



ORCODA << optimise
everything
OPERATIONAL EFFICIENCY SPECIALISTS

ORCODA LIMITED

**Annual Report
2023**



plan. mobilise. manage.

**Australia's Leading Smart
Technology Solutions Provider
in Transport Logistics &
Transport Services**





Orcoda Limited
ABN 86 009 065 650

2023 Annual Report

TABLE OF CONTENTS

Chairman’s Report 5

Directors’ Report 6

Auditor’s Independence Declaration 18

Directors’ Declaration 19

Consolidated Statement of Profit or Loss and Other
 Comprehensive Income 20

Consolidated Statement of Financial Position 21

Consolidated Statement of Changes in Equity 22

Consolidated Statement of Cash Flows 23

Notes to the Financial Statements 24

Independent Auditor’s Report 56

Additional Information 59

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CORPORATE DIRECTORY

DIRECTORS

Nicholas Johansen	Non-Executive Chairman
Geoffrey Jamieson	Managing Director
Brendan Mason	Non-Executive Director
Geoffrey Williams	Non-Executive Director

COMPANY SECRETARY

John Lemon

REGISTERED OFFICE

Unit 305
434 St Kilda Road,
MELBOURNE VIC 3004

HEAD OFFICE

Unit 305
434 St Kilda Road,
MELBOURNE VIC 3004
Telephone: (61-3) 9866 7333

Email admin@orcoda.com
Homepage www.orcoda.com
ASX Code ODA

CORPORATE GOVERNANCE STATEMENT

Statement is available on homepage: www.orcoda.com

AUDITORS

BDO Audit Pty Ltd
Level 10,
12 Creek Street
BRISBANE QLD 4001

BANKERS

Westpac Banking Corporation
275 George Street
SYDNEY NSW 2000

SOLICITORS

Hopgood Ganim
Level 4,
105 St Georges Terrace
PERTH WA 6000

SECURITIES QUOTED

Australian Securities Exchange, ASX: ODA
Home Exchange – Australian Securities Exchange
(Perth)

SHARE REGISTRY

Automatic Registry Services
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Telephone: (61-2) 9698 5414
Facsimile: (61-2) 8583 3040

NOTICE OF ANNUAL GENERAL MEETING

Date to be confirmed



CHAIRMAN'S REPORT

Dear Shareholders,

The past year, ended 30 June 2023, has seen robust year-on-year growth for the Company with record total income. During the year we made considerable investments in our team, sales & marketing, channel partner developments and new product developments. I am happy to report that these investments are already yielding tangible results, with several large software-as-a-service (SaaS) and infrastructure services contracts awarded in the past few months, and there's strong momentum in our businesses.

Orcoda achieved record total income of \$20.7 million for the year ended 30 June 2023 (FY2023), up 25% compared to the 12 months ended 30 June 2022 (FY2022). The Company also delivered consecutive years of positive profit with Underlying EBITDA of \$2.0 million and profit after tax from ordinary activities attributable to members of \$395k for FY2023, which is 80% and 118% higher than the corresponding figures in FY2022, respectively.

Orcoda's cash flow from operations for FY2023 was \$2.7 million, 148% higher than in FY2022. As at 30 June 2023, the Consolidated Group had total assets of \$22.3 million and ended the financial year in a net cash position, with cash and equivalents of \$4.5 million. During the year the Company successfully completed a \$1.0 million share placement to fund new product developments and general working capital.

In the Resource Logistics Division Betta Group led by the new management team delivered strong profitable growth and record revenue despite its electrical services division's sales and profitability being negatively impacted by legacy issues and team restructuring particularly in the first half. During the year, Betta Group's new management team focused on building the team, cementing its relationship with core clients and improving core systems and processes. These investments were instrumental in Betta Group winning several large infrastructure and electrical contracts with key clients such as Aurizon and Yurika totalling c.\$12 million in the second half of the year. Betta Group is well positioned to service clients in the Central Queensland region which is experiencing robust economic growth buoyed by major government-funded infrastructure projects. During the year the division also won a SaaS contract with Kestrel Coal to license our workforce logistics software platform to manage its worker accommodation activities at the Kestrel coal mine in Bowen Basin, Queensland.

The Healthcare and Transport Logistics Division operates under a SaaS business model, offering tailored solutions to clients to manage and optimise their transport operations. During the year the division continued to focus on building its recurring revenue base and developing channel partner relationships, such as Teletrac Navman where a teaming agreement was formalised in August 2022. The long-term 9-year contract with Mt Buller generated healthy profits and cash flows in the 2022 snow season as a result of favourable weather conditions and relaxation of COVID restrictions, and the division successfully retained all existing clients during the year and won several new SaaS contracts towards the latter half of the year, notably Northline and Comlink Australia who are leading operators in the transport logistics and community transport segments, respectively. Furthermore, we have been verbally awarded several other SaaS projects and are developing new software applications that utilise our existing proprietary booking and optimising software platform. So all in all we are excited about the progress and strong momentum of the division, which is riding on a strong macro tailwind of acceleration in digital transformation across our target markets.

In June we announced the acquisition of Future Fleet International Pty Ltd (Future Fleet) and the transaction was settled in July. Future Fleet is a leading provider and innovator of fleet management solutions, which is very complementary to our transport logistics software business. We expect strong synergies from cross-selling and integration opportunities. We welcome the Future Fleet team joining the Orcoda family.

Overall Orcoda achieved strong financial results and commercial successes in FY2023 and we are focused on growing the Company profitably and extracting operating leverage. With the acceleration of digital transformation I believe Orcoda with our proprietary technology platforms and a healthy balance sheet is well positioned to grow our market shares across the Company's addressable markets. We are also on track with our long-term smart-city strategy to be a leading integrated Intelligent Transport Management System (ITMS) provider, a space which we believe will evolve rapidly as artificial intelligence, connected cars and digital transformation gather pace.

Finally, on behalf of the Board, I would like to thank our employees, clients, channel partners and shareholders for their loyalty and ongoing support.

Nicholas Johansen
Chairman

20 September 2023



DIRECTORS' REPORT

Your directors present their report together with the financial statements of the consolidated entity (referred to in this report as “Orcoda”, “the Company” or “the Group”) consisting of Orcoda Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The directors of the Company at any time during or since the end of the financial year up to the date of this report are:

Nicholas Johansen (Appointed 21/6/2018)
 Brendan Mason (Appointed 29/07/2017)
 Geoffrey Jamieson (Appointed 7/3/2018)
 Stephen Pronk (Appointed 15/4/2019; resigned 27/07/2022)
 Geoffrey Williams (Appointed 1/7/2023)

Nicholas Johansen – Non-Executive Chairman (Appointed 21/6/2018)

Qualifications: Bachelor of Economics, Bachelor of Law
 Experience: Legal practitioner, Partner Cozens Johansen Law, President NT Branch Resources & Energy Law Association
 Other current directorships of listed companies: Non-Executive Chair Armadale Capital PLC (AIM: ACP) and Non-Executive Chair Pattison Resources Limited (ASX: PSL)
 Former directorships of listed companies (last 3 years): none
 Special responsibilities: Chairman of the Audit Committee, member of the Remuneration and Nomination Committee
 Interests in shares: 420,833 ordinary shares
 Interests in options: none
 Contractual rights to shares (performance rights): 1,000,000 performance rights

Geoffrey Jamieson – Managing Director (Appointed 7/3/2018)

Qualifications: MAICD
 Experience: ex-merchant banker previously held positions as Managing Director / Finance Director of five listed public companies and numerous private companies, with significant experience across a broad range of industries which include software development, funds management and logistics in mining, oil & gas and transport. Previously Managing Director of Resource Connect
 Other current directorships of listed companies: none
 Former directorships of listed companies (last 3 years): none
 Special responsibilities: member of the Audit Committee
 Interests in shares: 10,694,482 ordinary shares
 Interests in options: none
 Contractual rights to shares (performance rights): 3,300,000 performance rights

Brendan Mason – Non-Executive Director (Appointed 29/7/2017)

Qualifications: MAICD
 Experience: previously held numerous senior leadership positions in a range of major international companies and organisations, including General Manager logistics at Boral, Cochlear's General Manager in Greater China, Lucent Technologies' Executive Director and Head of Sales and was previously Board Member, Treasurer and Chairman of the Australian Chamber of Commerce to China
 Other current directorships of listed companies: none
 Former directorships of listed companies (last 3 years): none
 Special responsibilities: Chairman of the Remuneration and Nomination Committee
 Interests in shares: 1,504,005 ordinary shares
 Interests in options: none
 Contractual rights to shares (performance rights): 500,000 performance rights

Stephen Pronk – Non-Executive Director (Appointed 2/4/2019; resigned on 27/7/2022)

Qualifications: MAICD
 Experience: owner and director of AimLab, a private Brisbane company which designs and manufactures pathology and analytical laboratory automation equipment, and he is an active angel investor in early stage start-ups through Brisbane Angels
 Other current directorships of listed companies: none
 Former directorships of listed companies (last 3 years): none
 Special responsibilities: member of the Remuneration and Nomination Committee
 Interests in shares at the time of resignation: 15,137,084 ordinary shares
 Interests in options: none
 Contractual rights to shares (performance rights): 500,000 performance rights (forfeited following resignation on 27/7/2022)

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DIRECTORS' REPORT (continued)

Geoffrey Williams – Non-Executive Director (Appointed 1/7/2023)

Qualifications: Electrical mechanic, entrepreneur

Experience: worked at Ergon Energy for 20+ years prior to founding Betta Group in 2005

Other current directorships of listed companies: none

Former directorships of listed companies (last 3 years): none

Special responsibilities: none

Interests in shares: 16,375,000 ordinary shares

Interests in options: none

Contractual rights to shares (performance rights): 2,100,000 performance rights

COMPANY SECRETARY

John Lemon (BA, LLB, GDipAppFin (Finsia), Grad.Dip.AppCorpGov, MAICD) has held the role of Company Secretary since 23 May 2023. He is a qualified and former practising solicitor, and also worked as an in-house lawyer. He works as a contract company secretary for various organisations. Mr. Lemon is a member of the Australian Institute of Company Directors (AICD).

DIVIDENDS

There were no dividends declared or paid during the financial year ended 30 June 2023 and no dividend is recommended for this year (2022: nil).

PRINCIPAL ACTIVITIES

The principal activities of Orcoda during the year ended 30 June 2023 comprised of:

- 1) The sale, implementation and support of the Orcoda Logistics Management System (OLMS) software to healthcare and transport logistics providers to manage and optimise their fleet operations;
- 2) The provision of infrastructure and electrical services and delivery of infrastructure installation via Betta Group within our smart city vision, and sale, implementation and support of the Orcoda Workforce Logistics System (OWLS) software, combined with management expertise and/or contracting services, to infrastructure, resources and energy companies; and
- 3) The continual development of technology products to better serve our clients' needs and as part of our smart-city strategy to be a leading integrated Intelligent Transport Management System (ITMS) provider.

OPERATING AND FINANCIAL REVIEW

Review of Operations

Orcoda is a leading integrated smart technology transport logistics and contracting services provider in Australia. Our mission is to support our clients' digital transformation process and make our clients' operations more productive and efficient. Our clients come from a diverse array of industry sectors and include some of Australia's largest companies operating in the transport logistics, healthcare transport, infrastructure and resources (mining, oil & gas) sectors.

The Resource Logistics Division provides communication and infrastructure contracting services and workforce asset management in the infrastructure and resources sectors. The division's technology solution offering is via the proprietary Orcoda Workforce Logistics System (OWLS) platform, which manages people, places and process on complex infrastructure and resources projects for which visibility and control over the whole work team and assets are critical to safety and success. OWLS have been built on the back of some of Australia's largest workforce-intensive projects and the approach of our system is to integrate the Orcoda solution into clients' existing systems rather than replacing them, in order to centralise all information in one place to give our clients complete visibility at all stages, including onboarding, mobilisation and worksite movements. Betta Group is a communication and infrastructure contracting services business in the Central Queensland region which fits strategically into the Resource Logistics Division. Betta Group was acquired on 1 December 2020 and is integral to Orcoda's smart-city strategy to be a leading integrated Intelligent Transport Management System (ITMS) provider, as it provides the installation and project management capabilities for major smart-city projects.

The Healthcare and Transport Logistics Division provides fleet management and optimisation via the Orcoda Logistics Management System (OLMS) with a front-end booking platform for healthcare and transport logistics providers. OLMS is a cloud open-ended architecture SaaS product that incorporate clients' operational and customer service constraints and optimise the fleet schedule to ensure full operational and service-led compliance is delivered with maximum efficiency. The division has a number of channel partners to drive sales of the OLMS platform; for example, in August 2022, Orcoda entered into a Teaming Agreement with Teletrac Navman, a leading global telematics system and SaaS provider with an extensive dealer network, to integrate, cross-sell and promote each other's products.



DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Review of Financial Results

The Company's total income for the year ended 30 June 2023 was \$20,737,363, which was up 25% from \$16,645,359 in FY2022. The increase in total income was attributable to underlying growth in both the Resource Logistics Division (21% year-on-year increase in total segment income to \$16,312,296) and Healthcare and Transport Logistics Division (45% year-on-year increase in total segment income to \$4,123,518) through the execution and delivery of existing and new contracts. Notably, Betta Group in the Resource Logistics Division won and executed the \$4.1 million Yurika contract for the Pembroke Olive Downs transmission line project, and the long-term Mt. Buller software contract in the Healthcare and Transport Logistics Division had strong revenue growth benefiting from the strong 2022 snow season. In FY2023, the Resource Logistics Division accounted for approximately 79% of the Company's total income.

Orcoda recognised a profit after tax from ordinary activities attributable to members of \$395,450 for the year ended 30 June 2023 (FY2022: \$181,328). The Underlying EBITDA (Earnings before interest, tax, depreciation and amortisation and other non-cash items) of the consolidated entity for the full year ended 30 June 2023 was \$2,002,836 (FY2022: \$1,112,287), calculated as follows:

		FY2023	FY2022
		\$	\$
Profit for the year		395,450	181,328
- Interest income	-	12,791	1,189
- Foreign exchange gain	-	(479)	840
+ Interest expense / finance cost	+	212,708	72,156
+ Income tax expense	+	-	-
+ Depreciation and amortisation	+	880,704	637,110
+ Share based payment expense	+	119,929	168,957
+ Net loss on asset disposal	+	87,531	-
+ Impairment write-off	+	119,995	54,765
+ Non-cash expense adjustment ⁽¹⁾	+	198,831	-
Underlying EBITDA (unaudited)		2,002,836	1,112,287

⁽¹⁾ The non-cash expense adjustments relate to reversal of income tax receivables and R&D income receivables.

Underlying EBITDA is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and it is unaudited. Orcoda directors use Underlying EBITDA as a key financial metric to assess the financial performance of Orcoda's operations, and it is a financial metric commonly used by shareholders and capital markets participants.

The 80% year-on-year growth in Underlying EBITDA in FY2023 was attributable to the growth in total income and operating leverage. Notably, the higher Underlying EBITDA was achieved despite considerable investments made during the year and underperformance of Betta Group's electrical services division due to legacy issues. The Resource Logistics Division and Healthcare and Transport Logistics Division delivered 28% and 31% year-on-year growth in Underlying EBITDA, respectively.

Financial Position as at 30 June 2023

Orcoda generated net cash flows from operations of \$2,703,548 for FY2023, which was an increase of 148% compared to FY2022. During FY2023, the Company paid \$500,000 earn-out in relation to the Betta Group acquisition, invested \$564,530 in software development and received net proceeds of \$938,439 from equity capital raisings after costs. As of 30 June 2023, Orcoda had cash and cash equivalents of \$4,454,377.

The increase in total assets from \$19,740,406 as at 30 June 2022 to \$22,390,958 as at 30 June 2023 was primarily the result of the increase in cash and cash equivalents and increases in plant and equipment.

As of 30 June 2023, the Company had total financial liabilities of \$4,038,155, comprising current financial liabilities of \$1,113,394 and non-current financial liabilities of \$2,924,761. The financial liabilities were related to chattel mortgages arranged for the purchase of plant and equipment to support the growth of Orcoda, particularly Betta Group. Overall, Orcoda is in a healthy financial position with net cash of \$416,222 as of 30 June 2023 (30 June 2022: net debt of 83,332).

Net assets increased by 11% to \$15,868,967 as of 30 June 2023, from \$14,360,149 as of 30 June 2022.

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DIRECTORS' REPORT (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Material Business Risks

The material business risks faced by the Company that could have a significant impact on the financial prospects of the Company and how the Company manages these risks include:

- Inflationary pressure affecting material and labour costs – most of Betta Group's sales are based on purchase orders or short-term contracts hence significant changes in material and labour costs could be reflected accordingly in quotes and tenders in a timely basis. In our software technology businesses, we operate a SaaS model with limited operating costs. Management also constantly monitors the cost base of the businesses and implement cost savings and operating efficiencies where possible.
- Loss of key clients – Betta Group is a preferred infrastructure services supplier for our major clients in Central Queensland and we are committed to maintaining our competitive position by providing reliable, quality and competitively-priced services.
- Labour shortages – Betta Group's operations require tradesmen including electricians to service our clients. The business has been able to attract and retain employees locally to date, and may consider hiring overseas workers if and when deemed necessary. Our software technology businesses do not require a large workforce and product development / support could be outsourced if needed.
- Adverse change in economic conditions affecting demand for the Company's products or services – the Company's service offerings are largely non-discretionary in nature and the Company plans ahead to adjust its cost base in times of economic slowdown.
- Competition – the Company maintains its competitiveness through patent protection and by investing in research and development to ensure its technology platforms are ahead of our competition and meet our clients' requirements.

Strategy and Outlook

Digital transformation is accelerating in many industry sectors which presents growing opportunities for Orcoda's technology products. Orcoda's growth strategy is to continue to provide infrastructure services via Betta Group to existing and new clients in the Central Queensland region, and deliver operational efficiency through the Company's technology products to existing and new providers across the transport logistics, healthcare transport, infrastructure and resources sectors. In addition to organic growth, Orcoda will also continue to review and pursue complementary and value accretive acquisitions.

Orcoda's long-term strategy is to be a leading integrated Intelligent Transport Management System (ITMS) provider, leveraging our technology products and Betta Group's installation and project management capabilities to integrate platforms and electrification with all of the smart technologies that will be installed to meet the transport requirements for smart cities of the future.

BOARD CHANGES AND APPOINTMENT

As of 30 June 2023, Orcoda's Board was made up of the following:

Nicholas Johansen	(Non-Executive Chairman and Chairman of Audit, Risk & Finance Committee and Remuneration and Nomination Committee), continuing
Geoffrey Jamieson	(Managing Director and member of Audit, Risk & Finance Committee), continuing
Brendan Mason	(Non-Executive Director and member of Remuneration and Nomination Committee), continuing

Subsequent to 30 June 2023, Geoffrey Williams was appointed as a Non-Executive Director on 1 July 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

ENVIRONMENTAL REGULATION

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Orcoda is committed to building legitimate Environmental, Social and Governance ("ESG") credentials. During FY2023 we have taken a first step by evaluating core metrics set by the World Economic Forum in its standardised and globally recognised Stakeholder Capitalism Metrics ESG framework, using impact management service provider Socialsuite's dedicated ESG platform. Our commitment to ESG is to create a consistent and measurable approach that helps us contribute to building a more prosperous and fulfilled society and a more sustainable relationship with our planet.

Orcoda also regularly considers the potential impact of global climate change on its business. Whilst Orcoda is dedicated to improving its environmental impact wherever possible including supporting our clients to reduce the carbon footprint of their vehicle fleets through fleet optimisation, there are no current short medium-term, specific climate risks posing significant risks to operations.



DIRECTORS' REPORT (continued)

MATTER SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Geoffrey Williams was appointed as Non-Executive Director of the Company on 1 July 2023.

Effective 1 July 2023, the Company completed the acquisition of 100% of Future Fleet International Pty Ltd ("Future Fleet"), a leading provider and innovator of fleet management systems. The purchase consideration at settlement was \$858,227 in cash funded by Orcoda's existing cash reserves, and issuance of 2,000,000 fully paid Orcoda Limited shares. In addition, there is \$290,000 in earn-out payable in two instalments over 12 months from completion subject to achieving certain EBITDA targets. Refer to Note 13 for further details.

On 27 July 2023, the Company announced the signing of a SaaS transport management contract with Comlink Australia for an initial term of two years with forecasted revenue of approximately \$400,000.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect Orcoda and its controlled entities' operations, the results of those operations, or the state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to seek profitable growth in each division organically, as well as grow via strategic value-accretive acquisitions.

AUDITOR

Effective from 17 December 2020, BDO Audit Pty Ltd (BDO) has been appointed as auditor of the Company. BDO continues in office in accordance with Section 327 and 324DAA of the Corporations Act 2001.

NON-AUDIT SERVICES

The Auditor did not perform any non-audit service during the financial year.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year Orcoda insured all directors and officers of the consolidated entity for all liabilities and costs relating to any claim made against them arising out of their conduct whilst acting as a director or officer of the consolidated entity, other than conduct involving a wilful breach of duty in relation to the consolidated entity. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

Orcoda 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.

MEETINGS OF DIRECTORS

The following table sets out the number of formal meetings of the Company's directors during the year ended 30 June 2023 and the number of meetings attended by each director:

Director	Directors' Meeting		Audit, Risk & Finance Committee		Remuneration and Nomination Committee	
	No. of meetings held whilst Director	No. of Meetings Attended	No. of meetings held whilst Director	No. of Meetings Attended	No. of meetings held whilst Director	No. of Meetings Attended
Nicholas Johansen	9	9	2	2	2	2
Brendan Mason	9	9			2	2
Geoffrey Jamieson	9	9	2	2		
Stephen Pronk	1	1				

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of a Court 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.



DIRECTORS' REPORT (continued)

OUTSTANDING OPTIONS AND PERFORMANCE RIGHTS

At the date of this report there are no listed or unlisted options outstanding.

At the date of this report the outstanding performance rights are as follows:

Grant Date	Vesting period	Date of Expiry	Exercise Price	Number of rights granted
03/02/2022	18 months	03/02/2025	\$0.158	6,900,000

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No ordinary shares were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted.

REMUNERATION REPORT (AUDITED)

Your directors present their Remuneration Report for the year 1 July 2022 to 30 June 2023.

ROLE OF BOARD OF DIRECTORS

The Board determines the appropriate nature and amount of remuneration. The Board seeks to ensure that executive reward satisfies the following criteria for good reward governance practice:

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive remuneration to performance; and
- transparency and capital management.

NON-EXECUTIVE DIRECTORS

Fees paid to non-executive directors reflect the benefit of research into published information as to the level of remuneration paid to directors of comparable companies. Non-executive directors' fees and payments are reviewed annually by the Board. The Board 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.

EXECUTIVES

Executive directors and key management personnel remuneration comprises base salary and superannuation. Base salary is reviewed annually by the Board having regard to the overall levels of remuneration of executives in comparable Australian companies.

CHAIRMAN

The services of the Chairman reflect the benefit of research into published information as to the level of remuneration paid to chairpersons of comparable companies.

LETTER OF APPOINTMENT

Remuneration and other terms of employment for the executive director are formalised in a letter of appointment that also contains comprehensive provisions in relation to termination, confidentiality and suspension.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (KMP)

(a) Names and positions held of Parent Entity Directors and Key Management Personnel in office at any time during the financial year are:

Parent Entity Directors
 Nicholas Johansen
 Geoffrey Jamieson
 Brendan Mason
 Stephen Pronk

Chairman – Non-Executive Director (ongoing)
 Managing Director – Executive Director (ongoing)
 Director – Non-Executive Director (ongoing)
 Director – Non-Executive Director (resigned on 27/7/2022)

Other Key Management Personnel
 Samuel Yue

CFO (ongoing)



DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(b) Table of benefits and payments to Directors' and Key Management Personnel for the year ended 30 June 2023

		Short-term benefits				Post-employment benefits		Long-term benefits		Equity-settled share-based payments	Termination benefits	Total
		Salary, fees and leave	Profit share and bonuses	Non-monetary	Other	Pension and Superannuation	Other	LSL	Shares / Units	Options / Rights		
Directors												
Brendan Mason ¹	2022	30,000	-	-	-	-	-	-	-	3,548	-	33,548
	2023	30,000	-	-	-	-	-	-	-	8,690	-	38,690
Nicholas Johansen ²	2022	50,000	-	-	-	-	-	-	-	7,095	-	57,095
	2023	50,000	-	-	-	-	-	-	-	17,381	-	67,381
Geoffrey Jamieson ³	2022	325,000	-	-	-	-	-	-	-	23,414	-	348,414
	2023	471,667	-	-	-	-	-	-	-	57,357	-	529,024
Stephen Pronk ⁴	2022	15,000	-	-	-	-	-	-	-	-	-	15,000
	2023	1,250	-	-	-	-	-	-	-	-	-	1,250
Geoffrey Williams ⁵	2022	158,333	-	-	-	-	-	-	-	134,900	-	293,233
	2023	-	-	-	-	-	-	-	-	-	-	-
Sub-Total	2022	578,333	-	-	-	-	-	-	-	168,957	-	747,290
	2023	552,917	-	-	-	-	-	-	-	83,429	-	636,346
Other Key Management Personnel												
Samuel Yue ^{***}	2022	44,580	-	-	-	4,458	-	-	-	-	-	49,038
	2023	199,704	-	-	-	20,969	-	-	-	-	-	220,673
Total	2022	622,913	-	-	-	4,458	-	-	-	168,957	-	796,328
	2023	752,621	-	-	-	20,969	-	-	-	83,429	-	857,019

¹ Director resigned on 27 July 2022. As Stephen Pronk resigned on 27 July 2022, there was no value to the performance rights issued to him as his rights cannot be vested.

^{**} Director resigned on 28 February 2022 (and re-appointed on 1 July 2023).

^{***} Key Management Personnel appointed on 21 February 2022.

¹ Fees were paid to SinoOz Limited in which Brendan Mason has an interest.

² Fees were paid to Harkiss Minerals Discovery Pty Ltd in which Nicholas Johansen has an interest.

³ Fees were paid to Tamlin Holdings Pty Ltd in which Geoff Jamieson has an interest.

⁴ Fees were paid to Pronk Holdings Pty Ltd in which Stephen Pronk has an interest.

⁵ Fees were paid to Pacific Energy Group Pty Ltd in which Geoffrey Williams has an interest.

The service and performance criteria set to determine remuneration are set out in paragraph (f) of the Remuneration Report.

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Employment Details of Members of Key Management Personnel (KMP) and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated entity. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

Name	Position held as at 30 June 2023 and any change during the year	Contract Details (Duration and Termination)	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	Total
			Non-salary cash-based incentives	Shares/ Units	Options/ Rights	Fixed Salary/Fees	
Nicholas Johansen	Non-Executive Chairman	Ongoing contract \$50,000 per annum	-	-	-	100%	100%
Geoffrey Jamieson	Managing Director	1 year agreement with entitlement to receive 12 months payments if terminated by the Company	-	-	-	100%	100%
Brendan Mason	Non-Executive Director	Ongoing contract for NED fee \$30,000 per annum	-	-	-	100%	100%
Samuel Yue	Chief Financial Officer	24 months employment contract. Termination notice dependant on the length of continuous service	-	-	-	100%	100%

On appointment to the board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including compensation, relevant to the office of director.

The terms and conditions of all KMP are formalised in their agreements. Each of these agreements provide for the provision of performance related cash bonuses, other benefits including car allowances, mobile telephone and laptop, and equity participation, when eligible.

Terms of employment of other KMP require that the relevant consolidated entity provide an executive contracted person with a minimum of one month's notice prior to termination of contract. Termination payments are not payable on resignation or under the circumstances of unsatisfactory performance.

Non-Executive Directors are subject to similar contracts requiring one month's notice to be given on termination. Termination payments are at the discretion of the Remuneration Committee.

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Changes since the end of the reporting period

Geoffrey Williams was appointed as Non-Executive Director on 1 July 2023.

Share-based compensation

Issue of shares

No shares were issued to directors in lieu of previous year's director fees.

Options

No options were granted as remuneration to directors and key management personnel during the reporting period.

Performance rights

In the prior financial year (FY2022), the shareholders approved the issue of performance rights to the directors.

The details are as follows:

Name	Number of rights granted	Grant date	Vesting period	Expiry date	Exercise price per share \$	Fair value per right at grant date \$
Nicholas Johansen	1,000,000	03/02/2022	18 months	03/02/2025	0.158	0.026
Geoffrey Jamieson	3,300,000	03/02/2022	18 months	03/02/2025	0.158	0.026
Geoffrey Williams	2,100,000	03/02/2022	18 months	03/02/2025	0.158	0.026
Stephen Pronk	500,000	03/02/2022	18 months	03/02/2025	0.158	0.026
Brendan Mason	500,000	03/02/2022	18 months	03/02/2025	0.158	0.026

All performance rights provide the recipients with the right to convert those to ordinary shares on a 1:1 ratio anytime three years from their date of grant, subject to the 18-month vesting period being met. During the relevant period, the eligible holder must remain an employee or a director of the Company, or otherwise the performance rights expire. The exercise price for conversion is fixed at 30-day VWAP preceding 1 January 2022 (i.e. \$0.158 per share). The fair value of the performance rights at grant date was derived based on the Black-Scholes model.

As Stephen Pronk resigned on 27 July 2022, he does not meet the vesting conditions; therefore, he has forfeited his performance rights.

(c) Shareholdings

Number of shares held directly or indirectly by Parent Entity Directors and Key Management Personnel:

30 June 2023	Balance at the start of the year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at the end of the year
Parent Entity Directors					
Geoffrey Jamieson	10,694,482	-	-	-	10,694,482
Brendan Mason	1,504,005	-	-	-	1,504,005
Nicholas Johansen	420,833	-	-	-	420,833
Stephen Pronk	15,137,084	-	-	(15,137,084)*	-
Other Key Management Personnel					
Samuel Yue	158,667	-	-	-	158,667
Total	27,915,071	-	-	(15,137,084)	12,777,987

* Represent shares held directly or indirectly by Stephen Pronk at resignation date on 27 July 2022.

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(c) Shareholdings (Con't)

30 June 2022	Balance at the start of the year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at the end of the year
Parent Entity Directors					
Geoffrey Jamieson	10,394,482	-	-	300,000	10,694,482
Brendan Mason	1,462,339	-	-	41,666	1,504,005
Nicholas Johansen	337,500	-	-	83,333	420,833
Stephen Pronk	14,887,084	-	-	250,000	15,137,084
Geoffrey Williams	15,625,000	-	-	(15,625,000)*	-
Other Key Management Personnel					
Samuel Yue **	-	-	-	158,667	158,667
Total	42,706,405	-	-	(14,791,334)	27,915,071

* Represent shares held by Geoffrey Williams at resignation date on 28 February 2022.

** Samuel Yue has been appointed as CFO on 21 February 2022.

(d) Option holdings

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:

30 June 2023	Balance at the start of the year	Granted as remuneration during the year	Other changes during the year	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Nicholas Johansen	2,000,000	-	-	-	2,000,000	-
Geoffrey Jamieson	8,000,000	-	-	-	8,000,000	-
Brendan Mason	1,000,000	-	-	-	1,000,000	-
Stephen Pronk	1,000,000	-	-	-	1,000,000	-
	12,000,000	-	-	-	12,000,000	-

The options were granted as an incentive for the Executive and Non-Executive Management Team and there is no performance criteria or service for the exercise of these options. All options were granted on 17 January 2020 and expired on 17 January 2023.

(e) Other transactions with key management personnel and their related parties

There was no other transactions with key management personnel and their related parties.

(f) Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of directors and key management personnel of the Company is as follows:

The remuneration structure for the executive directors and key management personnel is based on a number of factors including length of service, particular experience of the individual concerned, and overall performance of the Company. Employment between the Company and the executive directors and key management personnel is on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement the executive director and key management personnel are paid employee benefit entitlements accrued to date of retirement. The executive directors and key management personnel are paid a percentage of their salary (determined by the Board at the time) in the event of redundancy.



DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(g) Remuneration policy

The remuneration policy of Orcoda has been designed to align key management personnel ("KMP") objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated entity's financial results.

The Board of Orcoda believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated entity as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated entity is as follows:

- The remuneration policy is to be developed by the Remuneration Committee and approved by the Board after professional advice is sought from independent external consultants where considered necessary and is designed to attract the highest caliber of executives.
- KMP receive a combination of base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives and rewards them for performance results aimed at long term growth in shareholder wealth.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or rights are intended to align the interests of the Directors and Company with those of the Shareholders. In this regard, KMP are prohibited from limiting risk attached to those instruments by use of derivatives or other means.
- The Remuneration Committee reviews KMP packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

KMP are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

KMP or closely related parties of KMP are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

In addition, the Board's remuneration policy prohibits directors and KMP from using Orcoda shares as collateral in any financial transaction, including margin loan arrangements.

(h) Engagement of Remuneration Consultants

No remuneration consultant was engaged during the year.

(i) Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the consolidated entity and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the consolidated entity's goals and shareholder wealth, before the KPIs are set for the following year.

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DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

In determining whether or not a KPI has been achieved, Orcoda bases the assessment on audited figures; however, where the KPI involves comparison of the consolidated entity, or a division within the consolidated entity, to the market, independent reports may be obtained from organisations such as Standard & Poor's.

(j) Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between Shareholders, Directors and Executives. Two methods have been applied to achieve this aim, the first a performance-based bonus based on key performance indicators and the second the issue of options to Executives to encourage the alignment of personal and shareholder interests when considered appropriate.

The following table shows the total income and profits for the last five years for the consolidated entity, as well as the share prices at the end of the respective financial years.

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
Total Income	20,737	16,645	8,827	1,834	2,527
Net Profit/(Loss)	395	161	456	(6,739)	(536)
Share price at year-end (dollar)	0.27	0.069	0.120	0.140	0.100

This concludes the remuneration report, which has been audited.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors

Geoffrey Jamieson

GEOFFREY JAMIESON
Managing Director
 Brisbane, Queensland

Dated: 20 September 2023

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE MEMBERS OF
ORCODA LIMITED**



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek Street
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY CAMERON HENRY TO THE DIRECTORS OF ORCODA LIMITED

As lead auditor of Orcoda 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 Orcoda Limited and the entities it controlled during the period.

Cameron Henry
Director

BDO Audit Pty Ltd

Brisbane, 20 September 2023



DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 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.

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

On behalf of the Directors

Geoffrey Jamieson

GEOFFREY JAMIESON
Managing Director
Brisbane, Queensland

Dated: 20 September 2023

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Continuing Operations			
Revenue to external customers	4	19,911,749	16,071,696
Research and development tax incentive		434,641	415,313
Other income	4	378,182	157,161
Interest revenue		12,791	1,189
Employee salaries and benefits expenses	5	(6,777,957)	(4,955,625)
Material, consumable and subcontractor expenses		(8,433,508)	(6,915,615)
Depreciation and amortisation expenses	5	(880,704)	(637,110)
Consultancy costs		(931,330)	(1,081,671)
Share registration regulatory and compliance costs		(206,146)	(269,703)
Share-based payment expenses		(119,929)	(168,957)
Rental and occupancy costs		(372,447)	(221,544)
Travelling and accommodation costs		(53,876)	(41,351)
Motor vehicle expenses		(1,578,105)	(1,600,202)
Finance costs		(212,708)	(72,156)
Impairment losses	17	(119,995)	(54,765)
Other expenses	5	(654,729)	(446,172)
Foreign exchange gain		(479)	840
Profit before income tax from continuing operations		395,450	181,328
Income tax (expense)/benefit	6	-	-
Profit after income tax from continuing operations		395,450	181,328
Discontinued Operations			
Loss after income tax from discontinued operations	10	-	(583,083)
Profit/(Loss) for the year		395,450	(401,755)
Other comprehensive income for the year			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve	10	-	(4,440)
Reclassification of foreign exchange differences on deconsolidation of subsidiaries	10	-	567,156
Other comprehensive profit for the year		395,450	562,716
Total comprehensive profit for the year		395,450	160,961
Total comprehensive profit/(loss) for the year attributable to members:			
Continuing operations		395,450	181,328
Discontinued operations	10	-	(20,367)
Total comprehensive profit for the year		395,450	160,961
Earnings per share (cents) (basic and diluted) from continuing operations	27	0.24	0.12
Earnings per share (cents) (basic and diluted) from discontinued operations	27	-	(0.01)
Earnings per share (cents) (basic and diluted) attributable to the owners of Orcoda Limited	27	0.24	0.11

The accompanying notes form part of these financial statements



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	7	4,454,377	2,372,531
Trade and sundry receivables	8	1,877,282	3,140,997
Financial assets	31	315,601	108,398
Other assets	9	581,175	601,210
Total Current Assets		7,228,435	6,223,136
Non-Current Assets			
Intangible assets	16	9,214,651	8,663,270
Investment in associates	17	-	-
Plant and equipment	14	5,839,628	4,609,554
Right-of-use assets	15	108,244	244,446
Total Non-Current Assets		15,162,523	13,517,270
TOTAL ASSETS		22,390,958	19,740,406
Current Liabilities			
Trade and other payables	18	1,860,812	2,144,395
Employee benefits	19	382,949	364,419
Lease liabilities	20	102,895	142,786
Deferred revenue	21	87,281	60,000
Financial liabilities	22	1,113,394	1,000,745
Total Current Liabilities		3,547,331	3,712,345
Non-Current Liabilities			
Lease liabilities	20	19,899	122,794
Deferred revenue	21	30,000	90,000
Financial liabilities	22	2,924,761	1,455,118
Total Non-Current Liabilities		2,974,660	1,667,912
TOTAL LIABILITIES		6,521,991	5,380,257
NET ASSETS		15,868,967	14,360,149
Equity			
Issued capital	23	102,658,077	101,544,638
Reserves		168,886	386,457
Accumulated losses		(86,957,996)	(87,570,946)
TOTAL EQUITY		15,868,967	14,360,149

The accompanying notes form part of these financial statements



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Notes	Ordinary Share Capital \$	Reserves \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2021		100,359,319	(349,656)	(87,164,751)	12,844,912
<i>Comprehensive income</i>					
Other comprehensive profit		-	567,156	(4,440)	562,716
Profit for the period		-	-	(401,755)	(401,755)
Total comprehensive income		-	567,156	(406,195)	160,961
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year		1,257,695	-	-	1,257,695
Cost of shares issued		(72,376)	-	-	(72,376)
Share-based payments		-	168,957	-	168,957
Total transactions with owners in their capacity as owners		5,003,188	1,185,319	168,957	-
Balance at 30 June 2022		101,544,638	386,457	(87,570,946)	14,360,149
Balance at 1 July 2022		101,544,638	386,457	(87,570,946)	14,360,149
<i>Comprehensive income</i>					
Other comprehensive profit/(loss)		-	-	-	-
Profit / (Loss) for the period		-	-	395,450	395,450
Total comprehensive income		-	-	395,450	395,450
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued during the year – capital raise		1,000,000	-	-	1,000,000
Shares issued during the year – share based payment		120,000	(120,000)	-	-
Cost of shares issued (net of tax)	23	(6,561)	-	-	(6,561)
Options expired during the year		-	(217,500)	217,500	-
Share-based payments		-	119,929	-	119,929
Total transactions with owners in their capacity as owners		1,113,439	(217,571)	217,500	1,113,368
Balance at 30 June 2023		102,658,077	168,886	(86,957,996)	15,868,967

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The accompanying notes form part of these financial statements



CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
Cash Flows from Operating Activities			
Receipts from customers (GST inclusive)		22,442,391	17,185,068
Payments to suppliers and employees (GST inclusive)		(20,457,183)	(16,513,409)
Research and development tax incentive receipt		407,125	393,749
Income tax refund received	4(b)	498,132	-
Proceeds from government grant		13,000	93,000
Interest received		12,791	1,189
Interest expense on lease liabilities		(11,001)	(15,713)
Other interest and cost of finance paid		(201,707)	(55,113)
Net cash from/(used in) Operating Activities	30	2,703,548	1,088,771
Cash Flows from Investing Activities			
Net payments for acquisition of Beta Group	22	(500,000)	(1,000,000)
Proceeds from subsidiary disposal	10	-	2,903
Proceeds from sale of property, plant and equipment		84,140	8,557
Payments for property, plant and equipment	14	(167,633)	(590,740)
Proceeds from/ (payment for) other financial assets		(207,203)	(8,398)
Payments for development expenditures		(564,530)	-
Payments for security bonds		-	(9,555)
Proceeds from security bonds		10,581	1,000
Net cash used in Investing Activities		(1,344,645)	(1,596,233)
Cash Flows from Financing Activities			
Proceeds from capital raisings	23	1,000,000	1,232,740
Payment for capital raising costs	23	(61,561)	(17,381)
Proceeds from borrowings	22, 35	700,001	850,000
Repayment of borrowings	22, 35	(772,711)	(1,407,118)
Principal repayment of lease liabilities	35	(142,786)	(149,162)
Net cash provided by Financing Activities		722,943	509,079
Cash and cash equivalents at the beginning of year		2,372,531	2,370,914
Net increase in cash and cash equivalents		2,081,846	1,617
Cash and cash equivalents at the end of year	7	4,454,377	2,372,531

The accompanying notes form part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the consolidated entity of Orcoda Limited and controlled entities (“consolidated entity” or “group”). Orcoda Limited (“parent entity”) is a listed public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 20 September 2023 by the Board of Directors.

Basis of preparation

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

Historical cost convention

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

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 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 33.

Going concern

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

As disclosed in the financial statements, the consolidated entity generated a profit after income tax from continuing operations of \$395,450 for the year ended 30 June 2023. Beta Group has successfully retained existing key clients and staff and built a healthy pipeline from blue chip clients, including the \$4.1 million Yurika contract that was signed and delivered during FY2023. Furthermore, Orcoda has been awarded several SaaS contracts with recurring monthly revenues which will also positively contribute to Orcoda's financials going forward.

From a cash flow and liquidity perspective, Orcoda had net cash inflows from operating activities of \$2,139,018 for the period, and cash and cash equivalents of \$4,454,377 and unused financing facilities of \$250,000 as of 30 June 2023. Orcoda raised \$1,000,000 in a share placement to existing sophisticated shareholders in February 2023, and is in a position to raise further capital in the capital markets when needed. Based on the considerations above, the Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern.

Accordingly, the Directors believe it is appropriate to adopt the going concern basis in the preparation of the financial report.

New, revised or amending Accounting Standards and Interpretations adopted

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not been early adopted by the group. These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Accounting Policies

(a) Principles of consolidation

A controlled entity is any entity Orcoda Limited is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Subsidiaries are all those entities over which the consolidated entity has control. 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.

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.

(b) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the consolidated entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Plant and equipment

Each class of plant and equipment is carried at cost less any accumulated depreciation and any impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The useful lives for each class of depreciable assets are:

Class of Fixed Asset	Useful lives
Plant and equipment	2 to 10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are taken to profit or loss.

(d) Right-of-use assets

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

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

The useful lives for Right-of-use assets are:

	Useful lives
Right-of-use assets	2 to 10 years

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 (with no extension options) and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(e) Impairment of assets

Impairment of financial assets

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

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

Refer to Note 1(r) for impairment of trade receivables.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

(f) Intangibles

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

Expenditure during the research phase of a project is recognised as an expense when incurred. Products and software development costs, including the consolidated entity's route optimisation and mobile data systems technology, are capitalised only when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, which is estimated to be 3 to 5 years. During the period of development, the asset is tested for impairment annually.

Goodwill

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

(g) Earnings per share

Basic earnings per share is determined by dividing the operating loss after income tax attributable to members of Orcoda Limited by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing the operating loss after income tax attributable to members Orcoda Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for the effects of all dilutive potential ordinary shares.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and less bank overdrafts if any.

(i) Revenue and other income recognition

Revenue

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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 IP licence

Revenue from the sale of IP licence, where the consolidated entity provides right to access to its intellectual property, is recognised over time on a straight-line basis over the 5-year term of the contract with customer.

Rendering of services

Revenue from a contract to provide services is generally recognised over time as the services are rendered based on either a fixed price or an hourly rate. The provision of support for vehicles equipped with software is recognised over time. Typical payment term is 7 days from the invoice date.

Other income

Interest

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

Other income

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

Government grants

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

(j) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) **Provisions**

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) **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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(m) Financial 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.

(n) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The consolidated entity identified two operating segments - Resource Logistics and Healthcare and Transport Logistics and this report follows the same segment information.

(o) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of entities within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the consolidated entity's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the consolidated entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(q) 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.

(r) 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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(s) 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. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

(t) Trade and other payables

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

(u) Contract liabilities

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

(v) Issued capital

Ordinary shares are classified as equity.

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) 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 corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

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.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(x) Discontinued operations

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

(y) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

(z) Interests in equity-accounted investees

The consolidated entity's interest in equity-accounted investees is interests in an associate. Associates are those entities in which the consolidated entity has significant influence but not control over the financial and operating policies. Interest in associates is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the consolidated entity's share of profit or loss and OCI of equity-accounted investee until the date on which significant influence ceases.

NOTE 2: FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on liquidity 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 risks to which it is exposed. These methods include sensitivity analysis in the case of interest rate risks and ageing analysis for credit risk.

Risk management is carried out by senior management in consultation with the Board of Directors. See Note 31 for the consolidated entity's overall risk management program.

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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. Refer to Note 34 for further details on the share-based payments.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates adjusted for forward-looking information. Refer to Note 8 for further details on assessment of expected credit loss of trade receivables.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 3: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to Note 16 for further details on impairment testing of goodwill.

Impairment of non-financial assets other than goodwill

The consolidated entity assesses impairment of non-financial assets other than goodwill 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.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 4: REVENUE AND OTHER INCOME

a) Revenue to external customers

From continuing operations	Consolidated	
	2023	2022
	\$	\$
Services and software licensing revenue	19,844,549	15,984,839
Vehicles licencing income	67,200	86,857
Total	19,911,749	16,071,696

Disaggregation of revenue from Contracts with Customers

The consolidated entity derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8.

External revenue by major service lines	Consolidated	
	2023	2022
	\$	\$
Resource Logistics	15,944,980	13,439,226
Healthcare and Transport Logistics	3,966,769	2,632,470
Total	19,911,749	16,071,696

External revenue by geographical regions	Consolidated	
	2023	2022
	\$	\$
Australia	19,911,749	16,071,696
Rest of the World	-	-
Total	19,911,749	16,071,696

Timing of revenue recognition	Consolidated	
	2023	2022
	\$	\$
Services transferred at a point in time		
Resource Logistics	-	-
Healthcare and Transport Logistics	2,694,046	1,584,663
Total Services transferred at a point in time	2,694,046	1,584,663

Services transferred over time		
Resource Logistics	15,944,980	13,439,226
Healthcare and Transport Logistics	1,272,723	1,047,807
Total Services transferred over time	17,217,703	14,487,033

Total sales revenue to external customers	19,911,749	16,071,696
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b) Other income

	Consolidated	
	2023	2022
	\$	\$
Government grants	13,000	93,000
Net income tax refund received*	299,301	-
Other	65,881	64,161
Total other income	378,182	157,161

* During FY2023, Betta Group received \$498,132 income tax refund in cash from ATO. The net amount recorded is adjusted for \$98,630 income tax provision and \$100,201 R&D tax incentive receivable recorded in FY2021.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 4: REVENUE AND OTHER INCOME (Cont'd)

Government grants and assistance

The consolidated entity has benefited from the following significant government support packages during the current period. The amounts received have been recognised as other income in the statement of profit or loss and other comprehensive income.

Support received	Description
Apprentice Wage Subsidy	The aim of the subsidy is to get apprentices working in secure jobs that are in demand as well as filling skill shortages. Under the scheme, Betta Group of Companies Qld Pty Ltd received \$13,000.

NOTE 5: EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

	Consolidated	
	2023	2022
	\$	\$
Superannuation expense	428,424	285,338
Short-term lease payments	-	8,070
Depreciation		
Plant and equipment	731,353	475,844
Right-of-use assets	136,202	161,266
<i>Total depreciation</i>	<i>867,555</i>	<i>637,110</i>
Amortisation		
Software	13,149	-
<i>Total amortisation</i>	<i>13,149</i>	<i>-</i>
Other expenses		
Computer and software	168,003	128,160
Office supplies	104,088	71,703
Tools and equipment replacement	95,742	67,159
Net loss on asset disposal	87,531	48,989
Bank charges	32,502	14,961
Other	166,863	115,200
<i>Total other expenses</i>	<i>654,729</i>	<i>446,172</i>
Impairment losses		
Impairment of receivables	119,995 ¹	-
Impairment of Interest in associates	-	54,765
<i>Total impairment losses</i>	<i>119,995</i>	<i>54,765</i>

¹ Betta Group had bad-debt write-offs of \$113,345 in relation to its electrical services division for FY2023 due to legacy issues of works performed not documented properly, hence some invoices, many of which were dated in FY2022, were not collectable. The Company considers this as a one-off situation which has now been rectified by the new management team.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 6: INCOME TAX

The consolidated entity does not apply tax consolidation. No income tax was payable by the parent company and the controlled entities for the year.

	2023 \$	2022 \$
(a) Current tax expense		
Local income tax expense – current period	-	-
(b) Reconciliation		
The prima facie income tax on the profit/(loss) from ordinary activities is reconciled as follows:		
Profit/(loss) from ordinary activities before income tax	395,450	165,674
Income tax benefit / (expenses) at 25%	98,863	45,560
Tax effect of amounts which are not deductible/(taxable)	141,515	76,054
Tax effect of temporary differences	(240,378)	(121,614)
Income tax	<u>-</u>	<u>-</u>
Income tax attributable to continuing operations	-	-
Income tax attributable to discontinued operations	-	-
(c) Deferred Tax Assets not recognised:		
Accumulated tax losses	16,266,484	16,506,862
Capital losses not recognised	1,093,920	1,093,920

The consolidated entity has available for potential recoupment \$33,405,145 unconsolidated income tax and capital losses at reporting date subject to satisfaction of the relevant tax rules in relation to utilisation of tax losses. Carried forward tax losses have not been recognised in this year's accounts but may be brought to account in future year based on sustainable future taxable income.

NOTE 7: CASH AND CASH EQUIVALENTS

	2023 \$	2022 \$
Cash at bank	4,454,377	2,372,531
	<u>4,454,377</u>	<u>2,372,531</u>

NOTE 8: TRADE AND SUNDRY RECEIVABLES

	2023 \$	2022 \$
Trade receivables	1,606,195	2,796,508
Sundry receivables	271,087	344,489
	<u>1,877,282</u>	<u>3,140,997</u>

Allowance for expected credit losses

The consolidated entity has recognised nil (2022: nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2023. As described in Note 5, the actual bad-debt write-off of \$113,345 related to a one-off situation that has been rectified, hence it does not impact the recoverability of the current and future receivables. Based on the historical recovery of receivables of its customers and customer payment obligations per contract agreements, the historical loss rates are adjusted for current and forward-looking information on economic factors affecting the Group's customers. As such, the Company considers that the estimated expected credit loss is not material for the Group.

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

	2023 \$	2022 \$
Opening balance	-	-
Additional provisions recognised	113,345	-
Receivables written off during the year as uncollectable	(113,345)	-
Closing balance	<u>-</u>	<u>-</u>

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Refer to Note 31 for information on the risk management policy of the consolidated entity.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 9: OTHER CURRENT ASSETS

	2022	2022
	\$	\$
R&D incentive receivables	434,641	415,313
Prepayments	146,534	185,897
	581,175	601,210

NOTE 10: DISCONTINUED OPERATIONS

(a) Description

As of 30 June 2023, the consolidated entity does not have any business operations classified as held for sale. In the prior period, on 15 December 2021, the consolidated entity sold Smarttrans (HK) Limited (incorporated in Hong Kong), the holding entity of the e-Commerce business operations in China, that was previously classified as held for sale as the business was not in alignment with the consolidated entity's core business proposition.

(b) Financial performance information

The following were the results of the sold E-commerce business for the prior financial year:

	Consolidated	
	2023	2022
	\$	\$
Revenue - operations	-	-
Other income	-	-
Expenses		
Employee benefits expense	-	(1,922)
Consultancy costs	-	(8,397)
Rental expense	-	(5,273)
Other expense	-	(62)
Total expenses	-	(15,654)
Loss for the period	-	(15,654)
Income tax expense	-	-
Loss after income tax expense	-	(15,654)
Loss on disposal after income tax	-	(567,429)
Loss from after income tax from discontinued operations	-	(583,083)
Reclassification of foreign exchange difference on deconsolidation of subsidiaries	-	567,156
Foreign currency translation reserve	-	(4,440)
Total comprehensive profit/(loss) for the year from discontinued operations	-	(20,367)

(c) Cash Flow information

	2023	2022
	\$	\$
Net cash from / (used in) operating activities	-	(61)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Effect of foreign exchange	-	66
	-	5

(d) Carrying amounts of assets and liabilities disposed

	Consolidated	
	2023	2022
	\$	\$
Cash and cash equivalents	-	1,097
Trade and other receivables	-	3,176
Total assets	-	4,273
Trade and other payables	-	-
Total liabilities	-	-
Net assets	-	4,273

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 10: DISCONTINUED OPERATIONS (Cont'd)

(e) Details of disposal

	2023	2022
	\$	\$
Total sale consideration	-	4,000
Carrying amount of net assets disposed	-	(4,273)
Derecognition of foreign currency reserve	-	(567,156)
Disposal costs	-	-
Loss on disposal before income tax	-	(567,429)
Loss on disposal after income tax	<u>-</u>	<u>(567,429)</u>
Total sale consideration received	-	4,000
Cash and cash equivalents disposed	-	(1,097)
Total proceeds from subsidiary disposal	<u>-</u>	<u>2,903</u>

NOTE 11: CONTROLLED ENTITIES

	Place of Incorporation	Equity Holding	
		2023	2022
Parent Entity:			
Orcoda Limited	Australia		
Controlled Entities:			
Betta Group of Companies Qld Pty Ltd	Australia	100%	100%
Orcoda Technology Pty Ltd	Australia	100%	100%
Orcoda Healthcare and Transport Logistics Pty Ltd	Australia	100%	100%
Orcoda Resource Logistics Pty Ltd	Australia	100%	100%
Resource Connect Logistics Pty Ltd	Australia	100%	100%
Resource Connect Holdings Pty Ltd	Australia	100%	100%
RC Birli Pty Ltd	Australia	49%	49%

NOTE 12: LOSS OF CONTROL OVER ENTITIES

During FY2023, control was not lost over any entities.

In the previous financial year, on 15 December 2021, Orcoda sold Smartrans (HK) Limited (incorporated in Hong Kong), a subsidiary of then Orcoda Transport Logistics Pty Ltd that was previously classified as held for sale for consideration of \$4,000. For further details refer to Note 10.

NOTE 13: BUSINESS COMBINATIONS

There was no business combinations during the period.

After the end of the reporting period, effective 1 July 2023 (the "Acquisition Date"), Orcoda Limited acquired 100% of the ordinary shares of Future Fleet International Pty Ltd ("Future Fleet"). The key strategic rationale for Orcoda to acquire Future Fleet are: (i) to combine the Orcoda Logistics Management System with Future Fleet's fleet management solutions to provide the marketplace with unique integrated optimisation and real-time fleet management solutions, (ii) substantial cross-selling opportunities exist as both companies serve similar market segments with no overlap of customers, (iii) sharing of know-how's and resources between the two companies, and (iv) the recurring revenue of Future Fleet derived from its monthly or quarterly subscription fee will add substantially to Orcoda's growing recurring revenue stream, which is considered a key value driver for Orcoda in a capital markets context.

Future Fleet, established in 2003 and based in Brisbane, is a leading provider and innovator of advanced fleet management systems, including telematics, asset tracking, AI (Artificial Intelligence) powered driver fatigue & distraction detection technology and cold chain logistics assurance services. Future Fleet currently has installed devices in over 6,400 vehicles in the transport, mining, services, government, farming and private sectors.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 13: BUSINESS COMBINATIONS (Con't)

The total purchase price of \$1,648,227 for the Future Fleet acquisition was structured as follows:

- a) \$858,227 cash at settlement on 25 July 2023 (the "Settlement Date") (including \$258,227 stock at value in Future Fleet at 30 June 2023), funded by Orcoda available cash reserve;
- b) \$500,000 in new Orcoda fully paid ordinary shares issued at \$0.25 per share at Settlement Date (the shares are subject to 12 month escrow from Settlement Date);
- c) \$290,000 in earn-out in two instalments over 12 months from Settlement Date, comprising:
 - i. first instalment of \$145,000 payable after 6 months subject to Future Fleet EBITDA being at least \$100,000 in the first 6-month period; and
 - ii. second instalment of \$145,000 payable after 12 months subject to Future Fleet EBITDA being at least \$150,000 in the second 6-month period.

As Orcoda has acquired effective control and assumed management of Future Fleet as of 1 July 2023 with the right to appointment management amongst other things, hence the Acquisition Date is earlier than the Settlement Date.

In accordance with AASB 3 Business Combinations, Orcoda has up to 12 months from the acquisition date to complete the initial accounting for the acquisition of Future Fleet. As of the date of this financial report, the initial accounting for the acquisition of Future Fleet has not been determined as it was not practicable to derive the purchase price allocation and prepare the opening balance sheet of Future Fleet in accordance with Orcoda accounting policies in this time period. As such, Orcoda considers it is not appropriate to disclose selected partial provisional financial information of Future Fleet in this financial report. It is expected that initial accounting will be provisionally determined at the end of the half year ending 31 December 2023.

NOTE 14: PLANT AND EQUIPMENT

	Note	2023 \$	2022 \$
Plant and equipment			
Cost		7,217,824	5,302,980
Accumulated depreciation		(1,378,196)	(693,426)
Total plant and equipment		5,839,628	4,609,554
Reconciliations			
Balance at the beginning of the year		4,609,554	3,054,859
Additions through cash payment		167,633	590,740
Additions through asset finance		2,971,829	1,446,250
Disposals		(178,035)	(6,451)
Depreciation expense		(731,353)	(475,844)
Carrying amount at the end of year		5,839,628	4,609,554

NOTE 15: RIGHT-OF-USE ASSETS

	2023 \$	2022 \$
Cost (vehicle leases)	165,796	165,796
Less: Accumulated depreciation (vehicle leases)	(116,057)	(82,898)
Total carrying amount of vehicle leases	49,739	82,898
Cost (property leases)	278,485	278,485
Less: Accumulated depreciation (property leases)	(219,980)	(116,937)
Total carrying amount of property leases	58,505	161,548
Total right-of-use assets	108,244	244,446

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 15: RIGHT-OF-USE ASSETS (Con't)

Reconciliation of movements

2023	Vehicle lease	Property lease	Total
	\$	\$	\$
Cost at the beginning of the year	165,796	278,485	444,281
Additions during the year	-	-	-
Expired during the year	-	-	-
Cost at the end of the year	165,796	278,485	444,281
Accumulated depreciation at the beginning of the year	(82,898)	(116,937)	(199,836)
Depreciation during the year	(33,159)	(103,043)	(136,202)
Expired during the year	-	-	-
Accumulated depreciation at the end of the year	(116,057)	(219,980)	(336,037)
Total carrying amount of right-of-use assets	49,739	58,505	108,244

The consolidated entity leases property for its offices under agreements of typically two years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases vehicles for the Healthcare and Transport Logistics Division under agreements of five years.

NOTE 16: INTANGIBLE ASSETS

	2023	2022
	\$	\$
Software at Cost	720,180	155,650
Less: Accumulated amortisation	(168,799)	(155,650)
Total Software	551,381	-
Goodwill	12,986,585	12,986,585
Less: Accumulated impairment	(4,323,315)	(4,323,315)
Total Goodwill	8,663,270	8,663,270
Other intangible assets		
IP Licences	236,126	236,126
Less: Accumulated impairment	(236,126)	(236,126)
Accumulated amortisation	-	-
Total other intangible assets	-	-
Total Intangible Assets	9,214,651	8,663,270

Reconciliation of intangible assets

	2023	2022
	\$	\$
Balance at the beginning of the year – intangible assets	8,663,270	8,713,117
Additions	564,530	-
Disposals	-	(49,847)
Amortisation	(13,149)	-
Impairment	-	-
Carrying amount at the end of the year – intangible assets	9,214,651	8,663,270

Reconciliation of goodwill

	2023	2022
	\$	\$
Gross carrying amount – Goodwill		
Balance at the beginning of the year	12,986,585	12,986,585
Additional amounts recognised from business combination	-	-
Balance at the end of the year	12,986,585	12,986,585

Accumulated impairment loss – Goodwill

Balance at the beginning of the year	(4,323,315)	(4,323,315)
Impairment losses for the year	-	-
Balance at the end of the year	(4,323,315)	(4,323,315)

Net book value – Goodwill

at the beginning of the year	8,663,270	8,663,270
at the end of the year	8,663,270	8,663,270

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 16: INTANGIBLE ASSET (Cont'd)

Impairment Testing

The above goodwill arose from the historical acquisition of Resource Connect Holdings Pty Ltd and Icuro Pty Ltd on 7 March 2018 and Beta Group of Companies Qld Pty Ltd on 1 December 2020. During the current financial year, management has evaluated its reporting structure and determined that the operations of (i) Resource (including Beta Group) and (ii) Healthcare and Transport sectors generate cash inflows that are largely independent of each other and therefore are classified as two separate cash-generating units (CGU) in accordance with definition of CGU in Note 1. Goodwill on acquisition has been allocated across the Resource and Healthcare and Transport CGUs based on the relative values of each CGU.

Goodwill carrying value	Healthcare and		Total
	Resource	Transport	
	\$	\$	\$
Goodwill balance at the beginning of the year	6,264,578	2,398,692	8,663,270
Additions	-	-	-
Impairment	-	-	-
Goodwill balance at the end of the year	6,264,578	2,398,692	8,663,270

The carrying value of each CGU is calculated by adding the above goodwill and selected assets that are used to generate value in the CGU.

The recoverable amount of the goodwill has been determined by a value-in-use calculation using a discounted cash flow model for 5 years with a forecast terminal valuation.

Key assumptions are those to which the recoverable amount of the CGU is most sensitive.

The following key assumptions were used in the discounted cash flow model of the CGU to which goodwill has been allocated:

(a) Resource CGU

- Post-tax discount rate: 15% (2022: 15%), calculated based on market-based discount rate approach supported by fundamental analysis; the implied pre-tax discount rate is 17.8%;
- Revenue forecasts for FY2024 are based on management's assessment of actual secured contracts and purchase orders in hand and estimate of new contracts and purchase orders to be secured during the year taking into consideration of historical growth trends, with an implied growth rate of 17%;
- Revenue forecasts for period from FY2025 to FY2028 are based on management's conservative estimate of growth by key business lines/clients with an implied blended compound annual growth rate of approximately 5.0% taking into consideration of historical growth trends and industry growth rates;
- Cost of goods sold, employee expenses, motor vehicle expenses and other operating costs to increase largely corresponding to the projected revenue growth rates, with benefits from economies of scale taken into consideration; and
- Perpetuity growth rate of 2.5% per annum, which is the mid-point of Reserve Bank of Australia's long-term CPI target of 2-3%, for the calculation of the terminal value.

(c) Healthcare and Transport CGU

- Post-tax discount rate: 17% (2022: 17%), calculated based on market-based discount rate approach supported by fundamental analysis; the implied pre-tax discount rate is 18.5%;
- Revenue forecasts for FY2024 are based on management's assessment of actual secured contract in hand, verbally awarded contracts, latest discussions with selected clients regarding expansion plan and estimate of new contracts to be secured during the year, with an implied growth rate of 16%;
- Revenue forecasts for period from FY2025 to FY2028 are based on management's conservative estimate of growth by key contracts assuming existing contracts to continue and a few new contracts won each year, with an implied blended compound annual growth rate of approximately 2.2%;
- Operating costs and overheads can be managed at minimal levels due to the nature of the CGU's principal activities which are software-based; and
- Perpetuity growth rate of 2.5% per annum, which is the mid-point of Reserve Bank of Australia's long-term CPI target of 2-3%, for the calculation of the terminal value.

Based on the above, as the recoverable amount exceeds the carrying value in each CGU, no impairment was noted as of 30 June 2023.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 16: INTANGIBLE ASSET (Cont'd)

Sensitivity

As disclosed in Note 3, the directors have made judgements and estimates in respect of key assumptions used in the impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- For the Resource CGU, revenue would need to decrease by more than 20% before goodwill would need to be impaired, with all other assumptions remaining constant other than cost of goods sold expenses that are directly linked to revenue.
- For the Healthcare and Transport CGU, revenue would need to decrease by more than 42% before goodwill would need to be impaired, with all other assumptions remaining constant other than cost of goods sold expenses that are directly linked to revenue.

For both the Resource CGU and Healthcare and Transport CGU, management believes that any other reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the CGU carrying amount to exceed its recoverable amount.

NOTE 17: INVESTMENTS IN ASSOCIATES

The investment in associates is accounted for using the equity method. The associate has the same year end as the parent entity.

	2023	2022
	\$	\$
Interest in associates	54,765	54,765
Impairment	(54,765)	(54,765)
	<u>-</u>	<u>-</u>

The associate did not perform any significant business activities during the financial year, therefore its result for the year is not considered material to the consolidated entity.

NOTE 18: TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
Trade creditors	1,007,156	1,450,684
Other payables	853,656	693,711
	<u>1,860,812</u>	<u>2,144,395</u>

NOTE 19: EMPLOYEE BENEFITS

	2023	2022
	\$	\$
Employee benefits – annual leave	305,120	279,242
Employee benefits – long service leave	77,829	85,177
	<u>382,949</u>	<u>364,419</u>

NOTE 20: LEASE LIABILITIES

	2023	2022
	\$	\$
Current lease liability – vehicles	37,557	34,438
Current lease liability – property	65,338	108,348
Total current lease liability	<u>102,895</u>	<u>142,786</u>

Non-current lease liability within 2 years – vehicles	19,899	37,557
Non-current lease liability within 2 years – property	-	65,338
Non-current lease liability beyond two years up to five years – vehicles	-	19,899
Non-current lease liability beyond two years up to five years – property	-	-
Total non-current lease liability	<u>19,899</u>	<u>122,794</u>

Refer to Note 31 for further information on financial instruments.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 21: DEFERRED REVENUE

	2023	2022
Amounts expected to be recognised as income	\$	\$
Deferred revenue within 1 year – licencing income	60,000	60,000
Deferred revenue within 1 year – services revenue	27,281	-
Total current deferred revenue	87,281	60,000
Deferred revenue within 2 years	30,000	60,000
Deferred revenue beyond 2 years but up to 5 years	-	30,000
Total non-current deferred revenue	30,000	90,000
Total deferred revenue	117,281	150,000

The deferred revenue relate to the advance consideration received for IP licences in the Healthcare and Transport Logistics division in 2019 and 2020, for which revenue is recognised over 5 years.

	2023	2022
Reconciliation	\$	\$
Opening balance	150,000	280,000
Payments received in advance – services revenue	27,281	-
Transfer to revenue – licencing income	(60,000)	(77,598)
Adjustment – IP licence buy-back	-	(52,402)
Closing balance	117,281	150,000

NOTE 22: FINANCIAL LIABILITIES

	Consolidated	
	2023	2022
	\$	\$
Chattel mortgage	1,113,394	500,745
Cash earn-out being a part of the consideration for acquiring Betta Group	-	500,000
Total current financial liabilities	1,113,394	1,000,745
Chattel mortgage	2,924,761	1,455,118
Total non-current financial liabilities	2,924,761	1,455,118

The \$500,000 cash earn-out in 2022 as part of the consideration for acquiring Betta Group was related to the third and final earn-out instalment that was paid in cash in the current period.

The chattel mortgages are secured against the respective equipment. The carrying amount of non-current assets which have been pledged as security for the chattel mortgages was \$4,954,100 (2022: \$2,047,862). The chattel mortgages were provided by independent lenders to fund the purchase of equipment. The term of the mortgages varies from 24 months to 60 months, with weighted average interest rate of 7.22% per annum.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 22: FINANCIAL LIABILITIES (Con't)

Reconciliation of movements of financial liabilities

	Consolidated	
	2023	2022
	\$	\$
Current financial liabilities opening balance	1,000,745	1,400,000
Proceeds from short term loan	-	150,000
Repayment of short term loan	-	(550,000)
Proceeds from chattel mortgages	700,001	700,000
New chattel mortgages (non-cash)	2,155,002	1,517,046
Repayment of chattel mortgages	(772,711)	(261,183)
Reclassifying non-current portion of chattel mortgages to non-current liability	(1,469,643)	(1,455,118)
Cash earn-out paid in the period	(500,000)	(1,000,000)
Reclassifying cash earn-out to current liability	-	500,000
Reclassifying non-current funds owing from Betta Group to Geoffrey Williams from periods prior to the effective acquisition date of 1st December 2020 to current liability	-	595,835
Repayment to funds owing to Geoffrey Williams	-	(595,835)
Current financial liabilities at the end of the period	1,113,394	1,000,745
Non-current financial liabilities opening balance	1,455,118	1,095,835
Reclassifying non-current portion of chattel mortgages to non-current liability	1,469,643	1,455,118
Reclassifying cash earn-out to current liability	-	(500,000)
Reclassifying non-current funds owing from Betta Group to Geoffrey Williams from periods prior to the effective acquisition date of 1st December 2020 to current liability	-	(595,835)
Non-current financial liabilities at the end of the period	2,924,761	1,455,118

Refer to Note 31 for further information on the financial instruments.

NOTE 23: ISSUED CAPITAL

	Consolidated			
	2023	2022	2023	2022
	Shares	Shares	\$	\$
Ordinary shares issued and fully paid	167,157,069	158,073,736	102,658,077	101,544,638

Movements in ordinary share capital

Details	Notes	Date	Shares	Issue price (\$)	Value (\$)
Balance		1 July 2021	147,592,944		100,359,319
Issue of shares	Relates to share placement	11 April 2022	5,833,333	0.12	700,000 ¹
Issue of shares	Relates to the Share Purchase Plan	17 May 2022	4,647,459	0.12	557,695
Share issue transaction costs, net of tax			-	-	(72,376) ²
Balance		30 June 2022	158,073,736		101,544,638
Issue of shares	Relates to achieving KPIs relevant to Geoffrey William's engagement agreement	2 September 2022	750,000	0.16	120,000
Issue of shares	Relates to share placement	20 February 2023	8,333,333	0.12	1,000,000
Share issue transaction costs, net of tax			-	-	(6,561)
Balance		30 June 2023	167,157,069		102,658,077

¹ Out of this amount \$675,045 was cash capital raise and \$24,955 was conversion of debt to equity.

² Out of this amount \$17,381 was paid in cash during 2022, the remaining \$54,995 is payable during 2023.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 23: ISSUED CAPITAL (Con't)

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

Capital Management

Management controls the capital of the consolidated entity, provide the shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern.

Capital is regarded as total equity as recognised in the statement of financial position, plus interest bearing debt.

	2023	2022
	\$	\$
Capital	19,907,122	16,316,012

There are no externally imposed capital requirements.

Management effectively manages the consolidated entity's capital by assessing the consolidated entity's financial risks on a monthly basis and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year. The consolidated entity's gearing ratio has always been very low (25% in FY2023) but there is the ability to increase our debt to equity ratio now we are profitable by taking on debt rather than continuing to raise equity which is dilutive for shareholders.

NOTE 24: KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

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

	2023	2022
	\$	\$
Short-term employee benefits	752,621	627,371
Post-employment benefits	20,969	-
Share-based payments	83,429	168,957
Termination benefits	-	-
	<u>857,019</u>	<u>796,328</u>

NOTE 25: REMUNERATION OF AUDITORS

Remuneration of the auditor of the parent entity for:

Audit services - BDO Audit Pty Ltd

Audit and half-year review of the financial statements

	2023	2022
	\$	\$
	123,000	146,795
	<u>123,000</u>	<u>146,795</u>

NOTE 26: RELATED PARTY INFORMATION

(a) Parent entity

Orcoda Limited is the parent entity.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 11.

(c) Key management personnel

Disclosures relating to key management personnel are set out in Note 24 and the remuneration report in the Directors' report.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 26: RELATED PARTY INFORMATION (Cont'd)

	2023	2022
	\$	\$
(d) Payables to related parties		
Payable to Harkiss Minerals Discovery (director related entity of Nicholas Johansen)	4,167	4,167
Payable to Sino-Oz Ltd (director related entity of Brendan Mason)	2,500	2,500
Payable to Tamlin Holdings Pty Ltd (director related entity of Geoffrey Jamieson)	36,208	29,792
Payable to SGA Services Pty Ltd (subsidiary director related entity of Simon Anthonisz)*	16,500	13,750
Payable to Pronk Holdings Pty Ltd (former director related entity of Stephen Pronk)**	-	1,375
Payable to Pacific Energy Group (former subsidiary director related entity of Geoffrey Williams)***	-	304,690
Payable to Hardman Services Pty Ltd (former subsidiary director related entity of Sean Hardman)****	-	9,167
	<u>59,375</u>	<u>365,441</u>

* Simon Anthonisz is a director of a subsidiary entity, Orcoda Healthcare and Transport Logistics Pty Ltd.

** Stephen Pronk resigned from the Board of Orcoda Limited on 27 July 2022, therefore he is not a related party on 30 June 2023.

*** Geoffrey Williams resigned from the Board of Orcoda Limited on 28 February 2022, but remained as a director of Beta Group to 30 June 2022. He is not a related party on 30 June 2023.

**** Sean Hardman was a director of a subsidiary entity, Orcoda Resource Logistics Pty Ltd who resigned as subsidiary director on 31 December 2022; therefore, he is not a related party on 30 June 2023.

(e) Receivables from related parties

There were no receivables from related parties as at 30 June 2023 (2021: nil).

(f) Transactions with related parties

Sales of goods and services during the period (exclusive of GST):

There were no sales of goods and services to related parties in either the current or the prior financial years.

Goods and services received during the period (exclusive of GST):

	2023	2022
	\$	\$
Consultancy services from Harkiss Minerals Discovery (director related entity of Nicholas Johansen)	50,000	50,000
Consultancy services from Pronk Holdings Pty Ltd (director related entity of Stephen Pronk)*	1,250	15,000
Consultancy services from Tamlin Holdings Pty Ltd (director related entity of Geoffrey Jamieson)	471,667	325,000
Consultancy services from Sino-Oz Ltd (director related entity of Brendan Mason)	30,000	30,000
Consultancy services from SGA Services Pty Ltd (subsidiary director related entity to Simon Anthonisz)	164,450	147,334
Consultancy services from Hardman Services Pty Ltd (subsidiary director related entity to Sean Hardman)**	50,000	73,331
Equipment and labour hire and other purchases from Pacific Energy Group Pty Ltd (subsidiary director related entity of Geoffrey Williams)***	N/A	677,844
Consultancy services from Corporate Development Mentors Pty Ltd (former subsidiary director related entity of Warren Preston)****	N/A	66,667
	<u>1,068,848</u>	<u>1,543,509</u>

* Include transactions until 27 July 2022, the date when Stephen Pronk resigned from the Board of Orcoda Limited.

** Include transactions until 31 December 2022, the date when Sean Hardman resigned as subsidiary director.

*** Geoffrey Williams resigned as subsidiary director on 30 June 2022.

**** Warren Preston resigned as subsidiary director on 28 February 2022.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 26: RELATED PARTY INFORMATION (Cont'd)

(f) Transactions with related parties (Cont'd)

Loans and related interest paid:

2023	Opening balance	Amount provided during the year	Amount repaid during the year	Interest paid	Closing balance
	\$	\$	\$	\$	\$
Short term loan from director related entities	-	-	-	-	-
2022	Opening balance	Amount provided during the year	Amount repaid during the year	Interest paid	Closing balance
	\$	\$	\$	\$	\$
Short term loan from director related entities	400,000	-	400,000	-	-

(g) Terms and conditions

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

NOTE 27: EARNINGS PER SHARE

	Consolidated	
	2023	2022
	\$	\$
Profit after income tax from continuing operations used in calculating earnings per share	395,450	181,328
Profit / (loss) after income tax from discontinued operations used in calculating earnings per share	-	(20,367)
Profit after income tax attributable to owners of Orcoda Limited used in calculating earnings per share	395,450	160,961
Weighted average number of ordinary shares	2023	2022
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	161,685,151	149,460,439
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>161,685,151</u>	<u>149,460,439</u>
Earnings/(loss) per share	2023	2022
	Cents	cents
Earnings per share (basic and diluted) from continuing operations	0.24	0.12
Earnings / (loss) per share (basic and diluted) from discontinued operations	-	(0.01)
Earnings per share (basic and diluted) for profit (loss) attributable to owners of Orcoda Limited	0.24	0.11

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 28: SEGMENT INFORMATION

The results of segments that are significant to an understanding of the business as a whole.

(a) Description of segments

The consolidated entity is organised into two operating segments based on differences in services provided: Healthcare and Transport Logistics and Resource Logistics. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. There is no aggregation of operating segments.

Principal products and services

	Principal products and services
Healthcare and Transport Logistics	Software-as-a-Service and consulting based on our booking and Orcoda Logistics Management System (OLMS) software platforms helping providers across both transport and healthcare logistics industry verticals with optimised job scheduling and routing for their vehicle fleet as well as enhanced fleet management, as well as an outsourced model whereby we supply our fleet utilising our OLMS platform to deliver cost savings to our clients.
Resource Logistics	Infrastructure contracting services (via Betta Group), and Orcoda Workforce Logistics System (OWLS) software platform, with contracting and management capabilities helping infrastructure, mining and energy companies simplify the management complexity of mass workforce and people deployments.

Corporate HQ represents the IT division and corporate management of the consolidated entity that do not meet the quantitative thresholds for reportable segments.

(b) Intersegment transactions

There are rarely intersegment transactions between the two operating segments; however, there are varying levels of integration between the operating segments and the Corporate HQ (e.g. IT development services). Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

(c) Major customers

During the year ended 30 June 2023, approximately \$13,768,000 (2022: \$11,000,000) of the consolidated entity's external revenue was derived from sales to three major customers in the Resource Logistics segment.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 28: SEGMENT INFORMATION (Cont'd)

(d) Operating segment information

For the year ended 30 June 2023	Resource Logistics \$	Healthcare and Transport Logistics \$	Corporate HQ \$	Total \$
Revenue				
Sales to external customers	15,944,980	3,966,769	-	19,911,749
Intersegment sales	-	-	941,560	941,560
Total sales revenue	15,944,980	3,966,769	941,560	20,853,309
R&D tax incentive	-	145,883	288,758	434,641
Other income	367,316	10,866	-	378,182
Total segment revenue	16,312,296	4,123,518	1,230,318	21,666,132
Intersegment eliminations				(941,560)
Interest revenue				12,791
Total revenue				20,737,363
EBITDA				
	2,601,035	916,290	(1,514,489)	2,002,836
Finance expense	(153,252)	(6,594)	(52,862)	(212,708)
Depreciation and amortisation	(696,600)	(100,979)	(83,125)	(880,704)
Unallocated expenses net of unallocated revenue				(315,143)
Non-cash expense adjustment in Underlying EBITDA				(198,831)
Profit before income tax expense				395,450
Income tax expense				-
Profit after income tax expense				395,450
Assets				
Segment assets	10,013,442	1,277,511	-	11,290,953
Unallocated assets:				
Cash and cash equivalent				1,580,158
Other current assets				394,437
Intangible assets				9,031,487
Other non-current assets				93,923
Total Assets				22,390,958
Total assets include:				
Investment in associates	-	-	-	-
Additions to non-current assets	1,967,560	137,675	34,227	2,139,462
Liabilities				
Segment liabilities	4,435,121	661,543	-	5,096,664
Unallocated liabilities				
Trade and other payables				335,002
Other current liabilities				595,904
Non-current liabilities				494,421
Total liabilities				6,521,991

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 28: SEGMENT INFORMATION (Cont'd)

(d) Operating segment information (Cont'd)

For the year ended 30 June 2022	Resource Logistics \$	Healthcare and Transport Logistics \$	Corporate HQ \$	Total \$
Revenue				
Sales to external customers	13,439,226	2,632,470	-	16,071,696
Intersegment sales	-	-	2,017,358	2,017,358
Total sales revenue	13,439,226	2,632,470	2,017,358	18,089,054
R&D tax incentive	-	139,007	276,306	415,313
Other income	82,703	74,458	-	157,161
Total segment revenue	13,521,929	2,845,935	2,293,664	18,661,528
Intersegment eliminations				(2,017,358)
Unallocated revenue				1,189
Total revenue				16,645,359
EBITDA				
	2,026,421	698,351	(1,781,442)	943,330
Finance expense	(32,553)	(7,103)	(32,500)	(72,156)
Depreciation and amortisation	(468,188)	(66,181)	(102,741)	(637,110)
Unallocated expenses net of unallocated revenue				(52,736)
Profit before income tax expense				181,328
Income tax expense				-
Profit after income tax expense				181,328
Assets				
Segment assets	7,852,752	1,141,787	-	8,994,539
Unallocated assets:				
Cash and cash equivalent				1,543,277
Other current assets				382,028
Intangible assets				8,663,270
Other non-current assets				157,292
Total Assets				19,740,406
Total assets include:				
Investment in associates	-	-	-	-
Additions to non-current assets	1,768,256	264,127	4,606	2,036,989
Liabilities				
Segment liabilities	3,074,439	719,759	-	3,794,198
Unallocated liabilities				1,586,059
Trade and other payables				354,734
Other current liabilities				860,927
Non-current liabilities				370,398
Total liabilities				5,380,257

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 28: SEGMENT INFORMATION (Cont'd)

(e) Geographical information

	Sales to external customers		Geographical non-current assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Australia	19,911,749	16,071,696	6,037,112	4,696,707
Rest of the world	-	-	-	-
	<u>19,911,749</u>	<u>16,071,696</u>	<u>6,037,113</u>	<u>4,696,707</u>

NOTE 29: COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital Expenditure

There are no capital expenditure commitments as at 30 June 2023 (2022: nil).

(b) Contingent Liabilities and Contingent Assets

The Company and its controlled entities have no known material contingent assets as at 30 June 2023 (2022: nil).

The consolidated entity has contingent liabilities in the sum of \$315,330 as at 30 June 2023 (2022: \$108,398). This relates to the security required by customers for ensuring the completion of projects. The entity has provided bank guarantees to the customers.

Subsequent to the financial year, in August 2023, one of the securities (\$206,932) has been released by the customer.

NOTE 30: NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of net cash used in operating activities to net profit/loss

	Consolidated	
	2023	2022
	\$	\$
Operating profit/(loss) after income tax	395,450	(401,755)
Adjustments for		
Depreciation and amortisation	880,704	637,110
Share-based payment	119,929	168,957
Foreign exchange differences	479	(840)
Impairment loss	119,995	54,765
Loss on disposal of subsidiary	-	567,429
Adjustment for asset sale	87,531	48,989
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	1,424,449	(886,996)
(Increase)/decrease in prepayments	39,363	(114,792)
(Increase)/decrease in other financial assets	(207,203)	(8,398)
(Decrease)/increase in trade creditors	(230,583)	752,854
(Decrease)/increase in provisions and prepaid licensing income	73,434	271,448
Net cash inflow (outflow) from operating activities	2,703,548	1,088,771

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 31: FINANCIAL INSTRUMENTS

The consolidated entity classified term deposits of \$315,601 at commercial banks as current financial assets. They serve as a security required for projects in the Resource Logistics Division set out in the agreements with the customers.

Market risk

(a) 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 consolidated entity's exposure to foreign currency risk related primarily to the Chinese Renminbi until the disposal of subsidiary (refer to Note 10).

The risk is measured using sensitivity analysis and cash flow forecasting.

For the current financial year, the consolidated entity has no material exposure to foreign currency risk since its China operations has been sold.

(b) Interest rate risk

The consolidated entity's exposure to market risk for changes in interest rates relates primarily to interest on deposits with banking institutions.

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 policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balance is monitored on an ongoing basis with the result that consolidated entity's exposure to debt is minimal. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

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

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

Liquidity risk

The consolidated entity's has appropriate procedures in place to manage cash flows including continuing monitoring of forecast and actual cash flows to ensure funds are available to meet commitments.

There is an unused overdraft facility and unused trade financing facility at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 31: FINANCIAL INSTRUMENTS (Cont'd)

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

	Weighted average effective interest rate	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total \$
2023						
Financial assets						
<i>Interest bearing</i>						
Cash at bank	0.00%	4,454,377	-	-	-	4,454,377
Term Deposits	0.25%	327,519	-	-	-	327,519
<i>Non-interest bearing</i>						
Receivables	-%	1,877,282	-	-	-	1,877,282
Other receivables (R&D tax incentive)	-%	434,641	-	-	-	434,641
		7,093,819	-	-	-	7,093,819
Financial liabilities						
<i>Interest bearing</i>						
Lease liability	5.00%	106,592	20,295	-	-	126,887
Financial liability	7.22%	1,369,495	1,180,754	2,107,162	-	4,657,411
<i>Non-interest bearing</i>						
Payables	-%	1,860,812	-	-	-	1,860,812
		3,336,899	1,201,049	2,107,162	-	6,645,110
Net financial liabilities		(3,756,920)	1,201,049	2,107,162	-	(448,709)
2022						
Financial assets						
<i>Interest bearing</i>						
Cash at bank	0.00%	2,372,531	-	-	-	2,372,531
Term Deposits	0.25%	108,669	-	-	-	108,669
<i>Non-interest bearing</i>						
Receivables	-%	3,140,997	-	-	-	3,140,997
Other receivables (R&D tax incentive)	-%	415,313	-	-	-	415,313
		6,037,510	-	-	-	6,037,510
Financial liabilities						
<i>Interest bearing</i>						
Lease liability	5.00%	153,787	106,592	20,295	-	280,674
Financial liability	5.79%	598,863	598,863	853,863	-	2,051,589
<i>Non-interest bearing</i>						
Payables	-%	2,144,395	-	-	-	2,144,395
Other financial liabilities	-%	500,000	-	-	-	500,000
		3,397,045	705,455	874,158	-	4,976,658
Net financial liabilities		(2,640,465)	705,455	874,158	-	(1,060,852)

Fair value of financial instrument

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 32: EVENTS AFTER REPORTING PERIOD

Geoffrey Williams was appointed as Non-Executive Director of the Company on 1 July 2023.

Effective 1 July 2023, the Company completed the acquisition of 100% of Future Fleet International Pty Ltd (“Future Fleet”), a leading provider and innovator of fleet management systems. Please refer to Note 13.

On 27 July 2023, Orcoda announced the signing of a SaaS transport management contract with Comlink Australia for an initial term of two years with forecasted revenue of approximately \$400,000.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected or may significantly affect Orcoda and its controlled entities’ operations, the results of those operations, or the state of affairs in future financial years.

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.

NOTE 33: PARENT ENTITY STATEMENT OF FINANCIAL POSITION

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

	2023	2022
	\$	\$
Total Current Assets	1,595,731	1,608,131
Total Non-Current Assets	15,531,660	17,779,164
TOTAL ASSETS	17,127,391	19,387,295
Total Current Liabilities	769,610	1,070,140
Total Non-Current Liabilities	494,421	350,928
TOTAL LIABILITIES	1,264,031	1,421,068
NET ASSETS	15,863,360	17,966,227
Equity		
Issued capital	102,658,077	101,544,638
Reserves	168,886	386,457
Accumulated losses	(86,963,603)	(83,964,868)
TOTAL EQUITY	15,863,360	17,966,227
Profit / (loss) for the year	(2,998,735)	329,057
Other comprehensive income/(loss) for the year	-	-
Total comprehensive profit for the year	(2,998,735)	329,057

The parent entity’s loss in the current financial year includes impairment of intercompany loans arising from the merger between Smarttrans and Resource Connect in 2018.

The parent entity had no capital commitments and no contingent liabilities as at 30 June 2023 (2022: nil).

NOTE 34: SHARE BASED PAYMENTS

- (i) During the year, the Company issued no shares to directors in lieu of previous year’s director fees.
- (ii) During the year, the Company granted no options to external parties for services received in relation to capital raising activities.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2023

NOTE 34: SHARE BASED PAYMENTS (Cont'd)

(iii) A summary of company options issued is set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited	Balance at the end of the year
27/9/2019	27/9/2022	\$0.50	100,000	-	-	100,000	-
17/1/2020	17/1/2023	\$0.50	12,000,000	-	-	12,000,000	-
			<u>12,100,000</u>	<u>-</u>	<u>-</u>	<u>12,100,000</u>	<u>-</u>
Weighted average exercise price		\$0.50		-	-	-	-

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

Grant date	Expiry date	2023 Number	2022 Number
27/9/2019	27/9/2022	-	100,000 ¹
17/1/2022	17/1/2023	-	12,000,000
		<u>-</u>	<u>12,100,000</u>

¹ These options were held by a former Key Management Personnel.

(iv) A summary of performance rights issued is set out below:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired / forfeited	Balance at the end of the year
03/02/2022	03/02/2025	\$0.158	7,400,000	-	-	500,000	6,900,000
			<u>7,400,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>6,900,000</u>

All performance rights provide the recipients with the right to convert those to ordinary shares on a 1:1 ratio anytime three years from their date of grant, subject to the 18-month vesting period being met. During the relevant period the eligible holder must remain an employee or a director of the company, or otherwise the performance rights expire. The exercise price for conversion is fixed at 30-day VWAP preceding 1 January 2022 (i.e. \$0.158 per share). The fair value at grant date is \$0.026 per performance right derived based on the Black-Scholes model.

NOTE 35: Changes in liabilities arising from financing activities

Consolidated	Lease liabilities	Borrowings	Total
	\$	\$	\$
Balance as at 1 July 2021	354,806	995,835	1,350,641
Principal repayment of lease liabilities	(149,162)	-	(149,162)
Proceeds from borrowings	-	850,000	850,000
Repayment of borrowings	-	(1,407,118)	(1,407,118)
<i>Net cash from / (used in) financing activities</i>	<i>(149,162)</i>	<i>(557,118)</i>	<i>(706,280)</i>
Addition through acquisition of Beta Group	61,288	-	61,288
Acquisition of leases	-	1,517,146	1,517,146
Other changes	(1,352)	-	(1,352)
Balance as at 30 June 2022	265,580	1,955,863	2,221,443
Principal repayment of lease liabilities	(142,786)	-	(142,786)
Proceeds from borrowings	-	700,001	700,001
Repayment of borrowings	-	(772,711)	(772,711)
<i>Net cash from / (used in) financing activities</i>	<i>(142,786)</i>	<i>(72,710)</i>	<i>(215,496)</i>
Acquisition of leases	-	-	-
Asset finance borrowings (non-cash)	-	2,155,002	2,155,002
Balance as at 30 June 2023	122,794	4,038,155	4,160,949

INDEPENDENT AUDITOR'S REPORT

To the members of Orcoda Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Orcoda 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.

Impairment assessment of Goodwill and determination of Cash Generating Units (“CGU’s”)

Key audit matter	How the matter was addressed in our audit
<p>Refer to note 16 of the financial report. Given the level of complexity and the judgement exercised by the Group in determining the recoverable amount of each Cash Generating Unit (CGU) and calculating the impairment charges, this area is a key audit matter.</p>	<p>The following procedures were performed:</p> <ul style="list-style-type: none"> • Reviewed management’s impairment assessment for the goodwill balance, together with position papers justifying the various assumptions in the model, including cash generating units identified, discount rates applied, and terminal value multiples applied • Critically assess management’s position, investigate forecasts, challenge assumptions and form an opinion on: <ol style="list-style-type: none"> I. whether the impairment assessment is in accordance with AASB 136 II. the reasonableness of the forecast future cashflows III. whether goodwill appears to be materially impaired

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.

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 11 to 17 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Orcoda 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



Cameron Henry
Director

Brisbane, 20 September 2023



ADDITIONAL INFORMATION

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 11 September 2023.

(a) Substantial Shareholders

The names of the Substantial Shareholders, as at 11 September 2023, based on the shareholders last lodged substantial shareholder notices or director interests notices.

Substantial Shareholder	No. of Shares
Geoffrey Leonard Williams	16,375,000
Pronk Holdings Group	15,137,084
Blamnco Trading Pty Ltd & Chembank Pty Ltd	11,000,000
Ravenslea Nominees	10,694,482
Janegold Pty Ltd and associates	8,779,104
Halcyon United Pty Ltd	8,764,104
Cameron Richard Pty Ltd	8,685,294

(b) Twenty Largest Shareholders

The names of the twenty largest shareholders fully paid shares in the Company's Share Register as at 11 September 2023:

	No. of Ordinary Fully Paid Shares Held	Percentage of Issued Ordinary Capital
1. Geoffrey Leonard Williams	16,375,000	9.68
2. Pronk Holdings Pty Ltd	13,077,084	7.73
3. Tamlin Superannuation Fund	10,182,854	6.02
4. Cameron Richard Pty Ltd	8,766,153	5.18
5. Halcyon United Pty Ltd	8,764,104	5.18
6. Janegold Pty Ltd	8,089,104	4.78
7. Blamnco Trading Pty Ltd	8,000,000	4.73
8. Hardman FIFO Pty Ltd	7,964,104	4.71
9. MCCB Investments Pty Ltd	6,791,348	4.01
10. Dymocks Securities Pty Limited	5,432,714	3.21
11. BNP Paribas Nominees Pty Ltd Acf Clearstream	4,201,409	2.48
12. Chembank Pty Limited	4,000,000	2.36
13. Jontra Holdings Pty Ltd	3,956,667	2.34
14. Linwierik Super Pty Ltd	3,700,000	2.19
15. Bid Pty Ltd	2,500,000	1.48
16. Tulip Super Pty Ltd	2,000,000	1.18
16. Michlorr Pty Ltd	2,000,000	1.18
17. J P Morgan Nominees Australia Pty Ltd	1,646,524	0.97
18. Sino-Oz Limited	1,429,247	0.84
19. Lyn's Investment Co Pty Ltd	1,377,355	0.81
20. Mardon Super Pty Ltd	1,100,000	0.65
	121,353,667	71.74%

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SHAREHOLDER INFORMATION (Cont.)

(c) Distribution of Shareholders

(i) Ordinary Shareholders

Spread of Holding	Holders	Shares Held	% of Issued Capital
1 - 1,000	899	342,153	0.20
1,001 - 5,000	485	1,120,844	0.66
5,001 - 10,000	151	1,115,945	0.66
10,001 - 100,000	280	9,055,665	5.35
100,001 and over	124	157,522,462	93.12
	1,939	169,157,069	100.00

(d) Geographic Breakdown of Shareholders

Location	Units	% Units	Holders	% Holders
Australian Capital Territory	532,768	0.32	35	1.81
New South Wales	39,303,285	23.24	608	31.36
Northern Territory	452,841	0.27	12	0.62
Queensland	96,776,300	57.21	336	17.33
South Australia	1,480,643	0.88	78	4.02
Tasmania	498,896	0.29	31	1.60
Victoria	24,547,405	14.51	540	27.85
Western Australia	2,118,654	1.25	238	12.28
<Invalid Location>	3,267	0.00	3	0.15
Total Australian Holders	165,714,059	97.97	1,881	97.02
BRUNEI DARUSSALAM	334	0.00	1	0.05
CHINA	789,272	0.47	3	0.15
FRANCE	1,334	0.00	1	0.05
GERMANY	17,490	0.01	3	0.15
HONG KONG	1,618,530	0.96	5	0.26
MALAYSIA	2458	0.00	2	0.10
NEW ZEALAND	981,607	0.58	28	1.45
PANAMA	22,471	0.01	1	0.05
SINGAPORE	8,338	0.00	10	0.52
UNITED ARAB EMIRATES	267	0.00	1	0.05
UNITED KINGDOM	909	0.00	3	0.15
Total Overseas Holders	3,443,010	2.03	58	2.98
Grand Total	169,157,069	100.00	1,939	100.00

(e) Less than marketable parcels of ordinary shares

There are 1,164 shareholders with unmarketable parcels totalling 736,451 shares.

(f) Options over Unissued Shares

No unlisted options are on issue as at 11 September 2023.

(g) Performance Rights

A total of 7,400,00 performance rights are on issue as at 11 September 2023.

(h) Restricted Securities

The Company had no restricted securities on issue as at 11 September 2023.

(i) Voting Rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or in a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll. Option holders have no voting rights.

(j) On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.

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Brisbane

11/8 Navigator Place,
Hendra, QLD 4011
Australia


Melbourne

Unit 305, 434 St Kilda Road,
Melbourne, VIC 3004
Australia

1300 672 632
info@orcoda.com

www.orcoda.com



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