

# Half Year Report and Appendix 4D

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

### Results for announcement to the market

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

#### 1. Reporting period details

Current reporting period: Half-year ended 31 December 2023 (1HFY2024)  
Previous corresponding period: Half-year ended 31 December 2022 (1HFY2023)

#### 2. Results

Results	Direction	%		Half Year Ended 31 Dec 2023		Half Year Ended 31 Dec 2022
Revenue from ordinary activities (\$'s) <sup>1</sup>	▼	-6.41%	to	8,674,712	from	9,268,421
Operating EBITDA (\$'s) <sup>2</sup>	▲	52.84%	to	(1,772,149)	from	(3,757,560)
Loss from ordinary activities after tax attributable to members (\$')	▲	80.63%	to	(3,236,540)	from	(16,707,381)
Net loss for the period attributable to members (\$')	▲	80.63%	to	(3,236,540)	from	(16,707,381)
Basic loss per share (NLAT) (cents)	▲	80.09%	to	(0.26)	from	(1.32)
Net tangible assets per share (cents)	▼	-40.27%	to	(2.10)	from	(1.50)

<sup>1</sup> Revenue from ordinary activities excludes interest income, other miscellaneous revenue.

<sup>2</sup> Non-IFRS item - see section 3 below.

#### Note:

The information contained in this Appendix, and the attached Half Year Financial Report, do not include all the notes of the type normally included in annual financial statements. Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Additional information supporting the Appendix 4D disclosure requirements can be found in the attached Directors' Report and the consolidated financial statements for the half- year ended 31 December 2023.

## 3. Summary of 1HFY2024 Operational Results

Performance	Ref	Half Year ended 31 Dec 23 \$	Half Year ended 31 Dec 22 \$
<b>Revenue</b>			
Fee income - Paid advertising		408,144	340,881
Fee income - Travel booking		9,712	12,317
Membership subscriptions		3,058,236	3,187,507
Enterprise sales		1,102,743	954,103
Seamless Rewards Success Fee		143,051	8,244
Gift card sales		3,853,583	4,765,369
Merchant Management Services		99,243	-
<b>Revenue from Ordinary Activities</b>		<b>8,674,712</b>	<b>9,268,421</b>
Miscellaneous income		29,120	90,619
<b>Total Gross Revenue<sup>2</sup></b>		<b>8,703,832</b>	<b>9,359,040</b>
Cost of gift cards		(3,735,857)	(4,622,292)
Operating costs		(6,740,124)	(8,494,308)
<b>Operating EBITDA<sup>1</sup></b>		<b>(1,772,149)</b>	<b>(3,757,560)</b>
<b>Significant one-off items<sup>1</sup></b>			
Asset impairment		-	(11,605,164)
Share based payments	6	(16,365)	62,141
Other significant items		-	-
<b>EBITDA<sup>1</sup></b>		<b>(1,788,514)</b>	<b>(15,300,583)</b>
Depreciation & amortisation		(76,350)	(458,087)
<b>EBIT<sup>1</sup></b>		<b>(1,864,864)</b>	<b>(15,758,671)</b>
Net interest expense <sup>2</sup>		(1,371,676)	(948,710)
<b>Profit/(loss) before tax</b>		<b>(3,236,540)</b>	<b>(16,707,381)</b>
Income tax benefit		-	-
<b>Net profit/(loss) after tax</b>		<b>(3,236,540)</b>	<b>(16,707,381)</b>

<sup>1</sup> Non-IFRS items

<sup>2</sup> Gross Revenue excludes interest income of \$15k (2023: \$18k), as this has been included in Net interest expense.

## 4. Revenue

Revenue from ordinary activities 1HFY2024 was \$8.7m compared to \$9.3m in 1HFY2023. This included:

- \$3.1m, or 35.2% from membership sales (1HFY2023: \$3.2m, 34.4%);
- \$1.1m, or 12.7% from enterprise client sales (1HFY2023: \$0.95m, 10.3%);
- \$0.42m, or 4.7% from fee income (1HFY2023: \$0.35m, 3.7%);
- \$0.14m or 1.65% from Seamless Rewards (1HFY2023: \$0.01m, 0.09%); and

- \$3.8m, or 44.4% from gift card sales (1HFY2023: \$4.8m, 51.4%).

Revenue from ordinary activities excluding Gift Cards was \$4.8m compared to \$4.5m in 1HFY2023, a 7% increase.

Membership revenue and Gift Cards witnessed a decrease of 4.1% and 19.1% respectively compared to the same period last year.

Enterprise revenue increased by 15.6% due to improved performance of Enterprise Client Programs, a direct result of re-platforming Enterprise program apps and enhancing customer engagement.

Revenue from Advertising and Travel combined increased by 18.3% compared to the previous year due to improved sales performance and the introduction of new clients.

Seamless Rewards success fee increased 1,686% because of the gradual scaling up of the card linked offers during 2QFY24, particularly for our Personalised Card Linked Offer program.

## 5. Operating EBITDA

The reported operating Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) loss before significant one-off items for 1HFY2024 was \$1.8m (1HFY2023: loss of \$3.8m). The significant improvement in Operating EBITDA is predominantly attributed to decreased operating expenditure, driven by:

- reduced employment costs resulting from a significant restructure in 2022.
- reduced outsourced labour (technology contractors) due to completion of key technology / re-platforming projects.
- consolidation of office premises.

## 6. Significant One-off Items - Share based payment - \$16k

During FY2024, the Board approved and implemented a Loan Funded Share Scheme (LFS) for Charles Romito; Non-executive director and implemented Performance rights arrangements for the Executive team and key personnel.

During the period, \$16k of share based payments were recognised to an equity reserve pursuant the terms of those schemes.

## 7. Non-IFRS Financial Information

Within this Appendix 4D the Directors have presented several pieces of non-IFRS financial information, including a calculation of Operating EBITDA, to better describe the operating results of the business to users of this report. The Directors believe that this additional disclosure allows users to better understand the business while it is navigating the current period of transformation. See section 3 above for a reconciliation of non-IFRS information to the IFRS results presented in the attached interim financial report.

## 8. Dividends

No interim dividend was paid or proposed for the period.

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

No control was gained or lost over entities during the half year ended 31 December 2023.

## 10. Independent Auditor's Review

The condensed consolidated financial statements for IncentiaPay Limited and its controlled entities for the half year ended 31 December 2023 have been reviewed by the Group's independent auditors (WilliamBuck) and a copy of their review report is included in the attached 31 December 2023 half-year financial report.

WilliamBuck have noted the various factors set out in the going concern discussion included in Note 1 of the 31 December half-year financial report and have included an emphasis of matter paragraph to draw attention to the factors outlined in Note 1 and therefore the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Signed:

Date: 12 February 2024



**Dean Palmer**  
Chair



**INCENTIAPAY LIMITED**

ABN 43 167 603 992

HALF-YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED  
31 DECEMBER 2023

# Contents

DIRECTORS' REPORT .....	1
AUDITOR'S INDEPENDENCE DECLARATION .....	5
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	6
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION .....	7
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY .....	8
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASHFLOWS .....	9
NOTES TO THE FINANCIAL STATEMENTS.....	10
DIRECTORS' DECLARATION .....	15
INDEPENDENT AUDITOR'S REVIEW REPORT.....	16

The Directors present their report on the consolidated entity IncentiaPay Limited and its controlled entities ("INP" or "the Group") for the half year ended 31 December 2023.

### Directors

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

- Dean Palmer
- Charles Romito
- Ani Chakraborty

### Company Secretary

Sean Coleman resigned effective 31 December 2023. Kunal Kapoor, joint Company Secretary will continue to act as Company Secretary of the Company.

### Review of Operations

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

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

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

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

### Financial Review

Revenue from ordinary activities decreased 6.4% versus the previous corresponding period to \$8.7m. This decrease in revenue resulted from a decrease in membership and gift cards sales, partially offset by increased revenues from enterprise clients, fee income, and seamless rewards success fees. Revenue from ordinary activities excluding Gift Cards was \$4.8m compared to \$4.5m in 1HFY2023, a 7% increase.

The Company continued the cost discipline path delivering cost reduction of 20% versus the previous corresponding period. Cost savings were achieved across all the key line items including employee costs, IT costs, building occupancy, and marketing costs.

The Company delivered an Operating EBITDA loss of \$1.8m (1HFY23 loss of \$3.8m) and loss before tax of \$3.2m (1HFY23 loss of \$16.7m). These results represent significant improvements over the prior comparable period.

Cash and cash equivalents of \$1.9m at the end of the period together with undrawn facilities of \$4.14m, provides the Company with sufficient short-term funding to manage existing operations and progress its revenue building strategy.

### Revenue

Revenue from ordinary activities during 1HFY2024 was \$8.7m compared to \$9.3m in 1HFY2023. This included:

- \$3.1m, or 35.2% from membership sales (1HFY2023: \$3.2m, 34.4%);
- \$1.1m, or 12.7% from enterprise client sales (1HFY2023: \$0.95m, 10.3%);
- \$0.42m, or 4.7% from fee income (1HFY2023: \$0.35m, 3.7%);
- \$0.14m or 1.65% from Seamless Rewards (1HFY2023: \$0.01m, 0.09%); and
- \$3.8m, or 44.4% from gift card sales (1HFY2023: \$4.8m, 51.4%).

Membership revenue and Gift Cards witnessed a decrease of 4.1% and 19.1% respectively compared to the same period last year.

Enterprise revenue increased by 15.6% due to improved performance of Enterprise Client Programs, a direct result of re-platforming Enterprise program apps and customer engagement.

Revenue from Advertising and Travel combined increased by 18.3% compared to the previous year due to improved sales performance and the introduction of new clients.

Seamless Rewards success fee increased 1,686% because of the gradual scaling up of the card linked offers during 2QFY24, particularly for our Personalised Card Linked Offer program.

### Net Loss After Tax

Reported net loss after tax (NLAT) for 1HFY2024 was \$3.2m (1HY2023: loss of \$16.7m).

### Operational Review

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

#### B2C business

IncentiaPay remains focused on its strategic growth pillar of growing B2C business revenues and continuing to support fundraisers through Entertainment Memberships. Continuing our strong history of supporting the community, we made contributions of \$0.40m to charities and not-for-profit organisations during the period. This is something that we are very proud of and remains a core value of our business now and into the future.

We continue to bring in new offerings for our members which allows them to enjoy big savings on everyday spending. As at the end of the half, the Company had nearly 8,000 merchant offers, making IncentiaPay a market leader in the sector.

#### B2B business

Re-platforming of the B2B 'Frequent Values' was completed successfully. Customers using our Enterprise program apps grew by 42% during 1HFY24 due to improved program performance and enhanced customer engagement.



### *Seamless Rewards*

During the half-year, IncentiaPay made strong progress with its B2B2C Seamless Rewards business. The Company successfully scaled up its partnership with one of the world's largest payment network providers to provide cash back offers under Personalised Card Linked Offers (PCLO).

A portfolio of offers across dining, travel and retail resulted in \$1.24m transaction value through the program during 1HFY24.

### **Outlook**

IncentiaPay continues to invest in our people, merchants, operating platforms, entertainment-based incentives and rewards programs to position the Company to support its members and eco-system partners. After significantly progressing cost reduction and technology improvement initiatives, we have embarked on a revenue growth strategy to increase revenues as follows:

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

To support our revenue growth strategy, we have recently hired Dean Vocisano as our Chief Growth Officer, an established revenue and growth leader in our market. With Dean on board and a far more robust business infrastructure, revenue-building will be a key emphasis during 2024.

### Events after the end of the Interim Period

None

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

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

Dated this 12<sup>th</sup> day of February 2024.



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Dean Palmer  
Chairman

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

### To the directors of IncentiaPay Limited

As lead auditor for the review of IncentiaPay Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of IncentiaPay Limited and the entities it controlled during the period.

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136

N. S. Benbow

**N. S. Benbow**  
Director  
Melbourne, 12 February 2024

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Consolidated Group	
		Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$
<b>Revenue and other income</b>	<b>2</b>	8,718,863	9,377,373
Direct expenses of providing services		(4,469,641)	(5,288,475)
Impairments		-	(11,605,164)
Employee expenses		(4,543,068)	(4,856,323)
Depreciation and amortisation expense		(76,350)	(458,087)
Building occupancy expense		(1,028)	(205,765)
Finance costs		(1,386,708)	(967,043)
Legal and professional costs		(103,823)	(184,020)
Marketing expenses		(344,917)	(940,835)
Website and communication		(400,437)	(710,917)
Bad debts		(19,576)	11,219
Other expenses		(609,855)	(879,344)
<b>Operating loss before income tax</b>		<b>(3,236,540)</b>	<b>(16,707,381)</b>
Tax benefit		-	-
<b>Net loss after tax for the period</b>		<b>(3,236,540)</b>	<b>(16,707,381)</b>
<b>Net loss after tax for the period attributable to members</b>		<b>(3,236,540)</b>	<b>(16,707,381)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to Profit or loss:</i>			
Gain arising from translating foreign controlled entities		7,592	37,586
<b>Total comprehensive loss for the period</b>		<b>(3,228,948)</b>	<b>(16,669,795)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents)		(0.26)	(1.32)

The accompanying notes form part of these financial statements.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Note	Consolidated Group	
		31-Dec-23 \$	30-Jun-23 \$
<b>Current assets</b>			
Cash and cash equivalents		1,893,693	1,825,406
Trade and other receivables		377,894	622,034
Inventories		68,779	71,354
Other assets	4	600,703	1,144,817
<b>Total current assets</b>		<b>2,941,069</b>	<b>3,663,611</b>
<b>Non-current assets</b>			
Property, plant and equipment		40,871	43,140
Intangible assets		914,743	973,758
<b>Total non-current assets</b>		<b>955,614</b>	<b>1,016,898</b>
<b>Total assets</b>		<b>3,896,683</b>	<b>4,680,509</b>
<b>Current liabilities</b>			
Trade and other payables		3,049,545	2,601,617
Lease liabilities		-	309,643
Borrowings	5	1,217,432	708,307
Deferred revenue		2,974,043	3,333,641
Provisions		367,694	516,809
<b>Total current liabilities</b>		<b>7,608,714</b>	<b>7,470,017</b>
<b>Non-current liabilities</b>			
Borrowings	5	20,998,162	18,451,051
Deferred revenue		229,474	488,684
Provisions		52,769	50,613
<b>Total non-current liabilities</b>		<b>21,280,405</b>	<b>18,990,348</b>
<b>Total liabilities</b>		<b>28,889,119</b>	<b>26,460,365</b>
<b>Net deficiency of assets</b>		<b>(24,992,436)</b>	<b>(21,779,856)</b>
<b>Equity</b>			
Issued capital		132,141,227	132,141,224
Reserves		370,190	346,233
Accumulated losses		(157,503,853)	(154,267,313)
<b>Total equity</b>		<b>(24,992,436)</b>	<b>(21,779,856)</b>

The accompanying notes form part of these financial statements.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Ordinary share capital	Accumulated losses	Foreign currency translation reserve	Share based payments reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	<b>132,141,215</b>	<b>(133,963,006)</b>	<b>322,099</b>	<b>167,062</b>	<b>(1,332,630)</b>
<b>Comprehensive income</b>					
Loss for the period	-	(16,707,381)	-	-	(16,707,381)
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	2,014	-	37,586	-	39,600
<b>Total comprehensive income for period</b>	<b>2,014</b>	<b>(16,707,381)</b>	<b>37,586</b>	<b>-</b>	<b>(16,667,781)</b>
<b>Transactions with owners, in their capacity as owners and other transfers</b>					
Vesting charge for share based payments	-	-	-	(62,141)	(62,141)
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(62,141)</b>	<b>(62,141)</b>
<b>Balance at 31 December 2022</b>	<b>132,143,229</b>	<b>(150,670,387)</b>	<b>359,685</b>	<b>104,921</b>	<b>(18,062,552)</b>
<b>Balance at 1 July 2023</b>	<b>132,141,224</b>	<b>(154,267,313)</b>	<b>346,233</b>	<b>-</b>	<b>(21,779,856)</b>
<b>Comprehensive income</b>					
Loss for the period	-	(3,236,540)	-	-	(3,236,540)
<b>Other comprehensive income</b>					
Exchange differences on translation of foreign operations	3	-	7,592	-	7,595
<b>Total comprehensive income for period</b>	<b>3</b>	<b>(3,236,540)</b>	<b>7,592</b>	<b>-</b>	<b>(3,228,945)</b>
<b>Transactions with owners, in their capacity as owners and other transfers</b>					
Vesting charge for share based payments	-	-	-	16,365	16,365
<b>Total transactions with owners and other transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,365</b>	<b>16,365</b>
<b>Balance at 31 December 2023</b>	<b>132,141,227</b>	<b>(157,503,853)</b>	<b>353,825</b>	<b>16,365</b>	<b>(24,992,436)</b>

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR  
THE HALF-YEAR ENDED 31 DECEMBER 2023

Consolidated Group		
	Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$
<b>Cashflows from operating activities</b>		
Receipts from customers	8,787,957	10,971,890
Payments to suppliers and employees	(10,538,950)	(14,558,223)
<b>Net cash used in operating activities</b>	<b>(1,750,993)</b>	<b>(3,586,333)</b>
<b>Cashflows from investing activities</b>		
Purchase of property, plant, and equipment	(15,065)	(3,327)
Interest received	14,634	18,333
Purchase of intangibles	-	(311,264)
Proceeds from term investments	332,209	139,764
<b>Net cash (used in)/provided by investing activities</b>	<b>331,778</b>	<b>(156,494)</b>
<b>Cashflows from financing activities</b>		
Proceeds from borrowings	1,930,000	6,500,000
Repayment of borrowings	-	(3,862)
Interest and other finance costs	(211,931)	(809,359)
Principal element of lease payments	(232,699)	(449,231)
<b>Net cash provided by financing activities</b>	<b>1,485,370</b>	<b>5,237,548</b>
Net increase/(decrease) in cash held	66,155	1,494,721
Effects of exchange rate changes on cash held	2,132	(227)
Cash and cash equivalents at beginning of financial period	1,825,406	977,727
<b>Cash and cash equivalents at the end of the financial period</b>	<b>1,893,693</b>	<b>2,472,221</b>

## Note 1 | Material Accounting Policy Information

### Basis of preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Incentiapay Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2023, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the date of signing the attached Directors' Declaration.

### Going concern

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

On 31 December 2023 the Group had cash on hand of \$1.89 million and a net current asset deficiency of \$4.67 million. During the year ended 31 December 2023, the Group incurred a net loss before tax of \$3.2 million and incurred net cash outflows from operating activities of \$1.75 million.

The Directors have prepared cashflow forecasts for the period from 1 January 2024 to 31 March 2025 that support the ability of the Group to continue as a going concern. Key items of the forecasts:

- Company was able to secure the extension of the debt repayment date of NGCH and Suzerain loan to December 2025 from December 2024.
- Focus on growing key revenue areas through re-engagement of the Fund raiser channel, acquisition of new clients in B2B space and growing transaction linked revenues.
- Continuing the costs discipline as evidenced during last 2 years (manpower and technology optimization, reduced property footprint etc.)

The ongoing operations of the Group is critically dependent upon the Group continuing to access the Suzerain and related parties financing facilities, the success of the revenue growth strategies, the success of the CLO business venture, and maintaining the projected cost base.

As of 31 December 2023, the Group had undrawn financing facilities from Suzerain and related parties totaling \$4.1 million. See note 5 for further information. This undrawn amount has reduced to \$3.6 million at the date of the approval of this interim financial report.

Considering the financial result for the half-year period ended 31 December 2023 and the inherent uncertainty and highly sensitive assumptions present within the cashflow forecasts, there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors have reasonable grounds to believe that the ongoing financial support of Suzerain and its related entities is likely to continue, and accordingly have prepared the financial report on a going concern basis.



## Note 2 | Revenue

	Consolidated Group	
	Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$
Fee income-Paid advertising	408,144	340,881
Fee income-Travel booking	9,712	12,317
Membership subscriptions	3,058,236	3,187,507
Enterprise sales	1,102,743	954,103
Gift card sales	3,853,583	4,765,369
Seamless Rewards Success Fee	143,051	8,244
Merchant Management Services	99,243	-
<b>Revenue from contracts with customers</b>	<b>8,674,712</b>	<b>9,268,421</b>
Other income	29,120	90,619
Interest income	15,031	18,333
<b>Total revenue and other income</b>	<b>8,718,863</b>	<b>9,377,373</b>

## Note 3 | Operating Segments

### Accounting policy

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance. IncentiaPay Limited manages the Group as two segments, being the Entertainment business and Seamless Rewards business.

	Entertainment		Seamless Rewards		Total	
	Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$	Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$	Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$
<b>Revenue and other income</b>	8,476,570	9,369,129	242,293	8,244	8,718,863	9,377,373
Direct expenses of providing services	(4,360,799)	(5,286,281)	(108,842)	(2,194)	(4,469,641)	(5,288,475)
Impairments	-	(11,605,164)	-	-	-	(11,605,164)
Employee expenses	(4,402,330)	(4,777,812)	(140,738)	(78,511)	(4,543,068)	(4,856,323)
Depreciation and amortisation expense	(17,334)	(369,564)	(59,016)	(88,523)	(76,350)	(458,087)
Building occupancy expense	(1,028)	(205,765)	-	-	(1,028)	(205,765)
Finance costs	(1,386,708)	(967,043)	-	-	(1,386,708)	(967,043)
Legal and professional costs	(103,823)	(184,020)	-	-	(103,823)	(184,020)
Marketing expenses	(344,917)	(940,835)	-	-	(344,917)	(940,835)
Website and communication	(343,155)	(614,645)	(57,282)	(96,272)	(400,437)	(710,917)
Bad debts	(19,576)	11,219	-	-	(19,576)	11,219
Other expenses	(609,795)	(568,432)	(60)	(310,912)	(609,855)	(879,344)
<b>Segment profit/ (loss) before income tax</b>	<b>(3,112,895)</b>	<b>(16,139,213)</b>	<b>(123,645)</b>	<b>(568,168)</b>	<b>(3,236,540)</b>	<b>(16,707,381)</b>

### Note 3 | Operating Segments (Continued)

	Entertainment		Seamless Rewards		Total	
	Half-year ended		Half-year ended		Half-year ended	
	31-Dec-23	30-Jun-23	31-Dec-23	30-Jun-23	31-Dec-23	30-Jun-23
	\$	\$	\$	\$	\$	\$
Segment total assets	2,769,122	3,679,311	1,127,561	1,001,198	3,896,683	4,680,509
Segment total non-current Assets	40,871	43,140	914,743	973,758	955,614	1,016,898
Segment total liabilities	26,870,412	24,691,665	2,018,708	1,768,700	28,889,119	26,460,365

### Revenue by geographical location

The geographic information presented in the table below is included to facilitate a better understanding of Entertainment's geographic footprint, however, is not regularly monitored or reviewed by management as separate segments. Revenue attributable to external customers and other income is disclosed in the below table relative to the country in which it is derived and invoiced.

	Half-year ended 31-Dec-23 \$	Half-year ended 31-Dec-22 \$
Australia	8,132,854	8,776,206
New Zealand	586,009	601,167
<b>Total</b>	<b>8,718,863</b>	<b>9,377,373</b>

### Note 4 | Other assets

	Consolidated Group	
	Half-year ended 31-Dec-23 \$	Year ended 30-Jun-23 \$
<b>Current</b>		
Short term investments <sup>1</sup>	109,261	445,224
Prepayments	133,771	374,003
Deferred commission <sup>2</sup>	357,671	325,590
<b>Total Other Assets</b>	<b>600,703</b>	<b>1,144,817</b>

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

2. Sales commission paid to fundraiser partners for the sale of Entertainment Memberships is an incremental cost of obtaining contracts with customers and is initially recognised as a prepayment on the balance sheet, and subsequently amortised as an expense through the income statement in line with the recognition of revenue from associated Membership sales.

INCENTIAPAY LIMITED AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

**Note 5 | Borrowings**

	Consolidated Group	
	Half-year ended 31-Dec-23 \$	Year ended 30-Jun-23 \$
<b>Current</b>		
Transformational capital facility	1,208,218	-
Interest bearing loan	-	699,093
NZ Business cashflow loan	9,214	9,214
<b>Total Current Borrowings</b>	<b>1,217,432</b>	<b>708,307</b>
<b>NON-CURRENT</b>		
Transformational capital facility	-	1,207,807
Interest bearing loan	734,235	-
New Gold Coast Holdings facility	20,258,553	17,233,393
NZ Business cashflow loan	5,374	9,851
<b>Total Non-Current Borrowings</b>	<b>20,998,162</b>	<b>18,451,051</b>
<b>Total Borrowings</b>	<b>22,215,594</b>	<b>19,159,358</b>

	Interest bearing loan \$	Transformational capital facility \$	New Gold Coast Holdings Loan facility \$	NZ Business Cashflow Loan \$
Facility limit	500,000	1,200,000	22,500,000	27,680
Available funds	-	-	4,141,268	-
Interest rate	10% per annum	12.5% per annum	12.5% per annum	3% per annum
Line fees	N/A	2,000 per month	The line fees have been replaced by a fixed monthly admin fee.	N/A
Admin fees	N/A	N/A	27,500 per month	N/A
Maturity date	31/12/2025 <sup>1</sup>	31/12/2024	31/12/2025 <sup>1</sup>	19/07/2025
Security	Security over all the Group's present and future property	Second ranking security over all the Group's present and future property	Second ranking security over all the Group's present and future property	Unsecured
<b>Opening balance as at 1 July 2023</b>	<b>699,093</b>	<b>1,207,807</b>	<b>17,233,393</b>	<b>19,065</b>
Drawn down	-	-	1,930,000	-
Interest expenses	35,142	75,618	1,095,160	217
Line fees	-	12,000	-	-
Admin fees	-	-	165,000	-
Interest repaid	-	(75,207)	-	(217)
Line fees repaid	-	(12,000)	-	-
Admin fees repaid	-	-	(165,000)	-
Loan repaid	-	-	-	(4,477)
<b>Closing balance as at 31 December 2023</b>	<b>734,235</b>	<b>1,208,218</b>	<b>20,258,553</b>	<b>14,588</b>

1. The Principal and Interest payment now deferred to 31 December 2025.

## Note 5 | Borrowings (Continued)

### Interest bearing loan

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

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

Accordingly, \$19.3 million including accrued interest on the convertible loan was converted to equity with the issuance of 410,643,766 ordinary shares (4.7cent per share) in the Company. \$0.5m of the convertible loan was left in the loan in which Suzerain had the option to convert up until 30 June 2020. The option lapsed as the loan was not converted at 30 June 2020. The balance remaining on this loan is \$0.66m (Including interest) and will remain as a secured interest-bearing loan until repaid. The Interest-bearing loan matured on 30 September 2020. The Company signed an amendment deed in August 2023 to defer the Principal and Interest payment to 31 December 2024 and another amendment deed in December 2023 to defer the Principal and Interest payment to 31 December 2025.

### Transformational capital facility

Skybound Fidelis Investment limited as trustee for the Skybound Fidelis Credit Fund (Skybound) (a related entity of Suzerain) provided the Group with a \$1.2 million facility for the transformational capital expenditures. During the AGM in December 2020, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain). As at 30 June 2022 this loan facility has been fully drawn down.

The original repayment date for this loan was 11 February 2022, however, as part of the Group's debt management plans, the repayment date has been renegotiated and has been deferred to 31 December 2024.

### New Gold Coast Holdings Loan Facility

New Gold Coast Holdings Limited (NGCH), a related party of Suzerain, provided a \$5 million Loan facility that was approved on 3 June 2021. The funds have been predominantly used to expedite the development of the company's technology and customer experience platforms and to provide contingent working capital due to seasonal cash inflows. During the AGM on the 20 January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). During the EGM on 23 May 2022, IncentiaPay Ltd gained shareholder approval to enter a convertible loan deed with New Gold Coast Holdings Limited which extended the total facility to \$22.5m and deferring the repayment date to 31 December 2024. Convertible loan deed provides an option to NGCH to convert the principal outstanding under the facility into the shares of the company at higher of a) A\$0.022 per share or b) the volume weighted average price of Shares traded on ASX during the period of 30 trading days concluding on the trading day before the issue date of the relevant Conversion Shares, plus an additional 20%.

The Company signed an amendment deed signed in December 2023 to defer the principal and interest payment until 31 December 2025. As at 31 December 2023 the current principal amount outstanding was \$18.4m and interest outstanding is \$1.9m. The undrawn portion of the facility as at 31 December 2023 was \$4.1m.

### NZ Business Cashflow Loan

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

## Note 6 | Fair Value Measurement

Financial assets and liabilities are measured at either fair value or amortised cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There have been no changes in the nature of the financial assets or liabilities or changes to the way the Group measures fair value since 31 December 2023. Refer to the 30 June 2023 consolidated financial statements for further information. The carrying amounts of all financial assets and liabilities recognised in the consolidated interim financial statements approximate their fair value. For the period ended 31 December 2023 all materially significant financial assets and liabilities had Level 1 fair valuations (31 December 2022: Level 1).

## Note 7 | Events after the end of the Interim Period

None

## Note 8 | Contingent liability

### Security deposit

The parent entity has given a guarantee for credit cards facility of \$0.1m as at 31 December 2023.

## Directors' Declaration

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

1. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The attaching financial statements and notes are in accordance with the Corporations Act 2001 and:
  - a) comply with Accounting Standard AASB 134: Interim Financial Reporting, and
  - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of the performance for the half-year ended on that date.

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

Dated this 12th day of February 2024.



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Dean Palmer

Chairman

## Independent auditor's review report to the members of IncentiaPay Limited

### Report on the half-year financial report



#### Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of IncentiaPay Limited (the Company), and its controlled entities (together, the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report which indicates that the Group during the half-year ended 31 December 2023 incurred a net loss before income tax of \$3.24 million and net operating cash outflows of \$1.75 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our conclusion is not modified in respect of this matter.

## Responsibilities of the directors for the half-year financial report

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

## Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**N. S. Benbow**  
Director  
Melbourne, 12 February 2024