid for contracting merchants to participate in the group's Seamless Rewards program.

[2] The Card Linked Offers CGU was first referenced in the June 2022 annual report. However, the group has now decided to rename this CGU to Seamless Rewards going forward. The group always refers to this new product as Seamless Rewards in all announcements to the market.

Geographical location

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

	Australia Year Ended		New Zealand Year Ended		Total Year Ended	
	June 23 $'000	June 22 $'000	June 23 $'000	June 22 $'000	June 23 $'000	June 22 $'000
Revenue						
Revenue from external customers	15,950	18,037	1,178	1,753	17,128	19,790
Other Income	78	123	-	1	78	124
Government assistance	-	676	-	-	-	676
Interest	43	30	-	-	43	30
Total Revenue	**16,071**	**18,866**	**1,178**	**1,754**	**17,249**	**20,620**
Expenses						
Direct expenses of providing services	(9,000)	(9,661)	(352)	(490)	(9,352)	(10,151)
Employee expenses	(8,533)	(12,216)	(494)	(380)	(9,027)	(12,596)
Depreciation and amortisation	(539)	(1,128)	-	(43)	(539)	(1,171)
Impairments	(11,605)	(3,615)	-	-	(11,605)	(3,615)
Interest	(2,230)	(919)	19	-	(2,211)	(919)
Other Expenses	(4,828)	(7,831)	(77)	32	(4,905)	(7,799)
Total Expenses	(36,735)	(35,370)	(904)	(881)	(37,639)	(36,251)
Segment loss before income tax	**(20,664)**	**(16,504)**	**274**	**873**	**(20,390)**	**(15,631)**

Note 26 | Capital commitments

Capital Commitments

The group has no capital commitments as at 30 June 2023.

Note 27 | Contingent liabilities and contingent assets

Security deposit

The parent entity has given the following guarantees as at 30 June 2023:

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

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	
	2023 $'000	2022 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	1,825	978
Trade and other receivables	622	1,328
Other current assets	445	576
TOTAL FINANCIAL ASSETS	**2,892**	**2,882**
FINANCIAL LIABILITIES		
Trade and other payables	2,601	4,623
Lease liabilities	310	1,220
Borrowings	19,159	8,150
TOTAL FINANCIAL LIABILITIES	**22,070**	**13,993**

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.

			CONTRACTUAL CASH FLOWS							
			Within 1 year		1- 5 years		> 5 years		Total	
MATURITY ANALYSIS	2023 Carrying value $'000	2022 Carrying value $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
FINANCIAL ASSETS										
Cash	1,825	978	1,825	978					1,825	978
Trade debtors	622	1,328	622	1,226		102			622	1,328
Other current assets	445	576	445	576		-			445	576
FINANCIAL LIABILITIES										
Trade and other payables	(2,601)	(4,623)	(2,601)	(4,623)		-		-	(2,601)	(4,623)
Lease liabilities	(310)	(1,220)	(311)	(950)		(311)		-	(311)	(1,261)
Borrowings	(19,159)	(8,150)	(1,283)[1]	(3,552)	(21,785)	(7,762)		-	(23,068)	(11,314)

[1] Post 30 June 2023 the group agreed a loan repayment deferment until 31 December 2024 that will see $770k move into the 1-5 year band in future periods.

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 2023	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	1,825	1,825					1,825
Trade debtors	252	252					252
Other receivables	370	370					370
Other current assets	445	445					445
Financial liabilities							
Trade and other payables	(2,601)	(2,601)					(2,601)
Lease liabilities	(310)	(310)					(310)
Borrowings	(19,159)	(19,159)					(19,159)

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	$'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)

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. $16m of the revenue in note 2 is from memberships and gift cards sales, they are cash on delivery, therefore, the Group has no significant credit risk.

ii. Impairment of financial assets

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

Trade and other receivables

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

b. Liquidity risk

Included in the $19.2m disclosed in the 2023 borrowings time band is $1.3m, of which $0.6m is part interest and part administration fees on loans and the other $0.7m is the loan repayment of the Skybound Interest bearing loan, which is 'within 1 year'. Post 30 June 2023 the repayment of the Skybound Interest bearing loan has been deferred until 31 December 2024 which will see the repayment moved into the 'within 1-5 years' band.

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. The funds have been used to enhance the Group's technology capabilities. During the AGM on the 20th of January 2022, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain). During the current financial year, the company has renegotiated the administration fee associated with this loan down from $36.5k to $27.5k per month while also negotiating deferral of interest payments from 1 February 2023 onwards until 31 December 2024. At 30 June 2023 there was still $6m available to the company on this facility. See note 16 for more details.

ii. Maturities of financial liabilities

Interest bearing loan

As at 30 June 2023, the interest bearing loan with Suzerain matured on 30 September 2020. Updated repayment terms have been agreed post 30 June 2023 and the facility will now be repaid on 31 December 2024. See note 16.

Additional growth operational facility

As at 30 June 2023, 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 2023, the Transformational capital facility with Skybound matured on 11 February 2022.
The company has successfully renegotiated the repayment date to 31 December 2024. See note 16.

New Gold Coast Holdings Limited Loan facility

As at 30 June 2023, 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 2023 as $1.2m of total revenue is in NZD and the foreign currency fluctuation between AUD and NZD is historically insignificant at 0.99% 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 New Zealand dollar, was as follows:

	2023 NZD $'000	2022 NZD $'000
Trade debtors	68	46
Trade payables	(39)	(179)

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 2023		
+/- 0.99% in foreign exchange rates	(5)	9
Year ended 30 June 2022		
+/- 0.5% in foreign exchange rates	21	70

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 31 December 2024.

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	
	2023 $'000	2022 $'000
Sales of goods and services		
Membership subscriptions[1]	3	-
Enterprise sales[2]	61	56
Travel commission[3]	6	3
Salary recharge[4]	93	-
Purchases of services		
Rent[5]	7	11
Customer service[6]	17	252
Consulting fees[7]	-	154
Technology Consultancy[8]	-	17
Communication Infrastructure[9]	1	21

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

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

	Consolidated Group	
	2023 $'000	2022 $'000
Current payables		
Leisurecom Group Pty Ltd[1]	7	1
Current receivables		
Leisurecom Group Pty Ltd[2]	10	-

[1] Office space provided by a related entity of Suzerain.
[2] Combination of Membership subscriptions, Travel commission and recharged salary expenses owing by a related entity of Suzerain.

Outstanding balances arising from loan agreements:

	Consolidated Group	
	2023 $'000	2022 $'000
Borrowings		
Interest bearing loan	699	633
Additional growth operational facility	-	184
Transformational capital facility	1,208	1,208
New Gold Coast Holdings	17,233	6,097

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

- Suzerain, Skybound and NGC, related parties to Jeremy Thorpe (Director) and Dean Palmer (Director), have provided a total of $34m loan facilities to the Group. During the period, the Group drew down $10.5m of the line of credit facility. See note 16 for additional detail.
- Suzerain opted to convert the remainder of their convertible loan of $3.4 million into 104,740,097 ordinary shares on the 23rd of September 2021.
- Suzerain participated in the rights issue on the 8th of December 2021, acquiring 162,612,401 shares, which was announced to the market on the 10th of November 2021. See note 19 to the annual financial statements for additional detail.

Note 30 | Joint Arrangements

During the year ended 30 June 2022, the Group entered a joint arrangement with Spineka Group Pty Ltd and Junovate Pty Ltd to set up and operate an online wine marketplace, jointly and equally controlled by the three participants, primarily via a contractual arrangement. IncentiaPay has funded $0.5m during the reporting period ending 30 June 2022. During the current reporting period the Group decided to discontinue the Wine Bunch operations as part of strategic realignment. The developed assets remain controlled by the three participants through a contractual arrangement.

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

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

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

	FY2023 $'000	FY2022 $'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.

¶

Note 31 | Events after the reporting period

The Group has successfully re-negotiated the repayment of the Skybound Interest Bearing loan until 31 December 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 86, 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 2023 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.

Dean Palmer
CHAIRMAN

IncentiaPay Limited ABN 43 167 603 992
Level 8, Suite 8, 65 York Street, Sydney 2000 NSW
p | +61 2 8256 5300 | e | info@incentiapay.com
www.incentiapay.com

Independent Auditor's Report

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 2023 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 2023
- 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
- 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 these requirements.

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 cash inflows and outflows, including capital expenditures for feasibility, timing, 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.
- 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 (who are related parties) to understand the financing options available to the Group, and assess the level of associated uncertainty with respect to the availability of new and existing facilities, accommodative repayment terms including the extension of existing maturity dates and the conversion of outstanding facilities into equity.
- 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 principle matters giving rise to the material uncertainty.

Key Audit Matters

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.

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

<table>
<tr><th colspan="2">Recoverable amount of cash generating units and impairment of goodwill and intangible assets ($0.974 million)</th></tr>
<tr><td colspan="2">Refer to Note 1(g) and 13 to the Financial Report</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>A key audit matter for us was the Group’s testing of goodwill and intangible assets for impairment.

We focused on the significant forward-looking assumptions the Group applied in its value-in-use models, including:

forecast cash flows – the Group has a history of operating losses in the Entertainment Business CGU due to the demand in its existing products and services not being sufficient to cover operating costs and is further exposed to current and expected future market conditions such as economic activity, inflation, cost of living and interest rate pressures. Further, the new Seamless Rewards business was launched during the year with limited observable operating history at year end, making forecast cash flows more challenging to estimate. We focussed on the key drivers of forecast cash flows for the Entertainment Business CGU including renewal and activation rates applied to memberships and return on marketing spend, and for the Seamless Rewards CGU including annual value at the merchants POS and average order value. These conditions increase the possibility of goodwill and intangible assets being impaired, plus the risk of inaccurate forecasts or a significantly wider range of possible outcomes for us to consider.
forecast growth rates – in addition to the uncertainties described above, the Group’s models are 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.
discount rates – these are complicated in nature and vary 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 rates. The Group’s
</td>
<td>Working with our valuation specialists, our procedures included:

We considered the appropriateness of the value-in-use method applied by the Group to perform its impairment test of goodwill and intangible assets against the requirements of the accounting standards.
We assessed the integrity of the value-in-use models used, including the accuracy of the underlying calculation formulas.
We compared the forecast cash flows for year one in the value-in-use models to Board approved forecasts.
We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates and discount rates, 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 models.
For the Entertainment Business CGU, we:

challenged the Group’s significant forecast cash flow and growth assumptions, including renewal and activation rates applied to memberships and return on marketing spend in light of observed historical and expected future demand in its products and services.
assessed these key assumptions for consistency with the Group’s strategy, our knowledge of the business, industry, recent actual cash flows and against publicly available economic data representing current and expected future market conditions.
assessed cash flow forecasts and growth rates based on our experience regarding the feasibility of these in the industry/economic environment in which they operate.
applied increased scepticism to forecasts in the areas where previous forecasts were not achieved.

For the Seamless Rewards CGU, we

challenged the Group’s significant forecast cash flow and growth assumptions, including annual value at the merchants POS and average order value renewal, in light of observed limited historical and expected future demand in its products

</td></tr>
</table>

modelling is highly sensitive to small changes in discount rates. The Group's uses complex models to perform their testing of goodwill and intangible assets for impairment. The models are largely manually developed, use adjusted historical performance as well as anticipated future growth, 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 their consistent application. In addition to the above, the Group recorded an impairment charge of $11.4 million against goodwill and intangible assets as outlined in Note 13 to the Financial Report. This further increased our audit effort in this key audit area. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	and services. ○ assessed these key assumptions for consistency with the Group's strategy, our knowledge of the business, industry and recent actual cash flows. ○ challenged key cash flow drivers being annual value at the merchants POS and average order value against the Group's merchant data recorded to date and to publicly available economic data representing forecast consumer spending and expected average order value. ○ applied increased scepticism to forecasts in the areas where previous forecasts were not achieved. ● We compared the growth rates 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. ● We analysed the Group's discount rates against publicly available data of a group of comparable entities adjusted for risk factors associated with each CGU. ● We re-assessed the Group's determination of its CGUs in light of changes in its business, against our understanding of these changes and the requirements of the accounting standards. ● We compared the Group's year-end market capitalisation to its enterprise value, to inform our evaluation of the Group's impairment assessment. ● We recalculated the impairment charge against the recorded amount disclosed. ● We assessed the disclosures 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.

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: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 2023, 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 28 to 37 of the Directors' report for the year ended 30 June 2023.

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

KPMG

KPMG

Jeff Frazer
Partner
Gold Coast
4 September 2023

ASX Additional Information

ASX Additional Information

As at 24 August 2023

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	64	4,669	0.00
1,001 to 5,000	28	93,790	0.01
5,001 to 10,000	8	66,181	0.01
10,001 to 100,000	205	11,634,816	0.94
100,001 and over	177	1,219,479,559	99.04
TOTAL	**482**	**1,231,279,015**	**100.00**

Unmarketable parcels

The number of security investors holding less than a marketable parcel of 38,461 securities ($0.008 on 24/08/2023) is 222 and they hold 4,970,405 securities.

Substantial holders

RANK	NAME	CURRENT BALANCE	% ISSUED CAPITAL
1	Suzerain Investments Holding Limited	861,845,725	70.00
2	Australia Fintech Plus Pty Ltd	65,724,825	5.34

Top 20 Holders of fully paid ordinary shares (as at 23 August 2023)

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

Rank	Name	23 Aug 2023	%IC
1	SUZERAIN INVESTMENTS HOLDINGS LTD	861,845,725	70.00
2	AUSTRALIAN FINTECH PLUS PTY LTD	65,724,825	5.34
3	BNP PARIBAS NOMS PTY LTD	61,923,364	5.03
4	IT'S TAKEN PTY LTD	21,574,973	1.75
5	AFRICAN KLIP PTY LTD	16,440,091	1.34
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,314,671	1.08
7	YOUTH TRAVEL PTY LTD	11,079,417	0.90
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,233,249	0.83
9	MR DEVEN HARRISON	7,684,167	0.62
10	EVEREST MB PTY LTD	7,518,000	0.61
11	BNP PARIBAS NOMINEES PTY LTD	7,066,143	0.57
12	MR DAVID RICHARD PALMER	6,506,132	0.53
13	MR LAWRENCE ALLAN PAPPIN	6,363,636	0.52
14	SHARESIES NOMINEE LIMITED	5,002,470	0.41
15	MR HENRY MICHAEL HOY JONES	4,986,667	0.40
16	STEPHEN HARRISON	4,754,285	0.39
17	MS WENDY CARTER	4,649,854	0.38
18	CORELLA RESOURCES LTD	4,535,484	0.37
19	MR BRIAN ROBERT HALL & MRS LEIGH ANNE HALL	4,500,000	0.37
20	INVIA CUSTODIAN PTY LIMITED	4,090,909	0.33

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 the voluntary escrow until 21 October 2023.

On market by back

There is currently no on-market share buyback.

Corporate Directory

Directors	Mr Dean Palmer Non-Executive Chairman Dr Charles Romito Non-Executive Director Ani Chakraborty Managing Director
Company Secretary	Mr Sean Coleman
Registered Office	Level 8, Suite 8, 65 York Street Sydney NSW 2000
Principal place of business	Level 8, Suite 8, 65 York 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 38, Tower Three, International Towers Sydney 300 Barangaroo Avenue, Sydney, NSW 2000
Legal advisers	Sundaraj & Ker Level 31, 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 2023 can be found on the Company's website at https://www.incentiapay.com/governance/.

Level 8, Suite 8, 65 York
Street

Sydney NSW 2000
Australia Email:
info@incentiapay.com
Phone: (02) 8256 5300

www.incentiapay.com