



Announcement to ASX

ASX Code: HTG

August 29, 2024

Appendix 4E Preliminary Final Report

I. DETAILS OF THE REPORTING PERIODS

Reporting period: For the year ended 30 June 2024

Previous period: For the year ended 30 June 2023

II. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				30 June 2024	30 June 2023
				\$	\$
			%		
(i)	Revenue from ongoing ordinary activities	Down	13	2,649,497	3,042,307
(ii)	Net loss from ordinary activities attributable to members	Increase	31	(12,663,192)	(9,684,421)
(iii)	Net loss for the year attributable to members	Increase	33	(13,329,216)	(10,002,733)
(iv)	Dividends			Nil	Nil
(v)	Record date for determining entitlements for dividend			n/a	n/a

Further details on the results for the year are set out in the 2024 Preliminary Report as below.

III. DIVIDENDS

The Board did not declare nor pay any dividends for the financial year ended 30 June 2024 and it is not proposed to pay any dividends in relation to the financial year end.

IV. NET TANGIBLE ASSETS PER SECURITY

Net tangible assets are defined as the net assets of the Group less intangible assets. Assets classified as intangible assets include goodwill, software and intellectual property.

	30 June 2024	30 June 2023
Net tangible assets per ordinary share (cents per share)	(0.70)	(0.27)

V. CONTROL GAINED OR LOSS OF CONTROL OVER ENTITIES HAVING MATERIAL EFFECT

Not applicable

VI. ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable

VII. AUDIT QUALIFICATION OR REVIEW

This report is in the process of being audited. At the date of this report, the Directors are not aware of any matter that will result in a qualification of the audit report.



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VIII. ATTACHMENTS

Preliminary Financial Report for the year ended 30 June 2024.

This announcement was authorised for release by Ilario Faenza, Group Chief Executive Officer.

Date: 29 August 2024

Mr. Ilario Faenza

Group Chief Executive Officer, Harvest Technology Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Cash and cash equivalents	5.1	444,943	992,018
Trade and other receivables	5.2	362,110	528,836
Inventory	5.3	458,701	504,967
Prepayments		174,355	189,892
Other bonds and deposits	4.4	-	478,767
Total current assets		1,440,109	2,694,480
Intangible assets	4.1	-	5,312,789
Property, plant and equipment	4.2	806,069	1,091,941
Right of use leased assets	4.3	1,014,714	1,250,367
Other bonds and deposits	4.4	228,213	218,990
Total non-current assets		2,048,996	7,874,087
Total assets		3,489,105	10,568,567
Liabilities			
Trade and other payables	5.4	1,334,429	564,686
Other liabilities	5.5	414,756	91,661
Borrowings	6.2	5,277,564	135,066
Employee entitlements	2.4	707,419	660,120
Lease liabilities	6.3	290,258	270,178
Total current liabilities		8,024,426	1,721,711
Lease liabilities	6.3	1,028,919	1,311,660
Provisions	6.4	129,704	125,074
Borrowings	6.2	-	3,822,502
Total non-current liabilities		1,158,623	5,259,236
Total liabilities		9,183,049	6,980,947
Net (liabilities) / assets		(5,693,944)	3,587,620
Equity			
Issued capital	6.1	48,076,797	44,189,044
Unissued capital	6.1	1,278,761	1,278,761
Reserves		6,085,415	5,925,516
Accumulated losses		(61,134,917)	(47,805,701)
Total equity (deficiency) attributable to equity holders of the Company		(5,693,944)	3,587,620

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue			
Sales	2.2	2,649,497	3,042,307
Research and development tax incentive	2.3	1,670,311	2,564,281
Other income	2.3	97,002	48,949
		4,416,810	5,655,537
Expenses			
Cost of goods sold		(457,192)	(1,099,191)
Marketing and business development		(507,209)	(359,510)
Personnel expenses – other	2.4	(3,884,261)	(3,863,891)
Personnel expenses – research and development	2.4	(2,115,806)	(3,797,020)
General and administration		(1,084,490)	(650,622)
Professional fees		(836,438)	(491,273)
Depreciation and amortisation		(1,378,394)	(1,798,718)
Research and development		(284,414)	(167,926)
Intangible assets impairment		(5,875,887)	(2,552,823)
Finance expenses	2.5	(655,330)	(555,958)
Loss before income tax		(12,662,611)	(9,681,395)
Income tax expense	2.6	(581)	(3,026)
Net loss for the year from continuing operations		(12,663,192)	(9,684,421)
Loss after tax from discontinued operations	3	(666,024)	(318,312)
Loss attributable to owners of the Company		(13,329,216)	(10,002,733)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign operations – foreign currency translation differences		(1,239)	(43,513)
Total comprehensive loss for the year		(13,330,455)	(10,046,246)
Total comprehensive loss attributable to owners of the Company		(13,330,455)	(10,046,246)
Loss for the year is attributable to:			
Continuing operations		(12,663,192)	(9,684,421)
Discontinued operations		(666,024)	(318,312)
		(13,329,216)	(10,002,733)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(12,664,431)	(9,727,934)
Discontinued operations		(666,024)	(318,312)
		(13,330,455)	(10,046,246)
Loss per share			
Basic and diluted loss per share (cents per share)	2.7	(1.81)	(1.64)
Basic and diluted loss per share (cents per share) from continuing operations	2.7	(1.72)	(1.59)
Basic and diluted loss per share (cents per share) from discontinued operations	2.7	(0.09)	(0.05)

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Issued Capital \$	Unissued Capital \$	Share- based Payment Reserve \$	Equity Component of Convertible Note \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2022	41,254,787	2,112,761	5,324,898	499,385	29,949	(37,802,968)	11,418,812
Net loss for the year	-	-	-	-	-	(10,002,733)	(10,002,733)
Foreign exchange translation	-	-	-	-	(43,513)	-	(43,513)
Total comprehensive loss for the year	-	-	-	-	(43,513)	(10,002,733)	(10,046,246)
Shares issued during the year	1,749,600	-	-	-	-	-	1,749,600
Share issue costs (net of tax benefit)	(20,624)	-	-	-	-	-	(20,624)
Deferred Consideration on acquisition of subsidiary	750,000	(750,000)	-	-	-	-	-
Shares in lieu of bonus	455,281	(84,000)	-	-	-	-	371,281
Share-based payments (Refer note 7.1)	-	-	114,797	-	-	-	114,797
Balance at 30 June 2023	44,189,044	1,278,761	5,439,695	499,385	(13,564)	(47,805,701)	3,587,620
Balance at 1 July 2023	44,189,044	1,278,761	5,439,695	499,385	(13,564)	(47,805,701)	3,587,620
Net loss for the year	-	-	-	-	-	(13,329,216)	(13,329,216)
Foreign exchange translation	-	-	-	-	(1,239)	-	(1,239)
Total comprehensive loss for the year	-	-	-	-	(1,239)	(13,329,216)	(13,330,455)
Shares issued during the year	3,843,418	-	-	-	-	-	3,843,418
Share issue costs (net of tax benefit)	(360,858)	-	-	-	-	-	(360,858)
Shares in lieu of bonus	405,193	-	-	-	-	-	405,193
Share-based payments (Refer note 7.1)	-	-	161,138	-	-	-	161,138
Balance at 30 June 2024	48,076,797	1,278,761	5,600,833	499,385	(14,803)	(61,134,917)	(5,693,944)

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers		2,978,355	3,167,082
Receipts from R&D tax incentive		1,670,311	2,564,281
Payments to suppliers and employees		(8,978,735)	(10,002,351)
Interest paid		(443,595)	(291,431)
Interest paid on lease liabilities		(52,245)	(61,704)
Interest received		23,068	5,727
Income taxes paid		(581)	32,190
Net cash used in operating activities	5.1(b)	(4,803,422)	(4,586,206)
Cash flows from investing activities			
Payments for plant and equipment		(29,952)	(49,405)
Advance to a former Director		-	(500,000)
Repayment from a former Director		100,000	400,000
Net cash from / (used in) investing activities		70,048	(149,405)
Cash flows from financing activities			
Proceeds from issue of share capital and options exercise	6.1	3,843,418	1,749,600
Loan from former Group CEO		250,000	-
Loan repayment to former Group CEO		(250,000)	-
Proceed from Loan Note financing		1,217,000	-
Loan from R&D funding facility		960,045	-
Repayment of R&D funding facility		(960,045)	-
Payment of capital raising costs	6.1	(360,858)	(20,624)
Repayment of principal lease liabilities	6.4	(322,641)	(313,362)
Repayment of borrowings and premium funding facility	6.2	(190,498)	(184,722)
Net cash from financing activities		4,186,421	1,230,892
Net decrease in cash and cash equivalents		(546,953)	(3,504,719)
Cash and cash equivalents at 1 July		992,018	4,497,315
Effect of exchange rate fluctuations on cash held		(122)	(578)
Cash and cash equivalents at 30 June	5.1(a)	444,943	992,018

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

Section 1: Basis of Preparation

The notes to the consolidated financial statements have been grouped into sections under seven key categories:

- Basis of preparation
- Results for the year
- Business Combination
- Assets and Liabilities
- Working capital disclosures
- Equity and funding
- Other disclosures

Significant accounting policies specific to one note are included within that note and where possible, wording has been simplified to provide clearer commentary on the financial report of the Group. Accounting policies determined non-significant are not included in the financial statements. There have been no changes to the Group's accounting policies during the year.

1.1 General Information

The Company, Harvest Technology Group Limited, is a for-profit, listed public company domiciled in Australia. The Company's registered office is located at Ground Floor, 16 Ord Street, West Perth, WA 6005.

The Group is primarily involved in:

- remote communications technology based around data transmission protocols; and
- bespoke solutions for the offshore energy, resources and renewables sectors, specialising in subsea and asset integrity risk mitigation technology.

The consolidated financial statements of the Group as at and for the year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and were authorised for issue by the Board of Directors on. The financial statements are general purpose financial statements which:

- have been prepared in accordance with Australian Accounting Standards (**AASBs**) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (**IFRSs**) as issued by the International Accounting Standards Board (**IASB**);
- have been prepared on a historical cost basis, except for financial assets held at fair value through profit or loss. The basis of measurement is discussed further in the individual notes;
- are presented in Australian Dollars;
- adopt all new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2023; and,
- do not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but not yet effective.

1.2 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at 30 June each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability, to affect those returns through its power

over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

1.3 Foreign Currency Translation

The primary economic environment in which the Group operates is Australia. The consolidated financial statements are therefore presented in Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the year-end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the year-end, a foreign exchange gain or loss may arise. Any such differences are recognised in the profit or loss. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

The functional currency of the Group's US based subsidiaries, Opsivity, Inc and SnapSupport, Inc, is US Dollars (USD). The functional currency of the Group's UK based subsidiary, Harvest Technology (UK) Ltd, is British Pound Sterling (GBP).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Harvest Technology Group Limited at the rate of exchange ruling at balance date and income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the date of the transactions are used.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

1.4 Research and Development Expenditure Tax Offset

The Group undertakes expenditure on activities that are categorised as 'eligible expenditure' under the Research & Development Tax Concession which, dependent upon certain criteria, may be subject to a tax offset. The Group will submit a claim for the 2024 financial year and have not recognised a receivable pending the review and approval of the claim by the Australian Taxation Office. A deferred tax asset is recognised for unclaimed tax credits that are carried forward to the extent permitted under accounting standards.

1.5 Impairment

Non-financial assets

At each reporting date, the Group reviews the carrying amount of its non-financial assets, other than deferred tax assets, to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

1.6 New, Revised or Amending Accounting Standards and Interpretations Adopted

Standards and Interpretations Applicable to 30 June 2024

The Directors have reviewed all Standards and Interpretations on issue not yet adopted for the period ended 30 June 2024. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations on issue not yet adopted by the Company, and therefore, no change is necessary to Group accounting policies including:

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- AASB 2022-7: Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a material impact on Group Accounting policies.

1.7 Accounting Judgements and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment are included in the following notes:

- Note 2.6 - Income tax expense
- Note 4.1 - Intangibles
- Note 5.2 - Recoverability of Trade Receivables
- Note 6.2 - Borrowings
- Note 7.1 - Share-based payments

1.8 Going Concern

The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business and at the amounts stated in the financial statements. Notwithstanding the working capital deficiency of \$6,584,317 (2023: working capital \$972,769) the fact that the Group incurred a loss and a net cash outflow of for the year, the Directors are of the opinion that the Group is a going concern for the following reasons:

- In July 2024, the Group has reached an agreement with the existing convertible note holders to the extension of the \$4,000,000 convertible note maturity date from 28 November 2024 to 28 November 2026
- On going fund-raising to sophisticated investors for which an update will be provided in due course
- Expected receipt of 2024 R&D tax incentive rebate by October 2024; and
- The strong interest on the newly launched Nodestream Live in June 2024 is expected to significantly improve the Group's speed to market and hence will improve the revenue stream.

After consideration of the above factors together with a review of the Group's financial position and forecast cash flows, the Directors reasonably expect the Group will be able to generate sufficient future cashflows to ensure the Group is able to continue as a going concern for a period of at least 12 months from the date of approval of these financial statements. However, should results be materially less than expected and/or the Group is unable to generate any additional funding required, there would exist a material uncertainty which could cast significant doubt as to whether the Group would in such circumstances be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Section 2: Results for the Year

This section focuses on the results and performance of the Group, with disclosures including segment information, components of the operating profit, taxation and earnings per share.

Key Estimates and Assumptions in this Section

Deferred taxation

The Group has unrecognised carried forward tax losses which can be utilised against future taxable profits.

2.1 Operating Segments

The Group's operating segments have been determined with reference to the management accounts used by the Chief Operating Decision Maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole, has been determined as the Chief Operating Decision Maker.

The Group operated in two distinct segments during the past year:

- Remote communications technology sector; and
- Subsea and asset integrity risk mitigation technology-based solutions within the energy, resources and renewables sectors.

The remote communications technology segment generates income from the provision of data transfer, encryption and compression services to clients operating in offshore and remote environments.

The offering of bespoke subsea and asset integrity risk mitigation technology-based solutions segment generates income from subsea infrastructure and assets in the energy, resources and renewables sectors. This segment is now discontinued.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable operating segment as at the end of the reporting period:

	Assets		Liabilities	
	30 June 2024 \$	30 June 2023 \$	30 June 2024 \$	30 June 2023 \$
Remote communications technology	833,086	6,360,100	(838,812)	(660,453)
Subsea and asset integrity risk mitigation	-	478,767	(122,568)	(17,220)
Total segment assets and liabilities	833,086	6,838,867	(961,380)	(677,673)
Corporate and other segment assets/liabilities	2,656,019	3,729,700	(8,221,669)	(6,303,274)
Total	3,489,105	10,568,567	(9,183,049)	(6,980,947)

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable operating segment.

	Revenue		Segment Profit / (Loss)	
	30 June 2024 \$	30 June 2023 \$	30 June 2024 \$	30 June 2023 \$
Remote communications technology ⁽¹⁾	2,649,497	3,042,307	(8,422,231)	(7,542,455)
Total for continuing operations	2,649,497	3,042,307	(8,422,231)	(7,542,455)
Subsea and asset integrity risk mitigation (discontinued operation)	-	-	(666,024)	(160,132)
Total for continuing and discontinued operations	2,649,497	3,042,307	(9,088,255)	(7,702,587)
Other income			64,711	42,677
Research and development incentive			1,670,311	2,564,281
Finance income			32,291	6,273
Central and administration expenses			(5,352,363)	(4,196,214)
Finance expense			(655,330)	(555,958)
Loss before tax			(13,328,635)	(9,841,528)
Income tax benefit/ (expense)			(581)	(161,205)
Loss after tax			(13,329,216)	(10,002,733)

⁽¹⁾ The remote communications technology segment result includes an expense of and for amortisation and impairment of intellectual property.

Segment revenues represent revenue generated from external customers. There were no inter-segment revenues in the current period.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Management do not consider the cashflows of each segment separately.

Geographical Information

	Geographical Non-Current Assets	
	2024 \$	2023 \$
Australia	2,044,970	7,850,827
United States	279	18,171
United Kingdom	3,747	5,089
	2,048,996	7,874,087

Sales to External Customers

	2024	2023
	\$	\$
Americas	189,648	218,777
Australia & Asia Pacific	1,446,857	2,212,873
Europe	390,665	121,801
Middle East & Africa	362,307	147,674
United Kingdom	260,020	341,183
	2,649,497	3,042,308

2.2 Revenue

Accounting Policy

Revenue from contracts with customers is recognised in consolidated statement of profit or loss and other comprehensive income when the performance obligations are considered met, per the specific requirements of contract for the goods or services being provided by the Group, as disclosed further below.

The Group determines whether each performance obligation within a contract is satisfied over time or at a point in time.

Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax (or other valued added taxes as applicable). Invoiced amounts are reflected in trade receivables.

Revenue Recognition

The Group recognises revenue from the following key sources:

- Sale of hardware products
- Hire of hardware products
- Software licence subscription fees
- Services

The accounting policies for each of these sources has been set out below:

Sale of hardware products

The Group sells hardware products direct to customers and through distribution partners. Revenue is recognized when control of the hardware has transferred, being when the hardware has been shipped to the customer/distributor's specified location (delivery). Any income derived from shipping charges is also recognised at the time of delivery. It is at this point in time at which the right to consideration becomes unconditional.

Where customers/distributors are responsible for arranging shipment, revenue is recognized on an ex-warehouse basis when collected by the customer/distributor (or their shipping agent).

When a customer/distributor initially places the order, the customer or distributor is invoiced and the transaction price at that point in time is recognised by the Group as deferred revenue, until control of the hardware has transferred to the customer or distributor and revenue is recognised.

Outside of warranties, customers/distributors do not have the right to return hardware sold therefore no "right to returned goods" asset is recognised.

Hire of hardware products

The Group offer customers the ability to hire certain hardware products over time. Typically, the minimum hire period is one month and may stretch up to a maximum term of 36 months. Hire revenues are recognized on a daily basis over the term of the hire period. The Group considers the performance obligation in respect of those services is satisfied over time.

The transaction price allocated to these hire activities is recognized as deferred revenue ("revenue received in advance" liability) at the time of the initial sales transaction and is released on a straight-line basis over the hire period.

Software licence subscription fees

The Group provides customers with a licence to access its software for the duration of the contract term. Such services are recognized as a performance obligation satisfied over time.

The transaction price allocated to these hire activities is recognized as deferred revenue ("revenue received in advance" liability) at the time of the initial sales transaction and is released on a straight-line basis over the period of the licence.

Services

The Group provides project and consulting services to customers. Revenue from these services is recognised over time as services are rendered, typically in accordance with the achievement of project milestones and/or hours expended.

Transaction price

The total transaction price at the start of the contract is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, net of goods and services tax. The transaction price does not include estimates of consideration resulting from change orders for additional goods or services unless these are agreed. Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when or as those performance obligations are satisfied.

Disaggregation of revenue

AASB 15 requires entities to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group has determined that a disaggregation of revenue using existing segments and the nature of revenue best depicts the Group's revenue.

	Provision of services		Hardware sales		Total	
	2024 \$	2023 \$	2024 \$	2023 \$	2024 \$	2023 \$
Revenue earned over time	1,400,350	2,026,263	-	-	1,400,350	2,026,263
Revenue at a point in time	-	-	1,249,147	1,016,044	1,249,147	1,016,044
	1,400,350	2,026,263	1,249,147	1,016,044	2,649,497	3,042,307

The Group has 3 customers where the revenue generated from these customers is more than 10% of the Group's revenue. Customer A generated 30% (2023: 31%), Customer B generated 13% (2023: 0%), Customer C generated 11% (2023: 0%) and Customer D generated 0% (2023: 28%) of the Group's revenue for the year.

2.3 Other Income

Accounting Policy

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Government grants relating to historical expenditure for Research & Development and Export Market Development are recognised in full in the period that they are received.

	2024 \$	2023 \$
Research and development tax incentive	1,670,311	2,564,281
<u>Others</u>		
Government grants	28,000	28,000
Interest income	32,291	6,273
Gain on disposal of an investment	34,525	-
Insurance claimed	-	5,250
Late charges received	-	9,426
Other	2,186	-
	97,002	48,949

2.4 Personnel Expenses and Employee Benefits

Accounting Policy

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of the future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Share-based payments

The policy relating to share-based payments is set out in note 7.1.

The table below sets out personnel costs expensed during the year.

		2024	2023
	Note	\$	\$
Wages and salaries		4,793,770	5,542,174
Directors' remuneration	7.4	758,740	461,625
Other KMP remuneration	7.4	690,908	829,531
Contributions to superannuation		453,921	442,319
(Decrease)/increase in liability for annual leave		62,565	(50,989)
Equity-settled share-based payments		280,411	282,456
Fringe benefits tax		3,309	-
Other associated personnel expenses		287,143	153,795
Total personnel costs		7,330,767	7,660,911
Transferred to intangible assets		(1,330,700)	-
		6,000,067	7,660,911
Shown as:			
Non-research and development expenses		3,884,261	3,863,891
Research and development related personnel expenses		2,115,806	3,797,020
		6,000,067	7,660,911

Further information relating to Directors' and KMP remuneration is set out in note 7.4.

The table below sets out employee benefits payable as at reporting date.

	2024	2023
Current	\$	\$
Salary accrual	(198,126)	(227,010)
Superannuation	(123,816)	(117,955)
Liability for annual leave	(385,477)	(315,155)
	(707,419)	(660,120)

2.5 Finance Costs

Accounting Policy

Finance costs comprise interest and other finance charges on borrowings and banking arrangements. Interest expense on short term borrowings is recognised as it accrues in profit or loss, using the effective interest method.

	Note	2024 \$	2023 \$
Interest expense on financial liabilities measured at amortised cost			
Interest expense on convertible notes	6.2	483,335	467,907
Interest on lease liabilities		52,245	61,704
Interest expense on R&D funding facility		49,947	-
Interest expense on loan notes		33,009	-
Interest expense on loan from former Group CEO		9,096	-
Interest expense on other borrowings		6,468	5,530
Other finance charges		21,230	20,817
Finance expense recognised in profit or loss		655,330	555,958

2.6 Income Tax Expense

Accounting Policy

Income tax expense comprises current and deferred tax. Current tax assets and liabilities are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is based on tax rates enacted or substantively enacted at the balance date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used for calculating taxable profits. Deferred tax balances are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set-off.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on substantively enacted rates at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(a) Amounts recognised in profit or loss

	2024 \$	2023 \$
Current tax benefit / (expense)		
Current tax	-	-
Deferred tax	-	-
Under provision in prior year	(581)	(3,026)
Total income tax benefit / (expense)	(581)	(3,026)

(b) Reconciliation of Income Tax

	2024	2023
	\$	\$
Loss after tax*	(12,663,192)	(9,684,422)
Total income tax (benefit) / expense	581	3,026
Loss excluding income tax	(12,662,611)	(9,681,396)
Income tax at the Australian tax rate of 25% (2023: 25%)	(3,165,653)	(2,420,349)
<i>Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:</i>		
Entertainment	1,384	832
Share-based payments	172,901	108,575
Amortisation and impairment of intellectual property	1,328,197	880,404
Other permanent differences	(519,709)	(687,725)
Difference in foreign income tax rates	5,008	87,066
Under / (over) provision in prior years	581	3,026
Foreign tax losses not brought to account	282,963	368,253
Deferred tax assets not brought to account	1,894,909	1,662,944
	581	3,026

* Loss for the year is inclusive of continued operations only.

(c) Recognised Deferred Tax Assets and Liabilities

Recognised deferred tax assets and liabilities are attributable to the following:

	2024	2023
	\$	\$
Deferred tax liabilities at 25% (2023: 25%)		
Prepayments	-	-
Fixed Assets	4,824	21,639
Right of use assets	253,679	312,592
Intellectual Property	-	1,327,985
Other temporary differences	1,952	2,400
	260,455	1,664,616
Offset of deferred tax assets	(260,455)	(1,664,616)
Net deferred tax liability recognised	-	-

All movements are charged to income tax throughout the year.

(d) Deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	2024	2023
	\$	\$
Deferred tax assets		
Tax losses	260,455	836,644
Capital raising costs	-	217,253
Employee entitlements	-	158,740
Right of use assets lease liability	-	395,460
Provision for restoration	-	15,987
Other temporary differences	-	40,532
	260,455	1,664,616
Offset of deferred tax liabilities	(260,455)	(1,664,616)
Net deferred tax assets recognised	-	-
	8,242,799	5,908,155

2.7 Loss Per Share**Basic and Diluted Loss Per Share**

Earnings / (loss) per share (EPS) is the amount of post-tax profit or loss attributable to each share. The calculation of basic loss per share has been based on the loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted EPS considers the dilutive effect of all potential ordinary shares, being share options on issue.

Loss per share attributable to ordinary shareholders

	2024	2023
	\$	\$
Net loss for the year from continuing operations	(12,663,192)	(9,684,421)
Net loss for the year from discontinued operations	(666,024)	(318,312)
Net loss for the year attributable to ordinary shareholders	(13,329,216)	(10,002,733)
Issued ordinary shares at 1 July	631,819,516	588,926,643
Effect of shares issued	102,976,780	20,791,799
Weighted average number of ordinary shares at 30 June	734,796,296	609,718,442
Basic and diluted loss per share from continuing operations (cents per share)	(1.72)	(1.59)
Basic and diluted loss per share from discontinued operations (cents per share)	(0.09)	(0.05)
Basic and diluted loss per share (cents per share) *	(1.81)	(1.64)

* At 30 June 2024, 69,947,247 options (2023: 51,186,832 options), 181,181,182 convertible note shares (2023: 181,181,182), and 1,000,000 performance rights (2023: 1,000,000 performance rights) were excluded from diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

Section 3: Discontinued Operations

Accounting Policy

A discontinued operation is a component of the consolidated entity that has been disposed or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

In August 2021, the Group announced the long-term charter of the offshore support vessel VOS Shine would finish and returned to the vessel owner. As such, the subsea and asset integrity risk management operations to which the VOS Shine was related, are shown as discontinued operations in this report. The Group anticipates that there will be minimal movement on these accounts during the upcoming period as the Group finalises payments and expenses in existence at the completion of the previous financial period.

Results for the year from discontinued operations

	30 June 2024	30 June 2023
	\$	\$
Sales	-	-
Cost of goods sold	-	-
General and administration	(6,352)	35,261
Professional fees	(187,257)	(195,394)
Impairment on other deposit	(472,415)	-
Withholding tax suffered	-	(158,179)
Loss after tax from discontinued operations	(666,024)	(318,312)

Cash flows from discontinued operations

	2024	2023
	\$	\$
Cash flows from operating activities		
Receipts from customers	-	-
Cash paid to suppliers and employees	(81,909)	(199,194)
Interest paid on lease liabilities	-	-
Net cash (used in) / from operating activities	(81,909)	(199,194)
Cash flows from investing activities		
Payments for plant and equipment	-	-
Net cash from / (used in) investing activities	-	-
Cash flows from financing activities		
Repayment of principal lease liabilities	-	-
Net cash from / (used in) financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(81,909)	(199,194)

Section 4: Assets and Liabilities

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing development as well as capital and other commitments existing at year end.

Key Estimates and Assumptions in This Section

Indicators of impairment

The Group has reviewed intellectual property for indicators of impairment in accordance with AASB 138. An assessment for impairment of intellectual property has been undertaken under the requirements of AASB 136. An impairment was recognised amounting to \$ 5,875,887 (2023: \$2,552,823) as a result of this assessment.

4.1 Intangible Assets

Information about Intangible Assets

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

Accounting Policy

Research and development

Research costs are expensed in the period in which they are incurred. Research costs are largely made up of employee labour.

Development costs on a particular project are only to be capitalised if a benefit of more than 12 months is expected and the following recognition criteria have been met:

- It is probable that the project will be a success considering its commercial and technical feasibility;
- The Group can demonstrate its intention to complete and its ability and intention to use or sell the asset;
- The Group has sufficient resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Capitalised development costs are amortised over their useful life once the asset is ready for use.

Development costs previously recognised as an expense are not recognised as assets in a subsequent period.

Software development

Development costs include personnel and other directly attributable costs incurred in the development of software. Capitalised software development costs are recognised as an intangible asset and amortised over their estimated useful lives, which is considered to be three to ten years. Software development costs are capitalised as “under development” until the products to which the costs relate become available for use. At the point in which the products become available for use, the costs are transferred from “under development” to “in use” and amortised from that point.

Patents and trademarks

Significant costs associated with patents amortised on a straight-line basis over the period of their expected benefit, being their finite life of eight years.

Trademarks are not amortised as they have an indefinite useful life as the Company renews its trademark registration every ten years but are subject to impairment.

Impairment

Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount.

Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest. The Group performs impairment testing in accordance with note 1.5.

	Proprietary Information \$	Patents \$	Software Under Development \$	Total \$
Gross carrying amount				
Balance at 1 July 2022	11,631,667	850	-	11,632,517
Foreign currency translation	(20,732)	-	-	(20,732)
Balance at 30 June 2023	11,610,935	850	-	11,611,785
Balance at 1 July 2023	11,610,935	850	-	11,611,785
Addition	-	-	1,389,200	1,389,200
Foreign currency translation	-	-	-	-
Balance at 30 June 2024	11,610,935	850	1,389,200	13,000,985
Amortisation and impairment				
Balance at 1 July 2022	2,526,373	-	-	2,526,373
Amortisation for the year	1,219,800	-	-	1,219,800
Impairment	2,552,823	-	-	2,552,823
Balance at 30 June 2023	6,298,996	-	-	6,298,996
Balance at 1 July 2023	6,298,996	-	-	6,298,996
Amortisation for the year	826,102	-	-	826,102
Impairment	4,485,837	850	1,389,200	5,875,887
Balance at 30 June 2024	11,610,935	850	1,389,200	13,000,985
Carrying amounts				
Balance at 30 June 2023	5,311,939	850	-	5,312,789
Balance at 30 June 2024	-	-	-	-

Impairment charge of \$5,875,887 (2023: \$2,552,823) has been recognised in the current year to write-off the remaining intangible assets balance. Following the restructuring in current financial year, the Group decided to write off the remaining intangible balance aligns with conservative financial reporting practices, considering internal and external factors might effect the timing of profitability and related inherent risk in forecasting future cashflows. The group also wanted to present a more collate reporting between statement of profit or loss and statement of cashflows moving forward instead of capitalising the R&D cost as intangible assets.

Despite the write-off, the Group remains optimistic about the future profitability of its product, supported by continuous technological improvements and strategic restructuring initiatives as previously announced to the market.

4.2 Property, Plant and Equipment

Accounting Policy

Recognition and measurement

Items of property, plant and equipment are measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and recognised net within “other gains and losses” in profit or loss.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a diminishing balance basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives of the assets are as follows:

Plant and equipment	3 - 15 years
Motor vehicles	12 - 15 years
Computer equipment & software	2 - 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

	Plant & Equipment \$	Fixtures & Fittings \$	Computer Equipment \$	Demonstration Equipment \$	Equipment for Hire \$	Leasehold Improvements \$	Total \$
Gross carrying amount							
Balance at 1 July 2022	3,200	225,584	302,257	55,854	300,229	1,056,406	1,943,530
Additions	4,805	9,222	19,722	-	15,655	-	49,404
Disposals/Scrapping	-	-	(1,787)	-	-	(2,634)	(4,421)
Foreign currency translation	471	-	(1,045)	(155)	(133)	-	(862)
Balance at 30 June 2023	8,476	234,806	319,147	55,699	315,751	1,053,772	1,987,651
Additions	-	6,833	18,118	-	5,000	-	29,951
Disposals/Scrapping/Transfer	-	-	-	-	(18,531)	-	(18,531)
Foreign currency translation	7	-	9	-	-	-	16
Balance at 30 June 2024	8,483	241,639	337,274	55,699	302,220	1,053,772	1,999,087
Depreciation							
Balance at 1 July 2022	160	67,332	135,858	51,153	187,458	123,474	565,435
Depreciation for the period	1,661	41,635	93,433	3,517	41,002	150,492	331,740
Disposals/Scrapping	-	-	(1,494)	-	-	-	(1,494)
Foreign currency translation	90	-	107	(155)	(13)	-	29
Balance at 30 June 2023	1,911	108,967	227,904	54,515	228,447	273,966	895,710
Depreciation for the period	3,686	42,317	69,345	1,184	37,199	150,544	304,275
Disposals/Scrapping/Transfer	-	-	-	-	(7,585)	-	(7,585)
Foreign currency translation	165	-	453	-	-	-	618
Balance at 30 June 2024	5,762	151,284	297,702	55,699	258,061	424,510	1,193,018
Carrying amounts							
Balance at 30 June 2023	6,565	125,839	91,243	1,184	87,304	779,806	1,091,941
Balance at 30 June 2024	2,721	90,355	39,572	-	44,159	629,262	806,069

4.3 Right-Of-Use Assets

	Plant & Equipment \$	Vessel \$	Building ⁽¹⁾ \$	Total \$
Gross carrying amount				
Balance taken up 1 July 2022	9,144	-	1,713,822	1,722,966
Additions	-	-	-	-
Derecognition	-	-	-	-
Provision for restoration	-	-	4,464	4,464
Balance at 30 June 2023	9,144	-	1,718,286	1,727,430
Additions	7,734	-	-	7,734
Derecognition	-	-	-	-
Provision for restoration	-	-	4,630	4,630
Balance at 30 June 2024	16,878	-	1,722,916	1,739,794
Amortisation				
Balance at 1 July 2022	5,681	0	224,204	229,885
Amortisation for the period	1,892	-	245,286	247,178
Balance at 30 June 2023	7,573	-	469,490	477,063
Amortisation for the period	1,829	-	246,188	248,017
Balance at 30 June 2024	9,402	-	715,678	725,080
Carrying amounts				
Balance at 30 June 2023	1,571	-	1,248,796	1,250,367
Balance at 30 June 2024	7,476	-	1,007,238	1,014,714

(1) Bentley office building lease was entered in 2021 with an initial 7 year term with an option to renew for a further 5 year term. The right of use asset has been calculated over the initial 7 year term.

4.4 Other Bonds and Deposits

	Note	2024 \$	2023 \$
Current			
Cash deposit to provide security over a bank guarantee	(i)	-	478,767
		-	478,767
Non-current			
Cash deposit to provide security over new premises	(ii)	228,213	218,990
		228,213	218,990
		228,213	697,757

- (i) Under the terms of the lease agreement of the VOS Shine, the Group was required to provide an on demand bank guarantee to Vroon Offshore Services B.V. ("Vroon"), the vessel owner, to secure its payment and performance obligations. The Group's bankers issued the guarantee secured by a cash deposit of 292,000 Euro. The cash deposit was due to be refunded on 1 January 2022 on expiry of the guarantee. This guarantee was called by Vroon prior to expiry, the validity of the call being a matter of dispute between the Group and Vroon. The position on the settlement of final contractual obligations is subject to negotiation, the contract having a framework for the resolution of disputes which ultimately includes an arbitration process. The Group will continue to avail itself of all available options to recover the funds drawn under the guarantee. In current financial year, the Group took the prudent decision to impair the deposit even though the Group remains confident of full recovery.
- (ii) The Group was required to provide a bank guarantee of in respect of the lease of the premises in Technology Park, Bentley, Western Australia.

Section 5: Working Capital Disclosures

This section focuses on the cash funding available to the Group and working capital position at year end.

5.1 Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

a) Reconciliation of cash and cash equivalents

	2024 \$	2023 \$
Cash and cash equivalents in the statement of cash flows	444,943	992,018

(b) Reconciliation of cash flows from operating activities

	2024 \$	2023 \$
Cash flows from operating activities		
Operating loss after tax	(13,329,216)	(10,002,733)
Adjustments for:		
Depreciation and amortisation	1,378,394	1,798,718
Equity-settled share-based payment transactions	566,331	486,080
Net finance expense	123,738	264,528
Net finance income	(9,223)	(36,150)
Loss/ (gain) on cashflow hedge	-	12,971
Intangible assets impairment	5,875,887	2,552,823
Allowance for expected credit losses	125,674	-
Impairment of other deposit	472,415	-
R&D recognition as intangible assets	(1,389,200)	-
Computer equipment written off	-	293
Withholding tax written off	-	158,179
Change in operating assets and liabilities:		
Change in trade and other receivables	(58,948)	122,693
Change in prepayments	15,537	(28,906)
Change in inventories	46,266	54,669
Change in other operating assets	182,039	195,542
Change in current tax assets	-	35,216
Change in trade and other payables	826,490	(171,615)
Change in contract liabilities	323,095	(40,595)
Change in employee entitlements	47,299	12,081
Net cash used in operating activities	(4,803,422)	(4,586,206)

5.2 Trade and Other Receivables

Accounting Policy

Trade receivables are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from seven to thirty days.

Impairment of trade receivables is continually reviewed and those considered uncollectable are written off by reducing the carrying amount directly. An allowance account is used when there is an expectation that the Group will be unable to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term, discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

	2024 \$	2023 \$
Current		
Trade debtors ⁽¹⁾	546,949	518,869
Allowance for expected credit losses	(250,749)	(125,075)
	296,200	393,794
Accrued income	-	-
Amount due from a director ⁽²⁾	-	100,000
Other receivables	65,910	35,042
	362,110	528,836

(1) The average credit period on sales of goods and rendering of services is 30 days. An allowance \$250,749 (2023: \$125,075) has been made for estimated unrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to AASB 9 requirements.

(2) Refer to note 7.4 for further details.

Allowance for expected credit losses

The ageing of the receivables and allowances for expected credit losses provided for above are as follows:

	Trade debtors		Allowance for expected credit losses	
	2024 \$	2023 \$	2024 \$	2023 \$
Current	218,807	227,995	-	-
1 to 30 days overdue	64,200	128,466	-	-
31 to 60 days overdue	-	10,406	-	-
61 to 90 days overdue	2,685	10,406	-	-
Over 90 days overdue	261,257	141,596	250,749	125,075
	546,949	518,869	250,749	125,075

Movements in allowance for expected credit losses

	2024	2023
	\$	\$
Balance at 1 July	125,075	138,743
Impaired receivables written off	-	(13,668)
Impairment losses recognised on receivables	125,674	-
Balance at the end of the year	250,749	125,075

The Group have individually assessed the recoverability of each receivable balance based predominantly upon age of outstanding debt and communication with the debtor.

5.3 Inventory**Accounting Policy**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

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

	2024	2023
	\$	\$
Current		
Raw materials – at cost	343,803	341,115
Finished goods – at cost	114,898	163,852
Total	458,701	504,967

5.4 Trade and Other Payables

Accounting Policy

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months

	2024 \$	2023 \$
Current		
Trade payables	164,756	198,290
Authorised government agencies	216,608	131,108
Non-trade payables and accrued expenses	953,065	235,288
	1,334,429	564,686

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 7.2.

5.5 Other Liabilities

Accounting Policy

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. As a result of the contracts which the Group enters into, a number of different liabilities are recognised on the Group's balance sheet. These include but are not limited to Deferred income.

	2024 \$	2023 \$
Current		
Revenue received in advance	414,756	91,661

Section 6: Equity and Funding

This section focuses on the debt and equity funding available to the Group at year end, most notably covering share capital and loans and borrowings.

6.1 Capital and Reserves

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Share Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2024	2023	2024	2023
Movement in ordinary shares on issue:				
On issue at 1 July	631,819,516	588,926,643	44,189,044	41,254,787
<i>Shares issued and expensed during the year:</i>				
Issue of fully paid shares for cash	166,840,458	14,358,974	3,843,418	1,500,000
Issued on conversion of options	-	3,840,000	-	249,600
Shares cancelled	(500,000)	-	-	-
Issue of fully paid shares in lieu of bonuses	13,697,964	6,537,399	405,193	455,281
Deferred consideration on acquisition of subsidiary	-	18,156,500	-	750,000
Capital raising costs incurred (net of tax benefit)	-	-	(360,858)	(20,624)
On issue at 30 June	811,857,938	631,819,516	48,076,797	44,189,044

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Unissued Capital

	2024 \$	2023 \$
Balance at 1 July	1,278,761	2,112,761
Deferred consideration shares issued	-	(750,000)
Shares in lieu of bonus issued	-	(84,000)
Balance at 30 June ⁽¹⁾	1,278,761	1,278,761

⁽¹⁾ The remaining balance comprises the final tranche of deferred consideration shares for SnapSupport, Inc acquisition.

Share Options

The Company has a share-based payment option scheme under which options to subscribe for the Company's shares have been granted to certain Directors and employees (see note 7.1).

Nature and Purpose of Reserves

Movement in reserves are shown within the Statement of Changes in Equity.

Share-Based Payments Reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to note 7.1 for further details of these plans.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Convertible Note Reserve

The convertible note reserve is used to record the equity component of convertible notes issued on 28 November 2019. Refer to note 6.2 for further details of the convertible notes' accounting treatment and terms.

6.2 Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate risk, see note 7.2.

Accounting Policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on short-term and long-term borrowings.

	2024 \$	2023 \$
Unsecured		
Premium funding facility	115,714	135,066
	115,714	135,066
Secured		
Convertible notes ⁽¹⁾	3,944,850	3,822,502
Loan notes ⁽²⁾	1,217,000	-
Total Borrowings	5,161,850	3,822,502
Current	5,277,564	135,066
Non-current	-	3,822,502
	5,277,564	3,957,568

⁽¹⁾ There is a general security over the assets of the company.

⁽²⁾ There is a general security over the Research and Development rebate from the Australian Tax Office.

Reconciliation of Movement in Borrowings

	Premium funding \$	Convertible Notes \$	Loan Notes \$	Loan from former Group CEO \$	Research and Development \$
Balance at 1 July 2022	100,406	3,714,594	-	-	-
New facility	214,176	-	-	-	-
Interest costs charged	5,163	467,908	-	-	-
Less repaid ⁽¹⁾	(184,722)	(360,000)	-	-	-
Foreign currency	43	-	-	-	-
Balance at 30 June 2023	135,066	3,822,502	-	-	-
New facility	165,259	-	1,217,000	250,000	960,045
Interest costs charged	5,887	483,335	33,009	9,096	49,947
Less repaid ⁽¹⁾	(190,498)	(271,233)	-	(259,096)	(1,009,992)
Accrued in other payables	-	(89,754)	(33,009)	-	-
Balance at 30 June 2024	115,714	3,944,850	1,217,000	-	-

⁽¹⁾ Amounts repaid include interest and loan establishment costs.

Convertible Notes

The Company raised \$4,000,000 from the issue of 4,000,000 convertible notes on 28 November 2019 for the acquisition of Harvest Infinity Pty Ltd. Details of the convertible notes are as disclosed below. All convertible notes remain unconverted at period end.

Terms of Convertible Notes on Issue

- Interest rate: 9% per annum
- Maturity date: 28 November 2024
- Conversion price: 2.2 cents per share on or before the maturity date

Accounting Treatment of Convertible Notes

The net proceeds received from the issue of the convertible notes has been split between the financial liability component and an equity component, representing the residual amount attributable to the capacity to convert the financial liability in equity in the Company as follows:

- The equity component of \$499,385 has been credited to equity.

The liability component is measured at amortised cost. The effective interest expense for the year is calculated by applying an effective interest rate of 12.45% to the liability component of the notes. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 30 June 2024 represents the effective interest rate less interest paid to date. The value of the equity and liability components were determined at the date the instruments were issued.

Subsequent event of Convertible Notes

In July 2024, the Group has reached an agreement with the convertible notes holders to extend the maturity date from 28 November 2024 to 28 November 2026 and the interest rate is revised to 15% per annum, of which 9% annual interest will be paid on quarterly basis and the remaining 6% annual interest will be capitalised. All other terms and conditions of the convertible notes remain unchanged.

Loan Notes

Terms of Loan Notes on Issue

- Interest rate: 15% per annum
- Maturity date: 25 April 2025 or 20 business days from receiving the R&D
- The loan principal under all scenarios is to be repaid in cash
- The loan Interest are payable with the following option:

Option	Type	\$
A	In cash at end of term	392,000
B	In cash or shares (at \$0.035 per share) at end of term	620,000
C	In shares (at \$0.0205 per share) 12 months' interest paid upfront	205,000
		<hr/> 1,217,000 <hr/>

Research and Development funding facility

Terms of Research and Development funding facility

- Interest rate: 16% to 22% per annum depending on the timing of the receipt of the rebate from the Australian Tax Office
- Maturity date: 29 February 2024
- Secured against the Research and Development rebate from the Australian Tax Office
- This facility was fully repaid in January 2024

Loan from former Group CEO

Terms of Loan from former Group CEO

- Interest rate: 16% per annum
- Maturity date: 20 June 2024
- The Board has reviewed the terms with the latest available market information and concluded the terms are equivalent to an arm's length transaction
- The loan was fully repaid in March 2024

6.3 Lease Liabilities

	2024 \$	2023 \$
Balance at 1 July	1,581,838	1,833,496
Lease inception	7,735	-
Principal repayments	(322,641)	(313,362)
Interest expense	52,245	61,704
Exchange differences	-	-
Balance at 30 June	1,319,177	1,581,838
<i>Classification</i>		
Current	290,258	270,178
Non-current	1,028,919	1,311,660
	1,319,177	1,581,838

Refer to Note 7.2 for further disclosures on lease liabilities.

6.4 Provisions

Balance at 1 July
Recognition of provision for restoration requirements in regard of right-of-use assets
Balance at 30 June

Classification

Current
Non-current

2024	2023
\$	\$
125,074	120,610
4,630	4,464
129,704	125,074
-	-
129,704	125,074
129,704	125,074

Section 7: Other Disclosures

The disclosure in this section focuses on share schemes in operation and financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

Key Estimates and Assumptions in this Section

Share-Based Payments

The fair value of share options is measured using the Black-Scholes options pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the company's historic volatility, particularly over the historic period commensurate with the expected term) and weighted average expected life of the instruments (based on historical experience), expected dividends (if any) and the risk-free interest rate (based on government bonds). Service and non-market conditions are not considered in determining fair value.

In addition, the Group has on issue, performance shares and performance rights as detailed in note 7.1. Significant judgement is required in relation to assessing the degree of probability associated with the non-market vesting conditions being met.

7.1 Share-Based Payments

Accounting Policy

The share option programme allows Group employees to receive rights to acquire shares of the Company. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Options may also be issued to parties for services rendered. The amount recognised is determined on similar principles when the value of options issued approximates the fair value of the services provided.

Where the fair value of an employee share option or performance right has been recognised as a share-based payment and the option or right lapses on expiry, the total amount of the share-based payment expense is transferred from the share-based payment reserve to accumulated losses. Where a share option or right has lapsed and the non-market vesting criteria has not been met, any previously recorded share-based payment expense is reversed through the consolidated statement of profit or loss and other comprehensive income.

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	2024 \$	2023 \$
(a) Expensed in personnel expenses		
Shares issued to employees	405,193	371,281
(b) Expensed in professional fees		
Options issued to consultants of the Company	161,139	114,797

Shares

The Company operates both Short and Long Term Incentive Plans (Incentive Plans) which give eligible employees (including members of Key Management Personnel) the opportunity to receive share-based incentives as part of their remuneration.

The incentives normally vest based on satisfaction of performance conditions specified in the Incentive Plans, which typically involve both a qualifying period of service and based on achieving performance hurdle conditions specific to their role in the organization. The employee must be actively employed in their full-time position at the time the performance hurdle conditions were met. Any shares proposed to be issued under the Incentive Plans are subject to Board approval. The Company reserves the right to payout the value of the incentive in either cash or shares (at the Company's sole discretion).

During the year the Company issued the following shares to employees at a deemed issue price of nil under the Incentive Plans:

	Number of Shares Issued
Key Management Personnel	3,933,334
Other employees	9,764,630
Total	<u>13,697,964</u>

For the purposes of calculating the share-based payment expense, the shares are valued on grant date at the market price of the Company's shares on that date. Shares were issued during the year with a fair value range of \$0.028 to \$0.037 per share.

During the year, the following KMPs were issued shares in relation to Short and Long-Term Incentive Plans:

Ms Linda Shields	850,000 shares at fair value of \$0.037 per share in September 2023
	1,041,667 shares at fair value of \$0.028 per share in October 2023
Mr Craig Byron	1,000,000 shares at fair value of \$0.035 per share in September 2023
	1,041,667 shares at fair value of \$0.028 per share in October 2023

Equity-Settled Share Option Programme

The Company adopted an Employee Share Options Scheme (ESOS) effective 24 August 2016. Under the ESOS, the Company may grant options and rights to Company eligible participants over a period of 3 years to acquire securities up to a maximum of 15% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is estimated using the Black-Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is 5 years from grant date and the exercise price is settled in cash. Options may not be transferred other than to an associate of the holder.

Options

The following tables illustrate the share-based payment arrangements in place, and the number and weighted average exercise prices of and movements in share options. At 30 June 2024, a summary of the Group options issued and not exercised, excluding those options issued free attaching in share placements, are as follows:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at start of year	Granted during the year	Exercised/ Expired during the year	Balance at year-end	Vested and exercisable at year-end
03-Mar-23	03-Mar-23	03-Mar-25	25	6,000,000	-	-	6,000,000	6,000,000
17-Jul-23	17-Jul-23	30-Jun-26	7.5	-	5,000,000	-	5,000,000	5,000,000
16-Apr-24	16-Apr-24	26-Apr-27	3	-	6,000,000	-	6,000,000	6,000,000
Total				6,000,000	11,000,000	-	17,000,000	17,000,000
Weighted average exercise price (cents)				25	5.5	-	12.4	12.4
Weighted average remaining contractual life (years)				1.68	-	-	1.82	-

Options are settled by the physical delivery of shares.

At 30 June 2023, a summary of the Group options issued and not exercised, excluding those options issued free attaching in share placements, are as follows:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at start of year	Granted during the year	Exercised/ Expired during the year	Balance at year-end	Vested and exercisable at year-end
18-Feb-20	18-Feb-20	18-Feb-23	6.5	3,840,000	-	(3,840,000)	-	-
18-Feb-20	18-Feb-20	18-Feb-23	10	1,920,000	-	(1,920,000)	-	-
03-Mar-23	03-Mar-23	03-Mar-25	25	-	6,000,000	-	6,000,000	6,000,000
Total				5,760,000	6,000,000	(5,760,000)	6,000,000	6,000,000
Weighted average exercise price (cents)				7.67	25	7.67	25	25
Weighted average remaining contractual life (years)				0.64	-	-	1.68	-

Options are settled by the physical delivery of shares.

Key valuation assumptions made at valuation date for options still on issue at year-end are summarised below:

	Tranche 9	Tranche 10	Tranche 11
Exercise price (cents)	25	7.5	3.0
Grant date	3-Mar-23	17-Jul-23	16-Apr-24
Expiry date	3-Mar-25	30-Jun-26	26-Apr-27
Life of the options (years)	2.00	2.96	3.03
Volatility	84.00%	93.25%	100.55%
Risk free rate	3.67%	3.863%	3.958%

Performance Rights

At 30 June 2024, a summary of the Group performance rights issued are as follows:

Note	Grant date	End of performance period	Expiry date	Tranche	Balance at the start of the year	Granted during the year	Lapsed/ Converted during the year	Balance at year-end	Vested and convertible at year-end	Expensed During the Year (\$)
(i)	23-Nov-20	1-Sep-21	10-Nov-25	B	500,000	-	-	500,000	-	-
(ii)	23-Nov-20	1-Mar-22	10-Nov-25	C	500,000	-	-	500,000	-	-

Each performance right represents a right to be issued one ordinary share, with no exercise price payable on conversion, upon the achievement of the following revenue-based milestones:

- (i) Tranche B performance rights will vest upon the Group achieving a VWAP of at least \$0.50 over any twenty consecutive trading day period before the milestone date, being 1 September 2021.
- (ii) Tranche C performance rights will vest upon the Group achieving a VWAP of at least \$0.75 over any twenty consecutive trading day period before the milestone date, being 1 March 2022.

Tranches B and C were granted after receiving shareholder approval at the Company's AGM on 10 November 2020. Both Tranche B and C have not met the conditions of the relevant milestone and the performance rights will not vest.

7.2 Financial Instruments

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- equity instruments at fair value through other comprehensive income (FVOCI);
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent remeasurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replace AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

The '12-month expected credit losses' are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains consistent since 2023.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial Risk Management Objectives

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effect of these risks and the Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market Risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Due to the expansion of the Group into the North American and UK/EMEA markets, there has been an increase to the Group's exposure to market risks.

Foreign currency exchange rate risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the balance date expressed in Australian dollars are as follows:

	Consolidated			
	Assets		Liabilities	
	2024	2023	2024	2023
	\$	\$	\$	\$
Currency				
United States Dollars	55,372	73,075	14,895	8,393
Euro	-	478,767	-	-
British Pound Sterling	45,566	27,838	31,411	17,430

Foreign Currency Sensitivity Analysis

The sensitivity analysis below details the Group's sensitivity to an increase/decrease in the Australian dollar against the United States Dollar, Euro, and British Pound Sterling. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, including external loans where the denomination of the loan is in a currency other than the currency of the borrower and adjusts their translation balance date for 500 basis point change in foreign currency rates.

At balance date, if foreign exchange rates had been 500 basis points higher or lower, and all other variables were held constant, the impact on profit or loss would be:

	Impact on profit & loss	
	2024	2023
	\$	\$
If AUD strengthens by 5% (2023: 5%)		
United States Dollar	(2,024)	(3,234)
Euro	-	(23,938)
British Pound Sterling	(708)	(520)
If AUD weakens by 5% (2023: 5%)		
United States Dollar	2,024	3,234
Euro	-	23,938
British Pound Sterling	708	520

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest Rate Risk Sensitivity Analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 50 points higher or lower and all other variables were held constant, the Group's profit or loss would increase / (decrease) by \$2,225 / (\$2,225) (2023: \$4,960 / (\$4,960))

The Group's sensitivity to interest rates has decreased during the year due to the reduction in variable rate debt instruments.

Credit Risk Management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

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

Non-derivative financial liabilities

The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table includes both interest and principal cash flows.

	Weighted Average Interest rate %	Less than 6 months \$	6 months to 1 year \$	1 – 5 years \$
30 June 2024				
Trade and other payables	-	1,334,429	-	-
Borrowings	3.21	102,367	17,061	-
Lease liabilities	3.66	165,582	166,385	1,088,188
		1,602,378	183,446	1,088,188
30 June 2023				
Trade and other payables	-	564,686	-	-
Borrowings	3.39	119,831	19,529	-
Lease liabilities	3.64	160,959	161,375	1,411,272
		845,476	180,904	1,411,272

Derivative financial liabilities

The following table details the Group's expected contractual maturities for its derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The table includes both interest and principal cash flows.

	Weighted average Interest rate %	Less than 6 months \$	6 months to 1 year \$	1 – 5 years \$
30 June 2024				
Convertible notes – level 2	9.00	4,149,918	-	-
Loan notes – level 2	15.00	-	1,368,800	-
		4,149,918	1,368,800	-
30 June 2023				
Convertible notes – level 2	9.00	181,479	178,521	4,149,918
		181,479	178,521	4,149,918

Fair Value Measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Directors consider that the carrying amounts of cash and cash equivalents, current receivables, current payables, and current interest-bearing borrowings denominated in Australian Dollars, approximate their fair values.

7.3 Capital Commitments

At year end, there were no material capital commitments.

7.4 Related Parties

Directors and other Key Management Personnel compensation included in 'personnel expenses' (note 2.4) comprises the following:

		2024	2023
	Note	\$	\$
Short-term employee benefits		1,231,366	1,108,418
Post-employment benefits		93,500	93,913
Share-based payments		124,782	88,825
	2.4	1,449,648	1,291,156

In December 2023, the former Group CEO has provided a short-term loan to the Group amounting to \$250,000. The key terms of the loan facility were as follows:

- Unsecured loan facility;
- Interest rate: 16% per annum; and
- Maturity date: 20 June 2024

The loan was subsequently repaid in full including interest in March 2024.

7.5 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation, operation and tax resident	Financial year end	Proportion of ownership interest and voting power held by the Group	
				2024 %	2023 %
Harvest Technology Pty Ltd	Data Transfer Technology, Corporate & Administrative Support	Australia	30 June	100	100
Harvest Infinity Pty Ltd	Technology Research & Development	Australia	30 June	100	100
Opsivity, Inc.	Remote Field Mobile SaaS Solutions, Technology Research & Development, Corporate & Administrative Support	United States	30 June	100	100
Harvest Technology (UK) Ltd	Data Transfer Technology, Corporate & Administrative Support	United Kingdom	30 June	100	100
Harvest Defence Pty Ltd	Data Transfer Technology	Australia	30 June	100	100
Shark Attack Mitigation Systems Pty Ltd	Dormant	Australia	30 June	100	100
Clever Buoy Australia Pty Ltd	Dormant	Australia	30 June	100	100

7.6 Subsequent Events

In July 2024, the Group has reached an agreement with the convertible notes holders to extend the maturity date from 28 November 2024 to 28 November 2026 subject to meeting certain conditions and the interest rate is revised to 15% per annum, of which 9% annual interest will be paid on quarterly basis and the remaining 6% annual interest will be capitalised. All other terms and conditions of the convertible notes remain unchanged.

In August 2024, Mr. Ilario Faenza and Mr. Marcus Machin have provided short term unsecured director loans to the Group totalling \$150,000. The material terms of the loan agreement are as follows:

- Interest rate: 15% per annum paid at the end of term
- Security: Nil
- The agreement does not include any right to convert the loan to Group shares
- Repayment terms:
 - a) The Borrower agrees that if the Shareholders provide Shareholder Approval, the Borrower will accept an application from the Lender to be issued Notes with a Face Value equal to the Outstanding Amount (rounded down to the nearest whole number). The Outstanding Amount is deemed to be repaid in full on the date of the issuance of such Notes (Note Date).
 - b) If the Shareholders do not provide Shareholder Approval at the next general meeting of the Company, the Borrower must repay the Outstanding Amount to the Lender on the next Business Day after such general meeting (Refusal Date).
 - c) The Borrower must repay the Outstanding Amount to the Lender on the earliest of:
 - (i) the Note Date (by way of issue of the Notes);
 - (ii) the Refusal Date; and
 - (iii) 30 November 2024.

The Group intends to seek shareholder approval at the 2024 Annual General Meeting of the Group to approve the loans be converted to Convertible Notes on the same terms as other investors.

Other than disclosed above there have been no matters or circumstances that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

7.7 Contingent Liabilities

At year end, there were no contingent liabilities.

7.8 Parent Company Disclosures

As at, and throughout the financial year ended 30 June 2024, the parent entity of the Group was Harvest Technology Group Limited.

	2024 \$	2023 \$
Result of the parent entity		
Loss for the year	(13,185,261)	(10,774,224)
Other comprehensive income	-	-
Total comprehensive loss for the year	(13,185,261)	(10,774,224)
Financial position of parent entity at year end		
Current assets	134,883	645,740
Total assets	370,573	7,770,200
Current liabilities	(5,913,915)	(360,079)
Total liabilities	(5,919,323)	(4,182,580)
Total equity of the parent entity comprising of:		
Share capital	48,076,797	44,189,044
Unissued capital	1,278,761	1,278,761
Reserves	6,100,219	5,939,081
Accumulated losses	(61,004,527)	(47,819,266)
Total equity (deficiency)	(5,548,750)	3,587,620

7.9 Auditors' Remuneration

	2024 \$	2023 \$
HLB Mann Judd:		
Audit and review of financial reports	85,862	79,693
Non-audit services	-	-
TOTAL AUDITORS' REMUNERATION	85,862	79,693