

Appendix 4D

1. COMPANY DETAILS

Entity Name	Gratifii Limited
ABN	47 125 688 940
Reporting Period	For the half-year ended 31 December 2023
Previous Period:	For the half-year ended 31 December 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$	Change \$	Change %
Revenue from ordinary activities	15,576,604	14,050,321	1,526,283	10.86%
Other income	366,237	281,739	84,498	29.99%
Net loss before tax	(2,067,786)	(1,831,894)	(235,892)	(12.88%)
Loss on derecognition of subsidiaries	-	(155,881)	-	-
Exchange difference on translating foreign operations	73,731	126,397	(52,666)	(41.67%)
Total comprehensive loss for the half year	(1,994,055)	(1,864,142)	(129,913)	(6.97%)
Loss from ordinary activities (EBITDA)	(829,041)	(1,001,823)	172,782	17.25%

Brief explanation for any of the figures reported above necessary to enable the figures to be understood:

Financial Summary

	Half-year ended 31 Dec 2023 \$	Half-year ended 31 Dec 2022 \$
Revenue – Ordinary	15,576,604	14,050,321
Revenue – Other Income	43,160	661
Recognising reduced purchase price of acquisition through profit or loss and other comprehensive income statement	323,077	281,078
	15,942,841	14,332,060
Cost of Goods Sold	(13,167,298)	(11,429,982)
Gross Profit Trading	2,409,306	2,620,339
Gross Margin %	15%	19%

Refer to the Review of Operations in the half year financial report for commentary on the results for the period and explanations to understand the Group's revenue and profit/(loss) from ordinary activities.

The financial statements for the half year ended 31 December 2023, represent the results of Gratifii for the period from 1 July 2023 to 31 December 2023.

3. NET TANGIBLE ASSETS

	As at 31 Dec 2023	As at 31 Dec 2022
Net tangible assets per security with the comparative figure for the previous corresponding period	\$(0.005)	\$(0.006)

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

The Group did not gain or lose control of any entities during the current financial period.

5. DIVIDENDS

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

6. DIVIDEND REINVESTMENT PLAN

There is no dividend reinvestment plan in operation.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES.

There were no associate and joint venture entities during the reporting period.

8. FOREIGN ENTITY STATUS

The Company is not a foreign entity.

9. AUDIT REVIEW

The financial statements were subject to a review by MNSA Pty Ltd and their unqualified review report is attached as part of the Interim Financial Report. The auditor's review report was issued without qualification, however, includes an Emphasis of Matter in relation to going concern.

10. ATTACHMENTS

The Interim Financial Report of Gratifii Limited for the half-year ended 31 December 2023 is attached.

Signed



Bryan Zekulich

Non-Executive Chair
29 February 2024



INTERIM REPORT

for the half year ended 31 December 2023

CORPORATE DIRECTORY

Directors

Iain Dunstan
CEO & Managing Director

Bryan Zekulich
Non-Executive Chairman

Stephen Borness
Non-Executive Director

Mike Hill
Non-Executive Director

Patrina Kerr
Non-Executive Director

Company Secretaries

Alicia Gill
Ben Newling

Registered Office and Principal Place of Business

Suite 2, Level 1, 44a Foveaux Street
Surry Hills NSW 2010

T: +61 2 9922 6988

W: www.gratifii.com

Auditor

MNSA Pty Ltd
Level 1, 283 George Street,
Sydney NSW 2000
T: +61 2 9299 0901

Share Register

Automatic Registry Services Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
T: +61 2 9698 5414

Securities Exchange Listing

Australian Securities Exchange
(Home Exchange: Sydney, NSW)
ASX Code: GTI

Bank

National Australia Bank Ltd
255 George Street
Sydney NSW 2000

Contents

DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	8
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	9
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	10
CONSOLIDATED STATEMENT OF CASH FLOWS	11
NOTES TO THE FINANCIAL STATEMENTS	12
DIRECTORS' DECLARATION	25
INDEPENDENT AUDITOR'S REVIEW REPORT	26

Directors' Report

The Directors of Gratifii Limited (“**Gratifii**” and/or “**the Company**”) present their Report together with the financial statements of the consolidated entity, being Gratifii Limited and its controlled entities (“**Group**”), for the half year ended 31 December 2023.

GENERAL INFORMATION

Directors

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

- Iain Dunstan - Managing Director and Chief Executive Officer (appointed 17 April 2020)
- Bryan Zekulich – Non-Executive Chairman (appointed Director 29 December 2020 appointed Chairman 22 December 2023)
- Mike Hill – Non-Executive Director (appointed 29 December 2020)
- Stephen Borness – Non-Executive Director (appointed 06 May 2021)
- Patrina Kerr – Non-Executive Director (appointed 1 September 2022)

Principal activities

The principal activities of the Group during the reporting period were the delivery of loyalty and rewards services to mid-to-top tier brands.

Gratifii provides end-to-end loyalty solutions and curated reward content for over 70 enterprise clients to engage with their customers. Our primary 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 with more than 70 enterprise customers across a range of sectors including retail, hospitality, energy, technology, financial services, automotive, automobile clubs and health and wellness.

Dividends paid or recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Review of operations and financial results

Operational update

In line with its strategy of one platform delivering all of the Company's loyalty and rewards services, Gratifii continued to invest in additional functionality for its Mosaic loyalty platform. Gratifii invested \$1.63 million in capital development costs (H1 FY23: \$1.53 million) during the period. This was largely invested in delivering the agreed functionality for RACV as well as continuing with incremental functionality improvements for our anchor clients. Mosaic surpassed 650,000 active users during the period.

Client deliverable highlights during the half year included:

- Continued success within the motoring club sector, with contracts now in place with 3 of Australia's 7 peak motoring clubs:
 - A new 3-year agreement with Club Connect to provide access to a potential additional 3.7 million auto club members which the Company does not currently have contractual agreements.
 - Phases One and Two of the Company's largest SaaS client, RACV, was successfully deployed to 300,000 clients and affiliate members to its Cliqit brand.
 - RAA (South Australian motoring club) signed a 2-year contract with Gratifii and its 800,000 members now have access to movie ticketing from Gratifii.
- Cornerstone Health continued the roll-out of its Gratifii powered loyalty program to 14 medical centres, with 325,000 members now live on Mosaic.
- Seagrass Hospitality Group completed the rollout of its Gratifii powered Dining Rewards Club program across five restaurant brands and is now active in 40 locations.
- Snap Fitness signed an agreement to provide its 250,000 gym members with Gratifii rewards as well as the addition of Snap Fitness offers on Neat Ideas' marketplace.
- The Loyalty Services business onboarded Niterra (formally NGK Spark Plugs) during the period to continue to grow its client base.

The Company achieved ISO 27001 certification, the international standard for information security, during the half year following implementation of a range of policies and procedures to assist in maintaining best practice in the management and protection of information. The certification enables the Company to work with Tier One companies who mandate this certification as part of any tender process.

Corporate activity

Gratifii ranked third in the Australian Financial Review's 2023 Fast 100 list, which recognises Australia's fastest-growing large established companies, and was awarded "Growth Champion" in the Business Services category.

Gratifii was named a finalist in the Deloitte 2023 Tech Fast 50 awards which recognise Australia's fastest-growing tech companies. Gratifii placed #2 for listed companies and placed #14 overall, up from #27 in 2022.

In December 2023 the Company announced the replacement of \$728,000 Convertible Notes (Notes) with an extended term from February 2024 to February 2025 (see ASX announcement dated 12 February 2024); and

Existing Non-Executive Director, Bryan Zekulich, was appointed as Chair in December 2023, in line with the Board's intention to rotate the Chair role on a biennial basis.

Financial review

The financial statements for the half year ended 31 December 2023 represent the results of Gratifii Limited and its controlled entities for the period from 1 July 2023 to 31 December 2023.

Ordinary Revenue reached \$15.6 million for the half year ended 31 December 2023 (FY23: 14.1 million). All revenue for the period was derived from organic sources.

On a segmented basis, \$10.8 million (70%) of revenue was margin earned on rewards (HY FY23: \$8.4 million) and \$4.7 million (30%) was Software-as-Service (SaaS), program management and marketing service fees earned from loyalty clients (HY FY23: \$4.1 million).

Rewards revenue grew by 29% on the previous financial year due to increased ticket sales from better engagement with existing clients, reward volumes procured through Hachiko-acquired client Mitsubishi Heavy Industries and the signing of several new member and employee rewards programs.

Loyalty Services and Platform fees paid by clients fell by 16%, with growth in marketing and program management services revenue and new Australian SaaS customers offset by the Company's planned exit of the South African market.

Revenue and Gross Profit results were driven by diversification of revenue streams and new enterprise contracts but were negatively impacted by the planned closure of South African operations.

Operating costs increased due to higher depreciation, amortisation and employment costs following Hachiko acquisition and continued SaaS platform development.

Outlook

The development of our Mosaic platform is nearing a stage where capital development can be pared back. This will allow us to onboard new customers both within our integrated solution or loyalty solution with minimal customisation.

Whilst some delays have occurred with the RACV project, both Gratifii and RACV are still confident of achieving approximately \$8.8 million of incremental annualised revenue from the launch date.

Changes in 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.

Events after the reporting period

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may impact the Group's operations, the results of those operations, or the Group's state of affairs in future years.

Auditor's declaration

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 7 of the financial report and forms part of the Directors' report.

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



Bryan Zekulich

Chairman

Date: 29 February 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**

As the auditor for the review of the financial report of Gratifii Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

MNSA Pty Ltd
MNSA Pty Ltd

A handwritten signature in black ink, appearing to read 'Allan Facey', written in a cursive style.

Allan Facey
Director

Sydney
Dated this 29th of February 2024

A large, faint watermark of the MNSA logo is centered on the page. It consists of the letters 'MNSA' in a large, white, sans-serif font, with a blue crosshair symbol to its left, all set against a light green circular background.

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 \$	31-Dec-22 \$
Revenue			
Rewards	6	10,841,338	8,385,237
Loyalty Services	6	4,360,559	4,124,222
Platform	6	374,707	1,540,862
Total Ordinary Revenue	6	15,576,604	14,050,321
Cost of Sales		(13,167,298)	(11,429,982)
Gross Profit		2,409,306	2,620,339
Other operating revenue	7	43,160	661
Other non-operating revenue	7	323,077	281,078
Expenses			
Administrative and other corporate costs		(1,319,877)	(1,388,463)
Depreciation and amortisation		(1,073,483)	(724,204)
Finance costs		(165,261)	(105,867)
Employee benefits expense		(2,002,234)	(2,339,135)
Share-based payment expense		(292,548)	(160,475)
Foreign exchange gain (losses)		10,074	(15,828)
(Loss) before income tax expense		(2,067,786)	(1,831,894)
Income tax expense			(2,764)
Net (loss) after income tax for the year attributable to the owners of Gratifii Limited and Controlled Entities		(2,067,786)	(1,834,658)
Other comprehensive income			
Foreign currency translation		73,731	126,397
Loss on disposal of subsidiaries		-	(155,881)
Total comprehensive (loss) for the year attributable to the owners of Gratifii Limited and Controlled Entities		(1,994,055)	(1,864,142)
		Cents	Cents
Basic (loss)/earnings per share	18	(0.16)	(0.19)
Diluted (loss)/earnings per share	18	(0.16)	(0.19)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31-Dec-23 \$	30-Jun-23 \$
Assets			
Current Assets			
Cash and cash equivalents		692,101	1,686,611
Trade and other receivables	8	1,583,050	1,266,543
Inventories		1,247,245	653,777
Other assets		479,657	1,659,783
Total Current Assets		4,002,053	5,266,714
Non-Current Assets			
Property, plant and equipment		177,468	252,835
Intangible Assets	9	14,382,622	13,742,407
Total Non-Current Assets		14,560,090	13,995,242
Total Assets		18,562,143	19,261,956
Liabilities			
Current Liabilities			
Trade and other payables	10	7,359,324	6,483,673
Borrowings	11	515,589	896,551
Lease liabilities	12	91,778	166,315
Provisions	13	324,725	273,968
Acquisition Liability	5	-	807,692
Deferred revenue	14	1,190,003	1,729,050
Total Current Liabilities		9,481,419	10,357,249
Non-Current Liabilities			
Borrowings	11	1,128,000	757,000
Lease liabilities	12	-	6,570
Provisions	13	29,253	29,404
Total Non-Current Liabilities		1,157,253	792,974
Total Liabilities		10,638,672	11,150,223
Net Assets		7,923,471	8,111,733
Equity			
Issued capital	16	48,472,890	46,868,617
Reserves	17	317,768	42,517
Accumulated losses		(40,867,187)	(38,799,401)
Total equity		7,923,471	8,111,733

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	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 period	-	-	-	(1,990,539)	(1,990,539)
Other comprehensive income for the period after tax	-	126,397	-	-	126,397
Total comprehensive loss for the period	-	126,397	-	(1,990,539)	(1,864,142)
Contributions of equity, net of transaction costs	2,950,044	-	-	-	2,950,044
Issue of options	-	-	160,475	-	160,475
Lapsing of options	-	-	(60,030)	60,030	-
Total transactions with owners and other transfers	2,950,044	-	100,445	60,030	3,110,519
Balance as at 31 December 2022	43,538,676	(383,033)	551,171	(36,963,567)	6,743,247

	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	-	-	-	(2,067,786)	(2,067,786)
Other comprehensive income for the period after tax	-	73,731	-	-	73,731
Total comprehensive loss for the period	-	73,731	-	(2,067,786)	(1,994,055)
Contributions of equity, net of transaction costs	1,604,273	-	-	-	1,604,273
Issue of options	-	-	201,520	-	201,520
Total transactions with owners and other transfers	1,604,273	-	201,520	-	1,805,793
Balance as at 31 December 2023	48,472,890	(300,681)	618,449	(40,867,187)	7,923,471

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	31-Dec-23 \$	31-Dec-22 \$
Cashflows from operating activities		
Receipts from customers (inclusive of GST)	16,640,199	11,271,663
Payments to suppliers and employees (inclusive of GST)	(16,735,998)	(10,958,420)
Interest received	3,157	1,344
Interest and other finance costs paid	(27,168)	(3,304)
Proceeds from research and development rebates	-	839,810
Net cash (used in) / from operating activities	(119,810)	1,151,093
Cashflows from investing activities		
Payment for purchase of subsidiary	-	(2,150,227)
Payment for property, plant and equipment	(2,339)	-
Payment for intangibles	(1,633,140)	(1,532,113)
Payments for purchase of business	-	-
Cash received on acquisition	-	466,656
Net cash (used in) investing activities	(1,635,479)	(3,215,684)
Cashflows from financing activities		
Proceeds from issue of shares	903,737	1,250,000
Proceeds from issue of convertible debt	-	1,447,000
Share issue transaction costs	(115,107)	(123,005)
Repayment of borrowings	-	-
Transaction costs related to borrowings	-	(40,496)
Repayment of lease liabilities	(81,107)	(83,137)
Interest paid	(3,133)	(6,859)
Net cash from financing activities	704,390	2,443,503
Net (decrease) / increase in cash and cash equivalents	(1,050,899)	378,912
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	56,389	-
Cash and cash equivalents at the end of the financial year	692,101	2,448,870

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 December 2023

NOTE 1 | NATURE OF OPERATIONS

Gratifii Limited is a listed public company incorporated and domiciled in Australia.

Registered office:
Suite 2, Level 1, 44a Foveaux Street
Surry Hills NSW 2010

Principal Place of Business:
Suite 2, Level 1, 44a Foveaux Street
Surry Hills NSW 2010

NOTE 2 | BASIS OF PREPARATION

These interim financial statements for the half-year reporting period ended 31 December 2023 are for the consolidated entity consisting of Gratifii Limited and its controlled entities (the "Group") and have been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. The interim financial statements have been approved and authorised for issue by the Board of Directors on 29 February 2024.

NOTE 3 | New or amended Accounting Standards and Interpretations adopted.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

The Group has considered the implications of new or amended Accounting Standards but determined that their application to the financial statements is either not relevant or not material.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 | GOING CONCERN

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

For the half year ended 31 December 2023, the Consolidated Entity incurred a net loss on operations for the period of \$2,067,786 (2022: \$1,834,658), had net cash outflows from operating activities of \$119,810 (2022: Inflows \$1,151,093), and at 31 December 2023 had a deficiency of current assets in relation to current liabilities of \$5,479,366 (June 2023: \$5,090,535) and net assets of \$7,923,471 (June 2023: \$8,111,733). The net current liabilities position may cast uncertainty over the Group's ability to continue as a going concern.

The directors have prepared projected cash flow information for the twelve months from the date of approval of these financial statements taking into consideration the future expectations of trading performance and investment in the Company, including plausible downside forecast scenarios. Key to the forecasts are the assumptions of revenue growth across Rewards, a planned reduction in capital spend and the raising of equity in capital markets.

The directors expect to be able to raise additional capital through a pipeline of supportive existing and new financial investors based on recent market soundings. The successful outcome of any capital raise is not guaranteed and is subject to agreeing suitable commercial terms, as well as approval by the Board, and existing shareholders if required under applicable legislation / listing rules.

The net current liabilities position may cast uncertainty over the Group's ability to continue as a going concern. However, the board believe the Company will continue as a going concern given the ability to raise capital as well as the expectation of increased revenues from recently signed customer contracts.

In the Directors opinion, based upon the forecasts and that the Group will be able to raise sufficient new capital, 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 | ACQUISITION LIABILITY

Consolidated	31-Dec-23 \$	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 31 December 2023	<u>-</u>

¹ Refer to note 7 for more details.

NOTE 6 | REVENUE

Consolidated	31-Dec-23 \$	31-Dec-22 \$
Rewards	10,841,338	8,385,237
Loyalty Services	4,360,559	4,124,222
Platform (SaaS) ¹	374,707	1,540,862
Total revenue	15,576,604	14,050,321

¹ The reduction in platform revenue (SAAS) is due to a planned wind down of the Company's South African operations. See note 19 for further details.

NOTE 7 | OTHER REVENUE

Consolidated	31-Dec-23 \$	31-Dec-22 \$
Recognising reduced purchase price of acquisition through profit or loss and other comprehensive income	323,077 ¹	281,078
Sundry Income	43,160	661
Total Other Revenue	366,237	281,739

¹ The difference between the issue price and the carrying value of the deferred consideration. See note 5 for more details.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 | TRADE AND OTHER RECEIVABLES

Consolidated	31-Dec-23	30-Jun-23
	\$	\$
Current		
Trade receivables	1,352,971	1,209,641
Less: Allowance for expected credit losses	(41,200)	(26,200)
Total trade receivables	1,311,771	1,183,441
Other receivables	32,091	83,102
Funds in transit	239,188 ¹	-
Total other receivables	271,279	83,102
Total trade and other receivables	1,583,050	1,266,543

¹ Funds held in the group's Payment Gateway for weekend sales and cleared to the group's bank account on 2 January 2024.

Consolidated	31-Dec-23	30-Jun-23
	\$	\$
Third parties	1,311,771	1,183,441
Trade receivables not past due and not impaired	755,524	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	31-Dec-23	30-Jun-23
	\$	\$
Less than 30 days overdue	371,624	481,492
31 – 60 days overdue	184,623	162,791
Over 60 days overdue	-	72,411
Trade receivables past due and not impaired	556,247	716,694

Allowance for expected credit losses

The Group has recognised a loss of \$15,000 (2022: \$nil) in the profit or loss in respect of the expected credit losses for the half year ended 31 December 2023.

Movements in the allowance for expected credit losses are as follows:

Consolidated	31-Dec-23	30-Jun-23
	\$	\$
Opening balance	26,200	26,200
Additional provisions recognised	15,000	-
Closing balance	41,200	26,200

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 | INTANGIBLE ASSETS

Consolidated	31-Dec-23 \$	30-Jun-23 \$
Non-current assets		
Goodwill at cost	6,304,429	6,304,429
Capitalised development – at cost	11,494,173	9,860,809
Less: Accumulated amortisation	(3,415,980)	(2,422,831)
Total capitalised development	8,078,193	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	14,382,622	13,742,407

Reconciliation of net carrying values

Consolidated	31-Dec-23 \$	30-Jun-23 \$
Goodwill		
Balance at beginning of the year	6,304,429	3,274,987
Additions	-	3,029,442
Balance at beginning 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	1,633,364	3,209,501
Amortisation	(993,149)	(1,407,975)
Translation of opening balances	-	(15,902)
Balance at end of the year	8,078,193	7,437,978
Total	14,382,622	13,742,407

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 | TRADE AND OTHER PAYABLES

Consolidated	31-Dec-23 \$	30-Jun-23 \$
Current liabilities		
Trade payables	5,589,553	5,227,619
Credit cards	90,334	164,060
Sundry payables and accrued expenses	1,679,437	1,091,994
Total trade and other payables	7,359,324	6,483,673

NOTE 11 | BORROWINGS

Consolidated	31-Dec-23 \$	30-Jun-23 \$
Current liabilities		
Loans	-	119,091
Convertible notes payable	515,589 ¹	777,460
Total current borrowings	515,589	896,551
Non-current liabilities		
Convertible notes payable	1,128,000 ¹	757,000
Total non-current borrowings	1,128,000	757,000
Total borrowings	1,643,589	1,653,551

¹ Movement between current & non-current convertible notes payable is due to the replacement of existing convertible notes with new notes which extends the repayment terms until February 2025.

NOTE 12 | LEASE LIABILITIES

Consolidated	31-Dec-23 \$	30-Jun-23 \$
Current liabilities		
Lease liability	91,778	166,315
Non-current liabilities		
Lease liability	-	6,570
Total lease liabilities	91,778	172,885

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 | LEASE LIABILITIES (CONTINUED)

	Less than 6 months \$	6 months to 1 year \$	1 to 5 years \$	5+ years \$	Total \$
Lease payments	86,487	6,594	-	-	93,081
Finance charges	(1,278)	(25)	-	-	(1,303)
Net Present values	85,209	6,569	-	-	91,778

NOTE 13 | PROVISIONS

	31-Dec-23 \$	30-Jun-23 \$
Consolidated		
Current liabilities		
Employee benefits – annual leave	330,120	301,763
Income tax	(5,395)	(27,795)
Total current provisions	324,725	273,968
Non-current liabilities		
Employee benefits – long service leave	28,096	28,247
Other provisions	1,157	1,157
Total non-current provisions	29,253	29,404
Total provisions	353,978	303,372

NOTE 14 | DEFERRED REVENUE

	31-Dec-23 \$	30-Jun-23 \$
Consolidated		
Current liabilities		
Deferred revenue	1,190,003	1,729,050

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$1,190,003 as at 31 December 2023 (30 June 2023: \$1,729,050) and is expected to be recognised as revenue in future periods as follows:

	31-Dec-23 \$	30-Jun-23 \$
Consolidated		
Within 12 months	1,190,003	1,729,050

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15 | FAIR VALUE MEASUREMENTS

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

- Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.
- Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurements is directly observable).
- Level 3: Valuation techniques (for which the lower-level input that is significant to the fair value measurement is unobservable).

	Level	As at 31 December 2023		As at 30 June 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	1	692,101	692,101	1,686,611	1,686,611
Trade and other receivables	1	1,583,050	1,583,050	1,266,543	1,266,543
Other assets	1	479,657	479,657	1,659,783	1,659,783
Total financial assets		2,754,808	2,754,808	4,612,937	4,612,937
Financial liabilities					
Trade and other payables	1	7,359,324	7,359,324	6,483,673	6,483,673
Deferred revenue	2	1,190,003	1,190,003	1,729,050	1,729,050
Acquisition liabilities	2	-	-	807,692	807,692
Borrowings	2	1,643,589	1,643,589	1,653,551	1,653,551
Lease liabilities	2	91,778	91,778	172,885	172,885
Total financial liabilities		10,284,694	10,284,694	10,846,851	10,846,851

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities.

	Level	As at 31 December 2023		As at 30 June 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
Non-financial assets					
Inventory	2	1,247,245	1,247,245	653,777	653,777
Property, plant and equipment	2	177,468	177,468	252,835	252,835
Total non-financial assets		1,424,713	1,424,713	906,612	906,612
Non-financial liabilities					
Provisions	2	353,978	353,978	303,372	303,372
Total non-financial liabilities		353,978	353,978	303,372	303,372

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16 | ISSUED CAPITAL

Consolidated	As at 31 December 2023		As at 30 June 2023	
	Shares	\$	Shares	\$
Ordinary shares – fully paid	1,359,279,828	52,408,010	1,213,427,512	50,688,630
Capital raising costs	-	(3,935,120)	-	(3,820,013)
Total issued capital	1,359,279,828	48,472,890	1,213,427,512	46,868,617

Movements in ordinary share capital

	As at 31 December 2023		As at 30 June 2023	
	Shares	\$	Shares	\$
At the beginning of the period	1,213,427,512	46,868,617	868,087,204	40,588,632
Issuance of shares	92,006,163 ²	1,234,765	184,744,302	3,094,798
Settlement of business acquisition	53,846,153 ¹	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	-	(115,107)	-	(267,522)
Closing balance	1,359,279,828	48,472,890	1,213,427,512	46,868,617

¹ On 29 August 2023, 53,846,153 Shares were issued representing the deferred consideration for the Hachiko acquisition as approved by shareholders on 24 August 2023.

² Share Placement is made up of the following:

- 30 August 2023: 56,483,547 shares were issued under tranche 2 of the June 2023 capital raise to professional and sophisticated investors as approved by shareholders on 24 August 2023.
- On 13 December 2023: 24,000,000 shares were issued in lieu of Director Fees as approved by shareholders on 30 November 2023.
- On 13 December 2023: 3,600,506 shares were issued to senior employees for achievement of short-term incentive targets for FY2023 based on a 10-day volume weighted average price (**VWAP**) ending 30 November 2023.
- On 13 December 2023: 7,922,110 shares were issued to reward employees in recognition of their short-term incentive targets for FY2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17 | RESERVES

Consolidated	31-Dec-23	30-Jun-23
	\$	\$
Foreign currency reserve	(300,681)	(374,412)
Options reserve	618,449	416,929
Total reserves	317,768	42,517

Consolidated	31-Dec-23	30-Jun-23
	\$	\$
Option reserve		
Opening balance	416,929	450,726
Additions ¹	201,520	168,165
Lapsed	-	(201,962)
Closing balance	618,449	416,929
Foreign currency translation reserve		
Opening balance	(374,412)	(509,430)
Foreign currency translation	73,731	135,018
Closing balance	(300,681)	(374,412)
Total Reserves	317,768	42,517

¹Additions during the reporting period is made up of the following:

- 31,652,174 options issued to convertible noteholders in a commercial agreement to enter into a revised convertible note agreement as announced to the ASX 29 December 2023.
- 51,591,556 Performance Rights issued on 13 December 2023 to employees under an employee incentive scheme.
- 41,018,361 Performance Rights issued on 13 December 2023 to employees under an employee incentive scheme.

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18 | EARNINGS PER SHARE

Consolidated	31-Dec-23 \$	31-Dec-22 \$
Loss after income tax attributable to the owners of Gratifii Limited and Controlled Entities	(2,067,786)	(1,834,658)

Consolidated	31-Dec-23 Shares	31-Dec-22 Shares
Weighted average number of shares used for the purposes of calculating basic and diluted loss per share:		
Basic loss per share	1,290,948,199	957,255,774
Diluted loss per share	1,290,948,199	957,255,774

Consolidated	31-Dec-23 Cents	31-Dec-22 Cents
Basic loss per share	(0.16)	(0.19)
Diluted loss per share	(0.16)	(0.19)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19 | OPERATING SEGMENTS

Geographic segment information

Historically, the Group has been organised into three geographical segments: Australia and New Zealand, South Africa and Singapore. The Group's South African operations were closed during the period. **31 December 2023**

	Australia & New Zealand \$	South Africa \$	Singapore \$	Total \$
Revenue				
Sales to external customers	15,419,352	117,633	39,619	15,576,604
Other non-operating revenue	323,077	-	-	323,077
Other operating revenue	40,000	3,160	-	43,160
Total revenue and other operating income	15,782,429	120,793	39,619	15,942,841
Net loss before income tax and other items	(838,999)	(26,532)	36,489	(829,042)
Depreciation and amortisation	(1,064,013)	(9,470)	-	(1,073,483)
Finance costs	(165,261)	-	-	(165,261)
Loss before income tax expense	(2,068,273)	(36,002)	36,489	(2,067,786)
Income tax expense	-	-	-	-
Loss after income tax expense	(2,068,273)	(36,002)	36,489	(2,067,786)
Assets				
Segment assets	18,482,231	63,545	16,367	18,562,143
Total assets				
Liabilities				
Segment liabilities	(8,939,932)	(400,172)	(1,298,568)	(10,638,672)
Total liabilities				
	Australia & New Zealand \$	South Africa \$	Singapore \$	Total \$
31 December 2022				
Revenue				
Sales to external customers	12,775,757	1,246,608	27,956	14,050,321
Other non-operating revenue	281,078	-	-	281,078
Other operating revenue	361	300	-	661
Total revenue and other operating income	13,057,196	1,246,908	27,956	14,332,060
Net loss before income tax and other items	(1,284,008)	159,230	122,955	(1,001,823)
Depreciation and amortisation	(706,619)	(17,585)	-	(724,204)
Finance costs	(105,867)	-	-	(105,867)
Loss before income tax expense	(2,096,494)	141,645	122,955	(1,831,894)
Income tax expense	(2,764)	-	-	(2,764)
Loss after income tax expense	(2,099,258)	141,645	122,955	(1,834,658)
Assets				
Segment assets	16,232,066	1,955,339	2,007,988	20,195,393
Total assets				
Liabilities				
Segment liabilities	(9,686,977)	(432,586)	(3,332,583)	(13,452,146)
Total liabilities				

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20 | CONTINGENT ASSETS, LIABILITIES, AND GUARANTEES

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

NOTE 21 | EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may impact the Group's operations, the results of those operations, or the Group's state of affairs in future years.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Gratifii Limited and controlled entities, the directors of the Group declare that:

1. The financial statements and notes, as set out on pages 8 to 24, are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the Consolidated Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.



Bryan Zekulich

Non-Executive Chairman

Date: 29 February 2024



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

Conclusion

We have reviewed the half-year financial report of Gratifii Limited, which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year then ended, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Gratifii Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Gratifii Limited financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- (b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Emphasis of Matter on Going Concern

We draw your attention to Note 4 on going concern in the financial report, which indicates that the Group incurred an operating loss after tax from continuing operations \$2,067,786 (December 2022: \$1,834,658) and net cash outflows from operating activities of \$119,810 (2022 inflow: \$1,151,093) during the half year ended 31 December 2023 and, as of that date, the Group's current liabilities exceeded its current assets by \$5,479,366 (June 2023: \$5,090,535) and net assets of \$7,923,471 (June 2023: \$8,111,733). Noting that \$515,589 of current liabilities represent convertible note liabilities (refer to Note 11) which the Group expects will be repaid through the issue of shares. As stated in Note 4, these events and conditions, along with other matters set forth in Note 4, indicate that a material uncertainty exists that may cast doubt of the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

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

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

MNSA Pty Ltd

MNSA Pty Ltd

Allan Facey
Director

Sydney
Dated this 29th of February 2024

