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# Kinatico Limited Financial Report

FOR THE FULL YEAR ENDED 30 JUNE

# 2024

 Kinatico

## Recognition of country

Kinatiko acknowledges the Traditional Owners of the land on which we work throughout Australia and New Zealand. We recognise Aboriginal and Torres Strait Islander peoples' continuing connection to land, place, waters, and community.

Kinatiko recognises the unique role of Māori as Tangata Whenua and embraces Te Tiriti o Waitangi recognising Māori as tino rangitiratanga of Aotearoa/New Zealand while embracing the three guiding principles of the Treaty – Partnership, Participation, and Protection.

We pay our respects to their cultures, country, and elders past, present, and emerging and will endeavor to implement bicultural policies and practices that incorporate and value cultural concepts and values.



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## Company Directory



### AUSTRALIAN COMPANY NUMBER

111 728 842

Kinatico Limited is a Public Company,  
domiciled in Australia.

### DIRECTORS

|                    |                                                         |
|--------------------|---------------------------------------------------------|
| Ivan Gustavino     | Non-Executive Chairman                                  |
| George Cameron-Dow | Non-Executive Director                                  |
| Oliver Stewart     | Non-Executive Director                                  |
| Jonathan Birman    | Non-Executive Director                                  |
| Georg Chmiel       | Non-Executive Director<br>(appointed 19 September 2023) |

### COMPANY SECRETARY

Craig Sharp

### WEBSITE

[www.kinatico.com](http://www.kinatico.com)

### REGISTERED OFFICE

Level 4, 999 Hay Street,  
Perth, WA, 6000 Australia  
Telephone (+61) 8 9388 3000

### SECURITIES QUOTED

Australian Securities Exchange  
433,591,984 - Ordinary Fully Paid Shares  
(Code: KYP)

### SHARE REGISTRY

Automic Pty Ltd  
Level 5, 191 St Georges Terrace  
Perth, WA, 6000 Australia

### AUDITOR

RSM Australia Partners  
Level 32, Exchange Tower,  
2 The Esplanade  
Perth, WA, 6000 Australia

### SOLICITOR

Steinepreis Paganin  
Level 14, QV1 Building  
250 St Georges Terrace  
Perth, WA, 6000 Australia

## Chairman's Letter

Dear Shareholders,

I am pleased to present to you a landmark Annual Report in the Company's transformation into a leading provider of SaaS-based compliance solutions.

In today's rapidly evolving regulatory landscape, ensuring the integrity and compliance of the workforce is a growing necessity. Our technology plays a crucial role in maintaining workforce compliance, fostering safer and more secure workplaces for our clients. Kinatico's solutions provide real-time visibility into workforce compliance status, unifying siloed enterprise compliance sources through advanced automation. This not only safeguards sensitive data but also empowers employers to manage workforce and regulatory compliance needs efficiently. By automating compliance administration, we significantly reduce the administrative burden, allowing businesses to focus on their core operations and strategic objectives, saving our customers time and cost.

Kinatico's chosen strategy was clearly showcased as the Company delivered another round of outstanding results this financial year.

Kinatico's reported SaaS revenue grew by 90% to \$9.7 million, driving profit growth of 230% to \$0.8 million. As consolidated revenue was supplemented by \$19m of legacy revenue from the transactional business, total revenue was \$28.7 million, a robust increase of \$1 million or 4% year-on-year.

As we look ahead, we are committed to leading the industry in compliance management innovation. We continue to invest in the development of our products to meet the growing demand, while efficiently managing and allocating costs and resources. The ongoing enhancements to our platform are driven by feedback from our clients and the broader market needs. Our focus remains on delivering value by providing solutions that are not only effective but also adaptable to the changing regulatory environment.

### Acknowledging Our Dedicated Team

Transformation is a challenging process, and I extend my heartfelt thanks to our staff members for their unwavering commitment. It is through their dedication and belief in our future that we can continue this transformative journey. Their resilience, creativity, and hard work are the backbone of our success, enabling us to achieve our goals and set new standards in the industry. The board and I deeply appreciate their contribution and look forward to achieving even greater milestones together.

### Commitment to Our Stakeholders

Our success is built on the trust and support of our stakeholders – our clients, employees, partners, and shareholders. We remain committed to upholding the highest standards of integrity and transparency in all our operations. As we continue to innovate and grow, we will ensure that our solutions provide tangible benefits, driving compliance, safety, and efficiency for all our clients.

Thank you for your continued support and confidence in Kinatico Limited. We are excited about the future and the role we will play in advancing compliance management.



**Ivan Gustavino**

NON-EXECUTIVE CHAIRMAN

21 AUGUST 2024

# Chief Executive Officer's Report

A year of successful execution



**\$2m**

SaaS revenue  
from new SaaS  
customers



**230%**

increase in  
NPAT



**\$9.7m**

SaaS revenue  
90% increase  
pcp

This year, Kinatico has delivered its best performance measured across both financial and non-financial metrics. We did so through a disciplined focus on execution of the strategy to establish Kinatico as a leading provider of simplified compliance management software-as-a-service (SaaS), whilst continuing to increase efficiency and effectiveness across the business.

**Key highlights include:**

- A 90% increase in SaaS revenue
- Annual SaaS revenue now 34% of total revenue
- \$2m SaaS revenue from new SaaS customers
- A 230% increase in NPAT
- Growing cash and cash equivalents over the year
- A 41% increase in EBITDA to \$3.7M
- Net cashflow from operating activities of \$4.2m an increase of 15% on pcp

**59%**

**SaaS CAGR since  
launch of Monitored  
Compliance in 2022**

## Another year of demonstrated strategy effectiveness

The past year has confirmed the validity and effectiveness of building a SaaS business centred on the simplification of organisational compliance management.

Customer engagement and feedback has guided the refinement of the approach and provided a roadmap for the future. The feedback from customers and prospects has reinforced the position that the true value of our solutions is in saving time and overhead in managing compliance requirements, whatever those requirements may be.

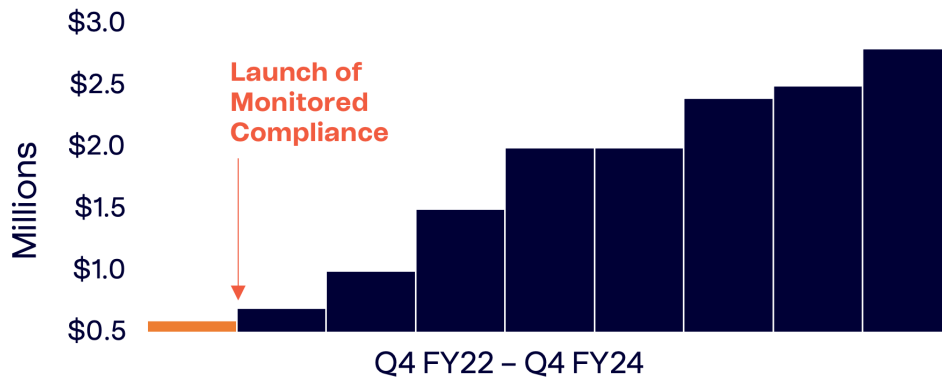
Kinatico is no longer a company looking to build beyond the legacy of transactional data verification and screening under the CVCheck™ brand. It is now a growing SaaS business complemented by the legacy transaction data verification business that increasingly acts as a sales pipeline or acquisition tool.

**We have numerous market advantages supporting our SaaS growth:**

- Over 10,000 existing corporate data verification and screening customers providing a ready-made pipeline of opportunities for our SaaS offering
- Proven constantly evolving technology
- A solution that is industry and compliance requirement agnostic
- Strong uptake by government departments validating our approach to data security and overall architecture
- A strong and growing list of enterprise platform partners and integrations
- ISO 27001 certification, which is not easy to achieve particularly for potential new market entrants.

# Chief Executive Officer's Report

## Quarterly SaaS Revenue Since Launch



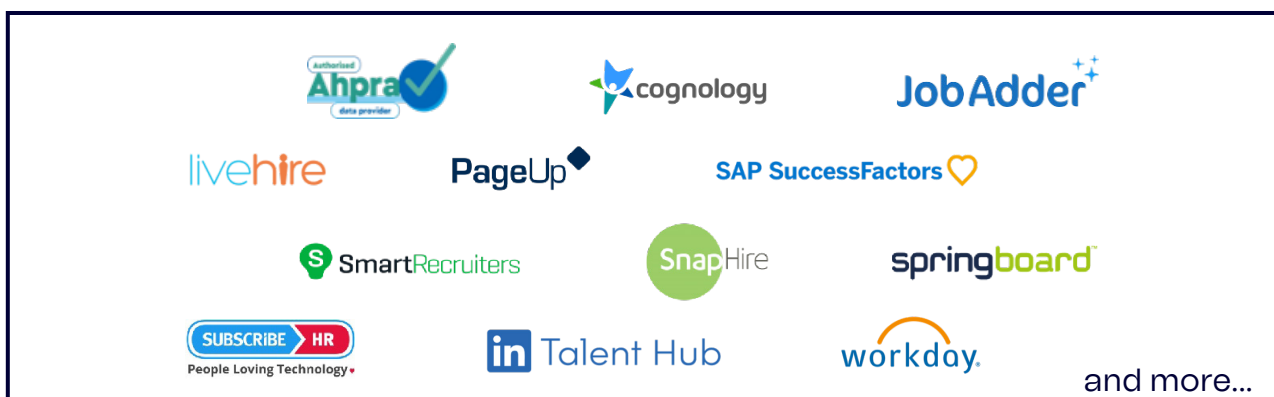
The past year has seen a 56% increase in SaaS customers providing a confidence in future SaaS growth.

## SOME OF OUR CUSTOMERS



The number of integrations has increased over the year driving further potential future growth.

## SOME OF OUR INTEGRATIONS



# Chief Executive Officer's Report



**210%**

increase in  
EPS



**12.7%**

EBITDA margin  
(up from 9.3%)



**\$10m**

cash and cash  
equivalents

## Financial Highlights

In addition to the achievements outlined above, the year end financial performance and improvements are significant across the business not only solidifying our strong financial position but also further underpinning our ability to invest and grow.

### Financial highlights include:

- SaaS Revenue – \$9.7m, up 90% on pcp
- EBITDA – \$3.7m, up 41% pcp
- NPAT – \$0.8m, up 230% on pcp
- Consolidated revenue of \$28.7m, up 4% on pcp
- Cash & Equivalents at the end of the period - \$10m, up by \$0.1m on pcp
- Net tangible assets: \$7.0m, up \$0.3m on pcp

These results delivered basic earnings per share of 0.186 cents, a 210% increase on the prior year.

The EBITDA margin increased to 12.7%, up from 9.3% as a consequence of our focus on operational efficiency and profitability.

Optimisation of financing activities reduced the cash outflow by \$1.1m during the year to \$0.9m. This includes the effect of the share buyback scheme that ended in Q1 of FY24.

Net cashflow from operating activities grew by \$0.6m, or 15%, to \$4.2m.

The Group generated Net Working Capital of \$6.3m, an increase of \$0.4 m on pcp. The Group is in a strong liquidity position with an improved liquidity ratio of 2.0:1, compared to 1.9:1 in the pcp.

## Sales and Marketing

The past fiscal year has been a period of growth and innovation for our SaaS business. We have successfully executed strategic initiatives to expand our market presence, enhance our offerings, and drive customer satisfaction. Our dedicated sales and marketing teams have played a crucial role in achieving these milestones, delivering robust performance across key growth and retention metrics. Amongst the new customers who have chosen Kinatico solutions in FY24 have been NBN, Kmart, Chisholm and Victorian Building Authority, to name just a handful.

As the governance, risk and compliance (GRC) market continues to evolve, Kinatico has been well placed in putting the customer at the centre of what we do to meet their ever-changing needs and requirements. Across our sales and marketing teams we have continued with best practice methodologies in working with our broad customer base.

# Chief Executive Officer's Report



**\$4.2m**

increased Sales  
pipeline value



**23.7%**

improved lead  
generation



**63**

NPS

## SALES PERFORMANCE

Kinatico's strong increase of SaaS sales can be attributed to the successful implementation of several key strategies:

- **Focusing on Segmentation:** Having a laser focus on sectors is key to future growth and success. We have strengthened our focus on the three key sectors of aged & disability care, energy & industrials, and education.
- **Upselling and Cross-Selling:** Enhanced training and targeted campaigns have enabled our sales team to effectively introduce existing customers to the benefits of our expanded suite of compliance solutions, increasing the average contract value from FY23 to FY24 by 5%.
- **Customer Retention:** Our continued focus on customer satisfaction has resulted in a retention rate of more than 98%, reflecting the value customers derive from our solutions and services.

## MARKETING ACHIEVEMENTS

Our marketing efforts have been pivotal in driving brand awareness and generating high-quality leads. Key highlights include:

- **Digital Marketing:** Through targeted search engine optimisation techniques and social media campaigns, we have increased our website traffic by 9.56% and improved lead generation by 23.7% over FY23.
- **Authority Marketing:** The company has taken an active leadership position in our online content strategy, researching and publishing content as a market authority. Our focus on strategically important market segments, participation in significant industry conferences, and hosting of expert webinars to attract key decision makers has delivered improvements in sales pipeline metrics with a 49% increase in pipeline value and a 39% jump in sales win rates over the year.
- **Events and Webinars:** Participation in industry conferences and hosting proprietary webinars have helped strengthen our market position and directly contributed to an increase in our leads.
- **User Experience Results:** Ongoing focus on UX has driven improved customer satisfaction with an average Net Promoter Score (NPS) of 63, measuring in the top quartile of technology companies.

## STRATEGIC PARTNERSHIPS

We have forged strategic partnerships with key industry players, to expand our reach and create a larger ecosystem for Kinatico. These collaborations have included integrations with leading HR platforms like Workday and Livehire, new or enhanced integrations with information sources such as AHPRA and the ACIC, and joint marketing initiatives, further solidifying our market presence.

Our sales and marketing teams are positioning our company for sustained success in the competitive SaaS compliance landscape.

# Chief Executive Officer's Report

 **\$4.2m**

net cashflow from  
operating activities  
(up 15%)

 **\$7.0m**

net tangible assets  
(up \$0.3m)

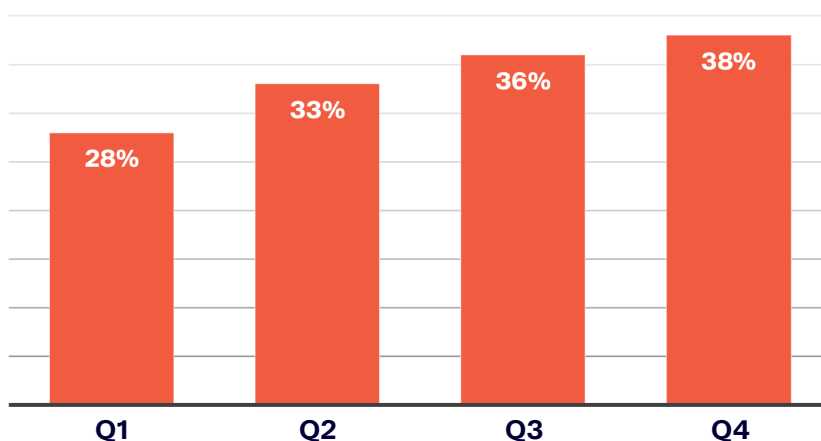
 **\$28.7m**

total revenue

## Productivity

The Group's focus on continued SaaS growth has seen the percentage of revenue derived from SaaS increase Quarter on Quarter.

### Quarterly SaaS Revenue Percentage



During the year the company delivered the largest number of features, updates, integrations and customer customisations across the technology portfolio in its history whilst simultaneously reducing capitalised spend on technology development by 18% on last year.

On a **per direct employee basis** we have seen:

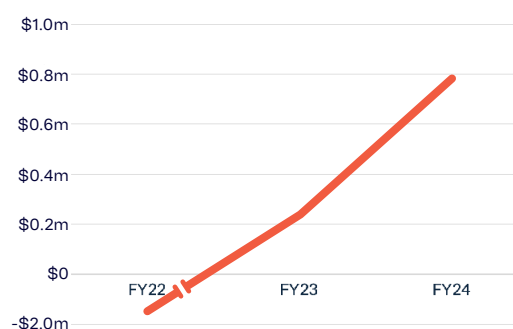
- An EBITDA increase of 43% from \$31,133 to \$44,587
- A NPAT increase of 234% from \$2,850 to \$9,521
- A SaaS revenue increase of 92% from \$61,526 to \$118,289

Our SaaS revenue continued to drive our increased profitability.

### SaaS Growth FY22-FY24



### NPAT Growth FY22-FY24



## Chief Executive Officer's Report



**\$118,289**

SaaS revenue per  
direct employee  
(up 92%)



**\$44,587**

EBITDA per direct  
employee (up 43%)



**\$9,521**

NPAT per direct  
employee (up 234%)



**47%**

women in  
Leadership

### Our People

With connection to our purpose and clarity of our strategic vision, our people continue to embrace our transition to a SaaS-focused business model with enthusiasm. Psychosocial safety is ingrained our culture, striving to ensure we have a "Thriving, Safe and Healthy Workplace." Our people persist in demonstrating adaptability, passion and utmost pride for delivering to our customers. While well managed employee engagement can be maintained during times of change – ours continues to trend upwards, generating a positivity that manifests excellent customer service and leads to a virtuous circle of Company growth. We have done this by focusing our People Strategy on Alignment, Leadership and Growth.

#### ALIGNMENT

We've refined our processes and structures to support sustainable, profitable growth and we continue to evolve our operating model and ways of working - setting our people up for delivery with efficiency and effectiveness. Our NPAT result per employee has increased 234% on the previous year.

#### LEADERSHIP

With clarity and resilience our leaders have guided our teams through external challenges and our internal transformation. By cultivating a leadership culture that values both results and relationships, we've ensured that our teams remain not only aligned but also motivated. They know they "matter." This has stabilised our workforce during the period, reducing our turnover rate by 17.5%.

#### GROWTH, DEVELOPMENT AND CAPABILITY

Our ongoing transformation and growth has led to new and evolving capability requirements. We have reduced our time to fill new roles this year by 28.8% or 13 days resulting in fast, but strategic recruitment for emerging key roles. This, combined with targeted learning investment and professional development opportunities for our existing workforce, sees us nurturing a workforce that is both skilled and deeply committed to long-term success of the Group.

#### DELIBERATE INCLUSION = DIVERSITY

Inclusion on purpose remains integral to our approach to diversity. Our success in creating an organisation where people belong is due to the genuine commitment of our people and leaders. We know that "Our Team's Strength Comes From Everyone's Individuality." Our people are reflective of our communities and the customers that we serve, making excellent service, and thus customer and revenue growth, all that much easier.

# Chief Executive Officer's Report

STRONG  
PERFORMANCE



PROVEN  
EXECUTION



TIME TO  
INVEST TO  
**ACCELERATE**



**Michael Ivanchenko**

CEO

21 AUGUST 2024

## The Year Ahead

The plan for FY25 is to grow our SaaS market share while continuing to build out the solution. Our existing and prospective customers have provided considerable insights and contribution to the features and functions required to accelerate further success. These are the focus of our investment in our product suite.

This year we will release a revolutionary new user experience to our compliance management taking the concept of simplification to a new level. This interface has been under quiet development and there is strong internal excitement about its release.

Overwhelming demand amongst our customers is for self-service, intelligent configuration. This includes the ability to create their own compliance tasks within the platform that are immediately activated, issued to relevant workers and automatically tracked. This functionality also helps drive a higher gross margin.

**The list of self-service components planned to be launched this year include:**

- User creation of procedural compliance templates
- Drag and drop compliance management for roles and workers
- Dashboards that are configurable by customers
- Online sign up to the platform including limited free trials

Our OnCite mobile application is being iterated with the next version to correspond with the release of our new revolutionary user experience.

**Planned features on the next versions of OnCite include:**

- Geolocation triggering of compliance tasks
- Alerts and alarms of on site incidents
- Incident reporting

A major addition to our solution will be the integration of organisational risk mitigation tasks. This will allow organisations to track, report and escalate on committed organisational risk tasks in real time, consolidated across all compliance tasks.

This roadmap of features, all driven from customer demand, deliver strong customer value while simultaneously increasing gross margin with a minimal cost to serve.

Our customer-facing developments will be accompanied this year with further internal operational improvements and efficiencies.

Having proven the strategy with strong results and performance and demonstrated our ability to execute, FY25 will be a year to cement our future by further committing to established direction. This will come with investment however with our recent strong performance we are able to make those investments without external support.

In summary, the past year has delivered strong performance in challenging economic conditions and we have entrenched the focus on SaaS with exciting plans for the future.

I am optimistic and energised for the year ahead and thankful for all the hard work of the Kinatico team and recognise their achievement.

## Directors' Report

The Directors present their financial report of the Group, being Kinatico Limited ('the Company' or 'Kinatico' or 'KYP') and its controlled entities, for the year ended 30 June 2024 and the auditor's report.

### DIRECTORS

The following persons were Directors of the Company for the entire financial year and up to the date of this report, unless otherwise stated.

#### IVAN GUSTAVINO

Non-Executive Chair



**Appointed to the Board:** 13 August 2018

**Qualifications:** Bachelor of Business

**Experience:** Ivan has over 25 years' experience developing global technology businesses, including vast experience in leading, advising and investing in high growth technology businesses. Ivan is one of Australia's leading corporate advisors specialising in advising technology companies on growth, mergers and acquisitions. Ivan is the Managing Director of Atrico Pty Ltd and Gustavino Capital Pty Ltd. Ivan is a related party to Gusfam Pty Ltd ATF Gusfam Trust.

**Interest in shares and options:** Direct: Nil. Indirect: 1,068,127 ordinary shares.

**Directorships held in other public entities:** Nil.

**Other public company directorships held during the past 3 years:**  
NED of Imdex to October 2023.

#### GEORGE CAMERON-DOW

Non-Executive Director



**Appointed to the Board:** 16 February 2017

**Qualifications:** Master of Management (cum laude), Stanford Executive Program, Graduate of the Australian Institute of Company Directors

**Experience:** George has extensive experience as an Executive and Non-Executive Director in both private and public companies spanning a range of industries including the pharmaceutical, biosciences and health care sectors. In addition to his experience with large corporations, he has served as Chair of a number of ASX listed companies, retirement funds and a private health insurance fund. He is a founding director of investment fund manager Fleming Funds Management Pty Ltd (previously St George Capital Pty Ltd) and investment advisory firm Fleming SG Capital Pty Ltd.

**Interest in shares and options:** Direct: Nil. Indirect: 850,000 ordinary shares.

**Directorships held in other public entities:** Nil.

**Other public company directorships held during the past 3 years:**  
Non-Executive Director and Chair of Eve Health Group Limited to 30 June 2022.

## Directors' Report

### OLIVER STEWART

Non-Executive Director



**Appointed to the Board:** 4 November 2020

**Qualifications:** Bachelor of Business Management (Marketing) and a Bachelor of Arts (Psychology & Journalism)

**Experience:** Oliver has over 20 years' experience in helping businesses drive sustainable long-term growth through Customer and Loyalty Marketing. Oliver's core competencies include strategic planning to maximise customer lifetime value across multiple product sets, marketing, and sales channels. Oliver is currently a Director at Tortoise & Hare CX Agency. He has also held senior positions at Foxtel, Qantas Frequent Flyer, Lavender, and M&C Saatchi.

**Interest in shares and options:** Direct: Nil. Indirect: 3,318,000 fully paid ordinary shares.

**Directorships held in other public entities:** Nil.

**Other public company directorships held during the past 3 years:** Nil.

### JONATHON BIRMAN

Non-Executive Director



**Appointed to the Board:** 3 May 2021

**Qualifications:** Bachelor of Arts (Politics & Industrial Relations)

**Experience:** Jon has 30 years in business creation, strategy, and executive leadership. Jon was formerly Chief Executive of UGL Resources and Group and General Manager of UGL. His previous serving roles include Deputy Project Director of Kellogg Joint Venture, managing contracts and the LNG train for Mega Project, and Vice President for International Operations of Kaiser Engineering. Jon's core competencies include strategy, human capital, risk management, HSSE and finance.

**Interest in shares and options:** Direct: Nil. Indirect: 22,497,811 fully paid ordinary shares.

**Directorships held in other public entities:** Nil.

**Other public company directorships held during the past 3 years:** Nil.

## Directors' Report

### GEORG CHMIEL

Non-Executive Director



**Appointed to the Board:** 19 September 2023

**Qualifications:** Master of Business Administration (INSEAD), Masters equivalent in Computer Science (TUM), CPA, FAICD

**Experience:** Georg has over three decades' experience in rapidly growing, disruptive, online businesses and more than a decade's experience in public company boards. Georg has a unique combination of experience in technology businesses, international enterprises, and boards of ASX-listed companies. He is currently co-founder and chair of Juwai-IQI, Asia's leading PropTech group, and Non-executive Chair of Spacetalk, a global technology provider of secure communication solutions for families, and Chair of the financial platform Centrepont Alliance. Georg is also Non-executive Director of Influencer Marketing platform Xamble Group (ASX:XGL).

He is also Senior Advisor to BrioHR, ASEAN's leading HRTech platform, and a member of the advisory board to MadeComfy, a tech company in the Australian short-term rental market.

His past executive roles includes positions as Executive Chair of iCar Asia Limited (ASX:ICQ), MD/CEO of the iProperty Group (ASX:IPP), MD/CEO of LJ Hooker Group, and CFO of REA Group (ASX:REA).

**Interest in shares and options:** Direct: Nil. Indirect: 1,500,000 fully paid ordinary shares.

**Directorships held in other public entities:** Non-executive Chair of Centrepont Alliance (ASX:CAF) and Spacetalk (ASX:SPA), Non-executive Director of Xamble Group (ASX:XGL).

**Other public company directorships held during the past 3 years:** Non-executive Director of PropTech Group (ASX:PTG) and Butn (ASX:BTN), Executive Chair of iCarAsia (ASX:ICQ).

### CRAIG SHARP

General Counsel & Company Secretary



**Appointed as Company Secretary:** 3 June 2021

**Qualifications:** Craig is an admitted solicitor with over 30 years' post-admission experience, including a dozen years in the background screening industry and a decade as legal counsel in a public company environment. Craig's qualifications include a Master of Laws, Bachelor of Jurisprudence, and a Graduate of the Australian Institute of Company Directors.

**Directorships held in other public entities:** Nil.

# Directors' Report

## MEETINGS OF DIRECTORS

The number of Director's meetings (including meetings of committees of directors) and the number of meetings attended by each of the Directors of the Company during the financial year are:

|                    | Board Meetings     |          | Audit & Risk Committee |          | Remuneration Committee |          |
|--------------------|--------------------|----------|------------------------|----------|------------------------|----------|
|                    | Eligible to attend | Attended | Eligible to attend     | Attended | Eligible to attend     | Attended |
| Ivan Gustavino     | 5                  | 5        | -                      | -        | 2                      | 2        |
| George Cameron-Dow | 5                  | 5        | 3                      | 3        | 2                      | 2        |
| Oliver Stewart     | 5                  | 4        | 3                      | 3        | -                      | -        |
| Jon Birman         | 5                  | 5        | 3                      | 3        | -                      | -        |
| Georg Chmiel       | 4                  | 4        | 2                      | 2        | -                      | -        |

## PRINCIPAL ACTIVITIES

The Group is an aggregator of regulatory technology (RegTech), and provides know your people software solutions. Kinatico simplifies the process of managing daily compliance for organisations.

Kinatico provides real-time workforce compliance management via its software-as-a-service solutions. From single pre-employment screening checks and verification of candidate information, through to complex solutions combining certifications and compliance data with business policy and legislative requirements, Kinatico's suite of software solutions enables scalable compliance monitoring spanning pre-employment to real-time requirements related to geo-location, roles and tasks applicable across a wide range of industries. With a best-of-breed employment screening and verification platform and a track record of customer service excellence, Kinatico continues to grow its position as the pre-eminent background screening brand in Australasia and is planning its global expansion of its growing suite of RegTech solutions.

# Directors' Report

## FINANCIAL AND OPERATING REVIEW

### Financial Review

#### KINATICO'S IMPRESSIVE FY24 RESULTS HIGHLIGHT STRONG GROWTH AND FINANCIAL RESILIENCE

Kinatico has delivered another outstanding financial year, solidifying its position as a leading RegTech provider. FY24 saw a strong increase in SaaS revenue, to \$9,699,728, a 90% increase from the previous year (FY23: \$5,106,672). This impressive growth reflects the company's transformation into a leading RegTech provider, offering simplified and scalable monitored compliance solutions.

The company reported a consolidated revenue of \$28,717,096, marking a robust increase of \$1,019,347 or 4% year-on-year (FY23: \$27,697,749). This growth underscores Kinatico's successful execution of strategy of legacy revenue conversion and growth in new SaaS markets.

Net profit for the year of \$780,723 is an increase of 230% on the previous year's \$236,556, reflecting SaaS revenue growth and improved productivity.

The 0.126 cents rise in basic earnings per share to 0.186 cents (FY23: 0.060 cents) represents a 210% increase further confirms the company's commitment to driving shareholder returns.

The company continues to improve its productivity, whilst investing in its industry lead compliance management solutions with non-cash expenses including share-based payments amounting to \$217,126 (FY23: \$524,137) and depreciation and amortisation at \$3,124,134 (FY23: \$2,629,160).

Kinatico concluded FY24 with a fortified balance sheet and a robust cash position, highlighting its healthy balance sheet position.

At a cashflow level with a net increase in cash and cash equivalents of \$127,413, a substantial turnaround from the previous year's decrease of \$2,271,910. This positive shift underscores Kinatico's effective cash management strategies and operational efficiency.

Investment in ongoing technology innovation, highlighted by the cash utilisation in investing activities for the year of \$3,163,179 (FY23: \$3,860,535) delivered the following key achievements:

- Development of a new service fabric to further enhance our security.
- More API buildouts to support niche market fulfillment processes.
- Automation of key aspects of the business revenue cycle.
- User Interface, Dashboards and Experience (UI/UX) enhancements delivering further simplified compliance management.

Net assets grew 3% to \$25,731,491 (FY23: \$24,863,835), driven primarily by prudent financial stewardship. This highlights the company's strong financial foundation and its ability to generate and retain value.

With a proven track record of growth and operational excellence, Kinatico is positioned for continued success and offers a compelling investment opportunity for those looking to capitalise on the booming RegTech sector.

#### DEFERRED TAXES

The Group recognised deferred tax balance of \$14,933 (FY23: \$22,229) in relation to its subsidiary in New Zealand. However, the Group does not currently recognise any deferred tax asset arising from its accumulated losses. The Directors estimate that the potential deferred tax assets at 25% not brought to account attributable to tax losses carried forward at reporting date is approximately \$4,319,052 (FY23: \$4,288,653).

# Directors' Report

## FINANCIAL AND OPERATING REVIEW CONTINUED

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### Operating Review

#### A YEAR OF SUCCESSFUL TRANSFORMATION

This year, whilst Kinatico has delivered its best performance across a number of financial metrics, we have also delivered significant improvements in operations. Achieved through disciplined execution of our strategy to establish Kinatico as a leading provider of simplified compliance management Software-as-a-Service (SaaS), which includes the provision of efficient screening and verification solutions to support the compliance solutions across the business.

#### CUSTOMER ENGAGEMENT AND SERVICE DELIVERY EFFICIENCIES

Customer engagement has been at the heart of our operational improvements. By actively engaging with clients and understanding their needs, we have refined our approach and improved service delivery efficiencies. This customer-centric focus has guided our transition to a SaaS model, simplifying compliance management for our clients and saving them time and overhead costs.

#### TRANSITION TO SAAS

Our transition from legacy operations to a SaaS model has been a major milestone. Growing SaaS revenue by 90% to \$9.7 million has driven profit growth of 230% to \$0.8 million. By simplifying compliance management, we save our customers administrative time and cost whilst increasing the visibility and immediacy of their workforce's compliance requirements.

#### Advantages:

- A ready-made pipeline of over 10,000 existing customers
- Proven, constantly evolving technology
- Industry and compliance requirement agnostic solution
- Strong uptake by government departments validating our approach
- Growing list of enterprise platform partners and integrations
- Legacy revenue of ~\$19 million
- ISO 27001 certification

As we look ahead, we remain committed to driving further innovation and excellence in compliance management solutions, continuing to deliver value to our clients and stakeholders by simplifying compliance management.

# Directors' Report

## FINANCIAL AND OPERATING REVIEW CONTINUED

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### Operating Review continued

#### CORPORATE

The Company undertook an on-market buyback of ordinary shares from 22 August 2022 to 21 August 2023, Kinatico acquired a total of 15,640,386 (FY24: 1,060,740; FY23: 14,579,646) shares under the buyback, for a total consideration of \$1,403,636 (FY24: \$120,226; FY23: \$1,283,410).

All shares acquired under the buyback were cancelled at the conclusion of the buyback on 25 August 2023.

#### Dividends

The Directors do not recommend the payment of a dividend. No dividends were paid or declared since the end of the previous financial year.

#### Events after the reporting date

There are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the affairs of the Group in the future financial years.

#### Significant changes in state of affairs

Other than as disclosed elsewhere in this Annual Report there have been no other significant changes in the state of affairs of the Group during the financial year.

#### Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years is provided in the Chairman's Report and this Directors' Report.

# Directors' Report

## FINANCIAL AND OPERATING REVIEW CONTINUED

### Material business risks

The business strategies, assets and future performance of the Group are subject to various risks, including the material risks summarised below.

The Group identifies, assesses, and manages these risks (as described in the Corporate Governance Statement) and operates under the Board approved Risk Management Framework, Risk Management Review Procedure and Internal Compliance and Control Policy.

The summary below refers to material risks and an outline of adopted mitigation measures identified from a whole of entity perspective. The list is not exhaustive of the risks faced by the Group or investors, nor are the risks listed in order of precedence and or importance.

#### Business Model (Business, Customer, Regulatory & Sector)

**Risk:** There is a risk of not being able to respond to market conditions, the rate of technological change, or to customers' expectations of service delivery. The concept of "Know Your People" software solutions remains relatively recent for the corporate sector. While sign-up rates have been positive, corporate sector engagement requires continuing development of customer interfaces through its technology platform and integrations with other platforms.

There is always a risk that change in laws and regulations might affect the Group's business and its 'licence to operate' both directly and indirectly, including additional costs to comply with any changes or conditions which are applied or result in a reduction in business.

The Group competes with several other companies and government agencies in its sector. The Group remaining competitive and being able to successfully compete is always a risk.

There is also a risk that certain government or quasi-government agencies may benefit from any legal, regulatory or policy changes which effectively mandate a government or quasi-government monopoly.

**Response:** The Board and executive closely monitor the technological and legal landscapes in which the Group operates, identifying likely key trends, engaging with leaders and regulators as appropriate, and adjusting the business focus accordingly.

Group executives are active members of relevant industry groups such as the PBSA and the RegTech Association.

Kinatico actively works to put the voice of the customer at the heart of all product decisions, ensuring that Kinatico solutions continue to meet genuine customer needs and intrinsically add value for our customers.

#### Reputational Risks

**Risk:** The Group operates in an online and fast-changing environment that is regulated. Negative publicity can spread quickly, whether true or false. Disgruntled users posting negative comments about the Group in public fora may have a disproportionate effect on reputation and ability to generate revenues and profits.

**Response:** Kinatico engages a dedicated in-house marketing team who continue to communicate with customers and investors, addressing any concerns and ensuring the many successful stories are heard.

# Directors' Report

## FINANCIAL AND OPERATING REVIEW CONTINUED

### Material business risks continued

#### Economic, Financial and Capital Markets Risks

**Risk:** Market, financial or economic conditions may be affected by a range of factors including general economic outlook, investor sentiment and consumer confidence, changes to legislation including tax reform, monetary factors (including interest rate risk, inflation, foreign exchange risk, credit risk and supply or demand of capital), liquidity risk or other general factors such as terrorism or pandemics.

There is always increased risk due to changes in market, business or economic conditions which may result in: the Group's business being impacted either directly or indirectly; the value of investment being affected; the Group's exposure to share market volatility increasing; and as the business is still in growth mode, access to additional funding remains a risk.

**Response:** The board and executive ensure that the broader market financial or economic conditions are always considered in relevant business decisions. As Kinatico solutions address gaps in monitoring compliance, they speak directly to our customers' management of risk and offer value in tough times as well as the good.

#### Data Management and Security

**Risk:** There is a risk that the collection, usage and management of customer data is not consistent with the regulatory obligations or that it does not meet the expectations of customers.

With growth in volume of orders and traffic to the Group's websites, cyber infiltration or attack is a risk. Data security is critical to the Group. The Group relies on the availability of its websites, and the website of various third-party providers and integrations with other platforms to provide services to users, its corporate clients and to attract new business.

Hackers could render the websites unavailable through distributed denial of service or other disruptive attacks including accessing of confidential data. Although the Group has a range of strategies in place to minimise the threat of any of these attacks, as cyber-attacks are becoming more sophisticated and are increasing in frequency, these strategies may not be successful. This could result in the functionality of the Group's websites being compromised or confidential data being accessed.

The Group heavily relies on the automation of many of its processes, but some elements do rely on human interaction. There is always the risk of human error in the handling of such data.

**Response:** Recognising that information security is the Group's greatest risk, the Board has ensured that Kinatico has adequately prioritised its response.

Kinatico has engaged staff whose roles are focused on information security and cyber security; the Group holds and maintains accreditation to ISO 27001, an international standard; an Information Security Committee, chaired by a member of the executive, meets monthly; external consultants and specialist third-party tools are engaged to independently challenge our security framework regularly; and the audit and risk committee of the Board oversees management of information and cyber security risks and responses.

Kinatico officers and staff live our values. The privacy of data is our highest priority.

# Directors' Report

## FINANCIAL AND OPERATING REVIEW CONTINUED

### Material business risks continued

#### Reliance on Third-Party Suppliers or Contractors

**Risk:** Where the Group uses third party suppliers of information, there is a risk they may not continue to allow the Group to access the information.

While all care is taken to contract with third parties that have appropriate expertise and experience, there are no guarantees that those third parties will perform as expected or required. The Group also relies on third party government bodies for data provision for some checks. Denial of information access, non or poor performance by third-party suppliers or contractors may have a material adverse effect on the Group.

**Response:** The Group takes a risk-based approach to assessing, reviewing and engaging all suppliers across the business. Kinatico has and enforces a supplier review policy. All supplier contracts are reviewed by legal advisers and negotiated accordingly.

#### Reliance on Third-Party Infrastructure

**Risk:** Reliance upon telecommunications systems collectively supplied by government and third-party providers is an integral feature of providing software as a service. The Group is also increasing its platform integration with other platforms. As such, the Group places reliance on the proper operation and maintenance of those facilities outside of its direct control in order to deliver its product to market. Non-performance of, or the lack of availability of, third party infrastructure may have a material adverse effect on the Group.

**Response:** In choosing its cloud hosting and telecommunications partners, the Group prioritises scale and reliability. All supplier contracts are reviewed by legal advisers and negotiated accordingly.

#### Management of Growth

**Risk:** Management of growth is critical to the business. The Group has experienced periods of variable growth, and this fluctuating growth rate has placed pressure on resourcing.

**Response:** Building scalability (in infrastructure, systems and processes) and people capability are vital; the Group continues to implement initiatives in a timely manner to manage growth.

#### Loss of key leadership and talent

**Risk:** The Group's ability to deliver success is reliant on attracting and retaining experienced, skilled and motivated personnel in key roles, including leadership roles, through the business. Inability to retain key talent can hamper the Group's ability to deliver on key initiatives and successfully pursue its goals.

**Response:** The Group has engaged a Chief People Officer as a core member of the executive team who is empowered to deliver initiatives to recruit and retain key talent.

# Directors' Report

## FINANCIAL AND OPERATING REVIEW CONTINUED

### Material business risks continued

#### Merger and Acquisition

**Risk:** Business growth may come from a combination of organic growth (building the Group's own customer base) and merging with or acquiring other businesses in similar or adjacent markets. Acquisition of other businesses can result in varying rates of return on investment that may be impacted by a range of factors including due diligence practices, over-estimating or failing to capture synergies, differences in workplace cultures, integration and change management practices, and unforeseen threats or costs to the combined businesses.

**Response:** The Board of directors ensures that all acquisition activity is undertaken in a planned and managed manner, with appropriate internal or external advice taken and followed.

#### Project Risks

**Risk:** A significant element of the Group's growth strategy is predicated on continuing to increase the level of automation used in the business, ongoing agile development of technology and or software. Failure to sustain or a delay in development and implementation may result in lower than expected growth, and increased risks due to exposure of human error.

**Response:** The Group has retained project management skills that are utilised as appropriate and has adopted and deployed agile software development practices. The Group leverages external expertise and resources wherever possible to add value and improve productivity.

#### Technology and Intellectual Property Risks

**Risk:** Ability to compete may be compromised if the Group's proprietary rights are not adequately protected. There are risks associated with disruption to technology platform and systems, as these could affect the Group's reputation and financial performance.

**Response:** The Group takes and follows appropriate legal advice to protect intellectual property rights in all transactions.

### ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulation and legislation. The Group conducts its activities in compliance with all environmental laws and regulations, and aims to minimise, where reasonable, the impact of any of the Group's activities on the environment including the climate.

# Directors' Report

## REMUNERATION REPORT (AUDITED)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company as required by the Corporations Act 2001 and its Regulations. That legislation requires this report to detail the nature and amount of remuneration of each Director of the Company and all other Key Management Personnel ('KMP').

For the purposes of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

### Key Management Personnel

| Person             | Position                              | Period in position during the year |
|--------------------|---------------------------------------|------------------------------------|
| Ivan Gustavino     | Non-Executive Chairman                | Full Year                          |
| George Cameron-Dow | Non-Executive Director                | Full Year                          |
| Oliver Stewart     | Non-Executive Director                | Full Year                          |
| Jon Birman         | Non-Executive Director                | Full Year                          |
| Georg Chmiel       | Non-Executive Director                | From 19 September 2023             |
| Michael Ivanchenko | Chief Executive Officer               | Full Year                          |
| Jason Margach      | Chief Financial and Operating Officer | Full Year                          |
| Geoff Hoffmann     | Chief Revenue Officer                 | Full Year                          |

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION A:

#### Principles used to determine the nature and amount of remuneration

##### REMUNERATION POLICY

The remuneration policy has the aim of attracting, motivating and retaining suitably qualified Directors and executives who will create value for shareholders. The remuneration policy ensures that Non-Executive Directors and executives are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Group, industry norms and standards, the financial position of the Group as a whole and the general pay environment as appropriate.

The following changes were made in FY24:

Executive fixed remuneration for Chief Executive Officer was increased by \$100,000. A remuneration review was conducted following the increase in scale and complexity of the business. The CEO's remuneration position was assessed against relevant market competitors and considered the CEO's individual performance, experience, role complexity and remuneration relativity. As a result, the Board made the decision to increase the CEO's fixed remuneration by \$100,000 from \$322,500 to \$422,500 per annum during FY24 taking effect from 1 July 2023. His Superannuation Guarantee is capped at \$27,500. The Chief Financial & Operating Officer and the Chief Revenue Officer both received a 2% increase to their fixed remuneration.

On 24 January 2024, the Company issued a total of 15,000,000 fully paid ordinary shares (Shares) pursuant to the Company's loan funded share plan. In accordance with the Company's loan funded share plan rules, the Shares were issued at the market price of \$0.12, calculated on a 10-day VWAP at the time of the invitations to participants. The Shares were issued to selected executives including Key Management Personnel of the Company with the aim of retaining and incentivising those executives and will be subject to vesting conditions including a three-year retention of the executive. No loan funded shares were issued to directors.

The Board has approved the payment of a Short-Term Incentive (STI) in respect of FY24. Targets for the STI were set on Kinatico Ltd delivering a net profit for the year and achieving a set SaaS revenue target. After balance date, this STI is expected to be paid to key executives in the Group as well as all permanent employees of the Company who met the applicable service threshold. No STI payment was made to directors.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION A:

#### Principles used to determine the nature and amount of remuneration continued

##### REMUNERATION COMMITTEE

The Remuneration Committee is a Committee of the Board. The primary purpose of the Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

- (i) reviewing and approving the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- (ii) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- (iii) recommending to the Board the remuneration of executive Directors (if any);
- (iv) fairly and responsibly rewarding executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- (v) reviewing the Company's recruitment, retention and termination policies and procedures for senior management;
- (vi) reviewing and approving the remuneration of direct reports to the Chief Executive Officer, and as appropriate other senior executives or key persons to the Group; and
- (vii) reviewing and approving any equity-based plans and other incentive schemes, including overseeing the remuneration policy and for recommending or making such changes to the policy, as it deems appropriate.

#### Non-Executive Directors

##### OBJECTIVE

The remuneration policy ensures that the Non-Executive Directors are appropriately remunerated having regard to their relevant experience, their performance, the performance of the Group, external market comparatives, and the general pay environment as appropriate.

##### STRUCTURE

Non-Executive Directors are remunerated by way of fixed cash fees plus superannuation, or fixed fees plus goods and services tax. Other than superannuation under the Superannuation Guarantee Contribution Act, there are no retirement benefits payable to Non-Executive Directors.

Subject to shareholder approval, an issue of equity to Directors may occur if the Board believes it is in the best interest of the Group to do so, particularly where the cash remuneration otherwise required to be paid to attract the appropriate calibre of Directors is reduced, or where there are exceptional circumstances. An issue of equity to Directors may also occur if approved by shareholders at the Annual General Meeting.

The maximum aggregate amount that can be paid to Non-Executive Directors is currently \$500,000 per annum inclusive of superannuation which has been determined in accordance with the Company's Constitution (originally set at \$250,000 and which in accordance with the terms of the Constitution was varied by shareholder approval at the Annual General Meeting in 2017). The apportionment of the aggregate remuneration amongst Non-Executive Directors is reviewed periodically.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

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### SECTION A:

#### Principles used to determine the nature and amount of remuneration continued

##### Non-Executive Directors continued

The Board is responsible for reviewing its own performance. Board and Board Committee performance is monitored on an informal basis throughout the year, with a formal review conducted during the subsequent financial year.

##### Key Management Personnel (KMP)

###### OBJECTIVE

The remuneration policy ensures that Directors and other KMP are appropriately remunerated to their relevant experience, their performance, the performance of the Group, industry norms and standards and the general pay environment as appropriate.

###### STRUCTURE

The Non-Executive Directors are responsible for evaluating the performance of the Chief Executive Officer who in turn evaluates the performance of the executive management, including CFOO and CRO as KMP. The evaluation process is intended to assess the Group's business performance, and whether long-term strategic and individual performance objectives are achieved.

The performance of the Chief Executive Officer and other Key Management Personnel are monitored on an informal basis throughout the year. A formal evaluation is performed annually.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION A:

#### Principles used to determine the nature and amount of remuneration continued

#### Key Management Personnel (KMP) continued

#### STRUCTURE CONTINUED

| Remuneration Component | Vehicle                                                                                                                            | Purpose                                                                                                                      | Link to Performance                                                         |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Fixed Remuneration     | Comprise of base salary and superannuation                                                                                         | To provide competitive fixed remuneration set with reference to role, market and experience.                                 | Individual performance is considered during the annual remuneration review. |
| Short term incentive   | <i>Performance based bonus</i><br><br>Paid in cash at the conclusion of performance period.                                        | Rewards Key Management Personnel for their contribution to achievement of priority Company outcomes in the financial year.   | Linked to measures including:<br>(i) SaaS Revenue<br>(ii) NPAT              |
| Short term incentive   | <i>Commissions</i><br><br>Paid in cash at the conclusion of performance period.                                                    | Rewards Key Management Personnel for their contribution to achievement of priority Company outcomes in the financial year.   | Linked to measures including:<br>(i) SaaS Revenue<br>(ii) Total Revenue     |
| Long term incentive    | <i>Zero Priced Performance Shares</i><br><br>Awards are made in the form of rights to performance shares which vest after 3 years. | Reward the Chief Executive Officer for his continued service.                                                                | Vesting of awards is dependent on continued service.                        |
| Long term incentive    | <i>Loan Funded Shares</i><br><br>These will vest after 3 years.                                                                    | Rewards Executives for their contribution to the creation of shareholder value over the longer term and/or continued service | Vesting of awards is dependent on share price growth and continued service. |

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION A:

#### Principles used to determine the nature and amount of remuneration continued

##### USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2024, the group did not engage any remuneration consultants.

##### VOTING AND COMMENTS MADE AT THE COMPANY'S 2023 ANNUAL GENERAL MEETING (AGM)

At the 2023 AGM held on 26 October 2023, 99.57% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

### SECTION B:

#### Contractual arrangements for Directors and KMP

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements for their Executive roles, as summarised below. Additional information on remuneration for the key management personnel can be found in Section C.

##### NON-EXECUTIVE DIRECTORS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration.

##### KEY MANAGEMENT PERSONNEL

Additional information on remuneration for the key management personnel can be found in Section C.

### SECTION C:

#### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023

The remuneration for each Director and each of the other Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosure) are set out in the following tables.

##### NON-EXECUTIVE DIRECTORS REMUNERATION OUTCOMES SCHEDULE

The following table sets out the actual take-home pay and share based payments that have vested for Non-Executive Directors for FY24 and FY23 followed by the statutory remuneration schedule which includes the technical accounting treatment of cancelled (i.e non vested) share-based payments for performance rights. The remuneration outcomes table differs from statutory remuneration table below, which are prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION C:

### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### NON-EXECUTIVE DIRECTORS REMUNERATION OUTCOMES SCHEDULE CONTINUED

|                            | Year        | Cash Component of Remuneration |                          |                | Non-Cash Component               | Total remuneration |
|----------------------------|-------------|--------------------------------|--------------------------|----------------|----------------------------------|--------------------|
|                            |             | Short term benefits            | Post-employment benefits | Total          | Share-based payments             |                    |
|                            |             | Board & Committee fees<br>\$   | Super-annuation<br>\$    |                | Performance Rights Vested*<br>\$ |                    |
| <b>Directors</b>           |             |                                |                          |                |                                  |                    |
| <b>Ivan Gustavino</b>      | <b>FY24</b> | <b>133,200</b>                 | <b>-</b>                 | <b>133,200</b> | <b>-</b>                         | <b>133,200</b>     |
|                            | FY23        | 132,600                        | -                        | 132,600        | -                                | 132,600            |
| <b>George Cameron- Dow</b> | <b>FY24</b> | <b>75,000</b>                  | <b>8,257</b>             | <b>83,257</b>  | <b>-</b>                         | <b>83,257</b>      |
|                            | FY23        | 75,288                         | 7,909                    | 83,197         | -                                | 83,197             |
| <b>Oliver Stewart</b>      | <b>FY24</b> | <b>65,000</b>                  | <b>7,156</b>             | <b>72,156</b>  | <b>-</b>                         | <b>72,156</b>      |
|                            | FY23        | 65,250                         | 6,855                    | 72,105         | -                                | 72,105             |
| <b>Jon Birman</b>          | <b>FY24</b> | <b>65,000</b>                  | <b>7,156</b>             | <b>72,156</b>  | <b>-</b>                         | <b>72,156</b>      |
|                            | FY23        | 65,250                         | 6,855                    | 72,105         | -                                | 72,105             |
| <b>Georg Chmiel**</b>      | <b>FY24</b> | <b>50,917</b>                  | <b>-</b>                 | <b>50,917</b>  | <b>-</b>                         | <b>50,917</b>      |
|                            | FY23        | -                              | -                        | -              | -                                | -                  |
| <b>Total</b>               | <b>FY24</b> | <b>389,117</b>                 | <b>22,569</b>            | <b>411,686</b> | <b>-</b>                         | <b>411,686</b>     |
|                            | FY23        | 338,388                        | 21,619                   | 360,007        | -                                | 360,007            |

\* These performance rights have been cancelled by agreement in FY23 and have not vested for current or prior year and are excluded from any take-home pay.

\*\* Georg Chmiel appointed 19 September 2023.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION C:

### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### NON-EXECUTIVE DIRECTORS STATUTORY REMUNERATION SCHEDULE

The following table details the statutory remuneration disclosures prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards. This table differs from the remuneration outcomes table above, due to the accounting treatment of share-based payments.

| Directors           | Year | Short term benefits       | Post-employment benefits | Share-based payments  | Total Remuneration \$ | Performance related |
|---------------------|------|---------------------------|--------------------------|-----------------------|-----------------------|---------------------|
|                     |      | Board & Committee fees \$ | Super-annuation \$       | Options and Rights \$ |                       |                     |
| Ivan Gustavino      | FY24 | 133,200                   | -                        | -                     | 133,200               | 0%                  |
|                     | FY23 | 132,600                   | -                        | 208,429               | 341,029               | 61%                 |
| George Cameron- Dow | FY24 | 75,000                    | 8,257                    | -                     | 83,257                | 0%                  |
|                     | FY23 | 75,288                    | 7,909                    | 69,476                | 152,673               | 46%                 |
| Oliver Stewart      | FY24 | 65,000                    | 7,156                    | -                     | 72,156                | 0%                  |
|                     | FY23 | 65,250                    | 6,855                    | 69,476                | 141,581               | 49%                 |
| Jon Birman          | FY24 | 65,000                    | 7,156                    | -                     | 72,156                | 0%                  |
|                     | FY23 | 65,250                    | 6,855                    | 69,476                | 141,581               | 49%                 |
| Georg Chmiel*       | FY24 | 50,917                    | -                        | -                     | 50,917                | 0%                  |
|                     | FY23 | -                         | -                        | -                     | -                     | 0%                  |
| Total               | FY24 | 389,117                   | 22,569                   | -                     | 411,686               | 0%                  |
|                     | FY23 | 338,388                   | 21,619                   | 416,857               | 776,864               | 54%                 |

\* Georg Chmiel appointed 19 September 2023.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION C:

### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### EXECUTIVES REMUNERATION OUTCOMES SCHEDULE

The following table sets out the actual take-home pay and share based payments that have vested for each executive during FY24 and FY23 followed by the statutory remuneration schedule which includes the technical accounting treatment of cancelled (i.e non vested) share-based payments for options and rights. The remuneration outcomes table differs from statutory remuneration table below, which are prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards.

|                                       |             | Cash Component of Remuneration |                                           |                    |                          |                  | Non-Cash Component                           | Total Remuneration |
|---------------------------------------|-------------|--------------------------------|-------------------------------------------|--------------------|--------------------------|------------------|----------------------------------------------|--------------------|
|                                       |             | Short term benefits            |                                           |                    | Post-employment benefits |                  | Share-based payments                         |                    |
|                                       |             | Salary & other benefits \$     | Performance based bonus and commission \$ | Annual Leave ** \$ | Super-annuation \$       | Total \$         | Loan Funded Shares, and Rights vested *** \$ |                    |
| <b>Executives</b>                     | <b>Year</b> |                                |                                           |                    |                          |                  |                                              |                    |
| <b>Michael Ivanchenko</b>             | <b>FY24</b> | <b>422,500</b>                 | <b>98,499</b>                             | <b>26,252</b>      | <b>27,500</b>            | <b>574,751</b>   | -                                            | <b>574,751</b>     |
| Chief Executive Officer               | FY23        | 323,741                        | 200,000                                   | 16,528             | 27,500                   | 567,769          | -                                            | 567,769            |
| <b>Jason Margach</b>                  | <b>FY24</b> | <b>234,850</b>                 | <b>60,000</b>                             | <b>(3,712)</b>     | <b>27,500</b>            | <b>318,638</b>   | -                                            | <b>318,638</b>     |
| Chief Financial and Operating Officer | FY23        | 231,888                        | 90,000                                    | 16,987             | 27,500                   | 366,375          | -                                            | 366,375            |
| <b>Geoff Hoffmann *</b>               | <b>FY24</b> | <b>254,827</b>                 | <b>129,636</b>                            | <b>(2,569)</b>     | <b>27,500</b>            | <b>409,394</b>   | -                                            | <b>409,394</b>     |
| Chief Revenue Officer                 | FY23        | 158,654                        | 42,920                                    | 875                | 21,165                   | 223,614          | -                                            | 223,614            |
| <b>Total</b>                          | <b>FY24</b> | <b>912,177</b>                 | <b>288,135</b>                            | <b>19,971</b>      | <b>82,500</b>            | <b>1,302,783</b> | -                                            | <b>1,302,783</b>   |
|                                       | FY23        | 714,283                        | 332,920                                   | 34,390             | 76,165                   | 1,157,758        | -                                            | 1,157,758          |

\* From 17 November 2022, Geoff Hoffmann is considered to be part of the Group's KMP.

\*\* The Company's ongoing focus on reducing leave liabilities is highlighted by the amount of leave taken from previously accrued resulting in a net leave cost for the current financial year.

\*\*\* No options or rights were vested during the current year or prior year and are excluded from any take-home pay.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION C:

### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### EXECUTIVES STATUTORY REMUNERATION SCHEDULE

The following table details the statutory remuneration disclosures prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards. This table differs from the above remuneration outcomes schedule, due to the accounting treatment of share-based payments.

| Executives                            | Year        | Short term benefits |                  |                      |                       | Post-employment benefits |                          | Share-based payments                | Total            | Performance related |
|---------------------------------------|-------------|---------------------|------------------|----------------------|-----------------------|--------------------------|--------------------------|-------------------------------------|------------------|---------------------|
|                                       |             | Salary<br>\$        | Cash Bonus<br>\$ | Other Benefits<br>\$ | Annual Leave **<br>\$ | Super-annuation<br>\$    | Long Service Leave<br>\$ | Loan Funded Shares and Rights<br>\$ |                  |                     |
| <b>Michael Ivanchenko</b>             | <b>FY24</b> | <b>422,500</b>      | <b>98,499</b>    | -                    | <b>26,252</b>         | <b>27,500</b>            | -                        | <b>125,808</b>                      | <b>700,559</b>   | <b>32%</b>          |
| Chief Executive Officer               | FY23        | 323,741             | 200,000          | -                    | 16,528                | 27,500                   | -                        | 107,280                             | 675,049          | 46%                 |
| <b>Jason Margach</b>                  | <b>FY24</b> | <b>234,850</b>      | <b>60,000</b>    | -                    | <b>(3,712)</b>        | <b>27,500</b>            | -                        | <b>21,487</b>                       | <b>340,125</b>   | <b>24%</b>          |
| Chief Financial and Operating Officer | FY23        | 231,888             | 90,000           | -                    | 16,987                | 27,500                   | -                        | -                                   | 366,375          | 25%                 |
| <b>Geoff Hoffmann *</b>               | <b>FY24</b> | <b>254,827</b>      | -                | <b>129,636</b>       | <b>(2,569)</b>        | <b>27,500</b>            | -                        | <b>37,602</b>                       | <b>446,996</b>   | <b>37%</b>          |
| Chief Revenue Officer                 | FY23        | 158,654             | -                | 42,920               | 875                   | 21,165                   | -                        | -                                   | 223,614          | 19%                 |
| <b>Total</b>                          | <b>FY24</b> | <b>912,177</b>      | <b>158,499</b>   | <b>129,636</b>       | <b>19,971</b>         | <b>82,500</b>            | -                        | <b>184,897</b>                      | <b>1,487,680</b> | <b>32%</b>          |
|                                       | FY23        | 714,283             | 290,000          | 42,920               | 34,390                | 76,165                   | -                        | 107,280                             | 1,265,038        | 35%                 |

\* From 17 November 2022, Geoff Hoffmann is considered to be part of the Group's KMP.

\*\* The Company's ongoing focus on reducing leave liabilities is highlighted by the amount of leave taken from previously accrued resulting in a net leave cost for the current financial year.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION C:

### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### Performance Based Compensation

##### SHARE-BASED PAYMENTS: LOAN FUNDED SHARES

During FY24, 10,500,000 ordinary shares are issuable to the executive KMP's under the Company's loan funded share plan subject to vesting conditions.

The Loan Funded Shares were provided at no costs to the recipients. However, the Loan Funded Shares have an attaching non-recourse loan which must be repaid following vesting. Until such time as the loan is repaid a holding lock remains in place. There were no alterations to the terms and conditions of Loan Funded Shares issued as remuneration since their grant/issue dates.

| Grant Date | Expiry Date | Number    | Share Price at Grant Date Cents Per Share | Exercise Price Cents Per Share | Expected Volatility | Dividend Yield | Fisk Free Interest Rate | Fair Value at Grant Date Cents Per Share |
|------------|-------------|-----------|-------------------------------------------|--------------------------------|---------------------|----------------|-------------------------|------------------------------------------|
| 15-Jan-24  | 15-Jan-29   | 6,250,000 | 12                                        | 12                             | 70%                 | -              | 3.72%                   | 6.9                                      |
| 15-Jan-24  | 15-Jan-29   | 4,250,000 | 12                                        | 12                             | 70%                 | -              | 3.72%                   | 6.7                                      |

##### SHARE-BASED PAYMENTS:

##### ENTITLEMENT TO PERFORMANCE SHARES – ZERO PRICED PERFORMANCE SHARES (ZPPS)

During 2022, subject to the Company meeting various performance criteria surrounding share price hurdle, up to a maximum of 6,000,000 Performance Shares may become available to Michael Ivanchenko as part of his appointment as Chief Executive Officer, as announced on 4 August 2021. The issue of any Performance Shares may also be subject to any shareholder approval or regulators if required.

During the FY24 year, the Board resolved to make further changes to the incentive offering. The terms of those ZPPS as disclosed in the FY23 financial statements has been amended to remove the share price hurdle and to become:

- the ZPPS will be issued to the CEO in FY27, subject to the CEO remaining in continued employment with the Company for three years;
- If the Company becomes subject to a change of control event prior to the date three years from the grant of loan funded shares (see below), the CEO can immediately compel the issue of all 4,000,000 ZPPS.

Other than the previously issued performance share, there were no new performance shares issued during the 2024 financial year.

| Grant Date | Expiry Date | Number    | Share Price at Grant Date Cents Per Share | Exercise Price Cents Per Share | Expected Volatility | Dividend Yield | Fisk Free Interest Rate | Fair Value at Grant Date Cents Per Share |
|------------|-------------|-----------|-------------------------------------------|--------------------------------|---------------------|----------------|-------------------------|------------------------------------------|
| 24-Jan-24  | 24-Jan-29   | 4,000,000 | 12                                        | 12                             | 70%                 | -              | 3.72%                   | 10.6                                     |

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

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### SECTION C:

#### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### Performance Based Compensation CONTINUED

##### SHORT TERM INCENTIVE

During FY24, the Board approved a Short-Term Incentives (STI) for all staff and executives which included some of the Key Management Personnel (KMP). Payout of which, was subject to achievements of set targets, which included the delivery of a net profit of more than \$600k NPAT for the full year FY24 and achievement of SaaS revenue growth targets. The targets were achieved to a 98% status and payment of bonuses has been approved accordingly.

#### Employment Contract of Chief Executive Officer

On 1 August 2021, the Company entered into an agreement with Mr Ivanchenko that set out the terms and conditions of his appointment as a Chief Executive Officer (Agreement). The Agreement was varied on 9 January 2024 with effect from 1 July 2023.

##### BASE SALARY

Effective 1 July 2023, remuneration for Mr Ivanchenko has been increased to \$422,500 per annum (base salary) with superannuation contributions remain fixed at \$27,500 per annum.

##### SHORT TERM INCENTIVE

Mr Ivanchenko was invited to participate in the FY24 short term incentive plan as outlined to the Board the 13 December board meeting. Under this plan, he will be eligible to receive up to \$100,000, conditional on the Company achieving its FY24 targets of:

- NPAT of \$600,000; and
- SaaS revenue of \$10million

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

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### SECTION C:

#### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

#### Employment Contract of Chief Executive Officer CONTINUED

##### LONG TERM INCENTIVE

##### ENTITLEMENT TO PERFORMANCE SHARES - ZERO PRICED PERFORMANCE SHARES (ZPPS)

Under the terms of his previous contract, he has the ability to earn up to 4,000,000 ZPPS. The terms of those ZPPS as disclosed in the FY23 financial statements will be amended to remove the share price hurdle and to become:

- the ZPPS will issue to the CEO in FY27, subject to the CEO remaining in continued employment with the Company for three years from the grant of loan funded shares (see below); and
- If the Company becomes subject to a change of control event prior to the date three years from the grant of loan funded shares (see below), the CEO can immediately compel the issue of all 4,000,000 ZPPS.

##### LONG TERM INCENTIVE LOAN FUNDED SHARES

Further to the above, Mr Ivanchenko was also invited to participate in the Kinatico Loan Funded Share Plan for 5,000,000 loan funded shares. These shares comprise:

- 2,000,000 retention shares which are dependent on his retention for three years;
- 3,000,000 incentive shares, all of which are dependent on his retention for three years and half of which are also dependent on the Company achieving a 16 cent share price within three years of the date of issue.

##### TERMINATION

The Company may terminate the contract with Mr Ivanchenko by giving six months written notice. Mr Ivanchenko may terminate his tenure by giving three months written notice to the Company. The Company may decide to pay in lieu of notice for part or all of the period of notice. If the Company decides to pay in lieu of notice, it will calculate the payment on the basis of the Mr Ivanchenko's gross annual salary paid to the Employee at the time of the termination.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### SECTION C:

#### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

##### Employment Contract of Chief Financial & Operations Officer

On 1 October 2021, the Company entered into an agreement with Mr Margach that set out the terms and conditions of his appointment as a Chief Financial & Operating Officer. The Agreement was varied with effect from 4 September 2023.

In consideration for the appointment of Mr Margach, the Company has agreed to pay the following:

- Remuneration of a base salary of \$235,620 per annum and superannuation contributions in accordance with the Employer Superannuation Guarantee.

##### SHORT TERM INCENTIVE

Mr Margach was invited to participate in the FY24 short-term incentive plan as outlined to the Board at the 13 December board meeting. Under this plan, he will be eligible to receive a bonus on the Company achieving its FY24 targets of:

- NPAT of \$600,000; and
- SaaS revenue of \$10million

##### LONG TERM INCENTIVE LOAN FUNDED SHARES

Further to the above, Mr Margach was also invited to participate in the Kinatico Loan Funded Share Plan for 2,000,000 loan funded shares. These shares comprise:

- 1,000,000 retention shares which are dependent on his retention for three years;
- 1,000,000 incentive shares, all of which are dependent on his retention for three years and half of which are also dependent on the Company achieving a 16 cent share price within three years of the date of issue.

##### TERMINATION

His contract is an ongoing contract.

The Company may terminate the contract with Mr Margach by giving six months written notice. Mr Margach may terminate his tenure by giving three months written notice to the Company. The Company may decide to pay in lieu of notice for part or all of the period of notice. If the Company decides to pay in lieu of notice, it will calculate the payment on the basis of the Mr Margach's gross annual salary paid to the Employee at the time of the termination.

Mr Margach has a post-employment competition clause for a period of up to six months after the termination of his contract.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

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### SECTION C:

#### Details of Remuneration for the years ended 30 June 2024 and 30 June 2023 continued

##### Employment Contract of Chief Revenue Officer

On March 2022, the Company entered into an agreement with Mr Hoffmann that set out the terms and conditions of his employment. The contract was varied with effect from 19 January 2024.

Under the terms of the varied contract, Mr Hoffmann continues to be Chief Revenue Officer and the Company has agreed to pay Mr Hoffmann:

- Remuneration of a base salary of \$255,000 per annum and superannuation contributions in accordance with the Employer Superannuation Guarantee scheme; and
- Ability to earn On Target Earnings with a total pool of \$200,000. Commission to be paid proportionally to the growth of Company's total revenue target.

##### LONG TERM INCENTIVE LOAN FUNDED SHARES

Further to the above, Mr Hoffmann was also invited to participate in the Kinatico Loan Funded Share Plan for 3,500,000 loan funded shares. These shares comprise:

- 1,750,000 retention shares which are dependent on his retention for three years;
- 1,750,000 incentive shares, all of which are dependent on his retention for three years and half of which are also dependent on the Company achieving a 16 cent share price within three years of the date of issue.

##### TERMINATION

His contract is an ongoing contract, and his termination requires 3 months' notice from either party.

Mr Hoffmann has a post-employment competition clause for a period of up to six months after the termination of his contract.

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### Section D: Share, Option and Rights Holdings

#### SHAREHOLDING

The movement during the reporting year in the number of Shares held, directly, indirectly or beneficially by each KMP, including their related parties, is as follows:

|                    | Held at<br>1 July 2023 | Received<br>as part of<br>remuneration | Purchases        | Disposals        | Held at<br>30 June 2024 |
|--------------------|------------------------|----------------------------------------|------------------|------------------|-------------------------|
| <b>Directors</b>   |                        |                                        |                  |                  |                         |
| Ivan Gustavino     | 1,068,127              | -                                      | -                | -                | 1,068,127               |
| George Cameron-Dow | 806,061                | -                                      | 243,939          | (200,000)        | 850,000                 |
| Oliver Stewart     | 3,318,000              | -                                      | -                | -                | 3,318,000               |
| Jon Birman         | 22,397,811             | -                                      | 100,000          | -                | 22,497,811              |
| Georg Chmiel       | -                      | -                                      | 1,500,000        | -                | 1,500,000               |
| <b>Executives</b>  |                        |                                        |                  |                  |                         |
| Michael Ivanchenko | -                      | -                                      | 105,000          | -                | 105,000                 |
| Jason Margach      | 743,498                | -                                      | 45,000           | -                | 788,498                 |
| Geoff Hoffmann     | -                      | -                                      | 93,000           | -                | 93,000                  |
| <b>Total</b>       | <b>28,333,497</b>      | <b>-</b>                               | <b>2,086,939</b> | <b>(200,000)</b> | <b>30,220,436</b>       |

#### ENTITLEMENT TO PERFORMANCE SHARES – ZERO PRICED PERFORMANCE SHARES (ZPPS)

The movement during the reporting year in the number of Entitlement to Performance Shares - Zero Priced Performance Shares (ZPPS) held, directly, indirectly or beneficially by each KMP, including their related parties, is as follows:

|                    | Held at<br>1 July 2023 | Received<br>as part of<br>remuneration | Purchases | Cancelled | Held at<br>30 June 2024 |
|--------------------|------------------------|----------------------------------------|-----------|-----------|-------------------------|
| <b>Directors</b>   |                        |                                        |           |           |                         |
| Ivan Gustavino     | -                      | -                                      | -         | -         | -                       |
| George Cameron-Dow | -                      | -                                      | -         | -         | -                       |
| Oliver Stewart     | -                      | -                                      | -         | -         | -                       |
| Jon Birman         | -                      | -                                      | -         | -         | -                       |
| Georg Chmiel       | -                      | -                                      | -         | -         | -                       |
| <b>Executives</b>  |                        |                                        |           |           |                         |
| Michael Ivanchenko | 4,000,000              | -                                      | -         | -         | 4,000,000               |
| Jason Margach      | -                      | -                                      | -         | -         | -                       |
| Geoff Hoffmann     | -                      | -                                      | -         | -         | -                       |
| <b>Total</b>       | <b>4,000,000</b>       | <b>-</b>                               | <b>-</b>  | <b>-</b>  | <b>4,000,000</b>        |

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### Section D: Share, Option and Rights Holdings continued

#### LOAN FUNDED SHARES

The movement during the reporting year in the number of Loan Funded Shares held, directly, indirectly or beneficially by each KMP, including their related parties, is as follows:

|                    | Held at<br>1 July 2023 | Received<br>as part of<br>remuneration | Purchases | Cancelled | Held at<br>30 June 2024 |
|--------------------|------------------------|----------------------------------------|-----------|-----------|-------------------------|
| <b>Directors</b>   |                        |                                        |           |           |                         |
| Ivan Gustavino     | -                      | -                                      | -         | -         | -                       |
| George Cameron-Dow | -                      | -                                      | -         | -         | -                       |
| Oliver Stewart     | -                      | -                                      | -         | -         | -                       |
| Jon Birman         | -                      | -                                      | -         | -         | -                       |
| Georg Chmiel       | -                      | -                                      | -         | -         | -                       |
| <b>Executives</b>  |                        |                                        |           |           |                         |
| Michael Ivanchenko | -                      | 5,000,000                              | -         | -         | 5,000,000               |
| Jason Margach      | -                      | 2,000,000                              | -         | -         | 2,000,000               |
| Geoff Hoffmann     | -                      | 3,500,000                              | -         | -         | 3,500,000               |
| <b>Total</b>       | -                      | <b>10,500,000</b>                      | -         | -         | <b>10,500,000</b>       |

### Section E: Other transactions with Directors, KMP and their related parties

#### TRANSACTIONS WITH RELATED PARTIES

Other than intercompany transactions there were no other transactions with related parties for the year ended 30 June 2024.

As of 30 June 2024, the balance of remuneration payable to Key Management Personnel amounted to \$288,949 (FY23: \$307,881). This is attributable to accrual for short term incentive and on target earnings (both noted above) paid to Executive KMP.

#### LOAN TO DIRECTORS AND THEIR RELATED PARTIES

No loans have been made to any Director or any of their related parties during the year (FY23: Nil).

There were no further transactions with Directors including their related parties not disclosed above or in Note 25.

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

# Directors' Report

## REMUNERATION REPORT (AUDITED) CONTINUED

### ADDITIONAL INFORMATION

The earnings of the Group for the five years to 30 June 2024 are summarised below:

|                                 | 2024<br>\$ | 2023<br>\$ | 2022<br>\$  | 2021<br>\$  | 2020<br>\$  |
|---------------------------------|------------|------------|-------------|-------------|-------------|
| Revenue                         | 28,717,096 | 27,697,749 | 26,371,577  | 17,477,084  | 12,367,466  |
| EBITDA                          | 3,656,104  | 2,584,064  | 1,107,981   | 242,138     | (361,619)   |
| Profit/(Loss) before income tax | 833,282    | 111,401    | (1,316,335) | (1,070,857) | (1,443,988) |
| Profit/(Loss) after income tax  | 780,723    | 236,556    | (1,503,267) | (1,008,141) | (1,253,036) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

|                                           | 2024<br>\$ | 2023<br>\$ | 2022<br>\$ | 2021<br>\$ | 2020<br>\$ |
|-------------------------------------------|------------|------------|------------|------------|------------|
| Share price at the end of year (cents)    | 9.5        | 10.0       | 9.5        | 14.0       | 6.7        |
| Dividends per share (cents)               | -          | -          | -          | -          | -          |
| Basic earnings/(loss) per share (cents)   | 0.2        | 0.1        | (0.4)      | (0.3)      | (0.4)      |
| Diluted earnings/(loss) per share (cents) | 0.2        | 0.1        | (0.4)      | (0.3)      | (0.4)      |

## END OF AUDITED REMUNERATION REPORT

## Directors' Report

### Indemnification and insurance of directors and other officers

Under the Company's Constitution and to the extent permitted by law (subject to the restrictions in section 199A and 199B of the Corporations Act 2001), the Company indemnifies every person who is or has been an officer of the Company against:

- (i) any liability (other than for legal costs) incurred by that person as an officer of the Company where the Company requested the officer to accept appointment as Director.
- (ii) reasonable legal costs incurred in defending an action for a liability incurred by that person as an officer of the Company.

The Company has insured its Directors, the Company Secretary and executive officers. Under the Company's Directors' and Officers' Liability Insurance Policy (D&O Policy), the Company cannot release to any third party or otherwise publish details of the nature of the liabilities insured by the policy or the amount of the premium. Accordingly, the Company relies on section 300(9) of the Corporations Act 2001 to exempt it from the requirement to disclose the nature of the liability insured against and the premium amount of the relevant policy.

The Company also has in place a Deed of Indemnity, Access and Insurance with each of the Directors. This Deed:

- (i) indemnifies the Director to the extent permitted by law and the Constitution against certain liabilities and legal costs incurred by the Director as an officer of any Group Company;
- (ii) requires the Company to maintain, and pay the premium for, a D&O Policy in respect of the Director; and
- (iii) provides the Director with access to particular papers and documents requested by the Director for a Permitted Purpose (as defined in the deed);

both during the time that the Director holds office and for a seven-year period after the Director ceases to be an officer of any Group Company, on the terms and conditions contained in the Deed.

### AUDITORS

RSM Australia Partners ('RSM') continues in office in accordance with Section 327 of the Corporations Act 2001.

### INDEMNIFICATION 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.

# Directors' Report

## Indemnification and insurance of directors and other officers continued

### SHARES HELD IN ESCROW

As at the date of this report, shares issues on escrow as part of the loan funded shares incentive were:

| Class           | Date of Expiry  | Exercise Price (Cents) | No. Under Option |
|-----------------|-----------------|------------------------|------------------|
| Ordinary Shares | 15 January 2029 | 12                     | 15,000,000       |

### SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No shares were issued as a result of exercise of options over ordinary shares during the year. (FY23: Nil).

### SHARES TO BE ISSUED AS A RESULT OF PERFORMANCE SHARES – ZERO PRICED PERFORMANCE SHARES (ZPPS)

Subject to the CEO remaining under remaining in continued employment with the Company up to FY27, 4,000,000 ZPPS will be converted to shares. The issue of Performance Shares may also be subject to any shareholder approval or regulators if required.

## Proceedings on behalf of the company

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

From time to time in the ordinary course of business, the Group may be involved in litigation or regulatory actions arising from a wide range of matters. The Group may also be involved in investigations, inquiries or disputes, debt recoveries, commercial and contractual disputes or occupational health and safety claims. The Group has an experienced legal team that monitors and manages potential and actual claims, actions and disputes; and where cost-effective, has insurance policies covering potential losses.

The Group discloses any material matters that it considers require a contingency provision.

### CONSTITUTION

The Company adopted its current Constitution as per shareholder approval obtained at the 2019 AGM.

# Directors' Report

## NON-AUDIT SERVICES

RSM may be employed on assignments additional to their audit services.

Details of the amounts paid or payable to RSM for audit and non-audit services provided during the financial year are outlined in Note 26 to the financial statements.

The directors are satisfied that where such services are provided, the provision of non-audit services during the financial year, by the auditor, is compatible with, and did not compromise the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved by the Board and the CEO to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the Company or jointly sharing economic risks and rewards.

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within the financial statements and forms part of this Directors' Report.

## CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and adhere to good corporate governance practices. The Company's Corporate Governance Statement is contained in the 'Corporate Governance' section of the Company's website at [www.kinatico.com/investors](http://www.kinatico.com/investors).

## OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the company who are former partners of RSM Australia Partners.

## 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.

## DECLARATION

This Directors' Report is made in accordance with a resolution of directors made pursuant to Section 298(2)(a) of the Corporations Act 2001.

Signed on behalf of the Board of Directors



Ivan Gustavino  
NON-EXECUTIVE CHAIRMAN

For personal use only



# For Auditor's Independence Declaration



 Kinatico

**RSM Australia Partners**

Level 32 Exchange Tower,  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Kinatico Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

*Rsm*

RSM AUSTRALIA



AIK KONG TING  
Partner

Perth, WA  
Dated: 21 August 2024

**THE POWER OF BEING UNDERSTOOD**  
ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.  
RSM Australia Partners ABN 36 965 185 036  
Liability limited by a scheme approved under Professional Standards Legislation

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## FOR THE YEAR ENDED 30 JUNE 2024

|                                                                                                    | Note  | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|----------------------------------------------------------------------------------------------------|-------|-----------------------|-----------------------|
| <b>Revenue</b>                                                                                     | 6     | 28,717,096            | 27,697,749            |
| Interest and other income                                                                          |       | 385,194               | 242,630               |
| <b>Expenses</b>                                                                                    |       |                       |                       |
| External direct costs                                                                              |       | (9,496,669)           | (9,496,867)           |
| Director and employee benefits                                                                     |       | (10,237,634)          | (10,370,256)          |
| Depreciation and amortisation                                                                      | 16,17 | (3,124,134)           | (2,629,160)           |
| Advertising and marketing                                                                          |       | (2,161,181)           | (1,949,396)           |
| Information and technology                                                                         |       | (1,448,187)           | (1,355,447)           |
| Consultants and contractors                                                                        |       | (653,355)             | (587,115)             |
| Share based payments                                                                               | 21    | (217,126)             | (524,137)             |
| Insurance                                                                                          |       | (334,291)             | (326,858)             |
| Occupancy                                                                                          |       | (175,912)             | (147,865)             |
| Other expenses                                                                                     | 7     | (420,519)             | (441,877)             |
| <b>Profit before income tax for the year</b>                                                       |       | <b>833,282</b>        | <b>111,401</b>        |
| Income tax (expense) / benefit                                                                     | 8     | (52,559)              | 125,155               |
| <b>Profit after income tax for the year</b>                                                        |       | <b>780,723</b>        | <b>236,556</b>        |
| <b>Other comprehensive income</b>                                                                  |       |                       |                       |
| <i>Items that may be reclassified subsequently to profit or loss</i>                               |       |                       |                       |
| Exchange differences arising on translation of foreign operations                                  |       | (9,967)               | 18,149                |
| <b>Other comprehensive (loss) / profit for the year (net of tax)</b>                               |       | <b>(9,967)</b>        | <b>18,149</b>         |
| <b>Total comprehensive profit for the year attributable to equity holders of the Parent Entity</b> |       | <b>770,756</b>        | <b>254,705</b>        |
| <b>Earnings per share attributable to equity holders of the Parent Entity:</b>                     |       |                       |                       |
| Basic earnings per Share (cents)                                                                   | 9     | 0.186                 | 0.060                 |
| Dilluted earnings per Share (cents)                                                                | 9     | 0.186                 | 0.060                 |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

**AS AT 30 JUNE 2024**

|                                      | Note | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|--------------------------------------|------|-----------------------|-----------------------|
| <b>CURRENT ASSETS</b>                |      |                       |                       |
| Cash and cash equivalents            | 10   | 9,752,262             | 9,629,066             |
| Trade and other receivables          | 12   | 2,556,575             | 2,406,489             |
| Other current assets                 | 11   | 369,103               | 327,024               |
| <b>Total Current Assets</b>          |      | <b>12,677,940</b>     | <b>12,362,579</b>     |
| <b>NON CURRENT ASSETS</b>            |      |                       |                       |
| Plant and equipment                  | 16   | 1,116,902             | 1,580,943             |
| Intangible assets - goodwill         | 17   | 4,669,730             | 4,669,730             |
| Intangible assets - others           | 17   | 14,011,991            | 13,484,935            |
| Deferred tax asset                   | 8    | 14,933                | 22,229                |
| Others - security deposit            | 11   | 320,100               | 320,100               |
| <b>Total Non Current Assets</b>      |      | <b>20,133,656</b>     | <b>20,077,937</b>     |
| <b>TOTAL ASSETS</b>                  |      | <b>32,811,596</b>     | <b>32,440,516</b>     |
| <b>CURRENT LIABILITIES</b>           |      |                       |                       |
| Trade and other payables             | 13   | 3,872,931             | 3,510,171             |
| Provision for employee benefits      | 14   | 1,155,029             | 1,277,775             |
| Contract liabilities                 | 15   | 924,036               | 1,205,800             |
| Lease liability                      | 18   | 404,264               | 384,716               |
| Income tax liability                 |      | 12,555                | 82,248                |
| <b>Total Current Liabilities</b>     |      | <b>6,368,815</b>      | <b>6,460,710</b>      |
| <b>NON CURRENT LIABILITIES</b>       |      |                       |                       |
| Lease liability                      | 18   | 711,290               | 1,115,971             |
| <b>Total Non Current Liabilities</b> |      | <b>711,290</b>        | <b>1,115,971</b>      |
| <b>TOTAL LIABILITIES</b>             |      | <b>7,080,105</b>      | <b>7,576,681</b>      |
| <b>NET ASSETS</b>                    |      | <b>25,731,491</b>     | <b>24,863,835</b>     |
| <b>EQUITY</b>                        |      |                       |                       |
| Issued capital                       | 19   | 46,537,770            | 46,657,996            |
| Reserves                             | 19   | 1,503,718             | 1,296,559             |
| Accumulated losses                   | 20   | (22,309,997)          | (23,090,720)          |
| <b>TOTAL EQUITY</b>                  |      | <b>25,731,491</b>     | <b>24,863,835</b>     |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

## FOR THE YEAR ENDED 30 JUNE 2024

|                                                                                    |    | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|------------------------------------------------------------------------------------|----|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                                        |    |                       |                       |
| Receipts from customers                                                            |    | 31,268,666            | 30,973,338            |
| Payments to suppliers and employees                                                |    | (27,297,437)          | (27,362,243)          |
| Finance costs paid                                                                 |    | (74,572)              | (91,882)              |
| Interest received                                                                  |    | 422,353               | 188,855               |
| Income tax paid                                                                    |    | (114,511)             | (62,161)              |
| <b>Net cash flows from operating activities</b>                                    | 10 | <b>4,204,499</b>      | <b>3,645,907</b>      |
| <b>Cash flows from investing activities</b>                                        |    |                       |                       |
| Payment for purchases of plant and equipment                                       |    | (26,449)              | (93,321)              |
| Payment for intangible assets                                                      |    | (3,163,179)           | (3,860,535)           |
| <b>Net cash used in investing activities</b>                                       |    | <b>(3,189,628)</b>    | <b>(3,953,856)</b>    |
| <b>Cash flows from financing activities</b>                                        |    |                       |                       |
| Share buyback                                                                      |    | (120,226)             | (1,283,410)           |
| Repayment for lease liabilities                                                    |    | (384,183)             | (251,494)             |
| Repayment of business insurance premiums                                           |    | (383,049)             | (429,057)             |
| <b>Net cash used in from financing activities</b>                                  |    | <b>(887,458)</b>      | <b>(1,963,961)</b>    |
| <b>Net increase / (decrease) in cash and cash equivalents</b>                      |    | 127,413               | (2,271,910)           |
| Cash and cash equivalents at the beginning of the period                           |    | 9,629,066             | 11,877,737            |
| Effects of exchange rate changes on the balance of cash held in foreign currencies |    | (4,217)               | 23,239                |
| <b>Cash and cash equivalents at the end of the period</b>                          |    | <b>9,752,262</b>      | <b>9,629,066</b>      |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## FOR THE YEAR ENDED 30 JUNE 2024

|                                                                  | Note | Issued<br>Capital<br>\$ | Share Based<br>Payment<br>Reserve<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Accumulated<br>Losses<br>\$ | Total<br>\$       |
|------------------------------------------------------------------|------|-------------------------|-----------------------------------------|-----------------------------------------------------|-----------------------------|-------------------|
| <b>Balance at 1 July 2022</b>                                    |      | <b>47,941,406</b>       | <b>810,864</b>                          | <b>(56,591)</b>                                     | <b>(23,327,276)</b>         | <b>25,368,403</b> |
| Loss for the year                                                |      | -                       | -                                       | -                                                   | 236,556                     | 236,556           |
| Exchange differences<br>on translation of foreign<br>operations  |      | -                       | -                                       | 18,149                                              | -                           | 18,149            |
| Total comprehensive loss<br>for the period                       |      | -                       | -                                       | 18,149                                              | 236,556                     | 254,705           |
| <b>Transactions with owners in<br/>their capacity as owners:</b> |      |                         |                                         |                                                     |                             |                   |
| Share buyback                                                    | 19   | (1,283,410)             | -                                       | -                                                   | -                           | (1,283,410)       |
| Share based payments                                             | 21   | -                       | 524,137                                 | -                                                   | -                           | 524,137           |
| <b>Balance at 30 June 2023</b>                                   |      | <b>46,657,996</b>       | <b>1,335,001</b>                        | <b>(38,442)</b>                                     | <b>(23,090,720)</b>         | <b>24,863,835</b> |
| <b>Balance at 1 July 2023</b>                                    |      | <b>46,657,996</b>       | <b>1,335,001</b>                        | <b>(38,442)</b>                                     | <b>(23,090,720)</b>         | <b>24,863,835</b> |
| Profit for the year                                              |      | -                       | -                                       | -                                                   | 780,723                     | 780,723           |
| Exchange differences<br>on translation of foreign<br>operations  |      | -                       | -                                       | (9,967)                                             | -                           | (9,967)           |
| Total comprehensive profit<br>for the period                     |      | -                       | -                                       | (9,967)                                             | 780,723                     | 770,756           |
| <b>Transactions with owners in<br/>their capacity as owners:</b> |      |                         |                                         |                                                     |                             |                   |
| Share buyback                                                    | 19   | (120,226)               | -                                       | -                                                   | -                           | (120,226)         |
| Share based payments                                             | 21   | -                       | 217,126                                 | -                                                   | -                           | 217,126           |
| <b>Balance at 30 June 2024</b>                                   |      | <b>46,537,770</b>       | <b>1,552,127</b>                        | <b>(48,409)</b>                                     | <b>(22,309,997)</b>         | <b>25,731,491</b> |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## NOTE 1. CORPORATE INFORMATION

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The consolidated financial statements of Kinatico Limited and its subsidiaries (collectively, the Group) for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors on 21 August 2024. Kinatico Limited (the Company or the parent) is a limited company incorporated and domiciled in Western Australia whose shares are publicly traded. The registered office is Level 4, 999 Hay Street, Perth, Western Australia.

The Group is principally engaged in the provision of screening and verification services and the provision of SaaS-based workforce management and compliance technology systems.

## NOTE 2. BASIS OF PREPARATION

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These general-purpose financial statements of the Group have been prepared in accordance Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB'). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. Where necessary, comparative figures have been re-stated to conform with changes in presentation for the current year.

### Historical cost

The financial statements have been prepared under the historical cost convention, except for certain financial instruments, which have been measured at fair value.

### Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's presentation currency and the functional currency of the Company and its subsidiaries, except for the New Zealand operations in which the functional currency is in New Zealand dollars.

### Critical accounting judgments, 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 significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined within the financial statement notes to which they relate.

### Rounding of amounts

All amounts in the financial statements have been rounded to the nearest dollars, except as indicated in accordance with the ASIC Corporations instrument 2016/191.

# Notes to the Financial Statements

## NOTE 3. PRINCIPLES & BASIS OF CONSOLIDATION

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The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024. A list of significant controlled entities (subsidiaries) at the end of the year is contained in Note 23 and the Consolidated Entity Disclosure Statement. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

# Notes to the Financial Statements

## NOTE 4. MATERIAL ACCOUNTING POLICIES

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### a. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or

Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### b. Foreign currencies

The Group's consolidated financial statements are presented in Australian Dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### (i) TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

# Notes to the Financial Statements

## NOTE 4. MATERIAL ACCOUNTING POLICIES CONTINUED

### b. Foreign currencies continued

#### (i) TRANSACTIONS AND BALANCES CONTINUED

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration.

If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

#### (ii) GROUP COMPANIES

On consolidation, the assets and liabilities of foreign operations are translated into Australian Dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

### c. Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

# Notes to the Financial Statements

## NOTE 4. MATERIAL ACCOUNTING POLICIES CONTINUED

### c. Impairment of non-financial assets continued

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30 June and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

### d. New or amended Accounting Standards and Interpretations adopted/not yet mandatory or early adopted

The Group 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 for the annual reporting period ended 30 June 2024.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

# Notes to the Financial Statements

## NOTE 5. SEGMENT INFORMATION

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### Material accounting policy

#### PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

The Group is organised into two operating segments based on geographical locations consisting of Australia and New Zealand.

#### IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The 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.

Performance is measured based on segment operating profit. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information is reported to the CODM on a monthly basis.

#### TYPES OF PRODUCTS AND SERVICES

Both the Australian and New Zealand segments' principal products are the provision of screening and verification services and the provision of SaaS-based workforce management and compliance technology systems.

#### INTERSEGMENT TRANSACTIONS

Intersegment transactions were made at market rates. The Australian operating segment purchases certain verification and screening products and recharges them to the New Zealand business at market price. Intersegment transactions are eliminated on consolidation.

#### INTERSEGMENT RECEIVABLES, PAYABLES AND LOANS

Intersegment loans are initially recognised at the consideration received. Intersegment loans are eliminated on consolidation.

#### MAJOR CUSTOMERS

The Group has no material reliance on a specific customer.

# Notes to the Financial Statements

## NOTE 5. SEGMENT INFORMATION CONTINUED

|                                        | Australia<br>\$   | New Zealand<br>\$ | Elimination<br>\$ | Total<br>\$       |
|----------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <b>For the year ended 30 June 2024</b> |                   |                   |                   |                   |
| <b>Revenue</b>                         | <b>25,881,297</b> | <b>2,835,799</b>  | -                 | <b>28,717,096</b> |
| <b>EBITDA</b>                          | <b>2,216,079</b>  | <b>1,440,025</b>  | -                 | <b>3,656,104</b>  |
| Depreciation and amortisation          | (3,057,557)       | (66,577)          | -                 | (3,124,134)       |
| Interest income                        | 463,116           | 9,263             | (96,525)          | 375,854           |
| Interest expense                       | (69,543)          | (100,034)         | 96,525            | (73,052)          |
| Other non-operating income / (expense) | 1,081,503         | (1,082,993)       | -                 | (1,490)           |
| <b>Profit before income tax</b>        | <b>633,598</b>    | <b>199,684</b>    | -                 | <b>833,282</b>    |
| Income tax expense                     | -                 | (52,559)          | -                 | (52,559)          |
| <b>Profit after income tax</b>         | <b>633,598</b>    | <b>147,125</b>    | -                 | <b>780,723</b>    |

### 30 June 2024

#### Assets

|                     |                   |                  |                     |                   |
|---------------------|-------------------|------------------|---------------------|-------------------|
| Segment assets      | 57,153,923        | 2,033,424        | (26,375,751)        | 32,811,596        |
| <b>Total assets</b> | <b>57,153,923</b> | <b>2,033,424</b> | <b>(26,375,751)</b> | <b>32,811,596</b> |

### 30 June 2024

#### Liabilities

|                          |                   |                  |                     |                  |
|--------------------------|-------------------|------------------|---------------------|------------------|
| Segment liabilities      | 31,406,262        | 1,336,665        | (25,662,822)        | 7,080,105        |
| <b>Total Liabilities</b> | <b>31,406,262</b> | <b>1,336,665</b> | <b>(25,662,822)</b> | <b>7,080,105</b> |

### For the year ended 30 June 2023

|                                          |                   |                  |           |                   |
|------------------------------------------|-------------------|------------------|-----------|-------------------|
| <b>Revenue</b>                           | <b>24,745,914</b> | <b>2,951,835</b> | -         | <b>27,697,749</b> |
| <b>EBITDA</b>                            | <b>1,105,706</b>  | <b>1,478,358</b> | -         | <b>2,584,064</b>  |
| Depreciation and amortisation            | (2,563,113)       | (66,047)         | -         | (2,629,160)       |
| Interest income                          | 452,003           | 3,254            | (216,018) | 239,239           |
| Interest expense                         | (84,701)          | (224,130)        | 217,942   | (90,889)          |
| Other non-operating income / (expense)   | 1,691,818         | (1,681,747)      | (1,924)   | 8,147             |
| <b>Profit / (loss) before income tax</b> | <b>601,713</b>    | <b>(490,312)</b> | -         | <b>111,401</b>    |
| Income tax benefit                       | -                 | 125,155          | -         | 125,155           |
| <b>Profit / (loss) after income tax</b>  | <b>601,713</b>    | <b>(365,157)</b> | -         | <b>236,556</b>    |

### 30 June 2023

#### Assets

|                     |                   |                  |                     |                   |
|---------------------|-------------------|------------------|---------------------|-------------------|
| Segment assets      | 56,943,618        | 2,533,644        | (27,036,746)        | 32,440,516        |
| <b>Total assets</b> | <b>56,943,618</b> | <b>2,533,644</b> | <b>(27,036,746)</b> | <b>32,440,516</b> |

### 30 June 2023

#### Liabilities

|                          |                   |                  |                     |                  |
|--------------------------|-------------------|------------------|---------------------|------------------|
| Segment liabilities      | 31,914,193        | 1,986,304        | (26,323,816)        | 7,576,681        |
| <b>Total Liabilities</b> | <b>31,914,193</b> | <b>1,986,304</b> | <b>(26,323,816)</b> | <b>7,576,681</b> |

# Notes to the Financial Statements

## NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

### Material accounting policy

#### REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing premium screening and verification and SaaS-based workforce management and compliance technology systems. Revenue from contracts with customers is recognised when services are provided at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the services before transferring them to the customer.

#### Screening and verification

Revenue from pre-employment screening and workforce compliance monitoring is recognised at the point in time when the service is provided to the customer. The normal credit term is 30 to 60 days upon completion of the service. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the provision of pre-employment screening and workforce compliance monitoring, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

#### SaaS-based workforce management and compliance technology systems

Subscription services are treated as a single performance obligation, access to digital platforms and data under the subscription is a series of services substantially integrated with the same pattern of transfer. Accordingly, subscription revenue is recognised evenly over the subscription period.

#### (i) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for the provision of services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group also provides retrospective volume rebates to certain customers once the quantity of services purchased during the period exceeds the threshold specified in the contract. The volume rebates give rise to variable consideration.

The Group applies either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group then applies the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price).

# Notes to the Financial Statements

## NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS CONTINUED

### Material accounting policy continued

#### REVENUE FROM CONTRACTS WITH CUSTOMERS CONTINUED

##### (ii) Significant financing component

The Group receives advance payments from customers for the provision of pre-employment screening and workforce compliance monitoring. As such, the transaction price for these contracts is discounted, using the interest rate implicit in the contract. This rate is commensurate with the rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

The Group applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the provision service and the payment is one year or less.

##### (iii) Cost to obtain a contract

The Group pays sales commission to its employees for certain contracts that they obtain. The Group applies the optional practical expedient to immediately expense costs to obtain a contract if the amortisation period of the asset that would have been recognised is one year or less. As such, sales commissions are immediately recognised as an expense and included as part of employee benefits.

|                                                    | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|----------------------------------------------------|--------------------|--------------------|
| <b>Type of service</b>                             |                    |                    |
| <b>Transactional</b>                               |                    |                    |
| Criminal record and history checks                 | 14,802,306         | 14,694,142         |
| Other checks                                       | 4,215,062          | 7,896,935          |
|                                                    | <b>19,017,368</b>  | <b>22,591,077</b>  |
| <b>Software as a Service ('SaaS')</b>              | <b>9,699,728</b>   | <b>5,106,672</b>   |
| <b>Total revenue from contracts with customers</b> | <b>28,717,096</b>  | <b>27,697,749</b>  |
| <b>Geographical markets</b>                        |                    |                    |
| Australia                                          | 25,881,297         | 24,745,914         |
| New Zealand                                        | 2,835,799          | 2,951,835          |
| <b>Total revenue from contracts with customers</b> | <b>28,717,096</b>  | <b>27,697,749</b>  |
| <b>Timing of revenue recognition</b>               |                    |                    |
| Services rendered at a point in time               | 21,244,229         | 23,670,956         |
| Services rendered over time                        | 7,472,867          | 4,026,793          |
| <b>Total revenue from contracts with customers</b> | <b>28,717,096</b>  | <b>27,697,749</b>  |

# Notes to the Financial Statements

## NOTE 7. OTHER EXPENSES

|                             | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|-----------------------------|--------------------|--------------------|
| Listing and compliance      | 92,518             | 127,625            |
| Travel and accommodation    | 87,206             | 98,105             |
| Finance costs               | 73,052             | 90,889             |
| Communication               | 30,425             | 32,841             |
| Others                      | 137,318            | 92,417             |
| <b>Total other expenses</b> | <b>420,519</b>     | <b>441,877</b>     |

## NOTE 8. INCOME TAX

### Material accounting policy

#### CURRENT INCOME TAX

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### DEFERRED TAX

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

# Notes to the Financial Statements

## NOTE 8. INCOME TAX CONTINUED

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### Material accounting policy continued

#### DEFERRED TAX CONTINUED

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilise.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### TAX CONSOLIDATED GROUP

Kinatico Limited (the 'head entity') and its wholly owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime. The head entity and its wholly owned Australian subsidiaries in the tax consolidated group account their current and deferred tax amounts as an aggregate amount.

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.

# Notes to the Financial Statements

## NOTE 8. INCOME TAX CONTINUED

|                                                                            | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|----------------------------------------------------------------------------|--------------------|--------------------|
| <b>Components of income tax expense / (benefit) comprise of:</b>           |                    |                    |
| <b>Current income tax:</b>                                                 |                    |                    |
| Current income tax expense                                                 | 45,201             | 105,667            |
| Adjustments recognised for previous year                                   | -                  | (239,316)          |
|                                                                            | 45,201             | (133,649)          |
| <b>Deferred income tax:</b>                                                |                    |                    |
| Relating to origination and reversal of temporary differences              | 233,272            | 147,330            |
| Carry forward tax losses                                                   | (2,596)            | (56,224)           |
| Deferred tax not brought to account                                        | (223,318)          | (82,612)           |
|                                                                            | 7,358              | 8,494              |
| <b>Income tax expense / (benefit)</b>                                      | <b>52,559</b>      | <b>(125,155)</b>   |
| <b>Reconciliation of income tax expense to prima facie tax payable</b>     |                    |                    |
| Profit before income tax                                                   | 833,282            | 111,401            |
| Tax at the Australian rate of 25%                                          | 208,321            | 27,850             |
| Effect of tax rates in foreign jurisdictions                               | 2,637              | 23,024             |
| Adjustments recognised for previous year                                   | -                  | (239,316)          |
| Tax effect:                                                                |                    |                    |
| Non-deductible share-based payments                                        | 54,282             | 131,035            |
| Other expenditure not deductible                                           | 10,637             | 14,864             |
| Deferred tax not brought to account                                        | (223,318)          | (82,612)           |
| <b>Income tax expense / (benefit)</b>                                      | <b>52,559</b>      | <b>(125,155)</b>   |
| <b>Deferred tax asset comprises temporary differences attributable to:</b> |                    |                    |
| <b>Amounts recognised in profit or loss:</b>                               |                    |                    |
| Property, plant and equipment                                              | 41,835             | 26,740             |
| Provision for employee benefits                                            | (526)              | (3,693)            |
| Contract liabilities                                                       | 13,534             | 22,474             |
| Lease liabilities                                                          | (39,910)           | (23,292)           |
| <b>Net deferred tax asset</b>                                              | <b>14,933</b>      | <b>22,229</b>      |
| <b>Movements of net deferred tax asset:</b>                                |                    |                    |
| At beginning of the year                                                   | 22,229             | 30,722             |
| Charged to profit or loss                                                  | (7,296)            | (8,493)            |
| <b>At end of the year</b>                                                  | <b>14,933</b>      | <b>22,229</b>      |

# Notes to the Financial Statements

## NOTE 8. INCOME TAX CONTINUED

### Unrecognised deferred tax balances

The Group recognized deferred tax balance of \$14,933 (FY23: \$22,229) in relation to its subsidiary in New Zealand. However, the Group does not currently recognise any deferred tax asset arising from its accumulated losses. The Directors estimate that the potential deferred tax assets at 25% not brought to account attributable to tax losses carried forward at reporting date is approximately \$4,319,052 (FY23: \$4,288,653).

The losses have not been brought to account because the Directors do not believe it is appropriate to regard realisation of those deferred tax assets as being probable in the near future. The benefit of these deferred tax assets will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the temporary differences to be realised;
- the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the entity in realising the benefit from the deductions for the temporary differences.

## NOTE 9. EARNINGS PER SHARE

### Material accounting policy

#### (I) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Kinatico 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.

#### (II) 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.

Options, performance rights and performance shares are not included in the determination of diluted earnings per share.

|                                                                                                                     | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|---------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Basic earnings per share - cents                                                                                    | 0.186              | 0.060              |
| Diluted earnings per share - cents                                                                                  | 0.186              | 0.060              |
| Net profit used in the calculation of basis and diluted earnings per share                                          | 780,723            | 236,556            |
| Weighted average number of shares outstanding during the year used in the calculation of basic earnings per share   | 418,670,726        | 430,187,441        |
| Weighted average number of shares outstanding during the year used in the calculation of diluted earnings per share | 418,670,726        | 430,187,441        |

# Notes to the Financial Statements

## Working capital and provisions

This section provides further information about the Group's working capital and provisions.

## NOTE 10. CASH AND CASH EQUIVALENTS

### Material accounting policy

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

All cash balances are available for use by Kinatico Ltd. The Group's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 22.

Cash at banks earns interest at floating rates on daily bank notice deposit rates. Deposits are made for varying notice periods, depending on the immediate cash requirements of the Group and earn interest at the respective deposit rates.

|                                        | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|----------------------------------------|--------------------|--------------------|
| Cash at banks                          | 9,648,262          | 1,559,397          |
| Short term deposits                    | 104,000            | 8,069,669          |
| <b>Total cash and cash equivalents</b> | <b>9,752,262</b>   | <b>9,629,066</b>   |

### Reconciliation of cash flows from operating activities

|                                   | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|-----------------------------------|--------------------|--------------------|
| <b>Profit after income tax</b>    | 780,723            | 236,556            |
| <b>Non-cash</b>                   |                    |                    |
| Depreciation and amortisation     | 3,124,134          | 2,629,160          |
| Share based payments              | 217,126            | 524,137            |
| Unrealised foreign exchange       | (4,494)            | (4,019)            |
| <b>Changes in working capital</b> |                    |                    |
| Trade and other receivables       | (197,493)          | 405,249            |
| Other assets                      | 361,914            | (113,099)          |
| Trade and other payables          | 394,418            | 95,748             |
| Provision for Employee Benefits   | (122,610)          | (82,089)           |
| Contract liabilities              | (280,269)          | 141,793            |
| Income tax liability              | (68,950)           | (187,529)          |
| <b>Cashflow from operations</b>   | <b>4,204,499</b>   | <b>3,645,907</b>   |

### Non-cash investing and financing activities

During the year, there are no non-cash investing and financing activities.

# Notes to the Financial Statements

## NOTE 11. OTHER ASSETS

|                           | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|---------------------------|--------------------|--------------------|
| <b>Current</b>            |                    |                    |
| Prepaid expenses          | 369,103            | 327,024            |
| <b>Non-current</b>        |                    |                    |
| Security deposit          | 320,100            | 320,100            |
| <b>Total other assets</b> | <b>689,203</b>     | <b>647,124</b>     |

The security deposit is held as bank guarantee for the lease of the Group's office premises.

## NOTE 12. TRADE AND OTHER RECEIVABLES

### Material accounting policy

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.

The Group 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.

|                                                        | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|--------------------------------------------------------|--------------------|--------------------|
| <b>Trade receivables</b>                               | 2,563,855          | 2,369,483          |
| Allowance for expected credit losses                   | (14,250)           | (14,250)           |
| <b>Trade receivables net of expected credit losses</b> | 2,549,605          | 2,355,233          |
| Other receivables                                      | 6,970              | 51,256             |
| <b>Total trade and other receivables</b>               | <b>2,556,575</b>   | <b>2,406,489</b>   |

# Notes to the Financial Statements

## NOTE 12. TRADE AND OTHER RECEIVABLES CONTINUED

### Allowance for expected credit losses

The Group has not recognised a loss in profit or loss in respect of the expected credit losses for the year ended 30 June 2024. The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

|                      | Expected credit loss rate |           | Carrying amount  |                  | Allowance for credit losses |               |
|----------------------|---------------------------|-----------|------------------|------------------|-----------------------------|---------------|
|                      | 2024<br>%                 | 2023<br>% | 2024<br>\$       | 2023<br>\$       | 2024<br>\$                  | 2023<br>\$    |
| 0 to 30 days overdue | 0%                        | 0%        | 2,225,594        | 2,035,124        | -                           | -             |
| 31-60 days overdue   | 0%                        | 0%        | 163,324          | 131,023          | -                           | -             |
| 61-90 days overdue   | 0%                        | 0%        | 45,854           | 53,843           | -                           | -             |
| over 90 days overdue | 10%                       | 7%        | 136,053          | 200,749          | 14,250                      | 14,250        |
|                      |                           |           | <b>2,570,825</b> | <b>2,420,739</b> | <b>14,250</b>               | <b>14,250</b> |

Movements in the allowance for expected credit losses are as follows:

|                                                          | 2024<br>\$    | 2023<br>\$    |
|----------------------------------------------------------|---------------|---------------|
| At beginning of the year                                 | 14,250        | 16,016        |
| Additional provisions recognised                         | -             | -             |
| Receivables written off during the year as uncollectible | -             | (1,766)       |
| Unused amounts reversed                                  | -             | -             |
| <b>At end of the year</b>                                | <b>14,250</b> | <b>14,250</b> |

# Notes to the Financial Statements

## NOTE 13. TRADE AND OTHER PAYABLES

|                                       | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|---------------------------------------|-----------------------|-----------------------|
| Trade payables                        | 2,542,475             | 1,825,653             |
| Accrued expenses                      | 994,425               | 1,060,770             |
| Goods and services tax ("GST")        | 212,326               | 238,053               |
| Other payables                        | 123,705               | 385,695               |
| <b>Total trade and other payables</b> | <b>3,872,931</b>      | <b>3,510,171</b>      |

### Material accounting policy

#### GOODS AND SERVICES TAX ("GST")

Revenues, expenses and assets are recognised net of the amount of 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.

## NOTE 14. PROVISION FOR EMPLOYEE BENEFITS

### Material accounting policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (I) SHORT TERM BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

# Notes to the Financial Statements

## NOTE 14. PROVISION FOR EMPLOYEE BENEFITS CONTINUED

### Material Accounting Policy continued

#### (II) OTHER LONG-TERM BENEFITS

The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. A liability is measured as 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### (III) DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

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

|                                  | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|----------------------------------|--------------------|--------------------|
| <b>Current</b>                   |                    |                    |
| Provision for annual leave       | 688,172            | 744,403            |
| Provision for long service leave | 466,857            | 533,372            |
| <b>Non-current</b>               |                    |                    |
| Provision for long service leave | -                  | -                  |
| <b>Total other assets</b>        | <b>1,155,029</b>   | <b>1,277,775</b>   |

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

# Notes to the Financial Statements

## NOTE 15. CONTRACT LIABILITIES

### Material accounting policy

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group completes the services. Contract liabilities are recognised as revenue when the Group performs under the contract.

|                                       | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|---------------------------------------|-----------------------|-----------------------|
| Balance at beginning of the year      | 1,205,800             | 1,062,423             |
| Deferred during the year              | 10,710,031            | 13,459,041            |
| Recognised as revenue during the year | (10,990,300)          | (13,317,248)          |
| Foreign exchange difference           | (1,495)               | 1,584                 |
| <b>At the end of the year</b>         | <b>924,036</b>        | <b>1,205,800</b>      |

# Notes to the Financial Statements

## Invested capital

This section provides further information about the Group's property and equipment and intangible assets and the carrying value of these non-financial assets.

## NOTE 16. PROPERTY, PLANT AND EQUIPMENT

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### Material accounting policy

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Computer equipment 3 to 4 years
- Plant & equipment 5 to 20 years
- Leasehold improvements 5 years
- Furniture & fittings 5 to 20 years

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

### Critical accounting estimate

#### ESTIMATION OF USEFUL LIFE OF ASSETS

The Group determines the estimated useful life 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.

# Notes to the Financial Statements

## NOTE 16. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Gross carrying amount and the accumulated depreciation at the beginning and end of the year

|                                 | Computer<br>equipment<br>\$ | Plant &<br>equipment<br>\$ | Right-of-use<br>assets<br>\$ | Furniture<br>& fittings<br>\$ | Leasehold<br>improvements<br>\$ | Total<br>\$      |
|---------------------------------|-----------------------------|----------------------------|------------------------------|-------------------------------|---------------------------------|------------------|
| <b>At beginning of the year</b> |                             |                            |                              |                               |                                 |                  |
| Gross carrying amount           | 367,540                     | 1,720                      | 1,792,734                    | 147,405                       | 97,793                          | 2,407,192        |
| Accumulated depreciation        | (228,043)                   | (1,261)                    | (472,822)                    | (109,446)                     | (14,677)                        | (826,249)        |
|                                 | <b>139,497</b>              | <b>459</b>                 | <b>1,319,912</b>             | <b>37,959</b>                 | <b>83,116</b>                   | <b>1,580,943</b> |
| <b>At end of the year</b>       |                             |                            |                              |                               |                                 |                  |
| Gross carrying amount           | 392,406                     | 1,720                      | 1,792,734                    | 148,158                       | 98,623                          | 2,433,641        |
| Accumulated depreciation        | (308,125)                   | (1,605)                    | (853,650)                    | (122,948)                     | (30,411)                        | (1,316,739)      |
|                                 | <b>84,281</b>               | <b>115</b>                 | <b>939,084</b>               | <b>25,210</b>                 | <b>68,212</b>                   | <b>1,116,902</b> |

Reconciliation of the carrying amount at the beginning and end of the year.

|                                           | Computer<br>equipment<br>\$ | Plant &<br>equipment<br>\$ | Right-of-use<br>assets<br>\$ | Furniture<br>& fittings<br>\$ | Leasehold<br>improvements<br>\$ | Total<br>\$      |
|-------------------------------------------|-----------------------------|----------------------------|------------------------------|-------------------------------|---------------------------------|------------------|
| <b>Carrying amount as at 30 June 2022</b> | <b>180,918</b>              | <b>803</b>                 | <b>1,697,847</b>             | <b>45,066</b>                 | <b>46,323</b>                   | <b>1,970,957</b> |
| Additions                                 | 39,789                      | -                          | -                            | 3,736                         | 49,796                          | 93,321           |
| Depreciation                              | (81,599)                    | (342)                      | (380,209)                    | (11,073)                      | (13,192)                        | (486,415)        |
| Foreign exchange difference               | 389                         | (2)                        | 2,274                        | 230                           | 189                             | 3,080            |
| <b>Carrying amount as at 30 June 2023</b> | <b>139,497</b>              | <b>459</b>                 | <b>1,319,912</b>             | <b>37,959</b>                 | <b>83,116</b>                   | <b>1,580,943</b> |
| Additions                                 | 24,866                      | -                          | -                            | 753                           | 830                             | 26,449           |
| Depreciation                              | (78,853)                    | (344)                      | (380,721)                    | (13,425)                      | (14,668)                        | (488,011)        |
| Foreign exchange difference               | (1,229)                     | -                          | (107)                        | (77)                          | (1,066)                         | (2,479)          |
| <b>Carrying amount as at 30 June 2024</b> | <b>84,281</b>               | <b>115</b>                 | <b>939,084</b>               | <b>25,210</b>                 | <b>68,212</b>                   | <b>1,116,902</b> |

# Notes to the Financial Statements

## NOTE 17. INTANGIBLE ASSETS

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### Material accounting policy

#### GOODWILL

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### Critical accounting estimate

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### Material accounting policy

#### INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

# Notes to the Financial Statements

## NOTE 17. INTANGIBLE ASSETS CONTINUED

### Material accounting policy continued

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### USEFUL LIVES

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

A summary of the policies applied to the Group's intangible assets is, as follows:

|                                  | Goodwill        | Intellectual Property                                                  | Customer contracts and relationships                                   | Product Development                                                    |
|----------------------------------|-----------------|------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|
| Useful lives                     | Indefinite      | Finite (9 years)                                                       | Finite (9 years)                                                       | Finite (2.5-9 years)                                                   |
| Amortisation method used         | No amortisation | Amortised on a straight-line basis over the period of expected benefit | Amortised on a straight-line basis over the period of expected benefit | Amortised on a straight-line basis over the period of expected benefit |
| Internally generated or acquired | Acquired        | Acquired                                                               | Acquired                                                               | Internally generated                                                   |

# Notes to the Financial Statements

## NOTE 17. INTANGIBLE ASSETS CONTINUED

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### Material accounting policy continued

#### PRODUCT DEVELOPMENT COSTS

The Group capitalises costs for product development projects. Initial capitalisation costs is based on management's judgement that technological and economic feasibility is confirmed,; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably.

### Critical accounting estimate

#### CAPITALISING OF PRODUCT DEVELOPMENT COSTS

Costs that are directly associated with the development of software are recognised as intangible assets where the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use
- Management intends to complete the software product and use it
- There is an ability to use or sell the software product
- It can be demonstrated how the software product will generate probable economic benefits
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditure that does not meet the above criteria is recognised as an expense when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

#### IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

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

#### ESTIMATION OF USEFUL LIFE OF ASSETS

Intangible assets are also subject to critical accounting estimates. Refer to note 16 on the disclosure for the accounting estimates applied.

# Notes to the Financial Statements

## NOTE 17. INTANGIBLE ASSETS CONTINUED

Gross carrying amount and the accumulated depreciation at the beginning and end of the year.

|                                 | Goodwill<br>\$   | Product<br>development<br>\$ | Intellectual<br>property<br>\$ | Customer<br>contracts<br>\$ | Customer<br>relationships<br>\$ | Total<br>\$       |
|---------------------------------|------------------|------------------------------|--------------------------------|-----------------------------|---------------------------------|-------------------|
| <b>At beginning of the year</b> |                  |                              |                                |                             |                                 |                   |
| Gross carrying amount           | 4,669,730        | 8,735,253                    | 7,385,354                      | 1,001,000                   | 1,730,000                       | 23,521,337        |
| Accumulated amortisation        | -                | (2,650,655)                  | (2,034,924)                    | (249,643)                   | (431,450)                       | (5,366,672)       |
|                                 | <b>4,669,730</b> | <b>6,084,598</b>             | <b>5,350,430</b>               | <b>751,357</b>              | <b>1,298,550</b>                | <b>18,154,665</b> |
| <b>At end of the year</b>       |                  |                              |                                |                             |                                 |                   |
| Gross carrying amount           | 4,669,730        | 11,898,432                   | 7,385,354                      | 1,001,000                   | 1,730,000                       | 26,684,516        |
| Accumulated amortisation        | -                | (4,068,254)                  | (2,950,008)                    | (360,864)                   | (623,669)                       | (8,002,795)       |
|                                 | <b>4,669,730</b> | <b>7,830,178</b>             | <b>4,435,346</b>               | <b>640,136</b>              | <b>1,106,331</b>                | <b>18,681,721</b> |

Reconciliation of the carrying amount at the beginning and end of the year

|                                           | Goodwill<br>\$   | Product<br>development<br>\$ | Intellectual<br>property<br>\$ | Customer<br>contracts<br>\$ | Customer<br>relationships<br>\$ | Total<br>\$       |
|-------------------------------------------|------------------|------------------------------|--------------------------------|-----------------------------|---------------------------------|-------------------|
| <b>Carrying amount as at 30 June 2022</b> | <b>4,669,730</b> | <b>3,148,426</b>             | <b>6,265,372</b>               | <b>862,578</b>              | <b>1,490,769</b>                | <b>16,436,875</b> |
| Additions                                 | -                | 3,860,535                    | -                              | -                           | -                               | 3,860,535         |
| Amortisation                              | -                | (924,363)                    | (914,942)                      | (111,221)                   | (192,219)                       | (2,142,745)       |
| <b>Carrying amount as at 30 June 2023</b> | <b>4,669,730</b> | <b>6,084,598</b>             | <b>5,350,430</b>               | <b>751,357</b>              | <b>1,298,550</b>                | <b>18,154,665</b> |
| Additions                                 | -                | 3,163,179                    | -                              | -                           | -                               | 3,163,179         |
| Amortisation                              | -                | (1,417,599)                  | (915,084)                      | (111,221)                   | (192,219)                       | (2,636,123)       |
| <b>Carrying amount as at 30 June 2024</b> | <b>4,669,730</b> | <b>7,830,178</b>             | <b>4,435,346</b>               | <b>640,136</b>              | <b>1,106,331</b>                | <b>18,681,721</b> |

# Notes to the Financial Statements

## NOTE 17. INTANGIBLE ASSETS CONTINUED

Goodwill acquired during previous years through business combinations has been allocated to the following cash-generating units:

|                       | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|-----------------------|-----------------------|-----------------------|
| Australia             | 3,310,065             | 3,310,065             |
| New Zealand           | 1,359,665             | 1,359,665             |
| <b>Total goodwill</b> | <b>4,669,730</b>      | <b>4,669,730</b>      |

The recoverable amount of the Group's non-financial assets has been determined by a value-in-use calculation using a discounted cash flow model, based on a 1-year projection period approved by the Board and extrapolated for a further 4 years using a steady rate, together with a terminal value.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the Australia operation:

- 15.1 % pre-tax discount rate (2023: 14.4%);
- Expected consistent revenue growth of 9% in the first year and minimum of 5% thereafter; The revenue growth rate is based on assumptions that the business will concentrate on the SAAS revenue with the launch of the Oncite Mobile App and the new CITED platform;
- Expected consistent gross margin of 64%;
- Employee benefits costs increase by 2% in the first year, then 3.2% thereafter;
- Other operating costs and overheads increasing in line with revenue growth and the expected CPI% increase.

The following key assumptions were used in the discounted cash flow model for the New Zealand operation:

- 15.6 % pre-tax discount rate (2023: 14.4%);
- Expected negative growth of 13% for the first year and 2% growth thereafter.
- Gross margin remains consistent at 81%;
- Employee benefits costs increase by 2% every year;
- Other operating costs and overheads increasing in line with revenue growth from years 2 to year 5 and expected CPI% increase.

The pre-tax discount rate of 15.1% for Australia CGU (2023: 14.4%) and 15.6% for the New Zealand CGU (2023: 14.4%) reflects management's estimate of the time value of money, the Group's weighted average cost of capital adjusted for the Australian and New Zealand operations and the risk-free rate.

# Notes to the Financial Statements

## NOTE 17. INTANGIBLE ASSETS CONTINUED

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### Critical accounting estimate continued

Management believes the projected range of revenue growth is justified, based on the business achieving significantly higher growth rates after leveraging off current operations and internal developments and improvements that has occurred since.

### SENSITIVITY

As disclosed in Note 2, the management have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the resulting goodwill carrying amount may decrease. The key sensitivities are as follows:

### AUSTRALIA OPERATIONS

- i. Decline in revenue by more than 1% year on year from FY26 to FY28, then goodwill would need to be impaired, with all other assumptions remaining constant.
- ii. The gross margin rate is lower than 52% from FY26 to FY28, goodwill would need to be impaired, with all other assumptions remaining constant.

### NEW ZEALAND OPERATIONS

- i. Decline in revenue by more than 2% year on year from FY26 to FY28, then goodwill would need to be impaired, with all other assumptions remaining constant.
- ii. The gross margin rate is lower than 70% from FY26 to FY28, goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of goodwill is based would not cause the cash-generating unit's recoverable amount to be less than the carrying amount.

# Notes to the Financial Statements

## Capital Structure

This section provides further information about the Group's contributed equity, financial liabilities, related financing costs and its exposure to various financial risks. It explains how these risks affect the Group's financial position and performance and what management does to manage these risks.

## NOTE 18. LEASE LIABILITY

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### Material accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### (i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to note 16 on disclosure of right-of-use assets.

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

# Notes to the Financial Statements

## NOTE 18. LEASE LIABILITY CONTINUED

### Material accounting policy continued

#### GROUP AS A LESSEE CONTINUED

##### (ii) Lease liabilities continued

The Group has lease contracts for their office premises with lease terms of 5 years. The Group also has leases of office equipment with low value. The Group applies the "lease of low-value assets" recognition exemptions for these leases. The carrying amounts of right-of-use assets recognised and the movements during the period are shown in Note 16.

##### (iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

|                                 | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|---------------------------------|--------------------|--------------------|
| <b>At beginning of the year</b> | <b>1,500,687</b>   | <b>1,749,401</b>   |
| Accretion of interest           | 63,073             | 78,423             |
| Principal payments              | (384,183)          | (251,494)          |
| Interest payments               | (63,905)           | (78,120)           |
| Foreign exchange differences    | (118)              | 2,477              |
| <b>At end of the year</b>       | <b>1,115,554</b>   | <b>1,500,687</b>   |
| Current                         | 404,264            | 384,716            |
| Non-current                     | 711,290            | 1,115,971          |
| <b>Total lease liabilities</b>  | <b>1,115,554</b>   | <b>1,500,687</b>   |

The table above is reconcilable to the changes in liabilities arising from financing activities illustrated on the Consolidated Statement of Cash Flows.

The following are the amounts recognised in profit or loss:

|                                                  | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|--------------------------------------------------|--------------------|--------------------|
| Depreciation expense of right-of-use assets      | 380,721            | 380,209            |
| Interest expense on lease liabilities            | 63,073             | 78,423             |
| Expenses relating to leases of low-value assets  | 4,870              | 1,057              |
| <b>Total amount recognised in profit or loss</b> | <b>448,664</b>     | <b>459,689</b>     |

# Notes to the Financial Statements

## NOTE 19. ISSUED CAPITAL AND RESERVES

### Material accounting policy

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

### ISSUED CAPITAL

|                               | 30 June 2024 |            | 30 June 2023 |             |
|-------------------------------|--------------|------------|--------------|-------------|
|                               | No.          | \$         | No.          | \$          |
| At beginning of the year      | 419,652,724  | 46,657,996 | 434,232,370  | 47,941,406  |
| Transactions during the year: |              |            |              |             |
| Share buyback                 | (1,060,740)  | (120,226)  | (14,579,646) | (1,283,410) |
| At end of the year            | 418,591,984  | 46,537,770 | 419,652,724  | 46,657,996  |

During the year, the Company completed its on-market buyback which commenced in the previous year. From August 2022 to August 2023, a total of 15,640,386 shares were bought back for a total consideration of \$1,403,636. As at 30 June 2024, all shares bought back were cancelled.

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

### RESERVES

|                                                  | 30 June 2024            |                                 |           | 30 June 2023            |                                 |           |
|--------------------------------------------------|-------------------------|---------------------------------|-----------|-------------------------|---------------------------------|-----------|
|                                                  | Share Based Payments \$ | Foreign Currency Translation \$ | Total \$  | Share Based Payments \$ | Foreign Currency Translation \$ | Total \$  |
| At beginning of the year                         | 1,335,001               | (38,442)                        | 1,296,559 | 810,864                 | (56,591)                        | 754,273   |
| Share-based payments                             | 217,126                 | -                               | 217,126   | 524,137                 | -                               | 524,137   |
| Movement of foreign currency translation reserve | -                       | (9,967)                         | (9,967)   | -                       | 18,149                          | 18,149    |
| At end of the year                               | 1,552,127               | (48,409)                        | 1,503,718 | 1,335,001               | (38,442)                        | 1,296,559 |

### Share based payments reserve

Share-based payments reserve arises on the grant of performance rights, entitlement to performance shares, loan funded shares and options to the key management personnel and executives.

### Foreign currency translation reserve

The foreign currency translation is used to record exchange differences arising from the translation of the financial statement of a foreign subsidiary. The movement arises from the translation of foreign subsidiary and the opening balance of equity.

# Notes to the Financial Statements

## NOTE 20. ACCUMULATED LOSSES

|                          | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|--------------------------|--------------------|--------------------|
| At beginning of the year | (23,090,720)       | (23,327,276)       |
| Profit for the year      | 780,723            | 236,556            |
| At end of the year       | (22,309,997)       | (23,090,720)       |

## NOTE 21. SHARE BASED PAYMENTS

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

### Material accounting policy

#### EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

# Notes to the Financial Statements

## NOTE 21. SHARE BASED PAYMENTS CONTINUED

### Material accounting policy continued

#### EQUITY-SETTLED TRANSACTIONS CONTINUED

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

Any dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

### Critical accounting estimate

The group measures the cost of equity-settled transactions with employees and Directors 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.

### Share options

During the 2024 financial year, there were no new share options issued.

|                                     | 30 June 2024 |         | 30 June 2023 |         |
|-------------------------------------|--------------|---------|--------------|---------|
|                                     | No.          | \$      | No.          | \$      |
| At beginning of the year            | 4,500,000    | 437,906 | 7,186,960    | 437,906 |
| Expired / cancelled during the year | (4,500,000)  | -       | (2,686,960)  | -       |
| At end of the year                  | -            | 437,906 | 4,500,000    | 437,906 |

### Performance rights

During the 2024 financial year, there were no performance rights issued..

|                                     | 30 June 2024 |         | 30 June 2023 |         |
|-------------------------------------|--------------|---------|--------------|---------|
|                                     | No.          | \$      | No.          | \$      |
| At beginning of the year            | -            | 588,599 | 6,000,000    | 171,742 |
| Expense recognised during the year  | -            | -       | -            | 416,857 |
| Expired / cancelled during the year | -            | -       | (6,000,000)  | -       |
| At end of the year                  | -            | 588,599 | -            | 588,599 |

# Notes to the Financial Statements

## NOTE 21. SHARE BASED PAYMENTS CONTINUED

### Entitlement to Performance shares – Zero Priced Performance Shares (ZPPS)

During the 2024 financial year, there were no new performance shares issued.

|                                     | 30 June 2024 |         | 30 June 2023 |         |
|-------------------------------------|--------------|---------|--------------|---------|
|                                     | No.          | \$      | No.          | \$      |
| At beginning of the year            | 4,000,000    | 308,496 | 6,000,000    | 201,216 |
| Expense recognised during the year  | -            | 71,774  | -            | 107,280 |
| Expired / cancelled during the year | -            | -       | (2,000,000)  | -       |
| At end of the year                  | 4,000,000    | 380,270 | 4,000,000    | 308,496 |

The terms of those ZPPS as disclosed in the FY23 financial statements has been amended to remove the share price hurdle and to become:

- the ZPPS will issue to the CEO in FY27, subject to the CEO remaining in continued employment with the Company for three years from the grant of loan funded shares (see below); and
- If the Company becomes subject to a change of control event prior to the date three years from the grant of loan funded shares (see below), the CEO can immediately compel the issue of all 4,000,000 ZPPS.

The incremental fair value as a result of the modification is \$184,400.

### Loan funded shares

During 2024 financial year, 15,000,000 ordinary shares are issuable to the executive employees under the Company's loan funded share plan subject to vesting conditions. Included amongst the loan funded shares were 10,500,000 issued to Key Management Personnel.

The Loan Funded Shares were provided at no costs to the recipients. However, the Loan Funded Shares have an attaching non-recourse loan which must be repaid following vesting. Until such time as the loan is repaid a holding lock remains in place. There were no alterations to the terms and conditions of Loan Funded Shares issued as remuneration since their grant/issue dates.

If the Company becomes subject to Change of Control the Board may at its absolute discretion make a determination that some or all of the Participants Unvested Loan Funded Shares vest, and provided the terms of the Loan are complied with, the Participant may dispose of their Vested Loan Funded Shares by way of sale or his/her own behalf or requesting the Company to Buy-back the Shares.

The vesting of the Loan Funded shares are as follows:

- Tranche A vesting is dependent on retention for three years;
- Tranche B vesting is dependent on retention for three years and on the Company achieving a 60-day VWAP share price of at least 16c share price in the three years starting from Grant Date.

|                                    | 30 June 2024 |         | 30 June 2023 |    |
|------------------------------------|--------------|---------|--------------|----|
|                                    | No.          | \$      | No.          | \$ |
| At beginning of the year           | -            | -       | -            | -  |
| Granted during the year            | 15,000,000   | -       | -            | -  |
| Expense recognised during the year | -            | 145,352 | -            | -  |
| At end of the year                 | 15,000,000   | 145,352 | -            | -  |

# Notes to the Financial Statements

## NOTE 21. SHARE BASED PAYMENTS CONTINUED

### Pricing models

The fair value of respective instruments granted under their respective plans are fair value at the grant date. The following tables list the inputs to the models.

| Grant Date                               | Expiry Date | Number    | Share Price At Grant Date Cents Per Share | Exercise Price Cents Per Share | Expected Volatility | Dividend Yield | Risk Free Interest Rate | Fair Value At Grant Date Cents Per Share |
|------------------------------------------|-------------|-----------|-------------------------------------------|--------------------------------|---------------------|----------------|-------------------------|------------------------------------------|
| <b>Entitlement to performance shares</b> |             |           |                                           |                                |                     |                |                         |                                          |
| * 8-Aug-21                               | 30-Sep-24   | 2,000,000 | 16.0                                      | -                              | 80.0%               | -              | 0.17%                   | 6.0                                      |
| * 8-Aug-21                               | 30-Sep-24   | 2,000,000 | 16.0                                      | -                              | 80.0%               | -              | 0.17%                   | 6.3                                      |
| *24-Jan-24                               | 24-Jan-29   | 4,000,000 | 11.5                                      | -                              | 70.0%               | -              | 3.72%                   | 10.6                                     |
| <b>Loan funded shares</b>                |             |           |                                           |                                |                     |                |                         |                                          |
| 15-Jan-24                                | 15-Jan-29   | 8,500,000 | 11.5                                      | 12.0                           | 70.0%               | -              | 3.72%                   | 6.9                                      |
| 15-Jan-24                                | 15-Jan-29   | 6,500,000 | 11.5                                      | 12.0                           | 70.0%               | -              | 3.72%                   | 6.7                                      |

\*The entitlement to performance shares granted in August 2021 have been modified in January 2024.

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Financial Instruments

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables and lease liabilities. The carrying amounts of financial instruments reflect their fair value:

|                             | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|-----------------------------|--------------------|--------------------|
| Cash and cash equivalents   | 9,752,262          | 9,629,066          |
| Trade and other receivables | 2,556,575          | 2,406,489          |
| Trade and other payables    | 3,872,931          | 3,510,171          |
| Lease liabilities           | 1,115,554          | 1,500,687          |

### Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the implementation of that system on a regular basis. The Board is assisted by the Audit & Risk Committee which also regularly reviews the Group's risks, effectiveness of risk mitigation steps and processes and provides recommendations to the Board.

The Board and Senior Management identify the general areas of risk and their impact on the activities of the Group, with Management performing a regular review of:

- the major risks that occur within the business;
- the degree of risk involved;
- the current approach to managing the risk; and
- if appropriate, determine:
  - any inadequacies of the current approach; and
  - possible new approaches that more efficiently and effectively address the risk.

Management report risks identified to the Board and CEO through their reports and to the CEO at relevant management meetings.

The Group seeks to ensure that its exposure to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost-effective manner.

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

#### Material accounting policy

##### INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

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

##### Financial assets

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (d) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

###### *Subsequent measurement*

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

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

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

#### Material accounting policy

##### INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT CONTINUED

##### Financial assets at amortised cost (debt instruments)

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

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

##### Derecognition

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

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

##### Impairment

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

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

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

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

#### Material accounting policy

##### INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT CONTINUED

##### Impairment continued

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

##### FINANCIAL LIABILITIES

##### Initial recognition and measurement

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

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

##### Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's financial liabilities at amortised cost includes trade and other payables and lease liabilities.

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

CONTINUED

### Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

In order to maintain or achieve an optimal capital structure, the Group may issue new shares or reduce its capital, subject to the provisions of the Group's constitution. The capital structure of the Group consists of equity attributed to equity holders of the Group, comprising contributed equity, reserves and accumulated losses disclosed in Notes 19,20 and 21.

By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by Management, the Board monitors the need to raise additional equity from the equity markets.

Taking account of the Group's current stage of development and the inherent business risks therein, the Board considers it inappropriate to add financial risk by introducing material levels of debt into the capital structure..

### Financial Risk Management

The key financial risks the Group is exposed to through its operations are interest rate risk, foreign exchange risk, credit risk and liquidity risk.

#### INTEREST RATE RISK

The Group is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the Group's exposure to fluctuations in interest rate that might impact its interest revenue and cash flow.

The Group has a bias to ensuring high availability of liquidity to ensure underlying business opportunities are maximised. Term deposits may be utilised from time to time to enhance interest returns over at call bank accounts; the Group's cash flow forecast forms the key consideration to the term adopted.

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

### Financial Risk Management continued

#### INTEREST RATE RISK CONTINUED

Interest rate risk is considered when managing Group funds. The Group considers the interest rate received by retaining cash and cash equivalents in the Group's operating account compared to placing funds into a term deposit; in recent times interest rates available to the Group for at call or near call accounts have been more attractive than those available in the term deposit market.

The Group's exposure to interest rate risk and the weighted average interest rates on the Group's financial assets and financial liabilities is as follows:

|                           | WAVG<br>Interest Rate | 30 June 2024<br>\$ | WAVG<br>Interest Rate | 30 June 2023<br>\$ |
|---------------------------|-----------------------|--------------------|-----------------------|--------------------|
| Cash and cash equivalents | 3.85%                 | 9,752,262          | 2.23%                 | 9,629,066          |

There has been no material change to the Group's exposure to interest rate risk or the manner in which it manages and measures its risk in the year ended 30 June 2024.

#### INTEREST RATE SENSITIVITY

The sensitivity analysis in the following table illustrates the impact of 100 basis points in variable interest rate, with all other variables held constant, and would have resulted in an increase/(decrease) in the Group's loss before tax as follows:

|                | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|----------------|--------------------|--------------------|
| 100bp increase | 97,523             | 96,291             |
| 100bp decrease | (97,523)           | (96,291)           |

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

### Financial Risk Management continued

#### FOREIGN CURRENCY RISK

The Group is exposed to foreign currency risk via the trade and other receivables and trade and other payables that it holds. Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group does not have a policy to hedge overseas payments or receivables as they are highly variable in amount and timing. To date the annual total value of transactions subject to foreign currency risk has been immaterial and is monitored with monthly reporting cycles.

The following financial assets and liabilities are subject to foreign currency risk:

|                               | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|-------------------------------|--------------------|--------------------|
| Trade receivables (AUD / NZD) | 210,070            | 345,362            |
| Trade payables (AUD / GBP)    | 15,252             | 9,738              |
| Trade payables (AUD / USD)    | 100,957            | 63,187             |
| Trade payables (AUD / NZD)    | 44,680             | 10,431             |
| Trade payables (AUD / INR)    | 1,918              | -                  |

Foreign currency risk is measured by regular review of cash forecasts, monitoring the dollar amount and currencies that payments are anticipated to be paid in. The Group also considers the market fluctuations in relevant currencies to determine the level of exposure. If the level of exposure is considered by Management to be too high, then Management has authority to take steps to reduce the risk.

Steps to reduce risk may include the acquisition of foreign currency ahead of the anticipated due date of an invoice, or may include negotiations with suppliers to make payment in our functional currency, or may include holding receipted foreign currency funds in a foreign currency denominated bank account to make future payments denominated in that same currency. Should Management determine that the Group consider taking out a hedge to reduce the foreign currency risk, they would need to seek Board approval.

The Group conducts activities outside of Australia that expose it to transactional currency movements, where the Group is required to pay in a currency other than its functional currency.

There has been no change in the manner the Group manages and measures its risk in the year ended 30 June 2024.

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

### Financial Risk Management continued

#### CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. 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 Group does not hold any collateral.

The Group 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 Group based on recent sales experience, historical collection rates and forward-looking information that is available.

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.

The Group has analysed its trade and other receivables below:

|                                  | 0-30 days<br>\$ | 31-60 days<br>\$ | 61-90 days<br>\$ | 90 + days<br>\$ |
|----------------------------------|-----------------|------------------|------------------|-----------------|
| FY24 Trade and other receivables | 2,225,594       | 163,324          | 45,854           | 136,053         |
| FY23 Trade and other receivables | 2,035,124       | 131,023          | 53,843           | 186,499         |

# Notes to the Financial Statements

## NOTE 22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### CONTINUED

### Financial Risk Management continued

#### LIQUIDITY RISK

The Group is exposed to liquidity risk via its trade and other payables.

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring undiscounted cash flow forecasts and actual cash flows provided to them by the Group's Management at Board meetings to ensure that the Group continues to be able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the additional activity. The Board considers when reviewing its undiscounted cash flow forecasts whether the Group needs to raise additional funding from the equity markets.

#### Remaining contractual maturities

The following tables detail the group's remaining contractual maturity for its financial 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.

|                                      | WAVG<br>Interest Rate<br>\$ | 1 year<br>or less<br>\$ | Between 1<br>and 2 years<br>\$ | Between 2<br>and 5 years<br>\$ | Over 5<br>years<br>\$ |
|--------------------------------------|-----------------------------|-------------------------|--------------------------------|--------------------------------|-----------------------|
| <b>Consolidated - 2024</b>           |                             |                         |                                |                                |                       |
| Non-interest bearing                 |                             |                         |                                |                                |                       |
| Trade payables                       | -                           | 2,542,475               | -                              | -                              | -                     |
| Other payables                       | -                           | 1,330,456               | -                              | -                              | -                     |
| <i>Interest bearing - fixed rate</i> |                             |                         |                                |                                |                       |
| Lease liability                      | 4.75%                       | 448,328                 | 418,893                        | 324,090                        | -                     |
| <b>Total</b>                         |                             | <b>4,321,259</b>        | <b>418,893</b>                 | <b>324,090</b>                 | <b>-</b>              |
| <b>Consolidated - 2023</b>           |                             |                         |                                |                                |                       |
| Non-interest bearing                 |                             |                         |                                |                                |                       |
| Trade payables                       | -                           | 1,825,653               | -                              | -                              | -                     |
| Other payables                       | -                           | 1,684,518               | -                              | -                              | -                     |
| <i>Interest bearing - fixed rate</i> |                             |                         |                                |                                |                       |
| Lease liability                      | 4.75%                       | 447,768                 | 448,753                        | 742,983                        | -                     |
| <b>Total</b>                         |                             | <b>3,957,939</b>        | <b>448,753</b>                 | <b>742,983</b>                 | <b>-</b>              |

# Notes to the Financial Statements

## Kinatico Group Structure

This section provides information on how the Group's structure affects the financial position and performance of Kinatico Limited as a whole.

## NOTE 23. INTEREST IN SUBSIDIARIES

The following list contains the particulars of all the subsidiaries of Kinatico Limited.

| Name of Entity                                     | Country of Incorporation | Class of Shares | Equity Holding |              |
|----------------------------------------------------|--------------------------|-----------------|----------------|--------------|
|                                                    |                          |                 | 30 June 2024   | 30 June 2023 |
| CV Check (NZ) Ltd                                  | New Zealand              | Ordinary        | 100%           | 100%         |
| Credentials Management Information Systems Pty Ltd | Australia                | Ordinary        | 100%           | 100%         |
| CI6 Pty Ltd                                        | Australia                | Ordinary        | 100%           | 100%         |
| Bright People Technologies Pty Ltd                 | Australia                | Ordinary        | 100%           | 100%         |
| FIFO 360 Pty Ltd                                   | Australia                | Ordinary        | 100%           | 100%         |

## Other Information

This section includes other information that must be disclosed to comply with accounting standard and other pronouncements but are not considered critical in understanding the financial performance or position of the Group.

## NOTE 24. PARENT ENTITY DISCLOSURE

|                                               | 30 June 2024<br>\$ | 30 June 2023<br>\$ |
|-----------------------------------------------|--------------------|--------------------|
| Current assets                                | 14,286,110         | 25,292,717         |
| Total assets                                  | 21,787,189         | 30,580,693         |
| Current liabilities                           | 5,696,916          | 5,854,382          |
| Total liabilities                             | 6,408,206          | 6,924,191          |
| Issued capital                                | 46,537,770         | 46,657,996         |
| Reserves                                      | 1,552,127          | 1,335,001          |
| Accumulated losses                            | (32,710,914)       | (24,336,495)       |
| Total shareholder's equity                    | 15,378,983         | 23,656,502         |
| Loss of the parent entity                     | (8,374,419)        | (747,385)          |
| Total comprehensive loss of the parent entity | (8,374,419)        | (747,385)          |

# Notes to the Financial Statements

## NOTE 24. PARENT ENTITY DISCLOSURE CONTINUED

### Contingent liabilities

The parent entity had a bank guarantee as of 30 June 2024 for \$320,100 (2023: \$333,884).

### MATERIAL ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, except for the following:

- Investments in subsidiaries 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 25. RELATED PARTY DISCLOSURE

### Subsidiaries

Interest in subsidiaries are set out in Note 23.

### Key management personnel

Disclosures relating to key management personnel are set out in the remuneration report in the Director's Report.

|                                                    | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|----------------------------------------------------|-----------------------|-----------------------|
| Short-term employee benefits                       | 1,609,400             | 1,419,981             |
| Post employment benefits                           | 105,069               | 97,784                |
| Long-term benefits                                 | -                     | -                     |
| Share based payments                               | 184,897               | 524,137               |
| <b>Total key management personnel compensation</b> | <b>1,899,366</b>      | <b>2,041,902</b>      |

### Transaction with related parties

Other than intercompany transactions with wholly owned subsidiaries, there were no other transactions with related parties for the year ended 30 June 2024.

As of 30 June 2024, the balance of remuneration payable to Key Management Personnel amounted to \$288,949 (FY23: \$307,881).

### Terms and conditions

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

# Notes to the Financial Statements

## NOTE 26. AUDITOR'S REMUNERATION

|                                                    | 30 June<br>2024<br>\$ | 30 June<br>2023<br>\$ |
|----------------------------------------------------|-----------------------|-----------------------|
| <b>Audit services</b>                              |                       |                       |
| Audit or review of the financial statements        | 88,500                | 74,500                |
| <b>Other services</b>                              |                       |                       |
| Taxation advisory and compliance                   | 41,688                | 36,868                |
| Other - Due diligence, R&D incentive services      | -                     | 6,240                 |
| <b>Total key management personnel compensation</b> | <b>130,188</b>        | <b>117,608</b>        |

## NOTE 27. COMMITMENTS AND CONTINGENCIES

### Commitments

There are no capital commitments as of 30 June 2024 (FY23: NIL).

### Contingent assets

There are no contingent assets as of 30 June 2024 (FY23: NIL).

### Contingent liabilities

The Group had a bank guarantee as of 30 June 2024 for \$320,100 (2023: \$320,100).

## NOTE 28. EVENTS AFTER THE REPORTING DATE

There are currently no matters or circumstances that have arisen since the end of the financial period that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the affairs of the Group in the future financial years.

# Consolidated Entity Disclosure Statement

**AS AT 30 JUNE 2024**

|                                                    | Entity Type    | Place Formed / Country of Incorporation | Ownership Interest % | Australian Tax Resident Or Foreign | Foreign Tax Jurisdiction |
|----------------------------------------------------|----------------|-----------------------------------------|----------------------|------------------------------------|--------------------------|
| CV Check (NZ) Ltd                                  | Body Corporate | New Zealand                             | 100%                 | Foreign                            | New Zealand              |
| Credentials Management Information Systems Pty Ltd | Body Corporate | Australia                               | 100%                 | Australia *                        | N/A                      |
| CI6 Pty Ltd                                        | Body Corporate | Australia                               | 100%                 | Australia *                        | N/A                      |
| Bright People Technologies Pty Ltd                 | Body Corporate | Australia                               | 100%                 | Australia *                        | N/A                      |
| FIFO 360 Pty Ltd                                   | Body Corporate | Australia                               | 100%                 | Australia *                        | N/A                      |

\* Kinatico Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

## Directors' Declaration

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 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

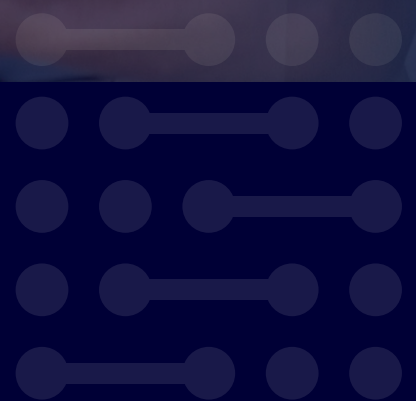


Ivan Gustavino  
Chairman

21 August 2024  
Perth, Western Australia

For personal use only

# For Independent Auditor's Report



**RSM Australia Partners**

Level 32 Exchange Tower,  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

[www.rsm.com.au](http://www.rsm.com.au)

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Kinatico Limited

### Opinion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

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## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | How our audit addressed this matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <b>Revenue recognition</b> - refer to Note 6 in the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p>The Group earns revenue by providing screening and verification services and software as a service ('SAAS') based workforce management and compliance technology systems.</p> <p>We determined this to be a key audit matter because it is the most significant account balance in the consolidated statement of profit or loss and other comprehensive income and the process of revenue recognition is complex due to multiple revenue streams for services rendered or products offered. Furthermore, the revenue transactions are high volume and of low value. The revenue recognition of each revenue stream is subject to management judgements. These include:</p> <ul style="list-style-type: none"> <li>• Determining the appropriate revenue recognition policy in relation to each revenue stream;</li> <li>• Determining the revenue recognised is for an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services or products to a customer; and</li> <li>• Revenue recognition is a presumed fraud risk under the Australian Auditing Standards.</li> </ul> | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing whether the revenue recognition policy comply with Australian Accounting Standards;</li> <li>• Obtaining a detailed understanding of each revenue stream and the process for calculating and recording revenue;</li> <li>• Performing substantive testing on each revenue stream on a sample basis to supporting documentation;</li> <li>• Testing the deferred revenue calculation for revenue received in advance by assessing the extent to which performance obligations have not been satisfied at year end;</li> <li>• On a sample basis, testing revenue transactions before and after year-end to ensure that revenue is recognised in the correct financial period including credit notes issued subsequent to the year ended;</li> <li>• Performing test of controls on certain revenue streams by determining if controls are adequate;</li> <li>• Performing substantive analytical procedures on certain revenue streams by establishing an independent expectation of revenue and comparing revenue recognised and investigating any exceptions; and</li> <li>• Assessing the appropriateness of disclosures in the financial statements to ensure compliance with Australian Accounting Standards.</li> </ul> |

**Impairment of intangible assets – Goodwill - refer to Note 17 in the financial statements**

As at 30 June 2024, the Group recorded goodwill of \$4,669,730 on the consolidated statement of financial position, arising from past business combinations.

Goodwill is required to be tested for impairment annually by determining the recoverable amount of each cash generating unit (CGU) to which the assets were allocated. During the financial year, management completed impairment testing for goodwill.

We determined this to be a key audit matter due to the extent of management's judgements and estimates involved in:

- Determining the attributable goodwill acquired from past business combinations;
- Testing goodwill for impairment including determining the CGU to which the goodwill relates and determining the recoverable amount of the related CGU utilising a value-in-use model which includes assumptions such as revenue growth rate, discount rate and terminal value growth rate; and
- Determining the carrying value of each CGU.

Our audit procedures included:

- Evaluating management's determination of allocating goodwill to each CGU in accordance with Australian Accounting Standards, based on the nature of the Group's business and the way results are monitored and reported;
- Assessing the valuation methodology used to determine the recoverable amount of goodwill;
- Challenging the reasonableness of key assumptions, including the cash flow projections, expected revenue growth rates, the discount rates and sensitivities used;
- Assessing management's sensitivity analysis over the key assumptions used in the model;
- Assessing the appropriateness of management's determination of carrying value of each CGU;
- Checking the mathematical accuracy of the value in use model and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and
- Assessing the appropriateness of disclosures in the financial statements to ensure compliance with Australian Accounting Standards.

**Intangible assets – others - refer to Note 17 in the financial statements**

As at 30 June 2024, the Group recorded intangible assets - others of \$14,011,991 on the consolidated statement of financial position. Intangible assets - others comprise of product development, intellectual property, customer contracts and customer relationships.

We determined this to be a key audit matter due it being a significant balance in the consolidated statement of financial position. In addition, the capitalisation of internally developed intangible assets - others require significant management's judgements and estimates.

Further to that, management is required to assess any indicators of impairment at reporting date. This assessment requires judgement including consideration of both internal and external sources of information.

Our audit procedures included:

- Assessing whether the Group's accounting policy for intangible assets comply with Australian Accounting Standards;
- Obtaining an understanding of the nature of the Group's product development activities and critically reviewing management assessment that they met the criteria for recognition as an intangible asset set out in AASB 138 Intangible Assets;
- On a sample basis, testing and evaluating management's judgement of costs capitalised during the current financial year;
- Assessing management's estimates in determining the useful lives of the intangible assets - others;
- Testing the reasonableness of the amortisation expense during the year in line with the Group's accounting policy;
- Assessing management's determination as to whether any impairment indicators exist and evaluating this assessment having due consideration of the evidence supplied and any other information gathered as part of the audit process; and
- Assessing the appropriateness of disclosures in the financial statements to ensure compliance with Australian Accounting Standards.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024 but does not include the financial report and the 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the financial report

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the 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 have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2024.

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

### *Responsibilities*

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

  
RSM AUSTRALIA

  
AIK KONG TING  
Partner

Perth, WA  
Dated: 21 August 2024

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# Shareholder Information

The shareholder information set out below was applicable as at 19 August 2024.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

|                   | Number of holders | Ordinary Shares    |                          |
|-------------------|-------------------|--------------------|--------------------------|
|                   |                   | Number of holders  | % of total shares issued |
| 1 to 1,000        | 19                | 2,002              | 0.00%                    |
| 1,001 to 5,000    | 69                | 304,868            | 0.07%                    |
| 5,001 to 10,000   | 176               | 1,419,324          | 0.33%                    |
| 10,001 to 100,000 | 439               | 16,720,223         | 3.86%                    |
| 100,001 and over  | 293               | 415,145,567        | 95.75%                   |
| <b>Totals</b>     | <b>996</b>        | <b>433,591,984</b> | <b>100%</b>              |

Based on the price per security, number of holders with an unmarketable holding: 44, with total 90,355, amounting to 0.02% of Issued Capital

## Equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

|                                                           | Ordinary Shares    |                          |
|-----------------------------------------------------------|--------------------|--------------------------|
|                                                           | Number of holders  | % of total shares issued |
| NATIONAL NOMINEES LIMITED                                 | 51,738,936         | 11.93%                   |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                 | 28,672,808         | 6.61%                    |
| Jon Birman                                                | 22,497,811         | 5.19%                    |
| MR STEVEN CAROLAN                                         | 15,663,299         | 3.61%                    |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                 | 15,434,610         | 3.56%                    |
| MRS PETRA JANE NELSON                                     | 14,598,540         | 3.37%                    |
| Rodney and Gaynor Sherwood                                | 13,459,170         | 3.10%                    |
| MR DECLAN STEPHEN HOARE                                   | 9,769,117          | 2.25%                    |
| Charles Stewart                                           | 9,669,340          | 2.23%                    |
| MR JOHN RAYMOND SHAW                                      | 9,388,000          | 2.17%                    |
| Stephens Family                                           | 9,150,000          | 2.11%                    |
| Neal & Alison Conliffe                                    | 7,492,002          | 1.73%                    |
| Ian Callahan & family                                     | 7,249,705          | 1.67%                    |
| Hill family                                               | 6,908,725          | 1.59%                    |
| Myers family                                              | 6,778,314          | 1.56%                    |
| Michael & Judith Stewart                                  | 6,479,856          | 1.49%                    |
| H&G High Conviction                                       | 6,156,627          | 1.42%                    |
| Alan and Kerrie Pearlman                                  | 6,151,010          | 1.42%                    |
| BEAUVAIS CAPITAL PTY LTD                                  | 5,500,000          | 1.27%                    |
| Michael Ivanchenko                                        | 5,105,000          | 1.18%                    |
| <b>Total</b>                                              | <b>257,862,870</b> | <b>59.47%</b>            |
| <b>Total issued capital - selected security class(es)</b> | <b>433,591,984</b> | <b>100.00%</b>           |

## Shareholder Information

### Substantial holders

|                                           | Ordinary Shares  |                          |
|-------------------------------------------|------------------|--------------------------|
|                                           | Number of shares | % of total shares issued |
| NATIONAL NOMINEES LIMITED                 | 51,738,936       | 11.93%                   |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 28,672,808       | 6.61%                    |
| Jon Birman                                | 22,497,811       | 5.19%                    |

### Voting Rights

The voting rights attached to ordinary shares are set out below:

#### ORDINARY SHARES

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.

There are no other classes of equity securities.