

ASX RELEASE

24 August 2023

Acusensus Appendix 4E and FY23 Annual Report

In accordance with ASX Listing Rules, attached are the Appendix 4E and Annual Report for the year ended 30 June 2023 for Acusensus Limited (ASX:ACE) (Acusensus).

The following year end reporting documents will be released separately:

- Acusensus FY23 Results Release;
- Acusensus FY23 Investor Presentation; and
- Acusensus Appendix 4G and Corporate Governance Statement for FY23.

Acusensus will host an investor webinar with Managing Director, Alexander Jannink, and Chief Financial Officer, Mark Lawrence, at 9.30am AEST today. Investors and interested parties can register for the webinar via the following link:

https://us02web.zoom.us/webinar/register/WN_ndo9h0EdRRGIkEIgf8dhw

Questions can be pre-submitted to benl@nwrcommunications.com.au or asked via the Q&A function during the webinar.

END

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This announcement is authorised by the Board of Acusensus Limited.

About Acusensus

Acusensus is a technology company that was founded in 2018 with a mission to design and develop artificial intelligence enabled road safety solutions. Collaborating with governments and commercial stakeholders to tackle distracted driving globally is Acusensus' first priority.

Acusensus has pioneered intelligent solutions that provide anywhere, anytime digital evidence that can be used in conjunction with law enforcement to drive behavioural change and improve road safety. Acusensus technology is used to detect and provide prosecutable

evidence of distracted driving (mobile phone use), seatbelt compliance, speeding, railway crossing compliance and the monitoring of vehicles of interest.

Acusensus listed on the Australian Securities Exchange in January 2023. Acusensus is headquartered in Melbourne, Australia, with offices also in Sydney, Brisbane, London (UK) and Las Vegas (United States).

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Acusensus Limited

Appendix 4E

Preliminary Final Report

1. Company Details

Name of entity:	Acusensus Limited
ABN:	17 625 231 941
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for Announcement to The Market

\$

Revenues from ordinary activities	up	46.6%	to	42,004,524
Profit from ordinary activities after tax attributable to the owners of Acusensus Limited	down	96.1%	to	55,373
Profit for the year attributable to the owners of Acusensus Limited	down	96.1%	to	55,373

Dividends

There were no dividends paid, recommended or declared for the year ended 30 June 2023 nor for the comparative year ended 30 June 2022.

Comments

The consolidated entity generated an operating income after income tax expense of \$55,373 (30 June 2022: \$1,425,331). The reduction of operating income after income tax expense, despite a 46.6% increase in revenue, is primarily associated with costs of listing on the ASX on 12 January 2023 and income tax expense incurred for the year ended 30 June 2023. For the year ended 30 June 2022 an income tax benefit was realized.

3. Net Tangible Assets

	30 June 2023	30 June 2022
	\$	\$
Net tangible assets per ordinary security	<u>1.36</u>	<u>0.81</u>

4. Control gained or lost over entities

Name of entity:	Acusensus UK Limited
Date control gained:	Incorporated on 25 August 2022

The contribution of Acusensus UK Limited to the reporting entity's profit from ordinary activities before income tax was immaterial. The profit/(loss) from ordinary activities before income tax of Acusensus UK Limited during the whole of the previous corresponding period was nil given the company was incorporated on 25 August 2022.

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5. Dividends

There were no dividends paid, recommended or declared for the year ended 30 June 2023 nor for the comparative year ended 30 June 2022.

6. Dividend Reinvestment Plan

Not applicable.

7. Details of Associates and Joint Venture Entities

Not applicable.

8. Foreign Entities

The company's foreign entities include Acusensus, Inc. (a Delaware corporation that is incorporated in the United States) and Acusensus UK Limited (incorporated in the United Kingdom). The company's foreign entities' financial results are compiled in accordance with International Financial Reporting Standards (IFRS).

9. Audit Qualification or Review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any)

The Annual Report of Acusensus Limited for the year ended 30 June 2023 is attached.

11. Annual General Meeting

Acusensus Limited advises that its Annual General Meeting will be held on Thursday, 16 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting, which will be sent to all shareholders and released to the ASX.

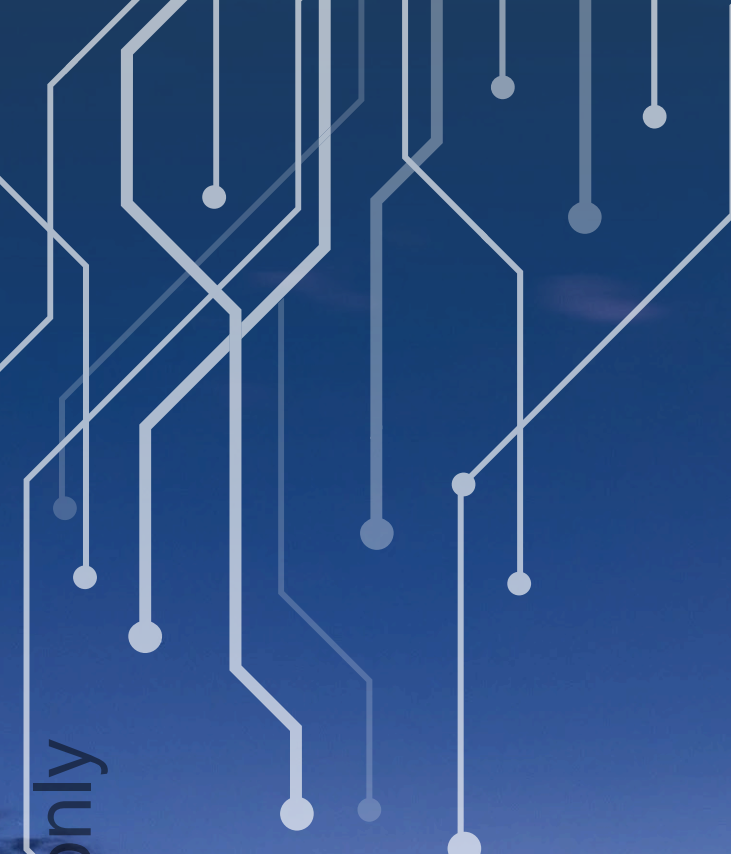
In accordance with the ASX Listing Rules, valid nominations for the position of Director are required to be lodged at the registered office of the company by 5:00pm AEST on Thursday, 28 September 2023.

12. Signed

Signed  _____

Date: 24 August 2023

Alexander Jannink
Director
Melbourne, Australia



acusensus
intelligent eyes

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ANNUAL REPORT
2023

ACUSENSUS LIMITED
ACN 625 231 941

FY23 Highlights



\$148.0 million of revenue from six multi-year enforcement contracts



First US enforcement contract secured in North Carolina



Strong business development progress in the USA, UK and other geographies



20+ revenue clients to date



Successful completion of IPO, raising \$20.0 million to fund global growth and product expansion



Statutory revenue of \$42.0 million compared to IPO Prospectus forecast of \$37.0 million



Statutory EBITDA of \$5.1 million compared to IPO Prospectus forecast of \$2.9 million

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Contents

FY23 Highlights	02
Introduction and overview	04
Business Performance	17
Governance and Risk	31
Directors' Report	35
Remuneration Report	44
Financial Statements	55
Shareholder Information	97
About This Annual Report	101
Glossary	103



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Introduction and Overview



DEAR SHAREHOLDERS,

On behalf of the Directors of Acusensus Limited, it is my privilege to present to you the Company's inaugural Annual Report as a listed entity for the financial year ended 30 June 2023 (**FY23**).

When Acusensus was founded in 2018 our first priority was the mission of designing and developing artificial intelligence (**AI**) enabled road safety solutions to focus on tackling distracted driving globally. Today, Acusensus' technology empowers authorities to tackle crucial road safety issues with solutions not only for distracted driving but also for seatbelt usage, speed (average and point-to-point) and other functionalities.

Over the past year we have witnessed remarkable growth and achievements delivered by a committed and capable team. Our solutions are now deployed in numerous jurisdictions and the impact we have made is undeniable. Our partners and clients have experienced a significant reduction in traffic violation rates, leading to safer roads. In the process, Acusensus has forged strong relationships with governments, law enforcement agencies and industry stakeholders, working closely with each of them to deliver comprehensive road safety strategies.

This success is a testament to the hard work and dedication of our team, who have gone above and beyond to ensure the seamless implementation and integration of our solutions.

In two major successes for Acusensus in FY23, a (minimum) three-year Mobile Device Detection Cameras Services Agreement was signed with the Australian Capital Territory Government, while a new contract to supply speed camera services to the Queensland Government over a (minimum) five-year period was also signed. The Mobile Speed Camera contract with the New South Wales Government was also varied to take into account the specific requirements to display roadside signage for all mobile speed camera deployments before and after vehicles during enforcement operations from 1 January 2023.

Importantly, Acusensus signed the first ongoing enforcement program contract in the United States (**US or USA**), where we will provide services in North Carolina to detect drivers of commercial vehicles who are using mobile devices or who are not wearing seatbelts.

Letter from the Chair



We are excited about the future prospects of Acusensus. The demand for advanced traffic enforcement technology continues to grow and we are well positioned to capitalise on this opportunity. We will continue to invest in research and development, pushing the boundaries of innovation to stay at the forefront of our industry. Our talented team of engineers and experts are tirelessly refining our solutions and developing new products that address emerging challenges.

I would like to thank the senior management team, as well as the Board of Directors (**Board**) for their leadership during a very important period for the Company. This included the Company's initial public offering (**IPO**) and listing on the Australian Securities Exchange (**ASX**) in January 2023, which was the next logical step in executing our long-term growth strategy.

I would like to acknowledge the contribution of Thomas Patterson who recently resigned as a non-executive Director after three-and-a-half years as a member of the Board. Tom's support was invaluable in helping us achieve the successful listing and he was instrumental in helping the Company secure the interim fund raises that took place prior to listing. We have commenced a search for a non-executive Director as we embark on balancing an independent Board.

On behalf of the Board, I would like to thank our employees, whose unwavering support and drive has been integral to the success of Acusensus to date, and our shareholders for your ongoing support of Acusensus.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'R. Mirchandani'. The signature is fluid and cursive.

Ravin Mirchandani
Chair
Acusensus Limited



Letter from the Managing Director

DEAR SHAREHOLDERS,

In presenting Acusensus Limited's inaugural Annual Report as a listed entity, I want to take this opportunity to reflect on the remarkable progress we have achieved over the past 12 months. This includes our successful listing on the ASX in January 2023, signing several new long-term customer contracts, and successfully delivering for our customers.

I am proud of the significant milestones that the Acusensus team has accomplished with the signing of long-term contracts with governments in Queensland, the Australian Capital Territory and in North Carolina in the United States. These partnerships will allow us to make substantial strides in improving road safety and reducing dangerous driving behaviours.

Acusensus has delivered robust financial performance during the fiscal year, with revenue growth of 46.6%. This growth is a testament to the dedication and hard work of our exceptional team, who consistently strive for excellence in all aspects of our operations.

The Company has continued to strengthen its market position in the distracted driving sector, securing a contract with the Australian Capital Territory Government to detect motorists using mobile phones while driving. Additionally, I am proud that we have commenced a speed camera services contract with the Queensland Government, utilising our unique and pioneering trailer-based solutions. These contracts, in addition to the existing services we provide in Queensland, including distracted driving and seatbelt compliance monitoring, demonstrate our ability to meet the evolving needs of our customers.

Our steadfast commitment to innovation, reliability, and operational efficiency has allowed us to seize new opportunities and expand the road safety monitoring market.

In Western Australia, we successfully completed a pilot program that saw the deployment of the Acusensus solution in a versatile manner, simultaneously enforcing mobile phone use, seatbelt non-compliance, point speed and average speed.

As a company founded with the overarching mission of societal benefit, Acusensus conducts its business in a socially responsible manner. Throughout the year, we have engaged in initiatives that promote road safety education and awareness, which provide opportunities such as scholarships and employment for various sectors of our community, and that save lives on roads. We are further innovating to provide education-based versions of our solutions, and I am proud that we signed an agreement with the Queensland Government in July 2023 for the pilot of advisory solutions that detect drivers who are engaged in dangerous behaviours such as phone use and tailgating, which then provides warning to those drivers through dynamically activated roadside signage. The focus of this program is educating motorists on safe driving behaviour, rather than applying punishment.

Looking ahead, we remain focused on investing in our people, technology, operations, and customer service to drive innovation and maintain our competitive edge. Our strategic priorities for the upcoming year include building on the key pillars of our growth strategy.

First, our market strategy involves a focus on reaching the global market with our distracted driving enforcement solutions. Building upon our success in establishing the first ongoing enforcement program for the detection of commercial vehicles where drivers are using a mobile phone whilst driving or who are not wearing a seatbelt in North Carolina, the United States is a core focus internationally. The United Kingdom (UK) also sees demand for enforcement services building, leading to the investment in the delivery of three new 'Heads-Up' enforcement camera trailers to assist in pilots and demonstrations in that market. We are progressing opportunities with our partners in Western Europe and elsewhere. Finally, we will continue our strong focus on further developing opportunities in Australia across our range of capabilities.

Second, our product strategy involves a focus on continually improving our product offering, addressing adjacent applications, and pursuing complementary technologies to meet the evolving needs of our customers.

On the product side, improvement of the image quality and AI recognition accuracy for our 'Heads-Up' solution will continue to be a focus. Research and development also commenced into such areas as impaired driving enforcement and roadside worker occupational health and safety during the financial year, which will continue into FY24. The pilot program in Queensland focused on warning drivers who are engaged in dangerous behaviours as mentioned above will also take place through FY24.

I would like to express my gratitude to our dedicated employees, who are the driving force behind our achievements. Their unwavering commitment, passion, and resilience are truly commendable. I also extend my appreciation to our shareholders for their continued trust and support.

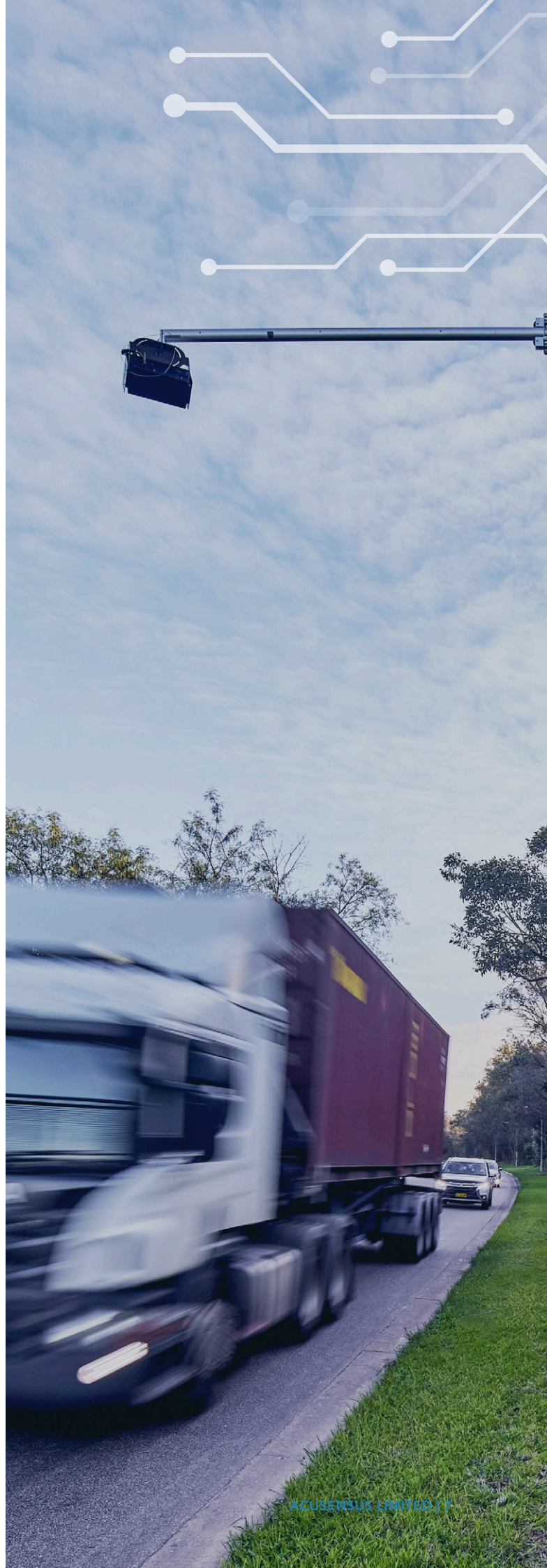
With a solid foundation, strong financial performance, and a talented team, Acusensus is well-positioned to seize the opportunities that lie ahead. We remain committed to creating long-term value for all our stakeholders while making a positive impact on society.

Thank you once again for your trust and support.

Yours faithfully,



Alexander Jannink
Managing Director
Acusensus Limited



About Acusensus

Mission Statement

Acusensus pioneers intelligent solutions that can be rapidly deployed to address road safety challenges.

Values

Societal benefit drives what Acusensus does and how it does it. Acusensus' headline long-term goal is to deliver societal benefit. The Company believes that maintaining a strong emphasis on the Acusensus mission and its core values will assist it to deliver on its mantra to have a positive impact on the world, delight customers and guide social initiatives.

Acusensus' core values are:

-  **Impact** – Acusensus is driven by its mission to develop and deliver solutions that make a positive impact.
-  **Collaboration** – Acusensus believes that solutions to any big challenge are best discovered through collaboration.
-  **Integrity** – Acusensus prides itself on conducting business ethically and responsibly. The Company keeps its word and delivers on promises.
-  **Care** – Ensuring the safety and well-being of employees, customers and the community drives Acusensus to deliver innovative and superior solutions.

These core values are codified in the Company's Code of Conduct and are a daily guiding force in how team members go about the Company's business. Adherence to these values aims to ensure that customers can trust Acusensus to deliver in an open, honest and transparent way.

History

Founded in 2018, Acusensus is a technology company that is driven by its mission to design and develop AI enabled road safety applications. Collaborating with governments and commercial stakeholders to tackle distracted driving globally is the Company's first priority.

Acusensus was founded in early 2018 by Alexander Jannink and was supported with seed investment from Indian power electronics company, Ador Powertron Limited (**Ador Powertron**). Since its inception, Acusensus has progressively raised funds from equity investors to fund its technology development and growth initiatives, including by listing on the ASX in January 2023 with an IPO that raised \$20.0 million. Acusensus spent significant time and expense both developing a technology solution to detect distracted driving and engaging with key stakeholders across Australia, Europe and North America to open a market for its enforcement camera solutions.

Acusensus has designed, developed, patented and commercialised technology focusing on the detection of distracted drivers who are illegally using mobile phones while driving and has expanded that technology offering to further address speed (point and average), seatbelt enforcement and registration/number plate review. Whilst Acusensus' initial focus was on the capture and referral to enforcement agencies of motorists using mobile phones illegally whilst driving, it has realised success with its other applications, including enforcement of speed and seatbelt non-compliance offences.

As part of its core functionality, the Acusensus 'Heads-Up' solution is used by authorities to enforce distracted driving. The solution captures clear photographs through windscreens of illegal driver behaviour to meet the prosecutable evidence requirement of government and enforcement agencies. Acusensus has continuously improved and refined the 'Heads-Up' solution, undergoing extensive testing and qualification processes to commercialise its products. A key milestone for Acusensus has been the further progress of its 'Heads-Up' solution to allow evidence of distracted drivers to be sent to the tablet/device of a law enforcement officer within seconds, who may be stationed a few hundred metres further on from where the trailer-based 'Heads-Up' solution is deployed. This is known as the Acusensus 'Heads-Up' Real Time enforcement solution.

Since its incorporation in March 2018, Acusensus has carried out a number of pilots and demonstrations, which have led to it entering into six multi-year government contracts. The key milestones in the Company's progression are as follows:

2018

- Acusensus Pty Ltd incorporated
- Selected for the University of Melbourne Accelerator Program
- First release of Acusensus 'Heads-Up' solution
- First Patent application filed
- New South Wales pilot contract for Mobile Phone Detection awarded



2019

- 10th employee starts
- First employee in the USA
- New South Wales world first Enforcement program for Mobile Phone Detection commences
- Partnership with Spinal Cord Injuries Australia
- Tasmania demonstration for Mobile Phone, Speed and Licence Plate recognition detection technology



2020

- Victorian pilot for Mobile Phone detection
- Queensland pilot for Mobile Phone detection
- Netherlands pilot for Mobile Phone detection
- USA demonstrations of Acusensus Real Time enforcement
- India enforcement contract using Acusensus Harmony
- Belgium pilot for Mobile Phone detection



2021

- 50th employee starts
- South African pilot for Mobile Phone and Seatbelt detection
- UK pilots for Mobile Phone and Seatbelt detection
- Spanish pilot for Mobile Phone and Seatbelt detection
- New South Wales Speed Detection Camera Program commences
- Queensland Mobile Phone detection and Seatbelt program commences
- Western Australia Smart Freeway pilot



2022

- 100th employee starts
- Acusensus wins the Intertraffic Inspiration Award
- Acusensus partners with entities in the UK for van-based pilot for Mobile Phone and Seatbelt detection
- New Zealand pilot for Mobile Phone and Seatbelt detection
- Western Australia pilot for Mobile Phone, Seatbelt detection, Speed and Point-to-Point Speed
- First employee in the UK
- Partners win ITS UK Enforcement Scheme Award



2023

- Acusensus lists on the ASX as ASX:ACE
- Acusensus wins the ITS Australia Award for Excellence in Research and Development
- Australian Capital Territory program for Mobile Phone detection goes live
- Queensland Speed detection program goes live
- Research and development into road worker safety and impaired driving detection





Key Stakeholders

OUR CUSTOMERS

Acusensus has a focus to target government and enforcement agencies with a clear mandate for road safety initiatives. These institutions represent the greatest opportunities for the adoption of the technology solution and will underpin the Company's expansion plan.

Acusensus currently has six major, multi-year contracts supporting its business operations:

- New South Wales Government contract to detect drivers who are illegally using a mobile phone whilst driving using fixed and trailer-based Acusensus 'Heads-Up' solutions. This was the world's first illegal mobile phone use enforcement camera program, which commenced operations in 2019.
- New South Wales Government mobile speed cameras on a separate multi-year contract using the Acusensus Harmony solutions predominantly in the south of New South Wales, which commenced operations in mid 2021.
- Queensland Government contract to detect drivers who are illegally using a mobile phone whilst driving and vehicle occupants who are not wearing seatbelts whilst driving using fixed and trailer-based Acusensus 'Heads-Up' solutions. This was the world's first seatbelt non-compliance and illegal phone use enforcement camera program, which commenced operations in mid 2021.
- Australian Capital Territory Government contract to detect drivers who are illegally using a mobile phone whilst driving using the Acusensus 'Heads-Up' solution, which commenced operations in early 2023.
- Queensland Government contract for trailer-based road safety speed camera services using the Acusensus Harmony solution, which commenced operations in mid 2023.

- North Carolina Department of Public Safety contract for the first ongoing deployment of technology-enabled policing of mobile phone and seatbelt enforcement in the United States for services relating to the detection and capture of instances of distracted driving and failure to wear a seatbelt in commercial vehicles using the Acusensus 'Heads-Up' Real Time system, which are transmitted to North Carolina State Highway Patrol officers near-instantaneously. Operations commenced under this contract in mid-2023.

The Company also has a number of current or upcoming contracts and tender opportunities with government departments in Australia, the US and in Europe, as well as a contract for data collection of mobile phone usage and seatbelt non-compliance whilst driving in the USA and a contract for the supply of Acusensus Harmony speed detection camera systems in India.

Acusensus has undertaken revenue-generating pilot programs, demonstrations and data collection partnerships focused on distracted driving and/or seatbelt enforcement technology across 10 countries. Such opportunities have also included simultaneous multi-function enforcement all in the one solution (illegal mobile phone use, speeding, and unregistered vehicles), AI-based automated lane usage sign recognition and level crossing monitoring deployments at railways. In addition, Acusensus is looking forward to conducting a pilot for the Queensland Government to detect drivers who are engaged in phone use or tailgating before providing an advisory message on roadside signage that this dangerous behaviour has been detected.



OUR PEOPLE

Acusensus has grown from its initial founder to 127 employees by mid 2023, with a full-time equivalent personnel count approximately 61% of that. Roles span engineering, technology, quality control, operations, health, safety, environment and quality (HSEQ), R&D, corporate, finance, sales, marketing, customer review and support, field services and administration functions.

Acusensus aims to recruit experienced and qualified personnel, while also ensuring that there is a strong cultural alignment with Acusensus' values in a customer-centric, fast-paced and entrepreneurial environment.

Acusensus Employee Feature: Sean Emery, Software Engineer

Software engineer Sean Emery has had a lifelong interest in examining how things worked. It just took him a little time and some career detours to find his true calling. After completing year 12 in 2009, Sean had enough of the books and decided to follow in the footsteps of his grandfather by securing a trade apprenticeship as an electrician. While Sean enjoyed learning his craft working across high-rise apartments and hospitals, he soon realised that the early starts and physical labour were going to be an ongoing challenge.

"Starting work at 7 am and finishing at 3:30 pm, on top of working outside in the cold, made me stop and think, is this really what I want to be doing into my 40s? I never thought I would be doing software engineering, but I knew I needed to make a change" Sean said.

It was back to the books to complete an advanced diploma in electrical engineering before Sean secured a role as an electrical engineer for a robotics and automation company. It was in this role that Sean first discovered software engineering, and the switch was flicked.

"After seeing what the software team did, I had a bit of a light bulb moment and started to do some online coding courses after work. My partner's brother was also starting to get into coding at the same time, and he mentioned a useful course I should check out," Sean said.

A three-year Computer Science degree followed, and after a few career U-turns, Sean joined Acusensus in 2021 as a Graduate Software Engineer before progressing to become a Software Engineer. Sean is now finally doing what he loves most - creating code to not only make systems work more efficiently but also save lives.



"Being able to work directly on a product that I can see has the potential to save lives is incredible. I can use code to identify potentially dangerous behaviour and flag this with clients. It's a reminder to people that at the end of the day, road rules are there for their safety," he said.



Sean is excited that his work with Acusensus has the potential to elevate road safety to a completely new level.

"The team at Acusensus has been so welcoming, and it is so inspiring to see that the Company and my team members are so passionate when it comes to using technology to improve safety. I can only see AI continuing to be more widely adopted. It allows for automated decisions that can review a vehicle in half a second - the volume and speed at which it can audit is just not possible for a human."

Acusensus Employee Feature: Andrew Truong - Image Review Officer

“Working for Acusensus has given me the opportunity to overcome many challenges, gain confidence and learn valuable skills to further develop my career. I am thankful to be part of a supportive and flexible team that has encouraged my growth and development. Not only has the team at Acusensus made a difference in my life, but it continues to make a significant positive impact on society.”- Andrew Truong, Image Review Officer

Andrew Truong graduated with a degree in Information Systems from Australian Catholic University with an interest in pursuing a career in IT. He is a part of the Spinal Cord Injuries Australia program and learned about Acusensus through his involvement with the organisation’s employment section.

After experiencing severe neck pain in 2015 and seeing no improvements from physiotherapy, Andrew requested an MRI scan, where it was revealed that he has a tumour inside his spinal cord.

By 2017, a biopsy put him in a manual wheelchair, but he was still able to travel, even going to Vietnam in early 2018 for a friend’s wedding.

However, in late 2018, Andrew’s tumor grew to 18cm and he was told that it would continue to grow towards the brain stem unless he underwent an operation. Such surgery would likely leave Andrew quadriplegic, requiring a ventilator to breathe. Miraculously, Andrew didn’t need a ventilator post-surgery and after daily physiotherapy sessions in the hospital, he has reached where he is today.

Andrew read about a role at Acusensus which piqued his interest; he could work to capture people breaking road safety laws, thereby creating a safer road network. Thus began Andrew’s journey at Acusensus in 2020, where he started working as an Image Review Officer for the New South Wales Mobile Phone Detection Camera (MPDC) program. Since then, Andrew has worked on a range of programs and pilots that Acusensus has carried out. Prior to his employment at Acusensus, Andrew thought he would never work again. Andrew enjoys his time at Acusensus due to the positive environment the staff members cultivate. He also appreciates the flexibility to work from home.

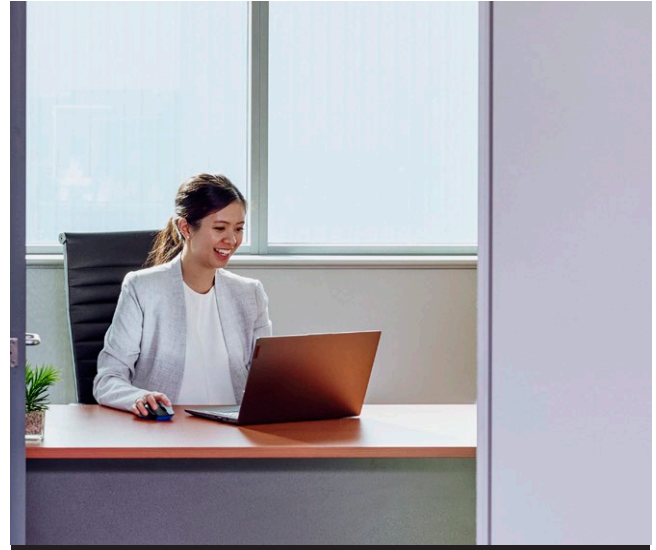


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COMMUNITIES

Acusensus operates programs in communities holistically and thoroughly with ongoing enforcement programs currently operating in New South Wales, Queensland and the Australian Capital Territory in Australia, as well as in North Carolina in the United States. The transportable nature of the Acusensus trailer allows enforcement to occur anytime, anywhere. This is designed to assist communities to be safer in both rural and urban areas.

It is common for the local recruitment and training of Image Review Officers and Enforcement Trailer Operators (**ETOs**) to take place in the deployment and operations of Acusensus fixed and transportable systems, creating local jobs for the communities in which Acusensus' solutions are active. In an effort to create a lasting impact on the communities in which programs operate, Acusensus ETOs have been hired from programs such as those run by Police Legacy, as well as associated referrals. This means the ETO team comprises some former police officers who have gone through programs to help them recognise and cope with post-traumatic stress disorder (**PTSD**) symptoms. Due to the former police training that many of the Acusensus ETOs have undertaken, these employees utilise their unique roadside skills and experience to safely deploy the Company's trailer-based solutions.



INVESTORS

Acusensus was proud to list on the ASX in its IPO in January 2023, raising \$20.0 million with the support of its existing shareholder base, as well as new shareholders who invested in the Company upon listing. Acusensus' IPO was conducted in order to:

- fund continued product research and development;
- accelerate the growth of operations for the Company;
- provide sufficient working capital to fund expansion of operations into overseas jurisdictions;
- provide funding to acquire key components, trailers and operations resources; and
- provide sufficient working capital to support the stated growth strategy and future growth opportunities, which would require working capital ahead of any contracted revenues.

The Company's strong financial results for FY23 have underscored the success of the IPO and its strategic objectives. Cash and cash equivalents as at 30 June 2023 of \$12.8 million plus \$12.0 million of term deposits (classified as other current assets), totaling \$24.8 million, provide ample cash reserves to fund growth prospects and product development initiatives.

The IPO has accelerated the growth of operations, and the financial performance reflects this goal. The capital position enables Acusensus to enhance its technological offerings and maintain its competitive edge in the market. The proceeds from the IPO have provided the necessary working capital to fund the expansion of operations into overseas jurisdictions, enabling Acusensus to tap into new markets and increase its global footprint. These financial outcomes demonstrate the effectiveness of the IPO in achieving its intended purposes and highlight Acusensus' ability to utilise the raised capital to drive expansion and innovation in its operations.

Business Strategy

Business Model

The Acusensus business model is based around providing innovative road safety compliance solutions to government and enforcement agencies globally. Utilising its AI technology platform, Acusensus offers a range of services to customers, including distracted driving detection, seatbelt non-compliance, speed detection, automatic number plate recognition, detection of vehicles that are being driven in closed lanes of freeways and rail crossing non-compliance. Acusensus considers other adjacent safety opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers.

The Company's business model is based on the following key fundamentals:

- development of innovative road safety traffic enforcement and AI-enabled compliance solutions;
- providing innovative and scalable solutions designed to secure large, long-term contracts with reputable counterparties; and
- the ability to offer a suite of ancillary services to customers, such as ongoing maintenance activities, review functions and site deployment selection evaluations, which provide additional revenue streams.

Acusensus employs different paths to market depending on the jurisdiction.

In common law countries such as in Australia, the United States and the UK, Acusensus aims to approach customers directly. It submits tender responses in its own name and seeks to secure all aspects of the camera deployment value chain – from camera supply, to installation, maintenance, deployment and image review services.

In other jurisdictions, Acusensus seeks to find and engage with a suitable third-party distribution partner. The chosen partner is an entity that understands the local market and can secure market access for Acusensus solutions. Under this scenario, Acusensus will generally supply the camera equipment, the software systems and certain technical support services. Its partner will generally supply the other services.

Acusensus is committed to road safety improvements and this underpins its philosophy and approach to market. While Acusensus' leading distracted driver solution is usually the key differentiating factor in realising traction with new customers, this often leads to broader opportunities across its other product offerings.

Revenue Model

Acusensus prefers an annuity revenue model in which it is paid a fixed monthly fee to provide all relevant services. The Company is flexible on the commercial model to appropriately respond to the needs, regulatory limits and budget constraints of its customers. The Company has not accepted revenue models that are based on the number of offenders caught. Since inception, Acusensus has secured more than twenty contracted pilots and programs.

Typically, the Company's programs are awarded via a tender process and are likely to last for an initial period of between two and six years before renewal via a new tender process or the exercise of optional extensions of the existing contract. Revenue for Acusensus is generated from a number of sources including:

- » Licence fees – for the use of the Company's products and intellectual property;
- » Review fees – for the manual review of images taken using the Company's products;
- » Maintenance fees – for the ongoing maintenance of purchased or rented products;
- » Deployment fees – for the relocation of camera vehicles or trailers from one location to another;
- » Sale and/or rental of hardware; and
- » Fees related to peripheral activities such as recommendations to customers for potential suitable locations for fixed and/or mobile detection units.

Following the success of the programs in New South Wales and Queensland, other government agencies have gained comfort with the distracted driver enforcement technology as evidenced by a trend toward longer contract durations seen in newly released distracted driver enforcement program tenders. Recent tender opportunities have seen contract durations including optional extension periods of up to 12 years.

Contracted monthly revenue has created a steady growth profile for the business as the Company has continued to expand current operations and win new contracts.

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Senior Management Team

The Company has a highly experienced senior management team as set out below:

Alexander Jannink

BE(Hons), BCS, MBA, GAICD, MIEAust



**MANAGING
DIRECTOR**

- Refer to profile in the **Board of Directors** section of the Directors' Report.

Mark Lawrence

BBus, ACA



**CHIEF FINANCIAL
OFFICER**

- Mark is an experienced ASX listed Chief Financial Officer.
- Mark commenced his career at Deloitte Touche Tohmatsu Chartered Accountants, progressed to senior finance roles with Lendlease Corporation and Programmed Group. Mark was Chief Financial Officer for Boom Logistics (ASX:BOL) and Chief Operating & Financial Officer for SelfWealth (ASX:SWF) when they listed on the ASX.
- Mark has strong commercial skills, a solid track record in developing high growth companies, and extensive merger and acquisition experience.
- Qualifications: ACA, Institute of Chartered Accountants and Bachelor of Business (Accounting) from Monash University.

Olivia Byron

BCom/LLB(Hons), GDLP, MCL(Hons), FGIA



**GENERAL
COUNSEL
& COMPANY
SECRETARY**

- Refer to profile in **Company Secretary** section of the Directors' Report.

Chris Kells

BE, BCS



**CHIEF
TECHNOLOGY
OFFICER**

- Chris has extensive technical expertise in imaging, enforcement and machine learning. Chris has delivered road safety technology solutions for a number of public sector customers across the world through his past employment in senior R&D positions for a multinational enforcement camera vendor. This includes for Redflex Traffic Systems, where Chris held various senior positions including Senior Engineer and Team Leader. Chris led the adoption of various integral technologies for the Redflex group, including the scrum framework and JIRA software within Redflex's Future Product Group.
- Chris has acquired significant experience in the research, design and development of photo enforcement solutions. Chris also has significant experience in the deployment, demonstration and user acceptance testing of enforcement solutions both in Australia and internationally.
- Qualifications: Bachelor of Engineering (Mechatronics) and Bachelor of Computer Science, University of Melbourne.

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Andrew Matthews



HEAD OF DELIVERY

- Andrew formed the operations teams, image review teams and camera deployment teams for Acusensus, working in partnership with not for profits such as Spinal Cord Injuries Australia and New South Wales Police Legacy to provide these services to Acusensus customers. He also formed the hardware development team at Acusensus, which has produced technology solutions for cars, trailers and fixed installations.
- Prior to the formation of Acusensus, Andrew held the position of Head of Delivery and Operations for a multinational enforcement camera provider. Among numerous delivery achievements he was responsible for the introduction of the technology for the New South Wales Speed Camera program in 2010.
- Qualifications: Advanced Diploma Electrical Engineering from Southern Sydney Institute of TAFE.

Shaun Miller

GCertBA, MGlobalDev (in progress)



HEAD OF CUSTOMER ENGAGEMENT

- Shaun has led business development activities for both Fortune 500 and start-up companies in Australia and internationally. Shaun's business development and management expertise has contributed growth and stability to a range of industries including manufacturing and technology companies.
- Shaun has led export and business development programs to countries including India, USA and Europe, China and South-East Asia.
- Shaun also has extensive experience working in and with layers of government both in Australia and globally, including seeing a sister-city program being managed by Shaun as recognised by RMIT university as best practice in Australia.
- Shaun is a non-executive director of Economic Development Australia (EDA).
- Qualifications: Graduate Certificate in Business Administration from Griffith University, Master of Global Development from Griffith University (in progress).

Annamarie McMath



HEAD OF TEAM EXPERIENCE & PERFORMANCE

- Annmarie joined Acusensus as Head of Team Experience & Performance in October 2022.
- Prior to this, Annmarie has had extensive experience as a senior leader in SaaS Product & People Operations, including as Head of People & Projects at MachShip, an independent cloud-based freight management platform. In this role, she developed and trained global Customer Success and Operations teams and launched People Operations, implementing scalable programs and best practices for world-class operations.
- Annmarie's leadership has been pivotal in delivering outcomes for organisations in human resource strategy, learning & development, culture, leadership and team development, employee relations, succession planning, employee engagement and feedback, continuous performance management, onboarding, training, rewards and recognition and organisational learning.
- Qualifications: Certificate of Adolescent Counselling from Monash University, Academic Life Coaching from Life Coaching EDU, Entrepreneurship/Startup Incubator from Founder Institute.

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Business Performance



Company Performance

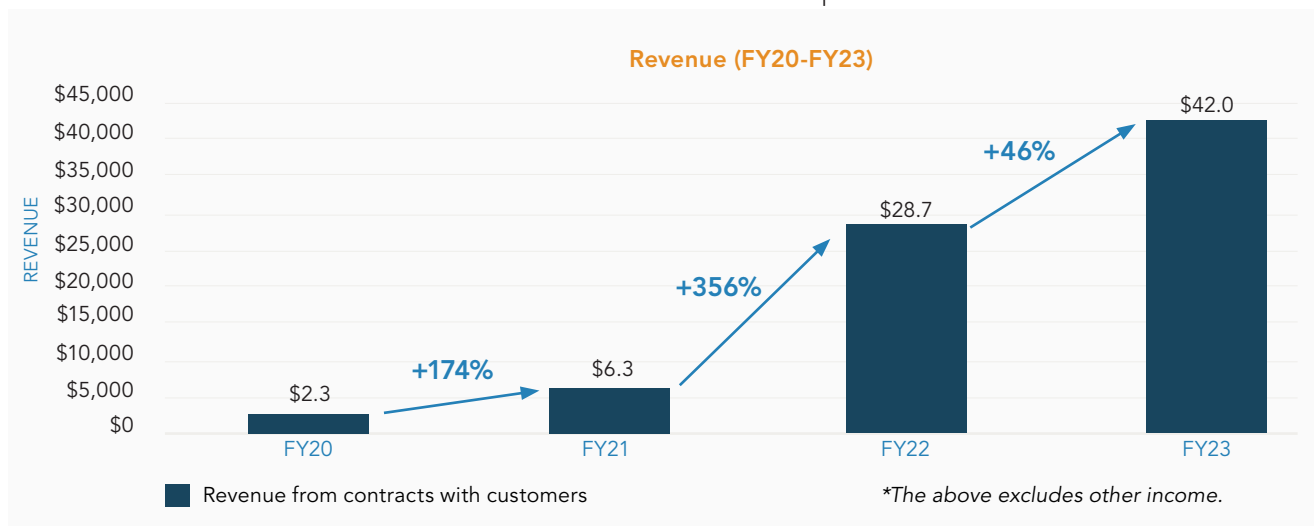
On 12 January 2023, the Company announced its successful listing on the ASX. The Company raised \$20.0 million gross proceeds, before transaction costs, through the issue of 5.0 million fully paid ordinary shares at an offer price of \$4.00 per share.

The use of funds utilised to date are in line with the use of funds business objectives for the period. Cash and cash equivalents as at 30 June 2023 of \$12.8 million plus \$12.0 million of term deposits (classified as other current assets), totalling \$24.8 million, provide ample cash reserves to fund global growth prospects and product development initiatives.

Use of funds statement	\$ million	\$ million
Use of funds	Total	Used to 30 June 2023
R&D – product development	3.5	0.9
International expansion:		
- North America	3.0	0.2
- Europe	2.5	0.3
- Other markets	1.5	-
Capital expenditure	4.0	2.7
Working capital	3.6	-
Costs of the offer	1.9	2.1
Total IPO proceeds	20.0	6.2

The consolidated entity revenue for the year ended 30 June 2023 totalled \$42.0 million, an increase of 46.6% in comparison to the year ended 30 June 2022, where revenue totalled \$28.7 million. The increase in revenue is largely due to:

- continued expansion of the New South Wales mobile phone enforcement camera contract;
- commencement of the Australian Capital Territory mobile phone enforcement camera contract;
- commencement of the Queensland trailer-based transportable speed camera contract;
- variations to the New South Wales mobile speed camera contract; and
- extension of the Western Australia enforcement camera pilot.



The consolidated entity generated an operating income after income tax expense of \$55,373 (30 June 2022: \$1,425,331). The reduction of operating income after income tax expense, despite a 46.6% increase in revenue, is primarily associated with costs of listing on the ASX on 12 January 2023 and income tax expense incurred for the year ended 30 June 2023. For the year ended 30 June 2022 an income tax benefit was realised.

On 25 July 2023, a resolution was approved for the subdivision of capital with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2. For the purposes of the Financial Report encompassing the Directors' report, Remuneration Report and the consolidated financial statements including notes to the consolidated financial statements, all shares and options are included showing their pre-split amounts.

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Markets

Market Landscape

Acusensus is the world-first provider of enforcement solutions in the emerging A\$1.8 billion per annum¹ market to detect and enforce illegal mobile phone usage by drivers using AI enforcement cameras. The impact of Acusensus' technology is proven – New South Wales introduced Acusensus technology in 2019, and since then, there has been a six-fold reduction in phone usage detection rates. This coincided with a 20% road fatality reduction in the corresponding period, at a time when other Australian states experienced casualty increases.² The Company is also aiming to consistently expand into the global traffic enforcement industry, which had an estimated value of A\$4.56 billion in 2021, growing at a compound annual growth rate of 10.7% to reach an expected A\$7.57 billion in 2026.³ This expansion is possible due to the multi-function nature of Acusensus' solutions, which are also able to detect the following, in addition to mobile phone usage:

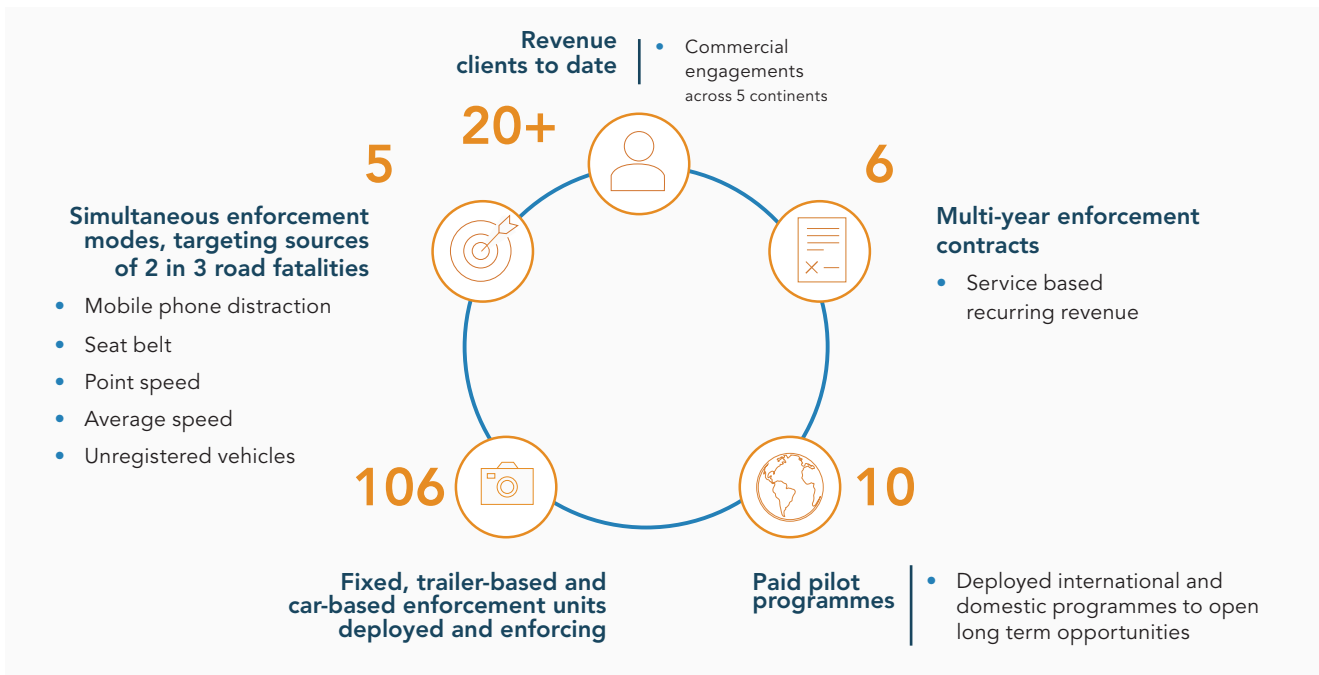
- seatbelt non-compliance by front seat occupants;
- driver speeding at a set point or over a distance;
- automatic number plate recognition to detect unregistered vehicles and other vehicles of interest;
- vehicles that are being driven in closed lanes of freeways; and
- railway crossing non-compliance.

In July 2023, Acusensus entered into an agreement with the Queensland Government for a pilot focused on detecting drivers who are engaged in phone use or tailgating before

providing an advisory message on roadside signage that this dangerous behaviour has been detected.

With road traffic crashes estimated to cause an additional 13 million deaths and 500 million injuries in the decade from 2021-2030,⁴ authorities are focusing on the 'fatal five' when it comes to road safety – speeding, seatbelts, fatigue, drugs /alcohol and distraction – with an aim to reduce preventable road death.⁵ Up to 94% of US fatalities involve the "fatal five", thereby involving preventable and typically illegal behaviour.⁶ From the Company's initial focus on distraction enforcement, the expansion of its offering to include other capabilities provides enforcement based solutions from a single asset against the contributing factors in two-thirds of road fatalities.

Acusensus currently has six major, multi-year enforcement contracts valued at \$148.0 million for the enforcement of mobile phone usage (New South Wales and Australian Capital Territory, Australia), mobile phone usage and seatbelt non-compliance (Queensland, Australia), speed (New South Wales and Queensland, Australia) and mobile phone usage and seatbelt non-compliance in commercial vehicles (North Carolina, United States), signifying long-term annuity revenue. Acusensus also has a clear growth strategy focusing on international expansion and product set expansion, evident through the expansion of operations in the United States, its establishment in the UK, as well as R&D ventures in projects such as impaired driving enforcement and roadside worker occupational health and safety.



1 Frost & Sullivan, The Global Market for Traffic Enforcement Solutions, Acusensus Limited IPO Prospectus - Estimated of Global Total Addressable Market for Mobile Phone Enforcement Solution.
 2 https://www.bitre.gov.au/publications/ongoing/road_deaths_australia_monthly_bulletins
 3 Frost & Sullivan, The Global Market for Traffic Enforcement Solutions, Acusensus Limited IPO Prospectus - Total Traffic Enforcement Solutions Market.
 4 World Health Organisation, Global Plan, Decade of Action for Road Safety 2021-2030.
 5 <https://rse.org.au/about-road-safety>.
 6 <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/812456>.



Growth Strategy in the Market

Acusensus is focused on reaching the global market with its distracted driving enforcement solution and taking advantage of its first mover advantage in furtherance of its growth strategy, which has two key pillars:

Market strategy – a focus on reaching the global market with Acusensus’ distracted driving enforcement solution; and

Product strategy – a focus on continually improving Acusensus’ product offering, addressing adjacent applications and pursuing complementary technology to meet the needs of similar customers.

The Company’s overall growth strategy can be summarised to include the following intentions and strategies to achieve those intentions:

ACUSENSUS INTENDS TO GROW BY:

- 
 - Capitalizing on a ‘first mover advantage’ to secure further market share in Australia and New Zealand
- 
 - Expansion of the North American business
- 
 - Expansion of the UK business
- 
 - Expanding geographically into other international markets (e.g., Europe) through strategic relationships
- 
 - Exploiting new revenue opportunities by enhancing existing products and developing new products
- 
 - Providing ancillary services to allow up selling and cross selling opportunities

TO EXECUTE THE GROWTH STRATEGY THE COMPANY WILL:

- 
 - Invest in manufacturing further camera solution equipment to satisfy existing and anticipated demand
- 
 - Invest in further research and development activities
- 
 - Scale the capabilities of the sales and operations teams
- 
 - Improve competitiveness through working capital management and certifications such as ISO9001 and ISO27001



Market strategy

To assist with market penetration, the Company will implement an “on the ground” sales presence in select regions and partner with select distribution partners for particular regions. The preferred market distribution method is dependent on the circumstances of each market.

Australia and New Zealand

In Australia and New Zealand, the Company’s objective is to be engaged directly with the majority of states and territories in the supply of road safety enforcement solutions and services. This has realised pilots and contracts across six states and territories in Australia, as well as a pilot in New Zealand.

As the Company grows and secures additional contracts, it will seek to provide superior quality solutions, leverage existing customer relationships for complementary product and service offerings and work towards securing solutions to other driver enforcement challenges such as seatbelt non-compliance, speed detection, automatic number plate recognition, detection of vehicles that are being driven in closed lanes of freeways and rail crossing non-compliance. Acusensus considers other adjacent opportunities where it can deploy its core intellectual property, including the provision of vehicle monitoring services for potential government customers.

North America

Acusensus considers that North America presents a unique and potentially large market for its solutions. With over 18,000 potential customers (governmental and enforcement agencies), the approach to market is different to that in Australasia. The Company has focused its approach to this market with the ‘Heads-Up’ Real Time solution, a tool to enhance law enforcement officer prosecution of dangerous behaviours, such as distracted driving.

Demonstrations and/or trials have taken place across 20 jurisdictions in 15 states and the Company has secured the first ongoing deployment of technology-enabled policing of mobile phone and seatbelt enforcement in the United States. Through the North Carolina Department of Public safety, instances of distracted driving and failure to wear a seatbelt in commercial vehicles are detected and captured using the Acusensus ‘Heads-Up’ Real Time system, which are transmitted to North Carolina State Highway Patrol officers near-instantaneously. Acusensus also has a material mobile phone and seatbelt data survey contract with research entity Westat Inc.

There are several funding sources available which governments and enforcement agencies may be able to access to purchase Acusensus' solutions. To assist with market growth, Acusensus has established an office in the United States and has seven employees operating in different parts of North America, including its recent appointment of David Kelly as Vice President of Government Solutions in July 2023. At an exciting time for the business, David will play a pivotal role in the Company's growing North American operations.

Europe

In Europe the Company has entered into exclusive arrangements with several distributors on a country-by-country basis. It continues with a process to identify strong local distributors in further target countries, seeking to engage proven, credible, local partners and work with them to approach each market. Consistent with its market strategy, the Company will continue to explore distribution arrangement or partnership opportunities.

The Company has undertaken pilots in four European jurisdictions, focusing its approach to market its 'Heads-Up' solution, while also exploring 'Heads-Up' Real Time opportunities.

In the UK, the Company has secured several pilots and has established a presence to focus on opportunities in this market with the incorporation of a subsidiary entity and appointment of a highly credentialed enforcement project expert, Geoff Collins, as its General Manager - UK in November 2022 to head up its UK operations.

Rest of World

For the rest of the world, Acusensus will pursue opportunities as they are presented, typically through distribution partners.

Product strategy

Acusensus will continue to improve its product offering, addressing adjacent applications and pursuing complementary technology to meet the needs of similar customers. Acusensus is pursuing certification including ISO9001 and ISO27001 to further support its delivery and product offerings.

Acusensus is initially focused on road safety enforcement solutions for analysis and reporting of distracted driving offences, the enforcement of speeding, licence plate recognition, seatbelt enforcement and monitoring lane closures on freeways. The Company will also explore solutions to other major road safety challenges where they meet the strategic initiatives of the Company.

Acusensus is investing in R&D of new product initiatives and adjacent opportunities to its current offering. One such opportunity is a phone use warning solution that detects drivers who are engaged in dangerous behaviours, such as phone use and tailgating, and then provides warning to those drivers through dynamically activated roadside signage. In this respect, Acusensus entered into an agreement with the Queensland Government in July 2023 for a pilot involving this technology.

Other key initiatives include:

- through partnership with Griffith University and with funding from the federal government, Acusensus is researching how to use 'Heads-Up' style technology to detect in real-time when drivers are impaired by drugs or alcohol;
- the Acusensus 'Guardian Project' which aims to detect dangerous situations for first responders and road workers, and is being developed in partnership with Swinburne University; and
- a railway crossing monitoring solution tracking how cars fail to stop at stop sign controlled and signalised rail intersections. The Company has been engaged to conduct surveys in New South Wales and Victoria using this solution.



Technology Solutions

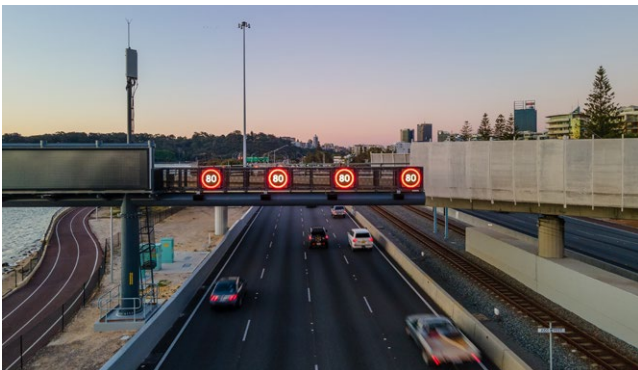
Acusensus has developed a number of innovative road safety enforcement solutions, which enable sales in Australian and international markets.



Acusensus 'Heads-Up'

The Company's main product is its Acusensus 'Heads-Up' solution, based on its patented technology and used to detect and capture prosecutable evidence of drivers illegally using mobile phones whilst driving. Since its inception, the 'Heads-Up' technology has been enhanced to simultaneously provide enforcement of other offences including seatbelt non-compliance by front seat occupants, driver speeding at a set point or over a distance and automatic number plate recognition to detect unregistered vehicles and vehicles that are being driven in closed lanes of freeways

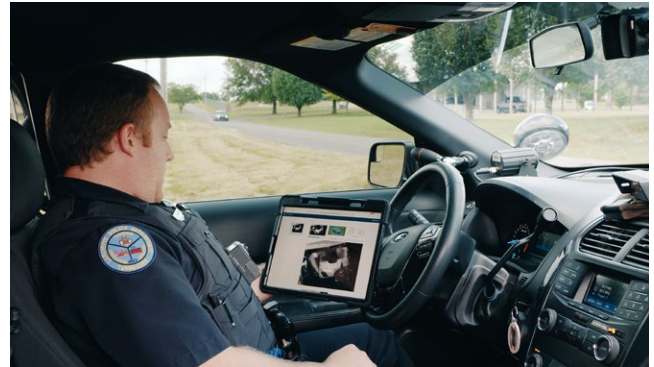
The system can be provided in the form of fixed or trailer-based enforcement for anytime, anywhere deployment. The Acusensus 'Heads-Up' solution captures high resolution, prosecutable evidence of individuals undertaking illegal driver behaviour, 24/7 in all weather conditions and operates autonomously to capture photographic evidence, automatically detecting illegal driver behaviour. The system hardware is compact, light and unobtrusive, permitting economical deployment on a wide range of pre-existing infrastructure or a trailer-based solution.



Acusensus 'Heads-Up' Real Time

The Acusensus 'Heads-Up' Real Time solution is targeted at the North American market and provides real-time alerts to police officers of drivers who are using a mobile phone, speeding, not wearing a seatbelt or on an automatic number plate recognition "wanted list".

The trailer-based Acusensus 'Heads-Up' solution is deployed a few hundred metres in advance of waiting police patrol cars where images of offending vehicles are transmitted to a waiting law enforcement officer within seconds. The digital evidence includes photos of the vehicle and the licence plate, as well as a countdown timer indicating when the vehicle will pass the officer. From here, the officer can utilise the content to determine if a violation has occurred and if a traffic stop should be initiated.



Acusensus Harmony

The Acusensus Harmony camera system provides high-tech speed enforcement with market-leading features such as secondary speed measurement for all offences and a special all-weather imaging system that can capture photos in adverse conditions, such as against a rising or setting sun.

The solution has been deployed in developed and developing countries to discourage speeding behaviour. It has been deployed as a fixed system, as a trailer system and mounted inside cars as a mobile system. The Acusensus Harmony camera system is a base version of the Acusensus 'Heads-Up' solution, running the same camera system capture software and utilising similar components.

Deployment Overview

A live deployment of the Acusensus technology solution with respect to distracted driving and certain other applications such as seatbelt enforcement operates with four key steps. Typically, all four steps are performed by Acusensus. Once an offence is confirmed by step 4, the encrypted offence file is transmitted to the customer. The customer will process the evidence through an adjudication process to verify details within the images, including number plates, before a penalty notice is issued.

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TECHNOLOGY OVERVIEW

In a live enforcement program the Acusensus solution operates with four key steps:



Deploy

Fixed locations or a mobile unit. The Acusensus technology reviews all traffic flow in the enforced lanes in which it is deployed.

Capture

Automatically records clear images of passing vehicles through a number of cameras, an infra-red flash and a lensing and filtering system.

Automated Analysis

AI software automatically reviews image and data, detecting potential offending drivers and excluding non-offending drivers.

Review

Detections identified as likely to contain evidence of an offence are sent for anonymized human review to confirm that an offence has occurred.

Acusensus Cloud Solution

Acusensus operates a cloud solution for management of all aspects of camera control, monitoring and data transfer between cameras, review processes and customers. The solution has been designed to ensure efficiency of information flow, continuity of operations and data security. Access to the cloud is traced and logged and user access is restricted based on roles and permissions.

The Acusensus cloud facilitates actions such as customer interactions, review interactions, camera system connections, camera system management, data flows and the management of machine learning systems and data via a web browser. Access to this system is restricted on a user-by-user, role-by-role basis. A separate virtual private network connection is required to perform many of the interactions with this system. Every user interaction with the solution is audited and logged and the solution will automatically alert when any new, unusual or suspicious activity is detected. Customers are also provided with a mechanism to undertake audits of the system and its processes.

Acusensus encrypts all incident data using public/private key encryption. Access to incident file decryption keys is restricted to customer designated persons only. The design ensures the security of data through multiple layers of redundancy.

Technology Security

The product incorporates sophisticated privacy and security protections including features as detailed below.

Typically over 95% of captured images are deleted and never seen by a human.

Evidence packages are encrypted and digitally signed on-site using the public component of the customer's secret decryption key.

Images going to the first stage human review process are automatically cropped and anonymised, removing the ability to identify the location, time of day, vehicle type, registration type or other occupants of the vehicle.

Offence images going to further stages of review are typically automatically blurred such that only the offending occupant can be seen (restricting the ability to see occupants not involved in the commission of an offence). Only if images are presented for court purposes is full original evidence accessed.

Deployed camera systems are monitored 24/7 by a security and surveillance system, contain GPS trackers and send alarms to control centres for various environmental, situational or data capture-based events.

The camera hardware employs drive level encryption and uses randomly generated passwords. All routine access to deployed camera systems is facilitated through the Acusensus Cloud using credentialed access that is traced and audited. The Company employs a number of technology-based encryption, efficiency and security parameters to ensure data is protected and transmitted for the use of the customers only.

Major Customers

Current Customer Programs

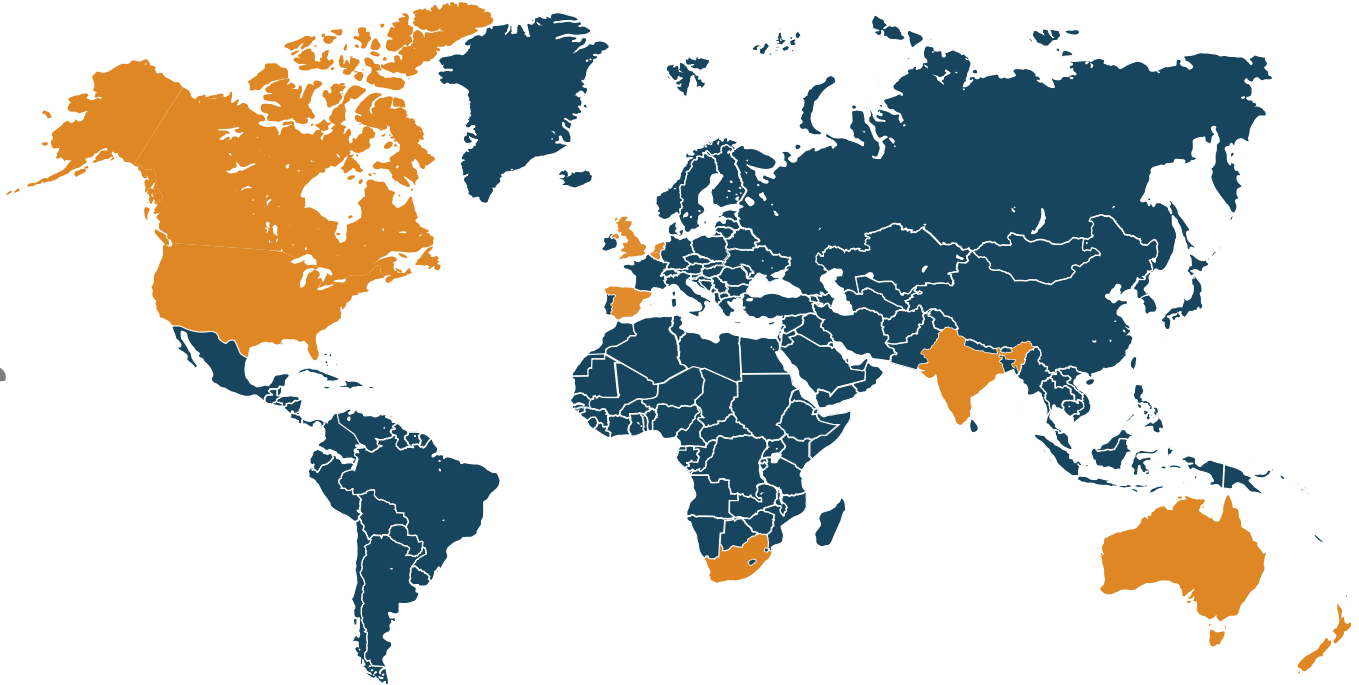
Acusensus 'Heads-Up' solutions, Acusensus 'Heads-Up' Real Time solutions and Acusensus Harmony solutions are deployed under a number of material contracts in Australia and the United States. Over time, the Company has also supplied a number of speed enforcement solutions to India on a project order basis and previously conducted a pilot for the Western Australia Police force that demonstrated the multi-function nature of Acusensus' technology (mobile phone detection, seatbelt non-compliance, point speed and point-to-point speed). These opportunities are detailed in the table below.

Client	Service	Term of Contract	Services Commencement	Scope of Operations
Transport for New South Wales	Mobile Phone Enforcement Framework Contract	Project orders can be made over a 2-year term + 1 year + 1 year Both options exercised Services to end by December 2025*	December 2019	State-wide deployment of fixed and transportable Acusensus 'Heads-Up' solutions
Ador Powertron (India)	Harmony Speed Enforcement	Project order based	August 2020	Supply of Acusensus Harmony camera systems
Main Roads Western Australia	Smart Freeway Safety Camera Trial	1-year term + 1 year + 1 year	January 2022	Proof of concept with Acusensus 'Heads-Up' solutions at two freeway locations
Transport for New South Wales	Mobile Speed Enforcement	3-year term + 1 year + 1 year	July 2021	60 vehicles supplying 8,300 hours per month across Southern New South Wales using Acusensus Harmony camera systems
Queensland Department of Transport and Main Roads	Mobile Phone & Seatbelt Enforcement Framework Contract	Project orders can be made over a 5-year term + 1 year + 1 year	July 2021	State-wide deployment of fixed and transportable Acusensus 'Heads-Up' solutions
Western Australia Police	Multi-Function (Mobile Phone, Seatbelt, Point Speed, Point-to-Point Speed) Pilot	Services were provided over a period of ~9 months	July 2022	Deployment of transportable trailer-based Acusensus 'Heads-Up' solutions
Westat Inc. (USA)	Mobile Phone & Seatbelt Study	1-year term	October 2022	Deployment of transportable trailer-based Acusensus 'Heads-Up' solutions across four different geographies in the US
Australian Capital Territory	Mobile Phone Enforcement	3-year term + 1 year + 1 year	February 2023	Deployment of fixed and transportable Acusensus 'Heads-Up' solutions
Queensland Department of Transport and Main Roads	Mobile Speed Enforcement	5-year term + 1 year + 1 year	May 2023	Deployment of transportable Acusensus Harmony camera systems
North Carolina Department of Public Safety (USA)	Commercial Mobile Phone & Seatbelt Enforcement	1-year term + 1 year + 1 year	July 2023	Deployment of transportable cameras using the Acusensus 'Heads-Up' Real Time enforcement solution
Queensland Department of Transport and Main Roads	Mobile Phone & Tailgating Detection and Warning Pilot	1-year and 2 months	Expected to be in early 2024	Phone use and tailgating monitoring services, providing a signage prompt to motorists engaged in this behaviour

* Under the terms of the Framework Contract, project orders can extend after the Framework Contract has expired, up until 30 November 2025.

Pilots, Demonstrations and Partnerships

The Company has undertaken (or has been contracted to undertake) revenue generating pilot programs, demonstrations and data collection partnerships focused on distracted driving and/or seatbelt enforcement technology across 10 countries. The majority are focused on illegal mobile phone usage, with seatbelt enforcement opportunities emerging. In addition to its 'Heads-Up' offering, Acusensus has been engaged by the Australian Rail Track Corporation and by Transport for New South Wales for data collection focused on tracking how cars fail to stop at stop sign controlled and signalled rail intersections.



Country	Service
AUSTRALIA	Speed, Phone, Railway, Seatbelt, Advisory Signage, Smart Motorway
NEW ZEALAND	Mobile phone, Seatbelt
INDIA	Mobile phone, Speed
SOUTH AFRICA	Mobile phone
BELGIUM	Mobile phone
NETHERLANDS	Mobile phone
USA	Mobile phone, Seatbelt
SPAIN	Mobile phone
UNITED KINGDOM	Mobile phone, Seatbelt
CANADA	Mobile phone

Potential New Material Contracts Following Tender Processes

The Company has responded to, or expects to respond to, a number of tender requests from government entities and enforcement agencies for the provision of services across areas including speed, mobile phone enforcement, licence plate recognition and seatbelt compliance in various jurisdictions including in a number of states in Australia, the United States and countries within the European Union.

Corporate Social Responsibility

Societal benefit drives what the Company does and how it does it. Acusensus is proud to have the following impacts on society as part of its headline long-term goal to deliver societal benefit.

Reduction of Road Toll

According to the World Health Organization (WHO), road safety issues cost most countries 3% of their gross domestic product.⁷ Amongst those recognised by the WHO, the work done at Acusensus addresses a few key issues:

1. Speeding
2. Non-use of seatbelts, child restraints and helmets
3. Distracted driving (such as phone use whilst driving)
4. Unsafe vehicles
5. Inadequate law enforcement of traffic laws

Acusensus is working to address other key issues such as driving under the influence of drug or alcohol, as well as associated causes, such as roadside worker occupation health and safety.

Customer case study – New South Wales Government (Australia)

In the years before the mobile phone enforcement camera program commenced in New South Wales, each year around 350 lives were lost and 11,000 people were seriously injured in road crashes – at a cost to the community of around \$8 billion. The current New South Wales Government road safety target is a 50% reduction in road fatalities by 2030 (<165 deaths per annum) and zero serious road trauma by 2050. The Mobile Phone Detection Program implemented by Transport for New South Wales is a key initiative by the New South Wales Government to target reducing road fatalities and serious injuries.⁸

Acusensus worked with Transport for New South Wales to meet rigorous government, legal and community requirements. The Acusensus solution was shortlisted and then selected for extensive capability testing. A non-enforcing pilot checked millions of vehicles, providing the performance of both fixed and trailer-mounted 'Heads-Up' solutions.

Prior to awarding the MPDC contract to Acusensus, Transport for New South Wales undertook extensive consultation with the New South Wales Privacy Commissioner to ensure the product's compliance with its privacy requirements.

The formal contract in New South Wales began operating on 1 December 2019, with warning letters issued instead of fines for the first three months of the contract term. After six months of operation, the rate of offences fell steadily to 0.3% compared with a rate of 1.2% from the January 2019 pilot.⁹

The existing MPDC contract with Transport for New South Wales is a two-year master contract with two options for a one-year extension, both of which have been exercised by Transport for New South Wales in 2021 and 2022 respectively. Under this contract, the government places project orders for camera systems to be deployed. Each project order provides for a fixed monthly fee to Acusensus for the duration of the project order. A project order can be extended by the government with an option for a one-year extension. Under the terms of the master contract, project orders can also extend after the master contract has expired up until 30 November 2025. For example, a project order placed in November 2022 would extend to November 2024, even though the master contract will have expired on 30 November 2023. By agreement between the parties in October 2022, the existing project orders under the MPDC Contract will now continue until at least 30 November 2023.



The Government has placed project orders with Acusensus progressively since this contract started in December 2019. Since the enforcement program commenced up to the end of 2022, there has been a sixfold reduction in the rate of camera-detected mobile phone offences in New South Wales compared to the 2019 pilot,¹⁰ as well as a strong decline in road fatalities, with the road toll reducing by 0.9 deaths per 100,000 per annum from 4.4 to 3.5.¹¹ This represents a strong decline in road fatalities per 100,000 compared to the rest of Australia, where the road fatality rate unfortunately increased from 4.9 to 5.0.¹² With each phone distracted driver estimated to have a 4x greater risk of crashing, the introduction of Acusensus technology has demonstrated a significant reduction in crash risk across the New South Wales road network.

7 <https://www.who.int/news-room/fact-sheets/detail/road-traffic-injuries>

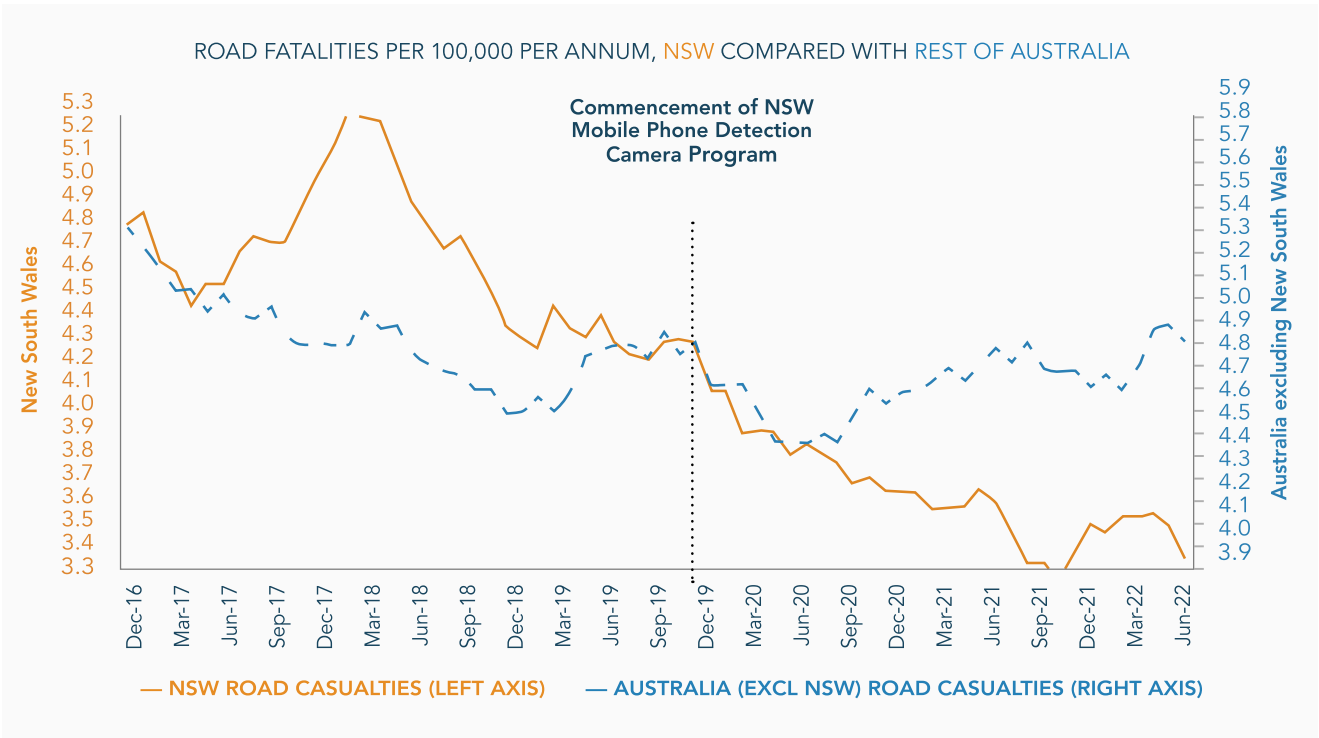
8 <https://www.transport.nsw.gov.au/roadsafety/topics-tips/mobile-phones>

9 <https://www.dailytelegraph.com.au/news/nsw/mobile-phone-traffic-cameras-detect-tens-of-thousands-during-covid19/news-story/>

10 Acusensus internal data.

11 https://www.bitre.gov.au/publications/ongoing/road_deaths_australia_monthly_bulletins

12 https://www.bitre.gov.au/publications/ongoing/road_deaths_australia_monthly_bulletins



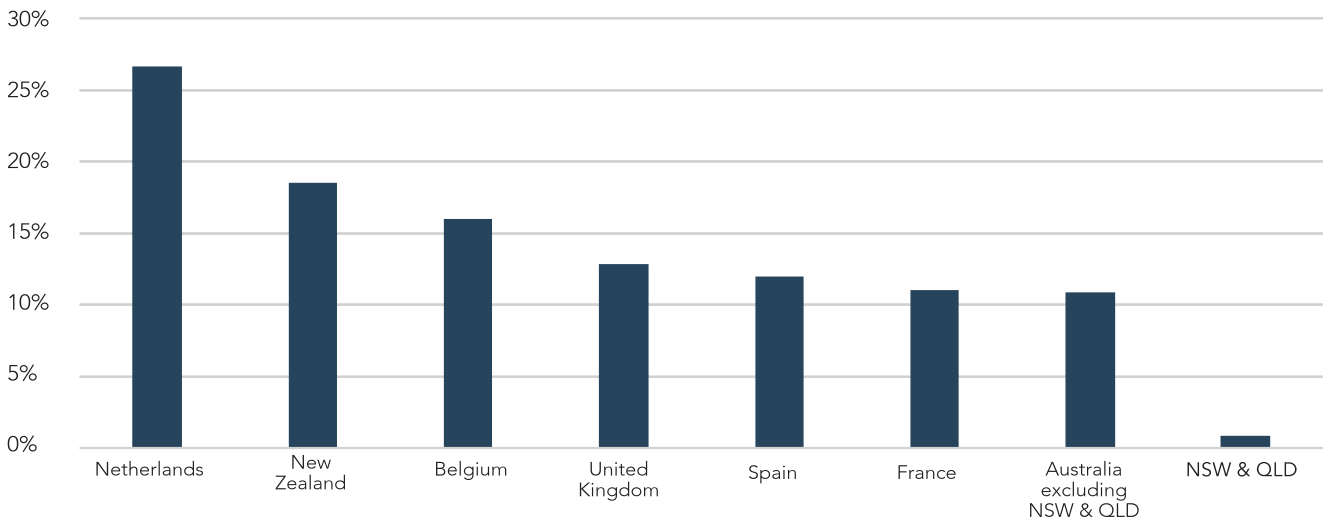
Through the delivery of the mobile phone enforcement camera program, Acusensus was able to demonstrate its capabilities as a reliable and trustworthy partner to Transport for New South Wales. In early 2021, Transport for New South Wales ran a competitive tender process to expand its fleet of speed camera services and Acusensus was selected as one of two successful vendors for this program. The program involves a three-year contract with two options to extend for one year with 60 vehicles supplying 8,300 hours of enforcement per month.

Impact on Road Fatality Change

Enforcement is a proven way to keep roads safer. New South Wales and Queensland are the only two jurisdictions in the world to run widespread phone use enforcement through 2022, which was made possible through Acusensus' solutions. The number of road deaths in New South Wales and Queensland declined relative to the trend in Australia and in other jurisdictions.

ROAD FATALITY CHANGE OVER THE PAST YEAR

Australia: year ending March 23. Other nations generally year ending December 22



Important Partnerships

At Acusensus, impact, collaboration, integrity, and care are at the core of who we are. Acusensus embraces diversity, equality and inclusion and is committed to building a team with a variety of backgrounds and skills. The Company is aware of the impact that dangerous and illegal driver behaviour can have on the lives of individuals, which is why Acusensus has partnered with Spinal Cord Injuries Australia

since 2020 to provide employment opportunities and career pathways to people with spinal and other conditions, as well as people who have been impacted by road trauma and the outcomes of dangerous and illegal driver behaviour. People with injuries, often derived from road trauma, are included in teams that staff the image review services that Acusensus provides under its existing contracts.

Together we continue to build a culture that encourages, supports and celebrates the abilities of our team.

“Our partnership with Spinal Cord Injuries Australia recruitment service has provided us with outstanding team members who have excelled in their roles. Through their life experiences they have strengthened the diversity of our workforce and our competitive advantage.” – Alex Jannink, Managing Director, Acusensus Limited.

Spinal Cord Injuries Australia Case Study

Matt has a warning for motorists not wearing their seatbelts or illegally using their mobile phones - don't risk it. Matt knows only too well the potential consequences of road trauma after a motorbike accident in 2018 left him paralysed from the chest down, requiring a six-month recovery in hospital and rehabilitation.

The Queensland resident is now working to prevent others from experiencing the same trauma, assessing camera images for the Acusensus Queensland seatbelt and mobile phone infringement program, which began operating in December 2021. Matt and his assessment team colleagues scrutinise images captured by Acusensus's AI-enabled cameras, checking the images to confirm if drivers are illegally using their mobile phones or not wearing their seatbelts.

“The most enjoyable part of the job is knowing you are potentially saving lives, preventing someone from being put into a chair like me. It's very easy to ruin someone's life forever,” Matt said.

“It's not unusual to see images of drivers not wearing a seatbelt and using their mobile phone,” he said. “But I know what it's like to have your life ruined and I want to help to stop that from happening to someone else.”

His message to drivers: “Don't risk your life or someone else's for a text message or phone call - it's not worth it.”

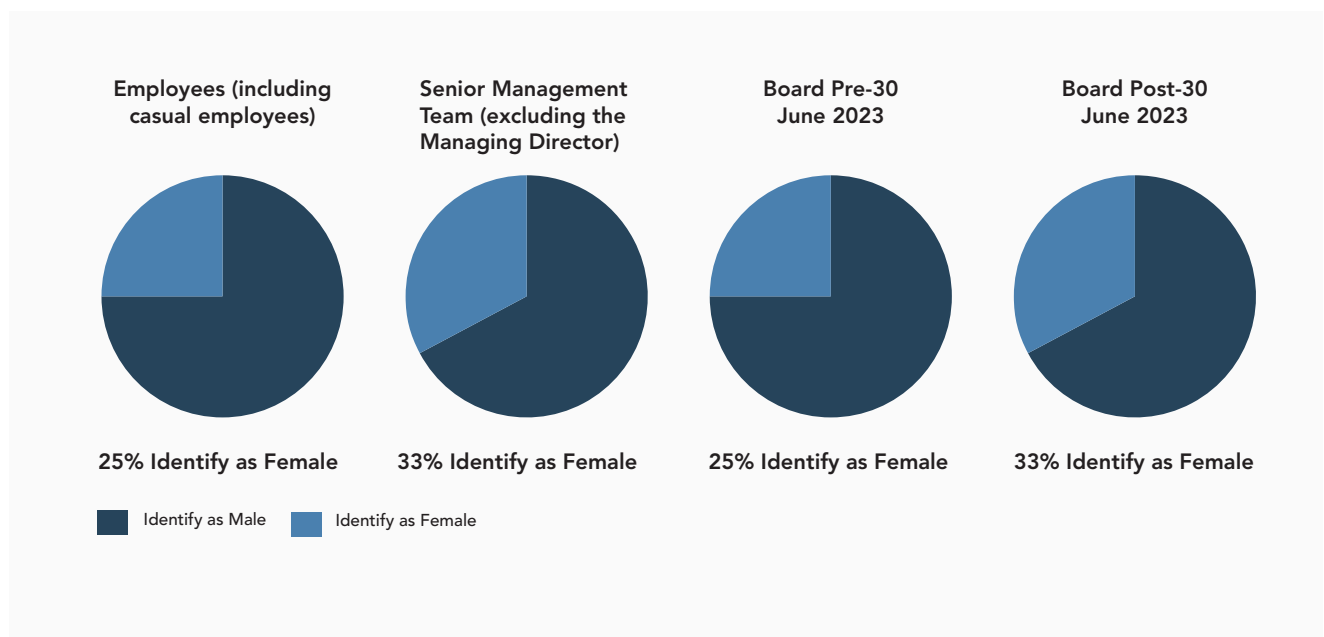
Our Unique Workforce

The deployment of Acusensus' transportable trailer solutions includes local recruitment and training of ETOs, creating local jobs for the communities in which Acusensus' solutions are active. In an effort to create a lasting impact on the communities in which programs operate, Acusensus ETOs have been hired from programs such as those run by Police Legacy, as well as associated referrals. This means the ETO team comprises some former police officers who have gone through programs to help them recognise and cope with PTSD symptoms. Due to the former police training that many of the Acusensus ETOs have undertaken, these employees utilise their unique roadside skills and experience to safely deploy the Company's trailer-based solutions.

Gender Diversity Within the Workplace

Within the whole Acusensus employee base of 127 employees including casual employees, as at 30 June 2023 there were 32 employees who identified as female. The Senior Management Team at Acusensus includes two women in its six members (excluding the Managing Director), both of whom were appointed to the Senior Management Team during the reporting period. The Senior Management Team for the Company are those members who directly report to the Managing Director and have oversight of a particular functional areas within the Company. Refer to the **Senior Management Team** section of the Introduction and Overview.

Susan Klose was appointed to the Board as an independent, non-executive Director prior to the Company listing on the ASX in January 2023. The Acusensus Board therefore had one female Director out of the four Directors (including the Managing Director) during the reporting period. As at the date of this Report, there are three Directors on the Board (including the Managing Director) following the resignation of Thomas Patterson on 30 June 2023, including female Director Ms Klose.



Acusensus Employee Feature: Elly Balaz – Acusensus Fleet Manager

Life at Acusensus is never short of challenges; the fast-paced, ever-changing environment is what Acusensus Fleet Manager, Elly Balaz, enjoys about working at the Company.

Being in the engineering world isn't what Elly expected, as she initially had dreams of being a helicopter pilot in the Navy. Since then, Elly has earned a Cert 3 in Light Vehicle Mechanical Technology (Mercedes Benz Technician) and a Cert 3 in Telecommunications Technology.

Elly started working at Acusensus in 2020 during the COVID-19 lockdowns as a casual employee of the Company. She was initially tasked with assembly work and reviewing before proceeding to become a trainee Project Engineer – Elly is now the Acusensus Fleet Manager and manages every Acusensus asset across the world.

"I've worked really hard to get to where I am and want to see the business succeed. At Acusensus, I get to be part of an amazing team and have found a way to use my skills and experience to solve problems and contribute to making our roads safer for all."

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Women in Engineering Scholarship

The Acusensus Scholarship for Women in Engineering provides two years of support and an internship position with Acusensus for a Masters level student at the University of Melbourne. It aims to empower and foster the growth of diversity in the workplace, in a bid to encourage more women to pursue a career in engineering.

In setting up this scholarship, Acusensus gives back to the University that supported the Company's beginnings, while furthering Acusensus' social impact mission.

Lily Waldron was the 2022 recipient of the Acusensus Scholarship for Women in Engineering.

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Governance and Risk



Board of Directors

The names of Directors on the Board who served during or since the end of FY23 are below. All Directors held their positions for the duration of FY23 unless otherwise stated.

- Ravin Mirchandani (Chair)
- Alexander Jannink (Managing Director)
- Susan Klose (appointed 5 January 2023)
- Thomas Patterson (retired 30 June 2023)

Full profiles of all of the Directors are contained in the **Information on Directors** section in the Directors' Report.

The Role of the Board

The Board of Directors plays a critical role in the governance and strategic direction of the Company. The Board is committed to acting in the best interests of the Company and its shareholders and its primary responsibilities include overseeing the management, strategic objectives, performance and risk management of Acusensus. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. The Board has also delegated responsibility for the day-to-day management of Acusensus to its Managing Director and through the Managing Director to others on the senior management team of the Company.

The Board has established its Audit & Risk Management Committee and its Remuneration & Nominations Committee to assist the Board to discharge its responsibilities, with key issues within the remit of the Committees going to each for consideration. The Board regularly reviews its Charter and the Charter of the Committees to ensure that they reflect good governance and comply with regulatory requirements.

Corporate Governance Statement

The Board is committed to best practice corporate governance and compliance arrangements that are appropriate for the Company, given the Company's size and circumstances. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations for Australian listed entities (**ASX Corporate Governance Principles**) to promote investor confidence and to assist companies in meeting stakeholder expectations. The Acusensus 2023 Corporate Governance Statement and key governance documents, as approved by the Board, are available on the Acusensus website at <https://investors.acusensus.com/corp-gov/>.

Board Structure and Composition

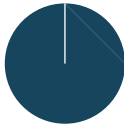
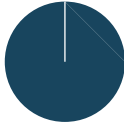
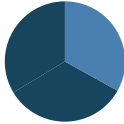
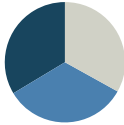
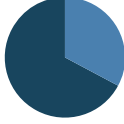
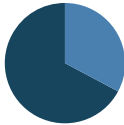
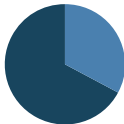


The Company currently has three Directors serving on the Board following the retirement of Thomas Patterson from the Board on 30 June 2023. The Company has been conducting a search for an independent non-executive Director to join the Board.

Detailed biographies of these Directors are provided in the **Information on Directors** section of the Directors' Report.

Board Skills and Experience

The skills matrix on the following page presents the key skills and experience that the three Directors serving on the Board consider necessary, having regard to Acusensus' strategic objectives, core capabilities and the relevant emerging business and governance issues. The Board is currently undertaking a search for an independent, non-executive Director to join the Board following the resignation of Thomas Patterson from the Board on 30 June 2023. The search will take into account the skills, commitment, knowledge, expertise and diversity that a new Director can bring to the Board to complement those of the existing Directors and to enhance the Board's effectiveness in the discharge of its duties.



Leadership		Board, CEO and/or senior leadership experience, including the skills and values that are held by exceptional leaders and those with experience in the road safety sector.
Strategic and commercial acumen		Ability to define strategic objectives, critically analyse planned strategic moves and apply commerciality to the chosen strategy.
Financial acumen		Financial, accounting or associated financial management qualifications and experience, including an understanding of financial statements, budgetary impacts and financial performance.
Technology product development		An understanding of, or experience in, the development and commercialisation of software and hardware technology products including AI.
Technology operations		An understanding of, or experience in, organisations that have significant technology operations, including technology systems management and governance, privacy, cybersecurity and cloud infrastructure.
People, culture and remuneration		Experience in people matters including culture, performance development, succession and remuneration (including incentive programs).
Governance and regulatory		Knowledge of governance issues and risk management (including the legal, compliance and regulatory environment applicable to the technology and public safety fields).
HSEQ		Experience in health, safety, environmental and quality matters, policies and strategies, including implementation of management systems.
Government relations		Experience in government and regulatory policy matters, including multiple stakeholder relations and communication.

Deep Expertise
 High Capability
 Capable

Board Committees

The Board has established two standing Committees to facilitate and assist the Board in fulfilling its responsibilities. The Board may also establish other Committees from time-to-time to assist in the discharge of its responsibilities.

Each Committee has the responsibilities described in the relevant Committee charter that has been adopted, and which has been prepared having regard to the ASX Corporate Governance Principles. A copy of the Charters for the Committees listed below is available on the Company's website at <https://investors.acusensus.com/corp-gov/>.

Audit & Risk Management Committee

Responsible for monitoring and advising the Board on the Company's audit and regulatory compliance policies and procedures.

Oversees the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor.

Monitors and develops the Company's risk strategy, including assessing the effectiveness of the Company's internal controls and risk management framework and making recommendations for improvement.

Remuneration & Nomination Committee

Responsible for advising the Board on the composition of the Board and its Committees, evaluating potential Board candidates and advising on their suitability, and ensuring appropriate succession plans are in place.

Establishes, amends, reviews and approves the compensation and equity incentive plans with respect to senior management and employees of the Company including determining individual elements of total compensation of the Managing Director and other members of senior management. The Remuneration & Nomination Committee is also responsible for reviewing the performance of the Company's senior management with respect to these elements of compensation.

Policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at <https://investors.acusensus.com/corp-gov/>.

Code of Conduct – this code sets out the standards of ethical behaviour that the Company expects from its Directors, Officers, employees, authorised representatives, contractors and consultants of the Company and its subsidiaries and also includes a website link to the Company's values as approved by the Board.

Continuous Disclosure Policy – as a listed entity, the Company must comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act, which require the Company to disclose to ASX any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of its shares, unless the materially price sensitive information falls within an exemption to disclosure set out in the ASX Listing Rules. As such, this policy sets out certain procedures and measures that are designed to ensure that the Company complies with its continuous disclosure obligations.

Risk Management Policy – this policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business including any new and emerging sources of risk.

Securities Trading Policy – this policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures related to the trading of its shares by personnel who may have non-public, price sensitive information and to provide guidance on avoiding any breach of the insider trading laws.

Shareholder Communications Policy – this policy sets out practices which the Company will implement to ensure effective communication with its shareholders.

Diversity Policy – this policy sets out the Company's commitment to achieving diversity and inclusion amongst its personnel.

Whistleblower Policy – this policy sets out how and to whom personnel and other people who have a connection with the Company and its subsidiaries may make confidential reports regarding illegal practices or violations of Company policies. The policy sets out processes to follow up and investigate reports and how to respond to them.

Anti-Bribery and Corruption Policy – this policy describes the Company's zero tolerance policy towards bribery and corruption. The policy sets out practices that constitute bribery and corruption and is designed to assist the Company, subsidiaries, Board and all personnel avoid committing acts of bribery or corruption.

Risk Management

Acusensus has exposure to a number of material risks, which are identified and managed within the Company's Risk Registers. The Board's role in risk oversight includes receiving reports on a regular basis from management, as does the Audit & Risk Management Committee regarding material risks faced by the Company and applicable mitigation strategies and activities. These reports address material business risks such as technological, strategic, business, operational, financial, human resources, work, health and safety, and legal and regulatory risks. The Board and the Audit & Risk Management Committee consider these reports, discuss matters with management and identify and evaluate any potential strategic or operational risks including appropriate activity to address those risks.

In order to further the Company's approach to risk management and to further support its delivery and product offerings, the Company has commenced a process to obtain certification of aspects of its operations in accordance with particular standards from the International Organization for Standardization, including ISO 9001 for its quality management systems and ISO 45001 for safety management systems, as well as ISO 27001 for information security. A process for mitigation of environmental risks is also underway with certification of environmental management in accordance with ISO 14001 also being pursued.

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Directors' Report

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Acusensus Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Directors

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

Alexander Jannink

Ravin Mirchandani

Susan Klose (appointed on 5 January 2023)

Thomas Patterson (retired on 30 June 2023)

Principal Activities

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

There has been no significant changes in the nature of these activities during the year.

Dividends

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

Acusensus Limited does not have any present plan to pay dividends. The payment of a dividend by the Company, if any, is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Company and its Directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and any other factors the Directors may consider relevant. Where an Australian resident Company pays dividends to its Australian resident shareholders, franking credits may be available to the Australian resident shareholders to the extent that Australian income tax has already been paid in respect of those dividends.

Review of Operations

On 12 January 2023, the Company announced its successful listing on the ASX. The Company raised \$20.0 million gross proceeds, before transaction costs, through the issue of 5.0 million fully paid ordinary shares at an offer price of \$4.00 per share.

Subsequently on 25 July 2023, a resolution was approved for the subdivision of capital with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2. For the purposes of the Financial Report encompassing the Directors' Report, Remuneration Report and the consolidated financial statements including notes to the consolidated financial statements, all shares and options are included showing their pre-split amounts.

The consolidated entity revenue for the year ended 30 June 2023 totalled \$42.0 million, an increase of 46.6% in comparison to the year ended 30 June 2022, where revenue totalled \$28.7 million. The increase in revenue is largely due to:

- continued expansion of the New South Wales mobile phone enforcement camera contract;
- commencement of the Australian Capital Territory mobile phone enforcement camera contract;
- commencement of the Queensland trailer-based transportable speed camera contract;
- variations to the New South Wales mobile speed camera contract; and extension of the Western Australia

The consolidated entity generated an operating income after income tax expense of \$55,373 (30 June 2022: \$1,425,331). The reduction of operating income after income tax expense, despite a 46.6% increase in revenue, is primarily associated with costs of listing on the ASX on 12 January 2023 and income tax expense incurred for the year ended 30 June 2023. For the year ended 30 June 2022 an income tax benefit was realised.

Review of Operations (continued)

Further to the aforementioned contracts:

- On 30 May 2023, Acusensus, Inc., a wholly owned subsidiary of Acusensus Limited, entered into an agreement with the North Carolina Department of Public Safety for services relating to the detection and capture of instances of distracted driving and failure to wear a seat belt in commercial vehicles using the Acusensus Heads-Up Real Time system, which are transmitted to North Carolina State Highway Patrol officers near-instantaneously for enforcement. The agreement marks the launch of the first ongoing camera supported program in the United States to enforce mobile phone and seatbelt use. The agreement has a one-year term, with an option for it to be renewed for two further one-year periods. The agreement has an estimated value of USD \$0.5 million over the initial one-year term and it is expected that revenue will commence in the 30 June 2024 year end.
- On 25 July 2023, Acusensus Australia Pty Ltd, a wholly owned subsidiary of Acusensus Limited, entered into a contract with the Queensland Department of Transport and Main Roads (**DTMR**) for the provision of phone awareness monitoring and tailgating monitoring services to support public awareness road safety initiatives. In an Australian first and with the aim of improving driver behaviour, the technology will be deployed in pilots to monitor and detect drivers who are using a mobile phone whilst driving, before providing an immediate signage prompt to alert those drivers of this unsafe behaviour. Monitoring and similar signage prompts will also be given to drivers who are tailgating other motorists. The services outlined in the agreement are expected to be completed before October 2024. The estimated total contract value over the term of the agreement is in excess of \$0.6 million (excluding GST).
- On 14 August 2023, Acusensus Australia Pty Ltd, a wholly owned subsidiary of Acusensus, entered into a contract variation with the Queensland DTMR to increase the scope of the contract for mobile phone and seatbelt detection services. Additional transportable systems are to be provided over a five-year term. The estimated total contract value over the term of the agreement is \$9.3 million (excluding GST).

In the UK, in partnership with AECOM, there has been increasing demand for the Acusensus 'Heads-Up' enforcement technology across multiple police forces. The technology has been used across ten police force areas in live enforcement activities to date. Off the back of strong interest for trials and demonstrations, three new enforcement trailer systems have been supplied to allow these opportunities to be progressed.

The Company is progressing other opportunities in Europe and North America, including the submission of a major tender response for at least six years of mobile phone enforcement camera services in Western Europe.

The Company continues to invest in the R&D of solution enhancements and new products to meet the needs of customers and to solve relevant societal challenges.

In the core product line, the Company has continued to improve image quality and AI recognition accuracy. The Company has further expanded the capabilities of the 'Heads-Up' solution to capture helmet compliance and heavy vehicle compliance in addition to its existing distraction, seatbelt, speed and average speed capabilities. Improvements to the trailer platform have also been made, further increasing reliability, reducing maintenance and improving manufacturing processes.

Some of the activities the R&D team is engaged in to leverage core intellectual property into adjacent areas and opportunities include:

- a railway crossing monitoring solution, which tracks whether cars fail to stop at stop sign controlled or signalised rail intersections;
- researching how to use 'Heads-Up' style technology to detect when drivers are impaired by drugs or alcohol in real time, with involvement from Griffith University and with funding support from the Federal Government; and
- developing the Guardian project, aimed at detecting and preventing dangerous situations for first responders and road workers, which is being developed in partnership with Swinburne University.

Use of Funds

Acusensus Limited listed on the ASX on 12 January 2023. The use of funds utilised to date are in line with the use of funds business objectives for the period. Cash and cash equivalents as at 30 June 2023 of \$12.8 million plus \$12.0 million of term deposits (classified as other current assets), totalling \$24.8 million, provide ample cash reserves to fund global growth prospects and product development initiatives.

Use of funds statement	\$ million	\$ million
Use of funds	Total	Used to 30 June 2023
R&D – product development	3.5	0.9
International expansion:		
- North America	3.0	0.2
- Europe	2.5	0.3
- Other markets	1.5	-
Capital expenditure	4.0	2.7
Working capital	3.6	-
Costs of the offer	1.9	2.1
Total IPO proceeds	20.0	6.2

Business Risks

The future viability and profitability of the consolidated entity is dependent on a number of business risks including (but not limited to) the following:

- technological and product development;
- cybersecurity and privacy risks;
- competition;
- new international operations are not successful;
- general business risk; and/or
- liquidity of shares.

Technological and product development

Developing technology is expensive and the investment in development of new product offerings often involves extended periods of time to achieve a return on investment. An important element of the Company's business strategy is to continue to make investments in innovation and related product opportunities, and the Company is currently investing into new R&D initiatives and new technologies that are still at an early stage of development and validation. The Company believes that it must continue to dedicate resources to such innovation and R&D efforts to develop product offerings in order to maintain the Company's competitive position and expand the total addressable market opportunity. The Company may not, however, receive any revenues from these investments for several years, or may not realise such benefits at all, as new product development efforts may be unsuccessful or the cost of developing those products greater than anticipated. In addition, new products brought to market may not be well received by the Company's existing customers or adopted by new customers.

Technical issues with the Company's products could cause existing or future contracts to be unprofitable or be terminated, or limit the Company's ability to secure new customers and would be expected to materially adversely impact the Company's reputation.

Cybersecurity and privacy risks

The Acusensus business is founded on technology. The technological infrastructure that Acusensus has in place may be subjected to external cyber-attacks or security breaches, which could cause the Company to lose control of its core systems, lose data and may result in breaches related to the images that the Company transmits to its customers, which could include personal information in some cases, despite the privacy controls that the Company has in place. While measures are taken to prevent or mitigate such cyber risks, there is no assurance that these preventative measures will prove successful against an attack or breach. If an attack or breach of this kind does occur, this could result in a breach of law by the Company or the breach of a customer agreement, which may have a material adverse effect on the business, reputation, regulatory compliance, cash flow, financial condition and results of the operations of Acusensus.

Business Risks (continued)*Competition*

The Company faces the risk that the level of competition could increase, and existing and potential competitors may have significantly more resources to develop new products or improve existing products to compete with the Company's products. The Company may fail to anticipate and respond to changing opportunities, technology or customer requirements as quickly as competitors, and competitors may enhance their product offering to improve their competitive positioning relative to the Company. New market entrants into the road safety industry could develop products that compete with the Company's products or technological developments in future technologies that improve road safety may render the Company's existing and new products obsolete unless the Company evolves so that its solutions remain relevant. Any of these risks may limit the Company's ability to achieve its growth objectives and impact its financial performance where the Company's products are inferior to those of such competitors, where the Company may be forced to lower its prices in order to successfully compete or where the Company's solutions become redundant. Any of the above risks could have a material adverse effect on the business, reputation, cash flow, financial condition and results of the operations of Acusensus.

New international operations are not successful

Such international operations may not be profitable or succeed due to added difficulties in managing foreign operations, including building reliable relationships with local partners and complying with local laws, regulations and customs. As Acusensus expands its presence in new international jurisdictions, it is subject to the risks associated with doing business in regions that may have political, legal and economic instability or less sophisticated legal and regulatory systems and frameworks, including:

- unexpected changes in, or inconsistent application of, applicable foreign laws and regulatory requirements;
- less sophisticated technology standards;
- difficulties engaging local resources; and
- potential for political upheaval or civil unrest.

As Acusensus increases its operations in existing regions or enters newer regions there is a risk that Acusensus fails to understand the laws, regulations and business customs of these regions. This gives rise to risks relating to labour practices, foreign ownership restrictions, tax regulation, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regimes and other issues in foreign jurisdictions in which Acusensus may operate. This could interrupt or adversely affect parts of Acusensus' business and may have an adverse effect on Acusensus' operations and financial performance.

General business risk

The future viability and profitability of the Company is dependent on a number of other business risks which are applicable to many companies, including (but not limited to) the following:

- international currency fluctuations;
- changes in interest rates;
- new or increased government taxes or duties or changes in taxation laws;
- changes in government regulatory policy; or
- potential fluctuations in price of shares.

The Company is subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in its share price that are not explained by the operations and activities of the Company.

Some of the factors which may adversely impact the price of the shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, consumer sentiment, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which the Company operates and general operational and business risks.

Business Risks (continued)

Liquidity of shares

New investors of the Company should note that liquidity may be constrained given a significant portion of the Company's shares will be held between a small group of shareholders and/or subject to escrow. The absence of any sale of shares by the escrowed shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the shares.

The market price of shares may fall or be made more volatile because of the relatively low volume of trading in the shares particularly having regard to the number of shares which are subject to voluntary escrow. When trading volume is low, significant price movement can be caused by the trading in a relatively small number of shares.

Sales of a substantial number of shares, or the perception that these sales may occur, could also cause the market price of the shares to decline. Sales by the Company's shareholders of a substantial number of shares (which could, for example, occur on release of the shares from escrow arrangements), or the expectation that such sales may occur, could significantly reduce the market price of the shares. The Company may also offer additional shares in subsequent offerings, which may adversely affect the market price of its shares.

Significant Changes in The State of Affairs

On 12 January 2023, the Company announced its successful listing on the ASX. The Company raised \$20.0 million gross proceeds, before transaction costs, through the issue of 5.0 million fully paid ordinary shares at an offer price of \$4.00 per share.

On 25 July 2023, a resolution was approved for the subdivision of capital with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2. For the purposes of the Financial Report encompassing the Directors' Report, Remuneration Report and the consolidated financial statements including notes to the consolidated financial statements, all shares and options are included showing their pre-split amounts.

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

Matters Subsequent To The End of The Financial Year

On 25 July 2023, Acusensus Australia Pty Ltd, a wholly owned subsidiary of Acusensus, entered into a contract with the Queensland DTMR for the provision of phone awareness monitoring and tailgating monitoring services. The services outlined in the agreement are expected to be completed before October 2024. The estimated total contract value over the term of the agreement is in excess of \$0.6 million (excluding GST).

On 25 July 2023, a resolution was approved for the subdivision of capital with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2. For the purposes of the Financial Report encompassing the Directors' Report, Remuneration Report and the consolidated financial statements including notes to the consolidated financial statements, all shares and options are included showing their pre-split amounts.

On 14 August 2023, Acusensus Australia Pty Ltd, a wholly owned subsidiary of Acusensus, entered into a contract variation with the Queensland DMTR to increase the scope of the contract for mobile phone and seatbelt detection services. Additional transportable systems are to be provided over a five-year term. The estimated total contract value over the term of the agreement is \$9.3 million (excluding GST).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The information on likely developments and expected results of operations have been disclosed as part of the review of operations.

Environmental Regulation

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

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Information on Directors

Alexander Jannink

BE(Hons), BCS, MBA, GAICD, MIEAust

MANAGING DIRECTOR
since 26 March 2018



- Alexander is a founder of Acusensus Limited and has pioneered the design, development and deployment of radar and camera enforcement technologies in multiple applications, markets and geographies across the globe. Before founding the company, Alexander was responsible for research and development as the Head of Future Product Group for Redflex Traffic Systems Limited (previously ASX:RDF) responsible for leading a team of over twenty professional staff spanning Australia and the USA.
- Qualifications: Master of Business Administration (Executive) from RMIT University, Bachelor of Engineering (Hons) in Mechatronics from the University of Melbourne, Bachelor of Computer Science from the University of Melbourne.
- Memberships: GAICD, MIEAust.
- Other current Directorships: None.
- Former Directorships (last 3 years): None.
- Interest in shares: 3,350,000*
- Interest in options: 102,132
- Contractual rights to shares: None.

*Includes shares owned by associated entity, Jannink & Associates Pty Ltd atf Jannink Family Trust.

Ravin Mirchandani

BComm, MBA, GAICD

**CHAIR & NON-EXECUTIVE
DIRECTOR (NOT INDEPENDENT)**
since 16 May 2018

Member of the Audit & Risk Management
Committee and Remuneration &
Nominations Committee



- Ravin is the co-founder and Chair of Acusensus Limited. He is also the Executive Chair of Ador Powertron, a company incorporated in India that is a major shareholder of the company. He is a non-executive Director on the board of Ador Welding Ltd, a company listed on the Bombay Stock Exchange, and is part of the Audit Committee and Chair of the Shareholders Grievances Committee. He was previously also part of the Remuneration Committee. Ravin has extensive commercial experience across a range of sectors including defence, energy, gas, manufacturing, power electronics and traffic enforcement. Ravin is a member of the Road Safety Partnership Panel for the World Economic Forum Global Road Safety Initiative and Chair of the West India Chapter of the Indo Australian Chamber of Commerce.
- Qualifications: Master of Business Administration (International Business) from Queensland University of Technology, Bachelor of Commerce (Accounting & International Business), University of Pune, India.
- Membership: GAICD.
- Other current Directorships: Ador Powertron, Ador Welding Ltd and West India Chapter of the Indo Australian Chamber of Commerce.
- Former Directorships (last 3 years): None.
- Interest in shares: 88,752*
- Interest in options: 150,000
- Contractual rights to shares: None.

*Ravin Mirchandani is the Chair, a Director and a shareholder in Ador Powertron. Ador Powertron's interest in shares of Acusensus Limited is 4,112,727.

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Information on Directors (continued)

Susan (Sue) Klose

BSci, MBA, GAICD

**INDEPENDENT
NON-EXECUTIVE DIRECTOR
since 5 January 2023**

Chair of the Audit & Risk Management Committee from 12 January 2023;
Co-Chair of the Remuneration & Nominations Committee from 24 April 2023; Chair of the Remuneration & Nominations Committee from 1 July 2023



- Sue is an experienced non-executive Director and executive, with a diverse background in digital business growth and operations, corporate development, strategy and marketing. Previously the Head of Digital and CMO of GraysOnline, she was responsible for digital product strategy, brand strategy and marketing operations. In prior roles in digital and media companies including 12WBT and News Ltd, Sue led strategic planning and development and is passionate about helping businesses continually seek new opportunities for growth and innovation. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, led multiple acquisitions and established the CareerOne and Carsguide joint venture. She has also held multiple board roles in high-growth digital and SaaS businesses. Prior to her move to Australia, Sue held various digital media management and strategy roles in the United States, primarily with Tribune Publishing and as a consultant with Marakon Associates.
- Qualifications: Master of Business Administration (Finance, Strategy and Marketing) from Northwestern University, Bachelor of Science (Economics) from the University of Pennsylvania.
- Membership: GAICD.
- Other current Directorships: Non-executive Director of Envirosuite (ASX:EVS) and Halo Foods (ASX:HLF).
- Former Directorships (last 3 years): Boards of Nearmap (ASX:NEA) for five years up until 16 December 2022, as well as Pureprofile (ASX:PPL) for five years up until 30 June 2023.
- Interest in shares: 25,000
- Interest in options: 50,000
- Contractual rights to shares: None.

Thomas (Tom) Patterson

BComm, CA, CTA, MAppTax, MAICD

**NON-EXECUTIVE DIRECTOR
(NOT INDEPENDENT)
from 12 February 2020
until 30 June 2023**

Chair of the Remuneration & Nominations Committee and member of the Audit & Risk Management Committee from 12 January 2023 until 30 June 2023



- Tom has worked with investors, private and small cap ASX listed companies on a range of matters, providing practical and innovative financial, taxation and commercial solutions during his time at accounting and advisory firms Deloitte and Pitcher Partners. Tom has considerable accounting, finance and tax experience having managed significant and complex Australian and international transactions whilst working alongside US and Australian based businesses.
- Qualifications: Chartered Accountant, Chartered Tax Advisor, Master of Applied Taxation from the University of New South Wales, B. Commerce (Corporate Finance) from the University of Adelaide.
- Membership: MAICD.
- Other current Directorships: None.
- Former Directorships (last 3 years): None.
- Interest in shares: 44,812*
- Interest in options: 200,000
- Contractual rights to shares: None.

*Includes shares owned by associated entity, LD Fifty Pty Ltd atf LD 50 Trust.

'Other current Directorships' quoted above are current Directorships for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

'Former Directorships (last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

Company Secretary

Olivia Byron is the Company Secretary of Acusensus Limited. Mark Lawrence (Chief Financial Officer) was also Company Secretary of Acusensus Limited until 7 October 2022.

Olivia Byron

BCom/LLB(Hons), GDLP, MCL(Hons), FGIA

COMPANY SECRETARY
from 8 August 2022



- Olivia joined the Company as General Counsel in July 2022 before also being appointed as Company Secretary in August 2022. Olivia is an experienced and highly qualified lawyer. Prior to joining the Company, Olivia commenced her legal career in the Corporate team at Corrs Chambers Westgarth, before spending eight years as in-house counsel at ASX Top 20 company, Transurban Group (ASX:TCL). Olivia received her Bachelor of Commerce/Bachelor of Laws (Hons) degree from The University of Melbourne and was a student in the inaugural year of The University of Cambridge's Masters degree in Corporate Law (MCL), which she undertook several years after she commenced her legal career at Corrs. Olivia graduated from the MCL with Honours after finishing third overall in her cohort. Olivia has particular expertise in corporate, financing, technology and projects law.
- Qualifications: Master of Corporate Law (Hons) from the University of Cambridge, Bachelor of Commerce/Bachelor of Laws (Hons) from the University of Melbourne, Graduate Diploma of Legal Practice from the College of Law.
- Membership: FGIA.

Meetings of Directors

The number of meetings of the Company's Board of Directors (**Board**) and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each Director are set out below. The Sub-Committee pertains to the Due Diligence Committee for listing the Company on the ASX. As Acusensus Limited listed on the ASX on 12 January 2023, the Audit & Risk Management Committee and the Remuneration & Nominations Committee were formed after this date.

	Full Board		Audit & Risk Management Committee		Remuneration & Nominations Committee		Sub-Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Ravin Mirchandani	14	14	2	2	2	2	-	-
Alexander Jannink	14	14	-	-	-	-	6	6
Sue Klose*	7	7	2	2	2	2	-	-
Tom Patterson	14	14	2	2	2	2	6	6

*Sue Klose was appointed as a Director effective 5 January 2023.

'Held' represents the number of meetings held during the time the Director held office or was a member of the relevant Committee.

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Remuneration Report



Remuneration Report (Audited)

The Remuneration Report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 (Cth) and its regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Remuneration & Nominations Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the consolidated entity depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

In consultation with external remuneration consultants (refer to the section *Use of remuneration consultants* below), the Remuneration & Nominations Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having net profit before tax as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

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

Non-executive Directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration & Nominations Committee. The Remuneration & Nominations Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market.

Remuneration Report (Audited) (continued)

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration & Nominations Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives (**STI**) program is designed to align the targets of the business with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators being achieved.

The long-term incentives (**LTI**) include long service leave and share-based payments. Share options and performance rights are awarded to executives over a period of three years based on long-term incentive measures.

Consolidated entity performance and link to remuneration

Remuneration is directly linked to the performance of the consolidated entity. Cash bonus and incentive payments are dependent on defined earning targets being met. Refer to the section **Additional information** below for details of the earnings and total shareholders return for the last five years.

The Remuneration & Nominations Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants

During the financial year ended 30 June 2023, the consolidated entity, engaged KPMG, remuneration consultants, to review its existing remuneration policies, STI and LTI programs. KPMG was paid \$10,450 for these services. KPMG also provided investigating accountant services for listing on the ASX and tax services for the year ended 30 June 2023 and were paid \$354,074 for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. The Board is required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the Company's 2022 Annual General Meeting (AGM)

The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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Remuneration Report (Audited) (continued)**Details of remuneration***Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of Acusensus Limited:

- Alexander Jannink – Managing Director
- Ravin Mirchandani – Chair & Non-executive Director
- Sue Klose – Non-executive Director (appointed 5 January 2023)
- Tom Patterson – Non-executive Director (retired 30 June 2023)

And the following persons:

- Mark Lawrence – Chief Financial Officer

The determination of the roles which meet the definition of key management personnel has changed since the year ended 30 June 2022. In note 24, Christopher Kells (Chief Technology Officer) and Ron Johnson (Head of Strategy, resigned 15 December 2021) are included in the key management personnel compensation for the year ended 30 June 2022, however, are not included for the key management personnel compensation for the year ended 30 June 2023 due to the judgments made in the determination of the roles which meet the definition of key management personnel. Given Christopher Kells (Chief Technology Officer) and Ron Johnson (Head of Strategy, resigned 15 December 2021) are not considered key management personnel for the year ended 30 June 2023, they have not been included in the 30 June 2023 Remuneration Report, nor in the comparatives of the Remuneration Report.

2023	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled shares	Equity-settled options	
	\$	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>								
Ravin Mirchandani	57,566	-	-	-	-	-	6,235	63,801
Sue Klose*	31,750	-	-	3,334	-	-	11,573	46,657
Tom Patterson	54,708	-	-	-	-	-	6,235	60,943
<i>Executive Directors:</i>								
Alexander Jannink	319,000	75,620	8,226	27,500	8,580	-	44,680	483,606
<i>Other Key Management Personnel:</i>								
Mark Lawrence	271,298	65,472	-	27,374	6,375	16,950	23,361	410,830
	734,322	141,092	8,226	58,208	14,955	16,950	92,084	1,065,837

*Represents remuneration from 5 January 2023 to 30 June 2023.

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Remuneration Report (Audited) (continued)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	
2022	\$	\$	\$	\$	\$	\$	\$	\$

Non-Executive

Directors:

Ravin Mirchandani	45,000	-	-	-	-	-	19,636	64,636
Sue Klose	-	-	-	-	-	-	-	-
Tom Patterson	40,000	-	-	-	-	-	19,636	59,636

Executive Directors:

Alexander Jannink	300,000	27,542	31,791	31,903	9,393	-	26,452	427,081
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Other Key Management Personnel:

Mark Lawrence	215,945	18,834	15,855	23,378	3,757	-	12,088	289,857
	600,945	46,376	47,646	55,281	13,150	-	77,812	841,210

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
<i>Non-Executive Directors:</i>						
Ravin Mirchandani	90%	70%	-	-	10%	30%
Sue Klose	75%	-	-	-	25%	-
Tom Patterson	90%	67%	-	-	10%	33%
<i>Executive Directors:</i>						
Alexander Jannink	75%	87%	16%	7%	9%	6%
<i>Other Key Management Personnel:</i>						
Mark Lawrence	78%	89%	16%	7%	6%	4%

Cash bonuses are dependent on meeting defined performance measures. The amount of the bonus is determined having regard to the satisfaction of performance measures and weightings as described above in the section **Consolidated entity performance and link to remuneration**. The maximum bonus values are established at the start of each financial year and amounts payable are determined upon completion of the audited financial year results by the Remuneration & Nominations Committee.

Remuneration Report (Audited) (continued)**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Alexander Jannink
 Title: Managing Director
 Agreement commenced: 26 March 2018
 Term of agreement: No specified term
 Details: Base salary for the year ended 30 June 2023 of \$319,000 plus superannuation, to be reviewed annually by the Remuneration & Nomination Committee. Six months termination notice by either party and cash bonus of up to 25% and LTI incentives as per Remuneration & Nomination Committee approval.

Name: Mark Lawrence
 Title: Chief Financial Officer
 Agreement commenced: 1 November 2020
 Term of agreement: No specified term
 Details: Base salary for the year ended 30 June 2023 of \$271,298 plus superannuation, to be reviewed annually by the Remuneration & Nomination Committee. Three months termination notice by either party, cash bonus of up to 25% and LTI incentives as per Remuneration & Nomination Committee approval.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation**Issue of shares**

Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023 are set out below:

Name	Date	Shares	Issue price	\$
Mark Lawrence	19 May 2023	5,000	\$3.39	16,950

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Expiry date	Exercise price	Fair value per option at grant date
Sue Klose	50,000	5 January 2023	5 January 2028	\$5.00	\$1.440
Alexander Jannink	44,100	1 July 2022	1 July 2027	\$2.76	\$1.240
Mark Lawrence	27,273	1 July 2022	1 July 2027	\$2.76	\$1.240

Options granted vest over three years. A third of options granted vest after 1 year and subsequent to this, progressively vest every three months for the remaining two years.

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Remuneration Report (Audited) (continued)

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the Company. The number of options granted was determined having regard to the satisfaction of performance measures and weightings as described above in the section **Consolidated entity performance and link to remuneration**. Options vest based on the continued provision of service over the vesting period whereby the executive becomes beneficially entitled to the vested option on specific vesting dates on a confirmed schedule. Options are exercisable by the holder as from the applicable vesting dates. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise price.

There are no unpaid exercise options.

Additional information

The earnings of the consolidated entity for the year ended 30 June 2023 are summarised below:

	2023 \$
Revenue	42,004,524
Profit before income tax	575,496
Profit after income tax	55,373

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

	2023 \$
Share price at financial year end	3.19
Basic earnings per share*	0.00

*Basic earnings per share have been rounded to two decimal places.

The previous four years have not been disclosed given the Company was not listed on the ASX and as such would not be truly reflective of the Company's market value at that point in time.

Additional disclosures relating to key management personnel**Shareholding**

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Ravin Mirchandani*	88,752	-	-	-	88,752
Sue Klose	-	-	25,000	-	25,000
Tom Patterson**	44,812	-	-	-	44,812
Alexander Jannink***	3,350,000	-	-	-	3,350,000
Mark Lawrence	-	5,000	-	-	5,000
	3,483,564	5,000	25,000	-	3,513,564

*Ravin Mirchandani is the Chair, a Director and a shareholder in Ador Powertron. Ador Powertron's interest in shares of Acusensus Limited is 4,112,727 at the start of and at the end of the year ended 30 June 2023.

**Includes shares owned by associated entity, LD 50 Pty Ltd atf LD 50 Trust.

***Includes shares owned by associated entity, Jannink & Associates Pty Ltd atf Jannink Family Trust.

Remuneration Report (Audited) (continued)*Option holding*

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Ravin Mirchandani	150,000	-	-	-	150,000
Sue Klose	-	50,000	-	-	50,000
Tom Patterson	200,000	-	-	-	200,000
Alexander Jannink	58,032	44,100	-	-	102,132
Mark Lawrence	27,147	27,273	-	-	54,420
	435,179	121,373	-	-	556,552

Other transactions with key management personnel and their related parties

During the financial year, sales of goods were made to Ador Powertron Limited (a Director related entity of Ravin Mirchandani) of \$6,294. The current trade receivables balance as at 30 June 2023 was nil. All transactions were made on normal commercial terms and conditions and at market rates.

This concludes the Remuneration Report, which has been audited.

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Shares Under Option

There were 1,481,787 (30 August 2022: 1,513,807) unissued ordinary shares under option at the date of this report.

Shares Issued on The Exercise Of Options

There were 200,000 ordinary shares of Acusensus Limited issued on the exercise of options during the year ended 30 June 2023 (30 June 2022: nil). Refer to note 19 for further information on shares issued.

Indemnity and Insurance of Officers

The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Officers of the Company against a liability to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

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

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

Proceedings on Behalf of The Company

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

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- all non-audit services have been reviewed and approved 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 (including Independence Standards) 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.

Officers of The Company Who Are Former Partners of BDO Audit Pty Ltd

There are no Officers of the Company who are former partners of BDO Audit Pty Ltd.

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Rounding of Amounts

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out immediately after this Directors' Report.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001 (Cth).

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

On behalf of the Directors



Alexander Jannink
Director

24 August 2023
Melbourne, Australia

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

As lead auditor of Acusensus Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in blue ink, appearing to read 'Biskri', is written over a light blue horizontal line.

Salim Biskri
Director

BDO Audit Pty Ltd

Melbourne, 24 August 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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Financial Statements

Consolidated statement of profit or loss and other comprehensive income	57
Consolidated statement of financial position	58
Consolidated statement of changes in equity	59
Consolidated statement of cash flows	60
Notes to the consolidated financial statements	61
Directors' declaration	92
Independent auditor's report to the members of Acusensus Limited	93

General information

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

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

Level 6, 31 Queen Street
Melbourne, VIC 3000

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 August 2023. The Directors have the power to amend and reissue the financial statements.

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	Notes	Consolidated	
		2023	2022
		\$	\$
Revenue	3	42,004,524	28,651,335
Other income	4	552,371	78,207
Expenses			
Cost of services		(23,565,331)	(16,168,851)
Employee benefits	5	(8,143,172)	(4,946,859)
Depreciation and amortisation	5	(4,686,765)	(3,182,904)
Administration		(3,392,623)	(1,797,575)
Contracting		(997,303)	(1,144,144)
IPO transaction costs	5	(684,167)	(64,162)
Marketing		(208,984)	(225,425)
Impairment		(219,688)	-
Finance costs	5	(83,366)	(38,071)
Profit before income tax		575,496	1,161,551
Income tax (expense)/benefit	6	(520,123)	263,780
Profit after income tax for the year attributable to the owners of Acusensus Limited		55,373	1,425,331
Other comprehensive income for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss foreign currency translation		75,040	19,429
Total comprehensive income for the year attributable to the owners of Acusensus Limited		130,413	1,444,760
		Cents	Cents
Basic earnings per share*	22	0.00	0.07
Diluted earnings per share	22	0.00	0.07

*Basic earnings per share have been rounded to two decimal places.

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

	Notes	Consolidated	
		2023	2022
		\$	\$
Current assets			
Cash and cash equivalents	7	12,799,109	8,606,528
Trade and other receivables	8	8,592,832	3,637,636
Contract assets	9	813,824	606,644
Inventories	10	1,374,423	1,902,553
Other current assets	12	12,000,000	-
Total current assets		35,580,188	14,753,361
Non-current assets			
Property, plant and equipment	13	9,189,666	8,171,378
Right-of-use assets	11	2,050,071	2,298,258
Intangibles	14	1,517,476	572,773
Net deferred tax asset	6	-	263,780
Other assets	12	127,232	104,211
Total non-current assets		12,884,445	11,410,400
Total assets		48,464,633	26,163,761
Liabilities			
Current liabilities			
Trade and other payables	15	5,831,095	5,939,349
Contract liabilities	16	3,019,265	248,545
Lease liabilities	17	1,487,895	1,189,583
Provisions	18	744,487	683,645
Total current liabilities		11,082,742	8,061,122
Non-current liabilities			
Contract liabilities	16	89,461	-
Lease liabilities	17	699,844	1,139,909
Provisions	18	412,394	199,090
Net deferred tax liability	6	256,343	-
Total non-current liabilities		1,458,042	1,338,999
Total liabilities		12,540,784	9,400,121
Net assets		35,923,849	16,763,640
Equity			
Issued capital	19	37,455,540	18,831,559
Reserves	20	2,016,234	1,535,379
Accumulated losses		(3,547,925)	(3,603,298)
Total equity		35,923,849	16,763,640

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

	Issued capital	Reserves	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2021	18,831,559	1,267,280	(5,028,629)	15,070,210
Profit after income tax for the year	-	-	1,425,331	1,425,331
Other comprehensive income for the year, net of tax	-	19,429	-	19,429
Total comprehensive income for the year	-	19,429	1,425,331	1,444,760
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	-	-	-	-
Share-based payments (note 33)	-	248,670	-	248,670
Balance at 1 July 2021	18,831,559	1,535,379	(3,603,298)	16,763,640

	Issued capital	Reserves	Accumulated losses	Total equity
Consolidated	\$	\$	\$	\$
Balance at 1 July 2022	18,831,559	1,535,379	(3,603,298)	16,763,640
Profit after income tax for the year	-	-	55,373	55,373
Other comprehensive income for the year, net of tax	-	75,040	-	75,040
Total comprehensive income for the year	-	75,040	55,373	130,413
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 19)	18,623,981	-	-	18,623,981
Share-based payments (note 33)	-	405,815	-	405,815
Balance at 30 June 2023	37,455,540	2,016,234	(3,547,925)	35,923,849

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

	Note	Consolidated	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		43,010,648	26,435,078
Government grants and stimulus received		73,200	75,341
Other income		217,126	-
Payments to suppliers and employees		(39,053,834)	(21,506,506)
Interest received		92,796	2,866
Interest paid		(83,366)	(38,071)
Net cash from operating activities	32	<u>4,256,570</u>	<u>4,968,708</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(3,974,713)	(6,818,849)
Payments for intangibles		(1,399,853)	(425,607)
Term deposit investment		(12,000,000)	-
Net cash used in investing activities		<u>(17,374,566)</u>	<u>(7,244,456)</u>
Cash flows from financing activities			
Proceeds from issue of shares		18,623,981	-
Repayment of borrowings		-	(287,952)
Repayment of lease liabilities		(1,288,078)	(1,156,909)
Net cash from/(used in) financing activities		<u>17,335,903</u>	<u>(1,444,861)</u>
Net increase/(decrease) in cash and cash equivalents		4,217,907	(3,720,609)
Cash and cash equivalents at the beginning of the financial year		8,606,528	12,327,137
Effects of exchange rate changes on cash and cash equivalents		(25,326)	-
Cash and cash equivalents (inclusive of restricted balances) at the end of the financial year	7	<u>12,799,109</u>	<u>8,606,528</u>

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

Note 1. Significant Accounting Policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001 (Cth), these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Acusensus Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Acusensus Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

Note 1. Significant Accounting Policies (continued)

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

Current and non-current classification

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

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

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

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

Investments and other financial assets

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

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

Financial assets at amortised cost

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

Note 1. Significant Accounting Policies (continued)

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost.

Where a financial asset has become credit impaired the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Impairment of non-financial assets

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

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

Goods and Services Tax (GST) and other similar taxes

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

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

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

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

Rounding of amounts

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

Note 2. Critical Accounting Judgements, Estimates and Assumptions

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

Share-based payment transactions

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

Note 2. Critical Accounting Judgements, Estimates and Assumptions (continued)

Allowance for expected credit losses

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. This assessment considers forward-looking information, including macro-economic information which may be available. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Provision for impairment of inventories

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

Estimation of useful lives of assets

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

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

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

Income tax

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

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 2. Critical Accounting Judgements, Estimates and Assumptions (continued)

Employee benefits provision

As discussed in note 18, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Capitalised development costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset thereby generating probable future economic benefits; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Development costs which are capitalised are predominantly associated with employee benefits of R&D personnel. Activities associated with the development of a new asset or enhancement of an existing asset are capitalized.

Note 3. Revenue

	Consolidated	
	2023	2022
	\$	\$
<i>Revenue from contracts with customers</i>		
Rendering of services	41,978,699	28,369,438
Sale of goods	25,825	281,897
Revenue	42,004,524	28,651,335

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

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

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

Sale of goods

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

Note 3. Revenue (continued)

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. The output method is used to measure performance obligations satisfied over time. The output method provides a faithful depiction of the transfer of services given service units provided and time elapsed are the assessed value transferred to customers.

Note 4. Other Income

	Consolidated	
	2023	2022
	\$	\$
Insurance proceeds	217,126	-
Interest revenue	262,045	2,866
Government grants	73,200	75,341
Other income	552,371	78,207

Interest

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

Government grants

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

Other revenue

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

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Note 5. Expenses

	Consolidated	
	2023	2022
	\$	\$

Profit before income tax includes the following specific expenses:

Employee benefits

Salaries and wages	5,947,500	3,338,085
Defined contribution superannuation expense	968,728	719,064
Share based payments expense	405,816	248,670
Other	821,128	641,040

Employee benefits	8,143,172	4,946,859
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Depreciation and amortisation

Depreciation - property, plant and equipment	2,775,399	1,812,695
Depreciation - right-of-use assets	1,456,861	1,182,978
Amortisation	454,505	187,231

Depreciation and amortisation	4,686,765	3,182,904
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IPO transaction costs

IPO transaction costs	684,167	64,162
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IPO transaction costs	684,167	64,162
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IPO transaction costs represent those costs of raising capital which are not directly attributable to the new shares issued under the offer.

Finance costs

Interest and finance charges paid/payable on borrowings	1,742	908
Interest and finance charges paid/payable on lease liabilities	81,624	37,163

Finance costs	83,366	38,071
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Finance costs

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

Defined contribution superannuation expense

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

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Note 6. Income Tax

	Consolidated	
	2023	2022
	\$	\$
<i>Income tax expense/(benefit)</i>		
Current tax	-	-
Deferred tax expense/(benefit)	520,123	(263,780)
	<u>520,123</u>	<u>(263,780)</u>
Aggregate income tax expense/(benefit)	520,123	(263,780)
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax expense	575,496	1,161,551
	<u>575,496</u>	<u>1,161,551</u>
Tax at the statutory tax rate of 25% (30 June 2022: 25%)	143,874	290,388
Tax effect amounts which are not taxable/(deductible) in calculating taxable income:		
Share-based payments	101,454	62,168
Non-deductible expenditure	9,281	443,994
R&D tax incentive benefit	(18,300)	(734)
Tax rate differential	(69,802)	(53,711)
R&D offset	(28,468)	(428,893)
Other movement	(26,050)	-
Deferred tax assets not previously recognized	-	(911,566)
Current year temporary differences not recognised	408,134	334,574
	<u>408,134</u>	<u>334,574</u>
Income tax expense/(benefit)	520,123	(263,780)
	<u>520,123</u>	<u>(263,780)</u>
<i>Deferred tax assets and liabilities</i>		
Blackhole expenditure and other deductions	289,757	156,047
Employee benefits	289,220	220,684
Accrued expenses	663,068	644,418
Other liabilities	546,935	91,209
R&D carry forward tax offsets	222,383	774,444
Property, plant and equipment	(1,777,798)	(1,537,958)
Right-of-use-asset	(512,518)	(85,064)
Inventories	20,997	-
Unrealized foreign exchange gain/(loss)	1,613	-
	<u>1,613</u>	<u>-</u>
Deferred tax assets/(liabilities)	(256,343)	263,780
	<u>(256,343)</u>	<u>263,780</u>
Deferred tax assets not recognized	904,461	496,325
	<u>904,461</u>	<u>496,325</u>

The above potential tax benefit, deferred tax assets not recognized, of \$904,461 (30 June 2022: \$496,325), pertain to Acusensus, Inc. and Acusensus UK Limited tax losses. These losses have not been recognised in the statement of financial position as the recovery of this benefit through future profitability is uncertain as at 30 June 2023.

As at 30 June 2023, there are nil (30 June 2022: nil) franking credits available for subsequent financial years based on a tax rate of 25%.

Note 6. Income Tax (continued)

Accounting policy for income tax

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

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

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

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

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

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

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

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

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

Note 7. Cash and Cash Equivalents

	Consolidated	
	2023	2022
	\$	\$
<i>Unrestricted</i>		
Cash on hand	490	490
Cash at bank	5,322,296	7,353,713
Cash at bank for term deposits	6,063,616	-
	<u>11,386,402</u>	<u>7,354,203</u>
<i>Restricted</i>		
Cash at bank for contracts	1,412,707	1,252,325
	<u>1,412,707</u>	<u>1,252,325</u>
Cash and cash equivalents	<u><u>12,799,109</u></u>	<u><u>8,606,528</u></u>

Accounting policy for cash and cash equivalents

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

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

Note 8. Trade and Other Receivables

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Trade receivables	7,019,339	2,858,111
Other receivables	1,573,493	779,525
	<u>8,592,832</u>	<u>3,637,636</u>

Allowance for expected credit losses

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023	2022	2023	2022	2023	2022
Consolidated	%	%	\$	\$	\$	\$
Current	-	-	7,013,598	2,858,111	-	-
> 30 days	-	-	-	-	-	-
> 60 days	-	-	5,741	-	-	-
			<u>7,019,339</u>	<u>2,858,111</u>	<u>-</u>	<u>-</u>

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Note 8. Trade and Other Receivables (continued)

Accounting policy for trade and other receivables

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. This assessment considers forward-looking information, including macro-economic information which may be available. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

Note 9. Contract Assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Contract assets	813,824	606,644
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	606,644	779,580
Additions	1,322,814	1,246,262
Transfer to trade receivables	(1,115,634)	(1,419,198)
Closing balance	813,824	606,644

Contract assets

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

Note 10. Inventories

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Components	1,458,411	1,902,553
Inventory provision	(83,988)	-
Inventories	1,374,423	1,902,553

Accounting policy for inventories

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

Note 10. Inventories (continued)

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

Note 11. Right-of-Use Assets

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Building right-of-use assets	1,599,353	600,302
Less: Accumulated depreciation	(695,313)	(260,046)
	<u>904,040</u>	<u>340,256</u>
Vehicle right-of-use assets	3,069,298	2,922,024
Less: Accumulated depreciation	(1,923,267)	(964,022)
	<u>1,146,031</u>	<u>1,958,002</u>
Right-of-use assets	<u><u>2,050,071</u></u>	<u><u>2,298,258</u></u>

Consolidated	Building	Motor vehicles	Total
	\$	\$	\$
Balance at 30 June 2021	487,861	-	487,861
Additions and modifications	71,351	2,922,024	2,993,375
Depreciation expense	(218,956)	(964,022)	(1,182,978)
Balance at 30 June 2022	340,256	1,958,002	2,298,258
Additions and modifications	999,051	253,533	1,252,584
Impairment	-	(43,048)	(43,048)
Foreign exchange movement	(862)	-	(862)
Depreciation expense	(434,405)	(1,022,456)	(1,456,861)
Balance at 30 June 2023	<u><u>904,040</u></u>	<u><u>1,146,031</u></u>	<u><u>2,050,071</u></u>

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

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

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Note 12. Other Assets

	Consolidated	
	2023	2022
	\$	\$
<i>Current assets</i>		
Term deposits	12,000,000	-
<i>Non-current assets</i>		
Bonds on leased premises	127,232	104,211
Other assets	12,127,232	104,211

Note 13. Property, Plant and Equipment

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Motor vehicles - at cost	1,255,47	838,953
Less: Accumulated depreciation	(605,139)	(292,724)
	650,334	546,229
Computer equipment - at cost	455,374	340,050
Less: Accumulated depreciation	(251,428)	(149,756)
	203,946	190,294
Office equipment - at cost	224,254	122,933
Less: Accumulated depreciation	(98,391)	(44,890)
	125,863	78,043
Camera equipment - at cost	12,435,585	9,314,335
Less: Accumulated depreciation	(4,226,062)	(1,957,523)
	8,209,523	7,356,812
Property, plant and equipment	9,189,666	8,171,378

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Note 13. Property, Plant and Equipment (continued)

Reconciliations

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

	Motor vehicles	Computer equipment	Office equipment	Camera equipment	Total
Consolidated	\$	\$	\$	\$	\$
Balance at 30 June 2021	263,365	100,264	28,323	2,773,272	3,165,224
Additions	504,257	182,212	85,969	6,046,411	6,818,849
Depreciation expense	(221,393)	(92,182)	(36,249)	(1,462,871)	(1,812,695)
Balance at 30 June 2022	546,229	190,294	78,043	7,356,812	8,171,378
Additions	416,520	115,324	101,321	3,341,548	3,974,713
Impairment	-	-	-	(220,298)	(220,298)
Foreign exchange movement	(926)	(7)	(10)	40,215	39,272
Depreciation expense	(311,489)	(101,665)	(53,491)	(2,308,754)	(2,775,399)
Balance at 30 June 2023	650,334	203,946	125,863	8,209,523	9,189,666

Accounting policy for property, plant and equipment

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

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

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

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

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

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Note 14. Intangibles

	Consolidated	
	2023	2022
	\$	\$
<i>Non-current assets</i>		
Capitalised development costs - at cost	2,218,415	865,162
Less: Accumulated amortisation	(742,879)	(292,389)
	<u>1,475,536</u>	<u>572,773</u>
Website costs - at cost	46,600	-
Less: Accumulated amortisation	(4,660)	-
	<u>41,940</u>	<u>-</u>
Intangibles	<u>1,517,476</u>	<u>572,773</u>

Reconciliations

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

	Capitalised development costs	Website	Total
Consolidated	\$	\$	\$
Balance at 30 June 2021	334,397	-	334,397
Additions	425,607	-	425,607
Depreciation expense	(187,231)	-	(187,231)
Balance at 30 June 2022	572,773	-	572,773
Additions	1,353,253	46,600	1,399,853
Foreign exchange movement	(645)	-	(645)
Depreciation expense	(449,845)	46,600	(454,505)
Balance at 30 June 2023	<u>1,475,536</u>	<u>41,940</u>	<u>1,517,476</u>

Accounting policy for intangible assets

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

Research and development

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

Website

Website costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

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Note 15. Trade and Other Payables

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	411,777	1,808,504
Accrued liabilities	4,289,151	3,401,735
Other payables	1,130,167	729,110
Trade and other payables	5,831,095	5,939,349

Accounting policy for trade and other payables

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

Note 16. Contract Liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	3,019,265	248,545
<i>Non-current liabilities</i>		
Contract liabilities	89,461	-
Contract liabilities	3,108,726	248,545

Reconciliation

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

	Consolidated	
	2023	2022
	\$	\$
Opening balance	248,545	334,482
Payments received in advance	4,177,396	44,811
Transfer to revenue	(1,317,215)	(130,748)
Closing balance	3,108,726	248,545

Contract liabilities

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

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Note 16. Contract Liabilities (continued)

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$3,108,726 as at 30 June 2023 (30 June 2022: \$248,545) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023	2022
	\$	\$
Within 12 months	3,019,265	248,545
12 to 24 months	44,216	-
More than 24 months	45,245	-
Unsatisfied performance obligations	<u>3,108,726</u>	<u>248,545</u>

Note 17. Lease Liabilities

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Lease liability	<u>1,487,895</u>	<u>1,189,583</u>
<i>Non-current liabilities</i>		
Lease liability	<u>699,844</u>	<u>1,139,909</u>
Lease liabilities	<u>2,187,739</u>	<u>2,329,492</u>

Accounting policy for lease liabilities

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

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

	Consolidated	
	2023	2022
	\$	\$
1 year or less	1,487,895	1,189,583
Between 1 and 2 years	410,158	1,082,557
Between 2 and 5 years	289,686	57,352
Over 5 years	-	-
Lease liabilities	<u>2,187,739</u>	<u>2,329,492</u>

Refer to note 23 for further information on financial instruments.

Note 18. Provisions

	Consolidated	
	2023	2022
	\$	\$
<i>Current liabilities</i>		
Annual leave	744,487	683,645
<i>Non-current liabilities</i>		
Long service leave	412,394	199,090
Provisions	1,156,881	882,735

Accounting policy for provisions

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

Accounting policy for employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Note 19. Issued Capital

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	25,229,995	20,014,995	37,455,540	18,831,559

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Note 19. Issued Capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2022	20,014,995		18,831,559
Employee option conversion	10 August 2022	100,000	\$0.02	1,580
IPO proceeds	12 January 2023	5,000,000	\$4.00	20,000,000
IPO costs	12 January 2023	-	-	(1,379,179)
Employee option conversion	15 February 2023	100,000	\$0.02	1,580
Employee issue	19 May 2023	15,000	\$0.00	-
Balance	30 June 2023	25,229,995		37,455,540

Ordinary shares

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

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

Capital risk management

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

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

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

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

The capital risk management policy remains unchanged from the 30 June 2022 Financial Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Note 20. Reserves

	Consolidated	
	2023	2022
	\$	\$
Foreign currency reserve	75,936	896
Employee equity benefits reserve	1,940,298	1,534,483
Reserves	2,016,234	1,535,379

Note 20. Reserves (continued)

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Employee equity benefits reserve

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

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

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

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

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

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

Note 21. Operating Segments

Accounting policy for operating segments

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

Identification of reportable operating segments

These operating segments are identified based on the internal reports that are reviewed and used by the Board (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. Accordingly, the consolidated entity only operates as one segment being the consolidated entity.

Major customers

During the year ended 30 June 2023, approximately \$41,439,748 (30 June 2022: \$28,250,569) of the consolidated entity's external revenue was generated from sales to Australian State Governments.

Geographical information

	Sales to external customers		Non-current assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Australia	41,837,807	28,651,335	11,605,409	10,788,682
United States of America	166,717	-	1,042,944	357,938
United Kingdom	-	-	236,092	-
	<u>42,004,524</u>	<u>28,651,335</u>	<u>12,884,445</u>	<u>11,146,620</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 22. Earnings Per Share

	Consolidated	
	2023	2022
	\$	\$
Profit after income tax attributable to the owners of Acusensus Limited	55,373	1,425,331
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	22,457,543	20,014,995
Weighted average number of ordinary shares used in calculating diluted earnings per share	24,000,597	21,248,878
	Cents	Cents
Basic earnings per share*	0.00	0.07
Diluted earnings per share	0.00	0.07

*Basic earnings per share have been rounded to two decimal places.

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Note 23. Financial Instruments

Financial risk management objectives

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

The Company's Board has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established the Audit & Risk Management Committee, which is responsible for developing and monitoring the consolidated entity's risk management policies. The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit & Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Note 23. Financial Instruments (continued)

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The transactions in which these transactions are primarily denominated are US dollars, British pound sterling and euros. There is limited exposure to date given limited transactions in Acusensus, Inc. and Acusensus UK Limited.

Price risk

The consolidated entity is not exposed to any significant price risk. This is due to revenue being contracted under a fixed price.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk. The interest rate associated with term deposits is fixed for the period of the term deposit and as such is not subject to significant interest rate risk.

Credit risk

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

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. This assessment considers forward-looking information, including macro-economic information which may be available. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Generally, trade receivables are considered in default 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 consolidated entity is not exposed to any significant credit risk as major customers include Australian State Governments. Refer to note 8.

Liquidity risk

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

Note 23. Financial Instruments (continued)

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

Remaining contractual maturities

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

2023

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	411,777	-	-	-	411,777
Contract liability	-	3,019,265	44,216	45,245	-	3,108,726
Accrued liabilities	-	4,289,151	-	-	-	4,289,151
Other payables	-	1,130,167	-	-	-	1,130,167
<i>Interest-bearing - variable</i>						
Lease liability	3.69%	1,487,895	410,158	289,686	-	2,187,739
Total non-derivatives		10,338,255	454,374	334,931	-	11,127,560

2022

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Consolidated	%	\$	\$	\$	\$	\$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	1,808,504	-	-	-	1,808,504
Contract liability	-	248,545	-	-	-	248,545
Accrued liabilities	-	3,401,735	-	-	-	3,401,735
Other payables	-	729,110	-	-	-	729,110
<i>Interest-bearing - variable</i>						
Lease liability	2.17%	1,189,583	1,082,557	57,352	-	2,329,492
Total non-derivatives		7,377,477	1,082,557	57,352	-	8,517,386

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

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Note 24. Key Management Personnel Disclosures

Directors

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

Alexander Jannink	Executive Director and Chief Executive Officer
Ravin Mirchandani	Non-executive Director
Sue Klose	Non-executive Director (appointed 5 January 2023)
Tom Patterson	Non-executive Director (retired 30 June 2023)

Other key management personnel

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

Mark Lawrence	Chief Financial Officer
---------------	-------------------------

The determination of the roles which meet the definition of key management personnel has changed since the year ended 30 June 2022. Christopher Kells (Chief Technology Officer) and Ron Johnson (Head of Strategy, resigned 15 December 2021) are included in the key management personnel compensation for the year ended 30 June 2022, however, are not included for the key management personnel compensation for the year ended 30 June 2023 due to the judgments made in the determination of the roles which meet the definition of key management personnel.

Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	883,640	1,043,401
Post-employment benefits	58,208	89,272
Long-term benefits	14,955	17,749
Share-based payments	109,034	97,621
Key management personnel compensation	<u>1,065,837</u>	<u>1,248,043</u>

Note 25. Related Party Transactions

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2023	2022
	\$	\$
Sale of goods and services:		
Sale of goods to Ador Powertron Limited (a Director related entity)	<u>6,294</u>	<u>281,897</u>

Note 25. Related Party Transactions (continued)

Loans to/from related parties

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

	Consolidated	
	2023	2022
	\$	\$
Loan from parent to subsidiary – Acusensus Australia Pty Ltd	6,649,282	8,744,640
Loan from parent to subsidiary – Acusensus IP Pty Ltd	32,199	31,289
Loan from parent to subsidiary – Acusensus, Inc.	4,457,227	2,681,113
Loan from parent to subsidiary – Acusensus UK Limited	383,635	-
Loan from Acusensus Australia Pty Ltd to Acusensus, Inc.	460,650	-
Loan from Acusensus Australia Pty Ltd to Acusensus UK Limited	56,013	-

Terms and conditions

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

Note 26. Contingent Liabilities

The consolidated entity has provided bank guarantees as at 30 June 2023 of \$1,412,707 (30 June 2022: \$1,252,325) to customers as security for contractual performance obligations.

Note 27. Commitments

	Consolidated	
	2023	2022
	\$	\$

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Property, plant and equipment due within less than one year	649,571	389,406
---	---------	---------

The Company's lease commitments have been captured within the lease liability amount on the statement of financial position.

Note 28. Remuneration of Auditors

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

	Consolidated	
	2023	2022
	\$	\$
<i>Audit services</i>		
Audit or review of the financial statements	145,770	55,375
<i>Other services</i>		
Grant compliance audit	7,000	-
Remuneration of auditors	152,770	55,375

Note 29. Parent Entity Information

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

Statement of profit or loss and other comprehensive income

	2023	Parent 2022
	\$	\$
Profit/(loss) after income tax	300,899	932,034
Total comprehensive income/(loss)	300,899	932,034

Statement of financial position

	2023	Parent 2022
	\$	\$
Total current assets	30,032,011	3,949,928
Total assets	32,341,452	18,250,385
Total current liabilities	1,034,656	1,380,101
Total liabilities	1,354,660	1,579,191
Equity		
Issued capital	37,455,540	18,831,559
Reserves	1,285,813	1,285,813
Accumulated losses	(7,754,561)	(3,446,178)
Total equity	30,986,792	16,671,194

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 (30 June 2022: \$nil).

Contingent liabilities

The parent entity had contingent liabilities as at 30 June 2023 is \$1,008,782 (30 June 2022: \$1,002,325) Refer to note 26.

Capital commitments - Property, plant and equipment

The parent entity had capital commitments for property, plant and equipment as at 30 June 2023 of \$649,571 (30 June 2022: \$389,406). Refer to note 27.

Significant accounting policies

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

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

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Note 30. Interests In Subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Acusensus Australia Pty Ltd	Australia	100.00%	100.00%
Acusensus IP Pty Ltd	Australia	100.00%	100.00%
Acusensus International Pty Ltd	Australia	100.00%	100.00%
Acusensus, Inc.	United States	100.00%	100.00%
Acusensus UK Limited	United Kingdom	100.00%	-

Note 31. Events After the Reporting Period

On 25 July 2023, Acusensus Australia Pty Ltd, a wholly owned subsidiary of Acusensus, entered into a contract with the Queensland DMTR for the provision of phone awareness monitoring and tailgating monitoring services. The services outlined in the agreement are expected to be completed before October 2024. The estimated total contract value over the term of the agreement is in excess of \$0.6 million (excluding GST).

On 25 July 2023, a resolution was approved for the subdivision of capital with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2. For the purposes of the Financial Report encompassing the Directors' Report, Remuneration Report and the consolidated financial statements including notes to the consolidated financial statements, all shares and options are included showing their pre-split amounts.

On 14 August 2023, Acusensus Australia Pty Ltd, a wholly owned subsidiary of Acusensus, entered into a contract variation with the Queensland DMTR to increase the scope of the contract for mobile phone and seatbelt detection services. Additional transportable systems are to be provided over a five-year term. The estimated total contract value over the term of the agreement is \$9.3 million (excluding GST).

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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Note 32. Reconciliation Of Profit/(Loss) After Income Tax To Net Cash From/(Used In) Operating Activities

	Consolidated	
	2023	2022
	\$	\$
Profit after income tax expense for the year	55,373	1,425,331
Adjustments for:		
Depreciation and amortisation	4,686,765	3,182,904
Impairment	219,688	-
Share-based payments	405,815	248,670
Foreign exchange differences	-	19,429
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(4,955,196)	(2,389,193)
(Increase)/decrease in contract assets	(207,180)	172,936
(Increase)/decrease in inventories	528,130	(755,088)
(Increase)/decrease in net deferred tax	520,123	(263,780)
(Increase)/decrease in other assets	(23,021)	(22,461)
Increase/(decrease) in trade and other payables	(108,254)	2,853,604
Increase/(decrease) in contract liabilities	2,860,181	(85,937)
Increase/(decrease) in employee benefits	274,146	582,293
Net cash from operating activities	4,256,570	4,968,708

Note 33. Share-Based Payments

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

2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the year
20/12/2018	20/12/2023	\$0.02	200,000	-	(200,000)	-	-
10/02/2020	No expiry	\$0.79	100,000	-	-	-	100,000
10/02/2020	No expiry	\$1.58	100,000	-	-	-	100,000
10/02/2020	No expiry	\$2.37	100,000	-	-	-	100,000
09/09/2020	17/12/2023	\$2.30	50,000	-	-	-	50,000
30/09/2020	30/09/2023	\$2.30	250,000	-	-	-	250,000
27/09/2021	27/09/2031	\$2.76	107,459	-	-	(10,810)	96,649
21/04/2022	21/04/2027	\$2.76	326,424	-	-	(2,101)	324,323
01/07/2022	01/07/2027	\$2.76	-	410,815	-	-	410,815
05/01/2023	05/01/2028	\$5.00	-	50,000	-	-	50,000
			1,233,883	460,815	(200,000)	(12,911)	1,481,787
Weighted average exercise price			\$1.92	\$3.00	\$0.02	\$2.76	\$2.50

Note 33. Share-Based Payments (continued)

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

Grant date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
20/12/2018	\$0.20	\$0.02	70.00%	-	2.35%	\$0.187
10/02/2020	\$0.95	\$0.79	70.00%	-	1.01%	\$0.639
10/02/2020	\$0.95	\$1.58	70.00%	-	1.01%	\$0.618
10/02/2020	\$0.95	\$2.37	70.00%	-	1.01%	\$0.610
09/09/2020	\$2.00	\$2.30	70.00%	-	1.06%	\$0.740
30/09/2020	\$2.00	\$2.30	70.00%	-	1.06%	\$1.270
27/09/2021	\$2.75	\$2.76	50.00%	-	1.06%	\$1.780
21/04/2022	\$2.75	\$2.76	50.00%	-	1.06%	\$1.210
01/07/2022	\$2.75	\$2.76	50.00%	-	1.06%	\$1.240
05/01/2023	\$4.00	\$5.00	43.50%	-	3.64%	\$1.440

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

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

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Note 33. Share-Based Payments (continued)

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

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

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In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001 (Cth), Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth).

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

On behalf of the Directors



Alexander Jannink
Director

24 August 2023
Melbourne, Australia

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INDEPENDENT AUDITOR'S REPORT

To the members of Acusensus Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Acusensus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of 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 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

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.

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Capitalisation of internally generated development costs

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 30 June 2023, the Group had capitalised development costs of \$1.47 million (2022: \$0.57 million) in relation to various drivers' mobile phone, seatbelt and speed detection development products.</p> <p>AASB 138 <i>Intangible Assets</i> requires development costs to be capitalised only under specific circumstances including:</p> <ul style="list-style-type: none"> • It is technically feasible to complete the intangible asset; • There is clear intention to complete; • Ability to use or sell the intangible asset exists; • There are adequate technical, financial and other resources to complete the asset; • Future economic benefits are probable; and • Expenditure can be measured reliably. <p>This is a key audit matter because judgement is required to establish the point at which capitalisation should commence, the nature of costs to be capitalised, the point at which capitalisation should cease and amortisation should start.</p> <p>There is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with Australian Accounting Standards.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process of capitalisation and the nature of the costs incurred; • For a sample of products, we tested whether the costs relate to a technologically feasible product, assessed the future economic benefit to be generated by the product and the useful economic life assigned; • For salary costs capitalised, we vouched a sample of costs back to underlying payroll records and obtained a sample of timesheet confirmations from employees to verify that the time charged to individual products is accurate; • We recalculated the amortisation charge on a sample basis, to verify whether it was in accordance with the useful economic life assigned by management and that amortisation commenced from the date of deployment; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of the Australian Accounting Standards.

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Revenue recognition

Key audit matter	How the matter was addressed in our audit
<p>As disclosed in Note 21, at 30 June 2023 the Group generated revenue from the rendering of services to Australian State Governments.</p> <p>Each revenue contract is unique with distinct performance obligations and recognition criteria that require assessment under the relevant accounting standards.</p> <p>This is a key audit matter due to:</p> <ul style="list-style-type: none"> • The complexity associated with accounting for individual contract terms and conditions and the timing of revenue recognition; and • The degree of estimation and judgment required to determine the timing of revenue recognition. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process undertaken by management to account for the recognition of revenue; • For a sample of contracts, we assessed the reasonableness of the revenue recognition applied with reference to the requirements of the Australian Accounting Standards; • For fixed fee arrangements, we performed a proof in total calculation and agreed the inputs to signed contracts with the customers; • For variable fee arrangements, we tested a sample of transactions to underlying evidence; • For a sample of contract assets and contract liabilities, we recalculated the amount of revenue to be recognised with reference to the underlying contracts; • We performed cut-off testing procedures to verify that revenue has been recognised in the right period; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of the Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, 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 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 the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 in pages 44 to 51 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Acusensus Limited, for the year ended 30 June 2023, 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.

BDO Audit Pty Ltd

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

Salim Biskri
Director

Melbourne, 24 August 2023

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Shareholder Information



The shareholder information set out below was applicable as at 7 August 2023, noting that on 25 July 2023, a resolution was approved by shareholders for the subdivision of capital with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2. For the purposes of this **Shareholder Information** section of the Report, all shares and options are included showing their post-split amounts. This is in contrast to the information in the **Directors' Report**, **Remuneration Report** and **Financial Statements**, which shows all shares and options on a pre-split basis.

Distribution of Securities and Voting Rights

Shares

The total number of shareholders was 700. There were 126,149,975 shares on issue.

Each fully paid ordinary share entitles the holder to one vote.

The distribution of shareholders was as follows:

Share grouping	Total holders	Shares	Percentage of issued shares (%)
1–1,000	48	33,850	0.03
1,001–5,000	209	607,655	0.48
5,001–10,000	83	617,715	0.49
10,001–100,000	226	7,552,880	5.99
100,001 and over	134	117,337,875	93.01
Total	700	126,149,975	100.00

There were 22 shareholders holding less than a marketable parcel of \$500 worth of shares, based on the closing market price on 7 August 2023 of \$0.685 per share.

Options

The total number of option holders was 61. There were 7,408,935 options on issue.

Options do not have any dividend or voting rights attached to them and all options on issue were issued under the equity incentive plans of the Company.

Twenty Largest Shareholders

Name	Number of shares held	Percentage of issued shares (%)
ADOR POWERTRON LIMITED	20,563,635	16.30
JANNINK & ASSOCIATES PTY LTD <JANNINK FAMILY>	16,750,000	13.28
GRESHAM CAPITAL PARTNERS LIMITED <GRESHAM ACUSENSUS INVESTMENT>	10,260,515	8.13
CROFTON PARK DEVELOPMENTS PTY LTD <BROUGHAM SUPERANNUATION FUND>	8,630,310	6.84
BILLFOLDA ANGELS NOMINEES PTY LTD	7,745,370	6.14
MAINSTREAM FUND SERVICES PTY LTD <ELLERSTON CAPITAL LIMITED ELLERSTON PRE IPO FUND>	3,018,750	2.39
MERRIWEE PTY LTD <MERRIWEE SUPERANNUATION FUND>	2,312,200	1.83
ANDREW MATTHEWS	1,979,460	1.57
MAINSTREAM FUND SERVICES PTY LTD <ELLERSTON CAPITAL LIMITED ELLERSTON SPECIAL>	1,911,960	1.52

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Name	Number of shares held	Percentage of issued shares (%)
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,643,565	1.30
ALMALIKI & CO. PTY LTD	1,437,590	1.14
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,389,410	1.10
DUNKELD PASTORAL CO PTY LTD	1,250,000	0.99
CHRISTOPHER KELLS	1,041,520	0.83
FIFTY-SECOND CELEBRATION PTY LTD <MCBAIN FAMILY>	1,001,905	0.79
MURRAY HENDERSON	966,475	0.77
BODHI INVESTMENT LIMITED (BRITISH VIRGIN ISLAND COMPANY BVI 1778363)	900,530	0.71
BUNGEELTAP PTY LTD ATF <ROBERTSON FAMILY>	861,480	0.68
J C O'SULLIVAN PTY LTD <J C O'SULLIVAN PTY LTD SUPER FUND>	767,440	0.61
MUTUAL TRUST PTY LTD	750,000	0.60
Total	85,182,115	67.52

Substantial Shareholders

As at 7 August 2023, Acusensus Limited has five substantial shareholders who, together with their associates, hold 5% or more of the voting rights in Acusensus Limited, as notified under the Corporations Act.

Name	Number of shares held	Percentage of issued shares (%)
ADOR POWERTRON LIMITED*	21,007,395	16.65
JANNINK & ASSOCIATES PTY LTD <JANNINK FAMILY>	16,750,000	13.28
GRESHAM CAPITAL PARTNERS LIMITED <GRESHAM ACUSENSUS INVESTMENT>	10,260,515	8.13
CROFTON PARK DEVELOPMENTS PTY LTD <BROUGHAM SUPERANNUATION FUND>	8,630,310	6.84
ELLERSTON CAPITAL LIMITED	6,574,275	5.21

*The relevant interest of Ravin Mirchandani is included as he is an associate of Ador Powertron Limited.

Escrow

As at 7 August 2023, the following ordinary shares of the Company and unquoted options to acquire ordinary shares in the Company are subject to voluntary escrow.

	Voluntary escrow to be released on the date when Acusensus releases its full year results for the 2023 financial year (the date of this Report)	Voluntary escrow to be released on the date when Acusensus releases its full year results for the 2024 financial year
Ordinary shares	56,950,490	18,656,825
Unquoted options to acquire ordinary shares	3,870,445	255,330

Unquoted Equity Securities

The number of unquoted options on issue, and the number of their holders, are included in the following table. All unquoted options on issue were issued under an employee incentive scheme.

Class of securities	Number of unquoted equity securities	Number of holders
Options exercisable at \$0.158 with no expiry date	500,000	2
Options exercisable at \$0.316 with no expiry date	500,000	2
Options exercisable at \$0.474 with no expiry date	500,000	2
Options exercisable at \$0.46 with an expiry date of 17 December 2023	250,000	1
Options exercisable at \$0.46 with an expiry date of 12 January 2026	1,250,000	1
Options exercisable at \$0.552 with an expiry date of 27 September 2031	483,245	27
Options exercisable at \$0.552 with an expiry date of 20 April 2027	1,621,615	50
Options exercisable at \$0.552 with an expiry date of 1 July 2027	2,054,075	53
Options exercisable at \$1.00 with an expiry date of 12 January 2028	250,000	1

Securities Purchased On-Market

No securities were purchased on market during the financial year.

On-Market Buy-Back

There is no current on-market buy-back.

Securities Exchange

Acusensus Limited is incorporated and domiciled in Australia and is a publicly listed company limited by shares. The Company is listed on the ASX. The Home Exchange for Acusensus Limited is Sydney, Australia.

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About This Annual Report

About This Annual Report

Compliance Statement

This Report contains key disclosures under Australian legislation. Our Directors' Report starting on page 35 and Financial Statements starting on page 55 have been prepared in accordance with the Corporations Act. Our Financial Statements have also been prepared in accordance with Australian Accounting Standards. The basis of preparation of our Financial Statements is provided on page 61.

BDO Audit Pty Ltd has conducted an independent audit of the Financial Statements and Remuneration Report. The Auditor's Independence Declaration is available on page 54. Detailed information on the audit is available on pages 93 to 96. The remaining information in this Report has been reviewed internally.

Forward Looking Statements

This Report may contain certain forward-looking statements. Past performance information provided in this Report may not be a reliable indication of future performance. Certain information in this Report refers to the intentions of Acusensus, forecasts, forward looking statements and comments about future events. The words "continue", "expect", "forecast", "potential", "estimated", "projected", "likely", "anticipate" and other similar expressions are intended to identify such statements. The occurrence of events in the future are subject to risks, uncertainties and other factors, many of which are outside the control of Acusensus, that may cause Acusensus' actual results, performance or achievements to differ from those referred to in this Report. Such forward-looking statements speak only as of the date of this Report. Forward looking statements should not be relied on as an indication or guarantee of future performance. Accordingly, Acusensus, its Directors, Officers, employees, advisers and agents do not give any assurance, representation or guarantee that the occurrence of the events or forward-looking statements referred to in this Report will actually occur or be achieved as contemplated, nor take any responsibility or duty to update or maintain these forward-looking statements to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Financial Data

All dollar values are in Australian Dollars unless as otherwise presented.

United States

This Report and any associated presentations or materials do not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States unless registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.

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Glossary



Glossary

AASB	Australian Accounting Standards Board.
Acusensus or the Company	Acusensus Limited ACN 625 231 941 or the Acusensus Group, as applicable in the context.
Acusensus Group	Acusensus Limited ACN 625 231 941 and its related bodies corporate (as that term is defined in the Corporations Act).
Ador Powertron	Ador Powertron Limited.
AGM	Annual General Meeting.
AI	Artificial Intelligence.
ASX	Australian Securities Exchange.
ASX Corporate Governance Principles	ASX Corporate Governance Principles and Recommendations for Australian listed entities (4th edition).
Board	Board of Directors.
Corporations Act	Corporations Act 2001 (Cth).
Corporations Regulations	Corporations Regulations 2001 (Cth).
DTMR	Department of Transport and Main Roads.
ETO	Enforcement Trailer Operators.
FY23	Financial year ended 30 June 2023.
HSEQ	Health, safety, environment and quality.
IPO	Initial public offering.
LTI	Long Term Incentive.
MPDC	Mobile Phone Detection Camera.
PTSD	Post-traumatic stress disorder.
Report	This Annual Report.
R&D	Research and development.
SCIA	Spinal Cord Injuries Australia.
STI	Short Term Incentive.
UK	United Kingdom.
US or USA	United States.
WHO	World Health Organization.

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Company

Acusensus Limited
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Melbourne VIC 3000
Phone: 1300 214 697
Email: investor-relations@acusensus.com
Website: www.acusensus.com

Directors

Ravin Mirchandani – Non-executive Director & Chair
Alexander Jannink – Managing Director
Susan Klose – Non-executive Director (Independent) (appointed 5 January 2023)
Thomas Patterson – Non-executive Director (retired 30 June 2023)

Company Secretary

Olivia Byron

Registered Office and Principal Place of Business

Level 6, 31 Queen Street
Melbourne VIC 3000

Listing

Acusensus Limited shares are listed on the
Australian Securities Exchange (ASX code: ACE)
www.asx.com.au

Auditor

BDO Audit Pty Ltd
Tower 4, Level 18
727 Collins Street
Melbourne VIC 3008

Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Tower 4, 727 Collins Street
Melbourne VIC 3000



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