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Cettire  
Annual Report  
2021

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CETTIRE

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## About Cettire

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Launched in 2017, Cettire is a global online retailer, 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 over 1,700 luxury brands and over 190,000 products of clothing, shoes, bags, and accessories. Visit: [www.cettire.com](http://www.cettire.com). ■

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## 2021 Highlights

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Cettire experienced a continuation of its rapid growth in FY21 as it increased its share of the global personal luxury goods market. Growth has been achieved through adding new customers and increasing revenue per customer. Cettire's rapid scaling has been enabled by its proprietary technology, which enables a high degree of automation, and its deep and diverse supply relationships.

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**304%**

Sales revenue growth

**285%**

Active customers growth

**40%**

Gross revenue from repeat customers

# Chairman's Letter

## Dear Shareholders, On behalf of the Board, I am delighted to present Cettire's first Annual Report as a listed company for the financial year ended 30 June 2021.

It has been an incredible year for Cettire, with the obvious highlight being our successful IPO on the ASX in December 2020. The IPO has increased the profile of the business and provided the Group with the opportunity to begin to realise its growth potential.

### 2021 Highlights

The Group achieved sales revenue of \$92.4m, exceeding the prospectus forecast by 32%, and reflecting a year-on-year increase of 304%. The Group also achieved significant increases in key operating metrics attributable to this growth in sales revenue. This has been achieved by a focus on growing the customer base, improving rates of conversion, retaining customers and driving average order value by:

- Building on its supplier network and expanding the number of products accessible on its site to more than 78,000 at period end
- Securing partnerships with global buy now pay later operators, Afterpay and Klarna, providing customers with flexible payment options and maintaining market competitiveness
- Bolstering marketing and brand initiatives and efforts
- Enhancing our customer proposition, for example, by introducing and embedding a free returns policy
- Ongoing investment in technology, which enhances efficiency and improves customer experience.

### FY22 Growth and Outlook

In line with the Group's strategy, the business will continue to invest in key initiatives aimed at growth in sales revenue.

In July 2021, the Group announced a natural extension of its luxury product offering with the launch of a children's wear range. This is expected to increase sales in our existing customer base in addition to attracting new customers.

To facilitate an acceleration in the rate of customer growth, additional resources will be allocated to key roles in operations and technology.

Technological advancements are key to maintaining and improving our online customer experience. Our customers expect a convenient, flexible and efficient experience and these features secure and retain our customers in a competitive market. The business will continue to invest in technology adding features to its online platform to ensure the edge over our competitors. Features such as a greater localisation capability and a mobile application are some of the enhancements that are focus areas for engineering effort in the near term. In a highly mobile and global market, these features provide our existing and new customers with additional flexibility and convenience.

As outlined in the Prospectus, Cettire's marketing capabilities continue to be essential to the success of the platform. Investment in marketing and brand initiatives to cost effectively acquire new and retain existing customers will continue in FY22.

Capitalising on its extensive supplier relationships and process automation, the business expects to significantly grow the number of products accessible on its platform in FY22. As Cettire grows, its technology platform, reach and ability to sell large volumes at attractive margins continues to be attractive to its supplier network.

In FY21, the management team has positioned the business for ongoing growth into FY22 and beyond. The Group's management capability, insights, focus and commitment will continue to deliver ongoing growth and shareholder value.

I thank the Board, CEO Dean Mintz and the Management team for their contribution over the past year and look forward to building on the significant successes in the year ahead.

Thank you to our shareholders who have invested in the growth potential of Cettire.

I look forward to building long term value as the Group executes on its growth ambitions ■



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

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# CEO's Letter

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## Dear Shareholders, It gives me great honour to be able to share Cettire's inaugural full-year financial results as an ASX-listed company.

It has been a phenomenal year of growth and transformation for Cettire, highlighted by the IPO of our company on the ASX in December 2020. Our momentum across key metrics has accelerated, notwithstanding a backdrop of global uncertainty through COVID-19. This is a testament to the attractiveness of the global luxury market in which we operate, the strength, resilience and traction of our business model and the dedication of our exceptional team.

We want Cettire to be a leading global platform for all members in the luxury value chain and I passionately believe we are just getting started. We are relentlessly focused on maximising the potential of our business.

Our strategic priorities are as follows: rapidly drive scale in the core business, enhance our technology platform, expand our product offering and supplier network and grow our addressable market via adjacencies.

A key objective in pursuing our IPO was to unlock new and incremental growth opportunities. Growth is our number one priority. During the year, we significantly stepped up our investment in customer acquisition and grew active customers by 285% to 114,830. New customer additions were a key driver of our sales revenue, which grew 304% to \$92.4 million. We continue to see very strong growth rates across key markets and will be further investing in customer acquisition to capitalise on our momentum.

Our ability to serve and rapidly grow penetration of a global market is made possible by our proprietary core technology, which enables a high degree of automation and efficiency in our core processes. During the year, we made significant enhancements to our technology platform, with an increasing focus on customer-facing features including search and filtering. Further, in August 2021, we announced the launch of our proprietary e-commerce storefront software, which

represented the culmination of significant engineering effort. This will provide Cettire with new capabilities to support its global expansion. Further technology investment will be a critical driver of customer experience and conversion over time.

This year, we continued to diversify our supply chain, adding depth and breadth to our product database. We significantly grew the number of products available on our platform, with accessible products increasing to more than 78,000 at financial year end. Recently, we also commenced direct partnerships with brand owners which we see as a natural progression of our business and complements our existing supplier network.

Adjacent markets represent a significant opportunity for us to expand our addressable market and scale our investments in technology and marketing. During the financial year, we entered the children's wear segment via a new website vertical. As well as growing our addressable market, this category expansion provides scope to grow share of spend with existing customers and introduce new potential customers to our platform.

Importantly, our customer feedback, as measured by Trustpilot reviews, remained overwhelmingly positive, despite growing orders by 4.5x year on year to more than 170,000. This is particularly pleasing and highlights the scalability of our platform.

A high-performance culture is one of the keys to our success and our progress and performance during FY21 can be attributed to our small and elite team. On behalf of the Board and the executive team, I wish to acknowledge and thank the team for their dedication and focus.

I would like to sincerely thank our customers, our suppliers our shareholders and all of our other partners for their support through the year. I am immensely proud of our progress to date, but even more excited by the market opportunity ahead of us and the potential of Cettire's platform. ■



**Dean Mintz**  
Chief Executive Officer

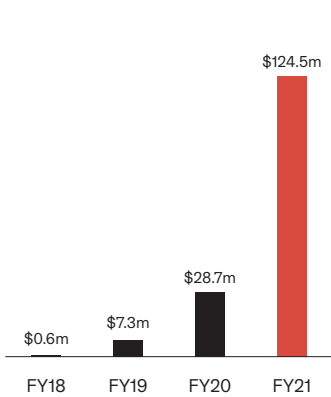
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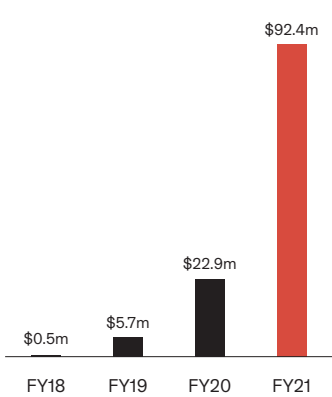
# Performance Highlights

# \$92.4m

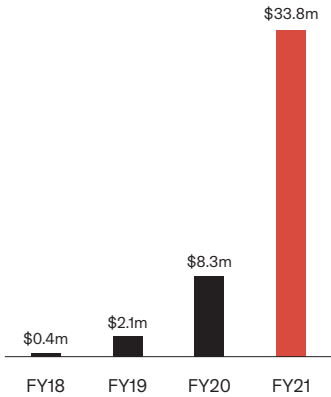
Sales revenue versus prospectus forecast sales revenue of \$70.0m



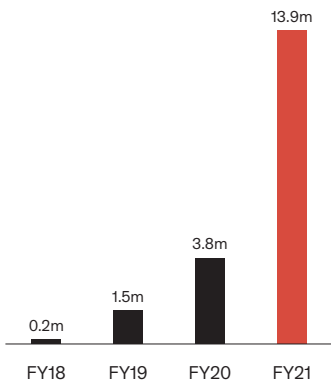
Gross revenue<sup>1</sup>



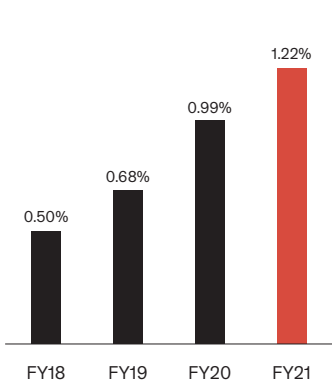
Sales revenue



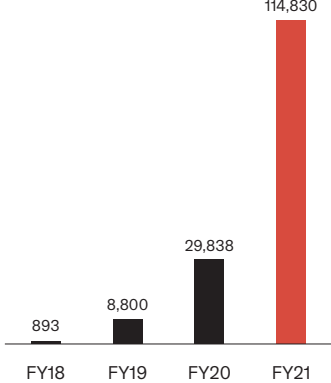
Product margin



Unique web traffic



Conversion rate<sup>2</sup>



Active customers<sup>3</sup>

1 Cettire uses gross revenue as a non-IFRS measure of business performance and represents revenue prior to returns and allowances.  
 2 Orders divided by unique website traffic.  
 3 Active Customers are unique customers who have made a purchase in the last 12 months.

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# Directors' Report

30 June 2021

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 2021.

## Directors

The following persons were Directors of Cettire Limited since the date of incorporation of the Parent and up to the date of this report, unless otherwise stated:

Kerry (Bob) East, Chairman and Non-Executive Director (appointed 29 October 2020)  
Dean Mintz, Executive Director and Chief Executive Officer (appointed 29 October 2020)<sup>1</sup>  
Bruce Rathie, Non-Executive Director (appointed 29 October 2020)  
Richard (Rick) Dennis, Non-Executive Director (appointed 29 October 2020)

## Company Secretary

Fiona van Wyk was Company Secretary from 29 October 2020 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.

## Review of operations

During the year ended 30 June 2021, Cettire achieved several important milestones and delivered strong business results including:

- Sales revenue of \$92.4 million, up 304% on the prior corresponding period ("pcp");
- Active customers growing to 114,830 (285% growth vs pcp);
- 170,389 orders processed, up 353% on the pcp;
- 40% of gross revenue from returning customers (26% in the pcp); and
- Successful IPO and listing on the ASX on 18 December 2020.

## Financial performance

Sales revenue for the year was \$92.4 million (2020: \$22.9 million), an increase of 304% on the pcp. Growth was driven by a combination of customer growth and sales revenue per active customer which increased by 5% to \$805 (2020: \$766).

Statutory gross margin increased in the year to \$22.0 million (2020: \$6.4 million), predominantly driven by the growth in revenue.

Statutory net profit/(loss) after tax for the year was \$(0.3) million, (2020: \$1.5 million), as the Group invested for further growth. The statutory results were impacted by one-off costs of \$0.8 million relating to the IPO of Cettire shares on the ASX.

## Financial position

The Group ended the period with a cash balance of \$47.1 million and zero debt.

The cash balance includes the proceeds from the IPO. The Group generated positive cash flows from operations of \$12.7 million.

## Strategy

Cettire's strategic focus is to 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.

The Group intends to invest across four key channels:

- Increase marketing to enhance brand awareness, increase site traffic and revenue;
- Technical and operational enhancements;
- Expand product offering and supplier network; and
- Other adjacencies.

<sup>1</sup> Dean Mintz was the sole Director and CEO of Ark Technologies Pty Ltd prior to the corporate re-organisation in which Cettire became the legal parent of Ark Technologies Pty Ltd and its subsidiaries.

## Significant changes in the state of affairs

During the year ended 30 June 2021, the following significant affairs occurred:

- Cettire Limited was incorporated on 29 October 2020 and became the parent entity of Ark Technologies Pty Ltd (the "Pre-Existing Group") on 27 November 2020 in anticipation of listing on the Australian Securities Exchange ("ASX").
- Cettire raised \$40 million (80 million shares at \$0.50 each) via an initial public offering ("IPO") under a prospectus ("Prospectus") lodged with ASIC on 27 November 2020. The primary objectives of the IPO were to:
  - provide the Group with access to capital markets to fund growth;
  - provide the Group with the benefits of an increased profile that comes with being a publicly listed company;
  - provide the Group with the benefits of a liquid market for its shares and an opportunity for others to invest in the Group; and
  - help accelerate the growth of the Cettire business;
- Successful listing on the ASX on 18 December 2020.

On 27 November 2020, a corporate re-organisation in which Cettire Limited became the legal parent of Ark Technologies Pty Ltd and its subsidiaries (the 'Pre-Existing Group'), was effected.

The Directors have accounted for the re-organisation as a capital re-organisation. Accordingly, the Consolidated Financial Statements have been prepared on a continuation basis as if Cettire Limited has always controlled the businesses comprising the Pre-Existing Group. The comparative financial information presented in the Consolidated Financial Statements represents that of the Pre-Existing Group. This ensures consistency of presentation with historical and forecast financial information contained in the Prospectus.

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

## Dividends

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

## Events occurring after balance sheet date

The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other item, transaction or event has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial 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.

# Directors' Report

Continued

## 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 Australian based 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 list 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, in 2018.</p> <p>Bob is currently Chairman of Australian Venue Co Pty Ltd, Tourism Australia and deputy chairman of the Gold Coast Football Club (Suns AFL).</p> <p>Bob holds an MBA and is a Member of the Australian Institute of Company Directors (AICD).</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	Chairman of the Board Member of the Audit & Risk Committee Member of the Remuneration and Nomination Committee
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

Former listed company directorships (last 3 years)	None
Special responsibilities	None
Interests in shares	251,238,220 (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 Chairman of Capricorn Mutual Limited and Non-Executive Director of Capricorn Society Limited and the Australian Meat Processors Corporation Limited.</p> <p>Bruce holds an LLB and B Comm and an MBA from University Geneva. Bruce is also 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).</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>
Former listed company directorships (last 3 years)	Netlinkz Limited (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	1,010,000 (Direct and Indirect)
Interests in options over shares	Nil
Interests in rights	Nil

# Directors' Report

Continued

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	Motorcycle Holdings Limited (ASX:MTO) (from August 2016) Apiam Animal Health Limited (ASX:AHX) (from November 2016)
Former listed company directorships (last 3 years)	None
Special responsibilities	Chairman of the Audit & Risk Committee Member of the Remuneration and Nomination Committee
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.

## 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") held from date of incorporation until 30 June 2021, 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	5	5	3	3	3	3
Bruce Rathie	5	5	3	3	3	3
Rick Dennis	5	5	3	3	3	3
Dean Mintz	5	5	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 2021.

The Group's remuneration practices aim to:

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

In FY21, the Remuneration and Nominations Committee engaged independent remuneration consultants to conduct a benchmarking exercise incorporating companies with similar market capitalisation and, to reward performance against achieving agreed annual objectives, 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.

Considering the significant efforts of the Executive KMP during the year, the overall performance of the business in FY21 and the sales revenue achieved versus the forecast for FY21 outlined in the IPO Prospectus, the Board awarded the Executive KMP a discretionary STI for FY21, details of which are outlined in section D of this Report.

The Employee Incentive Plan (the "Plan"), a summary of which was included in the IPO Prospectus lodged with ASIC on 27 November 2020 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 FY21, the Board:

- Granted options to the Chief Financial Officer (CFO) of Cettire, subject to long-term retention and share price growth; and
- Granted service rights to key 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*.

# Directors' Report

Continued

## 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 CFO of the Group.

Cettire's KMP for FY21 are outlined below.

### Key Management Personnel

Name	Position	Dates
<b>Non-Executive Directors</b>		
Bob East	Non-Executive Director and Chairman of the Board	Appointed on 29 October 2020
Bruce Rathie	Non-Executive Director and Chairman of the Remuneration & Nomination Committee	Appointed on 29 October 2020
Rick Dennis	Non-Executive Director and Chairman of the Audit & Risk Committee	Appointed on 29 October 2020
<b>Executive Director</b>		
Dean Mintz	Chief Executive Officer (CEO) and Executive Director	Appointed on 9 December 2014 <sup>1</sup>
<b>Other KMP</b>		
Timothy Hume	Chief Financial Officer (CFO)	Appointed on 7 October 2020

<sup>1</sup> Dean Mintz was the sole Director and CEO of Ark Technologies Pty Ltd prior to the corporate re-organisation in which Cettire became the legal parent of Ark Technologies Pty Ltd and its subsidiaries.

## 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)
- at risk long-term incentives (LTI)

Component	Performance 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) <sup>1</sup>	Based on annual performance criteria set on an annual basis relevant to the specific role aimed at rewarding year-on-year performance  Performance measures will be set annually for achieving goals on an annual basis which align to the strategic goals of Cettire. Performance measures will include both financial and non-financial criteria  STI Target CEO – Up to 75% of total fixed remuneration CFO – up to 50% of total fixed remuneration  STI entitlement will be 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.	Delivery of key financial and operational objectives of the Group

Component	Performance measures	Purpose and link to objectives
Long-term incentives Granted in accordance with the Company's Employee Incentive Plan measured over a longer period	Performance and/or service conditions must be satisfied before the relevant awards vest  Measures are based on vesting conditions aligned with general market practice	Performance conditions are designed to focus on key performance driving sustainable long-term growth in shareholder value
· Options	Options – subject to standard market vesting conditions over a long-term period	Aims to align executive and shareholder interest through share ownership
· Service rights	Service Rights –subject to an agreed retention period over the long term	
· Performance rights	Performance Rights – subject to general market vesting conditions determined on grant over a multi-year vesting period	

1 Effective from FY22.

## D. Executive KMP remuneration outcomes for FY21

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 FY21 is set out on page 19.

### 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 only.

On 27 November 2020, a corporate re-organisation in which Cettire became the legal parent of Ark Technologies Pty Ltd and its subsidiaries (Pre-Existing Group) was effected. The Consolidated Financial Statements have been prepared on a continuation basis as if Cettire has always controlled the businesses comprising the Pre-Existing Group. The financial performance below represents the Consolidated Financial Statements of the Pre-Existing Group.

#### Company performance

Performance	FY20	FY21
Revenue (\$'000)	22,856	92,409
Net Profit (\$'000)	1,532	(251)
Adjusted EBITDA (\$'000) <sup>1</sup>	2,754	2,082
Basic EPS (cents)	0.51	(0.07)
Annual TSR (%)	NA	428% <sup>2</sup>
Interim Dividend (cents)	NA	-
Final Dividend (cents)	NA	- <sup>3</sup>
Share price at 30 June (\$)	NA	2.64

1 Cettire uses Adjusted EBITDA as a non-IFRS measure of business performance which excludes expenses associated with the IPO, share-based payments and unrealised FX 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.

# Directors' Report

Continued

## b. Short-Term Incentives (STI)

Acknowledging the benefit of achieving goals on an annual basis which align to the strategic goals of the Group, during the year, the Board introduced STIs for Executive KMP based on performance criteria to be agreed and measured on an annual basis, effective from FY22.

In addition, the Board awarded the Executive KMP a discretionary STI payment for FY21. The Board determined the FY21 STI award based on significant efforts and achievements in relation to:

- The listing of the Company on the ASX in December 2020;
- The overall performance of the Group for FY21; and
- The significant over performance in FY21 sales revenue versus FY21 forecast sales revenue outlined in the IPO Prospectus.

The following table outlines the FY21 STI outcomes for the Executive KMP:

Executive KMP	Position	STI Award	STI as a % of Fixed Remuneration
Dean Mintz	Chief Executive Officer (CEO) and Executive Director	\$180,000	52%
Timothy Hume	CFO	\$40,000	14%

## c. Long term incentives

FY21 LTI awards

During the year, in accordance with the Employee Incentive Plan and to align the interests of the CFO with the interests of the shareholders, 2,500,000 options were issued to the CFO. Each option was issued for nil consideration and has an exercise price of \$1.21 per ordinary share, which was calculated based on a 2-month VWAP prior to the grant date. The options vest in three equal tranches as follows:

Tranche 1	Tranche 2	Tranche 3
833,333 Options (1/3) vest on the day after the release of the financial statements for the half year ended 31 December 2023 to the ASX subject to the CFO's continued employment with Cettire or a Group Company on vesting date	833,333 Options (1/3) vest on the day after the release of the financial statements for the half year ended 31 December 2023 to the ASX subject to (1) the CFO's continued employment with Cettire or a Group Company on vesting date and (2) the share price achieving \$3.00 at any time during a 3 month period commencing on vesting date based on a 5 day VWAP	833,334 Options (1/3) vest on the day after the release of the financial statements for the half year ended 31 December 2023 to the ASX subject to (1) the CFO's continued employment with Cettire or a Group Company on vesting date and (2) the share price achieving \$4.00 at any time during a 3 month period commencing on vesting date based on a 5 day VWAP

At 30 June 2021, all options remain unvested.

At 30 June 2021, no performance rights or service rights had been granted to KMP.

## E. Executive remuneration for FY21

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.

### FY21 remuneration

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments			
		Salary	Cash bonus	Non-monetary <sup>1</sup>	Super-annuation	Long-service leave	Equity-settled share options <sup>2</sup>	Total \$	Performance related %	
<b>Executive Director</b>										
Dean Mintz	2021	327,051	180,000	57,157	18,750	307	-	583,265	30.9%	
	2020 <sup>3</sup>	-	-	-	-	-	-	-	-	
<b>Executive Management</b>										
Timothy Hume	2021	273,814	40,000	-	16,271	267	56,742	387,094	15.3%	
	2020 <sup>4</sup>	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>2021</b>	<b>600,865</b>	<b>220,000</b>	<b>57,157</b>	<b>35,021</b>	<b>574</b>	<b>56,742</b>	<b>970,359</b>		
	<b>2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

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.

3 Dean Mintz did not receive a salary until 1 October 2020.

4 KMP from 7 October 2020.

# Directors' Report

Continued

## 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

During the year, 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. Guerdon was paid \$24,158 for their services. In accordance with the *Corporations Act 2001*, Guerdon has declared, and on that basis, the Board is satisfied that their advice has been provided free of any undue influence by any member of the Executive KMP.

### 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.

### 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) were appointed as Non-Executive Directors on 29 October 2020.

No other 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. This amount is currently deemed appropriate and no increase is expected to be proposed in 2021. Any change to the annual Non-Executive Directors' fee pool is required to be approved by Shareholders.

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

Position	2021 \$	2020 \$
Non-Executive Director and Chairman of the Board	160,000	-
Non-Executive Director	80,000	-

1 Exclusive of statutory superannuation.

Cettire Limited was incorporated on 29 October 2020. Non-Executive Directors were appointed on 29 October 2020 in preparation of listing of Cettire on the ASX in December 2020.

#### e. Non-Executive Directors' remuneration received

	2021 \$	2020 \$
Bob East	118,822	-
Bruce Rathie	59,411	-
Rick Dennis	59,411	-
<b>Total Remuneration<sup>1</sup></b>	<b>237,644</b>	<b>-</b>

1 Non-Executive Directors' FY21 remuneration is inclusive of Directors' fees and superannuation of \$20,619. Non-Executive Directors did not receive any other compensation FY21.

## H. KMP EQUITY INTERESTS

### a. Shareholdings

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

Ordinary shares	Balance at start of year	Corporate re-organisation	Received during the year on exercise of options/rights	Additions/ (Disposals) during the year	Balance at 30 June 2021
<b>Non-Executive KMP</b>					
Bob East	-	-	-	2,000,000	2,000,000
Bruce Rathie	-	-	-	1,010,000	1,010,000
Rick Dennis	-	-	-	25,000	25,000
<b>Executive KMP</b>					
Dean Mintz	1	301,238,220 <sup>1</sup>	-	(50,000,000) <sup>2</sup>	251,238,220
Timothy Hume	-	-	-	500,000	500,000
	1	301,238,220	-	(46,465,000)	254,773,220

1 On 27 November 2020, Dean Mintz's 1 share in Ark Technologies Pty Ltd was exchanged for 301,238,220 shares in Cettire Limited which became the legal parent of Ark Technologies Pty Ltd.

2 Dean Mintz sold 50,000,000 shares on IPO of Cettire on 18 December 2020.

# Directors' Report

Continued

## 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	On incorporation of Parent	Granted as remuneration	Exercised	Balance at 30 June 2021
<b>Executive KMP</b>				
Timothy Hume	-	2,500,000	-	2,500,000

At 30 June 2021, all options remain unvested.

## c. Details of options granted during FY21

For the options granted to KMP up to 30 June 2021, the key terms and valuation model inputs used to determine fair value at the grant date are set out below.

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

<sup>1</sup> 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.

<sup>2</sup> 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.

## I. KMP OTHER TRANSACTIONS

During FY21, a shareholder payable totalling \$743,812 was repaid to Dean Mintz. This related to funding provided to the Group prior to the IPO.

*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 30 June 2021	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	402,544	NIL	4 years from date of grant

1 Options issued to the Chief Financial Officer as part of their remuneration.

No performance rights were issued during the period.

## 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.

## 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 25 to the financial statements.

# Directors' Report

Continued

Non-audit services fees paid or payable to Grant Thornton	2021 \$	2020 \$
<i>Other assurance services</i>		
Investigating accountant report	226,500	-
Tax due diligence report	58,076	-
<i>Other services</i>		
Tax compliance services	56,502	26,000
Tax advisory services	25,926	-
Other accounting services	25,679	-
Total services provided by Grant Thornton	392,683	56,000

The non-audit services fees paid to the auditors include \$284,576 for services in relation to the IPO and \$56,502 for services in relation to tax compliance.

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 25 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.

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## 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

30 August 2021

# Auditor's Independence Declaration



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E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## 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 2021, 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.

Grant Thornton

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in black ink, appearing to read "A C Pitts".

A C Pitts  
Partner – Audit & Assurance

Melbourne, 30 August 2021

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

[www.grantthornton.com.au](http://www.grantthornton.com.au)

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# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

		Consolidated	
	Note	2021 \$	2020 \$
<b>Revenue</b>			
Sales revenue		92,409,190	22,856,477
Cost of sales		(70,433,479)	(16,441,692)
Gross profit		21,975,711	6,414,785
Other income	6	1,105,924	483,968
Interest revenue calculated using the effective interest method		9,230	2,216
<b>Expenses</b>			
Advertising and marketing expense		(11,737,592)	(1,935,168)
Merchant fees		(4,460,304)	(1,304,960)
Employee benefits expense		(1,865,239)	(351,177)
General and administrative expense		(3,374,657)	(757,077)
Initial Public Offering (IPO) costs		(846,816)	-
Amortisation expense	13	(663,415)	(365,678)
<b>Profit before income tax expense</b>		142,842	2,186,909
Income tax expense	7	(393,981)	(654,774)
<b>Profit after income tax expense for the year attributable to the owners of Cettire Limited</b>	20	(251,139)	1,532,135
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Cettire Limited</b>	20	(251,139)	1,532,135
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	32	(0.07)	0.51
Diluted earnings per share	32	(0.07)	0.51

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 2021

Consolidated

	Note	2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	47,130,634	4,669,244
Trade and other receivables	9	1,743,596	188,613
Inventories	10	584,344	197,169
Derivative financial instruments	11	-	6,787
Research and development incentive receivable	7	-	308,033
Other assets	12	422,714	6,472
<b>Total current assets</b>		<b>49,881,288</b>	<b>5,376,318</b>
<b>Non-current assets</b>			
Intangibles	13	5,474,603	3,431,431
Deferred tax assets	7	2,466,813	114,275
<b>Total non-current assets</b>		<b>7,941,416</b>	<b>3,545,706</b>
<b>Total assets</b>		<b>57,822,704</b>	<b>8,922,024</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	18,011,437	4,699,619
Related party payables	16	-	743,812
Contract liabilities	15	903,617	273,753
Derivative financial instruments	11	259,713	-
Income tax	7	-	186,346
Employee benefits	17	155,778	30,701
Deferred income	18	410,712	264,591
<b>Total current liabilities</b>		<b>19,741,257</b>	<b>6,198,822</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	7	636,677	150,264
Employee benefits	17	8,312	1,912
Deferred income	18	1,673,550	1,047,382
<b>Total non-current liabilities</b>		<b>2,318,539</b>	<b>1,199,558</b>
<b>Total liabilities</b>		<b>22,059,796</b>	<b>7,398,380</b>
<b>Net assets</b>		<b>35,762,908</b>	<b>1,523,644</b>
<b>Equity</b>			
Issued capital	19	188,344,920	1
Re-organisation reserve	19	(150,619,110)	-
Share-based payments reserve	19	69,594	-
(Accumulated losses)/Retained profits	20	(2,032,496)	1,523,643
<b>Total equity</b>		<b>35,762,908</b>	<b>1,523,644</b>

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 2021

Consolidated	Issued capital \$	(Accumulated losses)/ Retained profits \$	Re-organisation reserve \$	Share-based payments reserve \$	Total equity \$
Balance at 1 July 2019	1	(8,492)	-	-	(8,491)
Profit after income tax expense for the year	-	1,532,135	-	-	1,532,135
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	1,532,135	-	-	1,532,135
Balance at 30 June 2020	1	1,523,643	-	-	1,523,644

Consolidated	Issued capital \$	(Accumulated losses)/ Retained profits \$	Re-organisation reserve \$	Share-based payments reserve \$	Total equity \$
Balance at 1 July 2020	1	1,523,643	-	-	1,523,644
Profit after income tax expense for the year	-	(251,139)	-	-	(251,139)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	(251,139)	-	-	(251,139)
<i>Transactions with members in their capacity as members</i>					
Pre-IPO re-organisation	150,619,110	-	(150,619,110)	-	-
Shares issued at IPO, net of transaction costs and tax	37,725,809	-	-	-	37,725,809
Share-based payments	-	-	-	69,594	69,594
Dividend paid (note 21)	-	(3,305,000)	-	-	(3,305,000)
Balance at 30 June 2021	188,344,920	(2,032,496)	(150,619,110)	69,594	35,762,908

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 2021

		Consolidated	
	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		94,537,909	22,997,724
Payments to suppliers and employees (inclusive of GST)		(81,118,227)	(17,481,009)
		13,419,682	5,516,715
Government grants received		88,729	-
IPO costs paid		(846,816)	-
Interest received		9,230	2,216
Research and development incentive received		308,033	-
Income tax refunded/(Paid)		(240,109)	-
Net cash from operating activities	30	12,738,749	5,518,931
<b>Cash flows from investing activities</b>			
Payments for intangibles	13	(2,706,587)	(1,325,168)
Net cash used in investing activities		(2,706,587)	(1,325,168)
<b>Cash flows from financing activities</b>			
Payments to related parties		(743,812)	(340,487)
Proceeds from issue of shares	19	40,000,000	-
IPO costs paid		(3,248,845)	-
Dividend paid	21	(3,305,000)	-
Net cash used in financing activities		32,702,343	(340,487)
Net increase in cash and cash equivalents		42,734,505	3,853,276
Cash and cash equivalents at the beginning of the period		4,669,244	815,968
Effect of exchange rate changes on cash and cash equivalents		(273,115)	-
Cash and cash equivalents at the end of the period	8	47,130,634	4,669,244

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



# Notes to the Financial Statements

30 June 2021

## 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 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 30 August 2021.

## 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 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. There are no standards that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 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 Group's financial statements.

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 *Intangible Assets*)

During the financial year the International Financial Reporting Interpretations Committee IFRIC identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

The Agenda Decision requires that management capitalise those elements of expenditure that meet the definition of an "Intangible Asset" as defined by AASB 138 *Intangible Assets* and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.

The impact of this decision has not had a material impact on the consolidated entity's financial statements.

### Basis of preparation

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

### Historical cost convention

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

### Critical accounting estimates

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

# Notes to the Financial Statements

Continued

## Note 2. Significant accounting policies

continued

### 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 35.

### 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 2021 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 5 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 revenue

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. 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.

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.

### Public listing and corporate re-organisation

Cettire Limited was incorporated on 29 October 2020. During the period, the Group undertook an Initial Public Offering (IPO) and corporate re-organisation. On 27 November 2020, the corporate re-organisation, in which Cettire Limited became the legal parent of Ark Technologies Pty Ltd and its subsidiaries ('Pre-Existing Group'), was effected.

The Directors have accounted for the re-organisation as a corporate restructure. Accordingly, the Consolidated Financial Statements have been prepared as a continuation of the Pre-Existing Group. In the Directors' judgement, the continuation of existing accounting values is consistent with the accounting which would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure.

Accordingly, the financial statements reflect a continuation of the Pre-Existing Group and, as a result:

- The assets and liabilities of the Group include the carrying values of the assets and liabilities of the Pre-Existing Group rather than fair value;
- The retained earnings and other shareholders equity balances recognised in the Consolidated Financial Statements include the existing retained earnings and other equity balances of the Pre-Existing Group;
- No goodwill has been recognised as a result of the re-organisation;
- The Consolidated Financial Statements include financial results for the Group from re-organisation to 30 June 2021 and the Pre-Existing Group for the period of 1 July 2020 to the date of re-organisation;
- The comparatives presented are those of the Pre-Existing Group;
- The amounts recognised as issued capital in the Consolidated Financial Statements of Cettire Ltd reflect the impact of the restructure and the market capitalisation of Cettire at the date of the IPO (less costs that are offset against issued capital); and
- An offsetting entry to a re-organisation reserve has been recognised to align total equity with the net asset position of the Group.

### Initial Public Offering (IPO) costs

On 17 December 2020, the Group undertook an IPO to list on the ASX. Costs incurred that are directly attributable and incremental to the issuance of new equity (net of tax) have been recognised in equity as an offset to the value of capital raised. The Directors exercised judgement in determining an allocation methodology (between equity and expense) for costs which relate to both the issuance of new equity and other activities. The Group's methodology was determined with reference to the number of new shares issued in raising capital, and the nature and purpose of services rendered in incurring costs. All other costs were taken directly to the statement of profit or loss and other comprehensive income during the period.

### 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. 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.

### Estimation of useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its finite life intangible assets. 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.

#### Recovery of deferred tax assets

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

#### Employee benefits provision

As discussed in note 17, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### Contract liabilities and Stock-in-transit

In determining the level of the contract liabilities (refer to note 15) and stock-in-transit (refer to note 10), 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.

## Note 4. Restatement of comparatives

### Reclassification

During the year, the Group determined that some costs included as General and administrative expense in the prior year are more accurately classified as Merchant fees. These costs have been reclassified to Merchant fees in the current year and comparative figures have been adjusted to conform to changes in the presentation in the current year. The impact on the statement of profit or loss and other comprehensive income in the prior year has been shown in the extract below. The reclassification had no impact on total comprehensive income.

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

	Consolidated		
Extract	2020 \$ Reported	\$ Adjustment	2020 \$ Restated
Expenses			
Merchant fees	(861,425)	(443,535)	(1,304,960)
General and administrative expense	(1,200,612)	443,535	(757,077)

# Notes to the Financial Statements

Continued

## Note 5. 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.

### 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 payment is registered i.e. billing address.

	Consolidated	
Year ended 30 June 2021	2021 \$	2020 \$
Revenue		
United States	62,323,407	15,082,562
Australia	8,319,607	1,411,390
Other	21,766,176	6,362,525
Total	92,409,190	22,856,477

	Consolidated	
Year ended 30 June 2021	2021 \$	2020 \$
Non-Current Assets		
Australia	5,474,603	3,431,431
Other	-	-
Total	5,474,603	3,431,431

## Note 6. Other income

	Consolidated	
	2021	2020
	\$	\$
Government grants	88,729	11,271
Insurance recoveries	557,795	300,364
Research and development tax incentive	459,400	172,333
Other income	1,105,924	483,968

## Note 7. Income tax

	Consolidated	
	2021	2020
	\$	\$
<i>Income tax expense</i>		
Current tax	1,231,687	696,537
Deferred tax – origination and reversal of temporary differences	(891,471)	(41,763)
Under provision in prior years	53,765	-
Aggregate income tax expense	393,981	654,774
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(1,377,884)	(60,326)
Increase in deferred tax liabilities	486,413	18,563
Deferred tax – origination and reversal of temporary differences	(891,471)	(41,763)
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	142,842	2,186,909
Tax at the statutory tax rate of 30% (2020: 27.5%)	42,853	601,400
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	178,865	100,561
Research and development incentive income	(137,820)	(47,392)
Non-deductible research and development costs	151,799	-
Under provision in prior years	53,765	-
Sundry items	101,246	205
Adjustment to deferred tax balances as a result of a change in statutory tax rate	3,273	-
Income tax expense	393,981	654,774

# Notes to the Financial Statements

Continued

## Note 7. Income tax continued

	Consolidated	
	2021	2020
	\$	\$
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Deferred customer revenue	271,085	75,281
Refunds Payable	458,718	-
Gift card liabilities	137,434	-
Derivative financial instruments	77,914	-
Employee benefits	161,453	11,906
Accrued expenses	36,804	27,088
IPO Costs recognised in profit or loss	201,799	-
Carried forward tax losses	344,217	-
	1,689,424	114,275
Amounts recognised in equity		
IPO costs recognised in equity	777,389	-
	777,389	-
Deferred tax asset	2,466,813	114,275
Movements:		
Opening balance	114,275	53,949
IPO costs recognised in equity	974,654	-
Credited to profit or loss	1,377,884	60,326
Closing balance	2,466,813	114,275



Consolidated		
	2021	2020
	\$	\$
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Derivative financial instruments	-	1,866
Inventories	175,303	54,220
Prepayments	-	1,780
Accrued supplier credits	380,736	-
Development costs	80,638	92,398
Deferred tax liability	636,677	150,264
Movements:		
Opening balance	150,264	131,701
Charged to profit or loss	486,413	18,563
Closing balance	636,677	150,264

Consolidated		
	2021	2020
	\$	\$
Research and development incentive receivable	-	308,033

Refer to note 18 for the accounting policy for research and development.

Consolidated		
	2021	2020
	\$	\$
Provision for income tax	-	186,346

# Notes to the Financial Statements

Continued

## Note 7. Income tax continued

### 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.

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 8. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Cash at bank	46,968,348	4,588,664
Cash on deposit	162,286	80,580
	47,130,634	4,669,244

### 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 9. Trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Other receivables	1,743,596	188,613

### Accounting policy for trade and other receivables

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

## Note 10. Inventories

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Stock in transit – at cost	584,344	197,169

### 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 11. Derivative financial instruments

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Forward foreign exchange contracts	-	6,787
<i>Current liabilities</i>		
Forward foreign exchange contracts	259,713	-

Refer to note 23 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. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

# Notes to the Financial Statements

Continued

## Note 12. Other assets

	Consolidated	
	2021	2020
	\$	\$
<i>Current assets</i>		
Prepayments	399,670	6,472
Other	23,044	-
	422,714	6,472

## Note 13. Intangibles

	Consolidated	
	2021	2020
	\$	\$
<i>Non-current assets</i>		
Website and software development - at cost	6,729,178	4,035,985
Less: Accumulated amortisation	(1,266,630)	(604,554)
	5,462,548	3,431,431
Trademarks - at cost	13,394	-
Less: Accumulated amortisation	(1,339)	-
	12,055	-
	5,474,603	3,431,431

### 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 \$	Total \$
Balance at 1 July 2019	2,471,941	-	2,471,941
Additions	1,325,168	-	1,325,168
Amortisation expense	(365,678)	-	(365,678)
Balance at 30 June 2020	3,431,431	-	3,431,431
Additions	2,693,193	13,394	2,706,587
Amortisation expense	(662,076)	(1,339)	(663,415)
Balance at 30 June 2021	5,462,548	12,055	5,474,603

### 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 later.

### 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.

## Note 14. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	14,753,855	4,218,766
Other payables	1,728,523	480,853
Refunds payable	1,529,059	-
	18,011,437	4,699,619

Refer to note 22 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.

# Notes to the Financial Statements

Continued

## Note 15. Contract liabilities

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	903,617	273,753
<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	273,753	(189,063)
Payments received in advance	903,617	273,753
Transfer to revenue – included in the opening balance	(273,753)	189,063
Closing balance	903,617	273,753

### 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.

## Note 16. Related party payables

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Payables to shareholder	-	743,812

## Note 17. Employee benefits

	Consolidated	
	2021	2020
	\$	\$
<i>Current liabilities</i>		
Annual leave	155,778	30,701
<i>Non-current liabilities</i>		
Long service leave	8,312	1,912

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

### Defined contribution superannuation expense

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

## Note 18. Deferred income

	Consolidated		
	2021	2020	
	\$	\$	
<i>Current liabilities</i>			
Deferred research and development incentive	410,712	264,591	
<i>Non-current liabilities</i>			
Deferred research and development incentive	1,673,550	1,047,382	
Movements in deferred revenue/income during the current financial year are set out below:			
Deferred research and development incentive	Current	Non-current	Total
	\$	\$	\$
Carrying amount at 1 July 2019	172,333	801,783	974,116
Additional income deferred	-	510,190	510,190
Transferred to current	264,591	(264,591)	-
Income recognised	(172,333)	-	(172,333)
Carrying amount at 30 June 2020	264,591	1,047,382	1,311,973
Additional income deferred	-	1,036,880	1,036,880
Transferred to current	410,712	(410,712)	-
Income recognised	(264,591)	-	(264,591)
Carrying amount at 30 June 2021	410,712	1,673,550	2,084,262

# Notes to the Financial Statements

Continued

## Note 18. Deferred income continued

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. For the year ended 30 June 2019, the Group claimed a refundable tax offset of 43.5% of eligible research and development spend, which is paid in cash after submission of a valid claim.

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.

## Note 19. Issued capital and reserves

### a. Ordinary Shares

	Consolidated			
	2021 Shares	2020 Shares	2021 \$	2020 \$
Ordinary shares – fully paid	381,238,220	1	188,344,920	1

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 33 for details of outstanding rights and options in regards to Ordinary Shares.

### b. Movements in issued share capital

	Shares	Issue Price	\$
1 July 2020	1	\$1.00	1
Pre-IPO re-organisation (note 19 (c))	301,238,219	\$0.50	150,619,110
Issue of shares on initial public offering ("IPO")	80,000,000	\$0.50	40,000,000
Costs directly attributable to IPO capital raising (net of tax)			(2,274,191)
30 June 2021	381,238,220		188,344,920



### c. Re-organisation reserve

Consolidated	\$
Balance at 1 July 2020	-
Arising on Group re-organisation (note 3)	(150,619,110)
Balance at 30 June 2021	(150,619,110)

The Group re-organisation reserve arose as a result of the corporate re-organisation undertaken on 27 November and described in note 3.

### d. Share-based payments reserve

Consolidated	\$
Balance at 1 July 2020	-
Share-based payments expense (note 33)	69,594
Balance at 30 June 2021	69,594

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.

## Note 20. (Accumulated losses)/Retained profits

	Consolidated	
	2021 \$	2020 \$
Retained profits/(accumulated losses) at the beginning of the financial year	1,523,643	(8,492)
Profit after income tax expenses for the year	(251,139)	1,532,135
Dividend paid (note 21)	(3,305,000)	-
(Accumulated losses)/Retained profits at the end of the financial year	(2,032,496)	1,523,643

# Notes to the Financial Statements

Continued

## Note 21. Dividends

	Consolidated	
	2021	2020
	\$	\$
Dividends paid during the period	3,305,000	-

### 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	
	2021	2020
	\$	\$
Deferred debit balance of the franking account at the beginning of the period	1,338,892	1,015,048
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date	-	(186,346)
Franking credits that will arise from the payment of income tax that was under provided for in prior years	(53,765)	-
Franking debits that will arise from the offset/receipt of the research and development offset for the current year	1,231,687	510,190
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	2,516,814	1,338,892

## Note 22. 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 Australian dollars		Average exchange rates	
	2021 \$	2020 \$	2021	2020
Buy US dollars				
Maturity:				
0 - 3 months	-	347,729	-	1.4379
	Sell EUR		Average exchange rates	
	2021 \$	2020 \$	2021	2020
Buy US dollars				
Maturity:				
0 - 3 months	-	563,190	-	0.8878
	Sell USD		Average exchange rates	
	2021 \$	2020 \$	2021	2020
Buy Australian dollars				
Maturity:				
0 - 3 months	1,936,819	77,480	1.3567	1.4661
Buy Euros				
Maturity:				
0 - 3 months	9,496,687	2,755	0.8269	0.8885

# Notes to the Financial Statements

Continued

## Note 22. Financial instruments continued

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

Consolidated	Assets		Liabilities	
	2021 \$	2020 \$	2021 \$	2020 \$
US dollars	12,759,127	3,953,718	3,448,672	392,322
Euros	429,720	16,351	17,406,185	3,069,048
Pound Sterling	676,193	161,190	65,436	25,456
Chinese Yuan	1,012	-	21,900	-
Hong Kong Dollar	-	-	6,871	-
	13,866,052	4,131,259	20,949,064	3,486,826

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 – 2021	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	-	14,753,855	-	-	-	14,753,855
Other payables	-	811,878	-	-	-	811,878
Refunds payable	-	1,529,059	-	-	-	1,529,059
Total non-derivatives		17,094,792	-	-	-	17,094,792

Consolidated – 2020	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	-	4,218,766	-	-	-	4,218,766
Other payables	-	480,853	-	-	-	480,853
Shareholder payables	-	(743,812)	-	-	-	(743,812)
Total non-derivatives		5,443,431	-	-	-	5,443,431

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

Other payables is shown excluding \$916,645 as these arise from statute rather than contract.

Fair value of financial instruments

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

#### 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).

# Notes to the Financial Statements

Continued

## Note 22. Financial instruments continued

### 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 23. 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

Consolidated – 2021	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Liabilities</i>				
Forward foreign exchange contracts	-	259,713	-	259,713
Total assets	-	259,713	-	259,713
<hr/>				
Consolidated – 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Forward foreign exchange contracts	-	6,787	-	6,787
Total assets	-	6,787	-	6,787

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 24. 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  
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	
	2021	2020
	\$	\$
Short-term employee benefits	1,095,047	-
Post-employment benefits	55,640	-
Long-term benefits	574	-
Share-based payments	56,742	-
	1,208,003	-

The KMP of Ark Technologies Pty Ltd received no remuneration in 2020.

# Notes to the Financial Statements

Continued

## Note 25. Remuneration of auditors

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

	Consolidated	
	2021	2020
	\$	\$
<i>Audit and review services</i>		
Audit and review of the financial statements	102,500	30,000
<i>Other assurance services</i>		
Investigating accountant report	226,500	-
Tax due diligence report	58,076	-
<i>Other services</i>		
Tax compliance services	56,502	26,000
Tax advisory services	25,926	-
Other accounting services	25,679	-
Total services provided by Grant Thornton Audit Pty Ltd	495,183	56,000

## Note 26. Contingent liabilities

The Group has outstanding standby letters of credit in favour of selected suppliers as at 30 June 2021 of \$162,286 (2020: \$80,580). The standby letters of credit are secured by a term deposit held by the Group.

## Note 27. Commitments

The Group had no commitments as at 30 June 2021 or 30 June 2020.



## Note 28. Related party transactions

### Parent entity

Cettire Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 34.

### Transactions with related parties

There were no transactions with related parties during the period, with the exception of the repayment of the payable repaid to the shareholder set out below.

### Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	\$	\$
Current payables:		
Payables to shareholder	-	743,812

### 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 29. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other item, transaction or event has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

# Notes to the Financial Statements

Continued

## Note 30. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2021	2020
	\$	\$
Profit after income tax expense for the year	(251,139)	1,532,135
Adjustments for:		
Amortisation	663,415	365,678
Net fair value loss/(gain) on forward foreign exchange contracts	266,500	1,227
Unrealised exchange loss/(gain)	273,115	-
Share-based payment expense	69,594	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,554,983)	(188,613)
Increase in inventories	(387,175)	(62,264)
Increase in deferred tax assets	(1,377,884)	(60,326)
Increase in other assets	(416,242)	(725)
Decrease in research and development incentive receivable	308,033	-
Increase in trade and other payables	13,311,818	3,278,864
Increase in contract liabilities	629,864	84,690
Decrease in provision for income tax	(186,346)	186,346
Increase in deferred tax liabilities	486,413	18,563
Increase in employee benefits	131,477	25,499
Increase in other operating liabilities	772,289	337,857
Net cash from operating activities	12,738,749	5,518,931

### Note 31. Changes in liabilities arising from financing activities

Consolidated	Shareholder payables \$	Total \$
Balance at 1 July 2019	1,084,299	1,084,299
Net cash used in financing activities	(340,487)	(340,487)
Balance at 30 June 2020	743,812	743,812
Net cash used in financing activities	(743,812)	(743,812)
Balance at 30 June 2021	-	-

### Note 32. Earnings per share

	Consolidated	
	2021 \$	2020 \$
Profit after income tax attributable to the owners of Cettire Limited	(251,139)	1,532,135

	Consolidated	
Weighted average number of shares used as the denominator	2021 Number	2020 Number
Balance at beginning of period – adjusted for impact of Group re-organisation	301,238,220	301,238,220
Shares issued during the period	80,000,000	-
Balance at end of period – adjusted for impact of Group re-organisation	381,238,220	301,238,220
Weighted average number of ordinary shares used in calculating basic earnings per share	344,635,480	301,238,220
Weighted average number of ordinary shares used in calculating diluted earnings per share	344,654,500	301,238,220

AASB 113 requires that where a share split occurs the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. 301,238,220 shares represent the proportion of shares at listing that were on hand at previous period end.

	Cents	Cents
Basic earnings per share	(0.07)	0.51
Diluted earnings per share	(0.07)	0.51

# Notes to the Financial Statements

Continued

## Note 32. Earnings per share continued

### 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 33. 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 Parent, 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 2021, a total of 2,500,000 options over fully paid ordinary shares and 402,544 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.

2021 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 4.67 years (2020: nil).

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

The share-based payment expense during the financial year was \$69,594 (2020: nil), of which \$56,742 (2020: nil) related to the granting of options under the EIP.

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	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. 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	296,612	\$2.45	\$726,699
3/6/2021	105,932	\$2.35	\$248,940

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

In the financial year, a total share-based payment expense of \$12,852 (2020: nil) was recognised in relation to issuance of service rights under the EIP.

#### 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 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 that market condition has been met, provided all other conditions are satisfied.

# Notes to the Financial Statements

Continued

## Note 33. Share-based payments continued

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 34. 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	
		2021 %	2020 %
Ark Technologies Pty Ltd	Australia	100.00%	-
Cettire, Inc.	United States	100.00%	100.0%
Cettire S.R.L.	Italy	100.00%	100.0%

As described in note 3, Cettire Limited was incorporated on 29 October 2020. On 27 November 2020, a corporate re-organisation in which Cettire Limited became the legal parent of Ark Technologies Pty Ltd and its subsidiaries (the 'Pre-Existing Group'), was effected. The accounts are presented as a continuation of the Pre-Existing Group.

## Note 35. Parent entity information

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

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

	Parent	
	2021 \$	2020 \$
Profit after income tax	(698,028)	-
Total comprehensive income	(698,028)	-

## Statement of financial position

		Parent
	2021 \$	2020 \$
Total current assets	33,364,806	-
Total assets	39,227,240	-
Total current liabilities	485,583	-
Total liabilities	486,156	-
<b>Equity</b>		
Issued capital	188,344,919	-
Re-organisation reserve	(148,975,401)	-
Share-based payment reserve	69,594	-
Retained profits/(accumulated losses)	(698,028)	-
Total equity/(deficiency)	38,741,084	-

### 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 2021 and 30 June 2020.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

### Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

### 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.

# Directors' Declaration

30 June 2021

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 2021 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

30 August 2021



# Independent Auditor's Report

30 June 2021



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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 2021, 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:

- giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- 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.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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# Independent Auditor's Report

Continued



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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

#### Revenue recognition – Note 2

As disclosed in Note 2 to the financial report, revenue is recognised at an amount that reflects the consideration to which the Group is expected 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 *Revenue from Contracts with Customers*.

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 revenue is recognised as the gross selling price net of returns and discounts.

Revenue is only be recognised when delivery is made to the customer which requires an assessment at the end of the reporting period for all orders shipped but not yet delivered.

Auditing standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report*, states that there is a presumed fraud risk that revenue may be misstated due to improper revenue recognition.

This area is a key audit matter due to the judgement involved in this assessment, and the volume of online retail transactions processed on a daily basis.

Our procedures included, amongst others:

- Reviewing revenue recognition policies and ensuring the appropriate recognition of revenue under AASB 15;
- Performing analytical review for revenue disaggregated by month, and where movements were outside expectations, obtaining explanations along with corroborating documentation;
- Selecting a sample of sales transactions recorded throughout the year and obtaining supporting documentation to validate the occurrence of the transaction and accuracy of amounts recorded;
- Reviewing management's cut-off assessment and calculation of contract liabilities to evaluate whether revenue was recorded in the correct period;
- Reviewing management's refund provision calculation to ensure post-year end refunds have been appropriately provided for; and
- Assessing the adequacy of associated disclosures.

#### Capitalised development costs – Note 13

Note 13 of the financial statements includes capitalised development cost additions of \$2.7 million to the Group's intangible assets.

These intangible assets are being amortised over a five year period, and an amortisation expense of \$663k has been included in the statement of profit or loss and other comprehensive income.

AASB 138 *Intangible Assets* 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.

This area is a key audit matter due to subjectivity and management judgement applied in the assessment of whether costs meet the development phase criteria described in AASB 138, the estimate of the assets' useful lives and consideration of impairment involving projected future cash flows under accounting standard AASB 136.

Our procedures included, amongst others:

- Reviewing the reconciliation of intangible assets to the general ledger, and investigating any material variances;
- Selecting a sample of additions to the asset during the period to evaluate whether they have been appropriately capitalised under the criteria of AASB 138;
- Performing inquiries of management in regards to amortisation rates used throughout the period and any changes from the prior period;
- Recalculating amortisation expense for the period;
- Reviewing management's assessment of impairment indicators and evaluating the reasonableness of assumptions applied in the assessment; and
- Assessing the adequacy of associated disclosures in line with the requirements of AASB 138.

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**Key audit matter**

**How our audit addressed the key audit matter**

**Accounting for Research and Development (R&D) tax incentive - Note 18**

Under the research and development (R&D) tax incentive scheme, the Group receives a 38.5% tax offset of eligible expenditure as its turnover is greater than \$20 million per annum, provided it is not controlled by income tax exempt entities. A registration of R&D Activities Application is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive as an offset against its current tax payable.

Management have performed a detailed review of the Group's total R&D expenditure to determine the potential claim under the R&D tax incentive legislation. The R&D offset for the period ended June 30, 2021 was \$1.2 million. This represents an estimated claim for the period from July 1, 2020 to June 30, 2021.

The Group accounts for the R&D offset under AASB 120 *Accounting for Government Grants*, whereby where R&D expenditure has been capitalised, the Group has recognised the tax benefit as deferred income that is recognised in profit or loss on a systematic basis matching the useful life of the asset. Where R&D expenditure has not been capitalised, the benefit is recognised in the period it is received.

This is a key audit matter due to the size of the receivable and because there is a degree of judgment and interpretation of the R&D tax legislation required to assess eligibility of the R&D expenditure under the scheme.

Our procedures included, amongst others:

- Obtaining an understanding the process undertaken to calculate the R&D tax incentive;
- Evaluating the competence, capabilities and objectivity of the specialist engaged by the Group to review the R&D expenditure;
- Utilising an internal R&D tax specialist in:
  - Reviewing the methodology used by the Group for consistency with the R&D tax offset rules; and
  - Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to assess whether the expenses included in the estimate were likely to meet the eligibility criteria;
- Inspecting supporting documentation for a sample of expenses claimed to assess validity of the claimed amount and eligibility against the R&D tax incentive scheme criteria;
- Comparing the nature of R&D expenditure included in the current year estimate to the prior year claim;
- Considering the Group's history of successful claims;
- Inspecting copies of relevant correspondence with AusIndustry and the Australian Taxation Office related to the claims; and
- Assessing the adequacy of the Group's disclosures in relation to the R&D tax incentive.

**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 2021, 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.

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.

# Independent Auditor's Report

Continued



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## 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: [https://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](https://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 15 to 22 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Cettire Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

## Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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

Grant Thornton Audit Pty Ltd  
Chartered Accountants

A handwritten signature in black ink, appearing to read "A C Pitts".

A C Pitts  
Partner – Audit & Assurance

Melbourne, 30 August 2021

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# Additional Information

30 June 2021

The shareholder information set out below was applicable at 31 July 2021.

## Ordinary shares

Cettire has on issue 381,238,220 fully paid ordinary shares.

## Number of holders

The number of holders of ordinary equity shares was 3,916.

The number of holders of unquoted options was 1.

The number of holders of unquoted service rights was 5.

## 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	251,238,220	65.90%
Cat Rock Capital Master Fund LP	Ordinary shares	20,827,197	5.46%

## Distribution of holders of equity securities

### Distribution of ordinary shareholders

Holdings Ranges	Holders	Total units	%
1 – 1,000	1,636	893,799	0.23%
1,001 – 5,000	1,466	3,649,148	0.96%
5,001 – 10,000	351	2,755,441	0.72%
10,001 – 100,000	392	12,448,771	3.27%
100,001 – and over	71	361,491,061	94.82%
Totals	3,916	381,238,220	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 402,544 unquoted service rights in issue. The vesting period is 4 years from date of grant. The service rights are held by 5 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 187.

## Twenty largest quoted equity security holders

Holder Name	Balance	%
Dean Mintz	251,238,220	65.90%
HSBC Custody Nominees (Australia) Limited	25,655,993	6.73%
HSBC Custody Nominees (Australia) Limited - A/C 2	24,697,085	6.48%
UBS Nominees Pty Ltd	18,859,228	4.95%
J P Morgan Nominees Australia Pty Limited	8,463,137	2.22%
T2 Capital I Pty Limited <Barnaby A/C>	3,494,330	0.92%
National Nominees Limited	2,809,781	0.74%
Citicorp Nominees Pty Limited	2,771,985	0.73%
BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient DRP>	2,737,148	0.72%
CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	2,137,924	0.56%
Truebell Capital Pty Ltd <Truebell Investment Fund>	2,010,500	0.53%
Brispot Nominees Pty Ltd <House Head Nominee A/C>	1,139,393	0.30%
East Super Pty Ltd	1,000,000	0.26%
Mr Kerry R East Family Trust & Mrs Susan Millar-East Family Trust <ACC 2>	1,000,000	0.26%
Certane CT Pty Ltd <Bipeta>	645,000	0.17%
Certane CT Pty Ltd <Charitable Foundation>	605,000	0.16%
CS Fourth Nominees Pty Limited <HSBC Cust Nom AU Ltd 11 A/C>	551,600	0.14%
Invia Custodian Pty Limited <McMurdo Fam SF A/C>	500,000	0.13%
Washington H Soul Pattinson and Company Limited	500,000	0.13%
Mandalay TST Pty Ltd <TH Investment A/C>	500,000	0.13%
Total number of shares of top 20 holders	350,816,324	92.02%
Total remaining holders balance	30,421,896	7.98%

## Escrow

Class	Type of restriction	Number of securities	End of escrow period
Ordinary shares	Voluntary escrow	62,809,555	The date on which the Group's December 2021 interim results are released (expected to be in February 2022)
Ordinary shares	Voluntary escrow	62,809,555	The date on which the Group's June 2022 final results are released (expected to be in August 2022)
Ordinary shares	Voluntary escrow	125,619,110	The date on which the Group's December 2022 interim results are released (expected to be in February 2023)

## 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.

No securities were purchased on-market during the reporting period under or 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>



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