



2024

**ANNUAL  
REPORT**

## CORPORATE DIRECTORY

### DIRECTORS

*Non-Executive Chairman*  
Mr Joshua Lowcock

*Managing Director and Chief Executive Officer*  
Mr Mathew Ratty

*Non-Executive Directors*  
Mr Mark McConnell  
Mr Andrew Stott  
Mr Scott Thomson  
Mr Marc Phillips

### COMPANY SECRETARY

Ms Susan Park

### PRINCIPAL AND REGISTERED OFFICE

Suite 10, 16 Brodie Hall Drive  
Bentley WA 6102

Telephone: +61 8 9473 2500  
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### SHARE REGISTER

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Level 17, 221 St Georges Terrace  
Perth WA 6000

Telephone: +61 8 9323 2000  
Facsimile: +61 8 9323 2033

### SECURITIES EXCHANGE LISTING

Adveritas Limited shares are listed on the  
Australian Securities Exchange  
(ASX: AVI)

### SOLICITORS

Steinepreis Paganin  
Level 4, The Read Building  
16 Milligan Street  
Perth WA 6000

### BANKERS

Commonwealth Bank of Australia Limited  
1/95 William Street  
Perth WA 6000

### AUDITORS

Ernst & Young  
The EY Building  
11 Mounts Bay Road  
Perth WA 6000

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## LETTER TO SHAREHOLDERS



**Mathew Ratty**  
Chief Executive Officer

### **Dear Shareholder,**

I am pleased to present the 2024 Annual Report which covers the 12 months ended 30 June 2024 (FY24).

In FY24, we grew our customer base by 22%, increased our revenue to over \$4 million and successfully deployed initiatives to improve the customer journey, whilst at the same time taking the necessary steps to reduce our fixed costs.

I'd like to thank you for your continued support throughout FY24. We successfully raised over \$7 million (before costs) by way of placements to new and existing sophisticated and professional investors. The ongoing strong support from our major shareholders and new investors demonstrates that they see and understand the scale of the global opportunity for our TrafficGuard products as we continue deliver on our growth strategy.

The capital raised in FY24 allowed the Company to focus on its key objective of achieving positive cash flows from operations and has supported:

- Continued global growth, with specific focus on the USA gaming and sports betting market;
- Key product enhancements;
- Development of new client driven features; and
- Streamlining processes to shorten the enterprise client sales cycle.

### **Sports betting and online gaming**

Globally, sports betting and online gaming are among the fastest growing digital advertising verticals. The Company has identified over 1,300 global sports betting and gaming companies to target and is currently servicing 42 customers in this segment, which demonstrates the growth opportunity available.

In FY24, new contracts with 23 sports betting and gaming clients were signed, including one of the world's largest sports betting organisations with US operations. The new contracts collectively generated annual recurring revenue of approximately \$1.9 million. Contract upsells executed in FY24 drove this up by a further \$900k, resulting in the Company's highest individual contract value of approximately \$760k.

### **Product enhancements and features**

Our Company prides itself on continuously developing features and enhancements that simultaneously improve customer experience and drive revenue growth. Key product developments during FY24 included:

- **Launch of Pmax product**

TrafficGuard's Pmax solution for Google's Performance Max product is well positioned to capitalise on increasing marketer demand for transparency across the digital programmatic advertising supply chain.



- **Smart Ranges**

The Smart Ranges feature is designed specifically for gaming and betting clients to address issues related to sophisticated large-scale invalid traffic and fraud and is unique due to its ability to significantly scale TrafficGuard's prevention capabilities.

- **New invalid traffic dashboard**

The new invalid traffic dashboard enables easy identification of invalid traffic savings, through display of a "with" and "without" TrafficGuard prevention rate. The difference between the "with" and "without" rates represents the invalid traffic blocked and ad spend saved.

- **New user interface**

The new TrafficGuard user interface will drive adoption through its reporting of incremental fraud prevented by TrafficGuard. Importantly, this quantified saving from TrafficGuard's fraud prevention can be reinvested into clients' ad campaigns, demonstrating the significant value of TrafficGuard.

#### **Positive outlook for FY25**

We have a strong growth outlook for FY 25 underpinned by:

- **Visible path to positive operating cashflow** through a combination of ongoing cost control, increased contract pricing structures, the offering of attractive prepaid annual contracts, and continued focus on high margin verticals.
- **Record pipeline**, with sports being and online gaming continuing to be a priority. A growing number of USA prospects have already commenced trials.
- **Expansion of fraud detection to social media** in response to client demand. Whilst the majority of the Company's revenue is derived from protecting clients' performance ad spend on Google Search, a large proportion of its client base is requesting this expertise be applied to social channels such as Meta. The Company has conducted research into finding invalid traffic and fraud in social channels and invested in new product capability in this channel. The Company is set to monetise its social media fraud detection product at the end of the September 2024 quarter.
- **New agency partnerships**, which have the potential to substantially accelerate growth as the Company obtains direct exposure to potentially thousands of new clients via agencies.

Towards the end of FY24, we successfully completed the final stages of key agency trials and moved to finalise the preliminary results of the TrafficGuard Google Search and Performance Max solutions.

The agency trials have seen the Company deploy its fraud detection solution across a broad range of clients including those operating in eCommerce, Telecommunications, Retail, and FMCG. This demonstrates the robustness of the Company's fraud detection solutions beyond sports betting and offers a faster path to expanding the client base and revenue.

We look forward to another focused and strong year of growth for our Company, our people, our customers and our shareholders.

I would like to thank my passionate Adveritas team whose dedication and commitment has supported the continued growth in our business over the past year.

Yours sincerely,



Mathew Ratty  
Chief Executive Officer

## DIRECTORS' REPORT

The directors present their report together with the consolidated financial report of Adveritas Limited (**Adveritas** or **Company**) and its controlled entities (collectively referred to as the **Group**) for the financial year ended 30 June 2024 and the independent auditor's report thereon.

### DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless stated otherwise.

#### MR JOSHUA LOWCOCK

##### Non-Executive Chairman (appointed on 17 July 2023)

Mr Lowcock is a New York based senior executive in media and advertising. Mr Lowcock is the President of Media for Quad (NYSE: QUAD), a prominent marketing experience company, leading Quad's media agency and data capability. Prior to joining Quad, Mr Lowcock served as the Global Chief Media Officer of UM, part of Interpublic Group (NYSE: IPG). Mr Lowcock has held similar marketing, media, and technology roles in Australia and China.

Mr Lowcock holds a B.A (Communications) from Western Sydney University, MBA (Executive) from the Australian Graduate School of Management (AGSM) and is a Member of the Australian Institute of Company Directors (MAICD).

Mr Lowcock currently serves as a non-executive director Cashrewards Limited (ASX: CRW, delisted on 21 January 2022). He previously served as a non-executive director of Accent Group Limited (ASX: AXI) and Prime Media Group Limited (ASX: PRT), where he was a member of the board during the successful acquisition by Seven West Media (ASX: SWM). Mr Lowcock resigned from Accent Group Limited on 17 November 2023 and from Prime Group Media on 31 December 2021.

#### MR MATHEW RATTY

##### Managing Director and Chief Executive Officer

Mr Ratty is an experienced investor focused on Australian and US equity and debt markets. He has extensive experience across capital raising advice, seed investment negotiation, corporate strategy and financial modelling.

He is the co-founder of MC Management Group Pty Ltd, a venture capital firm operating in domestic and international debt and equity markets. At MC Management Group Pty Ltd, which is a substantial shareholder of the Company, Mr Ratty holds the position of Head of Investment and is responsible for negotiating deal structures and asset pricing for companies in the healthcare, financial and technology space.

Prior to this, Mr Ratty was a director and analyst at property development and equity company, Gladstone Bridge.

Mr Ratty holds a Bachelor of Commerce (Property and Finance) with first class honours in finance from Curtin University of Technology.

During the last three years Mr Ratty has not served as a director of any other ASX listed company.

#### MR MARK MCCONNELL

##### Non-Executive Director

Mr McConnell is a successful business developer whose skills cover the areas of business strategy, investor relations, capital raising and innovation. He has extensive experience in both listed and unlisted technology companies in Australia and abroad. He co-founded the Citadel Group (now named Magentus Group) in 2007, a leading software and technology company.

Mr McConnell currently serves as the Chief Executive Officer of Magentus Group and acts as an advisor to several technology start-up companies.

Mr McConnell has a Bachelor of Science, a Graduate Diploma of Employment Relations, a Graduate Diploma of Logistics Management, and a Master of Business Administration. He is also a Fellow of the Australian Institute of Company Directors (FAICD).

During the last three years Mr McConnell has not served as a director of any other ASX listed company.

#### MR ANDREW STOTT

##### Non-Executive Director

Mr Stott has significant experience in global technology mergers and acquisitions for listed and unlisted companies. He is originally from the UK and worked in London and New York before moving to Singapore in 2012 to open the offices of an international tech-focussed law firm. Mr Stott became the Asia managing partner, and regional head of corporate and advised on transactions in Asia, Australia, Europe and the USA in excess of US\$20 billion.

Mr Stott established his own advisory firm in early 2018 which specialises in the TMT and Fintech sectors and advises companies and investors on their expansion strategies including by way of international M&A, investment deals and strategic joint ventures as well as sector-partnership deals. He has founded/co-founded 4 companies and been part of multiple successful exits as an investor/advisor.

Mr Stott holds an LLB Degree in Law and, prior to establishing his advisory firm, served as the Asia managing partner of a global law firm.

During the last three years, Mr Stott has not served as a director of any other ASX listed company.

**MR SCOTT THOMSON**

**Non-Executive Director (appointed on 11 April 2024)**

Mr Thomson worked globally for Google between 2015 and 2024 in the Google Ads Data Platforms, Google Analytics and Google Cloud product areas and served as the Head of Innovation at Google Cloud.

Previously, Mr Thomson worked with Adobe across the Asia Pacific region on digital strategy and digital transformation. This work was primarily focused on real time data and personalised content and advertising with large enterprises in that region.

Mr Thomson graduated with a Bachelor of Computer Science (Honours), with a major in Artificial Intelligence, and has a postgraduate diploma in innovation and design thinking.

During the last three years, Mr Thomson has not served as a director of any other ASX listed company.

**MR MARC PHILLIPS**

**Non-Executive Director (appointed on 11 April 2024)**

Mr Phillips has extensive experience in sports betting and in providing venture capital funding to Software-as-a-Service (SaaS) companies. He is a successful entrepreneur, founding two online sports betting and gaming companies: Sportbets.com.au, a real time odds affiliate platform, founded in 2004 and subsequently acquired by SportsBet in 2011; and Bets.com.au, a sports betting and racing tips portal, founded in 2013 and sold in 2016.

Since 2011, Mr Phillips has served as a venture capitalist, investing in early stage B2B SaaS technology companies and has successfully helped scale companies in the USA by raising capital, facilitating strategic channel partnerships and has overseen numerous merger and acquisition transactions.

Mr Phillips completed a Bachelor Degree in Commerce from the University of Melbourne.

During the last three years, Mr Phillips has not served as a director of any other ASX listed company.

**MR RENAUD BESNARD**

**Non-Executive Director (resigned on 30 April 2024)**

Mr Besnard is a senior growth and marketing executive based in San Francisco. Mr Besnard's roles have included Vice President, Growth lab at PayPal, Senior Director of Global Growth and Product Marketing at Twitter, and Director of Marketing for Asia-Pacific (excl. India) at Uber Technologies Inc.

Mr Besnard holds a Bachelor degree in Commerce from ESSCA Business School (France), a Masters in International Business from the University of Manchester (UK) and an MBA from the University of Oxford (UK).

During the three years prior to his resignation, Mr Besnard had not served as a director of any other ASX listed company.

**MR STEPHEN BELBEN**

**Non-Executive Chairman (resigned on 14 July 2023)**

Mr Belben had over 20 years' experience in both executive and non-executive director roles, at a number of public and private companies. This experience follows 9 years as a senior partner at Ernst & Young in Australia.

Mr Belben was a Chartered Accountant with a Bachelor of Accountancy degree and a Bachelor of Commerce Honours degree.

During the three years prior to his resignation, Mr Belben had not served as a director of any other ASX listed company.

**INTERESTS IN THE SECURITIES OF THE COMPANY AND RELATED BODIES CORPORATE**

As at 30 June 2024 and as of the date of this report, the interests of the directors in the securities of the Company were as follows:

|              | As at 30 June 2024 |               |                    | As at the date of this report |               |                    |
|--------------|--------------------|---------------|--------------------|-------------------------------|---------------|--------------------|
|              | Ordinary shares    | Share options | Performance Rights | Ordinary shares               | Share options | Performance Rights |
| J. Lowcock   | 880,000            | -             | -                  | 880,000                       | -             | -                  |
| M. Ratty     | 27,460,544         | -             | 5,000,000          | 27,460,544                    | -             | 5,000,000          |
| M. McConnell | 105,503,433        | -             | -                  | 105,503,433                   | -             | -                  |
| A. Stott     | 1,100,000          | -             | -                  | 1,100,000                     | -             | -                  |
| S. Thomson   | 1,000,000          | -             | -                  | 1,000,000                     | -             | -                  |
| M. Phillips  | -                  | -             | -                  | -                             | -             | -                  |

### COMPANY SECRETARY

Ms Susan Park is a governance professional with over 25 years' experience in the corporate finance industry and has extensive experience in Company Secretarial and Non-Executive Director roles on ASX, AIM and TSX listed companies.

Ms Park holds a Bachelor of Commerce degree from the University of Western Australia majoring in Accounting and Finance, is a Member of Chartered Accountants Australia and New Zealand, a Fellow of the Financial Services Institute of Australasia, a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute Australia.

### DIVIDENDS

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### PRINCIPAL ACTIVITIES

The Company's principal activity during the year was the provision of its TrafficGuard® SaaS (software as a service) products. TrafficGuard is the world's first full funnel measurement, verification and fraud prevention solution for digital advertising.

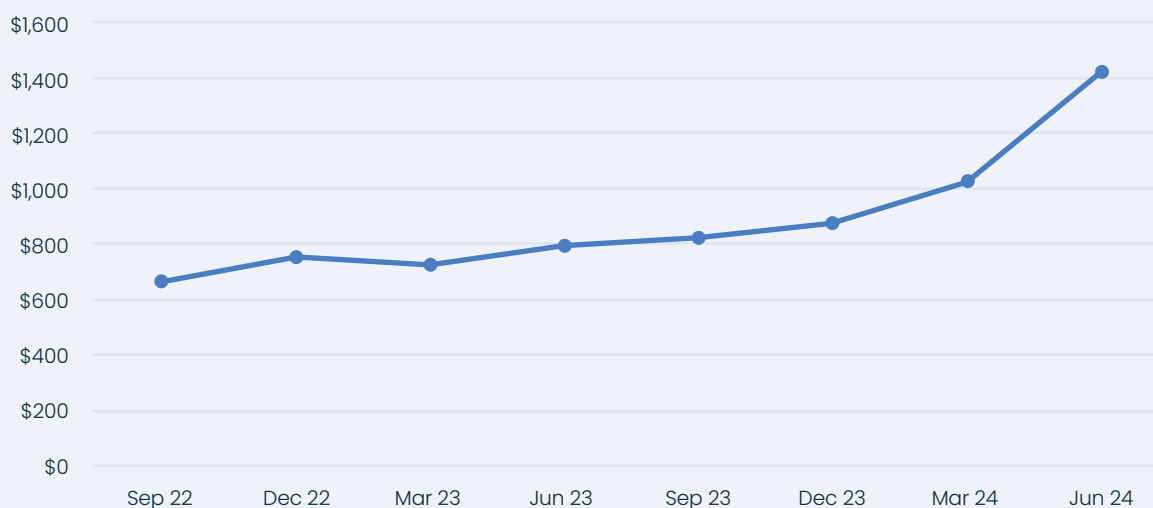
## OPERATING AND FINANCIAL REVIEW

### STRONG REVENUE GROWTH

Revenue has consistently trended upwards over the last two financial years. The Group recorded revenue of \$4,156,993 for the current year (FY24), representing an increase of 41% on the FY23 revenue of \$2,949,228 which in turn was 45% higher than the FY22 revenue of \$2,031,794.

The growth in revenue has been driven by both an increase in customer numbers and an increase in contract values. The customer base, a combination of enterprise and self-serve clients, increased by 22% from FY23 and by 65% from FY22.

QUARTERLY GROWTH IN REVENUE: FY22 - FY24



The increase in contract values during FY24 has been due to a combination of existing clients choosing to expand their ad spend being protected by TrafficGuard, and price increases supported by the release of new and enhanced product features.

Contract expansions were executed within a number of verticals during FY24, including sports betting, online gaming, entertainment, telecommunications, insurance, fintech and real estate and generated annual recurring revenue (ARR) of circa \$984,000 and contributed to the consistent growth in ARR.

ARR from contracts in place at 30 June 2024 reached circa \$6,090,000, an increase of 67% from the 30 June 2023 ARR of approximately \$3,650,000.



**STRONG TRACTION IN SPORTS BETTING AND ONLINE GAMING**

The sports betting and gaming verticals have been identified as high priority for the Company’s sales and marketing efforts given these are the verticals where the Company has proven success, the sales cycle is shortest and annual contract values are the highest.

New contracts with 23 sports betting and gaming clients were signed in FY24, including one of the world’s largest sports betting organisations with US operations, and collectively generated ARR of approximately \$1,900,000. Contract upsells executed with sports betting and gaming clients during FY24 increased ARR by circa \$900,000 and resulted in the Company’s highest individual contract value of approximately \$760,000.

Globally, sports betting and online gaming are among the fastest growing digital advertising verticals. The Company has identified over 1,300 global sports betting and gaming companies to target and is currently servicing 42 customers in this segment, which demonstrates the growth opportunity available.

**NEW PRODUCTS AND ENHANCED FEATURES**

**Launch of Pmax product**

The product portfolio was expanded during FY24 with the launch of TrafficGuard’s Pmax solution for Google’s Performance Max product (Google Performance Max).

Google Performance Max is a cross-channel (YouTube, Display, Search, Discover, Gmail, and App) performance advertising solution. It is a high priority for Google, and Google is actively driving adoption and, in some cases, auto upgrading advertisers to Google Performance Max.

The TrafficGuard PMax solution is well positioned to capitalise on increasing marketer demand for transparency across the digital programmatic advertising supply chain.

### OPERATING AND FINANCIAL REVIEW (CONTINUED)

#### Smart Ranges

The Smart Ranges feature released during FY24 is designed specifically for gaming and betting clients to address issues related to sophisticated large-scale invalid traffic and fraud. Whilst designed for these verticals, it has broad applications across other verticals.

The Smart Ranges feature is unique due to its ability to significantly scale TrafficGuard's prevention capabilities. Initial rollouts have shown promising results, with clients experiencing substantial increases in the return on their investment in digital ad spend.

#### New invalid traffic dashboard

The rollout of TrafficGuard's new Invalid Traffic (IVT) dashboard to the Company's enterprise customers commenced in June 2024.

The new IVT dashboard leverages innovative models developed by the Company's Data Science and Engineering team and has a number of benefits which include:

- Consumer journey insights
- Incrementality analysis
- Quantified ad spend savings from using TrafficGuard
- Quantified reduced customer acquisition costs and increased lifetime customer value.

The new IVT dashboard enables easy identification of IVT savings, through display of a "with" and "without" TrafficGuard prevention rate, with the difference between these rates being the IVT blocked and ad spend saved.

#### New user interface

As part of its ongoing commitment to continually enhance TrafficGuard's customer service proposition, the Company released a new TrafficGuard user interface which will drive adoption through its reporting of incremental fraud prevented by TrafficGuard.

Importantly, this quantified saving from TrafficGuard's fraud prevention can be reinvested into clients' ad campaigns, demonstrating the significant value of TrafficGuard.

#### CAPITAL RAISED

During FY24, the Group raised \$7,700,000 through the issue of new shares as follows:

- In July 2023, 14,583,334 shares were issued at 4.8 cents each to raise \$700,000 as part of Tranche 2 of the placement that was announced on 15 May 2023.
- In December 2023, 44,500,000 shares were issued at 5 cents each to raise \$2,225,000 as part Tranche 1 of the placement announced on 12 December 2023.
- In April 2024, 5,500,000 shares were issued at 5 cents each to raise \$275,000 as part Tranche 2 of the placement announced on 12 December 2023. These shares were issued to Non-Executive Chairman, Joshua Lowcock, and Non-Executive Director, Mark McConnell.
- In May 2024, 75,000,000 shares were issued at 6 cents each to raise \$4,500,000 as announced on 1 May 2024.

Subscribers to the placements have included both new investors and existing long-term shareholders, including high net worth family offices and professional funds managers.

The strengthened cash balance following the placements has allowed the Company to focus on its key objective of achieving positive cash flows from operations and have supported:

- Continued global growth, with specific focus on the USA gaming and sports betting market;
- Key product enhancements;
- Development of new client driven features; and
- Streamlining processes to shorten the enterprise client sales cycle.

## FINANCIAL SUMMARY

|  | FY24<br>\$          | FY23<br>\$          |
|--|---------------------|---------------------|
| <b>Revenue from software as a service</b>                                  | <b>4,156,993</b>    | <b>2,949,228</b>    |
| Server hosting and other product costs                                     | (1,294,300)         | (1,292,461)         |
| Employment costs   | (10,474,143)        | (11,115,665)        |
| Marketing costs  | (1,669,790)         | (1,735,115)         |
| Administration costs   | (1,485,171)         | (1,693,433)         |
| <b>Overheads</b>   | <b>(14,923,404)</b> | <b>(15,836,674)</b> |
| Grants received  | 773,121             | 1,979,591           |
| Interest and sundry income   | 114,627             | 133,686             |
| Finance costs (see Note 5)   | (785,872)           | (799,210)           |
| Foreign exchange differences   | (57,414)            | (63,699)            |
| Depreciation   | (174,114)           | (183,778)           |
| Share-based payments (see Note 17)   | (387,705)           | 508,388             |
| Bad debts and expected credit losses                                       | (102,079)           | (66,521)            |
| Fair value (loss) / gain on convertible loan note derivative (see Note 14) | (733,556)           | 471,000             |
| Gain on modification of convertible loan note derivative (see Note 14)     | 314,000             | -                   |
| Gain on modification of convertible loan notes (see Note 14)               | 221,429             | -                   |
| <b>Other (expenses) / gains</b>  | <b>(817,563)</b>    | <b>1,979,457</b>    |
| <b>Loss before income tax</b>  | <b>(11,583,974)</b> | <b>(10,907,989)</b> |

Revenue has continued its upwards trend with an increase of 37% on FY23 which has been driven by both an increase in customer numbers and an increase in contract values.

Overheads have declined by 6% from FY23 which has resulted from a number of initiatives implemented to reduce the Group's cost base. Annualised cost savings of circa \$1,700,000 were identified in December 2023, driven largely by an organisational restructure.

The loss before tax is higher than FY23 as a result of the following:

- Grant income recognised in FY23 relates to the 2021 and 2022 financial years, whereas the grant income in FY24 relates only to the 2023 financial year.
- The share-based payments expense relates to the vesting of performance rights. However, in FY23, there was a net credit of \$508,388 which related to the reversal of previously recognised share-based expenses as the associated performance rights had lapsed prior to vesting. Share-based payments expenses and reversals thereof have no impact on the cash position of the Group.
- In FY24 a fair value loss has been recognised in respect of the derivative associated with the convertible loan notes on issue. However, in FY23 a fair value gain was recognised. Refer to Note 14 for further information. Fair value losses and gains on the convertible loan note derivative have no impact on the cash position of the Group.
- During FY24, the maturity date of the convertible loan notes was extended from 12 April 2024 to 12 April 2025 which resulted in a gain on modification of the convertible loan note derivative of \$314,000 and a gain on modification of the convertible loan notes of \$221,429 being recognised. Refer to Note 14 for further information. These gains have no impact on the cash position of the Group.

### MATERIAL BUSINESS RISKS

The Board is committed to monitoring and mitigating business risks faced by the Group, including the key risks listed below that have the potential to materially impact its financial prospects.

These risks are not ranked in any order of importance or timeframe. The intention of the Board's risk management framework is to identify risks to allow the Board and management to plan, assess and execute risk management strategies. Risk management and assessment activities are designed to reduce, or otherwise manage, risks to levels that are acceptable to the Board and management.

#### Competition and new technologies

The industry in which TrafficGuard operates is highly competitive, fast-paced and fast-changing. Any failure to adapt to rapid technological changes could render TrafficGuard obsolete.

The activities or actions of competitors may negatively affect the Group's operating and financial performance. New technologies could overtake the advancements made by the Group. Similarly, aggressive pricing or additional service offerings from competitors could require the Group to adjust its own pricing and service offerings to continue to generate business, which could negatively impact on the Group's financial position and financial performance.

A program of continuous innovation and development of the TrafficGuard products is in place. In addition, the Group undertakes all reasonable due diligence and research in relation to its competitors and other fraud detection products.

#### Cyber security

The Group recognises the importance of cyber security in safeguarding digital assets, systems, and information from unauthorised access or disruption. The Group mitigates this risk through various security measures and a contingency Cyber Security Incident Response Plan for business continuity.

#### Privacy laws

Privacy laws around the world continue to develop and impose greater burdens on businesses when dealing with personally identifiable information. The laws are designed to give greater protections to data owners, improve transparency and require businesses to develop better privacy practices and security processes.

The Group has a number of strategies in place to monitor and comply with the privacy requirements of the jurisdictions in which it operates. Failure to comply could result in pecuniary penalties, negative publicity and brand damage which, if they were to occur, could adversely impact on the Group's financial position and financial performance.

#### Management of capital resources

In assessing the management of capital resources, the Group is continuing to manage its cash position carefully in accordance with its operating plan and longer-term strategic plan. If the Group is unable to obtain and/or manage additional funds when required, the Group may be forced to delay or reduce the scope of planned software development or commercialisation.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs during the course of the 2024 financial year.

### SIGNIFICANT EVENTS AFTER BALANCE DATE

On 2 July 2024, payments from customers amounting to approximately \$750,000 were received in respect of contracts entered into prior to 30 June 2024. No other event has arisen since 30 June 2024 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

### LIKELY DEVELOPMENTS AND EXPECTED FUTURE RESULTS

The Group has a strong growth outlook underpinned by the following:

- **Visible path to positive operating cashflow** through a combination of ongoing cost control, increased contract pricing structures, the offering of attractive prepaid annual contracts, and continued focus on high margin verticals.
- **Record pipeline**, including a growing number of USA prospects that have already commenced trials.
- **Expansion of fraud detection to social media** in response to client demand, with the Company planning to monetise its social media fraud detection product at the end of the September 2024 quarter.
- **New agency partnerships**, which have the potential to substantially accelerate growth.

### ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any particular or specific environmental regulation in any of the jurisdictions in which it operates and therefore is not required to present further details in relation to environmental regulation.



## SHARE OPTIONS

### Unissued shares

As at 30 June 2024, there were nil unissued ordinary shares under options (30 June 2023: 5,000,000).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Refer to the remuneration report and Note 17 for further details of the unissued ordinary shares under options.

### Shares issued as a result of the exercise of options

During the financial year, no options were exercised to acquire ordinary shares (2023: nil).

## PERFORMANCE RIGHTS

### Unissued shares

As at 30 June 2024 there were 9,500,000 unissued ordinary shares under performance rights (30 June 2023: 11,200,000).

Holders of performance rights do not have any right, by virtue of the performance right, to participate in any share issue of the Company or any related body corporate.

Refer to the remuneration report and Note 17 for further details of the performance rights outstanding.

### Shares issued as a result of the conversion of performance rights

During the financial year 1,700,000 performance rights were converted into ordinary shares (2023: nil).

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## DIRECTORS' MEETINGS

The number of meetings of directors held by the Company during the year and the number of meetings attended by each director were as follows:

| Number of meetings held |                             | 7                                     |                             |
|-------------------------|-----------------------------|---------------------------------------|-----------------------------|
|                         |                             | Number of meetings eligible to attend | Number of meetings attended |
| S. Belben               | (resigned on 14 July 2023)  | 0                                     | 0                           |
| J. Lowcock              | (appointed on 17 July 2023) | 7                                     | 5                           |
| M. Ratty                |                             | 7                                     | 7                           |
| M. Phillips             | (appointed 11 April 2024)   | 3                                     | 3                           |
| S. Thomson              | (appointed 11 April 2024)   | 3                                     | 3                           |
| R. Besnard              | (resigned on 30 April 2024) | 6                                     | 4                           |
| M. McConnell            |                             | 7                                     | 5                           |
| A. Stott                |                             | 7                                     | 7                           |

### DIRECTORS' MEETINGS (CONTINUED)

#### Committee Membership

Due to the Company's relatively small size and board structure, separate Remuneration and Audit Committees have not been constituted. The full board of directors assumes responsibility for any such matters as outlined in the Company's corporate governance plan.

### NON-AUDIT SERVICES

The following non-audit services were provided by the Group's auditor, Ernst & Young Australia and Ernst & Young Australia received or is due to receive the following amounts for the provision of such services:

|                         | 2024<br>\$ | 2023<br>\$ |
|-------------------------|------------|------------|
| Tax compliance services | 25,000     | 38,000     |

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means the auditor's independence was not compromised.

### AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires the Company's auditors, Ernst & Young Australia, to provide the directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. The directors received the Independence Declaration set out on page 23 for the year ended 30 June 2024.

## REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2024 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001*, as amended (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Remuneration outcomes
4. Executive contracts
5. Additional disclosures relating to performance rights, options and shares
6. Other transactions and balances with key management personnel and their related parties

### 1. INTRODUCTION

The remuneration report details the remuneration arrangements for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent entity.

The list below outlines the KMP of the Group during the financial year ended 30 June 2024. Unless otherwise indicated, the individuals were KMP for the entire financial year.

For the purposes of this report, the term "executive" indicates the executive directors and senior executives of the Group.

#### **Non-Executive Directors (NEDs)**

|              |   |
|--------------|---|
| S. Belben    | Non-Executive Chairman (resigned on 14 July 2023)   |
| J. Lowcock   | Non-Executive Chairman (appointed on 17 July 2023)  |
| S. Thomson   | Non-Executive Director (appointed on 11 April 2024) |
| M. Phillips  | Non-Executive Director (appointed on 11 April 2024) |
| R. Besnard   | Non-Executive Director (resigned on 30 April 2024)  |
| M. McConnell | Non-Executive Director                              |
| A. Stott     | Non-Executive Director                              |

#### **Executive Directors**

|          |   |
|----------|---|
| M. Ratty | Managing Director and Chief Executive Officer |
|----------|---|

#### **Senior Executives**

|           |                                       |
|-----------|---------------------------------------|
| M. Sutton | Chief Operating Officer               |
| E. Shuggi | Chief Product Officer                 |
| C. Kinlay | Chief Marketing Officer               |
| F. Muir   | Chief Financial Officer               |
| L. Taylor | Founder (resigned on 17 January 2024) |

### 2. REMUNERATION GOVERNANCE

#### **2(a) Remuneration Philosophy**

The performance of the Group depends upon the quality of the directors and executives. The philosophy of the Group in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### 2(b) Remuneration Committee

The current size of the Group and structure of the board of directors does not warrant a separate remuneration committee. The board of directors as a whole (**Board**) is currently responsible for determining and reviewing compensation arrangements for directors and executives. Directors are excluded from discussions and voting on their own remuneration arrangements.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

#### 2(c) Remuneration Structure: Non-Executive Director Remuneration

##### Fixed Remuneration

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

The Board seeks to set aggregate remuneration of non-executive directors at a level that provides the Group with the ability to attract and retain high calibre directors, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The aggregate remuneration set pursuant to Adveritas Limited's constitution is \$500,000 per year, which may be varied by shareholders in general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board does not currently seek external remuneration advice.

Each non-executive director receives a fee for being a director of the Company.

##### Options

No options were issued to any non-executive director in the current year (2023: nil).

#### 2(d) Remuneration Structure: Executive Director and Senior Executive Remuneration

##### (i) Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities so as to:

- Reward executives;
- Align the interests of executives with those of shareholders;
- Link reward with strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

##### (ii) Principles of Compensation

Compensation levels for employees of the Group are competitively set to attract and retain appropriately qualified and experienced senior executives. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to the performance, relevant comparative information and expert advice if required.

##### (iii) Structure

Remuneration consists of the following key elements:

- Fixed Remuneration (base salary, superannuation and non-monetary benefits);
- Variable Remuneration
  - Short-term incentives
  - Long-term incentives

The Board establishes the proportion of fixed and variable remuneration for each executive.

##### Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. The Board periodically reviews fixed remuneration when extending or otherwise amending the employment contracts of key executives. This review takes into account the overall performance of the executive and of the Group. The Board considers the executive's performance of the specific duties and tasks set out in their employment contracts which were included based on the general nature of the executive's role together with any specific requirements from the Board.

Executives may be given the flexibility to receive their remuneration in a variety of forms including cash and fringe benefits. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

**Variable Remuneration – short-term incentive**

The objective of short-term incentives is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. Operational targets are set periodically by the Board and include matters such as the funding of the Company, the timing of technological developments and the implementation of sales and marketing strategies.

From time to time, cash bonuses (short-term incentives) are paid where an executive has met a short-term objective of the Group. Such bonuses are paid when specific criteria which are set by the Board are met. These criteria are linked to the operational targets set by the Board. In some instances, cash bonuses are paid when the Board determines that an executive has made contributions that are significant and beyond the normal expectations of their role. In making such determinations, the Board will consider a number of factors including the area of the business that has been impacted by the executive's contributions and the alignment of these contributions to the Group's overall strategy.

**Variable Remuneration – long-term incentive**

Long-term incentives are delivered in the form of options and performance rights.

Performance rights and options are generally issued in accordance with the terms and conditions of the Adveritas Performance Rights and Options Plan (**Plan**) that has been approved by the Company's shareholders.

Pursuant to the listing rules of the Australian Securities Exchange (**Listing Rules**), the Company's shareholders are required to re-approve the Plan and all unallocated securities issuable under it every three years. The Company's current Plan was approved by shareholders at the 2021 AGM.

The key features of the Plan are as follows:

- **Offer:** The Company's board of directors (**Board**) may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- **Issue price:** Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the Australian Securities Exchange (**ASX**), Options issued under the Plan will be issued for no more than nominal cash consideration.
- **Exercise price:** The Board may determine the Option exercise price in its absolute discretion provided it is not lower than any minimum price specified in the ASX Listing Rules.
- **Vesting conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion.
- **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) resolve to waive any of the Vesting Conditions applying to Awards due to Special Circumstances (as defined in the Plan) arising in relation to the holders of the Awards.
- **Lapse of an Award:** An Award will lapse upon the earlier of:
  - an unauthorised dealing, or hedging of, the Award occurring;
  - a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion;
  - in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award or to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
  - the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
  - the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
  - the expiry date of the Award.
- **Not transferrable:** Subject to the Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (Restriction Period). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- **No participation rights:** There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

### REMUNERATION REPORT (AUDITED) (CONTINUED)

#### 2(d) *Remuneration Structure: Executive Director and Senior Executive Remuneration (continued)*

##### *Variable Remuneration – long-term incentive (continued)*

- **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reorganisation.
- **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.

In the event that an offer of an Award to an executive will result in the maximum Awards allowed under the Plan being exceeded, the offer will not be covered by ASIC Class Order 14/1000 and the Company will be required to address the secondary sale requirements of any shares issued upon exercise of the Award. This includes the Company lodging a cleansing notice under Section 708A(5) of the Corporations Act 2001 or a prospectus under Section 708A(11) of the same Act.

During the current year, no performance rights were granted to executives (2023: 10,000,000). There were no options awarded to executives in the current year (2023: nil). The performance rights issued during the prior year are not dependent on the satisfaction of performance conditions except for the continuity of the employment with the Company. Stability of executive leadership is considered a key factor of the Group's performance in the coming period.

#### 2(e) *Remuneration Report Approval at 2023 Annual General Meeting*

The remuneration report of Adveritas Limited for the year ended 30 June 2023 was approved by shareholders at the 2023 AGM.

3. REMUNERATION OUTCOMES

Remuneration of Key Management Personnel

|  |      | Short-term benefits                      |                    | Post-employment | Long-term benefits | Share-based payments            | Total     | Performance related % |
|--|------|--|--------------------|-----------------|--------------------|---------------------------------|-----------|-----------------------|
|  |      | Salary, fees & annual leave entitlements | Commission / Bonus | Super           | Long service leave | Performance Rights <sup>1</sup> |           |                       |
|  |      | \$                                       | \$                 | \$              | \$                 | \$                              | \$        | %                     |
| <b>Non-Executive Directors</b>               |      |  |                    |                 |                    |                                 |           |                       |
| S. Belben                                    | 2024 | 2,440                                    | -                  | 270             | -                  | -                               | 2,710     | -                     |
| (resigned 14 July 2023)                      | 2023 | 60,165                                   | -                  | 6,327           | -                  | -                               | 66,492    | -                     |
| J. Lowcock <sup>4</sup>                      | 2024 | 27,500                                   | -                  | -               | -                  | -                               | 27,500    | -                     |
| (appointed 17 July 2023)                     | 2023 | -  | -                  | -               | -                  | -                               | -         | -                     |
| M. McConnell <sup>4</sup>                    | 2024 | 21,549                                   | -                  | 2,372           | -                  | -                               | 23,921    | -                     |
|  | 2023 | 40,110                                   | -                  | 4,218           | -                  | -                               | 44,328    | -                     |
| A. Stott <sup>4</sup>                        | 2024 | 23,725                                   | -                  | -               | -                  | -                               | 23,725    | -                     |
|  | 2023 | 43,800                                   | -                  | -               | -                  | -                               | 43,800    | -                     |
| M. Phillips <sup>4</sup>                     | 2024 | 4,872                                    | -                  | -               | -                  | -                               | 4,872     | -                     |
| (appointed 11 April 2024)                    | 2023 | -  | -                  | -               | -                  | -                               | -         | -                     |
| S. Thomson <sup>4</sup>                      | 2024 | 4,872                                    | -                  | -               | -                  | -                               | 4,872     | -                     |
| (appointed 11 April 2024)                    | 2023 | -  | -                  | -               | -                  | -                               | -         | -                     |
| R. Besnard <sup>4</sup>                      | 2024 | 20,075                                   | -                  | -               | -                  | -                               | 20,075    | -                     |
| (resigned 30 April 2024)                     | 2023 | 43,800                                   | -                  | -               | -                  | -                               | 43,800    | -                     |
| <b>Executive Directors</b>                   |      |  |                    |                 |                    |                                 |           |                       |
| M. Ratty <sup>5</sup>                        | 2024 | 375,283                                  | -                  | 27,399          | 5,828              | 198,459                         | 606,969   | 33                    |
|  | 2023 | 357,511                                  | -                  | 25,253          | 11,935             | (275,343)                       | 119,357   | (231)                 |
| <b>Total Directors</b>                       | 2024 | 480,316                                  | -                  | 30,041          | 5,828              | 198,459                         | 714,644   | 28                    |
|  | 2023 | 545,386                                  | -                  | 35,798          | 11,935             | (275,343)                       | 317,777   | (87)                  |
| <b>Senior Executives</b>                     |      |  |                    |                 |                    |                                 |           |                       |
| L. Taylor <sup>35</sup>                      | 2024 | 145,423                                  | -                  | 15,603          | (5,614)            | -                               | 155,412   | -                     |
| (resigned 17 January 2024)                   | 2023 | 301,258                                  | -                  | 25,255          | 13,395             | (328,718)                       | 11,190    | (2,938)               |
| F. Muir <sup>5</sup>                         | 2024 | 231,396                                  | -                  | 25,459          | -                  | -                               | 256,855   | -                     |
|  | 2023 | 186,064                                  | -                  | 19,567          | -                  | (54,786)                        | 150,845   | (36)                  |
| M. Sutton                                    | 2024 | 432,616                                  | 205,769            | -               | -                  | 120,364                         | 758,749   | 43                    |
|  | 2023 | 481,007                                  | 176,082            | -               | -                  | 60,801                          | 717,890   | 33                    |
| C. Kinlay                                    | 2024 | 325,440                                  | -                  | -               | -                  | -                               | 325,440   | -                     |
|  | 2023 | 311,208                                  | -                  | -               | -                  | -                               | 311,208   | -                     |
| E. Shuggi <sup>2</sup>                       | 2024 | 365,711                                  | -                  | 27,399          | 1,707              | 34,724                          | 429,541   | 8                     |
|  | 2023 | 229,540                                  | -                  | 16,745          | 573                | 33,882                          | 280,740   | 12                    |
| <b>Total Senior Executives</b>               | 2024 | 1,500,586                                | 205,769            | 68,461          | (3,907)            | 155,088                         | 1,925,997 | 19                    |
|  | 2023 | 1,509,077                                | 176,082            | 61,567          | 13,968             | (288,821)                       | 1,471,873 | (8)                   |
| <b>Total Directors and Senior Executives</b> | 2024 | 1,980,902                                | 205,769            | 98,501          | 1,921              | 353,547                         | 2,640,641 | 21                    |
|  | 2023 | 2,054,463                                | 176,082            | 97,365          | 25,903             | (564,164)                       | 1,789,649 | (22)                  |

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 3. REMUNERATION OUTCOMES (CONTINUED)

Notes

1. Refer to section 5 below and Note 17 for further information on the vesting conditions attached to performance rights.
2. Mr Shuggi was appointed as Chief Product Officer with effect from 14 November 2022.
3. In addition to the remuneration reflected in the above table, Mr Taylor was paid out his unused annual and long service leave upon his resignation on 17 January 2024 which came to \$85,310 and \$80,575 respectively.
4. During the current year, the Non-Executive Directors voluntarily elected to forego 50% of their fees. There is no obligation for the Company to repay the foregone fees in the future.
5. The net credit amount reflected in the prior year for performance rights is due to the lapsing of the Class U performance rights which had not vested.

### 4. EXECUTIVE CONTRACTS

Remuneration arrangements for executives are formalised in their employment agreements. The following outlines the details of the contracts with executives:

#### Mathew Ratty, Managing Director and Chief Executive Officer

Mr Ratty's current employment agreement commenced on 9 November 2018 (Mr Ratty held the position of Interim CEO up to this date). The term of Mr Ratty's contract will come to an end on 30 June 2025.

**Details**

• **Remuneration:**

- Annual base salary – Mr Ratty's annual base salary is \$350,000 (plus statutory superannuation).
- Performance related bonuses – short term incentive: at the Board's discretion, a cash bonus may be paid to Mr Ratty in relation to the successful completion of various milestones periodically set by the Board. The cash bonus is not to exceed 50% of the annual salary in the financial year the bonus is earned.
- Long term incentive: the following performance rights are held by Mr Ratty:

| Milestones to be achieved  | Quantum of performance rights to vest upon achievement of milestone | Status of performance rights at 30 June 2024 |
|--|---|--|
| Remain as Chief Executive Officer of the Company as at 31 Dec 2023 | 2,500,000   | Vested, not yet exercised                    |
| Remain as Chief Executive Officer of the Company as at 31 Dec 2024 | 2,500,000   | Not yet vested                               |

• **Termination:**

The agreement may be terminated:

- by the Company without cause by giving twelve months' notice, or immediately with payment in lieu of notice;
- by the Company giving one months' notice if Mr Ratty is unable to perform his duties due to illness, accident or incapacitation, for six consecutive months or a period aggregating more than six months in any twelve-month period; or
- by the Company immediately without notice following material breach or in the case of misconduct; or
- by Mr Ratty without cause by giving three months' notice or immediately if the Company commits any serious or persistent breach of the agreement.

• **Other:**

The agreement includes other general industry standard provisions for a senior executive.

#### Matthew Sutton, Chief Operating Officer

Mr Sutton's employment agreement commenced on 4 January 2021 and has no fixed term.

**Details**

• **Remuneration:**

- Annual base salary of SGD\$370,000.
- Commission ranging between 1% and 7% on revenue from contracts entered into or renewed as a result of the sales efforts of Mr Sutton or his sales team.
- Long term incentive: the following performance rights are held by Mr Sutton:



| Milestones to be achieved  | Quantum of performance rights to vest upon achievement of milestone | Status of performance rights at 30 June 2024 |
|--|---|--|
| Remain as Chief Operating Officer of the Company as at 28 Oct 2023 | 2,000,000   | Vested, not yet exercised                    |
| Remain as Chief Operating Officer of the Company as at 28 Oct 2024 | 2,000,000   | Not yet vested                               |

**Termination:**

The agreement may be terminated:

- by the Company without cause by giving three months' notice, or immediately with payment in lieu of notice;
- by the Company giving one months' notice if Mr Sutton is unable to perform his duties due to illness, accident or incapacitation, for two consecutive months or a period aggregating more than two months in any twelve-month period; or
- by the Company immediately without notice following material breach or in the case of misconduct; or
- by Mr Sutton without cause by giving three months' notice or at any time if the Company commits any serious or persistent beach which is not remedied within twenty eight days.

**Other:**

The agreement includes other general industry standard provisions for a senior executive.

**Elie Shuggi, Chief Product Officer**

Mr Shuggi's employment agreement commenced on 14 November 2022 and has no fixed term.

**Details**

**Remuneration:**

- Annual base salary of \$350,000
- Performance related bonuses – short term incentive: a cash bonus may be paid at any time during the term of the agreement conditional upon the achievement of key performance indicators set by the Company's board of directors. The cash bonus is not to exceed 25% of the annual salary in the financial year the bonus is earned
- Long term incentive: the following performance rights are held by Mr Shuggi:

| Milestones to be achieved  | Quantum of performance rights to vest upon achievement of milestone | Status of performance rights at 30 June 2024 |
|--|---|--|
| Remain as Chief Product Officer of the Company as at 14 Nov 2023 | 500,000   | Vested and exercised                         |
| Remain as Chief Product Officer of the Company as at 14 Nov 2024 | 500,000   | Not yet vested                               |

**Termination:**

The agreement may be terminated:

- by the Company without cause by giving three months' notice, or immediately with payment in lieu of notice;
- by the Company giving one months' notice if Mr Shuggi is unable to perform his duties due to illness, accident or incapacitation, for two consecutive months or a period aggregating more than two months in any twelve-month period; or
- by the Company immediately without notice following material breach or in the case of misconduct; or
- by Mr Shuggi without cause by giving three months' notice or at any time if the Company commits any serious or persistent beach which is not remedied within twenty eight days.

**Other:**

The agreement includes other general industry standard provisions for a senior executive.

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 4. EXECUTIVE CONTRACTS (CONTINUED)

#### **Chad Kinlay, Chief Marketing Officer**

Mr Kinlay commenced the role of Chief Marketing Officer on 4 January 2022. Mr Kinlay performs this role via a consultancy agreement which has no fixed term.

#### **Key terms of the consultancy agreement:**

- Fee: a monthly fee of SGD24,000 is payable to Mr Kinlay together with any out of pocket expenses.
- Termination: The agreement may be terminated by the Company or Mr Kinlay by giving one months' notice.

#### **Fiona Muir, Chief Financial Officer**

Ms Muir's employment agreement commenced on 25 June 2018 and has no fixed term.

#### **Details**

##### • **Remuneration:**

Ms Muir fulfils the role of Chief Financial Officer on a part time basis and is remunerated pro-rata based on an annual base salary of \$275,000 plus statutory superannuation.

##### • **Termination:**

The agreement may be terminated:

- by Ms Muir with one months' notice, unless the Company is in breach of a material term of the agreement, in which case Ms Muir may terminate it immediately;
- by the Company with one months' notice or payment in lieu of notice;
- by the Company immediately without notice following material breach or in the case of misconduct

##### • **Other:**

The agreement includes other general industry standard provisions for a senior executive.

#### **Luke Taylor, Founder (resigned on 17 January 2024)**

Mr Taylor's current employment agreement commenced on 1 October 2022 (Mr Taylor held the position of Chief Operating Officer up to this date). Mr Taylor resigned on 17 January 2024.

#### **Details**

##### • **Remuneration:**

- Annual base salary of \$300,000 (plus statutory superannuation)
- Performance related bonuses – short term incentive: a cash bonus may be paid at any time during the term of the agreement conditional upon the achievement of key performance indicators set by the Chief Executive Officer. The cash bonus is not to exceed 25% of the annual salary in the financial year the bonus is earned
- Long term incentive: no performance rights are held by Mr Taylor.

##### • **Termination:**

The agreement may be terminated:

- by the Company without cause by giving six months' notice, or immediately with payment in lieu of notice;
- by the Company giving one months' notice if Mr Taylor is unable to perform his duties due to illness, accident or incapacitation, for six consecutive months or a period aggregating more than six months in any twelve-month period; or
- by the Company immediately without notice following material breach or in the case of misconduct; or
- by Mr Taylor without cause by giving three months' notice or immediately if the Company commits any serious or persistent breach of the agreement.

##### • **Other:**

The agreement includes other general industry standard provisions for a senior executive.

## 5. ADDITIONAL DISCLOSURES RELATING TO PERFORMANCE RIGHTS, OPTIONS AND SHARES

### Performance Rights

Performance rights do not carry any voting or dividend rights and can only be converted into ordinary shares up until their expiry date, provided any vesting conditions are met and the Executive remains as an employee of the Group as at a specified date.

The tables below disclose the movement in performance rights held by key management personnel during the current and prior year. No performance rights were granted during the current year.

There is a nil exercise price payable on the conversion of performance rights into ordinary shares.

|                            | Number of performance rights |                         |                        |  |                        |   |                                  |
|----------------------------|------------------------------|-------------------------|------------------------|--|------------------------|---|----------------------------------|
|                            | Opening balance              | Granted during the year | Vested during the year | Converted into ordinary shares during the year | Lapsed during the year | Closing balance (vested, not yet exercised) | Closing balance (not yet vested) |
| <b>2024</b>                |                              |                         |                        |  |                        |   |                                  |
| <b>Executive directors</b> |                              |                         |                        |  |                        |   |                                  |
| M. Ratty                   | 5,000,000                    | -                       | 2,500,000              | -  | -                      | 2,500,000                                   | 2,500,000                        |
| <b>Senior Executives</b>   |                              |                         |                        |  |                        |   |                                  |
| M. Sutton                  | 4,000,000                    | -                       | 2,000,000              | -  | -                      | 2,000,000                                   | 2,000,000                        |
| E. Shuggi                  | 1,000,000                    | -                       | 500,000                | (500,000)                                      | -                      | -   | 500,000                          |

|                            | Number of performance rights |                         |                        |  |                        |   |                                  |
|----------------------------|------------------------------|-------------------------|------------------------|--|------------------------|---|----------------------------------|
|                            | Opening balance              | Granted during the year | Vested during the year | Converted into ordinary shares during the year | Lapsed during the year | Closing balance (vested, not yet exercised) | Closing balance (not yet vested) |
| <b>2023</b>                |                              |                         |                        |  |                        |   |                                  |
| <b>Executive directors</b> |                              |                         |                        |  |                        |   |                                  |
| M. Ratty                   | 10,000,000                   | 5,000,000               | -                      | -  | (10,000,000)           | -   | 5,000,000                        |
| <b>Executives</b>          |                              |                         |                        |  |                        |   |                                  |
| M. Sutton                  | 2,000,000                    | 4,000,000               | -                      | -  | (2,000,000)            | -   | 4,000,000                        |
| E. Shuggi                  | -                            | 1,000,000               | -                      | -  | -                      | -   | 1,000,000                        |
| F. Muir                    | 1,000,000                    | -                       | -                      | -  | (1,000,000)            | -   | -                                |
| L. Taylor                  | 7,500,000                    | -                       | -                      | -  | (7,500,000)            | -   | -                                |

The tables below disclose the fair values of performance rights granted to key management personnel during the prior year and the current status of the associated performance milestones.

|          | Grant date | Number granted | Fair value per performance right at grant date |
|----------|------------|----------------|--|
| M Ratty  | 19/04/2023 | 5,000,000      | \$0.061  |
| M Sutton | 12/10/2022 | 4,000,000      | \$0.075  |
| E Shuggi | 13/12/2022 | 1,000,000      | \$0.075  |

## REMUNERATION REPORT (AUDITED) (CONTINUED)

### 5. ADDITIONAL DISCLOSURES RELATING TO PERFORMANCE RIGHTS, OPTIONS AND SHARES (CONTINUED)

#### Performance Rights (continued)

|          | Vesting Condition                              | Number    | Status at 30 June 2024    | Expiry date  |
|----------|--|-----------|---------------------------|--------------|
| M Sutton | Remain an employee of the Group at 28 Oct 2023 | 2,000,000 | Vested, not yet exercised | 31 Dec 2024  |
| M Sutton | Remain an employee of the Group at 28 Oct 2024 | 2,000,000 | Not yet vested            | 31 Dec 2024  |
| E Shuggi | Remain an employee of the Group at 14 Nov 2023 | 500,000   | Vested and exercised      |              |
| E Shuggi | Remain an employee of the Group at 14 Nov 2024 | 500,000   | Not yet vested            | 31 Dec 2024  |
| M Ratty  | Remain an employee of the Group at 31 Dec 2023 | 2,500,000 | Vested, not yet exercised | 22 June 2028 |
| M Ratty  | Remain an employee of the Group at 31 Dec 2024 | 2,500,000 | Not yet vested            | 22 June 2028 |

#### Option holdings of KMP

The table below discloses all options held directly, indirectly and beneficially by key management personnel.

|  | Balance 1 July 2023 | Granted as remuneration | Lapsed             | Balance 30 June 2024 |
|--|---------------------|-------------------------|--------------------|----------------------|
| S. Belben (resigned on 14 July 2023)   | 1,250,000           | -                       | (1,250,000)        | -                    |
| R. Besnard (resigned on 30 April 2024) | 1,250,000           | -                       | (1,250,000)        | -                    |
| M. McConnell                           | 1,250,000           | -                       | (1,250,000)        | -                    |
| A. Stott                               | 1,250,000           | -                       | (1,250,000)        | -                    |
| <b>Total</b>                           | <b>5,000,000</b>    | <b>-</b>                | <b>(5,000,000)</b> | <b>-</b>             |

#### Share holdings of KMP

The table below discloses the shares held directly, indirectly and beneficially by key management personnel.

|                                      | Balance 1 July 2023 | On appointment   | On resignation      | Other net change  | Balance 30 June 2024 |
|--------------------------------------|---------------------|------------------|---------------------|-------------------|----------------------|
| S. Belben (resigned 14 Jul 2023)     | 810,000             | -                | (810,000)           | -                 | -                    |
| J. Lowcock (appointed 17 Jul 2023)   | -                   | -                | -                   | 880,000           | 880,000              |
| S. Thomson (appointed 11 Apr 2024)   | -                   | 1,000,000        | -                   | -                 | 1,000,000            |
| M. McConnell                         | 89,586,767          | -                | -                   | 15,916,666        | 105,503,433          |
| A. Stott                             | 1,100,000           | -                | -                   | -                 | 1,100,000            |
| M. Ratty                             | 27,460,544          | -                | -                   | -                 | 27,460,544           |
| L. Taylor (resigned 17 January 2024) | 10,703,782          | -                | (10,703,782)        | -                 | -                    |
| F. Muir                              | 500,000             | -                | -                   | -                 | 500,000              |
| <b>Total</b>                         | <b>130,161,093</b>  | <b>1,000,000</b> | <b>(11,513,782)</b> | <b>16,796,666</b> | <b>136,443,977</b>   |

**6. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES**

No transactions and balances occurred and existed during the current financial year with key management personal and their related parties.

**END OF REMUNERATION REPORT**

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'M. Ratty', with a horizontal line drawn through it.

**Mathew Ratty**

**Managing Director and Chief Executive Officer**

Perth, Western Australia

Dated 28 August 2024



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## Auditor's Independence Declaration to the Directors of Adveritas Limited

As lead auditor for the audit of the financial report of Adveritas Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) No contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Adveritas Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Mark Cunningham'.

Mark Cunningham  
Partner  
28 August 2024

A member firm of Ernst & Young Global Limited  
Liability limited by a scheme approved under Professional Standards Legislation

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

|   | Note | 2024<br>\$          | 2023<br>\$          |
|---|------|---------------------|---------------------|
| Revenue from contracts with customers   | 4    | 4,156,993           | 2,949,228           |
| Interest income   |      | 87,030              | 46,711              |
| Other income  | 5(a) | 1,336,147           | 2,066,566           |
| Employment costs  | 5(b) | (10,474,143)        | (11,115,665)        |
| Marketing costs   | 5(c) | (1,669,790)         | (1,735,115)         |
| Server hosting costs  |      | (1,294,300)         | (1,292,461)         |
| Administration costs  | 5(d) | (701,551)           | (1,019,375)         |
| Compliance costs  | 5(e) | (357,001)           | (366,969)           |
| Consultancy costs   | 5(f) | (248,616)           | (95,582)            |
| Occupancy costs   |      | (178,003)           | (211,507)           |
| Expected credit losses and bad debts expense  | 5(g) | (102,079)           | (66,521)            |
| Depreciation  | 5(h) | (174,114)           | (183,778)           |
| Foreign exchange losses   |      | (57,414)            | (63,699)            |
| Finance costs   | 5(i) | (785,872)           | (799,210)           |
| Share based payments (expense) / reversal   | 17   | (387,705)           | 508,388             |
| Fair value (loss) / gain on convertible loan note derivative                                  |      | (733,556)           | 471,000             |
| <b>Loss before income tax</b>   |      | <b>(11,583,974)</b> | <b>(10,907,989)</b> |
| Income tax expense  | 6    | (11,011)            | (10,041)            |
| <b>Loss for the year attributable to the members of Adveritas Limited</b>                     |      | <b>(11,594,985)</b> | <b>(10,918,030)</b> |
| <b>Other comprehensive income net of tax</b>  |      |                     |                     |
| <i>Items that may be reclassified to profit or loss</i>                                       |      |                     |                     |
| Exchange differences on translation of foreign operations                                     |      | (22,489)            | 6,242               |
| <b>Total comprehensive loss for the year attributable to the members of Adveritas Limited</b> |      | <b>(11,617,474)</b> | <b>(10,911,788)</b> |
| <b>Loss per share attributable to members of Adveritas Limited</b>                            |      |                     |                     |
|   |      | Cents               | Cents               |
| Basic loss per share  | 23   | (1.66)              | (2.23)              |
| Diluted loss per share  | 23   | (1.66)              | (2.23)              |

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the consolidated financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2024

|                                      | Note | 2024<br>\$         | 2023<br>\$       |
|--------------------------------------|------|--------------------|------------------|
| <b>ASSETS</b>                        |      |                    |                  |
| <b>CURRENT ASSETS</b>                |      |                    |                  |
| Cash and cash equivalents            | 7    | 4,285,814          | 6,339,205        |
| Trade and other receivables          | 8    | 1,456,226          | 506,464          |
| Prepayments                          |      | 132,691            | 435,239          |
| Convertible loan note derivative     | 14   | 879,444            | 1,299,000        |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>6,754,175</b>   | <b>8,579,908</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                    |                  |
| Plant and equipment                  | 9    | 29,767             | 99,779           |
| Right-of-use assets                  | 10   | 202,107            | 303,161          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>231,874</b>     | <b>402,940</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>6,986,049</b>   | <b>8,982,848</b> |
| <b>LIABILITIES</b>                   |      |                    |                  |
| <b>CURRENT LIABILITIES</b>           |      |                    |                  |
| Trade and other payables             | 11   | 796,474            | 1,259,917        |
| Income tax payable                   | 6    | 3,711              | 401              |
| Deferred revenue                     | 12   | 2,127,607          | 65,882           |
| Provisions                           | 13   | 548,487            | 754,404          |
| Lease liabilities                    | 10   | 146,398            | 130,956          |
| Convertible loan note liability      | 14   | 4,259,858          | 3,721,108        |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>7,882,535</b>   | <b>5,932,668</b> |
| <b>NON-CURRENT LIABILITIES</b>       |      |                    |                  |
| Provisions                           | 13   | 88,346             | 62,012           |
| Lease liabilities                    | 10   | 136,427            | 259,323          |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>224,773</b>     | <b>321,335</b>   |
| <b>TOTAL LIABILITIES</b>             |      | <b>8,107,308</b>   | <b>6,254,003</b> |
| <b>NET (LIABILITIES) / ASSETS</b>    |      | <b>(1,121,259)</b> | <b>2,728,845</b> |
| <b>EQUITY</b>                        |      |                    |                  |
| Contributed equity                   | 15   | 72,165,390         | 64,658,338       |
| Accumulated losses                   | 18   | (78,164,397)       | (66,569,412)     |
| Share based payment reserve          | 16   | 4,862,744          | 4,602,426        |
| Foreign currency translation reserve | 16   | 15,004             | 37,493           |
| <b>TOTAL (DEFICIT) / EQUITY</b>      |      | <b>(1,121,259)</b> | <b>2,728,845</b> |

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the consolidated financial statements.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

|  | Note | 2024<br>\$         | 2023<br>\$          |
|--|------|--------------------|---------------------|
| <b>Cash flows from operating activities</b>                          |      |                    |                     |
| Receipts from customers  |      | 5,168,835          | 2,711,017           |
| Payments to suppliers and employees                                  |      | (15,227,769)       | (15,982,002)        |
| Research and development grant income received                       | 5(a) | 773,121            | 1,979,591           |
| Other income received  |      | 14,140             | 32,416              |
| Interest received  |      | 87,189             | 37,163              |
| Interest expense on lease liabilities                                | 10   | (25,688)           | (34,061)            |
| Interest paid  |      | (5)                | (23)                |
| Income tax paid  |      | (5,142)            | (4,918)             |
| <b>Net cash flows used in operating activities</b>                   | 7    | <b>(9,215,319)</b> | <b>(11,260,817)</b> |
| <b>Cash flows from investing activities</b>                          |      |                    |                     |
| Purchase of plant and equipment                                      |      | (8,959)            | (85,919)            |
| Proceeds on disposal of plant and equipment                          |      | 3,384              | 62                  |
| Deposits refunded / (paid) on leased property                        |      | 6,464              | (7,692)             |
| Deferred consideration received on disposal of controlled entity     |      | -                  | 120,824             |
| <b>Net cash flows generated by investing activities</b>              |      | <b>889</b>         | <b>27,275</b>       |
| <b>Cash flows from financing activities</b>                          |      |                    |                     |
| Proceeds from issue of shares  |      | 7,700,000          | 13,017,000          |
| Share issue costs paid   |      | (417,083)          | (415,229)           |
| Lease liability payments   |      | (107,454)          | (96,092)            |
| <b>Net cash flows provided by financing activities</b>               |      | <b>7,175,463</b>   | <b>12,505,679</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b>        |      | <b>(2,038,967)</b> | <b>1,272,137</b>    |
| <b>Cash and cash equivalents at the beginning of the year</b>        |      | <b>6,339,205</b>   | <b>5,050,516</b>    |
| <b>Effects of exchange rate changes on cash and cash equivalents</b> |      | <b>(14,424)</b>    | <b>16,552</b>       |
| <b>Cash and cash equivalents at the end of the year</b>              | 7    | <b>4,285,814</b>   | <b>6,339,205</b>    |

The Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

|   | Contributed equity<br>\$ | Accumulated losses<br>\$ | Share based payments reserve<br>\$ | Foreign currency translation reserve<br>\$ | Total equity<br>\$ |
|---|--------------------------|--------------------------|------------------------------------|--|--------------------|
| <b>Balance at 1 July 2023</b>   | 64,658,338               | (66,569,412)             | 4,602,426                          | 37,493                                     | 2,728,845          |
| Loss for the year   | -                        | (11,594,985)             | -                                  | -  | (11,594,985)       |
| <i>Other comprehensive expenditure</i>                                    |                          |                          |                                    |  |                    |
| Foreign exchange differences arising on translation of foreign operations | -                        | -                        | -                                  | (22,489)                                   | (22,489)           |
| <b>Total comprehensive expenditure for the year</b>                       | -                        | (11,594,985)             | -                                  | (22,489)                                   | (11,617,474)       |
| <b>Transactions with equity holders in their capacity as owners</b>       |                          |                          |                                    |  |                    |
| Ordinary shares issued  | 7,700,000                | -                        | -                                  | -  | 7,700,000          |
| Share issue costs   | (320,335)                | -                        | -                                  | -  | (320,335)          |
| Share issued on conversion of performance rights                          | 127,387                  | -                        | (127,387)                          | -  | -                  |
| Share based payments expense  | -                        | -                        | 387,705                            | -  | 387,705            |
|   | 7,507,052                | -                        | 260,318                            | -  | 7,767,370          |
| <b>Balance at 30 June 2024</b>  | 72,165,390               | (78,164,397)             | 4,862,744                          | 15,004                                     | (1,121,259)        |
| <b>Balance at 1 July 2022</b>   | 52,169,702               | (55,651,382)             | 5,110,814                          | 31,251                                     | 1,660,385          |
| Loss for the year   | -                        | (10,918,030)             | -                                  | -  | (10,918,030)       |
| <i>Other comprehensive expenditure</i>                                    |                          |                          |                                    |  |                    |
| Foreign exchange differences arising on translation of foreign operations | -                        | -                        | -                                  | 6,242                                      | 6,242              |
| <b>Total comprehensive expenditure for the year</b>                       | -                        | (10,918,030)             | -                                  | 6,242                                      | (10,911,788)       |
| <b>Transactions with equity holders in their capacity as owners</b>       |                          |                          |                                    |  |                    |
| Ordinary shares issued  | 13,017,000               | -                        | -                                  | -  | 13,017,000         |
| Share issue costs   | (528,364)                | -                        | -                                  | -  | (528,364)          |
| Share based payments reversal   | -                        | -                        | (508,388)                          | -  | (508,388)          |
|   | 12,488,636               | -                        | (508,388)                          | -  | 11,980,248         |
| <b>Balance at 30 June 2023</b>  | 64,658,338               | (66,569,412)             | 4,602,426                          | 37,493                                     | 2,728,845          |

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the consolidated financial statements.

## 1. CORPORATE INFORMATION

The consolidated financial report of Adveritas Limited (**Adveritas** or **Company**) and its controlled entities (collectively referred to as the **Group**) for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 28 August 2024.

Adveritas is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The Group's registered office is in Bentley, Western Australia.

The nature of operations and principal activities of the Group are the creation of innovative software solutions that leverage big data to drive business performance. TrafficGuard is the Group's first commercially available software as a service.

Information on the Group's corporate structure and related party relationships is provided in Note 21.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a summary of the significant accounting policies adopted in the preparation of this consolidated financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of Preparation

The consolidated financial report is a general-purpose financial report which has been prepared on a historical cost basis, with the exception of derivatives which are carried at fair value, and is presented in Australian dollars.

### (b) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

### (c) Changes in accounting policies, disclosures, standards and interpretations

#### i. Accounting Standards and Interpretations issued but not yet adopted

The Group has assessed the new accounting standards and interpretations that have been issued but are not yet effective as of balance date. These new accounting standards and interpretations have been considered as not applicable to the Group and have been assessed to have no impact on the Group during the reporting period to which they are applicable. As a result, the Group has not early adopted any new accounting standards and interpretations at balance sheet date.

#### AASB 18- Presentation and Disclosure in Financial Statements (effective 1 January 2027)

AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. AASB 18 is accompanied by limited amendments to the requirements in AASB 107 Statement of Cash Flows. AASB 18 is effective from 1 January 2027 and applied fully retrospectively. Entities are permitted to apply AASB 18 before that date.

AASB 18 replaces AASB 1 - Presentation of Financial Statements. The requirements in AASB 1 that are unchanged have been transferred to AASB 18 and other standards. There are 3 main areas of changes:

- requiring additional defined subtotals in the statement of profit or loss, which makes entities' financial performance easier to compare and provides a consistent starting point for investors' analysis;
- requiring disclosures about management-defined performance measures, which increases discipline over use and transparency about their calculation; and
- adding new principles for grouping (aggregation and disaggregation) of information, which improves effective communication of information.

#### ii. New standards, interpretation and amendments adopted by the Group

##### Amendments to IAS 108: Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The new definition provides that 'Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty.' The amendments explain that a change in an input or a measurement technique used to develop an accounting estimate is considered a change in an accounting estimate unless it is correcting a prior period error.

The amendments had no impact on the Group's consolidated financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Basis of Consolidation

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### (e) Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues.

Operating segments have been identified based on the information presented to the chief operating decision maker, being the board of directors in conjunction with the executive management team.

Information about other business activities are combined and disclosed in a separate category called "Corporate".

### (f) Foreign Currency Translation

#### i. Functional and presentation currency

Items included in the financial statements of each Group company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is the parent's functional and presentation currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### ii. Transactions and balances

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

**iii. Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation purposes are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**(g) Plant and Equipment**

All plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the profit or loss during the reporting period in which they are incurred.

Depreciation is calculated over the estimated useful life of the asset as follows:

|                        | Method        | Useful Lives          |
|------------------------|---------------|-----------------------|
| Plant and equipment    | Straight Line | 1.5 – 2.5 years       |
| Leasehold improvements | Straight Line | the term of the lease |
| Office equipment       | Straight Line | 2 – 10 years          |
| Computer equipment     | Straight Line | 1.5 – 4 years         |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

**(h) Impairment of non-financial assets**

Non-financial assets comprise of plant and equipment. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value (less costs of disposal) and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

**(i) Cash and Cash Equivalents**

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash held in bank accounts, in electronic money accounts, on hand and in short-term deposits with a maturity of three months or less.

For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

**(j) Government grants**

Government grants are recognised as other income where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

**(k) Goods and Services Tax (GST)**

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

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

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Revenue from contracts with customers

The Group is in the business of providing access to its fraud mitigation software as a service to its customers. Revenue from contracts with customers is recognised over time as the service is delivered to the customer, at an amount that reflects the consideration to which the Group is entitled under the terms of the contract for that service. The Group has concluded that it is the principal in its revenue arrangements because it controls the service before delivering it to the customer.

The Group's performance obligation is providing access to its software as a service to the customer over the period of time that was agreed upon with the customer. The customer is required to pay the consideration agreed upon in the service contract. The service contract may stipulate payment on a monthly basis over the term of the contract, in which case the normal credit term is 30 to 60 days upon delivery of the service. Alternatively, the service contract may stipulate payment of the full contract value at the commencement of the contract, in which case the normal credit terms is 15 to 30 days upon commencement of the service.

As a practical expedient, the Group does not disclose the transaction price allocated to the remaining performance obligations as it recognises revenue from the customer at the amount that corresponds directly with the value to the customer of the Group's performance completed to date.

Contracts with customers may include a variable consideration in addition to the fixed fee. The variable consideration comprises a fee for each block of transactions that exceeds the transaction allowance included in the fixed fee. The variable consideration is recognised at the point in time when it can be reliably estimated and the constraint applied.

Taxes collected from customers and remitted to government authorities are excluded from revenue.

#### **Contract balances**

##### **Contract assets**

A contract asset is the right to consideration in exchange for services transferred to the customer. If the Group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer further to the accounting policy on financial assets (Note 2(q)) for details on initial recognition, subsequent measurement and impairment.

##### **Deferred revenue**

Deferred revenue is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, deferred revenue is recognised when the payment is made. Deferred revenue is recognised as revenue when the Group performs under the contract.

##### **Cost to obtain a contract**

The Group pays sales commission to its employees for pre-determined milestones in relation to sales of its software services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

### (m) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### (n) Employee Benefits

#### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

#### **Long service leave**

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

**(o) Income Tax****Current Tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

**Deferred Tax**

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company / Group intends to settle its current tax assets and liabilities on a net basis.

**Current and deferred tax for the period**

Current and deferred tax is recognised as an expense or income in the consolidated statement of profit or loss and other comprehensive income except when it relates to items credited or debited directly to equity, in which case the current and deferred tax is also recognised directly in equity.

**(p) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(q) Financial Assets****Initial recognition and measurement**

Financial assets within the scope of AASB 9 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The classification of financial assets that are debt instruments at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policy on revenue at Note 2(l).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Financial Assets (continued)

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes derivative instruments.

#### *Financial assets at amortised cost*

This category is the most relevant category to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade and other receivables.

#### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Listed equity instruments that are designated at fair value through OCI are not subject to impairment assessment.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

#### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.



ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

**Financial assets at amortised cost**

For contract assets, trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(r) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, or as payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification. The Group's financial liabilities comprise trade and other payables and convertible loan notes.

Trade and other payables represent liabilities for goods or services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are subsequently measured at amortised cost using the effective interest method and are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Convertible loan notes represent the Company's obligation to either redeem or convert the loan notes into fully paid ordinary shares in the Company. The loan notes had an initial maturity date of 12 April 2024 which was extended to 12 April 2025 during the current financial year. On maturity, the principal and the interest capitalised to 12 April 2024 will be automatically converted into fully paid ordinary shares in the Company. However, the Company may elect to redeem all or some of the convertible notes at any time prior to the maturity date. The convertible loan notes are unsecured and bear interest at the rate of 8% per annum which is capitalised on a quarterly basis. Interest capitalised over the period 13 April 2024 to 12 April 2025 will be settled in cash.

Convertible loan notes are subsequently measured at amortised cost using the effective interest method and are presented as current liabilities as conversion is due within 12 months after the reporting period.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

**(s) Share-based payments**

Consultants and employees (including senior executives) of the Group receive payment or remuneration in the form of share-based payments, whereby the consultants or the employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 17.

The cost of equity-settled transactions is recognised in the share-based payments expense, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Share-based payments (continued)

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted loss per share (further details are given in Note 23).

### (t) Loss per share

Basic loss per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares of the Company, adjusted for any bonus element.

Diluted loss per share is calculated as net profit or loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### (u) Significant accounting judgements, estimates and assumptions

The directors made estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the consolidated financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and assumptions made have been described below:

#### **Revenue from contracts with customers**

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- The Group determined that revenue from its fraud mitigation software service is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. Where a service contract includes a usage allowance relating to the volume of advertising spend or transactions to be processed on behalf of the client, revenue from that service contract is recognized over the shorter of the term of the contract and the consumption of the usage allowance.
- The Group has determined that it is the principal in its agreements with its customers because it has control over the service before delivering it to the customer, it is primarily responsible for fulfilling the promise to deliver the service, and it is responsible for establishing the price for the service to be delivered.

**Revenue from contracts with customers (continued)**

- Certain contracts with customers contain a variable consideration in relation to each block of transactions that exceeds the transaction allowance included in the fixed fee. The Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Group has determined that the most likely amount method is appropriate.

**Share-based payments**

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires making assumptions about the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 17.

**Income Taxes**

Judgement is required in assessing whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation.

The Group estimates that it has \$51,447,277 of tax losses carried forward (2023: \$42,606,494). Although these losses do not expire, they may not be capable of being used to offset taxable income elsewhere in the Group. The Group has neither taxable temporary differences nor tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets in respect of the tax losses carried forward.

Further details on taxes are disclosed in Note 6.

**Impairment of non-financial assets**

The Group tests for impairment of non-financial assets when impairment indicators have been identified.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next two years. The assumptions used in the budget, such as growth rates, and the discount rate used are subject to judgement and estimates.

The Group has assessed the right-of-use asset recognised in accordance with AASB 16: Leases and has concluded that the right-of-use asset has not suffered any impairment.

**Provision for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate ECLs for trade and other receivables and contract assets. The provision rates are based on days past due and adjusted for forward looking expectations specific to the debtors and the economic environment.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets.

**(v) Going Concern**

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

During the year ended 30 June 2024, the Group incurred a net loss after tax of \$11,594,985 (2023: net loss after tax of \$10,918,030) and a net cash outflow from operating activities of \$9,215,319 (2023: net cash outflow from operating activities of \$11,260,817). The cash and cash equivalents balance at 30 June 2024 was \$4,285,814 (2023: \$6,339,205). The Group's net current liability position at 30 June 2024 was \$1,128,359 (2023: net current asset position of \$2,647,240). Included in the Group's net current liabilities is a convertible loan note derivative asset with a carrying value of \$879,444 (2023: \$1,299,000), and a convertible loan note liability of \$4,259,858 (2023: \$3,721,108). The convertible loan notes mature in April 2025, at which point the balance will be automatically converted into shares in the Company in accordance with the terms of the convertible loan note agreements. There will be no cash inflows from the deemed realisation of the convertible loan note derivative, and no cash outflows from the settlement of the convertible loan note liability other than the payment of interest amount of approximately \$288,822. The Group's net current assets at 30 June 2024 excluding the asset and liability relating to the convertible loan notes is \$2,252,055 (2023: \$5,069,348).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) Going Concern (continued)

The ability of the Group to pay its trade creditors, continue its planned activities and maintain its going concern status is dependent on the Group continuing to grow revenue and raising additional funds, as required. As at the date of this report, the directors are satisfied that there are reasonable grounds to believe that the Group will be able to operate as a going concern by continuing to grow revenue and raising further funds as required. In forming this view, the directors of the Company have considered the ability of the Company to generate sufficient revenue and raise funds as required by way of future capital raisings.

There are inherent uncertainties associated with growing revenue and the successful completion of capital raisings. Should the directors not be able to manage these inherent uncertainties and successfully secure funding as required, there would be significant uncertainty as to whether the Group would be able to meet its debts as and when they fall due and therefore continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts nor to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

### (w) Comparative information

The consolidated financial statements provide comparative information in respect of the previous period. Where required, a reclassification of items in the financial statements of the previous period has been made in accordance with the classification of items in the consolidated financial statements of the current period.

## 3. SEGMENT INFORMATION

The Group's operating segments comprise:

- **Product and Engineering:** responsible for the development and maintenance of the Group's proprietary software offerings. These activities are conducted primarily in Australia and Croatia; and
- **Sales and marketing:** responsible for deploying the Group's sales and marketing initiatives and for providing ongoing customer service. These activities are carried out by sales and marketing personnel and consultants located in the Australia Pacific region, Europe, Latin America and South-East Asia.
- **Corporate:** responsible for carrying out the finance and administration and human resources functions for the Group. These activities are primarily carried out in Australia.

The board of directors review internal management reports on a monthly basis that are consistent with the information provided in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. As a result, no reconciliation is required because, in aggregate, the information as presented is what is used by the board to make strategic decisions. No operating segments have been aggregated.

### Segment results for the year ended 30 June 2024

|   | Product & Engineering | Sales and marketing | Corporate          | Consolidated        |
|---|-----------------------|---------------------|--------------------|---------------------|
|   | \$                    | \$                  | \$                 | \$                  |
| Revenue   | -                     | 4,156,993           | -                  | 4,156,993           |
| Other income                                      | 773,121               | 6,070               | 242,956            | 1,022,147           |
| Expenses  | (6,154,968)           | (5,246,121)         | (4,489,069)        | (15,890,158)        |
| <b>Loss before interest, depreciation and tax</b> | <b>(5,381,847)</b>    | <b>(1,083,058)</b>  | <b>(4,246,113)</b> | <b>(10,711,018)</b> |
| Interest income                                   | -                     | -                   | 87,030             | 87,030              |
| Interest expense                                  | (12,587)              | -                   | (773,285)          | (785,872)           |
| Depreciation                                      | (102,570)             | (13,688)            | (57,856)           | (174,114)           |
| Income tax expense                                | (9,599)               | (1,412)             | -                  | (11,011)            |
| <b>Loss after income tax</b>                      | <b>(5,506,603)</b>    | <b>(1,098,158)</b>  | <b>(4,990,224)</b> | <b>(11,594,985)</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### Segment results for the year ended 30 June 2023

|   | Product & Engineering<br>\$ | Sales and marketing<br>\$ | Corporate<br>\$    | Consolidated<br>\$  |
|---|-----------------------------|---------------------------|--------------------|---------------------|
| Revenue   | -                           | 2,949,228                 | -                  | 2,949,228           |
| Other income                                      | 1,979,591                   | 22,300                    | 535,675            | 2,537,566           |
| Expenses  | (5,542,195)                 | (6,760,931)               | (3,155,380)        | (15,458,506)        |
| <b>Loss before interest, depreciation and tax</b> | <b>(3,562,604)</b>          | <b>(3,789,403)</b>        | <b>(2,619,705)</b> | <b>(9,971,712)</b>  |
| Interest income                                   | -                           | -                         | 46,711             | 46,711              |
| Interest expense                                  | (17,030)                    | -                         | (782,180)          | (799,210)           |
| Depreciation                                      | (113,081)                   | (14,620)                  | (56,077)           | (183,778)           |
| Income tax expense                                | (5,048)                     | (4,993)                   | -                  | (10,041)            |
| <b>Loss after income tax</b>                      | <b>(3,697,763)</b>          | <b>(3,809,016)</b>        | <b>(3,411,251)</b> | <b>(10,918,030)</b> |

### Segment assets and liabilities at 30 June 2024

|                    | Product & Engineering<br>\$ | Sales and marketing<br>\$ | Corporate<br>\$  | Consolidated<br>\$ |
|--------------------|-----------------------------|---------------------------|------------------|--------------------|
| <b>Assets</b>      | <b>991,470</b>              | <b>1,489,075</b>          | <b>4,505,504</b> | <b>6,986,049</b>   |
| <b>Liabilities</b> | <b>838,612</b>              | <b>2,409,730</b>          | <b>4,858,966</b> | <b>8,107,308</b>   |

### Segment assets and liabilities at 30 June 2023

|                    | Product & Engineering<br>\$ | Sales and marketing<br>\$ | Corporate<br>\$  | Consolidated<br>\$ |
|--------------------|-----------------------------|---------------------------|------------------|--------------------|
| <b>Assets</b>      | <b>1,100,353</b>            | <b>881,957</b>            | <b>7,000,538</b> | <b>8,982,848</b>   |
| <b>Liabilities</b> | <b>904,896</b>              | <b>508,016</b>            | <b>4,841,091</b> | <b>6,254,003</b>   |

### Geographic information

|  | Consolidated     |                  |
|--|------------------|------------------|
|  | 2024<br>\$       | 2023<br>\$       |
| <b>Revenue from external customers by customer location:</b> |                  |                  |
| Australia  | 474,466          | 364,529          |
| Foreign countries (refer to note 4.1 for further details)    | 3,682,527        | 2,584,699        |
| <b>Total</b>   | <b>4,156,993</b> | <b>2,949,228</b> |

Included in revenue from foreign countries is revenue arising from sales shown in the sales and marketing segment from one customer which amounted to \$300,430 (2023: \$188,690).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 3. SEGMENT INFORMATION (CONTINUED)

#### Geographic information (continued)

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2024           | 2023           |
|   | \$             | \$             |
| <b>Non-current operating assets by location</b> |                |                |
| Australia                                       | 224,410        | 373,682        |
| Europe  | 4,292          | 13,713         |
| Asia Pacific                                    | 2,798          | 15,170         |
| Other   | 374            | 375            |
| <b>Total</b>                                    | <b>231,874</b> | <b>402,940</b> |

Non-current assets for this purpose consist of right of use assets and property, plant and equipment.

### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS

#### 4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

|  | Consolidated     |                  |
|--|------------------|------------------|
|  | 2024             | 2023             |
|  | \$               | \$               |
| <b>Revenue by type of goods or services</b>        |                  |                  |
| Revenue from the sale of software as a service     | 4,156,993        | 2,949,228        |
| <b>Total revenue from contracts with customers</b> | <b>4,156,993</b> | <b>2,949,228</b> |
| <b>Revenue by timing of revenue recognition</b>    |                  |                  |
| Services transferred over time                     | 4,156,993        | 2,949,228        |
| <b>Total revenue from contracts with customers</b> | <b>4,156,993</b> | <b>2,949,228</b> |
| <b>Revenue by geographical region</b>              |                  |                  |
| North America                                      | 504,261          | 296,907          |
| Latin America                                      | 37,557           | 128,642          |
| Asia Pacific                                       | 623,536          | 800,636          |
| Australia  | 474,466          | 364,529          |
| Europe   | 2,300,265        | 1,232,066        |
| Other  | 216,908          | 126,448          |
| <b>Total revenue from contracts with customers</b> | <b>4,156,993</b> | <b>2,949,228</b> |

## 5. OTHER INCOME AND OVERHEADS

This note provides a breakdown of the significant items included shown in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

|  | Consolidated      |                   |
|--|-------------------|-------------------|
|  | 2024              | 2023              |
|  | \$                | \$                |
| <b>(a) Other income</b>                                  |                   |                   |
| Research and development grant <sup>1</sup>              | 773,121           | 1,979,591         |
| Gain on modification of convertible loan notes           | 221,429           | -                 |
| Gain on modification of convertible loan note derivative | 314,000           | -                 |
| Reversal of expected credit loss (non-trade debtors)     | -                 | 53,011            |
| Miscellaneous income                                     | 27,597            | 33,964            |
|  | <b>1,336,147</b>  | <b>2,066,566</b>  |
| <b>(b) Employment costs</b>                              |                   |                   |
| Salaries and wages <sup>2</sup>                          | 9,397,903         | 8,989,544         |
| Ancillary employment costs                               | 1,034,489         | 1,475,193         |
| Recruitment fees   | 41,751            | 650,928           |
|  | <b>10,474,143</b> | <b>11,115,665</b> |
| <b>(c) Marketing costs</b>                               |                   |                   |
| Advertising and marketing materials                      | 701,556           | 474,595           |
| Public relations   | 182,950           | 773,907           |
| Travel, entertainment, trade shows and events            | 785,284           | 486,613           |
|  | <b>1,669,790</b>  | <b>1,735,115</b>  |
| <b>(d) Administration costs</b>                          |                   |                   |
| IT costs   | 271,652           | 451,737           |
| Office and general administration costs                  | 293,972           | 318,567           |
| Corporate travel   | 135,927           | 249,071           |
|  | <b>701,551</b>    | <b>1,019,375</b>  |
| <b>(e) Compliance costs</b>                              |                   |                   |
| Accounting fees  | 32,045            | 22,768            |
| ASX compliance fees                                      | 142,232           | 167,234           |
| Audit and tax compliance fees                            | 174,263           | 168,461           |
| Regulatory body fees                                     | 8,461             | 8,506             |
|  | <b>357,001</b>    | <b>366,969</b>    |
| <b>(f) Consultancy costs</b>                             |                   |                   |
| Legal fees / (accrual reversal)                          | 93,662            | (261,084)         |
| Investor relations                                       | 72,894            | 61,263            |
| Other  | 82,060            | 295,403           |
|  | <b>248,616</b>    | <b>95,582</b>     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 5. OTHER INCOME AND OVERHEADS (CONTINUED)

|  | Consolidated   |                |
|--|----------------|----------------|
|  | 2024           | 2023           |
|  | \$             | \$             |
| <b>(g) Expected credit losses and bad debt expense</b>         |                |                |
| Trade receivables written off as a bad debt                    | 59,813         | 15,055         |
| Expected credit losses: trade debtors                          | 42,266         | 51,466         |
|  | <b>102,079</b> | <b>66,521</b>  |
| <b>(h) Depreciation</b>  |                |                |
| Depreciation of property, plant and equipment                  | 73,060         | 82,724         |
| Depreciation of right-of-use asset                             | 101,054        | 101,054        |
|  | <b>174,114</b> | <b>183,778</b> |
| <b>(i) Finance costs</b>                                       |                |                |
| Interest expense on lease liabilities (Note 10)                | 25,688         | 34,061         |
| Convertible loan notes (Note 14)                               |                |                |
| - interest capitalised in accordance with loan note instrument | 272,202        | 250,765        |
| - amortisation of conversion premium                           | 487,977        | 514,361        |
| Other  | 5              | 23             |
|  | <b>785,872</b> | <b>799,210</b> |

<sup>1</sup> Research and development grant income is received from the Australian government in relation to qualifying research and development activities carried out within Australia. The grant income relating to FY23 research and development activities was received in the current year and the grant income for FY21 and FY22 research and development activities was received in prior year.

<sup>2</sup> Refer to Note 24 for further details on director and executive remuneration.



## 6. INCOME TAX EXPENSE

|  | Consolidated |         |
|--|--------------|---------|
|  | 2024         | 2023    |
|  | \$           | \$      |
| Major components of income tax expense for the year are:                                 |              |         |
| <b>Current income tax</b>  |              |         |
| Current income tax charge  | 11,011       | 6,728   |
| Under / (over) provision of income tax liability in prior year                           | -            | 3,313   |
| <b>Deferred income tax</b>   |              |         |
| Deferred income tax charge relating to origination and reversal of temporary differences | -            | -       |
| Income tax expense reported in income statement  | 11,011       | 10,041  |
| Current income tax liability   | (11,011)     | (6,728) |
| (Under) / over provision of income tax liability in prior year                           | -            | (3,313) |
| Amount offset against income tax refund receivable                                       | 7,300        | 9,640   |
| Income tax payable reported in statement of financial position                           | (3,711)      | (401)   |

### Reconciliation

A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year is as follows:

|   | Consolidated |              |
|---|--------------|--------------|
|   | 2024         | 2023         |
|   | \$           | \$           |
| Accounting loss before tax  | (11,583,974) | (10,907,989) |
| Income tax benefit at the statutory income tax rate of 25% (2023: 25%)  | (2,895,993)  | (2,726,998)  |
| Adjusted for:   |              |              |
| Under/(over) provision for income tax in a prior year   | -            | 3,313        |
| Non-deductible/(non-assessable) share-based payments expense/ (reversal)  | 96,926       | (127,097)    |
| Other non-deductible expenses   | 146,474      | 139,962      |
| Non-assessable grant income   | (193,280)    | (494,898)    |
| Non-deductible/(non-assessable) fair value loss/(gain) on convertible loan note derivative  | 183,389      | (117,750)    |
| Non-assessable gain on modification of convertible loan notes   | (55,357)     | -            |
| Non-assessable gain on modification of convertible loan note derivative   | (78,500)     | -            |
| Tax losses utilised   | -            | (17,383)     |
| Difference between the Australian statutory income tax rate and the statutory income tax rate applicable to foreign operations  | (23,381)     | (4,288)      |
| Tax losses and temporary differences not recognised as a deferred tax asset<br>(Australian tax: \$2,827,515 (FY23: \$3,365,695, Singaporean tax: \$22,343 (FY23: \$25,062) USA tax: \$1,008 (FY23: \$732) Croatian tax: \$111CR (FY23: \$13CR) UK tax: \$18,907CR (FY23: \$11,532CR) Brazilian tax: \$3,315CR (FY23: \$11,961)) | 2,830,733    | 3,355,180    |
|   | 11,011       | 10,041       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 6. INCOME TAX EXPENSE (CONTINUED)

#### Tax Consolidation

The Company and its 100% owned Australian incorporated subsidiaries formed a tax consolidated group with effect from 1 July 2015.

#### Unrecognised deferred tax assets

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

|   | Consolidated |            |
|---|--------------|------------|
|   | 2024         | 2023       |
|   | \$           | \$         |
| Revenue losses                                      | 51,447,277   | 42,606,494 |
| Capital losses                                      | 342,174      | 362,494    |
| Temporary differences                               | 3,399,168    | 3,838,199  |
|   | 55,168,619   | 46,807,187 |
| Unrecognised deferred tax assets at 25% (2023: 25%) | 13,797,155   | 11,701,797 |

Tax losses do not expire under current Australian legislation. Tax losses relating to foreign jurisdictions amount to \$1,390,213 (2023: \$1,388,191).

Deferred tax assets have not been recognised in respect of tax losses or temporary differences because it is not certain that future taxable profit will be available in the near term against which the Group can utilise the benefits.

#### Availability of Tax Losses

The availability of the Group's tax losses for future periods is uncertain and will be dependent on strict requirements being satisfied with respect to continuity of ownership and the same business test imposed by income tax legislation.

The recoupment of tax losses as at 30 June 2024 is contingent upon the following:

- entities in the Group deriving future assessable income of a nature and of an amount sufficient to enable the benefit from the losses to be realised;
- the conditions for deductibility imposed by income tax legislation continuing to be complied with; and
- there being no changes in income tax legislation which would adversely affect the entities from realising the benefit from the losses.

### 7. CASH AND CASH EQUIVALENTS

For the purpose of the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June:

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2024         | 2023      |
|  | \$           | \$        |
| Cash at bank, on hand and in electronic money accounts | 4,285,814    | 6,339,205 |

The Group's cash is mainly held with a banking institution in Australia with a AA credit rating. Cash at bank earns interest at floating rates based on daily at call bank deposit and savings rates.

Reconciliation from the loss after tax to the net cash flows from operations

|   | Consolidated       |                     |
|---|--------------------|---------------------|
|   | 2024<br>\$         | 2023<br>\$          |
| Net loss  | (11,594,985)       | (10,918,030)        |
| <i>Adjustments for non-cash items:</i>  |                    |                     |
| (Loss)/ profit on disposal of plant and equipment                               | 2,653              | (62)                |
| Depreciation  | 174,114            | 183,778             |
| Share based payments expense / (reversal) (refer to Note 17)                    | 387,705            | (508,388)           |
| Fair value loss / (gain) on convertible loan note derivative (refer to Note 14) | 733,556            | (471,000)           |
| Interest on convertible loan notes (refer to Note 14)                           | 760,179            | 765,126             |
| Gain on modification of convertible loan note derivative (refer to Note 14)     | (314,000)          | -                   |
| Gain on modification of convertible loan notes (refer to Note 14)               | (221,429)          | -                   |
| Unrealised foreign exchange (gains) / losses                                    | (2,590)            | 9,828               |
| Expected credit loss: trade receivables   | 42,266             | 51,466              |
| Reversal of expected credit loss: deferred consideration                        | -                  | (53,011)            |
| <i>Changes in assets and liabilities:</i>                                       |                    |                     |
| Increase in trade receivables <sup>1</sup>                                      | (978,569)          | (122,814)           |
| (Increase) / decrease in other receivables                                      | (25,525)           | 8,607               |
| Decrease / (increase) in prepayments  | 302,548            | (196,675)           |
| Decrease in trade and other payables <sup>1</sup>                               | (366,694)          | (231,028)           |
| Increase in deferred revenue  | 2,061,725          | 81,081              |
| (Decrease) increase in provision for employee entitlements                      | (179,583)          | 139,904             |
| Increase in provision for income tax  | 3,310              | 401                 |
| <b>Net cash used in operating activities</b>                                    | <b>(9,215,319)</b> | <b>(11,260,817)</b> |

<sup>1</sup> Movement is stated after adjusting for the effects of movements in foreign exchange rates from the beginning of the financial year to the end of the financial year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 8. TRADE AND OTHER RECEIVABLES

|  | Consolidated     |                |
|--|------------------|----------------|
|  | 2024             | 2023           |
|  | \$               | \$             |
| <b>CURRENT</b>                           |                  |                |
| Trade receivables (a)                    | 1,502,175        | 529,207        |
| Allowance for expected credit losses (b) | (152,593)        | (110,326)      |
| <b>Net trade receivables</b>             | <b>1,349,582</b> | <b>418,881</b> |
| Income tax refund receivable             | -                | 2,559          |
| Sundry receivables                       | 39,469           | 28,173         |
| Deposits                                 | 42,230           | 48,694         |
| GST receivables                          | 24,945           | 8,157          |
| <b>Other receivables</b>                 | <b>106,644</b>   | <b>87,583</b>  |
|  | <b>1,456,226</b> | <b>506,464</b> |

#### (a) Trade receivables

Trade receivables are amounts due from customers for the sale of the Group's software as a service. Trade receivables are generally due for settlement within 30-60 days and are therefore classified as current assets. The Group's accounting policies for trade receivables are outlined in Notes 2(l) and 2(q).

#### (b) Allowance for expected credit losses

The movement in the allowance for expected credit losses is set out below:

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2024           | 2023           |
|   | \$             | \$             |
| <b>Allowance for expected credit losses: trade receivables</b>  |                |                |
| Balance at 1 July   | 110,326        | 58,861         |
| Reversal of expected credit losses recognised in prior year     | (72,646)       | -              |
| Allowance for expected credit losses recognised in current year | 114,913        | 51,465         |
| Impact of movement in foreign exchange rate                     | -              | -              |
| Balance at 30 June  | <b>152,593</b> | <b>110,326</b> |

#### (c) Fair values of trade and other receivables

The fair value of trade and other receivables is assumed to approximate their carrying amounts due to their relatively short-term in nature.

#### (d) Impairment and risk exposure

Information about the impairment of trade and other receivables, their credit quality and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 19.

## 9. PLANT AND EQUIPMENT

|                                 | Consolidated: 2024           |                          |                        |             |
|---------------------------------|------------------------------|--------------------------|------------------------|-------------|
|                                 | Leasehold improvements<br>\$ | Computer Equipment<br>\$ | Office Equipment<br>\$ | Total<br>\$ |
| Cost                            | 81,467                       | 265,408                  | 52,295                 | 399,170     |
| Accumulated depreciation        | (80,853)                     | (243,720)                | (44,830)               | (369,403)   |
| Carrying amount at 30 June 2024 | 614                          | 21,688                   | 7,465                  | 29,767      |

### Reconciliation

|                                 |       |          |          |          |
|---------------------------------|-------|----------|----------|----------|
| Carrying amount at 1 July 2023  | 829   | 69,692   | 29,258   | 99,779   |
| Additions                       | -     | 8,959    | -        | 8,959    |
| Disposals                       | -     | (4,367)  | (1,713)  | (6,080)  |
| Impact of foreign exchange      | -     | -        | 169      | 169      |
| Depreciation                    | (215) | (52,596) | (20,249) | (73,060) |
| Carrying amount at 30 June 2024 | 614   | 21,688   | 7,465    | 29,767   |

|                                 | Consolidated: 2023           |                          |                        |             |
|---------------------------------|------------------------------|--------------------------|------------------------|-------------|
|                                 | Leasehold improvements<br>\$ | Computer Equipment<br>\$ | Office Equipment<br>\$ | Total<br>\$ |
| Cost                            | 81,467                       | 267,199                  | 100,216                | 448,882     |
| Accumulated depreciation        | (80,638)                     | (197,507)                | (70,958)               | (349,103)   |
| Carrying amount at 30 June 2023 | 829                          | 69,692                   | 29,258                 | 99,779      |

### Reconciliation

|                                 |       |          |          |          |
|---------------------------------|-------|----------|----------|----------|
| Carrying amount at 1 July 2022  | 1,043 | 70,215   | 24,477   | 95,735   |
| Additions                       | -     | 60,517   | 25,402   | 85,919   |
| Disposals                       | -     | -        | -        | -        |
| Impact of foreign exchange      | -     | -        | 849      | 849      |
| Depreciations                   | (214) | (61,040) | (21,470) | (82,724) |
| Carrying amount at 30 June 2023 | 829   | 69,692   | 29,258   | 99,779   |

Refer to Note 2(g) for further details on the Group's accounting policies for plant and equipment.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 10. RIGHT OF USE ASSETS AND LEASE LIABILITIES

The Group is the lessee in lease contracts for office premises and various items of office equipment. Leases of office premises generally have lease terms of between 1 and 10 years, while office equipment generally has a lease term between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

In the case of leases of office premises and low value office equipment with lease terms of 12 months or less, the Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions under AASB 16 on leases. In the case of leases of office premises with lease terms over 12 months, the Group has recognised a right-of-use asset and an associated lease liability.

Set out below are the carrying amounts of right-of-use assets and the movements during the year:

|                        | Consolidated |           |
|------------------------|--------------|-----------|
|                        | 2024         | 2023      |
|                        | \$           | \$        |
| <b>Office Premises</b> |              |           |
| Opening balance        | 303,161      | 404,215   |
| Depreciation expense   | (101,054)    | (101,054) |
| Closing balance        | 202,107      | 303,161   |

Set out below are the carrying amounts of the lease liabilities and the movements during the year:

|                               | Consolidated |           |
|-------------------------------|--------------|-----------|
|                               | 2024         | 2023      |
|                               | \$           | \$        |
| <b>Lease Liabilities</b>      |              |           |
| Opening balance               | 390,279      | 486,371   |
| Interest expense              | 25,688       | 34,061    |
| Lease payments                | (133,142)    | (130,153) |
| Closing balance               | 282,825      | 390,279   |
| Current lease liabilities     | 146,398      | 130,956   |
| Non-current lease liabilities | 136,427      | 259,323   |
|                               | 282,825      | 390,279   |

The following are the amounts recognised in profit or loss in relation to leased assets:

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 2024           | 2023           |
|   | \$             | \$             |
| <b>Right-of-use-assets</b>  |                |                |
| Depreciation of right-of-use-assets                                       | 101,054        | 101,054        |
| Interest expense on lease liabilities associated with right-of-use-assets | 25,688         | 34,061         |
| <b>Short term or low value asset leases</b>                               |                |                |
| <i>Included in occupancy costs</i>  |                |                |
| Rent expense - short-term lease   | 146,493        | 163,847        |
| <i>Included in administration costs</i>                                   |                |                |
| Rent expense - low-value assets   | -              | 187            |
| <b>Total amount recognised in profit or loss</b>                          | <b>273,235</b> | <b>229,149</b> |

The Group had total cash outflows for right of use and short term leases of \$279,636 in the current year (2023: \$294,000).

The Group has a lease contract that includes extension and termination options. The extension option was exercised on 1 July 2021. Options of these nature are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercised significant judgement in electing to exercise the extension option and will exercise judgement in considering whether the termination option is likely to be exercised.

## 11. TRADE AND OTHER PAYABLES

|  | Consolidated   |                  |
|--|----------------|------------------|
|  | 2024           | 2023             |
|  | \$             | \$               |
| Trade payables                           | 418,467        | 587,707          |
| Statutory employment related liabilities | 225,125        | 328,408          |
| Accrued expenses                         | 35,869         | 201,438          |
| Accrued audit fee                        | 75,000         | 77,000           |
| Other payables                           | 42,013         | 65,364           |
|  | <b>796,474</b> | <b>1,259,917</b> |

Trade and other payables are non-interest bearing and are unsecured. Balances are usually settled within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

## 12. DEFERRED REVENUE

|  | Consolidated |        |
|--|--------------|--------|
|  | 2024         | 2023   |
|  | \$           | \$     |
| Revenue received in advance from customers | 2,127,607    | 65,882 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 12. DEFERRED REVENUE (CONTINUED)

Set out below are the movements in deferred revenue recognised during the year:

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2024         | 2023      |
|  | \$           | \$        |
| Opening balance  | 65,882       | 146,963   |
| Contract revenue invoiced in advance of the services being performed         | 3,309,905    | 182,010   |
| Contract revenue recognised in profit or loss on performance of the services | (1,248,180)  | (263,091) |
| Closing balance  | 2,127,607    | 65,882    |

Deferred revenue balances are usually settled within 12 months of receipt and are recognised as revenue when the Group performs under the contract.

The carrying amount of deferred revenue is assumed to be the same as its fair value, due to its short-term nature.

### 13. PROVISIONS

|                    | Consolidated |         |
|--------------------|--------------|---------|
|                    | 2024         | 2023    |
|                    | \$           | \$      |
| <b>CURRENT</b>     |              |         |
| Employee benefits  | 548,487      | 754,404 |
| <b>NON-CURRENT</b> |              |         |
| Employee benefits  | 88,346       | 62,012  |

The current provision for employee benefits relates to the Group's liability for annual leave and long service leave. The non-current provision for employee benefits relates only to the Group's liability for long service leave.

### 14. CONVERTIBLE LOAN NOTE

In April 2022, the Group issued 3,000,000 convertible notes each with a face value of \$1 to raise \$3,000,000. The loan notes had an initial maturity date of 12 April 2024 which was extended to 12 April 2025 during the current financial year. The extension of the maturity date has been accounted for as an extinguishment of the original convertible loan note liability and associated convertible loan note derivative, and the recognition of a new convertible loan note liability and convertible loan note derivative.

On the revised maturity date of 12 April 2025, the principal and the interest capitalised to the initial maturity date of 12 April 2024 will be automatically converted into fully paid ordinary shares in the Company. The interest capitalised over the period 13 April 2024 to 12 April 2025 will be settled in cash.

The Company may elect to redeem all or some of the convertible notes at any time prior to the maturity date.

The convertible notes are unsecured, carry no right to participate in any offering of securities by the Company or the right to vote any a general meeting of the Company.

The convertible notes are not transferable without prior written consent of the Company.

#### Interest

Interest accrues on the convertible notes at the rate of 8% per annum from the date of issue of the convertible notes up to (but excluding) the date on which the convertible notes are converted or redeemed. Interest is capitalised at the end of each calendar quarter and is to be satisfied in arrears upon the earlier of the redemption or conversion of the convertible notes.

On maturity, where the convertible notes are converted into ordinary shares, the accrued interest up to 12 April 2024 will be fully satisfied through the issue of conversion shares at the conversion price whilst the interest accrued from 12 April 2024 up to 12 April 2025 will be satisfied by way of a cash payment.

Where the convertible notes are redeemed prior to their maturity date, the Company will pay to the noteholders an additional interest payment so that the total interest received by the noteholders in respect of those convertible notes is equivalent to the amount they would have received had the relevant convertible notes been held till maturity.



**Conversion**

The convertible notes, together with all accrued interest to the initial maturity date of 12 April 2024, will automatically convert into fully paid ordinary shares in the Company on the maturity date. The conversion shares will be issued at a share price equal to 80% of the 90-day VWAP, unless such amount is:

- greater than \$0.17 in which case the conversion price will be \$0.17; or
- such amount is less than \$0.08 in which case the conversion price will be \$0.08.

**Convertible loan note derivative**

The fact that there is a maximum conversion price of \$0.17 and a minimum conversion price of \$0.08 creates an embedded derivative feature within the convertible loan notes that is required to be recognised separately. The convertible loan note derivative was initially recognised at fair value and is adjusted at each reporting date to reflect the carrying amount of the convertible debt, with subsequent changes to the fair value being recognised in the consolidated statement of profit or loss. The extension of the initial maturity date of the underlying convertible loan notes from 12 April 2024 to 12 April 2025 resulted in a gain of \$314,000 being recognised in the consolidated statement of profit or loss.

Set out below is the carrying amount of the convertible loan note derivative asset and the movements during the current and prior year:

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2024         | 2023      |
|  | \$           | \$        |
| Carrying amount at beginning of year                     | 1,299,000    | 828,000   |
| Gain on modification of convertible loan note derivative | 314,000      | -         |
| Fair value (loss) / gain recognised in the year          | (733,556)    | 471,000   |
| Carrying amount at end of year                           | 879,444      | 1,299,000 |
| The balance is split as follows:                         |              |           |
| Current portion  | 879,444      | 1,299,000 |
| Non-current portion                                      | -            | -         |
|  | 879,444      | 1,299,000 |

**Convertible loan note liability and effective interest rate**

The convertible loan note liability is carried at amortised cost.

In accordance with AASB 9, the Group is required to determine the effective interest rate applicable to the convertible loan notes and apply that effective interest rate such that the carrying amount of the convertible loan note at maturity is equal to the fair value of the shares to be issued. The fair value is calculated by aggregating the face value of the loan notes, the interest capitalised thereon and the conversion premium arising from the fact that the conversion price will be 80% of the 90-day VWAP, subject to minimum and maximum conversion prices.

On initial recognition of the convertible loan note liability, the Group determined the effective interest rate to be 21.3%. The difference between the effective interest rate and the interest rate specified in the convertible loan note agreements is recognised at each reporting date as the amortisation of the conversion premium. During the current year, the Group determined that the convertible loan note had been modified as a result of the extension of the maturity date, and a gain on modification of convertible loan notes of \$221,429 has been recognised in the consolidated statement of profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 14. CONVERTIBLE LOAN NOTE (CONTINUED)

Set out below is the carrying amount of the convertible loan note liability and the movements during the current and prior year:

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2024         | 2023        |
|   | \$           | \$          |
| Carrying amount at beginning of year  | (3,721,108)  | (2,955,982) |
| Interest capitalised in accordance with the convertible loan note instruments | (272,202)    | (250,765)   |
| Amortisation of conversion premium  | (487,977)    | (514,361)   |
| Gain on modification of convertible loan notes                                | 221,429      | -           |
| Carrying amount at end of year  | (4,259,858)  | (3,721,108) |
| The balance is split as follows:  |              |             |
| Current portion   | (4,259,858)  | (3,721,108) |
| Non-current portion   | -            | -           |
|   | (4,259,858)  | (3,721,108) |

The following are the amounts recognised in profit or loss in relation to the convertible loan notes and the convertible loan note derivative:

|  | Consolidated     |                  |
|--|------------------|------------------|
|  | 2024             | 2023             |
|  | \$               | \$               |
| <b>Other income</b>  |                  |                  |
| Fair value (loss) / gain on convertible loan note derivative                 | (733,556)        | 471,000          |
| Gain on modification of convertible loan note derivative                     | 314,000          | -                |
| Gain on modification of convertible loan notes                               | 221,429          | -                |
| <b>Finance costs</b>   |                  |                  |
| Interest recognised in accordance with the convertible loan note instruments | (272,202)        | (250,765)        |
| Amortisation of conversion premium   | (487,977)        | (514,361)        |
|  | (760,179)        | (765,126)        |
| <b>Total amount recognised in profit or loss</b>                             | <b>(958,306)</b> | <b>(294,126)</b> |

## 15. CONTRIBUTED EQUITY

### (a) Issued capital

|                             | Consolidated |            |
|-----------------------------|--------------|------------|
|                             | 2024         | 2023       |
|                             | \$           | \$         |
| Ordinary shares, fully paid | 72,165,390   | 64,658,338 |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholder meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

### (b) Movements in share capital

|  | 2024        |            | 2023        |            |
|--|-------------|------------|-------------|------------|
|  | Number      | \$         | Number      | \$         |
| Shares on issue at 1 July                                      | 647,430,784 | 64,658,338 | 445,108,505 | 52,169,702 |
| Shares issued on exercise of performance rights                | 1,700,000   | 127,387    | -           | -          |
| Shares issued pursuant to a placement at the following prices: |             |            |             |            |
| at \$0.048 per share <sup>1</sup>                              | 14,583,334  | 700,000    | -           | -          |
| at \$0.05 per share <sup>1</sup>                               | 50,000,000  | 2,500,000  | -           | -          |
| at \$0.06 per share <sup>1</sup>                               | 75,000,000  | 4,500,000  | -           | -          |
| at \$0.10 per share <sup>1</sup>                               | -           | -          | 25,000,000  | 2,500,000  |
| at \$0.085 per share <sup>1</sup>                              | -           | -          | 47,176,471  | 4,010,000  |
| at \$0.10 per share <sup>1</sup>                               | -           | -          | 5,000,000   | 500,000    |
| at \$0.048 per share <sup>1</sup>                              | -           | -          | 76,021,640  | 3,649,039  |
| at \$0.048 per share <sup>1</sup>                              | -           | -          | 5,354,155   | 257,000    |
| at \$0.048 per share <sup>1</sup>                              | -           | -          | 43,770,013  | 2,100,961  |
| Share issue costs (c)  | -           | (320,335)  | -           | (528,364)  |
| Shares on issue at 30 June                                     | 788,714,118 | 72,165,390 | 647,430,784 | 64,658,338 |

Notes:

<sup>1</sup> Placements were made to sophisticated and professional investors.

### (c) Share issue costs

Share issue costs are made up as follows:

|  | Consolidated |           |
|--|--------------|-----------|
|  | 2024         | 2023      |
|  | \$           | \$        |
| Share issue costs paid during the year                                 | (303,312)    | (315,229) |
| Share issue costs included in trade and other payables at balance date | (17,023)     | (213,135) |
|  | (320,335)    | (528,364) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 15. CONTRIBUTED EQUITY (CONTINUED)

#### (d) Capital Risk Management

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2024 and 30 June 2023.

|   | Consolidated      |                   |
|---|-------------------|-------------------|
|   | 2024<br>\$        | 2023<br>\$        |
| Trade and other payables (Note 11)        | 796,474           | 1,259,917         |
| Deferred revenue (Note 12)                | 2,127,607         | 65,882            |
| Lease liabilities (Note 10)               | 282,825           | 390,279           |
| Convertible loan note liability (Note 14) | 4,259,858         | 3,271,109         |
|   | 7,466,764         | 4,987,186         |
| Less: cash and cash equivalents (Note 7)  | (4,285,814)       | (6,339,205)       |
| Net (Debt) / Capital                      | 3,180,950         | (1,352,019)       |
| <br>                                      |                   |                   |
| Equity                                    | 72,165,390        | 64,658,338        |
| Total Capital                             | 72,165,390        | 64,658,338        |
| <br>                                      |                   |                   |
| <b>Capital and net debt</b>               | <b>75,346,340</b> | <b>63,306,319</b> |
| Net gearing ratio                         | 4.2%              | (2.1%)            |

## 16. RESERVES

|   | Consolidated |           |
|---|--------------|-----------|
|   | 2024         | 2023      |
|   | \$           | \$        |
| Foreign currency translation reserve                                      | 15,004       | 37,493    |
| Share based payments reserve  | 4,862,744    | 4,602,426 |
| <b>Foreign currency translation reserve</b>                               |              |           |
| Balance at beginning of year  | 37,493       | 31,251    |
| Foreign exchange differences arising on translation of foreign operations | (22,489)     | 6,242     |
| Balance at end of year  | 15,004       | 37,493    |
| <b>Share based payments reserve</b>                                       |              |           |
| Balance at beginning of year  | 4,602,426    | 5,110,814 |
| Fair value of Class U Performance Rights lapsed                           | -            | (814,358) |
| Fair value of Class V Performance Rights recognised                       | 120,364      | 155,222   |
| Fair value of Class W Performance Rights recognised                       | 34,724       | 33,882    |
| Fair value of Class X Performance Rights recognised                       | 34,158       | 46,197    |
| Fair value of Class Y Performance Rights recognised                       | -            | 9,580     |
| Fair value of Class Z Performance Rights recognised                       | 198,459      | 61,089    |
| Fair value of Class W Performance Rights converted into ordinary shares   | (37,452)     | -         |
| Fair value of Class X Performance Rights converted into ordinary shares   | (80,355)     | -         |
| Fair value of Class Y Performance Rights converted into ordinary shares   | (9,580)      | -         |
| Balance at end of year  | 4,862,744    | 4,602,426 |

### Nature and purpose of reserves

#### Foreign currency reserve

The foreign currency translation reserve is used to recognise foreign currency exchange differences arising on translation of functional currency to presentation currency for foreign operations.

#### Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of equity-settled share-based payments provided to employees, consultants and other third parties. Amounts are transferred to issued capital upon exercise of underlying equity instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 17. SHARE BASED PAYMENTS

The share-based payments expense comprises the fair value of equity incentives at grant date recognised over their vesting periods:

|   | 2024           |         | 2023           |           |
|---|----------------|---------|----------------|-----------|
|   | Number granted | \$      | Number granted | \$        |
| Lapsing of performance rights (class U) | -              | -       | -              | (814,358) |
| Performance rights class V              | -              | 120,364 | 4,000,000      | 155,222   |
| Performance rights class W              | -              | 34,724  | 1,000,000      | 33,882    |
| Performance rights class X              | -              | 34,158  | 1,000,000      | 46,197    |
| Performance rights class Y              | -              | -       | 200,000        | 9,580     |
| Performance rights class Z              | -              | 198,459 | 5,000,000      | 61,089    |
|   |                | 387,705 |                | (508,388) |

#### (a) Options

The movement in options during the year is set out below:

|                         | 2024<br>Number | 2023<br>Number |
|-------------------------|----------------|----------------|
| Opening balance         | 5,000,000      | 6,500,000      |
| Expired during the year | (5,000,000)    | (1,500,000)    |
| Closing balance         | -              | 5,000,000      |

No options were granted during the current year (2023: nil).

There were no option outstanding at 30 June 2024 (2023: 5,000,000) The weighted average remaining contractual life for options outstanding at 30 June 2023 0.01 years and the exercise price for options outstanding at 30 June 2023 was \$0.15.

Holders of options do not have any voting or dividend rights in relation to the options.

#### (b) Performance Rights

The following table illustrates the movement in the number of performance rights on issue during the year:

|         | Opening balance at 1 July 2023 | Vested during the year | Granted during the year | Converted into ordinary shares during the year | Lapsed during the year | Closing balance at 30 June 2024 |
|---------|--------------------------------|------------------------|-------------------------|--|------------------------|---------------------------------|
| Class V | 4,000,000                      | 2,000,000              | -                       | -  | -                      | 4,000,000                       |
| Class W | 1,000,000                      | 500,000                | -                       | (500,000)                                      | -                      | 500,000                         |
| Class X | 1,000,000                      | 1,000,000              | -                       | (1,000,000)                                    | -                      | -                               |
| Class Y | 200,000                        | -                      | -                       | (200,000)                                      | -                      | -                               |
| Class Z | 5,000,000                      | 2,500,000              | -                       | -  | -                      | 5,000,000                       |
|         | 11,200,000                     | 6,000,000              | -                       | (1,700,000)                                    | -                      | 9,500,000                       |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

The vesting conditions of the performance rights on issue at 30 June 2024 are set out below:

|         | Vesting condition   | Quantum of performance rights to vest | Status at 30 Jun 2024     |
|---------|---|---------------------------------------|---------------------------|
| Class V | Remains an employee of the Group at 28 Oct 2023             | 2,000,000                             | Vested, not yet exercised |
| Class V | Remains an employee of the Group at 28 Oct 2024             | 2,000,000                             | Not yet vested            |
| Class W | Remains an employee of the Group at 14 Nov 2023             | 500,000                               | Vested and exercised      |
| Class W | Remains an employee of the Group at 14 Nov 2024             | 500,000                               | Not yet vested            |
| Class X | Remains an employee of the Group at 28 April 2024           | 300,000                               | Vested and exercised      |
| Class X | Pre-defined reduction in cost of processing digital traffic | 700,000                               | Vested and exercised      |
| Class Y | Meeting pre-defined targets in relation to new products     | 200,000                               | Vested and exercised      |
| Class Z | Remains an employee of the Group at 31 Dec 2023             | 2,500,000                             | Vested, not yet exercised |
| Class Z | Remains an employee of the Group at 31 Dec 2024             | 2,500,000                             | Not yet vested            |

No performance rights were granted during the current year (2023: 11,200,000).

The performance rights issued in prior year were valued at grant date at \$768,977 using the Black-Scholes model which took into account the following information and assumptions:

| Class   | Date vesting condition to be achieved | Number granted | Grant date | Exercise price | Dividend yield | Expected volatility | Risk free interest rate |
|---------|---------------------------------------|----------------|------------|----------------|----------------|---------------------|-------------------------|
| Class V | 28/10/2023                            | 2,000,000      | 12/10/2022 | Nil            | 0.00%          | 81.76%              | 3.27%                   |
| Class V | 28/10/2024                            | 2,000,000      | 12/10/2022 | Nil            | 0.00%          | 81.76%              | 3.27%                   |
| Class W | 14/11/2023                            | 500,000        | 13/12/2022 | Nil            | 0.00%          | 81.75%              | 3.10%                   |
| Class W | 14/11/2024                            | 500,000        | 13/12/2022 | Nil            | 0.00%          | 81.75%              | 3.10%                   |
| Class X | 28/04/2024                            | 150,000        | 15/09/2022 | Nil            | 0.00%          | 82.47%              | 3.21%                   |
| Class X | 28/04/2024                            | 150,000        | 12/09/2022 | Nil            | 0.00%          | 82.16%              | 3.08%                   |
| Class X | 31/12/2023                            | 350,000        | 15/09/2022 | Nil            | 0.00%          | 82.47%              | 3.21%                   |
| Class X | 31/12/2023                            | 350,000        | 12/09/2022 | Nil            | 0.00%          | 82.16%              | 3.08%                   |
| Class Y | Vested on issue                       | 200,000        | 16/05/2023 | Nil            | 0.00%          | 73.49%              | 3.25%                   |
| Class Z | 31/12/2023                            | 2,500,000      | 19/04/2023 | Nil            | 0.00%          | 73.78%              | 3.20%                   |
| Class Z | 31/12/2024                            | 2,500,000      | 19/04/2023 | Nil            | 0.00%          | 73.78%              | 3.20%                   |

The fair value at grant date is recognised as an expense over the vesting period. The expense recognised in the current year in relation to performance rights granted in the prior year was \$387,705.

Holders of performance rights do not have any voting or dividend rights in relation to the performance rights.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 18. ACCUMULATED LOSSES

|   | Consolidated |              |
|---|--------------|--------------|
|   | 2024         | 2023         |
|   | \$           | \$           |
| Accumulated losses at the beginning of financial year | (66,569,412) | (55,651,382) |
| Net loss for the year                                 | (11,594,985) | (10,918,030) |
| Accumulated losses at the end of financial year       | (78,164,397) | (66,569,412) |

### 19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### (a) Financial assets (other than cash and cash equivalents)

|  | Consolidated     |                  |
|--|------------------|------------------|
|  | 2024             | 2023             |
|  | \$               | \$               |
| <b>Financial assets at amortised cost</b>                            |                  |                  |
| Trade and other receivables (Note 8)                                 | 1,456,226        | 506,464          |
| <b>Financial asset at fair value through profit or loss</b>          |                  |                  |
| Convertible loan note derivative (Note 14)                           | 879,444          | 1,299,000        |
| <b>Total financial assets (other than cash and cash equivalents)</b> | <b>2,335,670</b> | <b>1,805,464</b> |
| Total current  | 2,335,670        | 1,805,464        |
| Total non-current  | -                | -                |
|  | <b>2,335,670</b> | <b>1,805,464</b> |

#### (b) Financial liabilities

|  | Consolidated     |                  |
|--|------------------|------------------|
|  | 2024             | 2023             |
|  | \$               | \$               |
| <b>Financial liabilities at amortised cost</b> |                  |                  |
| Trade and other payables (Note 11)             | 418,467          | 587,707          |
| Deferred revenue (Note 12)                     | 2,127,607        | 65,882           |
| <b>Interest bearing liabilities</b>            |                  |                  |
| Lease liabilities (Note 10)                    | 282,825          | 390,279          |
| Convertible loan note liability (Note 14)      | 4,259,858        | 3,721,108        |
| <b>Total financial liabilities</b>             | <b>7,088,757</b> | <b>4,764,976</b> |
| Total current                                  | 6,952,330        | 4,505,653        |
| Total non-current                              | 136,427          | 259,323          |
|  | <b>7,088,757</b> | <b>4,764,976</b> |



**(c) Financial instruments risk management objectives and policies**

The Group's principal financial assets comprise trade and other receivables, cash and cash equivalents and short-term deposits derived directly from its operations. The Group has recognised a derivative attached to the convertible loan notes issued in the 2022 financial year. The fair value of the convertible loan note derivative has been assessed as \$879,444 at 30 June 2024 (2023: \$1,299,000).

The Group's principal financial liabilities comprise trade and other payables, deferred revenue, interest-bearing lease liabilities and an interest-bearing convertible loan note liability. The main purpose of these financial liabilities is to finance the Group's operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management team oversees the management of these risks and is responsible for ensuring that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include trade and other receivables, convertible loan note derivative, trade and other payables, interest-bearing lease liabilities and interest-bearing convertible loan note liability.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is negligible given that the Group has no floating rate instruments and the terms of the lease liability and convertible loan note that have been recognised were agreed upfront.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The material financial instruments denominated in a foreign currency held by the Group are cash and cash equivalents and certain trade receivables and trade payables denominated in United States Dollars (USD) and Great British Pounds (GBP).

**(i) USD**

A summary of the AUD equivalent of the Group's USD denominated financial instruments at the reporting date is as follows:

|                           | Consolidated |          |
|---------------------------|--------------|----------|
|                           | 2024         | 2023     |
|                           | \$           | \$       |
| Cash and cash equivalents | 109,711      | 600,710  |
| Trade receivables         | 416,098      | 161,283  |
| Trade payables            | (215,164)    | (50,802) |
| Net exposure              | 310,645      | 711,191  |

The sensitivity analysis below relates to the foreign currency risk exposures in existence at the reporting date. The following table demonstrates the sensitivity to a reasonably possible change in AUD / USD exchange rates, with all other variables held constant.

|      | Effect on loss before tax<br>(Higher)/Lower |          | Effect on pre-tax equity<br>Higher/(Lower) |          |
|------|---|----------|--|----------|
|      | 2024  | 2023     | 2024                                       | 2023     |
|      | \$  | \$       | \$   | \$       |
| +11% | 51,685                                      | 94,376   | 51,685                                     | 94,376   |
| -11% | (51,685)                                    | (94,376) | (51,685)                                   | (94,376) |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

#### (c) Financial instruments risk management objectives and policies (continued)

##### (ii) GBP

A summary of the AUD equivalent of the Group's GBP denominated financial instruments at the reporting date is as follows:

|                           | Consolidated |            |
|---------------------------|--------------|------------|
|                           | 2024<br>\$   | 2023<br>\$ |
| Cash and cash equivalents | 430,936      | 62,545     |
| Trade receivables         | 868,045      | 95,437     |
| Trade payables            | (37,717)     | (49,405)   |
| Net exposure              | 1,261,264    | 108,577    |

The sensitivity analysis below relates to the foreign currency risk exposures in existence at the reporting date. The following table demonstrates the sensitivity to a reasonably possible change in AUD / GBP exchange rates, with all other variables held constant.

|      | Effect on loss before tax<br>(Higher)/Lower |            | Effect on pre-tax equity<br>Higher/(Lower) |            |
|------|---|------------|--|------------|
|      | 2024<br>\$                                  | 2023<br>\$ | 2024<br>\$                                 | 2023<br>\$ |
| +11% | 134,810                                     | 23,723     | 134,810                                    | 23,723     |
| -11% | (134,810)                                   | (23,723)   | (134,810)                                  | (23,723)   |

#### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily in relation to trade and other receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

##### i. Trade receivables and contract assets

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of the customer is assessed based on the customer's financial position, past working experience with the customer (if any) and any other applicable factors. Individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and followed up accordingly.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are generally based on days past due after considering any other relevant forward-looking information. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in different jurisdictions and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| 30 June 2024                       | Days past due |               |                  |                  |                 |
|------------------------------------|---------------|---------------|------------------|------------------|-----------------|
|                                    | Total<br>\$   | Current<br>\$ | 30-60 days<br>\$ | 61-90 days<br>\$ | > 90 days<br>\$ |
| <b>Total gross carrying amount</b> | 1,502,175     | 1,309,095     | 58,930           | 25,686           | 108,464         |
| <b>Expected credit loss rate</b>   |               | 1%            | 22%              | 65%              | 99%             |
| <b>Expected credit loss</b>        | (152,593)     | (15,881)      | (13,070)         | (16,637)         | (107,005)       |
| <b>Net carrying amount</b>         | 1,349,582     | 1,293,214     | 45,860           | 9,049            | 1,459           |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

| 30 June 2023                | Days past due |               |                  |                  |                 |
|-----------------------------|---------------|---------------|------------------|------------------|-----------------|
|                             | Total<br>\$   | Current<br>\$ | 30-60 days<br>\$ | 61-90 days<br>\$ | > 90 days<br>\$ |
| Total gross carrying amount | 529,207       | 400,337       | 55,228           | 10,039           | 63,602          |
| Expected credit loss rate   |               | 2%            | 53%              | 100%             | 100%            |
| Expected credit loss        | (110,326)     | (7,513)       | (29,171)         | (10,039)         | (63,602)        |
| Net carrying amount         | 418,881       | 392,824       | 26,057           | -                | -               |

At 30 June, the exposure to credit risk for trade receivables and contract assets by geographic region was as follows:

|               | Consolidated |            |
|---------------|--------------|------------|
|               | 2024<br>\$   | 2023<br>\$ |
| North America | 203,501      | 33,216     |
| Latin America | 11,019       | 3,143      |
| Asia Pacific  | 34,349       | 79,550     |
| Europe        | 952,994      | 214,818    |
| Australia     | 61,158       | 51,311     |
| Middle East   | 47,728       | 16,429     |
| Other         | 38,833       | 20,414     |
|               | 1,349,582    | 418,881    |

At 30 June, the exposure to credit risk for trade receivables and contract assets by type of counterparty was as follows:

|                    | Consolidated |         |
|--------------------|--------------|---------|
|                    | 2024         | 2023    |
| End-user customers | 1,349,582    | 418,881 |

### ii. Cash and cash equivalents

The Group held cash and cash equivalents of \$4,285,814 at 30 June 2024 (2023: \$6,339,205). All cash and cash equivalents are held with banks and electronic money accounts which the Group considers to be low risk.

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and funding to ensure that the Group can meet its obligations when due. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group holds the majority of its financial assets (excluding cash) as trade receivables with reputable customers who have had no significant payment issues in the past and hence, does not have any material liquidity risk at the reporting date.

The Group monitors rolling forecasts of liquidity reserves on the basis of expected cash flow.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 19. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

#### (c) Financial instruments risk management objectives and policies (continued)

##### Exposure to liquidity risk

The following tables compare the carrying amounts at balance date to the remaining contractual liabilities at various maturities at balance date. The contractual amounts are gross, undiscounted, include any contractual interest payments and exclude the impact of netting arrangements:

| 30 June 2024                                | Carrying amount<br>\$ | Contractual cash flows |                            |                 |                 |                  |
|---|-----------------------|------------------------|----------------------------|-----------------|-----------------|------------------|
|   |                       | Total<br>\$            | 12 months<br>or less<br>\$ | 1-2 years<br>\$ | 2-5 years<br>\$ | 5-10 years<br>\$ |
| <b>Non-derivative financial liabilities</b> |                       |                        |                            |                 |                 |                  |
| Trade payables                              | 418,467               | 418,467                | 418,467                    | -               | -               | -                |
| Lease liabilities                           | 282,825               | 281,695                | 139,262                    | 142,433         | -               | -                |
| Convertible loan notes <sup>1</sup>         | 4,259,858             | 4,259,858              | 4,259,858                  | -               | -               | -                |
|   | <b>4,961,150</b>      | <b>4,960,020</b>       | <b>4,817,587</b>           | <b>142,433</b>  | <b>-</b>        | <b>-</b>         |

<sup>1</sup> The convertible loan notes principal and accrued interest up to 12 April 2024 automatically convert into equity on 12 April 2025. The Company has no intention of redeeming this balance by way of a cash settlement. The interest accrued from 12 April 2024 to 12 April 2025 will be settled in cash. Refer to Note 14 for further details.

| 30 June 2023                                | Carrying amount<br>\$ | Contractual cash flows |                            |                 |                 |                  |
|---|-----------------------|------------------------|----------------------------|-----------------|-----------------|------------------|
|   |                       | Total<br>\$            | 12 months<br>or less<br>\$ | 1-2 years<br>\$ | 2-5 years<br>\$ | 5-10 years<br>\$ |
| <b>Non-derivative financial liabilities</b> |                       |                        |                            |                 |                 |                  |
| Trade payables                              | 587,707               | 587,707                | 587,707                    | -               | -               | -                |
| Lease liabilities                           | 390,279               | 417,878                | 136,183                    | 281,695         | -               | -                |
| Convertible loan notes                      | 3,721,109             | 3,503,762              | 3,503,762                  | -               | -               | -                |
|   | <b>4,699,095</b>      | <b>4,509,347</b>       | <b>4,227,652</b>           | <b>281,695</b>  | <b>-</b>        | <b>-</b>         |

##### Fair values

Fair values of financial assets and liabilities have been assessed as being equivalent to their carrying values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

The Group values derivative financial instruments using valuation techniques, such as the Monte Carlo simulation model, which employ the use of market observable inputs such as share price, volatility and risk-free rates. This valuation methodology is Level 2 in the fair value hierarchy,

For financial instruments carried at fair value, the Group uses various methods in estimating fair value. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in an active market.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in the Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

## 20. COMMITMENTS AND CONTINGENCIES

### (a) Lease Commitments – Group as lessee

Future minimum rentals payable under short-term and low-value leases are as follows:

|   | Consolidated |        |
|---|--------------|--------|
|   | 2024         | 2023   |
|   | \$           | \$     |
| Within one year                             | 6,674        | 12,993 |
| After one year but not more than five years | -            | -      |
| More than five years                        | -            | -      |
|   | 6,674        | 12,993 |

### (b) Property, Plant and Equipment Commitments

At balance date the Group had no contractual obligations to purchase plant and equipment (2023: nil).

### (c) Contingent Liabilities

At balance date the Group had no pending legal claims or other contingent liabilities (2023: nil).

## 21. GROUP STRUCTURE AND RELATED PARTY DISCLOSURES

### a) Group Structure

The consolidated financial statements include the financial statements of Adveritas Limited (the parent entity) and the entities listed in the following table.

|  | Country of incorporation | % Equity interest |      |
|--|--------------------------|-------------------|------|
|  |                          | 2024              | 2023 |
| Livelynk Group Pty Ltd <sup>1</sup>    | Australia                | 100               | 100  |
| TrafficGuard Pty Ltd <sup>2</sup>      | Australia                | 100               | 100  |
| TrafficGuard APAC Pte Ltd <sup>2</sup> | Singapore                | 100               | 100  |
| TrafficGuard US Inc <sup>2</sup>       | United States            | 100               | 100  |
| Appenture d.o.o <sup>2</sup>           | Croatia                  | 100               | 100  |
| TrafficGuard UK Ltd <sup>2</sup>       | United Kingdom           | 100               | 100  |
| TrafficGuard LATAM LTDA <sup>2</sup>   | Brazil                   | 100               | 100  |

Notes:

<sup>1</sup> equity interest is held directly by Adveritas Limited

<sup>2</sup> equity interest is held directly by Livelynk Group Pty Ltd

### b) Transactions with related parties

During the prior year I3811 Advisory Pte Ltd, a company controlled by Mr Stott, provided consultancy services to the Group. The services, which came to an end on 31 May 2023, included the provision of promotion and marketing advice and assistance. Under the agreement, Mr Stott was entitled to fees of \$5,000 per month. These fees were in addition to the salary and fees disclosed in section 3 of the Directors' Report.

There were no transactions with related parties during the current year.

### c) Guarantees

None of the entities within the Group are guarantors.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2024

### 22. AUDITORS' REMUNERATION

Remuneration of the Group's auditor, Ernst and Young, was as follows:

|  | Consolidated |         |
|--|--------------|---------|
|  | 2024         | 2023    |
|  | \$           | \$      |
| Audit or review of the consolidated financial report | 118,725      | 102,125 |
| Tax compliance services provided                     | 25,000       | 38,000  |
|  | 143,725      | 140,125 |

### 23. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue during the year.

Diluted loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares on issue during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the data used in the calculation of the basic and diluted loss per share:

|  | 2024         | 2023         |
|--|--------------|--------------|
|  | Number       | Number       |
| Weighted average number of ordinary shares used in the calculation of basic loss per share   | 698,472,679  | 488,964,285  |
| Weighted average number of ordinary shares used in the calculation of diluted loss per share | 698,472,679  | 488,964,285  |
|  | \$           | \$           |
| Loss attributable to ordinary equity holders of Adveritas Limited for basic and diluted loss | (11,594,985) | (10,918,030) |
|  | Cents        | Cents        |
| Basic earnings loss per share  | (1.66)       | (2.23)       |
| Diluted loss per share   | (1.66)       | (2.23)       |

#### Classification of securities as ordinary shares

The Company has only one category of ordinary shares included in basic loss per share.

#### Classification of securities as potential ordinary shares

No securities have been classified as dilutive potential ordinary shares on issue in the current year because the performance rights on issue are considered anti-dilutive on the basis that their inclusion in the calculation would reduce the loss per share.

The potential ordinary shares considered anti-dilutive at year end are as follows:

- Performance rights (9,500,000 on issue at 30 June 2024); and
- Convertible loan notes (number of shares to be issued is dependent on the share price at maturity, 12 April 2025).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these consolidated financial statements.

## 24. DIRECTORS AND EXECUTIVE DISCLOSURE

Compensation of Key Management Personnel

|                              | Consolidated |           |
|------------------------------|--------------|-----------|
|                              | 2024         | 2023      |
|                              | \$           | \$        |
| Short-term employee benefits | 2,186,671    | 2,230,545 |
| Post-employment benefits     | 98,502       | 97,365    |
| Other long-term benefits     | 1,921        | 25,903    |
| Share based payments         | 353,547      | (564,164) |
|                              | 2,640,641    | 1,789,649 |

## 25. PARENT ENTITY INFORMATION

The following information relates to the legal parent entity of the Group, being Adveritas Limited. The information presented has been prepared using consistent accounting policies as presented in Note 2.

|                                   | As at 30 June<br>2024 | As at 30 June<br>2023 |
|-----------------------------------|-----------------------|-----------------------|
|                                   | \$                    | \$                    |
| <b>Financial Position</b>         |                       |                       |
| <b>Assets</b>                     |                       |                       |
| Current assets                    | 4,557,531             | 6,816,604             |
| Non-current assets                | 3,098                 | 7,262                 |
| <b>Total assets</b>               | <b>4,560,629</b>      | <b>6,823,867</b>      |
| <b>Liabilities</b>                |                       |                       |
| Current liabilities               | 4,660,395             | 4,605,222             |
| Non-current liabilities           | 49,628                | 37,939                |
| <b>Total liabilities</b>          | <b>4,710,023</b>      | <b>4,643,161</b>      |
| <b>Net (liabilities) / assets</b> | <b>(149,394)</b>      | <b>2,180,706</b>      |
| <b>Equity</b>                     |                       |                       |
| Contributed equity                | 68,933,288            | 61,426,236            |
| Share based payment reserve       | 3,548,597             | 3,288,280             |
| Accumulated losses                | (72,631,279)          | (62,533,810)          |
| <b>Total (deficit) / equity</b>   | <b>(149,394)</b>      | <b>2,180,706</b>      |
| <b>Financial Performance</b>      |                       |                       |
| Loss for the year                 | (10,097,470)          | (10,157,938)          |
| Other comprehensive income        | -                     | -                     |
| <b>Total comprehensive loss</b>   | <b>(10,097,470)</b>   | <b>(10,157,938)</b>   |

## 26. EVENTS AFTER BALANCE SHEET DATE

On 2 July 2024, payments from customers amounting to approximately \$750,000 were received in respect of contracts entered into prior to 30 June 2024. No other event has arisen since 30 June 2024 that would be likely to materially affect the operations of the Group, or its state of affairs which has not otherwise been disclosed in this financial report.

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

| As at 30 June 2024                               |                |   |  |                          |
|--|----------------|---|--|--------------------------|
| Entity name                                      | Entity type    | Body corporate country of incorporation | Body corporate % of share capital held | Country of tax residence |
| Adveritas Limited                                | Body Corporate | Australia                               |  | Australia                |
| <b>Controlled entities of Adveritas Limited:</b> |                |   |  |                          |
| Livelynk Group Pty Ltd                           | Body corporate | Australia                               | 100                                    | Australia                |
| TrafficGuard Pty Ltd                             | Body corporate | Australia                               | 100                                    | Australia                |
| TrafficGuard APAC Pte Ltd                        | Body corporate | Singapore                               | 100                                    | Singapore                |
| TrafficGuard US Inc                              | Body corporate | United States                           | 100                                    | United States            |
| Appenture d.o.o                                  | Body corporate | Croatia                                 | 100                                    | Croatia                  |
| TrafficGuard UK Ltd,                             | Body corporate | United Kingdom                          | 100                                    | United Kingdom           |
| TrafficGuard LATAM LTDA,                         | Body corporate | Brazil                                  | 100                                    | Brazil                   |



**In the directors' opinion:**

- (a) The consolidated financial statements and notes of Adveritas Limited set out on pages 25 to 65 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Group's consolidated financial position as at 30 June 2024 and its performance for the financial year ended on that date, and
- (b) Note 2(b) confirms that the consolidated financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (c) Subject to Note 2(v), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) The consolidated entity disclosure statement required by section 295(3A) of the Corporations Act is true and correct.

This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2024.

On behalf of the board



**Mathew Ratty**  
**Managing Director and Chief Executive Officer**

Perth, Western Australia  
Dated 28 August 2024



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working world

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## Independent auditor's report to the members of Adveritas Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Adveritas Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 2(v) in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matter described below to be the key audit matter to be communicated in our report. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

### 1. Accounting for convertible notes

#### Why significant

As disclosed in Note 14 to the financial report, during the financial year ended 30 June 2022, the Group issued 3,000,000 convertible notes each with a face value of \$1 to strategic, professional and sophisticated investors. The loan notes had a maturity date of 12 April 2024. During the current financial year, the maturity date was extended to 12 April 2025.

In accordance with Australian Accounting Standards, upon initial recognition in 2022, the Group recognised two separate financial instruments; a convertible note liability and a derivative financial liability.

In accordance with Australian Accounting Standards, the amendment of the maturity date of the convertible note agreements during the current financial year was assessed as a significant modification. Accordingly, the Group derecognised the existing convertible note liability and derivative financial instrument, and recognised a new convertible note liability and derivative financial instrument at their respective fair values. A gain of \$535,429 was recognised in the consolidated statement of profit or loss for the year ended 30 June 2024.

The convertible note liability was subsequently measured at amortised cost and the derivative financial instrument was subsequently measured at fair value.

At 30 June 2024 the convertible note liability and derivative financial instrument were carried at \$4,259,859 and \$879,444 (derivative asset) respectively.

#### How our audit addressed the key audit matter

Our audit procedures included:

- ▶ Assessed the Group's recognition, measurement, classification and treatment of the convertible notes, in accordance with the requirements of Australian Accounting Standards, which included understanding the terms and conditions within the convertible note agreements and the amendments during the year.
- ▶ For the fair value of the convertible note liability at the modification date, we engaged our banking and capital markets specialists to determine our own point estimate based on the appropriate valuation techniques and compared the results to management's calculation.
- ▶ For the derivative financial instrument component of the convertible note, we engaged our valuation specialists to determine our own point estimate based on the appropriate valuation techniques and compared the results to management's calculation.
- ▶ Assessed the adequacy of the presentation and disclosures in Note 14 of the financial report.



The remeasurement of the derivative financial instruments during the year resulted in a fair value loss of \$733,556 being recognised in the consolidated statement of profit or loss.

Due to the inherent complexity and judgment required to value the derivative financial instrument and convertible loan note liability, including key inputs such as share price, risk free rate and expected volatility, and the market rate of debt, we considered the Group's accounting for convertible notes to be a key audit matter.

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report other than the financial report and our auditor's report thereon. We obtained the directors' report and ASX additional information that are to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- a. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and;
- b. The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i. The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and



- ii. The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the audit of the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 21 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Adveritas Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'M. Cunningham'.

Mark P Cunningham  
Partner  
Perth  
28 August 2024

The following additional information is required by the Australian Securities Exchange. The information is current as at 3 September 2024.

## CORPORATE GOVERNANCE

The Board of Adveritas Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at [www.adveritas.com.au/about-us/corporate-governance](http://www.adveritas.com.au/about-us/corporate-governance).

## SECURITY HOLDING

The security holding information outlined below is current as at 3 September 2024.

### 1. TOP 20 SHAREHOLDERS

|    | Holder name  | Number             | % of issued capital |
|----|--|--------------------|---------------------|
| 1  | Daws & Son Pty Ltd   | 86,582,520         | 10.98               |
| 2  | Capital Property Corporation Pty Ltd <Carrington A/C>                        | 77,948,230         | 9.88                |
| 3  | Shanahan Freight Holdings Pty Ltd  | 68,600,000         | 8.70                |
| 4  | Mera Vale No 4 Pty Ltd <Mera Vale No 4 A/C>                                  | 59,442,813         | 7.54                |
| 5  | Adman Lanes Pty Ltd  | 42,000,000         | 5.33                |
| 6  | Mera Vale No 4 Pty Ltd <Mera Vale No 4 Trust A/C>                            | 34,712,745         | 4.40                |
| 7  | Surf Coast Capital Pty Ltd <Minnie P/F A/C>                                  | 30,000,000         | 3.80                |
| 8  | Capital Property Corporation Pty Ltd <Carrington A/C>                        | 23,994,826         | 3.04                |
| 9  | BNP Paribas NOMS (NZ) Ltd  | 19,348,129         | 2.45                |
| 10 | Mc Management Group Pty Ltd  | 17,447,862         | 2.21                |
| 11 | Mr Luke Taylor <Taylor Family A/C>   | 10,700,000         | 1.36                |
| 12 | UBS Nominees Pty Ltd   | 8,333,333          | 1.06                |
| 13 | Silver River Investment Holdings Pty Ltd <Fenwick Family A/C>                | 8,239,191          | 1.04                |
| 14 | Mera Vale No1 Pty Ltd <Mera Vale No1 Trust A/C>                              | 8,000,000          | 1.01                |
| 15 | Dr Glenn Carlton Croft   | 7,465,881          | 0.95                |
| 16 | Mr Craig Denys Langton <Langton A/C>   | 7,063,458          | 0.90                |
| 17 | BT Advisory Pty Ltd  | 6,781,667          | 0.86                |
| 18 | Ms Susan Margaret Forrester + Mr Bruce Forrester <Forrester Family SF 1 A/C> | 6,597,679          | 0.84                |
| 19 | Riverquay Holdings Pty Ltd <Pelliccione Investment A/C>                      | 6,172,353          | 0.78                |
| 20 | Zessham Pty Ltd <Zessham A/C>  | 6,000,000          | 0.76                |
|    | <b>TOTAL</b>   | <b>535,430,687</b> | <b>67.89</b>        |

There are 1,461 holders of the 788,714,119 ordinary fully paid shares on issue. All shares are quoted on the Australian Securities Exchange (ASX). The ASX code is AVI.

There are 437 shareholders with less than a marketable parcel of \$500 based on a share price of 5.7 cents.

## 2. SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

| Name of Substantial Shareholder      | Total number of voting shares in which the substantial shareholder and its associates hold a relevant interest <sup>1</sup> | Percentage of total number of voting shares (%) <sup>2</sup> | Date of notice |
|--------------------------------------|---|--|----------------|
| Capital Property Corporation Pty Ltd |   |  |                |
| ATF Carrington Trust                 | 99,938,315  | 12.68%   | 13/05/2024     |
| Shanahan Freight Holdings Pty Ltd    | 68,183,333  | 8.65%  | 14/05/2024     |
| Adman Lanes Pty Ltd & Dulyne Pty Ltd | 43,125,000  | 6.51%  | 28/08/2023     |
| Mark McConnell and related entities  | 69,940,688  | 15.94%   | 10/11/2021     |

Notes

<sup>1</sup> This is the number of shares as at the date of the notice provided by the substantial shareholder.

<sup>2</sup> This percentage is calculated using the total number of voting shares on issue as at the date of the notice provided by the substantial shareholder.

## 3. DISTRIBUTION SCHEDULES

### Shareholders

| Spread of holders        | Number of shareholders | Number of shares   | % shares on issue |
|--------------------------|------------------------|--------------------|-------------------|
| 1 – 1,000                | 76                     | 9,434              | -                 |
| 1,001 – 5,000            | 245                    | 890,095            | 0.11              |
| 5,001 – 10,000           | 205                    | 1,656,150          | 0.21              |
| 10,001 – 100,000         | 637                    | 23,624,135         | 3.00              |
| Over 100,000             | 298                    | 762,534,305        | 96.68             |
| <b>Total on register</b> | <b>1,461</b>           | <b>788,714,119</b> | <b>100.00</b>     |

### Performance Right Holders

| Spread of holders        | Number of performance rights holders | Number of performance rights | % performance rights on issue |
|--------------------------|--------------------------------------|------------------------------|-------------------------------|
| 1 – 1,000                | -                                    | -                            | -                             |
| 1,001 – 5,000            | -                                    | -                            | -                             |
| 5,001 – 10,000           | -                                    | -                            | -                             |
| 10,001 – 100,000         | -                                    | -                            | -                             |
| Over 100,000             | 3                                    | 9,500,000                    | 100.00                        |
| <b>Total on register</b> | <b>3</b>                             | <b>9,500,000</b>             | <b>100.00</b>                 |



#### 4. VOTING RIGHTS OF EACH CLASS OF EQUITY SECURITY

##### Ordinary fully paid shares

Each shareholder is entitled to one vote per share. In accordance with the Company's constitution, on a show of hands every number present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

##### Performance rights

There are no voting rights attached to performance rights. Voting rights will be attached to the issued fully paid ordinary shares when performance rights have been exercised post vesting.

#### 5. RESTRICTED SECURITIES

As at 3 September 2024, there were no restricted securities on issue.

#### 6. ON-MARKET BUY-BACK

The Company is not currently undertaking an on-market buy-back.







# Adveritas

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