

Cettire  
Annual Report  
2023



CETTIRE









## About Cettire

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Launched in 2017, Cettire is a global online platform, offering a large selection of in demand personal luxury goods via its website, [cettire.com](http://cettire.com). Cettire has access to an extensive catalogue of more than 2,500 luxury brands and more than 500,000 products of clothing, shoes, bags, and accessories. Visit [www.cettireinvestors.com](http://www.cettireinvestors.com)

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## 2023 Highlights

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Cettire continued its rapid global growth, with profitable revenue surpassing \$400m. The Group's localisation strategy is delivering results with revenue from emerging markets outpacing the Group. Cettire is rapidly growing share in a large and growing global market, which benefits from the structural shift to online.

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98%

Sales revenue growth

423k

Active customers

58%

Gross revenue from repeat customers

# Chairman's Letter

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## Dear Shareholders, On behalf of the Board, I am pleased to present Cettire's FY23 Annual Report.

In FY23, the Group maintained its exceptional growth trajectory, delivering sales revenue of \$416 million, an increase of 98% versus the prior year.

Through adjusting certain operating settings and returning to Cettire's core profitable growth strategy, the Company was able to drive significant improvements in unit economics, overall profitability and enhanced cash flow. This was supplemented with disciplined investment throughout the year.

All of this was achieved whilst adjusting quickly to an uncertain and more volatile external market environment.

The FY23 results really underscore the strength and agility of Cettire's business and its management team. Importantly, the business continues to strengthen as it scales.

The breadth of the growth is also very encouraging. Cettire's established markets continued to go from strength-to-strength, with gross revenues increasing by 77% year-on-year. Emerging markets, where market penetration and brand awareness remains low, increased gross revenues by 144% year-on-year. There remains considerable scope to drive further penetration beyond the Group's established markets, particularly as Cettire takes advantage of the localisation features it has deployed over the last 12 months.

Key areas for investment remain technology, marketing and people.

Localisation was a paramount focus area for engineering throughout FY23, launching currency, payments and multi-language features. Each of these have improved customer experience and conversion across a number of Cettire's emerging markets

Strong growth in supply chain has also endured as the Group continues to scale. Available virtual inventory is now around \$2 billion, reflective of the strength and scale of Cettire's platform as well as the attractiveness of its proposition across the supply chain.

## Outlook

The Group's growth potential is significant. With the development and successes of the business in FY23, the business is well placed to continue its pursuit of growth in established and emerging markets into FY24 and beyond. China remains the key new market opportunity for Cettire and we look forward to launching in that market soon.

## Acknowledgements

I thank the Board, Founder and CEO Dean Mintz and the Management team for their contribution over the past year. Thank you to our shareholders who have also invested in the growth potential of Cettire.

The business continues to demonstrate exceptional operating and growth momentum and I look forward to building long term value as Cettire continues to execute on its strategic objectives.



**Kerry Robert (Bob) East**  
Chairman and Non-Executive Director











# CEO's Letter

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## Dear Shareholders, FY23 has been another year of tremendous growth and transformation for Cettire.

It's incredible to look back and observe how much has been accomplished, notwithstanding a global market backdrop of uncertainty and volatility.

As I noted in last year's report, Cettire is a business that gets better with scale. Further, we have a nimble and flexible business that can generate attractive profits when it is operated to do so.

The exceptional financial results achieved during FY23 illustrate this:

- Sales revenue increased by 98% to \$416.2 million;
- Adjusted EBITDA of \$29.3 million compared with (\$21.5) million in FY22, representing a year-on-year improvement of \$50.8 million; and
- Net profit after tax of \$16.0 million compared with (\$19.1 million) in FY22, representing a year-on-year improvement of \$35.1 million.

Viewed across the longer term, we have increased our revenue base by almost 20x since FY20.

The strong profit results highlight the advantages of our proprietary software-driven automation and the uniqueness of our business model. Cettire benefits significantly from a highly flexible cost base, low overheads and minimal inventory exposure.

When I look across at other software and technology-enabled businesses, Cettire stands out for its ability to consistently grow at rapid pace, whilst achieving attractive levels of profitability and capital efficiency.

In FY23, Cettire continued its focus on profitable growth through:

- rapidly driving scale in the core business;
- enhancing our technology platform;
- expanding our product offering and supplier network; and
- growing our addressable market via adjacencies.

We made targeted investments in customer acquisition and brand, placing greater emphasis on faster payback marketing channels. Through successful execution of our marketing initiatives, we added more than 160,000 active customers, whilst reducing customer acquisition costs by 30% year-on-year to \$96. The efficiency of our marketing enabled the business to grow extremely quickly, whilst

actually reducing total advertising and marketing costs by 15% year-on-year.

The scope to drive market penetration across our geographic footprint remains substantial. Gross revenues in our established markets (US, UK, Australia) grew 77% year-on-year, whilst our emerging markets increased by 140%. This highlights the merits of our localisation initiatives, continually improving Cettire's competitive positioning beyond our established markets, while providing an additional layer of growth.

Throughout the year, we also made significant continued investments in our technology platform, particularly the deployment of localisation features, which remains a key focus. Notably, we launched multi language capabilities in 6 languages including Chinese, Japanese and Spanish.

We have considerable momentum in the luxury supply chain. During the year, Cettire achieved significant ongoing growth across its global supply chain, with the value of available inventory now around \$2 billion.

In line with our strategy to make our platform available to all members of the luxury supply chain, we also experienced continued growth in our direct brand relationships. As an example, we announced a commercial agreement with Zegna to directly integrate and sell their products on the Cettire platform.

China – the world's largest luxury market – continues to represent a significant adjacent opportunity for Cettire. Due to the scale and significance of the opportunity, we have taken a disciplined approach to setting up our Chinese business, doing so in a way that affords Cettire the greatest optionality around the market. We remain excited around the China market and are well advanced in our preparations for launch, which would provide significant incremental growth potential.

Our accomplishments over the last 12 months reflect the dedication of our exceptional team. On behalf of the Board of Directors and the executive, I wish to acknowledge and thank the team for their continued dedication and focus.

I would also like to sincerely thank our customers, suppliers, shareholders and all of our partners for their ongoing support throughout the year. While I am pleased with our progress to date, the opportunity ahead of Cettire is tremendous and we are only at the beginning of our journey.



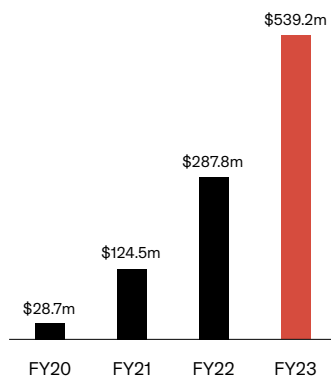
**Dean Mintz**  
CEO



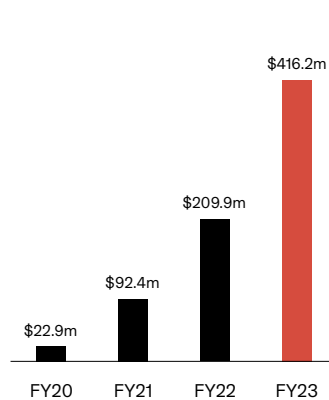
## Performance Highlights

# \$416.2m

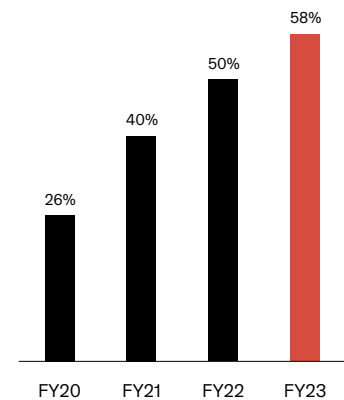
Sales revenue,  
an increase of  
98% on FY22



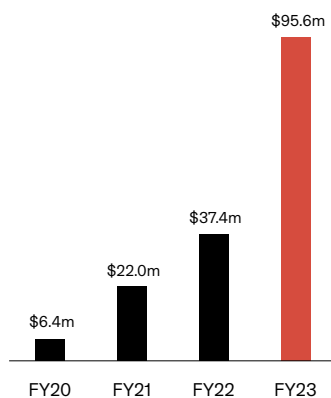
Gross revenue<sup>1</sup>



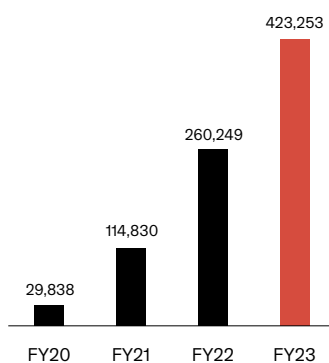
Sales revenue



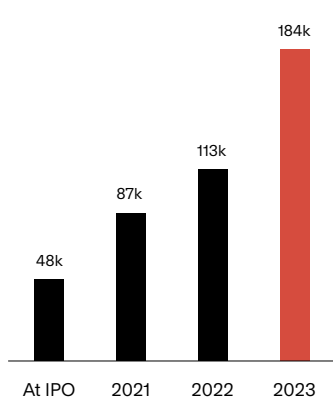
Share of gross revenue from repeat customers



Delivered margin



Active customers<sup>2</sup>



Published in-stock products

1 Cettire uses gross revenue as a non-IFRS measure of business performance and represents revenue net of GST/VAT/sales taxes but is exclusive of returns from customers.

2 Active Customers are unique customers who have made a purchase in the last 12 months.







# Directors' Report

Your directors present their report on the consolidated entity (the "Group" or "Cettire") consisting of Cettire Limited (the "Parent" or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023. Refer to note 32 of the financial report for further information on the Group entities.

## Directors

The following persons were directors of Cettire Limited during the financial year and up to the date of this report:

Kerry (Bob) East, Chairman and Non-Executive Director  
Dean Mintz, Executive Director and Chief Executive Officer  
Bruce Rathie, Non-Executive Director  
Richard (Rick) Dennis, Non-Executive Director

## Company Secretary

Fiona van Wyk was Company Secretary during the year and up to the date of this report.

## Principal activities

During the year the principal continuing activities of the Group consisted of online retail sales. There was no change in the principal activities during the year.

## Review of operations

During the year ended 30 June 2023, Cettire achieved several important milestones and delivered strong business results including:

- Sales revenue of \$416.2 million, up 98% on the prior corresponding period ("pcp");
- Active customers<sup>1</sup> growing to 423,253 (63% growth vs pcp);
- 709,386 orders processed, up 76% on the pcp; and
- 58% of gross revenue from returning customers (50% in the pcp).

## Financial performance

Sales revenue for the year was \$416.2 million (2022: \$209.9 million), an increase of 98% on the pcp. Growth was driven by a combination of customer growth and sales revenue per active customer which increased to \$983 (2022: \$806).

Statutory gross margin increased in the year to \$95.6 million (2022: \$37.4 million), driven by growth in revenue and a reduction in variable costs relative to sales revenue. Gross margin percentage has increased to 23.0% (2022: 17.8%), driven by a lower returns rate and lower fulfilment costs.

Advertising and marketing expense reduced to \$36.6 million (2022: \$43.0 million) due to optimisation of our marketing channels and greater geographic focus in investment.

The improvement in gross margin and reduction in advertising and marketing expense translated into statutory net profit/(loss) after tax of \$16.0 million (2022: \$(19.1) million).

## Financial position

The Group ended the period with a cash and cash equivalents balance of \$46.3 million and zero debt (2022: \$22.7 million cash and cash equivalents and zero debt).

The Group generated positive cash flows from operations of \$36.5 million (2022: \$14.7 million deficit), reflecting the strong profitability and a working capital inflow.

## Strategy

Cettire's strategic focus is to profitably grow its core business and to continue to drive the significant growth trajectory the Group has achieved to date. Cettire believes there is an opportunity to significantly increase its share of, and to benefit from further growth in, the personal luxury goods market and the transition to online shopping by building on Cettire's own brand awareness and customer proposition and improving core infrastructure to generate stronger customer and unit economics.

Cettire seeks to leverage technology to add significant value across the luxury value chain. Underpinned by the strength of its supply chain and proprietary technology, the Group's strategic priorities include:

- Continued growth in established markets;
- Increase penetration in emerging markets; and
- Expansion into new markets and verticals.

<sup>1</sup> Active Customers are unique customers who have made a purchase in the last 12 months



## Key risks

There are a number of market, financial and operational risks both specific to the Group and externally that could have an adverse effect on the Group's future performance. The Group has a risk management framework in place with internal control systems to identify key business risks and mitigate them to an acceptable level. The material business risks are summarised below:

End market dynamics including global demand for personal luxury goods and e-commerce penetration of the luxury industry	<p>Whilst the overall global personal luxury goods market has been growing, many of Cettire's products are discretionary, luxury goods and, as a result, sales levels are highly sensitive to consumer sentiment.</p> <p>Furthermore, the online segment of the market for personal luxury goods has been growing as there has been a change in consumer buying behaviour towards online retail stores and away from in-store sales. A lessening of consumer preference for online personal luxury goods retailers in general, and Cettire's online platform in particular, would result in an adverse effect on the Group's business and operating results, as Cettire does not have a physical retail presence to offset a decline in online sales.</p> <p>Further, there is no guarantee that the overall personal luxury goods market will continue to grow or that consumers will maintain an increasing preference to purchase online.</p>
Competitive activity	<p>Cettire competes for customers with a wide variety of other businesses including traditional physical retailers, brands selling their own products online, online marketplaces, and Australian and international online retailers. Cettire could be adversely affected by increased competition or new competitors in the various markets in which it operates.</p>
Disruption to supply chain	<p>Cettire's ability to offer a wide variety of brands, categories and product types is a key contributor to the appeal of its business to customers. Cettire does not have exclusive arrangements with branded goods suppliers, with many of its supply agreements being relatively short-term and/or terminable at will. As a result, there is a risk that Cettire may be unable to continue to source products or services from existing suppliers or service providers, and in the future, to source products from new suppliers or services from new service providers, at favourable prices, on favourable terms, in a timely manner or in sufficient volume or quality.</p> <p>Further, there remains a risk that the spread of COVID-19, or a similar event, and any government or industry measures in response to such an event could have an adverse impact on Cettire's supply chain. This could occur if the ability to transport products between countries is disrupted, key suppliers are negatively affected or the Group is otherwise unable to efficiently distribute products to customers.</p>
Reliance on third party payment and logistics services	<p>Cettire relies on the services provided by third parties, including banking and payment providers, credit card companies and logistics providers, to deliver ordered products to customers. Any third-party system or service failure, which, for example, hinders Cettire's ability to effect payment transactions, could adversely affect customer experience by reducing the attractiveness of Cettire's business, thereby limiting future sales.</p>
Unauthorised use of Cettire's intellectual property	<p>Cettire may take legal action against the authorised use, or infringement, of Cettire's intellectual property by third parties. In such circumstances, Cettire is likely to incur legal or other fees even if successful, and if unsuccessful the Group may be unable to prevent the misappropriation of its intellectual property and proprietary information.</p>



# Directors' Report (Continued)

Inadvertent sale of infringing products	Because Cettire relies on third-party suppliers to deliver goods to its customers, there is a risk that branded products offered and supplied for sale through Cettire's online platforms may infringe the intellectual property rights of third parties or other products. The inadvertent sale of such products could expose Cettire to allegations, claims and litigation from such third-party intellectual property owners, which could result in damage to Cettire's reputation and may have a material adverse effect on Cettire's financial and operational performance.
IT security, data and performance risks	<p>Cettire's databases of customers, suppliers and data analytics are critical assets for its continued success. Such databases are subject to various risks including computer viruses, electronic theft, physical damage resulting in a loss or corruption of data, operating system failures, third-party provider failures and similar disruptions. Cettire's efforts to combat such risks might not be successful and there is a risk that a data breach may occur, or a third-party may gain access to the confidential information of Cettire's customers or its internal systems and databases.</p> <p>If Cettire's IT and management systems do not function properly (including due to the actions of a third-party service provider), there could be system disruptions, corruption in databases or other electronic information, delays in sales events, delays in transaction processing, website slowdown or unavailability, loss of data or the inability to accept and fulfil customer orders which, if sustained or regular, could materially adversely affect Cettire's reputation and the Group's financial and operational performance.</p> <p>Further, a breach or loss involving personal data of Cettire's customers could (depending on the nature and extent of the data involved) have material exposure for legal liability to customers, and significant reputational damage.</p>
Attraction and retention of key employees	Cettire relies on the expertise, experience and strategic direction provided by its senior executives, in particular Dean Mintz. Additionally, successful operation of Cettire's business depends on its ability to attract and retain quality employees. Competition within the Company's markets could increase the demand for, and cost of hiring, quality employees.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

## Dividends

No dividends were paid or declared during the year (2022: none).

## Events occurring after balance sheet date

In the opinion of the Directors, there have been no matters or circumstances which have arisen between 30 June 2023 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the Group's state of affairs in future financial periods.

## Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

## Environmental regulation

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



## Information on Directors

### Directors' qualifications and experience

Name	Kerry Robert East (Bob)
Title	Independent Non-Executive Director and Chairman
Experience and expertise	<p>Bob has more than 20 years' experience in ASX listed organisations and government agencies. With proven leadership capability and expertise, Bob served as CEO of the Mantra Group for 12 years where he established Mantra Group as one of the largest hotel groups in Australia. He led Mantra Group to a successful ASX listing in June 2014 which culminated in its inclusion in the ASX 200 in 2015. In 2018, Bob was instrumental in and managed Mantra Group's \$1.3bn acquisition by AccorHotels, one of the world's largest hotel operators.</p> <p>Bob is currently Non-Executive Chairman of Australian Venue Co Pty Ltd, the Gold Coast Football Club (Suns AFL) and Leisure Accommodation Collective Pty Ltd.</p> <p>Bob holds an MBA from the University of New England.</p>
Other current listed company directorships	Experience Co Limited (ASX:EXP) – Non-Executive Chairman (from April 2018)
Former listed company directorships (last 3 years)	None
Special responsibilities	<p>Chairman of the Board</p> <p>Member of the Audit &amp; Risk Committee</p> <p>Member of the Remuneration and Nomination Committee</p>
Interests in shares	2,000,000 (Direct and Indirect)
Interests in options over shares	Nil
Interests in rights	Nil
Name	Dean Mintz (Dean)
Title	Executive Director and Chief Executive Officer
Experience and expertise	<p>Dean is the founder of Cettire, which he launched in 2017 out of Ark Technologies Pty Ltd, an incubator founded by Dean in 2014. Ark Technologies focused on developing technological innovation in social media, mobile, web applications and e-commerce.</p> <p>Prior to Cettire, Dean ran a digital agency offering software development, web design and internet marketing services with a prestigious client base including international corporate clients and local government.</p> <p>Dean has a 15-year long career as a serial entrepreneur, with a focus on cutting-edge technology.</p> <p>Dean holds a Bachelor of Information Systems and Bachelor of Commerce (Finance) from the University of Melbourne.</p>
Other current listed company directorships	None

## Directors' Report (Continued)

Former listed company directorships (last 3 years)	None
Special responsibilities	None
Interests in shares	175,142,329 (Direct)
Interests in options over shares	Nil
Interests in rights	Nil
Name	Bruce Rathie (Bruce)
Title	Independent Non-Executive Director
Experience and expertise	<p>Having completed successful careers in law and finance, Bruce has been a professional Non-Executive Director for more than 20 years.</p> <p>His legal career included partnership of a prominent private law firm and following that, Senior Corporate Counsel to Robert Holmes a Court's Bell Resources Limited in the 1980s. He pursued a career in investment banking in New York before returning to Sydney in 1990 where he continued his investment banking career predominantly at Salomon Smith Barney which secured joint lead manager roles in the privatisation or IPOs of Qantas, Commonwealth Bank and Telstra.</p> <p>Bruce is currently Non-Executive Director of Capricorn Mutual Limited and Non-Executive Director of Capricorn Society Limited.</p> <p>Bruce holds an LLB and B Commerce from the University of Queensland and an MBA from University of Geneva. Bruce is also a Fellow of the Australian Institute of Company Directors, Australian Institute of Managers &amp; Leaders and the Governance Institute of Australia. Bruce also holds a Graduate Diploma in Company Secretarial Practice (Governance) from the Governance Institute of Australia and a Diploma Company Director from the Australian Institute of Company Directors (AICD).</p>
Other current listed company directorships	<p>PolyNovo Limited (ASX:PNV) (from February 2010)</p> <p>4DMedical Limited (ASX:4DX) – Non-Executive Chairman (from December 2019)</p> <p>Cleanspace Holdings Limited (ASX:CSX) – Non-Executive Chairman (from November 2021)</p>
Former listed company directorships (last 3 years)	Netlinkz Limited (ASX:NET) (until 19 November 2020)
Special responsibilities	<p>Chairman of the Remuneration and Nomination Committee</p> <p>Member of the Audit &amp; Risk Committee</p>
Interests in shares	810,000 (Direct and Indirect)
Interests in options over shares	Nil
Interests in rights	Nil



Name	Richard Dennis (Rick)
Title	Independent Non-Executive Director
Experience and expertise	<p>Rick had a 34-year career with Ernst &amp; Young (EY) in Australia and Asia-Pacific. He was Queensland Managing Partner from 2001 to 2007 and again in 2014. Rick established and led EY Australia's China Business Group in 2005 and was CFO and Deputy COO of the firm in Asia Pacific from 2010 to 2013. Rick was a member of the firm's inaugural Asia Pacific executive board and sat on several of EY's global boards and committees.</p> <p>Rick is currently a member of the Queensland Advisory Board of Australian Super and holds several directorships and committee membership roles in public and private companies in Australia.</p> <p>Rick is a Chartered Accountant and holds an LLB and B Comm from the University of Queensland.</p>
Other current listed company directorships	<p>Motorcycle Holdings Limited (ASX:MTO) (from August 2016)</p> <p>Apiam Animal Health Limited (ASX:AHX) (from November 2016)</p> <p>Step One Clothing Limited (ASX:STP) (from November 2021)</p> <p>AF Legal Group Limited (ASX:AFL) – Non-Executive Chairman (from July 2022)</p> <p>Energy Resources of Australia Limited (ASX:ERA) – Non-Executive Chairman (from November 2022)</p>
Former listed company directorships (last 3 years)	None
Special responsibilities	<p>Chairman of the Audit &amp; Risk Committee</p> <p>Member of the Remuneration and Nomination Committee</p>
Interests in shares	25,000 (Direct)
Interests in options over shares	Nil
Interests in rights	Nil

**'Other current listed company directorships'** quoted above are current directorships for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

**'Former listed company directorships (last 3 years)'** quoted above are directorships held in the last 3 years for listed entities only and exclude directorships of all other types of entities, unless otherwise stated.

# Directors' Report (Continued)

## Company Secretary

Fiona van Wyk Fiona has over 25 years' company secretarial, corporate governance and corporate compliance experience, most notably as Company Secretary of the Mantra Group (ASX 200) where she was integral to the listing of Mantra Group on the ASX in 2014 and the sale of the business to AccorHotels in 2018.

Fiona is a qualified Chartered Secretary and holds a Diploma in Corporate Law from the University of Johannesburg.

Fiona is a Fellow member of Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

## Meetings of directors

The number of meetings of the Parent's Board of Directors (the "Board") and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

Director	Board of Directors		Audit & Risk Management Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Bob East	8	8	4	4	2	2
Bruce Rathie	8	8	4	4	2	2
Rick Dennis	8	8	4	4	2	2
Dean Mintz	8	8	NA	NA	NA	NA

NA - not a member of the relevant committee.

## Remuneration report (audited)

### A. INTRODUCTION

The Directors of Cettire are pleased to present the Remuneration Report ("Report") for the Key Management Personnel ("KMP") for the financial year ended 30 June 2023.

The Group's remuneration practices aim to:

- Align the business needs, goals and financial and operational objectives of the Group with the long-term sustainable growth in shareholder value; and
- Motivate, retain, and attract key Executives.

In FY21, the Board introduced a short-term incentive (STI) framework for its Executive KMP. The STI framework, effective from FY22, is outlined in section C of this Report.

The Employee Incentive Plan (the "Plan") is designed with flexibility to award key employees with options, service rights and performance rights aimed at delivery of the long-term success of the Group in line with the interests of shareholders.

During FY23, the Board:

- Granted service rights to selected employees aimed at long-term talent retention.

This Report is presented in accordance with the requirements of the *Corporations Act 2001* and its regulations. Information has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.



## B. KEY MANAGEMENT PERSONNEL

This Report outlines remuneration arrangements in place for the Group's KMP's which comprise Directors (Executive and Non-Executive) and the Chief Financial Officer ('CFO') of the Group.

Cettire's KMP for the full financial year are outlined below.

### Key Management Personnel

Name	Position
<b>Non-Executive Directors</b>	
Bob East	Non-Executive Director and Chairman of the Board
Bruce Rathie	Non-Executive Director and Chairman of the Remuneration & Nomination Committee
Rick Dennis	Non-Executive Director and Chairman of the Audit & Risk Committee
<b>Executive Director</b>	
Dean Mintz	Chief Executive Officer (CEO) and Executive Director
<b>Other KMP</b>	
Timothy Hume	Chief Financial Officer (CFO)

# Directors' Report (Continued)

## C. REMUNERATION FRAMEWORK & COMPOSITION

Cettire aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. The executive remuneration and reward framework has three primary components:

- fixed remuneration;
- at risk short-term incentives (STI); and
- at risk long-term incentives (LTI).

Component	Performance and potential value measures	Purpose and link to objectives
Fixed remuneration (Salary and other benefits including statutory superannuation)	Experience and qualifications Role and responsibility	Attract, retain and motivate executives with the right skills, capability and experience to meet the objectives of Cettire.
Short-term incentives (STI) (Performance based incentives delivered in cash)	<p>Based on performance criteria set on an annual basis relevant to the specific role aimed at rewarding year-on-year performance.</p> <p>Performance measures are set annually for achieving goals on an annual basis which align to the strategic goals of Cettire. Performance measures include both financial and non-financial criteria.</p> <p><b>STI Target</b>            CEO – Up to 100% (FY22: 75%) of total fixed remuneration.            CFO – up to 75% (FY23: 50%) of total fixed remuneration.</p> <p>In line with the significant growth of the business and ensuring that the remuneration for the Executive KMP remains competitive and comparable with relevant industry roles, during the year, the Board reviewed the overall remuneration structure of the Executive KMP and reset the Short-Term Incentive (STI) targets for the Executive KMP. STI entitlement is assessed after the end of each financial year in conjunction with the completion of Cettire's external audit. Any entitlement will be paid at a date determined by the Board following the release of Cettire's financial results to the ASX.</p> <p>Performance criteria for FY23 are set out the table in section D part b of this report.</p>	Delivery of key financial and operational objectives of the Group.
Long-term incentives Granted in accordance with the Company's Employee Incentive Plan measured over a longer period	<p>Performance and/or service conditions must be satisfied before the relevant awards vest.</p> <p>Measures are based on vesting conditions aligned with general market practice.</p> <p>Options – subject to service conditions and market vesting conditions over a long-term period.</p> <p>Service Rights – subject to an agreed retention period over a long-term period.</p> <p>Performance Rights – subject to general market vesting conditions determined on grant over a multi-year vesting period.</p>	<p>Performance conditions are designed to focus on key performance driving sustainable long-term growth in shareholder value.</p> <p>Aims to align executive and shareholder interest through share ownership.</p>
<ul style="list-style-type: none"> <li>• Options</li> <li>• Service rights</li> <li>• Performance rights</li> </ul>		



## D. EXECUTIVE KMP REMUNERATION OUTCOMES FOR FY23

The Board considers that the current remuneration for Executive KMP achieves an appropriate balance between reward for achieving improved Group performance and growth in shareholder value.

The remuneration outcome for Executive KMP in FY23 is set out on page 20.

### a) Financial performance

The table below summarises the recent financial performance of the Group. Due to the IPO of Cettire in December 2020, comparison is provided against FY20, FY21, FY22 and FY23 only.

Company performance

Performance	FY20	FY21	FY22	FY23
Revenue (\$'000)	22,856	92,409	209,884	416,227
Net Profit (\$'000)	1,532	(251)	(19,062)	15,965
Adjusted EBITDA (\$'000) <sup>1</sup>	2,755	2,348	(21,475)	29,322
Basic EPS (cents)	0.51	(0.07)	(5.00)	4.19
Annual TSR (%)	NA	428% <sup>2</sup>	(86)%	718%
Interim Dividend (cents)	NA	–	–	–
Final Dividend (cents)	NA	– <sup>3</sup>	–	–
Share price at 30 June (\$)	NA	2.64	0.38	3.11

1 Cettire uses Adjusted EBITDA as a non-IFRS measure of business performance which excludes expenses associated with the IPO, share-based payments, unrealised FX movements, loss/ (gain) on FX contracts and other movements.

2 Calculated with reference to the IPO price of \$0.50 per share.

3 During FY21 dividends totalling \$3,305,000 were paid to the shareholder prior to the re-organisation and IPO.

Adjusted EBITDA	FY20	FY21	FY22	FY23
Net Profit	1,532	(251)	(19,062)	15,965
Income tax (benefit) / expense	655	394	(6,794)	6,032
Amortisation	365	663	1,778	4,070
Net interest (income) / expense	(2)	(9)	(36)	(247)
Reported EBITDA	2,550	797	(24,114)	25,820
Share-based payments	–	64	413	443
IPO costs	–	847	–	–
Unrealised FX loss/(gain) & loss/(gain) on FX contracts	205	640	2,061	2,849
Other	–	–	165	210
Adjusted EBITDA	2,755	2,348	(21,475)	29,322

# Directors' Report (Continued)

## b) Short-Term Incentives (STI)

The STI plan commenced operation in FY22.

In respect of the STI for FY23, the performance criteria and outcomes were as follows:

Criteria	KPI result	Award
Group performance measures include		
• Revenue growth compared to prior year	100%	100%
• EBITDA growth compared to prior year		
• Increase in supply chain compared to prior year		
Individual performance measures	100%	100%

## c) Long term incentives

FY23 LTI awards

No LTI awards were granted to KMP during the year (2022: nil).

At 30 June 2023, all options remain unvested.

At 30 June 2023, no performance rights or service rights had been granted to KMP.

## E. EXECUTIVE REMUNERATION FOR FY23

The accounting value of remuneration attributable to Executive KMP is set out below. This does not necessarily reflect actual amounts paid to Executive KMP due to the conditional nature of some of these accrued amounts.

### FY23 remuneration

		Short-term benefits		Post-employment benefits	Long-term benefits	Share-based payments			
	FY	Salary	Cash bonus	Non-monetary <sup>1</sup>	Superannuation	Long-service leave	Equity-settled share options <sup>2</sup>	Total \$	Performance related %
<b>Executive Director</b>									
Dean Mintz	2023	414,816	430,000	22,953	25,000	4,626	–	897,395	47.9%
	2022	406,494	322,500	48,723	25,000	1,851	–	804,568	40.1%
<b>Executive Management</b>									
Timothy Hume	2023	346,434	277,500	–	25,520	3,956	300,158	953,568	39.8%
	2022	383,247	185,000	–	23,568	1,571	300,158	893,544	32.2%
Total	2023	761,250	707,500	22,953	50,520	8,582	300,158	1,850,963	
	2022	789,741	507,500	48,723	48,568	3,422	300,158	1,698,112	

1 Non-monetary benefits include car leases. To the extent non-monetary benefits are subject to Fringe Benefits Tax (FBT), amounts shown include FBT.

2 Amounts disclosed reflect the accounting value of remuneration consisting of options, based on the value of options expensed during the year. The fair value is estimated using a Binomial and a Monte Carlo model. This value may not represent the future value that the Executive KMP will receive as the vesting of options is subject to the satisfaction of service and market conditions.



## F. REMUNERATION GOVERNANCE

The Remuneration & Nomination Committee's role is to support and advise the Board in relation to Director and Executive remuneration. The Remuneration & Nomination Committee charter is available on the company's website: [www.cettirecorporate.com](http://www.cettirecorporate.com).

### a) Independent remuneration advisors

No advice was sought from independent Remuneration Consultants during the year. In 2021, the Remuneration & Nomination Committee sought advice from independent Remuneration Consultants Guerdon Associates (Guerdon) in relation to benchmarking short and long-term incentive awards for the CEO and CFO of the Group.

### b) Securities Trading Policy

Cettire has adopted a Securities Trading Policy that applies to all employees of the Group including Non-Executive Directors and Executive KMP and their associated persons. A copy of the policy is available on the Company's website: [www.cettirecorporate.com](http://www.cettirecorporate.com).

### c) Executive Employment Agreements

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements. These agreements are of a continuing nature and have no fixed term of service. Specific information relating to the terms of the agreements for current Executive KMP is set out below.

Executive KMP	Base remuneration inclusive of statutory superannuation	Term of agreement	Notice period and termination entitlement	Restraint period
Dean Mintz	\$430,000	Ongoing contract	12 months	Up to 12 months
Timothy Hume	\$370,000	Ongoing contract	3 months	Up to 5 years

## G. NON-EXECUTIVE DIRECTOR REMUNERATION

### a) Policy and approach to setting fees

Cettire's policy for remunerating Non-Executive Directors is based on market related fees for time, commitment and responsibilities as Non-Executive Directors of the Group and aims to ensure Cettire can attract and retain suitably skilled, experienced and committed individuals to serve on the Board.

### b) Board composition

Bob East (Chairman of the Board), Bruce Rathie (Chairman of the Remuneration & Nomination Committee) and Rick Dennis (Chairman of the Audit & Risk Committee) served as Non-Executive Directors for the year and up to reporting date.

No changes to the composition of the Non-Executive Directors were made during the year.

### c) Current fee structure

Non-Executive Directors are remunerated by way of a Directors fee. Directors receive statutory superannuation on the Directors fee. No additional fees are paid for serving on Board Committees.

Non-Executive Directors are entitled to reimbursement for reasonable business-related expenses, including travel expenses. Non-Executive Directors are covered by the Group's Directors and Officers liability insurance policy.

In order to maintain independence, and impartiality, Non-Executive Directors are not entitled to any form of incentive payments.

The aggregate Non-Executive Directors fee pool has been fixed at \$1,000,000 per annum (2022: \$1,000,000). This amount is currently deemed appropriate and no increase is expected to be proposed in 2024. Any change to the annual Non-Executive Directors fee pool is required to be approved by Shareholders.

# Directors' Report (Continued)

## d) Non-Executive Directors' annual fees<sup>1</sup>

Position	2023 \$	2022 \$
Non-Executive Director and Chairman of the Board	160,000	160,000
Non-Executive Director	80,000	80,000

<sup>1</sup> Exclusive of statutory superannuation.

## e) Non-Executive Directors' remuneration received

	2023 \$	2022 \$
Bob East	176,800	176,067
Bruce Rathie	88,400	88,033
Rick Dennis	88,400	88,033
<b>Total Remuneration<sup>1</sup></b>	<b>353,600</b>	<b>352,133</b>

<sup>1</sup> Non-Executive Directors' FY23 remuneration is inclusive of Directors' fees and superannuation of \$33,600 (2022: \$32,133). Non-Executive Directors did not receive any other compensation in FY23.

## H. KMP EQUITY INTERESTS

### a) Shareholdings

The number of shares in Cettire held during the financial year by KMP is set out below:

	Balance at start of year	Received during the year on exercise of options/ rights	Additions/ (Disposals) during the year	Balance at 30 June 2023
<b>Ordinary shares</b>				
<b>Non-Executive KMP</b>				
Bob East	2,000,000	–	–	2,000,000
Bruce Rathie	810,000	–	–	810,000
Rick Dennis	25,000	–	–	25,000
<b>Executive KMP</b>				
Dean Mintz	216,238,220	–	(41,095,891)	175,142,329
Timothy Hume	500,000	–	–	500,000
	<b>219,573,220</b>	<b>–</b>	<b>(41,095,891)</b>	<b>178,477,329</b>



## b) Option holdings

The number of options over ordinary shares in Cettire held during the financial year by Executive KMP is set out below.

Options over ordinary shares	Balance at start of year	Granted as remuneration	Exercised	Forfeited	Balance at 30 June 2023	Vested and exercisable
<b>Executive KMP</b>						
Timothy Hume	2,500,000	–	–	–	2,500,000	–

At 30 June 2023, all options remain unvested. Options vest on the day after the release of the financial statements for the half year ended 31 December 2023 to the ASX (i.e. prior to 29 February 2024) subject to service and market conditions and continued employment with the Group until the vesting date.

## I. KMP OTHER TRANSACTIONS

Other than disclosures included in this report, there are no other transactions relating to KMP to disclose.

*This concludes the remuneration report, which has been audited.*

## Details of performance rights, service rights and share options

The following table shows the total numbers of unissued ordinary shares in Cettire subject to options or service rights at the date of this Report.

Security Type	Number in issue at 10 August 2023	Exercise Price	Expiry Date
Options	2,500,000 <sup>1</sup>	\$1.21	2 years after the vesting date relevant to each tranche
Service rights	4,979,031	NIL	4 years from date of grant

<sup>1</sup> Options issued to the Chief Financial Officer as part of his remuneration.

No performance rights were issued during the period.

During the year, 4,591,970 Service Rights were granted.

## Shares issued on the exercise of options or service rights

During the financial year and in the period since the end of the financial year to the date of this report, there were no shares issued on exercise of options or service rights.

## Corporate Governance Statement

The Directors are committed to achieving and demonstrating a high standard of corporate governance. The Group's Corporate Governance Statement is located on the Group's website at [www.cettirecorporate.com](http://www.cettirecorporate.com).

## Indemnity and insurance of officers

The Group has indemnified the directors and executives of the Group 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 Group paid a premium in respect of a contract to insure the directors and executives of the Group 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.

# Directors' Report (Continued)

## Indemnity and insurance of auditor

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

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

## Proceedings on behalf of the Group

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

## Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined below and in note 23 to the financial statements.

	2023	2022
	\$	\$
<b>Non-audit services fees paid or payable to Grant Thornton</b>		
<i>Other services</i>		
Tax compliance services	75,000	15,000
Tax advisory services	–	5,000
R&D compliance services	8,000	–
Total services provided by Grant Thornton	83,000	20,000

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 23 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for Cettire, acting as advocate for Cettire or jointly sharing economic risks and rewards.

## Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.



## **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**

Grant Thornton Audit 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 the Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



**Dean Mintz**  
Executive Director and CEO



**Kerry Robert (Bob) East**  
Chairman and Non-Executive Director

10 August 2023

# Auditor's Independence Declaration



**Grant Thornton Audit Pty Ltd**  
Level 22 Tower 5  
Collins Square  
727 Collins Street  
Melbourne VIC 3008  
GPO Box 4736  
Melbourne VIC 3001  
T +61 3 8320 2222

## Auditor's Independence Declaration

### To the Directors of Cettire Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Cettire Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A stylized, handwritten-style signature of "Grant Thornton" in a dark grey or black ink.

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in a cursive script, appearing to read "C S Gangemi", in a dark grey or black ink.

C S Gangemi  
Partner – Audit & Assurance  
Melbourne, 10 August 2023

[www.grantthornton.com.au](http://www.grantthornton.com.au)  
ACN-130 913 594

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# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

		Consolidated	
	Note	2023 \$	2022 \$
<b>Revenue</b>			
Sales revenue		416,227,021	209,883,855
Cost of sales		(320,603,232)	(172,525,103)
Gross profit		95,623,789	37,358,752
Other income	5	2,144,138	1,854,279
Interest revenue calculated using the effective interest method		247,239	35,624
<b>Expenses</b>			
Advertising and marketing expense		(36,564,633)	(43,031,196)
Merchant fees		(16,881,893)	(10,068,072)
Employee benefits expense	5	(3,259,663)	(2,523,057)
Share-based payments expense		(442,978)	(412,907)
General and administrative expense	5	(14,798,597)	(7,292,066)
Amortisation expense	11	(4,069,638)	(1,777,500)
<b>Profit/(Loss) before income tax expense</b>		21,997,764	(25,856,143)
Income tax (expense)/benefit	6	(6,032,229)	6,793,799
<b>Profit/(Loss) after income tax expense for the year attributable to the owners of Cettire Limited</b>	18	15,965,535	(19,062,344)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income/(loss) for the year attributable to the owners of Cettire Limited</b>	18	15,965,535	(19,062,344)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	30	4.19	(5.00)
Diluted earnings per share	30	4.16	(5.00)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

# Statement of Financial Position

As at 30 June 2023

		Consolidated	
	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	46,310,727	22,673,443
Trade and other receivables	8	22,119,963	5,443,908
Inventories	9	2,858,943	853,366
Other assets	10	1,468,061	2,039,908
Total current assets		72,757,694	31,010,625
<b>Non-current assets</b>			
Intangibles	11	20,069,134	12,072,281
Deferred tax assets	6	7,944,204	11,267,447
Total non-current assets		28,013,338	23,339,728
Total assets		100,771,032	54,350,353
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	56,928,844	30,658,560
Contract liabilities	13	4,411,949	1,343,884
Derivative financial instruments	16	647,591	999,789
Employee benefits	14	378,526	238,803
Deferred income	15	1,433,222	1,005,354
Total current liabilities		63,800,132	34,246,390
<b>Non-current liabilities</b>			
Employee benefits	14	49,771	20,660
Deferred income	15	3,921,679	2,894,667
Total non-current liabilities		3,971,450	2,915,327
Total liabilities		67,771,582	37,161,717
Net assets		32,999,450	17,188,636
<b>Equity</b>			
Issued capital	17	186,992,218	188,344,920
Re-organisation reserve	17	(150,619,110)	(150,619,110)
Share-based payments reserve	17	1,755,647	557,666
Accumulated losses	18	(5,129,305)	(21,094,840)
Total equity		32,999,450	17,188,636

The above statement of financial position should be read in conjunction with the accompanying notes.



# Statement of Changes in Equity

For the year ended 30 June 2023

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Re-organisation reserve \$</b>	<b>Share-based payments reserve \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	188,344,920	(2,032,496)	(150,619,110)	69,594	35,762,908
Profit after income tax expense for the year	-	(19,062,344)	-	-	(19,062,344)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	(19,062,344)	-	-	(19,062,344)
<i>Transactions with members in their capacity as members</i>					
Share-based payments (note 17(d))	-	-	-	488,072	488,072
Balance at 30 June 2022	188,344,920	(21,094,840)	(150,619,110)	557,666	17,188,636
<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Re-organisation reserve \$</b>	<b>Share-based payments reserve \$</b>	<b>Total equity \$</b>
Balance at 1 July 2022	188,344,920	(21,094,840)	(150,619,110)	557,666	17,188,636
Profit after income tax expense for the year	-	15,965,535	-	-	15,965,535
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	15,965,535	-	-	15,965,535
<i>Transactions with members in their capacity as members</i>					
On-market share purchase (Treasury shares)	(1,352,702)	-	-	-	(1,352,702)
Share-based payments (note 17(d))	-	-	-	1,197,981	1,197,981
Balance at 30 June 2023	186,992,218	(5,129,305)	(150,619,110)	1,755,647	32,999,450

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# Statement of Cash Flows

For the year ended 30 June 2023

		Consolidated	
	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		423,602,442	212,219,578
Payments to suppliers and employees (inclusive of GST)		(387,366,140)	(226,935,602)
		36,236,302	(14,716,024)
Government grants received		-	6,331
Interest received		247,239	35,624
Income tax paid		(33,079)	-
Net cash from/(used in) operating activities	28	36,450,462	(14,674,069)
<b>Cash flows from investing activities</b>			
Payments for intangibles	11	(12,066,491)	(8,375,178)
Net cash used in investing activities		(12,066,491)	(8,375,178)
<b>Cash flows from financing activities</b>			
Purchase of shares on market (Treasury shares)	29	(1,352,702)	-
Net cash used in financing activities		(1,352,702)	-
Net increase/(decrease) in cash and cash equivalents		23,031,269	(23,049,247)
Cash and cash equivalents at the beginning of the period		22,673,443	47,130,634
Effect of exchange rate changes on cash and cash equivalents		606,015	(1,407,944)
Cash and cash equivalents at the end of the period	7	46,310,727	22,673,443

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

30 June 2023

## Note 1. General information

The financial statements cover Cettire Limited (the "Group" or "Cettire") as a group consisting of Cettire Limited (the "Parent" or "Parent Entity") and the entities it controlled (as listed in note 32) at the end of, or during, the period. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Cettire Limited is a company limited by shares, incorporated and domiciled in Australia, with a listing on the Australian Securities Exchange (ASX). Its registered office and principal place of business is:

Level 40  
140 William Street  
Melbourne Vic 3000

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 the directors, on 10 August 2023.

## Note 2. Significant accounting policies

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

### New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not had a material effect on the Group.

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

The Group has considered Accounting Standards and Interpretations which have been issued but are not yet effective, identifying the following which are relevant to the consolidated entity:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current*; and
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*.

When these amendments are first adopted for the year ending 30 June 2024 there will be no material impact on the financial statements.

Other Accounting Standards and Interpretations which have been issued but are not yet effective are not relevant to the consolidated entity, or their impact is editorial only.

### 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 and derivative financial instruments.

### Going concern

The financial statements have been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

### 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 34.



# Notes to the Financial Statements (Continued)

## Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cettire Limited ('Parent' or 'Parent Entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Cettire Limited and its subsidiaries together are referred to in these financial statements as the 'Group' or 'Cettire'.

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.

## Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Refer to note 4 for further information.

## Foreign currency translation

The financial statements are presented in Australian dollars, which is the Group's functional and presentation 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.

## 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:

### Principal versus agent

The Group is primarily responsible for fulfilling the promise (performance obligation) to provide the specified good to the Group's customers. The Group also bears the risk for the acceptance of the good and is responsible for any good in transit. Therefore, the Group is the principal in these transactions and revenue is recognised as the gross selling price net of rebates, discounts and refunds.

### 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.

#### Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

#### 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 income

Other revenue is recognised when the promised performance obligation is satisfied.

### 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.

### Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review of whether there are indicators of impairment, which would trigger a review of impairment, is performed at each reporting date. 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 cash flows 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 cash flows are grouped together to form a cash-generating unit.

### 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.

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

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

### Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

# Notes to the Financial Statements (Continued)

## 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.

Judgements, other than those disclosed in the accounting policies above or which are subject to estimation and discussed separately below, which are critical to these financial statements include:

### Impairment of non-financial assets

The Group has considered whether any indicators of impairment which may apply to non-financial assets, particularly intangible assets, under AASB 136 *Impairment of Assets*. On the basis that the Group is not materially exposed to changes in market interest rates, and given the Group's performance in the year, no indicators of impairment have been identified. Consequently, no impairment assessment has been performed and no impairment loss has been recognised (2022: none).

### Recovery of deferred tax assets

The Group has recognised deferred tax assets of \$7,944,204 (2022: \$11,267,447) on the statement of financial position. Deferred tax assets are recognised for deductible temporary differences and tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Based on the Group's historical performance and forecasts of future performance, the Group has determined that it is probable that these deferred tax assets will be utilised. If that judgement changed, the deferred tax assets would not be recognised on the statement of financial position and instead be disclosed separately in the notes to the financial statements.

Estimates which have the most significant risk of material adjustment in the following 12 months include:

### 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. In respect of options, the fair value is determined by using either the Binomial, Black-Scholes or Monte Carlo model taking into account the terms and conditions upon which the instruments were granted.

### Capitalisation of intangible assets

The Group engages in the development of software which is used by the Group to facilitate its activities. There is judgement involved in determining whether the activities undertaken by the Group represent enhancements to existing assets, development of new assets (both of which are capitalised) or ongoing running-costs of existing assets (which are expensed). In applying this judgement, the Group also makes estimates of the amount of expenditure which can be capitalised.

### Estimation of useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its finite life intangible assets, as set out in note 11. The Group has reviewed the useful lives of intangible assets in the year, including by comparison to comparable companies, and concluded that the useful lives adopted remains appropriate. The useful lives could change significantly as a result of technical innovations or some other event. The 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.

### Contract liabilities and Stock-in-transit

In determining the level of the contract liabilities (refer to note 13) and stock-in-transit (refer to note 9), the Group has made judgements in respect of the expected time to complete its performance obligations for delivery of goods to the customer. Historical experience has been taken into account in determining the contract liabilities and stock-in-transit.

### R&D tax incentive accrual

The Group's research and development activities are eligible under an Australian government tax incentive for eligible expenditure. The Group has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured.

Judgement is applied to each transaction that the Group incurs each financial year, by determining a percentage of the transaction that relates to R&D. R&D income is determined using eligibility criteria and percentages of eligibility estimated by management. These estimated eligibility percentages determine the base for which the R&D tax incentive accrual is calculated.



## Note 4. Operating segments

### Identification of reportable operating segments

The Group is organised into one (1) operating segment: online retail sales. The determination of this operating segment is based on the internal reports that are reviewed and used by the CEO (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

### Major customers

During the reporting period and the comparative period, no individual customer contributed more than 10 per cent of the Group's revenue (2022: none).

### Disaggregation of revenue and non-current assets by Geographical regions

The Group operates in Australia and internationally. Revenue is attributed to the country where the customer is registered i.e. shipping address. The 'Other' segment comprises more than 50 markets, none of which represented greater than 10 per cent of Group revenue.

Year ended 30 June 2023		Consolidated
	2023	2022
	\$	\$
Revenue		
United States	247,254,401	121,574,343
Australia	34,303,158	23,135,791
Other	134,669,462	65,173,721
Total	416,227,021	209,883,855

		Consolidated
	2023	2022
	\$	\$
Non-Current Assets		
Australia	20,069,134	12,072,281
Other	-	-
Total	20,069,134	12,072,281

# Notes to the Financial Statements (Continued)

## Note 5. Other Income and expense items

### a. Other income

	Consolidated	
	2023	2022
	\$	\$
Government grants	–	6,331
Insurance recoveries	923,111	1,020,195
Research and development tax incentive (note 15)	1,221,027	827,753
Other income	2,144,138	1,854,279

### b. General and administrative expense

	Consolidated	
	2023	2022
	\$	\$
Promotion and packaging	(3,126,433)	(1,389,606)
IT costs	(3,559,936)	(2,051,163)
Professional fees	(1,178,575)	(1,010,289)
Public company costs and insurance	(1,159,355)	(1,193,128)
FX	(4,867,514)	(1,499,883)
Others	(906,784)	(147,997)
General and administrative expense	(14,798,597)	(7,292,066)

FX

FX includes realised and unrealised currency (gain) / loss, fair value (gain) / loss on foreign exchange contracts and bank revaluations.

### c. Employee benefits expense

	Consolidated	
	2023	2022
	\$	\$
Short-term benefits	(2,999,922)	(2,345,852)
Long-term benefits	(17,781)	(7,351)
Post-employment benefits	(241,960)	(169,854)
Employee benefits expense	(3,259,663)	(2,523,057)

## Note 6. Income tax

	Consolidated	
	2023	2022
	\$	\$
<b>Income tax expense</b>		
Current tax	2,675,908	2,643,512
Deferred tax – origination and reversal of temporary differences	3,323,244	(9,437,311)
Under provision in prior years	33,077	–
Aggregate income tax expense	6,032,229	(6,793,799)
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	1,919,110	(9,460,941)
Increase in deferred tax liabilities	1,404,134	23,630
Deferred tax – origination and reversal of temporary differences and tax losses	3,323,244	(9,437,311)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	21,997,764	(25,856,143)
Tax at the statutory tax rate of 30%	6,599,329	(7,756,843)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	1,220,891	533,250
Research and development incentive income	(366,308)	(248,326)
Non-deductible research and development costs	–	156,340
Under provision in prior years	33,077	–
Sundry items	(1,454,760)	521,780
Income tax expense/(benefit)	6,032,229	(6,793,799)



# Notes to the Financial Statements (Continued)

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences and tax losses attributable to:		
Amounts recognised in profit or loss:		
Deferred customer revenue	1,323,585	403,165
Refunds Payable	1,667,493	401,923
Gift card liabilities	1,074,033	340,370
Derivative financial instruments	194,277	299,937
Employee benefits	163,315	135,349
Accrued expenses	–	19,455
IPO Costs recognised in profit or loss	100,900	151,349
Carried forward tax losses	5,096,348	9,593,164
	9,619,951	11,344,712
Amounts recognised in equity		
IPO costs recognised in equity	388,694	583,042
	388,694	583,042
Deferred tax asset	10,008,645	11,927,754
Movements:		
Opening balance	11,927,755	2,466,813
Credited to profit or loss	(1,919,110)	9,460,941
Closing balance	10,008,645	11,927,754

	Consolidated	
	2023	2022
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Inventories	857,683	256,010
Accrued supplier credits	1,166,439	343,819
Development costs	40,319	60,478
Deferred tax liability	2,064,441	660,307
Movements:		
Opening balance	660,307	636,677
Charged to profit or loss	1,404,134	23,630
Closing balance	2,064,441	660,307

	Consolidated	
	2023	2022
	\$	\$
<i>Net deferred tax asset</i>		
Deferred tax asset	10,008,645	11,927,754
Deferred tax liability	(2,064,441)	(660,307)
Net deferred tax asset	7,944,204	11,267,447

### Accounting policy for 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.

## Notes to the Financial Statements (Continued)

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.

### Note 7. Cash and cash equivalents

Consolidated		
	2023	2022
	\$	\$
<i>Current assets</i>		
Cash at bank	46,148,441	22,511,157
Cash on deposit	162,286	162,286
	46,310,727	22,673,443

#### Accounting policy for 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.

### Note 8. Trade and other receivables

Consolidated		
	2023	2022
	\$	\$
<i>Current assets</i>		
Other receivables	22,119,963	5,443,908

#### Accounting policy for trade and other receivables

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

## Note 9. Inventories

Consolidated		
	2023	2022
	\$	\$
<i>Current assets</i>		
Stock in transit – at cost	2,858,943	853,366

### Accounting policy for inventories

Stock in transit 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.

## Note 10. Other assets

Consolidated		
	2023	2022
	\$	\$
<i>Current assets</i>		
Prepayments	730,447	1,490,897
Other	737,614	549,011
	1,468,061	2,039,908

## Note 11. Intangibles

Consolidated		
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Website and software development – at cost	26,078,803	14,425,146
Less: Accumulated amortisation	(6,776,616)	(2,952,321)
	19,302,187	11,472,825
Trademarks – at cost	269,417	229,267
Less: Accumulated amortisation	(53,826)	(20,064)
	215,591	209,203
Other intangibles – at cost	836,021	463,337
Less: Accumulated amortisation	(284,665)	(73,084)
	551,356	390,253
	20,069,134	12,072,281



# Notes to the Financial Statements (Continued)

## Reconciliations

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

Consolidated	Website and software development \$	Trademarks \$	Other intangibles \$	Total \$
Balance at 1 July 2021	5,462,548	12,055	–	5,474,603
Additions	7,695,968	215,873	463,337	8,375,178
Amortisation expense	(1,685,691)	(18,725)	(73,084)	(1,777,500)
Balance at 30 June 2022	11,472,825	209,203	390,253	12,072,281
Additions	11,653,657	40,150	372,684	12,066,491
Amortisation expense	(3,824,295)	(33,762)	(211,581)	(4,069,638)
Balance at 30 June 2023	19,302,187	215,591	551,356	20,069,134

## Accounting policy for 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.

## Website and software development

Website and software research costs are expensed in the period in which they are incurred. Website and software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised website and software development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years commencing one year from the date of capitalisation, or when the asset becomes ready for use, whichever is earlier.

## Trademarks

Significant costs associated with trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

## Other intangibles

Other intangibles including campaign production assets are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

## Note 12. Trade and other payables

Consolidated		
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	41,632,633	24,659,368
Other payables	9,737,902	4,659,450
Refunds payable	5,558,309	1,339,742
	56,928,844	30,658,560

Refer to note 20 for further information on financial instruments.

### Accounting policy for 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 the agreed credit terms.

### Accounting policy for refunds payable

These amounts represent the goods expected to be returned by customers as a result of 'change of mind' or defective goods. The expected value of refunds payable is estimated based on historical data and a review of sales for the year and refunds issued post year-end applicable to those sales.

## Note 13. Contract liabilities

Consolidated		
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	4,411,949	1,343,884
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	1,343,884	903,617
Payments received in advance	4,411,949	1,343,884
Transfer to revenue – included in the opening balance	(1,343,884)	(903,617)
Closing balance	4,411,949	1,343,884

### Accounting policy for contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

# Notes to the Financial Statements (Continued)

## Note 14. Employee benefits

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	378,526	238,803
<i>Non-current liabilities</i>		
Long service leave	49,771	20,660

### Accounting policy for 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 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.

#### Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## Note 15. Deferred income

Consolidated			
	2023	2022	
	\$	\$	
<i>Current liabilities</i>			
Deferred research and development incentive	1,433,222	1,005,354	
<i>Non-current liabilities</i>			
Deferred research and development incentive	3,921,679	2,894,667	
Movements in deferred revenue/income during the current financial year are set out below:			
	Current	Non-current	Total
	\$	\$	\$
<b>Deferred research and development incentive</b>			
Carrying amount at 1 July 2021	410,712	1,673,550	2,084,262
Additional income deferred	214,576	2,226,471	2,441,047
Transferred to current	1,005,354	(1,005,354)	-
Income recognised	(625,288)	-	(625,288)
Carrying amount at 30 June 2022	1,005,354	2,894,667	3,900,021
Additional income deferred	215,674	2,460,234	2,675,908
Transferred to current	1,433,222	(1,433,222)	-
Income recognised	(1,221,028)	-	(1,221,028)
Carrying amount at 30 June 2023	1,433,222	3,921,679	5,354,901

### Accounting policy for deferred research and development incentive

The Group receives a tax offset from the government for some of the cost of doing eligible research and development activities. The Group has claimed a non-refundable tax offset of 38.5% of eligible research and development spend (2022: 38.5%).

The incentive should be recognised in profit or loss over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Where the research and development has been in whole or in part capitalised, the Group has accounted for the tax benefit as deferred income that is recognised in profit or loss on a systematic basis matching the useful life of the asset.



# Notes to the Financial Statements (Continued)

## Note 16. Derivative financial instruments

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Forward foreign exchange contracts	647,591	999,789

Refer to note 21 for further information on fair value measurement.

Accounting policy for derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Derivatives are classified as current or non-current depending on the expected period of realisation.

## Note 17. Issued capital and reserves

### a. Ordinary Shares

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares – fully paid	381,238,220	381,238,220	188,344,920	188,344,920
Treasury shares	(675,000)	–	(1,352,702)	–
	380,563,220	381,238,220	186,992,218	188,344,920

#### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the parent in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the parent 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.

Please refer to note 31 for details of outstanding rights and options in regards to Ordinary Shares.

#### Treasury shares

Treasury shares are purchased for use on vesting and exercise of employee share schemes. Shares are accounted for at weighted average cost. During FY23, 675,000 shares were purchased on market (2022: none) for a total of \$1,352,702.

**b. Movements in issued share capital**

	Shares	Issue Price \$
1 July 2021	381,238,220	188,344,920
30 June 2022	381,238,220	188,344,920
On-market share purchase (Treasury shares)	(675,000)	(1,352,702)
30 June 2023	380,563,220	186,992,218

**c. Re-organisation reserve**

	2023 \$	2022 \$
<b>Consolidated</b>		
Balance at beginning of period	(150,619,110)	(150,619,110)
Balance at end of period	(150,619,110)	(150,619,110)

The Group re-organisation reserve arose as a result of the corporate re-organisation undertaken on 27 November 2020, whereby Cettire Limited became the legal parent of Ark Technologies Pty Ltd and its subsidiaries.

**d. Share-based payments reserve**

	2023 \$	2022 \$
<b>Consolidated</b>		
Balance at beginning of period	557,666	69,594
Share-based payments expense (note 31)	1,197,981	488,072
Balance at end of period	1,755,647	557,666

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration.

**e. Capital risk management**

The Group's objective 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.

# Notes to the Financial Statements (Continued)

## Note 18. Accumulated losses

	Consolidated	
	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(21,094,840)	(2,032,496)
Profit/(Loss) after income tax expenses for the year	15,965,535	(19,062,344)
Accumulated losses at the end of the financial year	(5,129,305)	(21,094,840)

## Note 19. Dividends

	Consolidated	
	2023	2022
	\$	\$
Dividends paid during the period	-	-

### Dividends

A dividend was paid to the shareholder prior to the re-organisation and IPO. At the time the dividend was declared there was 1 ordinary share in issue.

### Franking credits

	Consolidated	
	2023	2022
	\$	\$
Deferred debit balance of the franking account at the beginning of the period	5,160,326	2,516,814
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date	-	-
Franking credits that will arise from the payment of income tax that was under provided for in prior years	(30,001)	-
Franking debits that will arise from the offset/receipt of the research and development offset for the current year	2,675,908	2,643,512
Franking debits that will arise from the offset/ receipt of the research and development offset that was under /(over) provided for in prior years	(122,870)	-
Balance of franking account adjusted for deferred debits arising from past research and development offsets received and expected research and development tax offsets to be received for the current year	7,683,363	5,160,326

## Note 20. Financial instruments

### Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to mitigate certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and mitigates financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

### Market risk

#### Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell USD		Average exchange rates	
	2023 \$	2022 \$	2023	2022
Buy Australian dollars				
Maturity:				
0 – 3 months	–	982,716	–	1.3429
Buy Euros				
Maturity:				
0 – 3 months	2,260,489	10,860,700	0.8333	0.8214

	Sell EUR		Average exchange rates	
	2023 \$	2022 \$	2023	2022
Buy US dollars				
Maturity:				
0 – 3 months	2,267,212	–	1.0027	–



# Notes to the Financial Statements (Continued)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
	2023 \$	2022 \$	2023 \$	2022 \$
<b>Consolidated</b>				
US dollars	8,262,870	1,213,285	6,471,235	4,105,343
Euros	24,020,864	1,309,546	35,797,132	17,872,927
Pound Sterling	2,920,584	987,157	286,920	317,958
Singapore Dollar	1,086,265	1,278,970	149,129	56,680
Hong Kong Dollar	1,036,478	753,289	202,540	20,327
Others	830,529	379,366	878,949	146,618
	38,157,590	5,921,613	43,785,905	22,519,853

The Group is exposed to foreign currency sensitivity from its existing financial liabilities, however this is mitigated through the use of forward foreign exchange contracts.

## Price risk

The Group is not exposed to any significant price risk.

## Interest rate risk

The Group is not exposed to any significant interest rate risk.

## Credit risk

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to other receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, other receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group is not exposed to any significant credit risk.

## Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

### Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2023	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	–	41,632,633	–	–	–	41,632,633
Other payables	–	3,861,241	–	–	–	3,861,241
Refunds payable	–	5,558,309	–	–	–	5,558,309
Total non-derivatives		51,052,183	–	–	–	51,052,183

Consolidated – 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	–	24,659,368	–	–	–	24,659,368
Other payables	–	1,621,127	–	–	–	1,621,127
Refunds payable	–	1,339,742	–	–	–	1,339,742
Total non-derivatives		27,620,237	–	–	–	27,620,237

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Other payables is shown excluding \$5,876,661 (2022: \$3,038,324) as these arise from statute payable (for example GST/VAT and PAYG withholding) rather than contract.

### Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

# Notes to the Financial Statements (Continued)

## Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third-party).

## Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

## Note 21. Fair value measurement

### Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed 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.

Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Consolidated – 2023</b>				
<i>Liabilities</i>				
Forward foreign exchange contracts	–	647,591	–	647,591
Total liabilities	–	647,591	–	647,591

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Consolidated – 2022</b>				
<i>Liabilities</i>				
Forward foreign exchange contracts	–	999,789	–	999,789
Total liabilities	–	999,789	–	999,789

There were no transfers between levels during the period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

### Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

### Accounting policy for 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.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## Note 22. Key management personnel disclosures

### Directors

The following people were directors of Cettire Limited during the financial year:

Kerry (Bob) East – Non-Executive Director  
Dean Mintz – Chief Executive Officer  
Bruce Rathie – Non-Executive Director  
Richard (Rick) Dennis – Non-Executive Director

### Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly during the financial year:

Timothy Hume – CFO

### Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	1,811,703	1,665,964
Post-employment benefits	84,120	80,701
Long-term benefits	8,582	3,422
Share-based payments	300,158	300,158
	2,204,563	2,050,245

# Notes to the Financial Statements (Continued)

## Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the Group:

	Consolidated	
	2023	2022
	\$	\$
<i>Audit and review services</i>		
Audit and review of the financial statements	167,755	126,500
<i>Other services</i>		
Tax compliance services	75,000	15,000
Tax advisory services	–	5,000
Other accounting services	8,000	450
Total services provided by Grant Thornton	250,755	146,500

## Note 24. Contingent liabilities

The Group has outstanding standby letters of credit in favour of selected suppliers as at 30 June 2023 of \$162,286 (2022: \$162,286). The standby letters of credit are secured by a term deposit held by the Group.

## Note 25. Commitments

The Group had no commitments as at 30 June 2023 or 30 June 2022.

## Note 26. Related party transactions

### Parent entity

Cettire Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 32.

### Transactions with related parties

Other than transactions with key management personnel (note 22), there were no transactions with related parties during the period.

### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

### Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.



## Note 27. Events after the reporting period

There were no material events subsequent to 30 June 2023 and up until the authorisation of the financial statements that have impacted on the amounts recognised in these financial statements or which require to be separately disclosed.

## Note 28. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2023	2022
	\$	\$
Profit/(Loss) after income tax expense for the year	15,965,535	(19,062,344)
Adjustments for:		
Amortisation	4,069,638	1,777,500
Net fair value loss on forward foreign exchange contracts	(352,198)	740,076
Unrealised exchange loss	(606,015)	1,407,944
Share-based payment expense	1,197,981	488,072
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(16,676,055)	(3,700,312)
(Increase) in inventories	(2,005,577)	(269,022)
Decrease/(Increase) in deferred tax assets	3,323,243	(9,437,311)
Decrease/(Increase) in other assets	571,847	(1,617,194)
Increase in trade and other payables	26,270,284	12,647,123
Increase in contract liabilities	3,068,065	440,267
Increase in employee benefits	168,834	95,373
Increase in other operating liabilities	1,454,880	1,815,759
Net cash from/(used in) operating activities	36,450,462	(14,674,069)

# Notes to the Financial Statements (Continued)

## Note 29. Changes in liabilities arising from financing activities

Consolidated	Shareholder payables \$	Total \$
Balance at 30 June 2022	-	-
Net cash used in financing activities	(1,352,702)	(1,352,702)
Balance at 30 June 2023	(1,352,702)	(1,352,702)

## Note 30. Earnings per share

	Consolidated	
	2023 \$	2022 \$
Profit/(loss) after income tax attributable to the owners of Cettire Limited	15,965,535	(19,062,344)

### Weighted average number of shares used as the denominator

	Consolidated	
	2023 Number	2022 Number
Balance at beginning of period	381,238,220	381,238,220
Effect of treasury shares acquired	(92,607)	-
Balance at end of period	381,145,613	381,238,220
Weighted average number of ordinary shares used in calculating basic earnings per share	381,145,613	381,238,220
Weighted average number of ordinary shares used in calculating diluted earnings per share	384,056,086	381,238,220

Potential ordinary shares, which comprise options and service rights, are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

	Cents	Cents
Basic earnings per share	4.19	(5.00)
Diluted earnings per share	4.16	(5.00)

## Accounting policy for earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Cettire Limited, 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.

## Note 31. Share-based payments

Share-based payments for the Group relate to securities issued under the Employee Incentive Plan ("EIP"). The EIP was implemented in November 2020 prior to the IPO of the Group, to provide for equity-based remuneration of employees in the listed environment. Granting of share rights is facilitated by the EIP. As at 30 June 2023, a total of 2,500,000 options over fully paid ordinary shares and 4,979,031 service rights to fully paid ordinary shares have been issued under the EIP.

Set out below are summaries of the options granted under the EIP. The options are subject to:

- Achievement of the applicable share price condition for the relevant tranche over the relevant performance period; and
- Continued employment with the Group until the vesting date of the relevant tranche.

2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/4/2021	28/2/2026	\$1.21	833,333	-	-	-	833,333
22/4/2021	28/2/2026	\$1.21	833,333	-	-	-	833,333
22/4/2021	28/2/2026	\$1.21	833,334	-	-	-	833,334
			2,500,000	-	-	-	2,500,000
Weighted average exercise price			\$1.21	-	-	-	\$1.21

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.67 years (2022: 3.66 years).

No options were exercisable at the end of the financial year.

The total share-based payment expense during the financial year was \$1,197,981 (2022: 488,072), of which \$300,158 (2022: \$300,158) related to the share options granted under the EIP.

\$755,003 (2022: \$75,165) of the total share-based payments expense was capitalised to intangible assets.

# Notes to the Financial Statements (Continued)

Summary of options granted. The valuation model inputs used to determine the fair value at the grant date are as follows:

Grant date	Vesting date	Expiry date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Unit value at grant date	Total fair value at grant date
22/4/2021	28/2/2024 <sup>1</sup>	28/2/2026 <sup>2</sup>	\$1.21	30%	–	0.1%	\$0.68	\$564,812
22/4/2021	28/2/2024 <sup>1</sup>	28/2/2026 <sup>2</sup>	\$1.21	30%	–	0.1%	\$0.23	\$190,583
22/4/2021	28/2/2024 <sup>1</sup>	28/2/2026 <sup>2</sup>	\$1.21	30%	–	0.1%	\$0.14	\$117,917

1 Options vest on the day after the release of the financial statements for the half year ended 31 December 2023, estimated to be 28 February 2024.

2 Each tranche expires if not exercised 2 years after the vesting date for that tranche.

The valuation has been performed using a Binomial and a Monte Carlo model. Expected volatility was determined with reference to historical volatility of publicly traded peer companies.

Set out below are the summaries of the service rights granted under the EIP as at 30 June 2023. The service rights are subject to:

Continued employment with the Group until the vesting date of the relevant tranche

Grant date	Share rights issued	Fair value per unit at grant date	Fair value at grant date
1/6/2021	233,052	\$2.45	\$570,977
3/6/2021	105,932	\$2.35	\$248,940
2/8/2021	48,077	\$2.00	\$96,154
25/7/2022	407,238	\$0.46	\$185,293
21/3/2023	4,184,732	\$1.30	\$3,058,813

The fair value for rights was the share price on the grant date.

In the financial year, a total share-based payment expense of \$897,823 (2022: \$187,914) was recognised in relation to issuance of service rights under the EIP.

At 30 June 2023, 131,882 service rights have vested and have not been exercised (2022: none).

## Accounting policy for share-based payments

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

Equity-settled transactions are awards of shares, rights to shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using either the Binomial, Black-Scholes or Monte Carlo 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 consolidated entity 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.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether 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 consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

## Note 32. 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:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2023 %	2022 %
Ark Technologies Pty Ltd	Australia	100%	100%
Ark International Pty Ltd	Australia	100%	100%
Cettire, Inc.	United States	100%	100%
Cettire S.R.L	Italy	100%	100%
Cettire HK Limited	Hong Kong	100%	100%
Cettire (Shanghai) E-Commerce Co., Ltd.	China	100%	100%
Cettire Limited	United Kingdom	100%	100%

## Note 33. Deed of cross guarantee

The following parties are party to a deed of cross-guarantee under which each company guarantees the debts of the others:

Cettire Limited  
Ark Technologies Pty Ltd

The deed of cross guarantee was executed and approved by the Board on 3 June 2022.

By entering into the deed, the parties have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The financial statements cover entities which are not parties to the deed of cross guarantee (being those subsidiaries listed in note 32 other than those noted above). There is no material difference between these financial statements and the consolidated financial statements of the parties to the Deed.



# Notes to the Financial Statements (Continued)

## Note 34. Parent entity information

Set out below is the supplementary information about the parent entity.

### Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Profit/(loss) after income tax	(483,483)	(516,764)
Total comprehensive income/(loss)	(483,483)	(516,764)

### Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	5,394,080	14,226,263
Total assets	38,502,770	39,287,974
Total current liabilities	416,005	571,587
Total liabilities	428,582	575,582
Equity		
Issued capital	186,992,217	188,344,919
Re-organisation reserve	(148,975,401)	(148,975,401)
Share-based payment reserve	1,755,647	557,666
Accumulated losses	(1,698,275)	(1,214,792)
Total equity	38,074,188	38,712,392

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 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.

# Director's Declaration

30 June 2023

In the opinion of the directors of Cettire Limited:

- 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 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the parent will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as 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*.



**Dean Mintz**  
Executive Director and CEO



**Kerry Robert (Bob) East**  
Non-Executive Director and Chair

# Independent Auditor's Report

30 June 2023



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## Independent Auditor's Report

To the Members of Cettire Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Cettire Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 2023 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### 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 (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition (Note 2)</b>	
<p>The Group recognises revenue at an amount that reflects the consideration to which they expect to be entitled in exchange for transferring goods to a customer. Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery and the performance obligation is satisfied in accordance with AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>The majority of the Group's sales transactions are completed through the "drop-ship" model, whereby suppliers deliver goods directly to the Group's customers. The Group is the principal in these transactions and therefore recognises revenue as the gross selling price net of returns and discounts.</p> <p>Given the Group recognises revenue when they make a delivery to customers, they must assess all orders shipped but not yet delivered at the end of the reporting period for correct revenue recognition</p> <p>This area is a key audit matter due to the judgement involved in this assessment, and the daily volume of online retail transactions.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Obtaining a detailed understanding of the underlying processes for revenue recognition, through discussion with individuals across the organisation and review of relevant documentation.</li><li>• Assessing the design and implementation of relevant controls in relation to estimating revenue at the year-end date.</li><li>• Utilising data analytics to risk profile revenue transactions throughout the year, identifying and testing transactions which are higher risk.</li><li>• Testing a sample of revenue transactions throughout the year to evaluate the occurrence and accuracy of the amounts recorded during the year.</li><li>• For year-end revenue specifically, assessing management's estimates (including input data and assumptions) on cut-off of revenue and provision for returns of sales and developing an independent auditor's estimate, to assess whether estimates made are reasonable.</li><li>• Assessing whether the disclosures in the financial statements, including critical judgements and estimates, are appropriate.</li></ul>
<b>Intangible Assets (Note 11)</b>	
<p>The Group holds intangible assets, including capitalised development costs, of \$20.1m.</p> <p>These intangible assets are being amortised over a five year period, and an amortisation expense of \$4.1m has been included in the statement of profit or loss and other comprehensive income.</p> <p>AASB 138 <i>Intangible Assets</i> sets out the specific requirements to be met in order to capitalise development costs. Intangible assets should be amortised over their useful economic lives in accordance with AASB 138.</p> <p>The Group applies significant judgment in assessing the useful economic lives of internally generated intangible assets, whether development costs meet the recognition criteria as set out in AASB 138, and assessing whether there are any impairment indicators and, if so, whether any impairment arises.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"><li>• Obtaining a detailed understanding of the underlying processes for capitalising intangible assets and assessing whether an impairment exists, through discussion with individuals across the organisation and review of relevant documentation.</li><li>• Assessing the design and implementation of relevant controls in relation to assessing any impairment arising.</li><li>• For intangible assets capitalised in the year, testing a sample of those items to assess whether they are capitalised in line with AASB 138 and associated interpretations.</li></ul>

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# Independent Auditor's Report (Continued)

As per AASB 136 *Impairment of Assets*, since these assets are considered in use, the Group must evaluate on each reporting date whether there are any signs of impairment that indicate that the carrying amount is higher than the recoverable amount. This introduces a significant level of judgement.

These matters are critical to the audit because of the complex decision-making involved in determining the useful economic lives of assets, recognising development costs under AASB 138, and assessing potential impairment. Accurate valuation and reporting of the Group's intangible assets depend on the Groups judgements in these areas and, given the significant financial impact of these assets and the high degree of management judgement involved, we considered them a KAM.

- Reviewing whether management's consideration of impairment indicators and any subsequent assessment is reasonable, through testing key inputs, data and assumptions.
- Assessing whether the disclosures in the financial statements, including critical judgements and estimates, are reasonable.

## Research and development tax incentive (Note 15)

The Group obtains research and development tax offsets from the Australian Commonwealth Government that reduces the net overall cost incurred by the Group in respect of its research and development activities.

The Group has recognised research and development income to the amount of \$1.2m for the 2023 financial year.

They recognised the incentive in profit or loss over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Where the research and development has been in whole or in part capitalised, the Group has accounted for the tax benefit as deferred income that is recognised in profit or loss on a systematic basis matching the useful life of the asset.

Group management exercises significant judgement and estimation determining which research and development spend is eligible for a non-refundable tax offset. This is a complex task because the rules and regulations governing the tax incentive are complex.

Therefore, we consider this a key audit matter due to the judgement involved by the Group in assessing the quantum of the research and development tax incentive to recognise.

Our procedures included, amongst others:

- Assessing the work performed by management's expert, including their objectivity, competence and capabilities.
- Considering the nature of the expenses against the eligibility criteria of the research and development tax incentive scheme to form a view about whether the expenses included in the estimate are likely to meet the eligibility criteria.
- Engaging an internal specialist as an auditor's expert to aid the above assessment and review the reasonableness of the calculation.
- Agreeing a sample of research and development expenditure within the computation to underlying supporting documentation.
- Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claim.
- Recalculating deferred income and income released in line with the amortisation of the asset.
- Assessing whether the disclosures in the financial statements, including critical judgements and estimates, are appropriate.

## 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 2023, 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 we do not express any form of assurance conclusion thereon.

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Grant Thornton Audit Pty Ltd



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 Group's ability 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

#### **Report on the remuneration report**

##### **Opinion on the remuneration report**

We have audited the Remuneration Report included in pages 16 to 23 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Cettire Limited, for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

# Independent Auditor's Report (Continued)

## Responsibilities

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



C S Gangemi  
Partner – Audit & Assurance

Melbourne, 10 August 2023

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Grant Thornton Audit Pty Ltd

# Additional Information

30 June 2023

The shareholder information set out below was applicable at 31 July 2023.

## Ordinary shares

Cettire has on issue 380,563,220 fully paid ordinary shares.

## Number of holders

The number of holders of ordinary equity shares was 3,674.

The number of holders of unquoted options was 1.

The number of holders of unquoted service rights was 17.

## Voting rights

The voting rights attaching to each class of equity securities are set out below:

- Ordinary shares – 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 shall have one vote.
- Options and rights – no voting rights.

## Substantial shareholders

The names of the substantial holders of the Parent and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Parent, are as follows:

Name	Class of securities	Number held	% of issued capital
Dean Mintz	Ordinary shares	175,142,329	46.02%
Cat Rock Capital Master Fund LP	Ordinary shares	51,062,156	13.42%

## Distribution of holders of equity securities

### Distribution of ordinary shareholders

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	1,768	849,126	0.22%
above 1,000 up to and including 5,000	1,246	3,065,910	0.80%
above 5,000 up to and including 10,000	278	2,107,402	0.55%
above 10,000 up to and including 100,000	319	9,484,755	2.49%
above 100,000	62	365,056,027	95.93%
Totals	3,673	380,563,220	100.00%

## Unquoted Securities

There are 2,500,000 unquoted options in issue, exercisable in 3 equal tranches at an exercise price of \$1.21 per option. The options are held by 1 holder.

There are 4,979,031 unquoted service rights in issue. The vesting periods vary between 4 and 6.5 years from date of grant or date of commencement of employment. The service rights are held by 17 participants.

## Additional Information (Continued)

### Number of holders holding less than a marketable parcel of ordinary shares

The number of holders holding less than a marketable parcel of ordinary shares was 231.

### Twenty largest quoted equity security holders

Holder Name	Holding	%
MR DEAN MINTZ	175,142,329	46.02%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	39,915,290	10.49%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	38,081,695	10.01%
CITICORP NOMINEES PTY LIMITED	35,453,480	9.32%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	13,197,058	3.47%
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	12,061,301	3.17%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	10,320,173	2.71%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,886,494	2.34%
UBS NOMINEES PTY LTD	8,025,219	2.11%
NATIONAL NOMINEES LIMITED	3,136,830	0.82%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,657,495	0.70%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	2,438,383	0.64%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,323,060	0.35%
WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	1,307,617	0.34%
MR KERRY R EAST FAMILY TRUST & MRS SUSAN MILLAR-EAST FAMILY TRUST <ACC 2>	1,000,000	0.26%
EAST SUPER PTY LTD	1,000,000	0.26%
PACIFIC CUSTODIANS PTY LIMITED <EMP INCENTIVE SHARE TST A/C>	675,000	0.18%
MR ANTON DE SILVA GUNAWARDENA & MRS THERESE SASHA MARIETTE FERNANDO	640,000	0.17%
MR THOMAS SAMUEL PASPALIARIS	601,688	0.16%
CERTANE CT PTY LTD <CHARITABLE FOUNDATION>	540,174	0.14%
MANDALAY TST PTY LTD <TH INVESTMENT A/C>	500,000	0.13%
VICTORIE INVESTMENTS PTY LTD <AKT THOMPSON SUPER FUND A/C>	500,000	0.13%
<b>Total number of shares of top 20 holders</b>	<b>357,403,286</b>	<b>93.91%</b>
<b>Total remaining holders balance</b>	<b>23,834,934</b>	<b>6.09%</b>
<b>Treasury shares</b>	<b>(675,000)</b>	
<b>Total issued capital – selected security class(es)</b>	<b>380,563,220</b>	<b>100.00%</b>

## **Other information**

The Parent is not currently conducting an on-market buyback.

There are no issues of securities approved for the purposes of Item 7 of section 611 of the Corporations Act which have not yet been completed.

During the year, via the Cettire Employee Incentive Trust, 675,000 ordinary securities at an average price of \$2.00 per security were purchased on-market for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.



# Corporate Directory

<b>Directors</b>	Kerry Robert (Bob) East (Chairman) Bruce Rathie Richard (Rick) Dennis Dean Mintz
<b>Company secretary</b>	Fiona van Wyk
<b>Registered Office</b>	Level 40, 140 William Street, Melbourne VIC 3000
<b>Principal Place of Business</b>	Level 40, 140 William Street, Melbourne VIC 3000
<b>Auditor</b>	Grant Thornton Collins Square, Tower 5 Level 22, 727 Collins Street, Melbourne VIC 3008
<b>Share Registry</b>	Automic Pty Ltd Level 5, 126 Phillip Street, Sydney NSW 2000
<b>Stock Exchange Listing Code</b>	ASX:CTT
<b>Website</b>	<a href="http://www.cettirecorporate.com">www.cettirecorporate.com</a>

