ANNUAL REPORT 2024

For the year ended 30 June 2024

gratifii

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Gratifii Limited (ASX: GTI) ABN 47 125 688 940

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Powering loyalty success

Gratifii Limited (ASX:GTI) is an ASX listed company transforming the way that loyalty and rewards are managed and delivered. We provide end-to-end loyalty software and services solutions, and curated reward content for over 70 enterprise clients and more than 17 million users to engage with their customers and employees.

Our SaaS technology offering, Mosaic, is a highly configurable loyalty and rewards platform that businesses can implement to manage their loyalty programs. Alongside our enterprise technology, we offer bespoke engagement programs, marketing services, and best-in-class rewards content such as entertainment, experiences, retail, theme parks and attractions, electronics, and gift cards.

Gratifii operates in Australia, New Zealand, and Singapore across a range of sectors including retail, hospitality, energy, tourism, technology, financial services, sports and recreation, automotive, automobile clubs, and health and wellness.

NON-EXECUTIVE CHAIRMAN'S WELCOME

Dear Shareholders,

On behalf of the Board of Directors of Gratifii, I am pleased to present you with the 2024 Annual Report. The Company has made significant progress in all areas, continuing to advance its loyalty and rewards management platform, Mosaic, evolving and modernising loyalty management and engagement for our customers, securing new customer contracts, delivering successfully on customer projects, gaining valuable partnerships, and driving future revenue growth for Gratifii.

I'd like to express my gratitude to our Managing Director, Iain Dunstan and Chief Financial Officer Ben Newling for steering Gratifii through another successful year and extend my appreciation to my fellow board members. A special thank you goes to Stephen Borness, who recently retired from his role as Non-Executive Director and prior to that, was the Company's Chairman. Stephen played a crucial role in guiding Gratifii during its early growth stages, particularly during its re-listing on the ASX. On behalf of the Board and Executive team, I commend Stephen for his leadership and invaluable contributions over the past few years and wish him all the best in his retirement.

While not within the FY2024 financial year, Gratifii executed two Share Purchase Agreements in September. The first was to acquire market leading loyalty and rewards platform provider, Club Connect, for $8.0 million, while the second was to acquire Rapport Group (NZ) for $0.455 million. These acquisitions provide immediate synergies, including the enhancement of Club Connect margins, cross-selling opportunities to 80+ enterprise clients, access to an additional nine million members, and access to additional 5,000 experiences. Furthermore, it expands the Company's New Zealand footprint, adds a senior local resource, and two major NZ enterprise clients.

Over the past financial year, Gratifii has successfully undertaken several strategic initiatives to raise capital and strengthen its financial position. In March 2024, the Company received binding commitments to raise $1.6 million through the issue of 320 million new fully paid ordinary shares The Placement was undertaken in two tranches, with tranche 1 raising $1.2 million via the issue of 242.8 million new shares in April 2024, and tranche 2 raising $0.4 million via the issue of 77.2 million new shares that were approved at an EGM late May 2024. Funds were allocated to additional technology development, inventory, and working capital.

In June 2023, the Company announced a capital raise that garnered $905,000 from institutional investors, with the second tranche of funding being received in August 2023. This infusion of capital was used to accelerate software development, meet ISO27001 requirements, and bolster working capital to accommodate anticipated revenue growth.

Gratifii addressed financial obligations by restructuring $728,000 of Convertible Notes due in February 2024. The issuance of new Notes extended the term to February 2025, ensuring the Company's financial stability as it navigates a pivotal phase. This period includes the integration and onboarding of major clients like Club Connect, Royal Automobile Club of Victoria (RACV), and Royal Automobile Association of South Australia (RAA). The Company remains optimistic about future prospects, actively pursuing numerous promising opportunities in its pipeline.

Throughout these capital-raising efforts, Gratifii has received strong support from professional and sophisticated investors, underscoring confidence in its growth trajectory and strategic initiatives. These developments position Gratifii favourably as it continues to execute its business strategy and capitalise on market opportunities.

Gratifii stands poised for further platform growth as the leading domestic business to business loyalty management platform in Australia and New Zealand, boasting an impressive 17 million user accounts and the trust of over 70 major brands. With strong existing customer revenue growth and zero customer churn over the past year, Gratifii is reinforcing its financial profile, aiming for self-funding through its highly scalable 'no code' low-touch platform. The acquisition of Club Connect accelerates the business opportunities and scale, enhancing the future operations and financial profile.

Operating in a large and fragmented market valued at an estimated $5 billion and growing at 13%, Gratifii sees significant potential in further penetrating its existing user base. Additionally, the implementation of a new pricing model based on SaaS fees, service fees, and margins on rewards, coupled with low cost-to-serve strategy, presents further avenues for unlocking substantial value and expanding its market footprint.

In closing, I would like to acknowledge the dedication and efforts of the entire Gratifii team, and on behalf of the Board, extend a sincere thanks to our investors for your support and commitment.

Bryan Zekulich
Chairman

MANAGING DIRECTOR & CEO'S REPORT

Dear Shareholders,

FY2024 was a successful year for Gratifii, marked by significant milestones and achievements. We consolidated our acquisitions, streamlined our operations, and enhanced our market presence. Our relentless focus on customer delivery has resulted in zero customer churn, underscoring our commitment to excellence and client satisfaction.

Shortly after the completion of the financial year, we further expanded our scale and reach with the acquisitions of Club Connect and Rapport NZ. Club Connect is a dedicated platform which has been exclusively used by all the Australia Auto Clubs. It integrates both transactional and non-transactional member rewards and offers, delivering a seamless user experience for over eight million auto club members nationally.

Club Connect has a 12-year history of profitable growth, and its consolidation into Gratifii will immediately enhance the Company's margins on some products. Rapport (NZ) deliver loyalty and brand engagement programs for enterprise customers; with key clients including the Automobile Association of New Zealand and One NZ amongst others.

Focusing on the FY2024 financial year, we underwent a comprehensive rebranding process, positioning ourselves as a full-service loyalty solution provider. We now offer everything needed to build and launch a successful loyalty program, addressing the growing demand for integrated services. Gratifii offers a single and trusted supplier who can deliver three critical components: Mosaic, our patented software platform, Hachiko, a services arm for marketing, design, graphics, and gamification, and Neat Ideas, our rewards sourcing and fulfillment arm. We are proud to meet this demand effectively.

However, we also faced challenges, including the closing of our South African operations due to deteriorating trading conditions. Despite this, our overall progress this year reaffirms our strategic direction and positions us for continued success.

New partnerships have strengthened our loyalty offering, reflecting our ability to adapt and evolve in a dynamic market. As consumer interest in loyalty programs rises - driven by the need to manage everyday expenses amidst rising living costs - Gratifii is well-positioned to support brands in meeting these needs. Our customers are actively responding to this trend, and we are seeing uptake of our products from both new and existing ones, leading to further growth in platform users.

In an environment where 90% of Australians are enrolled in at least one rewards program, with the average individual participating in four to five, high-performing loyalty programs offer real potential to mitigate the challenges of the current economic climate. Regular discounts and practical benefits are becoming increasingly popular as consumers seek support for their spending habits.

In FY2024, the Company made significant investments to meet data protection requirements and successfully achieved ISO27001 certification for information security management. Gratifii has put in place robust policies and procedures to uphold best practices in managing and safeguarding information.

This year, Gratifii extended its sustainability commitment from business operations to offering consumers a new, innovative way to make a positive environment impact. In an

Australian first, Gratifii enables businesses to offer Carbon Offset e-Gift Cards to reward and engage members, customers, or employees.

Gratifii has committed to operating on a climate neutral basis, offsetting the emissions of its business operations. In so doing, it has received Climate Active certification. Aiming to reduce organisational emissions by 30% in less than ten years, Gratifii has partnered with Asia Pacific's largest carbon offset provider, Tasman Environmental Markets, to offset residual emissions by purchasing accredited offset units from human induced regeneration projects in outback Australia, and renewable energy projects in rural India.

Gratifii has garnered notable recognition across various awards over the past year. At the AFR Fast 100 and Fast Starters List 2023 awards, hosted by Gilbert + Tobin, Gratifii Limited achieved significant accolades, including "Growth Champion" in the Business Services category and a commendable third place in the overall Fast 100 ranking. Additionally, Gratifii was honoured as a finalist at the Deloitte 2023 Tech Fast 50 awards, placing second for listed companies, and #14 overall, up from #27 last year, underscoring its rapid growth and innovation in the technology sector.

Further highlighting its excellence, Gratifii clinched the title of "Best Overall Loyalty Program Business to Employee" at the 2024 Asia Pacific Loyalty Awards for its outstanding work with The Distributors' "Advantage All Stars" program. These achievements reflect Gratifii's dedication to excellence and leadership in both business services and loyalty program innovation.

PLATFORM DEVELOPMENT

The development of Mosaic remains a key priority, with significant progress achieved. Our core Mosaic platform is nearing completion, allowing Gratifii to reduce capital development costs by 50% starting 1 June 2024. This reduction will enable us to onboard new customers to either our integrated or loyalty solutions with minimal customisation. The Mosaic platform has reached a substantial milestone, now supporting 650,000 active users.

CLIENT UPDATE

Gratifii has made significant strides in executing customer contracts and expanding its loyalty platform. Currently, over 70 companies are live on Gratifii platforms, showcasing our ability to deliver robust solutions tailored to customer needs. Gratifii secured 8 new deals in FY2024 and experienced strong growth with existing customers, maintaining zero churn.

In October 2023, Gratifii signed a three-year contract to extend its movie ticketing platform, already utilised by major motoring clubs RACV, RAA, and RAC, to all Club Connect marketplace users, representing approximately 8.9 million members and employees. This expansion will generate new revenue opportunities for the Company. Through our rewards division, Club Connect will provide offers and discounts from leading cinema chains across Australia, including Hoyts, Event Cinemas, Village Cinemas, and major independent cinemas. The integration of Club Connect with Mosaic, facilitated by our API, is nearing completion and currently in testing. Once finalised, this could potentially add a further 3.7 million members with whom we do not yet have agreements.

In April 2024, Gratifii secured a major new client with the successful launch of the Bendix Rewards Plus B2B loyalty program. Bendix, Australia's largest automotive brake pad manufacturer with operations in Australia, Thailand, and Malaysia, entered into an initial 12-month contract with provisions for automatic 12-month extensions. This agreement encompasses a comprehensive digital loyalty solution, including platform license fees and loyalty service fees. The program was implemented within two months of project scoping, highlighting Gratifii's efficiency in delivering solutions. This contract marks Gratifii's second full-service engagement in the Australian aftermarket automotive sector.
A two-year contract was signed with the **Royal Automobile Association (RAA)** allowing its 800,000 motoring club members access to movie ticketing through Gratifii's platform. This contract is a testament to Gratifii's growing presence in the Australian motoring sector, having now secured agreements with three of the country's seven peak motoring clubs.

Additionally, **Cornerstone Health** has expanded its Gratifii-powered loyalty program to 14 medical centres, with the number of users growing to over 325,000 as of July 2023.

The delivery of the Dining Rewards Program for **Seagrass brands** continues to progress, with the program being rolled out across six restaurant brands.

Multiple client projects were successfully delivered during the year including, Meat & Wine Co, Italian Street Kitchen, Cornerstone Health, Niterra, FAB Group, and Spark.

NEW PARTNERSHIPS

We welcomed three new corporate partners to our network. In April 2024, Gratifii appointed Stripe as a new payment gateway, incorporating Stripe's Elements and Checkout, to build completely customisable experiences for loyalty program members.

In March 2024, Gratifii finalised two pivotal agreements with EML Payments Solutions Limited (EML). The first agreement established a three-and-a-half-year partnership for Stored Value Cards, enabling Gratifii to distribute digital prepaid gift cards to its Australian customers from April 2024. This collaboration with EML both amplifies Gratifii's gift card potential and augments profit margins per card issued, bolstering its competitive stance in a robust market valued at approximately $6.3 billion.

The second agreement, effective for 12 months, grants EML access to Gratifii's expansive rewards catalogue. This partnership which commenced in May 2024, aims to enrich the rewards available to EML's clients, particularly benefiting over 400,000 cardholders using EML's Salary Packaging Employee Benefits platform. These agreements require minimal technical integration, promising growth and innovation opportunities for both parties.

We also teamed up with international travel technology company Joyned, to enhance the booking experience for family and friends travelling together. It's AI product offering combined with our rewards marketplace has the power to revolutionise the way people access rewards travel.

NEW SUPPLIERS

Over 15 new suppliers were added to more than 250 existing content providers including EG Ampol, QuiteLike, WITHU, Wallis, Reading Cinemas, Melbourne Comedy Festival, Aspen Group, Randwick Ritz, Lido Cinema, Cameo Cinema, Vision Direct, Funky Books, and Mad Paws gift cards. We continue to focus on providing a wide range of curated and bespoke content to our ever-increasing number of corporate clients.

NEW PEOPLE

Over the past financial year, Gratifii has strengthened its leadership team.
In January 2024, Alex Evans joined as Head of Program Design and Implementation, transitioning from Medibank Private. Alex's expertise will play a crucial role in shaping and executing Gratifii's program designs, ensuring seamless implementation for clients as the Company continues to expand and evolve. These appointments underscore Gratifii's commitment to bolstering its executive capabilities and fostering sustainable growth in the competitive loyalty management sector.

OUTLOOK

The outlook for Gratifii remains highly promising, with existing contracts set to drive substantial revenue growth and further transform the Company.

On 9 September 2024, Gratifii announced a capital raise of approximately $9 million to acquire Club Connect and the Rapport Group (NZ). These acquisitions will substantially increase the Company's revenue, buying power, user base and scale and is expected to transform the business.

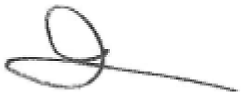
Our immediate focus is on ensuring the successful completion of integrations, maximising revenues, and finalising the end stage development of the Mosaic platform. This will enable optimal delivery timetables, enhance product availability, and ensure both security and scalability.

Gratifii is well-positioned to emerge as a leading provider of end-to-end loyalty and reward solutions across Australia and New Zealand. We anticipate that our growth trajectory will continue as we scale our proprietary software and maintain a high standard of service and value. We are committed to enhancing the performance of our existing customers by engaging with them effectively and providing the necessary tools and strategies to better connect with and reward their large user bases.

Our efforts to build a robust pipeline of enterprise clients are progressing well, positioning us for further growth in the foreseeable future. We are also advancing discussions with additional large member organisations. The Company is confident in its ability to deliver positive cash flows and sustained organic growth in FY2025, leveraging its leading position as a B2B loyalty platform in the region. Moreover, there are substantial opportunities for increasing value through further penetration of our existing user base and reducing costs by migrating the rewards business to the Mosaic platform.

FY2024 has been a record year for Gratifii, marked by numerous new client implementations, increased transaction volumes, and revenues. Our 100% client retention rate over the past four years underscores the strength of our client relationships and supports our confidence in transitioning to profitability in FY2025.

Looking ahead, we are excited about the prospects for both organic and acquisitive growth. On behalf of the Board, I extend my gratitude to our shareholders, clients, and employees for their continued support and contributions to Gratifii's success.



Iain Dunstan
Managing Director & CEO

Financial Review

Reported revenue from ordinary activities for FY2024 was $29.8 million, a decrease of 0.3%.

Rewards revenue represented $21.4 million, an increase of 14% over FY2023. The increase is due to increased sales and product lines from existing customers as well as new customers.

The Services business contributed $7.7 million, a reduction of 10% over FY2023. The reduction is largely due to macroeconomic conditions and reductions, discretionary marketing and events revenue. $2.7 million relates to recurring management fees which is in line with the prior corresponding period

Platform revenue represented $0.7 million (FY23: $2.5 million) was down primarily due to the full year impact of the Company's decision to exit the market in South Africa.

GROSS PROFIT

Gross profit reduced by 11% to $4.47 million, compared to $5.03 million in FY2023. This was due to the increase of lower margin rewards relative to Services and Platform revenue.

NET PROFIT / (LOSS) FOR THE PERIOD

Net loss after tax was $10.5 million compared to a net loss in FY2023 of $3.81 million. This result was impacted by an impairment of intangible assets of $4.6 million. It was also impacted by reduced capitalisation of technology investment, with a high proportion of costs going to operating as opposed to capital.

DISCOUNTINUED OPERATIONS

During the financial year the Group did not divest or discontinue any operations.

DEBT MANAGEMENT

During the period, the Company extended $0.73 million worth of convertible notes at revised terms and repaid $0.1 million worth in loans.

In addition, the Company entered into a working capital loan with Bizcap Au Pty Ltd for $157,000.

DIVIDENDS

No dividend has been declared in relation to the FY2024 results. The Board of Directors of Gratifii do not expect to declare any dividends in FY2025.

CASHFLOW

Operating cashflow has decreased during the period to an operating loss of $0.65 million compared to an operating surplus of $0.45 million in FY2023. This change is largely from reduced margins due to product mix and a higher proportion of technology costs being expensed as opposed to capitalised. Investment cash flow improved during the period with $2.9 million used in the current period compared to $4.9 million in FY2023.

BALANCE SHEET

The Group had $0.32 million of cash as at 30 June 2024, inventories of $0.4 million and receivables of $1.3 million. Intangible assets reduced to $10.14 million due to a $4.6 million impairment.

Total current liabilities for the Group were $11.4 million which includes borrowings of $1.9 million and deferred revenue of $1.4 million attributable to the workings of the Services business.

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the **Group**) consisting of Gratifii Limited (referred to hereafter as the **Company** or **Gratifii**) and the entities it controlled at the end of, or during, the financial year ended 30 June 2024. The information in the Operating and Financial Review forms part of this Directors' report and should be read in conjunction with this section of the Annual Report.

Consolidated Entity Disclosure Statement

The information disclosed in the attached consolidated entity disclosure statement is true and correct.

GENERAL INFORMATION

DIRECTORS

The following people were Directors of the Company during the financial year and up to the date of this report:

- Iain Dunstan (appointed 17 April 2020)
- Bryan Zekulich (appointed 29 December 2020)
- Mike Hill (appointed 29 December 2020)
- Stephen Borness (appointed 6 May 2021) and resigned 28 June 2024
- Patrina Kerr (appointed 1 September 2022)

Particulars of each Director's experience and qualifications are presented later in this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year included the following:

- **Rewards**: providing rewards-as-a-service to closed-end user groups and earning a margin on rewards purchased.
- **Loyalty services**: developing and managing promotions, channel engagement and incentive programs for clients and earning service fees for services delivered.
- **Technology platform**: Software-as-a-service (SaaS) for provision of the Group's loyalty and rewards management platform, Mosaic.

NON-AUDIT SERVICES

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

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 Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2024 has been received and can be found on page 40 of the Annual Report.

ASIC INSTRUMENT 2016/191 ROUNDING IN FINANCIAL STATEMENTS / DIRECTORS' REPORT

The Company is an entity to which ASIC Instrument 2016 / 191 applies. Accordingly, amounts in the financial statements and Director's report are rounded to the nearest thousand dollars, or in certain cases to the nearest dollar.

ENVIRONMENTAL REGULATION

The Company is not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

CORPORATE GOVERNANCE STATEMENT

The objective of the Board of Gratifii Limited is to create and deliver long-term shareholder value. While each area of the Company's business activities holds significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various business activities is critical to achieving the objective of creating and delivering long-term shareholder value. The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board have committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers.

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS ARISING AFTER THE END OF THE FINANCIAL YEAR

On the 6 September, Gratifii announced a two-tranche placement to raise $3.5 million through this issue of shares to sophisticated and institutional investors for working capital purposes and to repay convertible notes. In addition, the Company is in the process of undertaking a non-renounceable entitlement offer, to raise approximately $5.49 million through the issue of shares to fund the cash components of the acquisitions of Ticketmates Australia Pty Ltd ACN 127 532 147 (Club Connect) and Rapport Group Limited NZBN 9429046681980 (Rapport)

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

OPTIONS AND PERFORMANCE RIGHTS

The Company issued Performance Rights to the following Directors and KMP during the course of the financial year. No options were issued. Full details are contained in the Remuneration report.

Director/KMP	Number of performance rights	Issue date	Expiry date[1]
Stephen Borness[2]	7,210,106	13 December 2023	13 December 2028
Michael Hill[3]	7,210,106	13 December 2023	13 December 2028
Bryan Zekulich[4]	7,210,106	13 December 2023	13 December 2028
Iain Dunstan[5]	26,751,106	13 December 2023	13 December 2028
Patrina Kerr	3,210,132	13 December 2023	13 December 2028
Justin Jefferies[6]	14,267,256	13 December 2023	13 December 2028
Ben Newling	10,700,442	13 December 2023	13 December 2028
Total	**76,559,254**		

Performance Rights issued to Stephen Borness, Michael Hill, Bryan Zekulich, Patrina Kerr and Iain Dunstan were issued after shareholder approval under ASX Listing Rule 10.14. Performance Rights issued to Ben Newling and Justin Jefferies were issued under the Employee Incentive Scheme (Performance Rights) approved by shareholders on 30 November 2023.

No Performance Rights were vested during the period. On 13 December 2023, Iain Dunstan exercised 2 options which were converted into 3,600,506 shares.

[1] Performance Rights issued in 3 equal tranches, expiring 13 December 2026, 13 December 2027 and 13 December 2028. For full details see Annexure 4 of the Notice of Annual General Meeting dated 31 October 2023
[2] Performance Rights issued to Celerity Investments Pty Ltd, a related entity of Stephen Borness.
[3] Performance Rights issued to Malolo Holdings Pty Ltd, a related entity of Michael Hill.
[4] Performance Rights issued to Alster Australia Pty Ltd, a related entity of Bryan Zekulich.
[5] Performance Rights issued to Gardun Pty Ltd, a related entity of Iain Dunstan
[6] Performance Rights were issued to Catherine Makinson, a nominee of Justin Jefferies

INFORMATION RELATING TO DIRECTORS AND COMPANY SECRETARIES

Each Director held that position from the start of the financial year until the date of this report unless otherwise stated.

Bryan Zekulich – Non-Executive Chair

Board appointment	29 December 2020 and elected by shareholders on 29 January 2021. Bryan succeeded Stephen Borness as Chairman on 21 December 2023
Interests in shares and options	Bryan has a direct interest in 6,967,043 shares as well as an indirect interest through his related entities Maxharry Pty Ltd and Alster Australia Pty Ltd of 20,622,512 shares, 10,000,000 options and 7,210,106 performance rights.
Special responsibilities	• Non-Executive Chair • Chair of the Audit and Risk Committee • Member of the Remuneration and Nomination Committee
Directorships held in other listed entities during the 3 years prior to the current year	Design Milk Co Limited (ASX: DMC)
Qualifications	Bryan has a Bachelor of Commerce from the University of Western Australia, Fellow of the Institute of Chartered Accountants of Australia (FCA), and Fellow of the Financial Services Institute of Australia (FINSIA), F. Fin.
Experience	Bryan Zekulich has over 30 years' experience in the Australian M&A market, including divestments, strategic finance, capital raisings and advising on ASX listing requirements. Bryan was the Managing Partner of EY's Private Equity division and is also a Board member, former Treasurer and Company Secretary of the Australian Investment Council (formerly the Australian Private Equity and Venture Capital Association "AVCAL"). He is also a former Director of Hockey Australia Limited.

Iain Dunstan – Managing Director / CEO

Board appointment	17 April 2020
Interests in shares and options	Iain has a direct interest in 12,342,184 shares and 9,647,555 options. In addition, he has an indirect interest of 5,401,313 shares and 26,751,106 performance rights through a related entity, Iain Dunstan & Caroline Dunstan Superannuation Fund.
Special responsibilities	• Member of the Audit and Risk Committee • Member of the Remuneration and Nomination Committee
Directorships held in other listed entities during the 3 years prior to the current year	Nil
Qualifications	Iain holds a Master of Commercial Law, an MBA from the Macquarie Graduate School of Management, and is a Graduate Member of the Australian Institute of Company Directors (AICD).
Experience	Iain Dunstan has over 35 years' experience in leading global financial services, technology and ASX listed companies. Prior to his current role, Iain was the Chief Commercialisation Officer at Lakeba Group. Iain's most recent turnaround role was as the CEO of Rubik Financial Limited, a listed software company that developed and implemented banking, wealth management and mortgage broking solutions, primarily in Australia. He managed the sale of the business to Temenos, a Swiss company (Market Cap of US$9 billion) at a 72% premium to VWAP. He was also the founder of financial services technology company, Bravura Solutions where he developed technology for a client base of banks and superannuation organisations. He was involved in its ASX listing.

Michael Hill – Non-Executive Director

Board appointment	29 December 2020, elected by shareholders on 29 January 2021 and 30 November 2023
Interests in shares and options	Michael has a direct interest in 2,500,000 shares and an indirect interest in a further 21,756,248 shares, 10,000,000 options and 7,210,106 performance rights through related entities Malolo Holdings Pty Ltd, Jarumitoti Superannuation Fund Pty Ltd and Jaruti Pty Ltd of which Mike is a director, shareholder and beneficiary.
Special responsibilities	Nil
Directorships held in other listed entities during the 3 years prior to the current year	• Design Milk Co Limited (ASX: DMC) • Janison Education Group Limited (ASX: JAN) • Mad Paws Holdings (ASX: MPA) • Beamtree Limited (ASX: BMT)
Qualifications	Mike is a member of the Australian Institute of Chartered Accountants (AICA) and holds a Bachelor of Arts (Accountancy).
Experience	Mike Hill has more than 20 years' experience working with management teams and Boards across several industries and companies. Mike is the Managing Director, CIO, and a founder of the Bombora Special Investment Growth Fund. He was a former Investment Partner of Ironbridge from 2004 to 2014, a private equity firm with $1.5 billion in funds under management, where he led and was involved in several transactions across a variety of industries.

Patrina Kerr – Non-Executive Director

Board appointment	Appointed 1 September 2022 and elected by shareholders on 8 November 2022
Interests in shares and options	Patrina has a direct interest in 22,825,000 shares, 10,000,000 options and 3,210,132 performance rights. She also has an indirect interest in 47,500,000 shares through her related entity Bombora Capital Limited as trustee for the PHACT Investment Trust.
Special responsibilities	• Member of the Remuneration and Nomination Committee
Directorships held in other listed entities during the 3 years prior to the current year	Nil
Qualifications	Patrina is a member of the Australian Institute of Company Directors (AICD) and the Institute of Directors in New Zealand (IoD NZ).
Experience	Patrina Kerr has more than 25 years' experience working in senior sales and marketing roles. Patrina was previously the Managing Director of Hachiko Pty Ltd, a company specialising in the marketing of loyalty and rewards acquired by Gratifii in August 2022. Prior to her role at Hachiko, Patrina had a long and varied career at Microsoft, CA Technologies, Consulting WorX Pty Ltd and Corel Corp.

Stephen Borness – Non-Executive Director

Board appointment	Stephen was appointed to the board on 6 May 2021, elected by shareholders on 8 May 2021 and 30 November 2024. He resigned from the board on 28 June 2024
Interests in shares and options	On the 28 June, Stephen held 24,820,856 shares, 10,000,000 options and 7,210,106 Performance Rights through his related entity Celerity Nominees Pty Ltd and Celerity Investments Pty Ltd
Special responsibilities	Chairman of the Remuneration and Nominations Committee and Member of the Audit and Risk Committee
Directorships held in other listed entities during the 3 years prior to the current year	Beamtree Holdings Ltd (ASX:BMT)
Qualifications	Stephen Borness is a Fellow of the Australian Institute of Company Directors (FAICD) and holds a Bachelor of Business (Accounting), MBA and CPA
Experience	Stephen Borness has more than 30 years' experience leading and developing technology implementation focused organisations, digitisation and business improvement technologies. In 1999, he launched and developed a company which used technology and analytics to revolutionise customer relationship management in Australia. Prior to his work in the technology sector, Stephen worked as an investment banker across the Australian, European and US markets.

BOARD COMMITTEES

To assist the Board in undertaking its duties, the Board has established the following standing committees:

1. The Audit and Risk Committee; and
2. The Remuneration and Nomination Committee.

Each committee has its own charter, copies of which are available on the Company website.

DIRECTOR SKILLS MATRIX

Skills, experience & expertise																	
		Industry									Finance			Diversity			
Name	Position	Independent	Strategy/ Industry knowledge	Corporate Governance	Risk & Compliance	Legal	Health /Safety Environment	Investor/ Public Relations	Technical	Product Development	Commercial/ Operations	Financial / Accounting	Capital Markets	Mergers & Acquisitions	Ethnicity	Age	Gender
Iain Dunstan	MD & CEO	No	3	2	2	3	2	2	2	3	3	2	2	3	Aust	62	M
Mike Hill	Non-Executive Director	Yes	3	2	2	2	2	3	3	3	3	2	3	3	Aust	52	M
Bryan Zekulich	Non-Executive Chairman	Yes	3	3	3	1	1	2	0	0	1	3	3	3	Aust	61	M
Patrina Kerr	Non-Executive Director	No	3	1	1	1	2	1	3	3	3	1	1	2	NZ	49	F

Skill ratings:

3 High level of skill, professional experience or expertise

2 Competent level of skill, professional experience or expertise

1 Developing, level of skill, professional experience or expertise

0 No skill, professional experience or expertise

COMPANY SECRETARIES

Ben Newling

- Date of appointment: 6 March 2023

Ben is an experienced CFO and company secretary professional, having held executive roles with ASX listed companies in the loyalty and rewards and banking industries. He holds an MBA from Macquarie Graduate School of Management. Ben is also the Group's CFO.

Alicia Gill

- Date of appointment: 15 November 2022
- Date of resignation: 12 July 2024

MEETINGS OF DIRECTORS

The number of meetings of directors held during the year during the time the Director held office, and the number of meetings attended by each Director were as follows:

	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
Director	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**	**Eligible to attend**	**Attended**
I Dunstan	11	11	2	2	1	1
S Borness	11	10	2	2	1	1
B Zekulich	11	11	2	2	1	1
M Hill	11	7	-	-	-	-
P Kerr	11	11	-	-	-	-

Leadership Team

Gratifii has recruited a diverse leadership team with substantive experience in business and the loyalty and rewards sector.

Iain Dunstan **Chief Executive Officer and Managing Director**	Iain Dunstan has over 35 years' experience in leading global financial services, technology and ASX listed companies. He was also the founder of financial services technology company, Bravura Solutions where he developed technology for a client base of banks and superannuation organisations. He was involved in its ASX listing.
Ben Newling **Chief Financial Officer and Company Secretary**	Ben Newling has more than 20 years' experience across general management and corporate advisory within investment banking, retail banking and the loyalty and rewards industry. His experience spans equities, capital markets, M&A, finance, legal and HR and ASX listed entities.
Justin Jefferies **Chief Operating Officer**	Justin Jefferies has over 30 years of experience in executive roles within the management consulting, financial services, real estate, and software industries. He has led strategy, sales, marketing, finance, legal, risk management, information technology, and human resources in startups and listed companies.
Mark Schoombie **Chief Technology Officer**	Mark Schoombie is an accomplished CTO with over 11 years of experience in product innovation and product development in loyalty, rewards, financial services and retail. He has a proven track record in technology delivery that boosts operational efficiency and revenue.
Sarah Fallon **Head of Rewards**	Sarah Fallon has over 20 years' experience leading successful sales and operational teams across Australia, New Zealand and South Africa. A demonstrated history of working in the sales & marketing, advertising, publishing and the loyalty and rewards industry.
Alex Evans **Head of Product**	Alex Evans is a seasoned industry leader with a strong track record in loyalty program development and implementation. With a background of consulting in the UK, his extensive experience includes spearheading multiple high-profile loyalty initiatives at Qantas Loyalty. Beyond the loyalty sector, Alex has a broad product development background across various industries.

RISK MANAGEMENT

Gratifii is a high-growth business with operations around the world. As a result, the Company addresses a variety of opportunities and faces a range of risks which are considered through a risk management framework.

Risk	Nature of risk
Funding through macroeconomic uncertainty	There is no certainty the Company will remain sufficiently funded to continue its technology development and invest in customer acquisition and growth. **Gratifii continually manages its cash position and regularly monitors its investments to balance risk and the timing of returns.**
Competition	The Company has developed a range of software platforms that can be utilised as rewards and loyalty management platforms. The Company competes with other companies in a mature marketplace. Some of these competitors have greater financial and human resource capability than the Company, and as a result may be in a better position to compete and provide services. Although Gratifii has developed a comprehensive and proprietary technology portfolio, there is no guarantee that this value proposition will provide the Company with a competitive advantage over its competitors. There is no assurance that the activities of existing competitors or the entrance of new competitors will not adversely affect the Company's operating results and financial performance, or that Gratifii will be able to keep up with technological developments or fluctuating market conditions as effectively as their competitors. Any adverse impact to Gratifii's operating results based upon competitor actions is likely to have a similarly adverse effect to the financial performance and operating results of the Company. **Gratifii continues to research and develop cutting edge technology and functionality to keep us ahead of the market, positioning ourselves as a market innovator rather than a market follower.**
New entrants and existing competitors replicate the company platform	Gratifii's business model requires extensive merchant networks and consumer adoption to be successful. While Gratifii aims to be a dominant supplier of consumer engagement technologies in the regions in which it presently operates, there is no assurance that a competitor with significant financial resources cannot copy what Gratifii has done or bring an alternative product to the market. If new entrants or existing competitors replicate Gratifii

	platforms, the financial performance of the Company is likely to be adversely affected. **Gratifii offers more than just a state-of-the-art platform. We provide expertise in the loyalty environment where we partner with our clients to provide best of class service and service offerings, as well as a rewards network within Australia.**
Privacy regulations	Gratifii takes consumer privacy seriously and has strategies and protections in place to minimise security breaches and to protect data. However, there is no guarantee that these security measures could not be breached. If consumer privacy is breached, the Company may suffer reputational damage or be subject to an action from consumers or regulatory authorities, which is likely to impact the Company's financial results. **Gratifii complies with best practises globally for data in general. HTTPS and TLS are used for data in transit and any PII data is encrypted with CLE and TDE. The databases themselves are encrypted. Gratifii is also ISO27001 certified.**
Data security	Gratifii has strategies and protections in place to minimise security breaches and to protect data. However, there is no guarantee that these security measures could not be breached. If Gratifii's security measures are breached or the programs are subject to any form of cyber-attacks, then consumers may stop using the products, and the Company may suffer significant reputational damage. **Gratifii applies a depth in defence strategy across its technology platform as well securing all data through encryption.**
Gift card security	Gratifii generates rewards revenue from selling gift cards via credit cards. Gift cards allow customers to buy products and services online for their cash value. Criminals could redeem gift cards fraudulently. Gift cards sell for small margins. The impact of theft is high if the Company is at fault and Gratifii may be required to refund the cardholder. **The Company uses 3 Dimension Security (3DS) which is a form of two-factor authentication for the majority of its transactions. Authentication steps include asking the cardholder to provide proof of identity by entering a unique password, an SMS code, or a temporary PIN to complete an online purchase. The Company also uses**

	rules in its payment gateway (Braintree) to disallow atypical transactions that exceed a certain value or number of gift cards, or are from suspicious locations. This reduces the number of unauthorised transaction chargebacks. An issuing bank becomes liable for fraudulent chargebacks when cardholders complete the authentication steps through 3DS. **The Company generates digital gift card vouchers when they are purchased and uses exception based manual controls to review high risk orders before fulfilling them.**
Management and staff	Gratifii's operational success depends on the continuing efforts and retention of its management team and staff. If Gratifii is not able to attract and retain new team members, the business may be adversely affected. **The Board reviews the incentive structures of key personnel and senior management to ensure their remuneration is in line with the market. The Remuneration Committee is reviewing the long-term incentive plans of all senior management with the view of revising prior to the Annual General Meeting.**
Intellectual property	Gratifii has developed and owns all its products and software. The Company has copyright protection over its products and software, but none of these are patentable. These products are complex and work across several Internet, smart phone platforms and software operating systems and so are difficult to recreate; but this will not prevent others from copying the Company's solutions. If the Company's intellectual property rights cannot be protected, have not been protected adequately or are not protected, competitors may utilise the Company's intellectual property, which may adversely affect the Company's ability to compete effectively in the market and negatively impact the Company's financial performance. While the Company has not, to the best of its knowledge, infringed any third parties' intellectual property rights, the Company may, in the future, face intellectual property infringement claims or litigation. If third parties claim involvement in developing the technology used in the Company's products, or if the Company infringes third party intellectual property, the Company's operations and financial performance may be adversely affected. **The Company continues to invest in its intellectual property to stay ahead of its competitors. The unique product features of Gratifii's intellectual property acts as an on-going mitigant to this risk.**

Third party platforms	Gratifii's products are reliant on stable internet and 3G, 4G and 5G mobile services. The Company's performance is therefore dependent on the ability of its staff and products to continue to develop and operate on these platforms. Any changes in these platforms and operating systems may adversely affect the Company's ability to deliver services. **Gratifii has health end point checks across all its infrastructure as well as insights and monitoring on all third-party applications and integrations, allowing us to be proactive in monitoring and supporting our third-party applications.**
Foreign Exchange Risk	Gratifii is exposed to currency price fluctuations between Australia, New Zealand, Singapore, UAE, and South Africa. The Company's potential exposure relates to foreign exchange rate fluctuations and foreign exchange charges which may result in the price of the Company's securities to fluctuate for reasons unrelated to the Company's financial condition or performance. **The Company has over 90% of its cost base in Australian currency, and where practical, contracts its expenses in the currency of the jurisdiction. This acts as a natural hedge and Gratifii has closed its South African operations.**
Risk of software errors	If the Company fails to identify bugs, operating errors or other defects in software products, these products may not perform properly, causing reputational damage. If the Company identifies errors in its software products, the Company may need to provide updates or software patches to correct these errors, which may be costly and time consuming. **Mosaic has a robust development and testing cycle using both manual and automation testing across three environments. This allows the Company to mitigate the development risks as well as systematic risks. An RFC is performed, and regression testing is completed before and after every release.**
Regulatory	Gratifii is subject to substantial regulatory and legal oversight. The agencies with regulatory oversight include, among others, ASIC and the ASX. Failure to comply with legal and regulatory requirements may have a material adverse effect on Gratifii and its reputation among customers and regulators in the market.

	Gratifii has compliance frameworks and policies in place to manage the risk of non-compliance. The Audit and Risk Committee meet regularly to review these policies with management.
Reputation	Reputation risk may arise through the actions of Gratifii or its employees and adversely affect perception of Gratifii held by the public, customers, shareholders, or regulators. These issues including appropriately dealing with product outages, regulators, potential conflicts of interest, privacy issues among others. Damage to Gratifii's reputation may have an adverse impact on funding and liquidity. **Gratifii manages the above risks by actively monitoring its market perception among customers and shareholders.**
Environment and social	Whilst Gratifii has a relatively small environmental footprint (travel, energy usage, and office materials consumption), our actions could deliver negative environmental outcomes. Social risks could arise through human capital issues or health and safety factors. **Gratifii's business operations have been certified as carbon neutral by Climate Active and Gratifii is a Climate Active Network member. The Company has implemented policies, systems, and controls to reduce the likelihood of social risks impacting any Gratifii business.**

Remuneration Report

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

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

REMUNERATION POLICY

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

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

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

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

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

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

All remuneration paid to key management personnel is valued at the cost to the Group. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using a binomial model.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment, and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is $325,000. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Group and are able to participate in the employee long-term incentive plan as approved by shareholders.

KEY MANAGEMENT PERSONNEL

The names and positions held by Key Management Personnel (**KMP**) in office at any time during the financial year ended 30 June 2024 are:

Name	Position	Term as KMP
Non-Executive Directors:		
Bryan Zekulich	Chair and Non-Executive Director	Full year
Michael Hill	Non-Executive Director	Full year
Patrina Kerr	Non-Executive Director	Full year
Stephen Borness	Non-Executive Director	Part year (1 July 23 until 28 June 24)
Executive Directors:		
Iain Dunstan	Chief Executive Officer (CEO) and Managing Director	Full year
Executive KMP:		
Ben Newling	Chief Financial Officer (CFO) and Company Secretary	Full year
Justin Jefferies	Chief Operating Officer (COO)	Full year

KEY MANAGEMENT PERSONNEL REMUNERATION

Remuneration details of the KMP for the year ended 30 June 2024 are set out in the following table:

	Short-term benefits	Post-employment benefits	Share based payments		
	Cash salary and fees $	Superannuation $	Equity-settled shares $	Equity-settled options[7] $	Total $
I Dunstan	428,667[8]	41,250	-	23,936	493,853

[7] Performance Rights as approved by shareholders on 30 November 2023

[8] Includes a short-term incentive payment of $52,667 in shares as per Appendix 2A on 13 December 2023

S Borness[9]	27,695	-	60,000	6,451	94,146
M Hill	21,181	-	60,000	6,451	87,632
B Zekulich[10]	21,181	-	60,000	6,451	87,632
P Kerr	13,045	-	60,000	2,872	75,917
B Newling	248,000	27,280	-	9,574[11]	284,854
J Jefferies	309,142[12]	27,340	-	12,766[13]	349,248
	1,068,911	**95,870**	**240,000**	**68,501**	**1,473,282**

Remuneration details of the KMP for the year ended 30 June 2023 are set out in the following table:

	Short-term benefits	**Post-employment benefits**	**Share based payments**		
	Cash salary and fees **$**	**Superannuation** **$**	**Equity-settled shares** **$**	**Equity-settled options** **$**	**Total** **$**
I Dunstan	421,875[14]	44,297	-	92,021	558,193
S Borness[15]	65,041	-	-	-	65,041
M Hill	44,346	4,656	-	-	49,002
B Zekulich[16]	44,346	4,656	-	-	49,002
P Kerr[17]	36,955	-	-	-	36,955
B Newling[18]	79,971	8,397	-	-	88,368
J Jefferies[19]	89,333	8,434	-	-	97,767
David Hwang[20]	6,071	-	-	-	6,071
Maggie Niewidok[21]	19,191	-	-	-	19,191
	807,129	**70,440**	**-**	**92,021**	**969,590**

[9] Amounts paid to Celerity Associates Pty Ltd, an entity related to Mr Borness.
[10] Amounts paid to Alster Australia Pty Ltd, an entity related to Mr Zekulich.
[11] Performance rights issued to ZESB Pty Ltd, an entity related to Ben Newling
[12] Includes a short-term incentive payment of $41,142 in shares as per Appendix 2A on 13 December 2023
[13] Performance rights issued to Catherine Makinson a nominee of Justin Jefferies
[14] Includes a short-term incentive payment of $46,875 in shares as per Appendix 2A on 13 December 2023
[15] Amounts paid to Celerity Associates Pty Ltd, an entity related to Mr Borness.
[16] Amounts paid to Alster Australia Pty Ltd, an entity related to Mr Zekulich.
[17] Patrina Kerr became a KMP on 1 September 2022.
[18] Ben Newling became a KMP on 6 March 2023.
[19] Justin Jefferies became a KMP on 6 March 2023.
[20] Amounts paid to Automic Legal Pty Ltd, an entity related to David Hwang. David ceased to be a KMP on 9 August 2022.
[21] Amounts paid to Automic Legal Pty Ltd, an entity related to Maggie Niewidok. Maggie became a KMP on 9 August 2022 and ceased to be a KMP on 15 November 2022.

PERFORMANCE INCOME AS A PROPORTION OF TOTAL INCOME

A short-term incentive of $53,667 was paid to Iain Dunstan and $41,142 to Justin Jefferies in FY2024. In FY2023, $46,875 was paid to Iain Dunstan.

OPTIONS ISSUED AS PART OF REMUNERATION

The number of options over ordinary shares granted as compensation to key management personnel during the reporting period and the 2023 comparative period are set out below:

	Balance at 1 July 2023 No.	Granted as remuneration No.	Expired No.	Converted No.	Balance at 30 June 2024 No.
I Dunstan	20,527,945	-	(10,880,388)	(2)	9,647,555
M Hill	4,000,000[22]	-	(4,000,000)	-	-
B Zekulich	4,000,000	-	(4,000,000)	-	-
S Borness	4,000,000	-	(4,000,000)	-	-
J Jefferies[23]	10,000,000	-	-	-	10,000,000
	42,527,945	**-**	**(22,880,388)**	**(2)**	**19,647,555**

	Balance at 1 July 2022 No.	Granted as remuneration No.	Expired No.	Converted No.	Balance at 30 June 2023 No.
I Dunstan	19,711,299	8,747,559	(7,930,911)	(2)	20,527,945
M Hill	1,500,000	2,500,000	-	-	4,000,000
B Zekulich	1,500,000	2,500,000	-	-	4,000,000
S Borness	1,500,000	2,500,000	-	-	4,000,000
J Jefferies[24]	4,750,000	5,250,000	-	-	10,000,000
	28,961,299	**21,497,559**	**(7,930,911)**	**(2)**	**42,527,945**

[22] Options were subsequently cancelled on 14 August 2023.
[23] Justin Jefferies became a KMP on 6 March 2023.
[24] Justin Jefferies became a KMP on 6 March 2023.

OPTION HOLDINGS

The number of options in the Company held by each KMP, including their related parties for the year ended 30 June 2024 are set out in the following table:

	Balance at 1 July 2023 No.	Additions.	Expired No.	Converted No.	Balance at 30 June 2024 No.
I Dunstan	20,527,945	-	(10,880,388)	(2)	9,647,555
M Hill	4,000,000[25]	10,000,000	(4,000,000)	-	10,000,000
B Zekulich	4,000,000	10,000,000	(4,000,000)	-	10,000,000
S Borness	4,000,000	10,000,000	(4,000,000)	-	10,000,000
P Kerr	-	10,000,000	-	-	10,000,000
J Jefferies[26]	10,000,000	-	-	-	10,000,000
	42,527,945	**40,000,000**	**(22,880,388)**	**(2)**	**59,647,555**

	Balance at 1 July 2022 No.	Additions.	Expired No.	Converted No.	Balance at 30 June 2023 No.
I Dunstan	19,711,299	8,747,559	(7,930,911)	(2)	20,527,945
M Hill	1,500,000	2,500,000	-	-	4,000,000
B Zekulich	1,500,000	2,500,000	-	-	4,000,000
S Borness	1,500,000	2,500,000	-	-	4,000,000
J Jefferies[27]	4,750,000	5,250,000			10,000,000
	28,961,299	**21,497,559**	**(7,930,911)**	**(2)**	**42,527,945**

The options on hand at 30 June 2024 listed above have the following terms attached:

Holder	Grant date	Expiry date	Exercise price	Number under option
J Jefferies	11 March 2021	11 March 2026	$0.02	2,777,552
J Jefferies	22 September 2021	30 June 2026	$0.04	1,750,000
I Dunstan	15 November 2021	1 September 2026	$0.04	900,000
J Jefferies	12 May 2022	11 March 2026	$0.02	222,448
I Dunstan	11 November 2022	11 November 2027	$0.028	2,136,653
J Jefferies	11 November 2022	11 November 2027	$0.028	2,136,653
I Dunstan	11 November 2022	11 November 2028	$0.03	6,610,902
J Jefferies	11 November 2022	11 November 2028	$0.03	3,113,347

[25] Options were subsequently cancelled on 14 August 2023.
[26] Justin Jefferies became a KMP on 6 March 2023.
[27] Justin Jefferies became a KMP on 6 March 2023.

PERFORMANCE RIGHTS ISSUED AS PART OF REMUNERATION

The number of performance rights granted as compensation to key management personnel during the reporting period is set out below. There were no performance rights issued in the comparative period:

	Balance at 1 July 2023 No.	Granted as remuneration No.	Expired No.	Vested No.	Balance at 30 June 2024 No.
I Dunstan	-	26,751,106	-	-	26,751,106
M Hill[28]	-	7,210,106	-	-	7,210,106
B Zekulich[29]	-	7,210,106	-	-	7,210,106
S Borness[30]	-	7,210,106	-	-	7,210,106
P Kerr	-	3,210,132	-	-	3,210,132
J Jefferies[31]	-	14,267,256	-	-	14,267,256
B Newling[32]	-	10,700,442	-	-	10,700,442
	-	**76,559,254**	**-**	**-**	**76,559,254**

SHARE HOLDINGS

The number of securities in the Company held by each of the KMP, including their related parties for the year ended 30 June 2024 are set out in the following table:

	Balance at start of the period No.	Received as part of remuneration No.	Additions No.	Disposals No.	Balance at end of the period No.
I Dunstan	14,075,011	3,600,506[33]	67,980	-	17,743,497
S Borness	8,820,856	-	16,000,000	-	24,820,856
M Hill	7,256,428	-	17,000,000	-	24,256,428
B Zekulich	10,399,555	-	17,190,000	-	27,589,555
P Kerr[34]	-	-	70,325,000	-	70,325,000
B Newling	**-**	**-**	**-**	**-**	**-**
J Jefferies	1,493,040	-	2,760,307	-	4,253,347
	42,044,890	**3,600,506**	**123,343,287**		**168,988,683**

[28] Performance rights issued to Malolo Holdings Pty Ltd, a related entity of Mike Hill
[29] Performance rights issued to Alster Australia Pty Ltd, a related entity of Bryan Zekulich
[30] Performance rights issued to Celerity Investments Pty Ltd, a related entity of Stephen Borness
[31] Performance rights issued to Catherine Makinson, a nominee of Justin Jefferies
[32] Performance rights issued to ZESB Pty Ltd a related entity of Ben Newling
[33] Shares issued upon conversion of options as announced to the ASX on 13 December 2023
[34] Patrina Kerr held 12,500,000 shares which were held in voluntary escrow

The number of securities in the Company held by each of the key management personnel, including their related parties, for the year ended 30 June 2023 are set out in the following table:

	Balance at start of the period No.	Received as part of remuneration No.	Additions No.	Disposals No.	Balance at end of the period No.
I Dunstan	11,787,491	1,987,520	300,000	-	14,075,011
S Borness	2,000,000	-	6,820,856	-	8,820,856
M Hill	2,500,000	-	4,756,428	-	7,256,428
B Zekulich	6,538,461	-	3,861,094	-	10,399,555
P Kerr[35]	-	-	-	-	-
B Newling	**-**	**-**	**-**	**-**	**-**
J Jefferies[36]	-	-	1,493,040	-	1,493,040
	22,825,952	**1,987,520**	**17,231,418**	**-**	**42,044,890**

SHARE OPTIONS

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

Class of shares	Exercise price	Expiry date	Number under option
Ordinary shares	$0.030	11 March 2026	5,777,552
Ordinary shares	$0.040	30 June 2026	2,300,000
Ordinary shares	$0.040	1 September 2026	900,000
Ordinary shares	$0.032	19 August 2025	540,000
Ordinary shares	$0.028	11 November 2027	7,057,430
Ordinary shares	$0.030	11 November 2028	13,837,478
Ordinary shares	$0.008	11 December 2025	320,000,000
Ordinary shares	$0.020	31 December 2026	31,652,174
Total			**382,064,634**

[35] Patrina Kerr became a KMP on 1 September 2022.
[36] Justin Jefferies became a KMP on 6 March 2023.

SERVICE AGREEMENTS

Remuneration and other terms of employment for KMP are documented in Executive Service Agreements. Details of current Executive KMP are set out below:

Name	Iain Dunstan
Title	Managing Director / Chief Executive Officer
Agreement commenced	17 April 2020
Terms of engagement	Ongoing
Details	**Termination of employment** • By either party by giving 1 months' notice; or • Immediately on payment in lieu of notice of if any conditions for serious misconduct, breach of contract or repeated absence without explanation. **Equity compensation** Eligible to participate in the Company's long-term incentive plan.

Name	Ben Newling
Title	Chief Financial Officer and Company Secretary
Agreement commenced	6 March 2023
Terms of engagement	Ongoing
Details	**Termination of employment** • By either party by giving 3 months' notice; or • Immediately on payment in lieu of notice of if any conditions for serious misconduct, breach of contract or repeated absence without explanation. **Equity compensation** • Eligible to participate in the Company's long-term incentive plan.

Name	Justin Jefferies
Title	Chief Operating Officer
Agreement commenced	22 January 2021
Terms of engagement	Ongoing
Details	**Termination of employment** • By either party by giving 1 months' notice; or

	• Immediately on payment in lieu of notice of if any conditions for serious misconduct, breach of contract or repeated absence without explanation. **Equity compensation** • Eligible to participate in the Company's long-term incentive plan.

AUDITOR'S INDEPENDENCE DECLARATION

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

AUDITOR

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

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

On behalf of the directors.

Bryan Zekulich
Non-Executive Chairman
Date: **30 September 2024**

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

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

As the auditor for the audit of the financial report of Gratifii Limited and controlled entities for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

i. the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd

MNSA Pty Ltd

Allan Facey
Director

Sydney
30th September 2024

MNSA Pty Ltd
ABN 59 133 605 400
Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001
Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

Financial Statements

Consolidated Statement of Profit & Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 ($)	30 June 2023 ($)
Revenue			
Rewards		21,441,254	18,879,682
Loyalty Services		7,697,976	8,585,748
Platform		702,743	2,454,019
Total ordinary revenue	5	**29,841,973**	**29,919,449**
Cost of sales	6	(25,376,278)	(24,887,150)
Gross profit		**4,465,695**	**5,032,299**
Other operating revenue	7	45,791	16,318
Other non-operating	7	323,077	281,078
Expenses			
Administrative and other corporate costs	8	(3,205,135)	(2,757,420)
Depreciation and amortisation		(2,358,898)	(1,596,558)
Impairments		(4,606,581)	-
Finance costs		(339,091)	(216,551)
Employee benefits expense		(4,403,577)	(4,394,525)
Share-based payment expense		(409,323)	(168,165)
Foreign exchange losses		(28,913)	(8,900)
(Loss) before income tax expense		**(10,516,955)**	**(3,812,424)**
Income tax expense	9	-	-
Net (Loss) after income tax for the year attributable to the owners of Gratifii Limited and Controlled Entities		**(10,516,955)**	**(3,812,424)**
Other comprehensive income			
Foreign currency translation		65,411	135,018
Loss on disposal of subsidiaries			(155,881)
Total comprehensive (Loss) for the year attributable to the owners of Gratifii Limited and Controlled Entities		**(10,451,544)**	**(3,833,287)**
		Cents	**Cents**
Basic (loss)/earnings per share	35	(0.75)	(0.37)
Diluted (loss)/earnings per share	35	(0.75)	(0.35)

The accompanying notes form part of the financial statements.

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 ($)	30 June 2023 ($)
Assets			
Current assets			
Cash and cash equivalents	10	324,105	1,686,611
Trade and other receivables	11	1,306,343	1,266,543
Inventories	12	410,487	653,777
Other assets	13	544,703	1,659,783
Total current assets		**2,585,638**	**5,266,714**
Non-current assets			
Property, plant and equipment	14	998,436	252,835
Intangibles	15	10,142,546	13,742,407
Total non-current assets		**11,140,982**	**13,995,24**
Total assets		**13,726,620**	**19,261,956**
Liabilities			
Current liabilities			
Trade and other payables	16	7,592,810	6,483,673
Borrowings	17	1,855,596	896,551
Lease liabilities	18	194,145	166,315
Provisions	19	347,022	273,968
Acquisition Liability	30	-	807,692
Deferred revenue	20	1,376,488	1,729,050
Total current liabilities		**11,366,061**	**10,357,249**
Non-current liabilities			
Trade and other payables	16	184,962	-
Borrowings	17	-	757,000
Lease liabilities	18	702,607	6,570
Provisions	19	13,894	29,404
Total non-current liabilities		**901,463**	**792,974**
Total liabilities		**12,267,524**	**11,150,223**
Net assets		**1,459,096**	**8,111,733**
Equity			
Issued capital	21	50,383,354	46,868,617
Reserves	22	265,988	42,517
Accumulated losses	23	(49,190,246)	(38,799,401)
Total equity		**1,459,096**	**8,111,733**

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

	Issued capital ($)	Foreign currency reserve ($)	Option reserve ($)	Accumulated losses ($)	Total ($)
Balance as at 1 July 2022	**40,588,632**	**(509,430)**	**450,726**	**(35,033,058)**	**5,496,870**
Loss after income tax for the year	-	-	-	(3,812,424)	(3,812,424)
Other comprehensive income for the year, net of tax	-	135,018	-	(155,881)	(20,863)
Total comprehensive loss for the period	**-**	**135,018**	**-**	**(3,968,305)**	**(3,833,287)**
Shares issued, net of transaction costs	2,827,276	-	-	-	2,827,276
Issue of options	-	-	168,165	-	168,165
Lapsing of options	-	-	(201,962)	201,962	-
Conversion of options into shares	43,507	-	-	-	43,507
Conversion of convertible notes	3,063,048	-	-	-	3,063,048
Shares issued on settlement of business acquisition	346,154	-	-	-	346,154
Total transactions with owners and other transfers	**6,279,985**	**-**	**(33,797)**	**201,962**	**6,448,150**
Balance as at 30 June 2023	**46,868,617**	**(374,412)**	**416,929**	**(38,799,401)**	**8,111,733**

	Issued capital ($)	Foreign currency reserve ($)	Option reserve ($)	Accumulated losses ($)	Total ($)
Balance as at 1 July 2023	**46,868,617**	**(374,412)**	**416,929**	**(38,799,401)**	**8,111,733**
Loss after income tax for the period	-	-	-	(10,516,955)	(10,516,955)
Other comprehensive income for the period after tax	-	65,411	-	-	65,411
Total comprehensive loss for the period	**-**	**65,411**	**-**	**(10,516,955)**	**(10,451,544)**
Shares Issued, net of transaction costs	3,514,737	-	-	-	3,514,737
Issue of options	-	-	284,170	-	284,170
Lapsing of options	-	-	(126,110)	126,110	-
Total transactions with owners and other transfers	**3,514,737**	**-**	**158,060**	**126,110**	**3,798,907**
Balance as at 30 June 2024	**50,383,354**	**(309,001)**	**574,989**	**(49,190,246)**	**1,459,096**

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 ($)	30 June 2023 ($)
Cashflows from operating activities			
Receipts from customers (inclusive of GST)		31,520,657	26,452,038
Payments to suppliers and employees (inclusive of GST)		(32,068,268)	(26,836,591)
Interest received		5,791	3,163
Interest and other finance costs paid		(111,645)	(7,654)
Proceeds from research and development rebates		-	839,810
Net cash (used in)/from operating activities	**33**	**(653,465)**	**450,766**
Cashflows from investing activities			
Payment for purchase of subsidiary		-	(2,150,227)
Payment for property, plant and equipment		(14,906)	-
Payment for intangibles		(2,866,037)	(3,034,500)
Payments for purchase of business		-	(175,000)
Cash received on acquisition		-	466,656
Net cash (used in) investing activities		**(2,880,943)**	**(4,893,071)**
Cashflows from financing activities			
Proceeds from issue of shares	21	2,503,737	3,094,798
Proceeds from issue of convertible debt		-	1,447,000
Proceeds from borrowings		150,541	-
Share issue transaction costs		(188,694)	(267,522)
Repayment of convertible notes		(108,000)	-
Transaction costs related to borrowings		(36,565)	(40,496)
Repayment of lease liabilities		(191,561)	(174,822)
Net cash from financing activities		**2,129,458**	**4,058,958**
Net (decrease) in cash and cash equivalents		**(1,404,950)**	**(383,347)**
Cash and cash equivalents at the beginning of the financial year		1,686,611	**2,069,958**
Effects of exchange rate changes on cash and cash equivalents		42,444	**-**
Cash and cash equivalents at the end of the financial year	10	**324,105**	**1,686,611**

The accompanying notes form part of the financial statements.

Notes to the consolidated Financial Statements for the year ended 30 June 2024

NOTE 1. GENERAL INFORMATION

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2024. The Directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

New or Amended Accounting Standards Adopted by the Group

AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

The Group adopted AASB 2021-2 which amends AASB 7, AASB 101, AASB 108 and AASB 134 to require disclosure of "material accounting policy information" rather than significant accounting policies in an entity's financial statements. It also updates AASB Practice Statement 2 to provide guidance on the application of the concept of materiality to accounting policy disclosures.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

AASB 2022-7 makes editorial corrections to various Australian Accounting Standards and AASB Practice Statement 2. It also formally repeals the superseded and redundant Australian Accounting Standards set out in Schedules 1 and 2 of this standard.

The adoption of the amendment did not have a material impact on the financial statements.

AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The Group adopted AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction for the financial year ending 30 June 2024. Previously, the Group applied the exemption in AASB 112 and did not recognise deferred taxes on its lease transactions where the right of use asset and lease liability were equal on initial recognition. However, the amendment subsequently clarified that this exemption does not apply to transactions for which entities recognise both an asset and a liability that give rise to equal taxable and deductible temporary differences, as may be the case for lease transactions.

The adoption of the amendment did not have a material impact on the financial statements.

New or Amended Accounting Standards Not Yet Adopted by the Group

AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025 along with the adoption of AASB 2022-6. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2022-6: Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants

AASB 2022-6 amends AASB 101: Presentation of Financial Statements to improve the information an entity provides in its financial statements about liabilities arising from loan arrangements for which the entity's right to defer settlement of those liabilities for at least 12 months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. It also amends an example in Practice Statement 2 regarding assessing whether information about covenants is material for disclosure.

The Group plans on adopting the amendment for the reporting period ending 30 June 2025. The amendment is not expected to have a material impact on the financial statements once adopted.

AASB 2021-7c: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

AASB 2021-7c defers the application of AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2025 instead of 1 January 2018.

The Group plans on adopting the amendments for the reporting periods ending 30 June 2026. The impact of initial application is not yet known.

Going concern

For the year ended 30 June 2024, the Consolidated Entity incurred an after-tax loss after tax of $10,516,955 (2023: loss of $3,812,424), had net operating cash deficiency of $653,465 (2023: $450,766 surplus), and at 30 June 2024 had a deficiency of current assets in relation to current liabilities of $8,780,423 (2023: $5,090,535) and net assets of $1,459,096 (2023: $8,111,733). As the entity has incurred a loss and has a deficiency in the net current liabilities position this may cast uncertainly over the Group's ability to continue as a going concern.

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

- The recently announced acquisitions of Club Connect and Rapport NZ, which are both profitable, this included a capital raise of approximately $9 million;
- Expected synergies in relation to buying power, platform consolidation and reduction of core overhead inclusive of the integration of shared services across all businesses.
- Recent reduction in Mosaic spend at the end of FY2024 due to the platform reaching a standard that clients can be on boarded with minimal additional development / customisations.

Notwithstanding challenging equity capital markets, the Directors note the Company has been able raise capital within the year and subsequently in September 2024.

In the Directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, and that it is appropriate to prepare these accounts on a going concern basis.

As a result, the accounts have been prepared on the basis that the Consolidated Entity can meet its commitments as and when they fall due and can therefore continue business activities and can realise its assets and extinguish its liabilities in the ordinary course of business. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gratifii Limited and Controlled Entities ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Gratifii Limited and Controlled Entities and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

Foreign currency translation

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

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial yearend 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:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method.

The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved.

Amounts received that are subject to the constraining principle are recognised as a refund liability.

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

Where payment is received by the Group in advance of a performance obligation being satisfied, a contract liability is recognised in the Statement of Financial Position. Where a performance obligation has been satisfied and the Group is yet to issue an invoice to the customer, a contract asset is recognised in the Statement of Financial Position.

Where a performance obligation has been satisfied and an invoice has been issued to a customer but not yet paid, a trade receivable is recognised in the Statement of Financial Position.

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

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

Interest

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

Other revenue

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

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

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

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

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

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

Discontinued operations

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

Current and non-current classification

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

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

All other assets are classified as non-current.

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

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

Cash and cash equivalents

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

Trade and other receivables

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

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

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

Inventories

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

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

Property, plant and equipment

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

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

Plant and equipment 3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

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

Goodwill

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

Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

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

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the noncontrolling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method).

In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

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

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

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Impairment of non-financial assets

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

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

Trade and other payables

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

Borrowings

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

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

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

Finance costs

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

Provisions

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment.

No account is taken of any other vesting conditions. The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

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

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

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

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

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

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

Fair value measurement

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

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

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree.

For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

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

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

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any noncontrolling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirers previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date.

The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

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

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

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.

Revenue recognition

The Group has considered whether revenue should be recognised on a gross or net basis by evaluating if it obtains control over the specified goods or services before they are transferred to the customer. There is judgement involved in the assessment of the indicators of control which consider factors such as the Group's primary responsibility for fulfilling the promise to the customer, inventory risk and discretion in establishing pricing and selecting suppliers. Based on the assessment, the Group is the principal in these transactions and revenue is recognised as the gross selling price net of rebates, discounts and refunds.

Share-based payment transactions

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

Allowance for expected credit losses

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

Provision for impairment of inventories

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

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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

Estimation of useful lives of assets

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

Goodwill and other indefinite life intangible assets

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

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

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

This involves fair value less costs of disposal or value in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

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

Recovery of deferred tax assets

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

Employee benefits provision

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

Business combinations

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

NOTE 4. OPERATING SEGMENTS

Geographic segment information

Historically, the Group has been organised into three geographical segments: Australia and New Zealand, South Africa and Singapore.

Consolidated - 2024	Australia & New Zealand $	South Africa $	Singapore $	Total $
Revenue				
Sales to external customers	29,649,492	117,633	74,848	29,841,973
Other non-operating revenue	323,077	-	-	323,077
Other operating revenue	42,408	3,383	-	45,791
Total revenue and other income	30,014,977	121,016	74,848	30,210,841
Net loss before tax and other items	(7,850,122)	(31,232)	62,388	(7,818,966)
Depreciation and amortisation	(2,344,833)	(14,065)	-	(2,358,898)
Finance costs	(339,091)	-	-	(339,091)
(Loss) after income tax expense	(10,534,046)	(45,297)	62,388	(10,516,955)
Assets				
Segment assets				
Total assets	13,705,085	12,258	9,277	13,726,620
Liabilities				
Segment liabilities				
Total liabilities	10,639,490	369,912	1,258,122	12,267,524

Consolidated - 2023	Australia & New Zealand $	South Africa $	Singapore $	Total $
Revenue				
Sales to external customers	27,944,566	1,911,658	63,225	29,919,449
Other non-operating revenue	281,078	-	-	281,078
Other operating revenue	13,022	3,296	-	16,318
Total revenue and other income	28,238,666	1,914,954	63,225	30,216,845
Net loss before tax and other items	(2,164,315)	141,422	23,578	(1,999,315)
Depreciation and amortisation	(1,569,078)	(27,480)	-	(1,596,558)
Finance costs	(216,440)	(111)	-	(216,551)
(Loss) after income tax expense	(3,949,833)	113,831	23,578	(3,812,424)
Assets				
Segment assets				
Total assets	18,958,794	292,985	10,177	19,261,956
Liabilities				
Segment liabilities				
Total liabilities	11,160,853	(10,417)	(213)	11,150,223

NOTE 5. REVENUE

Consolidated	2024 $	2023 $
Rewards	21,441,254	18,879,682
Loyalty Services	7,697,976	8,585,748
Platform (SaaS)	702,743	2,454,019
Total revenue	**29,841,973**	**29,919,449**

NOTE 6. COST OF SALES

Consolidated	2024 $	2023 $
Rewards	20,153,056	17,480,487
Loyalty Services	5,173,712	5,959,423
Platform (SaaS)	49,510	1,447,240
Total cost of sales	**25,376,278**	**24,887,150**

NOTE 7. OTHER REVENUE

Consolidated	2024 $	2023 $
Net gain on disposal of property, plant and equipment	-	653
Recognising reduced purchase price of acquisition through profit or loss and other comprehensive income	323,077	281,078
Interest Income	5,791	3,163
Sundry Income	40,000	12,502
Total other revenue	**368,868**	**297,396**

NOTE 8. ADMINISTRATIVE AND OTHER CORPORATE COSTS

Consolidated	2024 $	2023 $
Bank fees	137,910	17,257
Bad debts expense	88,039	-
Corporate and listing costs	452,474	558,079
Director fees	323,102	200,000
IT	1,037,018	386,562
Marketing	30,444	66,752
Miscellaneous staff costs	47,440	40,434
Office expense	335,538	479,844
Other	32,918	10,979
Professional costs	594,234	860,586
Travel costs	126,018	136,927
Total administrative and other corporate costs	**3,205,135**	**2,757,420**

NOTE 9. INCOME TAX EXPENSE/(BENEFIT)

2024	Australia $	South Africa $	Singapore $	Total $
Loss from continuing operations before income tax expense	(10,534,044)	(45,300)	62,389	(10,516,955)
Tax at the local entity rate[1]	(2,634,190)	(12,231)	10,606	(2,635,815)
Add tax effect of:				
Other non-allowable items	2,232,202	16,791	-	2,248,993
Less tax effect of:				
Other non-assessable items	(827,440)	(4,919)	-	(832,359)
Other deductible items	(89,155)	(212)	-	(89,367)
Benefit of tax losses and temporary differences not recognised	1,318,583	571	-	1,319,154
Carried forward tax losses offset against current tax liability	-	-	(10,606)	(10,606)
Total income tax expense	**-**	**-**	**-**	**-**

[1] Tax at the local entity rate: Australia – 25%, New Zealand – 28%, South Africa – 27% & Singapore – 17%

2023	Australia $	South Africa $	Singapore $	New Zealand $	Total $
Loss from continuing operations before income tax expense	(3,917,039)	113,831	23,578	(32,794)	(3,812,424)
Tax at the local entity rate[1]	(979,260)	30,734	4,008	(9,182)	(953,700)
Add tax effect of:					
Other non-allowable items	351,917	1,121	-	3,574	356,612
Less tax effect of:					
Other non-assessable items	(230,468)	(10,711)	-	-	(241,179)
Other deductible items	(214,191)	(11,714)	-	(772)	(226,677)
Carried forward tax losses offset against current tax liability	1,072,002	(9,430)	(4,008)	6,380	1,064,944
Total income tax expense	**-**	**-**	**-**	**-**	**-**

[1] Tax at the local entity rate: Australia – 25%, New Zealand – 28%, South Africa – 27% & Singapore – 17%

NOTE 10. CASH AND CASH EQUIVALENTS

Consolidated	2024 $	2023 $
Current assets		
Cash on hand	-	235
Cash at bank	485,817	1,800,432
Bank Overdrafts	(161,712)	(114,056)
Total cash and cash equivalents	**324,105**	**1,686,611**

NOTE 11. TRADE AND OTHER RECEIVABLES

Consolidated	2024 $	2023 $
Current		
Trade receivables	1,288,379	1,209,641
Less: Allowance for expected credit losses	(104,676)	(26,200)
Total trade receivables	**1,183,703**	**1,183,441**
Other receivables	-	83,102
Funds in transit[1, 2]	**122,640**	**-**
Total other receivables	**122,640**	**83,102**
Total trade and other receivables	**1,306,343**	**1,266,543**

[1] Funds held in the group's Payment Gateway for weekend sales and cleared to the groups' bank account on 1 July 2024.

[2] Funds in transit was reported under Other Assets during FY2023. (FY2023: $966,851)

Allowance for expected credit losses

The Group has recognised a loss of $88,039 (2023: $nil) in profit or loss in respect of the expected credit losses for the year ended 2024.
Movements in the allowance for expected credit losses are as follows:

Consolidated	2024 $	2023 $
Opening balance	26,200	26,200
Additional provisions recognised	88,039	-
Amounts written off	(9,563)	-
Closing balance	104,676	26,200

Consolidated	2024 $	2023 $
Third parties	1,183,703	1,183,441
Trade receivables not past due and not impaired	280,359	466,747

Receivables that are past due but not impaired

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

Consolidated	2024 $	2023 $
Less than 30 days overdue	831,343	481,492
31 – 60 days overdue	60,043	162,791
Over 60 days overdue	11,958	72,411
Trade receivables not past due and not impaired	**903,344**	**716,694**

NOTE 12. INVENTORIES

Consolidated	2024 $	2023 $
Current assets		
Inventories on hand	410,487	653,777

NOTE 13. OTHER ASSETS

Consolidated	2024 $	2023 $
Current assets		
Prepayments	289,414	554,853
Other deposits	255,289	138,079
Funds in transit[1]	-	966,851
Total other assets	**544,703**	**1,659,783**

[1]Funds in transit has been moved under Note 11, Trade and other receivables

NOTE 14. PROPERTY, PLANT AND EQUIPMENT

Consolidated	2024 $	2023 $
Non-current assets		
Property under lease (right-of-use asset)	**903,657**	**151,053**
Office equipment – at cost	419,203	432,936
Less: Accumulated depreciation	(324,424)	(331,154)
Total office equipment	**94,779**	**101,782**
Total property, plant and equipment	**998,436**	**252,835**

Reconciliations

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

Consolidated	Office equipment	Property under lease	Total
Balance at 30 June 2022	**135,524**	**295,967**	**431,491**
Additions	3,682	-	3,682
Additions through business combinations - at cost	58,512	-	58,512
Additions through business combinations – accumulated depreciation	(46,681)	-	(46,681)
Disposals – at cost	(127,222)	-	(127,222)
Disposals – accumulated depreciation	122,663	-	122,663
Depreciation expense	(44,015)	(144,568)	(188,583)
Translation of opening balances	(681)	(346)	(1,027)
Balance at 30 June 2023	**101,782**	**151,053**	**252,835**
Disposals – at cost	(28,898)	-	(28,898)
Disposals – accumulated depreciation	28,898	-	28,898
Additions	14,906	911,018	925,924
Depreciation expense	(21,935)	(158,414)	(180,349)
Translation of opening balances	26	**-**	26
Balance at 30 June 2024	**94,779**	**903,657**	**998,436**

NOTE 15. INTANGIBLE ASSETS

Consolidated	2024 $	2023 $
Non-current assets		
Goodwill at cost	**6,304,429**	**6,304,429**
Capitalised development – at cost	12,728,865	9,860,809
Less: Accumulated amortisation	(8,890,748)	(2,422,831)
Total capitalised development	**3,838,117**	**7,437,978**
Restraint of trade	569,885	569,885
Less: Accumulated amortisation	(569,885)	(569,885)
Total restraint of trade	**-**	**-**
Customer list	300,000	300,000
Less: Accumulated amortisation	(150,000)	(150,000)
Less: Impairment	(150,000)	(150,000)
Total customer list	-	-
Total intangible assets	**10,142,546**	**13,742,407**

Reconciliation of net carrying values

Consolidated	2024 $	2023 $
Goodwill		
Balance at beginning of the year	6,304,429	3,274,987
Additions	-	3,029,442
Balance at end of the year	**6,304,429**	**6,304,429**
Other intangible assets		
Balance at beginning of the year	7,437,978	5,652,354
Additions	2,866,037	3,209,501
Amortisation expense	(2,178,549)	(1,407,975)
Impairment	(4,288,000)	-
Translation of opening balances	651	(15,902)
Balance at end of the year	**3,838,117**	**7,437,978**
Total	**10,142,546**	**13,742,407**

Mosaic Enterprise Engagement Platform Capitalisation policy

During the financial year, the Company continued to invest in its Mosaic platform. This investment enhanced its offering to customers and namely developed a front end that expands the sales potential of the product to its customers.

The product remains in continuous development and is earning revenue and hence is being amortised over 5 years on a straight-line basis.

Impairment losses and recoverable amounts

During FY2024, impairment losses totalling $4,288,000 have been recognised. The recoverable amount for which an impairment was recognised as part of the value in use calculation, is presented below:

Consolidated	2024 $	2023 $
Net asset carrying value non-financial	8,126,117	8,324,000
Recoverable amount (excluding Goodwill)	3,838,117	34,500,000
Impairment charge at 30 June 2024	**4,288,000**	**-**

Key assumptions used for calculating recoverable amounts

Cash flows used in the value-in-use calculations are based on forecasts produced by management which have been approved by the Board. Forecasts for FY2025 consider some increased level of sales from the significant investment in technology and our penetration into a number of industries (i.e. automotive). The Directors consider these forecasts to reflect the best estimates of revenue based on facts and circumstances available as at 30 September 2024.

The variance in value between FY23 and FY24 is largely attributable to higher discount rates being applied due to the debt-to-equity position of the Company as well as significant movements in the cost of capital over the period. In addition, the Company has paired back its growth assumptions as high margin sales, particularly in the SAAS/Mosaic business has not eventuated as planned due largely to macroeconomic conditions. Further, some costs i.e technology and cyber have been assumed to increase due to current market trends. Management believe this is a conservative/prudent position in the current market.

The resulting impairment charge in FY24 is driven by changes in the underlying assumptions of the forecasts, as compared to FY23. The revision in these underlying assumptions primarily includes a reduced level of marketing investment at a reduced rate of return, which has resulted from facts and circumstances that have arisen during 1HFY24. The revision in these underlying assumptions have a pervasive impact throughout the remaining periods of the forecasts.

The following assumptions were used in the value-in-use calculations for the respective periods:

Consolidated	2024 $	2023 $
Long term growth rate (terminal value) [1]	2%	2.5%
Post tax discount rate	22%	15.3%
Revenue growth rates – year 1 [2]	15%	37%
Revenue growth rates – year 2 [2]	15%	11%
Revenue growth rates – year 3 [2]	15%	5%
Revenue growth rates – years 4 to 5	10%	5%

[1] Based on long-term expectations consistent with forecast included in industry reports and consistent with broader economic outlooks.

[2] Short term revenue growth has been estimated by management by reviewing sales pipelines and short-term opportunities.

NOTE 16. TRADE AND OTHER PAYABLES

Consolidated	2024 $	2023 $
Current liabilities		
Trade payables	6,255,862	5,227,619
Credit cards	137,752	164,060
Sundry payables and accrued expenses	1,199,196	1,091,994
Total current trade and other payables	**7,592,810**	**6,483,673**

Non-current liabilities		
Sundry payables and accrued expenses	184,962	-
Total non-current borrowings	184,962	**-**
Total trade and other payables	**7,777,772**	**6,483,673**

NOTE 17. BORROWINGS

Consolidated	2024 $	2023 $
Current liabilities		
Loans	343,806	119,091
Convertible notes payable	1,511,790	777,460
Total current borrowings	**1,855,596**	**896,551**
Non-current liabilities		
Loans	-	-
Convertible notes payable	-	757,000
Total non-current borrowings	**-**	**757,000**
Total borrowings	**1,855,596**	**1,653,551**

Refer to Note 34 for further information on financial instruments.

NOTE 18. LEASE LIABILITIES

Consolidated	2024 $	2023 $
Current liabilities		
Lease liability	194,145	166,315
Non-current liabilities		
Lease liability	702,607	6,570
Total lease liabilities	**896,752**	**172,885**

Refer to Note 34 for further information on financial instruments.

	Less than 6 months $	6 months to 1 year $	1 to 5 years $	5+ years $	Total $
Lease payments	131,594	125,833	789,948	-	1,047,375
Finance charges	(33,479)	(29,802)	(87,342)	-	(150,623)
Net present values	**98,115**	**96,031**	**702,606**	**-**	**896,752**

Refer to Note 34 for further information on financial instruments.

NOTE 19. PROVISIONS

Consolidated	2024 $	2023 $
Current liabilities		
Employee benefits – annual leave	339,757	301,763
Employee benefits – long service leave	35,060	-
Income tax	(27,795)	(27,795)
Total current provisions	347,022	273,968
Non-current liabilities		
Employee benefits – long service leave	13,894	28,247
Other provisions	-	1,157
Total non-current provisions	**13,894**	**29,404**
Total provisions	**360,916**	**303,372**

NOTE 20. DEFERRED REVENUE

Consolidated	2024 $	2023 $
Current liabilities		
Deferred revenue	**1,376,488**	**1,729,050**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that was unsatisfied at the end of the reporting period was $1,376,488 as at 30 June 2024 (2023: $1,729,050) and is expected to be recognised as revenue in future periods as follows:

Consolidated	2024 $	2023 $
Within 12 months	**1,376,488**	**1,729,050**

NOTE 21. ISSUED CAPITAL

Consolidated	2024 Shares	2024 $	2023 Shares	2023 $
Ordinary shares – fully paid	1,756,047,663	54,442,061	1,213,427,512	50,688,630
Capital raising costs		(4,058,707)	-	(3,820,013)
Total issued capital	1,756,047,663	**50,383,354**	**1,213,427,512**	**46,868,617**

Movements in ordinary share capital

	2024 Shares	2024 $	2023 Shares	2023 $
At the beginning of the period	1,213,427,512	46,868,617	868,087,204	40,588,632
Share placement	376,483,547	2,503,737	184,744,302	3,094,798
Share-based payments	112,290,451	765,079	-	-
Settlement of business acquisition	53,846,153	484,615	19,230,769	346,154
Options converted	-	-	3,480,560	43,507
Convertible notes converted	-	-	137,884,677	3,063,048
Costs of issue	-	(238,694)	-	(267,522)
Closing balance	**1,756,047,663**	**50,383,354**	**1,213,427,512**	**46,868,617**

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

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

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

The capital risk management policy remains unchanged from the 2023 Annual Report.

NOTE 22. RESERVES

Consolidated	2024 $	2023 $
Foreign currency reserve	(309,001)	(374,412)
Options reserve	574,989	416,929
Total reserves	**265,988**	**42,517**

Consolidated	2024 $	2023 $
Option reserve		
Opening balance	416,929	450,726
Additions	284,170	168,165
Converted into ordinary shares	-	-

Lapsed	(126,110)	(201,962)
Closing balance	**574,989**	**416,929**
Foreign currency translation reserve		
Opening balance	(374,412)	(509,430)
Foreign currency translation	65,411	135,018
Closing balance	**(309,001)**	**(374,412)**
Total Reserves	**265,988**	**42,517**

Foreign currency reserve

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

Options reserve

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

NOTE 23. ACCUMULATED LOSSES

Consolidated	2024 $	2023 $
Accumulated losses at the beginning of the financial year	(38,799,401)	(35,033,058)
(Loss) after income tax expense for the year	(10,516,955)	(3,812,424)
Loss on derecognition of subsidiaries	-	(155,881)
Lapsing of options	126,110	201,962
Accumulated losses at the end of the financial year	**(49,190,246)**	**(38,799,401)**

NOTE 24. DIVIDENDS

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

NOTE 25. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

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

Consolidated	2024 $	2023 $
Short-term employee benefits	1,068,911	807,129
Post-employment benefits	95,870	70,440
Equity Settled Shares	240,000	-
Share-based payments	68,501	92,021
Total key management benefits	**1,473,282**	**969,590**

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration report section of the Directors' report.

Other transactions with Key Management Personnel

Certain key management personnel (**KMP**), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities. Some of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. Details of these transactions are detailed in the table below.

Sale of good and services	2024 $	2023 $
SAAS Licence and Service Fees[1]	73,806	22,236

[1] Sale of Mosaic platform and services to the FAB Group, an entity controlled by a related entity of Patrina Kerr.

Purchase of good and services	2024 $	2023 $
Consulting fees[2]	34,125	11,439

[2] Consulting fees paid to Patrina Kerr pursuant to the acquisition of Hachiko Pty Ltd.

NOTE 26. REMUNERATION OF ADVISORS

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

Consolidated	2024 $	2023 $
Audit services – MNSA Pty Ltd		
Audit or review of the financial statements	**128,346**	**120,000**

NOTE 27. CONTINGENT ASSETS, LIABILITIES, AND GUARANTEES

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

NOTE 28. RELATED PARTY TRANSACTIONS

Parent entity

Gratifii Limited and Controlled Entities is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 31.

Key management personnel

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

NOTE 29. PARENT ENTITY INFORMATION

Consolidated	2024 $	2023 $
Assets		
Current assets	(46,010)	1,010,264
Non-current assets	45,486,165	43,708,946
Total assets	**45,440,155**	**44,719,210**
Liabilities		
Current liabilities	(766,586)	(691,585)
Non-current liabilities	(2,562,395)	(2,613,799)
Total liabilities	**(3,328,981)**	**(3,305,384)**
Net assets	**42,111,174**	**41,413,826**

Consolidated	2024 $	2023 $
Equity		
Issued capital	87,044,341	84,264,220
Reserves	574,989	416,928
Accumulated losses	(45,508,156)	(43,267,322)[1]
Total equity	**42,111,174**	**41,413,826**

[1] The movement in accumulated losses includes a transfer from the options reserve of $126,110 relating to lapsed options during the year.

Consolidated	2024 $	2023 $
Financial performance		
(Loss) for the year	**(2,366,944)**	**(2,088,778)**

Significant accounting policies

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

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

NOTE 30. BUSINESS COMBINATIONS

On 22 August 2022, Gratifii Limited completed an acquisition of 100% of the shares in Hachiko Pty Ltd, a specialised loyalty and rewards marketing agency. The Company acquired Hachiko Pty Ltd for an estimated value of $3,293,846, of which $2,140,000 was settled in cash, $346,154 settled in shares subject to a 12-month escrow period, leaving an acquisition liability at 30 June 2023 of $807,692.

Consolidated	**30-Jun-24 $**	**30-Jun-23 $**
Estimated deferred consideration payable[1]	-	(807,692)

[1] Settlement was finalised on 29 August 2023 by Issue of shares with the value of $484,615 while $323,077 has been recognised as reduced purchase price of acquisition through the Profit or loss and other comprehensive income.

Movement

Balance as 30 June 2023	**807,692**
Shares Issued on settlement on 29 August 2023	(484,615)
Recognised as reduced purchase price of acquisition through the Profit or loss and other comprehensive income.[1]	(323,077)
Balance as 30 June 2024	-

[1] Refer to Note 7 for more details.

NOTE 31. INTERESTS IN SUBSIDIARIES

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

Entity name	**Principal place of business / country of incorporation**	**Ownership interest 2024 %**	**Ownership interest 2023 %**
Gratifii Australia Pty Ltd[1]	Australia	100%	100%
CSB Engage SA (Pty) Ltd	South Africa	100%	100%
CSB Engage Asia Pte Ltd	Singapore	100%	100%
CSB Engage Pte Ltd	Singapore	100%	100%
Neat Tickets Pty Ltd	Australia	100%	100%
Hachiko Pty Ltd	Australia	100%	100%
Hachiko NZ Limited	New Zealand	100%	100%
Rewards 365 Pty Ltd	Australia	100%	100%
Onit Media Pty Ltd	Australia	100%	100%

[1] Formerly known as CSB Engage (Aus) Pty Ltd

NOTE 32. EVENTS AFTER THE REPORTING PERIOD

On the 6 September, Gratifii announced a two-tranche placement to raise $3.5 million through the issue of shares to sophisticated and institutional investors for working capital purposes and to repay convertible notes. In addition, the Company is in the process of undertaking a non-renounceable entitlement offer, to raise approximately $5.49 million through the issue of shares to fund the cash components of the acquisitions of Ticketmates Australia Pty Ltd ACN 127 532 147 (Club Connect) and Rapport Group Limited NZBN 9429046681980 (Rapport).

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 33. CASHFLOW INFORMATION

Consolidated	2024 $	2023 $
Loss after income tax expense for the year	(10,516,955)	(3,812,424)
Non-Operating revenue included in profit and loss[1]	(323,077)	-
Adjustments for:		
Depreciation and amortisation	2,358,898	1,596,558
Impairment	4,606,581	-
Share-based payments	409,323	168,165
Foreign exchange differences	28,913	8,900
Finance costs	339,091	216,551
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(39,800)	142,323
(Increase)/decrease in inventories	243,290	(241,812)
(Increase)/decrease in other assets	1,115,080	(1,330,022)
Increase in trade and other payables	1,420,209	1,911,165
Increase/(decrease) in deferred revenue	(352,562)	1,728,717
Increase in trade and other provisions	57,544	62,645
Net cash from operating activities	**(653,465)**	**450,766**

[1] Non-operating revenue included in profit and loss relating to Business Acquisition. Refer Note 7 for further information.

NOTE 34. FINANCIAL RISK MANAGEMENT

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

(i) Treasury Risk Management

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

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

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

(ii) Financial Risk Exposures and Management

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

Liquidity risk

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

Credit risk

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

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

Market risk

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

(iii) Interest rate risk

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

Consolidated	2024 $	2023 $
Current	2,155,060	1,174,667
Non-current	-	757,000
Total exposure	**2,155,060**	**1,931,667**

Consolidated	2023 $	2022 $
Fixed rate instruments – borrowing including related parties	1,855,596	1,653,551
Variable rate instruments – credit cards	137,752	164,060
Variable rate instruments – Bank overdrafts	161,712	114,056
Total exposure	**2,155,060**	**1,931,667**

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

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

(iv) Foreign currency risk

The Group's foreign exchange risk results mainly from Cashflows from transactions denominated in foreign currencies.

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

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

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

2024 – Consolidated *All figures are in AUD*	**AUD** **$**	**ZAR** **$**	**SGD** **$**	**NZD** **$**	**Total** **$**
Financial assets					
Trade receivables	1,177,987	-	5,716	-	1,183,703
Other receivables (excluding prepayments and tax recoverable)	122,640	-	-	-	122,640
Cash and cash equivalents	305,015	679	1,306	17,105	324,105
Total financial assets	**1,605,642**	**679**	**7,022**	**17,105**	**1,630,448**
Financial liabilities					
Trade payables	(6,250,513)	(4,525)	(1)	(823)	(6,255,862)
Other payables	(1,542,440)	37,150	105	(16,725)	(1,521,910)
Borrowings	(1,855,596)	-	-	-	(1,855,596)
Total financial liabilities	**(9,648,549)**	**32,625**	**104**	**(17,548)**	**(9,633,368)**
Net financial assets / (liabilities – include borrowings)	**(8,042,907)**	**33,304**	**7,126**	**(443)**	**(8,002,920)**

2023 – Consolidated *All figures are in AUD*	**AUD** **$**	**ZAR** **$**	**SGD** **$**	**NZD** **$**	**Total** **$**
Financial assets					
Trade receivables	1,050,820	97,149	6,832	28,640	1,183,441
Other receivables (excluding prepayments and tax recoverable)	83,102	-	-	-	83,102
Cash and cash equivalents	1,493,185	127,328	1,075	65,023	1,686,611
Total financial assets	**2,627,107**	**224,477**	**7,907**	**93,663**	**2,953,154**
Financial liabilities					
Trade payables	(5,191,972)	14,553	213	(50,413)	(5,227,619)
Other payables	(1,248,539)	16	-	(7,531)	(1,256,054)
Borrowings	(1,653,551)	-	-	-	(1,653,551)
Total financial liabilities	**(8,094,062)**	**14,569**	**213**	**(57,944)**	**(8,137,224)**
Net financial assets / (liabilities – include borrowings)	**(5,466,955)**	**239,046**	**8,120**	**35,719**	**(5,184,070)**

NOTE 35. EARNINGS PER SHARE

Consolidated	2024 $	2023 $
(Loss) after income tax attributable to the owners of Gratifii Limited and Controlled Entities	(10,516,955)	(3,812,424)

Consolidated	2024 Shares	2023 Shares
Weighted average number of shares used for the purposes of calculating basic and diluted earnings per share:		
Basic earnings per share	1,395,803,995	1,016,905,843
Diluted earnings per share	1,395,803,995	1,068,090,332

Consolidated	2024 $	2023 $
Basic (loss)/earnings per share	(0.75)	(0.37)
Diluted (loss)/earnings per share	(0.75)	(0.35)

NOTE 36. SHARE-BASED PAYMENTS

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

	Number of options 2024	Weighted Average Exercise Price 2024	Number of options 2023	Weighted Average Exercise Price 2023
Outstanding at the beginning of the financial year	57,567,945	0.00	38,863,946	$0.00
Granted	31,652,174	0.02	30,834,912	$0.03
Forfeited	(14,500,000)	0.03	(4,200,000)	$0.04
Exercised	(2)	0.00	(2)	$0.00
Expired	(12,655,483)	0.04	(7,930,911)	$0.04
Outstanding at the end of the financial year	**62,064,634**		**57,567,945**	
Exercisable at the end of the financial year	46,993,879		18,888,002	

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

Grant date	Expiry date	Exercise price	Number under option	Fair value at grant date	Type
12 February 2020	12 February 2024	$0.050	0	$0.012	1
11 March 2021	11 March 2026	$0.030	5,777,552	$0.024	2
13 February 2021	13 February 2024	$0.030	0	$0.009	3
22 September 2021	30 June 2026	$0.040	2,300,000	$0.015	4
15 November 2021	1 September 2026	$0.040	900,000	$0.018	5
19 August 2022	19 August 2025	$0.032	540,000	$0.007	6
11 November 2022	11 November 2027	$0.028	7,057,430	$0.010	7
11 November 2022	11 November 2028	$0.030	13,837,478	$0.011	8
11 November 2022	11 November 2032	$0.000	0	$18,750.000	9
29 December 2023	31 December 2026	$0.020	31,652,174	$0.005	10

Type:

1. Options issued to Key Management Personnel totalling 10,650,568 options. Of these, 3,550,189 have been forfeited as a result of the employee leaving employment with the Group. Announced to market on 13 February 2020. The remaining 7,100,379 options expired 12 February 2024, leaving 0 under option.
2. Options issued to Key Management Personnel totalling 5,777,552 options. Of these, none have been forfeited. Announced to market on 12 March 2021. As at 30 June 2024 there are 5,555,104 under option.
3. Options issued to Key Management Personnel totalling 9,943,880 options. Of these, 1,388,776 have been forfeited as a result of the employee leaving employment with the Group. On 14 August 2023 3,000,000 options were cancelled by agreement between the entity and the holder. The remaining 5,555,104 options expired on 13 February 2024, leaving 0 under option.
4. Options issued to Key Management Personnel totalling 7,100,000 options. Of these, 4,200,000 have been forfeited as a result of the employee leaving employment with the Group. Announced to the market on 23 September 2021. On 12 February 2024 600,000 options were cancelled by agreement between the entity and the holder, leaving 2,300,000 under option.
5. Options issued to Key Management Personnel totalling 2,400,000 options. Of these, none have been forfeited. between the entity and the holder. On 12 February 2024 a further 647,471 options were cancelled by agreement between

the entity and the holder, leaving 7,057,430 under option. Announced to the market on 17 November 2021. On 14 August 2023 1,500,000 options were cancelled by agreement between the entity and the holder, leaving 900,000 under option.

6. Options issued to Key Management Personnel totalling 540,000 options. Of these, none have been forfeited. Announced to the market on 19 August 2022. As at 30 June 2024 there are 540,000 under option.
7. Options issued to Key Management Personnel totalling 9,647,314 options. Of these, none have been forfeited. Announced to the market on 11 November 2022. On 14 August 2023 1,942,413 options were cancelled by agreement
8. Options issued to Key Management Personnel totalling 20,647,594 options. Of these, none have been forfeited. Announced to the market on 11 November 2022. On 14 August 2023 5,557,587 options were cancelled by agreement between the entity and the holder. On 12 February 2024 a further 1,252,529 options were cancelled by agreement between the entity and the holder, leaving 13,837,478 under option.
9. Options issued to Key Management Personnel totalling 4 options. Of these, none have been forfeited, and 2 options have been exercised. Announced to the market on 11 November 2022. On 13 December 2023 the final 2 options were exercised thereby leaving 0 under option.
10. Options provided to convertible note holders in a commercial agreement to enter into a revised convertible note agreement totalling 31,652,174. As at 30 June 2024 there are 31,652,174 under option.

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

Grant date	Expiry date	Exercise price	Number under option	Fair value at grant date	Type
12 February 2020	12 February 2024	$0.050	7,100,379	$0.012	1
11 March 2021	11 March 2026	$0.030	5,777,552	$0.024	2
13 February 2021	13 February 2024	$0.030	8,555,104	$0.009	3
22 September 2021	30 June 2026	$0.040	2,900,000	$0.015	4
15 November 2021	1 September 2026	$0.040	2,400,000	$0.018	5
19 August 2022	19 August 2025	$0.032	540,000	$0.007	6
11 November 2022	11 November 2027	$0.028	9,647,314	$0.010	7
11 November 2022	11 November 2028	$0.030	20,647,594	$0.011	8
11 November 2022	11 November 2032	$0.000	2	$18,750.000	9

Type:

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

2 Options issued to Key Management Personnel totalling 5,777,552 options. Of these, none have been forfeited. Announced to market on 12 March 2021.

3 Options issued to Key Management Personnel totalling 9,943,880 options. Of these, 1,388,776 have been forfeited as a result of the employee leaving employment with the Group. Subsequent to year end a further 3,000,000 options were cancelled by agreement between the entity and the holder.

4 Options issued to Key Management Personnel totalling 7,100,000 options. Of these, 4,200,000 have been forfeited as a result of the employee leaving employment with the Group. Announced to the market on 23 September 2021.

5 Options issued to Key Management Personnel totalling 2,400,000 options. Of these, none have been forfeited. Announced to the market on 17 November 2021. Subsequent to year end a further 1,500,000 options were cancelled by agreement between the entity and the holder.

6 Options issued to Key Management Personnel totalling 540,000 options. Of these, none have been forfeited. Announced to the market on 19 August 2022.

7 Options issued to Key Management Personnel totalling 9,647,314 options. Of these, none have been forfeited. Announced to the market on 11 November 2022. Subsequent to year end a further 1,942,413 options were cancelled by agreement between the entity and the holder.

8 Options issued to Key Management Personnel totalling 20,647,594 options. Of these, none have been forfeited. Announced to the market on 11 November 2022. Subsequent to year end a further 5,557,587 options were cancelled by agreement between the entity and the holder.

9 Options issued to Key Management Personnel totalling 4 options. Of these, none have been forfeited, and 2 options have been exercised. Announced to the market on 11 November 2022.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Entity name	Entity type	Place of incorporation	% of share capital held	Australian or foreign tax residency	Foreign jurisdiction
Gratifii Ltd	Body corporate	Australia	N/A	Australian	N/A
Controlled entities (wholly owned) of Gratifii Ltd					
Gratifii Australia Pty Ltd[1]	Body corporate	Australia	100%	Australian	N/A
CSB Engage SA (Pty) Ltd	Body corporate	South Africa	100%	Foreign	South Africa
CSB Engage Asia Pte Ltd	Body corporate	Singapore	100%	Foreign	Singapore
CSB Engage Pte Ltd	Body corporate	Singapore	100%	Foreign	Singapore
Neat Tickets Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Hachiko Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Hachiko NZ Limited	Body corporate	New Zealand	100%	Foreign	New Zealand
Rewards 365 Pty Ltd	Body corporate	Australia	100%	Australian	N/A
Onit Media Pty Ltd	Body corporate	Australia	100%	Australian	N/A

[1] Formerly known as CSB Engage (Aus) Pty Ltd

Key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the Income *Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- ***Australian tax residency***

  The consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/5.

- ***Foreign tax residency***

  The consolidated entity has applied current legislation and where available judicial precedent in the determination of foreign tax residency. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

Partnerships and Trusts

Australian tax law does not contain specific residency tests for partnerships and trusts. Generally, these entities are taxed on a flow-through basis so there is no need for a general residence test. There are some provisions which treat trusts as residents for certain purposes, but this does not mean the trust itself is an entity that is subject to tax.

Directors’ Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001,* the Australian 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 2024 and of its performance for the financial year ended on that date;
- the attached Consolidated Entity Disclosure Statement required by s 295(3A) of the *Corporations Act 2001* is true and correct; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

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

On behalf of the directors.

Bryan Zekulich
Non-Executive Chairman
Date: **30 September 2024**

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

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Gratifii Limited (the Company) and controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies, the consolidated entity disclosure statement and the directors' declaration.

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

a. giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

MNSA Pty Ltd
ABN 59 133 605 400
Level 1, 283 George St
Sydney NSW 2000
GPO Box 2943 Sydney 2001
Tel (02) 9299 0901
Fax (02) 9299 8104
Email admin@mnsa.com.au

Emphasis of Matter on Going Concern

We draw your attention to Note 2 on going concern in the financial report, which indicates that the Consolidated Entity incurred an operating loss after tax of $10,516,955 (2023: $3,812,424), and net cash operating cash deficiency of $653,465 (2023: surplus of $450,766) during the year ended 30 June 2024 and, as of that date, the Company's current liabilities exceeded its current assets by $8,780,423 (2023: $5,090,535) and held net assets of $1,459,096 (2023: $8,111,733). These events and conditions, along with other matters set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2024. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How Our Audit Addressed the Key Audit Matters
Impairment Review As at 30 June 2024, the Group held intangibles of $10,142,546. The assessment of the carrying value of these assets and impairment considerations require management to make significant judgements and estimates to determine whether the assets require impairment in accordance with Australian Accounting Standard AAASB 136 Impairment. During the period, management identified an impairment in capitalised development costs of $4,288,000.	We have evaluated the appropriateness of management's judgements including: • Considering if there are indicators that suggest the carrying amount of these assets exceed its recoverable amount; • Assessing if there are facts or circumstances that indicate Intangibles exceeds its recoverable amount; • Reconciling impairment expense recognised during the period; • Assessing disclosures made within the financial report; and • Assessing the judgement applied by management in supporting calculations used in determining the impairment expensed during the period.

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Key Audit Matters (continued)	How Our Audit Addressed the Key Audit Matters
Revenue Recognition Revenue represents a material balance and we have identified the following types of transactions and assertions related to revenue recognition which give rise to key risks: • the completeness of revenue recorded as a result of the reliance on output of the system. *Revenue from contracts with customers* Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: 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.	In responding to this area of focus, our audit approach included controls testing and substantive procedures covering, in particular: • testing control procedures in place around online sales platform, online payment process systems, and inventory management system; • performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts; • testing cash receipts for a sample of customers back to the customer invoice; • testing the costs associated to the delivery of sales; and • considered the application of the Group's accounting policies to amounts billed.
Going Concern Following operating losses and net current asset deficits, there is a heightened degree of judgement as to the Company's ability to continue as a going concern through the assessment period. Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty and the adequacy of management's disclosure to be a key risk.	We have challenged the key assumptions in management's forecast cash flows for the next 12 months (base case and downside possibilities) by: • Comparing the cash flow forecasts with the Board approved budget, and obtaining explanations for any significant differences; • Ensuring consistency between the forecasts in the Company going concern model and those used in the asset value-in-use calculations for impairment assessment purposes; • Assessing the historical accuracy of forecasts prepared by management; • Testing the mechanical accuracy of the model used; • Performing stress tests for a range of reasonably possible scenarios on management's cash flow for the going concern period; and • Considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.

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

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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 Company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001; and*

b) *the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free of material misstatement, whether due to fraud or error, and

b) *the consolidated entity disclosure statement that is true and correct* and is free of material misstatement, whether due to fraud or error.

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

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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.

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 31 to 39 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Gratifii Limited and controlled entities for the year ended 30 June 2024, 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.

MNSA Pty Ltd

MNSA Pty Ltd

Allan Facey
Director

Sydney

30th September 2024

MNSA Pty Ltd
ABN 59 133 605 400

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

Tel (02) 9299 0901
Fax (02) 9299 8104
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Shareholder Information

Additional information required by the Australian Securities Exchange (ASX) and not shown elsewhere is shown in this section. The information is current as at 23 September2024.

HOME EXCHANGE

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

ORDINARY SHARES

As at 23 September 2024, the issued capital comprised of 2,149,196,185 fully paid ordinary shares held by 578 holders.

OPTIONS

As at 23 September 2024, the Company had the following unlisted options over ordinary shares on issue:

Class of shares	Exercise price	Number of holders	Expiry date	Number under option
Ordinary shares	$0.030	2	11 March 2026	5,777,552
Ordinary shares	$0.040	2	30 June 2026	2,300,000
Ordinary shares	$0.040	1	1 September 2026	900,000
Ordinary shares	$0.032	1	19 August 2025	540,000
Ordinary shares	$0.028	4	11 November 2027	7,057,430
Ordinary shares	$0.030	4	11 November 2028	13,837,478
Ordinary shares	$0.008	20	11 December 2025	320,000,000
Ordinary shares	$0.020	24	31 December 2026	31,652,174
Totals		**58**		**382,064,634**

CLASS OF SHARES AND VOTING RIGHTS

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

ON MARKET BUY-BACK

There is no on market buy-back.

RESTRICTED SECURITIES

There were no restricted securities as at 23 September 2024.

DISTRIBUTION OF SHAREHOLDERS

The distribution of each class of equity was as follows.

FULLY PAID ORDINARY SHARES

Range	No. Of Holdings	No. Of Shares	Percentage
1 - 1,000	34	3,105	0.00%
1,001 - 5,000	8	13,943	0.00%
5,001 - 10,000	9	77,699	0.00%
10,001 – 100,000	76	5,678,730	0.26%
100,001 and over	451	2,143,422,708	99.73%
TOTAL	**578**	**2,149,196,185**	**100.00%**

SUBSTANTIAL SHAREHOLDINGS

At 23 September 2024, the Register of Substantial Shareholders showed the following:

Rank	Name	No. of ordinary shares held	Percentage
1	Merrill Lynch (Australia) Nominees Pty Ltd	273,762,601	12.74%
2	National Nominees Limited	221,502,991	10.31%
3	Citicorp Nominees Pty Limited	117,844,081	5.48%
4	HSBC Custody Nominees (Australia) Limited	116,062,388	5.40%

TWENTY LARGEST SHAREHOLDERS

At 23 September 2024, the twenty largest shareholders held 63.55% of the fully paid ordinary shares as follows:

Rank	Name	No. of ordinary shares held	Percentage
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	273,762,601	12.74%
2	NATIONAL NOMINEES LIMITED	221,502,991	10.31%
3	CITICORP NOMINEES PTY LIMITED	117,844,081	5.48%
4	HSBC Custody Nominees (Australia) Limited	116,062,388	5.40%

5	Howarth Commercial Pty Ltd	90,914,205	4.23%
6	LOMACOTT PTY LTD <THE KEOGH SUPER FUND A/C>	80,319,181	3.27%
7	OCEANVIEW ROAD PTY LTD	66,796,875	3.11%
8	BOMBORA CAPITAL LIMITED <PHACT INVESTMENT A/C>	47,500,000	2.21%
9	IRONFURY PTY LTD <THE DAVID DUNN FAMILY A/C>	43,700,000	2.03%
10	RIMOYNE PTY LTD	39,315,035	1.83%
11	MR STEPHEN JOHN ATKINSON	33,738,558	1.57%
12	SUPER SEED PTY LTD <THE WERSMAN SUPER FUND A/C>	30,619,555	1.42%
13	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	30,037,846	1.40%
14	MR CHAO ZHANG	30,000,000	1.40%
15	JASON BROWN PTY LTD <BROWN FAMILY A/C>	29,500,000	1.37%
16	BERNE NO 132 NOMINEES PTY LTD <732419 A/C>	28,172,424	1.31%
17	ALIANDA OAKS PTY LTD <RESOURCE SURVEYS INVEST A/C>	25,261,352	1.18%
18	CELERITY NOMINEES PTY LIMITED <CELERITY SUPER FUND A/C>	24,820,856	1.15%
19	BPM INVESTMENTS LIMITED	22,985,480	1.07%
20	PATRINA KERR	22,825,000	1.06%
	Total	**1,375,678,428**	**63.55%**
	Total issued capital - selected security class(es)	**2,149,196,185**	**100.00%**

Corporate information

Gratifii Limited
ABN 47 125 688 940

Registered Office
Suite 303, 50 Holt Street
Surry Hills NSW 2010 AUSTRALIA

Directors
Bryan Zekulich (Chair)
Iain Dunstan (CEO & Managing Director)
Patrina Kerr
Michael Hill

Company Secretary
Ben Newling

Website
www.gratifii.com

Auditor
MNSA Pty Ltd
Level 1, 283 George St
Sydney NSW 2000

Solicitors
Thomson Geer
Level 14/60 Martin Place
Sydney NSW 2000

Stock Exchange
ASX: GTI

Share Registry
Automic Registry Services Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
+61 2 9698 5414
www.automic.com.au
hello@automicgroup.com.au