

Name of entity: AdNeo Limited

ABN or equivalent company reference: ACN 123 129 162

Current reporting period: the year ended 30 June 2025

Previous corresponding period: the year ended 30 June 2024

Results for announcement to the market

				\$
Revenue for ordinary activities	Up	14%	to	4,857,445
Net loss after tax for the period attributable to members (from ordinary activities)	Up	300%	to	5,250,222
Net loss for the period attributable to members	Up	300%	to	5,250,222

Dividends

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

Explanation of results

The Group delivered operating revenue of \$4.86 million, representing a 14% increase on FY24 (\$4.29m). This uplift was driven primarily by the acquisition of Oliver Grace Pty Ltd (“Oliver Grace”) in August 2024, which expanded AdNeo’s service offering into professional and strategic marketing services. The inclusion of revenue from Oliver Grace offset the loss of operating revenue from the USS business (2024: \$359k) which was loss making and discontinued in FY24.

The results for H2 FY25 are a strong improvement on the results on for the half year ended 31 December 2025, improving operating revenue by 31.8%, net loss improvement by 45.1% and EBITDA by 96.8%. The following table summarises the turnaround achieved over the last 6 months.

	H1 Actual \$,000's	H2 Actual \$,000's	Full Year \$,000's	H2 v H1 variance %
Operating Revenue	2,096	2,762	4,858	31.8%
Other income	2	34	36	1,600.0%
Total Revenue	2,098	2,796	4,894	33.3%
Total Expenses	(5,487)	(4,657)	(10,144)	15.1%
Net Profit	(3,389)	(1,861)	(5,250)	45.1%
Adjustments				
Depreciation and Amortisation	1,188	1,215	2,403	-2.3%
Interest	335	486	821	-45.1%
EBITDA	(1,866)	(160)	(2,026)	91.4%

The Group recorded a net loss after tax of \$5.25 million (FY24: \$1.31m loss). The difference in performance

between the financial years can be attributed to:

- R&D grant income not being accrued in FY25 (FY24: \$817k). It is noted a claim is being pursued for the FY25 financial year and will be treated as income in FY26 when confirmed.
- An increase of \$685k in depreciation and amortisation charges from capitalised software development expenditure in earlier years.
- One off and discontinued other income from USS received in FY24 for \$750k
- One off reversal of expense benefits crystallised as part of the USS wind up in FY24 of \$845k. Overall, USS contributed a one-off profit of \$2.05m to the result of FY24.

Subsequent to the end of FY25, in August 2025, the position of AdNeo was substantially strengthened and derisked through the following changes:

- A \$5.65 million capital raise completed in August 2025, supported by new and existing shareholders;
- The acquisition of Learnt Global, bringing the Group to a combined revenue of \$11m+ per annum;
- Cost savings of \$2m+ and reduction in balance sheet liabilities through redundancies;
- Reduction in Debt of \$3m with Pure, by converting \$1.5m at \$0.07 per share and repaying \$1.5m in Aug'25 from the capital raise proceeds.

Following the improved performance and acquisition completed in August 2025, the AdNeo business is now in a very solid financial position, and its strategy is to pursue aggressive growth, while continuing to achieve cash flow positivity.

Net tangible asset per share

	30 June 2025	30 June 2024
Net tangible asset per share (cents)	(5.60)	(7.34)

Other information required by Listing Rule 4.2A

- Distribution Reinvestment Plan – N/A
- Changes in controlled entities – N/A
- Details of associates and joint venture entities – N/A
- Details of individual and total dividends or distributions and dividend or distribution payments – N/A

Audit

This report is based on the financial report which is in the process of being audited.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2025

	2025 \$	2024 \$
Revenue		
Operating revenue	4,857,445	4,258,185
Other income	35,143	1,567,059
Interest income	981	1,575
Total revenue	4,893,569	5,826,819
Expenses		
Employee benefits expense	(3,537,791)	(1,685,203)
Software development and other IT expense	(922,043)	(811,866)
Consulting and professional service expense	(1,650,377)	(935,368)
Advertising and marketing expense	(234,794)	(301,675)
Occupancy, utilities and office expense	(126,515)	(24,497)
Depreciation and amortisation expense	(2,403,360)	(1,718,304)
Travel expense	(9,881)	(88,906)
Asset impairment	(100,000)	(1,057,402)
Finance expenses	(820,605)	(492,768)
Other expense	(338,425)	(118,850)
Total expenses	(10,143,791)	(7,234,839)
Loss before income tax expense from continuing operations	(5,250,222)	(1,408,020)
Income tax benefit	-	95,497
Loss after income tax for the year	(5,250,222)	(1,312,523)
Other comprehensive income, net of tax		
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	47,598	(30,162)
Total comprehensive loss for the year	(5,202,624)	(1,342,685)
Loss per share		
Basic loss per share (cents)	(4.10)	(0.15)
Diluted loss per share (cents)	(4.10)	(0.15)

For personal use only

Consolidated Statement of Financial Position

As at 30 June 2025

	Note	2025 \$	2024 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	384,930	164,057
Trade and other receivables		376,093	1,204,851
TOTAL CURRENT ASSETS		761,023	1,368,908
NON-CURRENT ASSETS			
Property, plant and equipment		74,321	16,341
Right-of-use assets		26,226	-
Intangible assets		5,956,157	6,776,176
Other assets		150,000	-
TOTAL NON-CURRENT ASSETS		6,206,704	6,792,517
TOTAL ASSETS		6,967,727	8,161,425
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	3	2,640,366	1,879,852
Borrowings		3,757,297	3,586,175
Current tax liabilities		931,352	1,295,121
Lease liabilities		21,605	-
Employee benefits		194,055	134,328
Contract liabilities		975,591	1,064,017
Other liabilities		477,000	-
TOTAL CURRENT LIABILITIES		8,997,266	7,959,493
NON-CURRENT LIABILITIES			
Borrowings		86,484	-
Non-current tax liabilities		93,422	-
Lease liabilities		4,957	-
Employee benefits		30,401	24,937
TOTAL NON-CURRENT LIABILITIES		215,264	24,937
TOTAL LIABILITIES		9,212,530	7,984,430
NET ASSETS		(2,244,803)	176,995
EQUITY			
Issued capital		36,829,686	34,092,386
Reserves		1,734,749	3,330,520
Accumulated losses		(40,809,238)	(37,245,911)
TOTAL EQUITY		(2,244,803)	176,995

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2025

2025

Balance at 1 July 2024

Total comprehensive loss for the year
Prior year adjustments
Other movements

Transactions with Equity holders in their capacity as Equity holders

Shares issued
Options granted
Capital raising costs
Share-based payment expense
Options expired/forfeited

Balance at 30 June 2025

Share Capital	Options Reserve	Foreign Translation Currency Reserve	Accumulated Losses	Total
\$	\$	\$	\$	\$
34,092,386	3,392,624	(62,104)	(37,245,911)	176,995
-	-	-	(5,250,222)	(5,250,222)
-	-	-	(39,062)	(39,062)
-	-	47,598	-	47,598
34,092,386	3,392,624	(14,506)	(42,535,195)	(5,064,691)
2,983,500	-	-	-	2,983,500
-	101,400	-	(18,812)	82,588
(246,200)	-	-	-	(246,200)
-	53,636	-	(53,636)	-
-	(1,798,405)	-	1,798,405	-
36,829,686	1,749,255	(14,506)	(40,809,238)	(2,244,803)

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2025

2024

Balance at 1 July 2023

Total comprehensive loss for the year

Other movements

Transactions with Equity holders in their capacity as Equity holders

Shares issued

Share-based payment expense

Options expired/forfeited

Balance at 30 June 2024

Share Capital	Options Reserve	Foreign Translation Currency Reserve	Accumulated Losses	Total
\$	\$	\$	\$	\$
33,663,769	4,867,011	(31,942)	(37,604,445)	894,393
-	-	-	(1,312,523)	(1,312,523)
-	-	(30,162)	-	(30,162)
33,663,769	4,867,011	(62,104)	(38,916,968)	(448,292)
428,617	-	-	-	428,617
-	196,670	-	-	196,670
-	(1,671,057)	-	1,671,057	-
34,092,386	3,392,624	(62,104)	(37,245,911)	176,995

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2025

	Note	2025 \$	2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,276,323	4,859,357
Payments to suppliers and employees (inclusive of GST)		(6,345,209)	(4,811,670)
Government grants and R&D claims		799,606	1,024,270
Income taxes paid		-	(7,836)
Interest received		1,886	1,575
Interest and other costs of finance paid		(261,692)	(158,577)
Net cash inflow/(outflow) from operating activities		(529,086)	907,119
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,363)	(2,349)
Payments for software development		(547,014)	(1,951,643)
Acquisition of OG (net of cash acquired)		(295,952)	-
Net cash inflow/(outflow) from investing activities		(844,329)	(1,953,992)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares and other equity securities		1,745,000	-
Loan and Borrowings		(50,000)	-
Capital raising costs		(77,728)	-
Transaction costs relating to loans and borrowings		(22,984)	-
Net cash inflow/(outflow) from financing activities		1,594,288	-
Net increase/(decrease) in cash and cash equivalents held		220,873	(1,046,873)
Cash and cash equivalents at beginning of year		164,057	1,210,930
Cash and cash equivalents at end of financial year	2	384,930	164,057

1 Material accounting policies

(a) Revenue from contracts with customers

Revenue arises mainly from managed services, IT development and consulting and digital marketing.

To determine when to recognise revenue, the Group follows a 5-step process:

1. Identify the contract with a customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognise the revenue when/as performance obligation(s) are satisfied.

The Group enters into transactions involving a range of the Group's products and services, for example for the delivery of managed services, IT consulting, software development etc. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as contract liability 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.

(i) Revenue from rendering of services

Revenue from rendering of services include SaaS and managed services and digital marketing.

SaaS and managed services relate to access to, and use of, software including associated hosting and maintenance. This service is considered a single performance obligation as the customer simultaneously receives and consumes the benefit as the services are rendered. Managed services also include business process outsourcing, which relates to provision of various front and back of house services as detailed in the customer contract. Revenue is recognised over time based on the level of effort involved. Around 80% of the revenue is recognised in the first four months, reflecting the greater effort required to set up and start the program. The remaining revenue is recognised as the program continues, with less effort needed during the ongoing delivery phase.

Digital marketing services relates to promotion of employer jobs and other marketing campaigns advertised on AdNeo websites. Revenue is recognised on a monthly basis over the campaign or service period.

(ii) Revenue from fees

Revenue from fees include IT development and consulting.

IT development activities relate to services involving initial development and implementation of software, subsequent functionality enhancements and new integrations. Consulting is IT professional services offered as a complement to the broader range of services provided by the Group. Revenue for IT development and consulting is recognised at a point in time when services are rendered and invoiced on a time and materials basis or for larger IT projects, when the fulfillment of each performance obligation (milestone) as defined in the commercial contract is satisfied.

(b) Government grants

For financial reporting purposes, the R&D tax offset can be analogised as a government grant or an income tax item. General practice is that refundable R&D credits are accounted for as government grants.

The Directors have considered AASB 112 Income Taxes ("AASB 112") and AASB 120 Accounting for Government Grants and Disclosure of Government Assistance ("AASB 120"). Given the above the directors have determined to recognise the R&D amount in accordance with AASB 120.

Government grants are recognised as income where there is a reasonable certainty that the grant will be received and the Group will comply with all attached conditions.

(c) Income tax

Tax consolidated group

Under Australian taxation law, the Company added its newly acquired Australian wholly owned entity (member) into the tax consolidated group from 26 October 2020 and are treated as a single entity for income tax purposes. The Company is the head entity of the Group and, in addition to its own transactions, it recognises the current tax liabilities and the deferred tax assets arising from unused tax losses and tax credits for all members in the Group.

Entities within the tax consolidated group have entered into a tax sharing agreement and a tax funding agreement with the head entity. The tax sharing agreement specifies methods of allocating any tax liability in the event the head entity defaults on its Group payment obligations and the treatment where a member exits the tax consolidated Group.

Under the tax funding agreement, the head entity and each of the members have agreed to pay/receive a current tax payable to/receivable from the head entity based on the current tax liability or current tax asset recorded in the financial statements of the members. The Company will also compensate the members for any deferred tax assets relating to unused tax losses and tax credits.

There are no amounts receivable or payable by the Company or members under the tax funding agreement in the next financial year upon final settlement of the current tax payable for the tax consolidated group.

(d) Trade receivables

Impairment

For trade receivables, the Group applies the simplified approach permitted by AASB 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of trade and other receivables. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

(e) Plant and equipment

Each class of plant and equipment is carried at cost.

The depreciable amount of all fixed assets is recognised on a straight-line basis over the asset's estimated useful life to the Group commencing from the time the asset is held ready for use. The useful life for each class of depreciable assets is:

- Office furniture and equipment 3-20 years

(f) Intangible assets

(i) Licences and customer contracts

Separately acquired licences are shown at historical cost. Licences and customer contracts acquired in a

business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

(ii) Software

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use, over their useful life.

(iii) Amortisation methods and periods

Refer to Note 11(a) for details about amortisation methods used by the Group for intangible assets.

(g) Trade and other payables

The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Share-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan and an employee share scheme collectively known as employee equity incentive plan ("EEIP"). In addition to this, other share-based payments are undertaken for certain goods and services provided to the Group.

The fair value of Options granted under the EEIP is recognised as an employee benefits expense with a corresponding increase in equity (other share-based payments are recognised in the statement of profit or loss or directly in equity depending upon goods or services received).

The total amount to be expensed is determined by reference to the fair value of the Options granted, which included any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of Options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of Options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The EEIP is designed to provide long-term incentives for staff to deliver long-term shareholder returns. Under the EEIP, participants may be granted Shares, Options and/ or performance rights. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the EEIP or to receive any guaranteed benefits.

(i) Operating segment

The Group operates in one segment, being the provision and delivery of software services and technology platforms to its customers, and other related supporting and consulting services. The segment details are therefore fully reflected in the body of the financial report.

(j) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(i) Deferred tax assets

The Group has not recognised deferred tax assets relating to carried forward tax losses or timing differences. These amounts have not been recognised given the recognition requirements of AASB 112 Income Taxes and

the fact the Group has not previously generated taxable income.

(ii) Intangible assets

Licenses and customer contracts acquired in a business combination are recognised at fair value on acquisition date. In the process of determining this value, management has exercised judgment and estimation on the useful life of the assets.

(iii) Share based payments

The determination of the fair value of options granted requires the utilisation of numerous variables. The fair value at grant date was determined using the Black-Scholes option pricing model.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(iv) Impairment of goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

(v) Research and Development

Capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to the hypothesis of the project.

2 Cash and Cash Equivalents

	2025	2024
	\$	\$
Cash at bank	384,930	164,057
	384,930	164,057

3 Trade and other payables

	2025	2024
	\$	\$
CURRENT		
Trade payables	1,278,181	1,370,847
Accrued expense	533,509	210,165
Other payables	828,676	298,840
	2,640,366	1,879,852

4 Events occurring after the reporting date

On 18 August 2025, the Company completed an acquisition of the Learnt Global Group, as announced to the ASX on 12 May 2025 ("Learnt Acquisition"), with an effective date of 15 August 2025. The Company also completed the placement of \$5.65 million, as approved by shareholders at the EGM. All funds have been received by the Company,

and shares have been issued to the participants.

With this announcement, the Company has also significantly reduced its debt obligations with Pure Asset Management (PAM) by converting \$1.5 million of debt into equity at \$0.07 per share and by repaying \$1.5 million using funds from the Placement.

5 Foreign Entities

The consolidated group includes Art of Mentoring Inc, a company incorporated in United States of America. Art of Mentoring Inc. is a subsidiary of AdNeo Limited, its financial reporting would typically align with the consolidated accounting policies of the parent company. AdNeo Limited, being an Australian public company, follows Australian Accounting Standards (AASB).