



Gratificii Limited
ACN 125 688 940

PROSPECTUS

In relation to:

A partially underwritten **accelerated non-renounceable pro-rata entitlement offer** to raise approximately \$5.5 million to Eligible Shareholders of 1 New Share for every 1.28 Shares held, at an Offer Price of \$0.004 per New Share.

An offer under a **shortfall facility** of Additional Shares.

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the *Corporations Act 2001* (Cth). If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this Prospectus, you have any questions about the securities being offered under this Prospectus, you should contact your stockbroker, accountant or other professional adviser.

An investment in securities offered under this Prospectus should be considered as speculative.

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Important Information

This Prospectus is dated 9 September 2024 and was lodged with ASIC on that date. Neither ASIC nor ASX takes any responsibility for the content of this Prospectus or the merits of the investment to which it relates. The Entitlement Offer is made only to Eligible Shareholders. This Prospectus does not constitute an offer to any person other than Eligible Shareholders.

No New Shares will be issued on the basis of this Prospectus 13 months after the date of this Prospectus. This is a Prospectus for an offer of continuously quoted securities which has been prepared in accordance with section 713 of the Corporations Act. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offer prospectus. In preparing this Prospectus, regard has to be had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers to whom investors may consult.

No exposure period applies to this Prospectus by operation of *ASIC Corporations (Exposure Period) Instrument 2016/74*. No person is authorised to give any information or make any representation in connection with any offer which is not contained in this Prospectus.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an invitation. The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Any information or representation which is not contained in this Prospectus or disclosed by the Company pursuant to its continuous disclosure obligations may not be relied upon as having been authorised by the Company with the issue of this Prospectus.

This Prospectus is available to investors in electronic form at <https://gratific.com/investor-relations/>. The Offers contained in this Prospectus in electronic form is available only to persons accessing and downloading or printing the electronic copy of the Prospectus within Australia or New Zealand and is not available to persons in any other jurisdictions without the prior approval of the Company.

You should read this Prospectus in its entirety before deciding to complete and lodge an Application Form and, in particular, in considering the prospects of the Company, you should consider the risk factors that could affect the Company's financial performance. You should consider these factors in the light of your personal circumstances (including financial and taxation issues). The key risk factors that should be considered by potential investors are outlined in section 4 of this Prospectus. If you have any questions, you should seek professional advice from your stockbroker, accountant or other professional adviser before deciding to invest in New Shares.

Various risks may affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these risks are listed in section 4 of this Prospectus. The potential tax effects of participating in the Offers will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax advisers.

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). It is important that you read and consider the information in this Prospectus in full before deciding to invest in New Shares and consider the risks that could affect the performance of the Company.

This Prospectus may contain forward looking statements with respect to the financial condition, results of operations, projects and business of Gratific. These forward looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. The Company and its Directors gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved or that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the Offers.

This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the US Securities Act of 1933, as amended (**US Person**)). New Shares may not be offered or sold in the United States or to, or for the account or benefit of, any US Person absent registration or an exemption from registration. This Prospectus has been prepared for publication only in Australia and New Zealand, and may not be released elsewhere.

None of the Underwriter, its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents (**Underwriter Parties**), have authorised or caused the issue or despatch of this Prospectus. To the maximum extent permitted by law, the Underwriter Parties exclude and expressly disclaim all liability for any expenses, losses, damages or cost incurred by you as a result of your participation in or eligibility to participate in the Offers and any information contained in this Prospectus being

inaccurate, incomplete, misleading or deceptive in any way for any reason, whether by negligence or otherwise. None of the Underwriter Parties make any recommendations as to whether you or your related parties should participate in the Offers, nor do they make any representations and warranties to you concerning the Offers or any information contained in this Prospectus. To the maximum extent permitted by law, you represent, warrant and agree that you have not relied on any statements made by the Underwriter Parties in relation to the Offers.

Certain terms and abbreviations used in this Prospectus have defined meanings as set out in the glossary in section 7 of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

Key dates

Trading halt	Wednesday, 4 September 2024
Lodgment of Prospectus with ASIC and announcement of Offers	Monday, 9 September 2024
Institutional Offer opens – 10:30am (Sydney time)	Monday, 9 September 2024
Institutional Offer closes – 5:00pm (Sydney time)	Monday, 9 September 2024
Trading halt ends	Tuesday, 10 September 2024
Announcement of results of Institutional Offer and Placement	Tuesday, 10 September 2024
Shares quoted 'ex' rights	Tuesday, 10 September 2024
Record Date for Retail Offer - 7.00pm (Sydney time)	Wednesday, 11 September
Settlement of Institutional Offer and Tranche 1 of the Placement	Friday, 13 September 2024
Issue of New Shares under the Institutional Offer and Tranche 1 Placement Shares	Monday, 16 September 2024
Despatch of Prospectus and Application Form to Eligible Retail Shareholders	Monday, 16 September 2024
Opening Date for Retail Offer and Shortfall Offer	Monday, 16 September 2024
Quotation of New Shares under the Institutional Offer and Tranche 1 Placement Shares	Tuesday, 17 September 2024
Despatch of Notice of Meeting for EGM	Tuesday, 17 September 2024
Last day to extend the Closing Date of the Retail Offer and Shortfall Offer	Monday, 14 October 2024
Closing Date for Retail Offer and Shortfall Offer – 5.00pm (Sydney time)	Thursday, 17 October 2024
Extraordinary General Meeting	Friday, 18 October 2024
Announcement of results of Retail Offer and Shortfall Offer	Monday, 21 October 2024
Completion of the Club Connect acquisitions	Monday, 21 October 2024
Settlement of New Shares under the Retail Offer and Shortfall Offer as well as the Tranche 2 Placement Shares*	Tuesday, 22 October 2024
Issue of New Shares under the Retail Offer and Shortfall Offer and Tranche 2 Placement Shares*	Wednesday, 23 October 2024
Quotation of New Shares issued under the Retail Offer and Shortfall Offer	Thursday, 24 October 2024
Quotation of Tranche 2 Placement Shares*	Friday, 25 October 2024
Completion of the Rapport acquisition	Thursday, 31 October 2024

** Issue of the Tranche 2 Placement Shares is conditional upon Shareholder approval at the EGM and the Company having an unconditional right to complete the Club Connect acquisition.*

The dates above and other dates referred to in this Prospectus (except the date of this Prospectus) are indicative only. Subject to the Listing Rules and the Corporations Act, the Company, reserves the right to change any date (including to extend the Closing Date of the Offers or to close the Offers early) without prior notice.

Summary of Placement and Offers

Company Securities (before completion of the Placement and Offers)	
Current Shares on issue	1,756,047,663
Current Options on issue	382,064,634
Current performance rights on issue	92,609,917
Current convertible notes on issue	1,362,000 convertible notes
Placement	
Offer Price	\$0.004 per Placement Share
Tranche 1 Placement Shares	201,122,948
Conditions Precedent to Tranche 1	None
Tranche 2 Placement Shares	673,877,052
Conditions Precedent to Tranche 2	Shareholder approval at the EGM and the Company having an unconditional right to complete the Club Connect acquisition
Maximum amount which can be raised under the Placement (before costs)	Up to \$3.5 million
Maximum number of Placement Shares which can be issued under the Placement	875,000,000
Entitlement Offer	
Offer Price	\$0.004 per New Share
Eligible Shareholders' entitlement	1 New Share for every 1.28 Shares held by Eligible Shareholders
Additional Shares	Eligible Shareholders may apply for Additional Shares in excess of their Entitlement
Maximum amount which can be raised under the Offers (before costs)	\$5,487,649
Maximum number of New Shares which can be issued under the Offer	1,371,912,237
Company Securities (after completion of Placement, Offers and acquisitions)*	
Approximate total number of Shares on issue	4,365,078,546
Approximate total number of Options on issue	382,064,634
Performance rights on issue	92,609,917
Convertible notes on issue	728,000 convertible notes

*Assumes no performance rights, options or convertible notes are exercised and no further securities (other than the Placement Shares) are issued prior to the Record Date. Shares to be issued to the Club Connect and Rapport sellers have been calculated at \$0.0059 on the basis of a 30 day volume weighted average price prior to the date the transactions were announced i.e. 6 September 2024. As funds raised are intended to be used to repay convertible notes, this table also shows convertible notes repaid following completion of the Offers.

Frequently asked questions

The Placement		
What is the Placement?	<p>A non-underwritten, two tranche placement of:</p> <ul style="list-style-type: none"> for Tranche 1: up to 201,122,948 New Shares at an issue price of \$0.004 per New Share to raise \$804,492; and for Tranche 2: up to 673,877,052 New Shares at an issue price of \$0.004 per New Share to raise \$2,695,508, <p>to professional, sophisticated and institutional investors to raise up to approximately \$3,500,000 in total.</p>	Section 1.1
Are there any conditions to the Placement?	Tranche 1 is an unconditional placement. Tranche 2 is conditional upon Shareholder approval being received at the EGM and all conditions precedent to the Club Connect acquisition being satisfied or waived such that the Company has an unconditional right to complete the Club Connect acquisition.	Section 1.1
What is the purpose of the Placement and how will the funds raised be used?	<p>The \$804,492 (before costs) raised from Tranche 1 will be applied towards repaying convertible notes which have matured and remain outstanding as well as the Company's working capital needs and the costs of the Placement.</p> <p>The \$2,695,508 (before costs) raised from Tranche 2 will be applied towards:</p> <ul style="list-style-type: none"> acquiring Club Connect acquiring Rapport working capital integration costs repayment of convertible notes and interest costs of the Offers <p>If the Club Connect and Rapport acquisitions do not complete for any reason and/or the Company does not receive Shareholder approval to issue the Tranche 2 Placement Shares, funds received from Tranche 2 will be returned to Tranche 2 Placement Participants.</p>	Section 1.18
The Offer		
What is the Entitlement Offer?	An accelerated non-renounceable pro-rata entitlement offer to Eligible Shareholders of 1 New Share for every 1.28 Shares held, at an offer price of \$0.004 per New Share, to raise up to \$5,487,649.	Section 1.2
What is the Institutional Offer?	The Institutional Offer is a component of the Entitlement Offer. It is an offer of New Shares to Eligible Institutional Shareholders which is 'accelerated' and will therefore close before the Retail Offer opens.	Section 1.3
What is the Retail Offer?	The Retail Offer is a component of the Entitlement Offer. It is an offer of New Shares to Eligible Retail Shareholders. The Retail Offer will open after the Institutional Offer closes.	Section 1.4
Am I an Eligible Shareholder for the Entitlement Offer?	Only Eligible Institutional Shareholders will be able to participate in the Institutional Offer component of the Entitlement Offer. Only Eligible Retail Shareholders	Sections 1.3, 1.4 and 1.20

	will be able to participate in the Retail Offer component of the Entitlement Offer.	
Am I an Eligible Institutional Shareholder?	<p>Eligible Institutional Shareholders are Shareholders who are:</p> <ul style="list-style-type: none"> • in Australia and an 'exempt investor' under the <i>ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84</i>; • in New Zealand and is an investment business, satisfies the investment activity criteria, is large, is a government agency or an eligible investor or is otherwise a 'wholesale' investor under the relevant provisions of the FMC Act; or • a person the Lead Manager (who is also the Underwriter) determines may lawfully be made an offer for New Shares without a disclosure document, approval, registration, lodgement or other formality under all applicable laws of that person's jurisdiction, <p>on the register of members as at 7:00pm (Sydney time) Sunday, 8 September 2024 and who received an offer under the Institutional Offer.</p>	Sections 1.3 and 1.20
Am I an Eligible Retail Shareholder?	<p>Eligible Retail Shareholders are those holders of Shares who:</p> <ul style="list-style-type: none"> • are registered as a holder of Shares on the Record Date; • have a registered address in Australia or New Zealand; • are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person; • are not Eligible Institutional Shareholders; and • are eligible under all applicable securities laws to receive an offer under the Retail Offer and Shortfall Offer. 	Section 1.4
What happens if I am a Shareholder on the Record Date but not an Eligible Retail Shareholder?	You will not be entitled to subscribe for New Shares under the Entitlement Offer. Ineligible Shareholders will have their percentage holding in the Company (held at the Record Date) diluted as a result of the Offers.	Section 1.20
What is the Shortfall Offer?	<p>An invitation to Eligible Shareholders to subscribe for Additional Shares in addition to their Entitlement out of the Shortfall Shares, provided that no Eligible Shareholder will be issued more than 150% of their Entitlement under the Offers.</p> <p>In the event that there are excess New Shares in the Retail Offer after all the Additional Shares have been allocated to all Eligible Shareholders who have subscribed for Additional Shares (i.e. Retail Shortfall Shares), the Underwriter is to procure subscriptions for up to \$2,945,377.20 of the Retail Shortfall Shares in accordance with the terms of the Underwriting Agreement, including pursuant to the sub-underwriting commitment from the Sub-Underwriter.</p>	Section 1.5
Are there any conditions precedent to the Offers?	No	Section 1.2

<p>What is the purpose of the Offers and how will the funds raised be used?</p>	<p>The \$5,487,649 raised from the Offers will be applied towards:</p> <ul style="list-style-type: none"> • acquiring Club Connect • acquiring Rapport • costs of the Offers • working capital • integration costs • repayment of convertible notes and interest • costs of the Offers <p>If the Club Connect and Rapport acquisitions do not complete, the Company will seek to renegotiate the structure of the acquisitions. In the unlikely event this is not successful, the amounts raised will be applied towards working capital, repayment of convertible notes and interest as well as costs of the Offer.</p>	<p>Section 1.18</p>
<p>Is the Entitlement Offer underwritten?</p>	<p>Yes, the Retail Offer is partially underwritten, up to \$2,945,377.20 by MST Financial and is subject to the terms of the Underwriting Agreement. The Institutional Offer is not underwritten. The Placement and Offers are also lead managed by MST Financial. MST Financial will be paid fees for their lead management and underwriting services.</p> <p>MST Financial has also entered into a sub-underwriting agreement with the Sub-Underwriter to subscribe for up to \$2,462,728.25 of the Retail Shortfall Shares. This may substantially increase the Sub-Underwriter's control of the Company and details of that potential increase in shareholding and thereby control is set out in section 3.3(c).</p>	<p>Sections 1.6 and 6.7</p>
<p>How do I participate in the Offers?</p>	<p>Eligible Retail Shareholders can take up some of their Entitlement, all of their Entitlement or all of their Entitlement and Additional Shares. Details of how to do so are set out in section 2.</p> <p>Eligible Institutional Shareholders will be provided details on how to participate in the Institutional Offer by the Lead Manager (who is also the Underwriter).</p> <p>Eligible Shareholders can also allow their Entitlement to lapse by doing nothing. Failing to take up your Entitlement means that your shareholding will be diluted. As the Entitlement Offer is partially underwritten and the Underwriter has entered into an arrangement with the Sub-Underwriter, Entitlements that lapse which are not subscribed for by other Eligible Shareholders under the Shortfall Offer are likely to increase the Sub-Underwriter's control of the Company (see section 3.3(c)).</p>	<p>Section 2</p>
<p>Is participation in the Offers compulsory?</p>	<p>No</p>	<p>Not applicable</p>
<p>Can I transfer my right to participate in the Entitlement Offer?</p>	<p>No. The Entitlement Offer is non-renounceable and Eligible Shareholders' rights to acquire New Shares cannot be transferred.</p>	<p>Section 1.7</p>
<p>What are the tax implications of participating in the Offers?</p>	<p>Taxation implications will vary depending upon the specific circumstances of individual Shareholders. Investors should obtain their own professional advice as to the particular tax treatment that will apply to them.</p>	<p>Section 6.10</p>

Are there any risks?	There are risks associated with an investment in the Company, including that because the Offers are not subject to completion of the Club Connect and Rapport acquisitions, if any one of those acquisitions does not complete, no funds will be returned to Eligible Shareholders as a result of non-completion. There are also risks relating to the Company's business, risks relating to the Offers and risks associated with financial investments generally. These risks are set out in more detail in section 4 of this Prospectus.	Section 4
Will there be any brokerage, commission or other fees payable by Eligible Shareholders?	No brokerage, commission or stamp duty is payable by Eligible Shareholders under the Offers.	Section 1.13
Additional Information		
What are the Club Connect and Rapport acquisitions?	Club Connect is a provider of end-to-end loyalty and reward products and services to the automotive clubs of Australia. Rapport is a loyalty and rewards company domiciled in New Zealand, it provides loyalty, rewards and marketing services to a small number of New Zealand customers. The Company has entered into binding share sale agreements with the owners of Club Connect and Rapport (i.e. the shareholders of Club Connect and Rapport) to acquire 100% of all shares in Club Connect and Rapport.	Section 6.8
Why is the Company acquiring Club Connect and Rapport?	The Company believes acquiring Club Connect and Rapport presents significant opportunities to decrease costs (including by taking advantage of economies of scale) and increase revenue through improved product offerings and consolidation of resources. Furthermore, integrating the businesses will enable the group to distribute a wider variety of products to a larger channel as well as leveraging its increased scale to deliver improved margins through increased buying power.	Section 6.8
Why will there be an EGM?	The Company will hold an EGM to obtain the Shareholder approval necessary to issue Tranche 2 Placement Shares and Shares to the sellers of Club Connect and Rapport as partial consideration for acquiring Club Connect and Rapport. All Shareholders will receive a copy of the notice of meeting for the EGM.	Section 6.9
What effect will the issue of the New Shares have on the Company?	The potential effect that the issue of New Shares (including the Placement Shares) will have on the capital structure and financial position of the Company are set out in section 3. As the Entitlement Offer is partially underwritten by the Underwriter and the Underwriter has an arrangement with the Sub-Underwriter, in the unlikely event that only the Sub-Underwriter and the persons who have already committed to participating in the Placement and the Offers do so but on the basis that all other Subscription Assumptions apply, the Sub-Underwriter's interest in the Company is expected to be 26.85%.	Section 3
What effect will the issue of the New Shares	The potential effect that the issue of New Shares will have on the control of the Company, and the consequences of that effect, will depend on a number	Section 3.3

**have on the control of
the Company?**

of factors, including investor demand. Further details
on the effect on control are set out in section 3.3.

LETTER FROM THE CEO AND MANAGING DIRECTOR

Dear Shareholders,

On behalf of the Board of Gratifii Limited (**Gratifii** or the **Company**), it gives me great pleasure to announce an accelerated non-renounceable pro-rata entitlement offer made to Eligible Shareholders of 1 New Share for every 1.28 Shares, at an offer price of \$0.004 per New Share, to raise up to \$5,487,649 (before costs). This Entitlement Offer will be comprised of an institutional component (ie Institutional Offer) and a retail component (i.e. Retail Offer). The Institutional Offer will be available to Eligible Shareholders who are Eligible Institutional Shareholders and will close on or prior to the Retail Offer. The Retail Offer will be available to Eligible Shareholders who are Eligible Retail Shareholders.

Prior to the Retail Offer, the Company will conduct a two-tranche Placement to raise up to \$3,500,000. Funds received from Tranche 1 of the Placement will be applied towards repaying convertible notes which remain unpaid and have matured, the Company's working capital needs and costs of the Placement, while funds received from Tranche 2 of the Placement and the Offers will chiefly be used to finance the acquisitions of Club Connect and Rapport. Net proceeds of the Offers will primarily be used to finance the acquisitions of Club Connect and Rapport.

Both the Placement and Offers are lead managed by MST Financial. The Retail Offer is partially underwritten by MST Financial up to \$2,945,377.20. The institutional Offer is not underwritten. MST Financial has also entered into a sub-underwriting agreement with the Sub-Underwriter, pursuant to which the Sub-Underwriter may be required to subscribe for up to \$2,462,728.25 worth of Retail Shortfall Shares under the Shortfall Offer. As a result of the sub-underwriting and assuming only the Sub-Underwriter and those persons who have committed (prior to the date of this Prospectus) to participate in the Placement and the Offers, do so, but assuming that all other Subscription Assumptions apply, the maximum potential increase in shareholding of the Sub-Underwriter (who already holds a 9.79% interest as at the date of this Prospectus), on the completion of the Offers is 26.85%. Further information about the sub-underwriting arrangement's effect on control of the Company is set out in section 3.3.

All of the New Shares issued under the Offers will rank equally with the existing Shares on issue. The Company will apply for quotation of the New Shares.

Eligible Shareholders may also apply for Additional Shares in excess of their Entitlement and those oversubscriptions will be satisfied from Entitlements that were not taken up under the Entitlement Offer.

Your Entitlement to subscribe for New Shares under the Entitlement Offer is set out in your personalised Application Form accompanying this Prospectus. Instructions on how to participate in the Entitlement Offer are set out in section 2.

The **Institutional Offer** opens at **10:30am (Sydney time)** on **Monday, 9 September 2024** and all payments of Application Money from Eligible Institutional Shareholders must be received by no later than **5.00pm (Sydney time)** on **Monday, 9 September 2024**.

The **Retail Offer** opens on **Monday, 16 September 2024** and all payments of Application Money from Eligible Retail Shareholders must be received by no later than **5.00pm (Sydney time)** on **Thursday, 17 October 2024**.

The New Shares under the Institutional Offer are expected to be issued to Eligible Institutional Shareholders on Monday, 16 September 2024. The New Shares under the Retail Offer and Shortfall Offer are expected to be issued to Eligible Shareholders on Wednesday, 23 October 2024.

The Company reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of ASX, to accept late Acceptances or to extend the Closing Date of the Retail Offer without prior notice.

If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless Gratifii decides to accept late Acceptances or extend the Closing Date, Acceptances received after 5.00pm Sydney time on a Closing Date may be rejected and Application Money refunded without interest.

If you take no action or your application is not supported by cleared funds, your Entitlement will be deemed to have lapsed and your percentage shareholding in the Company will be diluted by your non-participation in the Entitlement Offer.

Further information

It is important that you carefully read this Prospectus and the other publicly available information about the Company, including information on our website (<https://gratifi.com/>) and **consider in particular the risk factors referred to in section 4** before making any investment decision.

On behalf of the Directors, we invite you to consider this opportunity and thank you for your continued support.

Yours faithfully

A handwritten signature in black ink, consisting of a stylized loop followed by a horizontal line extending to the right.

Iain Dunstan
Managing Director & CEO

1 Details of the Placement and Offers

1.1 Placement

Prior to the Institutional Offer, the Company will conduct a non-underwritten placement to raise up to \$3,500,000 in total from professional, sophisticated and institutional investors identified by the Company and MST Financial (**Placement Participants**). That Placement is comprised of two tranches:

- (a) Tranche 1: the unconditional issue of up to 201,122,948 New Shares at \$0.004 per New Share to raise up to \$804,492 to be applied towards repaying convertible notes which have matured, the Company's working capital needs and costs of the Placement; and
- (b) Tranche 2: the issue of up to 673,877,052 New Shares at \$0.004 per New Share to raise \$2,695,508 conditional upon Shareholder approval at the EGM and all conditions precedent to the Club Connect acquisition being satisfied or waived such that the Company has an unconditional right to complete the Club Connect acquisition. The funds raised will be applied towards the acquiring Club Connect and Rapport as well as costs of the Offers.

The Tranche 1 Placement Shares will be issued under the Company's available placement capacity under Listing Rule 7.1 and after the Record Date. Accordingly, Placement Participants will only be able to participate in the Offers if they are also Eligible Shareholders. If a Placement Participant is also an Eligible Shareholder, they will only be able to participate in respect of their Entitlement and will not be able to participate in respect of any Tranche 1 Placement Shares.

1.2 Entitlement Offer – Overview

The Entitlement Offer will be conducted on the basis of 1 New Share for every 1.28 Shares held, at an offer price of \$0.004 per New Share.

Entitlements to New Shares will be rounded down to the nearest whole number.

The Entitlement Offer will be comprised of an institutional and retail component. The institutional component is the Institutional Offer, an accelerated offer of New Shares to Eligible Institutional Shareholders which is due to settle on 13 September 2024. The retail component is the Retail Offer, an offer of New Shares to Eligible Retail Shareholders which is due to open on 16 September 2024. The issue of New Shares to Participating Shareholders is not conditional upon any Shareholder approval or the occurrence or non-occurrence of any other event.

1.3 Institutional Offer

The Institutional Offer will be conducted over a one day trading-day period. During that period Eligible Institutional Shareholders will be invited to subscribe for all or a portion of their Entitlement under the Institutional Offer. Eligible Institutional Shareholders are Shareholders who are:

- (a) in Australia and an 'exempt investor' under the *ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84*; or
- (b) in New Zealand and meets those definitions or criteria set out in section 1.20(e); or
- (c) a person the Lead Manager (who is also the Underwriter) determines may lawfully be made an offer for New Shares under the Institutional Offer without a disclosure document, approval, registration, lodgement or other formality under all applicable laws of that person's jurisdiction]; and
- (d) on the register of members as at 7:00pm (Sydney time) Sunday, 8 September 2024; and
- (e) has received an offer under the Institutional Offer.

Any Eligible Institutional Shareholder that does not confirm their acceptance and submit an Application Form by the Closing Date of the Institutional Offer, will be deemed to have renounced their Entitlement. Those New Shares which are not taken up by Eligible Institutional Shareholders and the Entitlements of Ineligible Institutional Shareholders will form the institutional shortfall. The Institutional Offer is not underwritten however the Company intends to offer New Shares under the institutional shortfall to Eligible Institutional Shareholders who wish to take up New Shares in excess of their Entitlement after the Institutional Offer opens and prior to the Closing Date of the Institutional Offer. Allocation of New Shares under the institutional shortfall will be determined by the Underwriter in agreement with the Company. The Underwriter and the Company will not allocate any New Shares under the institutional shortfall to Eligible Institutional Shareholders if to do so would cause that Eligible Institutional Shareholder and its associates to, as a result of that allocation alone, exceed any applicable takeover limits in the Corporations Act. Notwithstanding this, the Company notes the Sub-Underwriter, who is also an Eligible Institutional Shareholder, may come to hold a relevant interest in excess of applicable takeover limits by virtue of honouring their sub-underwriting commitment and details of such possibility is set out in section 3.3. Any New Shares which are not accepted under the institutional shortfall will form part of the Shortfall Offer.

1.4 **Retail Offer**

This Prospectus contains an offer of New Shares under the Retail Offer to Eligible Retail Shareholders. Eligible Retail Shareholders are those Shareholders who:

- (a) are registered as a holder of Shares on the Record Date;
- (b) have a registered address in Australia or New Zealand;
- (c) are not in the United States, are not a US Person and are not acting for the account or benefit of a person in the United States or a US Person;
- (d) are not an Eligible Institutional Shareholder; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Offer and Shortfall Offer.

The Entitlements of Eligible Retail Shareholders who also hold Options on the Record Date will be calculated on the basis of the number of Shares they hold on the Record Date, disregarding any Options which have not been exercised before that time.

The Entitlement of each Eligible Retail Shareholder under the Retail Offer is shown on the personalised Application Form accompanying this Prospectus.

1.5 **Shortfall Offer**

Eligible Shareholders that have fully subscribed for their Entitlements under the Entitlement Offer will be able to subscribe for Additional Shares. Additional Shares will be sourced from Entitlements that were not taken up under the Entitlement Offer by other Eligible Shareholders, provided however that an application for Additional Shares by Eligible Shareholders will be capped at 150% of the Entitlement of that Eligible Shareholder.

Eligible Retail Shareholders can subscribe for Additional Shares through BPAY® or EFT.

There is no guarantee that those Eligible Shareholders will receive the number of Additional Shares applied for, or any Additional Shares. The number of Additional Shares will not exceed the shortfall from the Entitlement Offer.

The Company (in consultation with the Underwriter) will retain complete discretion regarding the allocation of Additional Shares which Eligible Shareholders subscribe for in excess of their Entitlement. The Company currently intends to allocate any Additional Shares to Eligible Shareholders in a manner considered appropriate having regard to the best interests of the Company. The Directors will not exercise their discretion if to do so would cause that Eligible Shareholder and its associates to, as a result of that allocation alone, exceed any applicable takeover limits in the Corporations Act nor will the Directors exercise their discretion in a manner likely to exacerbate a potentially unacceptable control effect, except to the extent they

consider necessary (acting reasonably) to prevent the issue of Shares contrary to law or the Listing Rules. Notwithstanding this, the Company notes the Sub-Underwriter, an Eligible Shareholder, may come to hold a relevant interest in excess of applicable takeover limits by virtue of honouring their sub-underwriting commitment and details of such possibility is set out in section 3.3.

In the event that applications for Additional Shares exceed the number of Additional Shares available for allocation under the Shortfall Offer, then the Company (in consultation with the Underwriter) may apply a scale back in its complete discretion, which may take into account a number of factors, including the size of the Eligible Shareholder's shareholding in the Company.

The Company's decision on the number of Additional Shares to be allocated to a Participating Shareholder will be final.

1.6 Retail Shortfall Shares

In the event that there are excess New Shares under the Retail Offer after all the Additional Shares have been allocated to all Eligible Retail Shareholders who have subscribed for Additional Shares (i.e. Retail Shortfall Shares), the Underwriter and Sub-Underwriter will subscribe or procure subscriptions for those Retail Shortfall Shares in accordance with the Underwriting Agreement up to \$2,945,377.20, being the underwritten amount. The Underwriter and Sub-Underwriter have entered into an arrangement where the Sub-Underwriter has agreed to subscribe for up to \$2,462,728.25 of the Retail Shortfall Shares. Details about the effect this will have on the control of the Company are set out in section 3.3(c).

1.7 No Entitlements trading

Entitlements are non-renounceable and will not be tradeable on the ASX or otherwise be transferable. Shareholders who do not take up their Entitlements in full will not receive any value in respect of those Entitlements that they do not take up.

1.8 Lead manager, Underwriter and Sub-Underwriter

The Entitlement Offer is lead managed and the Retail Offer is partially underwritten by MST Financial up to \$2,945,377.20. MST Financial will be paid:

- (a) a management fee of 2% in respect of all proceeds from the Entitlement Offer;
- (b) a selling fee of 4% in respect of all proceeds from the Institutional Offer;
- (c) a selling fee of 1% in respect of the proceeds of the Retail Offer which are not underwritten; and
- (d) an underwriting fee of 4% in respect of the proceeds of the Retail Offer which are underwritten,

The Company must also pay or reimburse MST Financial for costs it has incurred in respect of the Offers, including legal fees and out of pocket expenses.

The Underwriting Agreement is in a standard form for transactions of this size and type and contains customary covenants, indemnities and representations and warranties by the Company and terminating events which if they occur, will relieve MST Financial of its underwriting obligations. The material terms of the Underwriting Agreement are summarised in section 6.7.

Under the Underwriting Agreement, the Underwriter has the option to appoint sub-underwriters to take up some of its underwriting obligation. The Underwriter has entered into an agreement with the Sub-Underwriter to take up to \$2,462,728.25 of Retail Shortfall Shares. Details about the effect this will have on the control of the Company are set out in section 3.3(c).

1.9 Ranking of New Shares

New Shares issued under the Offers will rank equally with existing Shares.

1.10 **Minimum subscription**

There is no minimum subscription for the Offers.

1.11 **Withdrawal of Offers**

The Board reserves the right to withdraw all or part of the Offers at any time before the issue of New Shares, in which case the Company will refund Application Money without interest.

1.12 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application or payment once it has been accepted, except as allowed by law.

1.13 **Brokerage, commission and stamp duty**

No brokerage, commission or stamp duty is payable by Eligible Shareholders under the Offers.

1.14 **Opening and Closing Date for applications**

The Company reserves the right, subject to the Corporations Act, the Listing Rules and any requirements of ASX, to accept late Acceptances or to extend the Closing Date without prior notice. If the Closing Date is varied, subsequent dates may also be varied accordingly. Unless the Company decides to accept late Acceptances or extend the Closing Date, Acceptances received after the Closing Date may be rejected and Application Money refunded without interest (if applicable).

(a) **Institutional Offer**

The Institutional Offer opens for acceptances on 9 September 2024 and completed Application Forms and payment of Application Money must be received from Eligible Institutional Shareholders by no later than 5:00pm (Sydney time) on 9 September 2024.

(b) **Retail Offer and Shortfall Offer**

The Retail Offer and Shortfall Offer open for acceptances on **Monday, 16 September 2024** and all payment of Application Money must be received by no later than the Closing Date, currently **5.00pm (Sydney time) on Thursday, 17 October 2024**.

1.15 **ASX quotation**

The Company will apply for the quotation of all New Shares on ASX. If official quotation of the New Shares under the Offers is not granted by ASX within three months after the date of this Prospectus (or any longer period permitted by law), the Offers will be cancelled and Application Money will be returned without interest to Eligible Shareholders as soon as practicable.

The fact that ASX may grant official quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company or securities being offered under the Offers.

1.16 **CHES**

Under CHES, Participating Shareholders and other applicants will not receive a certificate but will receive a statement of their holding of New Shares. If you are broker sponsored and you take up your Entitlement, ASX Settlement will send you a CHES statement. The CHES statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and the participant identification number of the sponsor. If you are registered in the issuer sponsored sub register, your statement will be despatched by the Registry and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

1.17 Allotment

It is the responsibility of Participating Shareholders to determine their allocation prior to trading in their New Shares. Participating Shareholders who sell New Shares before they receive their holding statement do so at their own risk.

(a) Institutional Offer

Allotment and issue of New Shares will only be made once the Application Money has been received. It is expected these New Shares will be allotted on or about 16 September 2024.

(b) Retail Offer and Shortfall Offer

Allotment and issue of New Shares under the Retail Offer and Shortfall Offer will only be made once the Application Money.

It is expected the New Shares under the Retail Offer and Shortfall Offer will be allotted on or about 23 October 2024.

1.18 Use of funds

The Company intends to utilise funds received from issue of New Shares under the Placement and Offers as follows:

Proposed use of Tranche 1 funds	\$
Working capital	\$597,222
Repayment of Convertible Notes	\$159,000
Costs of the Placement and general transaction costs	\$48,270
Sub-Total	\$804,492
Proposed use of funds from Tranche 2 and the Offers	
Acquiring Club Connect	\$6,000,000
Acquiring Rapport	\$318,500*
Working Capital	\$188,078
Integration Costs	\$500,000
Repayment of convertible notes and interest	\$474,849
Costs of the Offers	\$701,730
Sub-Total	\$8,183,157
GRAND TOTAL	\$8,987,649

* Cash consideration payable for the acquisition of Rapport is NZ\$350,000, converted to Australian Dollars at NZ\$1 = A\$0.91.

There is no minimum amount sought to be raised by the Offers, however the Entitlement Offer is partially underwritten by MST Financial up to \$2,945,377.20, up to \$2,462,728.25 of which MST Financial may allocate to the Sub-Underwriter.

In the unlikely event both or either of the Club Connect and Rapport acquisitions do not complete, the Company will attempt to restructure the relevant deal with a view to acquiring Club Connect and Rapport. Such restructure could require the Company to locate additional funding or seek further Shareholder approvals. If the Company is unsuccessful in its attempts, the amounts raised from the Offers will be applied towards its working capital, repayment of convertible notes and interest and costs of the Offers. The amount raised from Tranche 2 will

be returned to the relevant Placement Participants. As with any budget, the actual use of funds raised under the Offers may change depending on the outcome of the initiatives undertaken in accordance with the Company's stated objectives. There is no guarantee that the funds raised will be sufficient to enable the Company to achieve its stated objectives.

This is a statement of present intention only. The Company and the Directors reserve the right to change the way and the amount in which funds raised from the Placement and Offers are applied.

1.19 Convertible security holders

(a) General

Holders of convertible securities, such as Options, convertible notes and performance rights will not be entitled to participate in the Offers unless they:

- (i) are entitled to exercise their existing convertible security under the terms and conditions of grant; and
- (ii) validly exercise their convertible securities and become an Eligible Institutional Shareholder or become an Eligible Retail Shareholder on or before the Record Date.

(b) Unlisted Options

On the date of this Prospectus, the Company has the following unlisted Options on issue:

Exercise Price	Expiry Date	Number of Options
\$0.032	19 August 2025	540,000
\$0.02	11 March 2026	5,777,552
\$0.04	30 June 2026	2,300,000
\$0.04	1 September 2026	900,000
\$0.02	31 December 2026	31,652,174
\$0.028	11 November 2027	7,057,430
\$0.03	11 November 2028	13,837,478
\$0.008	11 December 2025	320,000,000
Total		382,064,634

(c) Unlisted Performance Rights

On the date of this Prospectus, the Company has the following unlisted performance rights on issue:

Exercise Price	Expiry Date	Number of performance rights
\$0.02	13/12/2026	30,869,972
\$0.03	13/12/2027	30,869,972
\$0.05	13/12/2028	30,869,973
Total		92,609,917

The unlisted performance rights are governed by vesting conditions. The Company anticipates that none of these unlisted performance rights will vest or otherwise become exercisable on or before the Record Date.

(d) **Unlisted Convertible Notes**

On the date of this Prospectus, the Company has the following unlisted convertible notes on issue:

Total face value	Conversion Price	Maturity Date	Number of convertible notes	Conversion Condition
\$234,000	\$0.023	30 July 2024	234,000	Holder may convert between 30 January 2024 and 2 July 2024
\$400,000	\$0.023	28 February 2025	400,000	Holder may convert from 24 August 2024 onwards
\$728,000	\$0.16	1 February 2025	728,000	Holder may convert at any time
Total			1,362,000	

The convertible notes maturing on 28 February 2025 are held by Bombora. The Company has entered into an arrangement with Bombora pursuant to which the Company will redeem the convertible notes prior to the maturity date provided Bombora applies all redeemed amounts (including the \$400,000 face value plus capitalised interest of approximately \$79,000) towards subscribing for Tranche 2 Placement Shares. The Company believes this arrangement will enable it to save the 10% per annum interest which would otherwise accrue up until the maturity date, at which time the Company would be obliged to redeem the convertible notes plus interest unless already converted by Bombora at Bombora's sole election.

(e) **Effect of exercise of convertible securities**

As at the date of this Prospectus no performance rights have vested and either no convertible notes may be converted at the election of the noteholder, the noteholder (Bombora) has agreed it will not convert its convertible notes or the Company believes it is unlikely the noteholder will convert as the exercise price exceeds the price of the Shares as at the date of the Prospectus. Accordingly, no performance rights are able to be exercised and no convertible notes are able to be exercised or are unlikely to be exercised, prior to the Record Date.

1.20 **Overseas Shareholders**

The Company has decided that it is unreasonable to make the Offers under this Prospectus to Ineligible Shareholders, having regard to the number of Ineligible Shareholders, the number and value of the New Shares they would be offered and the cost of complying with the legal and regulatory requirements in the places where they are resident.

Accordingly, the Offers are not being extended to, and no New Shares will be issued to, Ineligible Shareholders. This Prospectus is sent to those Shareholders for information purposes only.

In limited circumstances, the Company may elect to treat as Eligible Shareholders certain Shareholders who would otherwise be Ineligible Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. Persons who come into possession of this Prospectus in those jurisdictions should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

It is the responsibility of any applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Application Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws and that the applicant is physically present in Australia or New Zealand.

The Board may, in its absolute discretion, resolve to issue and allot New Shares to an Eligible Shareholder on the condition that the Board in its absolute discretion is satisfied that the issue of New Shares within 3 months of the Closing Date by the Company does not breach any applicable laws.

(a) New Zealand - Warning Statement

- (i) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Corporations Regulations. In New Zealand, this is subpart 6 of Part 9 of the FMC Act and Part 9 of the FMC Regulations.
- (ii) The Offers and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Corporations Regulations set out how the Offers must be made.
- (iii) There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
- (iv) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
- (v) Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offers. If you need to make a complaint about the Offers, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
- (vi) The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
- (vii) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

(b) New Zealand - Additional warning statement: currency exchange risk

- (i) The Offers may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- (ii) If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

(c) New Zealand - Additional warning statement: trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

(d) **New Zealand -Retail Offer**

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and FMC Regulations.

(e) **New Zealand – Institutional Offer**

The New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act;
- (v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act or
- (vi) is otherwise a 'wholesale investor' as defined in Schedule 1 of the FMC Act. .

1.21 **Market Price of Shares**

The highest and lowest market sale price of the Shares on ASX during the three calendar months immediately preceding the date of issue of this Prospectus and the last market price on the last day of trading before lodgement is set out below:

3 month high	3 month low	Last market sale price on 3 September 2024
\$0.01	\$0.004	\$0.005

1.22 **Risks**

Shareholders should carefully read the risk factors set out in section 4 of the Prospectus. An investment in New Shares involves various risks, a number of which are specific to the Company and the industry in which it operates.

Investors should carefully consider these factors in light of your personal circumstances and seek professional advice from your accountant, stockbroker or other professional adviser before deciding whether to invest.

An investment in New Shares should be regarded as speculative.

2 How to participate in the Offers

2.1 Institutional Offer

Eligible Institutional Shareholders will be invited by the Lead Manager who is also the Underwriter, on behalf of the Company, to participate in the Institutional Offer. That invitation will contain further details on how to participate in the Offers.

2.2 Retail Offer: What you may do – choices available

Before taking any action, you should carefully read this Prospectus and the other publicly available information about the Company on our website (<https://gratiffii.com/>) and consider the risk factors set out in section 4.

The number of New Shares to which Eligible Retail Shareholders are entitled under the Retail Offer is shown on your personalised Application Form. If you are an Eligible Retail Shareholder you may:

Alternatives	See section
Take up your Entitlement in full or in part	2.3
Take up your Entitlement in full and apply for Additional Shares	2.3 and 2.4
Allow your Entitlement to lapse	2.5

2.3 Retail Offer: To accept your Entitlement in full or in part

Pay by BPAY® or EFT

If you are paying for your New Shares by BPAY® or EFT, please refer to your personalised instructions on your Application Form. Please note that if you choose to pay by BPAY® or EFT:

- you do not need to complete or return the Application Form but are taken to have made the declarations on that personalised Application Form when you pay by BPAY® or EFT;
- amounts received by the Company in excess of the Offer Price multiplied by your Entitlement (**Excess Amount**) may be treated as an application to apply for as many Additional Shares as your Excess Amount will pay for in full; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares as your Application Money will pay for in full.

When completing your BPAY® payment, please make sure to use the specific Biller Code and unique reference number provided on your personalised Application Form. When completing your EFT payment, please use the specific payment reference provided on your personalised Application Form. If you receive more than one personalised Application Form (i.e. where you have multiple holdings), please only use the reference number specific to the Entitlement on that Application Form. If you inadvertently use the same reference number for more than one of your Entitlements, you will be deemed to have applied only for New Shares on the Entitlement to which the reference number applies. Please note also that all applications under the Shortfall Offer are capped at 150% of your Entitlement.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY® or EFT are received by **5.00pm (Sydney time) on the Closing Date**.

Excess Amounts that are not sufficient to subscribe for a number of New Shares or Additional Shares multiplied by the Offer Price will be refunded to you except where that amount is less than \$2.00, in which case it will be retained by the Company. The method by which you

receive the refund will be at the discretion of the Company. No interest will be paid to Eligible Retail Shareholders on any Excess Amount received or refunded.

By making payment received by BPAY® or EFT you provide authorisation to be registered as a holder of New Shares (including Additional Shares) subscribed for by you and agree to be bound by the Company's constitution.

Acceptances or payments received after the Closing Date may not be accepted.

2.4 **Shortfall Offer: If you wish to apply for Additional Shares**

Eligible Shareholders may apply for Additional Shares in excess of their Entitlement. The allocation of Additional Shares will be limited to the number of New Shares which are not subscribed for by Eligible Shareholders under the Entitlement Offer and will be at the discretion of the Directors (in consultation with the Lead Manager who is also the Underwriter). There is no guarantee that you will receive Additional Shares.

Shareholders who apply for Additional Shares may receive fewer Additional Shares than the number applied for or none at all. If you do not receive any or all of the Additional Shares you applied for, any excess Application Money will be returned to you (without interest) by EFT to the bank account registered with your Shareholding. If there is no bank account associated with your Shareholder, the Registry will issue a withholding advice detailing the value of the refund and requesting your bank details so the refund can be made to your nominated bank via EFT.

If you wish to apply for Additional Shares, follow the instructions on the Application Form and specify the total number of Additional Shares you wish to apply for. You must provide the Application Money by BPAY® or EFT for the total number of Additional Shares you wish to apply for.

2.5 **Retail Offer: Allow your Entitlement to lapse**

If you **do not wish** to accept all or part of your Entitlement, you do not have to do anything in respect of the Entitlement you are not accepting, and any Entitlement not taken up will automatically lapse. You will receive no payment for your lapsed Entitlement.

2.6 **Retail Offer and Shortfall Offer: Acceptance of an Offer**

By completing, and the Company receiving a payment by BPAY® or EFT, as applicable, you:

- (a) agree to be bound by the terms of this Prospectus and the provisions of the Company's constitution;
- (b) authorise the Company to register you as the holder(s) of the New Shares allotted or granted to you;
- (c) declare that all details and statements made in the relevant Application Form are complete and accurate;
- (d) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the relevant Offer;
- (e) acknowledge that once the Company receives your Application Form or your payment by BPAY®, as applicable, you may not withdraw it except as allowed by law;
- (f) agree to apply for, and be issued with up to, the number of New Shares specified in your Application Form or, if applicable, that your payment will pay for at the Offer Price;
- (g) authorise the Company and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Application Form;

- (h) in respect of the Offers, declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Application Form as being held by you on the Record Date;
- (i) declare that you are eligible to participate in the Offers and agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (j) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting an application for New Shares is an Eligible Shareholder and is not acting for the account or benefit of a person in the United States or a US Person, and you have not sent this Prospectus, the Application Form or any information or materials relating to the Offers to any such person;
- (k) acknowledge that the information contained in this Prospectus is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (l) acknowledge that investments in the Company are subject to risks, including but not limited to the risks set out in section 4;
- (m) represent and warrant that you are an Eligible Shareholder and have read and understood this Prospectus and the relevant Application Form and that you acknowledge the matters, and make the warranties and representations and agreements contained in this Prospectus and the relevant Application Form;
- (n) represent and warrant that you are not in the United States and are not a US Person, and are not acting for the account or benefit of, a US Person and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Offers; and
- (o) acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act of 1933 and any other applicable securities laws.

2.7 Notice to nominees and custodians

Nominees or custodians with registered addresses in Australia or New Zealand may be able to participate in the Offers in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians who hold Shares as nominees or custodians should note in particular that the Offers are is not available to:

- (a) beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Shareholder; and
- (b) Shareholders who are not eligible under all applicable securities laws to receive an offer under the Offers.

2.8 Application Form is binding

Receipt of payment of Application Money by BPAY® or EFT constitutes a binding acceptance of the Company's offer to an Eligible Retail Shareholder to acquire New Shares under the Offers on the terms and conditions set out in this Prospectus and an acknowledgement by you that you have received and read this Prospectus, you have acted in accordance with the terms of the Offers detailed in this Prospectus, and that you agree to all of the terms and conditions as detailed in this Prospectus.

An Application Form, once lodged, cannot be withdrawn.

An Application Form does not need to be signed to be binding. If the Application Form is not completed correctly, the Company, in its absolute discretion, can reject it or treat it as valid. The Company's decision as to whether to accept or reject an Application Form or how to interpret an incorrectly completed Application Form is final.

2.9 **Application Money**

All Application Money received will be held on trust in a bank account maintained solely for the purpose of depositing that Application Money received pursuant to this Prospectus until the New Shares are issued. The Company is entitled to retain any interest paid on that Application Money, whether or not allotment and issue of the New Shares takes place. If quotation of the New Shares is not granted by ASX within the time required by law, no New Shares will be allotted to Participating Shareholders and their Application Money will be refunded without interest within the time prescribed under the Corporations Act.

3 Effect of the Placement and Offers on the Company

3.1 Overview

The Placement, Offers and completion of the Club Connect and Rapport acquisitions will have an effect on the:

- (a) capital structure (chiefly by increasing the total number of Shares on issue by up to 2,609,030,881 or 149%;
- (b) control of the Company; and
- (c) the financial position of the Company (chiefly by increasing the Company's cash reserves by \$2.7 million before costs of the Placement and Offers and after completion of the Club Connect and Rapport acquisitions),

based on the Subscription Assumptions.

3.2 Effect on capital structure

The following table sets out the Company's current capital structure and its fully diluted capital structure immediately following the successful completion of the Placement and Offers, assuming that:

- (a) all Shareholder approvals sought at the EGM will be received;
- (b) all of the Placement Shares under the Placement are issued to Placement Participants;
- (c) all of the New Shares under the Entitlement Offer are taken up;
- (d) all of the Shares contemplated to be issued as part of the consideration for the Club Connect and Rapport acquisitions are issued at a price per Share of \$0.0059 being the 30 day volume weighted average price of Shares on the date the acquisitions were announced;
- (e) no options, performance rights or convertible notes are exercised prior to the Record Date; and
- (f) no other new Shares are issued before the issue date of all the New Shares.

In this section 3, these assumptions are called the **Subscription Assumptions**.

Share capital (undiluted)	Number	%
Shares on issue at the date of this Prospectus	1,756,047,663	40.2
Plus: New Shares under the Placement	875,000,000	20.0
Plus: New Shares under the Entitlement Offer	1,371,912,237	31.4
Plus: Shares issued as consideration for the Club Connect acquisition	1,237,725,453	28.19
Plus: Shares issued as consideration for the Rapport acquisition	338,983,051	7.77
Total issued share capital on completion of the Offers (undiluted)	4,365,078,546	100%

Share capital (fully diluted)*	Number	%
Shares on issue at the date of this Prospectus	1,756,047,663	35.95
Plus: New Shares under the Placement	875,000,000	17.91

Share capital (fully diluted)*	Number	%
Plus: New Shares under the Entitlement Offer	1,371,912,237	28.09
Plus: Shares issued as consideration for the Club Connect acquisition	338,983,051	6.94
Plus: Shares issued as consideration for the Rapport acquisition	23,135,593	0.47
Total issued share capital on completion of Placement and Offers (undiluted)	4,365,078,546	89.37
Existing Options	382,064,634	7.82
Existing performance rights	91,609,917	1.88
Existing convertible notes*	45,500,000	0.93
Total options, performance rights and convertible rights on completion of the Placement and Offers	519,174,551	10.63
Fully diluted share capital on completion of Placement and Offers*	4,884,253,095	100%

* Assumes all Options, performance rights, and convertible notes are fully exercised and converted (other than those convertible notes which will be redeemed with funds from the Placement and Offers as well as the convertible notes held by Bombora – see section 1.19(d)), with no interest paid on the convertible notes at the time of conversion.

The Company's actual position on completion of the Placement and Offers may differ from the positions illustrated in the capital structure table above. The Company will announce to ASX the actual number of New Shares to be issued under the Offers as soon as practicable after all securities have been issued.

3.3 Effect on control

(a) Dilution

Shareholders who are not also Placement Participants, will be diluted by the Placement. Following the Placement, if you exercise your full Entitlement under the Entitlement Offer you will not be further diluted on completion of the Entitlement Offer. If you do not exercise your full Entitlement, you will be further diluted on completion of the Entitlement Offer.

Ineligible Shareholders will have their holdings diluted by the Offers.

The effect of the Entitlement Offer on the control of the Company will depend upon a number of factors, including:

- (i) the level of Shareholder participation (including both the taking up of Entitlements and applications for Additional Shares); and
- (ii) which Shareholders participate.

If every Shareholder was to take up their full Entitlement, there would be a minimal effect on the control of the Company on completion of the Entitlement Offer, as the Entitlement Offer is made pro-rata and, in that case, there would not be any scope for any Shareholder to apply for Additional Shares under the Shortfall Offer.

(b) **Substantial Shareholders**

As at the date of this Prospectus, the following persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue:

Substantial Holder	Number of Shares after Placement¹	%¹
Bombora Special Investments Growth Fund (and its associates) ²	225,502,991	12.84
Regal Funds Management Pty Limited as manager or adviser to one or more investment funds (also the Sub-Underwriter) ²	421,926,960 ³	16.04
HSBC Custody Nominees (Australia) Limited ⁴	104,047,252	5.93
Howarth Commercial Pty Ltd ¹	90,914,205	5.18

¹ Although the Tranche 1 Placement Shares will not be issued as at the date of this prospectus and the Tranche 2 Placement Shares are subject to Shareholder approval, these figures are prepared on the assumption all Placement Shares applied for the Sub-Underwriter (the only substantial holder who will also be a Placement Participant) will be issued to them

² This entity is the ultimate beneficial holder of shares held by J.P. Morgan Prime Nominees Ltd, UBS Nominees Pty Ltd and Merrill Lynch (AUS) Nominees Pty Ltd as custodian.

³ This entity, the Sub-Underwriter also holds 180,000,000 Options which are not included in this table as Options do not constitute a relevant interest in shares under the Corporations Act. As the exercise price of the Options is below the market price of the Shares as at the date of this Prospectus, the Company considers it is unlikely the Sub-Underwriter will exercise its Options. In the event the Sub-Underwriter were to exercise its Options, all else being the same, the Sub-Underwriter would hold 601,926,960 Shares and have an interest of 22.9% and the Sub-Underwriter would need to comply with applicable takeover laws as a result.

⁴ HSBC Custody Nominees (Australia) Limited holds their shares for the benefit of a variety of persons, none of whom have issued the Company a Form 603 notifying the Company that they hold a relevant interest

In the event all Entitlements are accepted, there will be minimal effect on the change to the above listed substantial holders. If however:

- (i) no other Eligible Shareholders take up their Entitlement other than the substantial holders;
- (ii) the substantial holders do not apply for Additional Shares (noting that the Sub-Underwriter will be obliged to take up Retail Shortfall Shares);
- (iii) all persons in respect of whom the Company has received firm commitments prior to the date of this Prospectus meet their commitment and subscribe for New Shares under the Placement and Offers; and
- (iv) the Sub-Underwriter subscribes for that number of Retail Shortfall Shares equal to its sub-underwriting commitment of \$2,462,728.25; and
- (v) in all other respects the Subscription Assumptions apply,

the substantial holders will have the following relevant interests:

Substantial Holder	Number of Shares after Placement and Offers	% after Offers
Bombora Special Investments Growth Fund	401,677,203	8.75
Regal Funds Management Pty Limited (also the Sub-Underwriter)*	1,171,926,960	29.2
HSBC Custody Nominees (Australia) Limited	185,334,168	5.93
Howarth Commercial Pty Ltd	161,940,928	5.18

** As Regal Funds Management Pty Limited as manager or adviser to one or more investment funds is the Sub-Underwriter, this table assumes it will acquire \$2,462,728.25 of the Retail Shortfall Shares not taken up by Eligible Shareholders (being the maximum the Sub-Underwriter has agreed to take up). The Sub-Underwriter also holds 180,000,000 Options which have an exercise price higher than the Company's Share price as at the date of this Prospectus. If the Sub-Underwriter were to exercise those Options, and assuming this is post completion of the Placement and Offers, it would hold 1,351,926,960 Shares and have an interest of 38%.*

(c) Underwriter and Sub-Underwriter

The Entitlement Offer is partially underwritten, up to \$2,945,377.20 by the Underwriter pursuant to the terms of the appointment as summarised in section 6.7. The Underwriting Agreement gives the Underwriter the right to enter into sub-underwriting agreements to pass on some or all of its obligations to subscribe for the shortfall under the Underwriting Agreement. Accordingly, the Underwriter has entered into an arrangement with the Sub-Underwriter, where the Sub-Underwriter has agreed to subscribe for up to \$2,462,728.25 worth of Shortfall Shares. The allocation of the Shortfall Shares will be at the discretion of the Underwriter.

The Underwriter is a Shareholder, holding 4,000,000 Shares. The Sub-Underwriter and its associates are also Shareholders, holding 171,926,960 Shares. The Company has also received firm commitments from Eligible Shareholders and professional, sophisticated and institutional investors in respect of the Offers and the Placement, respectively. In the unlikely event that no other persons participate in the Offers or the Placement other than those persons from whom the Company has already obtained firm commitments but otherwise on the basis of the Subscription Assumptions:

- (i) if the Underwriter does not appoint the Sub-Underwriter, the Underwriter's maximum interest in the Company could increase by 16.4% to 16.98%; and
- (ii) if the Underwriter does appoint the Sub-Underwriter to take up its sub-underwriting commitment, the Underwriter's maximum interest in the Company could increase by 2.4% to 2.97% and the Sub-Underwriter's maximum interest in the Company would increase by 16.4% to 16.98%. If the Sub-Underwriter were then to exercise its Options, the Sub-Underwriter would have a 38% interest in the Company.

To the extent that the Tranche 2 Placement Shares are not approved by Shareholders at the EGM, the above noted percentages (and therefore the impact on the control of the Company) will increase further.

Under section 606 of the Corporations Act, a person cannot acquire a relevant interest in the issued voting shares of the Company if, because of a transaction in relation to securities of the Company, a person's voting power in the company increases from 20% or below to more than 20% (or from a starting point that is above 20% and below 90%). Item 13 of section 611 of the Corporations Act provides an exception to the takeover restrictions where a person underwrites or sub-underwrites an issue of securities under a prospectus or other disclosure document and where that prospectus or other disclosure document discloses the effect that the acquisition would have on the person's voting power in the company.

The Company, the Underwriter and the Sub-Underwriter are relying on the exception in item 13 of section 611 Corporations Act with respect to any potential control transaction resulting from the underwriting or sub-underwriting of the Offers.

(d) Directors cannot speculate

The Directors cannot speculate as to the extent that Entitlements will be accepted by Eligible Shareholders or the effect on control that the Offers will have on the Company as a result.

3.4 Effect on financial position

(a) General

Applying the Subscription Assumptions, the broad effect of the Placement and Offers on the Company's financial position upon completion, will be an increase in the Company's funds and net assets by up to \$8,987,649 before payment of the expenses of the Placement and Offers and before payment of the cash consideration to acquire Club Connect and Rapport. Following completion of the cash consideration to acquire Club Connect and Rapport (but before costs), the Company's funds and net increases will be increased by \$2.7 million.

(b) Proforma balance sheets - basis of preparation

To illustrate the effect of the Placement and Offers on the Company under the Subscription Assumptions, the following pro-forma consolidated balance sheets of the Company have been prepared based on the audit reviewed financial statements of the Company as at 31 December 2023, the Subscription Assumptions and as if completion of the Placement and Offers occurred on 31 December 2023.

The pro-forma balance sheets have been prepared on the basis of accounting policies adopted by the Company in the preparation of its 2023 half-year financial statements. The financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the Australian accounting standards applicable to audited financial statements.

	31 December 2023	Impact of Placement and Offers	Impact of Placement, Offers and Acquisitions	Proforma on completion of Placement, Offers and Acquisitions as if 31 December 2023
ASSETS				
Current Assets				
Cash and cash equivalents	692,101	8,987,649	7,628,609	8,320,710
Trade and other receivables	1,583,050		1,899,299	3,482,349
Shareholder funds receivable	-		546,299	546,299
Inventories	1,247,245		422,966	1,670,211
Other assets	479,657		331,146	810,803
Total Current Assets	4,002,053	8,987,649	10,828,320	14,830,373
Non-Current Assets				
Property, plant and equipment	177,468		231,074	408,542
Intangible assets	14,382,622		8,027,342	22,409,963
Other			265,847	265,847
Total Non-current assets	14,560,090		8,524,262	23,084,351
TOTAL ASSETS	18,562,143	8,987,649	19,352,583	37,914,725
LIABILITIES				
Current Liabilities				
Trade and other payables	7,359,324		5,902,007	13,261,334
Borrowings	515,589			515,589
Lease liabilities	91,778		61,875	153,653
Provisions	324,725		798,708	1,123,433
Acquisition liability	-			
Deferred revenue	1,190,003		151,193	1,341,196

	31 December 2023	Impact of Placement and Offers	Impact of Placement, Offers and Acquisitions	Proforma on completion of Placement, Offers and Acquisitions as if 31 December 2023
Other			1,094,286	1,094,286
Total Current Liabilities	9,481,419		8,008,069	17,489,491
Non-current liabilities				
Borrowings	1,128,000			1,128,000
Lease liabilities	-		54,759	54,759
Provisions	29,253		165,606	194,859
Total non-current liabilities	1,157,253		220,365	1,377,618
TOTAL LIABILITIES	10,638,672		8,228,434	18,867,109
NET ASSETS				
	7,923,471	8,987,649	11,124,149	19,047,616
EQUITY				
Contributed equity	48,472,890	8,987,649	11,124,149	59,597,037
Reserves	317,768			317,768
Accumulated losses	(40,867,187)			(40,867,187)
Total Equity	7,923,471	8,987,649	11,124,149	19,047,617

(c) **Management discussion and analysis of proforma balance sheet**

The proforma balance sheets are not a forecast.

The actual financial position of the Company on completion of the Offers will differ from the position illustrated in the pro-forma balance sheets due to net expenditure during the period between 31 December 2023, and the date when the Placement and Offers are completed.

The Company has separately prepared pro-forma balance sheets as at completion of the Placement and Offers based on unaudited figures for the 12 month period ending 30 June 2024. The pro-forma balance sheets were provided to prospective investors who are professional, sophisticated and institutional investors in connection with the Placement in an investor presentation announced to market. The unaudited figures for the 12 month period ending 30 June 2024 (on which the pro-forma balance sheets were based) were announced to market in the Company's latest Appendix 4E. While the Company is in the process of being audited for its 30 June 2024 financial year, that audit has not been completed as at the date of this Prospectus. The outcome of the audit, together with all other financial reporting requirements will be provided to Shareholders within the timeframes required under the Corporations Act. Pending the result of that audit, the Company has prepared the above pro-forma balance sheets based on its last audit reviewed results which are for the period ending 31 December 2023, rather than the unaudited 30 June 2024 figures the subject of its latest Appendix 4E.

4 Risks

4.1 General

There are a number of factors, both specific to the Company and of a general nature, which may affect the future operating and financial performance of the Company, its products, the industry in which it operates and the outcome of an investment in the Company. There can be no guarantee that the Company will achieve its stated objectives or that forward-looking statements will be realised.

This section describes certain, but not all, risks associated with an investment in the Company. Each of the risks set out below could, if it eventuates, have a materially adverse impact on the Company's operating performance, financial performance, financial position, liquidity, and the value of its Shares and Options.

4.2 Specific Risk Factors

The Directors believe that there are a number of specific factors that should be considered. Each of these factors could have a materially adverse impact on the Company, its expansion plans, operating and product strategies and its financial performance and position. These include:

(a) Acquisition of Club Connect and Rapport

Gratifii intends to use part of the funds raised from Tranche 2 of the Placement and Offers to finance the acquisition of Club Connect and Rapport. Nonetheless, the Offers are not subject to completion of those acquisitions, this means that if the Company is not able to acquire Club Connect or Rapport for any reason, Gratifii will not return any Application Monies to Eligible Shareholders. The acquisitions are expected to provide significant benefits to the Company, such as increased customer base, revenue diversification, cross-selling opportunities and operational synergies. If any of the acquisitions do not proceed for any reason (including failure to obtain Shareholder approval), the Company will retain all funds raised under the Offers (which it would then apply towards its working capital needs, repayment of convertible notes and interest as well as costs) and may lose the opportunity to realise these benefits previously disclosed and may incur costs and liabilities associated with the aborted transaction. Please refer also to section 1.18 which sets out in further detail the Company's intention as at the date of this Prospectus as to how it will apply any funds raised under the Offers if any of the Club Connect and Rapport acquisitions do not complete.

(b) Failure to obtain Shareholder approval at the EGM

At the EGM Gratifii is seeking Shareholder approval to issue Shares to the sellers of Club Connect and Rapport as part consideration and seeking approval to issue the Tranche 2 Placement Shares. If Shareholders do not approve those resolutions, the Company may not be able to complete the Club Connect and Rapport acquisitions, or may not be able to complete those acquisitions within a time frame most beneficial to it. The risk of such non-completion is set out in section 4.2(a).

(c) Underwriting and Sub-underwriting

The Underwriter has agreed to lead manage the Placement and Offers and partially underwrite the Entitlement Offer on the terms of the Underwriting Agreement which contains a variety of events which, if they occur, would permit the Underwriter to terminate the arrangement (a summary of those key termination events are set out in section 6.7). Termination of the Underwriting Agreement would also effectively terminate the sub-underwriting arrangement between the Underwriter and the Sub-Underwriter. The Placement is not underwritten. If the Underwriting Agreement is terminated the Company would need to find alternative financing to complete the Club Connect and Rapport acquisitions, which it may not be able to procure at all or on favourable conditions. Refer also to section 4.2(a) for the risk of failing to complete the Club Connect and Rapport acquisitions.

(d) **Default on firm commitments**

The Company has received firm commitments from Eligible Shareholders and professional, sophisticated and institutional investors in respect of the Entitlement Offer and Placement respectively. If those persons default on their commitment to the Company to subscribe for New Shares and given the Retail Offer is only partially underwritten, the Company may not be able to obtain the funding it requires to complete the Club Connect and Rapport acquisitions or to meet its working capital and other requirements. Furthermore, given these firm commitments diminish the potential impact of the underwriting and sub-underwriting arrangements on control of the Company, the default on any firm commitment may also increase the control of the Underwriter and/or Sub-Underwriter in the Company.

(e) **Future capital requirements**

While a key rationale for the acquisition of Club Connect and Rapport is the cost and revenue benefits consolidation will bring, notwithstanding the completion of those acquisitions, the Company may not be able to continue as a going concern without additional capital raising activities. The Company might therefore require additional funding to grow and develop its business strategy and meet its growth objectives. There is no guarantee that additional funding (by way of equity or debt) could be obtained on terms favourable to the Company.

(f) **Execution of business strategy and growth objectives risk**

Gratifii's growth and financial performance is dependent on its ability to successfully execute its business and growth strategy. This will be impacted by a number of factors, including Gratifii's ability to scale up its business profitability which Gratifii intends to achieve by reinvesting cashflows into customer growth using the existing assets to drive additional revenue streams while at the same time reducing customer acquisition cost through cross selling different offerings to its customer base. If Gratifii fails to execute on its business strategy, its business, financial condition and results of operations could be materially and adversely affected.

Gratifii may need to invest in continued product development and innovation to retain its current customers and engage new users. Regulatory changes, technological advances and competitor activity may also require Gratifii to develop new or update existing, products. This may cause an increase in operating, maintenance, support and sales costs which may diminish revenue.

(g) **History of losses and uncertainty on future profits**

Gratifii has reported net losses since listing on ASX and is expected to continue to experience net losses in the future. As it pursues profitability, Gratifii expects to make ongoing investments in the development and expansion of its business (including by acquisition) and as such operating expenses may increase and Gratifii may not succeed in increasing revenues sufficiently to offset these higher expenses resulting in continued unprofitability. In addition Gratifii may or may not achieve the results it is planning for, and the costs to execute its business strategy may be higher than currently anticipated.

(h) **Failure to retain existing customers and attract new customers**

Gratifii's financial performance depends on its ability to retain customers and users, its ability to convert those persons to users of its other products and its ability to generate new business by attracting new customers and users to its platform or other products and services. If Gratifii is unable to retain existing customers and users, and/or to attract new users to the platform or to its other products and services at the rate, and with the same pricing, revenues and costs Gratifii currently expects, this may have a materially adverse impact on Gratifii's operations and financial performance and/or growth.

(i) **Intellectual property**

Gratifii has developed and owns products and software. The Company has copyright protection over its products and software, but these inventions may not be patentable and may be capable of being recreated by third parties. If Gratifii'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 and thereby its financial performance.

While Gratifii has not to the best of its knowledge infringed any third parties' intellectual property rights, the Company may, in 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, its operations and financial performance may be adversely affected.

(j) **Software errors**

If Gratifii fails to identify bugs, operating errors or other defects in its platform, the platform may not perform properly, causing reputational damage and customer dissatisfaction. If the Company identifies errors in its products the Company may need to provide updates and patches to correct these errors and otherwise maintain and improve user experience, which may be costly and time consuming.

(k) **Reliance on third parties and the internet**

The operation of the Gratifii platform is reliant on the performance and availability of its technology and communication systems and that of its suppliers and other third parties. In addition, the Gratifii platform depends on the availability of the internet and to a lesser extent on the quality of users' access to the internet. Internet access is frequently provided by companies that have significant market power that could take actions that degrade, disrupt, or increase the cost of user access to the Gratifii platforms which would negatively impact Gratifii.

(l) **Competition**

Gratifii operates in an industry that is subject to significant change, driven by factors including advancements in technology and changing consumer behaviours. The barriers to entry into the industries that Gratifii operates are not high, and there is a risk of increased competition from new or existing competitors (some of which have access to more resources and scale than Gratifii) in Australia and other markets in which the Company operates in the future.

The Directors believe that Gratifii's platform and service offerings have a strong competitive advantage, with technology and features which are advanced compared to its competitors. Expansion to new product features will also ensure the minimisation of competitive trends and its impact on penetration and revenues.

(m) **Data loss, theft or corruption**

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. Additionally, Gratifii stores data in its own systems and networks and also with a variety of third-party service providers. Exploitation or hacking of any of the Company's systems or networks could lead to corruption, theft or loss of the data which could have a material adverse effect on Gratifii's reputation, business, financial condition and results.

(n) **Hacker attacks**

Gratifii relies upon the availability of its web services to attract new customers and its software platform to provide its service offerings to its customers. Hackers could render the website and platform unavailable through a denial of service or other disruptive attacks. Although, the Company has strategies in place to minimise such

attacks, these strategies may not be successful. Unavailability of the web services and platform could lead to a loss of revenue whilst the Company is unable to provide its services. Further, it could hinder the Company's abilities to retain existing customers or attract new customers, which would have a material adverse impact on the growth of the Company.

(o) **Key personnel risk**

An investment in Gratifii is in large an investment in the Gratifii's key management team and personnel. The loss of key members of management, a change in the senior management team or the failure to attract or replace skilled individuals to key roles, could have a material adverse effect on Gratifii's operations and may hinder the ability of Gratifii to achieve its business strategy and growth objectives. A failure to attract and retain other executive, operational, technical and other personnel could limit the Company's ability to grow.

(p) **Material agreement risk**

Gratifii's success is reliant on counterparty performance under material contracts to which the Company or a subsidiary are a party. The Company is substantially dependent on these counterparties continuing to perform and fulfil their obligations under their agreements. Due to the nature of the existing contracts, some contracts are terminable at short notice and this also means there is a possibility that existing contracts, and therefore existing revenue streams, may come to an end at short notice.

(q) **Potential for significant dilution**

Upon completion of the Placement and Offers and assuming the Subscription Assumptions, the number of Shares in the Company will increase from 1,756,047,663 currently on issue to 4,365,078,544 on an undiluted basis and based on the Subscription Assumptions. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Prospectus being lodged as set out in section 1.21 is not a reliable indicator as to the potential trading price of Shares after completion of the Offers.

4.3 **General Risk Factors**

(a) **Share market and liquidity risk**

No assurances can be given of the price at which the New Shares will trade or that those Shares will trade at all. Shares may trade on the ASX at higher or lower prices than the price at which Shares are issued. Investors who decide to sell New Shares after the Offers may not receive the amount of their original investment. The price at which Shares trade on the ASX may be affected by the financial performance of the Company and by external factors over which the Directors and the Company have no control.

These factors include movements on international share and commodity markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes.

The Company will apply for quotation of the New Shares offered under the Offers.

(b) **Dependence on general economic conditions**

The operating and financial performance of the Company is influenced by a variety of general economic and business conditions, including levels of consumer spending,

inflation, interest rates and exchange rates, access to debt and capital markets, government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a materially adverse impact on the Company's business or financial condition. Changes to laws and regulations or accounting standards which apply to the Company from time to time could adversely impact the Company's earnings and financial performance.

There are also other changes in the domestic and global macroeconomic environment that are beyond the control of the Company and may be exacerbated in an economic recession or downturn. These include but are not limited to high inflation and rising interest rates, changes in foreign currency exchange rates, changes in employment levels and labour costs, changes in aggregate investment and economic output and other changes in economic condition which may affect the revenue or costs of the Company.

(c) **Geopolitical conflict**

The war between Ukraine and Russia (**Ukraine Conflict**) and Israel and Palestine (**Gaza Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict and Gaza Conflict on the performance of the Company remains unknown. The Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict and Gaza Conflict.

The Ukraine Conflict and Gaza Conflict has potential secondary and tertiary macroeconomic impacts, including the changes in pricing of commodity and energy markets, effects on global supply-chain and freight movements which would impact the supply of raw materials and delivery of finished goods and the potential of cyber activity impacting governmental or industry measures taken in response to the Ukraine Conflict and Gaza Conflict.

(d) **Tax risk**

Any change to the company income tax rate in jurisdictions in which the Company operates will impact on shareholder returns, as will any change to the income tax rates applying to individuals or trusts. Any change to the tax arrangements between Australia and other jurisdictions could have an adverse impact on future earnings and the level of dividend franking.

(e) **Legislative and regulatory changes**

Legislative or regulatory changes in jurisdictions in which the Company operates, including property or environmental regulations or regulatory changes in relation to products sold by the Company, could have an adverse impact on the Company.

4.4 **Speculative investment**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Eligible Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

5 Rights attaching to New Shares

(a) **General**

The rights and liabilities attaching to New Shares are set out in the Company's constitution and are regulated by the Corporations Act, the Listing Rules, the rules of ASX Settlement and the general law. Set out below is a summary of the principal rights and liabilities attaching to New Shares. This summary is not exhaustive and is not a definitive statement of the rights and liabilities of Shareholders.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share.

(c) **General Meeting and Notices**

Each Shareholder is entitled to receive notice of, and to attend and vote at, the Company's general meetings and to receive all notices, accounts and other documents required to be sent to Shareholders under the constitution, the Corporations Act or the Listing Rules.

(d) **Dividends**

Subject to any special rights or restrictions attached to any Shares, the Directors may from time to time at their discretion, declare or determine, and pay dividends in the manner prescribed by law. The Company shall not be liable for any interest in respect of dividends payable to Shareholders.

(e) **Variation of Class Rights**

At present, the Company only has ordinary Shares on issue and has no current plans to create further classes of Shares. The rights and restrictions attaching to a class of the Company's shares can only be altered with the consent or a special resolution passed at a separate meeting of the holders of that class of share by 75% of those holders, who, being entitled to do so, vote at that meeting or with the written consent of members with at least 75% of votes in the class.

(f) **Further Issues of Shares and Options**

The Directors may issue Shares or options over Shares, and other securities of, the Company. Any share, option or other security in the capital of the Company may be issued with such preferred, deferred or other special rights or restrictions, whether with regards to dividends, voting, return of capital, payment of calls, redemption, conversion or otherwise, as the Directors may decide.

(g) **Winding Up**

If, on winding up of the Company, there remains a surplus, that surplus will, subject to the terms of issue of each share, the Corporations Act, the Listing Rules, and any agreement between a Shareholder and the Company to the contrary, be divided amongst the Shareholders in proportion to the amounts paid up on their Shares.

(h) **Minimum Shareholding**

The Directors may resolve to deliver a notice to a Shareholder who holds less than a marketable parcel of shares (**Minimum Shareholding**). The notice must advise the Shareholder that the Company intends to sell the Minimum Shareholding and state that unless the Shareholder advises the Company before the relevant date the Minimum Shareholding will be sold on the Shareholder's behalf.

(i) **Buy Backs**

Subject to applicable laws, in particular the Corporations Act and the Listing Rules, the Company may buy back shares on such terms and at times as the Board may determine from time to time.

(j) **Transfer of Shares**

Subject to the Listing Rules and the Company's constitution, the Shares are transferable in accordance with CHESS (for CHESS Approved Securities), by instrument in writing in any usual or common form or in any other form that the Directors approve.

(k) **Directors**

The Board may appoint additional Directors to fill a casual vacancy. At each of the Company's annual general meetings, one-third of the Directors (or, if the number of Directors is not a multiple of three, then the number nearest one third (rounded upwards in case of doubt) and any other Director who has held office for three years or more must retire from office. A retiring Director is eligible for re-election. Any Managing Director is exempted from retirement by rotation.

(l) **Indemnities and Insurance**

The Company must to the extent permitted by law and subject to the Corporations Act, indemnify current and past officers of the Company and of any wholly-owned subsidiary of the Company against any liability for costs and expenses incurred by the person in defending any proceedings in which judgment is given in that person's favour, or which the person is acquitted, or in connection with an application in relation to any proceedings in which a court grants relief to the person under the Corporations Act. The Company may pay or agree to pay the premium on a policy of insurance in respect of a person who is or has been an officer of the Company to the extent permitted by law.

(m) **Amendment of the Constitution**

The Corporations Act provides that the constitution of a company may be modified or repealed by a special resolution passed by the members of the Company. The Company's constitution does not impose any further requirements to be complied with to effect a modification of the constitution, or to repeal it.

6 Additional information

6.1 Prospectus availability

Shareholders can obtain a copy of this Prospectus on the Company's website at <https://gratifii.com/investor-relations/>. If you access the electronic version of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic version of this Prospectus on the Company's website will not include a personalised Application Form. You will only be entitled to accept the Entitlement Offer by completing and returning your personalised Application Form, which accompanies this Prospectus, or by making payment via BPAY® using the information provided on your personalised Application Form (refer to section 2 of this Prospectus for further information).

The Corporations Act prohibits any person from passing an Application Form for the Offers on to another person unless it is attached to a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

6.2 Continuous disclosure and inspection of documents

The Company is a disclosing entity for the purpose of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or value of the securities in the Company.

Having taken such precautions and having made all enquiries as are reasonable, the Company believes that it has complied with the general and specific disclosure requirements of the Corporations Act and Listing Rules, which require the Company to notify ASX of information about specific events or matters as they arise, for the purpose of ASX making that information available to the market conducted by ASX.

This Prospectus is issued under section 713 of the Corporations Act. This section enables disclosing entities to issue a prospectus in relation to securities, or options to acquire securities, in a class which has been continuously quoted by ASX at all times during the 12 months before the date of the Prospectus. Apart from prescribed matters, this Prospectus need only contain information relating to the terms and conditions of the Offers, the effect of the Offers on the Company and the rights and liabilities attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the Company. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offer prospectus.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will make available a copy of each of the following documents, free of charge, to any person who asks for it during the offer period:

- (a) the annual financial report for the year ended 30 June 2023 (being the annual financial report most recently lodged with ASIC in relation to the Company before the issue of this Prospectus), a copy of which was lodged with ASX on 18 September 2023. A copy of the 2023 Annual Report is available at <https://gratifii.com/investor-relations/>.
- (b) the half year financial report for the half-year ended 31 December 2023 (being a half-year financial report lodged with the ASIC after the lodgement of the annual financial report in (a) and before the issue of this Prospectus), a copy of which was lodged with

ASX on 29 February 2024. A copy of the half year report is available at <https://gratifii.com/investor-relations/>.

- (c) any continuous disclosure notices given by the Company after the lodgement with ASIC of the annual financial report referred to above and before the lodgement with ASIC of a copy of this Prospectus. These include the following announcements:

Date lodged	Announcement
18 September 2023	Appendix 4G and Corporate Governance Statement
19 September 2023	FY23 Results Presentation
29 September 2023	Calendar of Dates
31 October 2023	Gratifii Signs Multi-Year Agreement with ClubConnect
31 October 2023	Quarterly Activities/Appendix 4C Cash Flow Report
31 October 2023	Q1 FY24 Results Presentation
31 October 2023	Notice of Annual General Meeting/Proxy Form
2 November 2023	Gratifii to Present at Investor Webinars
8 November 2023	Change of Director's Interest Notice - I Dunstan
14 November 2023	Change of Director's Interest Notice - B Zekulich
30 November 2023	Chairman's and CEO's AGM Address
30 November 2023	Results of Annual General Meeting
30 November 2023	AGM product demonstration recording now available
11 December 2023	Proposed issue of securities - GTI
11 December 2023	Proposed issue of securities - GTI
12 December 2023	Replacement of Convertible Notes
12 December 2023	Proposed issue of securities - GTI
13 December 2023	Application for quotation of securities - GTI
13 December 2023	Application for quotation of securities - GTI
13 December 2023	Notification regarding unquoted securities - GTI
13 December 2023	Application for quotation of securities - GTI
13 December 2023	Notification regarding unquoted securities - GTI
13 December 2023	Change of Director's Interest Notice B Zekulich
13 December 2023	Change of Director's Interest Notice M Hill
13 December 2023	Change of Director's Interest Notice P Kerr
13 December 2023	Change of Director's Interest Notice S Borness
13 December 2023	Change of Director's Interest Notice I Dunstan
13 December 2023	Cleansing Notice
21 December 2023	Proposed issue of securities - GTI
21 December 2023	Gratifii Appoints New Chair
29 December 2023	Cancel - Proposed issue of securities - GTI
29 December 2023	Proposed issue of securities - GTI
29 December 2023	Proposed issue of securities - GTI
8 January 2024	Notification regarding unquoted securities - GTI

Date lodged	Announcement
8 January 2024	Notification regarding unquoted securities - GTI
8 January 2024	Notification of cessation of securities - GTI
16 January 2024	Application for quotation of securities - GTI
16 January 2024	Cleansing Statement
22 January 2024	Notification of cessation of securities - GTI
24 January 2024	Sale of Unmarketable Parcels of Shares
30 January 2024	Quarterly Activities/Appendix 4C Cash Flow Report
13 February 2024	Notification of cessation of securities - GTI
13 February 2024	Notification of cessation of securities - GTI
13 February 2024	Notification of cessation of securities - GTI
13 February 2024	Notification of cessation of securities - GTI
13 February 2024	Notification of cessation of securities - GTI
13 February 2024	Change of Director's Interest Notice - I Dunstan
29 February 2024	Appendix 4D and Interim Accounts
29 February 2024	H1FY24 Results Announcement
29 February 2024	Notification of cessation of securities - GTI
29 February 2024	H1 FY24 Results Presentation
20 March 2024	Gratifii signs new agreements with EML
21 March 2024	Trading Halt
25 March 2024	Gratifii Completes Capital Raise
25 March 2024	Proposed issue of securities - GTI
25 March 2024	Proposed issue of securities - GTI
25 March 2024	Proposed issue of securities - GTI
2 April 2024	Excluded Information Prior to Lodging Cleansing Notice
2 April 2024	Application for quotation of securities - GTI
2 April 2024	Cleansing Notice
4 April 2024	Change in substantial holding
4 April 2024	Becoming a substantial holder
5 April 2024	Change in substantial holding
16 April 2024	Response to ASX Price Query
19 April 2024	Change of Registered Address
22 April 2024	Quarterly Activities/Appendix 4C Cash Flow Report
30 April 2024	Notice of Extraordinary General Meeting/Proxy Form
3 June 2024	Results of Extraordinary General Meeting
11 June 2024	Application for quotation of securities - GTI
11 June 2024	Proposed issue of securities - GTI
11 June 2024	Proposed issue of securities - GTI
11 June 2024	Notification regarding unquoted securities - GTI
12 June 2024	Application for quotation of securities - GTI

Date lodged	Announcement
12 June 2024	Application for quotation of securities - GTI
12 June 2024	Cleansing Notice
13 June 2024	Change of Director's Interest Notice - P Kerr
13 June 2024	Change of Director's Interest Notice - S Borness
13 June 2024	Change of Director's Interest Notice - B Zekulich
13 June 2024	Change of Director's Interest Notice - M Hill
14 June 2024	Change in substantial holding
17 June 2024	Change in substantial holding
28 June 2024	Director Resignation
28 June 2024	Final Director's Interest Notice
12 July 2024	Change of Joint Company Secretary
31 July 2024	Quarterly Activities/ Appendix 4C Cash Flow Report
30 August 2024	Preliminary Final Report
30 August 2024	Preliminary Final Report Announcement
4 September 2024	Trading Halt
6 September 2024	Continuation of Trading Halt
6 September 2024	Gratifici to acquire Club Connect and Rapport (NZ)
9 September 2024	Placement and Partially Underwritten Entitlement Offer
9 September 2024	Appendix 3B
9 September 2024	Investor Presentation

This Prospectus contains details specific to the Offers. If Eligible Shareholders require any further information in relation to the Company, the Directors recommend that those persons take advantage of the ability to inspect or obtain copies of the documents referred to above.

6.3 Interests of Directors

Except as disclosed in this Prospectus, no Director:

- (a) holds or has held in the last two years before the lodgement of this Prospectus with ASIC any interest in:
 - (i) the formation or promotion of the Company;
 - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer under this Prospectus; or
 - (iii) the Offers under this Prospectus, or
- (b) has been paid or has agreed to be paid or has received or has agreed to receive any benefits:
 - (i) to induce them to become or to qualify as a Director; or
 - (ii) for services rendered by them in connection with the formation or promotion of the Company or the Offers under this Prospectus.

6.4 Director Remuneration

The remuneration of executive Directors is determined by the Board, subject to the provisions of any contract between each of them and the Company.

The Company's constitution provides that the Directors (excluding executive Directors) may be paid for their services as Directors a sum not exceeding \$325,000 per annum, which may be otherwise determined by the Shareholders in general meetings.

A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The Directors' remuneration for the past two financial years is detailed in the below table:

Director	Salary and fees (\$)¹		Other (\$)²		Total (\$)	
	FY2023	FY2022	FY2023	FY2022	FY2023	FY2022*
Michael Hill	\$44,346	\$60,000	\$4,656	\$9,865	\$49,002	\$69,865
Bryan Zekulich	\$44,346	\$60,000	\$4,656	\$9,865	\$49,002	\$69,865
Iain Dunstan	\$421,875	\$375,000	\$136,318	\$71,699	\$558,193	\$446,699
Patrina Kerr	\$36,955	-	\$0	-	\$36,955	-

¹ excludes superannuation

² includes superannuation

6.5 Shareholdings and Option holdings of Directors

The following table sets out the relevant interests in Shares, Options and performance rights held by each Director as at the date of this Prospectus:

Director	Shares held directly	Shares held indirectly	Options held (directly and indirectly)	Performance Rights (directly and indirectly)
Michael Hill¹	2,500,000	21,756,428	10,000,000	7,210,106
Bryan Zekulich²	6,967,043	20,622,512	10,000,000	7,210,106
Iain Dunstan³	9,852,184	7,891,313	9,647,555	26,751,106
Patrina Kerr⁴	22,825,000	47,500,000	10,000,000	3,210,132

Notes:

- Mr Michael Hill has an indirect interest in 10,000,000 Options and an indirect interest in 7,210,106 performance rights through related entities Malolo Holdings Pty Ltd as trustee for the Malolo Holdings Trust and Jarumitoti Superannuation Fund Pty Ltd as trustee for the Jarumitoti Super Fund of which Mr Hill is a director and shareholder of the trustee and beneficiary of the trust.
- Mr Bryan Zekulich has an indirect interest in 10,000,000 Options as well as an indirect interest in 7,210,106 performance rights through his related entities Maxharry Pty Ltd, Alster Australia Pty Ltd as trustee for the Alster Discretionary Trust and Zeka Pty Ltd as trustee for the Zeka Family Trust of which Mr Zekulich is a director and shareholder of the trustee entities and a beneficiaries of the trusts. Maxharry Pty Ltd is an entity controlled by Zeka Pty Limited as trustee for the Zeka Family Trust.
- Mr Iain Dunstan has a direct interest in 9,647,555 Options. Mr Iain Dunstan has an indirect interest in 7,891,313 Shares through his related entity Iain Dunstan and Caroline Dunstan as trustees for the Dunstan Family Super Fund as well as an indirect interest in 26,751,106 performance rights held through his related entity Gardun Pty Ltd as trustee for the Chihi Trust, of whom he is a director.
- Ms Patrina Kerr has an indirect interest in 47,500,000 Shares through her related entity Bombora Capital Limited as trustee for the PHACT Trust of which Ms Kerr is a director and shareholder of the trustee and a beneficiary of the trust.

The Directors reserve the right to take up their respective Entitlement in whole or in part (or not at all) at their discretion.

6.6 Disclosure of interests of advisers

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest, or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (b) has been paid, or has agreed to be paid, any amount and has received or has agreed to receive any benefit that has been given, or agreed to be given, in connection with the services provided by the person in connection with the formation or promotion of the Company, or the Offer.

Thomson Geer has acted as solicitors to the Company in relation to the Offer. The Company estimates it will pay Thomson Geer \$50,000 (plus GST and disbursements) for these services. The Company has also paid Thomson Geer for the provision of legal services at their usual charge out rates and time cost basis.

MST Financial has been appointed as the lead manager of the Placement and Offers and the underwriter to the Entitlement Offer. The Company has agreed to pay MST Financial for its lead management and underwriting services at those rates set out in sections 1.7 and 6.7.

6.7 Underwriting Agreement

The Company has entered into an underwriting agreement with the Underwriter pursuant to which the Underwriter has agreed to partially underwrite the Entitlement Offer up to \$2,945,377.20 (**Underwriting Agreement**).

(a) Fees

The Company will pay the Underwriter:

- (i) a management fee of 2% in respect of all proceeds from the Entitlement Offer;
- (ii) a selling fee of 4% in respect of up all proceeds from the Institutional Offer;
- (iii) a selling fee of 1% in respect of up the proceeds of the Retail Offer which are not underwritten; and
- (iv) an underwriting fee of 4% in respect of the proceeds of the Retail Offer which are underwritten.

The Company will reimburse reasonable costs and expenses incurred by the Underwriter for underwriting the Entitlement Offer, such as marketing costs, accommodation and travel, capped at \$35,000, pre-approved external advisor fees, tax (excluding any income tax of the Underwriter), costs in respect of the issue of the securities and costs for addressing any inquiry or review by regulatory bodies.

The reimbursement of reasonable costs and expenses are not affected by the withdrawal of the Offers, completion, suspension or termination of the Underwriting Agreement.

(b) Conditions Precedent

The Underwriting Agreement is subject to, amongst other matters, none of the sale agreements for the Club Connect and Rapport acquisitions terminating and receipt of Shareholder approvals at the EGM. The Underwriting Agreement is also subject to standard conditions precedent, including the satisfactory outcome of the Underwriter's due diligence investigations, receipt of all necessary regulatory approvals, the Company releasing all necessary documentation to effect the Placement and Offers (including this Prospectus) and quotation of the New Shares.¹

¹ Fact – see clause 3.1 and 3.2 of the Underwriter Agreement

(c) **Termination Events**

The Underwriter may immediately terminate the Underwriting Agreement in a range of circumstances, including those customary to an underwriting agreement. The significant events that could lead to the underwriting being terminated are:

- (i) the sale agreement for the acquisition of Club Connect or Rapport is terminated;
- (ii) the Underwriter forms the view (acting reasonably) that a statement contained in the Prospectus or in public information is or becomes misleading or deceptive or likely to mislead or deceive (including by omission);
- (iii) a person gives notice to the Company under section 730 of the Corporations Act in relation to the Prospectus (other than the Underwriter);
- (iv) any person (other than the Underwriter) whose consent to the issue of the Prospectus or any supplementary prospectus is required and who has previously consented to the issue of the Prospectus or any supplementary prospectus withdraws such consent;
- (v) any adverse change occurs in the assets, liabilities, the equity of any Company shareholders, financial position or performance, profits, losses or prospects of the Company (including as consolidated with its subsidiaries) from the position previously disclosed;
- (vi) the ASX/S&P 300 Index is at any time more than 10% below its level as at the close of trading on the business day immediately preceding the date of the Underwriting Agreement;
- (vii) official quotation on ASX of the New Shares will not be granted by dates agreed between the parties and replicated in this Prospectus;
- (viii) the Company ceases to be admitted to the ASX or the Shares cease trading or are suspended from quotation on ASX other than in connection with the Offers;
- (ix) an event specified in the agreed timetable is delayed by two business days or more without the prior written consent of the Underwriter;
- (x) legal proceedings are commenced against the Company or the Directors, including for fraudulent conduct and by regulatory authorities;
- (xi) a change in CEO or CFO or in the board of Directors;
- (xii) the Company lodged a supplementary prospectus without the consent of the Underwriter or fails to lodge a supplementary prospectus in a form acceptable to the Underwriter (acting reasonably), or in the Underwriter's reasonable opinion, becomes required to lodge a supplementary prospectus;
- (xiii)) there is an application to a government agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the Takeovers Panel, of unacceptable circumstances) or other remedy in connection with the Offers (or any part of it) or any agreement entered into in respect of the Offers (or any part of it);
- (xiv) the Company or its subsidiary is or becomes insolvent or there is an act or omission which is likely to result in it becoming insolvent;
- (xv) the Company or its subsidiary breaches, or defaults under a material debt or financing arrangement which is likely to have a material adverse effect on the Company and its subsidiaries; or
- (xvi) any expression of belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statements,

information or data) in the Prospectus or public information is or becomes incapable of being met or included within a projected timeframe.

6.8 Club Connect and Rapport acquisitions

Club Connect is a provider of end-to-end loyalty and reward products and services to the automotive clubs of Australia. This includes building and maintaining a customised software platform which allows the members of its customers, automotive clubs, to access offers, such as attractions/experiences, gift cards, travel sourced through a wide range of suppliers.

Rapport is a loyalty and rewards company domiciled in New Zealand, it provides loyalty, rewards and marketing services to a small number of New Zealand customers e.g. One.NZ and The Automobile Association of NZ. Rapport charges its customers monthly retainers and consulting fees and in turn manages their end-to-end loyalty needs including marketing, procurement of rewards and branding.

On 6 September 2024 the Company entered into binding share sale agreements to acquire Club Connect and Rapport. Further details about the terms of the agreements and the businesses are set out in the Company's announcement of the same date.

The amounts raised under Tranche 2 and the Offers are predominately to fund the acquisition of those companies. Gratifii believes the combined entities will be able to grant the Company greater reach and scale, including access to more end user accounts. Gratifii group's combined business will be in a position to deliver positive underlying EBITDA post synergistic cost savings across research & development, administration, marketing, infrastructure, and shared services.

6.9 Extraordinary General Meeting

The Company will be holding an EGM in connection with the Placement, Offers and the Club Connect and Rapport acquisitions because it requires Shareholder approval under Listing Rules to, amongst other matters:

- (a) issue Shares to the sellers of Club Connect and Rapport as partial consideration for 100% of the shares of those companies; and
- (b) issue the Tranche 2 Placement Shares to Placement Participants.

The Company will also be seeking to refresh its placement capacity by ratifying the issue of Tranche 2 Placement Shares.

6.10 Taxation

Taxation implications will vary depending upon the specific circumstances of individual Shareholders. It is the responsibility of all Placement Participants and Eligible Shareholders to satisfy themselves of the particular tax consequences that apply to them, by consulting their own professional financial and taxation advisers. Neither the Company nor any of its officers, employees or agents, nor its taxation or other advisers accepts any liability or responsibility in respect of taxation consequences connected with the Offers.

6.11 Privacy

You may provide personal information to the Company and the Registry. The Company and the Registry collect, hold and use your personal information in order to service your needs as a Shareholder and/or Optionholder, provide facilities and services that you request and carry out appropriate administration.

Company and tax laws require some of the information to be collected. The Company and the Registry may disclose your personal information for purposes related to your shareholding or optionholding to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- (a) the Registry for ongoing administration of the register; and

- (b) printers and mailing houses for the purposes of preparation and distribution of Shareholder and Optionholder information and for handling of mail.

By submitting an Application Form, each Placement Participant and Participating Shareholder agrees that the Company may use the information provided by them on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Registry and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each Shareholder (including name, address and details of the Shares held) in the Register. The information contained in the Register must remain there even if that person ceases to be a Shareholder. Information contained in the Register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by (or on behalf of) the Company or the Registry. You can request access to your personal information by telephoning or writing to the Company through the Registry on 1300 288 664 (in Australia) or +61 2 9698 5414 (International) or email at corporate.actions@automicgroup.com.au.

6.12 **Consents and disclaimers**

None of the persons named below has authorised or caused the issue of this Prospectus or made any statement that is included in this Prospectus, or any statement on which a statement made in this Prospectus is based, except as stated below. To the maximum extent permitted by law, each of the persons named below expressly disclaims and takes no responsibility for any part of this Prospectus, or any statements or omissions from this Prospectus, other than a reference to their name and as stated below.

Thomson Geer has given its written consent to being named as Australian legal advisers to the Company in this Prospectus. Thomson Geer has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

MST Financial has given its written consent, and has not withdrawn its consent, to be named as the lead manager of the Placement and as lead manager and underwriter of the Entitlement Offer in the form and content in which it is named in this Prospectus.

The Sub-Underwriter has given its written consent, and has not withdrawn its consent, to be named as a sub-underwriter to the Entitlement Offer in the form and content in which it is named in this Prospectus.

Automic Pty Ltd has given its written consent, and has not withdrawn its consent, to be named as the share registry in the form and context in which it is named in this Prospectus.

MNSA Pty. Ltd has given its written consent, and has not withdrawn its consent, to be named as the auditor of the Company in the form and content in which it is named in this Prospectus.

6.13 **Future performance and forward looking statements**

This Prospectus may contain forward looking statements with respect to the financial condition, results of operations, projects and business of Gratifii. These forward looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice. Gratifii gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved or that actual outcomes will not differ materially from these statements. Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made pursuant to the Offers.

6.14 Past performance

Past Share price performance provides no guarantee or guidance as to future Share price performance. Past performance information given in this Prospectus is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Prospectus is, or is based upon, information that has been released to the market. For further information, please see past announcements released to the ASX.

6.15 Expenses of the Offer

The estimated expenses of the Offers are detailed below:

Estimated expenses of the Offers	Amount (\$)
ASIC lodgement fee	3,206
ASX fees	11,528
Legal fees	50,000
Underwriter and Lead Manager fees	540,000
Administrative services and other costs	25,813
TOTAL	630,547

6.16 Governing law

This Prospectus and the contracts that arise from Acceptances and other applications for Shares or options are governed by the laws of New South Wales.

6.17 Electronic prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of the prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions.

If you are an Eligible Shareholder and have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please contact the Company and the Company will send to you, free of charge, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at <https://gratifii.com/>.

The Company reserves the right not to accept an Application Form from an Eligible Shareholder if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6.18 Enquiries

If you are uncertain about any aspect of this Prospectus, including whether the Offer is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

6.19 Expiry date

No New Shares will be offered on the basis of this Prospectus later than 13 months after the date of this Prospectus.

6.20 **Consent to lodgement**

This Prospectus is issued by the Company. Each Director has consented (and has not withdrawn their consent) to the lodgement of this Prospectus with ASIC as required by section 720 of the Corporations Act.

This Prospectus is authorised by each of the Directors.

Acceptance means a validly completed Application Form or other document in a form made available by the Lead Manager to Eligible Institutional Shareholders, to subscribe for New Shares under an Offer.

Additional Shares means New Shares that Eligible Shareholders may apply for in excess of their Entitlement under section 2.4 of this Prospectus.

Application Form means the personalised entitlement and acceptance form to be used by Eligible Shareholders, attached to or accompanying this Prospectus.

Application Money means monies received from Eligible Shareholders in respect of their Acceptances in relation to the Entitlement Offer or Shortfall Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 or, as the context requires, the securities market operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

Excess Amount has the meaning given to that term in section 2.3(b).

Board and **Board of Directors** means the Directors of the Company acting as a board.

Bombora means Bombora Investment Management Pty Limited ACN 625 413 390 or Apex Fund Services Pty Ltd ACN 118 902 891 as custodian of the Bombora Special Investments Growth Fund.

CHES means the Clearing House Electronic Sub-Register System of share transfers operated by ASX Settlement.

Closing Date means in connection with the:

- (a) Institutional Offer, 5:00pm (Sydney time) on Monday, 9 September 2024; and
- (b) the Retail Offer and Shortfall Offer, 5.00pm (Sydney time) on Thursday, 17 October 2024,

or such other date as Directors determine in accordance with this Prospectus, the Corporations Act, the Listing Rules and all applicable law.

Club Connect means Ticketmates Australia Pty Ltd ACN 127 532 147

Company or **Gratific** means Gratific Limited ACN 125 688 940.

Corporations Act means the *Corporations Act 2001* (Cth).

Corporations Regulations means the *Corporations Regulations 2001* (Cth).

Director means each director of the Company at the date of this Prospectus.

Dollars, \$ and A\$ means Australian dollars unless otherwise indicated.

EFT means electronic funds transfer.

EGM means the extraordinary general meeting of the Company which it intends to hold on 18 October 2024 seeking Shareholder approval for various matters connected to the Placement, Club Connect acquisition and Rapport acquisition.

Eligible Shareholder means an Eligible Institutional Shareholder or Eligible Retail Shareholder.

Eligible Institutional Shareholder means a Shareholder described in section 1.3 of this Prospectus.

Eligible Retail Shareholder means a Shareholder described in section 1.4 of this Prospectus.

Entitlement means a Shareholder's pro-rata entitlement or right to subscribe for New Shares under the Entitlement Offer.

Entitlement Offer means the accelerated non-renounceable pro-rata entitlement offer of Shares to Eligible Shareholders contained in this Prospectus.

FMC Act means the *Financial Markets Conduct Act 2013 (NZ)*.

FMC Regulations means the *Financial Markets Conduct Regulations 2014 (NZ)*.

Ineligible Institutional Shareholder means an institutional investor who is not an Eligible Institutional Shareholder.

Ineligible Shareholder means a Shareholder that is not an Eligible Institutional Shareholder, not an Eligible Retail Shareholder and includes an Ineligible Institutional Shareholder.

Institutional Offer means the offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.

Institutional Shortfall means:

- (a) New Shares that are not subscribed for by Eligible Institutional Shareholders under the Institutional Offer; and
- (b) New Shares equal to the Entitlements of Ineligible Institutional Shareholders.

Lead Manager means MST Financial.

Listing Rules means the listing rules of ASX as in force from time to time.

Minimum Shareholding has the meaning given to that term in section 5(h).

MST Financial means MST Financial Services Pty. Ltd. ABN 54 617 475 180.

New Shares means the Shares offered under the Entitlement Offer, Placement or Shortfall Offer and includes the Additional Shares.

Offer means the Entitlement Offer (which includes the Institutional Offer and Retail Offer) or the Shortfall Offer, as applicable and **Offers** means each Offer.

Offer Price means \$0.004 per New Share.

Option means an option to subscribe for unissued Shares.

Optionholder means a holder of an Option.

Participating Shareholder means an Eligible Shareholder who has accepted an Offer by completing the Application Form and returning it together with the applicable Application Money to the Registry.

Placement means the non-underwritten placement to raise up to \$3,500,000 from professional, sophisticated and institutional investors announced on or before the date of this Prospectus comprised of Tranche 1 and Tranche 2.

Placement Participants has the meaning given to that term in section 1.1.

Placement Shares means New Shares applied for by professional, sophisticated and institutional investors under the Placement.

Prospectus means this document (including any electronic form of this Prospectus), and any supplementary or replacement prospectus in relation to this document.

Rapport means Rapport Group Limited 6781753 (NZBN:9429046681980).

Record Date means 7.00pm (Sydney time) on Wednesday, 11 September 2024.

Register means the Company's register of members or optionholders, as the context requires.

Registry means Automic Pty Ltd ABN 27 152 260 814.

Retail Offer means the offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.

Retail Shortfall Shares means New Shares available under the Retail Offer that are not validly applied for by Eligible Shareholders under their Entitlement or their application for Additional Shares under the Shortfall Offer.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Shortfall Offer means the invitations to subscribe for Additional Shares contained in this Prospectus.

Shortfall Shares means New Shares available under the Entitlement Offer that are not validly applied for by Eligible Shareholders by the Closing Date and excludes Additional Shares.

Subscription Assumptions has the meaning given to that term in section 3.2.

Sub-Underwriter means Regal Funds Management Pty Limited ACN 107 576 821 as manager or adviser to one or more investment funds.

Tranche 1 means the unconditional placement to professional, sophisticated and institutional investors to raise up to \$804,492 through the issue of New Shares.

Tranche 1 Placement Shares means the Placement Shares issued under Tranche 1.

Tranche 2 means the conditional placement to professional, sophisticated and institutional investors to raise approximately \$2,695,508 through the issue of New Shares.

Tranche 2 Placement Shares means the Placement Shares issued under Tranche 2.

Underwriter means MST Financial.

Underwriting Agreement has the meaning given to that term in section 6.7.

US Person has the meaning given to that term in Regulation S under the US Securities Act of 1933, as amended.

References to time are references to Sydney time.

Corporate Directory

Directors

Mr Iain Dunstan – Managing Director and Chief Executive Officer
Mr Bryan Zekulich – Non-Executive Director
Ms Patrina Kerr – Non-Executive Director
Mr Michael Hill – Non-Executive Director

Company Secretary

Mr Ben Newling

Registered office

Suite 303
50 Holt Street
Surry Hills, NSW 2010
Telephone: +61 2 9922 6988

Registry

Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: +61 2 9698 5414
Web: <https://www.automicgroup.com.au/>

Legal advisors

Thomson Geer Lawyers
Level 14, Sixty Martin Place
60 Martin Place
Sydney NSW 2000

Underwriter

MST Financial Services
Level 13, 14 Martin Place
Sydney NSW 2000

Website

<https://gratifii.com/>