Codeifai Limited

(formerly YPB Group Ltd)

ACN 108 649 421

Annual Report

31 December 2024

Contents

Executive Chairman and CEO's Report to Shareholders

Dear fellow shareholders,

I am pleased to present the Codeifai Limited (CDE) Annual Report for the year ended 31 December 2024.

In 2024, CDE took solid steps toward profitability, achieving a 20% increase in revenue to $810k and a 44% reduction in consolidated loss to $2.51m (from $4.5m in the PCP). The full-year results reflect a clear trend of declining losses, marking the lowest annual loss in the Company's history. This was driven by revenue growth while maintaining strict cost controls.

Digital & Engagement First: The QR Code Future for CDE

During the year, CDE strategically pivoted from an anti-counterfeit focus to a Digital & Engagement First strategy, emphasizing QR code technologies. This transition unlocks revenue opportunities through proprietary products like ConnectQR™ and additional verticals.

The company anticipates significant growth in QR code applications, particularly in secure payments, funds transfers, and crypto transactions. QR codes are increasingly being adopted in Western markets, mirroring their widespread use in Asia for payments and business transactions.

Scaling ConnectQR™ for Global Growth

The 2024 results demonstrate revenue improvement and cost discipline, while sustaining R&D momentum. Enhancements to ConnectQR™, CDE's self-service QR code generation and management platform, could represent the company's most significant achievement to date. This technology fosters data generation and analysis capabilities, amplifying the value of CDE's intellectual property portfolio.

Key advancements in ConnectQR™ include:

- Canva Integration: Allows users to seamlessly embed ConnectQR™ codes into Canva designs. Users can manage QR codes directly within Canva's App Marketplace.
- Interactive Designs with AI: Enables generative AI to transform dynamic QR codes into artistic designs, adding engaging, interactive elements to digital content.
- Unique Serialised QR Codes: ConnectQR™ is the only Canva-integrated solution offering serialised QR codes, enhancing ProtectCode™ and BrandReporter™ adoption.

New Revenue Opportunity: Short URLs

The 2024 launch of ConnectQR™'s URL shortening feature expands subscription revenue jaws. This tool enables users to shorten long URLs while leveraging powerful analytics. The feature aligns with the US$17bn affiliate marketing industry[(1)]and other high-growth markets such as social media, e-commerce, and online advertising.

- The URL shortening market was valued at US$7.03bn in 2023 and is projected to reach US$36.2bn by 2032 [(2)].
- A key competitor reportedly grew revenue from US$6.4m in 2021 to US$100m in 2023[(3)].
- ConnectQR™'s short URL feature provides users with trackable links within the ConnectQR™ dashboard, offering valuable data insights.

Expansion Beyond Australia

Previously, CDE's market was limited to Australia and New Zealand, but digital marketing efforts over the past 18 months have secured revenue in:

- Africa: A major recycling company adopted CDE's digital solution to combat recycling fraud.
- Europe: Growing demand for Reverse Vending Machines (RVMs) presents further opportunities.
- Peru: A significant food packaging company uses ProtectCode™ for customer engagement.

Corporate Developments

Funding was received from the continued support of the Executive Chairman in the form of convertible notes and loans and the conversion of $2.25m debt with the approval of shareholders, improving the Company's balance sheet. 2024 also saw the engagement of Oakley Capital Partners as investment managers.

Strategic Review of Material Science Division

CDE has initiated a strategic review of its Material Science division, starting with the mutual termination of exclusive patent licenses from MIT. The review, expected to be completed in Q2 2025, does not affect CDE's proprietary MotifMicro (MM1) product, which remains protected by CDE's own patent family.

Passing of Gerard Eakin

CDE mourns the untimely passing of Board Member Gerard Eakin in 2024. He was cherished by his family, colleagues, and the entire CDE team. Our thoughts are with those who miss Gerard.

John Houston, Executive Chairman and CEO

References:

(1) https://optinmonster.com/affiliate-marketing-statistics/

(2)https://www.businessresearchinsights.com/market-reports/url-shortening-services-market-104165

(3) https://getlatka.com/companies/bitly

Directors' Report

The directors present their report and the financial statements of Codeifai Limited (the "Company") and its controlled entities (the "Consolidated Entity", the "Group") for the financial year ended 31 December 2024.

1. Directors and Company Secretary

The following persons were directors of the Company since the start of the financial year to the date of this report unless otherwise stated.

Executive Chairman
John Houston

Non-Executive Directors
Su (George) Su
Gerard Eakin (Deceased 17 October 2024)
Colin Turner (Appointed 21 October 2024)

Joint Company Secretary(s)
Lucy Rowe
Shelby Coleman

Particulars of each director's experience and qualifications are set out later in this report.

2. Principal Activities

The principal activity of the Group during the financial year was as a sales, marketing, developer and self-service SaaS solution provider of anti-counterfeiting, product authentication and QR code based consumer engagement solutions to brand owners globally.

3. Review of Operations

Please refer to the Executive Chairman and CEO's report on page 3 of this Annual Report.

4. Financial Results

The reported net loss decreased 44% to $2,514,767 (2023: $4,459,632). This result included an impairment of intangible assets of $685,696 in 2024 (2023: 907,797). The EBITDA loss of $1,849,997 for 2024 was 51% lower than that of 2023 ($3,773,023). Net cash used in operating activities of $2,100,904 in 2024 (2023: $2,256,845) was 7% lower than 2023.

Revenue increased by 20% to $810,297 in 2024 from $677,888 in 2023 including revenue from legal settlement of a trade debtor, while new business tracks at a similar pace to the PcP.

Net cash used in operations as reported improved 7% to $2.1m but pre finance and interest costs it improved 4% to $1.96m.

The patent licence rights of $5,005,796 represents the historical value of the MotifMicro acquisition less an accumulated impairment charge of $4,580,822, of which $685,696 was recognised in 2024.

The impairment assessment in 2024 was performed internally via a Value in Use ('VIU') valuation of the patent licence rights of MotifMicro. The impairment testing indicated that the recoverable amount of the patent licence rights was less than the carrying amount and therefore an impairment loss of $685,696 was recognised during the financial year 2024 (2023: $576,473). Key assumptions utilised are further detailed in Note 16 to the financial statements.

The impairment loss recognised can be reversed in future accounting periods to the extent that future recoverable amounts support a higher carrying value.

During 2024, a total of $703,075 was raised via new equity placements to fund the ongoing operations of the Group. The net assets of Codeifai were $2,753,188 as at 31 December 2024 (2023:$1,781,685). Cash at balance date was $385,901 (2023: $567,572).

The Company has a history of securing external funding support as required. Given the strong technical and commercial progress being made, the Board considers it likely that external funding support will be available in future if and when necessary.

Significant Changes in State of Affairs

Other than the information set out in the CEO's report and activities section of this annual report, there are no significant change in the state of affairs that the Group has not disclosed.

5. Future Developments, Prospects and Business Strategies

See Executive Chairman's and CEO's Report on page 3.

6. Dividends Paid

No dividends have been paid or have been recommended for payment in respect of the financial year ended 31 December 2024.

7. Events Subsequent to Balance Date

The following events have occurred since 31 December 2024:

- On 30 January 2025, Codeifai and M.I.T. (Massachusetts Institute of Technology) agreed to mutually terminate the exclusive Patent licences over the following Patents and Patent families:

M.I.T Case No. 11917 US Patent No 7709544 including various non-US Patents
M.I.T. Case No 15231L US Patent 14/214594 including various non-US Patents
The Company also initiated a strategic review of its material science Division in accordance with the Company's previously announced strategy of "Digital & Engagement First strategy."

The Directors consider that the termination of the M.I.T. license does not impact the carrying value of the intangible asset as the Company wholly owns the following Patents which we consider to be valuable and a blocker to competitors launching smartphone readable technologies:

- Patent covering the use of a mobile device to interact with a physical security material which comprises a phosphor (U.S. app 14/441,470 with a priority date of 2013) GRANTED October 5th 2021
- China SIPO Patent (201310109929.3) covers two or more light energy responsive materials GRANTED December 2021

- Loan facility from Executive Chairman

On January 2nd 2025 the Company announced that the Executive Chairman provided the Company with a $750,000 loan facility with a term of 12 months.

- A$133,000 per annum Contract

On February 27th 2025, the Company's China division signed a contract valued at RMB6.1m (A$1.33m at 4.6RMB/AUD) over the three-year term. Client is Hangzhou Carbon-Oxygen Power Tech Co., Ltd, a subsidiary of Transfar Group a globally recognised conglomerate with extensive operations in chemicals, textiles, and logistics.

- Loans from s708 investors

On March 6th 2025 the Company raised loan funds in the sum of $160,000 from s708 investors through a mandate with Oakley Capital Pty Ltd. The loans are unsecured, have a face value of $1.20 of any loan amount advanced and any issue of shares or options under the Loan terms are subject to shareholder approval at an upcoming General Meeting of the Company's shareholders.

Other than the above, no matter or circumstance has arisen since 31 December 2024 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.

2. Information on Current Directors and Company Secretary

John Houston
Executive Chairman

John Houston has over 40 years of international business experience in countries including Australia, New Zealand, Sri Lanka, Singapore, Thailand and Switzerland. John privately funded CDE (formerly YPB) initially and listed the Company on the ASX in 2014. John has extensive international experience including building a USD $2 billion “Greenfield” mobile phone operation in Thailand, running a USD $350m EBITDA mobile Company in Switzerland, and selling an international Broadband Company for a 70x multiple of EBITDA in a cash sale to NTT DoCoMo of Japan.

Other current public company directorships: Nil

Su (George) Su
Non-Executive Director

Mr Su is the CEO and Managing Director of Richlink Capital Pty Ltd which is a Chinese financial services group with offices in Sydney and major Chinese cities. He was born and educated in Beijing before continuing his education in the USA. He holds a Bachelor of Arts Degree in Business Administration from Hamline University, St Paul, Minnesota.

Previously, Mr Su headed CITIC Securities Australian operation between 2009 and 2013 with special focus on cross border transactions between Australia and China. Mr Su has lived and worked in China, Hong Kong, Singapore and Australia and now resides in Sydney. He held senior positions in a Chinese government-controlled investment company, was the managing director of a Singapore based venture group and was an independent director of Macquarie Bank’s China property fund between 2006 and 2014.

Over the years, Mr Su served as non-executive director of several ASX listed companies and is currently non-executive director of Lithium Plus Minerals Limited (ASX: LPM). He is currently Chairman of Greentech Minerals Limited, a public non-listed company developing a high purity quartz project in Queensland.

He has no other public company directorships within the last 3 years.

Colin Turner (appointed 21 October 2024)
Non-Executive Director

Colin Turner was a previous chief financial officer of the company and is now serving as the Public Officer.

He is an accountant with extensive experience in financial management from roles in media advertising, sales, marketing and the real estate industry both overseas and in Australia.

Colin Turner has served as an executive director of both private and ASX listed entities and served as the Chairman of the audit committee of an ASX listed entity. He currently runs his own practice and provides financial services to a boutique set of clients.

Other current public company directorships: Nil.

Lucy Rowe
Joint Company Secretary

Lucy Rowe is a Chartered Secretary with almost 15 years of experience in providing Company Secretarial services to ASX listed companies. She has worked as corporate secretary in various companies where her responsibilities included managing board processes, ensuring compliance with legal requirements with ASX, ASIC and other regulators, providing advice to directors, policy formulation and implementation, and managing additional board committees, among others.

Shelby Coleman
Joint Company Secretary

Ms Coleman is experienced in ASX and ASIC compliance, providing advice on corporate governance and other regulatory matters for ASX listed companies across a range of industries. Ms Coleman holds a Bachelor of Laws and a Bachelor of Arts from Victoria University of Wellington and is an affiliate member of the Governance Institute of Australia.

3. Material Risks to the Company

Identifying and mitigating key business risks that may affect our strategy and performance plays a significant role as part of the Group's corporate governance. The following outlines key risks identified in the governance process which can be read in addition to other risks outlined in this report.

Intellectual property: To market and protect our market position, it is important for the Company to protect the intellectual property in its brand and the technology however there may be situations where it cannot be protected or is subject to changed conditions, unauthorised disclosure, infringement, or challenge by a third party.

Reliance on key personnel: The Company relies on the experience and knowledge of its senior management team, in particular the CEO and the Company is dependent on its ability to recruit and retain suitably qualified personnel. In the event that such key personnel left the Company and it was unable to recruit suitable replacements, such loss could have a materially adverse effect on the Company.

Increased competition: The anti-counterfeit, brand protection consumer engagement and self-service SaaS QR code markets are highly competitive. This competition has intensified as a result of improvements in technology. If the Company's technology proves to be less successful or more costly than its competitors products, the business of the Company could be adversely affected.

Growth prospects and Company expansion plans: The Company's growth prospects are dependent upon a number of factors, including, customer take up, execution of new product development and "go to market" of new products. There is a risk that the Company may encounter potential issues arising from operating in foreign jurisdictions, including marketing restrictions, regulations regarding anti-counterfeit and consumer engagement.

Technology Research & Development (R&D): In the short term, the Company has halted the technical development of MotifMicro while we perform a strategic analysis of the Material Science division. The Company believes that favourable developments in these areas would likely have a positive effect on the Company's financial performance and conversely if the Company fails to successfully accomplish these developments then its financial performance is likely to be negatively affected.

Reliance on key supplier relationships: The Company relies on various key supplier relationships for certain parts of its business. The loss or impairment of any of these relationships could have a material adverse effect on the Company's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less attractive to the Company.

Delivery risk: Due to the nature of the Company's key products being manufactured in the PRC, the potential exists for delays or cancellations in the delivery of products without any practical recourse being available to the Company to recover lost earnings.

Funding: While the Company believes it will have sufficient funds after completion of capital and/or debt placement (outlined elsewhere in this report) to meet all of its growth and capital requirements for the near term, the Company may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such debt or capital on favourable terms or at all.

Potential for dilution: The issue of the Shares and Options pursuant to Offers made to the Capital markets will result in dilution to the Shareholders, and any exercise of Options into Shares will result in Shareholders being diluted through the issue of new Shares.

Other: Other more general risks which are relevant to the Company include litigation, regulatory and Government risk, reliance on access to the internet and AWS (Amazon Web Services) cloud services which house our Connect platform and cybersecurity vulnerability. The Company actively manages both visibility and resolution of risks that arise in the course of business.

4. Meetings of Directors

During the financial year, 10 formal board meetings of directors were held. During the year the full Board dealt with all relevant matters and no separate meetings of either the Remuneration or Audit Committees of the Board were held. Attendance by each director during the year was as follows:

	Board Meetings	
Director	**Number eligible to attend**	**Number attended**
John Houston	10	10
Gerard Eakin	9	9
Su (George) Su	10	10
Colin Turner	1	1

5. Remuneration Report (Audited)

This section presents the nature and amount of remuneration for persons who were classified as Key Management Personnel (KMP) of the Group during the 2024 financial year.

Remuneration Policy

The remuneration policy of the Group has been designed to align Key Management Personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and a variable (at risk) component. The Board of the Company believes the remuneration policy is appropriate for the current stage of development of the Group.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive an agreed mix of fixed salary (which is based on factors such as experience and level of responsibilities), superannuation, fringe benefits and an annual cash performance incentive. The Group's Remuneration Committee will review and make recommendations to the Board in respect of executive packages on an annual basis. Reference will be made to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed annually with each executive. Performance criteria include factors relating to the responsibilities of each position as well as company-wide factors such as the forecast growth of the Group's profits. All bonuses are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and can recommend changes to the committee's recommendations. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The executive directors and executives receive a superannuation guarantee contribution required by the government and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed.

The Board policy is to remunerate non-executive directors at market rates for comparable companies 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. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Entity. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Where non-executive directors provide additional services to the Group, this must be approved in advance by the remuneration committee chair.

Performance Based Remuneration

As part of each executive director and executive's remuneration package there is a performance-based component, which is paid on achievement of key performance indicators ("KPIs"). The program seeks to align goals of directors and executives with that of the Company and its shareholders. The KPIs are reviewed annually by the Board in consultation with executives.

The measures are tailored to the areas each executive 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 group 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 group's goals and shareholder wealth, before the KPIs are set for the following year.

Details of Remuneration for the Year Ended 31 December 2024

The remuneration for each key management personnel is set out in the table below.

	Short-term Benefits		**Post-employment**		
In $	**Salary and fees**	**Short-term Incentive**	**Superannuation benefits**	**Share-based payments**	**Total**
Executive Chairman					
John Houston [1]	642,339	-	-	-	642,339
Non-executive Directors					
Su (George) Su [2]	40,000	-	-	-	40,000
Gerard Eakin [3]	61,884	-	-	-	61,884
Colin Turner	5,500	-	-	-	5,500
Executives					
Martin Ross (COO)	190,000	-	-	-	190,000
	939,723	-	-	-	939,723

1: A portion of the salary of the CEO of $642,339 for the period from January 2024 to December 2024 has been accrued. The salary is expected to be settled by cash settlement or the issue of shares in lieu of cash.

2: The director fee of $40,000 for the period from January 2024 to December 2024 is expected to be settled by issuance of Performance Rights (PR) in lieu of cash settlement.

3: The director fee of $31,889 for the period from January 2024 to October 2024 is expected to be settled by issuance of Shares with Shareholder approval in lieu of cash settlement.

4: The formatting and classification of amounts in the remuneration report has been updated to reflect the presentation of the remuneration report for the year ended 31 December 2024.

Details of Remuneration for the Year Ended 31 December 2023

The remuneration for each key management personnel is set out in the table below.

	Short-term Benefits		Post-employment	Share-based payments	
In $	**Salary and fees**	**Short-term Incentive**	**Superannuation benefits**		**Total**
Executive Chairman					
John Houston [1]	626,089	-	-	-	626,089
Non-executive Directors					
Su (George) Su [2]	40,000	-	-	-	40,000
Gerard Eakin [3]	79,993	-	-	-	79,993
Colin Turner	66,000	-	-	-	66,000
Executives					
Martin Ross (COO)	190,000	-	-	64,286	254,286
	1,002,082	-	-	64,286	1,066,368

1: A portion of the salary of the CEO of $626,089 for the period from January 2023 to December 2023 has been accrued. The salary is expected to be settled by cash settlement or the issue of shares in lieu of cash.

2: The director fee of $40,000 for the period from January 2023 to December 2023 is expected to be settled by issuance of Performance Rights (PR) in lieu of cash settlement.

3: The director fee of $40,000 for the period from January 2023 to December 2023 is expected to be settled by issuance of Performance Rights (PR) in lieu of cash settlement.

Additional disclosures relating to key management personnel

Shareholdings

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

Group KMP	**Balance at the start of the year**	**Received during the year**	**Additions**	**Disposals/Other**	**Balance at the end of the year**
John Houston	144,032,101	-	-	-	144,032,101
John Houston [1]	-	-	1,500,000,000		1,500,000,000
Su (George) Su	1,912,233	-	-	-	1,912,233
Gerard Eakin	1,844,416	-	-	-	1,844,416
Colin Turner	12,000	-	-	-	12,000
Martin Ross	33,134,462	-	-	-	33,134,462
	180,935,212	-	1,500,000,000	-	1,680,935,212

(1)Shares issued with Shareholder approval for conversion of debt/ loans from Chairman.

Options and performance rights

There were performance rights over ordinary shares in the Company that were granted as compensation to key management persons during the year ended 31 December 2024.

Options and performance rights over equity instruments

The movement during the year, by the number of rights and options over ordinary shares in Codeifai Limited held, directly, indirectly or beneficially, by each key management person, including their related parties is as follows:

	Held at 1 Jan-24	Granted	Exercised	Lapsed	Held at 31 Dec-24	Vested and exercisable	Unvested
Options							
John Houston	290,308,769	500,000,000	-	(90,308,769)	700,000,000	700,000,000	-
Su (George) Su	-	-	-	-	-	-	-
Gerard Eakin	-	-	-	-	-	-	-
Colin Turner	-	-	-	-	-	-	-
Martin Ross	22,303,844	-	(22,303,844)	-	-	-	-
Performance rights							
John Houston	-	-	-	-	-	-	-
Su (George) Su	-	-	-	-	-	-	-
Gerard Eakin	-	-	-	-	-	-	-
Colin Turner	-	-	-	-	-	-	-
Martin Ross	30,000,000	-	-	-	30,000,000	30,000,000	-

Employment Contracts of Directors and Senior Executives

The terms of employment for all directors and senior executives are formalised in contracts of employment. The key terms of the contracts with Directors and specified executives except the Executive Chairman are:

- none of the contracts have fixed terms;
- resignation period or termination by the Group is between one- and six-months' notice; and
- termination or redundancy payments by the Group are not specifically provided for in the contracts, however, will be payable in accordance with relevant Federal or State legislation.

The services of the Executive Chairman are provided pursuant to a Contract with a Service Company.

The contract was renewed for a further 3-year period after the expiration of the first 3-year period which commenced from the date of the completion of the Share Sale and Purchase Agreement, and includes the following key terms:

- Resignation period or termination by the Group is twelve months' notice;
- Termination or redundancy payments by the Group are not specifically provided for in the contracts, however, will be payable in accordance with the relevant Federal or state legislation; and
- No termination payments are payable in respect of resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Group can terminate employment at any time.

Other transactions with key management personnel

A number of key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis. See Note 26 to the financial statements for related parties' disclosures.

6. Indemnity and insurance of officers

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

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

7. Indemnity and insurance of auditor

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

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

8. Non-Audit Services

The Board is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that non-audit services provided by the auditor, or its network firms, did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional and Ethical Standards Board.

9. 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.

10. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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.

11. Rounding of Amounts

Amounts in the financial statements have been rounded off to the nearest dollar.

12. Total Options on Issue

At the date of this report, there are 702,560,000 options over unissued shares in Codeifai Group Ltd as set out below:

Number	Exercise price	Expiry date
640,000	$11.25	12 December 2026
640,000	$13.75	12 December 2026
640,000	$16.25	12 December 2026
640,000	$8.75	12 December 2026
200,000,000	$0.005	16 January 2026
500,000,000	$0.003	30 June 2027
702,560,000		

Signed in accordance with a resolution of the Board of Directors

John Houston
Executive Chairman and CEO

Dated this 31st day of March 2025

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CODEIFAI LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2024, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

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

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
31 MARCH 2025

Codeifai Limited

(formerly YPB Group Ltd)

Financial Report

31 December 2024

Codeifai Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

		Consolidated	
		2024	**2023**
	Note	**$**	**$**
Revenue	9	810,297	677,888
Expenses			
Production costs		(79,900)	(17,322)
Consulting fees		(400,509)	(367,625)
Depreciation and amortisation expense		(8,039)	(38,032)
Directors' fees		(71,889)	(80,000)
Employee benefits expense		(748,639)	(886,281)
Finance costs		(656,732)	(648,577)
Rental expenses		(116,707)	(139,288)
Research and development		(798,552)	(804,885)
Marketing expense		(327,183)	(104,398)
Investor relations		(44,390)	(101,668)
Travelling expense		(26,836)	(73,907)
Share-based payments		-	(50,667)
Regulatory expenses		(86,288)	(90,232)
Professional fees		(285,711)	(211,782)
Other expenses		(327,296)	(585,184)
Exchange gain/(loss)		1,339,303	(29,875)
Impairment of intangible assets	16	(685,696)	(907,797)
Loss before income tax	10	**(2,514,767)**	**(4,459,632)**
Income tax (expense)/benefit	11	-	-
Net loss after tax for the year attributable to the owners of Codeifai Group Ltd		**(2,514,767)**	**(4,459,632)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(734,295)	(60,368)
Other comprehensive income/(loss) for the year, net of tax		(734,295)	(60,368)
Total comprehensive loss for the year attributable to owners of Codeifai Group Ltd		**(3,249,062)**	**(4,520,000)**
			Cents
Basic earnings/(loss) per share	31	(0.14)	(0.69)
Diluted earnings/(loss) per share	31	(0.14)	(0.69)

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

Codeifai Limited
Consolidated statement of financial position
As at 31 December 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Assets			
Current assets			
Cash and cash equivalents	12	385,901	567,572
Trade and other receivables	13	632,195	358,323
Other assets	14	106,803	97,494
Inventories	15	137,503	175,262
Total current assets		**1,262,402**	**1,198,651**
Non-current assets			
Plant and equipment		12,886	17,023
Intangible assets	16	5,005,796	5,173,093
Total non-current assets		**5,018,682**	**5,190,116**
Total assets		**6,281,084**	**6,388,767**
Liabilities			
Current liabilities			
Trade and other payables	17	3,268,400	2,582,658
Financial liabilities	18	747,190	2,024,424
Total current liabilities		**4,015,590**	**4,607,082**
Total liabilities		**4,015,590**	**4,607,082**
Net assets		**2,753,188**	**1,781,685**
Equity			
Issued capital	19	88,660,044	85,426,969
Reserves	20	1,989,397	2,433,896
Accumulated losses		(88,383,947)	(86,079,180)
Total equity		**2,753,188**	**1,781,685**

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

Codeifai Limited
Consolidated statement of changes in equity
For the year ended 31 December 2024

Consolidated	**Issued capital**	**Foreign currency translation reserve**	**Issued options**	**Performance rights reserve**	**Accumulated losses**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2024	85,426,969	1,717,162	567,467	149,267	(86,079,180)	1,781,685
Loss after income tax for the year	-	-	-	-	(2,514,767)	(2,514,767)
Other comprehensive income for the year, net of tax	-	(734,294)	-	-	-	(734,294)
Total comprehensive income/(loss) for the year	-	(734,294)	-	-	(2,514,767)	(3,249,061)
Transactions with owners in their capacity as owners:						
Shares issued, net of transaction costs	3,233,075	-	-	-	-	3,233,075
Performance rights exercised during the year	-	-	-	-	-	-
Performance rights lapsed during the period	-	-	-	-	-	-
Performance rights issued during the year	-	-	-	-	-	-
Options granted during the year	-	-	499,795	-	-	499,795
Options lapsed during the year	-	-	(210,000)	-	210,000	-
Balance at 31 December 2024	**88,660,044**	**982,867**	**857,262**	**149,267**	**(88,383,947)**	**2,753,188**

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

Codeifai Limited
Consolidated statement of changes in equity
For the year ended 31 December 2024

Consolidated	**Issued capital**	**Foreign currency translation reserve**	**Issued options**	**Share-based payment reserve**	**Accumulated losses**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 January 2023	83,877,039	1,777,530	210,000	418,827	(81,963,109)	4,320,287
Loss after income tax for the year	-	-	-	-	(4,459,632)	(4,459,632)
Other comprehensive income for the year, net of tax	-	(60,368)	-	-	-	(60,368)
Total comprehensive income/(loss) for the year	-	(60,368)	-	-	(4,459,632)	(4,520,000)
Transactions with owners in their capacity as owners:						
Shares issued, net of transaction costs	1,479,930	-	-	-	-	1,479,930
Performance rights exercised during the year	70,000	-	-	(70,000)	-	-
Performance rights lapsed during the period	-	-	-	(343,560)	343,561	1
Performance rights issued during the year	-	-	-	144,000	-	144,000
Options granted during the year	-	-	357,467	-	-	357,467
Options lapsed during the year	-	-	-	-	-	-
Balance at 31 December 2023	**85,426,969**	**1,717,162**	**567,467**	**149,267**	**(86,079,180)**	**1,781,685**

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

Codeifai Limited
Consolidated statement of cash flows
For the year ended 31 December 2024

	Note	Consolidated 2024 $	Consolidated 2023 $
Cash flows from operating activities			
Receipts from customers and receivables		464,551	909,193
Payments to suppliers and employees		(2,428,384)	(2,974,960)
Interest received		2,360	16,550
Finance costs		(139,431)	(207,628)
Net cash used in operating activities	29	**(2,100,904)**	**(2,256,845)**
Cash flows from investing activities			
Payments for plant and equipment		(4,396)	(6,025)
Payment for intangible assets		-	(300,000)
Proceeds from disposal of plant and equipment		495	1,552
Net cash used in investing activities		**(3,901)**	**(304,473)**
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		703,075	1,499,930
Proceeds from borrowings		875,000	1,000,000
Net cash inflows from financing activities		**1,578,075**	**2,499,930**
Net (decrease)/increase in cash and cash equivalents		**(526,730)**	**(61,388)**
Cash and cash equivalents at the beginning of the financial year		**567,572**	**641,408**
Effect of movements in exchange rates on cash held		345,059	(12,448)
Cash and cash equivalents at the end of the financial year	12	**385,901**	**567,572**

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

1. Reporting entity

Codeifai Limited (the "Company") is domiciled in Australia.

The Company's registered office is at Level 5, 126 Philip Street, Sydney NSW 2000. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" or "Consolidated Entity").

The separate financial statements of the parent entity, Codeifai Limited, have not been presented within the financial report as permitted by the *Corporations Act 2001*. Parent company financial information is disclosed in Note 27.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

2. Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements were authorised for issue by the Board of Directors on 31 March 2025.

The Group's accounting policies have been consistently applied unless stated otherwise, and are disclosed in Note 6 *Material Accounting Policy information*.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

i. Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to pay its debts as and when they become due and payable.

The Group incurred an operating loss after income tax of $2,514,767 and had a deficiency of operating cash flows of $2,100,904 for the year ended 31 December 2024. As at 31 December 2024, the Group has cash and cash equivalents of $385,901 and a deficiency in net current assets of $2,753,188.

While preparing the cash flow forecasts, the Directors noted the following:

- Confidence in achieving the forecasted sales growth for 2025 based upon the roadmap to develop and commercialise the core CDE products. Additionally, the recent launch of new product, ConnectQR is anticipated to contribute to the revenue stream of 2025. The company is continuing to grow the opportunity pipeline in key industries and sectors and ultimately convert these into revenue;
- The signing of a mandate to raise capital as outlined in note 30.

- The Group is continuing to take initiatives which aim to reduce operating costs and focus on value-added activities. The Group has strategically terminated the MIT licence which will further reduce cash outflows in the future periods;
- The Group has received $750,000 in loan funds with a term of 12 months from the Executive Chairman John Houston;
- The group has signed a loan facility agreement to provide up to $2 million (subject to shareholder approval) to assist working capital
- The Group will consider external funding including a capital raise under the mandate in place and support from related parties in the future, if and when necessary. The Company has demonstrated its ability to successfully raise capital in current and prior periods and there is no evidence to suggest that the Company would not be able to raise necessary capital required to continue to funds its operations and obligations.

On this basis, the Directors are of the opinion that the financial statements can be prepared on a going concern basis and the Group will be able to pay its debts as and when they fall due and payable.

3. Functional and presentational currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

4. Rounding of amounts

Amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar.

5. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 16 Intangibles
- Note 20 Reserves – Share-based payment

6. Material accounting policy information

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see Note 6).

A. Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Codeifai Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 28.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

The consolidated financial statements have been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary YPB Limited (HK) (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Codeifai Limited (formerly, YPB Company Limited and AUV Enterprises Limited) (the acquiree for accounting purposes).

B. Revenue and other income

The Group considers the following for revenue recognition:

- whether a contract exists;
- performance obligations identified within the contract;
- determine transaction price;
- allocate the transaction price to the performance obligations; and
- recognise revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the performance obligations are satisfied.

Revenue recognition relating to the provision of services is determined with reference to the completion of the performance obligations identified in the contract.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue generated by the Group is categorised as a bundled "complete solution offering" which encompasses a range of products and services which are available to customers, including:

- Digital engagement platform;
- Covert forensic products;
- Brand protection labelling solutions.

Digital engagement platform

The Group provides a cloud-based customer digital engagement and analytics platform that enables brands to form a unique relationship with customers. Revenue is recognised at the time when the performance obligation of providing the reports from the customer engagement platform are completed.

Covert forensic products

The Group manufactures and sell covert forensic products. Revenue is recognised at the time when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customer.

Brand protection labelling solutions

The Group purchases and sells brand protection labelling products. Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customer.

All revenue is stated net of the amount of goods and services tax.

Interest revenue is recognised using the effective interest method.

C. Foreign currency transactions and balances

i. Functional and presentation currency

The functional currency of each of the Group's entities 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 currency.

ii. 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 period-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 and except where net investment policy applies. 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.

iii. Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group'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. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars in which the settlement of the monetary items is neither planned nor likely to occur in the foreseeable future are included as a net investment in the foreign operations.

D. Employee benefits

i. Share-based payment arrangements

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares, options and performance rights expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

E. Finance income and finance costs

The Group's finance income and finance costs include:

- Interest expense; and
- Foreign currency gain or loss on financial assets and liabilities

Interest expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the amortised cost of the liability.

F. Income tax

The income tax expense/(income) for the period comprises current income tax expense/(income) and deferred tax expense/(income). Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

G. Tax consolidation

The Company and its wholly owned Australian subsidiaries have formed a tax-consolidated group with effect from 6 April 2004 and are therefore taxed as a single entity from that date. The head entity of the tax-consolidated group is Codeifai Limited. Codeifai Limited is responsible for recognising the current and deferred tax assets and liabilities for the consolidated group. The tax-consolidated group has entered into a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion into their contribution to the taxable profit of the tax-consolidated group.

H. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

I. Intangible assets and goodwill

i. Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Intellectual property and patent licence rights	Intellectual property and patent licence rights that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives when the asset is in its intended use, and is generally recognised in profit or loss. Goodwill is not amortised.

The estimated useful lives for current and comparative periods are as follows:

- Intellectual property 5 – 20 years
- Patent licence rights 15 years

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

J. Financial instruments

i. Initial Recognition and measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially recognised at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii. Derecognition

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

K. Share Capital

i. Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 132.

L. Compound financial instruments

Compound financial instruments issued by the Group comprise convertible notes denominated in Australian dollar that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion. The equity component is initially recognised at the difference between the fair value of the compound financial instruments as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

M. 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.

N. Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

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.

O. Trade and other payables

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

7. New or amended Accounting Standards and Interpretations adopted

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

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

8. Operating segments

Identification of reportable operating segments
Management determines operating segments 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 CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

Types of products and services
For the year ended 31 December 2024, management considers the Group to offer its client base a complete end-to-end service and product offering, hence considering its main operations to be represented by one business segment apart from a minor specialised anti-counterfeit material operation.

The bundled “complete solution offering” encompasses a range of products and services which are available to customers, including:

- Digital engagement platform that provides brand protection and consumer engagement and track ‘n’ trace solutions for product provenance and ESG compliance;
- Covert forensic products which are invisible particles (‘tracers’) fused into a product or packaging during or after the manufacturing process and are

detectable using Codeifai's proprietary scanner, OEM devices or using an app on a smartphone device;

- Self Service SaaS solutions focussed around QR codes;

(a) Geographical information

2024		**Reportable segments**			
In $	Australia	People's Republic of China	Thailand	United States of America	Total
External revenue	143,098	464,370	-	-	607,468
Interest income	2,300	-	60	-	2,360
Other income	469	-	-	200,000	200,469
Total revenue	145,867	464,370	60	200,000	810,297
2023					
External revenue	129,898	251,314	-	-	381,212
Interest income	16,478	-	72	-	16,550
Other income	280,126	-	-	-	280,126
Total revenue	426,502	251,314	72	-	677,888

(b) Assets

2024		**Reportable segments**			
In $	Australia	People's Republic of China	Thailand	United States of America	Total
Current assets	557,788	385,836	235,111	83,667	1,262,402
Non-current assets	2,045	9,388	1,453	5,005,796	5,018,682
Total assets	559,833	395,224	236,564	5,089,463	6,281,084
2023					
Current assets	638,070	297,377	186,808	76,396	1,198,651
Non-current assets	131,645	8,631	4,695	5,045,145	5,190,116
Total assets	769,715	306,008	191,503	5,121,541	6,388,767

9. Revenue

	Consolidated 2024 $	Consolidated 2023 $
Revenue		
Sale of goods and services		
- Digital engagement platform	105,292	144,402
- Covert forensic products	502,176	231,810
- Brand protection labelling solutions	-	5,000
	607,468	381,212
Other revenue		
Interest	2,360	16,550
Other income	200,469	280,126
	810,297	677,888

10. Loss for the period

The loss for the period includes the following expenses:

	Consolidated 2024 $	Consolidated 2023 $
Finance costs	656,732	648,577
Research and development costs	798,552	804,885
Depreciation and amortisation	8,039	38,032
Impairment of intangible assets	685,696	907,797
Rental expense on operating leases – minimum lease payments	116,707	139,288
	2,265,726	2,538,579

11. Income tax benefit

	Consolidated	
	2024	**2023**
	$	**$**
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax	(2,514,767)	(4,459,632)
Tax at the statutory tax rate 25% (2023: 25%)	(628,692)	(1,114,908)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
• Offshore expenses not deductible	74,563	106,591
• Non-allowable expenses	(153,593)	246,160
• Share-based payments expensed during the year	-	12,667
• Tax losses not recognised	618,713	631,527
	(89,009)	(117,963)
Difference in overseas tax rates	89,009	117,963
Research and development tax incentive	-	-
Income tax (expense)/benefit	-	-
Deferred tax assets have not been recognised in respect of the following items:		
• Deductible temporary differences	370,708	287,893
• Tax losses	14,244,083	13,612,947
	14,614,791	13,900,840

12. Cash and cash equivalents

	Consolidated	
	2024	**2023**
	$	**$**
Cash on hand	1,721	1,786
Cash at bank	384,180	565,786
	385,901	567,572

13. Trade and other receivables

	Consolidated 2024 $	Consolidated 2023 $
Trade receivables	299,138	178,677
Less: Allowance for doubtful debts	(78,955)	(72,218)
	220,183	106,459
GST/VAT receivables	158,523	101,882
Collateral shares	164,965	69,930
Other receivables	88,524	80,052
	632,195	358,323

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 31 December 2024 is determined as follows; the expected credit losses incorporating forward-looking information.

	Current $	More than 30 days past due $	More than 60 days past due $	More than 90 days past due $	Total $
2024					
Expected loss rate	0%	0%	0%	59.5%	
Gross carrying amount	138,469	22,915	5,110	132,644	299,138
Loss allowing provision	-	-	-	(78,955)	(78,955)
2023					
Expected loss rate	0%	0%	0%	66.5%	
Gross carrying amount	32,913	27,395	9,691	108,678	178,677
Loss allowing provision	-	-	-	(72,218)	(72,218)

14. Other assets

	Consolidated 2024 $	Consolidated 2023 $
Escrow account	-	929
Rental deposits	35,550	34,070
Prepaid rent	4,408	10,384
Prepayments	66,845	52,111
	106,803	97,494

15. Inventories

	Consolidated 2024 $	Consolidated 2023 $
Finished goods – at cost	137,503	175,262
Less: Allowance for slow-moving inventories	-	-
	137,503	175,262

16. Intangible assets

	Consolidated 2024 $	Consolidated 2023 $
Goodwill – at cost	3,089,466	3,089,466
Less: Accumulated impairment losses	(3,089,466)	(3,089,466)
	-	-
Intellectual property – at cost	16,250,550	16,250,550
Less: Accumulated amortisation	(4,942,153)	(4,942,153)
Less: Accumulated impairment losses	(11,308,397)	(11,308,397)
	-	-
Customer relationship – at cost	206,000	206,000
Less: Accumulated amortisation	(28,000)	(28,000)
Less: Accumulated impairment losses	(178,000)	(178,000)
	-	-
Patent licence rights – at cost	9,586,618	8,713,450
Less: Accumulated impairment losses	(4,580,822)	(3,540,357)
	5,005,796	5,173,093
Licence agreement – at cost	350,000	350,000
Less: Accumulated amortisation	(18,676)	(18,676)
Less: Accumulated impairment losses	(331,324)	(331,324)
	-	-

Reconciliations

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

Consolidated	**Patent licence rights $**	**Licence Agreement $**	**Total $**
Balance at 1 January 2023	5,804,800	-	5,804,800
Additions	-	350,000	350,000
Accumulated amortisation		(18,676)	(18,676)
Effect of movement in exchange rates	(55,234)	-	(55,234)
Impairment loss	(576,473)	(331,324)	(907,797)
Balance at 31 December 2023	5,173,093	-	5,173,093
Balance at 1 January 2024	5,173,093	-	5,173,093
Additions	-	-	-
Accumulated amortisation		-	-
Effect of movement in exchange rates	518,399	-	518,399
Impairment loss	(685,696)	-	(685,696)
Balance at 31 December 2024	5,005,796	-	5,005,796

Patent Licence Rights

Effective in December 2017, the Group acquired patented licence rights from M.I.T. to develop and commercialise serialised smartphone readable authentication technologies. MotifMicro is invisible technology which works whereby the smartphone becomes the authentication device for uncopiable, invisible and indestructible physical marking technology. The Group in its own right holds potentially valuable patents over smartphone readable authentication technology including a Patent covering the use of a mobile device to interact with a physical security material which comprises a phosphor (U.S. app 14/441,470 with a priority date of 2013) GRANTED October 5th 2021 and China SIPO Patent (201310109929.3) which covers two or more light energy responsive materials excited by a smartphone camera (GRANTED December 2021).

In January 2025, the Company mutually terminated the exclusive Patent license agreement with M.I.T. over the potential serialisation of MotifMicro for what the Company has termed “MM2”. In the analysis of the Patent License Rights, the Company has discounted the revenue potential of “MM2” for which patented Licence Rights were acquired in 2017. MotifMicro potential customers (including previously announced paid commercial trials) remain interested to engage in further trials and potential commercialisation, however the patent licence rights have not commenced amortisation, and impairment adjustments have been recorded to reflect its assessed carrying amount. MotifMicro’s development in 2023/24 had advanced through a number of technological achievements together with customers that signed first-adopter agreements to expedite its commercialisation in the market. The company is awaiting the outcome of the strategic review of the Material Science division before embarking on further technical development of MotifMicro in the future.

A rigorous management exercise in impairment testing indicated that the recoverable amount of the patent licence rights were lower than the carrying amount and therefore an impairment adjustment was considered necessary as at 31 December 2024. The valuation methodology ('value in use' or 'VIU') model reflects updated forecasts and progress made on the MotifMicro technology.

The following key assumptions and results arising from the VIU methodology applied are as follows:

- Revenue growth from conversion of forecast sales pipeline for FY2025 with an annual long-term growth rate of 12.5% until 2029 that follows the industry growth rate with a long-term annual growth rate of 2% thereafter;
- Discounted cash flow modelling to 2037 with no terminal value;
- A WACC of 25% (post-tax) assuming a long-term debt/equity ratio of nil; and
- The group securing sufficient funding in future periods to continue as a going concern.

17. Trade and other payables

	Consolidated	
	2024	**2023**
	$	**$**
Trade payables	1,528,160	945,774
Other payables and accruals	1,740,240	1,636,884
	3,268,400	2,582,658

18. Financial liabilities

	Consolidated	
	2024	**2023**
	$	**$**
Convertible note – (i)	200,223	-
Related party convertible note – (i)	81,034	-
Related party loans - (ii)	465,933	2,024,424
	747,190	2,024,424

(i): The convertible notes for $150,000 and $25,000 dated May 29th and June 27th 2024 respectively with Flannery Foundation Pty Limited, each have a maturity date of November 1st 2025 and have an interest rate of 25% payable on maturity. The notes have a face value of $1.00 per note and are convertible subject to shareholder approval at $0.0015 per share.

(ii): The short-term borrowings from a related party as at 31 December 2024 is $380,000 (31 December 2023: $2,000,000) at an interest rate of 27.61% per annum (31 December 2023: 17.48%) (or part thereof) for a total of $380,000 as at balance date. 750,000,000 options are expected to be issued as a facility fee, subject to shareholders' approval at an upcoming EGM expected before May 2025.

19. Equity – Issued Capital

	Consolidated			
	2024 Shares	**2023 Shares**	**2024 $**	**2023 $**
Ordinary shares – fully paid	3,150,314,015	790,461,469	88,660,044	85,426,969

Movements in ordinary share capital

Details	**Date**	**Shares**	**$**
Balance	1 January 2023	406,546,153	83,877,039
Issuance as payment for grant of 10 years licence	15 Mar 2023	10,000,000	50,000
Share placements	22 Mar 2023	202,702,703	900,000
Share placements	30 Jun 2023	112,612,613	500,000
Conversion of performance rights	30 Jun 2023	11,600,000	70,000
Security shares for the ATM facility	2 Nov 2023	37,000,000	69,930
Share issued to ATM subscription	29 Nov 2023	10,000,000	20,000
Less: Transaction costs on shares issued			(60,000)
Balance	**31 December 2023**	**790,461,469**	**85,426,969**
Balance	1 January 2024	790,461,469	85,426,969
Share issued to ATM subscription	1 May 2024	17,500,000	33,075
Share placements	28 June 2024	1,500,000,000	2,250,000
Share placements	9 August 2024	333,333,333	500,000
Share issued to ATM subscription	19 November 2024	130,000,000	130,000
Share placements	26 November 2024	121,115,538	121,116
Share placements	10 December 2024	107,903,675	99,271
Issuance as payment to service provider	20 December 2024	150,000,000	150,000
Less: Transaction costs on shares issued			(50,387)
Balance	**31 December 2024**	**3,150,314,015**	**88,660,044**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

20. Reserves

		Consolidated	
		2024	**2023**
	Note	**$**	**$**
Issued options reserve	(a)	857,262	567,467
Share-based payment reserve	(b)	149,267	149,267
Foreign currency translation reserve	(c)	982,867	1,717,162
		1,989,396	2,433,896

(a) Issued options reserve

The option reserve records items recognised as expenses on valuation of share options issued.

Details	**Date**	**Options**	**$**
Balance	1 January 2023	142,560,000	210,000
Options issued to related parties for loan establishment fee	13 January 2023	200,000,000	357,467
Options granted to investors of capital raise*	30 June 2023	112,612,613	-
Options granted to investors of capital raise*	31 August 2023	202,702,703	-
Balance	**31 December 2023**	**657,875,316**	**567,467**
Balance	1 January 2024	657,875,316	567,467
Options issued to related parties for loan establishment fee	28 June 2024	500,000,000	499,795
Options lapsed	30 June 2024	(315,315,316)	-
Options lapsed	5 July 2024	(70,000,000)	-
Options lapsed	5 July 2024	(70,000,000)	(210,000)
Balance	**31 December 2024**	**702,560,000**	**857,262**

Options issued during the year were valued based on the following assumptions:

Weighted average terms (years)	3.005
Weighted average remaining life at 31 December 2024 (years)	2.466

Details of options issued and valued during the year are as follows:

Quantity	**Issue date**	**Exercise price**	**Expiry date**	**Value per option**
500,000,000	28 June 2024	0.0030	30 June 2027	0.001

The option reserve records items recognised as expenses on valuation of share options issued.

(b) Share-based payment reserve

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

Details	**Date**	**$**
Balance	1 January 2024	149,267
Balance	31 December 2024	149,267

(c) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Exchange differences arising from monetary items that forms part of the Group's net investment in foreign operations are recognised as foreign currency translation reserve in equity.

21. Capital management

Management controls the capital of the group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital, convertible loan notes and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks 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.

		Consolidated	
		2024	**2023**
	Note	**$**	**$**
Total borrowings	18	747,190	2,024,424
Less: Cash and cash equivalents	12	(385,901)	(567,572)
Net (cash) / debt		361,289	1,456,852
Total equity		2,753,188	1,781,685
Debt-to-Equity ratio		15.95%	81.77%

22. Financial instruments

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

i. Risk Management framework

Risk management is carried out by senior finance executives ('Finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its obligations, and arises principally from the Group's receivables from customers. The carrying amounts of financial assets represents the maximum credit exposure.

Trade receivables

The Group's exposure to credit risk is influenced mainly by individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one month. In monitoring credit risk, customers are grouped according to their risk characteristics, including their industry, trading history with the Group and existence of previous financial difficulties.

At 31 December 2024 and 2023, the exposure to credit risk for trade receivables by geographic region was as follows:

	Carrying amount	
	2024	**2023**
	$	**$**
Australia	35,727	47,325
People's Republic of China	202,088	75,614
Thailand	-	-
United States of America	61,323	55,738
	299,138	178,677

Refer to Note 13 on Expected Credit Loss assessment for trade receivables.

Cash and cash equivalents

As at 31 December 2024, the Group held cash and cash equivalents of $385,901 (2023: $567,572). The cash and cash equivalents are held with bank, which are AA1- to AA+, based on S&P ratings. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparty.

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group manages this risk through the following mechanisms:

- Preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- Obtaining funding from a variety of sources;
- Managing credit risk related to financial assets; and
- Only investing surplus cash with major financial institutions.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Consolidated – 2024 *In $*	**Carrying amount**	**1 year or less**	**Between 1 and 5 years**
Trade and other payables	3,268,400	3,268,400	-
Financial liabilities	747,190	747,190	-
	4,015,590	4,015,590	-

Consolidated – 2023 *In $*	**Carrying amount**	**1 year or less**	**Between 1 and 5 years**
Trade and other payables	2,582,658	2,582,658	-
Financial liabilities	2,024,424	2,024,424	-
	4,607,082	4,607,082	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iv. Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the Chinese Yuan (RMB), Thai Baht (THB), and US Dollar (USD). The currencies in which these transactions are primarily denominated are RMB, THB, and USD.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risks as reported to the management of the Group is as follows:

Consolidated - 2024	**RMB**	**THB**	**USD**
	$	**$**	**$**
Cash and cash equivalents	100,244	2,625,761	2,522
Trade and other receivables	916,932	-	38,125
Trade and other payables	(591,887)	(2,748,650)	(60,802)
	425,289	(122,889)	(20,155)
Consolidated - 2023	**RMB**	**THB**	**USD**
	$	**$**	**$**
Cash and cash equivalents	143,785	1,889,520	6,752
Trade and other receivables	367,060	-	38,125
Trade and other payables	(438,039)	(2,378,469)	(107,200)
	72,806	(488,949)	62,323

Sensitivity Analysis

Based on the financial instruments held at 31 December 2024, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit for the period would have been $3,000 lower/higher (2023: $9,000 lower/higher).

Had the Australian dollar weakened/strengthened by 10% against the Chinese Yuan with all other variables held constant, the Group's post-tax profit for the period would have been $9,000 higher/lower (2023: $1,500 higher/lower).

Had the Australian dollar weakened/strengthened by 10% against the Thai Baht with all other variables held constant, the Group's post-tax profit for the period would have been $600 higher/lower (2023: $2,000 higher/lower).

v. Fair value of financial instruments

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

23. Key management personnel disclosures

Directors

The following persons were directors of Codeifai Limited during the financial year ended 31 December 2024:

John Houston (Executive Chairman)
Su (George) Su
Gerard Eakin (Deceased 17 October 2024)

Colin Turner (Appointed 21 October 2024)

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year ended 31 December 2024:

Martin Ross (Chief Operating Officer)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the years ended 31 December 2024 and 2023.

Compensation

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

	Consolidated	
	2024	**2023**
	$	**$**
Short-term employee benefits	939,723	1,002,082
Post-employment benefits	-	-
Share-based payments	-	64,286
	939,723	1,066,368

Short-term employee benefits

These amounts include fees and benefits paid to executive and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to other KMP.

Share-based payments

These amounts represent the expense related to participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the years ended 31 December 2024 and 2023.

24. Remuneration of auditor

During the financial year, the following fees were paid or payable for services provided by the auditors of the Company and unrelated firms:

	Consolidated	
	2024	2023
	$	$
Audit services – PKF Brisbane Audit		
• Audit or review of the financial report	84,400	79,000
Component auditors – Non-PKF		
• Audit or review of the financial report	10,322	10,565

25. Operating leases

	Consolidated	
	2024	2023
	$	$
Within one year	69,783	77,523
Later than one year but not later than five years	342,315	-
	412,098	77,523

26. Related parties' transactions

Parent entity

Codeifai Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in Note 28.

Key management personnel transactions

A number of key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

Some of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows:

Transaction	Transaction values for the year ended 31 December 2024 $	2023 $	Balance outstanding as at 31 December 2024 $	2023 $
Manifest Capital Management Pty Ltd (related entity of Gerard Eakin)				
Investor relations	29,995	39,993	26,662	3,333
J F Houston Holdings Pty Ltd (related entity of John Houston)				
Short-term borrowings to Codeifai Limited	380,000	2,000,000	380,000	2,000,000
Interest on short-term borrowings	186,725	196,293	85,933	24,424
Facility fee on short-term borrowings	509,795	447,609	10,000	90,142
	1,076,520	2,643,902	475,933	2,114,566

27. Parent entity information

As at, and throughout, the financial year ended 31 December 2024, the parent entity of the Group was Codeifai Limited.

	Parent 2024 $	2023 $
Result of the parent entity		
Loss for the year	(3,298,054)	(3,280,394)
Total comprehensive income for the period	(3,298,054)	(3,280,394)
Financial position of the parent entity at year end		
Current assets	557,788	638,042
Non-current assets	10,921,604	11,275,933
Total assets	11,479,392	11,913,975
Current liabilities	3,160,499	4,029,898
Non-current liabilities	-	-
Total liabilities	3,160,499	4,029,898
Net assets	**8,318,893**	**7,884,077**
Total equity of the parent entity comprising of:		
Issued capital	93,697,093	90,944,610
Reserves	857,262	567,467
Accumulated losses	(86,235,462)	(83,628,000)
Total equity	**8,318,893**	**7,884,077**

Parent entity guarantees in respect of the debts of its subsidiaries

There have been no guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

Parent entity contingent liabilities

There were no contingent liabilities as at 31 December 2024 (2023: Nil).

Contractual commitments

There were no contractual commitments as at 31 December 2024 which is related to the parent entity (2023: Nil).

28. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 6:

		Ownership Interest	
	Principal Place of Business	2024	2023
Name	**/ Country of Incorporation**	**%**	**%**
YPB Limited	Hong Kong	100	100
YPB Technology (Beijing) Ltd	People's Republic of China	100	100
Product ID & Quality Systems (Beijing) Ltd	People's Republic of China	100	100
YPB Group (USA) Inc.	USA	100	100
YPB Intellectual Product Protection Inc.	USA	100	100
YPB Group International Co., Ltd	Thailand	100	100
YPB Group Co., Ltd	Thailand	100	100
nTouch Pty Ltd	Australia	100	100
YPB Product Development Pty Ltd	Australia	100	100

29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2024	**2023**
	$	**$**
Loss after income tax for the year	(2,514,767)	(4,459,632)
Adjustments for:		
Foreign exchange differences	(1,162,827)	11,833
Depreciation and amortisation expense	8,039	38,032
Impairment of intangible assets	685,696	907,767
Assets written off	-	18,761
Share-based payments	-	50,667
Significant non-cash finance costs	492,635	3,340
Equity-settled transactions	150,000	357,467
Other non-cash income	(200,000)	-
Change in operating assets and liabilities; net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(273,872)	(29,337)
(Increase)/decrease in other assets	(9,309)	277,191
(Increase)/decrease in inventories	37,759	18,201
Increase/Decrease in trade and other payables	685,742	548,865
Net cash used in operating activities	(2,100,904)	(2,256,845)

30. Subsequent events

The following events have occurred since 31 December 2024:

- On 30 January 2025, Codeifai and M.I.T. (Massachusetts Institute of Technology) agreed to mutually terminate the exclusive Patent licences over the following Patents and Patent families:

M.I.T Case No. 11917 US Patent No 7709544 including various non-US Patents
M.I.T. Case No 15231L US Patent 14/214594 including various non-US Patents
And initiate a strategic review of its material science Division in accordance with the Company's previously announced strategy of "Digital & Engagement First strategy.

The Directors consider that the termination of the M.I.T. license does not impact the carrying value of the intangible asset as the Company wholly owns the following Patents which we consider to be valuable and a blocker to competitors launching smartphone readable technologies:

- Patent covering the use of a mobile device to interact with a physical security material which comprises a phosphor (U.S. app 14/441,470 with a priority date of 2013) GRANTED October 5th 2021
- China SIPO Patent (201310109929.3) covers two or more light energy responsive materials GRANTED December 2021

- Loan facility from Executive Chairman

On January 2nd 2025 the Company announced that the Executive Chairman provided the Company with a $750,000 loan facility with a term of 12 months.

- A$133,000 per annum Contract

On February 27th 2025, the Company's China division signed a contract valued at RMB6.1m (A$1.33m at 4.6RMB/AUD) over the three year term. Client is Hangzhou Carbon-Oxygen Power Tech Co., Ltd, a subsidiary of Transfar Group a globally recognised conglomerate with extensive operations in chemicals, textiles, and logistics.

- Loans from s708 investors

On March 6th 2025 the Company raised loan funds in the sum of $160,000 from s708 investors through a mandate with Oakley Capital Pty Ltd. The loans are unsecured, have a face value of $1.20 of any loan amount advanced and any issue of shares or options under the Loan terms are subject to shareholder approval at an upcoming General Meeting of the Company's shareholders.

Other than the above, no matter or circumstance has arisen since 31 December 2024 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.

31. Earnings per share

	Consolidated	
	2024	**2023**
	$	**$**
Loss after income tax attributable to the owners of Codeifai Limited	(2,514,767)	(4,459,632)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic/diluted earnings per share	1,732,770,270	641,712,423
	Cents	**Cents**
Basic earnings/(loss) per share	(0.14)	(0.69)

There are 702,560,000 in share options issued but not included in diluted earnings per share as these would have an antidilutive effect on earnings per share. These potential ordinary shares are anti-dilutive as their conversion to ordinary shares would decrease loss per share.

32. Contingent assets and contingent liabilities

On 13 April 2023, The Carroll Circuit Court of Virginia issued a sealed judgement in favour of Codeifai Limited in the case against a former employee Mr Tim Merchant for breach of the Virginia Trade Practices Act and awarded damages of $566,577 including $37,628 legal fees. Recovery is being sought through the Commonwealth of Virginia.. The Group cannot reliably determine the probability of recovery of these damages as at the date of this report.

Other than the above, the Group are not aware of any other contingent assets or liabilities as at 31 December 2024 (2023: Nil).

33. Company details

The registered office of the Company is:

Codeifai Limited (Formerly YPB Group Ltd)

Level 5, 126 Philip Street
Sydney NSW 2000
Australia

The principal places of business are:

101 True Digital Park, Griffin Building
5 Floor, Unit 502
Sukhumvit Road, Bangchak
Phrakhanong, Bangkok 10260
Thailand

1st floor, 50 Building
No.14 Jiuxianqiao Road
Chaoyang District
Beijing
China

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

AT 31 December 2024

Entity Name	Type of entity	% of Share Capital	Country of Incorporation	Australian resident or foreign resident	Countries of residence for tax purpose
Parent entity					
Codeifai Limited	Body corporate	100	Australia	Australia	Australia
Controlled Entities					
YPB Limited			Hong Kong	Foreign	Hong Kong
YPB Technology (Beijing) Ltd	Body corporate	100	People's Republic of China	Foreign	People's Republic of China
Product ID & Quality Systems (Beijing) Ltd	Body corporate	100	People's Republic of China	Foreign	People's Republic of China
YPB Group (USA) Inc.	Body corporate	100	USA	Foreign	USA
YPB Intellectual Product Protection Inc.	Body corporate	100	USA	Foreign	USA
YPB Group International Co., Ltd	Body corporate	100	Thailand	Foreign	Thailand
YPB Group Co., Ltd	Body corporate	100	Thailand	Foreign	Thailand
nTouch Pty Ltd	Body corporate	100	Australia	Australia	Australia
YPB Product Development Pty Ltd	Body corporate	100	Australia	Australia	Australia

Basis of preparation
This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A) (vi) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

- Australian tax residency: The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.
- Foreign tax residency: The consolidated entity has applied current legislation and judicial precedent in the determination of foreign tax residency.

Directors' Declaration

1. In the opinion of the directors of Codeifai Limited (the "Company"):
   a. the consolidated financial statements and notes that are set out on pages 21 to 58 are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 259A of the *Corporations Act 2001* from the chief executive officer for the financial year ended 31 December 2024.
3. The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.
4. The information disclosed in the attached consolidated entity disclosure statement is true and correct.

Signed in accordance with a resolution of the directors:

John Houston
Director
Dated this 31st day of March 2025

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CODEIFAI LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Codeifai Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(i) in the financial report, which indicates that the Company incurred a net loss of $2,514,767 during the year ended 31 December 2024 and, as of that date, the Company's current liabilities exceeded its current assets by $2,753,188.

As stated in Note 2(i), these events or conditions, along with other matters as set forth in Note 2(i), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Impairment testing of intangible assets – Patent Licence Rights

Why significant

As at 31 December 2024 the carrying value of patent licence rights was $5,005,796 (2023: $5,173,093), as disclosed in Note 16. This represents 80% (2023: 81%) of total assets of the consolidated entity. The consolidated entity's accounting policy in respect of intangible assets is outlined in Note 6(i).

An annual assessment for impairment indicators for intangible assets is required under Australian Accounting Standard (AASB) 136 *Impairment of Assets*. The development and commercialisation of the underlying technology (Motif Micro) is ongoing, which has increased the uncertainty of forecasted cash flows and delayed the crystallisation of revenue pipelines.

Management performed a valuation of the carrying value of the patent licence rights as at 31 December 2024. As a result, an impairment of the patent licence rights of $685,696 was expensed in 2024 (2023: $576,473).

The evaluation of the recoverable amount requires the consolidated entity to exercise significant judgement in determining the key assumptions, which include:

- the period of cash flow forecasts included;
- terminal value growth factor; and
- discount rate.

The outcome of the impairment assessment could vary if different assumptions were applied. As a result, the evaluation of the recoverable

How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- reviewing and challenging the business plan and budget management prepared for forecast cash inflows and outflows to be generated by Motif Micro from FY25 to FY29;
- assessing and challenging the growth rates used in the forecast models, including comparing the growth rate in the industry;
- testing, on a sample basis, the mathematical accuracy of the cash flow models;
- agreeing inputs in the cash flow models in the valuation report to relevant data including approved budgets and latest forecasts; and
- assessing the appropriateness of t disclosures including those relating sensitivities in the assumptions us included in Note 16.

Why significant	How our audit addressed the key audit matter
amount of intangible assets is an area of significant estimation and judgement.	

Other Information

The directors are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 31 December 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of consolidated entity 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 consolidated entity 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 at: http://www.auasb.gov.au/ Home.aspx. This description forms part of our auditor's report.]

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2024. 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.

Opinion

In our opinion, the Remuneration Report of Codeifai Limited for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

PKF

PKF BRISBANE AUDIT

SHAUN LINDEMANN
PARTNER

BRISBANE
31 March 2025

Shareholder Information

Distribution of holders

The number of holders and number of holdings by a range of holding sizes of the ordinary shares and options as at 22 March 2025 are detailed below:

	Shares	
Holding size	**No. of holders**	**No. of shares held**
1 to 1,000	146	31,799
1,001 to 5,000	216	764,622
5,001 to 10,000	367	2,965,132
10,001 to 100,000	1,183	38,571,316
100,001 and over	702	3,127,981,146
	2,614	3,170,314,015

Number of holding less than a marketable parcel of 119.

Substantial shareholders

The names of substantial shareholders listed in the Company's register as at 22 March 2025 are:

	No. of shares held
J F Houston Holdings Pty Ltd	1,392,795,549
The Bimm Corporation Pty Ltd	251,236,552

Voting rights

The voting rights attached to each class of equity security are as follows:

a. Each ordinary share holder is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Options

Options as at 22 March 2025 are as follows:

Unlisted Options $0.005 Expiry 16 January 2026
Unlisted Options exercise $0.003 Expiry 30 June 2027
Unlisted Options Exercise $11.25 Expiry 12 December 2026
Unlisted Options Exercise $13.75 Expiry 12 December 2026
Unlisted Options Exercise $16.25 Expiry 12 December 2026
Unlisted Options Exercise $8.75 Expiry 12 December 2026

Holding size

	Options	
Holding size	**No. of holders**	**No. of options held**
1 to 100,000	-	-
100,001 and over	7	702,560,000
	7	702,560,000

Top 20 Ordinary Shareholders as at 21 March 2025

	No. of shares held
J F HOUSTON HOLDINGS PTY LTD	1,392,795,549
THE BIMM CORPORATION PTY LTD	251,236,552
DOLPHIN CORPORATE INVESTMENTS PTY LTD	130,000,000
LTC LONG SHORT FUND PTY LTD	94,692,402
N K C PTY LTD	90,309,451
TROPICAL INVESTMENTS WA PTY LTD	88,555,555
MR DAVID ROSS & MR MARTIN ROSS	52,303,844
MRS TERESA DI PASQUALE	50,000,000
MRS HEATHER CHRISTINE SIMPSON& MR RAYMOND SIMPSON	36,000,000
HILL & HONE PTY LTD	20,000,000
DR RICHARD HENRY KAUSMAN	15,060,000
DR PAUL VINCENT GRECH	13,000,000
LEVROK SUPERANNUATION FUND PTY LTD	13,000,000
WETH HOLDINGS PTY LTD	12,000,000
MR JONATHAN HUA	11,851,845
DVR INVEST PTY LTD	11,032,733
BOND STREET CUSTODIANS LIMITED	10,725,000
MR NIGEL HENRY PARKER	10,000,000
MASAWA INTERNATIONAL PTY LTD	10,000,000
MR LINDSAY MALCOLM STAGGS	10,000,000
	2,322,562,931
Balance of register	847,751,084
Total	**3,170,314,015**

On-market buy back

There is currently no on-market buy back.

Corporate Directory

Registered Office
Level 5, 126 Philip Street
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Telephone: +66 21148173

Mailing address
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Australia Square
NSW 1215

Share Registry

Boardroom Pty Limited
Level 8, 210 George Street
Sydney, NSW 2000
Telephone: 1300 737 760
Facsimile: 1300 653 459
Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au

Auditors
PKF Brisbane
Level 2, 66 Eagle Street
Brisbane, QLD 4000
Telephone: +61 (7) 3839 9733
Facsimile: +61 (7) 3832 1407

Stock Exchange Listing
The shares of Codeifai Limited are listed on the Australia Stock Exchange.
ASX Code: CDE
Website: www.asx.com.au

Directors
John Houston
Su (George) Su
Colin Turner

Company Secretary
Lucy Rowe
Shelby Coleman