

Half Year Report and Appendix 4D

Entertainment Rewards Ltd (EAT or the Company)

(Formerly, IncentiaPay Limited)
(ABN 43 167 603 992)

Results for announcement to the market

This interim report of Entertainment Rewards Ltd is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.2A.

1. Reporting period details

Current reporting period: Half-year ended 31 December 2024 (**1HFY2025**)
 Previous corresponding period: Half-year ended 31 December 2023 (1HFY2024)

2. Results

Results	Direction	%	Half Year Ended 31 Dec 2024	Half Year Ended 31 Dec 2023
Revenue from ordinary activities (\$) ¹	▲	13.14%	to 9,814,740	from 8,674,712
Operating EBITDA (\$) ²	▼	104.31%	to (3,620,719)	from (1,772,149)
Loss from ordinary activities after tax attributable to members (\$)	▼	74.91%	to (5,660,904)	from (3,236,540)
Net loss for the period attributable to members (\$)	▼	74.91%	to (5,660,904)	from (3,236,540)
Basic loss per share (NLAT) (cents)	▼	70.14%	to (0.44)	from (0.26)
Net tangible assets per share (cents)	▲	-49.94%	to (1.05)	from (2.10)

¹ Revenue from ordinary activities excludes interest income, other miscellaneous revenue.

² Non-IFRS item - see section 3 below.

Note:

The information contained in this Appendix, and the attached Half Year Financial Report, do not include all the notes of the type normally included in annual financial statements. Accordingly, these reports are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001

Additional information supporting the Appendix 4D disclosure requirements can be found in the attached Directors' Report and the consolidated financial statements for the half- year ended 31 December 2024.

3. Summary of 1HFY2025 Operational Results

Performance	Ref	Half Year ended 31 Dec 24 \$	Half Year ended 31 Dec 23 \$
Revenue			
Fee income-Paid advertising		448,268	408,144
Fee income-Travel booking		496	9,712
Membership subscriptions		2,873,547	3,058,236
Enterprise sales		1,187,028	1,102,743
Seamless Rewards Success Fee		389,136	143,051
Gift card sales		4,916,265	3,853,583
Merchant Management Services		-	99,243
Revenue from Ordinary Activities		9,814,740	8,674,712
Miscellaneous income		537	29,120
Total Gross Revenue¹		9,815,277	8,703,832
Cost of gift cards		(4,833,285)	(3,735,857)
Operating costs		(8,602,711)	(6,740,124)
Operating EBITDA²		(3,620,719)	(1,772,149)
Significant one-off items²			
Share based payments	6.1	(167,096)	(16,365)
EBITDA²		(3,787,815)	(1,788,514)
Depreciation & amortisation		(81,246)	(76,350)
EBIT¹		(3,869,061)	(1,864,864)
Net interest expense ¹		(1,791,843)	(1,371,676)
Profit/(loss) before tax		(5,660,904)	(3,236,540)
Income tax expense		-	-
Net profit/(loss) after tax		(5,660,904)	(3,236,540)

¹ Gross Revenue excludes interest income of \$9k (1HFY2024: \$15k), as this has been included in Net interest expense.

² Non-IFRS items

4. Revenue

Revenue from ordinary activities 1HFY2025 was \$9.8m compared to \$8.7m in 1HFY2024. This included:

- \$2.9m, or 29.3% from membership sales (1HFY2024: \$3.1m, 35.2%);
- \$1.2m, or 12.1% from enterprise client sales (1HFY2024: \$1.1m, 12.7%);
- \$0.45m, or 4.6% from fee income (1HFY2024: \$0.41m, 4.7%);
- \$0.39m or 4.0% from Seamless Rewards (1HFY2024: \$0.14m, 1.6%); and
- \$4.9m, or 50.1% from gift card sales (1HFY2024: \$3.8m, 44.4%).

Revenue from ordinary activities on an accrual basis was \$9.8m compared to \$8.7m in 1HFY2024, a 13% increase. Revenues based on cash receipts for 1HFY2025 were \$10.8m compared to \$8.8m in 1HFY24, an overall increase of 23%.

Membership revenue reflected in the P&L witnessed a decrease of 6.0% compared to the same period in the prior year. However, the number of memberships sold during 1HFY2025 increased to approximately 40k from 35k in 1HFY2024, a 12.7% increase. The decrease in P&L revenue (compared to the increase in memberships sold) is due to timing differences arising from the recognition of revenue over the lifetime (12 months to 24 months) of the memberships.

Enterprise revenue increased by 7.6% compared to the same period last year.

Revenue from Advertising and Travel combined increased by 7.4% compared to the previous year due to improved sales performance and the introduction of new clients.

Seamless Rewards success fee increased 172.0% due to the ongoing and gradual scaling up of the card linked offers during 2QFY25, particularly for our Personalised Card Linked Offer program.

Gift Cards witnessed an increase of 27.6% compared to the same period last year

5. Operating EBITDA

The reported operating Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) loss before significant one-off items for 1H FY2025 was \$3.6m, compared to a loss of \$1.8m in 1H FY2024. The higher loss is primarily driven by increased operating expenses, including:

- Higher employment costs due to additional resources hired to support the revenue pivot strategy.
- Increase in the marketing costs to push the membership revenues.

The higher EBITDA loss is also reflective of the revenue recognition profile of the business which has yet to fully reflect the higher membership sales achieved during 1HFY25 in the P&L.

6.1. Significant One-off Items - Share based payment - \$167k

During the first half of FY2025, the Board approved a Loan Funded Share Scheme (LFS) for Dean Palmer, Chairman. Additionally, the Board authorised a one-off share-based payment to Dean Palmer for providing additional services to the company. The LFS scheme implemented in FY2024 for Charles Romito, Non-Executive Director, continues to vest.

The share-based compensation accrued in FY2024 for Heidi Halson upon her appointment as CEO was reversed in this half financial year and will be replaced by a new Long-Term Incentive Plan to be finalised during the current financial year.

During the period, \$136k in share-based payments were recognized as issued equity, \$37k was allocated to an equity reserve under the terms of LFS schemes, and a \$5k reversal was made for the prior CEO share-based compensation accrual.

6.2. Significant One-off Items - \$22.5 million convertible loan agreement amendment.

In January 2025, the company executed a major amendment to the \$22.5m convertible note agreement with its main lender, Suzerain Investment Holdings Ltd. The effective date of the amendment was 31 December 2024. The following are the key terms of the amendment:

- Conversion of principal amount of \$22.5 million at fixed price of 2.2 cents at the option of the Company. This resulted in the reclassification of the \$22.5m convertible note from debt to Equity in the Balance Sheet.
- Interest rate on loan principal and cumulative interest reduced to 0% p.a.

- The cumulative interest payment date was extended from 31 December 2025 to 31 December 2026.
- The due date for the settlement of the principal component was extended from 31 December 2025 to 31 December 2026. This extension is subject to shareholders' approval.

7. Non-IFRS Financial Information

Within this Appendix 4D the Directors have presented several pieces of non-IFRS financial information, including a calculation of Operating EBITDA, to better describe the operating results of the business to users of this report. The Directors believe that this additional disclosure allows users to better understand the business while it is navigating the current period of transformation. See section 3 above for a reconciliation of non-IFRS information to the IFRS results presented in the attached interim financial report.

8. Dividends

No interim dividend was paid or proposed for the period.

9. Entities over which control was gained or lost during the period

No control was gained or lost over entities during the half year ended 31 December 2024.

10. Independent Auditor's Review

The condensed consolidated financial statements for Entertainment Rewards Ltd and its controlled entities for the half year ended 31 December 2024 have been reviewed by the Group's independent auditors (WilliamBuck) and a copy of their review report is included in the attached 31 December 2024 half-year financial report.

WilliamBuck have noted the various factors set out in the going concern discussion included in Note 1 of the 31 December half-year financial report and have included an emphasis of matter paragraph to draw attention to the factors outlined in Note 1 and therefore the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Signed:

Date: 27 February 2025



Dean Palmer
Chairman

ENTERTAINMENT REWARDS LTD

(Formerly; INCENTIAPAY LIMITED)

ABN 43 167 603 992

HALF-YEAR FINANCIAL REPORT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

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The Directors present their report on the consolidated entity Entertainment Rewards Ltd and its controlled entities ("EAT" or "the Group") for the half year ended 31 December 2024.

Directors

The following persons were Directors of Entertainment Rewards Ltd during or since the end of the half year, up to the date of this report:

- Dean Palmer
- Charles Romito
- Ani Chakraborty
- Heidi Halson

Company Secretary

Kunal Kapoor, Company Secretary will continue to act as Company Secretary of the Company.

Review of Operations

Founded in 1994, as The Entertainment Book, Entertainment has evolved to become Australia and New Zealand's Premier Entertainment, Lifestyle and Rewards Platform Operator for individuals and enterprises.

Our marketing programs connect merchants with consumers seeking great offers on dining, entertainment, lifestyle and leisure experiences through direct digital memberships and loyalty programs.

In addition, the Group has launched a new Seamless Rewards business aimed at providing point of sale loyalty and rewards programs to key corporate customers.

We exist to support great causes, local businesses and provide our consumers with an opportunity to give, get and share.

Financial Review

Revenue from ordinary activities increased 13% versus the previous corresponding period to \$9.8m. This increase in revenue resulted from an increase in all the revenue segments, except membership sales revenue. Memberships sales also increased by 13% on a cash basis versus the corresponding period, but were down by 6% in the P&L due to timing differences associated with the recognition of the membership sales over the 12 – 24 month life of the memberships.

Costs were higher due to investment in direct marketing costs and fundraiser focused direct sales staff as part of our revenue pivot strategy. All other costs increased in line with revenues.

The Company delivered an Operating EBITDA loss of \$3.8m (1HFY24 loss of \$1.8m) and loss before tax of \$5.7m (1HFY24 loss of \$3.2m).

Cash and cash equivalents of \$1.6m at the end of the period together with undrawn facilities of \$2.5m provide the Company with sufficient short-term funding to manage existing operations and progress its revenue building strategy.

Revenue

Revenue from ordinary activities 1HFY2025 was \$9.8m compared to \$8.7m in 1HFY2024. This included:

- \$2.9m, or 29.3% from membership sales (1HFY2024: \$3.1m, 35.2%);
- \$1.2m, or 12.1% from enterprise client sales (1HFY2024: \$1.1m, 12.7%);
- \$0.45m, or 4.6% from fee income (1HFY2024: \$0.41m, 4.7%);
- \$0.39m or 4.0% from Seamless Rewards (1HFY2024: \$0.14m, 1.6%); and
- \$4.9m, or 50.1% from gift card sales (1HFY2024: \$3.8m, 44.4%).

Revenue from ordinary activities on an accrual basis was \$9.8m compared to \$8.7m in 1HFY2024, a 13% increase. Revenues based on cash receipts for 1HFY2025 were \$10.8m compared to \$8.8m in 1HFY24, an increase of 23%.

Membership revenue in the P&L witnessed a decrease of 6.0% compared to the corresponding period last year. However, the number of memberships sold during 1HFY2025 increased to approximately 40k from 35k in 1HFY2024, a 12.7% increase. The decrease in P&L revenue (compared to the increase in memberships sold) is due to timing differences arising from the recognition of revenue over the lifetime (12 months to 24 months) of the memberships.

Enterprise revenue increased by 7.6% compared to the same period last year driven by addition of new clients and increase in the members base of the existing clients.

Revenue from Advertising and Travel combined increased by 7.4% compared to the previous year due to improved sales performance and the introduction of new clients.

Seamless Rewards success fee increased 172.0% due to the ongoing and gradual scaling up of the card linked offers during 2QFY25, particularly for our Personalised Card Linked Offer program.

Gift Cards witnessed an impressive increase of 27.6% compared to the same period last year as we introduced new gift cards like David Jones and Entice to our membership base.

Net Loss After Tax

Reported net loss after tax (NLAT) for 1HFY2025 was \$5.7m (1HY2024: loss of \$3.2m).

Operational Review

The Entertainment Platform ecosystem brings together merchants, consumers, and fundraisers to support local economies and fundraising needs.

B2C business

Entertainment remains focused on its strategic growth pillar of growing B2C business revenues and continuing to support fundraisers through Entertainment Memberships. Continuing our strong history of supporting the community, we made contributions of \$0.21 million to charities and not-for-profit organisations during the period. This is something that we are very proud of and remains a core value of our business now and into the future.

1HFY25 witnessed the reversal of the decline in the membership sales observed during the last few years and we were able to grow membership sales by 13%. We continue to bring in new offerings for our members which allow them to enjoy big savings on everyday spending. As at the end of the half, the Company had nearly 7,500 merchant offers, making

Entertainment a market leader in the sector.

B2B business

B2B 'Frequent Values' witnessed another strong half year. Customers using our Enterprise program apps grew by 22% during 1HFY25 due to addition of new clients, improved program performance and enhanced customer engagement.

Seamless Rewards

During the half-year, Entertainment made strong progress with its B2B2C Seamless Rewards business. The Company successfully scaled up its partnership with one of the world's largest payment network providers to provide cash back offers under Personalised Card Linked Offers (PCLO). We're seeing most of the growth in this area in the travel, dining and retail sectors. Hotel accommodation, rental vehicles, and QSR's lead the way in consumer spending.

A portfolio of offers across dining, travel and retail resulted in \$3.2m transaction value through the program during 1HFY25.

Gift Cards

During the half-year, Entertainment introduced big brands like David Jones, Shell and Entice gift cards for everyday use by its members. We also forged direct relationships with JB Hi Fi and The Good Guys to drive higher volumes with better margins.

Outlook

Entertainment continues to invest in our people, merchants, operating platforms, entertainment-based incentives and rewards programs to position the Company to support its members and eco-system partners. After significantly progressing cost reduction and technology improvement initiatives, we have now embarked on a revenue growth strategy to increase revenues as follows:

- Reconnect and work along with the fund raiser community to support their causes through Entertainment memberships while capitalising the brand recall value of Entertainment to drive membership sales.
- Quality investment in the merchant assets through new acquisition of fine dining content and experiences related activities.
- Continue to grow FV members while maintaining a strong pipeline of clients to ensure consistent growth.
- Grow transaction linked revenues through building a strong offer base in partnership with one of the world's largest payment networks and through travel, leisure and online retail offers to our audience base.

To support our revenue growth strategy, we have undertaken major organisational restructuring with the addition of new roles and intra-department movements. Revenue-building will continue to be a key emphasis during 2025.

Significant One-off Item

In January 2025, the Company executed a major amendment to the \$22.5m convertible note agreement with its main lender, Suzerain Investment Holdings Ltd. The effective date of the amendment was 31 December 2024. The following are the key terms of the amendment:

- Conversion of principal amount of \$22.5 million at fixed price of 2.2 cents at the option of the Company. This resulted in the reclassification of the \$22.5m convertible note from debt to Equity in the Balance Sheet.
- Interest rate on loan principal and cumulative interest reduced to 0% p.a.
- The cumulative interest payment date was extended from 31 December 2025 to 31 December 2026.
- The due date for the settlement of the principal component was extended from 31 December 2025 to 31 December 2026. This extension is subject to shareholders' approval.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This Directors' report is signed in accordance with a resolution of the Board of Directors:

Dated this 27th of February 2025.



Dean Palmer
Chairman

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Entertainment Rewards Ltd

As lead auditor for the review of Entertainment Rewards Ltd for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Entertainment Rewards Ltd and the entities it controlled during the period.

William Buck

William Buck Audit (Vic) Pty Ltd

ANB 59 116 151 136



N. S. Benbow

Director

Melbourne, 27 February 2025

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated condensed interim statement of profit or loss and other comprehensive
For half year ended 31 December 2024

	Note	Consolidated Group	
		Half-year ended 31-Dec-24	Half-year ended 31-Dec-23
		\$	\$
Revenue and other income	2	9,824,246	8,718,863
Cost of sales		(6,251,753)	(4,469,641)
Gross profit		3,572,493	4,249,222
Employee expenses		(5,922,893)	(4,543,068)
Depreciation and amortisation expense		(81,246)	(76,350)
Building occupancy expense		(19,811)	(1,028)
Finance costs		(1,800,812)	(1,386,708)
Legal and professional costs		(123,106)	(103,823)
Marketing expenses		(374,356)	(344,917)
Website and communication		(456,271)	(400,437)
Bad debts reversals/(expenses)		5,319	(19,576)
Corporate and administrative expenses		(460,221)	(609,855)
Operating loss before income tax		(5,660,904)	(3,236,540)
Tax expense		-	-
Net loss for the period		(5,660,904)	(3,236,540)
Net loss attributable to members of the parent entity		(5,660,904)	(3,236,540)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Gain/(loss) arising from translating foreign controlled entities		(6,592)	7,592
Total comprehensive loss for the period		(5,667,496)	(3,228,948)
Loss per share			
Basic and diluted loss per share (cents)		(0.45)	(0.26)

The accompanying notes form part of these financial statements.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated condensed interim statement of financial position
as at 31 December 2024

	Note	Consolidated Group	
		31-Dec-24 \$	30-Jun-24 (restated) \$
Current assets			
Cash and cash equivalents		1,623,431	1,968,186
Trade and other receivables		266,108	523,753
Contract assets		139,828	126,256
Inventories		115,254	72,177
Other assets	4	722,531	561,280
Total current assets		2,867,152	3,251,652
Non-current assets			
Plant and equipment		67,100	70,278
Intangible assets		796,711	855,727
Total non-current assets		863,811	926,005
Total assets		3,730,963	4,177,657
Current liabilities			
Trade and other payables		3,263,884	2,686,893
Borrowings	5	-	23,707,807
Deferred revenue		2,963,351	2,637,603
Provisions		441,842	402,043
Total current liabilities		6,669,077	29,434,346
Non-current liabilities			
Borrowings	5	9,199,047	3,803,950
Deferred revenue		68,008	166,744
Provisions		72,449	55,727
Total non-current liabilities		9,339,504	4,026,421
Total liabilities		16,008,581	33,460,767
Net deficiency of assets		(12,277,618)	(29,283,110)
Equity			
Issued capital		132,383,265	132,141,215
Reserves		22,907,906	483,560
Accumulated losses		(167,568,789)	(161,907,885)
Total equity		(12,277,618)	(29,283,110)

The accompanying notes form part of these financial statements

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated condensed interim statement of changes in equity
For half year ended 31 December 2024

	Issued capital	Accumulated losses	Convertible note reserve	Foreign currency translation reserve	Share based payments reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	132,141,224	(154,267,313)	-	346,233	-	(21,779,856)
Comprehensive income						
Loss for the period	-	(3,236,540)	-	-	-	(3,236,540)
Other comprehensive income						
Exchange differences on translation of foreign operations	3	-	-	7,592	-	7,595
Total comprehensive income for period	3	(3,236,540)	-	7,592	-	(3,228,945)
Transactions with owners, in their capacity as owners and other transfers						
Vesting charge for share based payments	-	-	-	-	16,365	16,365
Total transactions with owners and other transfers	-	-	-	-	16,365	16,365
Balance at 31 December 2023	132,141,227	(157,503,853)	-	353,825	16,365	(24,992,436)

	Issued capital	Accumulated losses	Convertible note reserve	Foreign currency translation reserve	Share based payments reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2024	132,141,215	(161,907,885)	-	343,417	140,143	(29,283,110)
Comprehensive income						
Loss for the period	-	(5,660,904)	-	-	-	(5,660,904)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	(6,592)	-	(6,592)
Total comprehensive income for period	-	(5,660,904)	-	(6,592)	-	(5,667,496)
Transactions with owners, in their capacity as owners and other transfers						
Shares issued during the period	135,500	-	-	-	-	135,500
Convertible note reclassification	-	-	22,500,000	-	-	22,500,000
Vesting charge for share based payments	106,550	-	-	-	(69,092)	37,488
Total transactions with owners and other transfers	242,050	-	22,500,000	-	(69,092)	22,672,988
Balance at 31 December 2024	132,383,265	(167,568,789)	22,500,000	336,825	71,081	(12,277,618)

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated condensed interim statement of cash flows
for half year ended 31 December 2024

	Consolidated Group	
	Half-year ended 31-Dec-24	Half-year ended 31-Dec-23
	\$	\$
Cashflows from operating activities		
Receipts from customers	10,819,005	8,787,957
Payments to suppliers and employees	(13,539,557)	(10,538,950)
Net cash used in operating activities	(2,720,552)	(1,750,993)
Cashflows from investing activities		
Purchase of property, plant and equipment	(19,053)	(15,065)
Interest received	8,969	14,634
Proceeds from term investments	-	332,209
Net cash used in investing activities	(10,084)	331,778
Cashflows from financing activities		
Proceeds from borrowings	2,641,268	1,930,000
Interest and other finance costs	(252,207)	(211,931)
Principal element of lease payments	-	(232,699)
Net cash from financing activities	2,389,061	1,485,370
Net increase/(decrease) in cash held	(341,575)	66,155
Cash and cash equivalents at beginning of financial period	1,968,186	1,825,406
Effects of movements in exchange rates on cash and cash equivalents held	(3,180)	2,132
Cash and cash equivalents at the end of the financial period in continuing operations	1,623,431	1,893,693

The accompanying notes form part of these financial statements

Notes to the financial statements for the half year ending 31 December 2024**Note 1 | Summary of material accounting policies****Basis of preparation**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2024 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Entertainment Rewards Ltd and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2024, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the date of signing the attached Directors' Declaration.

Going concern

The consolidated financial report has been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business.

On 31 December 2024 the Group had cash on hand of \$1.62 million, net liabilities of \$12.3 million and a net current asset deficiency of \$3.8 million. During the half year ended 31 December 2024, the Group incurred a net loss before tax of \$5.7 million and incurred net cash outflows from operating activities of \$2.7 million.

The Directors have prepared cash flow forecasts for the period from 1 January 2025 to 30 June 2026 that support the ability of the Group to continue as a going concern. Key items of the forecasts:

- Focus on growing key revenue areas through re-engagement of the Fund raiser channel, acquisition of new clients in B2B space and growing transaction linked revenues.
- Significant reduction in the operating costs through outsourcing of few roles and reduction in IT contractual manpower costs, while investing more in the brand awareness.
- Continued support from the majority shareholder. Company was able to secure a new \$5 million unsecured facility from Suzerain Investments in June 2024 with repayment date as on 31 December 2026. As at 31 December 2024, the Company was also able to obtain the extension of repayment date of \$1.2 million and \$0.5 million to 31 December 2026 from 31 December 2025.
- The Company signed an amendment deed on 28 January 2025, specifying that the following amendments would take effect from 31 December 2024 - for further details refer to Note 5:
 - Principal amount of \$22.5 million to be converted into equity at the option of the Company
 - Interest rate to be 0%
 - Interest repayment date extended to 31 December 2026 from 31 December 2025
 - Due date for the settlement of the principal component was extended from 31 December 2025 to 31 December 2026. This extension is subject to shareholders' approval.

The ongoing operations of the Group is critically dependent upon the Group continuing to access the Suzerain & related parties financing facilities and the success of the revenue growth strategies.

As of 31 December 2024, the Group had undrawn financing facilities from Suzerain and related parties totalling \$2.5 million. See note 5 for further information. This undrawn amount has reduced to \$1 million at the date of the approval of this financial report.

Considering the financial results for the half year ended 31 December 2024, and the inherent uncertainty and highly sensitive assumptions present in the cash flow forecasts, there is a material uncertainty that may cast significant doubt on the group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

However, the Directors have reasonable grounds to believe that the ongoing financial support of Suzerain and its related entities is likely to continue, and accordingly have prepared the financial report on a going concern basis.

Restatement of comparatives - classification of convertible notes

During the reporting period the entity adopted for the first time 2020-1 (2020-6 as amended): Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, which became mandatory in the reporting period. The impact of the change related to the entity's convertible notes, which included conversion entitlements entitling the investor to convert the notes to equity within 12 months of the reporting date, irrespective of the note's cash redemption date. Previously the entity classified such liabilities as non-current liabilities. As a consequence, the comparative balances of convertible note liabilities have been restated from non-current to current in the statement of financial position.

Notes to the financial statements for the half year ending 31 December 2024
Note 2 | Revenue

	Consolidated Group	
	Half-year ended 31-Dec-24	Half-year ended 31-Dec-23
	\$	\$
Fee income-Paid advertising	448,268	408,144
Fee income-Travel booking	496	9,712
Membership subscriptions	2,873,547	3,058,236
Enterprise sales	1,187,028	1,102,743
Gift card sales	4,916,265	3,853,583
Seamless Rewards Success Fee	389,136	143,051
Merchant Management Services	-	99,243
Revenue from contracts with customers	9,814,740	8,674,712
Other income ¹	537	29,120
Interest received	8,969	15,031
Total revenue and other income	9,824,246	8,718,863

¹ Other income for half year ended 31 December 2023 consists predominantly of the outgoing component of the expired sublease for the previous Sydney Head Quarters and Harrington Street. The lease concludes in October 2023.

Note 3 | Operating segments
Accounting policy

Reportable segments are identified on the basis of internal reports on the business units of the Group that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and assess its performance. Entertainment Rewards Ltd manages the Group as two segments, being the Entertainment business and Seamless Rewards business.

	Entertainment		Seamless Rewards		Total	
	Half-year ended 31-Dec-24	31-Dec-23	Half-year ended 31-Dec-24	31-Dec-23	Half-year ended 31-Dec-24	31-Dec-23
	\$	\$	\$	\$	\$	\$
Revenue and other income	9,435,110	8,476,570	389,136	242,293	9,824,246	8,718,863
Cost of sales	(6,028,648)	(4,360,799)	(223,105)	(108,842)	(6,251,753)	(4,469,641)
Employee expenses	(5,846,335)	(4,402,330)	(76,558)	(140,738)	(5,922,893)	(4,543,068)
Depreciation and amortisation expense	(22,230)	(17,334)	(59,016)	(59,016)	(81,246)	(76,350)
Building occupancy expense	(19,811)	(1,028)	-	-	(19,811)	(1,028)
Finance costs	(1,800,812)	(1,386,708)	-	-	(1,800,812)	(1,386,708)
Legal and professional costs	(123,106)	(103,823)	-	-	(123,106)	(103,823)
Marketing expenses	(374,356)	(344,917)	-	-	(374,356)	(344,917)
Website and communication	(398,031)	(343,155)	(58,240)	(57,282)	(456,271)	(400,437)
Bad debts	5,319	(19,576)	-	-	5,319	(19,576)
Other expenses	(460,171)	(609,795)	(50)	(60)	(460,221)	(609,855)
Segment profit/ (loss) before income tax	(5,633,071)	(3,112,895)	(27,833)	(123,645)	(5,660,904)	(3,236,540)

Notes to the financial statements for the half year ending 31 December 2024
Note 3 | Operating segments (continued)

	Entertainment		Seamless Rewards		Total	
	As at		As at		As at	
	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24	31-Dec-24	30-Jun-24
	\$	\$	\$	\$	\$	\$
Segment total assets	2,676,490	4,179,291	1,054,473	(1,632)	3,730,963	4,177,659
Segment total non-current assets	67,100	927,637	796,711	(1,632)	863,811	926,005
Segment total liabilities	14,052,525	34,334,517	1,956,056	(873,750)	16,008,581	33,460,767

Revenue by geographical location

The geographic information presented in the table below is included to facilitate a better understanding of Entertainment's geographic footprint, however, is not regularly monitored or reviewed by management as separate segments. Revenue attributable to external customers and other income is disclosed in the table below relative to the country in which it is derived and invoiced.

	Half-year ended 31-Dec-24	Half-year ended 31-Dec-23
	\$	\$
Australia	9,309,417	8,132,854
New Zealand	514,829	586,009
Total	9,824,246	8,718,863

Note 4 | Other assets

	Consolidated Group	
	31-Dec-2024	30-Jun-2024
	\$	\$
Current		
Short term investments ¹	109,261	109,261
Prepayments	246,684	138,545
Deferred commission ²	366,586	313,474
Total other assets	722,531	561,280

¹ Short-term investments are all deposits held with banks.

² Sales commission paid to fundraiser partners for the sale of Entertainment memberships is an incremental cost of obtaining contracts with customers and is initially recognised as a prepayment on the balance sheet, and subsequently amortised as an expense through the income statement in line with the recognition of revenue from associated membership sales.

Notes to the financial statements for the half year ending 31 December 2024
Note 5 | Borrowings

	Consolidated Group	
	31-Dec-24	30-Jun-24 (restated)
	\$	\$
Current		
Transformational capital facility	-	1,207,807
Suzerain Investment Holdings Convertible Loan facility	-	22,500,000
Total current borrowings	-	23,707,807
Non-current		
Transformational capital facility	1,208,218	-
Interest bearing loan	802,141	766,997
Suzerain Investment Holdings Convertible Loan facility	4,594,626	3,036,953
Suzerain Investment Holdings Loan Facility (Unsecured Loan)	2,594,062	-
Total non-current borrowings	9,199,047	3,803,950
Total borrowings	9,199,047	27,511,757

	Interest bearing loan	Transformational capital facility	Suzerain Investment Holdings Convertible Loan facility	Suzerain Investment Holdings Loan Facility (Unsecured Loan)
	\$	\$	\$	\$
Facility limit	500,000	1,200,000	22,500,000	5,000,000
Available funds	-	-	-	2,500,000
Interest rate	10.0% per annum	12.5% per annum	N/A	13.0% per annum
Line fees	N/A	2,000 per month	N/A	1% annually on the Outstanding Principal
Admin fees	N/A	N/A	27,500 per month	N/A
Maturity date	31/12/2026 ¹	31/12/2026 ¹	31/12/2026 ²	31/12/2026 ¹
Security	Security over all the Group's present and future property	Second ranking security over all the Group's present and future property	First ranking security over all the Group's present and future property	Unsecured
Equity conversion option	No	No	Yes, the Company can decide on the timing of conversion	No
Opening balance as at 1 July 2024	766,997	1,207,807	25,536,953	-
Drawn down	-	-	141,268	2,500,000
Interest expenses	35,144	75,618	1,416,405	81,562
Line fees	-	12,000	-	12,500
Admin fees	-	-	165,000	-
Interest repaid	-	(75,207)	-	-
Line fees repaid	-	(12,000)	-	-
Admin fees repaid	-	-	(165,000)	-
Convertible note reclassification to equity	-	-	(22,500,000)	-
Closing balance as at 31 December 2024	802,141	1,208,218	4,594,626	2,594,062

¹ Repayment terms were agreed in December 2024 seeing a deferment in repayment until 31 December 2026.

² Cumulative Interest and Principal payment date deferred to 31 December 2026. The due date for the settlement of the principal component was extended from 31 December 2025 to 31 December 2026. This extension is subject to shareholders' approval.

Notes to the financial statements for the half year ending 31 December 2024**Interest bearing loan**

On 9 August 2019 the Group entered into a loan deed with Suzerain for total funding of \$19 million to support working capital requirements and to restructure the business.

The loan was to be repaid on 30 September 2020 with interest capitalised at 10% per annum. During the 2020 AGM, resolutions were passed to enter into a General Security Deed over the assets of the Group in the form attached to the Convertible Loan Deed and for the loan to be convertible to ordinary shares at the higher of \$0.047 per share or 30 days volume weighted average price prior to conversion.

Accordingly, \$19.3 million including accrued interest on the convertible loan was converted to equity with the issuance of 410,643,766 ordinary shares (4.7cent per share) in the Company. \$0.5m of the convertible loan was left in the loan in which Suzerain had the option to convert up until 30 June 2020. The option lapsed as the loan was not converted at 30 June 2020. The balance remaining on this loan is \$0.66m (Including interest) and will remain as a secured interest-bearing loan until repaid. The Interest-bearing loan matured on 30 September 2020. The Company signed an amendment deed in August 2023 to defer the Principal and Interest payment to 31 December 2024 and another amendment deed in December 2023 to defer the Principal and Interest payment to 31 December 2025. A third amendment deed was agreed in December 2024 to defer the Principal and Interest payment date to 31 December 2026.

Transformational capital facility

Skybound Fidelis Investment limited as trustee for the Skybound Fidelis Credit Fund (Skybound) (a related entity of Suzerain) provided the Group with a \$1.2 million facility for the transformational capital expenditures. During the AGM in December 2020, the resolutions were passed to enter into a second ranking security deed (ranking behind Suzerain). As at 30 June 2022 this loan facility has been fully drawn down.

The original repayment date for this loan was 11 February 2022, however, as part of the Group's debt management plans, the repayment date has been renegotiated and has been deferred to 31 December 2024. Updated repayment terms have been agreed post 30 June 2024 seeing a deferment in repayment until 31 December 2025 and another amendment deed in December 2024 to defer the principal repayment date to December 2026.

Suzerain Investment Holdings Limited Convertible Loan Facility (Previously New Gold Coast Holdings Loan facility)

New Gold Coast Holdings Limited (NGCH), a related party of Suzerain, provided a \$5 million Loan facility that was approved on 3 June 2021. The funds have been predominantly used to expedite the development of the company's technology and customer experience platforms and to provide contingent working capital due to seasonal cash inflows. During the AGM on the 20 January 2022, the resolutions were passed to enter a second ranking security deed (ranking behind Suzerain). During the EGM on 23 May 2022, Entertainment Rewards Ltd gained shareholder approval to enter a convertible loan deed with New Gold Coast Holdings Limited which extended the total facility to \$22.5m and deferring the repayment date to 31 December 2024. Convertible loan deed provides an option to NGCH to convert the principal outstanding under the facility into the shares of the company at higher of a) A\$0.022 per share or b) the volume weighted average price of Shares traded on ASX during the period of 30 trading days concluding on the trading day before the issue date of the relevant Conversion Shares, plus an additional 20%.

The Company signed an amendment deed signed in December 2023 to defer the principal and interest payment until 31 December 2025.

The Company signed a novation deed dated 19 October 2024, novating the loan facility in favour of Suzerain Investment Holdings Limited on the existing terms and conditions which was approved by the Company's shareholders in 2024 AGM. The Company signed an amendment deed on 28 Jan 2025 with the following amendments:

1. Conversion price to be fixed at 2.2 cents.
2. Option to convert shifted from the lender to the Company
3. Interest rate to be 0% from 31 December 2024
4. Interest repayment date deferred to 31 December 2026.
5. Principal repayment/ conversion date deferred to 31 December 2026 subject to shareholder's approval.
6. The amendments were made with an effective date of 31 December 2024.

Since the amendment deed removes the variability in the number of shares to be issued for settling the liability, granting the Company discretion to repay the principal component of the debt by issuing a fixed number of shares, the principal component of the facility has been reclassified as equity in the statement of financial position. Although the agreement was finalised on 28 January 2025, the reclassification is effective from 31 December 2024, as the amendment deed explicitly states that these changes take effect from that date. Consequently, 31 December 2024 is regarded as the point at which the liability was legally extinguished and reclassified as equity, consistent with the establishment of a fixed conversion criteria. Due to the modification of the convertible note being made with a party under common control, the fair value of the liability as at the date of modification was reclassified to equity.

Suzerain Investment Holdings Loan Facility (Unsecured Loan)

On 28 June 2024 the Group entered into a new loan agreement with Suzerain for total funding of \$5 million. The loan is unsecured with no convertible option. An amendment deed was signed in December 2024 to defer the principal and interest payment until 31 December 2026. The undrawn portion of the facility as at 31 December 2024 was \$2.5 million.

Notes to the financial statements for the half year ending 31 December 2024

Note 6 | Fair Value Measurement

Financial assets and liabilities are measured at either fair value or amortised cost. Fair value is 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. There have been no changes in the nature of the financial assets or liabilities or changes to the way the Group measures fair value since 31 December 2024. Refer to the 30 June 2024 consolidated financial statements for further information. The carrying amounts of all financial assets and liabilities recognised in the consolidated interim financial statements approximate their fair value. For the period ended 31 December 2024 all materially significant financial assets and liabilities had Level 1 fair valuations (31 December 2023: Level 1).

Note 7 | Events after the end of the Interim Period

None

Note 8 | Contingent liability

Security deposit

The parent entity has given a guarantee for credit cards facility of \$0.1m as at 31 December 2024.

Directors' Declaration

In accordance with a resolution of the directors of Entertainment Rewards Ltd, the Directors of the company declare that:

1. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
2. The attaching financial statements and notes are in accordance with the Corporations Act 2001 and:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting, and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of the performance for the half-year ended on that date.

The declaration is made in accordance with the resolution of the Board of Directors.

Dated this 27th day of February 2025.



Dean Palmer

Chairman

Independent auditor's review report to the members of Entertainment Rewards Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Entertainment Rewards Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2024,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including material accounting policy information, and
- the directors' declaration.

Basis for conclusion

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

Material uncertainty related to going concern

We draw attention to Note 1 of the financial report which indicates that the Group during the half-year ended 31 December 2024 incurred a net loss before income tax of \$5,660,904 and net operating cash outflows of \$2,720,552. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

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

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Melbourne, 27 February 2025