



# **Acusensus Limited**

**ACN 625 231 941**

## **Financial Statements - 30 June 2021**



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Acusensus Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### **Directors**

The following persons were directors of Acusensus Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alexander Jannink  
Ravin Mirchandani  
Thomas Patterson

### **Principal activities**

During the financial year the principal activities of the consolidated entity consisted of the provision of world-leading technology to detect and capture prosecutable evidence of illegal drivers mobile phone use, seatbelt use, and speed detection.

### **Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

### **Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$3,648,994 (30 June 2020: \$1,255,095).

The net loss for the year included one-off costs in relation to share based payment expenses. (FY21: \$955,036; FY20 \$269,118)

- Allocation of 250,000 share options to Bell Potter as part of the pre-IPO raise
- Issue of 292,208 bonus shares to employees
- Earlier than expected exercise of performance based options by Sam Almaliki on achievement of set contract revenue targets following award of the NSW Mobile Speed Contract and Queensland Mobile and Speed Safety Contract

### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### **Information on directors**

Name: Alexander Jannink  
Title: Executive Director  
Experience and expertise: Alexander is a founder of Acusensus and has pioneered the design, development and deployment of radar and camera enforcement technologies in multiple applications, markets and geographies across the globe.

Name: Ravin Mirchandani  
Title: Non-Executive Chairman  
Experience and expertise: Ravin is executive chairman of Ador Powertron Limited, a company incorporated in India that is a major shareholder of Acusensus, and has extensive commercial experience across a range of sectors including defence, energy, gas, manufacturing, power electronics and traffic enforcement.

Name: Thomas Patterson  
Title: Non-Executive Director  
Experience and expertise: Tom has worked with investors, private and small cap ASX-listed companies on a range of matters, providing practical and innovative financial, taxation and commercial solutions during his time as a manager at Big 4 accounting and advisory firm Deloitte and as a Client Director at Pitcher Partners.

### **Matters subsequent to the end of the financial year**

Since 30 June 2021 the Company has successfully mobilised a multi-year NSW Mobile Speed Contract and Queensland Mobile Phone and Seatbelt Safety contract that will significantly increase the scale of the consolidated entity's operations in future financial years.



No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

#### **Environmental regulation**

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

#### **Shares under option**

There were 907,459 unissued ordinary shares under option at the date of this report. Refer to note 32 for further information on share-based payments.

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

#### **Shares issued on the exercise of options**

There were 1,188,208 ordinary shares of Acusensus Limited issued on the exercise of options during the year ended 30 June 2021. Refer to note 18 for further information on share issued.

#### **Meetings of directors**

The number of meetings of the company's Board of Directors ("the Board") held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	<b>Attended</b>	<b>Held</b>
Alexander Jannink	12	12
Ravin Mirchandani	12	12
Thomas Patterson	12	12

Held: represents the number of meetings held during the time the director held office.

The size of the Board is considered to be commensurate with the early stage of the company's development. Accordingly, there are no Committees and all matters are attended to by the full Board.

#### **Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability 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.

#### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

#### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.



**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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Alexander Jannink  
Director

20 January 2022  
Melbourne, Australia

## DECLARATION OF INDEPENDENCE BY SALIM BISKRI TO THE DIRECTORS OF ACUSENSUS LIMITED

As lead auditor of Acusensus Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Acusensus Limited and the entities it controlled during the period.

Salim Biskri  
Director

BDO  


**BDO Audit Pty Ltd**

Melbourne, 20 January 2022



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## **General information**

The financial statements cover Acusensus Limited as a consolidated entity consisting of Acusensus Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Acusensus Limited's functional and presentation currency.

Acusensus Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4, 333 Exhibition Street  
Melbourne, VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 January 2022. The directors have the power to amend and reissue the financial statements.

**Acusensus Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**



	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Revenue</b>	3	6,269,239	2,270,383
Other income	4	477,093	125,966
<b>Expenses</b>			
Cost of sales		(2,843,932)	(1,165,953)
Salaries and wages	5	(3,431,175)	(1,435,813)
Contracting		(560,205)	(197,032)
Depreciation and amortisation	5	(608,566)	(141,684)
Marketing		(27,485)	(127,344)
Administration	5	(2,851,355)	(583,618)
Finance costs	5	(72,608)	-
<b>Loss before income tax expense</b>	5	(3,648,994)	(1,255,095)
Income tax expense	6	-	-
<b>Loss after income tax expense for the year attributable to the owners of Acusensus Limited</b>		(3,648,994)	(1,255,095)
Other comprehensive loss for the year, net of tax		-	-
<b>Total comprehensive loss for the year attributable to the owners of Acusensus Limited</b>		<u>(3,648,994)</u>	<u>(1,255,095)</u>
		<b>Cents</b>	<b>Cents</b>
Basic loss per share	21	(27.32)	(10.36)
Diluted loss per share	21	(27.32)	(10.36)

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



	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	11,327,137	1,011,349
Cash and cash equivalents - restricted	7	1,000,000	100,000
Trade and other receivables	8	2,028,023	1,050,713
Inventories	9	1,147,465	352,562
Total current assets		<u>15,502,625</u>	<u>2,514,624</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	3,165,224	792,501
Right-of-use assets	10	487,861	-
Intangibles	13	334,397	108,242
Other assets	11	81,750	-
Total non-current assets		<u>4,069,232</u>	<u>900,743</u>
<b>Total assets</b>		<u>19,571,857</u>	<u>3,415,367</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	3,085,745	479,409
Borrowings	15	287,952	-
Contract Liability		334,482	-
Lease liabilities	16	196,639	-
Provisions	17	218,964	63,969
Income tax payable	6	-	170,649
Total current liabilities		<u>4,123,782</u>	<u>714,027</u>
<b>Non-current liabilities</b>			
Lease liabilities	16	296,387	-
Provisions	17	81,478	49,707
Total non-current liabilities		<u>377,865</u>	<u>49,707</u>
<b>Total liabilities</b>		<u>4,501,647</u>	<u>763,734</u>
<b>Net assets</b>		<u>15,070,210</u>	<u>2,651,633</u>
<b>Equity</b>			
Issued capital	18	18,831,559	3,700,490
Reserves	19	1,267,280	330,778
Accumulated losses		<u>(5,028,629)</u>	<u>(1,379,635)</u>
<b>Total equity</b>		<u>15,070,210</u>	<u>2,651,633</u>

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

**Acusensus Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2021**



**Consolidated**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	1,447,165	61,871	(124,540)	1,384,496
Loss after income tax expense for the year	-	-	(1,255,095)	(1,255,095)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(1,255,095)	(1,255,095)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	2,253,325	-	-	2,253,325
Share-based payments (note 32)	-	268,907	-	268,907
Balance at 30 June 2020	<u>3,700,490</u>	<u>330,778</u>	<u>(1,379,635)</u>	<u>2,651,633</u>

**Consolidated**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	3,700,490	330,778	(1,379,635)	2,651,633
Loss after income tax expense for the year	-	-	(3,648,994)	(3,648,994)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,648,994)	(3,648,994)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	15,131,069	-	-	15,131,069
Share-based payments (note 32)	-	936,502	-	936,502
Balance at 30 June 2021	<u>18,831,559</u>	<u>1,267,280</u>	<u>(5,028,629)</u>	<u>15,070,210</u>

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

**Acusensus Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2021**



	Note	Consolidated 2021 \$	Consolidated 2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		5,786,265	1,811,034
Government grants and stimulus received		125,966	25,966
Payments to suppliers and employees		(6,671,747)	(3,289,680)
Interest received		1,819	15,663
Interest paid		(72,608)	-
Government grant repayment		(170,649)	-
Net cash used in operating activities	31	(1,000,954)	(1,437,017)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,846,369)	(719,287)
Payments for intangibles		(319,985)	(119,569)
Net cash used in investing activities		(3,166,354)	(838,856)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		15,131,069	2,253,325
Proceeds from borrowings		1,132,389	-
Repayment of borrowings		(844,437)	-
Repayment of lease liabilities		(35,925)	-
Net cash from financing activities		15,383,096	2,253,325
Net increase/(decrease) in cash and cash equivalents		11,215,788	(22,548)
Cash and cash equivalents at the beginning of the financial year		1,111,349	1,133,897
Cash and cash equivalents (inclusive of restricted balances) at the end of the financial year	7	<u>12,327,137</u>	<u>1,111,349</u>

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



## **Note 1. Significant accounting policies**

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

### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

### **Going concern**

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

The consolidated entity incurred an operating loss of \$3,648,994 (30 June 2020: \$1,255,095) and had cash outflows from operating activities of \$1,900,954 (30 June 2020: \$1,537,017). In addition, the consolidated entity had a net current asset position of \$11,378,843 at 30 June 2021 (30 June 2020: net current asset of \$1,800,597) and net asset position of \$15,070,210 at 30 June 2021 (30 June 2020: net asset position of \$2,651,633).

The consolidated entity has been prepared on a going concern basis for the following reasons:

- As at 14 January 2022, the entity had a strong cash position of \$ 5,347,250.
- The Company has recent history of successful fund raising, with total proceeds of \$15,131,069 raised through the issuance of convertible notes (subsequently fully converted into share capital) and two separate share placements during the financial period.
- Since 30 June 2021, the Company has successfully mobilised a multi-year NSW Mobile Speed Contract and Queensland Mobile Phone and Seatbelt Safety contract that will significantly increase the scale the consolidated entity's operations in future financial years.

### **Basis of preparation**

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

### **Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### **Critical accounting estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Acusensus Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Acusensus Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.



## **Note 1. Significant accounting policies (continued)**

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

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

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

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

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Acusensus Limited's functional and presentation currency.

#### *Foreign currency transactions*

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

#### *Foreign operations*

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

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

### **Current and non-current classification**

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

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

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

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



## **Note 1. Significant accounting policies (continued)**

### **Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

#### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

#### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

#### **Goods and Services Tax ('GST') and other similar taxes**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the 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 tax authority, are presented as operating cash flows.

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



## **Note 1. Significant accounting policies (continued)**

### **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.



## **Note 2. Critical accounting judgements, estimates and assumptions (continued)**

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Recovery of deferred tax assets*

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

### *Employee benefits provision*

As discussed in note 17, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## **Note 3. Revenue**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue from contracts with customers</i>		
Rendering of services	5,923,064	2,230,728
Sale of goods	344,356	23,992
	<u>6,267,420</u>	<u>2,254,720</u>
<i>Other revenue</i>		
Interest revenue	1,819	15,663
Revenue	<u><u>6,269,239</u></u>	<u><u>2,270,383</u></u>

### *Accounting policy for revenue recognition*

The consolidated entity recognises revenue as follows:

#### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

#### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.



**Note 3. Revenue (continued)**

*Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

*Government grants*

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

*Interest*

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

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Government grants	477,093	25,966
Subsidies and grants	-	100,000
	<hr/>	<hr/>
Other income	<u>477,093</u>	<u>125,966</u>



**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Motor vehicles	42,493	14,674
Computer equipment	35,079	18,207
Office equipment	6,074	2,242
Camera equipment	319,962	95,234
Demonstration equipment	70,037	-
Land and buildings right-of-use assets	41,090	-
Total depreciation	514,735	130,357
<i>Amortisation</i>		
Capitalised development costs	93,831	11,327
Total depreciation and amortisation	608,566	141,684
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	68,949	-
Interest and finance charges paid/payable on lease liabilities	3,659	-
Finance costs expensed	72,608	-
Net foreign exchange loss	40,867	33,705
IPO costs	520,103	-
Defined contribution superannuation expense	359,165	160,521
Share-based payments expense	955,036	268,906
Employee benefits expense excluding superannuation	3,072,011	1,275,292

*Finance costs*

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

*Defined contribution superannuation expense*

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



**Note 6. Income tax**

	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
<i>Income tax expense</i>		
Current tax	(263,037)	(401,148)
Deferred tax	(610,794)	(46,244)
Deferred tax assets not recognised	873,831	447,392
Aggregate income tax expense	<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(3,648,994)	(1,255,095)
Tax at the statutory tax rate of 26% (2020: 30%)	(948,738)	(376,529)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	248,309	80,672
Non-deductible expenditure	1,950	3,528
R&D tax incentive benefit	(124,044)	(125,063)
Non-assessable income	-	(30,000)
Tax rate differential	(51,308)	-
Current year temporary differences not recognised	(873,831)	(447,392)
Income tax expense	<u>-</u>	<u>-</u>

	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	2,718,687	1,479,407
Potential tax benefit @ 26%	706,859	384,646

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	<b>Consolidated 2021 \$</b>	<b>2020 \$</b>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises of:		
Tax losses	706,859	443,822
Blackhole expenditure and other deductions	131,057	6,441
Employee benefits	115,672	34,103
Accrued expenses	329,400	32,621
Other liabilities	125,758	17,928
Total deferred tax assets not recognised	<u>1,408,746</u>	<u>534,915</u>

The above potential tax benefit has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.



**Note 6. Income tax (continued)**

	Consolidated 2021 \$	2020 \$
Provision for income tax	-	170,649

The prior income tax balance related to an amount owing to the Australian Tax Authority for repayment of tax refunds received during the financial year based on their voluntary amendment to the company's 2019 Income Tax Return.

*Accounting policy for income tax*

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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



**Note 7. Cash and cash equivalents**

	Consolidated 2021 \$	2020 \$
<b>Current assets</b>		
<i>Unrestricted</i>		
Cash on hand	490	490
Cash at bank	11,326,647	599,341
Term deposits	-	411,518
	11,327,137	1,011,349
<i>Restricted</i>		
Cash at Bank	1,000,000	100,000
	<u>12,327,137</u>	<u>1,111,349</u>

*Accounting policy for cash and cash equivalents*

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

Restricted cash balance represents cash held by the entity as required under its bank guarantee arrangements. The cash held is not available for the purposes of the group's operations.

**Note 8. Trade and other receivables**

	Consolidated 2021 \$	2020 \$
<b>Current assets</b>		
Trade receivables	365,271	360,282
Other receivables	883,172	387,017
Accrued income	779,580	303,414
	<u>2,028,023</u>	<u>1,050,713</u>

*Allowance for expected credit losses*

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021 %	2020 %	2021 \$	2020 \$	2021 \$	2020 \$
<b>Consolidated</b>						
Current	-	-	184,482	360,281	-	-
> 30 days	-	-	165,000	-	-	-
> 60 days	-	-	15,789	-	-	-
> 90 days	-	-	-	-	-	-
> 120 days	-	-	-	-	-	-
			<u>365,271</u>	<u>360,281</u>	<u>-</u>	<u>-</u>

*Accounting policy for trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.



#### **Note 8. Trade and other receivables (continued)**

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### **Note 9. Inventories**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Current assets</i>		
Components	<u>1,147,465</u>	<u>352,562</u>

##### *Accounting policy for inventories*

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

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

#### **Note 10. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Non-current assets</i>		
Land and buildings - right-of-use	528,951	-
Less: Accumulated depreciation	<u>(41,090)</u>	<u>-</u>
	<u>487,861</u>	<u>-</u>

##### *Accounting policy for right-of-use assets*

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.



**Note 11. Other assets**

	Consolidated 2021 \$	2020 \$
<i>Non-current assets</i>		
Bonds on leased premises	81,750	-
	<u>81,750</u>	<u>-</u>

**Note 12. Property, plant and equipment**

	Consolidated 2021 \$	2020 \$
<i>Non-current assets</i>		
Motor vehicles - at cost	321,715	89,700
Less: Accumulated depreciation	(68,105)	(15,872)
	<u>253,610</u>	<u>73,828</u>
Computer equipment - at cost	157,838	72,089
Less: Accumulated depreciation	(57,573)	(22,494)
	<u>100,265</u>	<u>49,595</u>
Office equipment - at cost	36,964	10,909
Less: Accumulated depreciation	(8,641)	(2,566)
	<u>28,323</u>	<u>8,343</u>
Camera equipment - at cost	3,026,899	773,212
Less: Accumulated depreciation	(432,439)	(112,477)
	<u>2,594,460</u>	<u>660,735</u>
Demonstration Equipment - at cost	249,596	-
Less: Accumulated depreciation	(61,030)	-
	<u>188,566</u>	<u>-</u>
	<u>3,165,224</u>	<u>792,501</u>

**Reconciliations**

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

Consolidated	Motor vehicles \$	Computer equipment \$	Office equipment \$	Camera equipment \$	Total \$
Balance at 1 July 2019	21,046	14,849	3,328	164,348	203,571
Additions	67,456	52,953	7,257	591,621	719,287
Depreciation expense	(14,674)	(18,207)	(2,242)	(95,234)	(130,357)
Balance at 30 June 2020	73,828	49,595	8,343	660,735	792,501
Additions	232,030	85,749	26,055	2,508,862	2,852,696
Foreign Exchange Movement	-	-	-	(6,327)	(6,327)
Depreciation expense	(42,493)	(35,080)	(6,075)	(389,998)	(473,646)
Balance at 30 June 2021	<u>263,365</u>	<u>100,264</u>	<u>28,323</u>	<u>2,773,272</u>	<u>3,165,224</u>



**Note 12. Property, plant and equipment (continued)**

*Accounting policy for property, plant and equipment*

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Motor vehicles	3 years
Computer equipment	3 years
Office equipment	3 years
Camera equipment	3 years
Demonstration equipment	3 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Note 13. Intangibles**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Capitalised development costs - at cost	439,554	119,569
Less: Accumulated amortisation	(105,157)	(11,327)
	<u>334,397</u>	<u>108,242</u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Capitalised development costs \$</b>
Balance at 1 July 2020	108,242
Additions	319,985
Amortisation expense	(93,830)
Balance at 30 June 2021	<u>334,397</u>

*Accounting policy for intangible assets*

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



**Note 13. Intangibles (continued)**

*Research and development*

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

**Note 14. Trade and other payables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	490,147	125,622
Other payables	2,595,598	353,787
	<u>3,085,745</u>	<u>479,409</u>

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Other payables includes oversubscribed equity and subsequently repaid to shareholder post year end.

**Note 15. Borrowings**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Current liabilities</i>		
Loan - payables	287,952	-

Refer to note 22 for further information on financial instruments.

*Accounting policy for borrowings*

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

The finance loan was an arm's length transaction traded on commercial terms, with an interest rate of 8% per annum and a maturity date of 1 July 2021.

**Note 16. Lease liabilities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Current liabilities</i>		
Lease liability	196,639	-
<i>Non-current liabilities</i>		
Lease liability	296,387	-
	<u>493,026</u>	<u>-</u>



## **Note 16. Lease liabilities (continued)**

Refer to note 22 for further information on financial instruments.

### *Accounting policy for lease liabilities*

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## **Note 17. Provisions**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Annual leave	218,964	63,969
<i>Non-current liabilities</i>		
Long service leave	81,478	49,707
	<u>300,442</u>	<u>113,676</u>

### *Accounting policy for provisions*

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### *Accounting policy for employee benefits*

#### *Short-term employee benefits*

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

#### *Other long-term employee benefits*

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



**Note 18. Issued capital**

	<b>2021 Shares</b>	<b>Consolidated 2020 Shares</b>	<b>2021 \$</b>	<b>2020 \$</b>
Ordinary shares - fully paid	<u>20,014,994</u>	<u>12,650,263</u>	<u>18,831,559</u>	<u>3,700,490</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2019	10,492,331		1,645,490
Issue of shares	30 September 2019	<u>2,157,932</u>	\$0.95	<u>2,055,000</u>
Balance	30 June 2020	12,650,263		3,700,490
Proceeds from \$2 million placement	23 June 2021	1,000,000	\$2.00	2,000,000
Employee option conversion	8 December 2020	896,000	\$0.00*	44,876
Employee bonus issue	8 April 2021	292,208	\$0.00	-
\$10m Primary Offer	23 June 2021	3,644,196	\$2.75	10,021,539
Conversion of convertible notes	23 June 2021	<u>1,532,327</u>	\$2.00	<u>3,064,654</u>
Balance	30 June 2021	<u>20,014,994</u>		<u>18,831,559</u>

\* Employee options were converted at multiple exercise prices. Refer to Note 33 for details on options exercise prices.

**Ordinary shares**

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

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

**Capital risk management**

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

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

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

The consolidated entity is not subject to certain financing arrangements covenants.

The capital risk management policy remains unchanged from the 30 June 2020 financial report.

**Accounting policy for issued capital**

Ordinary shares are classified as equity.



## Note 19. Reserves

	Consolidated 2021 \$	2020 \$
Foreign currency reserve	(18,533)	-
Employee equity benefits reserve	1,285,813	330,778
	<u>1,267,280</u>	<u>330,778</u>

### *Employee equity benefits reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial model. The fair value of shares is determined by the market value of the consolidated entity's shares at grant date.

In valuing equity-settled transactions, any performance conditions are taken into account if relevant and assumptions around the likelihood of meeting these performance conditions are factored into the valuation model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the consolidated entity's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

## Note 20. Operating segments

### *Identification of reportable operating segments*

These operating segments are identified based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Similar operating segments can be aggregated to form one reportable segment. Accordingly, the consolidated entity only operates as one segment.

### *Accounting policy for operating segments*

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

## Note 21. Earnings per share

	Consolidated 2021 \$	2020 \$
Loss after income tax attributable to the owners of Acusensus Limited	<u>(3,648,994)</u>	<u>(1,255,095)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	13,356,120	12,112,258
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>13,356,120</u>	<u>12,112,258</u>



**Note 21. Earnings per share (continued)**

	Cents	Cents
Basic loss per share	(27.32)	(10.36)
Diluted loss per share	(27.32)	(10.36)

*Accounting policy for earnings per share*

*Basic earnings per share*

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

*Diluted earnings per share*

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

**Note 22. Financial instruments**

**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

**Market risk**

*Foreign currency risk*

The consolidated entity is not exposed to any significant foreign currency risk.

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity is not exposed to any significant interest rate risk.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.



## Note 22. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### Liquidity risk

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

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

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Consolidated - 2021</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	490,147	-	-	-	490,147
Contract Liability	-	334,482	-	-	-	334,482
Other payables	-	2,595,598	-	-	-	2,595,598
<i>Interest-bearing - variable</i>						
Borrowings	8.00%	287,952	-	-	-	287,952
Lease liability	5.00%	196,639	296,387	-	-	493,026
Total non-derivatives		3,904,818	296,387	-	-	4,201,205
<b>Consolidated - 2020</b>						
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	125,622	-	-	-	125,622
Other payables	-	353,787	-	-	-	353,787
Total non-derivatives		479,409	-	-	-	479,409

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

### Fair value of financial instruments

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



## **Note 23. Key management personnel disclosures**

### *Directors*

The following persons were directors of Acusensus Limited during the financial year:

Ravin Mirchandani	Non-executive Director
Thomas Patterson	Non-executive Director
Alexander Jannink	Executive Director

### *Other key management personnel*

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Alexander Jannink	Chief Executive Officer
Mark Lawrence	CFO & Company Secretary
Christopher Kells	Chief Technology Officer
Andrew Matthews	Head of Operations
Sam Almaliki	Head of Commercial
Ron Johnson	Head of Strategy
Shaun Miller	Head of Partnerships

### *Compensation*

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

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	2,152,781	383,465
Post-employment benefits	125,721	32,894
Long-term benefits	49,640	8,688
Share-based payments	341,866	105,591
	<u>2,670,008</u>	<u>530,638</u>

## **Note 24. Related party transactions**

### *Subsidiaries*

Interests in subsidiaries are set out in note 29.

### *Key management personnel*

Disclosures relating to key management personnel are set out in note 23.

### *Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Sale of goods to Ador Powertron Limited (a director related entity)	344,356	25,238
Other transactions:		
Transfer of assets to a subsidiary	-	75,660



**Note 24. Related party transactions (continued)**

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables from related party	-	550

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loan from parent to subsidiary - Acusensus Inc.	1,137,270	75,660
Loan from parent to subsidiary - Acusensus Australia Pty Ltd	134,137	-
Loan from parent to subsidiary - Acusensus IP Pty Ltd	31,289	-

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates, where applicable.

**Note 25. Contingent liabilities**

The consolidated entity has provided bank guarantees as at 30 June 2021 of \$1,000,000 (30 June 2020: \$100,000) to customers as security for contractual performance obligations.

The consolidated entity also has a contingent liability of \$211,633 for FY2022/2023 related the NSW & QLD contract awards.

**Note 26. Commitments**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	286,122	369,982

As at 1 July 2020, the company's lease commitments have been captured within the lease liability amount on the statement of financial position following the adoption of AASB 16 Leases.



## **Note 27. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit of the financial statements	27,500	24,500
<i>Other services</i>		
Preparation of financial statements	5,500	4,500
	<u>33,000</u>	<u>29,000</u>

## **Note 28. Parent entity information**

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

### *Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(3,948,253)	(1,255,095)
Total comprehensive loss	<u>(3,948,253)</u>	<u>(1,255,095)</u>

### *Statement of financial position*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total current assets	14,964,599	2,514,624
Total assets	<u>17,911,579</u>	<u>3,415,367</u>
Total current liabilities	3,040,617	714,027
Total liabilities	<u>3,122,095</u>	<u>763,734</u>
Equity		
Issued capital	18,831,559	3,700,490
Employee equity benefits reserve	1,285,813	330,778
Accumulated losses	<u>(5,327,888)</u>	<u>(1,379,635)</u>
Total equity	<u>14,789,484</u>	<u>2,651,633</u>

### *Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 (30 June 2020: \$nil).

### *Contingent liabilities*

The parent entity had contingent liabilities as at 30 June 2021 (30 June 2020: \$nil). Refer to Note 25.



**Note 28. Parent entity information (continued)**

*Capital commitments - Property, plant and equipment*

The parent entity had capital commitments for property, plant and equipment as at 30 June 2021 (30 June 2020: \$nil). Refer to Note 26.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 29. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Acusensus Australia Pty Ltd	Australia	100.00%	100.00%
Acusensus IP Pty Ltd	Australia	100.00%	100.00%
Acusensus Inc.	United States of America	100.00%	100.00%

**Note 30. Events after the reporting period**

Since 30 June 2021 the Company has successfully mobilised a multi-year NSW of Mobile Speed Contract and Queensland Mobile Phone and Seatbelt Safety contract that will significantly increase the scale the consolidated entity's operations in future financial years.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 31. Reconciliation of loss after income tax to net cash used in operating activities**

	Consolidated	
	2021 \$	2020 \$
Loss after income tax expense for the year	(3,648,994)	(1,255,095)
Adjustments for:		
Depreciation and amortisation	608,566	141,684
Share-based payments	955,035	268,907
Foreign exchange differences	(18,532)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,059,060)	(829,223)
Increase in inventories	(692,761)	(269,381)
Increase in trade and other payables	2,838,675	262,291
Increase in employee benefits	186,766	73,151
(Decrease)/increase in provision for income tax	(170,649)	170,649
Net cash used in operating activities	<u>(1,000,954)</u>	<u>(1,437,017)</u>



## Note 32. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

All share options listed hereinafter contain no expiry date.

### 2021

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	\$0.02	800,000	-	(600,000)	-	200,000
06/02/2019	\$0.04	100,000	-	(100,000)	-	-
19/08/2019	\$0.15	186,000	-	(186,000)	-	-
10/02/2020	\$0.79	100,000	-	-	-	100,000
10/02/2020	\$1.58	100,000	-	-	-	100,000
10/02/2020	\$2.37	100,000	-	-	-	100,000
15/03/2020	\$0.35	10,000	-	(10,000)	-	-
30/08/2020	\$2.00	306,325	-	(292,208)	(14,117)	-
05/08/2020	\$2.30	-	250,000	-	-	250,000
09/09/2020	\$2.30	-	50,000	-	-	50,000
27/09/2021	\$2.76	-	107,459	-	-	107,459
		<u>1,702,325</u>	<u>407,459</u>	<u>(1,188,208)</u>	<u>(14,117)</u>	<u>907,459</u>
Weighted average exercise price		\$0.91	\$2.45	\$0.51	\$2.00	\$2.09

### 2020

Grant date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	\$0.02	800,000	-	-	-	800,000
06/02/2019	\$0.04	100,000	-	-	-	100,000
19/08/2019	\$0.15	-	186,000	-	-	186,000
10/02/2020	\$0.79	-	100,000	-	-	100,000
10/02/2020	\$1.58	-	100,000	-	-	100,000
10/02/2020	\$2.37	-	100,000	-	-	100,000
15/03/2020	\$0.35	-	10,000	-	-	10,000
30/08/2020	\$2.00	-	306,325	-	-	306,325
		<u>900,000</u>	<u>802,325</u>	<u>-</u>	<u>-</u>	<u>1,702,325</u>
Weighted average exercise price		\$0.03	\$1.21	\$0.00	\$0.00	\$0.91



## Note 32. Share-based payments (continued)

Set out below are the options exercisable at the end of the financial year:

Exercisable date	2021 Number	2020 Number
15/03/2020	-	10,000
05/08/2020	250,000	-
09/09/2020	50,000	-
10/02/2021	100,000	-
	<u>400,000</u>	<u>10,000</u>

The weighted average share price during the financial year was \$2.09 (2020: \$0.95).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.4 years (2020: 2.7 years).

For the options granted during the current and prior financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/12/2018	\$0.20	\$0.02	70.00%	-	2.35%	\$0.186
06/02/2019	\$0.20	\$0.04	70.00%	-	2.18%	\$0.174
19/08/2019	\$0.95	\$0.15	70.00%	-	0.92%	\$0.836
10/02/2020	\$0.95	\$0.79	70.00%	-	1.01%	\$0.639
10/02/2020	\$0.95	\$1.58	70.00%	-	1.01%	\$0.618
10/02/2020	\$0.95	\$2.37	70.00%	-	1.01%	\$0.610
15/03/2020	\$0.95	\$0.35	70.00%	-	1.01%	\$0.650
30/08/2020	\$2.00	\$2.00	70.00%	-	1.06%	\$1.427
5/8/2020	\$2.00	\$2.30	70.00%	-	0.85%	\$0.000
9/9/2020	\$2.00	\$2.30	70.00%	-	0.29%	\$0.000
27/9/2021	\$2.75	\$2.76	70.00%	-	1.43%	\$0.000

### Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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

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



### **Note 32. Share-based payments (continued)**

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

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Alexander Jannink  
Director

20 January 2022  
Melbourne, Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Acusensus Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Acusensus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

BDO  
A handwritten signature in blue ink, appearing to read 'Salim Biskri', is written over the BDO logo.

Salim Biskri

Director

Melbourne, 20 January 2022



# **Acusensus Limited**

**ACN 625 231 941**

## **Financial Statements - 30 June 2022**



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Acusensus Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

## Directors

The following persons were directors of Acusensus Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Alexander Jannink  
Ravin Mirchandani  
Thomas Patterson

## Information on directors

Name:	Alexander Jannink
Title:	Executive Director
Experience and expertise:	Alexander is a founder of Acusensus and has pioneered the design, development and deployment of radar and camera enforcement technologies in multiple applications, markets and geographies across the globe.
Name:	Ravin Mirchandani
Title:	Non-Executive Chairman
Experience and expertise:	Ravin is executive chairman of Ador Powertron Limited, a company incorporated in India that is a major shareholder of Acusensus, and has extensive commercial experience across a range of sectors including defence, energy, gas, manufacturing, power electronics and traffic enforcement.
Name:	Thomas Patterson
Title:	Non-Executive Director
Experience and expertise:	Tom has worked with investors, private and small cap ASX-listed companies on a range of matters, providing practical and innovative financial, taxation and commercial solutions during his time as a manager at Big 4 accounting and advisory firm Deloitte and as a Client Director at Pitcher Partners.

## Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Attended	Held
Alexander Jannink	10	10
Ravin Mirchandani	10	10
Thomas Patterson	10	10

Held: represents the number of meetings held during the time the director held office.

The size of the Board is considered to be commensurate with the early stage of the company's development. Accordingly, there are no Committees and all matters are attended to by the full Board.

## Principal activities

During the financial year the principal activities of the consolidated entity consisted of the provision of world-leading technology to detect and capture prosecutable evidence of drivers' illegal mobile phone use, seatbelt use, and speed detection.



### Review of operations

The consolidated entity incurred an operating profit after income tax expense of \$1,425,331 (30 June 2021: operating loss of \$3,648,994).

The net income for the year is a result of successfully mobilising a multi-year NSW Mobile Speed contract and Queensland Mobile Phone and Seatbelt Safety contract.

### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

### Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

### Matters subsequent to the end of the financial year

392,835 unissued ordinary shares under the employee share option plan were granted on 1 July 2022 at an exercise price of \$2.76. The fair value of these unissued ordinary shares under the employee share option plan is \$475,330.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

### Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

### Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### Shares under option

There were 1,513,807 (30 June 2021: 907,459) unissued ordinary shares under option at the date of this report.

### Shares issued on the exercise of options

There were nil ordinary shares of Acusensus Limited issued on the exercise of options during the year ended 30 June 2022 (30 June 2021: 1,188,208). Refer to note 18 for further information on share issued.

### Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability 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.



#### **Indemnity and insurance of auditor**

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

#### **Proceedings on behalf of the company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

#### **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

#### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report and forms part of the directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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Alexander Jannink  
Director

30 August 2022  
Melbourne, Australia

## DECLARATION OF INDEPENDENCE BY SALIM BISKRI TO THE DIRECTORS OF ACUSENSUS LIMITED

As lead auditor of Acusensus Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Acusensus Limited and the entities it controlled during the period.



**Salim Biskri**  
**Director**

**BDO Audit Pty Ltd**

Melbourne, 30 August 2022



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## **General information**

The financial statements cover Acusensus Limited as a consolidated entity consisting of Acusensus Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Acusensus Limited's functional and presentation currency.

Acusensus Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 31 Queen Street  
Melbourne, VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2022. The directors have the power to amend and reissue the financial statements.

**Acusensus Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2022**



	Note	Consolidated 2022 \$	2021 \$
<b>Revenue</b>	3	28,651,335	6,267,420
Other income	4	78,207	478,912
<b>Expenses</b>			
Cost of sales		(16,168,851)	(2,843,932)
Salaries and wages	5	(4,946,859)	(4,417,021)
Contracting		(1,144,144)	(560,205)
Depreciation and amortisation	5	(3,182,904)	(608,566)
Marketing		(225,425)	(27,485)
Administration	5	(1,861,737)	(1,865,509)
Finance costs	5	(38,071)	(72,608)
<b>Profit/(loss) before income tax</b>		1,161,551	(3,648,994)
Income tax benefit	6	263,780	-
<b>Profit/(loss) after income tax for the year attributable to the owners of Acusensus Limited</b>		1,425,331	(3,648,994)
Other comprehensive income/(loss) for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		19,429	-
<b>Total comprehensive income/(loss) for the year attributable to the owners of Acusensus Limited</b>		<u>1,444,760</u>	<u>(3,648,994)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	21	0.07	(27.32)
Diluted earnings/(loss) per share	21	0.07	(27.32)

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

**Acusensus Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2022**



	Note	Consolidated 2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	7,354,203	11,327,137
Cash and cash equivalents - restricted	7	1,252,325	1,000,000
Trade and other receivables	8	3,637,636	1,248,443
Contract assets		606,644	779,580
Inventories	9	1,902,553	1,147,465
Total current assets		<u>14,753,361</u>	<u>15,502,625</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	8,171,378	3,165,224
Right-of-use assets	10	2,298,258	487,861
Intangibles	13	572,773	334,397
Deferred tax asset	6	263,780	-
Other assets	11	104,211	81,750
Total non-current assets		<u>11,410,400</u>	<u>4,069,232</u>
<b>Total assets</b>		<u>26,163,761</u>	<u>19,571,857</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	5,939,349	3,085,745
Borrowings	15	-	287,952
Contract liabilities		248,545	334,482
Lease liabilities	16	1,189,583	196,639
Provisions	17	683,645	218,964
Total current liabilities		<u>8,061,122</u>	<u>4,123,782</u>
<b>Non-current liabilities</b>			
Lease liabilities	16	1,139,909	296,387
Provisions	17	199,090	81,478
Total non-current liabilities		<u>1,338,999</u>	<u>377,865</u>
<b>Total liabilities</b>		<u>9,400,121</u>	<u>4,501,647</u>
<b>Net assets</b>		<u>16,763,640</u>	<u>15,070,210</u>
<b>Equity</b>			
Issued capital	18	18,831,559	18,831,559
Reserves	19	1,535,379	1,267,280
Accumulated losses		<u>(3,603,298)</u>	<u>(5,028,629)</u>
<b>Total equity</b>		<u>16,763,640</u>	<u>15,070,210</u>

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

**Acusensus Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2022**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	3,700,490	330,778	(1,379,635)	2,651,633
Loss after income tax for the year	-	-	(3,648,994)	(3,648,994)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,648,994)	(3,648,994)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	15,131,069	-	-	15,131,069
Share-based payments (note 32)	-	955,035	-	955,035
Foreign currency translation	-	(18,533)	-	(18,533)
Balance at 30 June 2021	<u>18,831,559</u>	<u>1,267,280</u>	<u>(5,028,629)</u>	<u>15,070,210</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2021	18,831,559	1,267,280	(5,028,629)	15,070,210
Profit after income tax for the year	-	-	1,425,331	1,425,331
Other comprehensive income for the year, net of tax	-	19,429	-	19,429
Total comprehensive income for the year	-	19,429	1,425,331	1,444,760
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 18)	-	-	-	-
Share-based payments (note 32)	-	248,670	-	248,670
Balance at 30 June 2022	<u>18,831,559</u>	<u>1,535,379</u>	<u>(3,603,298)</u>	<u>16,763,640</u>

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

**Acusensus Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2022**



	<b>Note</b>	<b>Consolidated</b> <b>2022</b> <b>\$</b>	<b>2021</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		26,435,078	5,786,265
Government grants and stimulus received		75,341	125,966
Payments to suppliers and employees		(21,506,506)	(6,671,747)
Interest received		2,866	1,819
Interest paid		(38,071)	(72,608)
Government grant repayment		-	(170,649)
Net cash from/(used in) operating activities	31	4,968,708	(1,000,954)
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(6,818,849)	(2,846,369)
Payments for intangibles		(425,607)	(319,985)
Net cash used in investing activities		(7,244,456)	(3,166,354)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	15,131,069
Proceeds from borrowings		-	1,132,389
Repayment of borrowings		(287,952)	(844,437)
Repayment of lease liabilities		(1,156,909)	(35,925)
Net cash from/(used in) financing activities		(1,444,861)	15,383,096
Net increase/(decrease) in cash and cash equivalents		(3,720,609)	11,215,788
Cash and cash equivalents at the beginning of the financial year		12,327,137	1,111,349
Cash and cash equivalents (inclusive of restricted balances) at the end of the financial year	7	8,606,528	12,327,137

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



## Note 1. Significant accounting policies

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

### New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

### Going concern

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

The consolidated entity incurred an operating profit after income tax expense of \$1,425,331 (30 June 2021: operating loss of \$3,648,994) and had cash inflows from operating activities of \$4,968,708 (30 June 2021: cash outflows from operating activities of \$1,000,954). In addition, the consolidated entity had a net current asset position of \$6,692,239 at 30 June 2022 (30 June 2021: net current asset of \$11,378,843) and net asset position of \$16,763,640 at 30 June 2022 (30 June 2021: net asset position of \$15,070,210).

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

#### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 28.

### Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Acusensus Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Acusensus Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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



## Note 1. Significant accounting policies (continued)

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

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

### Foreign currency translation

The financial statements are presented in Australian dollars, which is Acusensus Limited's functional and presentation currency.

#### *Foreign currency transactions*

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

#### *Foreign operations*

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

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

### Current and non-current classification

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

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

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

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

### Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

#### *Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.



## Note 1. Significant accounting policies (continued)

### *Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

### **Goods and Services Tax ('GST') and other similar taxes**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the 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 tax authority, are presented as operating cash flows.

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

### **Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.



## Note 2. Critical accounting judgements, estimates and assumptions (continued)

### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### *Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Recovery of deferred tax assets*

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

### *Employee benefits provision*

As discussed in note 17, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



### Note 3. Revenue

	Consolidated	
	2022	2021
	\$	\$
<i>Revenue from contracts with customers</i>		
Rendering of services	28,369,438	5,923,064
Sale of goods	281,897	344,356
Revenue	<u>28,651,335</u>	<u>6,267,420</u>

#### *Accounting policy for revenue recognition*

The consolidated entity recognises revenue as follows:

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

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

##### *Sale of goods*

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

##### *Rendering of services*

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

##### *Government grants*

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

##### *Interest*

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



### Note 3. Revenue (continued)

#### *Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

#### *Contract assets*

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

#### *Contract liabilities*

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

### Note 4. Other income

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Government grants	75,341	477,093
Interest revenue	2,866	1,819
Other income	<u>78,207</u>	<u>478,912</u>



**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Profit/(loss) before income tax includes the following specific expenses:		
<i>Salaries and wages</i>		
Salaries and wages	3,338,085	2,936,762
Share based payments expense	248,670	955,036
Defined contribution superannuation expense	719,064	359,165
Other	641,040	166,058
	<u>4,946,859</u>	<u>4,417,021</u>
<i>Depreciation and amortisation</i>		
Depreciation - property, plant and equipment	1,812,695	473,645
Depreciation - right-of-use assets	1,182,978	41,090
Amortisation	187,231	93,831
	<u>3,182,904</u>	<u>608,566</u>
<i>Administration</i>		
Professional fees	396,343	453,915
Software and subscription expense	313,947	61,054
Travel expense	304,830	169,806
Insurance expense	148,156	108,760
Utilities expense	131,384	34,717
Motor vehicle expense	125,610	65,771
IPO costs	64,162	520,103
Net foreign exchange loss	11,408	40,867
Other expenses	365,897	410,516
	<u>1,861,737</u>	<u>1,865,509</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	908	68,949
Interest and finance charges paid/payable on lease liabilities	37,163	3,659
	<u>38,071</u>	<u>72,608</u>

*Finance costs*

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

*Defined contribution superannuation expense*

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



**Note 6. Income tax**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax (benefit)/expense</i>		
Current tax	-	(263,037)
Deferred tax expense/(benefit)	366,744	(610,794)
Deferred tax assets (recognised)/not recognised	-	873,831
Deferred tax assets not previously recognised	(630,524)	-
	<u>(263,780)</u>	<u>-</u>
Aggregate income tax benefit		
	<u>(263,780)</u>	<u>-</u>
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	1,161,551	(3,648,994)
Tax at the statutory tax rate of 25% (30 June 2021: 26%)	290,388	(948,738)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	62,168	248,309
Non-deductible expenditure	443,994	1,950
R&D tax incentive benefit	(734)	(124,044)
Tax rate differential	(53,711)	(51,308)
R&D offset	(428,893)	-
Deferred tax assets not previously recognized	(911,566)	-
	<u>(598,354)</u>	<u>(873,831)</u>
Current year temporary differences not recognised	334,574	873,831
Income tax benefit	<u>(263,780)</u>	<u>-</u>
	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets and liabilities</i>		
Blackhole expenditure and other deductions	156,047	-
Employee benefits	220,684	-
Accrued expenses	644,418	-
Other liabilities	91,209	-
R&D carry forward tax offsets	774,444	-
Property, plant and equipment	(1,537,958)	-
Right of use asset	(85,064)	-
	<u>263,780</u>	<u>-</u>
Deferred tax assets/(liabilities)		
	<u>263,780</u>	<u>-</u>
	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Deferred tax assets not recognized	<u>496,325</u>	<u>1,408,746</u>

The above potential tax benefit pertaining to Acusensus Inc. tax losses has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.



## Note 6. Income tax (continued)

### *Accounting policy for income tax*

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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



**Note 7. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
<i>Unrestricted</i>		
Cash on hand	490	490
Cash at bank	7,353,713	11,326,647
	<u>7,354,203</u>	<u>11,327,137</u>
<i>Restricted</i>		
Cash at bank	1,252,325	1,000,000
	<u>8,606,528</u>	<u>12,327,137</u>

**Accounting policy for cash and cash equivalents**

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

Restricted cash balance represents cash held by the entity as required under its bank guarantee arrangements. The cash held is not available for the purposes of the group's operations.

**Note 8. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	2,858,111	365,271
Other receivables	779,525	883,172
	<u>3,637,636</u>	<u>1,248,443</u>

**Allowance for expected credit losses**

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

	<b>Expected credit loss rate</b>		<b>Carrying amount</b>		<b>Allowance for expected credit losses</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Consolidated</b>	<b>%</b>	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Current	-	-	2,858,111	184,482	-	-
> 30 days	-	-	-	165,000	-	-
> 60 days	-	-	-	15,789	-	-
			<u>2,858,111</u>	<u>365,271</u>	<u>-</u>	<u>-</u>

**Accounting policy for trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 45 days.



#### Note 8. Trade and other receivables (continued)

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

#### Note 9. Inventories

	Consolidated 2022 \$	2021 \$
<i>Current assets</i>		
Components	1,902,553	1,147,465

##### *Accounting policy for inventories*

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

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

#### Note 10. Right-of-use assets

	Consolidated 2022 \$	2021 \$
<i>Non-current assets</i>		
Building right-of-use assets	600,302	528,951
Less: Accumulated depreciation	(260,046)	(41,090)
	340,256	487,861
Vehicle right-of-use assets	2,922,024	-
Less: Accumulated depreciation	(964,022)	-
	1,958,002	-
Right-of-use assets	2,298,258	487,861



**Note 10. Right-of-use assets (continued)**

<b>Consolidated</b>	<b>Building</b> \$	<b>Motor vehicles</b> \$	<b>Total</b> \$
Balance at 30 June 2020	-	-	-
Additions	528,951	-	528,951
Depreciation expense	(41,090)	-	(41,090)
Balance at 30 June 2021	487,861	-	487,861
Additions	71,351	2,922,024	2,993,375
Depreciation expense	(218,956)	(964,022)	(1,182,978)
Balance at 30 June 2022	<u>340,256</u>	<u>1,958,002</u>	<u>2,298,258</u>

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Note 11. Other assets**

	<b>Consolidated</b>	
	<b>2022</b> \$	<b>2021</b> \$
<i>Non-current assets</i>		
Bonds on leased premises	<u>104,211</u>	<u>81,750</u>
	<u>104,211</u>	<u>81,750</u>



**Note 12. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Motor vehicles - at cost	838,953	321,715
Less: Accumulated depreciation	(292,724)	(68,105)
	<u>546,229</u>	<u>253,610</u>
Computer equipment - at cost	340,050	157,838
Less: Accumulated depreciation	(149,756)	(57,573)
	<u>190,294</u>	<u>100,265</u>
Office equipment - at cost	122,933	36,964
Less: Accumulated depreciation	(44,890)	(8,641)
	<u>78,043</u>	<u>28,323</u>
Camera equipment - at cost	9,314,335	3,276,495
Less: Accumulated depreciation	(1,957,523)	(493,469)
	<u>7,356,812</u>	<u>2,783,026</u>
	<u><u>8,171,378</u></u>	<u><u>3,165,224</u></u>

*Reconciliations*

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

<b>Consolidated</b>	<b>Motor vehicles</b>	<b>Computer equipment</b>	<b>Office equipment</b>	<b>Camera equipment</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 30 June 2020	73,828	49,595	8,343	660,735	792,501
Additions	232,030	85,749	26,055	2,508,862	2,852,696
Foreign Exchange Movement	-	-	-	(6,327)	(6,327)
Depreciation expense	(42,493)	(35,080)	(6,075)	(389,998)	(473,646)
Balance at 30 June 2021	263,365	100,264	28,323	2,773,272	3,165,224
Additions	504,257	182,212	85,969	6,046,411	6,818,849
Depreciation expense	(221,393)	(92,182)	(36,249)	(1,462,871)	(1,812,695)
Balance at 30 June 2022	<u><u>546,229</u></u>	<u><u>190,294</u></u>	<u><u>78,043</u></u>	<u><u>7,356,812</u></u>	<u><u>8,171,378</u></u>

*Accounting policy for property, plant and equipment*

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Motor vehicles	3 years
Computer equipment	3 years
Office equipment	3 years
Camera equipment:	
Transportable equipment	5 years
Fixed site systems	3 years



## Note 12. Property, plant and equipment (continued)

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

## Note 13. Intangibles

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Capitalised development costs - at cost	865,162	439,554
Less: Accumulated amortisation	(292,389)	(105,157)
	<u>572,773</u>	<u>334,397</u>

### Reconciliations

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

<b>Consolidated</b>	<b>Capitalised development costs \$</b>
Balance at 30 June 2020	108,242
Additions	319,985
Amortisation expense	(93,830)
Balance at 30 June 2021	334,397
Additions	425,607
Amortisation expense	(187,231)
Balance at 30 June 2022	<u>572,773</u>

### Accounting policy for intangible assets

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

### Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.



**Note 14. Trade and other payables**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	1,808,504	490,147
Other payables	4,130,845	2,595,598
	<u>5,939,349</u>	<u>3,085,745</u>

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 45 days of recognition.

Other payables as at 30 June 2021 includes oversubscribed equity and subsequently repaid to shareholder post year end.

**Note 15. Borrowings**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Loan - payables	-	287,952

Refer to note 22 for further information on financial instruments.

*Accounting policy for borrowings*

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

The finance loan was an arm's length transaction traded on commercial terms, with an interest rate of 8% per annum and a maturity date of 1 July 2021.

**Note 16. Lease liabilities**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	1,189,583	196,639
<i>Non-current liabilities</i>		
Lease liability	1,139,909	296,387
	<u>2,329,492</u>	<u>493,026</u>

Refer to note 22 for further information on financial instruments.



## Note 16. Lease liabilities (continued)

### Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Note 17. Provisions

	Consolidated 2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	683,645	218,964
<i>Non-current liabilities</i>		
Long service leave	199,090	81,478
	<u>882,735</u>	<u>300,442</u>

### Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Accounting policy for employee benefits

#### Short-term employee benefits

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

#### Other long-term employee benefits

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



**Note 18. Issued capital**

		<b>2022</b>	<b>Consolidated</b>		
		<b>Shares</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
			<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid		<u>20,014,995</u>	<u>20,014,995</u>	<u>18,831,559</u>	<u>18,831,559</u>
<i>Movements in ordinary share capital</i>					
<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>	
Balance	1 July 2019	10,492,332		1,645,490	
Issue of shares	30 September 2019	<u>2,157,932</u>	<u>\$0.95</u>	<u>2,055,000</u>	
Balance	30 June 2020	12,650,264		3,700,490	
Proceeds from \$2 million placement	23 June 2021	1,000,000	\$2.00	2,000,000	
Employee option conversion	8 December 2020	896,000	\$0.00*	44,876	
Employee bonus issue	8 April 2021	292,208	\$0.00	-	
\$10m Primary Offer	23 June 2021	3,644,196	\$2.75	10,021,539	
Conversion of convertible notes	23 June 2021	<u>1,532,327</u>	<u>\$2.00</u>	<u>3,064,654</u>	
Balance	30 June 2021	<u>20,014,995</u>		<u>18,831,559</u>	
Balance	30 June 2022	<u>20,014,995</u>		<u>18,831,559</u>	

\* Employee options were converted at multiple exercise prices. Refer to Note 32 for details on options exercise prices.

**Ordinary shares**

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

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

**Capital risk management**

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

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

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

The consolidated entity is not subject to certain financing arrangements covenants.

The capital risk management policy remains unchanged from the 30 June 2021 financial report.

**Accounting policy for issued capital**

Ordinary shares are classified as equity.



## Note 19. Reserves

	Consolidated	
	2022	2021
	\$	\$
Foreign currency reserve	896	(18,533)
Employee equity benefits reserve	1,534,483	1,285,813
	<u>1,535,379</u>	<u>1,267,280</u>

### *Employee equity benefits reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial model. The fair value of shares is determined by the market value of the consolidated entity's shares at grant date.

In valuing equity-settled transactions, any performance conditions are taken into account if relevant and assumptions around the likelihood of meeting these performance conditions are factored into the valuation model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the consolidated entity's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

## Note 20. Operating segments

### *Identification of reportable operating segments*

These operating segments are identified based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. Similar operating segments can be aggregated to form one reportable segment. Accordingly, the consolidated entity only operates as one segment.

### *Accounting policy for operating segments*

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

## Note 21. Earnings per share

	Consolidated	
	2022	2021
	\$	\$
Profit/(loss) after income tax attributable to the owners of Acusensus Limited	<u>1,425,331</u>	<u>(3,648,994)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>20,014,995</u>	<u>13,356,120</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>21,248,878</u>	<u>13,356,120</u>



**Note 21. Earnings per share (continued)**

	Cents	Cents
Basic earnings/(loss) per share	0.07	(27.32)
Diluted earnings/(loss) per share	0.07	(27.32)

*Accounting policy for earnings per share*

*Basic earnings per share*

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

*Diluted earnings per share*

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

**Note 22. Financial instruments**

**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance reports to the Board on a monthly basis.

**Market risk**

*Foreign currency risk*

The consolidated entity is not exposed to any significant foreign currency risk.

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The consolidated entity is not exposed to any significant interest rate risk.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.



## Note 22. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

### Liquidity risk

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

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

### Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated	Weighted average interest rate 2022 %	2022 \$	Weighted average interest rate 2021 %	2021 \$
<b>Non-derivatives</b>				
<i>Non-interest bearing</i>				
Trade payables	-	1,808,504	-	490,147
Contract Liability	-	248,545	-	334,482
Other payables	-	4,130,845	-	2,595,598
<i>Interest-bearing - variable</i>				
Borrowings	-	-	8.00%	287,952
Lease liability	2.17%	2,329,492	5.00%	493,026
Total non-derivatives		8,517,386		4,201,205

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

### Fair value of financial instruments

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

## Note 23. Key management personnel disclosures

### Directors

The following persons were directors of Acusensus Limited during the financial year:

Ravin Mirchandani	Non-executive Director
Thomas Patterson	Non-executive Director
Alexander Jannink	Executive Director and Chief Executive Officer

### Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Mark Lawrence	Chief Financial Officer & Company Secretary
Christopher Kells	Chief Technology Officer
Ron Johnson	Head of Strategy/Formal Chief Financial Officer (Resigned 15 December 2021)



**Note 23. Key management personnel disclosures (continued)**

*Compensation*

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

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,043,401	806,807
Post-employment benefits	89,272	71,260
Long-term benefits	17,749	14,421
Share-based payments	97,621	266,192
	<u>1,248,043</u>	<u>1,158,680</u>

The determination of the roles which meet the definition of key management personnel has changed since the year ended 30 June 2021 due to judgment and, as a result, the comparatives stated above differ from the 30 June 2021 financial report by \$1,511,328.

**Note 24. Related party transactions**

*Subsidiaries*

Interests in subsidiaries are set out in note 29.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 23.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Sale of goods to Ador Powertron Limited (a director related entity)	<u>281,897</u>	<u>344,356</u>

*Loans to/from related parties*

The following balances are outstanding at the reporting date in relation to loans with related parties:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loan from parent to subsidiary - Acusensus Inc.	2,681,113	1,137,270
Loan from parent to subsidiary - Acusensus Australia Pty Ltd	8,744,640	134,137
Loan from parent to subsidiary - Acusensus IP Pty Ltd	31,289	31,289

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates, where applicable.



## Note 25. Contingent liabilities

The consolidated entity has provided bank guarantees as at 30 June 2022 of \$1,252,325 (30 June 2021: \$1,000,000) to customers as security for contractual performance obligations.

## Note 26. Commitments

	Consolidated 2022 \$	2021 \$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	389,406	286,122

As at 1 July 2020, the company's lease commitments have been captured within the lease liability amount on the statement of financial position following the adoption of AASB 16 Leases.

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated 2022 \$	2021 \$
<i>Audit services</i>		
Audit of the financial statements	55,375	27,500
<i>Other services</i>		
Preparation of financial statements	-	5,500
	55,375	33,000

## Note 28. Parent entity information

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

### Statement of profit or loss and other comprehensive income

	Parent 2022 \$	2021 \$
Profit/(loss) after income tax	932,034	(3,948,253)
Total comprehensive income/(loss)	932,034	(3,948,253)



**Note 28. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Total current assets	3,949,928	14,964,599
Total assets	18,250,385	17,911,579
Total current liabilities	1,380,101	3,040,617
Total liabilities	1,579,191	3,122,095
Equity		
Issued capital	18,831,559	18,831,559
Employee equity benefits reserve	1,285,813	1,285,813
Accumulated losses	(3,446,178)	(5,327,888)
Total equity	16,671,194	14,789,484

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 (30 June 2021: \$nil).

*Contingent liabilities*

The parent entity had contingent liabilities as at 30 June 2022 is \$1,002,325 (30 June 2021: \$1,000,000) Refer to Note 25.

*Capital commitments - Property, plant and equipment*

The parent entity had capital commitments for property, plant and equipment as at 30 June 2022 (30 June 2021: \$nil). Refer to Note 26.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Note 29. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2022</b>	<b>2021</b>
		<b>%</b>	<b>%</b>
Acusensus Australia Pty Ltd	Australia	100.00%	100.00%
Acusensus IP Pty Ltd	Australia	100.00%	100.00%
Acusensus Inc.	United States of America	100.00%	100.00%



**Note 30. Events after the reporting period**

392,835 unissued ordinary shares under the employee share option plan were granted on 1 July 2022 at an exercise price of \$2.76. The fair value of these unissued ordinary shares under the employee share option plan is \$475,330.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 31. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities**

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Income/(loss) after income tax expense for the year	1,425,331	(3,648,994)
Adjustments for:		
Depreciation and amortisation	3,182,904	608,566
Share-based payments	248,670	955,035
Foreign exchange differences	19,429	(18,532)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,389,193)	(1,059,060)
Decrease in contract assets	172,936	-
Increase in inventories	(755,088)	(692,761)
Increase in deferred tax asset	(263,780)	-
Increase in other assets	(22,461)	-
Increase in trade and other payables	2,853,604	2,838,675
Decrease in contract liabilities	(85,937)	-
Increase in employee benefits	582,293	186,766
(Decrease)/increase in provision for income tax	-	(170,649)
Net cash from/(used in) operating activities	<u>4,968,708</u>	<u>(1,000,954)</u>

**Note 32. Share-based payments**

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board of Directors, grant options over ordinary shares in the company to certain personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.



Note 32. Share-based payments (continued)

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	20/12/2023	\$0.02	200,000	-	-	-	200,000
10/02/2020	No expiry	\$0.79	100,000	-	-	-	100,000
10/02/2020	No expiry	\$1.58	100,000	-	-	-	100,000
10/02/2020	No expiry	\$2.37	100,000	-	-	-	100,000
09/09/2020	17/12/2023	\$2.30	50,000	-	-	-	50,000
30/09/2020	30/09/2023	\$2.30	250,000	-	-	-	250,000
27/09/2021	27/09/2031	\$2.76	107,459	-	-	-	107,459
21/04/2022	21/04/2027	\$2.76	-	326,424	-	-	326,424
			<u>907,459</u>	<u>326,424</u>	<u>-</u>	<u>-</u>	<u>1,233,883</u>
Weighted average exercise price			\$1.61	\$2.76	-	-	\$1.92

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20/12/2018	20/12/2023	\$0.02	800,000	-	(600,000)	-	200,000
06/02/2019		\$0.04	100,000	-	(100,000)	-	-
19/08/2019		\$0.15	186,000	-	(186,000)	-	-
10/02/2020	No expiry	\$0.79	100,000	-	-	-	100,000
10/02/2020	No expiry	\$1.58	100,000	-	-	-	100,000
10/02/2020	No expiry	\$2.37	100,000	-	-	-	100,000
15/03/2020		\$0.35	10,000	-	(10,000)	-	-
30/08/2020		\$2.00	306,325	-	(292,208)	(14,117)	-
09/09/2020	17/12/2023	\$2.30	-	50,000	-	-	50,000
30/09/2020	30/09/2023	\$2.30	-	250,000	-	-	250,000
27/09/2021	27/09/2031	\$2.76	-	107,459	-	-	107,459
			<u>1,702,325</u>	<u>407,459</u>	<u>(1,188,209)</u>	<u>(14,117)</u>	<u>907,459</u>
Weighted average exercise price			\$0.67	\$2.42	\$0.53	\$2.00	\$1.61

The weighted average share price during the financial year was \$1.92 (30 June 2021: \$1.61).



**Note 32. Share-based payments (continued)**

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.6 years (30 June 2021: 2.5 years).

Set out below is the share based expense incurred during the year:

Grant date	2022 \$	2021 \$
20/12/2018*	13,988	91,876
06/02/2019	-	11,321
19/08/2019	-	51,855
10/02/2020	-	39,207
10/02/2020	18,951	30,881
10/02/2020	20,319	20,319
30/08/2020	-	291,317
09/09/2020	-	37,000
30/09/2020	-	317,500
27/09/2021	63,759	63,759
21/04/2022	131,653	-
	<u>248,670</u>	<u>955,035</u>

\*\$13,988 (30 June 2021: \$57,266) pertains to performance-based share options. Performance is based on Australian revenue targets.

For the options granted during the current and prior financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/12/2018	\$0.20	\$0.02	70.00%	-	2.35%	\$0.187
06/02/2019	\$0.20	\$0.04	70.00%	-	0.92%	\$0.174
19/08/2019	\$0.95	\$0.15	70.00%	-	1.01%	\$0.836
10/02/2020	\$0.95	\$0.79	70.00%	-	1.01%	\$0.639
10/02/2020	\$0.95	\$1.58	70.00%	-	1.01%	\$0.618
10/02/2020	\$0.95	\$2.37	70.00%	-	1.01%	\$0.610
15/03/2020	\$0.95	\$0.35	70.00%	-	1.01%	\$0.650
30/08/2020	\$2.00	\$2.00	70.00%	-	1.06%	\$1.495
09/09/2020	\$2.00	\$2.30	70.00%	-	1.06%	\$0.740
30/09/2020	\$2.00	\$2.30	70.00%	-	1.06%	\$1.270
27/09/2021	\$2.75	\$2.76	50.00%	-	1.06%	\$1.780
21/04/2022	\$2.75	\$2.76	50.00%	-	1.06%	\$1.210

**Accounting policy for share-based payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

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



### Note 32. Share-based payments (continued)

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

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

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

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

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



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

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Alexander Jannink  
Director

30 August 2022  
Melbourne, Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Acusensus Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Acusensus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) 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 *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

The image shows a handwritten signature in blue ink. Above the signature, the letters 'BDO' are written in a similar blue ink. The signature itself is stylized and appears to read 'Salim Biskri'.

**Salim Biskri**  
**Director**

Melbourne, 30 August 2022

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