

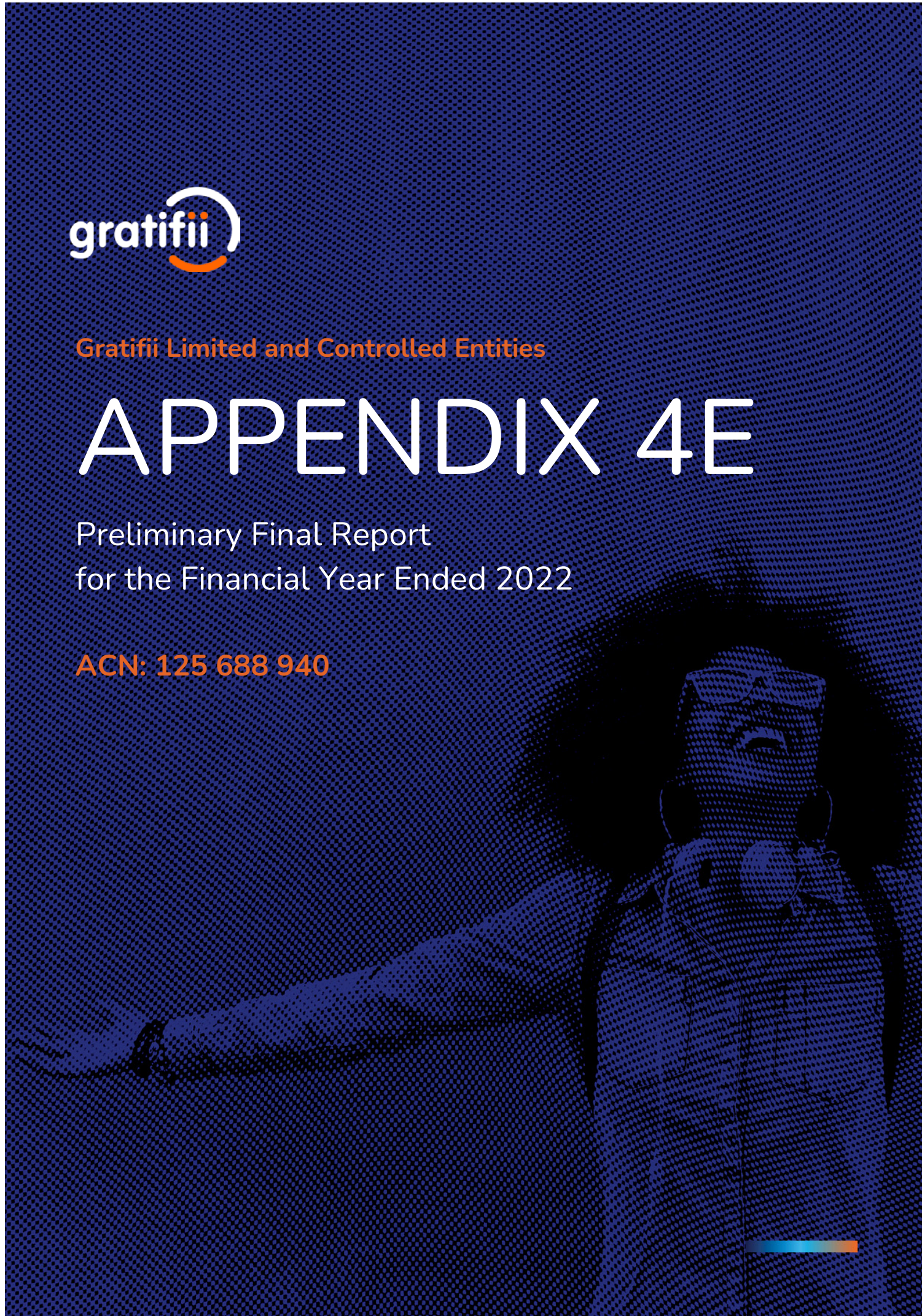


Gratificii Limited and Controlled Entities

APPENDIX 4E

Preliminary Final Report
for the Financial Year Ended 2022

ACN: 125 688 940



Appendix 4E

Preliminary final report

Name of entity:

Gratifii Limited

ABN or equivalent company
reference:

47 125 688 940

1. Reporting period

Reporting period:

Year ended 30 June 2022

Previous corresponding period:

Year ended 30 June 2021

2. Results for announcement to the market

Current Year
2022
\$

2.1	Revenue from continuing operations	Up	195%	to	12,094,899
2.2	Profit/(loss) from ordinary activities for the period after tax attributable to members	Down	4205%	to	(2,433,584)
2.3	Net profit/(loss) for the period attributable to members	Down	4205%	to	(2,433,584)
2.4 Dividends		Amount per security		Franked amount per security	
Final dividend		Nil		N/A	
Interim dividend		Nil		N/A	
2.5 Record date for determining entitlements to the dividends		N/A			

2.6 Brief explanation of any of the figures reported above to enable the figures to be understood:

Revenue Summary

A\$	FY22	FY21			Growth	
	Statutory	Statutory	Pro-forma for full year of Neat Ideas	Combined pro forma	FY21 vs FY22	FY21 pro-forma vs FY22
SaaS revenue	2,429,439	2,231,771	-	2,231,771	9%	9%
Rewards revenue	8,740,578	845,606	5,959,473	6,805,079	934%	28%
Total operating revenue	11,170,017	3,077,377	5,959,473	9,036,850	263%	24%
Other revenue	924,882	1,026,696	192,915	1,219,611	(10%)	(24%)
Total revenue	12,094,899	4,104,073	6,152,388	10,256,461	195%	18%

Revenue has seen significant growth due to a full year of Rewards revenue (Neat Ideas) being attributed to the Group. Research and development rebates increased 70% year-on-year (YOY), offset by 77% YOY decline of government subsidies, most related to COVID-19, in FY22.

P&L Summary

A\$	FY22	FY21			Growth
	Statutory	Statutory	Pro-forma for full year of Neat Ideas	Combined pro-forma	FY21 pro-forma vs FY22
SaaS revenue	2,429,439	2,231,771	-	2,231,771	8.9%
Rewards revenue	8,740,578	845,606	5,959,473	6,805,079	28.4%
Total operating revenue	11,170,017	3,077,377	5,959,473	9,036,850	23.6%
Cost of sales	(8,537,449)	(1,022,100)	(5,311,233)	(6,333,333)	34.8%
Gross profit	2,632,568	2,055,277	648,240	2,703,517	(2.6%)
<i>SaaS gross profit margin</i>	<i>70.7%</i>	<i>88.2%</i>	<i>-</i>	<i>88.2%</i>	<i>n.a.</i>
<i>Rewards gross profit margin</i>	<i>10.5%</i>	<i>10.3%</i>	<i>10.9%</i>	<i>10.8%</i>	<i>n.a.</i>
<i>Total gross profit margin</i>	<i>23.6%</i>	<i>66.8%</i>	<i>10.9%</i>	<i>29.9%</i>	<i>n.a.</i>
Employee expenses	(2,063,055)	(1,497,751)	(318,703)	(1,816,454)	13.6%
Non-employee expenses	(1,588,332)	(1,613,207)	(316,039)	(1,929,246)	(17.7%)
Total operating expenses	(3,651,387)	(3,110,958)	(634,742)	(3,745,700)	(2.5%)
Operating EBITDA	(1,018,819)	(1,055,681)	13,498	(1,042,183)	(2.2%)
Non operating revenue	924,882	2,746,106	-	2,746,106	(66.3%)
Non-operating costs	(912,551)	(928,925)	-	(928,925)	(1.8%)
Reported EBITDA	(1,006,488)	761,500	13,498	774,998	n.a.
D&A	(931,088)	(352,980)	(53,156)	(406,136)	129.3%
Finance	(496,008)	(301,585)	(18,156)	(319,741)	55.1%
Profit/(loss) before income tax	(2,433,584)	106,935	(57,814)	49,121	n.a.
Income tax	-	(47,654)	-	(47,654)	(100.0%)
Net profit/(loss) for the year	(2,433,584)	59,281	(57,814)	1,467	n.a.
Other comprehensive (net of tax)	15,763	30,213	-	(69,289)	n.a.
Total comprehensive profit/(loss) for the year	(2,417,821)	89,494	(57,814)	(67,822)	n.a.

Operating EBITDA

FY22 operating EBITDA loss of \$1.02m was an improvement of 3.5% vs FY21 and 2.2% vs FY21 pro-forma. The Company's employee expenses increased by 13.6% (\$247k), vs FY21 pro-forma, as the Company scaled up for

expected continued growth, which was offset by the decline in non-employee related expenses of 17.7% (\$341k).

Net profit/(loss) for the period

Total net loss after tax was \$2.4m for FY22, compared to net profit of \$89k in FY21 (and \$225k in FY21 pro-forma) with the FY21 results being skewed by the inclusion of a \$1.7m of gain on loan forgiveness from restructuring which occurred in FY21 as well as other COVID-19 related government subsidies received in FY21 but not in FY22.

Depreciation increased by \$931k for FY22 vs FY21 pro-forma, driven by increased spend and capitalisation of development expenses. Finance increased by 55% to \$496k in FY22 due to additional convertible notes issued during the period. Convertible notes with face value of \$1.2m will be converted into ordinary shares in early Q2 FY23.

3. Consolidated Statement of Comprehensive Income

	Current Period 30 June 2022 \$	Previous Period 30 June 2021 \$
Revenue		
Software as a Service	2,429,439	2,231,771
Rewards Content	8,740,578	845,606
Total Operating Revenue	11,170,017	3,077,337
Revenue Closed Operations	-	-
Total Revenue	11,170,017	3,077,377
Costs of Sales	(8,537,449)	(1,022,100)
Gross Profit	2,632,568	2,055,277
Other revenue	924,882	2,746,106
Operational expenditure	-	(72,559)
Depreciation and amortization	(931,088)	(352,980)
Administrative and other corporate costs	(2,322,454)	(1,656,430)
Finance costs	(496,008)	(301,585)
Restructuring costs	-	(401,641)
Employee benefits expense	(2,063,055)	(1,497,751)
Employee benefits expense – share based payments	(159,224)	(411,502)
Foreign exchange losses	(19,205)	-
Profit/(loss) before income tax	(2,433,584)	106,935
Income tax expense	-	(47,654)
Net profit/(loss) for the year	(2,433,584)	59,281
Profit/(loss) attributed to non-controlling interest	-	-
Profit/(loss) attributed to owners of Gratifii Limited	(2,433,584)	59,281
Foreign exchange movement including on intercompany loans	15,763	(386,766)
Gain on derecognition of subsidiaries	-	317,477
Gain on derecognition of non-controlling interest liability	-	99,502
Total comprehensive profit/(loss) for the year	(2,417,821)	89,494
Attributable to:		
Members of the Parent Company		
Basic earnings/(loss) per share	(0.37) cents	0.01 cents

4. Consolidated Statement of Financial Position

	Current Period 30 June 2022 \$	Previous Period 30 June 2021 \$
Current Assets		
Cash and cash equivalents	2,069,958	2,227,915
Trade and other receivables	1,408,866	986,841
Inventory	411,965	1,256,838
Other assets	329,761	174,358
Total Current Assets	4,220,550	4,645,952
Non-Current Assets		
Intangibles	8,927,341	4,525,943
Plant and equipment	431,491	246,232
Total Non-Current Assets	9,358,832	4,772,175
Total Assets	13,579,382	9,418,127
Current Liabilities		
Trade and other payables	4,447,605	3,272,271
Deferred revenue	333	4,333
Provisions	211,323	232,585
Borrowings	2,947,797	2,800,000
Lease liability	158,514	99,580
Total Current Liabilities	7,765,572	6,408,769
Non-Current Liabilities		
Provisions	10,458	3,992
Borrowings	133,597	1,683,426
Lease liability	172,885	8,014
Total Non-Current Liabilities	316,940	1,695,432
Total Liabilities	8,082,512	8,104,201
Net Assets/(Deficiency)	5,496,870	1,313,926
Equity		
Share capital	40,588,632	34,027,091
Reserves	(58,704)	(113,691)
Accumulated losses	(35,033,058)	(32,599,474)
Parent Net Assets/(Deficiency)	5,496,870	1,313,926
Non-Controlling Interest	-	-
Equity Net Assets/(Deficiency)	5,496,870	1,313,926

5. Consolidated Statement of Cash Flows

	Current Period 30 June 2022 \$	Previous Period 30 June 2021 \$
Cash flows from operating activities		
Cash receipts from customers	12,039,781	3,261,658
Payments for suppliers and employees	(12,382,354)	(4,323,158)
Proceeds from research and development rebates	576,763	323,059
Proceeds from COVID-19 related government amounts	-	359,953
Interest received	1,963	-
Finance costs	(60,012)	(158,677)
Net cash used in operating activities	176,141	(537,165)
Cash flows from investing activities		
Payments for plant and equipment	-	-
Payments for intangible assets	(3,281,813)	(2,338,248)
Payments for subsidiaries	(1,547,683)	(1,340,035)
Proceeds from sale of plant and equipment	-	94,855
Net cash used in investing activities	(4,829,496)	(3,583,428)
Cash flows from financing activities		
Proceeds from issue of shares and capital raising	3,568,500	3,832,847
Repayment of borrowings	(216,944)	(855,882)
Proceeds from issue of convertible debt	1,550,000	4,100,000
Cost of capital raising	(263,531)	(779,447)
Payments for lease assets	(98,379)	(117,630)
Transactions costs related to borrowings	(44,248)	-
Net cash provided by financing activities	4,495,398	6,179,888
Net increase/(decrease) in cash and cash equivalents	(157,957)	2,059,295
Cash and cash equivalents at the beginning of the year	2,227,915	69,118
Effects of exchange rate changes on cash	-	99,502
Cash and cash equivalents at the end of the year	2,069,958	2,227,915

6. Consolidated Statement of Changes in Equity

30 June 2022	Issued Capital \$	Foreign Currency Reserve \$	Accumulated Losses \$	Option Reserve \$	Total \$
Balance as at 1 July 2021	34,027,091	(525,193)	(32,599,474)	411,502	1,313,926
(Loss) after income tax for the year	-	-	(2,433,584)	-	(2,433,584)
Other comprehensive income for the year after tax	-	15,763	-	-	15,763
Total comprehensive loss for the year	34,027,091	(509,430)	(35,033,058)	411,502	(1,103,895)
Issue of shares (net of costs)	3,304,969	-	-	-	3,304,969
Conversion of options into shares	120,000	-	-	(120,000)	-
Issue of options	-	-	-	159,224	159,224
Conversion of convertible notes	3,136,572	-	-	-	3,136,572
Balance as at 30 June 2022	40,588,632	(509,430)	(35,033,058)	450,726	5,496,870

30 June 2021	Issued Capital \$	Foreign currency reserve \$	Accumulated Losses \$	Option Reserve \$	Non- Controlling Interest \$	Total \$
Balance as at 1 July 2020	27,905,355	(138,427)	(35,840,308)	3,043,997	(99,502)	(5,128,885)
Profit after income tax for the year	-	-	59,281	-	-	59,281
Other comprehensive income for the year after tax	-	(386,766)	-	-	-	(386,766)
Gain on derecognition of non-controlling interest liability	-	-	-	-	99,502	99,502
Gain on derecognition of subsidiaries	-	-	317,477	-	-	317,477
Total comprehensive loss for the year	27,905,355	(525,193)	(35,463,550)	3,043,997	-	(5,039,391)
Issue of shares (net of costs)	5,941,815	-	-	-	-	5,941,815
Issue of options	-	-	-	411,502	-	411,502
Lapsing of options	-	-	2,864,076	(2,864,076)	-	-
Conversion of options into shares	179,921	-	-	(179,921)	-	-
Balance as at 30 June 2021	34,027,091	(525,193)	(32,599,474)	411,502	-	1,313,926

7. Dividends (in the case of a trust, distributions)

Date dividend is payable

N/A

⁺Record date to determine entitlements to the dividend

N/A

If it is a final dividend, has it been declared?

N/A

Amount per security

	Amount per security	Franked amount per security at 25% tax	Amount per security of foreign source dividend
Final dividend: Current year	NIL	N/A	N/A
Interim dividend: Current year	NIL	N/A	N/A

Total dividend (distribution) per security (interim *plus* final)

	Current period	Previous Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

8. Dividend or distribution plans in operation

N/A

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

N/A

9. NTA backing

	Current Period 2022 Cents per Share	Previous Period 2021 Cents per Share
Net tangible liability backing per ordinary share	0.39	0.53

10. Details of entities over which control has been gained or lost during the period

Controlled entities

	Country of Incorporation	Percentage Owned	Date Control Lost
N/A			

11. Details of associates and joint venture entities

N/A

12. Significant information

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

Please refer to section 2.6 above for information on the Group's financial performance. Additionally, the Company acquired Hachiko with subsequent share placement and convertible note raise announced to the market on 11 August 2022.

13. Foreign entities set of accounting standards used in compiling the report (IAS)

The Company is not a foreign entity. Australian Accounting Standards have been applied consistently across all entities in the Group.

14. Commentary on the results for the period

14.1 Earnings per security (EPS)

	Current Period 2022	Previous Period 2021
Basic (loss)/profit per share	(0.37 cents)	0.01 cents

14.2 Returns to shareholders (Including distributions and buy backs)

	Current Period 2022 \$	Previous Period 2021 \$
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
Total	-	-

14.3 Significant features of operating performance

Please refer to section 2.6 above for information on the Group's financial performance.

14.4 Segment Information

2022	AUSTRALIA	SOUTH AFRICA	SINGAPORE	TOTAL
	\$	\$	\$	\$
Revenue and other income				
External sales	9,129,314	1,976,761	63,942	11,170,017
Sundry income	922,714	-	-	922,714
Interest	317	1,851	-	2,168
Total segment revenue and other income	10,052,345	1,978,612	63,942	12,094,899
Net (loss)/profit before income tax	(3,019,772)	587,762	(1,574)	(2,433,584)
Loss attributable to non-controlling interest	-	-	-	-
Net (loss) / profit before income tax	(3,019,772)	587,762	(1,574)	(2,433,584)
Income tax expense	-	-	-	-
Net (loss) after income tax	(3,019,772)	587,762	(1,574)	(2,433,584)
Segment assets at 30 June 2022	13,174,421	395,997	8,964	13,579,382
Segment liabilities as at 30 June 2022	(8,141,932)	62,446	(3,026)	(8,082,512)

2021	AUSTRALIA	SOUTH AFRICA	SINGAPORE	TOTAL
	\$	\$	\$	\$
Revenue and other income				
External sales	1,122,428	1,878,069	76,880	3,077,377
Other income	1,733,413	2,536	1,009,207	2,745,156
Interest	6	944	-	950
Total segment revenue and other income	2,855,847	1,881,549	1,086,087	5,823,483
Net (loss) before income tax	(1,865,370)	974,392	997,913	106,935
Loss attributable to non-controlling interest	-	-	-	-
Net (loss)/profit before income tax	(1,865,370)	974,392	997,913	106,935
Income tax expense	(47,654)	-	-	(47,654)
Net (loss)/profit after income tax	(1,913,024)	974,392	997,913	59,281
Segment assets at 30 June 2021	8,981,211	404,860	32,056	9,418,127
Segment liabilities as at 30 June 2021	(7,948,770)	(155,432)	-	(8,104,201)

14.5 Report on trends in performance

Cashflows

FY22 has seen a significant improvement in operating cash flows with an inflow of \$176,141 (FY21: outflow of \$537,165). Cash outflows for investing activities increased due to increased investment in the Mosaic platform and additional payments for the acquisition of Neat Ideas.

Revenue

Total statutory revenue increased by 195% year on year primarily due to the acquisition of Neat Ideas. Comparing to combined pro-forma revenue, FY22 revenue was up 23.6% due to an increase in Rewards revenue.

Expenses

On a statutory basis, expenses for the Group were up year on year primarily due to the inclusion of Neat Ideas in the Group for the full year. The Company's employee expenses increased by 13.6% (\$247k) in FY22, vs FY21 pro-forma, as the company scaled up for expected continued growth, which was offset by the decline in non-employee related expenses of 17.7% (\$341k).

Depreciation increased to \$931k for FY22 vs FY21 pro-forma, driven by increased spend and capitalisation of development expenses. Finance costs increased by 55% to \$496k in FY22 due to additional convertible notes issued during the period.

Balance Sheet

The Company had cash resources of \$2.1m as at 30 June 2022 and inventory of \$0.4m. Intangibles grew 97% in the year through additional investment in the Mosaic platform, as well as an increase in goodwill that resulted from post-acquisition adjustments from the settlement of the Neat Ideas acquisition.

Total current liabilities included borrowings of \$2.9m, representing convertible notes with investors with \$1.2m of convertible notes to be converted into ordinary shares in Q2 FY23.

14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

N/A

Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.

N/A

15. Compliance statement

This report is based on accounts to which one of the following applies.
(Tick one)



The accounts have been audited.

The accounts have been subject to review.

✓

The accounts are in the process of being audited or subject to review.

The accounts have not yet been audited or reviewed.

16. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

The report is based upon the accounts which are in the process of being audited, but the Directors are not aware of any dispute or qualification.

16. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A



Sign here:

.....

Date: 31 August 2022

Print name:

Iain Dunstan