

Appendix 4E
Entertainment Rewards Ltd (EAT or the Company)
(Formerly, IncentiaPay Limited)
(ABN 43 167 603 992)

Results for announcement to the market

This Appendix 4E of Entertainment Rewards Ltd is provided to the Australian Securities Exchange (**ASX**) under ASX Listing Rule 4.3A.

1. Reporting period details

Current reporting period: Financial year ended 30 June 2025 (**FY2025**)
 Previous corresponding period: Financial year ended 30 June 2024 (**FY2024**)

2. Results for announcement to the market

| Unaudited Results | Direction | % | | FY2025 | | FY2024 |
|---|-----------|-------|----|---------|------|---------|
| Operating Revenue (\$'000) ¹ | ▲ | 12.7% | to | 18,694 | from | 16,588 |
| Underlying EBITDA (\$'000) ² | ▼ | 53.0% | to | (6,812) | from | (4,453) |
| Net Loss after Tax (\$'000) | ▼ | 26.4% | to | (9,655) | from | (7,640) |
| Basic Loss per Share (NPAT) (cents) | ▼ | 21.0% | to | (0.8) | from | (0.6) |
| Final Dividend per Share | No Change | | | | | |
| Interim Dividend per Share | No Change | | | | | |
| Net Tangible Assets per Share (cents) | ▲ | 46.5% | to | (1.3) | from | (2.4) |

¹ Revenue excludes interest income of \$16k in FY2025 and \$28k in FY2024.

² Non-AIFRS item - see section 3 below.

Commentary on results for the period

| Performance | Ref | FY2025 \$'000 | FY2024 \$'000 |
|--|------------|------------------|------------------|
| Revenue | | | |
| Membership Subscriptions | | 5,594 | 5,674 |
| Enterprise Sales | | 2,411 | 2,170 |
| Paid Advertising | | 995 | 859 |
| Fee Income - Travel Booking | | 3 | 16 |
| Gift Card Sales | | 8,543 | 7,184 |
| Card Linked offer Fees (Seamless Rewards) | | 1,142 | 501 |
| Merchant Management Fees | | - | 151 |
| Other Income | | 6 | 33 |
| Interest Income | | 16 | 28 |
| Total Revenue¹ | | 18,710 | 16,616 |
| Less: Interest Income | | (16) | (28) |
| Total Operating Revenue² | | 18,694 | 16,588 |
| Underlying EBITDA³ | | (6,812) | (4,453) |
| Depreciation & Amortisation | | (417) | (156) |
| EBIT before significant items | | (7,229) | (4,609) |
| Net Interest Expense | | (2,229) | (2,885) |
| Loss before tax and significant items | | (9,458) | (7,494) |
| Significant items | | | |
| Share based (payments)/write back | 3.3 | (197) | (146) |
| Loss before income tax expense | | (9,655) | (7,640) |
| Income tax benefit | | - | - |
| Net loss after tax | | (9,655) | (7,640) |
| Receipts from customers | | 19,394 | 16,507 |

¹ Revenue as per the annual financial statements

² Operating Revenue excludes interest income. Interest income is included in "Net interest expense"

³ Non-AIFRS items

The **Underlying EBITDA** loss for FY2025 was \$6.8million, compared to a loss of \$4.5million in FY2024. The higher loss is primarily driven by the conscious choice to increase 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 also reflects the business's revenue recognition profile, which has yet to fully capture the increased Enterprise sales achieved in FY2025. This is due to timing differences from recognising revenue over the contract term (12 months).

3.1 Operating Revenue

| Operating Revenue | FY2025 \$'000 | % of total | FY2024 \$'000 | % of total | % Increase/ (Decrease) |
|---|------------------|---------------|------------------|---------------|------------------------------|
| Membership Subscriptions | 5,594 | 29.9% | 5,674 | 34.2% | (1.4%) |
| Enterprise Sales | 2,411 | 12.9% | 2,170 | 13.1% | 11.1% |
| Fee Income (Paid Advertising + Travel Booking) | 998 | 5.3% | 875 | 5.3% | 14.0% |
| Gift Card Sales | 8,543 | 45.7% | 7,184 | 43.3% | 18.9% |
| Seamless Rewards related fees | 1,142 | 6.1% | 652 | 3.9% | 75.2% |
| Other Revenues | 6 | 0.0% | 33 | 0.2% | (81.8%) |
| Total Operating Revenue | 18,694 | | 16,588 | | 12.7% |

Operating revenue increased by 12.7% in FY2025, compared to a 3.6% decline in the prior year. This growth was driven by strong performance in Seamless Rewards fees, Gift Card sales, Enterprise sales, and fee income from Paid Advertising and Travel Booking.

Memberships sold rose by 11.9%, from approximately 67.9k in FY2024 to 76.0k in FY2025, reversing a decline from the prior year of 30.0%. The reduction in membership revenues reflects timing differences from recognising revenue over the life of the memberships (12 to 24 months). The impact of increased memberships sold in FY2025 will be more fully reflected in FY2026. Similarly, new Enterprise contracts worth \$0.7 million were signed and invoiced in FY2025 with revenue to be reflected in FY2026.

The Seamless Rewards segment, launched in October 2022, recorded significant revenue growth during the year.

Other revenue declined following the termination of the sub-lease of office space, with the associated cost savings reflected in lower office rental expenses.

3.2 Net Loss After Tax and Impairments

Reported net loss after tax (NLAT) from ordinary activities in FY2025 was \$9.7 million compared to a net loss after tax from ordinary activities in FY2024 of \$7.6 million.

3.3 Significant items for FY2025 – Share based payments - \$197k

During FY2024, the Board and Shareholders approved a Loan Funded Share Scheme (LFS) for Dean Palmer, Chairman. Additionally, the Board and Shareholders 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 during FY2025 and will be replaced by a new Long-Term Incentive Plan to be finalised during FY2026.

During the period, \$136k in share-based payments were recognized as issued equity, \$67k was allocated to an equity reserve under the terms of LFS schemes, and a \$6k reversal was made for the prior CEO share-based compensation accrual.

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

In January 2025, the company executed a major amendment to the \$22.5 million 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:

- The right for the principal amount of \$22.5 million to be converted to ordinary equity at a fixed price of 2.2 cents is now at the discretion of the Company (not Suzerain). This resulted in the reclassification of the \$22.5 million convertible note from debt to equity in the Balance Sheet.

- The interest rate on the loan principal and the accrued interest was reduced to 0% p.a.
- The accrued 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 which will be sought at the next AGM.

4 A Statement of Comprehensive Income

A Statement of Comprehensive Income together with notes to the statement is contained in the Preliminary Financial Report for the year ended 30 June 2025.

5 A Statement of Financial Position

A Statement of Financial Position together with notes to the statement is contained in the Preliminary Financial Report for the year ended 30 June 2025.

6 A Statement of Cash Flows

A Statement of Cash Flows together with notes to the statement is contained in the Preliminary Financial Report for the year ended 30 June 2025.

7 A Statement of Changes in Equity

A Statement of Changes in Equity, showing movements is contained in the Preliminary Financial Report for the year ended 30 June 2025.

8 Details of individual and total dividends or distributions and dividend or distribution payments

No dividend was declared or distributed in relation to the year ended 30 June 2025.

9 Details of any dividend or distribution reinvestment plans in operation

There was no dividend reinvestment plan in operation during the year ended 30 June 2025.

10 Details of entities over which control has been gained or lost during the period

No control was gained or lost over entities during the year ended 30 June 2025.

11 Details of any associates and joint venture entities

There were no associates or joint ventures during the period.

12 Any other significant information needed by an investor

Further significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position is included in the Preliminary Financial Report.

13 Foreign entities, accounting standards used in compiling the report

Not applicable.

14 Significant post year end events

An increase of \$3.0 million in loan facility has been signed with Suzerain Investment.

15 Non-IFRS Financial Information

Within this Appendix 4E the Directors have presented several pieces of non-IFRS financial information, including a calculation of Underlying EBITDA, to better describe the underlying 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 and rejuvenation.

16 Progress of audit

The FY2025 accounts are in the process of being audited. As such, the information set out in this Appendix 4E, and the attached Preliminary Financial Report is unaudited.

Signed:

Date: 28 August 2025.



Dean Palmer

Chair

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ENTERTAINMENT REWARDS LTD

(Formerly; INCENTIAPAY LIMITED)

ABN 43 167 603 992

Preliminary Unaudited
Annual Financial Report

For the year ended

30 JUNE 2025

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ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated statement of profit or loss and other comprehensive income
for year ended 30 June 2025

| | Note | Consolidated Group | |
|--|------|--------------------|--------------------|
| | | 2025 \$ | 2024 \$ |
| Revenue and other income | 2 | 18,709,683 | 16,615,832 |
| Cost of sales | 3 | (11,564,975) | (8,519,445) |
| Gross profit | | 7,144,708 | 8,096,387 |
| Employee expenses | 3 | (11,180,548) | (9,812,193) |
| Marketing expenses | | (786,867) | (685,304) |
| Website and communication | | (825,533) | (777,153) |
| Legal and professional costs | | (198,622) | (248,062) |
| Corporate and administrative expenses | | (1,081,648) | (1,185,584) |
| Finance costs | 3 | (2,245,247) | (2,913,101) |
| Building occupancy expense | | (41,951) | (34,631) |
| Bad debts reversals/(expenses) | 3 | (22,217) | 74,724 |
| Depreciation and amortisation expense | | (417,163) | (155,655) |
| Loss before income tax | | (9,655,088) | (7,640,572) |
| Tax benefit | | 83 | - |
| Net loss for the period | | (9,655,005) | (7,640,572) |
| Net loss attributable to members of the parent entity | | (9,655,005) | (7,640,572) |
| Other comprehensive income | | | |
| <i>Items that may be reclassified to profit or loss:</i> | | | |
| Gain/(loss) arising from translating foreign controlled entities | 13 | 9,047 | (2,825) |
| Total comprehensive loss for the period | | (9,645,958) | (7,643,397) |
| Loss per share | | | |
| Basic loss per share (cents) | 4 | (0.77) | (0.62) |
| Diluted loss per share (cents) | 4 | (0.77) | (0.62) |

The accompanying notes form part of these financial statements.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated statement of financial position
as at 30 June 2025

| | Note | Consolidated Group | |
|--------------------------------------|-------|---------------------|-----------------------|
| | | 2025 \$ | 2024 (restated) \$ |
| Current assets | | | |
| Cash and cash equivalents | | 1,425,445 | 1,968,186 |
| Trade and other receivables | 6 | 609,952 | 523,753 |
| Contract assets | 2 | 386,580 | 126,256 |
| Inventories | | 110,054 | 72,177 |
| Other assets | 7 | 520,319 | 561,280 |
| Total current assets | | 3,052,350 | 3,251,652 |
| Non-current assets | | | |
| Plant and equipment | | 49,868 | 70,278 |
| Intangible assets | 8 | 478,027 | 855,727 |
| Total non-current assets | | 527,895 | 926,005 |
| Total assets | | 3,580,245 | 4,177,657 |
| Current liabilities | | | |
| Trade and other payables | 9 | 2,992,792 | 2,686,893 |
| Borrowings | 10 | - | 23,707,807 |
| Deferred revenue | 11 | 2,851,758 | 2,637,603 |
| Provisions | | 411,155 | 402,043 |
| Total current liabilities | | 6,255,705 | 29,434,346 |
| Non-current liabilities | | | |
| Borrowings | 5, 10 | 13,516,693 | 3,803,950 |
| Deferred revenue | 11 | 542 | 166,744 |
| Provisions | | 33,670 | 55,727 |
| Total non-current liabilities | | 13,550,905 | 4,026,421 |
| Total liabilities | | 19,806,610 | 33,460,767 |
| Net deficiency of assets | | (16,226,365) | (29,283,110) |
| Equity | | | |
| Issued capital | 12 | 132,383,265 | 132,141,215 |
| Reserves | 13 | 22,953,260 | 483,560 |
| Accumulated losses | | (171,562,890) | (161,907,885) |
| Total equity | | (16,226,365) | (29,283,110) |

The accompanying notes form part of these financial statements

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated statement of changes in equity
for year ended 30 June 2025

| | | Issued capital | Accumulated losses | Convertible note Reserve | Foreign currency translation reserve | Share based payments reserve | Total |
|--|------|--------------------|----------------------|--------------------------|--------------------------------------|------------------------------|---------------------|
| | Note | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2023 | | 132,141,215 | (154,267,313) | - | 346,242 | - | (21,779,856) |
| Comprehensive income | | | | | | | |
| Loss for the period | | - | (7,640,572) | - | - | - | (7,640,572) |
| Other comprehensive income | | | | | | | |
| Exchange differences on translation of foreign operations | | - | - | - | (2,825) | - | (2,825) |
| Total comprehensive income for period | | - | (7,640,572) | - | (2,825) | - | (7,643,397) |
| Transactions with owners, in their capacity as owners and other transfers | | | | | | | |
| Vesting charge for share based payments | 13 | - | - | - | - | 140,143 | 140,143 |
| Total transactions with owners and other transfers | | - | - | - | - | 140,143 | 140,143 |
| Balance at 30 June 2024 | | 132,141,215 | (161,907,885) | - | 343,417 | 140,143 | (29,283,110) |

| | | Issued capital | Accumulated losses | Convertible note Reserve | Foreign currency translation reserve | Share based payments reserve | Total |
|--|-------|--------------------|----------------------|--------------------------|--------------------------------------|------------------------------|---------------------|
| | Note | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2024 | | 132,141,215 | (161,907,885) | - | 343,417 | 140,143 | (29,283,110) |
| Comprehensive income | | | | | | | |
| Loss for the period | | - | (9,655,005) | - | - | - | (9,655,005) |
| Other comprehensive income | | | | | | | |
| Exchange differences on translation of foreign operations | | - | - | - | 9,047 | - | 9,047 |
| Total comprehensive income for period | | - | (9,655,005) | - | 9,047 | - | (9,645,958) |
| Transactions with owners, in their capacity as owners and other transfers | | | | | | | |
| Shares issued during the period | 12 | 135,500 | - | - | - | - | 135,500 |
| Debt eligible to Equity conversion | 10 | - | - | 22,500,000 | - | - | 22,500,000 |
| Vesting charge for share based payments | 13 | - | - | - | - | 67,203 | 67,203 |
| Exercised charge for share based payments | 12,13 | 106,550 | - | - | - | (106,550) | - |
| Total transactions with owners and other transfers | | 242,050 | - | 22,500,000 | - | (39,347) | 22,702,703 |
| Balance at 30 June 2025 | | 132,383,265 | (171,562,890) | 22,500,000 | 352,464 | 100,796 | (16,226,365) |

The accompanying notes form part of these financial statements.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated statement of cash flows
for year ended 30 June 2025

| | Note | Consolidated Group | |
|--|----------|--------------------|--------------------|
| | | 2025 \$ | 2024 \$ |
| Cashflows from operating activities | | | |
| Receipts from customers | | 19,393,651 | 16,507,284 |
| Payments to suppliers and employees | | (26,196,917) | (21,927,000) |
| Refund of security deposit | 7 | 6,800 | - |
| Net cash used in operating activities | 5 | (6,796,466) | (5,419,716) |
| Cashflows from investing activities | | | |
| Purchase of property, plant and equipment | | (19,053) | (13,377) |
| Interest received | | 16,357 | 27,619 |
| Proceeds from term investments | | - | 332,209 |
| Net cash used in investing activities | | (2,696) | 346,451 |
| Cashflows from financing activities | | | |
| Proceeds from borrowings | 5, 10 | 6,641,268 | 5,930,000 |
| Interest and other finance costs | 5, 10 | (379,003) | (477,945) |
| Principal element of lease payments | | - | (233,178) |
| Net cash from financing activities | | 6,262,265 | 5,218,877 |
| Net increase/(decrease) in cash held | | (536,897) | 145,612 |
| 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 | | (5,844) | (2,832) |
| Cash and cash equivalents at the end of the year | | 1,425,445 | 1,968,186 |

The accompanying notes form part of these financial statements

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Note 1 | Summary of material accounting policy information

Basis of preparation

These general-purpose financial statements for the year ended 30 June 2025 have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Consequently, this financial report is compliant with IFRS. Entertainment Rewards Ltd is a listed public Company incorporated and domiciled in Australia. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These audited consolidated 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 30 June 2025 the Group had cash on hand of \$1.42 million, net liabilities of \$16.23 million and a net current asset deficiency of \$3.2 million. During the year ended 30 June 2025, the Group incurred a net loss before tax of \$9.6 million and incurred net cash outflows from operating activities of \$6.8 million.

The Directors have prepared cash flow forecasts for the period from 1 July 2025 to 30 September 2026 that support the ability of the Group to continue as a going concern. Key assumptions contemplated in the forecast are listed below:

- 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.
- Continuing the cost discipline as evidenced during last 2 years (change in IT vendor with significant costs savings, outsourcing of support function roles to Philippines) while continuing to invest in brand awareness.
- Continued support from the majority shareholder. The Company was able to secure additional \$2.5 million unsecured facility from Suzerain Investments in April 2025 and further \$3.0 million in August 2025.
- The Company obtained extensions on the Suzerain and Skybound Fidelis loans from 31 December 2025 to 31 December 2026.

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 30 June 2025, the Group had undrawn financing facilities from Suzerain and related parties totalling \$1 million. See note 10 for further information. Further to the company signing the amendment deed in August 2025 to increase the loan facility by additional \$3 million, this undrawn amount has increased to \$3.5 million at the date of the approval of this financial report.

Considering the financial results for the full year ended 30 June 2025, 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 net investor to convert the notes to equity within 12 months of the reporting date being 30 June 2024, 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.

Key judgements and estimates

Revenue recognition on a principal basis for gift card sales

The Group recognises revenues from its gift card sales on a principal basis. Refer to Note 2 for further detail

Deferred tax assets "DTA"

The directors have not recognised any deferred tax assets for carry-forward tax losses or timing difference as it is uncertain as to when or if those timing differences or tax losses will be utilised under either loss carry-forward rules or through the derivation of assessable taxable income.

The Group has estimated a range of unutilised tax losses between \$66.34 million and \$88.84 million (30 June 2024: \$82.01 million), of which there is uncertainty regarding \$22.5 million of these losses due to events occurring in the financial year related to the renegotiation of the convertible note debt and its subsequent reclassification to equity (Refer to Note 10). These changes may potentially trigger a Commercial Debt Forgiveness (CDF) event under the Australian Taxation Office (ATO) guidelines. Additionally, there are other deductible temporary differences resulting in a net potential deferred tax asset position for the Group of approximately \$0.84 million (30 June 2024: \$0.91 million), calculated using the prevailing rate of Australia corporation tax of 30% for the Group. The Group has commenced the process to determine whether a CDF event has occurred. If such an event is identified, the Group will then evaluate its ability to utilise available tax losses, subject to compliance with applicable Australian tax legislation. This includes, but is not limited to, satisfying either the Continuity of Ownership Test or the Business Continuity Test, as administered by the ATO.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

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

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. No specific impairment triggers were identified for the Group's non-financial assets for the financial year ended 30 June 2025.

Accounting for equity conversion entitlements in borrowing arrangements

As set out in Note 10, the Group has issued debt with variable conversion entitlements. In assessing this arrangement in the prior year, owing to the Company's share price relative to the floor price written into the conversion formula, the directors determined that any embedded derivative potentially applicable in the arrangement was not material to be separately disclosed or fair valued in the prior year, as the amortised cost of the underlying host contract materially equalled the fair value of the entire debt agreement.

During the current year, this debt was renegotiated and amended to a fixed-for-fixed conversion feature. 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. This assessment required significant judgement in evaluating the substance of the renegotiated terms, including consideration of the contractual features and whether, in aggregate, the revised arrangement met the definition of equity under AASB 132 Financial Instruments: Presentation.

Note 2 | Revenue

Accounting policy

Revenue from contracts with customers

Other than for a limited number of exceptions, including leases, the revenue model in AASB 15 applies to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective AASB 15 provides the following five-step process:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract(s);
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract(s); and
- Recognise revenue when (or as) the performance obligations are satisfied.

The Group satisfies its obligations as services are rendered to its members during the period of membership. Benefits must be provided constantly throughout the period and Entertainment Publications has concluded that a straight-line basis is the most appropriate method.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

| Type of services | Nature and timing of satisfaction of performance obligations and revenue recognition policies |
|--------------------------------|--|
| Fee income – Paid advertising | Revenue from Entertainment Publications marketing and merchant support fees through the placement of advertisements and the distribution of offers and promotions on behalf of businesses to members is recognised at point in time when the advertisement or offer is placed, distributed and invoiced. Revenue from the successful promotion of merchant offers is recognised when the transaction occurs which evidences the take up of the promotion. |
| Fee income – Travel booking | Revenue from commission receivable for bookings are recognised at point in time when the bookings are made, and it is paid for. Members have access to a range of discounts and deals from hotels, airlines and car rental companies through the Group's platform through which the Group acts as an agent on behalf of the hotels, airlines and car rental companies. |
| Membership subscriptions | The Entertainment Publications membership is a digital product with a rolling subscription period ranging from 12 to 24 months upon activation. Special promotions may offer different subscription periods. Upon activation, Entertainment Publications commits to providing benefits like special offers and discounts throughout the membership period, recognising revenue over time. Deferred revenue is recorded for obligations not yet fulfilled. Payment is made before membership begins. Revenue from Gift with Purchase promotions is handled by recognising the standalone value of the gift immediately, with the remainder recognised over the membership's duration. |
| Enterprise sales | Entertainment Publications enters into contracts with corporate customers to develop a program of special offers, discounts, promotions and booking facilities for their customers or employees over the period of time applicable in the contract. Entertainment Publications has taken the view that the performance obligations defined in the contract should be bundled into one performance obligation centred around access to the program of benefits and revenue is recognised over the term of the contract. |
| Seamless Rewards - Success Fee | Under the Seamless Rewards program, the Seamless Rewards business receives transaction-linked revenue each time a cardholder transacts using a linked card at a Seamless Rewards merchant and that revenue earned is recognised in full as the performance obligation has been met. |
| Merchant Management Services | Seamless Rewards earns revenue from managing partners' existing merchants and also onboarding new merchants on their behalf. In order to ensure that the revenue is recognised over time, in a manner that depicts the entity's performance against the targets and obligations, management recognises revenue on a straight-line basis as the services are performed on an ongoing basis during the term of contract period. |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

| Type of services | Nature and timing of satisfaction of performance obligations and revenue recognition policies |
|------------------|--|
| Gift card sales | Revenue from the sale of gift cards to members is recognised at a point in time when the gift card is provided to the customer, and it is paid for. The Group is a principal in these transactions as it purchased the gift cards and obtains full control of them before selling them to members. |

Payment terms are highly varied for the different sources of revenue, different customers and contract terms are individually negotiated.

Disaggregation of revenue from contracts with customers

The group derives revenue from the transfer of goods and services over time and at a point in time in the following revenue sources.

| | Consolidated Group | |
|---|--------------------|-------------------|
| | 2025 \$ | 2024 \$ |
| Fee income-Paid advertising | 994,502 | 859,444 |
| Fee income-Travel booking | 3,214 | 15,915 |
| Membership subscriptions | 5,594,469 | 5,673,702 |
| Enterprise sales | 2,410,869 | 2,170,204 |
| Gift card sales | 8,542,572 | 7,183,887 |
| Seamless Rewards Success Fee | 1,141,800 | 500,656 |
| Merchant Management Services | - | 151,106 |
| Revenue from contracts with customers | 18,687,426 | 16,554,914 |
| Other income | 5,900 | 33,299 |
| Interest received | 16,357 | 27,619 |
| Total revenue and other income | 18,709,683 | 16,615,832 |
| Timing of revenue and other income recognition | | |
| At a point in time | 10,472,154 | 8,505,101 |
| Over time | 8,237,529 | 8,110,731 |
| | 18,709,683 | 16,615,832 |

Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers.

| Contract balances | Note | 2025 \$ | 2024 \$ |
|---|------|------------|------------|
| Current contract assets | | 386,580 | 126,255 |
| Current contract liabilities - deferred revenue | 11 | 2,851,758 | 2,637,603 |
| Non-current contract liabilities - deferred revenue | 11 | 542 | 166,744 |

The contract assets relate to accrued/unbilled revenue from Fee income-Paid advertising and Seamless Rewards - Success Fee, for which revenue is recognised a point of time.

The current and non-current contract liabilities - deferred revenue primarily relate to the advance consideration received from members for subscriptions and Enterprise customers, for which revenue is recognised over time. See note 11 for details.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Note 3 | Expenses

The group has identified the expenses which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the group.

| | Note | Consolidated Group | |
|---------------------------------------|------|--------------------|------------------|
| | | 2025 \$ | 2024 \$ |
| Cost of sales | | | |
| Amortisation of deferred commission | 7 | 709,192 | 724,158 |
| Gift with purchase | | 1,375,520 | 460,098 |
| Gift cards | | 8,611,755 | 6,856,459 |
| Other | | 868,508 | 478,730 |
| Total | | 11,564,975 | 8,519,445 |
| Employee expenses | | | |
| Employee related expenses | | 10,211,975 | 9,070,558 |
| Superannuation expenses | | 771,762 | 595,600 |
| Share-based payment expenses | | 196,811 | 146,035 |
| Total | | 11,180,548 | 9,812,193 |
| Finance costs | | | |
| Finance costs on borrowings | 10 | 2,242,671 | 2,906,751 |
| Interest expense on lease liabilities | | - | 1,762 |
| Other finance costs | | 2,576 | 4,588 |
| Total | | 2,245,247 | 2,913,101 |
| Bad debts expenses/(reversals) | | | |
| Bad debts written off | | 935 | 17,617 |
| Movement in expected credit losses | 6 | 21,282 | (92,341) |
| Total | | 22,217 | (74,724) |

Note 4 | Dividends, earnings per share and franking credit

| a) Franking account | Consolidated Group | |
|--|--------------------|------------------|
| | 2025 \$ | 2024 \$ |
| Balance of franking account at year end adjusted for franking credits arising from: | 6,504,523 | 6,504,523 |
| Payments of income tax | - | - |
| Franking credits available for subsequent financial year | 6,504,523 | 6,504,523 |

The Directors have advised that they do not intend to declare dividends for the 2025 financial year. The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, Entertainment Rewards Ltd as the head entity in the tax consolidated group has also assumed the benefit of \$6.5m (2024: \$6.5m) franking credits.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

| | Consolidated Group | |
|---|----------------------|----------------------|
| | 2025 \$ | 2024 \$ |
| b) Reconciliation of earnings to profit or loss | | |
| Loss for the period | (9,655,005) | (7,640,572) |
| Earnings used to calculate basic EPS | (9,655,005) | (7,640,572) |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS ¹ | 1,261,563,179 | 1,231,279,015 |
| Weighted average of dilutive convertible notes and equity instruments outstanding ² | - | - |
| Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS | 1,261,563,179 | 1,231,279,015 |

¹ The 16,446,000 ordinary shares issued on 4 December 2024 at a price of \$0.005, and the 12,651,000 ordinary shares issued on 14 December 2023 at a price of \$0.007, each under the loan funded shares plan are still in escrow and as such not included in the weighted average number of ordinary shares as they are treated as in substance options for accounting purposes and would be considered anti-dilutive in nature.

² There is a convertible loan deed in place with Suzerain which is excluded as anti-dilutive.

Note 5 | Cash flow information

Reconciliation of loss after income tax to net cash flow from operations

| | Consolidated Group | |
|--|--------------------|--------------------|
| | 2025 \$ | 2024 \$ |
| Loss after income tax | (9,655,005) | (7,640,572) |
| <u>Adjustments for:</u> | | |
| Amortisation-intangibles | 377,700 | 118,031 |
| Depreciation-property plant and equipment | 39,463 | 37,624 |
| Share based payment expense | 196,811 | 146,035 |
| Net interest included within financing activities | 2,245,247 | 2,913,101 |
| <u>Operating assets and liabilities:</u> | | |
| (Increase)/decrease in trade receivables | (346,523) | (130,619) |
| (Increase)/decrease in prepayments | 40,961 | 247,574 |
| (Increase)/decrease in inventories | (37,877) | (823) |
| Increase/(decrease) in trade payables and accruals | 307,749 | 17,563 |
| Increase/(decrease) in deferred income | 47,953 | (1,017,978) |
| Increase/(decrease) in provisions | (12,945) | (109,652) |
| Cash flow used in operating activities | (6,796,466) | (5,419,716) |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Reconciliation of liabilities arising from cash flows from financing activities

| | Interest bearing loan | Transformational capital facility | Suzerain Investment Holdings Convertible Loan facility | Suzerain Investment Holdings Loan Facility (Unsecured Loan) | Lease liabilities | Total |
|---|-----------------------|-----------------------------------|--|---|-------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2023 | 699,093 | 1,207,807 | 17,233,393 | - | 309,642 | 19,449,935 |
| Drawn down | - | - | 5,930,000 | - | - | 5,930,000 |
| Repayment | - | - | - | - | (233,178) | (233,178) |
| Amortised | - | - | - | - | (77,195) | (77,195) |
| Admin fees paid | - | - | (302,500) | - | - | (302,500) |
| Admin fees | - | - | 330,000 | - | - | 330,000 |
| Interest paid | - | (150,414) | - | - | (1,031) | (151,445) |
| Interest accrued | 67,904 | 150,414 | 2,346,060 | - | 1,762 | 2,566,140 |
| Line fees paid | - | (24,000) | - | - | - | (24,000) |
| Line fees | - | 24,000 | - | - | - | 24,000 |
| Balance as at 30 June 2024 | 766,997 | 1,207,807 | 25,536,953 | - | - | 27,511,757 |
| Balance as 1 July 2024 | 766,997 | 1,207,807 | 25,536,953 | - | - | 27,511,757 |
| Drawn down | - | - | 141,268 | 6,500,000 | - | 6,641,268 |
| Admin fees paid | - | - | (192,500) | - | - | (192,500) |
| Admin fees | - | - | 165,000 | - | - | 165,000 |
| Interest paid | - | (150,003) | - | - | - | (150,003) |
| Interest accrued | 69,715 | 150,003 | 1,416,405 | 372,548 | - | 2,008,671 |
| Line fees paid | - | (24,000) | - | (12,500) | - | (36,500) |
| Line fees | - | 24,000 | - | 45,000 | - | 69,000 |
| Equity conversion transferred to convertible note reserve | - | - | (22,500,000) | - | - | (22,500,000) |
| Balance as at 30 June 2025 | 836,712 | 1,207,807 | 4,567,126 | 6,905,048 | - | 13,516,693 |

Note 6 | Trade and other receivables

| | Consolidated Group | |
|------------------------------|--------------------|----------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Current | | |
| Trade receivables | 654,756 | 547,276 |
| Provision for allowance | (44,804) | (23,523) |
| Net trade receivables | 609,952 | 523,753 |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

The movement in the provision for loss allowance of receivables is as follows:

| | Opening balance 1/07/2024 | Loss allowance adjustment for year | Exchange differences on translation of foreign operations | Closing balance 30/06/2025 |
|---------------------------|------------------------------|--|---|-------------------------------|
| | \$ | \$ | \$ | \$ |
| Current trade receivables | (23,523) | (21,282) | 1 | (44,804) |
| Total | (23,523) | (21,282) | 1 | (44,804) |
| | Opening balance 1/07/2023 | Loss allowance adjustment for year | Exchange differences on translation of foreign operations | Closing balance 30/06/2024 |
| | \$ | \$ | \$ | \$ |
| Current trade receivables | (115,728) | 92,341 | (136) | (23,523) |
| Total | (115,728) | 92,341 | (136) | (23,523) |

The Group impairs the value of individual trade debtors based on an assessment of the credit quality of the customer, the previous trading pattern of the customer and management's assessment of the likely recovery. All trade debtors which are not likely to be recovered are either written off or an impairment for lifetime expected credit losses is recognised. Minimal risk is expected in respect of recoverable which are not written off or provided against. The remainder of receivables, after credit losses, are of high credit quality.

The Group uses a "roll rate" method to calculate expected credit losses for trade receivables from individual customers that is made up of variable mix of number and size of balances. Loss rates are calculated based on the probability of receivables progressing through successive stages of delinquency to write off. Roll rates are calculated using an analysis of how balances change from one month to the next until they reach 90 days. Data over the last 12 months was reviewed to determine the level of recovery of those receivables older than 90 days. Combining these two measurements provided the Group with the ability to determine the loss allowance as of 30 June. As a result of recent economic variables such as cost of living, inflation and interest rates, the Group reviewed the expected credit loss allowance and determined that the adjusted loss rate for trade debtors past due over 90 days should be 100%, except where the group is highly likely to recover the debt.

On that basis, the expected credit loss allowance as at 30 June 2025 was determined as follows for trade receivables:

| Report category | Days | Adjusted loss rate | Receivables balance as at 30 June 2025 | Loss allowance at 30 June 2025 |
|-----------------------------------|------------------|-----------------------|--|-----------------------------------|
| | | % | \$ | \$ |
| Current | 0-30 | 0.7 | 244,466 | 1,606 |
| Past due 1-30 | 31-60 | 1.1 | 378,065 | 4,261 |
| Past due 31-60 | 61-90 | 67.7 | 4,735 | 3,205 |
| Past due 61-90 | 91-120 | 73.4 | 2,896 | 2,125 |
| Past due over 90 | 121-150 | 0.0 | - | - |
| Greater than over 90 days overdue | Greater than 150 | 87.1 | 24,594 ¹ | 33,607 |
| | | Total | 654,756 | 44,804 |

¹ Receivables for Greater than over 90 days overdue includes an overpayment amount of -\$14K from one debtor. Excluding this credit amount, the receivable amount is \$39k.

The expected credit loss allowance as at 30 June 2024 was determined as follows for trade receivables:

| Report category | Days | Adjusted loss rate | Receivables balance as at 30 June 2024 | Loss allowance at 30 June 2024 |
|-----------------------------------|------------------|-----------------------|--|-----------------------------------|
| | | % | \$ | \$ |
| Current | 0-30 | 0.2 | 391,438 | 704 |
| Past due 1-30 | 31-60 | 0.5 | 126,657 | 592 |
| Past due 31-60 | 61-90 | 3.1 | 1,496 | 47 |
| Past due 61-90 | 91-120 | 76.7 | 5,381 | 4,125 |
| Past due over 90 | 121-150 | 0.0 | - | - |
| Greater than over 90 days overdue | Greater than 150 | 80.9 | 22,304 | 18,055 |
| | | Total | 547,276 | 23,523 |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically impaired. The class of assets described as "trade and other receivables" are the main source of credit risk related to the Group.

No collateral is held in respect of these exposures and there are no other credit enhancement arrangements. All trade receivables have been investigated and, other than those which have been written off or for which credit losses have been recognised, there are no indicators of poor credit quality for trade receivables. Securities in the form of personal guarantees from directors, or registered mortgages are regularly taken to support customer trading activities.

| | Consolidated Group | |
|---------------------------------|--------------------|----------------|
| | 2025 \$ | 2024 \$ |
| Gross amount | 654,756 | 547,276 |
| Impaired (past due) | (44,804) | (23,523) |
| Total | 609,952 | 523,753 |
| Within initial trade terms | 242,860 | 390,734 |
| Past due not impaired – 30 days | 373,804 | 126,066 |
| 60 days | 1,530 | 1,448 |
| 90 days | 771 | 1,256 |
| 90 days + | (9,013) | 4,249 |
| Total | 609,952 | 523,753 |

Geographical credit risk

The Group has significant operations in Australia and New Zealand. The Group's exposure to credit risk for trade and other receivables at the end of the reporting period in these regions is as follows:

| | Consolidated Group | |
|--------------|--------------------|----------------|
| | 2025 \$ | 2024 \$ |
| Australia | 584,203 | 494,422 |
| New Zealand | 25,749 | 29,331 |
| Total | 609,952 | 523,753 |

Note 7 | Other assets

Accounting policy

Other assets relate to prepaid fundraiser commission incurred as a result of the sale of memberships and short-term investments that relate to security deposits for the credit card facility. Prepayments are the right to receive future goods or services within the next 12 months.

| | Consolidated Group | |
|-------------------------------------|--------------------|----------------|
| | 2025 \$ | 2024 \$ |
| Current | | |
| Short term investments ¹ | 102,461 | 109,261 |
| Prepayments | 125,753 | 138,545 |
| Deferred commission ² | 292,105 | 313,474 |
| Total other assets | 520,319 | 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 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.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

The movement in the deferred commission is as follows:

| | Deferred commission \$ |
|-----------------------------------|------------------------------|
| 30 Jun 2024 | |
| Balance as at 1 July 2023 | 325,590 |
| Commission deferred | 712,042 |
| Amortisation | (724,158) |
| Balance as at 30 June 2024 | 313,474 |
| 30 Jun 2025 | |
| Balance as at 1 July 2024 | 313,474 |
| Commission deferred | (730,561) |
| Amortisation | 709,192 |
| Balance as at 30 June 2025 | 292,105 |

Note 8 | Intangible assets

Accounting policy

Technology and software

Technology and software assets acquired separately are capitalised at cost. Where the technology and software assets have been acquired as part of a business acquisition, these assets are recognised at fair value as at the date of acquisition.

Amounts capitalised as part of internally developed intellectual property include the total cost of any external services and labour costs directly attributable to development of technology and software. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved. Research costs are expensed as incurred.

The useful lives of these assets are then assessed to be either finite or indefinite. Assets with a finite life are amortised over that life with the expense being recognised in profit and loss. Expenditure on the development of technology and software assets are capitalised until the software is ready for use and then amortised over their expected useful life of 5 years (2024: 9 yrs) (namely the CLO rewards platform which is the remaining asset in use). The total cost of the "ready for use" asset is based on the costs capitalised monthly. Any additional costs capitalised to the "ready for use" asset, are only those that will extend future economic benefits, and as such, will attract immediate amortisation.

These assets are tested for impairment at least annually as part of the value-in-use analysis associated with the cash-generating unit.

| | Consolidated Group | |
|--|--------------------|----------------|
| | 2025 \$ | 2024 \$ |
| Technology and software | | |
| Cost | 10,265,024 | 10,265,024 |
| Accumulated amortisation and impairment losses | (9,786,997) | (9,409,297) |
| Total | 478,027 | 855,727 |

| | Technology and software \$ |
|-----------------------------------|----------------------------------|
| Balance as at 1 July 2023 | 973,758 |
| Amortisation charge | (118,031) |
| Balance as at 30 June 2024 | 855,727 |
| Balance as at 1 July 2024 | 855,727 |
| Amortisation charge | (377,700) |
| Balance as at 30 June 2025 | 478,027 |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Note 9 | Trade and other payables

| | Consolidated Group | |
|--|--------------------|------------------|
| | 2025 \$ | 2024 \$ |
| Current | | |
| Unsecured liabilities | | |
| Trade payables | 895,241 | 999,363 |
| Other payables and accruals | 2,097,551 | 1,687,530 |
| Total current unsecured liabilities | 2,992,792 | 2,686,893 |

Note 10 | Borrowings

Accounting policy

Borrowings are financial liabilities with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the financial liability is derecognised.

Amortised cost is calculated as the amount at which the financial liability is measured at initial recognition less principal repayments and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial liability. Revisions to expected future net cash flow will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

| | Consolidated Group | |
|---|--------------------|-----------------------|
| | 2025 \$ | 2024 (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 | 1,207,807 | - |
| Interest bearing loan | 836,712 | 766,997 |
| Suzerain Investment Holdings Convertible Loan facility | 4,567,126 | 3,036,953 |
| Suzerain Investment Holdings Loan Facility (Unsecured Loan) | 6,905,048 | - |
| Total non-current borrowings | 13,516,693 | 3,803,950 |
| Total borrowings | 13,516,693 | 27,511,757 |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

| | 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 | 7,500,000 |
| Available funds | - | - | - | 1,000,000 |
| Interest rate | 10% per annum | 12.5% per annum | 12.5% per annum (N/A from 1 Jan 2025) | 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 from 1 Jan 2025) | 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 | Second 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 | 6,500,000 |
| Interest expenses | 69,715 | 150,003 | 1,416,405 | 372,548 |
| Line fees | - | 24,000 | - | 45,000 |
| Admin fees | - | - | 165,000 | - |
| Interest repaid | - | (150,003) | - | - |
| Line fees repaid | - | (24,000) | - | (12,500) |
| Admin fees repaid | - | - | (192,500) | - |
| Equity conversion transferred to Convertible reserve (equity) | - | - | (22,500,000) | - |
| Closing balance as at 30 June 2025 | 836,712 | 1,207,807 | 4,567,126 | 6,905,048 |

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.

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 2025 this loan facility has been fully drawn down.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

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 had 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 provided 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%. As per the amendment to the main agreement, accrued interest is not convertible into equity

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 two amendment deeds in January 2025 and February 2025 respectively, with the following amendments:

1. Conversion price for principal amount to be fixed at 2.2 cents per share.
2. Option to convert shifted from the lender to the Company
3. Interest rate reduced to 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.
7. Admin fees removed from 31 December 2024

As the amendment deed removes variability in the number of shares to be issued in settlement of the liability and grants the Company discretion to repay the principal component through the issue of a fixed number of shares, the liability has been reclassified as equity in the statement of financial position. Although the amendment was finalised on 28 January 2025, the reclassification is effective from 31 December 2024, as specified in the deed. 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. On 30 April 2025 the Group signed an amendment to increase the total funding from 5.0 million to \$7.5 million. The undrawn portion of the facility as at 30 June 2025 was \$1.0 million.

Note 11 | Deferred revenue

Accounting policy

Deferred revenue constitutes contract liabilities under AASB 15, as it relates to performance obligations to the members of Entertainment Publications not yet satisfied. See note 2.

| | Consolidated Group | |
|---|--------------------|------------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Current | | |
| Deferred Revenue | 2,851,758 | 2,637,603 |
| Total current deferred revenue | 2,851,758 | 2,637,603 |
| Deferred revenue | 542 | 166,744 |
| Total non-current deferred revenue | 542 | 166,744 |
| Total deferred revenue | 2,852,300 | 2,804,347 |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

The movement in the deferred revenue is as follows:

| | Deferred revenue \$ |
|--------------------------------|------------------------|
| Year ended 30 June 2024 | |
| Balance as at 1 July 2023 | 3,822,326 |
| Revenue deferred | 7,092,752 |
| Revenue recognised | (8,110,731) |
| Year ended 30 June 2024 | 2,804,347 |
| Year ended 30 June 2025 | |
| Balance as at 1 July 2024 | 2,804,347 |
| Revenue deferred | 8,285,482 |
| Revenue recognised | (8,237,529) |
| Year ended 30 June 2025 | 2,852,300 |

The contract liabilities primarily relate to cash receipts from membership and Enterprise sales, for which revenue is recognised over time.

Note 12 | Issued capital

| Consolidated Group | | | | |
|---|--------------------------|----------------------|----------------|--------------------|
| | 2025 shares | 2024 shares | 2025 \$ | 2024 \$ |
| Ordinary shares - fully paid on issue | 1,279,689,015 | 1,231,279,015 | 132,383,265 | 132,141,215 |
| EAT has no limit to its authorised share capital. | | | | |
| Movements in ordinary share capital | Date | Number of shares | Issue price \$ | \$ |
| Ordinary shares at beginning of the year | | 1,231,279,015 | | 132,141,215 |
| Issues during the year: | | | | |
| | Less, costs of issues | | | |
| Balance as at 30 June 2024 | | 1,231,279,015 | | 132,141,215 |
| Ordinary shares at beginning of the year | | 1,231,279,015 | | 132,141,215 |
| Issues during the year: | 02-Oct-2024 ¹ | 21,310,000 | 0.005 | 106,550 |
| | 19-Dec-2024 ² | 27,100,000 | 0.005 | 135,500 |
| | Less, costs of issues | - | - | - |
| Balance as at 30 June 2025 | | 1,279,689,015 | | 132,383,265 |

1. On 2 October 2024, 21,310,000 fully paid shares were issued for the exercised Performance Rights issued to staff in FY2024.

2. On 19 December 2024, 27,100,000 fully paid shares were issued to compensate Dean Palmer, the Company's chairman, for additional services provided to the Company.

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. Shares have no par value.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital is also managed having regard to the Group's long-term growth requirements.

Employee and Executive Share Based Schemes

During the prior financial year, shareholders had approved in 2023 AGM a Loan Funded Share Scheme (LFS) for the non-executive director Charles Romito and Performance Rights for previous CEO, Ani Chakraborty. To incentivize key employees, Board had approved issuance of Performance Rights to key senior employees as detailed in Note 13. The share-based compensation was also approved for Heidi Halson on her appointment as CEO and for Ani Chakraborty on his appointment as non-executive director. Issuance of shares to Heidi Halson and Ani Chakraborty as non-executive director was subject to shareholders' approval in 2024 AGM.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

In FY2025, the shareholders approved a Loan Funded Share Scheme (LFS) for Chairman Dean Palmer at the 2024 AGM, as outlined in Note 13, along with a one-time issuance of 27.1 million shares in recognition of additional services provided to the Company. The Performance Rights granted to key senior employees during FY2024, including former CEO Ani Chakraborty, were vested and settled in shares. The resolution to approve a LFS plan allocation to former Non-Executive Director Ani Chakraborty was withdrawn from the agenda of the 2024 Annual General Meeting, following his departure as a Key Management Personnel (KMP)

Note 13 | Reserves

Accounting policy

Share based payments

The fair value of unissued ordinary shares granted is recognised as a benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the recipients become unconditionally entitled to the equity-based incentive.

Upon the issue of shares, the balance of the share-based payments reserve relating to those equity-based incentives are transferred to share capital.

Shares issued under the loan funded share scheme is accounted for as in substance option and share based payments were measured using a Black-Scholes model.

Performance Rights issued to Key Management Personnel were measured at the grant-date fair value.

Foreign currency translation

Exchange differences arising from translation of the foreign controlled entity are recognised in other comprehensive income as a foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

| Consolidated Group | | | | |
|-----------------------------------|------------------------------|--------------------------|--------------------------------------|-------------------|
| | Share based payments reserve | Convertible note Reserve | Foreign currency translation reserve | Total |
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2023 | - | - | 346,242 | 346,242 |
| Vesting charge for the period | 140,143 | - | - | 140,143 |
| Movement during the period | - | - | (2,825) | (2,825) |
| Balance as at 30 June 2024 | 140,143 | - | 343,417 | 483,560 |
| Balance as at 1 July 2024 | 140,143 | - | 343,417 | 483,560 |
| Vesting charge for the period | 67,203 | - | - | 67,203 |
| Exercised during the period | (106,550) | - | - | (106,550) |
| Movement during the period | - | 22,500,000 | 9,047 | 22,509,047 |
| Balance as at 30 June 2025 | 100,796 | 22,500,000 | 352,464 | 22,953,260 |

Share based payments - Performance Rights

The Performance Rights approved during 2023 AGM for the former CEO Ani Chakraborty, CFO/Company Secretary Kunal Kapoor and other senior employees were exercised during FY2025. Accordingly, fully paid ordinary shares of the Company were issued in October 2024.

Movement in Performance Rights

| KMP -Performance rights | Held on 1 July 2024 | Exercised | Held on 30 June 2025 | Vested and exercisable as of 30 June 2025 |
|-------------------------|---------------------|---------------------|----------------------|---|
| Ani Chakraborty | 4,250,000 | (4,250,000) | - | - |
| Kunal Kapoor | 2,125,000 | (2,125,000) | - | - |
| Other senior employees | 14,935,000 | (14,935,000) | - | - |
| Total | 21,310,000 | (21,310,000) | - | - |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Share based payments - Loan Funded Shares

The Board and Shareholders approved a Loan Funded Share Scheme (LFS) for the Chairman Dean Palmer during 2024 AGM. The key terms of the LFS scheme for Dean Palmer are as follows:

- Loan shares issued at \$0.004 being 30 trading day VWAP of EAT shares on ASX as on 4 December 2024.
- Shares will vest in 3 tranches only if Dean remains engaged by the Company as a non-executive director on or after each applicable vesting date. Vesting schedule is as follows:

| Tranche | Number of Shares | Vesting Date |
|-----------|------------------|--------------|
| Tranche 1 | 5,482,000 | 4-Dec-24 |
| Tranche 2 | 5,482,000 | 1-Jul-25 |
| Tranche 3 | 5,482,000 | 1-Jul-26 |

- The Company will provide an interest-free limited recourse loan (Loan) to the Chairman to fund the purchase of shares.
- If there is an outstanding amount owing under the Loan, all dividends, distribution, capital return declared and paid with respect to the shares (after deduction for tax payable in relation to those distributions) shall be applied to repaying the Loan, therefore the Chairman shall have no right to receive those distributions.
- The Chairman has the option to either repay the loan or return the shares at the loan repayment date, being 30 business days after the last vesting date.
- The Loan shares will rank pari passu with existing shares.

Key inputs used in valuing this LFS were as follows:

| | |
|---------------------------|------------|
| Grant date | 4-Dec-2024 |
| Start date | 4-Dec-2024 |
| Expiry date | 1-Jul-2026 |
| Share price at issue date | \$0.004 |
| Exercise price | \$0.004 |
| Expected life (years) | 1.6 |
| Volatility | 223% |
| Risk free interest rate | 4.35% |
| Distribution yield | - |

The LFS scheme implemented in FY2024 for Charles Romito, Non-Executive Director, continues to vest.

Movement in loan funded shares

| | Held on 1 July 2024 | Granted | Held on 30 June 2025 | Vested and exercisable as of 30 June 2025 |
|----------------|---------------------|-------------------|----------------------|---|
| Charles Romito | 12,651,000 | - | 12,651,000 | - |
| Dean Palmer | - | 16,446,000 | 16,446,000 | - |
| Total | 12,651,000 | 16,446,000 | 29,097,000 | - |

| | Held on 1 July 2023 | Granted | Held on 30 June 2024 | Vested and exercisable as of 30 June 2024 |
|----------------|---------------------|-------------------|----------------------|---|
| Charles Romito | - | 12,651,000 | 12,651,000 | - |
| Total | - | 12,651,000 | 12,651,000 | - |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Movement in share based payment reserve

| | Share based payments reserve | | | | | Total \$ |
|-----------------------------------|------------------------------|----------------------|-----------------------|--------------------|------------------------------|----------------|
| | Dean Palmer \$ | Charles Romito \$ | Ani Chakraborty \$ | Kunal Kapoor \$ | Other senior employees \$ | |
| Balance as at 1 July 2023 | - | - | - | - | - | - |
| Vesting charge for the period | - | 33,593 | 21,250 | 10,625 | 74,675 | 140,143 |
| Balance as at 30 June 2024 | - | 33,593 | 21,250 | 10,625 | 74,675 | 140,143 |
| Balance as at 1 July 2024 | - | 33,593 | 21,250 | 10,625 | 74,675 | 140,143 |
| Vesting charge for the period | 41,917 | 25,286 | - | - | - | 67,203 |
| Exercised during the period | - | - | (21,250) | (10,625) | (74,675) | (106,550) |
| Balance as at 30 June 2025 | 41,917 | 58,879 | - | - | - | 100,796 |

Note 14 | Key Management Personnel compensation

The total remuneration paid to KMP of the Group during the year was as follows:

| | Consolidated Group | |
|-----------------------------------|--------------------|------------------|
| | 2025 \$ | 2024 \$ |
| Short-term employee benefits | 1,059,862 | 984,518 |
| Post-employment benefits | 69,287 | 65,453 |
| Long-term employee benefits | 922 | 1,910 |
| Termination benefits ¹ | 124,313 | - |
| Share based payments | 198,488 | 71,360 |
| TOTAL KMP COMPENSATION | 1,452,872 | 1,123,241 |

¹ These benefits were paid to former CEO Ani Chakraborty for termination of employment in Jul 24.

Note 15 | Auditor's remuneration

During the financial year, the following fees were paid or payable for the services provided by William Buck Audit (Vic) Pty Ltd, the auditor of the Company.

| | Consolidated Group | |
|--|--------------------|----------------|
| | 2025 \$ | 2024 \$ |
| William Buck | | |
| Auditing or reviewing the financial statements | 105,370 | 94,000 |
| Taxation services - compliance | 14,300 | 9,255 |
| Total auditor's remuneration | 119,996 | 103,255 |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Note 16 | Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business also reflects its country of incorporation.

| Name of entity | Principal place of business | Ownership interest held by the Group | |
|--|-----------------------------|--------------------------------------|--------|
| | | 2025 % | 2024 % |
| a) Information about Principal Subsidiaries | | | |
| Entertainment Publications of Australia Pty Ltd | Australia | 100 | 100 |
| Entertainment Publications Ltd | New Zealand | 100 | 100 |
| Entertainment Digital Pty Ltd (previously MobileDEN Pty Ltd) | Australia | 100 | 100 |
| Entertainment Trus Co Pty Ltd ¹ | Australia | 100 | 100 |
| Entertainment Seamless Rewards Pty Ltd | Australia | 100 | 100 |

¹The Employee share plan trust ("ESP") was established on 24 April 2020 to provide benefits to current employees, directors and contractors ("the Beneficiaries"). Under the employee shares scheme, the trustee, Entertainment Trus Co Pty Ltd will purchase the Company's shares currently held under the previous directors. The shares will be held until the vesting day for the benefit of the Beneficiaries, in such numbers or proportions that the trustee deem reasonable.

Subsidiary financial statements used in the preparation of these preliminary consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements, using the same accounting policies. There are no significant restrictions over the Group's ability to access or use the assets and settle liabilities of the Group.

Note 17 | Parent company information

Information relating to Entertainment Rewards Ltd (the Parent Entity):

| | 2025 \$ | 2024 (restated) \$ |
|---|--------------------|-----------------------|
| Statement of profit or loss and other comprehensive income | | |
| Total loss | (4,509,988) | (4,485,562) |
| Total comprehensive income | (4,509,988) | (4,485,562) |
| Statement of financial position | | |
| Assets | | |
| Current assets | 807,819 | 965,609 |
| Non-current assets | 8,248,752 | 3,858,342 |
| Total assets | 9,056,571 | 4,823,951 |
| Liabilities | | |
| Current liabilities | | |
| Current liabilities | 256,783 | 23,880,907 |
| Non-current liabilities | 15,326,017 | 5,661,988 |
| Total liabilities | 15,582,800 | 29,542,895 |
| Equity | | |
| Issued capital | 132,382,822 | 132,140,772 |
| Reserves | 22,583,386 | 122,733 |
| Accumulated losses | (161,492,437) | (156,982,449) |
| Total equity | (6,526,229) | (24,718,944) |

Details of the contingent assets and liabilities of the Group are contained in Note 19.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Deed of cross guarantee

Entertainment Rewards Ltd, Entertainment Publications of Australia Pty Ltd, Entertainment Digital Pty Ltd and Entertainment Seamless Rewards Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

Set out below is a consolidated balance sheet as of 30 June 2025 of the parties to the Deed of Cross Guarantee.

| Assets | 2025 | 2024 (restated) |
|--------------------------------------|---------------------|---------------------|
| | \$ | \$ |
| Current assets | | |
| Cash and cash equivalents | 1,375,455 | 1,831,207 |
| Trade and other receivables | 584,203 | 495,105 |
| Contract assets | 383,032 | 123,352 |
| Inventories | 105,266 | 61,940 |
| Other assets | 470,603 | 502,762 |
| Total current assets | 2,918,559 | 3,014,366 |
| Non-current assets | | |
| Property, plant and equipment | 49,868 | 70,278 |
| Intangible assets | 478,027 | 855,727 |
| Total non-current assets | 527,895 | 926,005 |
| Total assets | 3,446,454 | 3,940,371 |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | 2,774,643 | 2,491,511 |
| Borrowings | - | 26,207,807 |
| Deferred revenue | 2,603,877 | 2,299,146 |
| Provisions | 405,556 | 394,693 |
| Total current liabilities | 5,784,076 | 31,393,157 |
| Non-current liabilities | | |
| Inter-company loan payables | 971,615 | 959,171 |
| Borrowings | 13,516,693 | 3,803,950 |
| Deferred revenue | 458 | 147,208 |
| Provisions | 33,670 | 55,727 |
| Total non-current liabilities | 14,522,436 | 4,966,056 |
| Total liabilities | 20,306,512 | 36,359,213 |
| Net deficiency of assets | (16,860,058) | (32,418,842) |
| Equity | | |
| Issued capital | 132,382,822 | 132,140,772 |
| Reserves | 22,922,895 | 462,242 |
| Retained earnings | (172,165,775) | (165,021,856) |
| Total equity | (16,860,058) | (32,418,842) |

See Note 18 for the Consolidated Statement of Profit or Loss for the year ended 30 June 2025 of the parties to the Deed of Cross Guarantee. All entities incorporated in Australia are the parties of Deed of Cross Guarantee.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Note 18 | Segment information

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 | |
|---|--------------------|--------------------|------------------|------------------|--------------------|--------------------|
| | Year ended | | Year ended | | Year ended | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue and other income | 17,567,883 | 15,964,069 | 1,141,800 | 651,763 | 18,709,683 | 16,615,832 |
| Cost of sales | (10,903,860) | (8,221,123) | (661,115) | (298,322) | (11,564,975) | (8,519,445) |
| Employee expenses | (11,028,350) | (9,585,064) | (152,198) | (227,129) | (11,180,548) | (9,812,193) |
| Website and communication | (707,263) | (662,746) | (118,270) | (114,407) | (825,533) | (777,153) |
| Marketing expenses | (786,867) | (685,304) | - | - | (786,867) | (685,304) |
| Legal and professional costs | (198,301) | (248,062) | (321) | - | (198,622) | (248,062) |
| Corporate and administrative expenses | (1,081,528) | (1,185,464) | (120) | (120) | (1,081,648) | (1,185,584) |
| Finance costs | (2,245,247) | (2,913,101) | - | - | (2,245,247) | (2,913,101) |
| Building occupancy expense | (41,951) | (34,631) | - | - | (41,951) | (34,631) |
| Bad debts reversals/(expenses) | (22,217) | 74,724 | - | - | (22,217) | 74,724 |
| Depreciation and amortisation expense | (39,463) | (37,624) | (377,700) | (118,031) | (417,163) | (155,655) |
| Segment profit/ (loss) before income tax | (9,487,164) | (7,534,326) | (167,924) | (106,246) | (9,655,088) | (7,640,572) |
| Segment total assets | 2,710,103 | 4,179,289 | 870,142 | (1,632) | 3,580,245 | 4,177,657 |
| Segment total non-current assets | 49,868 | 927,637 | 478,027 | (1,632) | 527,895 | 926,005 |
| Segment total liabilities | 17,894,795 | 34,334,517 | 1,911,815 | (873,750) | 19,806,610 | 33,460,767 |

Geographical location

The profit and loss attributable to external customers is disclosed below based on the country in which the revenue is derived and billed.

| | Australia | | New Zealand | | Total | |
|---|--------------------|--------------------|----------------|----------------|--------------------|--------------------|
| | Year ended | | Year ended | | Year ended | |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue and other income | 17,682,326 | 15,477,628 | 1,027,357 | 1,138,204 | 18,709,683 | 16,615,832 |
| Cost of sales | (11,092,787) | (8,170,301) | (472,188) | (349,144) | (11,564,975) | (8,519,445) |
| Employee expenses | (10,924,732) | (9,404,676) | (255,816) | (407,517) | (11,180,548) | (9,812,193) |
| Marketing expenses | (786,805) | (684,021) | (62) | (1,283) | (786,867) | (685,304) |
| Website and communication | (823,762) | (775,438) | (1,771) | (1,715) | (825,533) | (777,153) |
| Legal and professional costs | (198,622) | (247,247) | - | (815) | (198,622) | (248,062) |
| Corporate and administrative expenses | (1,059,034) | (1,176,179) | (22,614) | (9,405) | (1,081,648) | (1,185,584) |
| Finance costs | (2,245,253) | (2,924,728) | 6 | 11,627 | (2,245,247) | (2,913,101) |
| Building occupancy expense | (41,951) | (34,362) | - | (269) | (41,951) | (34,631) |
| Bad debts reversals/(expenses) | (21,359) | 57,554 | (858) | 17,170 | (22,217) | 74,724 |
| Depreciation and amortisation expenses | (417,163) | (155,655) | - | - | (417,163) | (155,655) |
| Segment profit/ (loss) before income tax | (9,929,142) | (8,037,425) | 274,054 | 396,853 | (9,655,088) | (7,640,572) |

Major customers

The Group has no major customers among all customers contributing to revenues.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Note 19 | Contingent liabilities and contingent assets

Security deposit

The parent entity has given the guarantee for a credit cards facility of \$0.1m as at 30 June 2025 and 30 June 2024:

Note 20 | Financial risk management

Accounting policy

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, leases and loans to related parties.

The totals for each category of financial instruments, measured in accordance with AASB 9: Financial Instruments as detailed in the accounting policies to these financial statements, are as follows:

| | Consolidated Group | |
|------------------------------------|--------------------|-------------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Financial assets | | |
| Cash and cash equivalents | 1,425,445 | 1,968,186 |
| Trade and other receivables | 609,952 | 523,753 |
| Other current assets | 102,461 | 109,261 |
| Total financial assets | 2,137,858 | 2,601,200 |
| Financial liabilities | | |
| Trade and other payables | 2,992,792 | 2,686,893 |
| Borrowings | 13,516,693 | 27,511,757 |
| Total financial liabilities | 16,509,485 | 30,198,650 |

Financial risk management policies

Senior management meet on a regular basis to review currency and interest rate exposure and to evaluate treasury management strategies where relevant, in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the consolidated Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Its functions include the review of the use credit risk policies and future cash flow requirements.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual liabilities interest payments and exclude the impact of netting agreements.

| Maturity analysis | Contractual cash flows | | | | | | | | | |
|------------------------------|------------------------|---------------------|---------------|-------------|--------------|--------------|-----------|------|--------------|--------------|
| | 2025 Carrying value | 2024 Carrying value | Within 1 year | | 1- 5 years | | > 5 years | | Total | |
| | | | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial assets | | | | | | | | | | |
| Cash | 1,425,445 | 1,968,186 | 1,425,445 | 1,968,186 | - | - | - | - | 1,425,445 | 1,968,186 |
| Trade debtors | 609,952 | 523,753 | 609,952 | 523,753 | - | - | - | - | 609,952 | 523,753 |
| Other current assets | 102,461 | 109,261 | 102,461 | 109,261 | - | - | - | - | 102,461 | 109,261 |
| Financial liabilities | | | | | | | | | | |
| Trade and other payables | (2,992,792) | (2,686,893) | (2,992,792) | (2,686,893) | - | - | - | - | (2,992,792) | (2,686,893) |
| Borrowings | (13,516,693) | (27,511,757) | (279,307) | (452,924) | (14,972,326) | (30,546,871) | - | - | (15,251,633) | (30,999,795) |

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

Accounting classifications and fair values

As at 30 June 2025 and 2024 all financial assets and liabilities had carrying values that approximated their fair values.

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

Market risk

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by customers of contract obligations that could lead to a financial loss to the Group.

i. Risk management

Credit risk is managed through the maintenance of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers, ensuring to the extent possible that customers to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single customer or group of customers. \$14.1 million of the revenue in Note 2 is from memberships and gift cards sales, they are cash on delivery, therefore, the Group has no significant credit risk.

ii. Impairment of financial assets

The Group has trade and other receivables that are subject to the expected credit loss model. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in note 6. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial because the Group deals with reputable banks with high credit ratings.

Trade and other receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities
- monitoring undrawn credit facilities;
- obtaining funding from major financial institutions;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.
- Renegotiating maturity dates of key funding lines of credit to ensure liquidity is managed within acceptable and planned thresholds.

i. Financing arrangements

New Suzerain Investment Holdings Loan Facility of \$5 million was signed on 28th June 2024. The loan is unsecured with no convertible option. On 30 April 2025 the Group signed an amendment to increase the total funding from 5.0 million to \$7.5 million. At 30 June 2025 there was still \$1.0 million available to the company. See note 10 for more details.

ii. Maturities of financial liabilities

Interest bearing loan

Updated repayment terms have been agreed in FY2024 and the facility will now be repaid on 31 December 2026 (Previously 31 December 2025). See Note 10.

Transformational capital facility

Post 30 June 2024, the repayment date for the Transformational capital facility with Skybound was set to mature on 31 December 2025. In December 2024, the company successfully renegotiated the repayment date to 31 December 2026. See note 10.

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

Updated repayment terms have been agreed in FY2025 and the facility will now be repaid on 31 December 2026 subject to shareholders' approval. (Previously 31 December 2025). See Note 10.

Suzerain Investment Holdings Loan Facility (Unsecured Loan)

Updated repayment terms have been agreed in FY2024 and the facility will now be repaid on 31 December 2026 (Previously 31 December 2025). See Note 10.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

c. Foreign exchange risk

The Group is exposed to foreign currency risk on the sale of memberships and other fee income from foreign entities and on the translation of its foreign subsidiaries. Senior management has not hedged foreign currency transactions as at 30 June 2025 as \$1.0 million of total revenue is in NZD and the foreign currency fluctuation between AUD and NZD is historically insignificant at 1.92% during the year. Foreign exchange risk was therefore considered insignificant. Senior management continue to evaluate this risk on an ongoing basis.

The exposure to foreign currency risk at the end of the reporting period, expressed in New Zealand dollar, was as follows:

| | 2025 NZD \$ | 2024 NZD \$ |
|----------------|-------------------|-------------------|
| Trade debtors | 29,222 | 33,626 |
| Trade payables | (11,153) | (6,294) |

At the end of the financial year, the effect on profit and equity as a result of changes in the foreign exchange rate with all other variables remaining constant would be as follows:

| | Profit \$ | Equity \$ |
|-------------------------------------|--------------|--------------|
| Year ended 30 June 2025 | | |
| +/- 0.99% in foreign exchange rates | 5,259 | 12,161 |
| Year ended 30 June 2024 | | |
| +/- 0.5% in foreign exchange rates | 2,918 | (6,794) |

d. Interest rate risk

The interest rate relating to the borrowings with Suzerain is capitalised at a fixed rate of 10% and 13% per annum and is expected to be repaid 31 December 2026.

Interest relating to the borrowings with Skybound is paid monthly at a fixed rate of 12.5% and repayable by 31 December 2026.

Note 21 | Related party transactions

Key Management Personnel

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether Executive or otherwise) of that entity, are considered key management personnel.

During the year certain remuneration entitlements of executive and non-executive directors were paid, upon request of the directors, to related entities or associates of those Directors.

See Note 14 for the value of the related party transactions above and remuneration report.

Other related parties

Other related parties include entities controlled by the Company and entities over which key management personnel have joint control. Amounts disclosed in Note 21 include transactions with associated entities of key management personnel.

Transactions between related parties are on normal commercial terms and conditions that are no more favourable than those available to other parties unless otherwise stated.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Notes to the financial statements for the year ending 30 June 2025

The following transactions occurred with related parties controlled by key management personnel:

| | Consolidated Group | |
|---------------------------------------|--------------------|--------|
| | 2025 | 2024 |
| | \$ | \$ |
| Sales of goods and services | | |
| Membership subscriptions ¹ | 2,310 | 9,409 |
| Travel commission ² | - | 14,350 |
| Salary recharge ³ | 36,662 | 45,642 |
| Purchases of services | | |
| Rent and parking ⁴ | 732 | 1,268 |
| Travel expense ⁵ | - | 936 |
| Recruitment fee ⁶ | - | 30,740 |

¹ Sale of Entertainment memberships to Leisurecom Group, a related entity of Suzerain.

² Travel commission from Leisurecom Group Pty Ltd, a controlled entity of Suzerain.

³ Recharge of salary expenses to Leisurecom Group Pty Ltd, a controlled entity of Suzerain.

⁴ Gold Coast office and car park space provided by Leisurecom Group Pty Ltd, a controlled entity of Suzerain.

⁵ Recharge of travel expense from eCruising Travel, a controlled entity of Suzerain.

⁶ Recharge of recruitment fee from eCruising Travel, a controlled entity of Suzerain.

Outstanding balances arising from sales of goods and services:

| | Consolidated Group | |
|---------------------------------------|--------------------|------|
| | 2025 | 2024 |
| | \$ | \$ |
| Current receivables | | |
| Leisurecom Group Pty Ltd ¹ | - | 891 |

¹ Travel Commission provided to a related entity of Suzerain.

Outstanding balances arising from loan agreements:

| | Consolidated Group | |
|---|--------------------|------------|
| | 2025 | 2024 |
| | \$ | \$ |
| Borrowings | | |
| Transformational capital facility | 1,207,807 | 1,207,807 |
| Interest bearing loan | 836,712 | 766,997 |
| Suzerain Investment Holdings Convertible Loan facility | 4,567,126 | 25,536,953 |
| Suzerain Investment Holdings Loan Facility (Unsecured Loan) | 6,905,048 | - |

Transactions between the Company and controlled entities include loans, management fees and interest, which are eliminated on consolidation. Significant loan and capital-related transactions between the Group and related parties include the following:

- Suzerain and Skybound, related parties to Dean Palmer (Chairman), have provided a total of \$31.7 million loan facilities to the Group. During the period, the Group drew \$6.6 million of the line of credit facility. See Note 10 for additional details.

Note 22 | Events after the reporting period

On 22 August 2025, the Group signed an amendment deed with Suzerain Investment Holdings to increase the existing loan facility by additional \$3.0 million.

Other than the matter described above, no other matters or circumstances has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

ENTERTAINMENT REWARDS LTD AND CONTROLLED ENTITIES

Consolidated entity disclosure statement

As at 30 June 2025

| Name of entity | Entity type | Body corporates | | Tax residency | |
|--|----------------|------------------------------|-------------------------|-----------------------|----------------------|
| | | Place formed or incorporated | % of share capital held | Australian or foreign | Foreign Jurisdiction |
| Entertainment Rewards Ltd | Body corporate | Australia | N/A | Australian (i) | N/A |
| Entertainment Publications of Australia Pty Ltd | Body corporate | Australia | 100 | Australian (i) | N/A |
| Entertainment Publications Ltd | Body corporate | New Zealand | 100 | Foreign | New Zealand |
| Entertainment Seamless Rewards Pty Ltd | Body corporate | Australia | 100 | Australian (i) | N/A |
| Entertainment Digital Pty Ltd (previously MobileDEN Pty Ltd) | Body corporate | Australia | 100 | Australian (i) | N/A |
| Entertainment Trus Co Pty Ltd | Body corporate | Australia | 100 | Australian (i) | 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 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

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the Group

Corporate Directory

| | |
|------------------------------------|--|
| Directors | Mr. Dean Palmer Non-Executive Chairman Dr Charles Romito Non-Executive Director Mrs. Heidi Halson Executive Director |
| Company Secretary | Mr. Kunal Kapoor |
| Registered Office | The Wave, Suite 202, Level 2, 89-91 Surf Parade, Broadbeach, QLD 4218 |
| Principal place of business | The Wave, Suite 202, Level 2, 89-91 Surf Parade, Broadbeach, QLD 4218 |
| Share registry | Link Market Services ACN 083 214 537 Level 12, 680 George Street Sydney NSW 2000 +61 2 8280 7100 |
| Auditor | William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street, Melbourne VIC 3000 |
| Legal advisers | Sundaraj & Ker Level 36, Australia Square 264 George Street Sydney NSW 2000 |
| Bankers | Commonwealth Bank of Australia Level 3, 240 Queen Street Brisbane Qld 4000 |
| Stock exchange listing | Entertainment Rewards Ltd shares are listed on the Australian Securities Exchange (ASX code: EAT) |
| Website | www.entertainmentrewards.com.au |

The Company's Corporate Governance Statement, which was approved by the Board at the same time as the Annual Report, sets out the corporate governance practices that were in operation during the financial period and identifies and explains any ASX Corporate Governance Principles and Recommendations that have not been followed. The Corporate Governance Statement for the year ended 30 June 2024 can be found on the Company's website at <https://www.entertainmentrewards.com.au/governance/>.



The Wave, Suite 202,
Level 2, 89-91 Surf
Parade,
Broadbeach, QLD 4218
Australia

Email:
invrelations@entertainment.com.au

Phone: (02) 8280 7100

www.entertainmentrewards.com.au

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