



**21 September 2022**

**ASX ANNOUNCEMENT**

## **Release of Annual Report 2022**

In accordance with the Listing Rules, the Board of **Gratificii Limited** (ASX: GTI) ('Gratificii' or 'the Company') attaches the Company's Annual Report for the year ended 30 June 2022.

*Gratificii confirms that this announcement has been approved by the Board of Directors.*

### **For further information, contact:**

**Iain Dunstan**

CEO & Managing Director

**E:** [iaind@gratificii.com](mailto:iaind@gratificii.com)

### **About Gratificii Limited**

Gratificii Limited (ASX:GTI) is a full-stack customer engagement technology provider that delivers end-to-end technology solutions for businesses to engage with their employees and customers. Its primary focus is providing liquidity for digital assets through its newly developed Mosaic Enterprise Engagement Platform. With mobile payment, ordering, booking and local offer capability; the Mosaic EEP will be the gateway to delivering a new digital lifestyle rewards program.

To learn more, please visit: [www.gratificii.com](http://www.gratificii.com)



# ANNUAL REPORT 2022

FOR THE YEAR ENDED  
30 JUNE 2022

ABN 47 125 688 940

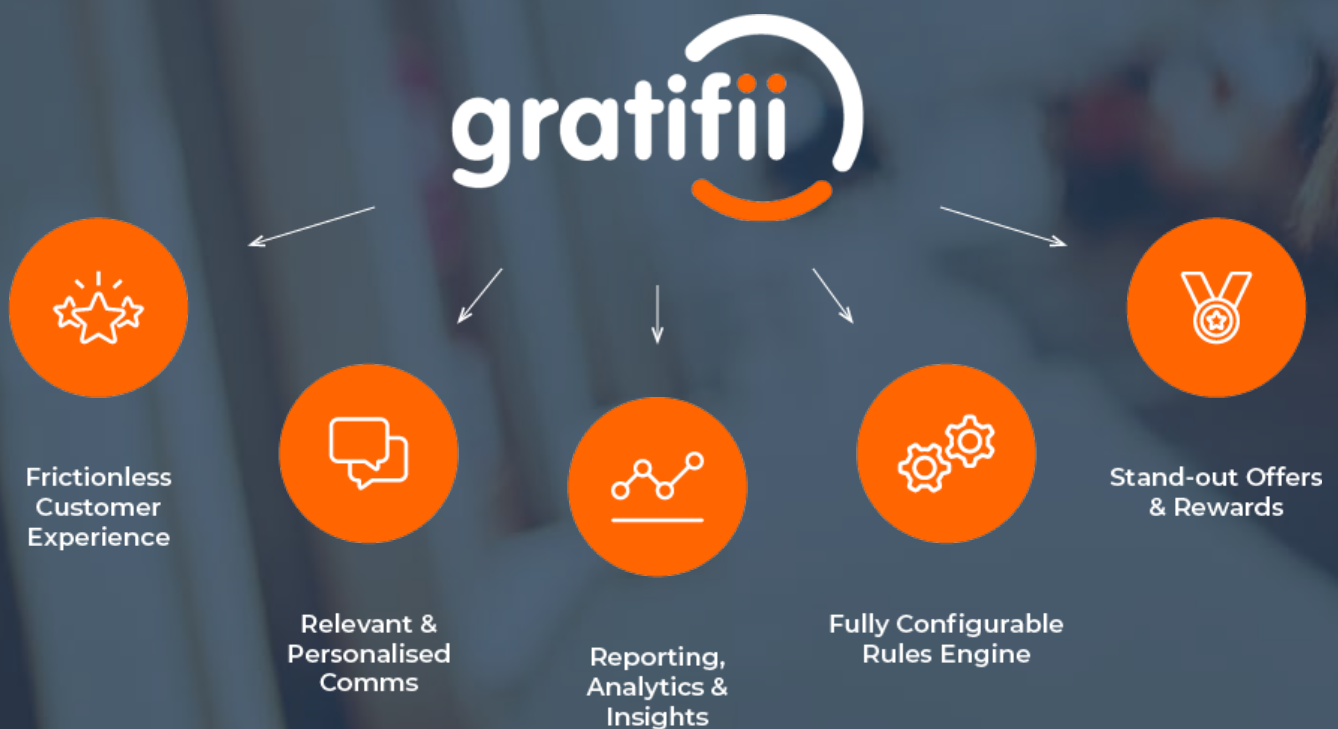
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**Gratifii (ASX:GTI) is an ASX-listed technology company that enables businesses within the retail, telecommunications, financial services, hospitality, healthcare and wellbeing industries to deliver great customer experiences, drive engagement and encourage repeat business with loyalty and rewards programs. We have expertise in consumer engagement, content management and creation, deal sourcing and management of loyalty ecosystems.**

Gratifii's Software as a Services (SaaS) solution, Mosaic, is a cloud-based platform that is modular, scalable, and globally portable. Designed and built with the enterprise brand in mind, it allows organisations to customise, operate, and quickly deliver easy and innovative customer loyalty programs. It can track and collect customer interactions across multiple touch points, drive relevant rewards and recognition, and ultimately, deliver brand advocacy.

With mobile payment, ordering, booking and local offer capability, Mosaic is the gateway to delivering a new digital lifestyle loyalty and rewards program.

Gratifii now has six offices across Australia, Singapore, South Africa, New Zealand, and Dubai, and employs over 55 people (including contracted offshore developers) following its recent acquisition of Hachiko.





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**\$5.2M**

Raised for platform development, operational improvement and working capital



**2 MAJOR  
SAAS CLIENTS**

Deals secured with Click Frenzy and Seagrass Boutique Hospitality Group



**3  
PARTNERSHIPS**

Deals signed with Ukheshe, Humm and Karta



**60+  
ENTERPRISES**

25 million consumers on the platforms, 400+ partner network



**FY2023  
ACQUISITION**

Hachiko is a leading specialised loyalty and rewards marketing agency



**\$120+  
MILLION**

Worth of rewards earned



# **NON-EXECUTIVE**

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# **CHAIRMAN'S**

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# **WELCOME**

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Dear Shareholders,

On behalf of the Board of Directors of Gratifii, and as your recently appointed Independent Non-Executive Chairman, I am pleased to present you with the 2022 Annual Report. The past financial year has been one of significant change and strategic development, and the Board and I are delighted with the progress that the Company has made.

Gratifii, led by our dynamic Managing Director & CEO – Iain Dunstan – along with our expanded, experienced, and highly capable Executive team, have developed a compelling loyalty and rewards management platform (Mosaic), evolving and modernising loyalty management and engagement for our customers, and driving future revenue growth for Gratifii. The development of Mosaic has enabled us to improve, scale and simplify loyalty management for our clients and by extension for their customers. In so doing, we are attracting strong interest from those involved in the loyalty process ecosystem.

During the financial year we entered partnership arrangements with key industry participants – Ukheshe Technologies, Humm and Karta. Building on these partnerships, we have created new payment revenue streams through our card linked offers and leveraged opportunities in the retail sector with cashback offerings. We have also worked closely with a select group of loyalty consultants in each market that the Company operates in, creating additional opportunities for Gratifii to be included in relevant procurement processes.

We also fully integrated the previously acquired Neat Ideas platform into our operations, added 40 new suppliers to the partner network, alongside a

range of existing well-known brands across entertainment, health, dining, and retail. With the development of Mosaic and the expansion of the Neat Idea's partner network, we have attracted another complex, multi-brand enterprise client to the Mosaic platform, and are currently engaged with several similar prospects.



Most recently, we announced the acquisition of Hachiko for \$3.0 million. The acquisition will deliver the scale required to accelerate growth and the newly formed team of over 55 people will be capable of servicing clients around the world. The combination of Gratifii's sophisticated technology platform, Neat Ideas differentiated rewards and content partners, and Hachiko's loyalty-led marketing engagement is set to disrupt the loyalty space.

Hachiko is a leading specialised loyalty and rewards marketing agency with operations in Australia and New Zealand. It has extensive web / application development capabilities that facilitate the deployment of bespoke campaigns that utilise innovative engagement tools with attractive rewards to drive channel performance.

Gratifii sourced several rounds of funding over the financial year, having completed a \$1.5 million capital raise in September 2021 via a convertible note to sophisticated investors and our significant supporting shareholder the Bombora Special Investments Growth Fund. This raise was pivotal in accelerating the development of Mosaic, to shorten the implementation cycle for new clients and fund the improvement of operations.

In April 2022, we initiated (in two tranches) a placement of new fully paid ordinary shares to institutional, professional, and sophisticated investors, along with a Share Purchase Plan offer for existing and retail investors raising a total of \$3.7 million. The proceeds raised is for the continued development of the Mosaic platform, expanding onboarding and client management teams, finalisation of the Neat Ideas acquisition, and for general working capital purposes.

***With the lifting of restrictions, we saw, and continue to see increased activity in and around employee loyalty initiatives with companies focused on improving programs to encourage repeat buying and promote customer and employee engagement – both in-store and online.***



While following the conclusion of the financial year, we announced the Company has received firm commitments to raise approximately \$2.725 million from a share placement and convertible note. This is to fund the cash consideration and associated transaction costs for the acquisition of Hachiko.

Covid restrictions had a significant impact on the loyalty and rewards sector in the first part of the financial year. However, with the lifting of restrictions, we saw, and continue to see increased activity in and around employee loyalty initiatives with organisations focused on improving programs to encourage repeat buying and promote customer and employee engagement – both in-store and online.

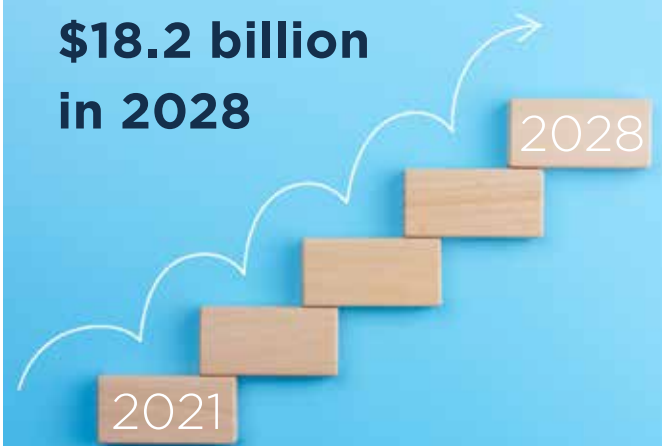
This has resulted in a surge of enterprises looking to upgrade and move towards a loyalty management platform like Mosaic, that can deliver measurable return on investment, card linked rewards, exclusive curated offers, and flexible loyalty offerings in the form of either points, tiered base, cashback or spend programs.

With the global loyalty management market projected to grow from \$4.4 billion in 2021, to \$18.2 billion in 2028 at a compound annual growth rate (CAGR) of 22.4%, Gratifii is delighted with the increased demand for our Mosaic Enterprise Platform, particularly our Software as a Service (SaaS) version launched in October 2021, which immediately initiated engagement for three new SaaS implementations. This need for organisations to differentiate their offerings and improve the performance of loyalty and incentive programs is a key driver of opportunities for Gratifii.

In a challenging environment, we are pleased to have delivered revenue growth over the year, strengthened operations, and innovated the platform. This has resulted in continued sales momentum and high customer engagement, a growing pipeline of enterprise opportunities and increased activity in the rewards business. We are well prepared from a product and resourcing perspective to leverage the growing demand and opportunities presented in the loyalty market and look forward to another year of development and growth in FY2023 as we work in collaboration with our newest acquisition.

**THE LOYALTY MANAGEMENT MARKET IN WHICH WE OPERATE HAS GROWN STRONGER, AND THE DEMAND FOR LOYALTY AND REWARD SOLUTIONS HAS RISEN.**

**Projected to grow  
from \$4.4 billion  
in 2021, to  
\$18.2 billion  
in 2028**



In closing I would like to acknowledge the work and efforts of our Board of Directors over the past year and on their behalf, thank the entire Gratifii team, and you, our investors for your support and dedication.

**STEPHEN BORNESS**  
**NON-EXECUTIVE CHAIRMAN**

21 September 2022



# **MANAGING DIRECTOR**

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# **& CEO'S REPORT**

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Dear Shareholders,

FY2022 was a successful year for Gratifii against the backdrop of a challenging operating environment due to Covid and the ongoing impact on consumer spending across our key sectors. However, we made significant progress, with the advancement of our business, the development and enhancement of Mosaic our core platform, several new deals, many more new partners, and new team members to deliver on growth opportunities. While outside the scope of the financial year, we also acquired leading specialised loyalty and rewards marketing agency, Hachiko, and with it, an experienced team of people and high-profile clients.

## PLATFORM DEVELOPMENT

Our product roadmap for Mosaic continued to grow in functionality, feature sets and performance. Over a six-month period, we undertook 25 production releases with zero hot fixes and 100% uptime. We maintained code coverage of almost 99% in our unit testing and we created over 80 internal core and external endpoints for functionality. These included but were not limited to integrations into global third-party providers, card linked offers, gift card and voucher benefits, redemption events, and seamless mobile rewards payments using pre-paid debit cards. Customers can now accumulate rewards by paying with Visa, MasterCard, or EFTPOS via a wallet on their phone, all without the need for loyalty cards, coupons or offer codes. For merchants it removes expensive integration with point-of-sale (POS) terminals.

Overall, we've achieved greater configuration and flexibility, via Mosaic's Administration portal. By implementing a pure SaaS offering and removing hard coded functionality following a client go-live, we have enabled our client base to configure within their technology, rather than build code. This has decreased cost, sped up time to market, and overall, provided a far more affordable loyalty and rewards platform for clients than many of those considered to be market leading.

Mosaic's system helps transform engagement with the ability to monitor and measure more simply and affordably. This next generation software incorporates leading microservices architecture. It

takes the entire stakeholder ecosystem into account, including customers, suppliers, partners, employees, and other businesses.

## NEW DEALS

Gratifii secured two major deals during FY2022.

In October 2021, the Company announced its first Australian Mosaic deal, a three-year contract with leading e-commerce events platform Click Frenzy to deliver a technology focused card linked offer solution. Once the program is rolled out, Click Frenzy merchants will be able to provide flexible and timely incentives to 1.7 million program member shoppers, and members can accumulate rewards by paying with their Visa, MasterCard or EFTPOS credit or debit card.

In March 2022, Gratifii signed an enterprise SaaS licence with global Seagrass Boutique Hospitality Group for a contract valued at approximately \$400,000 over the first 12 months. Seagrass will roll out Mosaic across five brands and 42 venues in Australia to deliver a seamless loyalty and rewards experience for diners. This will be followed with a global expansion across United Arab Emirates, the United Kingdom, and South Africa in year two. Mosaic, in combination with other suppliers' software programs, will enable Seagrass to offer



***Mosaic's system helps transform engagement with the ability to monitor and measure more simply and affordably. This next generation software incorporates leading microservices architecture. It takes the entire stakeholder ecosystem into account, including customers, suppliers, partners, employees, and other businesses.***

earned loyalty dollars in all its restaurants and customers will be able to redeem loyalty dollars for special offers across the different brands.

The Mosaic platform will enable Seagrass to configure highly personalised offers to customers, track their preferences, and give them a segment of one service experience across all venues.

#### NEW PARTNERS

We welcomed three new partners to our network. We are pleased to be able to offer the market an exchange functionality together with other supporting services, coupled with a demonstrated understanding of our clients' businesses, ecosystems and interoperable plays. Our agile approach to addressing market and client requirements makes us the partner of choice to work with.

In January 2022, Gratifii announced a partnership with Humm to grow reward sales and enable 10 million Australian customers to access Humm's Buy-Now-Pay-Later (BNPL) payment services at check out. Many of our retail clients required the ability to offer BNPL functionality to their end consumers. Historically the introduction of BNPL services into an e-commerce platform has led to an increase in transaction value, an increase in repeat sales and an overall increase in customers, as well as reducing cart abandonment rates.

In February 2022, Gratifii announced a strategic partnership with Ukheshe Technologies, a leading international enterprise payments company. The partnership will see Gratifii connect its Mosaic loyalty platform with card payments by using Ukheshe's Eclipse API. An initial proof of concept (POC) with a South African based client is currently underway. It is expected to move into production in the second quarter of FY2023 and generate a new revenue stream for Gratifii.

The collaboration is a result of substantial demand for seamless digital payment solutions that integrate value-added services like rewards programs. The partnership not only ensures loyalty and rewards points can now be earned on cards issued via Eclipse, but also positions Ukheshe and Gratifii for further growth in the banking and telecommunications sectors that require bespoke solutions to adapt to an organisation's needs, culture, and customers.

“

*The flexibility and configurability of Mosaic made it the best business option for us to use as the cornerstone of our loyalty and rewards platform across all the geographies in which we operate.*

Seagrass Chief Marketing Officer

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In May 2022, Gratifii signed a three-year contract with Commonwealth Bank Australia (CBA) backed gift card disrupter Karta to enable the next generation of gift card experiences for millions of Australians. Karta's technology platform is globally scalable and bolstered by a multi-year strategic partnership with Mastercard, leveraging its network and tokenisation technology. Karta gift cards can be used at any participating business that accepts Mastercard with no integration required at the point-of-sale. The Australian market for pre-paid cards like Karta is expected to grow to \$40 billion over the next five years.

#### NEW CORPORATES

Over the financial year, more than eight million subscribers had access to the Neat Ideas platform with new corporate clients including Victorian Railways Institute, Grand Cinemas, Toga Group and Student Edge. As Gratifii rolls out its extensive range of offers, we expect increased membership numbers to continue to contribute to a growing revenue stream for Neat Ideas. The sales pipeline continues to grow strongly with the team targeting larger enterprise customers in Australia, South Africa, Asia, and the Middle East with its SaaS offering. Post lockdown, the Company has been adding new opportunities each month as the global focus turns to growth.

#### NEW SUPPLIERS

Over 50 new suppliers were added to existing content providers including EG Fuel (Caltex-Woolworths new branding), Uber Eats, T2, Chemist Direct, Vinofomo, Cotton On, and Purely Gourmet. We continue to focus on providing a wide range of curated and bespoke content to our ever-increasing number of corporate clients.

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*If brands and retailers can understand the shopping habits of their customers, they win their loyalty for years to come.*

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## NEW PEOPLE

Over the past financial year, we welcomed additional people to the team. These included one appointment to manage a growing pipeline of SaaS opportunities and drive revenue, and a second to head up Neat Ideas, and focus on strengthening offer content on the eastern seaboard along with a sales team. Both come with more than 20 years of direct industry experience. The Company has also strengthened its business analyst team and customer success capabilities.

There were also Board level changes that took place in FY2022. Mr Stephen Borness stepped into the position as a Non-Executive Chairman of the Board in February 2022. Stephen has been with Gratifii as an Independent Non-Executive Director since May 2021. This enabled me to step down as the Executive Chairman after serving in this capacity since April 2020, remain on the Board and focus on my role as the Company's Managing Director & CEO. Stephen is well credentialed to take over the role and the change allows me to focus on executing on our FY2023 strategy and longer-term growth plans.

## OUTLOOK

Gratifii is in an exciting position to be the loyalty engine of the future, providing the functionality of a traditional platform, but delivered with the agility and innovation of a challenger brand. With the investment in the team and product over the last 12 months, coupled with a successful lead generation initiative - driven by partners, consultants and customers that have identified Mosaic as a 'world-class' platform - Gratifii is set to capture the growing demand for loyalty and rewards solutions. If brands and retailers can understand the shopping habits of their customers, they win their loyalty for years to come.

The Company is ready to execute on the promising pipeline of new enterprise clients. We have strengthened our Balance Sheet, restructured the Board, added experience to our senior management team, begun delivering the next generation of platform services to our growing customer base, are generating a growing stream of SaaS revenue, and have a strong pipeline of new opportunities in Australia, South Africa, and the Middle East. These opportunities include enterprises across our target sectors of retail, telecommunications, financial services, hospitality, health care and wellbeing.

With our recent acquisition of Hachiko, we have a newly formed team of over 55 members, including a new Board member and C-Suite executive, to deliver to a combined base of more than 80 enterprise clients across B2B and B2C. The inclusion of Hachiko removes the requirement for third-party providers, enabling Gratifii to accelerate the sales and implementation of Mosaic. The Group's combined business is forecast to be operationally cashflow positive post-completion, with strong opportunities for synergistic cost savings across administration, marketing, infrastructure, and shared services.

Hachiko brings extensive loyalty focused program consulting, management, and marketing services capability to the wider business, allowing the expansion into managed services for employee management programs. With the combination of Gratifii's technology and Neat Ideas' rewards portfolio, we can provide a unique turn-key solution while bringing a truly best-in-class rewards and technology experience to the market.

With the expectation of both organic and further acquisitive growth in the coming years, I am excited about the future for Gratifii.

I would like to thank our Board, our shareholders, our clients and our employees for their support and contribution.



**IAIN DUNSTAN**  
**MANAGING DIRECTOR & CEO**

21 September 2022



## MAJOR CORPORATES TRUST GRATIFII



## EXCLUSIVE OFFERS FROM 400+ PARTNERS





# **FINANCIAL**

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# **REVIEW**

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## FINANCIAL REVIEW

Reported operating revenue for FY2022 was \$11.17 million, an increase of 263% from FY2021 and a 23.6% increase compared to the combined pro-forma from FY2021, adjusted for the full year impact of Neat Ideas, but excluding Hachiko. Mosaic platform (SaaS) revenue represented \$2.43 million, an increase of 8.9% from FY2021 and was driven by increased transactional volume across existing clients as well as new signings including Seagrass and Click Frenzy. Neat Ideas (Rewards) revenue represented \$8.74 million, an increase of 28.4% from the FY2021 pro-forma, driven by the lifting of Covid related restrictions and lockdowns, and the addition of new enterprise clients. Revenue has seen significant growth due to a full year of Rewards revenue (Neat Ideas) being attributed to the Group.

### GROSS PROFIT

Gross profit increased by 28.1% to \$2.63 million compared to FY2021 and declined by 2.6% compared to FY2021 pro-forma. Gross profit margin decreased to 23.6% in FY2022, from an FY2021 pro-forma margin of 29.9%, due to the relative increase in the lower margin Rewards revenue for the period.

### OPERATING EBITDA

The FY2022 operating EBITDA loss of \$1.01 million was an improvement of 3.5% compared to FY2021, and 2.2% compared to FY2021 pro-forma. The Company's employee expenses increased by 13.6% or \$247,000 compared to the FY2021 pro-forma, as the Company scaled up for expected continued growth. This was offset by the decline in non-employee related expenses of 17.7% or \$341,000.

### OPERATING CASHFLOW

Improved operating and capital management led to positive operating cashflow over the year.

Post the completion of the Hachiko acquisition, Gratifii has pro-forma cash of approximately \$1.7 million, including funds received from the share placement and convertible note raise. FY2022 has seen a significant improvement in operating cashflows with an inflow of \$176,141, compared to an outflow of \$537,165 in FY2021. Cash outflows for investing activities increased due to investment in the Mosaic platform and additional payments for the acquisition of Neat Ideas.

### NET LOSS AFTER TAX

Net loss after tax for FY2022 was \$2.43 million, compared to net profit of \$59,281 in FY2021 (FY2021 pro-forma: \$225,000) with the FY2021 results being skewed by the inclusion of \$1.7 million of gain on loan forgiveness from restructuring, as well as other Covid related government subsidies received in FY2021 that were not received in FY2022.

Depreciation increased by \$578,000 in FY2022 compared to FY2021 pro-forma, driven by increased spend and capitalisation of development expenses. Finance costs increased by 64% to \$496,000 in FY2022 due to additional convertible notes issued during the period. Convertible notes with a face value of \$1.2 million will be converted into ordinary shares early in the second quarter of FY2023.

### RESEARCH AND DEVELOPMENT

Over the past 12 months, Gratifii has invested in developing additional SaaS modules for the Mosaic platform. Given the advancement to date, the quantum of investment will decrease over FY2023, with R&D expenditure in the second half of FY2023 anticipated to be 30% lower than the first half of FY2023. The Company is expected to receive an R&D rebate of approximately \$0.8 million in the second quarter of FY2023. R&D rebates increased 70% year-on-year, offset by a 77% year-on-year decline of government subsidies, mostly related to Covid in FY2022.

### DIVIDENDS

No dividend has been declared in relation to the FY2022 results. The Board of Directors of Gratifii do not expect to declare any dividends from the Company at this stage.





# **BOARD OF DIRECTORS**

## BOARD OF DIRECTORS

**MEET GRATIFII'S BOARD OF DIRECTORS THAT SERVED THE COMPANY IN FY2022 - A GROUP OF KNOWLEDGEABLE EXECUTIVES WITH A TRACK RECORD OF GROWING AND BUILDING BUSINESSES.**



### **STEPHEN BORNESS** NON-EXECUTIVE CHAIRMAN

Stephen Borness has more than 30 years' experience in leading and developing technology implementation focused organisations, digitisation, and business improvement technologies.

In 1999, he launched and developed a company which used technology and analytics to revolutionise customer relationship management in Australia. Prior to his work in the technology sector, Stephen worked as an investment banker across the Australian, European and US markets. Stephen is also a Non-Executive Director of publicly listed Beamtree Holdings Limited (ASX:BMT).

He is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Business (Accounting), MBA, and CPA.



### **IAIN DUNSTAN** MANAGING DIRECTOR & CEO

Iain Dunstan has over 35 years' experience in leading global financial services, technology and ASX listed companies.

Prior to his current role, Iain was the Chief Commercialisation Officer at Lakeba Group. Iain's recent turnaround role was as the CEO of Rubik Financial Limited, a listed software company that developed and implemented banking, wealth management and mortgage broking solutions, primarily in Australia. He managed the sale of the business to Temenos, a Swiss company (market cap of US\$9 billion) at a 72% premium to VWAP. He was also the founder of financial services technology company, Bravura Solutions where he developed technology for a client base of banks and superannuation organisations. He was involved in its ASX listing.

He is a Member of the Australian Institute of Company Directors and holds a Master of Commercial Law, an MBA, and is a Graduate Member of the Australian Institute of Company Directors.



### **MIKE HILL** NON-EXECUTIVE DIRECTOR

Formerly a Partner of Ernst & Young, Mike has been involved in working with management teams and boards across a number of companies and industries for more than 20 years. He is the MD & CIO, Founder of the Bombora Special Investment Growth Fund. Prior to Bombora he was an Investment Partner with Ironbridge, a private equity investment fund which invested \$1.5 billion. Mike has served as Chairman of multiple ASX-listed companies over the past nine years. He is a member of the Institute of Chartered Accountants in Australia.

His current ASX board experience includes Non-Executive Chairman of Design Milk Co Limited, Janison Education Group Limited, and Beamtree Holdings Limited, and Non-Executive Director of Mad Paws Holdings Limited. He was previously on the Boards of Rhipe Limited and Acrow Formwork and Construction Services Limited.

Mike is a member of the Australian Institute of Chartered Accountants and holds a Bachelor of Arts (Accountancy).



### **BRYAN ZEKULICH** NON-EXECUTIVE DIRECTOR

Bryan Zekulich has over 20 years' experience in the Australian M&A market, including divestments, strategic finance, capital raisings and advising on ASX listing requirements.

Bryan was the Managing Partner of EY's Private Equity division and is also a Board member, Treasurer and Company Secretary of the Australian Investment Council (formerly the Australian Private Equity and Venture Capital Association "AVCAL"). He is also a Director of Hockey Australia Limited.

Bryan has a Bachelor of Commerce, Fellow of the Institute of Chartered Accountants of Australia (FCA), and Fellow of the Financial Services Institute of Australia (FINSIA), F. Fin.





# **BUSINESS**

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# **RISKS**

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## BUSINESS RISKS

**Gratifii faces a number of company-specific risk factors that may impact its ability to achieve its strategic objectives and create shareholder value.**

RISK	NATURE OF RISK
COMPETITION	<p>The Company has developed a range of software platforms and mobile applications that can be utilised as customer relationship management platforms. The Company competes with other companies in a mature marketplace. Some of these competitors have greater financial and human resource capability than the Company, and as a result may be in a better position to compete and provide services. Although Gratifii has developed a comprehensive and proprietary technology portfolio, there is no guarantee that this value proposition will provide the Company with a competitive advantage over its competitors. There is no assurance that the activities of existing competitors or the entrance of new competitors will not adversely affect the Company's operating results and financial performance, or that Gratifii will be able to keep up with technological developments or fluctuating market conditions as effectively as their competitors. Any adverse impact to Gratifii's operating results and financial performance is likely to have a similarly adverse effect on the financial performance and operating results of the Company.</p>
	<p><b>Mitigation</b></p> <p>Gratifii continues to research and develop cutting edge technology and functionality to keep ahead of the market, positioning itself as a market innovator rather than a market follower.</p>
NEW ENTRANTS AND EXISTING COMPETITORS REPLICATE THE COMPANY PLATFORM	<p>Gratifii's business model requires extensive merchant networks and consumer adoption to be successful. While Gratifii aims to be a dominant supplier of consumer engagement technologies in the four regions in which it presently operates, there is no assurance that a competitor with significant financial resources cannot copy what Gratifii has done or bring an alternative product to the market. If new entrants or existing competitors replicate Gratifii platforms, the financial performance of the Company is likely to be adversely affected.</p>
	<p><b>Mitigation</b></p> <p>Gratifii offers more than just a state-of-the-art platform. It provides expertise in the loyalty environment where it partners with its clients to provide best of class service and service offerings, as well as a rewards network within Australia.</p>
PRIVACY REGULATIONS	<p>Gratifii takes consumer privacy seriously and has strategies and protections in place to minimise security breaches and to protect data. However, there is no guarantee that these security measures could not be breached. If consumer privacy is breached, the Company may suffer reputational damage or be subject to an action from consumers or regulatory authorities, which is likely to impact the Company's financial results.</p>
	<p><b>Mitigation</b></p> <p>Mosaic complies with best practises globally for data in general. HTTPS and TLS are used for data in transit and any personally identifiable data is encrypted with CLE and TDE. The databases themselves are encrypted.</p>

RISK	NATURE OF RISK
DATA SECURITY	<p>Gratifii has strategies and protections in place to minimise security breaches and to protect data. However, there is no guarantee that these security measures could not be breached. If Gratifii's security measures are breached or the programs are subject to any form of cyber-attacks, then consumers may stop using the products, and the Company may suffer significant reputational damage.</p>
	<p><b>Mitigation</b></p> <p>Gratifii applies a depth in defence strategy across its technology platform as well securing all data through encryption.</p>
GIFT CARD SECURITY	<p>Gratifii generates Rewards revenue from selling gift cards via credit cards. Gift cards allow customers to buy products and services online for their cash value. Criminals could redeem gift cards fraudulently. Gift cards sell for small margins. The impact of theft is high if the Company is at fault and Gratifii may be required to pay back 30X the margin in that event.</p>
	<p><b>Mitigation</b></p> <p>The Company uses 3 Dimension Security (3DS) which is a form of two-factor authentication for the majority of its transactions. Authentication steps include asking the cardholder to provide proof of identity by entering a unique password, an SMS code, or a temporary PIN to complete an online purchase. The Company also uses rules in its payment gateway (Braintree) to disallow atypical transactions that exceed a certain value or number of gift cards, or are from a suspicious location. This reduces the number of unauthorised transaction chargebacks. An issuing bank becomes liable for fraudulent chargebacks when cardholders complete the authentication steps through 3DS. The Company generates digital gift card vouchers when they are purchased and uses manual controls to review all orders before fulfilling them.</p>
MANAGEMENT AND STAFF	<p>Gratifii's operational success depends on the continuing efforts and retention of its management team and staff. If Gratifii is not able to attract and retain new team members, the business may be adversely affected.</p>
	<p><b>Mitigation</b></p> <p>The Board reviews the incentive structures of key personnel and senior management to ensure their remuneration is in line with the market. All members of the senior management team participate in the Company's Employee Share Option Plan which vests the options over a three-year period.</p>
THIRD PARTY PLATFORMS	<p>Gratifii's products are reliant on stable internet and 3G, 4G and 5G mobile services. The Company's performance is therefore dependent on the ability of its staff and products to continue to develop and operate on these platforms. Any changes in these platforms and operating systems may adversely affect the Company's ability to deliver services.</p>
	<p><b>Mitigation</b></p> <p>Gratifii has health end point checks across all its infrastructure as well as insights and monitoring on all third-party applications and integrations, allowing it to be proactive in monitoring and supporting its third-party applications.</p>

RISK	NATURE OF RISK
INTELLECTUAL PROPERTY	<p>Gratifii has developed and owns all its products and software. The Company has copyright protection over its products and software, but none of these are patentable. These products are complex and work across several Internet, smart phone platforms and software operating systems and so are difficult to recreate; but this will not prevent others from copying the Company's solutions. If the Company's intellectual property rights cannot be protected, have not been protected adequately or are not protected, competitors may utilise the Company's intellectual property, which may adversely affect the Company's ability to compete effectively in the market and the Company's financial performance. While the Company has not, to the best of its knowledge, infringed any third parties' intellectual property rights, the Company may, in the future, face intellectual property infringement claims or litigation. If third parties claim involvement in developing the technology used in the Company's products, or if the Company infringes third party intellectual property, the Company's operations and financial performance may be adversely affected.</p>
	<p><b>Mitigation</b></p> <p>The Company continues to invest in its intellectual property to stay ahead of its competitors. The unique product features of Gratifii's intellectual property acts as an on-going mitigant to this risk.</p>
FOREIGN EXCHANGE	<p>As a globally focused Company, Gratifii will be exposed to currency price fluctuations between Australia and Singapore, UAE, and South Africa. The Company's potential exposure relates to foreign exchange rate fluctuations and foreign exchange charges which may result in the price of the Company's securities to fluctuate for reasons unrelated to the Company's financial condition or performance.</p>
	<p><b>Mitigation</b></p> <p>The Company has moved most expenses into the jurisdiction in which they are incurred, excluding head office expenses. This acts as a natural hedge.</p>
SOFTWARE ERRORS	<p>If the Company fails to identify bugs, operating errors or other defects in software products, these products may not perform properly, causing reputational damage. If the Company identifies errors in its software products, the Company may need to provide updates or software patches to correct these errors, which may be costly and time consuming.</p>
	<p><b>Mitigation</b></p> <p>Mosaic has a robust development and testing cycle using both manual and automation testing across three environments. This allows it to mitigate the development risks as well as systematic risks. An RFC is performed as well as regression testing is completed before and after every release.</p>





# **DIRECTORS'**

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# **REPORT**

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## DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Gratifii Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

### DIRECTORS

The following persons were Directors of Gratifii Limited and Controlled Entities during the whole of the financial year and up to the date of this report, unless otherwise stated:

#### STEPHEN BORNESS

Non-Executive Chairman

Date of appointment as Non-Executive Chairman: 25 February 2022

Date of appointment as Non-Executive Director: 6 May 2021

#### Expertise and experience

Stephen Borness has founded and directed strategy for several technology and customer experience related private companies and was Board Chair and Finance Director of Pavilion Health before it merged with PKS (now Beamtree Holdings Limited). He has led projects and has expertise in implementation of digital technologies, customer engagement and data analytics. Prior to focusing on technology, Stephen worked as an investment banker across the Australian, European and U.S. markets. Stephen is a Fellow of the Australian Institute of Company Directors and holds a Bachelor of Business (Accounting), MBA and CPA.

#### Special responsibilities

Chair of the Audit Committee and Chair of the Remuneration Committee

#### Other current directorships in listed entities

Beamtree Holdings Limited (ASX:BMT)

#### Former directorships in listed entities in the last 3 years

Nil

#### Interest in shares and options

2,000,000 fully paid ordinary shares and 1,500,000 options exercisable at \$0.04 by 1 September 2026

#### IAIN DUNSTAN

Managing Director & Chief Executive Officer

Date of appointment as Managing Director & Chief Executive Officer: 25 February 2022

Date of resignation as Executive Chairman: 25 February 2022

Date of appointment as Executive Chairman: 17 April 2020

Date of appointment as Chief Executive Officer: 13 February 2020

#### Expertise and experience

Iain Dunstan has held senior management positions in technology companies for over 30 years, including an extensive listed company and M&A background. Iain was appointed to the role of Executive Chairman in April 2020. Iain was previously the CEO of ASX-listed companies IncentiaPay Limited and Rubik Financial Limited. Prior to that he was the founder and CEO of ASX listed Bravura Solutions where he grew the business from 0 to 700 employees operating in nine countries. He is a former Ernst & Young Entrepreneur of the Year winner in the Technology, Communications, e-Commerce, and Life Sciences Category. He has a Masters degree in Commercial Law from Macquarie University and an MBA from Macquarie Graduate School of Management. He is also a Graduate Member of the Australian Institute of Company Directors.

#### Special responsibilities

Chief Executive Officer

#### Other current directorships in listed entities

Nil

**Former directorships in listed entities in the last 3 years**

IncentiaPay Limited

**Interest in shares and options**

11,787,491 fully paid ordinary shares and 16,764,164 options under the following conditions:

Grant date	Expiry date	Exercise price	Number under option
13 February 2020	13 February 2023	\$0.0336	4,983,776
12 February 2020	12 February 2024	\$0.0500	5,325,284
13 February 2021	13 February 2024	\$0.0300	5,555,104
15 November 2021	1 September 2026	\$0.0400	900,000

**MIKE HILL**

Non-Executive Director

Date of appointment: 29 December 2020

**Expertise and experience**

Formerly a Partner of Ernst & Young, Mike has been involved in working with management teams and boards across a number of companies and industries for more than 20 years. He is the MD, CIO & Founder of the Bombora Special Investment Growth Fund. Prior to Bombora he was an Investment Partner with Ironbridge, a private equity investment fund which invested \$1.5 billion. Mike has served as Chairman of multiple ASX-listed companies over the past nine years. He is a member of the Institute of Chartered Accountants in Australia.

**Special responsibilities**

Nil

**Other current directorships in listed entities**

Non-Executive Chairman of Design Milk Co Limited (ASX:DMC), Beamtree Holdings Limited (ASX:BMT) and Janison Education Group Ltd (ASX: JAN). Non-Executive Director of Mad Paws Holdings Limited (ASX:MPA)

**Former directorships in listed entities in the last 3 years**

Non-Executive Director of Acrow Formwork and Construction Limited (ASX:ACF) (resigned 19 September 2019)

Non-Executive Chairman of Rhipe Limited (ASX:RHP) (resigned 26 March 2019)

**Interest in shares and options**

2,500,000 ordinary shares\*, and 1,500,000 options exercisable at \$0.03 by 13 February 2024. The vesting is subject to the achievement of annual revenue targets.

\* Michael Hill holds interests in Shares and Options indirectly through Malolo Holdings A/C of which he is the ultimate controlling party.

**BRYAN ZEKULICH**

Non-Executive Director

Date of appointment: 29 December 2020

**Expertise and Experience**

Bryan Zekulich was the Managing Partner of EY's Private Equity division and is also a Board member, Treasurer and Company Secretary of the Australian Investment Council (formerly the Australian Private Equity and Venture Capital Association "AVCAL"). He is also a Director of Hockey Australia Limited. Bryan has a Bachelor of Commerce from The University of Western Australia, Fellow of the Institute of Chartered Accountants of Australia (FCA) and Fellow of the Financial Services Institute of Australia (FINSIA), F. Fin.

**Special responsibilities**

Nil

**Other current directorships in listed entities**

Nil



## Former directorships in listed entities in the last 3 years

Non-Executive Director of BikeExchange Limited (ASX:BEX)

## Interest in shares and options

5,000,000 fully paid ordinary shares held directly, 1,538,461 fully paid ordinary shares held indirectly, and 1,500,000 options exercisable at \$0.03 by 13 February 2024. The vesting is subject to the achievement of annual revenue targets.

SKILLS, EXPERIENCE & EXPERTISE																	
INDUSTRY									FINANCE						DIVERSITY		
Name	Position	Independent	Strategy	Corporate Governance	Risk & Compliance	Legal	Health/ Safety/ Environment	Investor/Public Relations	Technical	Product Development	Commercial/ Operational	Financial/ Accounting	Capital Markets	Mergers & Acquisitions	Ethnicity	Age	Gender
<b>Stephen Borness</b>	Non-Executive Chairman	Yes	3	3	3	3	3	2	3	3	3	3	3	3	Aust	60	M
<b>Iain Dunstan</b>	MD & CEO	No	3	2	2	3	2	2	2	3	3	2	2	3	Aust	60	M
<b>Mike Hill</b>	Non-Executive Director	Yes	3	2	2	2	2	3	3	3	3	2	3	3	Aust	50	M
<b>Bryan Zekulich</b>	Non-Executive Director	Yes	3	3	3	1	1	2	0	0	1	3	3	3	Aust	59	M

Skill ratings:

- 3 High level of skill, professional experience of expertise
- 2 Competent level of skill, professional experience of expertise
- 1 Developing level of skill, professional experience of expertise
- 0 No skill, professional experience of expertise

## COMPANY SECRETARY

### MAGGIE NIEWIDOK

Date of appointment: 9 August 2022

Maggie Niewidok is an admitted lawyer and company secretary who works at Automic Group. Maggie works closely with a number of boards of both listed and unlisted public companies. She holds a double degree, Bachelor of Laws and Bachelor of Commerce majoring in Finance, and a Graduate Diploma of Applied Corporate Governance from the Governance Institute.

### DAVID HWANG

Date of appointment: 29 December 2020

Date of resignation: 9 August 2022

David is a Principal of Automic Legal and Chief Compliance Officer of Automic Group. He is an experienced executive, corporate lawyer and company secretary specialising in listings on ASX (IPOs and reverse listings), equity capital markets and providing advice on corporate governance and compliance issues. David currently serves as outsourced company secretary and non-executive director to a number of ASX listed entities. David holds a Bachelor of Law from UNSW.

## PRINCIPAL ACTIVITIES

During the financial year the principal continuing activities of the Group consisted of:

- providing customer engagement technology that delivers end-to-end solutions and curated reward content for businesses to engage with their customers. Its primary offering, Mosaic, is a cloud-based digital loyalty and rewards platform and is Gratifii's business to business application offering. With mobile payment, ordering, booking and local offer capability, the Mosaic platform will be the gateway to new digital lifestyle rewards programs.

- supplying B2B technology solutions to clients, built on its Mosaic proprietary technology, to deliver a complete end-to-end set of customer engagement technology requirements, including both back-end (databases) and front-end technology (design, mobile applications, and websites).

## DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

## REVIEW OF OPERATIONS

### Corporate Governance Statement

The objective of the Board of Gratifii Limited is to create and deliver long-term shareholder value. While each area of the Company's business activities holds significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various business activities is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers.

Gratifii Limited and its subsidiaries operate as a single economic entity with a unified board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic Group.

### Financial review

Summary of the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	CONSOLIDATED	
	2022 \$	2021 \$
Revenue from continuing operations	11,170,017	3,077,377
(Loss)/profit before taxation from continuing operations	(2,433,584)	106,935
Share-based payments	159,224	411,502
<b>(Loss)/profit from continuing operations before taxation, non-recurring expenditure &amp; share-based payments</b>	<b>(2,274,360)</b>	<b>518,437</b>

Revenue from continuing operations for the year ended 30 June 2022 was \$11,170,017 (30 June 2021: \$3,077,377) representing a 263% increase over the prior comparative period.

The loss for the Group from continuing operations before providing for income tax amounted to \$2,433,584 (2021: profit \$106,935). There was no non-recurring expenditure in the current reporting period. Share-based payments totalled for the year ended 30 June 2022 \$159,224 (2021: \$411,502).

Trade and other receivables for the year ended 30 June 2022 amounted to \$1,408,866 (2021: \$986,841).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as stated elsewhere in this report, Directors are not aware of any other matters or circumstances at the date of this report that have significantly affected or may significantly affect the operations, the results of the operations or the state of affairs of the Group in subsequent financial years.

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 11 August 2022 Gratifii Limited announced the acquisition of 100% of the shares in Hachiko Pty Ltd (Hachiko) for a total acquisition enterprise value of \$3.0 million. The acquisition was completed on 23 August 2022.

Hachiko is a leading specialised loyalty and rewards marketing agency with staff and operations in Australia and New Zealand. Hachiko has extensive engagement ‘as a service’ capabilities that accelerates the deployment of bespoke campaigns through loyalty marketing expertise and web development capabilities while utilising innovative engagement tools, coupled with attractive rewards to drive results.

On 1 September 2022 Patrina Kerr was appointed to the Board. Patrina was previously the Managing Director of Hachiko Pty Ltd. She is a Member of the Australian and New Zealand Institutes of Company Directors.

The cash consideration and associated acquisition costs were funded by a share placement and convertible note issue that was completed on the 22 of August 2022. 19,230,769 shares were issued as part of the consideration and are subject to a 12 month voluntary escrow period. Up to a further 53,846,154 fully paid ordinary shares representing the deferred consideration share component may be issued subject to shareholder approval.

On 9 August 2022 David Hwang resigned as Company Secretary. Maggie Niewidok from Atomic Group was subsequently appointed as Company Secretary.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group’s operations, the results of those operations, or the Group’s state of affairs in future financial years.

## FUTURE DEVELOPMENTS AND BUSINESS STRATEGIES

Gratifi’s existing business model comprises four major revenue streams:

- a one-off license, setup and implementation fee (for highly bespoke solutions, a development and customisation fee is also charged);
- annuity/recurring/SaaS fees – these include number of options, such as group monthly management fees, transaction fees, membership;
- fees, and/or a fee per outlet; and
- revenue streams from curated rewards content, which includes voucher issue or redemption commission, rentals, program administration and services fees.

Gratifi’s strategy is to grow its business and revenues by engaging in ‘B2B2C’ relationships with selected strategic partners in the Direct to Consumer (D2C) market. This transition will seek to exploit the potential growth prospects available from the development of mobile applications, namely Mosaic, that allow Gratifi to communicate and transact with businesses which deal directly with consumers.

## ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

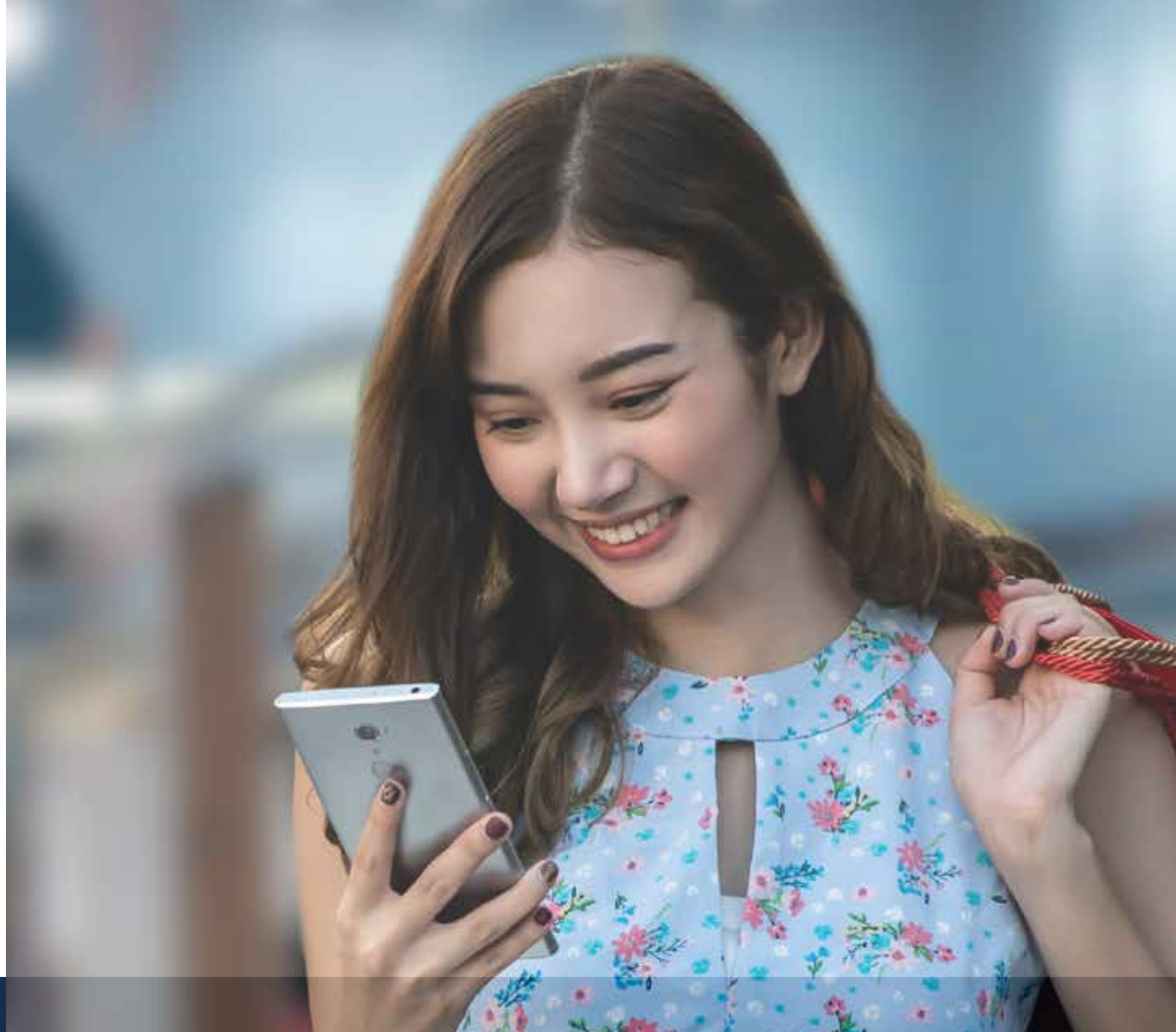
## MEETINGS OF DIRECTORS

The number of meetings of the company’s Board of Directors (‘the Board’) held during the year ended 30 June 2022, and the number of meetings attended by each director were:

Set out below is a summary of the pro-forma results of the Company, to include the impact of Neat Ideas (acquired in May 2021) as if it had been owned from 1 July 2020.

	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Stephen Borness	9	9
Iain Dunstan	9	9
Mike Hill	9	8
Bryan Zekulich	9	9





# **REMUNERATION**

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# **REPORT**

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## REMUNERATION REPORT

The Remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

### REMUNERATION POLICY

The remuneration policy of the Group has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the key management personnel, was developed by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.
- The Board will review key management personnel packages annually by reference to the Group's performance, executive performance, and comparable information from industry sectors.

Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Options may be issued to Directors to provide a mechanism to participate in the future development of the Group and an incentive for their future involvement with and commitment to the Group.

Key management personnel receive a superannuation guarantee contribution (where applicable) as required if applicable and do not receive any other retirement benefits. Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in the employee option plan.

### NAMES AND POSITIONS HELD BY KEY MANAGEMENT PERSONNEL IN OFFICE AT ANY TIME DURING THE FINANCIAL YEAR ARE:

DIRECTORS	
S Borness	Non-Executive Chairman (appointed 6 May 2021)
I Dunstan	Managing Director & CEO (appointed 17 April 2020)
M Hill	Non-Executive Director (appointed 29 December 2020)
B Zekulich	Non-Executive Director (appointed 29 December 2020)

## A. KEY MANAGEMENT PERSONNEL REMUNERATION

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Group for the year ended 30 June 2022 are set out in the following table:

	SHORT-TERM BENEFITS	POST- EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		TOTAL
	CASH SALARY AND FEES	SUPERANNUATION	EQUITY-SETTLED SHARES	EQUITY-SETTLED OPTIONS	
	\$	\$	\$	\$	\$
I Dunstan	375,000	37,500	-	34,199	446,699
S Borness <sup>(i)</sup>	80,502	-	-	9,489	89,991
M Hill	60,000	6,000	-	3,865	69,865
B Zekulich <sup>(ii)</sup>	60,000	6,000	-	3,865	69,865
D Hwang <sup>(iii)</sup>	68,500	-	-	-	68,500
M Niewidok	-	-	-	-	-
	<b>644,002</b>	<b>49,500</b>	<b>-</b>	<b>51,418</b>	<b>744,920</b>

(i) Amounts paid to Celerity Associates Pty Ltd, an entity related to Mr Borness.

(ii) Shares issued to Alster Australia Pty Ltd, an entity related to Mr Zekulich.

(iii) Amounts paid to Automic Legal Pty Ltd, an entity related to Mr Hwang.

Details of the nature and amount of each element of the emoluments of each of the key management personnel of the Group for the year ended 30 June 2021 are set out in the following table:

	SHORT-TERM BENEFITS	POST- EMPLOYMENT BENEFITS	SHARE-BASED PAYMENTS		TOTAL
	CASH SALARY AND FEES	SUPERANNUATION	EQUITY-SETTLED SHARES	EQUITY-SETTLED OPTIONS	
	\$	\$	\$	\$	\$
I Dunstan	234,290	22,317	-	336,149	592,756
S Borness <sup>(i)</sup>	10,950	-	-	-	10,950
M Hill	30,476	2,895	-	5,062	38,433
B Zekulich	30,476	2,895	-	5,062	38,433
A Basile	-	-	30,000	-	30,000
C Joseph	207,414	-	-	-	207,414
D Hwang <sup>(ii)</sup>	94,687	-	-	-	94,687
	<b>608,293</b>	<b>28,107</b>	<b>30,000</b>	<b>346,273</b>	<b>1,012,673</b>

(i) Amounts paid to Celerity Associates Pty Ltd, an entity related to Mr Borness.

(ii) Amounts paid to Automic Legal Pty Ltd, an entity related to Mr Hwang.



## PERFORMANCE INCOME AS A PROPORTION OF TOTAL INCOME

No bonuses were paid to key management personnel during the 2022 or 2021 financial years.

## B. OPTIONS ISSUED AS PART OF REMUNERATION

The number of options over ordinary shares granted as compensation to key management personnel during the reporting period and during the 2021 comparative period are set out below:

	BALANCE AT 1 JULY 2021 \$	GRANTED AS REMUNERATION \$	EXPIRED \$	CONVERTED \$	BALANCE AT 30 JUNE 2022 \$
I Dunstan	24,811,299	900,000	-	(6,000,000)	19,711,299
M Hill	1,500,000	-	-	-	1,500,000
B Zekulich	1,500,000	-	-	-	1,500,000
S Borness	-	1,500,000	-	-	1,500,000
	<b>27,811,299</b>	<b>2,400,000</b>	<b>-</b>	<b>(6,000,000)</b>	<b>24,211,299</b>

The options listed above have the following terms attached:

HOLDER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION
Iain Dunstan	10 July 2019	10 July 2022	\$0.05	2,947,135
Iain Dunstan	13 February 2020	13 February 2023	\$0.03	4,983,776
Iain Dunstan	12 February 2020	12 February 2024	\$0.05	5,325,284
Iain Dunstan	13 February 2021	13 February 2024	\$0.03	5,555,104
Iain Dunstan	15 November 2021	1 September 2026	\$0.04	900,000
Bryan Zekulich	13 February 2021	13 February 2024	\$0.03	1,500,000
Mike Hill	13 February 2021	13 February 2024	\$0.03	1,500,000
Stephen Borness	15 November 2021	1 September 2026	\$0.04	1,500,000

There were no options exercised during the year or the comparative period that were granted as compensation in prior periods.

## C. SHARE HOLDINGS

The number of securities in the Company held by each of the Key Management Personnel, including their related parties for the year ended 30 June 2022 are set out in the following table:

	BALANCE AT START OF THE PERIOD No.	RECEIVED AS PART OF REMUNERATION No.	ADDITIONS No.	DISPOSALS No.	BALANCE AT END OF THE PERIOD No.
I Dunstan	5,787,491	-	6,000,000	-	11,787,491
S Borness	2,000,000	-	-	-	2,000,000
M Hill	2,500,000	-	-	-	2,500,000
B Zekulich	5,000,000	-	1,538,461	-	6,538,461
	<b>15,287,491</b>	<b>-</b>	<b>7,538,461</b>	<b>-</b>	<b>22,825,952</b>

The number of securities in the Company held by each of the Key Management Personnel, including their related parties for the year ended 30 June 2021 are set out in the following table:

	BALANCE AT START OF THE PERIOD No.	RECEIVED AS PART OF REMUNERATION No.	ADDITIONS No.	DISPOSALS No.	BALANCE AT END OF THE PERIOD No.
I Dunstan	-	-	5,787,491	-	5,787,491
S Borness	-	-	2,000,000	-	2,000,000
M Hill	-	-	2,500,000	-	2,500,000
B Zekulich	-	-	5,000,000	-	5,000,000
	-	-	15,287,491	-	15,287,491

## SHARE OPTIONS

Details of unissued shares or interests of Gratifii under option at the date of this report are:

GRANT DATE	NUMBER UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE	EXPIRY DATE
13 February 2020	4,983,776	Ordinary shares	\$0.0336	13 February 2023
12 February 2020	7,100,379	Ordinary shares	\$0.0500	12 February 2024
11 March 2021	5,555,104	Ordinary shares	\$0.0300	11 March 2026
13 February 2021	8,555,104	Ordinary shares	\$0.0300	13 February 2024
2 September 2021	5,900,000	Ordinary shares	\$0.0400	30 June 2026
15 November 2021	2,400,000	Ordinary shares	\$0.0400	1 September 2026
12 May 2022	222,448	Ordinary shares	\$0.0200	11 March 2026
19 May 2022	540,000	Ordinary shares	\$0.0320	19 August 2025
<b>TOTAL</b>	<b>35,256,811</b>			

## NON-AUDIT SERVICES

There were no non-audit services provided in the year.

## INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## INDEMNITY AND INSURANCE OF AUDITOR

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## PROCEEDINGS ON BEHALF OF THE 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 to 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 part of those proceedings.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

## AUDITOR

MNSA Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Stephen Borness', is written over a light blue rectangular background.

**STEPHEN BORNESS**  
**NON-EXECUTIVE CHAIRMAN**

21 September 2022





# **AUDITOR'S**

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# **INDEPENDENCE**

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# **DECLARATION**

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF  
THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF GRATIFII LIMITED AND CONTROLLED ENTITIES  
ABN 47 125 688 940**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Gratifii Limited.

As the auditor for the audit of the financial report of Gratifii Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

MNSA PTY LTD

**MNSA Pty Ltd**

**Mark Schiliro**  
Director

Sydney  
Dated this 21<sup>st</sup> September 2022

MNSA Pty Ltd  
ABN 59 133 605 400

Level 1, 283 George St  
Sydney NSW 2000  
GPO Box 2943 Sydney 2001

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Fax (02) 9299 8104  
Email [admin@mnsa.com.au](mailto:admin@mnsa.com.au)

Liability limited by the  
Accountants Scheme,  
approved under the  
Professional Standards  
Act 1994 (NSW)



# **FINANCIAL**

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# **STATEMENTS**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>Revenue</b>			
Revenue	5	11,170,017	3,077,377
Cost of sales	6	(8,537,449)	(1,022,100)
Gross profit		2,632,568	2,055,277
Other revenue	7	924,882	2,746,106
<b>Expenses</b>			
Administrative and other corporate costs	8	(2,322,454)	(1,656,430)
Operational expenditure		-	(72,559)
Depreciation and amortisation expense		(931,088)	(352,980)
Finance costs		(496,008)	(301,585)
Restructuring costs		-	(401,641)
Employee benefits expense		(2,063,055)	(1,497,751)
Share-based payment expense		(159,224)	(411,502)
Foreign exchange losses		(19,205)	-
<b>(Loss)/profit before income tax expense</b>		<b>(2,433,584)</b>	<b>106,935</b>
Income tax expense	9	-	(47,654)
<b>Loss)/profit after income tax expense for the year attributable to the owners of Gratifii Limited and Controlled Entities</b>	23	<b>(2,433,584)</b>	<b>59,281</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		15,763	(386,766)
Gain on derecognition of subsidiaries		-	317,477
Gain on derecognition of non-controlling interest liability		-	99,502
Other comprehensive income for the year, net of tax		15,763	30,213
<b>Total comprehensive (loss)/income for the year attributable to the owners of Gratifii Limited and Controlled Entities</b>		<b>(2,417,821)</b>	<b>89,494</b>
		<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	35	(0.37)	0.01
Diluted (loss)/earnings per share	35	(0.37)	0.01



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT YEAR ENDED 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	2,069,958	2,227,915
Trade and other receivables	11	1,408,866	986,841
Inventories	12	411,965	1,256,838
Other assets	13	329,761	174,358
Total current assets		4,220,550	4,645,952
<b>Non-current assets</b>			
Property, plant and equipment	14	431,491	246,232
Intangibles	15	8,927,341	4,525,943
Total non-current assets		9,358,832	4,772,175
<b>Total assets</b>		<b>13,579,382</b>	<b>9,418,127</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	4,447,605	3,272,271
Borrowings	17	2,947,797	2,800,000
Lease liabilities	18	158,514	99,580
Provisions	19	211,323	232,585
Deferred revenue	20	333	4,333
Total current liabilities		7,765,572	6,408,769
<b>Non-current liabilities</b>			
Borrowings	17	133,597	1,683,426
Lease liabilities	18	172,885	8,014
Provisions	19	10,458	3,992
Total non-current liabilities		316,940	1,695,432
<b>Total liabilities</b>		<b>8,082,512</b>	<b>8,104,201</b>
<b>Net assets</b>		<b>5,496,870</b>	<b>1,313,926</b>
<b>Equity</b>			
Issued capital	21	40,588,632	34,027,091
Reserves	22	(58,704)	(113,691)
Accumulated losses	23	(35,033,058)	(32,599,474)
<b>Total equity</b>		<b>5,496,870</b>	<b>1,313,926</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	ISSUED CAPITAL	FOREIGN CURRENCY RESERVE	OPTION RESERVE	ACCUMULATED LOSSES	NON- CONTROLLING INTEREST	TOTAL
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	27,905,355	(138,427)	3,043,997	(35,840,308)	(99,502)	(5,128,885)
Profit after income tax expense for the year	-	-	-	59,281	-	59,281
Other comprehensive (loss)/income for the year, net of tax	-	(386,766)	-	317,477	99,502	30,213
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>(386,766)</b>	<b>-</b>	<b>376,758</b>	<b>99,502</b>	<b>89,494</b>
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 21)	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)	-	-	-
<b>Balance at 30 June 2021</b>	<b>34,027,091</b>	<b>(525,193)</b>	<b>411,502</b>	<b>(32,599,474)</b>	<b>-</b>	<b>1,313,926</b>

	ISSUED CAPITAL	FOREIGN CURRENCY RESERVE	OPTION RESERVE	ACCUMULATED LOSSES	NON- CONTROLLING INTEREST	TOTAL
Consolidated	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	34,027,091	(525,193)	411,502	(32,599,474)	-	1,313,926
Loss after income tax expense for the year	-	-	-	(2,433,584)	-	(2,433,584)
Other comprehensive income for the year, net of tax	-	15,763	-	-	-	15,763
<b>Total comprehensive (loss)/income for the year</b>	<b>-</b>	<b>15,763</b>	<b>-</b>	<b>(2,433,584)</b>	<b>-</b>	<b>(2,417,821)</b>
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 21)	3,304,969	-	-	-	-	3,304,969
Share-based payments	-	-	159,224	-	-	159,224
Conversion of options into shares (note 21)	120,000	-	(120,000)	-	-	-
Conversion of convertible notes (note 21)	3,136,572	-	-	-	-	3,136,572
<b>Balance at 30 June 2022</b>	<b>40,588,632</b>	<b>(509,430)</b>	<b>450,726</b>	<b>(35,033,058)</b>	<b>-</b>	<b>5,496,870</b>

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>Cashflows from operating activities</b>			
Receipts from customers (inclusive of GST)		12,039,781	3,261,658
Payments to suppliers and employees (inclusive of GST)		(12,382,354)	(4,323,158)
Interest received		1,963	-
Interest and other finance costs paid		(60,012)	(158,677)
Proceeds from research and development rebates		576,763	323,059
Proceeds from Covid related government amounts		-	359,953
<b>Net cash from/(used in) operating activities</b>	33	<b>176,141</b>	<b>(537,165)</b>
<b>Cashflows from investing activities</b>			
Payment for purchase of subsidiary		(1,547,683)	(1,340,035)
Payments for intangibles		(3,281,813)	(2,338,248)
Proceeds from disposal of property, plant and equipment		-	94,855
<b>Net cash used in investing activities</b>		<b>(4,829,496)</b>	<b>(3,583,428)</b>
<b>Cashflows from financing activities</b>			
Proceeds from issue of shares	21	3,568,500	3,832,847
Proceeds from issue of convertible debt		1,550,000	4,100,000
Share issue transaction costs		(263,531)	(779,447)
Repayment of borrowings		(216,944)	(855,882)
Transaction costs related to borrowings		(44,248)	-
Repayment of lease liabilities		(98,379)	(117,630)
<b>Net cash from financing activities</b>		<b>4,495,398</b>	<b>6,179,888</b>
Net (decrease)/increase in cash and cash equivalents		(157,957)	2,059,295
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>2,227,915</b>	<b>69,118</b>
Effects of exchange rate changes on cash and cash equivalents		-	99,502
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>2,069,958</b>	<b>2,227,915</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 1 | GENERAL INFORMATION

The financial statements cover Gratifii Limited and Controlled Entities as a Group consisting of Gratifii Limited and Controlled Entities and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Gratifii Limited and Controlled Entities's functional and presentation currency.

Gratifii Limited and Controlled Entities is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 September 2022. The directors have the power to amend and reissue the financial statements.

### NOTE 2 | SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### Going concern

For the year ended 30 June 2022, the Consolidated Entity incurred an after-tax loss from continuing operations of \$2,433,584 (2021: profit of \$59,281), had net cash inflows from operating activities of \$176,141 (2021: outflow \$537,165), and at 30 June 2022 had a deficiency of current assets in relation to current liabilities of \$3,545,022 (2021: \$1,762,817) and net assets of \$5,496,870 (2021: \$1,313,926). As the entity has incurred a loss and has a deficiency in the net current liabilities position this may cast uncertainty over the Group's ability to continue as a going concern.

The Directors note that \$2.935 million of Current Liabilities represent convertible note liabilities (refer to note 17). The Company will settle these liabilities through the issuance of shares at its discretion during FY2023.

The Directors believe it is appropriate to prepare the financial report on a going concern basis after considering the following factors:

- Cash balance of \$2.069 million, which followed improved net operating cashflow in the second half of the year
- Improved capital and working capital management over the year following the integration of the Neat Ideas Rewards business
- The increase in demand for the Company's products and services from current and potential customers (particularly enterprise level customers), following the (post balance date) completion of the Hachiko acquisition
- The scale related cost benefits, that will result from the Hachiko acquisition
- The stage of the Company's Capital Expenditure program, which will complete during FY2023

Notwithstanding the challenging equity capital markets for growth focussed technology related companies since the start of 2022, the Directors note the Company was able to complete a capital raise (in relation to the Hachiko acquisition and further increase in working capital) in August 2022.

In the Directors opinion, there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, and that it is appropriate to prepare these accounts on a going concern basis. As a result, the accounts have been prepared on the basis that the consolidated entity can meet its commitments as and when they fall due and can therefore continue business activities and can realise its assets and extinguish its liabilities in the ordinary course of business. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gratifii Limited and Controlled Entities ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Gratifii Limited and Controlled Entities and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Gratifii Limited and Controlled Entities functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### **Revenue recognition**

The Group recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

The Group provides customer engagement technology that delivers end-to-end solutions for businesses to engage with their customers. Its primary offering, Mosaic, is a cloud-based digital loyalty and rewards platform and is Gratifii's business to business application offering. With mobile payment, ordering, booking and local offer capability, the Mosaic platform will be the gateway to new digital lifestyle rewards programs. Performance obligations for contracts with customers are generally satisfied at a point in time, and revenue is recognised accordingly.

Where payment is received by the Group in advance of a performance obligation being satisfied, a contract liability is recognised in the Statement of Financial Position. Where a performance obligation has been satisfied and the Group is yet to issue an invoice to the customer, a contract asset is recognised in the Statement of Financial Position. Where a performance obligation has been satisfied and an invoice has been issued to a customer but not yet paid, a trade receivable is recognised in the Statement of Financial Position.

Transaction prices for provision of goods and services are agreed within Contract with Customers. The Group determines its transaction prices based on the cost of the Group in developing the technology required to provide the service, as well as the cost of supplying the good or service itself, plus a margin to cover operating costs and return requirement of the Group.

The impairment of contract assets and trade receivables for Contracts with Customers is assessed by the Group on an ongoing basis and allowed for within the Group's provision for doubtful debts calculation.

#### *Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

### Inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

#### Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

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 separate financial statements.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

(full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

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.

### Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future Cashflows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent Cashflows are grouped together to form a cash-generating unit.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

### Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

### Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Employee benefits

#### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity

and currency that match, as closely as possible, the estimated future cash outflows.

#### *Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirers previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Gratifii Limited and Controlled Entities, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cashflows are presented on a gross basis. The GST components of cashflows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cashflows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

### Restatement of comparative figures

The 2021 parent note comparatives in note 29 were restated. Below are the details of the adjustment, primarily due to a \$6,000,051 disposal of the Paid by Coins investment being brought into the parent entity balances.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	ORIGINAL \$	ADJUSTMENT \$	REVISED \$
Current assets	2,594,096	(86,271)	2,507,825
Non-current assets	40,918,795	(6,000,051)	34,918,744
Total assets	43,512,891	(6,086,322)	37,426,569
Current liabilities	(3,433,815)	(109,156)	(3,542,971)
Non-current liabilities	(1,444,424)	-	(1,444,424)
Total liabilities	(4,878,239)	(109,156)	(4,987,395)
<b>Net assets</b>	<b>38,634,652</b>	<b>(6,195,478)</b>	<b>32,439,174</b>
Issued capital	71,029,385	246,180	71,275,565
Reserves	411,502	-	411,502
Accumulated losses	(32,806,235)	(6,441,658)	(39,247,893)
<b>Total equity</b>	<b>38,634,652</b>	<b>(6,195,478)</b>	<b>32,439,174</b>
<b>Loss for the year</b>	<b>188,702</b>	<b>(6,639,142)</b>	<b>(6,450,440)</b>

### NOTE 3 | CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

#### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### *Fair value measurement hierarchy*

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### *Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Goodwill and other indefinite life intangible assets*

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cashflows.

### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible

assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Employee benefits provision*

As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future Cashflows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### *Business combinations*

As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 4 | OPERATING SEGMENTS

#### Identification of reportable operating segments

The Group operates in one industry segment being technology development and associated content. The Group is organised into three geographical segments: Australia, South Africa and Singapore.

#### Operating segment information

	AUSTRALIA	SOUTH AFRICA	SINGAPORE	TOTAL
Consolidated - 2022	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	9,129,314	1,976,761	63,942	11,170,017
Other revenue	922,714	-	-	922,714
Interest income	317	1,851	-	2,168
Total revenue	10,052,345	1,978,612	63,942	12,094,899
<b>EBITDA</b>	<b>(1,632,857)</b>	<b>627,593</b>	<b>(1,224)</b>	<b>(1,006,488)</b>
Depreciation and amortisation	(891,701)	(39,037)	(350)	(931,088)
Finance costs	(495,214)	(794)	-	(496,008)
<b>(Loss)/profit before income tax expense</b>	<b>(3,019,772)</b>	<b>587,762</b>	<b>(1,574)</b>	<b>(2,433,584)</b>
Income tax expense				-
<b>Loss after income tax expense</b>				<b>(2,433,584)</b>
<b>Assets</b>				
Segment assets	13,174,421	395,997	8,964	13,579,382
<b>Total assets</b>				<b>13,579,382</b>
<b>Liabilities</b>				
Segment liabilities	8,141,932	(62,446)	3,026	8,082,512
<b>Total liabilities</b>				<b>8,082,512</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	AUSTRALIA	SOUTH AFRICA	SINGAPORE	TOTAL
Consolidated - 2021	\$	\$	\$	\$
<b>Revenue</b>				
Sales to external customers	1,122,428	1,878,069	76,880	3,077,377
Other revenue	1,733,413	2,536	1,009,207	2,745,156
Interest	6	944	-	950
Total revenue	2,855,847	1,881,549	1,086,087	5,823,483
<b>EBITDA</b>	<b>(1,543,476)</b>	<b>1,004,477</b>	<b>998,914</b>	<b>459,915</b>
Depreciation and amortisation	(321,894)	(30,085)	(1,001)	(352,980)
<b>(Loss)/profit before income tax expense</b>	<b>(1,865,370)</b>	<b>974,392</b>	<b>997,913</b>	<b>106,935</b>
Income tax expense				(47,654)
<b>Profit after income tax expense</b>				<b>59,281</b>
<b>Assets</b>				
Segment assets	8,981,211	404,860	32,056	9,418,127
<b>Total assets</b>				<b>9,418,127</b>
<b>Liabilities</b>				
Segment liabilities	7,948,770	155,431	-	8,104,201
<b>Total liabilities</b>				<b>8,104,201</b>

### NOTE 5 | REVENUE

	CONSOLIDATED	
	2022 \$	2021 \$
Software as a Service (SaaS)	2,429,439	2,231,771
Rewards	8,740,578	845,606
<b>Total revenue</b>	<b>11,170,017</b>	<b>3,077,377</b>

### NOTE 6 | COST OF SALES

	CONSOLIDATED	
	2022 \$	2021 \$
Software as a Service (SaaS)	711,979	263,601
Rewards	7,825,470	758,499
<b>Total cost of sales</b>	<b>8,537,449</b>	<b>1,022,100</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 7 | OTHER REVENUE

	CONSOLIDATED	
	2022 \$	2021 \$
Government subsidies <sup>(i)</sup>	82,699	359,953
Research and development rebates	839,810	493,858
Gain on loan forgiveness	-	1,719,410
Interest income	2,168	950
Sundry income	205	171,935
<b>Other revenue</b>	<b>924,882</b>	<b>2,746,106</b>

(i) Amounts include JobKeeper and ATO PAYG Relief as a result of the Covid pandemic.

### NOTE 8 | ADMINISTRATIVE AND OTHER CORPORATE COSTS

	CONSOLIDATED	
	2022 \$	2021 \$
Bank fees	7,512	21,984
Director fees	193,183	86,831
IT	326,215	13,703
Marketing	30,760	13,317
Miscellaneous staff costs	5,246	92,487
Office expense	298,596	351,426
Professional costs	734,122	115,782
Corporate and listing costs	618,360	867,765
Travel costs	71,482	63,421
Other	36,978	29,714
<b>Total administrative and other corporate costs</b>	<b>2,322,454</b>	<b>1,656,430</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 9 | INCOME TAX EXPENSE/(BENEFIT)

	AUSTRALIA	SOUTH AFRICA	SINGAPORE	TOTAL
2022	\$	\$	\$	\$
Profit from continuing operations before income tax expense	(3,019,772)	587,762	(1,574)	(2,433,584)
Tax at the local entity rate (Australia - 25%, South Africa - 28%, Singapore - 17%)	(754,943)	164,573	(268)	(590,638)
Add tax effect of:	-	-	-	-
Other non-allowable items	203,155	11,108	315	214,578
Less tax effect of:	-	-	-	-
Other non-assessable items	(93,834)	(4,596)	-	(98,430)
Other deductible items	(100,501)	-	-	(100,501)
Carried forward tax losses offset against current tax liability	746,123	(171,085)	(47)	574,991
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	AUSTRALIA	SOUTH AFRICA	SINGAPORE	TOTAL
2021	\$	\$	\$	\$
Profit from continuing operations before income tax expense	(1,865,370)	974,392	997,913	106,935
Tax at the local entity rate (Australia - 26%, South Africa - 28%, Singapore - 17%)	(484,996)	272,830	169,645	(42,521)
Add tax effect of:	-	-	-	-
Other assessable items	-	-	-	-
Other non-allowable items	-	-	-	-
Less tax effect of:	-	-	-	-
Other non-assessable items	(1,081,597)	16,695	(1,850)	(1,066,752)
Other deductible items	(77,682)	-	-	(77,682)
Carried forward tax losses offset against current tax liability	1,691,929	(289,525)	(167,795)	1,234,609
<b>Total income tax expense</b>	<b>47,654</b>	<b>-</b>	<b>-</b>	<b>47,654</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 10 | CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Current assets</b>		
Cash on hand	1,222	1,246
Cash at bank	2,068,736	2,226,669
<b>Total cash and cash equivalents</b>	<b>2,069,958</b>	<b>2,227,915</b>

### NOTE 11 | TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Current</b>		
Trade receivables	301,789	274,119
Less: Allowance for expected credit losses	(26,200)	(26,200)
<b>Total trade receivables</b>	<b>275,589</b>	<b>247,919</b>
Other receivables	293,467	245,064
Research and development rebates	839,810	493,858
<b>Total other receivables</b>	<b>1,133,277</b>	<b>738,922</b>
<b>Total trade and other receivables</b>	<b>1,408,866</b>	<b>986,841</b>

	CONSOLIDATED	
	2022 \$	2021 \$
Third parties	275,589	247,919
Trade receivables not past due and not impaired	105,206	181,158

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Receivables that are past due but not impaired

The ageing of trade receivables that are past due but not impaired at the reporting date is as follows:

	CONSOLIDATED	
	2022 \$	2021 \$
Less than 30 days overdue	71,684	52,652
31 - 60 days overdue	54,294	-
Over 60 days overdue	44,405	14,109
<b>Trade receivables past due and not impaired</b>	<b>170,383</b>	<b>66,761</b>

### Allowance for expected credit losses

The Group has recognised a loss of \$nil (2021: \$26,200) in profit or loss in respect of the expected credit losses for the year ended 2022.

Movements in the allowance for expected credit losses are as follows:

	CONSOLIDATED	
	2022 \$	2021 \$
Opening balance	26,200	-
Additional provisions recognised	-	26,200
<b>Closing balance</b>	<b>26,200</b>	<b>26,200</b>

## NOTE 12 | INVENTORIES

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current assets</i>		
Inventories on hand	411,965	1,256,838

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 13 | OTHER ASSETS

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current assets</i>		
Prepayments	182,610	71,982
Other deposits	132,095	98,238
Other current assets	15,056	4,138
<b>Total other assets</b>	<b>329,761</b>	<b>174,358</b>

### NOTE 14 | PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Non-current assets</i>		
Property under lease (right-of-use asset)	295,967	71,982
Office equipment - at cost	497,964	485,423
Less: Accumulated depreciation	(362,440)	(329,722)
Total office equipment	135,524	155,701
<b>Total property, plant and equipment</b>	<b>431,491</b>	<b>246,232</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	OFFICE EQUIPMENT \$	PROPERTY UNDER LEASE \$	TOTAL \$
<b>Consolidated</b>			
<b>Balance at 1 July 2020</b>	<b>44,700</b>	<b>143,440</b>	<b>188,140</b>
Additions	266,797	44,304	311,101
Disposals	(122,266)	-	(122,266)
Depreciation expense	(33,530)	(97,213)	(130,743)
<b>Balance at 30 June 2021</b>	<b>155,701</b>	<b>90,531</b>	<b>246,232</b>
Additions	73,265	336,965	410,230
Disposals	(1,620)	(2,570)	(4,190)
Depreciation expense	(32,717)	(120,112)	(152,829)
Translation of opening balances	(59,105)	(8,847)	(67,952)
<b>Balance at 30 June 2022</b>	<b>135,524</b>	<b>295,967</b>	<b>431,491</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 15 | INTANGIBLE ASSETS

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Non-current assets</i>		
Goodwill - at cost	3,274,987	1,643,909
Capitalised development - at cost	6,651,308	3,104,271
Less: Accumulated amortisation	(998,954)	(222,237)
<b>Total capitalised development</b>	<b>5,652,354</b>	<b>2,882,034</b>
Restraint of trade	569,885	569,885
Less: Accumulated amortisation	(569,885)	(569,885)
<b>Total restraint of trade</b>	<b>-</b>	<b>-</b>
Customer list	300,000	300,000
Less: Accumulated amortisation	(150,000)	(150,000)
Less: Impairment	(150,000)	(150,000)
<b>Total customer list</b>	<b>-</b>	<b>-</b>
<b>Total intangible assets</b>	<b>8,927,341</b>	<b>4,525,943</b>

#### *Mosaic Enterprise Engagement Platform Capitalisation policy*

During the previous financial year, the Company made an investment in its Mosaic platform to better service clients. The Company has continued to add to this platform and enhance its offering to customers. The Company is of the view that due to the current nature of its investment in the platform, and the efficiency value added, that there are no indicators of impairment on this investment.

The Company has determined that during the continuous development of the platform, features developed for the platform which are either ready for customer use or are earning revenue are to be amortised over 5 years on a straight-line basis.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Impairment testing

There are no observable factors, internal or external to the Company, that indicate the Mosaic platform is required to be impaired.

### Reconciliation of net carrying values

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Goodwill</b>		
Balance at beginning of the year	1,643,909	-
Additions	1,631,078	1,643,909
Balance at the end of the year	3,274,987	1,643,909
<b>Other intangible assets</b>		
Balance at beginning of the year	2,882,034	765,481
Additions	3,547,037	2,338,790
Amortisation	(776,717)	(222,237)
Balance at end of the year	5,652,354	2,882,034
<b>Total</b>	<b>8,927,341</b>	<b>4,525,943</b>

## NOTE 16 | TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	3,883,948	2,633,105
Credit cards	15,620	8,008
Sundry payables and accrued expenses	548,037	631,158
<b>Total trade and other payables</b>	<b>4,447,605</b>	<b>3,272,271</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 17 | BORROWINGS

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Loans	12,710	-
Loan liability	-	2,600,000
Convertible notes payable	2,935,087	200,000
<b>Total current borrowings</b>	<b>2,947,797</b>	<b>2,800,000</b>
<i>Non-current liabilities</i>		
Loans	133,597	26,969
Amounts due to related parties	-	156,457
Convertible notes payable	-	1,500,000
<b>Total non-current borrowings</b>	<b>133,597</b>	<b>1,683,426</b>
<b>Total borrowings</b>	<b>3,081,394</b>	<b>4,483,426</b>

Refer to note 34 for further information on financial instruments.

### NOTE 18 | LEASE LIABILITIES

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Lease liability	158,514	99,580
<i>Non-current liabilities</i>		
Lease liability	172,885	8,014
<b>Total lease liabilities</b>	<b>331,399</b>	<b>107,594</b>

	LESS THAN 6 MONTHS \$	6 MONTHS TO 1 YEAR \$	1 TO 5 YEARS \$	5+ YEARS \$	TOTAL \$
Lease payments	86,967	83,160	177,321	-	347,448
Finance charges	(6,685)	(4,928)	(4,436)	-	(16,049)
<b>Net present values</b>	<b>80,282</b>	<b>78,232</b>	<b>172,885</b>	<b>-</b>	<b>331,399</b>

Refer to note 34 for further information on financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 19 | PROVISIONS

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Employee benefits - Annual leave	152,206	89,429
Income tax	59,117	143,156
<b>Total current provisions</b>	<b>211,323</b>	<b>232,585</b>
<i>Non-current liabilities</i>		
Employee benefits - Long service leave	10,458	3,992
<b>Total non-current provisions</b>	<b>221,781</b>	<b>236,577</b>

### NOTE 20 | DEFERRED REVENUE

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Current liabilities</i>		
Deferred revenue	333	4,333

#### *Unsatisfied performance obligations*

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$333 as at 30 June 2022 (2021: \$4,333) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2022 \$	2021 \$
Within 6 months	333	4,333

### NOTE 21 | ISSUED CAPITAL

	CONSOLIDATED			
	2022 SHARES	2021 SHARES	2022 \$	2021 \$
Ordinary shares - fully paid	868,087,204	610,425,090	44,141,123	37,316,051
Capital raising costs	-	-	(3,552,491)	(3,288,960)
<b>Total issued capital</b>	<b>868,087,204</b>	<b>610,425,090</b>	<b>40,588,632</b>	<b>34,027,091</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Movements in ordinary share capital

	2022 SHARES	2022 \$	2021 SHARES	2021 \$
At the beginning of the period	610,425,090	34,027,091	289,034,344	27,905,355
Share placement	137,249,995	3,568,500	283,196,628	6,015,380
Settlement of debt	-	-	45,239,768	705,882
Share buy-back	-	-	(9,945,650)	-
Options converted	6,000,000	120,000	2,900,000	179,921
Convertible notes converted	114,412,119	3,136,572	-	-
Costs of issue	-	(263,531)	-	(779,447)
<b>Closing balance</b>	<b>868,087,204</b>	<b>40,588,632</b>	<b>610,425,090</b>	<b>34,027,091</b>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Share buy-back

There is no current on-market share buy-back.

### Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2021 Annual Report.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 22 | RESERVES

	CONSOLIDATED	
	2022 \$	2021 \$
Foreign currency reserve	(509,430)	(525,193)
Options reserve	450,726	411,502
<b>Total reserves</b>	<b>(58,704)</b>	<b>(113,691)</b>

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Option reserve</b>		
Opening balance	411,502	3,043,997
Additions	159,224	411,502
Converted into ordinary shares	(120,000)	(179,921)
Lapsed	-	(2,864,076)
<b>Closing balance</b>	<b>450,726</b>	<b>411,502</b>
<b>Foreign currency translation reserve</b>		
Opening balance	(525,193)	(138,427)
Foreign currency translation	15,763	(386,766)
<b>Closing balance</b>	<b>(509,430)</b>	<b>(525,193)</b>
<b>Total reserves</b>	<b>(58,704)</b>	<b>(113,691)</b>

#### Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

#### Options reserve

The option reserve represents the fair value of options granted to employees and suppliers for services provided to the Group. The fair value of options is expensed over the vesting period or during the period in which the services are received.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 23 | ACCUMULATED LOSSES

	CONSOLIDATED	
	2022 \$	2021 \$
Accumulated losses at the beginning of the financial year	(32,599,474)	(35,840,308)
Loss of disposal of subsidiary	-	317,477
Lapsing of options	-	2,864,076
Accumulated losses at the beginning of the financial year - restated	(32,599,474)	(32,658,755)
(Loss)/profit after income tax expense for the year	(2,433,584)	59,281
<b>Accumulated losses at the end of the financial year</b>	<b>(35,033,058)</b>	<b>(32,599,474)</b>

### NOTE 24 | DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

### NOTE 25 | KEY MANAGEMENT PERSONNEL DISCLOSURES

#### Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	CONSOLIDATED	
	2022 \$	2021 \$
Short-term employee benefits	644,002	608,293
Post-employment benefits	49,500	28,107
Share-based payments	91,418	376,273
<b>Total key management benefits</b>	<b>784,920</b>	<b>1,012,673</b>

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration report section of the Directors' report. Apart from the details disclosed in the Remuneration report section of the Directors' report, no Director has entered into a material contract with the group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at the year end.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 26 | REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by MNSA Pty Ltd, the auditor of the company:

	CONSOLIDATED	
	2022 \$	2021 \$
<i>Audit services - MNSA Pty Ltd</i>		
<b>Audit or review of the financial statements</b>	<b>120,000</b>	<b>120,000</b>

### NOTE 27 | CONTINGENT ASSETS, LIABILITIES, AND GUARANTEES

The Group is unaware of any contingent assets or guarantees that may have a material impact on the Group's financial position.

### NOTE 28 | RELATED PARTY TRANSACTIONS

#### *Parent entity*

Gratifici Limited and Controlled Entities is the parent entity.

#### *Subsidiaries*

Interests in subsidiaries are set out in note 31.

#### *Key management personnel*

Disclosures relating to key management personnel are set out in note 25 and the Remuneration report included in the Directors' report.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 29 | PARENT ENTITY INFORMATION

	2022 \$	2021 \$
<b>Financial position</b>		
<b>Assets</b>		
Current assets	711,802	2,507,825
Non-current assets	39,957,709	34,918,744
<b>Total assets</b>	<b>40,669,511</b>	<b>37,426,569</b>
<b>Liabilities</b>		
Current liabilities	(3,448,288)	(3,542,971)
Non-current liabilities	(320,613)	(1,444,424)
<b>Total liabilities</b>	<b>(3,768,901)</b>	<b>(4,987,395)</b>
<b>Net assets/(net deficiency)</b>	<b>36,900,610</b>	<b>32,439,174</b>

	2022 \$	2021 \$
<b>Equity</b>		
Issued capital	77,830,388	71,275,565
Reserves	450,728	411,502
Accumulated losses	(41,380,506)	(39,247,893)
<b>Total equity</b>	<b>36,900,610</b>	<b>32,439,174</b>

	2022 \$	2021 \$
<b>Financial performance</b>		
(Loss)/profit for the year	(2,132,613)	6,450,440



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

### NOTE 30 | BUSINESS COMBINATIONS

On 4 May 2021, the Company acquired 100% of the shares in Neat Tickets Pty Ltd (trading as Neat Ideas), a Rewards as a Service enterprise (RaaS). The Company acquired Neat Ideas for \$1,340,035 upfront plus an additional settlement sum of \$1,631,078. Settlement was finalised on 16 June 2022.

The acquisition extends the ability for the Company to not only offer blue chip enterprise customers its agile loyalty software application, but to also manage the effective use of these loyalty schemes by procuring and delivering the rewards and recognition services on behalf of the client. This vertically extends the Company from the provision of software to execution and delivery of the loyalty rewards scheme.

	AS AT 30 JUNE 2022
	\$
<i>Consideration transferred</i>	
Cash paid on acquisition	1,340,035
Cash paid on settlement	1,631,078
<b>Total consideration transferred</b>	<b>2,971,113</b>
Fair value of net liabilities acquired at the date of acquisition	303,874
<b>Goodwill carried forward</b>	<b>3,274,987</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 31 | INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		OWNERSHIP INTEREST	
	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	2022 %	2021 %
CSB Engage SA (Pty) Ltd	South Africa	100.00	100.00
CSB Engage (Aus) Pty Ltd	Australia	100.00	100.00
CSB Engage Asia Pte Ltd	Singapore	100.00	100.00
Waratah No.1 Pty Ltd (Dormant)	Australia	100.00	100.00
Waratah Resources Gabon S.A.	Australia	100.00	100.00
Neat Tickets Pty Ltd	Australia	100.00	100.00
Onit Media Pty Ltd	Australia	100.00	100.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 32 | EVENTS AFTER THE REPORTING PERIOD

On 11 August 2022 Gratifii Limited announced the acquisition of 100% of the shares in Hachiko Pty Ltd (Hachiko) for a total acquisition enterprise value of \$3.0 million. The acquisition was completed on 23 August 2022.

Hachiko is a leading specialised loyalty and rewards marketing agency with staff and operations in Australia and New Zealand. Hachiko has extensive engagement 'as a service' capabilities that accelerates the deployment of bespoke campaigns through loyalty marketing expertise and web development capabilities while utilising innovative engagement tools, coupled with attractive rewards to drive results.

On 1 September 2022 Patrina Kerr was appointed to the Board. Patrina was previously the Managing Director of Hachiko Pty Ltd. She is a Member of the Australian and New Zealand Institutes of Company Directors.

The cash consideration and associated acquisition costs were funded by a share placement and convertible note issue that was completed on the 22 of August 2022. 19,230,769 shares were issued as part of the consideration and are subject to a 12 month voluntary escrow period. Up to a further 53,846,154 fully paid ordinary shares representing the deferred consideration share component may be issued subject to shareholder approval.

On 9 August 2022 David Hwang resigned as Company Secretary. Maggie Niewidok from Atomic Group was subsequently appointed as Company Secretary.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

### NOTE 33 | CASHFLOW INFORMATION

	CONSOLIDATED	
	2022 \$	2021 \$
(Loss)/profit after income tax expense for the year	(2,433,584)	59,281
<b>Adjustments for:</b>		
Depreciation and amortisation	931,088	352,980
Share-based payments	159,224	411,502
Foreign exchange differences	19,205	-
Finance costs	496,008	301,585
Equity-based expenses	-	463,606
Tax expense	-	47,654
Gain on derecognition of subsidiaries and NCI	-	416,979
Rounding	-	2
<b>Change in operating assets and liabilities:</b>		
Increase in trade and other receivables	(807,541)	(134,459)
Decrease/(increase) in inventories	13,112	(265,513)
Decrease in other assets	(683,185)	(180,894)
Increase/(decrease) in trade and other payables	2,267,975	(1,883,351)
Increase/(decrease) in other provisions	213,839	(126,537)
<b>Net cash from/(used in) operating activities</b>	<b>176,141</b>	<b>(537,165)</b>

### NOTE 34 | FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks and accounts payable.

#### (i) Treasury Risk Management

The Board meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of credit risk policies and future cash flow requirements.

#### (ii) Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are liquidity risk, credit risk and market risk.

##### *Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

##### *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The maximum exposure to credit risk to recognised financial assets, at reporting date is the carrying amount, net of any provisions for impairment of those assets as disclosed in the statement of financial position and notes to the financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables.

##### *Market risk*

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future Cashflows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from borrowings. At the reporting date, the interest rate profile of the Group's and Company's interest-bearing financial instruments was:

CONSOLIDATED		
	2022 \$	2021 \$
Current	2,947,797	2,800,000
Non-current	133,597	1,683,426
<b>Total exposure</b>	<b>3,081,394</b>	<b>4,483,426</b>

CONSOLIDATED		
	2022 \$	2021 \$
Fixed rate instruments - borrowing including related parties	3,065,774	4,475,418
Variable rate instruments - credit cards	15,620	8,008
<b>Total exposure</b>	<b>3,081,394</b>	<b>4,483,426</b>

Interest on financial instruments at fixed rates are fixed until the maturity of the instruments and are not subject to interest rate risk.

The sensitivity analysis for interest rate risk is not disclosed as the Group does not expect any significant effect on the Group's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

### (iv) Foreign currency risk

The Group's foreign exchange risk results mainly from Cashflows from transactions denominated in foreign currencies. At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Group, primarily Singapore Dollar ("SGD") and South African Rand ("ZAR").



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The Group's currency exposures to the AUD, SGD, and ZAR at the reporting date were as follows:

2022 - Consolidated	AUD	ZAR	SGD	TOTAL
<i>All figures are in AUD</i>	\$	\$	\$	\$
<b>Financial assets</b>				
Trade receivables	163,727	106,724	5,138	275,589
Other receivables	293,467	-	-	293,467
Research and development rebates	839,810	-	-	839,810
Cash and cash equivalents	1,812,011	256,249	1,698	2,069,958
<b>Total financial assets</b>	<b>3,109,015</b>	<b>362,973</b>	<b>6,836</b>	<b>3,478,824</b>
<b>Financial liabilities</b>				
Trade payables	(3,988,954)	108,032	(3,026)	(3,883,948)
Other payables	(542,039)	(21,618)	-	(563,657)
Borrowings	(3,081,394)	-	-	(3,081,394)
<b>Total financial liabilities</b>	<b>(7,612,387)</b>	<b>86,414</b>	<b>(3,026)</b>	<b>(7,528,999)</b>
<b>Net financial assets/ (liabilities - include borrowings)</b>	<b>(4,503,372)</b>	<b>449,387</b>	<b>3,810</b>	<b>(4,050,175)</b>

2021 - Consolidated	AUD	ZAR	SGD	TOTAL
<i>All figures are in AUD</i>	\$	\$	\$	\$
<b>Financial assets</b>				
Trade receivables	85,632	157,444	4,843	247,919
Other receivables	224,103	454	20,507	245,064
Research and development rebates	493,858	-	-	493,858
Cash and cash equivalents	2,050,038	175,380	2,497	2,227,915
<b>Total financial assets</b>	<b>2,853,631</b>	<b>333,278</b>	<b>27,847</b>	<b>3,214,756</b>
<b>Financial liabilities</b>				
Trade payables	(2,087,143)	(59,853)	-	(2,146,996)
Other payables	(1,083,536)	(41,739)	-	(1,125,275)
Borrowings - amounts due to related parties	(4,482,342)	(1,084)	-	(4,483,426)
<b>Total financial liabilities</b>	<b>(7,653,021)</b>	<b>(102,676)</b>	<b>-</b>	<b>(7,755,697)</b>
<b>Net financial assets/ (liabilities - include borrowings)</b>	<b>(4,799,390)</b>	<b>230,602</b>	<b>27,847</b>	<b>(4,540,941)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 35 | EARNINGS PER SHARE

	CONSOLIDATED	
	2022 \$	2021 \$
(Loss)/profit after income tax attributable to the owners of Gratifii Limited and Controlled Entities	(2,433,584)	59,281

	CONSOLIDATED	
	2022 \$	2021 \$
<b>Weighted average number of shares used for the purposes of calculating basic and diluted earnings per share:</b>		
Basic earnings per share	657,669,462	452,263,539
Diluted earnings per share	665,441,097	459,682,950

	CENTS	
	2022	2021
Basic (loss)/earnings per share	(0.37)	0.01
Diluted (loss)/earnings per share	(0.37)	0.01

### NOTE 36 | SHARE-BASED PAYMENTS

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain employees of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
	2022	2021	2022	2021
Outstanding at the beginning of the financial year	35,141,498	\$0.00	13,659,931	\$0.00
Granted	9,722,448	\$0.04	35,141,498	\$0.03
Forfeited	-	\$0.00	(13,659,931)	\$0.00
Exercised	(6,000,000)	\$0.00	-	\$0.00
<b>Outstanding at the end of the financial year</b>	<b>38,863,946</b>	<b>\$0.00</b>	<b>35,141,498</b>	<b>\$0.00</b>
Exercisable at the end of the financial year	16,894,541	\$0.00	13,930,911	\$0.00

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The following share-based payment arrangements were in existence during the reporting period:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION	FAIR VALUE AT GRANT DATE	TYPE
3 September 2019	10 July 2022	\$0.050	2,947,135	\$0.020	1
13 February 2020	13 February 2023	\$0.034	4,983,776	\$0.023	2
12 February 2020	12 February 2024	\$0.050	7,100,379	\$0.012	3
11 March 2021	11 March 2026	\$0.030	5,555,104	\$0.024	4
13 February 2021	13 February 2024	\$0.030	8,555,104	\$0.009	5
2 September 2021	30 June 2026	\$0.040	7,100,000	\$0.015	6
15 November 2021	1 September 2026	\$0.040	2,400,000	\$0.018	7
12 May 2022	11 March 2026	\$0.020	222,448	\$0.012	8

Type:

- (1) Options were issued in lieu of Chairman cash salary.
- (2) Options to Executive Chairman, announced to market on 10 July 2019.
- (3) Options issued to Key Management Personnel totalling 10,650,568 options. Of these, 3,550,189 have been forfeited as a result of the employee leaving employment with the Group. Announced to market on 13 February 2020.
- (4) Options issued to Key Management Personnel totalling 5,555,104 options. Of these, none have been forfeited. Announced to market on 12 March 2021.
- (5) Options issued to Key Management Personnel totalling 9,943,880 options. Of these, 1,388,776 have been forfeited as a result of the employee leaving employment with the Group.
- (6) Options issued to Key Management Personnel totalling 7,100,000 options. Of these, none have been forfeited. Announced to the market on 23 September 2021.
- (7) Options issued to Key Management Personnel totalling 2,400,000 options. Of these, none have been forfeited. Announced to the market on 17 November 2021.
- (8) Options issued to Key Management Personnel totalling 222,448 options. Of these, none have been forfeited. Announced to the market on 12 May 2022.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

The following share-based payment arrangements were in existence during the comparative reporting period:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER UNDER OPTION	FAIR VALUE AT GRANT DATE	TYPE
3 September 2019	10 July 2022	\$0.050	2,947,135	\$0.020	1
13 February 2020	13 February 2023	\$0.034	4,983,776	\$0.023	2
12 February 2020	12 February 2024	\$0.050	7,100,379	\$0.012	3
29 January 2021	17 April 2023	\$0.000	6,000,000	\$0.020	4
11 March 2021	11 March 2026	\$0.030	5,555,104	\$0.024	5
13 February 2021	13 February 2024	\$0.030	8,555,104	\$0.009	6

Type:

(1) Options were issued in lieu of Chairman cash salary.

(2) Options to Executive Chairman, announced to market on 10 July 2019.

(3) Options issued to Key Management Personnel totalling 10,650,568 options. Of these, 3,550,189 have been forfeited as a result of the employee leaving employment with the Group. Announced to market on 13 February 2020.

(4) Options issued to Key Management Personnel totalling 7,500,000 options. Of these, 1,500,000 have been forfeited as a result of the employee leaving employment with the Group. Announced to market on 19 February 2021.

(5) Options issued to Key Management Personnel totalling 5,555,104 options. Of these, none have been forfeited. Announced to market on 12 March 2021.

(6) Options issued to Key Management Personnel totalling 9,943,880 options. Of these, 1,388,776 have been forfeited as a result of the employee leaving employment with the Group.



# **DIRECTORS'**

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# **DECLARATION**

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## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



**STEPHEN BORNESS**  
**NON-EXECUTIVE CHAIRMAN**

21 September 2022



# **INDEPENDANT** **AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF  
GRATIFII LIMITED AND CONTROLLED ENTITIES  
ABN 47 125 688 940**



**Report on the Financial Report**

**Opinion**

We have audited the financial report of Gratifii Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

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

The financial report also complies with the International Financial Reporting Standards as disclosed in Note 2.

**Basis for Opinion**

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter on Going Concern**

We draw your attention to Note 2 on going concern in the financial report, which indicates that the Group incurred an operating loss after tax from continuing operations \$2,433,584 (2021: profit of \$59,281), and net cash inflow from operating activities of \$176,141 (2021: outflow of \$537,165) during the year ended 30 June 2022 and, as of that date, the Group's current liabilities exceeded its current assets by \$3,545,022 (2021: \$1,762,817) and net assets of \$5,496,870 (2021: \$1,313,926). Noting that \$2,935,087 of current liabilities represent convertible note liabilities (refer to Note 17) which the Group expects will be repaid through the issuance of shares at the Company's discretion. These events and conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast doubt of the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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ABN 59 133 605 400

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Accountants Scheme,  
approved under the  
Professional Standards  
Act 1994 (NSW)

## 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 for the year ended 30 June 2022. 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.

Key Audit Matters	How Our Audit Addressed the Key Audit Matters
<p><b>Capitalisation and Impairment of Software Development Costs</b></p> <p>During the year, the Group incurred costs of \$3,547,037 for the development of its new Mosaic Platform.</p> <p>As detailed in Note 15 to the financial statements, \$3,547,037 was capitalised as software development costs.</p> <p>After impairment and amortisation, the carrying value as at 30 June 2022 was \$5,652,354.</p>	<p>We evaluated the appropriateness of capitalisation policies, performed substantive tests on costs capitalised and assessed amortisation and impairment assumptions.</p> <p>In performing these procedures, we considered the judgements made by management including:</p> <ul style="list-style-type: none"> <li>the nature of underlying costs capitalised as part of the cost of the software development; and</li> <li>the appropriateness of the directors' assessment for indicators of impairment.</li> <li>Recalculated amortisation calculations.</li> </ul>
<p><b>Revenue Recognition</b></p> <p>Revenue represents a material balance and we have identified the following types of transactions and assertions related to revenue recognition which give rise to key risks:</p> <ul style="list-style-type: none"> <li>the completeness of revenue recorded as a result of the reliance on output of the system.</li> </ul> <p><i>Revenue from contracts with customers</i></p> <p>Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer.</p> <p>For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.</p>	<p>In responding to this area of focus, our audit approach included controls testing and substantive procedures covering, in particular:</p> <ul style="list-style-type: none"> <li>testing control procedures in place around billing systems;</li> <li>performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts;</li> <li>testing cash receipts for a sample of customers back to the customer invoice;</li> <li>testing the costs associated to the delivery of sales; and</li> <li>considering COVID-19 impacts to collection of trade receivables.</li> <li>Considered the application of the Group's accounting policies to amounts billed.</li> </ul>

## Key Audit Matters (Continued)

Key Audit Matters	How Our Audit Addressed the Key Audit Matters
<p><b>Going Concern</b></p> <p>Following operating losses and net current asset deficits, there is a heightened degree of judgement as to the Group's ability to continue as a going concern through the assessment period.</p> <p>Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty and the adequacy of management's disclosure to be a key risk.</p>	<p>We have challenged the key assumptions in management's forecast cash flows for the next 12 months (base case and downside possibilities) by:</p> <ul style="list-style-type: none"> <li>• Comparing the cash flow forecasts with the Board approved budget, and obtaining explanations for any significant differences;</li> <li>• Ensuring consistency between the forecasts in the Group going concern model and those used in the asset value-in-use calculations for impairment assessment purposes;</li> <li>• Assessing the historical accuracy of forecasts prepared by management;</li> <li>• Testing the mechanical accuracy of the model used;</li> <li>• Consideration of COVID-19 impacts to managements assumptions in regard to future revenue forecasts, especially the uncertainty of general economic conditions and return to normal business activity and</li> <li>• Considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.</li> </ul>

There were no restrictions on our reporting of Key Audit Matters.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2022.

In our opinion, the remuneration report of Gratifii Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

#### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA PTY LTD

**MNSA Pty Ltd**

**Mark Schiliro**

Director

Sydney

Dated this 21<sup>st</sup> September 2022

MNSA Pty Ltd  
ABN 59 133 605 400

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# **ASX ADDITIONAL**

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# **INFORMATION**

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## ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information as at 31 August 2022 required by the Australian Securities Exchange and not disclosed elsewhere in this report.

In accordance with ASX listing rule 4.10.19, the Company confirms that it has used the cash and assets in a form readily convertible to cash that it had at the time of re-compliance with chapters 1 and 2 of the ASX Listing Rules in a way consistent with its business objectives.

### HOME EXCHANGE

The Company is listed on the Australian Securities Exchange. The Home Exchange is Sydney.

### ORDINARY SHARES

As at 31 August 2022, the issued capital comprised of 956,762,417 fully paid ordinary shares (ASX code: GTI) held by 1,152 holders. There were 3,432,122 shares held in unmarketable parcels of \$500 or less, by 620 individual shareholders.

### OPTIONS

As at 31 August 2022, the Company had the following unlisted options over ordinary shares on issue:

GRANT DATE	NUMBER UNDER OPTION	NUMBER OF HOLDERS	EXERCISE PRICE	EXPIRY DATE
12 February 2020	7,100,379	1	\$0.05	12 February 2024
13 February 2020	4,983,776	2	\$0.0336	13 February 2023
11 March 2021	5,555,104	2	\$0.03	11 March 2026
13 February 2021	8,555,104	3	\$0.05	13 February 2024
22 September 2021	5,900,000	4	\$0.04	30 June 2026
15 November 2021	2,400,000	2	\$0.04	1 September 2026
12 May 2022	222,448	1	\$0.02	11 March 2026
19 August 2022	540,000	1	\$0.032	19 August 2025
<b>TOTAL</b>	<b>35,256,811</b>			

### CLASS OF SHARES AND VOTING RIGHTS

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll. A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

### ON MARKET BUY-BACK

There is no on market buy-back.

### RESTRICTED SECURITIES

There were no restricted securities as at 31 August 2022.

### DISTRIBUTION OF SHAREHOLDERS

The distribution of each class of equity was as follows:

#### FULLY PAID ORDINARY SHARES

RANGE	NUMBER OF HOLDERS	NUMBER OF SHARES	PERCENTAGE
1 - 1,000	183	56,634	0.01%
1,001 - 5,000	226	545,653	0.06%
5,001 - 10,000	88	698,871	0.07%
10,001 - 100,000	286	11,308,848	1.18%
100,001 and over	369	944,152,411	98.68%
<b>TOTAL</b>	<b>1,152</b>	<b>956,762,417</b>	<b>100.00%</b>

## SUBSTANTIAL SHAREHOLDINGS

At 31 August 2022, the Register of Substantial Shareholders showed the following:

RANK	NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE
1	NATIONAL NOMINEES LIMITED	98,108,760	10.25%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,406,837	7.05%

## TWENTY LARGEST SHAREHOLDERS

At 31 August 2022, the twenty largest shareholders held 56.77% of the fully paid ordinary shares as follows:

RANK	NAME	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE
1	NATIONAL NOMINEES LIMITED	98,108,760	10.25%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	67,406,837	7.05%
3	ALIMOLD PTY LTD	42,179,413	4.41%
4	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	37,029,487	3.87%
5	IRONFURY PTY LTD <THE DAVIDE DUNN FAMILY A/C>	36,860,797	3.85%
6	LOMACOTT PTY LTD <THE KEOGH SUPER FUND A/C>	35,000,000	3.66%
7	HOWARTH COMMERCIAL PTY LTD	28,200,000	2.95%
8	BERNE NO 132 NOMINEES PTY LTD <732419 A/C>	28,172,424	2.94%
9	HOTAZEL HOLDINGS PTY LTD	18,500,000	1.93%
10	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	18,368,604	1.92%
11	RIMOYNE PTY LTD	18,030,102	1.88%
12	MR JASON DAVID BROWN	16,000,000	1.67%
13	HOWARTH COMMERCIAL PTY LTD	15,000,000	1.57%
14	MR AUBREY JOHN SONNENBERG	12,852,945	1.34%
15	LAKEBA VENTURES PTY LTD	12,729,970	1.33%
16	BOMBORA CAPITAL LIMITED <PHACT INVESTMENT A/C>	12,500,000	1.31%
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,331,986	1.29%
18	NOVUS CAPITAL NOMINEES PTY LIMITED <NOMINEE A/C>	12,153,341	1.27%
19	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	11,736,845	1.23%
20	JASON BROWN PTY LTD <BROWN FAMILY A/C>	10,000,000	1.05%
TOTAL SECURITIES OF TOP 20 HOLDINGS		543,161,511	56.77%
TOTAL NUMBER OF SECURITIES		956,762,417	100.00%



# CORPORATE DIRECTORY

## DIRECTORS

Stephen Borness  
Non-Executive Chairman  
Appointed 6 May 2021

Iain Dunstan  
Managing Director & CEO  
Appointed 17 April 2020

Mike Hill  
Non-Executive Director  
Appointed 29 December 2020

Bryan Zekulich  
Non-Executive Director  
Appointed 29 December 2020

## COMPANY SECRETARY

David Hwang  
Appointed 29 December 2020  
Resigned 9 August 2022

Maggie Niewidok  
Appointed 9 August 2022

## REGISTERED OFFICE

Suite 2, Level 1, 44a Foveaux Street  
Surry Hills NSW 2010

## PRINCIPAL PLACE OF BUSINESS

Suite 2, Level 1, 44a Foveaux Street  
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[www.gratifii.com](http://www.gratifii.com)

## SHARE REGISTER

Automatic Registry Services Pty Ltd  
Level 5, 126 Phillip Street  
Sydney NSW 2000  
+61 2 9698 5414

## AUDITOR

MNSA Pty Ltd  
Level 1, 283 George Street  
Sydney NSW 2000  
+61 2 9299 0901

## SECURITIES EXCHANGE LISTING

Australian Securities Exchange  
(Home Exchange: Sydney, NSW)  
ASX Code: GTI

## BANK

National Australia Bank Ltd  
255 George Street  
Sydney NSW 2000





GRATIFIED LIMITED  
WWW.GRATIFIED.COM  
SUITE 2, LEVEL 1, 44A FOVEAUX STREET  
SURRY HILLS NSW 2010