



Scout Security Limited

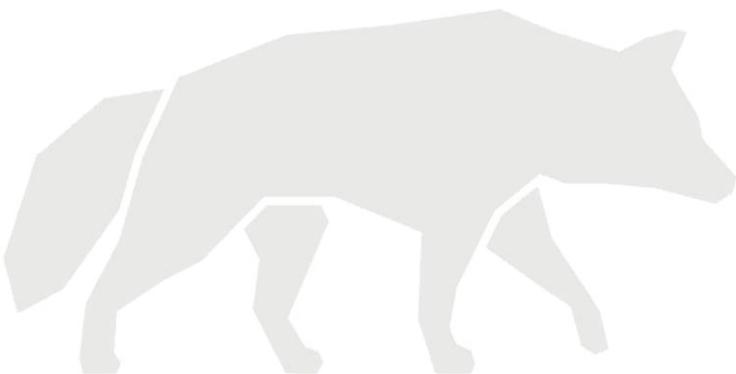
ABN 13 615 321 189

and its controlled entities

ANNUAL REPORT

30 June 2025

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Corporate directory

Current Directors

Mr Daniel Roberts	<i>Executive Director</i>	Tenure Appointed August 2017
Mr Martin Pretty	<i>Non-executive Chairman</i>	Appointed July 2020
Mr David Shapiro	<i>Non-executive Director</i>	Appointed August 2017
Mr Anthony Brown	<i>Non-executive Director</i>	Appointed August 2017
Mr Ryan McCall	<i>Executive Director</i>	Appointed February 2023

Company Secretary

Ms Kim Larkin Effective July 4, 2022

Registered Office - Australia

Street + Postal: Level 8

210 George St.

Sydney, NSW 2000

Telephone: +1-844-287-2688

Email: investors@scoutalarm.com

Website: www.scoutalarm.com

Registered Office – United States

210 North Racine Avenue

Unit 2N, Chicago, IL 60607

United States of America

Auditors

Hall Chadwick WA Audit Pty Ltd

283 Rokeby Road

SUBIACO WA 6008

Telephone: +61 (0)8 9426 0666

Solicitors

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth WA 6000

Share Registry

Automic Pty Ltd

Street + Postal: Deutsche Bank, Tower Level 5/126
Phillip St, Sydney NSW

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+61 (0)8 9389 8033 (International)

Email: admin@automicgroup.com.au

Website: www.automicgroup.com.au

Securities Exchange

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Perth WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 (0)2 9338 0000

Website: www.asx.com.au

ASX Code SCT

Bankers

Westpac Banking Corporation

130 Rokeby Road

Subiaco WA 6008

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Chairman's Message

Dear Fellow Shareholders,

Once again, on behalf of the Board of Directors, I would like to thank you for your patience and perseverance.

Fiscal year 2025 was, without question, a challenging and transformative period for Scout. As we release this Annual Report, we acknowledge that the Company's securities remain suspended from trading on the ASX. We understand and share the frustration this may cause our shareholders. However, during this time the Board and Management have been working extremely hard to reposition the business for future success. Operating efficiencies and discipline have helped drive things forward while Scout advanced the transformative acquisition of DIY security peer Roo Inc.; and also secured new white label customers.

The discipline and determination was evident in Scout's operating cash outflows for FY2025 being reduced by 53% year-on-year. This reflects a rigorous review of all expenditure and the willingness of key team members to defer remuneration until the company emerges from this challenging period.

In November 2025, Scout announced the signing of a binding agreement to acquire Roo Inc. in what we view as a "merger of equals". It was evident that for Scout to achieve sustainable profitability, the company required greater scale than the slow-burn organic growth trajectory had provided to-date.

The Roo transaction, approved by shareholders at an extraordinary general meeting on 19 December 2025, brought approximately 900,000 users and 29,000 paying subscribers, contributing approximately A\$1.3 million in annualised recurring revenue (ARR) to the group.

More importantly, the synergies between Scout's white-label platform and Roo's direct-to-consumer prowess and DIY hardware create a diversified, scalable global security-as-a-service business. Our objective post-integration is clear: to leverage these synergies to reach a positive EBITDA position and a breakeven-to-positive cash flow position.

To capitalise on the opportunity presented by the Roo acquisition and to prepare for reinstatement, we have worked doggedly, despite the handicap presented by the ongoing suspension from ASX trade, to strengthen the company's balance sheet.

Following the end of FY2025, the Company completed approximately \$1 million in new equity issuance prior to the publication of this Annual Report. Shareholders also approved the issuance of up to another \$2.5 million to facilitate our reinstatement to the ASX and provide working capital for the combined group.

In conjunction with the Roo acquisition and equity capital raising activity, Scout has also been restructuring debt arrangements with its existing lender and the major investor behind Roo, Second Century Ventures, who will emerge as a key investor in Scout.

The Company has now completed the required shareholder approvals to close the Roo acquisition and implement the associated capital initiatives. With the transaction finalised, the focus has shifted to integrating the businesses, stabilising operations, and progressing the Company's return to an actively listed status on the ASX.

The "New Scout" will be a larger, more diversified, and more efficient business. We are moving from a position of fragility to one of scale.

I want to thank our team for their resilience during a difficult year, and most importantly, again I thank you, our shareholders, for your patience. The Board is singularly focused on executing this merger, restoring liquidity to your shares, and driving the company toward profitability.

Sincerely,

Martin Pretty

Non-Executive Chairman

Scout Security Limited

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Directors' report

Your directors present their report on the consolidated entity, consisting of Scout Security Limited (**Scout or the Company**) and its controlled entities (collectively **the Group**), for the financial year ended 30 June 2025.

Scout is listed on the Australian Securities Exchange (ASX:SCT).

1. Directors

The names of Directors in office at any time during or since the end of the year are:

- | | |
|---------------------|---|
| ■ Mr Martin Pretty | Non-executive Chairman (appointed Non-executive Chairman on 23 August 2021) |
| ■ Mr Daniel Roberts | Executive Director |
| ■ Mr David Shapiro | Non-executive Director |
| ■ Mr Anthony Brown | Non-executive Director |
| ■ Mr Ryan McCall | Executive Director |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. For additional information of Directors including details of the qualifications of Directors please refer to paragraph 6 Information relating to the directors of this Directors Report.

2. Company secretary

The following person held the position of Company Secretary at the end of the financial year:

- | | |
|-----------------|--|
| ■ Ms Kim Larkin | |
| Qualifications | <input type="checkbox"/> Certificate III in Financial Services, Graduate Certificate in Commerce, Certificate of Banking |
| Experience | <input type="checkbox"/> Ms. Larkin is an experienced business professional with more than 20 years in banking and finance, and over 18 years as a Company Secretary to ASX-listed entities. Her experience includes debt and capital raising, risk management, mergers and acquisitions, compliance, and governance.

As Head of Corporate Secretarial Services BoardRoom Australia, Ms Larkin provides company secretarial services to a range of private and public companies, along with business development expertise. |

3. Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2025.

4. Significant Changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year ended 30 June 2025 other than disclosed elsewhere in this Annual Report.

5. Operating and financial review

5.1. Nature of Operations Principal Activities

Scout Security Limited (ASX: SCT) is a white label security-as-a-service platform and product suite powering recurring revenue for some of the largest security, internet service and telecommunications providers in the world. Scout's platform facilitates professional security monitoring, while its mobile app is a powerful command system for end users to monitor their home and manage their security remotely. Scout's simple and affordable DIY approach puts security within reach for millions of residential homes, small-to-medium businesses and multitenant buildings.

Scout was recognised as one of Forbes' "Best Home Security Companies of 2022" and was named the "Best Contract-Free Home Security System Provider of 2024" by CBS Essentials. Scout's design-centric offering gives users complete flexibility around connected home security, allowing the system to integrate with other best-in-class IoT devices and offering flexible monitoring options.

Scout is an official partner of Amazon Alexa and Google's Assistant. Scout is also an Amazon Alexa Fund portfolio company.

Directors' report

5.2 Material Business Risks

There are various internal and external risks that may have a material impact on the Company's future financial performance and economic sustainability. The Company makes every effort to identify material risks and to manage these effectively.

From a sustainability perspective, the Company's ability to provide resilient operations requires disciplined long-term risk management and a commitment to operating as a responsible corporate citizen.

The company's disciplined approach to long-term risk management is a critical component in the resilience of our day-to-day operations, as it reduces the impact and likelihood of negative outcomes. While we are unable to guarantee there will never be negative outcomes, the company is committed to continually improving its risk management practices and embedding a risk management culture as we strive to minimize their occurrence.

Long-term resilience also comes from the adoption of responsible business practices. While technology and society continue to evolve, doing the right thing remains a constant in business.

The expected results from those operations in future financial years have not been included because they depend on factors such as general economic conditions, the risks outlines below and the success of the Company's strategies, some of which are outside the control of the Group.

The material business risks affecting the Company are set out below. In addition to these risks, the Company may also face a range of other risks from time to time in conducting its business activities.

- Customer retention and revenue growth
- Loss of key personnel or skilled workers
- Competition and entry of new market participants
- Reliance on third party IT suppliers
- Regulatory risk
- Availability of cash for ongoing operating activities

5.3 Operations Review

BUSINESS DEVELOPMENT

The Company focused on delivering growth in FY25 through new and existing white label partners. By the end of FY25, Scout had also implemented cost saving initiatives expected to exceed \$1 million per year. Key business development announcements during the period included:

The Company focused on both expansion and growth in FY25 through new and existing white label partners. Key business development announcements during the period included:

July 2024:	EGM held with all resolutions carried, granting approval for a 100 to 1 consolidation
August 2024:	Close of partially underwritten non-renounceable entitlement offer, securing A\$625k
September 2024:	Named by CBC Essentials as one of the top 5 no-contract home security companies of 2024, rated as the market's best budget-friendly option
October 2024:	Signed letter of intent with Roo Inc. for merger of equals
December 2024:	Convertible notes converted to equity with full participation
January 2024:	Attended CES holding joint meetings with Fortune 10 technology partner
April 2025:	Secured loan note with existing shareholders to provide operational cash support for the business
June 2025:	Corporate cost saving activities culminated in a 48% reduction in cash outflows compared to the same quarter the prior year

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Directors' report

White Label Partnerships

During the fiscal year, the company remained focused on growing its existing white label partnerships as well as developing and sourcing new ones. Growth in Scout's monthly recurring revenue (MRR) through the white-label program reflects continued sell-through and activation of Scout-powered security systems. As MRR scales, hardware purchase orders become a less material contributor to the Company's cash flows.

In January 2026, Scout entered into a Master Services Agreement with Bolt Solutions Inc. to deliver water damage prevention solutions through Bolt's Prevention Technology Program. This partnership expands Scout's addressable market into property risk mitigation and complements the Company's broader security-as-a-service platform. The agreement provides access to Bolt's distribution channels and aligns with Scout's strategy of leveraging its technology platform across adjacent recurring revenue verticals.

Near the end of the fiscal year, the FCC approved a Windstream merger with Uniti. Uniti is a lit and dark fiber provider with over 140k miles of fiber line. This merger presents Windstream with the potential to sell Windstream Kinetic security solutions, powered by Scout, to an entirely new customer base in the coming years. Scout and Windstream are in discussions regarding offering more Scout products on the Windstream platform, and potentially transitioning Windstream to Wi-Fi Motion Sense and moving beyond the hub model in CY2026.

Scout announced a partnership with IMB in April 2024. IMB is Australia's biggest and fastest-growing home security group and owns the local business of ADT Security, a globally recognised brand. An initial order of A250k of Scout hardware was delivered in early FY25.

WiFi Sensing pioneer Origin Wireless and Scout continued to develop their partnership throughout FY25. During the year, the companies continued to develop their relationship with a goal of commercializing WiFi sensing to white label and direct-to-consumer customers. In April 2024, the companies signed a new SoW for Scout to help develop Origins own mobile application offering that utilizes WiFi sensing. The deliverables were completed FY25. Scout and Origin continue to work closely to bring the revolutionary technology to a broad market of home security customers.

Scout spent significant time and personnel resources in FY25 working with a Fortune 10 technology company to bring the next generation of smart home, security, and IoT devices to new white label partners. They are currently in discussion with several potential new partners to bring the joint solutions to market in CY26.

M&A

In October 2024, Scout and Roo Inc. signed a non-binding letter of intent for a merger of equals. The proposed merger unites two like companies to create one that intends to utilize synergies and scale to reach EBITDA positive and more than double existing SCT revenue. The Company worked relentlessly throughout FY25 to progress the merger, which proved more complex than initially expected leading to a delay in closing the acquisition. However, in Q1 FY26, the companies signed the merger and contribution agreements and announce a shareholder meeting for 19 December 2025 for a shareholder vote to finalize the merger.

Scout continues to evaluate opportunities to inorganically accelerate the growth of the Company through strategic potential acquisitions. Even as the market for DIY security has consolidated over the past 10 years, there remains a number of independent companies similar in scale to Scout and Roo. That along with those in the ageing in place, wellness, and general IoT industries could provide attractive opportunities for the Company to grow via acquisition and accelerate the path to profitability.

Industry Recognition

Named by CBC Essentials as one of the top 5 no-contract home security companies of 2024, rated as the market's best budget-friendly option.

5.4 Corporate

In December 2023, Scout agreed with investors holding AU\$1.475 million of Convertible Notes to extend the maturity date to 31 December 2024. Shareholder approval was obtained and the extension was completed on the terms previously announced.

In early H2 FY24, Scout raised an additional AU\$306k via its existing debt facility and appointed US-based middle market corporate advisor Westlake Securities to explore strategic opportunities.

Directors' report

In June 2024, Scout announced a comprehensive recapitalisation to support working capital and growth initiatives. This followed an intensive four months of cost reduction and business development, with the expansion of existing customer relationships (Windstream and Origin) and the addition of a new contracted customer (IMB), while Scout prepared for the commercial launch of its WiFi Sensing offerings with Lumen and other white-label partners.

This recapitalisation finalised in August 2024 and comprised:

- Tranche 1 – 29,604,957 Placement shares issued to professional and sophisticated investors at an issue price of \$0.004 per share under SCT's existing Listing Rule 7.1 placement capacity, raising \$118,420 (before costs).
- Tranche 2 – 64,250,000 Placement shares issued, including 56,750,000 Placement shares to a strategic Investor, Origin Wireless, Inc, at an issue price of \$0.004 per share to raise a further \$257,000 (before costs). The Tranche 2 Placement was subject to shareholder approval under listing rule 7.1 which was granted at an Extraordinary General Meeting (EGM) on 25 July 2024.
- Non-renounceable Rights Issue to raise up to \$1.57m (inclusive of the T1 and T2 Placements) at the Placement price, underwritten for \$458k with \$166k in additional shortfall commitments. The Company secured funding of \$625k (before costs) via the Rights Issue. As set out in the Prospectus announced to ASX on 18 June 2024, the shortfall offer of up to \$951k will remain open for up to three months from the closing date of the Rights Issue, being until 25 October 2024.
- All new shares were issued at \$0.004 a share with one free attaching option (exercisable at \$0.005 within 2 years of the issue of Tranche 1 Placement shares) for every share issued.
- Investors holding all of the Company's outstanding convertible notes (worth \$1.48 million) and US\$1.34 million (A\$2.07 million at an agreed exchange rate of US\$0.65:A\$1) of secured loan notes agreed to convert to equity on the same terms as the placement and rights issue.

The Company also completed the 100:1 share consolidation approved by shareholders, which became effective on 12 August 2024, establishing a more appropriate capital structure for the Company.

In accordance with Listing Rule 7.21 and 7.22.1, all Options, Performance Rights and Warrants currently on issue by the Company were consolidated in the same ratio as Shares, and the exercise price of the Options and Warrants will be amended in accordance with the ASX Listing Rules.

5.5 Outlook

Fiscal Year 2026 is poised to be one the most transformative in the history of the Scout. With the merger of Roo, Windstream growth, launch of WiFi sensing, and development of its other partnerships, the Company expects to achieve its long standing goal of being EBITDA positive while approaching cash flow positive.

The Company will continue to pursue new white label partnerships with its Fortune 10 partner to bring home security and IoT to millions of new customers. Scout is also investigating the ageing care and insurtech spaces to penetrate to markets and an expanded customer base.

With a strengthened balance sheet following the recapitalisation in early FY25, the merger with Roo has materially increased the Group's subscriber base, and together with continued growth in strategic partnerships, the Company is well positioned to capture operational synergies, expand recurring revenue and improve scale efficiencies. The Board looks forward to progressing the Roo integration and advancing partnership initiatives as it continues to deliver long term value to customers, partners and shareholders.

5.6 Financial Review

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the year of \$2,268,992 (2024: \$3,591,168 loss). The Group's revenue for the year ended 30 June 2025 was recorded at \$1,374,006 as compared with the previous year ended 30 June 2024 which recorded \$1,966,989. The net liability of the Group have decreased from 30 June 2024 by \$2,261,406 to \$(5,570,818) at 30 June 2025 (2024: \$(7,832,224) net liabilities).

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Directors' report

5.6 Financial Review (cont.)

As at 30 June 2025, the Group's cash and cash equivalents decreased from 30 June 2024 by \$87,647 to \$76,173 at 30 June 2025 (2024: \$163,820) and had a net working capital deficit of (\$4,261,729) (2024: \$(6,599,733 deficit), as noted in Note 22.1.3 Going Concern. Please refer to the Operations Review above for additional business segment performance.

5.7 Events Subsequent to Reporting Date

Subsequent to the reporting date:

- A total of 77,334 options and 112,876 performance rights lapsed and ceased.
- On 11 September 2025, the Company completed a placement of 1,500,000 fully paid ordinary shares at an issue price of \$0.40 per share, raising \$600,000 before costs.
- The Company borrowed \$300,000 from a private investor at a fixed interest cost of \$8,700. The loan and associated interest were repaid in full six weeks from the loan date.
- On 20 October 2025, the Company issued a further 550,000 fully paid ordinary shares at \$0.40 per share, raising \$220,000 before costs.
- In December 2025, the Company completed the acquisition of Roo Inc., which brought approximately 900,000 users and 29,000 paying subscribers into the combined group.
- In January 2026, the Company entered into a Master Services Agreement with Bolt Solutions Inc. to deliver water damage prevention solutions through Bolt's Prevention Technology Program.

There are no other significant after balance date events that are not covered in this Directors' Report or within the financial statements as disclosed in Note 13 Events subsequent to reporting date.

5.8 Future Developments, Prospects and Business Strategies

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of the Directors' Report.

Other likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations, not otherwise disclosed in this report, have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

5.9 Environmental Regulations

The Group's operations are not subject to any other significant environmental regulations in the jurisdictions it operates in, namely Australia and the United States

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Directors' report

6. Information relating to the directors

- | | |
|--|---|
| <p>- Mr Martin Pretty</p> <p>Qualifications</p> <p>Experience</p> | <ul style="list-style-type: none"> - Non-Executive Chairman; Independent - BA, CFA - Mr Pretty has over 20 years of experience in the investment and finance industry. He has been deeply involved throughout his career in supporting and investing in growing Australian-listed technology businesses. He was previously an investment manager with Thorney Investment Group and held management roles at ASX listed companies Hub24, Bell Financial Group and IWL Limited. |
| <p>Interest in Shares and</p> | <ul style="list-style-type: none"> - 552,377 Ordinary Shares - 486,796 Options - 3,683 Warrants |
| <p>Directorships held in other listed entities during the three years prior to the current</p> | <ul style="list-style-type: none"> - Centrepoint Alliance – Non-Executive Director - Spacetalk Ltd. – Non-Executive Director |
| <p>- Mr Daniel Roberts</p> <p>Qualifications</p> <p>Experience</p> | <ul style="list-style-type: none"> - Executive Director; Non-independent - B.Sc, Mdes - Mr Roberts received a Bachelor of Science in Business Administration from Ohio State University, with a double major in Marketing and Logistics. Mr Roberts also holds a Master of Design (MDes) from the Institute of Design at the Illinois Institute of Technology. His professional life spans work experience in each of these areas, having worked in sales, logistics, as a design consultant and a founder-in-residence. Prior to Scout, he worked as a Founder-in-Residence at Sandbox Industries, a start-up incubator in Chicago. During his time at Sandbox, Mr Roberts was charged with overseeing every aspect of starting and running companies on behalf of Sandbox and the incubation team. Prior to graduate school, Mr Roberts worked for MAYA design as a design consultant, working on design-related projects for Fortune 500 companies. He also spent two years as a Sales Account Executive with Total Quality Logistics, where he gained a depth of knowledge in supply chain operations. |
| <p>Interest in Shares and</p> | <ul style="list-style-type: none"> - 283,045 Ordinary Shares - 203,127 Options - 13,050 Warrants |
| <p>Special responsibilities</p> | <ul style="list-style-type: none"> - Chief Product Officer |
| <p>Directorships held in other listed entities during the three years prior to the current</p> | <ul style="list-style-type: none"> - None |
| <p>- Mr David Shapiro</p> <p>Qualifications</p> | <ul style="list-style-type: none"> - Non-executive Director; Non-independent - B.Sc. |

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Directors' report

- Mr David Shapiro (cont.)

Experience

- Mr. Shapiro received a Bachelor of Science and Arts in computer science from Miami University of Ohio. Prior to Scout, Mr Shapiro worked at Sandbox Industries in Chicago, Illinois as a lead developer. Similar to his role at Scout, he was responsible for overseeing and implementing the creation of technology stacks for the various projects he worked on during his time at Sandbox.
Prior to Sandbox, Mr Shapiro worked at JPMorgan Chase as a software engineer. His role primarily focused on application development for Private Client Services within the Asset and Wealth Management group at JPMorgan Private Bank.

Interest in Shares and Directorships held in other listed entities during the three years prior to the current

- 79,194 Ordinary Shares
- None

- Mr Anthony Brown

Qualifications

Experience

- Non-executive Director; Non-independent
- GAICD
- Mr Brown has been involved in the electronic security industry for over 28 years, with a career that spans all facets of the security industry, from the mechanical, physical, electronic, cyber and logical areas.
Mr Brown currently consults to major organisations in Australia and the Asia Pacific, with prior positions held being as the company owner of a systems integration business that was sold to Schneider Electric, general manager of several successful organisations and as the regional director for critical infrastructure for Smiths Detection.
During Mr Brown's leadership, his organisations have delivered large multi-faceted projects, won major awards for product sales and system installations within Australia and the Asia Pacific.
Mr Brown is a high-energy leader with entrepreneurial flare, excellent communication skills and a passionate commitment to professionalism at all levels of an organisation.

Interest in Shares and

- 238,395 Ordinary Shares
- 183,214 Options
- 1,500 Warrants

Directorships held in other listed entities during the three years prior to the current

- None

- Mr Ryan McCall

Qualifications

Experience

- Executive Director; Non-independent
- B.Sc, MBA
- Mr. McCall is an experienced business and people leader with 14 years of global cross-functional experience in consumer technology and growing teams, revenue, and profitability.
He previously led the global commercial team for software, SaaS, and Data-as-a-Service at Futuremark (a subsidiary of global safety certification company UL, LLC). Prior to UL, he managed the global business development team for Avery Dennison, bringing it into the consumer electronics space and rapidly developing a multi-million dollar pipeline.
Mr. McCall received his MBA from Santa Clara University, with a focus in leading organizations and entrepreneurship. He also holds a B.Sc, majoring in Materials Science Engineering from Michigan State University.

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Directors' report

- **Mr Ryan McCall (cont.)**
 - Interest in Shares and
 - 217,784 Ordinary Shares
 - 236,022 Options
 - 49,566 Performance Shares
 - 15,158 Warrants
 - Directorships held in other listed entities during the three years prior to the current
 - None

7. Meetings of directors and committees

During the financial year, there were ten meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year are stated in the following table.

Director & Committee meetings:	Number eligible to attend	Number attended
Martin Pretty	7	7
Daniel Roberts	7	7
David Shapiro	7	6
Anthony Brown	7	7
Ryan McCall	7	7

At the date of this report, the Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has paid premiums to insure each of the current and former Directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director or Officer of the Company, other than conduct involving a willful breach of duty in relation to the Company.

The Company has not given any further indemnity or entered into any other agreements to indemnify or pay or agree to pay insurance premiums. No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the Company

8.2. Insurance premiums

The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

9. Options

9.1. Unissued shares under option

At the date of this report, the unissued ordinary shares of the Company under option (listed and unlisted) are as follows:

Grant Date	Date of Expiry	Exercise Price \$	Number under Option	Vested & Exercisable
18 Nov 2022	31 Jul 2026	7.00	23,005	23,005
13 Aug 2024	13 Jun 2026	0.50	11,858,656	11,858,656
25 Aug 2024	13 Jun 2026	0.40	440,009	440,009
			12,321,670	12,321,670

No person entitled to exercise the option has or has any right by virtue of the option to participate in any share issue of any other body corporate.

9.2. Shares issued on exercise of options

No ordinary shares have been issued by the Company during the financial year as a result of the exercise of options (2024: nil).

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Directors' report

10. Non-audit services

During the year, Hall Chadwick WA Audit Pty Ltd (Hall Chadwick), the Company's auditor, provided non-audit services in the amount of \$ 7,398 (2024: \$8,323), in addition to their statutory audits. Details of remuneration paid to the auditor can be found within the financial statements at Note 17 Auditor's Remuneration on page 47.

In the event that non-audit services are provided by Hall Chadwick, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth). These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

11. Proceedings on behalf of company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

12. Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Scout Security Ltd support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. For a detailed analysis of the Company's Corporate Governance Policies, visit the corporate governance section of our website at www.scoutalarm.com.

13. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2025 has been received and can be found on page 18 of the annual report.

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Directors' report

14. Remuneration report (audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2025. The information in this remuneration report has been audited as required by s308(3C) of the Corporations Act 2001 (Cth).

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report.

14.1. Key management personnel (KMP)

This remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether Executive or otherwise) of the parent company, and includes those Executives in the Parent and the Group receiving the highest remuneration. KMP comprise the directors of the Company and key executive personnel:

■ Mr Daniel Roberts	Executive Director
■ Mr Martin Pretty	Non-executive Chairman
■ Mr David Shapiro	Non-executive Director
■ Mr Anthony Brown	Non-executive Director
■ Mr Ryan McCall	Executive Director
■	

14.2. Principles used to determine the nature and amount of remuneration

The objective of the Company's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns Executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that Executive reward satisfies the following key criteria for good reward governance practices:

- (i) competitiveness and reasonableness;
- (ii) acceptability to shareholders;
- (iii) performance linkage / alignment of Executive compensation;
- (iv) transparency; and
- (v) capital management.

The Company has structured an Executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

- (i) focuses on sustained growth in shareholder wealth;
- (ii) attracts and retains high calibre executives;
- (iii) rewards capability and experience; and
- (iv) provides a clear structure for earning rewards.

a. Remuneration Governance

Fees and payments to directors and key management personnel reflect the demands and responsibilities of the positions and are in line with the general market and the financial condition of the Company. There are no minimum or maximum amounts. There is no remuneration committee. Non-Executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. There currently is no approved remuneration limit as per the Company's constitution and will be adopted by ordinary resolution of the shareholders at the annual general meeting. The entire board is responsible for remuneration packages. The Directors believe this is satisfactory given the size and complexity of Company operations.

14. Remuneration report (audited)

b. Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages in 2025.

c. Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

Directors' report

14. Remuneration report (audited)

(1) Non-executive director remuneration

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Any newly appointed Non-Executive Directors will serve in accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. There are no termination or retirement benefits for non-Executive Directors (other than for superannuation for one Australian Non-Executive Director). Non-Executive Directors may be offered options as part of their remuneration, subject to shareholder approval.

The remuneration of non-executive directors for the period ended 30 June 2025 is detailed in section 14.3 of this remuneration report.

(2) Senior executive and executive director remuneration

Senior Executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their remuneration arrangements. Base salary/consulting fees are set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary/consulting fees are regularly compared with the external market and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

d. Non-Executive Director Remuneration

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

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. It is the policy of the Company to compensate Directors in share-based payments through the issue of Options and cash-based remuneration (subject to any necessary Shareholder and regulatory approvals).

(1) Service Contracts

The key terms of the Non-Executive Director letters of appointment are as follows:

- Term of agreement – ongoing subject to annual review.
- Directors' Fees – the issue of Options on initial appointment.
- There is no notice period stipulated to terminate the contract by either party.

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company over and above the specific duties of a Non-Executive Director.

e. Executive Remuneration:

Remuneration and other terms of employment for the Executive Director and CEO are formalised in service agreements. Other major provisions of these agreements are set out below:

(1) Executive Employment Agreement (EEA) – Ryan McCall

Scout has entered into EEAs with Ryan McCall, dated 3 January 2022, pursuant to which the Company has engaged:

- Ryan McCall as Chief Executive Officer (CEO)

(2) Executive Employment Agreement (EEA) – Daniel Roberts

Scout has entered into EEAs with Daniel Roberts, updated 3 January 2022, pursuant to which the Company has engaged:

Daniel Roberts as Chief Product Officer (CPO)

Directors' report

14. Remuneration report (audited)

The material terms and conditions of the EEAs are summarised below:

- (1) **Term:** The EEAs do not contain a fixed term and will continue in force until terminated in accordance with their provisions.
- (2) **Remuneration:** Mr Ryan McCall is contracted on an annual salary of US\$250,000, and Mr Daniel Roberts is contracted on an annual salary of US\$225,000. Both executives agreed to a 20 percent reduction in their base salary, effective 17 February 2024, for an unspecified period. This reduction remained in effect throughout the financial year ended 30 June 2025.
- (3) **Incentive Programs:** Ryan McCall and Daniel Roberts will be entitled to participate in employee incentive programs offered by the Company, at the Board's discretion.
- (4) **Termination:** Scout may at its sole discretion terminate the Employment in the following manner:
 - (i) by giving not less than one month's written notice if at any time:
 - (A) the Executive is or becomes incapacitated by illness or injury of any kind which prevents the Executive from performing duties under the EEA for a period of 2 consecutive months or any periods aggregating 2 months in any period of 12 months during the term of the Employment; or
 - (B) is or becomes of unsound mind or under the control of any committee or officer under any law relating to mental health for a period of 2 consecutive months
 - (ii) by giving 1 month's written notice if at any time the Executive:
 - (A) commits any serious or persistent breach of any of the provisions contained in the EEA and the breach is not remedied within 14 days of the receipt of written notice from Scout to the Executive to do so;
 - (B) in the reasonable opinion of the Board, is absent in, or demonstrates incompetence with regard to the performance of the Executive's duties under this Agreement, or is neglectful of any duties under this Agreement or otherwise does not perform all duties under the EEA in a satisfactory manner, provided that the Executive:
 - (I) has been counselled on at least three separate occasions of the specific matters complained of by the Board; and
 - (II) after each such occasion has been provided with a reasonable opportunity of at least a month to remedy the specific matters complained of by the Board;
 - (C) the Executive commits or becomes guilty of any gross misconduct; or
 - (D) refuses or neglects to comply with any lawful reasonable direction or order given to the Executive by Scout which the Executive, after receipt of prior notice, has failed to rectify to the reasonable satisfaction of Scout within 21 business days of receipt of that notice;
 - (iii) summarily without notice if at any time the Executive is convicted of any major criminal offence which brings Scout or any of its affiliates into lasting disrepute, by giving notice effective immediately and without payment of any salary other than salary accrued to the date of termination or breaches the insider trading provisions of the EEA; or
 - (iv) without reason by giving 3 months' written notice to the Executive and, at the end of that notice period, making a payment to the Executive equal to the Salary payable over a 3-month period.

The EEA contain other standard terms and conditions expected to be included in contracts of this nature.

f. Voting and comments made at the Company's Annual General Meeting (**AGM**)

At the Annual General Meeting held on 14 November 2024, the company received 783,615 (91.51%) Yes votes and 7,233 (8.49%) Against and 107 Abstain on its remuneration report for the 2024 financial year. The Group did not employ a remuneration consultant during the year.

14.3. Directors and KMP remuneration

Details of the remuneration of the Directors and KMP of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following table.

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Directors' report

14. Remuneration report (audited)

2025 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other				Equity / Perf. Rights	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Martin Pretty	50,000	-	-	-	-	-	-	-	-	50,000
Daniel Roberts ⁽¹⁾	97,642	-	-	-	-	-	-	-	-	97,642
Ryan McCall ⁽¹⁾	308,506	-	-	-	-	-	-	(6,457)	-	302,049
David Shapiro ⁽¹⁾	59,467	-	-	-	-	-	-	-	-	59,467
Anthony Brown	50,000	-	-	-	-	-	-	-	-	50,000
	565,615	-	-	-	-	-	-	(6,457)	-	559,158

⁽¹⁾ Converted from USD to AUD using an average rate for the relevant period

2024 – Group										
Group KMP	Short-term benefits				Post-employment benefits	Long-term benefits	Termination benefits	Equity-settled share-based payments		Total
	Salary, fees and leave	Profit share and bonuses	Non-monetary	Other				Equity	Options	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Martin Pretty	50,000	-	-	-	-	-	-	-	-	50,000
Daniel Roberts ⁽¹⁾	316,797	-	-	-	-	-	-	-	-	316,797
Ryan McCall ⁽¹⁾	351,997	-	-	-	-	-	-	(5,115)	-	346,882
David Shapiro ⁽¹⁾	59,487	-	-	-	-	-	-	-	-	59,487
Anthony Brown	49,980	-	-	-	-	-	-	-	-	49,980
	828,261	-	-	-	-	-	-	(5,115)	-	823,146

⁽¹⁾ Converted from USD to AUD using an average rate for the relevant period

14.4. Share-based compensation

The Group believes that encouraging its directors and executives to become shareholders is the best way of aligning their interests with those of its shareholders. At present the Group does not have an employee share option plan.

Directors were issued Nil options as share-based compensation during the year (2024: Nil)

There were no equity instruments issued during the year to Directors as a result of options exercised that had previously been granted as compensation.

a. Securities received that are not performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

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Directors' report

14. Remuneration report (audited)

14.5. KMP equity holdings

a. Fully paid ordinary shares of Scout Security Limited held by each KMP

The number of ordinary shares of Scout Security Limited held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2025 is as follows:

	During the year						Balance at end of year No.
	Balance at start of the year No.	Received as remuneration No.	Issued as part of debt conversion No.	Other changes before consolidation No.	Balance after consolidation of shares No.	Other changes after consolidation No.	
Martin Pretty	7,197,497	-	23,224,145	24,815,827	552,377	-	552,377
Daniel Roberts	9,900,544	-	184,038	18,219,831	283,045	-	283,045
Ryan McCall	355,000	-	213,844	21,209,500	217,784	-	217,784
David Shapiro	7,919,291	-	-	-	79,194	-	79,194
Anthony Brown	5,737,699	-	14,102,891	3,998,898	238,395	-	238,395
	31,110,031	-	37,724,918	68,244,056	1,370,795	-	1,370,795

b. Options in Scout Security Limited held by each KMP

The number of options over ordinary shares in Scout Security Limited held, directly, indirectly or beneficially, by each KMP, including their personally-related entities for the year ended 30 June 2025 is as follows:

	During the year						Balance at end of year No.	Vested and exercisable No.
	Balance at start of the year No.	Granted on debt conversion and related fees No.	Expired or other changes before consolidation No.	Balance after consolidation of shares No.	Expired or other changes after consolidation No.	Balance at end of year No.		
Martin Pretty	5,716,751	48,578,701	-	(5,555,851)	487,396	(600)	486,796	486,796
Daniel Roberts	2,000,000	20,312,548	-	(2,000,000)	203,127	-	203,127	203,127
Ryan McCall	-	23,602,131	-	-	236,022	-	236,022	236,022
David Shapiro	2,000,000	-	-	(2,000,000)	-	-	-	-
Anthony Brown	2,682,543	18,321,263	-	(2,632,543)	183,713	(500)	183,213	183,213
	12,399,294	110,814,643	-	(12,188,394)	1,110,258	(1,100)	1,109,158	1,109,158

There is no options outstanding that has not vested.

c. Performance Rights of Scout Security Limited held by each KMP

	During the year						Balance at end of year No.	Vested and exercisable No.
	Balance at start of the year No.	Received as remuneration No.	Received on the exercise of options No.	Expired or other changes before consolidation No.	Balance after consolidation of shares No.	Expired or other changes after consolidation No.		
Martin Pretty	-	-	-	-	-	-	-	-
Daniel Roberts	11,000,000	-	-	-	110,000	(110,000)	-	-
Ryan McCall	4,956,532	-	-	-	49,566	-	49,566	49,566
David Shapiro	-	-	-	-	-	-	-	-
Anthony Brown	-	-	-	-	-	-	-	-
	15,956,532	-	-	-	159,566	(110,000)	49,566	49,566

Directors' report

14. Remuneration report (audited) (cont.)

14.5. Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

14.6. Loans from KMP

	Balance at start of the year	During the year				Balance at end of year
		Loans made	Repaid/ converted into equity	Interest accrued	Foreign exchange	
	\$	\$	\$	\$	\$	\$
Martin Pretty	37,000	-	(37,000)	3,044	(31)	3,013
Daniel Roberts	131,088	-	(65,645)	18,351	755	84,549
Ryan McCall	152,397	-	(85,731)	21,304	2,538	90,508
David Shapiro	-	-	-	-	-	-
Anthony Brown	15,097	-	(15,097)	1,131	(12)	1,119
	335,582	-	(203,473)	43,830	3,250	179,189

The loans from KMP are part of a larger facility detailed in note 5.7 and fall under the same terms as all debt holders in that facility.

14.7. Amounts payable to KMP's - Unpaid KMP Salaries and Directors Fees

	Balance at start of the year	During the year				Balance at end of year
		Amounts incurred	Repaid	Interest paid	Foreign exchange	
	\$	\$	\$	\$	\$	\$
Martin Pretty	105,417	47,211	-	-	-	152,628
Daniel Roberts	50,941	105,648	(31,083)	-	(6,380)	119,126
Ryan McCall	56,839	332,100	(33,869)	-	(9,331)	345,739
David Shapiro	104,103	38,002	(540)	-	(288)	141,277
Anthony Brown	113,421	50,397	-	-	-	163,818
	430,721	573,358	(65,492)	-	(15,999)	922,588

14.8 Other transactions with KMP and or their Related Parties

- During the year, the Group issued 866,315 free-attaching options (post consolidation) pursuant to convertible note and debt conversion and 91,832 loan note fee options (post consolidation) to directors and Key Management Personnel, with a finance cost of \$17,346 recognised. Refer to note 7.3 and 19.3 for more details.
- During the year, the Group issued 42,985 shares (post consolidation) to directors and Key Management Personnel for the modification of the loan note facility, resulting in a finance cost of \$17,194. Refer to note 7.1 for more details.
- During the year, the Group issued 494,440 shares (post consolidation) to directors and Key Management Personnel for the conversion of loan notes. Refer to note 7.1 for more details.
- During the year, the Group issued 371,875 shares (post consolidation) to directors and Key Management Personnel as a result of the conversion of convertible notes.

There were no additional related party transactions during the period beyond those disclosed in this Directors' Report.

END OF REMUNERATION REPORT

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001 (Cth).



MARTIN PRETTY

Non- Executive Chairman

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To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Scout Security Limited for the year ended 30 June 2025, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully



HALL CHADWICK WA AUDIT PTY LTD



**D M BELL FCA
Director**

Dated this 25th day of February 2026
Perth, Western Australia

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Consolidated statement of profit or loss and other comprehensive income
for the year ended 30 June 2025

	Note	2025 \$	2024 \$
<i>Continuing operations</i>			
Revenue	1.1	1,374,006	1,966,989
Cost of sales		(421,147)	(851,273)
Gross profit		952,859	1,115,716
Other income	1.2	5,747	27,688
Movement in fair value of embedded derivative	5.8.1	-	384,375
Consultancy and professional fees		(301,026)	(558,350)
Depreciation and amortisation		-	-
Employment costs	2.1	(1,151,949)	(2,524,350)
Finance costs		(742,977)	(1,016,139)
Information technology costs		(96,167)	(98,623)
Occupancy costs		(12,271)	(158,500)
Share-based payments expense	19	(6,457)	(32,913)
Sales and marketing		(355)	(12,287)
Shipping and postage		(125,032)	(150,047)
Travel and accommodation		(1,780)	(17,530)
Other expenses		(789,584)	(550,208)
Loss before tax		(2,268,992)	(3,591,168)
Income tax expense	4.1	-	-
Net loss for the year		(2,268,992)	(3,591,168)
<i>Other comprehensive income, net of income tax</i>			
- Items that may be reclassified subsequently to profit or loss:			
- Foreign currency movement:		(192,355)	22,490
Other comprehensive income for the period, net of tax		(192,355)	22,490
Total comprehensive income attributable to members of the parent entity		(2,461,347)	(3,568,678)
<i>Earnings per share:</i>			
Basic loss per share (cents per share)	18.4	(17.72)	(153.97)
Diluted loss per share (cents per share)	18.4	N/A	N/A

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

Consolidated statement of financial position

as at 30 June 2025

	Note	2025 \$	2024 \$
<i>Current assets</i>			
Cash and cash equivalents	5.1	76,173	163,820
Trade and other receivables	5.2	45,044	197,905
Inventories	6.1	35,076	94,383
Other current assets	5.3	93,147	76,794
Total current assets		249,440	532,902
Total assets		249,440	532,902
<i>Current liabilities</i>			
Trade and other payables	5.5.1	3,753,307	3,253,827
Borrowings	5.5.2	663,853	3,512,165
Unearned revenues	5.6	94,009	366,643
Total current liabilities		4,511,169	7,132,635
<i>Non-current liabilities</i>			
Borrowings	5.7	1,309,089	1,232,491
Total non-current liabilities		1,309,089	1,232,491
Total liabilities		5,820,258	8,365,126
Net liabilities		(5,570,818)	(7,832,224)
<i>Equity</i>			
Issued capital	7.1	22,919,362	18,380,171
Reserves	7.4	6,033,768	6,042,561
Accumulated losses		(34,523,948)	(32,254,956)
Total equity		(5,570,818)	(7,832,224)

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2025

	Note	Contributed Equity \$	Foreign Currency Translation Reserve \$	Share-based Payments Reserve \$	Accumulated Losses \$	Total Equity \$
<i>Balance at 1 July 2023</i>		18,223,976	243,772	5,703,922	(28,663,788)	(4,492,118)
Loss for the year attributable owners of the parent		-	-	-	(3,591,168)	(3,591,168)
Other comprehensive income for the year attributable owners of the parent		-	22,490	-	-	22,490
Total comprehensive income for the year attributable owners of the parent		-	22,490	-	(3,591,168)	(3,568,678)
<i>Transaction with owners, directly in equity</i>						
Shares issued during the year (net of costs)	7.1	140,920	-	-	-	140,920
Options granted during the year	7.3	-	-	-	-	-
Warrants Issued during the year	7.3	-	-	54,740	-	54,740
Performance shares	7.2	15,275	-	17,637	-	32,912
<i>Balance at 30 June 2024</i>		18,380,171	266,262	5,776,299	(32,254,956)	(7,832,224)
<i>Balance at 1 July 2024</i>						
Loss for the year attributable owners of the parent		-	-	-	(2,268,992)	(2,268,992)
Other comprehensive income for the year attributable owners of the parent		-	(192,355)	-	-	(192,355)
Total comprehensive income for the year attributable owners of the parent		-	(192,355)	-	(2,268,992)	(2,461,347)
<i>Transaction with owners, directly in equity</i>						
Shares issued during the year (net of costs)	7.1	4,539,191	-	-	-	4,539,191
Options granted during the year	7.3	-	-	177,105	-	177,105
Warrants Issued during the year	7.3	-	-	-	-	-
Performance shares	7.2	-	-	6,457	-	6,457
<i>Balance at 30 June 2025</i>		22,919,362	73,907	5,959,861	(34,523,948)	(5,570,818)

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

Consolidated statement of cash flows

for the year ended 30 June 2025

	Note	2025 \$	2024 \$
<i>Cash flows from operating activities</i>			
Receipts from customers		1,259,980	1,989,108
Payments to suppliers and employees		(1,969,549)	(3,523,867)
Finance costs		(129,331)	(253,080)
Net cash used in operating activities	5.1.2.1	(838,900)	(1,787,839)
<i>Cash flows from investing activities</i>			
Net cash used in investing activities		-	-
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares	7.1	822,076	118,420
Proceeds of borrowings		248,859	974,592
Repayment of borrowings		(320,570)	(421,044)
Share application		-	232,000
Net cash provided by financing activities		750,365	903,968
Net increase / (decrease) in cash and cash equivalents held		(88,535)	(883,871)
Cash and cash equivalents at the beginning of the year		163,820	1,052,421
Change in foreign currency held		888	(4,730)
Cash and cash equivalents at the end of the year	5.1	76,173	163,820

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

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Notes to the consolidated financial statements

for the year ended 30 June 2025

In preparing the 2025 financial statements, Scout Security Limited has grouped notes into sections under five key categories:

- Section A: How the numbers are calculated23
- Section B: Risk39
- Section C: Group structure43
- Section D: Unrecognised items45
- Section E: Other Information.....47

Significant accounting policies specific to each note are included within that note. Accounting policies that are determined to be non-significant are not included in the financial statements.

The presentation of the notes to the financial statements is supported by the IASB's Disclosure Initiative. As part of this project, the AASB made amendments to AASB 101 Presentation of Financial Statements which have provided preparers with more flexibility in presenting the information in their financial reports.

The financial report is presented in Australian dollars, except where otherwise stated.



SECTION A. HOW THE NUMBERS ARE CALCULATED

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- (a) accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction.*
- (b) analysis and sub-totals.*
- (c) information about estimates and judgements made in relation to particular items.*

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Note 1. Revenue and other income	2025	2024
	\$	\$
1.1. Revenue		
Product sales	288,553	381,275
Subscription revenues	1,077,259	1,135,027
Development fees	8,194	450,687
	1,374,006	1,966,989
1.2 Other Income		
Other	5,747	27,688
	27,688	27,688

1.3 Accounting policy

1.3.1 Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step process outlined in AASB 15 which is as follows:

Step 1: Identify the contract with a customer;

Step 2: Identify the performance obligations in the contract and determine at what point they are satisfied;

Step 3: Determine the transaction price;

Step 4: Allocate the transaction price to the performance obligations; and

Step 5: Recognise the revenue as the performance obligations are satisfied.

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the control of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract. Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

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Note 1. Revenue and other income (cont.)

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- ii. the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

- iii. the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

1.3.2. Revenue from sale of goods and development fees and licensing fees

The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. An asset is transferred when the customer obtains control of that asset. Revenue is recognised when the goods are shipped to the customer.

1.3.3. Revenue from rendering of services

Revenue from the monitoring services (subscriptions) is recognised over time, as the customer simultaneously receives and consumes the services performed by the Group (i.e. monitoring of the alarm system by Scout Security).

1.3.4. Interest income

Interest revenue is recognised in accordance with Note 3.1 Finance income and expenses.

Note 2. Loss before income tax	2025	2024
	\$	\$
The following significant revenue and expense items are relevant in explaining the financial performance:		
2.1. Employment costs		
- Salary and wages	992,482	2,367,383
- Director Fees	159,467	156,967
	1,151,949	2,524,350

Note 2. Loss before income tax (cont.)**2.1.1. Short-term benefits**

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to the reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken

2.1.2. Other long-term benefits

The Group's obligation in respect of long-term employee benefits other than defined benefit plans, such as long service leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the Reserve Bank of Australia's cash rate at the report date that have maturity dates approximating the terms of the Company's obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

2.1.3. Retirement benefit obligations: Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions onto a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the income statement as incurred.

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

2.1.5. Equity-settled compensation

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes pricing model, considering the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

Note 3. Other significant accounting policies related to items of profit and loss**3.1 Finance income and expenses**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Financial expenses comprise interest expense on borrowings calculated using the effective interest method, unwinding of discounts on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in income in the period in which they are incurred.

Foreign currency gains and losses are reported on a net basis.

Note 4. Income tax		2025	2024
		\$	\$
4.1. Income tax expense			
Current tax		-	-
Deferred tax		-	-
		-	-
Deferred income tax expense included in income tax expense comprises:			
- Increase / (decrease) in deferred tax assets	4.6	-	-
- (Increase) / decrease in deferred tax liabilities		-	-
		-	-
4.2. Reconciliation of income tax expense to prima facie tax payable			
The prima facie tax payable/(benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Accounting loss before tax		(2,268,992)	(3,591,168)
Prima facie tax on operating loss at 25% (2022: 25%)		(567,248)	(897,811)
Add / (Less) tax effect of:			
- Difference in overseas jurisdictions tax rate		(33,346)	(87,920)
- Non-deductible expenses		279,187	113,839
- Timing differences		-	-
- Deferred tax asset not brought to account		321,407	871,892
Income tax expense/(benefit) attributable to operating loss		-	-
		%	%
4.3. The applicable weighted average effective tax rates attributable to operating profit are as follows:			
		-	-

4.3.1.1. The tax rates used in the above reconciliations is the corporate tax rate of 25% payable by the Australian corporate entity on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting year.

4.3.1.2. The US entity tax rate is a blend of the federal and state taxes at 21% and 9.5% respectively. The US corporate entities tax losses have unrecognised deferred tax assets in relation to unutilised tax losses carried forward for which no deferred tax asset has been recorded as it is not probable that taxable profit will be available in the foreseeable future.

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Note 4. Income tax (cont.)	2025 \$	2024 \$
4.4. Balance of franking account at year end of the parent	nil	nil
4.5. Current tax liabilities		
Foreign Income tax payable	-	-
4.6. Deferred tax assets		
Tax losses	-	-
Net deferred tax assets	-	-
4.7. Tax losses and deductible temporary differences		
Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities:		
Revenue losses attributable to Australia	588,798	524,604
- Revenue losses attributable to foreign subsidiaries	8,025,854	7,668,078
- Deductible temporary differences	24,572	2,888
	8,639,224	8,195,570

4.8. Potential deferred tax assets attributable to tax losses have not been brought to account at 30 June 2025 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;
- the company continues to comply with conditions for deductibility imposed by law including meeting requirements of continuity of ownership or similar business tests; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates consider both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by tax authorities in relevant jurisdictions.

The parent company has accumulated tax losses of \$2,377,601 (2024: \$2,098,414) which are expected to be available indefinitely for offset against future taxable profits of the parent company in which the losses arose. The recoupment of these losses is subject to assessment of the Australian Taxation Office.

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Note 4. Income tax (cont.)**Accounting policy**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date, in each jurisdiction.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Scout Security Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

Where the Group receives the Australian Government's Research and Development Tax Incentive, the Group accounts for the refundable tax offset under AASB 112. Funds are received as a rebate through the parent company's income tax return.

Note 5. Financial assets and financial liabilities	2025	2024
	\$	\$

5.1. Cash and cash equivalents		
Cash at bank	76,173	163,820

5.1.1. The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 8 Financial risk management.

5.1.2. Cash Flow Information

5.1.2.1. Reconciliation of cash flow from operations to loss after income tax

Loss after income tax	(2,268,992)	(3,591,168)
Cash flows excluded from loss attributable to operating activities		
<i>Non-cash flows in loss from ordinary activities:</i>		
- Finance cost	689,068	253,080
- Net share-based payments expensed	6,457	32,913
<i>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:</i>		
- Decrease in inventories	59,307	304,916
- Movement in fair value of embedded derivative	-	(384,375)
- Decrease/ (increase) in prepayments and receivables	136,508	(191,503)
- Increase in trade and other payables	811,386	1,559,302
- Increase in unearned revenue Cash flow (used in) from operations	(272,634)	228,996
Cash flow used in operations	(838,900)	(1,787,839)

5.1.1.1. Credit and loan standby arrangement with banks

The Group has no credit standby facilities.

5.1.1.2. Non-cash investing and financing activities

2025

During the year, and as detailed in in Note 7.1:

- \$1,475,000 convertible notes were converted into 3,687,500 ordinary shares at \$0.40 per share.
- 440,000 ordinary shares at \$0.40 per share amounting to \$176,000 were issued as a debt restructure fee. The associated amount has been recognised as a finance cost in the statement of profit or loss.
- 60% of the secured debt was converted into 5,171,113 ordinary shares at a conversion price of \$0.40 per share. Of the total amount, \$1,723,991 was offset against the loan liability, and \$181,411 was recognised as a finance cost.

2024

During the year, and as detailed in in Note 7.1:

- 29,604,957 ordinary shares issued in connection with a Placement @ \$0.004 per share.
- \$974,592 Proceeds from Loan facility and future receipts sale.

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Note 5.1. Cash and cash equivalents (cont.)

5.1.3. Reconciliation of liabilities from financing activities	Note	2023 \$	Cash flows \$	Equity \$	Foreign exchange \$	Other changes \$	2024 \$
Convertible notes - face value		1,537,500	-	-	-	(62,500)	1,475,000
Secured debt	5.7.1	2,129,222	635,181	-	-	301,746	3,066,149
ERC Payable	5.5.2	360,312	(360,312)	-	-	-	-
Other borrowings		-	203,507	-	-	-	203,507
<i>Total liabilities from financing activities</i>		4,027,034	478,376	-	-	239,246	4,744,656

		2024 \$	Cash flows \$	Equity \$	Foreign exchange \$	Other changes \$	2025 \$
Convertible notes - face value		1,475,000	-	-	-	(1,475,000)	-
Secured debt	5.7.1	3,066,149	(71,711)	(1,723,991)	-	418,866	1,689,313
ERC Payable	5.5.2	-	-	-	-	-	-
Other borrowings		203,507	-	-	-	80,122	283,629
<i>Total liabilities from financing activities</i>		4,744,656	(71,711)	(1,723,991)	-	(976,012)	1,972,942

	2025 \$	2024 \$
5.2. Trade and other receivables		
5.2.1 Current		
Trade receivables	45,044	197,905

5.2.2. The Group's exposure to credit rate risk is disclosed in note 8 Financial risk management.

5.2.3. The average credit period on sales of goods and rendering of services ranges from 30 to 60 days. Interest is not charged. No allowance has been made for estimated irrecoverable trade receivable amounts arising from past sale of goods and rendering of services, determined by reference to past default experience. Amounts are considered as past due when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction.

Note 5. Financial assets and financial liabilities (cont.)

Accounting policy

Trade receivables are generally due for settlement within periods ranging from 30 to 60 days. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

cost using the effective interest method, less any provision for impairment. Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance. (see also Note 5.9.1).

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

5.3. Other assets

5.3.1 Current

Other current assets

	2025	2024
	\$	\$
	93,147	76,794

5.4. Financial assets

5.4.1 Current

Convertible notes - transaction costs

Facilities, broker and investors Options

Fees

Convertible note – Embedded Derivative at initial recognition

Unwound transaction costs

	-	1,523,334
	-	70,000
	-	793,190
	-	(2,386,524)
	-	-

5.4.2 The transaction costs were incurred in relation to the raising of funds under the convertible note facility. These costs are required to be offset against the convertible note liability and amortised over the term of the convertible note and are treated as finance costs in profit or loss.

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Note 5. Financial assets and financial liabilities (cont.)	2025	2024
	\$	\$
5.5. Trade and other payables		
5.5.1 Current - Unsecured		
Trade payables	1,618,293	1,172,946
Accruals and other payables	2,135,014	2,080,881
	3,753,307	3,253,827
5.5.2 Borrowings		
Current		
Convertible Note-face value	-	1,475,000
Borrowing - other	218,903	203,507
Secured debt	444,950	1,833,658
	663,853	3,512,165

5.5.3 Loan note conversion

During the year, the Company varied its loan note facility to permit conversion, with a portion of loan notes to be converted into 440,000 loan note fee shares, 5,171,113 loan note conversion shares, 440,000 Class A loan note fee options, 500,000 Class B loan note fee options and 5,171,113 of loan note conversion options. The loan note options were approved at the Annual General Meeting held on 25 July 2024 to Martin Pretty, Anthony Brown, Daniel Roberts, Ryan McCall and other holders.

	2025	2024
	\$	\$
5.6. Unearned revenues		
5.6.1 Current		
Unearned revenues	94,009	366,643
5.7. Borrowings		
Non- current		
Borrowings - other	64,726	-
Secured Debt	1,244,363	1,232,491
	1,309,089	1,232,491

5.7.1 On 28 April 2023, the Company entered into a secured debt deed of loan ("Deed") with a syndicate of primarily US-based investors to raise up to USD\$4 million. In August 2024, 60% of the debt was converted into equity. After the debt conversion and warrant reserve and amortisation, the loan balance at 30 June 2025 was \$1,689,313.

- Term: The term of the deed is 5 years with a minimum of 90 days, after which the facility can be repaid in whole or part, on 10 days' notice, with a 1% pre-payment fee being paid in respect of such amount of the Principal Sum as is prepaid.
- Interest: The interest rate will be fixed at 12% per annum, payable monthly.
- Deed Warrants: In consideration for participation in the Deed, investors was granted fifteen (15) Initial Warrants for each US\$1.00 value of Loan note issued to the Lender at strike price of \$0.05 and an expiration date 3 years from issuance.

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Note 5. Financial assets and financial liabilities (cont.)

Accounting policy

5.7.4.1. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non- convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects. Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

5.8. **Financial liabilities**

5.8.1 **Current**

Convertible note - Embedded derivative liability

	2025	2024
	\$	\$
Convertible note - Embedded derivative liability	-	-

5.8.2. On 16 July 2020, the Company has entered into a Convertible Note Deed (Note 5.5.2.2) On application of AASB 9 Financial Instruments the Group accounts for convertible security financing on a fair value basis. As the terms of the conversion feature was not fixed for fixed number of shares, the conversion feature was deemed to be an embedded derivative liability. On initial recognition the fair value of the conversion rights granted was included in the transaction costs as detailed in note 5.4. The conversion rights will be recognised as equity on the extinguishment of the convertible note for shares if exercised. As at 30 June 2024 the conversion feature of the embedded derivative was deemed to be out of the money and revalued to Nil, resulting in a loss in profit or loss of \$384,375.

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Note 5. Financial assets and financial liabilities (cont.)**5.9. Other Significant Accounting Policies related to Financial Assets and Liabilities***5.9.1. Investments and other financial assets**5.9.1.1. Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

5.9.1.2. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

5.9.1.3. Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their

5.9.1.3.1. Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

5.9.1.3.2. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

5.9. Other Significant Accounting Policies related to Financial Assets and Liabilities

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

5.9.1.4. Impairment

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Note 6. Non-financial assets and financial liabilities

2025
\$

2024
\$

6.1. Inventories

Finished goods	35,076	94,383
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Accounting policy

Inventories are valued at the lower of cost and net realisable value on a first-in, first-out (FIFO) basis. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Finished goods - purchase and delivery costs, net of rebates and discounts received or receivable.

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

6.2. Other Significant Accounting Policies related to Non-Financial Assets and Liabilities

6.2.1. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets (see accounting policy at note 4.8) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

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Note 7. Equity	Note	2025 No.	2024 No	2025 \$	2024 \$
7.1 Issued capital					
Fully paid ordinary shares at no par value		14,127,944	262,519,839	22,919,362	18,380,171
7.1.1. Ordinary shares					
At the beginning of the year		262,519,839	230,668,020	18,380,171	18,223,976
Shares issued during the year					
- Director placement at \$0.015		-	1,500,000	-	22,500
- Conversion of employee performance shares		-	746,862	-	15,275
- Placement at \$0.004 per share		-	29,604,957	-	118,420
- Convertible notes converted at \$0.004 per share		368,750,000	-	1,475,000	-
- Conversion of finance cost on loan note at \$0.004 per share		44,000,000	-	176,000	-
- Secured debt converted at \$0.004 per share		517,129,509	-	2,068,445	-
- Shortfall from placement at \$0.004 per share		156,145,052	-	624,580	-
- Placement (tranche 2) at \$0.004 per share		64,250,000	-	257,000	-
Total shares on issue prior to consolidation		1,412,794,400	-	-	-
Consolidation 100:1 (rounded)		14,127,944	-	-	-
Transaction costs relating to share issue		-	-	(61,834)	-
Closing balance at reporting date		14,127,944	262,519,839	22,919,362	18,380,171

7.1.2. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares

Accounting policy

Ordinary issued capital is recorded at the consideration received. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any related income tax benefit. Ordinary issued capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Note 7. Equity (cont.)

7.2 Performance shares	Note	2025	2024	2025	2024
		No.	No	\$	\$
Performance shares at the beginning of the period		16,504,843	6,052,820	174,545	156,908
Consolidation 100:1 (rounded)		165,048	-	-	-
Performance shares movement during the year:					
- Issued		-	11,000,000	-	3,447
- Issued		-	198,882	-	-
- Fair value adjustments		-	-	-	29,466
- Vesting	19.1	-	-	6,457	-
- Lapsed		(115,607)	-	-	-
- Converted to ordinary shares		-	(746,859)	-	(15,276)
At the end of the year		49,441	16,504,843	181,002	174,545

7.3 Options

7.3 Options	Note	2025	2024	2025	2024
		No.	No	\$	\$
Options at the beginning of the period		84,791,045	84,791,045	5,159,648	5,159,648
Options movement during the year:					
- Issued of options	19.3	94,000,000	-	177,105	-
- Placement free attaching options	19.3	1,135,861,279	-	-	-
- Lapsed options		(74,752,024)	-	-	-
- Prior to consolidation		1,239,900,300	-	5,336,753	-
Consolidation 100:1 (rounded)		12,399,004	-	-	-
- Lapsed options		(77,334)	-	-	-
At the end of the year		12,321,670	84,791,045	5,336,753	5,159,648

7.4. Reserves		2025	2024
		\$	\$
Foreign currency translation reserve	7.4.1	73,907	266,262
Share-based payment reserve	7.4.2	5,517,755	5,334,193
Warrant reserve	7.4.3	442,106	442,106
		6,033,768	6,042,561

7.4.1. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

7.4.2. Share-based payment reserve

The share-based payment reserve records the value of options and performance shares issued the Company to its employees or consultants.

7.4.3. Warrant reserve

The warrant reserve records the value of warrants issued the Company to its Lenders as part of the debt facility detailed in 5.7.1.

SECTION B. RISK

This section of the notes discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

Note 8. Financial risk management

8.1. Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

The Group's financial instruments consist mainly of deposits with banks, short-term investments, and accounts payable and receivable.

The Group does not speculate in the trading of derivative instruments. A summary of the Group's financial assets and liabilities is shown below:

	Floating Interest Rate \$	Fixed Interest Rate \$	Non- Interest Bearing \$	Total \$
2024				
Financial assets				
Cash & Cash equivalents	163,820	-	-	163,820
Trade and other receivables	-	-	197,905	197,905
Other current assets	-	-	76,794	76,794
Total Financial Assets	163,820	-	274,699	438,519
Financial liabilities				
Financial liabilities at amortised costs				
Trade and other payables	-	-	3,209,897	3,209,897
Borrowings	-	4,744,656	-	4,744,656
Total financial liabilities	-	4,744,656	3,209,897	7,954,553
Net financial asset (liabilities)	163,820	(4,744,656)	(2,935,198)	(7,516,034)
2025				
Financial assets				
Cash & Cash equivalents	76,173	-	-	76,173
Trade and other receivables	-	-	45,044	45,044
Other current assets	-	-	93,147	93,147
Total Financial Assets	76,173	-	138,191	214,364
Financial liabilities				
Financial liabilities at amortised costs				
Trade and other payables	-	-	3,753,307	3,753,307
Borrowings	-	1,972,942	-	1,972,942
Total financial liabilities	-	1,972,942	3,753,307	5,726,249
Net financial asset (liabilities)	76,173	(1,972,942)	(3,615,116)	(5,511,885)

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Note 8. Financial risk management (cont.)

8.1.1. Specific Financial Risk Exposures and Management

The main risk the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk.

The Board of directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

8.1.2. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

8.1.2.1 Credit risk exposures

The maximum exposure to credit risk is that to its alliance partners and that is limited to the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk related to balances with banks and other financial institutions is managed by the Group in accordance with approved Board policy. Such policy requires that surplus funds are only invested with financial institutions residing in Australia, wherever possible.

8.1.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's ability to raise equity funding in the market is paramount in this regard.

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Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 8. Financial risk management (cont.)

Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days,

including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The financial liabilities of the Group include trade and other payables as disclosed in the statement of financial position.

Contractual Maturities

The following are the contractual maturities of financial assets and liabilities of the Group:

	Within 1 Year		Greater Than 1 year		Total	
	2025	2024	2025	2024	2025	2024
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	(3,753,307)	(3,253,827)	-	-	(3,753,307)	(3,253,827)
Borrowings	(663,853)	(3,512,165)	(1,309,089)	(1,232,491)	(1,972,942)	(4,744,656)
Contractual outflows	(4,417,160)	(6,765,992)	(1,309,089)	(1,232,491)	(5,726,249)	(7,998,483)
Financial assets						
Cash & cash equivalents	76,173	163,820	-	-	76,173	163,820
Trade and other receivables	45,044	197,905	-	-	45,044	197,905
Total anticipated inflows	121,217	361,725	-	-	121,217	361,725
Net outflow on financial instruments	(4,295,943)	(6,404,267)	(1,309,089)	(1,232,491)	(5,605,032)	(7,636,758)

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

8.1.4 Market risk

Market risk is the risk that changes in market prices, such as 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.

The Group's activities minimally expose it to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. The Group does not enter into derivative financial instruments including foreign exchange forward contracts to hedge against financial risk. There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

8.1.4.1 Interest rate risk

The company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Company and the Group's exposures to interest rate in financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

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Note 8. Financial risk management (cont.)

8.1.4.2 Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. As a result of significant operations in the United States, the Group's Consolidated Statement of Financial Position can be affected significantly by movements in the US Dollar to Australian dollar exchange rates.

8.1.4.3. Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group does not presently hold material amounts subject to price risk. As such the Board considers price risk as a low risk to the Group.

8.1.5. Sensitivity Analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance sheet date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
8.1.5.1 Interest rates		
<i>Year ended 30 June 2025</i>		
<i>±100 basis points change in interest rates</i>	± 762	± 762
<i>Year ended 30 June 2024</i>		
<i>±100 basis points change in interest rates</i>	± 1,638	± 1,638
8.1.5.2 Foreign exchange		
<i>Year ended 30 June 2025</i>		
<i>±10% of Australian dollar strengthening/weakening against the United States dollar</i>	± 256,283	± 256,283
<i>Year ended 30 June 2024</i>		
<i>±10% of Australian dollar strengthening/weakening against the United States dollar</i>	± 243,825	± 200,322

8.1.6 Net Fair Values

8.1.6.1. Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in Note 8.1 and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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Note 8. Financial risk management (cont.)

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

The working capital position of the Group was as follows:

The working capital position of the Group was as follows:

	Note	2025 \$	2024 \$
Cash and cash equivalents	5.1	76,173	163,820
Trade and other receivables	5.2	45,044	197,905
Inventories	6.1	35,076	94,383
Other current assets	5.3	93,147	76,794
Trade and other payables	5.5.1	(3,753,307)	(3,253,827)
Unearned revenues	5.6	(94,009)	(366,643)
Borrowings - Current	5.5.2	(663,853)	(3,512,165)
Working capital position		(4,261,729)	(6,599,733)

SECTION C. GROUP STRUCTURE

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. In particular, there is information about:

- (a) *changes to the structure that occurred during the year as a result of business combinations and the disposal of a discontinued operation*
- (b) *transactions with non-controlling interests, and*
- (c) *interests in joint operations.*

A list of significant subsidiaries is provided in note 10. This note also discloses details about the Group's equity accounted investments.

Note 10. Interest in subsidiaries

10.1. Information about principal subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group and the proportion of ownership interest held equals the voting rights held by the Group. Investments in subsidiaries are accounted for at cost.

Each subsidiaries country of incorporation is also its principal place of business:

	Country Incorporated	Class of Shares	Percentage owned	
			2025	2024
Scout Security Inc	USA	Ordinary	100%	100%

Note 11. Other Significant Accounting Policies related to Group Structure

11.1. Basis of consolidation

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Consolidated Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

11.1.1. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control exists when the Group is exposed to variable returns from another entity and has the ability to affect those returns through its power over the entity.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount of the identifiable assets acquired and liabilities assumed.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition- date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

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Note 11. Other Significant Accounting Policies related to Group Structure (cont.)

11.1.2. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income. The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

A list of controlled entities is contained in Note 10 Interest In Subsidiaries of the financial statements.

11.1.3. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interests are measured at fair value at the date control is lost.

Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

11.1.4. Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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SECTION D. UNRECOGNISED ITEMS

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 12. Commitments

There are no commitments as at 30 June 2025 (2024: Nil).

Note 13. Events subsequent to reporting date

- A total of 77,334 options and 112,876 performance rights lapsed and ceased.
- On 11 September 2025, the Company completed a placement of 1,500,000 fully paid ordinary shares at an issue price of \$0.40 per share, raising \$600,000 before costs.
- The Company borrowed \$300,000 from a private investor at a fixed interest cost of \$8,700. The loan and interest were fully repaid six weeks from the loan date.
- On 20 October 2025, the Company raised a further \$820,000 before costs through the issue of 550,000 shares at \$0.40 per share.
- In December 2025, the Company completed the acquisition of Roo Inc., bringing approximately 900,000 users and 29,000 paying subscribers into the combined entity (refer to note 13.1 below).
- In January 2026, the Company executed a Master Services Agreement with Bolt Solutions Inc. to deliver water damage prevention solutions through Bolt's Prevention Technology Program.

Other than the above, the Directors are not aware of any matter or circumstances that has significant or may significantly affect the Group's operations, result or state of affairs in subsequent financial years.

Note 13.1 Subsequent event - Business combination – Acquisition of Roo Inc.

On 19 December 2025, Scout Security Limited ("the Company" or "the Group") acquired 100% of the issued share capital of Roo Inc. ("Roo"), a New York-based DIY home security technology company. Roo operates a technology-enabled home security platform with a global user base and recurring subscription revenue model. The acquisition aligns with the Group's strategy to scale its security-as-a-service platform, expand its recurring revenue base, and realise operational synergies through integration of product development, marketing, and corporate functions.

The goodwill of \$10.2 million represents the expected synergies arising from the integration of Roo into the Group's existing operations, including:

- cost efficiencies from consolidation of platforms and overheads
- enhanced product development capability
- cross-selling opportunities to a broader subscriber base
- increased scale to support sustainable EBITDA and cash flow

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Note 13.1 Subsequent event - Business combination – Acquisition of Roo Inc. (Cont.)

Provisional accounting

The accounting for the acquisition of Roo Inc. has been determined on a provisional basis in accordance with AASB 3 Business Combinations.

At the date of this report, the Group is still in the process of finalising:

- the fair value assessment of identifiable intangible assets, including customer relationships, developed technology and brand assets
- the valuation of contingent consideration (if applicable)
- the assessment of deferred tax balances arising from fair value adjustments
- the completeness and measurement of certain working capital balances

As a result, the amounts recognised for identifiable assets acquired, liabilities assumed and goodwill are provisional and unaudited.

If new information is obtained within 12 months of the acquisition date about facts and circumstances that existed at the acquisition date, the accounting for the acquisition will be revised. Any adjustments to provisional amounts will be recognised retrospectively as if the accounting had been completed at the acquisition date, with corresponding adjustments to goodwill.

The measurement period adjustments, if any, may result in changes to:

- the carrying value of identifiable assets and liabilities
- deferred tax balances
- goodwill

The Group expects to finalise the acquisition accounting within the 12-month measurement period permitted under AASB 3.

	Unaudited
	\$'000
Details of the acquisition are as follows:	
Cash and cash equivalents	11
Trade and other receivables	24
Inventory	275
Other current assets	(49)
Property plant and equipment	3
Trade and other payables	(1,007)
Unearned revenue	(468)
Borrowings	(3,460)
Net liabilities acquired	(4,671)
Goodwill	10,200
Acquisition- fair value of the total consideration	5,529

Note 14. Contingent liabilities

There are no other contingent liabilities as at 30 June 2025 (2024: Nil).

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Notes to the consolidated financial statements

for the year ended 30 June 2025

SECTION E. OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

Note 15. Key Management Personnel compensation (KMP)

The names and positions of KMP are as follows:

- Mr Daniel Roberts, Executive Director
- Mr David Shapiro, Non-executive Director
- Mr Anthony Brown, Non-executive Director
- Mr Martin Pretty, Non-executive Director
- Mr Ryan McCall, Chief Executive Officer; Executive Director as of 01 February 2023

Information regarding individual directors and executives' compensation and some equity instruments disclosures as required by the Corporations Regulations 2M.3.03 is provided in the Remuneration report.

	2025	2024
	\$	\$
Short-term employee benefits	565,615	828,261
Post-employment benefits	-	-
Share-based payments	(6,457)	(5,115)
Total	559,158	823,146

Note 16. Related party transactions

All Key Management Personnel of the Group are Directors.

Details of Director remuneration, unpaid remuneration, loans, debt, and equity transactions (including shares, options and performance rights issued, exercised or lapsed during the year), are disclosed in the Remuneration Report contained within the Directors' Report.

- During the year, \$148,750 of convertible debt held by Directors was converted to equity on the same terms and conditions as other holders of the relevant debt instrument. There are no convertible loans outstanding to Directors at reporting date.
- During the year, the Group issued 866,315 free-attaching options (post consolidation) pursuant to convertible note and debt conversion and 91,832 loan note fee options (post consolidation) to directors and Key Management Personnel, with a finance cost of \$17,346 recognised. Refer to note 7.3 and 19.3 for more details.
- During the year, the Group issued 42,985 shares (post consolidation) to directors and Key Management Personnel for the modification of the loan note facility, resulting in a finance cost of \$17,194. Refer to note 7.1 for more details.
- During the year, the Group issued 494,440 shares (post consolidation) to directors and Key Management Personnel for the conversion of loan notes. Refer to note 7.1 for more details.
- During the year, the Group issued 371,875 shares (post consolidation) to directors and Key Management Personnel as a result of the conversion of convertible notes.

Other than the matters disclosed above and in the Remuneration Report, there were no other related party transactions during the year.

Note 17. Auditor's remuneration

	2025	2024
	\$	\$
Remuneration of the auditor for:		
- Auditing or reviewing the financial reports:		
Hall Chadwick WA Audit Pty Ltd (Hall Chadwick)	37,000	68,484

Notes to the consolidated financial statements

for the year ended 30 June 2025

Note 18. Earnings per share (EPS)	Note	2025 \$	2024 \$
18.1. Reconciliation of earnings to profit or loss			
Loss for the year		(2,268,992)	(3,591,168)
Less: loss attributable to non-controlling equity interest		-	-
Less: loss attributable to non-controlling equity interest		(2,268,992)	(3,591,168)
		2025 \$	2024 \$
18.2. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS			
Weighted average number of dilutive equity instruments outstanding	18.5	NA	NA
18.3. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS			
		2025 \$	2024 \$
		12,804,340	2,332,336
		2025 ¢	2024 ¢
18.4. Earnings per share			
Basic EPS (cents per share)	18.5	(17.72)	(153.97)
Diluted EPS (cents per share)	18.5	N/A	N/A

18.5. As at 30 June 2025, the Group has 12,321,670 unissued shares under options (2024: 84,791,045) and 49,441 performance shares on issue (2024: 16,504,843). The Group does not report diluted earnings per share on losses generated by the Group. During the year, the Group's unissued shares under option and partly-paid shares were anti-dilutive.

18.6. On 21 August 2024 the Company had a 100:1 share consolidation. The earnings per share have been restated to reflect this would have had on comparative EPS.

Note 19. Share-based payments	Note	2025 \$	2024 \$
19.1. Share-based payments:			
- Recognised in profit and loss	19.2.1	6,457	32,913
- Recognised in equity (transaction costs)		-	-
- Recognised in financial assets	19.2.2	-	54,740
- Movement in equity (transfer to share capital)		-	(15,275)
Gross share-based payments		6,457	72,378

Share-based payments recognized in profit and loss

440,000 loan note fee shares, 5,171,113 loan note conversion shares, 440,000 Class A loan note fee options, 500,000 Class B loan note fee options and 5,171,113 of loan note conversion options. The loan note options were approved at the Annual General Meeting held on 25 July 2024 to Martin Pretty, Anthony Brown, Daniel Roberts, Ryan McCall and other holders. The following of loan note options were valued as follows:

Notes to the consolidated financial statements

for the year ended 30 June 2025

Loan note fee options

Allottee	Class of loan note fee options	No of loan note fee options	Fair value at Grant date per option	Estimated volatility	Life of options (years)	Exercise price	Share price at Grant date	Risk free Interest rate
Martin Pretty	Class A	4,741	\$0.2012	94.10%	1.90	\$0.40	\$0.40	3.98%
	Class B	5,387	\$0.1781	94.10%	1.90	\$0.40	\$0.40	3.98%
Anthony Brown	Class A	1,931	\$0.2012	94.10%	1.90	\$0.40	\$0.40	3.98%
	Class B	2,195	\$0.1781	94.10%	1.90	\$0.40	\$0.40	3.98%
Daniel Roberts	Class A	16,796	\$0.2012	94.10%	1.90	\$0.40	\$0.40	3.98%
	Class B	19,087	\$0.1781	94.10%	1.90	\$0.40	\$0.40	3.98%
Ryan McCall	Class A	19,517	\$0.2012	94.10%	1.90	\$0.40	\$0.40	3.98%
	Class B	22,178	\$0.1781	94.10%	1.90	\$0.40	\$0.40	3.98%
Other lenders	Class A	397,015	\$0.2012	94.10%	1.90	\$0.40	\$0.40	3.98%
	Class B	451,153	\$0.1781	94.10%	1.90	\$0.40	\$0.40	3.98%
Total		940,000						

19.2. Share-based payment arrangements in effect during the year**19.2.1. Share-based payments recognised in profit or loss****19.2.1.1. Performance Shares – Mr Ryan McCall**

4,601,532 Performance Shares were approved at the Annual General Meeting held on 16 November 2022 to Mr Ryan McCall which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date as detailed below and as detailed below.

Additionally, 710,000 Performance shares were approved for Mr. Ryan McCall subject to the company's vesting schedule for tenure with no additional performance milestone.

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19.2.1.1 Performance Shares – Mr Ryan McCall

Class of Performance Right	Performance Condition	Performance rights No.	Vesting condition	Expiry Date	Performance Condition Satisfied	Fair Value
A	Upon achievement of a 90 day VWAP of 7 cents based upon shares traded on ASX over any period between allotment of the rights and 16 July 2024	1,150,383	Market vesting	16 July 2024	No	12,433
B	Upon achievement of a 90 day VWAP of 12 cents based upon shares traded on ASX over any period between allotment of the rights and 30 June 2025	1,150,383	Market vesting	30 June 2025	No	5,053
C	Upon the releasing of audited Financial Statements by the company evidencing NPAT of at least A\$2,000,000 in any one of the FY23, FY24 or FY25	1,150,383	Non-Market Vesting	30 June 2025	No	534
D	Upon the Company reporting recurring monthly revenue (excluding development, hardware sales or other one-off revenue) that exceeds expenses for any 3-month period prior to 30 June 2025	1,150,383	Non-Market Vesting	30 June 2025	No	961
Service	Upon tenure milestones	710,000	Non-Market Vesting	1 January 2025	Partial ⁽¹⁾	21,300

19.2.1.2 Performance Shares – Mr Daniel Roberts

11,000,000 Performance Shares were approved at the Annual General Meeting held on 16 November 2023 to Mr Daniel Roberts which convert to ordinary fully paid shares on a one for one basis following the achievement of the performance milestones before the expiry date as detailed below and as detailed below. Vesting probability of Non-Market Vesting conditions calculated at 5%.

Class of Performance Right	Performance Condition	Performance rights No.	Vesting condition	Expiry Date	Performance Condition Satisfied	Fair Value
1	Upon achievement of a 90 day VWAP of 7 cents based upon shares traded on ASX over any period between allotment of the rights and Upon achievement of a 90 day VWAP of 7 cents	1,500,000	Market Vesting	16 July 2024	No	294
2	Upon achievement of a 90 day VWAP of 12 cents based upon shares traded on ASX over any period between allotment of the rights and 30 June 2025	1,500,000	Market Vesting	1 July 2025	No	826
3	Upon the releasing of Audited Financial Statements by the Company evidencing annual NPAT of at least A\$2,000,000 in any one of the FY23, FY24 and FY25	1,500,000	Non- Market Vesting	3 Sept 2025	No	431
4	Upon the Company reporting recurring monthly revenue (excluding development fees, hardware sales or other one-off revenue) items) that exceeds expenses for any 3 month period prior to 30 June 2024	1,500,000	Non- Market Vesting	1 July 2025	No	1,125
5	Upon the Company achieving a 90-day VWAP of 20 cents based upon shares traded over any period between allotment of the rights and 30 June 2025	5,000,000	Market Vesting	1 July 2025	No	2,863

19.3. Movement in share-based payment arrangements during the period

A summary of the movements of all Company options issued as share-based payments is as follows:

	2025	2025	2024	2024
	No.	Weighted Ave Exercise Price (\$)	No.	Weighted Ave Exercise Price (\$)
Options at the beginning of the period	84,791,045	0.0730	84,791,045	0.0730
Options movement during the year:				
- Granted	1,229,861,279		-	
- Exercised	-		-	
- Lapsed	(74,752,024)		-	
- Prior to consolidation	1,239,900,300		-	
Consolidation 100:1 (rounded)	12,399,004		-	
- Lapsed	(77,334)		-	
Outstanding at the end of the year	12,321,670	0.5086	84,791,045	0.0730
Exercisable at the end of the year	12,321,670	0.5086	84,791,045	0.0730

19.3.1.1. No options were exercised during the year (2024: Nil).

19.3.1.2. The weighted average remaining contractual life of options outstanding at year end was 0.96 years (2024: 0.77 years). The weighted average exercise price of outstanding options at the end of the reporting period was \$0.5086 (2024: \$0.0730).

19.4 Fair value of options granted during the year

In addition to share based payments, shares and options were issued to lenders to convert debt to equity. Refer to note 7 for details.

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Note 19 Share-based payments (cont.)

19.4.1 Accounting policy

The Group has provided payment to service providers and related parties in the form of share-based compensation whereby services are rendered in exchange for shares or rights over shares, *equity-settled transactions*. The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an appropriate valuation model for services provided by employees or where the fair value of the goods or services received cannot be reliably estimated.

For goods and services received where the fair value can be determined reliably the goods and services and the corresponding increase in equity are measured at that fair value. The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

At each balance date, the entity revises its estimates of the number of options with non-market vesting conditions that are expected to become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award, *vesting date*.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

19.4.2 Key estimate

19.4.2.1 Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.4.

The Company issued performance shares during the year ended 30 June 2023 based upon the conditions set out in Note 19. The Company follows the guidelines of AASB 2: Share Based Payments and takes into account non-market vesting conditions and estimates the probability and expected timing of achieving the performance conditions. The Group has not recognised any cost associated with the issue of the performance shares as there remains significant uncertainty as to whether the performance milestones will be met and the performance shares will convert to ordinary shares. For full details of the terms of the performance shares see Note 19.4

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Note 20. Operating segments

20.1 Identification of reportable segments

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors (Chief operating decision makers) in assessing performance and determining the allocation of resources.

The financial information presented in the consolidated statement of comprehensive income and the consolidated statement of financial position is the same as that presented to the chief operating decision maker.

20.2 Basis of accounting for purposes of reporting by operating segments

20.2.1. Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of directors as the chief operating decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group. During the current period, the Group is considered to operate in one segment, being home security services in the USA.

20.3. Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

Australia

United States

Total revenue

	2025	2024
	\$	\$
	1,374,006	1,966,989
	1,374,006	1,966,989

20.4 Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

Australia

United States

Total assets

	79,927	108,206
	169,513	424,696
	249,440	532,902

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Scout Security Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Scout Security Limited did not enter into any trading transactions with any related party during the year.

	2025	2024
	\$	\$
21.1. Financial Position of Scout Security Limited		
Current assets	79,927	108,206
Non-current assets		
Total assets	79,927	108,206
Current liabilities	1,323,668	4,432,718
Non-current liabilities	1,401,408	1,232,491
Total liabilities	2,725,076	5,665,209
Net assets/(liabilities)	(2,645,149)	(5,557,003)
Equity	22,919,362	18,331,441
Issued capital Reserve	7,367,690	5,776,299
Accumulated losses	(32,932,201)	(29,664,743)
Total equity	(2,645,149)	(5,557,003)

	2025	2024
	\$	\$
21.2. Financial performance for the year of Scout Security Limited		
Loss for the year	(3,267,458)	(1,528,860)
Other comprehensive income	-	-
Total comprehensive income	(3,267,458)	(1,528,860)

21.3. Guarantees

There are no guarantees entered into by Scout Security Limited for the debts of its subsidiaries as at 30 June 2025 (2024: \$nil).

21.4. Contractual commitments

The parent company has no capital commitments at 30 June 2025 (2024: \$nil). The parent company other commitments are disclosed in Note 12 Commitments.

21.5. Contingent liabilities

There are no guarantees entered into by Scout Security Limited for the debts of its subsidiaries as at 30 June 2025 (2024: \$nil).

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Note 22. Statement of significant accounting policies

22.1. Basis of preparation

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

22.1.1. Reporting Entity

Scout Security Limited (Scout or the Company) is a listed public company limited by shares, domiciled and incorporated in Australia. These are the consolidated financial statements and notes of Scout and controlled entities (collectively the Group). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in the design, manufacture and sales of security systems.

The separate financial statements of Scout, as the parent entity, have not been presented with this financial report as permitted by the Corporations Act 2001 (Cth).

22.1.2. Basis of accounting

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AAS Board) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and the Corporations Act 2001 (Cth).

Australian Accounting Standards (AASBs) set out accounting policies that the AAS Board has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AASBs ensures that the financial statements and notes also comply with IFRS as issued by the IASB.

The financial statements were authorised for issue on 20 February 2025 by the directors of the Company.

22.1.3. Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets, settlement of liabilities through the normal course of business including the presumption that sufficient funds will be available to finance the operations of the Group. The Group incurred a loss for the year of \$2,268,992 (2024: \$3,591,168 loss) and net operating cash out-flows of \$838,900 (2024: \$1,787,839). As at 30 June 2025 the Group had a working capital deficiency of \$4,261,729 (2024: \$6,599,733 deficiency) which includes \$94,009 (2024: \$366,643) of unearned revenues. These conditions indicate there is a material uncertainty over the ability of the Group to continue as a going concern.

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Note 22. Statement of significant accounting policies (cont.)

22.1.3. Going Concern (cont.)

The Board are confident on the ability of the Group to continue as a going concern for the following reasons:

- During the 2025 fiscal year, the Company completed a \$4.5 million recapitalization, including rights issue, placement, conversion of debt to equity, and a 100-for-1 consolidation of capital.
- The launch of new customers within the year that should provide additional hardware, engineering, and revenue streams.
- The Group has been granted a payment arrangement with the US Internal Revenue Service with respect to tax obligations;
- The Group has reduced its working capital deficiency from \$6,599,733 at 30 June 2024 to \$4,261,729 as at 30 June 2025;
- Reduction of operating cash outflows by 53% compared to the prior corresponding period.

Subsequent to 30 June 2025 the following were achieved:

- On 11 September 2025, the Company completed a placement of 1,500,000 fully paid ordinary shares at an issue price of \$0.40 per share, raising \$600,000 before costs.
- The Company borrowed \$300,000 from a private investor at a fixed interest cost of \$8,700. The loan and associated interest were repaid in full six weeks from the loan date.
- On 20 October 2025, the Company issued a further 550,000 fully paid ordinary shares at \$0.40 per share, raising \$220,000 before costs.
- In December 2025 as disclosed in note 13.1, the Company completed the acquisition of Roo Inc., which brought approximately 900,000 users and 29,000 paying subscribers into the combined group and synergies are expected. Pursuant to the acquisition and related agreements, the merged group restructured its debt arrangements resulting in Roo Inc. debt of \$5.5 million to be converted into equity and the deferral of \$1.5 million of Roo Inc. debt what were previously current liabilities to non current liabilities.
- In January 2026, the Company entered into a Master Services Agreement with Bolt Solutions Inc. to deliver water damage prevention solutions through Bolt's Prevention Technology Program.
- The Board is currently in discussions with financiers regarding new funding and has a history of successful capital raising.

- The Board have committed to convert outstanding director fees to equity to be approved by shareholders at an upcoming general meeting.
 - Managing cash flows in line with available funds and maintaining the ongoing support of creditors.
- The directors plan to continue the Group's operations on the basis disclosed above and believe that there will be sufficient funds for the Group to meet its obligations and liabilities for at least 12 months from the date of this report. The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. In the event that the Group is unable to generate sufficient operating cashflows in the normal course of business and achieve budgeted growth, the Company may need to raise additional capital than that currently anticipated or secure additional funds through new borrowings, the Group may need to reduce costs or negotiate extended terms with key creditors/financiers in order to meet working capital requirements.

Based on the cash flow forecasts and other factors referred to above including the Company's history of raising capital when required, the Directors are satisfied that the going concern basis of preparation is appropriate.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

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Note 22. Statement of significant accounting policies (cont.)

Where required by AASBs comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

22.1.5. New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2021

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
 - AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
 - AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
 - AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform
 - AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
 - AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions.
- The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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Note 22. Statement of significant accounting policies**22.2. Value added taxes**

Value-added tax (VAT) is the generic term for the broad-based consumption taxes that the Group is exposed to such as: Australia (Goods and Services Tax or GST) and in the USA (Sales Tax), hereafter collectively referred to as GST.

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

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (or jurisdictional equivalent) is included as a current asset or liability in the balance sheet.

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

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

22.3. Foreign currency transactions and balances**22.3.1. 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 legal parent entity's functional and presentation currency. The functional currency of Scout Security Inc. is the United States Dollar.

22.3.2. Transaction and balances

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

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

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

22.3.3. Group companies and foreign operations

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 year-end exchange rates prevailing at that reporting date;
- 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 are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

Note 22. Statement of significant accounting policies

22.4. Use of estimates and judgments

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of AASBs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 22.4.1.

22.4.1. Critical Accounting Estimates and Judgments

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

22.4.1.1. Key estimate – Taxation Refer 4.8 in the Income Tax note.

22.4.1.2. Key estimate – Inventories Refer Note 6.1 Inventories

22.4.1.3. Key estimate – Share-based payments Refer Note 19 Share-based payments

22.5. Fair Value

22.5.1. Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable AASB.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly unforced transaction between independent, knowledgeable and willing market participants at the measurement date.

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Note 22. Statement of significant accounting policies

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

22.5.2. Fair value hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3

Measurements based on unobservable inputs for the asset or liability

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Note 22. Statement of significant accounting policies**22.5.3. Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Note 23. Company details

The registered office of the Company is:

Registered Office - Australia
Street + Postal: Level 8
210 George Street
Sydney, NSW 2000
Australia

Registered Office – United States
Postal:
210 North Racine Avenue Unit 2N
Chicago, IL 60607
USA

Note 24. Consolidated Entity Disclosure Statement

Entity	Type of entity	Trustee or joint venture	% of share capital held	Country Incorporated	Australian or foreign tax resident	Foreign tax jurisdiction (s)
Scout Security Ltd	Public Corporation	n/a	n/a	Australia	Australian	n/a
Scout Security Inc	Corporation	n/a	100%	USA	Foreign	USA

Directors' declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 18 to 58, are in accordance with the Corporations Act 2001 (Cth) and:
 - (a) comply with Accounting Standards;
 - (b) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 22.1 to the financial statements; and
 - (c) give a true and correct view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the Group.
 - (d) the Directors have been given the declarations required by s.295A of the *Corporations Act 2001* (Cth);
 - (e) The Consolidation Entity Disclosure Statement in Note 24 is true and correct as at 30 June 2025
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



MARTIN PRETTY
Non-Executive Chairman
Dated 25 February 2026

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SCOUT SECURITY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Scout Security Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director’s declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2025 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 22.1.3 in the financial report which indicates that the Consolidated Entity incurred a net loss of \$2,268,992 during the year ended 30 June 2025. As stated in Note 22.1.3, these events or conditions, along with other matters as set forth in Note 22.1.3, 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 this respect of this matter.

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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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Borrowings</p> <p>As at 30 June 2025, as disclosed in notes 5.5.2 and 5.7 the Consolidated Entity had borrowings of \$1,972,942.</p> <p>During the year, the Company completed a recapitalisation and converted existing borrowings to equity.</p> <p>Borrowings are considered to be a key audit matter due to the significance of the balance to the Consolidated Entity's financial position and the complexities involved in the recognition and measurement of the facilities as well as the settlement of debts via the issue of equity.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> • Analysing the agreements to identify the key terms and conditions within; • Assessing the accounting treatment of the financial instruments in accordance with the recognition and measurement as well as the disclosure requirements of the relevant Australian Accounting Standards; • Assessing the terms of the recapitalisation and verifying equity issued to settle borrowings; • Assessing the calculation and relevant amortisation of finance costs for the year; and • Assessing the appropriateness of the disclosures in the financial report.
<p>Revenue Recognition</p> <p>As disclosed in note 1.1, the Consolidated Entity generated revenue of \$1,374,006 during the year.</p> <p>Revenue recognition was considered to be a key audit matter given AASB 15 <i>Revenue from Contracts with Customers</i> ('AASB 15') requires significant judgement by management in identifying performance obligations, allocation of the transaction price and satisfaction of performance obligations over time or at a point in time.</p> <p>We consider this to be a key audit matter due to the judgement and estimates involved in determining when the performance obligations are met and revenue is recognised.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the entity's revenue recognition policies and processes and assessing their compliance with Australian Accounting Standards; • Selecting a sample of items to supporting information to ensure revenue was recognised in accordance with the consolidated entity's accounting policies and in the appropriate period; • Assessing the appropriateness of disclosures relating to revenue recognition in the financial report.

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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 30 June 2025, 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, with the exception of the remuneration report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and 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 Consolidated Entity's ability 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Company, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL FCA
Director

Dated this 25th day of February 2026
Perth, Western Australia

Additional Information for Listed Public Companies

The following additional information is required by the Australian Securities Exchange in respect of listed public companies.

1. Capital as at 1 February 2026

a. Ordinary share capital

20,197,244 ordinary fully paid shares held by 609 shareholders.

b. Unlisted Options over Unissued Shares

	Exercise Price (\$)	Number of Options	Expiry date
	7.00	23,005	31-Jul-26
	0.50	11,858,656	13-Jun-26
	0.40	440,009	13-Jun-26
		<u>12,321,670</u>	

c. Unlisted Warrants over Unissued Shares

	Exercise Price (\$)	Number of Warrants	Expiry date
	5.00	<u>341,733</u>	1-May-26

d. Performance Rights over Unissued Shares

49,441 performance rights.

e. Voting Rights

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

- **Ordinary shares:** Each ordinary share 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.
- **Unlisted Options:** Options do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.
- **Unlisted Warrants:** Warrants do not entitle the holders to vote in respect of that equity instrument, nor participate in dividends, when declared, until such time as the options are exercised or performance shares convert and subsequently registered as ordinary shares.

f. Substantial Shareholders as at 1 February 2026

Holder name	Holding	% IC
1. SECONDARY CENTURY VENTURES LLC	4,019,300	19.90%
2. Ed Drummond	2,116,215	10.48%
3. EGP Fund Pty Ltd AFT EGP concentrated value fund unit	2,102,750	10.41%
4. Adaptive Income	1,923,596	9.52%
5. Harrierville Pty Ltd <Harrierville Family A/C>	1,250,000	6.19%

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g. Distribution of Shareholders as at 1 February 2026

Category (size of holding)	Holders	# Ordinary shareholders	% IC
0 - 1,000	355	87,961	0.44%
1,001 - 5,000	127	336,524	1.67%
5,001 - 10,000	43	304,719	1.51%
10,001 - 100,000	52	1,705,877	8.45%
100,000 - and over	32	17,762,163	87.94%
	609	20,197,244	100.00%

h. Unmarketable Parcels as at 1 February 2026

At the date of this report there were 368 shareholders who held less than a marketable parcel of shares holding 102,602 shares.

i. On-Market Buy-Back

There is no current on-market buy-back.

j. Restricted Securities

The Company has no restricted securities.

k. 20 Largest Shareholders — Ordinary Shares as at 1 February 2026

Holder name	Holding	% IC
1. Secondary Century Ventures LLC	4,019,300	19.90%
2. ED Drummond	2,116,215	10.48%
3. EGP Fund Pty Ltd Atf Egp Concentrated Value Fund Unit	2,102,750	10.41%
4. Adaptive Income	1,923,596	9.52%
5. Harrierville Pty Ltd <Harrierville Family A/C>	1,250,000	6.19%
6. Origin Wireless Inc	567,500	2.81%
7. Sandhurst Trustees Ltd <Equit Inv Dragonfly A/C>	443,954	2.20%
8. Matthew Harris & Associates Pty Ltd <Harris Practice A/C>	390,626	1.93%
9. Afni Pty Ltd <Afni A/C>	325,000	1.61%
10. Non Correlated Capital Pty Ltd	309,375	1.53%
11. Daniel B Roberts	283,045	1.40%
12. Berne No 132 Nominees Pty Ltd <791994 A/C>	272,690	1.35%
13. J P Morgan Nominees Australia Pty Limited	264,794	1.31%
14. Acacia Capital Pty Limited	263,918	1.31%
15. Juris Asset Management Pty Ltd <Grech Superannuation A/C>	250,000	1.24%
16. Jarvisbrown Super Pty Ltd <Jarvis Brown Sf A/C>	238,395	1.18%
17. K3Y Ventures Llc	232,784	1.15%
18. Tasco Holdings Pty Ltd <Tasco Hold Super Fund A/C>	224,550	1.11%
19. Pac Partners Securities Pty Ltd	218,750	1.08%
20. Gleneagle Asset Management Limited <Gleneagle Investment Fund	218,750	1.08%
TOTAL (Top 20)	15,915,992	79.57%
TOTAL ISSUED CAPITAL - selected security class(es)	20,197,244	100.00%

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Additional Information for Listed Public Companies

1. Unquoted Securities Holders Holding More than 20% of the Class as at 1 February 2026

- Unlisted Warrants (Exercise price \$5.00, Expiry Date: 01.05.26)

Holder name	Number of unquoted securities	% held of unquoted security class
SEGAL EDWARD DRUMMOND JR	150,000	43.89
ADAPTIVE INCOME FUND LP	93,750	27.43
TOTAL	243,750	71.32
TOTAL UNLISTED OPTIONS	341,733	

- Unlisted Options (Exercise price \$7.00, Expiry Date: 31.07.26)

Holder name	Number of unquoted securities	% held of unquoted security class
SEQUOIA CORPORATE FINANCE	23,005	100.00
TOTAL	23,005	100.00
TOTAL UNLISTED OPTIONS	23,005	

- Unlisted Options (Exercise price \$0.50, Expiry Date: 13.06.26)

Holder name	Number of unquoted securities	% held of unquoted security class
ED DRUMMOND	2,142,552	18.07
ADAPTIVE INCOME FUND LP	1,940,057	16.36
NATIONAL NOMINEES LIMITED	1,531,250	12.91
TOTAL	5,613,859	47.34
TOTAL UNLISTED OPTIONS	11,858,656	

- Unlisted Options (Exercise price \$0.40, Expiry Date: 13.06.26)

Holder name	Number of unquoted securities	% held of unquoted security class
ED DRUMMOND	193,138	43.89
ADAPTIVE INCOME FUND LP	120,711	27.43
TOTAL	313,849	71.32
TOTAL UNLISTED OPTIONS	440,009	

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2. Company Secretary

The Company Secretary was Kim Larkin

3 Principal registered office

As disclosed in Note 23 Company details of this Annual Report.

4 Registers of securities

As disclosed in the Corporate directory on page i of this Annual Report.

5 Stock exchange listing

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited, As disclosed in the Corporate directory on page i of this Annual Report.

6. Use of funds

The Company has used its funds in accordance with its initial business objectives

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