CETTIRE

Cettire Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity	Cettire Limited
Reporting period	For the year ended 30 June 2024
Previous period	For the year ended 30 June 2023

2. Results for announcement to the market

$'000s	30 June 2024	30 June 2023	Up/Down	Change %
Revenue from ordinary activities	$742,255	$416,227	Up	78%
Net profit after tax from ordinary activities attributable to members	$10,474	$15,966	Down	34%
Net profit after tax attributable to members	$10,474	$15,966	Down	34%

Review of Operations
During the year ended 30 June 2024, Cettire achieved several important milestones and delivered strong business results.

Cettire's business model continued to gain momentum across its key drivers of growth, including:

- Active customers[1] growing to 692,287 (64% growth vs prior corresponding period "pcp"), with record active customer net adds in FY24;
- Orders processed reaching 1,196,172, up 69% on the pcp;
- 61% of gross revenue generated by returning customers (58% in the pcp); and
- Continued penetration in existing and emerging markets and the launch of the domestic China platform.

This reflects the growing awareness and adoption of Cettire's customer value proposition that provides access to one of the largest online luxury goods offering globally and, its proprietary technology that facilitates a highly automated end to end customer journey.

Financial performance
Cettire continued to focus on driving profitable revenue growth and maintained strong unit economics during the period.

Sales revenue for the year was $742.3 million (2023: $416.2 million), an increase of 78% on the pcp. Growth was driven by a combination of customer growth and sales revenue per active customer which increased to $1,072 (2023: $983).

FY24 growth was broad-based, with Cettire's established markets experiencing growth in gross revenue of 70% on the pcp (2023: 77%) and emerging markets increasing 112% on the pcp (2023: 140%). The strong growth profile reflects greater localisation of Cettire's platform to emerging markets as well as continued growth in market penetration in the established markets.

The global personal luxury goods market softened during the year and Cettire observed this particularly in the 4th quarter of FY24, where the market was characterised by significant promotional activity and increased

[1] Active Customers are customers who have made a purchase in the last 12 months

customer refunds. To maintain market share growth, the Group invested through this period, in the form of promotional discounts and advertising spend.

Gross margin percentage has decreased to 20.9% (2023: 23.0%), due to the discounting activity and higher fulfilment costs relating to an increase in the refund rate. Statutory gross margin increased in the year to $155.0 million (2023: $95.6 million), driven by growth in revenue, albeit at a lower margin percentage.

Advertising and marketing expense increased to $75.7 million (2023: $36.6 million) as the Group invested for growth. This represented 10.2% of sales revenue (2023: 8.8%). Achieving strong returns on our marketing investment activity continued to be a key focus for the business.

General and administrative expenses declined as a percentage of sales revenue to 3.0% (2023: 3.6%), demonstrating operating leverage.

Income tax expense increased to $9.4 million (2023: $6.0 million), with a key driver being the impact of unrealised foreign exchange losses which are non-deductible for tax purposes. During FY24, tax expense was impacted by certain one-off costs (2024: $0.3 million, 2023: nil) associated with the formation of a tax consolidated group commencing 1 July 2022.

Statutory net profit after tax was $10.5 million (2023: $16.0 million).

Financial position

The Group ended the period with a cash and cash equivalents balance of $79.0 million and zero financial debt (2023: $46.3 million cash and cash equivalents and zero financial debt).

The Group generated positive cash flows from operations of $63.0 million (2023: $36.5 million), reflecting the strong profitability and a working capital inflow.

During FY24, the Group purchased shares into its employee benefit share trust equivalent to $10.3 million (2023: $1.4 million). The shares in the employee benefit share trust are available to satisfy the exercise of future employee share award exercises to mitigate potential dilution.

Strategy

Cettire’s strategic focus is to profitably grow its core business and to continue on the significant growth trajectory the Group has achieved to date.

In FY24 it delivered on its key strategic objectives:

- Executing profitable growth;
- Growing active customers and increasing access to inventory;
- Executing its localisation strategy to deliver growth;
- Enhancing its proprietary technology to continuously improve its value proposition; and
- Remain self funding.

These objectives will continue to be the focus in FY25.

Cettire believes there is an opportunity to significantly increase its share of the personal luxury goods market, leveraging the secular shift to online shopping. By building on Cettire’s own brand awareness and customer proposition and improving core technology to generate stronger customer and unit economics, Cettire is well positioned to continue to grow market share and deliver on its long term priorities which include:

- Continued growth in established markets;
- Increase penetration in emerging markets; and
- Expansion into new markets and verticals.

Dividends
No dividends were declared or paid for the year ended 30 June 2024 (30 June 2023: $Nil).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.2	3.4

The calculation of net tangible assets per ordinary security is based on the statement of financial position and the closing number of shares for 30 June 2024. The number of shares used for the 30 June 2023 comparator was 381,238,220.

4. Control gained over entities
Not applicable.

5. Loss of control over entities
Not applicable.

6. Dividends
Not applicable.

7. Dividend reinvestment plans
Not applicable.

8. Details of associates and joint ventures
Not applicable.

9. Foreign entities
Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit report
The preliminary final report for financial year ended 30 June 2024 is attached and is based on accounts which are in the process of being audited.

11. Accounting standards
The attached preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report is to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and Australian Securities Exchange Listing Rules.

The preliminary final report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Cettire Limited

ABN 75 645 474 166

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

Cettire Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	Consolidated 2024 $	2023 $
Revenue			
Sales revenue		742,255,133	416,227,021
Cost of sales		(587,251,263)	(320,603,232)
Gross profit		155,003,870	95,623,789
Other income	5	3,081,613	2,144,138
Interest revenue calculated using the effective interest method		2,088,916	247,239
Expenses			
Advertising and marketing expense		(75,723,874)	(36,564,633)
Merchant fees		(28,108,302)	(16,881,893)
Employee benefits expense	5	(5,798,250)	(3,259,663)
Share-based payments expense		(1,957,293)	(442,978)
General and administrative expense	5	(22,209,742)	(14,798,597)
Amortisation expense	11	(6,492,464)	(4,069,638)
Profit before income tax expense		19,884,474	21,997,764
Income tax expense	6	(9,409,967)	(6,032,229)
Profit after income tax expense for the year attributable to the owners of Cettire Limited	18	10,474,507	15,965,535
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Cettire Limited	18	10,474,507	15,965,535
		Cents	**Cents**
Basic earnings per share	29	2.78	4.19
Diluted earnings per share	29	2.74	4.16

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Cettire Limited
Statement of financial position
As at 30 June 2024

	Note	Consolidated 2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	7	78,957,357	46,310,727
Trade and other receivables	8	25,069,709	22,119,963
Inventories	9	2,907,627	2,858,943
Other assets	10	2,001,843	1,468,061
Total current assets		108,936,536	72,757,694
Non-current assets			
Intangibles	11	27,858,133	20,069,134
Deferred tax assets	6	3,527,643	7,944,204
Total non-current assets		31,385,776	28,013,338
Total assets		140,322,312	100,771,032
Liabilities			
Current liabilities			
Trade and other payables	12	90,458,107	56,928,844
Contract liabilities	13	4,487,079	4,411,949
Derivative financial instruments	16	-	647,591
Provision for income tax	6	3,614,974	-
Employee benefits	14	530,491	378,526
Deferred income	15	1,625,677	1,433,222
Total current liabilities		100,716,328	63,800,132
Non-current liabilities			
Employee benefits	14	105,733	49,771
Deferred income	15	3,428,205	3,921,679
Total non-current liabilities		3,533,938	3,971,450
Total liabilities		104,250,266	67,771,582
Net assets		36,072,046	32,999,450
Equity			
Issued capital	17	177,207,504	186,992,218
Re-organisation reserve	17	(150,619,110)	(150,619,110)
Share-based payments reserve	17	4,138,450	1,755,647
Retained profits / (Accumulated losses)	18	5,345,202	(5,129,305)
Total equity		36,072,046	32,999,450

The above statement of financial position should be read in conjunction with the accompanying notes

Cettire Limited
Statement of changes in equity
For the year ended 30 June 2024

Consolidated	**Issued capital $**	**Retained profits/ (Accumulated losses) $**	**Re-organisation reserve $**	**Share-based payments reserve $**	**Total equity $**
Balance at 1 July 2022	188,344,920	(21,094,840)	(150,619,110)	557,666	17,188,636
Profit after income tax expense for the year	-	15,965,535	-	-	15,965,535
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	15,965,535	-	-	15,965,535
Transactions with members in their capacity as members					
On-market share purchase (Treasury shares)	(1,352,702)	-	-	-	(1,352,702)
Share-based payments (note 17(d))	-	-	-	1,197,981	1,197,981
Balance at 30 June 2023	186,992,218	(5,129,305)	(150,619,110)	1,755,647	32,999,450

Consolidated	**Issued capital $**	**Retained profits/ (Accumulated losses) $**	**Re-organisation reserve $**	**Share-based payments reserve $**	**Total equity $**
Balance at 1 July 2023	186,992,218	(5,129,305)	(150,619,110)	1,755,647	32,999,450
Profit after income tax expense for the year	-	10,474,507	-	-	10,474,507
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	10,474,507	-	-	10,474,507
Transactions with members in their capacity as members					
On-market share purchase (Treasury shares)	(10,291,264)	-	-	(506,550)	(10,797,814)
Share-based payments (note 17(d))	506,550	-	-	2,889,353	3,395,903
Balance at 30 June 2024	177,207,504	5,345,202	(150,619,110)	4,138,450	36,072,046

The above statement of changes in equity should be read in conjunction with the accompanying notes

Cettire Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	Consolidated 2024 $	2023 Re-stated $
Cash flows from operating activities			
Receipts from customers (inclusive of sales taxes)		800,305,566	452,113,546
Payments to suppliers and employees (inclusive of sales taxes)		(739,290,728)	(415,877,244)
		61,014,838	36,236,302
Interest received		2,088,916	247,239
Income tax paid		(144,529)	(33,079)
Net cash from operating activities	27	62,959,225	36,450,462
Cash flows from investing activities			
Payments for intangibles	11	(14,281,463)	(12,066,491)
Net cash used in investing activities		(14,281,463)	(12,066,491)
Cash flows from financing activities			
Purchase of shares on market (Treasury shares)	28	(10,291,264)	(1,352,702)
Net cash used in financing activities		(10,291,264)	(1,352,702)
Net increase in cash and cash equivalents		38,386,498	23,031,269
Cash and cash equivalents at the beginning of the period		46,310,727	22,673,443
Effect of exchange rate changes on cash and cash equivalents		(5,739,868)	606,015
Cash and cash equivalents at the end of the period	7	78,957,357	46,310,727

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

Note 1. General information

The financial statements cover Cettire Limited (the “Group” or “Cettire”) as a group consisting of Cettire Limited (the “Parent” or “Parent Entity”) and the entities it controlled (as listed in note 31) at the end of, or during, the period. The financial statements are presented in Australian dollars, which is the Group’s functional and presentation currency.

Cettire Limited is a company limited by shares, incorporated and domiciled in Australia, with a listing on the Australian Securities Exchange (ASX). Its registered office and principal place of business is:

Level 40
140 William Street
Melbourne Vic 3000

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

The financial statements were authorised for issue, in accordance with a resolution of the directors, on 29 August 2024.

Note 2. Material accounting policies

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

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has not had a material effect on the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

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

Other Accounting Standards and Interpretations which have been issued but are not yet effective are not relevant to the consolidated entity, or their impact is editorial only.

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

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, derivative financial instruments at fair value through profit or loss.

Note 2. Material accounting policies (continued)

Going concern
The financial statements have been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

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

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 33.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cettire Limited ('Parent' or 'Parent Entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Cettire Limited and its subsidiaries together are referred to in these financial statements as the ‘Group’ or ‘Cettire’.

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Note 2. Material accounting policies (continued)

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

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Refer to note 4 for further information.

Foreign currency translation
The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Principal versus agent
The Group is primarily responsible for fulfilling the promise (performance obligation) to provide the specified good to the Group's customers. The Group also bears the risk for the acceptance of the good and is responsible for any good in transit. Therefore, the Group is the principal in these transactions and revenue is recognised as the gross selling price net of rebates, discounts and refunds.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Included within sales of goods is amounts charged for the settlement of duties and other import costs.

A right of return is held by customers. The Group has measured the value of this right of return, presented within other assets, and a corresponding refund liability, presented within Trade and Other Payables, at the end of the reporting period based on the amount of consideration received from customers for which the Group does not expect to be entitled based on its refund policy and historical refund rates.

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

Other income
Other income is recognised when the realisation of income is virtually certain.

Note 2. Material accounting policies (continued)

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

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

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

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

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A review of whether there are indicators of impairment, which would trigger a review of impairment, is performed at each reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Sales taxes
Sales taxes include Goods and Services Tax (‘GST’), Value-Added Tax (‘VAT’), Sales Taxes, and other similar taxes are collectively referred to as Sales Taxes.

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

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

The US does not have a national sales-tax system, rather, sales and use taxes are imposed on a sub-national level. Each state has the authority to impose its own sales and use tax and registration is required once ‘economic nexus’ has been met. Economic nexus is either based on number of transactions or a specific dollar value threshold. The Group monitors sales by states and jurisdictions and ensure sales and use tax registrations are in place where ‘economic nexus’ has been met and regular filings are completed.

Cash flows are presented on a gross basis. The Sales Tax components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 2. Material accounting policies (continued)

Re-statement of comparative amounts

The Group has re-classified its consolidated Statement of Cash Flows for the year ended 30 June 2023 to adjust ‘Receipts from customers’ and ‘Payments to suppliers and employees’ for overseas indirect taxes and shipping revenues. Previously, the gross amounts in the Statement of Cash Flows were inclusive of GST only and shipping was presented on a net basis. This is after a review of the Group’s accounting policy and how it is applied to the Statement of Cash Flows as the Group continues to expand in overseas markets.

The accounting treatment has been amended by grossing up each of the affected line items for the prior period as follows:

Statement of cash flows (extract)	**2023**	**Increase/ (Decrease)**	**2023 (Re-stated)**
Consolidated	**$**	**$**	**$**
Receipts from customers (inclusive of sales taxes)	423,602,442	28,511,104	452,113,546
Payments to suppliers and employees (inclusive of sales taxes)	(387,366,140)	(28,511,104)	(415,877,244)
	36,236,302	-	36,236,302
Government grants received	-	-	-
Interest received	247,239	-	247,239
Income tax paid	(33,079)	-	(33,079)
Net cash from operating activities	36,450,462	-	36,450,462

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Judgements, other than those disclosed in the accounting policies above or which are subject to estimation and discussed separately below, which are critical to these financial statements include:

Determination of income tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency

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

- Foreign tax residency

The Group's foreign subsidiaries are generally considered a tax resident in their respective country of incorporation, under each relevant foreign tax legislation. However, an assessment has also been made in determining whether the foreign subsidiaries would be considered a resident of Australia under the Australian tax legislation. Where an entity is treated as a resident of two jurisdictions under the respective domestic tax legislation, a Double Tax Agreement between the two jurisdictions may include a "tie-breaker" test which deems the entity to be a resident solely of one of the jurisdiction for the purposes of taxation. If there is no "tie-breaker" then the entity is deemed to be a tax resident in both jurisdictions.

Impairment of non-financial assets
The Group has considered whether any indicators of impairment which may apply to non-financial assets, particularly intangible assets and statutory receivables, under AASB 136 Impairment of Assets. No indicators of impairment have been identified. Consequently, no impairment assessment has been performed and no impairment loss has been recognised in 2024 (2023: none).

Estimates which have the most significant risk of material adjustment in the following 12 months include:

Capitalisation of intangible assets
The Group engages in the development of software which is used by the Group to facilitate its activities. There is judgement involved in determining whether the activities undertaken by the Group represent enhancements to existing assets, development of new assets (both of which are capitalised) or ongoing running-costs of existing assets (which are expensed). In applying this judgement, the Group also makes estimates of the amount of expenditure which can be capitalised.

Estimation of useful lives of intangible assets
The Group determines the estimated useful lives and related amortisation charges for its finite life intangible assets, as set out in note 11. The Group has reviewed the useful lives of intangible assets in the year, including by comparison to comparable companies, and concluded that the useful lives adopted remains appropriate. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

R&D tax incentive accrual
The Group's research and development activities are eligible under an Australian government tax incentive for eligible expenditure. The Group has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. Amounts are recognised when it has been established that the conditions of the tax incentive have been met and that the expected amount can be reliably measured.

Judgement is applied to each transaction that the Group incurs each financial year, by determining a percentage of the transaction that relates to R&D. R&D income is determined using eligibility criteria and percentages of eligibility estimated by management. These estimated eligibility percentages determine the base for which the R&D tax incentive accrual is calculated.

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into one (1) operating segment: online retail sales. The determination of this operating segment is based on the internal reports that are reviewed and used by the CEO (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Major customers
During the reporting period and the comparative period, no individual customer contributed more than 10 per cent of the Group's revenue (2023: none).

Disaggregation of revenue and non-current assets by Geographical regions
The Group operates in Australia and internationally. Revenue is attributed to the country where the customer is registered i.e. shipping address. The 'Other' segment comprises more than 50 markets, none of which represented greater than 10 per cent of Group revenue.

Year ended 30 June 2024

	Consolidated	
	2024	**2023**
Revenue	**$**	**$**
United States	414,475,266	247,254,401
Australia	42,902,347	34,303,158
Other	284,877,520	134,669,462
Total	742,255,133	416,227,021

	Consolidated	
	2024	**2023**
Non-Current Assets	**$**	**$**
Australia	27,858,133	20,069,134
Total	27,858,133	20,069,134

Note 5. Other Income and expense items

a. Other income

	Consolidated 2024 $	Consolidated 2023 $
Insurance recoveries	1,546,690	923,111
Research and development tax incentive (note 15)	1,534,923	1,221,027
Other income	3,081,613	2,144,138

b. General and administrative expense

	Consolidated 2024 $	Consolidated 2023 $
Promotion and packaging	(5,383,412)	(3,126,433)
IT costs	(6,686,748)	(3,559,936)
Professional fees	(3,552,666)	(1,178,575)
Public company costs and insurance	(1,627,825)	(1,159,355)
FX	(3,942,762)	(4,867,514)
Others	(1,016,329)	(906,784)
General and administrative expense	(22,209,742)	(14,798,597)

FX
FX includes realised and unrealised currency loss and loss on foreign exchange contracts and bank revaluations.

c. Employee benefits expense

	Consolidated 2024 $	Consolidated 2023 $
Short-term benefits	(5,231,036)	(2,999,922)
Long-term benefits	(34,180)	(17,781)
Post-employment benefits	(533,034)	(241,960)
Employee benefits expense	(5,798,250)	(3,259,663)

Note 6. Income tax

	Consolidated 2024 $	2023 $
Income tax expense		
Current tax	4,993,406	2,675,908
Deferred tax - origination and reversal of temporary differences	4,416,562	3,323,244
Under provision in prior years	-	33,077
Aggregate income tax expense	9,409,967	6,032,229
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	4,178,078	1,919,110
Increase in deferred tax liabilities	238,484	1,404,134
Deferred tax - origination and reversal of temporary differences and tax losses	4,416,562	3,323,244
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	19,884,474	21,997,764
Tax at the statutory tax rate of 30%	5,965,342	6,599,329
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	1,947,739	1,220,891
Research and development incentive income	(460,477)	(366,308)
Impact of unrealised FX loss / (gain)	1,494,772	(82,034)
Tax consolidation ACA step down	257,273	-
Under provision in prior years	-	33,077
Sundry items	205,318	(1,372,726)
Income tax expense	9,409,967	6,032,229

	Consolidated 2024 $	Consolidated 2023 $
Deferred tax asset		
Deferred tax asset comprises temporary differences and tax losses attributable to:		
Amounts recognised in profit or loss:		
Contract liabilities	1,346,124	1,323,585
Refunds payable	2,042,934	1,667,493
Gift card liabilities	1,929,006	1,074,033
Derivative financial instruments	-	194,277
Employee benefits	235,006	163,315
Accrued expenses	32,700	-
IPO Costs recognised in profit or loss	50,451	100,900
Carried forward tax losses	-	5,096,348
	5,636,221	9,619,951
Amounts recognised in equity		
IPO costs recognised in equity	194,347	388,694
	194,347	388,694
Deferred tax asset	5,830,568	10,008,645
Movements:		
Opening balance	10,008,645	11,927,755
Charged to profit or loss	(4,178,077)	(1,919,110)
Closing balance	5,830,568	10,008,645

	Consolidated 2024 $	2023 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Inventories	872,288	857,683
Accrued supplier credits	1,410,478	1,166,439
Development costs	20,159	40,319
Deferred tax liability	2,302,925	2,064,441
Movements:		
Opening balance	2,064,441	660,307
Charged to profit or loss	238,484	1,404,134
Closing balance	2,302,925	2,064,441

	Consolidated 2024 $	2023 $
Net deferred tax asset		
Deferred tax asset	5,830,568	10,008,645
Deferred tax liability	(2,302,925)	(2,064,441)
Net deferred tax asset	3,527,643	7,944,204

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

The benefit of tax losses that are held in the relevant entity are not recognised until recovery of those losses through reduction in future tax payments is probable.

Note 7. Cash and cash equivalents

	Consolidated	
	2024	**2023**
	$	**$**
Current assets		
Cash at bank	78,795,071	46,148,441
Cash on deposit	162,286	162,286
	78,957,357	46,310,727

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

Note 8. Trade and other receivables

	Consolidated	
	2024	**2023**
	$	**$**
Current assets		
Input VAT and net GST receivables	25,003,572	11,182,364
Other receivables	66,137	10,937,599
	25,069,709	22,119,963

Accounting policy for trade and other receivables
Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Inventories

	Consolidated 2024 $	2023 $
Current assets		
Stock in transit - at cost	2,907,627	2,858,943

Accounting policy for inventories
Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Note 10. Other assets

	Consolidated 2024 $	2023 $
Current assets		
Prepayments	1,041,363	730,447
Other	960,480	737,614
	2,001,843	1,468,061

Note 11. Intangibles

	Consolidated 2024 $	2023 $
Non-current assets		
Website and software development - at cost	39,949,331	26,078,803
Less: Accumulated amortisation	(12,896,740)	(6,776,616)
	27,052,591	19,302,187
Trademarks – at cost	334,132	269,417
Less: Accumulated amortisation	(93,309)	(53,826)
	240,823	215,591
Other intangibles – at cost	1,182,241	836,021
Less: Accumulated amortisation	(617,522)	(284,665)
	564,719	551,356
	27,858,133	20,069,134

Note 11. Intangibles (continued)

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

Consolidated	Website and software development $	Trademarks $	Other intangibles $	Total $
Balance at 30 June 2022	11,472,825	209,203	390,253	12,072,281
Additions	11,653,657	40,150	372,684	12,066,491
Amortisation expense	(3,824,295)	(33,762)	(211,581)	(4,069,638)
Balance at 30 June 2023	19,302,187	215,591	551,356	20,069,134
Additions	13,870,528	64,715	346,220	14,281,463
Amortisation expense	(6,120,124)	(39,483)	(332,857)	(6,492,464)
Balance at 30 June 2024	27,052,591	240,823	564,719	27,858,133

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

Website and software development
Website and software research costs are expensed in the period in which they are incurred. Website and software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised website and software development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years commencing one year from the date of capitalisation, or when the asset becomes ready for use, whichever is earlier.

Trademarks
Significant costs associated with trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Other intangibles
Other intangibles including campaign production assets are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Note 12. Trade and other payables

	Consolidated 2024 $	2023 $
Current liabilities		
Trade payables	70,182,839	41,632,633
Other payables	13,465,487	9,737,902
Refunds payable	6,809,781	5,558,309
	90,458,107	56,928,844

Refer to note 19 for further information on financial instruments.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within the agreed credit terms.

Accounting policy for refunds payable
These amounts represent the goods expected to be returned by customers as a result of 'change of mind' or defective goods. The expected value of refunds payable is estimated based on historical data and a review of sales for the year and refunds issued post year-end applicable to those sales.

Note 13. Contract liabilities

	Consolidated 2024 $	2023 $
Current liabilities		
Contract liabilities	4,487,079	4,411,949

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

	2024 $	2023 $
Opening balance	4,411,949	1,343,884
Transfer to revenue - included in the opening balance	(4,411,949)	(1,343,884)
Payments received in advance	4,487,079	4,411,949
Closing balance	4,487,079	4,411,949

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration before the Group has transferred the goods or services to the customer.

Note 14. Employee benefits

	Consolidated 2024 $	2023 $
Current liabilities		
Annual leave	530,491	378,526
Non-current liabilities		
Long service leave	105,733	49,771

Accounting policy for employee benefits

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

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

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

Note 15. Deferred income

	Consolidated 2024 $	2023 $
Current liabilities		
Deferred research and development incentive	1,625,677	1,433,222
Non-current liabilities		
Deferred research and development incentive	3,428,205	3,921,679

Movements in deferred revenue/income during the current financial year are set out below:

Note 15. Deferred income (continued)

Deferred research and development incentive	**Current $**	**Non-current $**	**Total $**
Carrying amount at 1 July 2022	1,005,354	2,894,667	3,900,021
Additional income deferred	215,674	2,460,234	2,675,908
Transferred to current	1,433,222	(1,433,222)	-
Income recognised	(1,221,028)	-	(1,221,028)
Carrying amount at 30 June 2023	1,433,222	3,921,679	5,354,901
Additional income deferred	101,701	1,132,203	1,233,904
Transferred to current	1,625,677	(1,625,677)	-
Income recognised	(1,534,923)	-	(1,534,923)
Carrying amount at 30 June 2024	1,625,677	3,428,205	5,053,882

Accounting policy for deferred research and development incentive
The Group receives a tax offset from the government for some of the cost of doing eligible research and development activities. The Group has claimed a non-refundable tax offset of 38.5% of eligible research and development spend (2023: 38.5%).

The incentive should be recognised in profit or loss over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. Where the research and development has been in whole or in part capitalised, the Group has accounted for the tax benefit as deferred income that is recognised in profit or loss on a systematic basis matching the useful life of the asset.

Note 16. Derivative financial instruments

	Consolidated	
	2024 $	**2023 $**
Current liabilities		
Forward foreign exchange contracts	-	647,591

Refer to note 20 for further information on fair value measurement.

Accounting policy for derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

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

Note 17. Issued capital and reserves

a. Ordinary Shares

	Consolidated			
	2024 Shares	**2023 Shares**	**2024 $**	**2023 $**
Ordinary shares - fully paid	380,563,220	381,238,220	186,992,218	188,344,920
Treasury shares	(2,674,440)	(675,000)	(10,291,264)	(1,352,702)
Utilisation of Treasury shares on vesting of service rights	263,764	-	506,550	-
	378,152,544	380,563,220	177,207,504	186,992,218

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

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

Please refer to note 30 for details of outstanding rights and options in regards to Ordinary Shares.

Treasury shares
Treasury shares are purchased for use on vesting and exercise of employee share schemes. Shares are accounted for at weighted average cost. During FY24, 2,674,440 shares were purchased on market (2023: 675,000) for a total of $10,291,264.

b. Movements in issued share capital	**Shares**	**Issue Price $**
1 July 2022	381,238,220	188,344,920
On-market share purchase (Treasury shares)	(675,000)	(1,352,702)
30 June 2023	380,563,220	186,992,218
On-market share purchase (Treasury shares)	(2,674,440)	(10,291,264)
Utilisation of Treasury shares on vesting of service rights	263,764	505,550
30 June 2024	378,152,544	177,277,504

c. Re-organisation reserve

Consolidated	**2024 $**	**2023 $**
Re-organisation reserve	(150,619,110)	(150,619,110)

The Group re-organisation reserve arose as a result of the corporate re-organisation undertaken on 27 November 2020, whereby Cettire Limited became the legal parent of Ark Technologies Pty Ltd and its subsidiaries.

Note 17. Issued capital and reserves (continued)

d. Share-based payments reserve

Consolidated	2024 $	2023 $
Balance at beginning of period	1,755,647	557,666
Share-based payments expense (note 30)	2,889,353	1,197,981
Utilisation of Treasury shares on vesting of service rights	(506,550)	-
Balance at end of period	4,138,450	1,755,647

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration.

e. Capital risk management

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

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

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

Note 18. Retained profit / (Accumulated losses)

	Consolidated 2024 $	2023 $
Accumulated losses at the beginning of the financial year	(5,129,305)	(21,094,840)
Profit after income tax expenses for the year	10,474,507	15,965,535
Retained profit / (Accumulated losses) at the end of the financial year	5,345,202	(5,129,305)

Note 19. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to mitigate certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and mitigates financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

Note 19. Financial Instruments (continued)

	Sell USD		Average exchange rates	
	2024	**2023**	**2024**	**2023**
	$	**$**		
Buy Euros				
Maturity:				
0 - 3 months	-	2,260,489	-	0.8333

	Sell EUR		Average exchange rates	
	2024	**2023**	**2024**	**2023**
	$	**$**		
Buy US dollars				
Maturity:				
0 - 3 months	-	2,267,212	-	1.0027

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

	Assets		Liabilities	
	2024	**2023**	**2024**	**2023**
Consolidated	**$**	**$**	**$**	**$**
US dollars	18,020,934	8,262,870	8,183,857	6,471,235
Euros	11,508,093	24,020,864	56,943,237	35,797,132
Pound Sterling	7,612,145	2,920,584	456,676	286,920
Singapore Dollar	462,080	1,086,265	236,768	149,129
Hong Kong Dollar	750,822	1,036,478	247,042	202,540
Others	2,771,583	830,529	1,716,213	878,949
	41,125,657	38,157,590	67,783,793	43,785,905

The Group is exposed to foreign currency sensitivity from its existing financial liabilities, however this is mitigated through the use of forward foreign exchange contracts.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group is not exposed to any significant interest rate risk.

Credit risk
The Group is not exposed to any significant credit risk.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 19. Financial Instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 2024	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	-	70,182,838	-	-	-	70,182,838
Other payables	-	5,000,592	-	-	-	5,000,592
Refunds payable	-	6,809,781	-	-	-	6,809,781
Total non-derivatives		81,993,211	-	-	-	81,993,211

Consolidated – 2023	**Weighted average interest rate %**	**1 year or less $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives						
Non-interest bearing						
Trade payables	-	41,632,633	-	-	-	41,632,633
Other payables	-	3,861,241	-	-	-	3,861,241
Refunds payable	-	5,558,309	-	-	-	5,558,309
Total non-derivatives		51,052,183	-	-	-	51,052,183

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

Other payables is shown excluding $ 8,464,895 (2023: $5,876,661) as these arise from statute payable (for example GST/VAT and PAYG withholding) rather than contract.

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

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Note 20. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated – 2024	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Liabilities				
Forward foreign exchange contracts	-	-	-	-
Total liabilities	-	-	-	-

Consolidated – 2023	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Liabilities				
Forward foreign exchange contracts	-	647,591	-	647,591
Total liabilities	-	647,591	-	647,591

There were no transfers between levels during the period.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 21. Key management personnel disclosures

Directors
The following people were directors of Cettire Limited during the financial year:

Kerry (Bob) East – Non-Executive Director
Dean Mintz – Founder and Chief Executive Officer
Bruce Rathie – Non-Executive Director
Richard (Rick) Dennis – Non-Executive Director

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly during the financial year:

Timothy Hume – CFO

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

	Consolidated 2024 $	2023 $
Short-term employee benefits	1,815,888	1,811,703
Post-employment benefits	87,614	84,120
Long-term benefits	15,995	8,582
Share-based payments	216,224	300,158
	2,135,721	2,204,563

Note 22. Remuneration of auditors

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

	Consolidated 2024 $	2023 $
Audit and review services		
Audit and review of the financial statements	249,000	167,755
Other services		
Tax compliance services	12,243	75,000
Tax advisory services	31,710	-
R&D compliance services	13,000	8,000
Total services provided by Grant Thornton	305,953	250,755

Note 23. Contingent liabilities

The Group has outstanding standby letters of credit in favour of selected suppliers as at 30 June 2024 of $162,286 (2023: $162,286). The standby letters of credit are secured by a term deposit held by the Group.

Note 24. Commitments

The Group had no commitments as at 30 June 2024 or 30 June 2023.

Note 25. Related party transactions

Parent entity
Cettire Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 31.

Transactions with related parties
Other than transactions with key management personnel (note 21), there were no transactions with related parties during the period.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 26. Events after the reporting period

There were no material events subsequent to 30 June 2024 and up until the authorisation of the financial statements that have impacted on the amounts recognised in these financial statements or which require to be separately disclosed.

Note 27. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2024 $	Consolidated 2023 $
Profit after income tax expense for the year	10,474,507	15,965,535
Adjustments for:		
Amortisation expense	6,492,464	4,069,638
Net fair value loss on forward foreign exchange contracts	(647,591)	(352,198)
Unrealised exchange loss	5,739,868	(606,015)
Share-based payment expense	2,889,353	1,197,981
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(2,949,746)	(16,676,055)
(Increase) in inventories	(48,684)	(2,005,577)
Decrease in deferred tax assets	4,416,561	3,323,243
(Increase) / Decrease in other assets	(533,782)	571,847
Increase in trade and other payables	33,529,263	26,270,284
Increase in contract liabilities	75,130	3,068,065
Increase in provision for income tax	3,614,974	-
Increase in employee benefits	207,927	168,834
Increase / (Decrease) in other operating liabilities	(301,019)	1,454,880
Net cash from operating activities	62,959,225	36,450,462

Note 28. Changes in liabilities arising from financing activities

Consolidated	Shareholder Payables $	Total $
Balance at 30 June 2023	(1,352,702)	(1,352,702)
Net cash used in financing activities	(10,291,264)	(10,291,264)
Balance at 30 June 2024	(11,643,966)	(11,643,966)

Note 29. Earnings per share

	Consolidated 2024 $	Consolidated 2023 $
Profit after income tax attributable to the owners of Cettire Limited	10,474,507	15,965,535

Weighted average number of shares used as the denominator	Consolidated 2024 Number	Consolidated 2023 Number
Balance at beginning of period	381,145,613	381,238,220
Effect of treasury shares acquired	(1,503,064)	(92,607)
Utilisation of Treasury shares on vesting of service rights	123,232	-
Balance at end of period	376,772,712	381,145,613
Weighted average number of ordinary shares used in calculating basic earnings per share	376,772,712	381,145,613
Weighted average number of ordinary shares used in calculating diluted earnings per share	382,201,546	384,056,086

Potential ordinary shares, which comprise options and service rights, are antidilutive when their conversion to ordinary shares would increase earnings per share or decrease loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

	Cents	Cents
Basic earnings per share	2.78	4.19
Diluted earnings per share	2.74	4.16

Accounting policy for earnings per share

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

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

Note 30. Share-based payments

Share-based payments for the Group relate to securities issued under the Employee Incentive Plan (“EIP”). The EIP was implemented in November 2020 prior to the IPO of the Group, to provide for equity-based remuneration of employees in the listed environment. Granting of share rights is facilitated by the EIP. As at 30 June 2024, a total of 2,500,000 options over fully paid ordinary shares and 5,122,951 service rights to fully paid ordinary shares are in issue under the EIP.

Set out below are summaries of the options granted under the EIP. The options vested in February 2024.

Note 30. Share-based payments (continued)

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/4/2021	27/2/2026	$1.21	833,333	-	-	-	833,333
22/4/2021	27/2/2026	$1.21	833,333	-	-	-	833,333
22/4/2021	27/2/2026	$1.21	833,334	-	-	-	833,334
			2,500,000	-	-	-	2,500,000
Weighted average exercise price			$1.21	-	-	-	$1.21

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.66 years (2023: 2.67 years).

All options were exercisable at the end of the financial year.

Set out below are the summaries of the service rights in issue under the EIP as at 30 June 2024. The service rights are subject to continued employment with the Group until the vesting date of the relevant tranche.

Grant date	Share rights issued	Fair value per unit at grant date	Fair value at grant date
1/6/2021	233,052	$2.45	$570,977
3/6/2021	105,932	$2.35	$248,940
2/8/2021	48,077	$2.00	$96,154
25/7/2022	407,238	$0.46	$187,329
21/3/2023	4,184,732	$1.30	$5,440,152
12/12/2023	966,940	$2.74	$2,649,416

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

The total share-based payment expense during the financial year was $2,889,353 (2023: $1,197,981), of which $216,224 (2023: $300,158) related to the share options granted under the EIP and $2,673,129 (2023: $897,823) was recognised in relation to issuance of service rights under the EIP.

$932,060 (2023: $755,003) of the total share-based payments expense was capitalised to intangible assets.

At 30 June 2024, 585,676 service rights have vested and have not been exercised (2023: 131,882).

Accounting policy for share-based payments
Equity-settled share-based compensation benefits are provided to employees.

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

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is determined using either the Binomial, Black-Scholes or Monte Carlo option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 30. Share-based payments (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

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

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

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

Note 31. Interests in subsidiaries

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

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2024 %**	**2023 %**
Ark Technologies Pty Ltd	Australia	100%	100%
Ark International Pty Ltd	Australia	100%	100%
Cettire, Inc.	United States	100%	100%
Cettire S.R.L	Italy	100%	100%
Cettire HK Limited	Hong Kong	100%	100%
Cettire (Shanghai) E-Commerce Co., Ltd.	China	100%	100%
Cettire Limited	United Kingdom	100%	100%

Note 32. Deed of cross guarantee

The following parties are party to a deed of cross-guarantee under which each company guarantees the debts of the others:

Cettire Limited
Ark Technologies Pty Ltd
Ark International Pty Ltd

The deed of cross guarantee was executed and approved by the Board on 3 June 2022 and further amended on 28 June 2024.

By entering into the deed, the parties have been relieved from the requirement to prepare financial statements and directors' report under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission

The financial statements cover entities which are not parties to the deed of cross guarantee (being those subsidiaries listed in note 31 other than those noted above). There is no material difference between these financial statements and the consolidated financial statements of the parties to the Deed.

Note 33. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2024	**2023**
	$	**$**
Loss after income tax	(698,728)	(483,483)
Total comprehensive loss	(698,728)	(483,483)

Statement of financial position

	Parent	
	2024	**2023**
	$	**$**
Total current assets	914,235	5,394,080
Total assets	31,205,655	38,502,770
Total current liabilities	1,203,534	416,005
Total liabilities	1,232,106	428,582
Equity		
Issued capital	177,207,503	186,992,217
Re-organisation reserve	(148,975,401)	(148,975,401)
Share-based payment reserve	4,138,450	1,755,647
Accumulated losses	(2,397,003)	(1,698,275)
Total equity	29,973,549	38,074,188

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Consolidated Entity Disclosure Statement

Name	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident or foreign resident (for tax purposes)	Foreign tax jurisdiction of foreign residents
Cettire Limited	Body corporate	N/A	N/A	Australia	Australian	N/A
Ark Technologies Pty Ltd	Body corporate	N/A	100	Australia	Australian	N/A
Ark International Pty Ltd	Body corporate	N/A	100	Australia	Australian	N/A
Cettire, Inc.	Body corporate	N/A	100	United States	Australian	N/A
Cettire S.R.L	Body corporate	N/A	100	Italy	Australian	N/A
Cettire HK Limited	Body corporate	N/A	100	Hong Kong	Hong Kong	N/A
Cettire (Shanghai) E-Commerce Co., Ltd.	Body corporate	N/A	100	China	Australian	N/A
Cettire Limited	Body corporate	N/A	100	United Kingdom	United Kingdom	N/A

Basis of preparation
This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 *Consolidated Financial Statements*.

Determination of income tax residency
Section 295 (3A)(vi) of the *Corporation Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining tax residency, the Group has applied the following interpretations:

- Australian tax residency

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

- Foreign tax residency

  The Group's foreign subsidiaries are generally considered a tax resident in their respective country of incorporation, under each relevant foreign tax legislation. However, an assessment has also been made in determining whether the foreign subsidiaries would be considered a resident of Australia under the Australian tax legislation.

  Where an entity is treated as a resident of two jurisdictions under the respective domestic tax legislation, a Double Tax Agreement between the two jurisdictions may include a "tie-breaker" test which deems the entity to be a resident solely of one of the jurisdiction for the purposes of taxation. If there is no "tie-breaker" then the entity is deemed to be a tax resident in both jurisdictions.