Marmalade Group Pty Ltd
ABN: 39 637 720 631

Financial Statements

For the Year Ended 30 June 2022

Marmalade Group Pty Ltd
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Contents
For the Year Ended 30 June 2022

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Directors' Report
30 June 2022

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial period ended 30 June 2022.

1. General Information

Information on directors

The names of each person who has been a director during the period and to the date of this report are:

Luke Trickett (Executive Director)
Michael Dempsey (Non Executive Director)
Richard Anstey (Non Executive Director)

Principal activities

The principal activities of the Group during the financial period were to provide technology driven payments and cashflow solutions for customers. The business commenced trading with customers on 1 October 2020.

No significant change in the nature of these activities occurred during the period.

The financial report was authorised for issue on 22-06-2023 by the directors.

2. Review Of Operations For The Year

Operating results

The consolidated loss of the Group amounted to $5,407,621 (2021: $3,486,019)

Dividends paid or recommended

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

3. Other Items

Events after the reporting date

The consolidated entity has executed a term sheet with a financier to provide a debt funding facility of $40m and are currently in the final stages of confirmatory due diligence.

The consolidated entity has continued to receive the full support of its shareholders and have to date received loan funding from shareholders and related entities amounting to $7.8m.

Except for the above, no other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity 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 consolidated entity.

3. Other Items (continued)

Likely developments and expected results of operations (continued)

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Shares under option

At the date of this report, the unissued ordinary shares of Marmalade Group Pty Ltd under option are as follows:

Position	Grant date	Expiry date	Exercise price	Number of options issued
Non Executive Directors - 2020 plan	17/6/2020	30/6/2025	1.00	150,000
Non Directors - 2020 Plan	25/6/2020	30/6/2025	1.00	50,000
Non Directors - 2021 Plan Type 1	11/1/2021	11/1/2031	0.00	23,425
Non Directors - 2021 Plan Type 2	6/10/2020 - 3/5/2021	6/10/2025 - 3/5/2026	1.67	479,803
Non Directors - 2021 Plan Type 3	21/6/2021	21/6/2026	1.93	26,802
Non Directors - 2022 Plan Type 1	1/7/2021 - 21/6/2022	1/7/2026-21/6/2027	1.93	229,085
Non Directors - 2022 Plan Type 2	7/3/2022	7/3/2027	1.93	28,159
Non Directors - 2022 Plan Type 3	1/7/2021	1/7/2031	1.93	200,000
Total				**1,187,274**

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial period, for any person who is or has been an officer or auditor of Marmalade Group Pty Ltd.

Auditor's independence declaration

The lead auditor's independence declaration, for the period ended 30 June 2022 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

DocuSigned by:

D9BAFF402CC0493...

....

.Luke Trickett (Executive Director)

Dated 22-06-2023

Auditor's Independence Declaration
30 June 2022

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DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF MARMALADE GROUP PTY LTD

As lead auditor of Marmalade Group Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Marmalade Group Pty Ltd and the entities it controlled during the period.

C R Jenkins
Director

BDO Audit Pty Ltd

Brisbane, 22 June 2023

Marmalade Group Pty Ltd
ABN: 39 637 720 631

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Revenue	3	**1,081,699**	147,145
Cost of sales		**(567,782)**	(92,017)
Depreciation	4	**(23,651)**	(3,807)
Employee benefits expense	4	**(4,011,420)**	(1,052,356)
Share-based payments expense		**(448,219)**	(165,744)
Technology platform expenditure	4	**(151,305)**	(1,403,067)
Other expenses		**(1,286,943)**	(916,173)
(Loss) before income tax		**(5,407,621)**	(3,486,019)
Income tax expense	5	**-**	-
(Loss) for the year		**(5,407,621)**	(3,486,019)
Other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(5,407,621)**	(3,486,019)

Marmalade Group Pty Ltd
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Statement of Financial Position
As At 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash at bank	6	**1,791,911**	8,893,899
Trade and other receivables	7	**6,479,952**	1,049,046
Other assets	8	**16,763**	880
Total current assets		**8,288,626**	9,943,825
Non-current assets			
Property, plant and equipment	9	**43,106**	24,007
Total non-current assets		**43,106**	24,007
Total assets		**8,331,732**	9,967,832
Liabilities			
Current liabilities			
Trade and other payables	11	**2,324,635**	305,587
Borrowings	12	**100,000**	-
Short-term provisions	13	**173,514**	44,880
Total current liabilities		**2,598,149**	350,467
Non-current liabilities			
Long-term provisions	13	**4,500**	4,500
Total non-current liabilities		**4,500**	4,500
Total liabilities		**2,602,649**	354,967
Net assets		**5,729,083**	9,612,865
Equity			
Issued capital	14	**14,853,073**	13,777,453
Reserves	15	**614,364**	166,145
Accumulated losses	16	**(9,738,354)**	(4,330,733)
Total equity		**5,729,083**	9,612,865

The accompanying notes form part of these Financial Statements.

Marmalade Group Pty Ltd
ABN: 39 637 720 631

Statement of Changes in Equity
For the Year Ended 30 June 2022

2022

	Ordinary Shares	Retained Earnings	Option Reserve	Total
	$	$	$	$
Opening balance	13,777,453	(4,330,733)	166,145	9,612,865
Loss attributable to members of the parent entity	-	(5,407,621)	-	(5,407,621)
Transactions with owners in their capacity as owners				
Share option transactions	-	-	448,219	448,219
Shares issued during the period	1,075,620	-	-	1,075,620
Balance at 30 June 2022	14,853,073	(9,738,354)	614,364	5,729,083

2021

	Ordinary Shares	Retained Earnings	Option Reserve	Total
	$	$	$	$
Opening balance	1,375,010	(844,714)	401	530,697
Loss attributable to members of the parent entity	-	(3,486,019)	-	(3,486,019)
Transactions with owners in their capacity as owners				
Share option transactions	-	-	165,744	165,744
Shares issued during the period	12,402,443	-	-	12,402,443
Balance at 30 June 2021	13,777,453	(4,330,733)	166,145	9,612,865

Marmalade Group Pty Ltd
ABN: 39 637 720 631

Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities:			
Receipts from customers		**1,083,656**	104,978
Payments to suppliers		**(5,783,507)**	(1,014,900)
Payments to service providers and employees		**(3,534,121)**	(3,166,369)
Net cash provided by/(used in) operating activities		**(8,233,972)**	(4,076,291)
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(43,636)**	(27,814)
Net cash provided by/(used in) investing activities		**(43,636)**	(27,814)
Cash flows from financing activities:			
Proceeds from applications by shareholders		**1,075,620**	12,316,072
Movement in related party loans		**100,000**	-
Net cash provided by/(used in) financing activities		**1,175,620**	12,316,072
Net increase/(decrease) in cash and cash equivalents held		**(7,101,988)**	8,211,967
Cash and cash equivalents at beginning of year		**8,893,899**	681,932
Cash and cash equivalents at end of the period	6	**1,791,911**	8,893,899

The financial report covers Marmalade Group Pty Ltd and its controlled entities ('the Group'). Marmalade Group Pty Ltd is a for-profit proprietary limited Company, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

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

(a) Adoption of new and revised accounting standards

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

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

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 January 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The consolidated entity has adopted AASB 1060 from 1 January 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

(b) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified disclosures and the Corporations Act 2001.

Historical cost convention

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

*Critical accounting estimate*s

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 consolidated entity'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.

1 Summary of Significant Accounting Policies (continued)

(c) Going concern

The Consolidated Entity incurred a loss of ($5,407,621) during the year ended 30 June 2022 and had an outflow of $8,233,972 of cash from operating activities.

The Consolidated Entity requires further capital to fund continued operations and meet other necessary corporate expenditure.

The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Company to raise additional capital in the future;
- the continued financial support from its financiers and shareholders; and
- the successful commercialisation of its software platform.

These conditions give rise to material uncertainty which may cast significant doubt over the Consolidated Entity's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities and securing related party debt, and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities and securing related party debt;
- The Consolidated Entity has executed a term sheet with a financier to provide a debt funding facility of $40m and are currently in the final stages of confirmatory due diligence
- The directors believe there is sufficient cash available for the Consolidated Entity to continue operating based on the Company's cash flow forecast; and
- Commencement of the commercialisation of the software platform.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

(d) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 17

1 Summary of Significant Accounting Policies (continued)

(e) Basis for consolidation

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

Subsidiaries are all those entities over which the consolidated entity has control. The parent entity controls an entity when the parent entity is exposed to, or has rights to, variable returns from its involvement with the subsidiary entity and has the ability to affect those returns through its power to direct the activities of the subsidiary entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. 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 parent entity.

A list of controlled entities is contained in note 21 to the financial statements.

(f) Currency

The financial statements are presented in Australian dollars, which is Marmalade Group Pty Ltd's functional and presentation currency.

(g) 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 consolidated entity'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 consolidated entity'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.

(h) Comparative information

Comparative information is consistent with prior years unless otherwise stated.

1 Summary of Significant Accounting Policies (continued)

(i) Revenue recognition

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.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered, for cash-in, based on a fixed rate between 3-5%. Credit cards are charged at 1.75% + $0.30 per transaction if paid via standard payment terms.

Other revenue

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

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(k) 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

1 Summary of Significant Accounting Policies (continued)

(k) Income tax (continued)

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Marmalade Group Pty Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group where available.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

(l) Impairment of financial assets

Impairment of non-derivative financial assets

The company recognises loss allowances for Expected Credit Losses ("ECLs") on financial assets measured at amortised cost. Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

1 Summary of Significant Accounting Policies (continued)

(l) Impairment of financial assets (continued)

The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the Company to actions such as realising security (if any is held).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12 month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(m) Trade and other payables

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

1 Summary of Significant Accounting Policies (continued)

(n) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits , annual leave and short term incentives expected to be settled 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

Liabilities for long service leave and long term incentives not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 corporate bond rate with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(o) Issued capital

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

(p) Share based payments

Equity-settled compensation benefits are provided to employees.

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the 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 or not that market condition has been met, provided all other conditions are satisfied.

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

If the non-vesting condition is within the control of the consolidated entity or employee, the

1 Summary of Significant Accounting Policies (continued)

(p) Share based payments (continued)

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. here.

(q) 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.

2 Critical Accounting Estimates and Judgments

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

Allowance for expected credit losses

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

Share Based Payment Transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which

2 Critical Accounting Estimates and Judgments (continued)

the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The directors have not made any significant accounting estimates or judgements which are likely to affect the future results of the Group.

3 Revenue

	2022	2021
	$	$
Revenue from contracts with customers		
- Cash in fee revenue stream	**1,057,980**	145,170
- Transaction processing fee	**17,410**	1,975
- Other revenue	**6,309**	-
	1,081,699	147,145

4 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
Superannuation contributions	**325,777**	81,217
Employee benefits expense excluding superannuation	**3,685,643**	971,139
Bad debt provision expense	**320,781**	30,599
Depreciation expense	**23,651**	3,807
Technology platform expenditure	**151,305**	1,403,067
	4,507,157	2,489,829

5 Income Tax Expense

(a) Reconciliation of income tax to accounting profit:

	2022	2021
Prima facie tax payable on profit/(loss) before income tax at 30%	**(1,622,286)**	(1,045,806)
Add:		
Tax effect of:		
- Other items	**(27,980)**	(17,317)
- Share options expensed during year	**134,466**	49,723
- Unrecognised deferred tax assets	**1,515,800**	1,013,400
Income tax expense	**-**	-

6 Cash and Cash Equivalents

	2022 $	2021 $
Cash at bank	**1,791,911**	8,893,899
	1,791,911	8,893,899

7 Trade and Other Receivables

	2022 $	2021 $
Current		
Customer monies receivable	**6,564,099**	1,014,900
Provision for impairment	**(351,380)**	(30,599)
Other receivables	**267,233**	28,374
Shareholder loans	**-**	36,371
	6,479,952	1,049,046

8 Other Assets

	2022 $	2021 $
Current		
Prepayments	**16,763**	880
	16,763	880

9 Property, plant and equipment

	2022 $	2021 $
Plant and equipment		
At cost	**70,507**	27,814
Accumulated depreciation	**(27,401)**	(3,807)
	43,106	24,007

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial period:

	Plant and Equipment $	Total $
Period ended 30 June 2022		
Balance at the beginning of year	**24,007**	**24,007**
Additions	**43,636**	**43,636**
Disposals	**(886)**	**(886)**
Depreciation expense	**(23,651)**	**(23,651)**
Balance at the end of the period	**43,106**	**43,106**

10 Tax Assets and Liabilities

	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Deferred tax assets not recognised			
Accruals	30,124	(5,929)	24,195
Prepayments	-	(264)	(264)
Revaluation, net of related depreciation	-	(7,202)	(7,202)
S40-880 Blackhole expenditure	624	(114)	510
Technology platform expenditure	142,931	80,089	223,020
Tax losses	56,294	946,820	1,003,114
Other	(229,973)	(1,013,400)	(1,243,373)
Balance at 30 June 2021	-	-	-
Accruals & provisions	**24,195**	**166,570**	**190,765**
Prepayments	**(264)**	**120**	**(144)**
Tax depreciation	**(7,202)**	**(5,730)**	**(12,932)**
S40-880 Blackhole expenditure	**510**	**(170)**	**340**
Technology platform expenditure	**223,020**	**(55,755)**	**167,265**
Tax losses	**1,003,114**	**1,410,765**	**2,413,879**
Deferred tax assets not recognised	**(1,243,373)**	**(1,515,800)**	**(2,759,173)**
Balance at 30 June 2022	**-**	**-**	**-**

11 Trade and Other Payables

	2022	2021
	$	$
Current		
Trade payables	**101,698**	18,924
Accrued expenses	**45,829**	8,813
Other payables	**2,265**	-
Payroll liabilities	**450,359**	179,561
Supplier liabilities	**1,724,484**	98,289
	2,324,635	305,587

12 Borrowings

		2022	2021
Current			
Related party payables	(a)	**100,000**	-
		100,000	-

12 Borrowings (continued)

(a) Terms and conditions of borrowings

Related party payables are unsecured interest free loans repayable at call.

13 Provisions

	2022 $	2021 $
Current		
Annual leave	**173,514**	44,880
	173,514	44,880
Non-Current		
Long service leave	**4,500**	4,500
	4,500	4,500

14 Issued Capital

Ordinary shares	**No. of shares**	Total $
At the beginning of the reporting period	**15,348,648**	13,777,453
Shares issued during the year	**935,322**	1,075,620
At the end of the reporting period	**16,283,970**	14,853,073

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

15 Reserves

Share option reserve

This reserve records the cumulative value of employee share options expensed. When the option is exercised the amount in the share option reserve is transferred to share capital.

Opening balance	**166,145**	401
Employee share options expensed	**448,219**	165,744
Closing balance	**614,364**	166,145

16 Accumulated Losses

(Accumulated losses) at the beginning of the financial year	**(4,330,733)**	(844,714)
(Accumulated losses) attributable to members of the entity	**(5,407,621)**	(3,486,019)
Accumulated losses at end of the financial year	**(9,738,354)**	(4,330,733)

17 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Group are its directors. The aggregate remuneration made to directors is set out below:

	2022	2021
	$	$
Aggregate compensation	91,000	91,000

18 Related Party Transactions

Transactions with related parties

Loans to/from related parties

The following loan balances existed between related parties at the period end.

	Balance outstanding	
	Owed to the company	Owed by the company
	$	$
Parent		
Loan from Blue Stamp Company Pty Ltd	-	100,000

19 Auditors' Remuneration

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

	2022 $	2021 $
Audit services - BDO Audit Pty Ltd:		
- Auditing or reviewing the financial statements	**36,500**	26,500
Other services - BDO Services Pty Ltd:		
- Preparation of the financial statements and tax return	**10,500**	8,400
Total	**47,000**	34,900

20 Parent Entity

The following information has been extracted from the books and records of the parent, Marmalade Group Pty Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Marmalade Group Pty Ltd has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Marmalade Group Pty Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

	2022 $	2021 $
Statement of Financial Position		
Assets		
Current assets	**914**	6,510,294
Non-current assets	**14,852,099**	7,267,089
Total Assets	**14,853,013**	13,777,383
Liabilities		
Current liabilities	**10**	-
Non-current liabilities	**-**	-
Total Liabilities	**10**	-
Equity		
Issued capital	**14,853,073**	13,777,453
Share option reserve	**614,364**	166,145
Accumulated losses	**(614,434)**	(166,215)
Total Equity	**14,853,003**	13,777,383
Statement of Profit or Loss and Other Comprehensive Income		
Total loss for the year	**448,219**	165,814
Total comprehensive income	**448,219**	165,814

22 Share-Based Payments (continued)

21 Interests in Subsidiaries

Composition of the Group

Head Company:	Principal place of business / Country of Incorporation	Percentage Owned (%)	Percentage Owned (%)*
Marmalade Group Pty Ltd	Australia	**2022**	**2021**
Subsidiaries:			
Marmalade Australia Pty Ltd	Australia	**100**	100
Marmalade Holdco Pty Ltd	Australia	**100**	100

22 Share-Based Payments

A share option plan has been established by the Group whereby the company may grant options over ordinary shares in the company to employees and key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines.

Set out below are summaries of options granted under the plan:

	Grant Date	Expiry date	Exercise price	Opening balance	Granted	Cancelled	Closing balance
Non executive directors - 2020 plan	17/06/2020	30/06/2025	1.00	150,000	-	-	150,000
Non directors - 2020 plan	25/06/2020	30/06/2025	1.00	50,000	-	-	50,000
Non directors - 2021 plan Type 1	11/1/2021	11/1/2031	-	23,425	-	-	23,425
Non directors - 2021 plan Type 2	6/10/2020-3/5/2021	6/10/2025-3/5/2026	1.67	514,110	-	(34,307)	479,803
Non directors - 2021 plan Type 3	21/6/2021	21/6/2026	1.93	26,802	-	-	26,802
Non directors - 2022 plan Type 1	1/7/2021-21/6/2022	1/7/2026-21/6/2027	1.93	-	301,184	(72,099)	229,085
Non directors - 2022 plan Type 2	7/03/2022	07/03/2027	1.93	-	28,159	-	28,159
Non directors - 2022 plan Type 3	01/07/2021	01/07/2031	1.93	-	200,000	-	200,000
Total			-	764,337	529,343	(106,406)	1,187,274

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

	Grant date	Term to maturity	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
Type 1	1/7/2021-21/6/2022	5 years	$0.98	$1.93	100.00%	-%	0.77%-3.79%	$0.631-$0.654
Type 2	7/03/2022	5 years	$0.98	$1.93	100.00%	-%	1.84%	$0.640
Type 3	01/07/2021	10 Years	$0.98	$1.93	100.00%	-%	1.48%	$0.836

23 Events Occurring After the Reporting Date

The Consolidated Entity has executed a term sheet with a financier to provide a debt funding facility of $40m and are currently in the final stages of confirmatory due diligence.

The consolidated entity has continued to receive the full support of its shareholders and have to date

22 Share-Based Payments (continued)

received loan funding from shareholders and related entities amounting to $7.8m.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

24 Statutory Information

The registered office of the company is:

Marmalade Group Pty Ltd
Level 2, 1 Breakfast Creek Road
Newstead QLD 4006

The principal place of business is:

Marmalade Group Pty Ltd
Level 5, 447 Collins Street
Melbourne VIC 3000

Marmalade Group Pty Ltd
ABN: 39 637 720 631

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 25, are in accordance with the Corporations Act 2001 and:
    a. comply with Australian Accounting Standards - Simplified disclosures; and
    b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the period ended on that date of the Company and consolidated group.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

DocuSigned by:

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Luke Trickett (Executive Director)

Dated 22-06-2023

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INDEPENDENT AUDITOR'S REPORT

To the members of Marmalade Group Pty Ltd

Report on the Audit of the Financial Report

Opinion

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

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards – Simplified Disclosures 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 Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 – Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has 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 (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

C R Jenkins
Director

Brisbane, 22 June 2023