

For personal use only

PRELIMINARY FINAL REPORT

Operational Summary

and

Appendix 4E

FOR THE YEAR ENDED 30 JUNE 2025

ASX ANNOUNCEMENT – APPENDIX 4E (ASX:KNM)

KneoMedia Limited (**KneoMedia** or the Company) (**ASX: KNM**) is pleased to report its unaudited preliminary report for the Company and its controlled entities (**the Group**) for the financial year ended 30 June 2025 (FY25 or the year).

Entity: KneoMedia Limited
 ABN: 41 009 221 783
 Reporting period: For the year ended 30 June 2025
 Previous period: For the year ended 30 June 2024

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2025 \$	Movement \$	Movement %	2024 \$
Revenues from ordinary activities	1,555,056	(224,413)	(13%)	1,779,469
Deferred revenue (for future period recognition)	62,100	(102,286)	(62%)	164,386
Net loss for the year attributable to members of parent (after non-controlling interest)	(1,114,134)	732,981	40%	(1,847,115)
Loss after income tax	(1,354,481)	829,008	38%	(2,183,489)
Add back				
Depreciation and amortisation expenses	908,812			1,052,218
Finance costs	246,779			396,254
(Gain) loss on fair value of embedded derivative in convertible notes	-			(48,982)
EBITDA loss	(198,890)	585,109	75%	(783,999)
Cash flow				
Receipts from customers	1,445,474	(736,110)	(34%)	2,181,584
Net cash (used in)/from operating activities	(195,898)	(478,191)	(169%)	282,293

Net Tangible Assets**Reporting period (Cents)****Previous period (Cents)**

Net Tangible Assets per ordinary share	(0.0005)	(0.001)
--	----------	---------

Dividends

There were no dividends paid, recommended or declared during the current reporting period.

Loss per share**2025 \$****2024 \$**

Basic and diluted loss per share	0.04 cents	0.11 cents
----------------------------------	------------	------------

For personal use only

OPERATIONAL SUMMARY

Principal Activities

During the financial year, the principal activity of the Group was the continued development and marketing of the Company's online education publishing business, primarily KneoScience, its Content Services Platform ("CSP"), in the USA and predominantly New York City. The Group publishes and markets from its US-based subsidiary, KneoWorld Inc., and sells on a seat licence basis via education departments and distribution agreements. KneoScience is the Group's new EdTech platform developed in conjunction with New York City Department of Education ("NYCDOE") to manage mandated curriculum for the Department and provide teaching support and student assessment. While currently deployed in NYCDOE, KneoScience is scalable to other US cities and states, as the CSP manages the curriculum of the education departments without the need to independently develop this curriculum and enter into an exhaustive compliance process.

Review of financial results KneoMedia recorded a loss after income tax for the year of \$1,354,481 (2024: \$2,183,490) a 38% improvement on the previous year and is mostly attributed to the decreases in expenditure. Expenses of \$2,910,811 for the year were greatly reduced with the previous reporting year (2024: \$3,963,559) and is representative of well controlled costs.

While sales revenue from ordinary activities decreased 13% to \$1,555,056 (2024: \$1,779,469) this was largely due to the Company's pivot to KneoScience from its KneoWorld games based learning platform that did require constant curriculum upgrades and approvals adding to costs. Accordingly, the Company expects the small reduction in sales to be temporary as it can more readily scale KneoScience sales without the cost burden of curriculum updating.

The New York City ("NYC") 'Connect All Kids' program generated the majority of the Group's sales for the period along with sales contributions from Florida. The contracts for these sales range from one to three years. The revenue is recognised on a straight-line basis over the term of the individual contracts resulting in a deferred revenue balance of \$62,100 at 30 June 2025 to be recognised over the contract life, and accordingly, booked as a liability until the contract term and related performance obligations have been fulfilled. The Company will continue to work in the state of Florida to grow sales of its existing KneoWorld Early Learning Assessment platform.

The statement of financial position reports a reduced deficiency of net assets of \$2,090,905 (2024: deficiency \$2,872,201). Contributing to the reduction in the deficiency of net assets is the increased investment of \$1,359,339 in intangible assets and a reduction in liabilities. Trade and other payables totalled \$1,663,156 (2024: \$1,525,124), in line with previous years are being carried as the Group anticipates substantial sales coinciding with the September 2025 NYC school year commencement.

To this point, subsequent to year end, the Group has already received an initial KneoScience FY 2026 confirmed order of US\$450,000 (~AUD\$700,000).

During FY25, net operating cash outflows were \$195,898 (2024: \$282,293). Receipts from customers totalled \$1,445,474 (2024: \$2,181,584) with reduction explained above. Payments to suppliers and employees totalled \$1,641,372 (2024: \$1,899,291).

The Group also renegotiated an unsecured loan arrangement with related parties of which the proceeds have been used to meet short-term expenditure needs. The loan balances of \$435,420 at 30 June 2025 are reported in non-current interest bearing loans on the balance sheet and considered medium term in nature. During the year the Company successfully negotiated the extension of its loan facility and outstanding credit notes.

Net cash provided by financing activities totalled \$1,454,706 (FY24: \$1,105,317). The Group has relied heavily on cash receipts to maintain ongoing concern business activities and reduction in proportionate costs, with a view to reducing the reliance on capital funding.

Cash outflows from investing activities totalled \$1,240,873 (2024: \$1,455,413) and is in line with the Groups' focus on KneoScience product development. The Group expects the future level of product development to be aligned to additional CSP sales activities rather than constant curriculum updates required to align with educational changes.

Review of operations

Since the Company's shares were suspended from trading on the Australian Securities Exchange (ASX) on 7 March 2024 the Board has been fully focused on achieving the resumption of trading of KNM shares on the ASX and has been in consultation with ASX regarding this process. The Company has taken, and continues to take, a range of initiatives to address funding requirements and lift the suspension of trading of its shares, including capital raising by share placement, and negotiation of

the repayment terms of existing convertible notes and loan borrowings to assist with cash flow management, including the maturity date of those borrowings and a focused increase in revenue.

OPERATIONAL SUMMARY

Review of operations (continued)

The Company continued to invest in Intellectual Property primarily on the increased functionality of the KneoScience CSP developed in close cooperation with the NYCDOE. Part of the development cost was related to the inclusion of the mandated 9 language translations to cater for the wide range of New York City student nationalities and the now requested mandated high school science investigations. The initial Science Investigations included grades 3-8 in Elementary and Middle Schools. At the request of the DOE, KNM has now added the Biology and Earth Sciences Investigations for High School students to its CSP and envisages deployment to students in September 2025 with Chemistry and Physics to follow. This is a most significant development and reinforces the unique value the DOE attributes to the KneoScience platform. The inclusion of 530 High Schools increases the potential student deployment by 300,000 and potential for additional substantial revenue. While the Company has invested in this additional content, it will secure contractual arrangements before meeting deployment requests.

Since announcing the Company's original development investment in KneoScience, in October 2024, educators have now had the opportunity use the platform extensively, particularly during the last six months of the 2025 academic year which is now ended.

As a result of the school year FY 24-25 deployment the Company now has substantial static evidence of the educational benefits and outcomes for schools using KneoScience.

Educators consistently report that KneoScience increases student engagement while significantly reducing preparation and grading time.

As KneoScience is a secure Content Services Platform not available for public viewing, some key features are outlined for better shareholder understanding of its unique benefits:

Developed in partnership with the New York City Department of Education (NYCDOE), KneoScience digitises the NYSED-mandated Science Investigations for Grades 3–8 and now inclusive of Grades 9-12. Built collaboratively with divisions across NYCDOE and NYSED KneoScience replaces outdated paper processes with a modern, efficient, and inclusive digital platform.

Key Benefits

- Cuts teacher workload by up to **50%**
- Delivers **real-time data** on student participation and performance
- Promotes 21st-century skills and **enthusiastic student participation**
- Enables full participation for **dyslexic and cognitively diverse learners** through audio-visual content and flexible submission methods (voice recordings, drawings)
- Multi-lingual ultimately in 9 languages

Instructional Alignment

KneoScience directly supports NYCDOE's instructional priorities, including:

- **Inquiry-based learning** and collaborative investigation
- **Structured protocols** aligned with NYSED performance expectations
- **Technology integration** that enhances learning experiences
- **Inclusive design** for neurodiverse learners

- **Digital grading system** with rubric-based feedback
- **Secure student data wallets** to track progress across schools

Review of operations (continued)

Performance Framework

The platform integrates NYSED's eight Science Investigation Rubrics to help teachers assess student understanding and tailor instruction accordingly. All student work is digitally stored and accessible for tracking, grading, and transfers.

High School & Future Expansion

KneoScience is now expanding into Regents-level investigations for high school sciences:

- **Biology, Chemistry, Earth Science, and Physics** content is in final development.
- These modules will include multilingual access and align with NYSED standards.

KneoScience Summary

KneoScience is now a proven, scalable platform developed with NYC educators for NYC students. It enables rigorous, inclusive science learning at scale while cutting administrative time and improving student outcomes. With early success across multiple districts and Regents-level tools ready, KneoScience helps NYCDOE meet and exceed its science proficiency targets, evidenced by recent school results.

The Company has also continued the execution and fulfilment of the existing revenue contract milestones and related cash inflows associated to the 'Connect ALL Kids' program with the New York City Council

Over a number of years, KneoMedia has invested significantly in the development of the educational platforms, enhancing the underlying technology to the highest capability in terms of student engagement, education and assessment. A defining characteristic of the Company's new KneoScience platform is its successful uptake in its first year of deployment. The platform's adaptability to varying education jurisdictions and standards underpins deployments into other US education markets and alternate geographies globally anecdotally supported by an initial order of A\$700,000 prior to the actual start of the school year on September 4th 2025.

International markets

As previously heralded, first and foremost, the Company continues to focus on advanced sales opportunities within the United States. To enable this focus, other markets were placed in a no-cost holding status during and post COVID, however, they are preserved for future sales opportunities including our JV partnership in the Philippines.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Revenue			
Sales revenue from providing online education	1	1,555,056	1,779,469
Other income	1	1,274	601
Total revenue		1,556,330	1,780,070
Expenses			
Employee benefits expenses and Directors' fees		(592,352)	(975,124)
Depreciation and amortisation expenses		(908,812)	(1,052,218)
Marketing expenses		(461,734)	(741,932)
Corporate and administrative expenses	2	(701,134)	(847,013)
Finance costs	3	(246,779)	(396,254)
Gain on fair value movement of embedded derivative in convertible notes	11	-	48,982
Total expenses		(2,910,811)	(3,963,559)
Loss before income tax		(1,354,481)	(2,183,489)
Income tax expense		-	-
Loss after income tax		(1,354,481)	(2,183,489)
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange difference on translation of foreign operations (net of tax)		(253,406)	(36,977)
Total comprehensive loss for the year		(1,607,887)	(2,220,466)
Loss attributable to:			
Members of the parent entity		(1,114,134)	(1,847,115)
Non-controlling interests		(240,347)	(336,374)
		(1,354,481)	(2,183,489)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,298,938)	(1,876,546)
Non-controlling interests		(308,949)	(343,920)
		(1,607,887)	(2,220,466)
Loss per share (cents per share)			
Basic and diluted loss per share		0.04	0.11

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

For personal use only

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025

	Note	2025 \$	2024 \$
Current Assets			
Cash and cash equivalents		42,896	33,181
Trade and other receivables	5	33,464	122,640
Prepayments and other assets		67,979	31,809
Total Current Assets		144,339	187,630
Non-current Assets			
Property, plant and equipment		3,797	2,374
Intangible assets	6	1,786,318	1,334,491
Other non-current assets		3,381	3,381
Total Non-current Assets		1,793,496	1,340,246
Total Assets		1,937,835	1,527,876
Current Liabilities			
Trade and other payables	7	1,663,156	1,525,124
Interest bearing loans and borrowings	8	1,127,227	941,270
Deferred revenue	9	62,100	144,831
Issued capital application monies	10	-	671,389
Employee benefits		141,375	126,062
Convertible notes	11	517,500	483,750
Total Current Liabilities		3,511,358	3,892,426
Non-current Liabilities			
Interest bearing loans and borrowings	8	435,420	437,326
Deferred revenue	9	-	19,555
Employee benefits		81,962	50,770
Total Non-current Liabilities		517,382	507,651
Total Liabilities		4,028,740	4,400,077
Net Assets / (Deficiency of Net Assets)		(2,090,905)	(2,872,201)
Equity			
Issued capital	12	31,833,049	29,443,865
Reserves		304,455	489,260
Accumulated losses		(29,637,402)	(28,523,268)
Parent Entity Interest		2,500,102	1,409,857
Non-controlling interest		(4,591,007)	(4,282,058)
Total Equity / (Net Deficiency of Equity)		(2,090,905)	(2,872,201)

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

For personal use only

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options & Performance Rights Reserve
	\$	\$	\$	\$
Balance at 1 July 2023	28,835,022	(26,868,540)	(380,276)	1,091,700
Net loss for the year	-	(1,847,115)	-	-
Other comprehensive loss	-	-	(29,432)	-
Total comprehensive loss	-	(1,847,115)	(29,432)	-
Shares issued	503,610	-	-	-
Conversion of director fees to shares	135,356	-	-	-
Expiry of share based options	-	192,387	-	(192,387)
Transaction costs on shares issued	(30,125)	-	-	-
Balance at 30 June 2024	29,443,865	(28,523,268)	(409,708)	898,913

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2025

	Issued Capital	Accumulated losses	Foreign Currency Translation Reserve	Options & Performance Rights Reserve
	\$	\$	\$	\$
Balance at 1 July 2024	29,443,865	(28,523,268)	(409,708)	898,700
Net loss for the year	-	(1,114,134)		
Other comprehensive loss	-	-	(184,804)	
Total comprehensive loss	-	(1,114,134)	(184,804)	
Shares issued	2,537,094	-	-	
Transaction costs on shares issued	(147,910)	-	-	
Balance at 30 June 2025	31,833,049	(29,637,402)	(594,513)	898,700

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		1,445,474	2,181,584
Payments to suppliers and employees		(1,641,372)	(1,899,291)
Net cash (used in)/provided by operating activities	13	(195,898)	282,293
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,724)	(3,134)
Payments for capitalised product development costs		(1,238,149)	(1,452,279)
Net cash used in investing activities		(1,240,873)	(1,455,413)
Cash flows from financing activities			
Proceeds from issue of shares		1,540,705	1,025,000
Proceeds from interest bearing loans		105,795	283,344
Repayment of interest bearing loans		(30,000)	(102,973)
Capital raising costs		(145,761)	(30,125)
Interest received		1,274	601
Finance costs		(17,307)	(70,530)
Net cash provided by financing activities		1,454,706	1,105,317
Net increase /(decrease) in cash and cash equivalents		17,935	(67,803)
Cash and cash equivalents at the beginning of the financial year		33,181	54,470
Effects of exchange rate changes on cash and cash equivalents		(8,220)	46,515
Cash and cash equivalents at the end of the financial year		42,896	33,181

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

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 1: REVENUE & OTHER INCOME

	2025 \$	2024 \$
Sales revenue from providing online education	1,555,056	1,779,469
Interest income	1,274	601
	<u>1,556,330</u>	<u>1,780,070</u>

NOTE 2: CORPORATE & ADMINISTRATION EXPENSES

	2025 \$	2024 \$
Corporate costs	348,985	438,488
Consulting fees	40,908	213,980
Occupancy costs	76,883	64,156
Administration costs	89,276	149,460
Other expenses	145,082	(18,497)
	<u>701,134</u>	<u>847,014</u>

NOTE 3: FINANCE COSTS

	2025 \$	2024 \$
Loan bridging facility interest	178,911	319,509
Related party loan interest	40,095	44,067
Bank charges and interest	27,773	32,677
	<u>246,779</u>	<u>396,254</u>

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 4: LOSS PER SHARE

Basic loss per share is calculated by dividing net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

	2025	2024
	\$	\$
Basic and diluted loss to profit or loss	0.04	0.11
Reconciliation of earnings to profit or loss		
Loss for the year	1,354,481	2,183,489
Loss attributable to non-controlling interest	(240,347)	(336,374)
Earnings used to calculate basic and dilutive EPS	1,114,134	1,847,115
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	2,640,140,973	1,636,898,561

Options and performance rights have not been included in the calculation of diluted EPS because they are anti-dilutive.

NOTE 5: TRADE AND OTHER RECEIVABLES

	2025	2024
	\$	\$
Trade receivables		
Other receivables	33,464	50,496
GST recoverable	-	73,144
	33,464	123,640

NOTE 6: INTANGIBLE ASSETS

	2025	2024
	\$	\$
Gross carrying amount		
Balance as at 1 July	6,211,687	4,759,408
Additions	1,359,339	1,452,279
Balance at 30 June	7,571,026	6,211,687
Accumulated amortisation and impairment		
Balance as at 1 July	(4,877,196)	(3,826,194)
Amortisation expense	(907,510)	(1,051,002)
Balance at 30 June	(5,784,708)	(4,877,196)
Net book value at 30 June	1,786,318	1,334,491

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 6: INTANGIBLE ASSETS (CONTINUED)

The intangible assets recognised by the Group is product development costs. This accounting policy required the specific judgements and estimates made by the Directors in arriving at the net book value of these assets.

The product development costs capitalised include contracted costs attributable to preparing the products for their intended use. The product development assets are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives of 2 years. The Group commenced the amortisation of intangible assets when the Group started to generate income in March 2016.

NOTE 7: TRADE AND OTHER PAYABLES

	2025 \$	2024 \$
Current (unsecured)		
Trade payables	1,177,894	1,008,634
Other creditors and accruals	485,262	349,900
Amounts payable to related parties	-	166,590
	1,663,156	1,525,124

Payables for superannuation and PAYG withholding are classified as trade payables.

NOTE 8: INTEREST BEARING LOANS AND BORROWINGS

	2025 \$	2024 \$
Current		
Loan bridging facility at amortised cost, net of borrowing costs *	1,127,227	941,270
	1,127,227	941,270
Non-current		
Related party loans, at amortised cost	435,420	437,326
	435,420	437,326

* Loan Bridging Facility

On 12 September 2022, the group executed a loan bridging financing facility to the amount of \$1,000,000 with a repayment of the loan due by November 2023, subsequently renegotiated and had a previous maturity of 31 March 2025. The loan bears interest at 15%, with an initial repayment amount due and payable of \$1,150,000 at term. The loan amount was fully drawn as at 30 September 2022 with the proceeds from the loan having been used to meet short-term expenditure needs. As at 30 June 2025 the contractual cash repayable is \$850,000.

The loan is carried at its amortised cost as at 30 June 2025 and ranks senior and is not secured over assets of the group.

In exercising the loan arrangement, the Group issued to the lender 40,000,000 options exercisable for 48 months with an exercise price of \$0.04.

At inception of the loan, the arrangement was considered as a compound financial instrument following consideration of the terms of the arrangement including the options issued to the lender and other transaction costs incurred. Accordingly, the group measured an initial equity component of \$539,075, and an initial financial liability of \$415,925, with the contractual cash repayment of \$1,150,000 due in November 2023, subsequently re-valued to a date of 31 March 2025. Other transaction costs of \$45,000 have been allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds received. An amount of \$300,000 from a February 2023 share placement was used to pay down the loan facility.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 8: INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

* Loan Bridging Facility (continued)

As a repayment has been made the amortised cost of the liability has been adjusted to reflect actual cash flows. The gross carrying amount of the of the financial liability has been recalculated as the present value of the estimated future contractual cash flows discounted at the original effective interest rate.

Loan interest expense of \$178,911 was recognised in the year and is a non-cash expense as noted in Note 2.

On 24 February 2025 the loan bridging facility was renegotiated to extend the term to 28 February 2026, all other terms remained the same except for monthly accrued interest to be paid commencing from April 2025 until maturity or termination.

Related Party Loans

On 17 May 2023, the group executed a loan arrangement for up to \$255,000 with a related party of the group. The loan was renegotiated to a sum of \$415,000 during the year end 30 June 2024 with a maturity date of no earlier than 1 November 2025. The loan was further extended during the year to a maturity date of no earlier than 28 November 2026. The loan is unsecured and the proceeds have been used to meet short-term expenditure needs. Loan amounts up to the facility amount can be redrawn during the loan period. The loan is to be repaid following the Group's receipt of any advanced funding from the New York Department of Education or any capital raising proceeds subsequent to the loan date. The loan carries interest at 10.0% per annum, calculated on any outstanding balance payable.

There were no loan costs incurred in executing the loan. The loan payable was reduced by \$100,000 in December 2024 by way of a rights issue placement (a non cash transaction). The loan is carried at amortised cost with the financial liability of \$377,420 recognised as at 30 June 2025, including \$40,095 in accrued interest and is a non-cash expense as noted in Note 2.

NOTE 9: DEFERRED REVENUE

	2025 \$	2024 \$
Current deferred revenue	62,100	144,831
Non-current deferred revenue	-	19,555
Balance at 30 June	62,100	164,386
Reconciliation		
Balance as at July 1	164,386	422,839
Deferred revenue recognised	1,555,056	1,460,303
Revenue recognised	(1,657,342)	(1,718,756)
Balance at 30 June	62,100	164,386

Deferred revenue represents revenue paid at the commencement of the contract for access to the online education platform. Revenue is then recognised on a straight-line basis over the contract term.

NOTE 10: ISSUED CAPITAL APPLICATION MONIES

	2025 \$	2024 \$
Issued capital application monies	-	671,389
	-	671,389

Application monies for shares received during June 2024 were applied to shares issued and approved in August 2024.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 11: CONVERTIBLE NOTES

As at 30 June 2025, 18 convertible notes remain outstanding with a face value of \$450,000 of the 52 convertible notes issued in November 2021. The convertible notes have a mechanism for the note holder to convert the loan into a varying number of shares in the Company at a 20% discount to the preceding 15-day VWAP, but not greater than \$0.015 per share.

The maturity dates of the notes have been re-negotiated and as at 31 December 2024 have a maturity date of 31 March 2025 under amended terms of; accrued interest of 15% p.a. payable in shares or cash on principal balance on redemption or conversion commencing from the last maturity date being 31 December 2024, no conversion before 31 March 2025, if not converted, new maturity date at Lind request until December 2025 and extension consideration of 100 million 2 year options exercisable at \$0.0025 per share which is the same exercise price as other recently issued options. The company will continue to work with Lind and the note holders to achieve a satisfactory outcome for these parties to achieve a satisfactory outcome for all, particularly with regard to the lifting of the current ASX trading suspension.

On 24 February 2025, the expiry of the 18 convertible notes with a face value of \$450,000 were extended to 28 February 2026, all other terms remained the same.

The table below demonstrates the movement in the convertible note liability in the current and prior year.

	2025 \$	2024 \$
Reconciliation		
Opening convertible notes at fair value:	483,750	511,437
Add: Change in FV of embedded derivative	-	(48,982)
Add: Interest payable on the convertible note	33,750	21,295
Balance at 30 June	517,500	483,750

The Directors of the Group appointed an external valuation expert to perform a fair value valuation on the convertible notes and the related embedded derivatives at inception, since inception and 31 December 2024. The table below demonstrates the value of the embedded derivative and host liability.

	2025 \$	2024 \$
Convertible note – host liability at amortised cost	392,676	305,222
Convertible note – fair value of embedded derivative	124,824	178,528
Balance at 30 June	517,500	483,750
Face value of notes	450,000	450,000

The convertible notes are unsecured, bear an interest payable of 15% and no related parties participated.

Upon initial recognition, this variable conversion feature met the accounting definition of an embedded derivative; this was measured at its fair value using a Monte-Carlo simulation valuation model, with subsequent changes in fair value of this derivative taken to the profit or loss. The remaining underlying host contract at initial recognition was accordingly measured at amortised cost and will amortise back to its face value over the expected term of the loan applying the effective interest method. The key judgements applied in the valuation of the embedded derivative, aside from those inputs arising directly from the conversion clause entitlement and the Company's spot price applied at each remeasurement date included the following:

- an expiry date being the date of the maturity of the convertible note at 31 March 2025;
- an expected volatility of 100%; and
- a risk-free rate of 3.84%.

The fair value of the embedded derivative is measured using significant observable inputs (level 2 hierarchy). As at 30 June 2025 there has been no change in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurement at the end of the reporting period and in comparison to prior period. There have been no transfers between levels of fair value hierarchy at the end of the period.

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

NOTE 12: ISSUED CAPITAL

	2025 \$	2024 \$
3,511,270,143 (2024: 1,769,011,804) fully paid ordinary shares	31,833,049	29,443,865

as follows:

	Jun-25 \$	Jun-25 No.	Jun-24 \$	Jun-24 No.
a. Ordinary Shares				
At the beginning of reporting period	29,443,865	1,769,011,804	28,835,023	1,504,785,318
Shares issued during the year:				
Conversion of director fees to shares	-	-	135,356	13,486,018
Shares issued (capital raising) directors allocation	190,000	126,666,667	150,000	15,000,000
Shares issued	2,347,093	1,610,731,672	353,611	235,740,468
Shares issued to corporate advisor	-	4,860,000	-	-
Transaction costs on shares and options issued	(147,909)	-	(30,125)	-
	31,833,049	3,511,270,143	29,443,865	1,769,011,804

NOTE 13: CASH FLOW INFORMATION

	2025 \$	2024 \$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(1,354,480)	(2,183,489)
Non-cash flows in profit or loss:		
Depreciation & amortisation	908,812	1,052,218
Foreign exchange	(13,256)	(55,992)
Shares issued in lieu of directors fees	-	135,356
Cost of borrowing in financing activities	218,783	389,438
Fair value of movement in conversion rights	-	(48,982)
Write off trade payables	-	1,464
Changes in assets and liabilities:		
(Increase)/decrease in trade and term receivables	39,199	624,176
(Increase)/decrease in other assets	13,807	-
Increase/(decrease) in deferred revenue	(102,285)	(32,447)
Increase/(decrease) in trade payables and accruals	47,020	618,568
Increase/(decrease) in current provisions	15,312	29,390
Increase/(decrease) in non-current provisions	31,190	11,048
Net cash flow outflow from operations	(195,898)	282,294

UNAUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

NOTE 14: DETAIL OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

Control gained over entities

There was no control gained over entities in the year 30 June 2025.

Loss of control of entities

There was no disposal of subsidiary entities in the year ended 30 June 2025.

NOTE 15: CONTINGENT ASSETS AND LIABILITIES

The Group had no material contingent assets and liabilities as at 30 June 2025 (2024: nil).

NOTE 16: STATUS OF THE ANNUAL FINANCIAL REPORT AUDIT

This Preliminary Financial Report is based on the Group's 2025 annual financial report, the accounts of which are in the process of being audited. The Directors believe it is likely that the independent audit report will be issued with an unmodified opinion albeit with emphasis of matter.

NOTE 17: SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial year.

On behalf of the board.



James Kellett
Executive Chairman

29 August 2025