





In the spirit of reconciliation we acknowledge the Traditional Custodians of Country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

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FY24 HIGHLIGHTS



120+
transportable and
fixed units



Revenue growth
**\$42.0 MILLION
TO \$49.6
MILLION**



**ACHIEVED ISO
CERTIFICATION**

- Occupational Health and Safety Management Systems (ISO 45001:2018);
- Quality Management Systems (ISO 9001:2015);
- Environmental Management Systems (ISO 14001:2015); and
- Information Security Management Systems (ISO/IEC 27001:2022).



**10 MULTI-YEAR
CONTRACTS**



NO DEBT
Positive cash reserves¹
(\$19.3 million)



50%
of Australian contracts
asked to increase units
or scope

**TARGETING THE FIVE
CRITICAL DANGEROUS
DRIVING BEHAVIOURS**



Advancing
**WORKZONE SAFETY
INNOVATION**

Real-time work site digitalisation and alert systems to enhance road worker safety, with pilot program with Fulton Hogan



Increasingly
international, lifting
offshore revenue from
**1% in FY23 to
4% in FY24**



SPEEDING



FATIGUE



**NOT
WEARING
SEATBELTS**



**DISTRACTED
DRIVING**



37,000

mobile / transportable
deployments
per year – across all
programs



International revenue
growth of **300%**
from **FY23**



**164
EMPLOYEES**
(as at 30 June 2024)



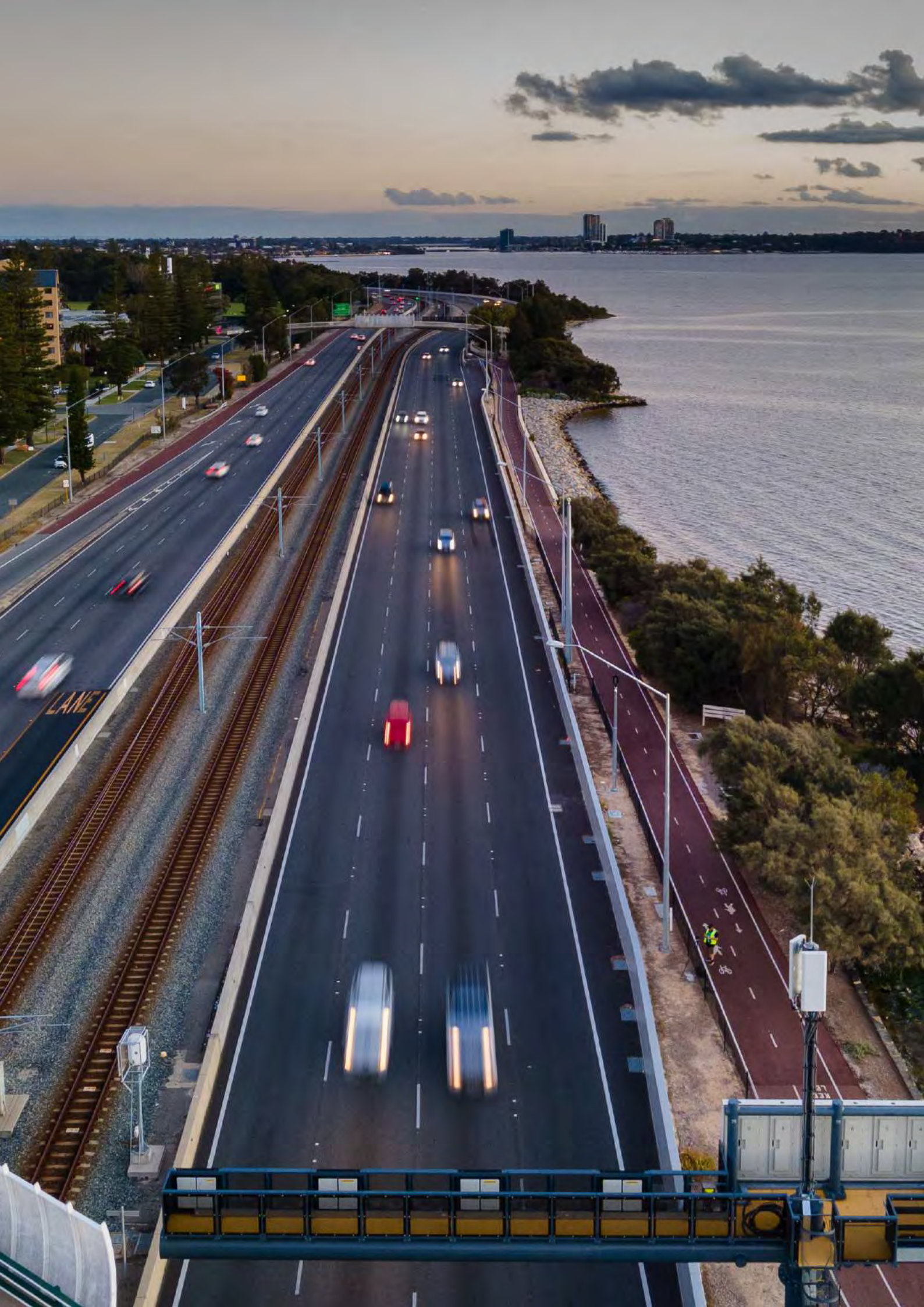
IMPAIRED DRIVING

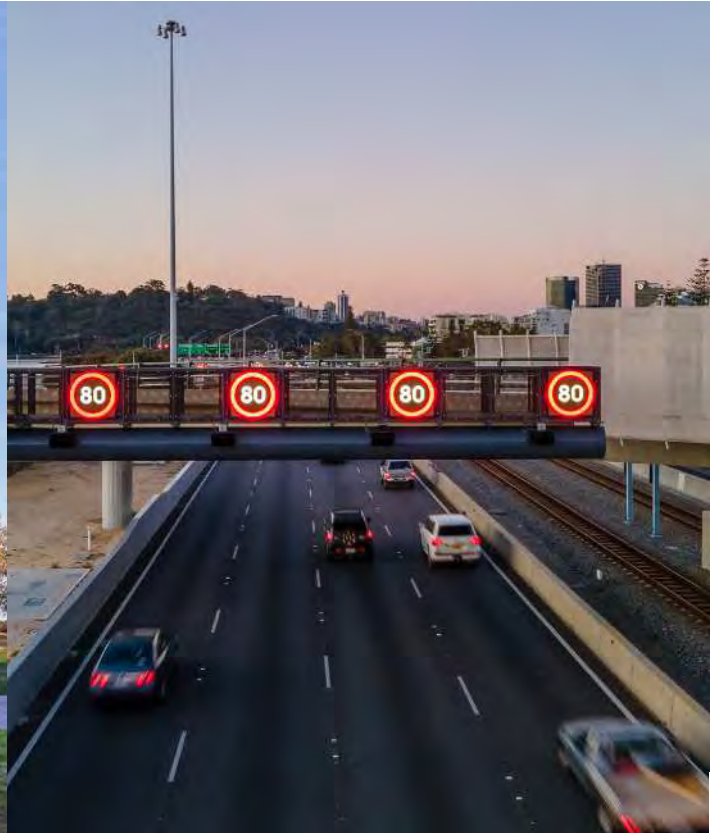


**2024 SCALEUP
OF THE YEAR**

at the Governor of
Victoria Startup Awards

¹ Cash includes term deposits over 3 months maturity (classified as other current assets on the balance sheet)





LETTERS FROM LEADERSHIP





LETTER FROM THE CHAIR

RAVIN MIRCHANDANI

**CHAIR
ACUSENSUS LIMITED**

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Acusensus' Annual Report for FY24.

Acusensus remains at the forefront of fostering positive driver behaviour change, evidenced by our enforcement programs achieving substantial reductions in mobile phone usage and speeding incidents. While we take pride in these achievements, the sobering reality is that road transport still claims lives at a rate comparable to cancers, cardiovascular diseases and respiratory illnesses, underscoring the ongoing critical need for advanced traffic enforcement measures.

Delivering on our strategy

Reflecting on the past financial year, I am pleased with the progress we have made and our positioning as we enter FY25. In FY24, we achieved significant milestones in advancing our growth strategies, including:

- Total contract value signed since inception now stands at \$205 million, marking a 32% increase over last year, driven by new client wins, expanded contracts and extensions.
- The successful deployment of Heads-Up fixed site solutions in South Australia means that half of Australia's states and territories are currently using our solutions to address distracted driving.
- We have expanded our international footprint, particularly in key markets like the United Kingdom and the United States where we continue to invest. Revenue from outside of Australia has grown from 1% in FY23 to 4% in FY24, with a robust pipeline of opportunities.
- There has been notable progress in new product development. Our Road Worker Safety solution technology was actively piloted with one of Australia's largest road constructors, Fulton Hogan. The pilot is providing valuable insights to inform commercial product launch in 2025. Progress was also made on the development of advisory signage solutions (Behaviour Awareness Monitoring) including off-road acceptance testing with Acusensus' Queensland customer.

Board renewal

We welcomed Mike Giuffrida to the Acusensus Board as an Independent Non-Executive Director, effective from 9 October 2023, following an extensive search after the resignation of Thomas Patterson from the Board in June 2023.

Mike is an entrepreneur with over 25 years of commercial, technology and operational experience, having co-founded human resource technology company Acendre Pty Ltd (now Hire Road, Inc.) in Australia and successfully expanded the business into the United States. He has been and will continue to be a valuable asset to the Acusensus Board.

External recognition and awards

Acusensus' dedication to excellence has been recognised with several prestigious awards during FY24, including LaunchVic Scaleup of the Year Award, Prince Michael International Road Safety Award, Chartered Institution of Highways & Transportation Road Safety Award and Australian Young Entrepreneur Awards (Trailblazer and Technology). This is a testament to the team and the culture we have developed at Acusensus as we continue to innovate, scale and advance the work we do to improve road safety globally.

Looking ahead

The Board remains focussed on supporting our Managing Director and management team as we continue to execute the Company's strategy. Supported by a strong balance sheet, we are optimistic about our prospects to achieve our market and product growth objectives to be a leading multi-function enforcement technology provider.

Yours faithfully,

Ravin Mirchandani
Co-Founder and Chair
Acusensus Limited



LETTER FROM THE MANAGING DIRECTOR

ALEXANDER JANNINK

**MANAGING DIRECTOR
ACUSENSUS LIMITED**

Dear Shareholders,

I am proud of Acusensus' ongoing mission to leverage our technology to save lives, improve road safety and reduce dangerous driving behaviour. During FY24 we made significant progress and succeeded in taking a number of strategic steps to better position the Company for future growth.

Advancing our mission

Acusensus holds a unique position, having supplied world-first programs for both mobile phone use and seatbelt enforcement. We then expanded our capabilities into speed (both point and average), licence plate recognition and railway crossing monitoring.

We further advanced this focus in FY24 by investing in our core technology. Our team made substantial improvements to the Heads-Up solution through extensive data collection and artificial intelligence (AI) training for phone and seatbelt offences, alongside upgrading our image capture system to be able to simultaneously record vehicle make, model, number plate and offender behaviour.

Increasing pipeline of opportunities and customer focus

Throughout the year, we attended and exhibited at a number of trade shows and maintained strong engagement with existing and potential customers. The growing interest in our solutions is reflected in our expanding pipeline of opportunities.

Domestically, we secured the South Australian Government as a new customer and expanded contracts with multiple customers, including additional transportable units for the Queensland Department of Transport and Main Roads for both mobile phone and speed, and a seatbelt module for Transport for New South Wales utilising the existing Acusensus mobile phone detection camera network. Transport for New South Wales also exercised their extension periods for mobile phone and speed detection.

Internationally, we have made strides in educating the market about our solutions. In the United Kingdom,

we are transitioning from one-off pilots to medium-term engagements for distracted driving and seatbelt enforcement. Meanwhile, in the United States, we achieved success with real-time solutions, evidenced by North Carolina extending its real-time distracted driving enforcement contract into a second year, and the Arkansas Department of Transport signing a one-year contract for real-time speed enforcement following a successful six-month trial period.

Supporting growth and scaling

To support our international growth strategy, Acusensus undertook an organisational restructure early in FY24. This resulted in changes to the operational structure, with additional investment in people and in processes. This was further supplemented with the appointment of Matt Higgins as Chief Operating Officer in April 2024 to deliver on scale priorities as the Company executes its growth objectives.

Acusensus received ISO accreditation for Occupational Health and Safety Management Systems (ISO 45001:2018); Quality Management Systems (ISO 9001:2015); Environmental Management Systems (ISO 14001:2015); and Information Security Management Systems (ISO/IEC 27001:2022). We are proud to uphold our commitment to quality, efficiency and continual improvement and aim to build further trust with stakeholders through these internationally recognised certifications.

We also initiated several activities to better support our employees as we continue to grow. This included leadership and Prince2 project management training, while a number of our executives participated in the LaunchVic 30x30 program. These actions underscore our commitment to fostering a supportive culture that attracts, retains and develops a diverse, engaged workforce.

Strong financial results

Acusensus maintained its robust financial performance trajectory with substantial increases in revenue and gross profit, while continuing to invest to support and

fulfil future growth expectations. We delivered revenue of \$49.6 million, an 18% increase compared to the prior year, and gross profit of \$22.6 million, a 22% rise from the previous year. EBITDA for FY24 was \$4.5 million.

The Company reported positive operating cash flows of \$3.6 million. Funds generated, alongside our healthy cash balance, were used to fund continued investment in product development and purchases of transportable and fixed site camera equipment to support new contracts and contract expansions.

Acusensus ended FY24 with a strong cash balance (including term deposits) of \$19.3 million. This amount is sufficient to fund the business and its growth plans.

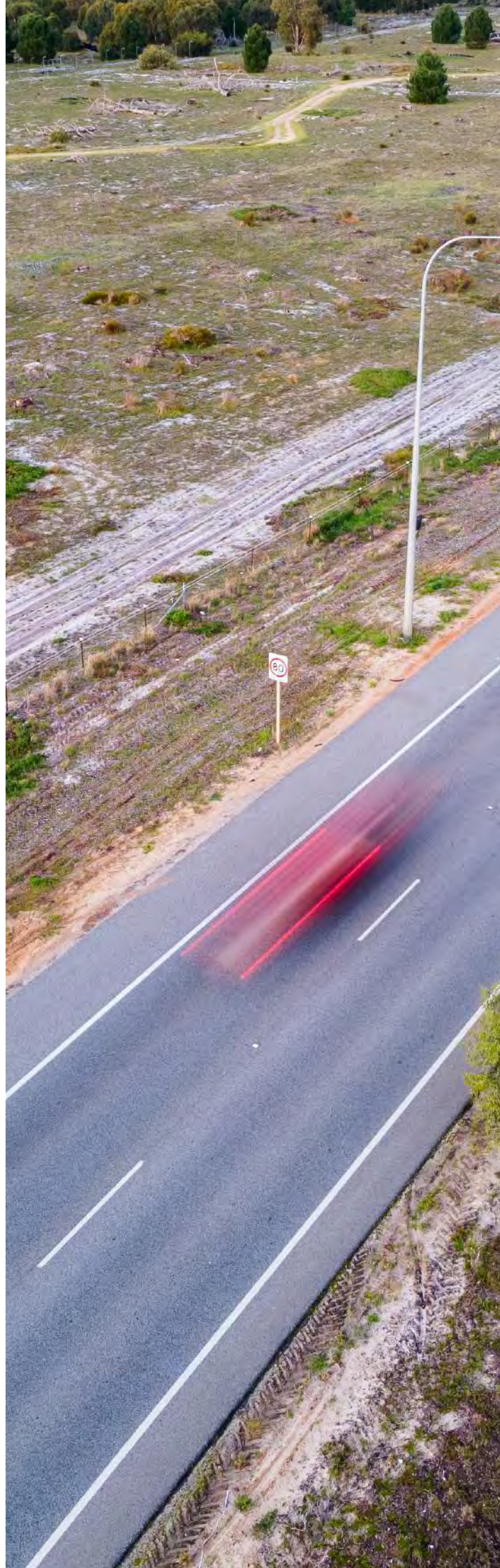
Acknowledgement

I would like to thank our shareholders, employees, customers and the communities in which we operate for their continued support and belief in our mission to continue to pioneer intelligent solutions, which can be rapidly deployed to address road safety challenges. We are well-positioned to maintain our momentum and drive our strategy forward.



Yours faithfully,

Alexander Jannink
Co-Founder and Managing Director
Acusensus Limited





OUR JOURNEY

Acusensus is a founder-led technology company incorporated in 2018 to improve road safety. With operations in Australia, United States and United Kingdom, the Company empowers authorities globally to tackle road safety issues with artificial intelligence-enabled traffic enforcement solutions. Acusensus are pioneers in advanced traffic enforcement, having supplied the world's first program for both mobile phone use and seatbelt enforcement. The Company subsequently expanded capabilities into speed (point and average), licence plate recognition and railway crossing monitoring.

MISSION

Acusensus pioneers intelligent solutions that can be rapidly deployed to address road safety challenges.

VALUES



Impact – Acusensus is driven by its mission to develop and deliver solutions that make a positive impact.



Collaboration – Acusensus believes that solutions to any big challenge are best discovered through collaboration.



Integrity – Acusensus prides itself on conducting business ethically and responsibly. We keep our word and deliver on promises.



Care – Ensuring the safety and wellbeing of employees, customers and the community drives Acusensus to deliver innovative and superior solutions.



HISTORY

FY18

- TCV \$1m
- Acusensus Pty Ltd incorporated
- Selected for the University of Melbourne Accelerator Program
- First Patent application filed
- First release of Acusensus Heads-Up solution
- New South Wales pilot contract for Mobile Phone Detection awarded



FY20

- TCV \$22m
- Victorian pilot for Mobile Phone detection
- Queensland pilot for Mobile Phone detection
- Netherlands pilot for Mobile Phone detection
- USA demonstrations of Acusensus Real Time enforcement
- India enforcement contract using Acusensus Harmony
- Belgium pilot for Mobile Phone detection



FY22

- TCV \$132m
- 100th employee starts
- Acusensus wins the Intertraffic Inspiration Award
- First employee in the UK starts
- Western Australia pilot for Mobile Phone, Seatbelt detection, Speed and Point-to-Point Speed
- Acusensus partners with entities in the UK for van-based pilot for Mobile Phone and Seatbelt detection
- New Zealand pilot for Mobile Phone detection
- Acusensus wins ITS UK Enforcement Scheme Award



FY24

- TCV \$205m
- Arkansas Speed enforcement program commenced using Harmony Real Time in work zones
- Acusensus chosen as one of LaunchVic's 30x30 2024 Cohort
- Expansion of Acusensus technology in the UK National Highways Network
- South Australia program for Mobile Phone detection commences
- Road Worker Safety solution Proof of Concept with Tier 1 constructor Fulton Hogan
- NSW Mobile Phone Detection program announced it would turn seatbelt detection module on from 1 July 2024
- Acusensus awarded Victorian Scaleup of the Year
- Additional orders for transportable units for Queensland Distracted Driving and Seatbelt and Speed programs



FY19

- TCV \$22m
- 10th employee starts
- First employee in the USA
- New South Wales world first enforcement program for Mobile Phone detection commences
- Partnership established with Spinal Cord Injuries Australia
- Tasmania demonstration for Mobile Phone, Speed and Licence Plate recognition detection technology

FY21

- TCV \$112m
- 50th employee starts
- South African pilot for Mobile Phone and Seatbelt detection
- UK pilots for Mobile Phone and Seatbelt detection
- Spanish pilot for Mobile Phone and Seatbelt detection
- New South Wales Speed Detection Camera Program commences
- Queensland Mobile Phone detection and Seatbelt program commences
- Western Australia Smart Freeway pilot
- Railway crossing data collection commences

FY23

- TCV \$155m
- Acusensus lists on the ASX as ASX:ACE
- Acusensus wins the ITS Australia Award for Excellence in Research and Development
- Australian Capital Territory program for Mobile Phone detection commences
- Queensland Speed detection program commences
- Queensland contract for Behaviour Awareness Monitoring awarded
- Research and development into road worker safety and impaired driving detection
- 150th employee starts
- North Carolina heavy vehicle mobile phone and seatbelt Real Time enforcement
- Westat Inc mobile phone and seatbelt study commenced in the USA
- Acusensus awarded Prince Michael International Road Safety Award
- Acusensus makes the AFR Fast 100 List

*TCV = Total Contract Value secured since inception.

KEY CHARACTERISTICS OF ACUSENSUS

Innovative Technology:

Acusensus is a leader in the road safety technology industry with advanced AI-driven detection and integrated enforcement solutions. Our innovative technologies, such as the Heads-Up and Harmony solutions, are designed to address and mitigate critical road safety issues like distracted driving, speeding and seatbelt compliance. These solutions highlight our commitment to innovation, enabling precise monitoring and effective behavioural intervention.

Social Impact:

Our mission is founded on a steadfast commitment to saving lives and enhancing public safety. Every product and solution developed by Acusensus is designed to make roads safer for everyone. By striving to reduce vehicle crashes and related trauma, and ultimately save lives, we support governments and road authorities in promoting responsible driving behaviour. Acusensus is making a significant positive impact on communities worldwide through our innovative technology.

Market Development:

As a market leader in road safety technology, Acusensus combines innovation and a passion to improve or address currently unaddressed road safety challenges and set new industry standards. Our comprehensive approach and relentless pursuit of excellence have established us as a trusted technology and service provider, driving advancements that shape the future of road safety.

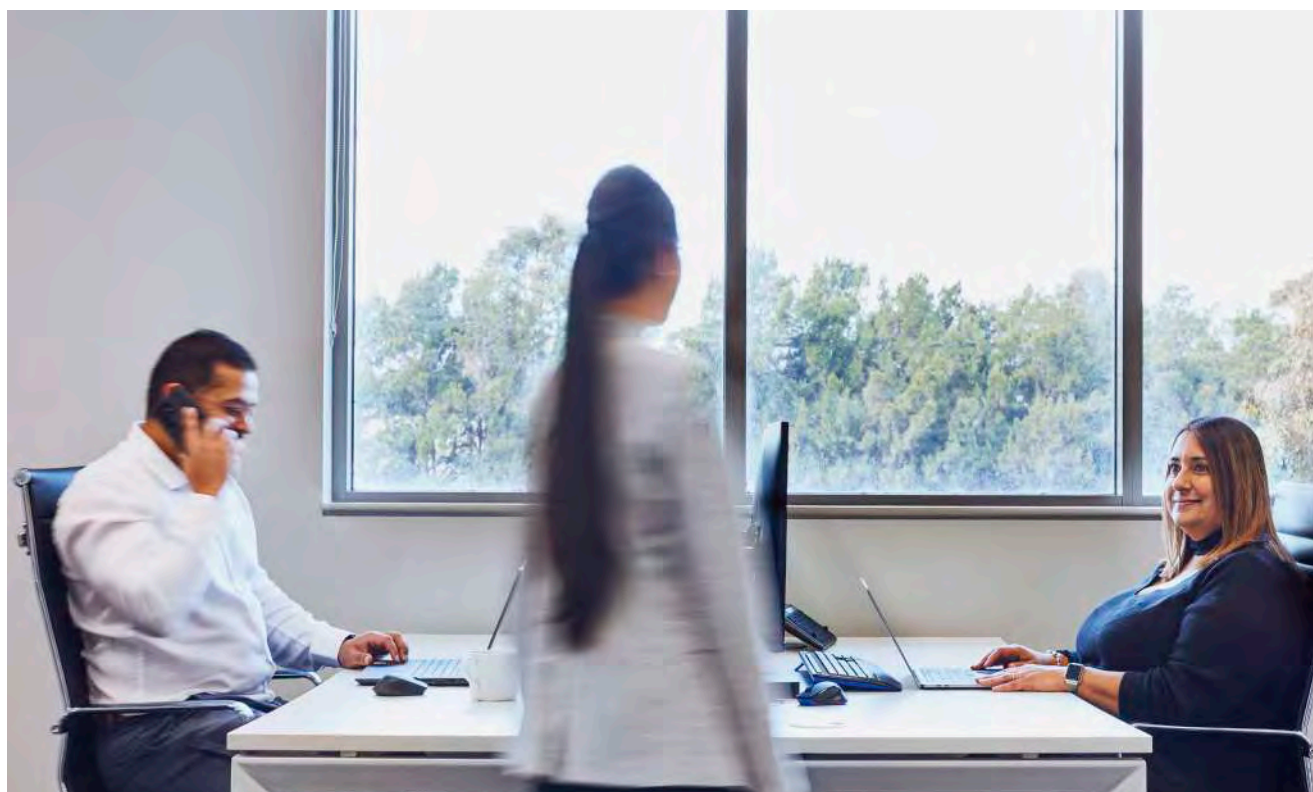
Key Stakeholders:

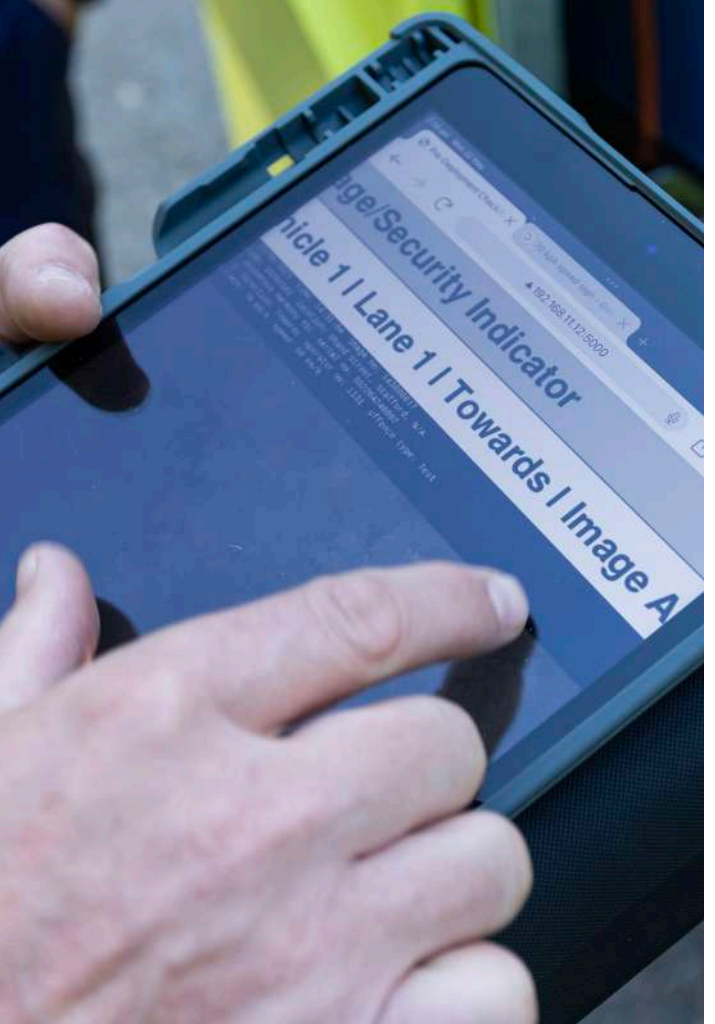
Engagement with key stakeholders is integral to our strategy. We collaborate closely with government bodies, research institutions and road safety organisations to implement and enhance safety measures through data collection, education or enforcement programs. These partnerships ensure that our solutions are not only technologically advanced but also aligned with regulatory standards and best practices in road safety.

Thought Leadership:

Leaders across the organisation present and participate in road safety and transport industry conferences, forums and stakeholder workshops, raising awareness, providing insight or participating in discussion complementing our technological solutions with broader engagement and thought leadership across the sector.

Focusing on these key characteristics have led to Acusensus' proven capability to deliver cutting-edge solution offerings and high quality services, leading to strong customer relationships. These achievements position Acusensus for long-term, continued future success.





TRANSFORMING ROAD SAFETY:

THE ACUSENSUS OPERATIONS OVERVIEW

Acusensus is revolutionising road safety with our innovative, rapidly deployable technology that is enhancing industry standards. Our unwavering commitment to saving lives and pioneering road safety innovations has positioned us as a leader in addressing previously unresolved challenges, such as detecting mobile phone use and seatbelt compliance, through automated and real-time enforcement. Below is an overview of our global operations, highlighting our dedication to excellence and continuous innovation.

Comprehensive End-to-End Service Workflow

Our operational model primarily revolves around providing a full-service program. This ensures customers receive an integrated, seamless experience, covering all aspects from deployment to ongoing support.



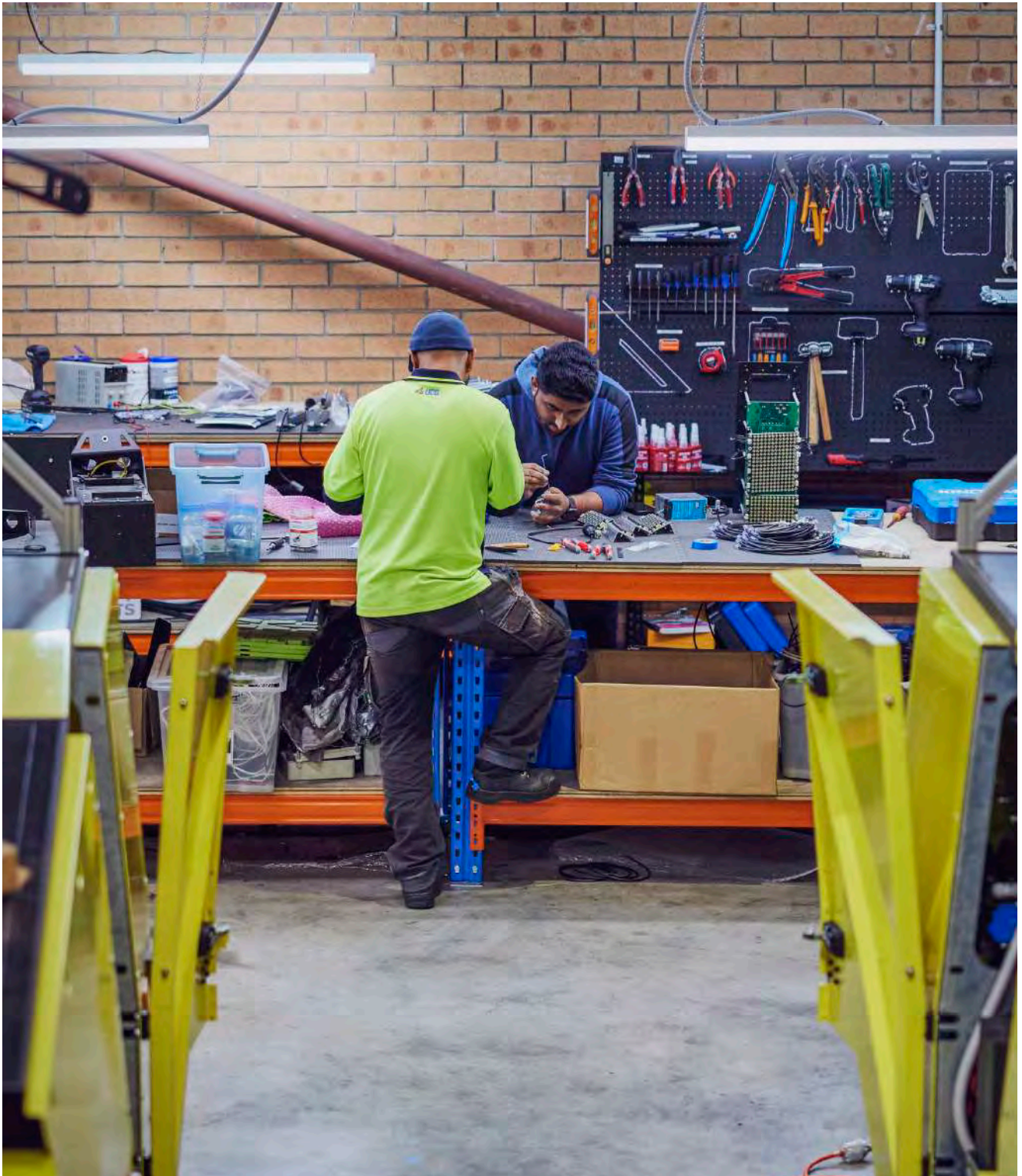


OUR INNOVATION ECOSYSTEMS

Aligning with Our Mission

Since our founding in 2018, we have been dedicated to enhancing public safety and saving lives on the roads. Our comprehensive road safety technology ecosystem addresses critical areas such as distracted driving, speeding, seatbelt compliance and real-time monitoring. Through our advanced AI-driven detection systems and integrated enforcement solutions, we are at the forefront of transforming road safety technology.

Our vision is to provide an ecosystem of solutions that address currently unaddressed road safety challenges.



TECHNOLOGY SOLUTIONS

Acusensus is a pioneer in road safety, protecting lives through intelligent, rapidly deployable technology. We have developed a number of innovative road safety enforcement solutions, which enable sales in Australian and international markets.



Acusensus Heads-Up

The Acusensus Heads-Up solution utilises patented technology and is used to detect and capture prosecutable evidence of drivers illegally using mobile phones whilst driving. Since its inception, the Heads-Up technology has been enhanced to simultaneously provide enforcement of other offences including seatbelt non-compliance by front seat occupants, driver speeding at a set point or over a distance and automatic number plate recognition to detect unregistered vehicles and vehicles that are being driven in closed lanes of freeways.

The system can be provided in the form of fixed or trailer-based enforcement for anytime, anywhere deployment. The Acusensus Heads-Up Solution captures high resolution, prosecutable evidence of individuals undertaking illegal driver behaviour, 24/7 in all weather conditions and operates autonomously to capture photographic evidence, automatically detecting illegal driver behaviour. The system hardware is compact, light and unobtrusive, permitting economical deployment on a wide range of pre-existing infrastructure or a trailer-based solution.



Acusensus Harmony

The Acusensus Harmony solution provides high-tech speed enforcement with an all-weather imaging system that can capture photos in adverse conditions, such as against a rising or setting sun. The technology also includes market-leading quality assurance included such as secondary image speed verification (SISV) for all offences.

Acusensus Heads-Up Real Time

The Acusensus Heads-Up Real Time solution is targeted at the North American market and provides real-time alerts to police officers of drivers who are using a mobile phone, speeding, not wearing a seatbelt or on an automatic number plate recognition "wanted list".

Police units are deployed a few hundred metres downstream from the Acusensus solution. The solution transmits images of offending vehicles to the waiting law enforcement officer within seconds. The digital evidence includes photos of the vehicle and the licence plate, as well as a countdown timer indicating when the vehicle will pass the officer. From here, the officer can utilise the content to determine if a violation has occurred and if a traffic stop should be initiated.

Acusensus Multi-function Solution

The Acusensus Multi-function Enforcement solution combines the advanced capabilities of our Heads-Up and Harmony solutions into a single unit to drive behavioural change on the road network. This comprehensive solution captures high-resolution, prosecutable evidence of illegal



driver behaviours 24/7 and in all weather conditions. It integrates functionalities such as mobile point-to-point (average speed) and spot speed detection, seatbelt non-compliance and illegal mobile phone use. By merging the strengths of the Heads-Up and Harmony solutions while also being able to be integrated with the Acusensus Real Time solution, the Multi-function Solution delivers unparalleled versatility, effectiveness and value for government and road safety practitioners.

Program Case Study - Queensland, Australia

The current Queensland Government's vision is to reduce fatalities by 50% and serious injuries by 30% by 2031. These goals are accompanied by a vision zero goal – to reach zero deaths and serious injuries in the state by 2050². To reach these objectives, the Queensland Department of Transport and Main Roads is working together with Acusensus to conduct enforcement-based road safety initiatives. Acusensus worked with the Department of Transport and Main Roads to meet rigorous government, legal and community requirements – leading to the Queensland Mobile Phone Seatbelt (MPST) program. This program made Queensland the first jurisdiction in the world to roll out simultaneous mobile phone and seatbelt compliance enforcement³. The official Acusensus contract was signed in June 2021, with the installation of three 2-lane transportable systems and go-live warning letters beginning at the end of July 2021 with penalties being issued starting November 2021⁴. Following initial installations, the MPST program added two more transportable systems in October 2021, four fixed site installations in December 2021 and four more 2-lane transportable systems were installed in December 2023.

Additionally, it was announced in February 2023 that Acusensus has partnered with the Queensland government to deliver a trailer-based mobile speed camera enforcement program utilising Acusensus' Harmony TS1 solutions. The decision to utilise trailer-based solutions derives from the fact that there are higher death rates on regional roads due to speeding⁵ – more than half of Queensland's lives lost in speed-related crashes occur in regional and remote areas, therefore, it is significant to produce a solution that can be deployed in these typically unreachable areas. Through the Queensland Speed program, the state became the first to partner with industry to deliver a completely trailer-based mobile speed camera enforcement program, highlighting the state's commitment to improving road safety across the network and being proactive in reducing road trauma.

The two Acusensus programs in Queensland have successfully driven behaviour change following each of their commencements. Evidence of behaviour change can



be seen through Acusensus program results and the state's decline in fatality rates.

Overall, the state experienced 276 fatalities due to road crashes in 2023, which is 23 fewer fatalities than the year prior, representing a 7.1% decrease in just a year⁶. These statistics are also supported by a decline in seatbelt-related fatalities, where the state saw 34 people killed as a result of not wearing a seatbelt in 2023⁷, representing a decline from 43 people in 2020. Similarly, speeding fatalities have also declined in the state, with 59 people killed due to speeding according to 2023 statistics⁸, a sharp decline from 88 speed-related deaths in 2022.

Acusensus is continuing to partner with the Queensland Government to provide enforcement solutions to further encourage behavioural change. In 2024, Acusensus is expanding both the MPST and Speed programs to include more transportable units.

2 <https://www.publications.qld.gov.au/ckan-publications-attachments-prod/resources/d28d7b57-2e59-456c-810d-5a4cf9654ddb/queensland-road-safety-strategy-2022-31.pdf?ETag=86607f1e7ec3d5de14e64614325f9a19>

3 <https://www.ownerdriver.com.au/industry-news/2302/portable-camera-to-enhance-speed-enforcement-in-queensland>

4 <https://www.publications.qld.gov.au/ckan-publications-attachments-prod/resources/d28d7b57-2e59-456c-810d-5a4cf9654ddb/queensland-road-safety-strategy-2022-31.pdf?ETag=86607f1e7ec3d5de14e64614325f9a19>

5 <https://www.roadsafety.gov.au/nrss/fact-sheets/regional-road-safety>

6 <https://www.publications.qld.gov.au/dataset/road-safety-statistics/resource/26a4d2f3-9a1f-45dc-82c7-0501916d0323#:~:text=During%201%20January%20to%2031,fatality%20report%20number%20is%201352e>

7 <https://mypolice.qld.gov.au/news/2023/08/21/queensland-road-safety-week-seatbelt-safety/>

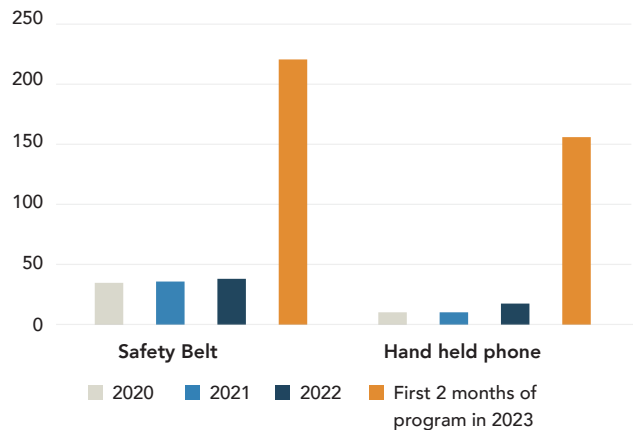
8 <https://mypolice.qld.gov.au/farnorth/2023/08/21/queensland-road-safety-week-2023-speeding/>

Program Case Study – North Carolina, USA

North Carolina State Highway Patrol engaged Acusensus in a state-wide Commercial Motor Vehicle (CMV) enforcement program using the Acusensus Heads-Up Real Time solution. The technology provides advanced detection and capture of distracted driving and seatbelt non-compliance, transmitting data almost instantly to law enforcement officers who are deployed a few hundred metres from the solution in the direction of incoming traffic.

The program has seen 6 times more seatbelt violations and 9 times more mobile phone violations per month in the first two months of the program in 2023 compared to the previous years before the program commenced.

NC AVERAGE COMMERCIAL VEHICLE VIOLATIONS PER MONTH





EMERGING INNOVATIONS

Road Worker Safety

By 2040, the number of cars and trucks on the road is projected to approach two billion⁹, highlighting a significant need for increased investment in global roadway infrastructure. Annually, an estimated \$900 billion¹⁰ is earmarked for maintaining and expanding road infrastructure to meet this growing demand.

The problem:

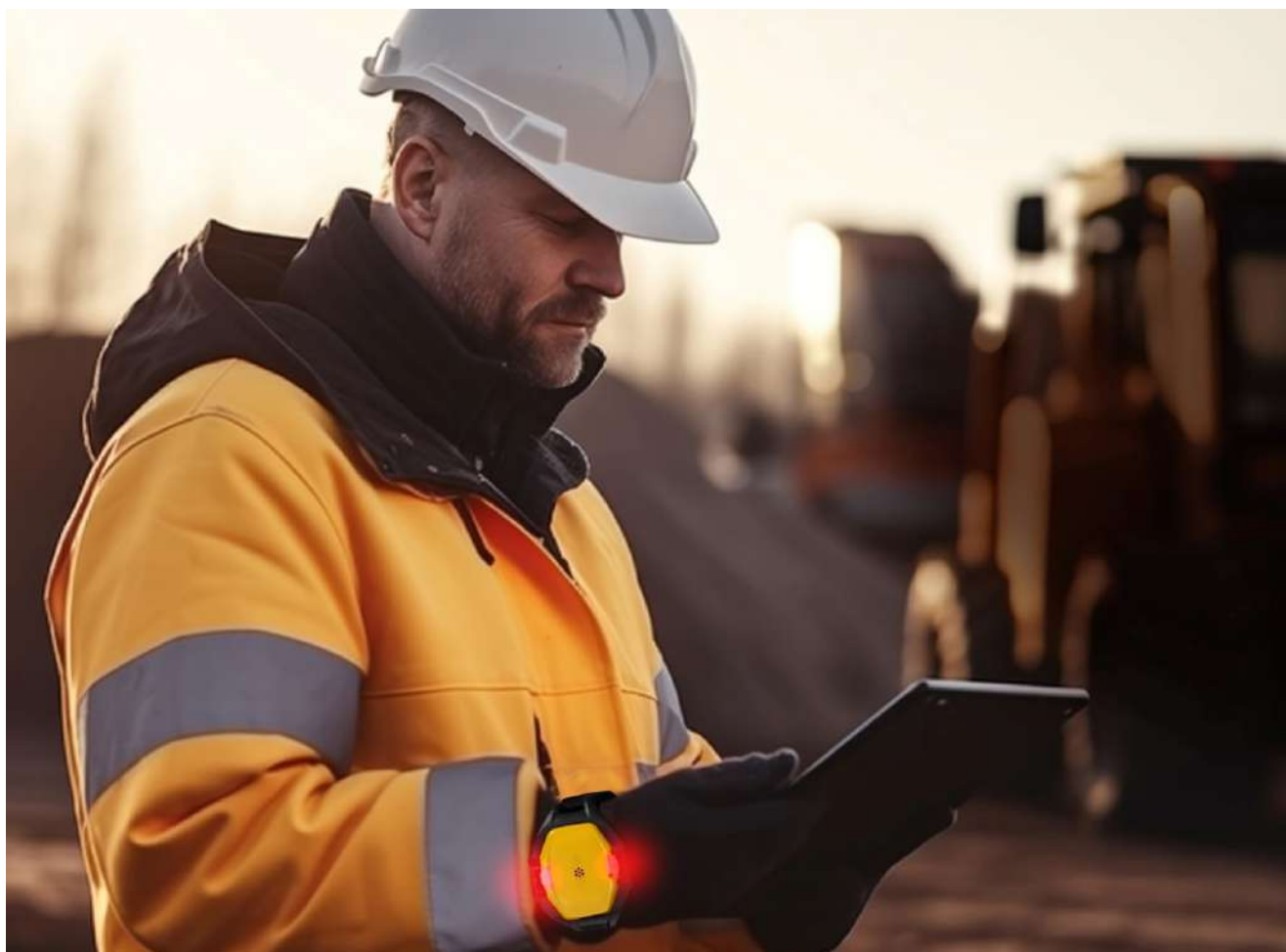
- Crash rates increase by nearly 25% in work zones¹¹
- In the USA in 2021, there were over 105,000 work zone crashes, resulting in over 42,000 injuries and 954 fatalities¹²
- Work zones and traffic management are largely analogue, relying on manual coordination and supervision.

With support from Swinburne University's Centre for Design Innovation and the National Road Safety Action Grants Program in the Vulnerable Road Users category,

Acusensus has developed a technology-focussed product to protect road workers by enhancing safety through real-time monitoring, alerting and tracking. The product enhances safety on site by converting work zones into smart, digitised environments and has risk and productivity management enabled through continuous, automated and actionable real time data capture onsite.

Proof of Concept (PoC) Program with Fulton Hogan

- Partnering with Tier 1 infrastructure company, Fulton Hogan
- Fulton Hogan employs over 9,000 employees, with the majority working around roads every day
- PoC demonstrated the practical application and scalability of the solution in real-world conditions
- PoC indicates that the solution can enhance safety protocols, provide onsite incident prevention and deliver real-time data collection.



⁹ Smith, M. N. (2016, April 22). The Number of Cars Worldwide is Set to Double by 2040. World Economic Forum

¹⁰ Woetzel, J., Garemo, N., Mischke, J., Hjerpe, M., & Palter, R. (2016). Bridging Global Infrastructure Gaps. McKinsey Global Institute

¹¹ Ozturk, O., Ozbay, K., & Yang, H. (2013). Estimating the Impact of Work Zones on Highway Safety. 5 Transportation Research Record, Journal of Transportation Research Board (PDF, 1.4 MB)

¹² <https://www.workzonebarriers.com/work-zone-crash-facts.html>

The Road Worker Safety solution's capabilities will include:



Real-time PPE Alerts

- Wearables provide immediate warnings to workers about oncoming dangers, including vehicle incursion and proximity warnings.
- Varied alert types in audible, visual and haptic feedback forms, aiming to provide comprehensive coverage of all workers, regardless of sensory impairments.
- Straightforward adoption to existing safety attire.



Work Zone Digitisations

- Naming machinery and identifying work zones as a part of producing a smart, digitised work environment.
- Advanced geo-zone technology for real-time monitoring and safety - improving reporting, management and predictive analysis for smarter and safer work practices.



Automated Incident Reporting

- Attaching names to individual wearables by incorporating GPS technology - precisely tracking a worker's movements and recording their incidents concerning the work zone.
- Capturing and logging high-risk events in real-time, ensuring swift intervention and prevention.



Predictive Analytics

- Cloud-based software records events and collects data from incident reporting, allowing for the identification of high-risk areas and producing proactive safety measures.



Data Subscriptions

- Data collection through the cloud-based software provides supervisory staff with critical work zone data and analysis for strategic planning and monitoring.



Impaired Driving Project

Acusensus is currently undergoing research and development to utilise Heads-Up-style technology to detect drug and alcohol-impaired drivers in real time. This project is made possible through a partnership with Griffith University and funding from the Federal Government.

Driving impaired under the influence of drugs or alcohol is a globally recognised risk factor for road traffic crashes and is considered one of the Fatal Five contributors to road trauma¹³. In a study of the prevalence of alcohol and drugs in fatal road crashes in Victoria, Australia, it was found that 51.9% of road traffic fatalities between 2006 and 2016 involved a driver who tested positive for alcohol or other drugs¹⁴. More recently, Queensland Police reported that drunk driving is the number one contributing factor in 30% of fatal crashes in Australia – more than 1 in 4 drivers killed on Australian roads have a blood alcohol content exceeding the legal limit¹⁵. These statistics indicate the severity of the problem and how many lives are put at risk due to impaired driving, hence the need for an effective solution to address the problem and save lives.

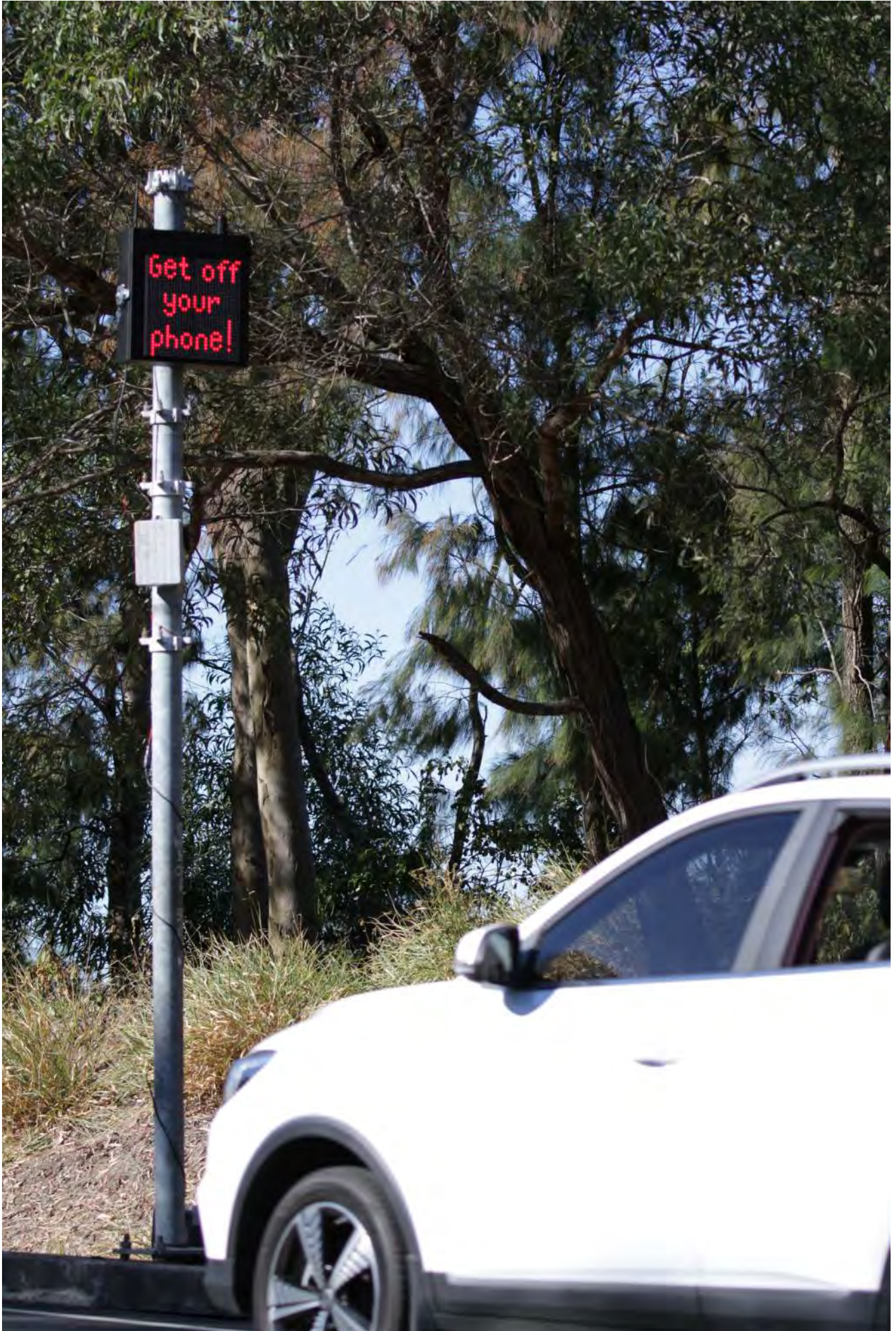
Acusensus recognises the serious problem of impaired driving and has conducted successful internal simulator testing to produce an AI-based solution that can detect features synonymous with impaired driving. As a follow-up to the simulator testing, Acusensus is preparing for a real-world trial with a partnered police agency. This trial will allow Acusensus to gather valuable real-world data, allowing the Acusensus team to gain further insights into the emerging technology and determine feasibility going forward. Successful implementation of the project will make this a world-first solution that detects impaired driving using AI, creating more efficient methods to address the dangerous behaviour as opposed to random breath testing.

The Acusensus Impaired Driving Project has been featured on Sunrise, a program on Australia's Seven Network.

¹³ <https://www.police.qld.gov.au/initiatives/fatal-five-staying-safe-roads>

¹⁴ <https://www.sciencedirect.com/science/article/abs/pii/S0001457520317255#:~:text=A%20review%20of%20road%20trauma,declined%20by%209%25%20per%20year.>

¹⁵ <https://research.qut.edu.au/carrsq/wp-content/uploads/sites/296/2020/08/Drink-Driving.pdf>



Behaviour Awareness Monitoring

The Acusensus Behaviour Awareness Monitoring (BAM) Solution is an emerging innovation at Acusensus envisioned to be a low-power, pole-mountable camera system that detects dangerous driving behaviours and sends messages to a nearby Variable Message Sign (VMS).

Deployed under a pilot program in conjunction with Transport and Main Roads (TMR), BAM aims to provide immediate reminders to alter driving behaviours. Each time a vehicle is detected approaching the detection platform, driver behaviour is assessed. These behaviours are detected through AI analysis and data is sent to a VMS, providing customisable messages about their behaviour. Examples of driver behaviour able to be captured include tailgating, speeding, no seatbelts and hands-off driving. BAM also detects illegal mobile phone use while driving.

Additionally, BAM is designed to be easily deployed in various environments, including residential areas with minimal reliance on Acusensus to be onsite to support installation. The technology and its application are innovative and practical as it provides traffic analytics including potential high-risk areas. These data subscriptions can be utilised for strategic planning and monitoring, allowing government entities to deploy proactive safety measures as a response to collected data.

The solution aims to build community awareness and education of the dangers of key road safety behaviours while providing key insights directly to authorities or decision makers to support more informed road safety decision making.

Tailgating

Tailgating – also known as close-following – is a dangerous yet common phenomenon and is a behaviour commonly seen on roads worldwide. A survey by Monash University's Accident Research Centre found that 55% of Australian drivers said they have often experienced being tailgated by other motorists¹⁶. Furthermore, a report by the RACV states that in Victoria alone, police have issued more than 10,000 fines for tailgating in the last five years¹⁷. Queensland reportedly recorded more than 7,000 road injuries and fatalities attributed to tailgating from 2019 to 2020, with 3,120 infringement notices issued to the offending drivers¹⁸. These statistics prove the prevalence of tailgating behaviours and how a solution needs to be produced to address these behaviours and prevent tailgating-related fatalities from occurring.

Acusensus is developing innovative imaging technologies for detection and enforcement of tailgating vehicles. The development of a practical solution that hones in on tailgating behaviour allows these behaviours to be identified and logged.

Tailgating is flagged as being an urgent issue within road safety, making this project an innovative one that could significantly alter the road safety landscape at present. The tailgating detection solution will be added in support of existing enforcement platforms such as distracted driving and seatbelt use.



Rail Crossing Monitoring

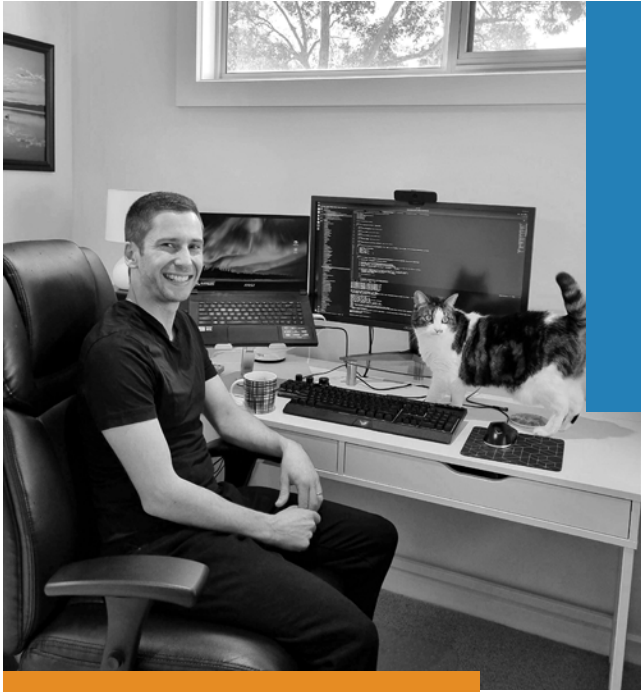
Acusensus has developed a railway crossing monitoring solution through the combination of imaging, vehicle tracking and AI. The Rail Crossing Monitoring solution tracks how cars fail to stop at stop sign controlled and signalised rail intersections. It has been engaged to conduct surveys in New South Wales and Victoria, collecting data and monitoring selected sights to gain insight into driver behaviour.



16 https://www.sciencedirect.com/science/article/pii/S136984782200290X?ref=pdf_download&fr=RR-2&rr=89a2f1616fca3779

17 <https://www.racv.com.au/about-racv/newsroom/racv-encourages-victorian-motorists-to-be-mindful-of-tailgating.html>

18 <https://www.abc.net.au/news/2022-02-16/tailgating-is-stressful-and-dangerous/100837108>



LUKE HILL

LEAD SOFTWARE ENGINEER

Our Emerging Innovations could not be actualised without our talented team. Luke Hill shared his passion towards innovation and development and how it all fits in to Acusensus' commitment towards our values. Luke's interest in hands-on work and development began at a young age and continued in every role he had both prior to joining Acusensus and within the Acusensus team.

"Growing up, I was always probably a bit of a geek and used to love playing with Lego. I also convinced my parents when I was in primary school to buy a computer so I could start programming," Luke reminisced. "I didn't know until I got to year 12 that I would get into engineering. But when I said that's the way I wanted to go, my parents were like 'we knew that all along.'"

Luke went on to study Robotics and Computer Science at Swinburne, where the course allowed him to do a year-long placement at his first engineering role. The focus on quality assurance and the impact Luke's work had on determining the treatment people received resonated deeply with him and thus began his journey towards developing an impactful career.

"All of my career choices and where I want to be is trying to help society."

In mid-2021, Luke was recruited to join the Acusensus team. This was a busy time at the Company as we were beginning our NSW Mobile Speed Camera Program and the WA

"Growing up, I was always probably a bit of a geek and used to love playing with Lego. I also convinced my parents when I was in primary school to buy a computer so I could start programming," Luke reminisced. "I didn't know until I got to year 12 that I would get into engineering. But when I said that's the way I wanted to go, my parents were like 'we knew that all along.'"

Smart Freeway Red-X trial. For the first time, Acusensus' R&D team was split into two sub-teams. Luke was drawn to Acusensus due to our focus on advancing existing technologies, which is a sentiment he was aware of, having worked with the team previously. "It's always about okay – what can we add to it? What can we develop? What is the next thing? It is something so exciting for me as an engineer knowing that we'll never get stuck maintaining an existing solution. It's always about advancing it and adding more features and adding more value and trying different tech as well," Luke shared.

As we enter FY25, Acusensus is working to allocate increasing resources to research and development. Luke highlights the restructuring of the teams as a key motivator to continue to innovate, and in turn, what makes the Acusensus team special and different, "The leadership at Acusensus actively encourages us to take R&D risks, by trying new tech and new approaches for solving problems that other companies may relegate to the 'too hard basket.'"

"With this support comes not only permission but also responsibility to pioneer next-gen solutions that will have a significant impact on road safety."

When asked about Acusensus' future, Luke shared that he is excited to see Acusensus' growth. Luke and his team are currently working on solutions to address tailgating and intersection enforcement. Furthermore, Luke believes in Acusensus' commitment to integrity and believes it will lead to increasing geographic expansion. He shared his experiences working with our clients and how we have developed excellent relationships with customers through honest and upfront conversations, "Each customer has shown their appreciation for Acusensus' consistent, no-nonsense attitude to managing our road safety assessment and enforcement programs." Luke believes this sentiment will be applied to the rest of the world.

"We have and continue to develop solutions that are desperately needed across the globe, so I'm excited about Acusensus becoming the go-to company for addressing road safety issues."



VIOLET SNELL

LEAD MACHINE LEARNING ENGINEER

Violet was about to start her third week at Acusensus when she spoke about her experiences as a veteran engineer. The Acusensus UK team welcomes Violet as we continue to commit to our international expansion.

"My aim and purpose is to build things that are useful and improve people's lives. Ultimately, that's what I want to apply my energies and talents towards," Violet said. Her talents lie around "very technical things," she shared, including mathematics programming and software development.

With over 30 years of experience coding, Violet began her impressive career following the completion of her Engineering and Computer Science degree at Oxford, where she worked in broadcasting technology in research positions. Here, Violet developed algorithms for video processing, including her "claim to fame" – being involved in the first Matrix movie. Violet worked on the movie's "bullet time," "where the camera seems to sort of pan around in slow motion, but the actors are moving [differently] as it happens," Violet reminisced. "That was done with our technology at the time – and that's the kind of fun things I played with in my early years."

After 15 years in the industry, Violet went to do a PhD in medical microscopy image analysis, where she worked on automated visual recognition systems focusing on medical imaging. Through this experience, Violet gained experience as a lab assistant demonstrator, which led her to be trained as a fully qualified lecturer.

Violet is not a stranger to intelligent transport systems; she has previously delivered innovations in automatic

"My aim and purpose is to build things that are useful and improve people's lives. Ultimately, that's what I want to apply my energies and talents towards," Violet said. Her talents lie around "very technical things," she shared, including mathematics programming and software development.

number plate detection (ANPR) – Violet worked on automatically identifying number plates from different countries or different states within a country, such as the USA and Australia. Furthermore, Violet worked on vehicle identification – "So telling the difference between a car and a truck or a bus so that you can apply different speed limits to them" in automated speed enforcement tools. This development is significant in places such as the UK, where there are different speed limits depending on vehicle type.

In 2022, Acusensus partnered with entities in the UK for a van-based trial of the Heads-Up solution, capturing data of people illegally using their mobile phones while driving and not wearing their seatbelts. This trial made Violet aware of Acusensus and the Heads-Up technology piqued her interest. "That for me was a kind of very direct head-on tackling of something that everybody knew was a major problem but nobody had a solution for," Violet shared.

When asked what made Heads-Up interesting to her, Violet shared that the technology was interesting in terms of getting the right kind of images. "The recognition aspect of it is challenging – the machine learning aspect of the Heads-Up technology is not simple," she explained.

Violet believes in continuously improving technologies, which is what we strive to do at Acusensus to maintain our promise of delivering cutting-edge solutions. In the longer term, Violet hopes to contribute to the continuous improvement of Heads-Up.

"The better performing we can get [Heads-Up], the faster we can drive the adoption of it because it becomes a much easier proposition for the customers to implement it. Then that's going to keep more people safe."

Aside from being excited about contributing her expertise to improving Acusensus' current solutions, Violet looks forward to working on our emerging innovations, particularly close following (or tailgating) detection. "It's a very long-standing problem that again, nobody has a solution for that is at all plausible," Violet emphasised. But despite the challenge, Violet believes she has a few tricks up her sleeves to produce world-first solutions and tackle unaddressed problems.

CONTINUED RESEARCH AND DEVELOPMENT

Improved Distracted Driving and Seatbelt

Acusensus is consistently committed to innovation and improvement, we recognise the need to continuously deliver cutting-edge solutions at the highest standards. Our approach to AI is to utilise the best talent in research and development and engineering to continuously improve existing AI capabilities, ensuring current solutions are improved and become increasingly effective in delivering their purpose – which is to address road safety challenges and make our roads safer.

Not only have multiple innovations and horizontal applications been developed through the first iterations of Heads-Up, the AI technology behind the solution is now equipped with better vehicle classification. Furthermore, Heads-Up has been enhanced to improve image quality, which allows increasing clarity in producing prosecutable evidence of dangerous driver behaviours. The technology has been met with positive feedback, leading to clients electing to add more enforcement capabilities to existing

programs, such as in New South Wales, where a seatbelt detection module has been activated as an addition to the NSW Mobile Phone Detection program.

Mobile Point-to-Point Speed

Acusensus' Multi-function Enforcement Solution's capabilities include mobile point-to-point speed detection, which has been successfully trialled in Western Australia. Point-to-point speed detection is significant within road transport as it allows vehicles to be detected at two different locations within a set distance, thereby measuring speed and producing evidence of speeding.

This detection system is one-of-a-kind as it permits point-to-point speed detection via trailer platforms as opposed to traditionally fixed platforms. A transportable point-to-point detection system allows more locations to observe and enforce speeding behaviours whilst producing clear prosecutable evidence of speeding violations.



Mobile Point-to-Point Overview

$$\frac{\text{TOTAL DISTANCE}}{\text{TOTAL TIME}} = \text{AVERAGE SPEED}$$

Entry Site 1

- Vehicle detected
- Number plate photographed
- AI reads number plate (ANPR)
- Number plate and time recorded

2 Exit Site

- Vehicle detected
- Number plate photographed
- AI reads number plate (ANPR)
- If average speed exceeds the speed limit, human review occurs
- If human review confirms speeding, offence package is generated

There is no maximum distance for trailer location. Trailers can be vast distances apart.

HOW WE CREATE VALUE

Acusensus is a business driven by a sense of passion, boundless energy and steadfast belief in our mission. Our team's commitment to excellence and innovation helps to fuel our rapid growth. Our unwavering dedication to exceeding customer expectations and innovating in our industry ensures that we continue to lead with confidence and purpose.

Market Growth

Focus on reaching the global market with Acusensus' distracted driving enforcement solution

- Capitalising on a 'first mover advantage' to expand the Australian business
- Expansion of the North American business
- Expansion of the UK business
- Expanding geographically into other international markets (e.g. Europe) through strategic relationships.

Product Growth

Focus on continually improving Acusensus' product offering, addressing adjacent applications and pursuing complementary technology to meet the needs of similar customers

- Providing ancillary services to allow upselling and cross-selling opportunities
- Exploiting new opportunities by enhancing existing products and developing new products
- Enhancing and expanding patent portfolio.

Acusensus' overall growth strategy can be summarised to include the following strategies to achieve those intentions:

ACUSENSUS INTENDS TO GROW BY:



- Capitalising on a 'first mover advantage' to secure further market share in Australia and New Zealand



- Expansion of the North American business



- Expansion of the UK business



- Expanding geographically into other international markets (e.g., Europe) through strategic relationships



- Exploiting new revenue opportunities by enhancing existing products and developing new products



- Providing ancillary services to allow up selling and cross selling opportunities

TO EXECUTE THE GROWTH STRATEGY THE COMPANY WILL:



- Invest in manufacturing further camera solution equipment to satisfy existing and anticipated demand



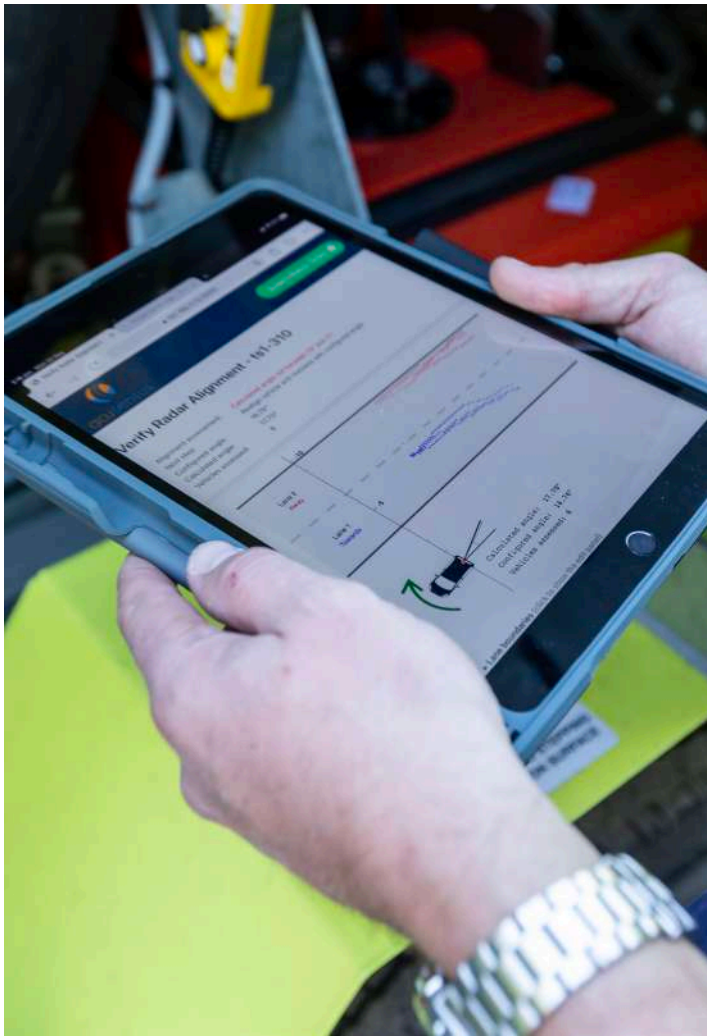
- Invest in further research and development activities



- Scale the capabilities of the sales and operations teams



- Improve competitiveness through working capital management and certifications such as Quality Management Systems (ISO 9001:2015) and Information Security Management Systems (ISO/IEC 27001:2022).



AUSTRALIAN OPERATIONS



Australia represents Acusensus' most mature market as Acusensus has been able to grow to a position where Acusensus' revenue in Australia is estimated to be the second largest of traffic enforcement camera providers. Acusensus is committed to enhancing road safety across Australia through our advanced technology and dedicated programs. Here's how we are making a significant impact in various states.

New South Wales

In 2019, Acusensus pioneered the world's first illegal mobile phone use enforcement camera program in New South Wales. This initiative, launched under a statewide contract with Transport for New South Wales (TfNSW), uses both fixed and trailer-based Acusensus Heads-Up solutions to detect drivers using mobile phones illegally while driving. The program has continued successfully through 2023/24, demonstrating our ongoing commitment to road safety and innovation.

Since 2021, Acusensus has expanded its collaboration with the New South Wales Government by operating the Mobile Speed Camera program. Under a different contract, our Mobile Speed Camera Vehicles (MSCVs), equipped with the in-house designed and manufactured Harmony speed enforcement system, delivers 8,300 hours of speed enforcement per month, ensuring enhanced road safety across the state.

Starting 1 July 2024, Acusensus has been engaged to enhance the services from the existing mobile phone detection cameras (MPDC) to also enforce seatbelt non-compliance across the state. This enforcement responds to the concerning statistic of 150 seatbelt-related deaths from 2019 to 2023¹⁹.

Queensland

In mid-2021, Acusensus launched an innovative enforcement camera program in Queensland to detect both illegal mobile phone use and seatbelt non-compliance. This program, the first of its kind globally, uses fixed and trailer-based Heads-Up solutions to capture clear, prosecutable evidence 24/7 in all weather conditions.

Commencing in 2023, Acusensus has also been contracted to provide statewide services aimed at enhancing road safety. This program, utilising the Acusensus Harmony TS1 solution (a transportable or trailer based speed technology) provides anywhere, anytime speed enforcement across regional, rural and metropolitan areas of Queensland. This program is also expanding with additional systems in the 2024/25 period.

South Australia

Announced on 8 January 2024, with operations starting on 19 June 2024, Acusensus began a program in South Australia with the Heads-Up solution to detect illegal mobile phone use while driving across the state. The program, including a three-month education period, is planned to have full enforcement commencing on 18 September 2024.

Australian Capital Territory

In February 2023, Acusensus launched a program in the ACT deploying mobile device detection cameras to combat distracted driving from mobile phone use. This initiative aligns with the ACT Government's Vision Zero strategy, aiming for no deaths or serious injuries on Canberra's roads. A comprehensive public awareness campaign has supported the program with warning notices in mid-2023, transitioning to fines and demerit points from February 2024. Acusensus provides an end-to-end service model, ensuring efficient and safe operations tailored to the ACT Government's needs.

Enhancing the Road Safety Platform with all-in-one capability

In our commitment to enhancing road safety, Acusensus sees an opportunity to enforce multiple dangerous driver behaviour such as distracted driving, speeding and non-compliant seatbelt use from a single asset.



¹⁹ (<https://www.nsw.gov.au/media-releases/cameras-to-enforce-seatbelt-law-from-july-1>)



Case Study - Western Australia

In July 2022, Acusensus embarked on a groundbreaking road safety initiative with the Western Australia Police (WAPOL) and the WA Road Safety Commission (RSC). This seven-month trial introduced Australia's first full multi-function solution which was capable of enforcing point-to-point speed, Automatic Number Plate Recognition (ANPR), spot speed, seatbelt non-compliance and distracted driving and delivered both in metropolitan and regional roads, including the Wheatbelt, Mid-West, South-West and Great Southern regions of Western Australia.

Given Western Australia's vast area of 2,527,013 square kilometres, diverse climate and dispersed population, monitoring unique, including rural statewide deployments, Acusensus worked closely with WAPOL and RSC to tailor deployment strategies that effectively supported a wide range of locations.

The success of this trial highlighted the effectiveness of combining multiple enforcement capabilities into a single platform. Building on these positive outcomes, Acusensus is committed to expanding this solution and road safety technology.

Key Australian Contracts

Acusensus has successfully grown its customer base since 2019 with a track record of customers exercising extensions, adding modules or increasing units.

| Customer | Key modules | Commencement | Contract term | Comments on contract variation |
|--|-----------------------------------|---------------|---------------------------|--|
| Transport for NSW | Mobile Phone, Seatbelt | December 2019 | 2 + 1 + 1 + 1 years | TfNSW has announced the activation of the seatbelt module from 1 July 2024 |
| Transport for NSW | Speed | June 2021 | 3 + 1 + 1 years | TfNSW has exercised the first 1 year extension |
| QLD Department of Transport and Main Roads | Mobile Phone, Seatbelt | July 2021 | 5 + 1 + 1 years | Expansion of transportable units deployed from December 2023 |
| Main Roads Western Australia | Smart Freeway Safety Camera Trial | January 2022 | 1-year term + 1 + 1 years | |
| QLD Department of Transport and Main Roads | Speed | May 2023 | 5 + 1 + 1 years | Expansion of transportable units deployed from July 2024 |
| ACT Government | Mobile Phone | February 2023 | 3 + 1 + 1 years | |
| South Australia Government | Mobile Phone | April 2024 | 5 + 1 + 1 years | Phone enforcement camera program selection in FY24 and go-live from April 2024 |



"The beauty of this role – this whole Acusensus project – it's all about road safety. It's all about reducing road trauma. It's all about keeping people safe on the roads."

ADAM WILLIAMS

ETO TEAM LEADER

When Adam joined Acusensus four and a half years ago, he had never heard of an enforcement trailer operator (ETO). Coming out of a hiatus from work, Adam took a leap of faith and joined the Acusensus team as Acusensus' second ETO due to his passion for road safety and specifically, reducing road trauma. Adam is now ETO Supervisor in New South Wales and he works to ensure comprehensive safety measures are enacted in the ETO role daily.

Before joining Acusensus, Adam was a part of the NSW Police, joining the organisation when he was 25 years old. After 18 years of service, Adam had to unfortunately retire from the police force due to an injury, where he was hit by a car. "I was in rehab for approximately five years where I was learning to walk again properly and get myself back on my feet – also had surgery on my lower back," he shared. Adam then had to spend a few years off working.

Recalling the time after his injury, Adam said, "I was always pondering what I was going to be able to do. I was concerned about the injuries and whether I'd recover well enough to be able to get back into the workforce." This time in recovery led Adam to the New South Wales Police Legacy, where he did a four-day course that helped him transition himself to get back into the workforce. "I got a little bit motivated and I could see that there was other ex-police and current serving members that were struggling in sort of a similar predicament as myself and I was able to sort of coming out of there, be a bit more confident in finding a job," Adam said of the program. Through the NSW Police Legacy, Adam learned about Acusensus and the Company's search for an ETO. After a few phone calls, Adam quickly began travelling across NSW, deploying trailers for the NSW MPDC Program.

Adam did not know what an ETO was when he first heard about the role, but he was optimistic and keen about re-employment. "I ended up suffering from post-traumatic stress disorder as a result of what happened to me within the police," Adam explained. "It was very significant for me to actually get back on my feet – give me some direction and give me a purpose."

"I think the beauty of it was I hadn't worked for a number of years, so it wasn't [a full time role]" – Adam spoke of why the ETO role sounded right for him at the time, "It was just on a casual basis and I can just slowly build up to get myself back into the workforce to do 15 hours a week up to 20 or 30 or 40 or even sometimes longer."

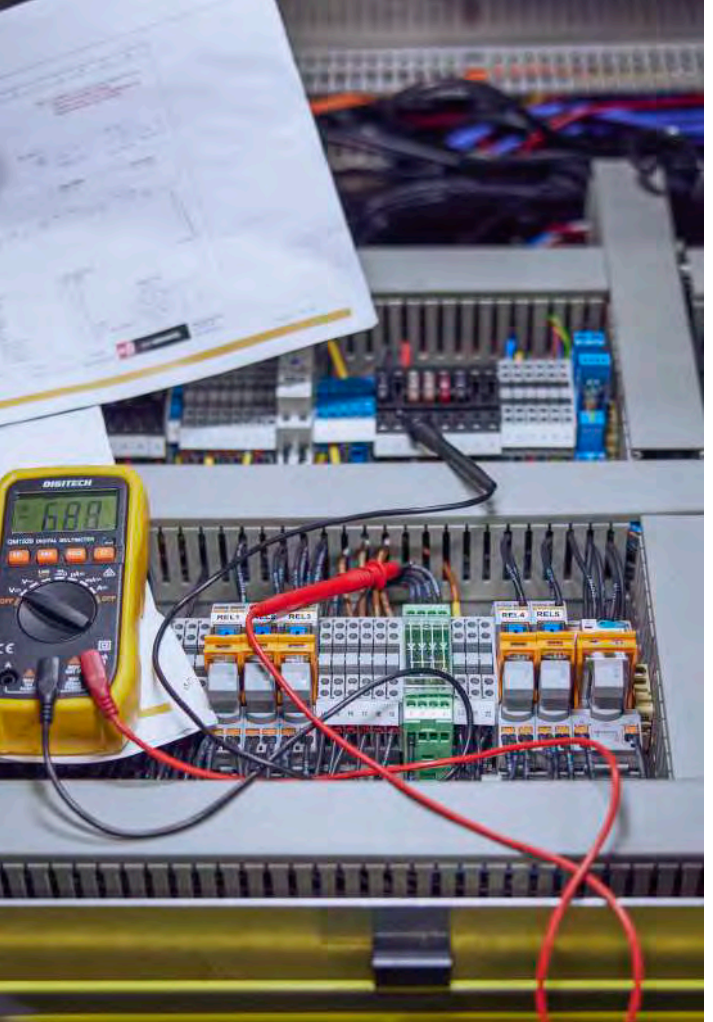
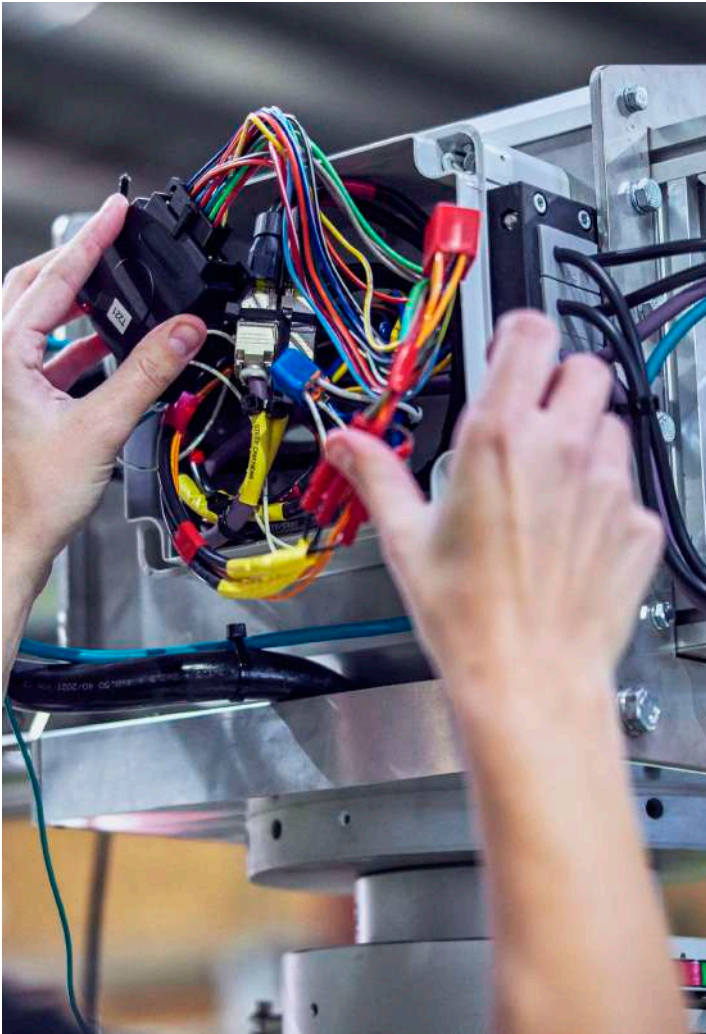
"The beauty of this role – this whole Acusensus project – it's all about road safety. It's all about reducing road trauma. It's all about keeping people safe on the roads."

Adam's experience with the police made him passionate about road safety. Today, he applies this passion as he works to keep ETOs safe daily. Adam believes that his experiences, especially in highway patrol, gave him leverage in the ETO role, making him aware of his surroundings and giving him a strong understanding on how to be safe beside the road. Skills such as monitoring traffic in each direction and keeping a safe distance from the road are passed on to the ETOs, who Adam contacts daily to remind them of their safety obligations.

Furthermore, the role of the ETO has changed significantly since Adam started as he lends his expertise to the role. "I've been able to implement training days where we focus on road safety," Adam shared. He now works to ensure health and safety measures are put in place for the ETO role. ETOs today need to go through comprehensive training and need to meet specific requirements to ensure they are able to perform the role competently and safely. To further enhance safety, Adam explained that he also conducts quarterly inspections of the ETOs to ensure they follow the procedures Adam set up properly.

When asked about his passion for road safety, Adam credits policing as a key contributor – "I've attended fatalities and serious motor vehicle accidents as a result of people either being distracted, fatigued, alcohol-related offences or being on their phone. That in itself was enough for me to decide to join Acusensus because they had that goal in mind to be able to [tackle] that."

"The fact is that mobile phone use whilst driving – someone's going to be seriously injured or killed or kill someone else – and we're just trying to educate people, trying to make people aware of their surroundings," Adam said, "Putting these trailers out is in a way part of reducing road trauma because people are seeing these trailers and they're either slowing down or they're getting off their phones. Statistically, it is actually reducing mobile phone use within New South Wales. In the back of my mind, we are making a difference. And that's what I find more motivating than anything."



INTERNATIONAL OPERATIONS

LEGEND



DISTRACTION



SEATBELT



AVERAGE SPEED



HEAVY VEHICLE



COMPLETED DEMOS / PILOTS



PAID PROJECTS



VIEW PAGE 22 FOR NORTH CAROLINA CASE STUDY



VIEW PAGE 42 FOR ARKANSAS CASE STUDY

Nebraska (NE)

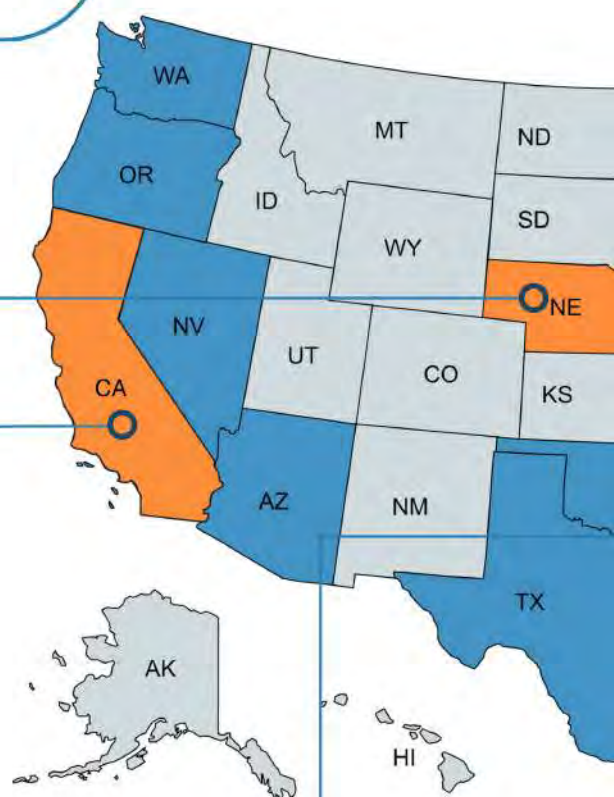
After demonstrating the technology for Nebraska State Patrol, NSP has entered into two different commercial vehicle enforcement projects with us. Their favourable impression of our solution has led them to apply for federal grant funding to use the Heads-Up solution for commercial vehicles year round.

California (CA)

Acusensus has performed multiple demonstrations in California. After showing the Heads-Up solution to Napa Police Department, we were awarded a grant to use the system for passenger vehicles. This will be the first passenger vehicle enforcement program in the United States.

Alabama (AL)

We are currently working on two separate research projects in Alabama. Together with the University of Alabama, we will evaluate the prevalence of hand held phone use for passenger vehicles. Meanwhile, our program with Auburn University will focus on hand held phone use for commercial drivers.





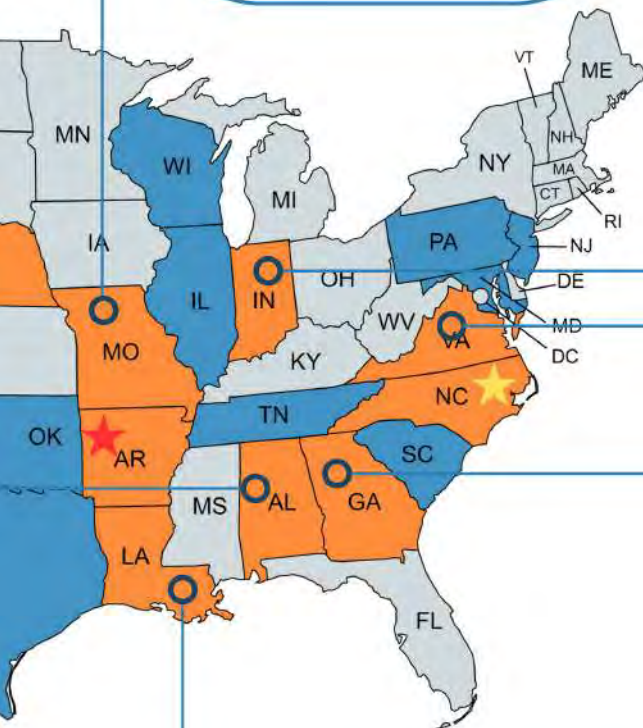
Missouri (MO)

Acusensus performed two separate pilots for the Missouri Department of Transportation. The first pilot was a proof of concept for the technology. We were then able to do another demonstration across 20 sites. We provided MoDOT with a report that showed prevalence for seatbelt, hand held mobile phone use and speeding violations.



Indiana (IN)

Acusensus partnered with the Indiana Institute of Criminal Justice to demonstrate the Heads-Up solution in a work zone. We monitored the work zone over an eight hour period for seatbelt, hand held and speed violations.



Virginia (VA)

The Insurance Institute for Highway Safety evaluated the Heads-Up solution on a closed course at their test track in Ruckersville, VA. The report they produced as a result of this project determined that the use of the Heads-Up solution was a viable alternative to collecting data for driving behaviours.



Louisiana (LA)

Acusensus worked with Louisiana State University to do a distracted driving prevalence study that served as a proof of concept of the technology for the Louisiana State Highway Safety Office.



Georgia (GA)

The Georgia State Police have partnered with Acusensus to deliver 4 Heads-Up trailers across the state. They will be positioned in work zones and enforce distracted, seatbelt and speed violations for commercial vehicles.

North America

In February 2023, Acusensus opened a US headquarters in Las Vegas, Nevada. This strategic location helps us stay connected to our customers and road authorities. This localisation has seen Acusensus adapt our solution to the specific requirements of the US market, emphasising and enhancing real-time policing and addressing critical issues like distracted driving, speeding and seatbelt compliance.

Education of the Market on the Role of Enforcement in Reducing Road Trauma:

Acusensus has been building market awareness by deploying our technology in 20 states through demonstrations, pilot programs or contractual engagements. These initiatives provide tangible evidence of our technology’s impact on improving road safety.

Development of State and Federal Funding Pools:

Recognising the importance of financial support in implementing road safety measures, Acusensus actively works on developing state and federal funding pools. By collaborating with governmental agencies and advocating for dedicated funding, we ensure that necessary resources are allocated to support the adoption of our advanced road safety solutions. These funding pools are essential for scaling our impact and making roads safer across the United States.

Customisation of Solutions to Meet Local Market Needs:

Understanding that road safety challenges vary by region, Acusensus customises its solutions to meet local market needs. Our Heads-Up solution addresses distracted driving, while the Acusensus Harmony solution focuses on speed management. Both can be operated in real time, designed to integrate seamlessly with local enforcement strategies. This tailored approach ensures that our technology is not only effective but also relevant to the specific issues faced by different communities.

Establishing a Local Presence with Dedicated Staff and Facilities:

To better serve our clients and enhance our operational capabilities, Acusensus has established a strong local presence in the United States. We have a dedicated team of 16 staff members who are experts in their respective fields, supported by our headquarters and assembly facilities in Las Vegas, Nevada. This local presence enables us to provide prompt support, facilitate efficient operations and maintain high standards of service delivery. By being close to our clients, we can better understand and address their unique road safety needs.

By focusing on these strategic initiatives for the North American market, Acusensus continues to transform road safety. Our commitment to building market awareness and interest, funding development, solution customisation and local presence ensures that we can effectively reduce

road trauma and save lives through innovative enforcement technologies.

Acusensus has significantly expanded its presence in North America by undertaking various pilot programs, demonstrations and data collection partnerships focused on distracted driving and seatbelt enforcement technology across 20 states. These continue to establish a solid foundation for significant growth and the establishment of revenue-generating programs.

- | | |
|------------------------|---------------------|
| 1. North Carolina (NC) | 11. Nebraska (NE) |
| 2. Maryland (MD) | 12. California (CA) |
| 3. New Jersey (NJ) | 13. Washington (WA) |
| 4. Pennsylvania (PA) | 14. Oregon (OR) |
| 5. Virginia (VA) | 15. Nevada (NV) |
| 6. South Carolina (SC) | 16. Arizona (AZ) |
| 7. Wisconsin (WI) | 17. Texas (TX) |
| 8. Arkansas (AR) | 18. Illinois (IL) |
| 9. Louisiana (LA) | 19. Indiana (IN) |
| 10. Missouri (MO) | 20. Tennessee (TN) |

Acusensus has successfully transitioned several pilot programs into revenue-generating contracts. The following states have contracted and/or ongoing, revenue-generating programs:

- | | |
|------------------------|--------------------|
| 1. North Carolina (NC) | 6. California (CA) |
| 2. Arkansas (AR) | 7. Indiana (IN) |
| 3. Louisiana (LA) | 8. Virginia (VA) |
| 4. Missouri (MO) | 9. Georgia (GA) |
| 5. Nebraska (NE) | 10. Alabama (AL) |

Arkansas - Case Study

Acusensus solutions are used in the speed enforcement program focusing on work zones in Arkansas. This program utilises Acusensus’ Real Time solution, where our transportable enforcement systems capture images of speeding vehicles in work zones. Information regarding the speeding vehicle is transmitted to an officer stationed downstream in the direction of traffic, who will then have the authority to issue a warning or citation. The program has received positive feedback from key stakeholders and has been instrumental in raising awareness about the importance of adhering to speed limits in work zones.

"We have been very pleased with the service received from Acusensus and will be expanding the program to include additional trailers this Summer."

- Chief Holmes, Arkansas State Department of Transportation



Delivering Impact:

- Crash Reduction:**

The program has contributed to a substantial 45% decrease in crashes in work zones in Benton, Arkansas from August 2023 to March 2024

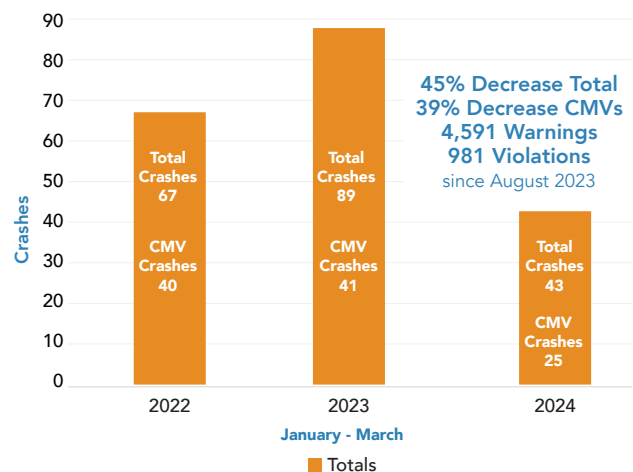
- Enhanced Safety:**

Road workers and motorists experience a safer environment, reducing the risk of accidents and injuries

Legislation was introduced in Arkansas to allow the Acusensus program to commence. Senator Kim Hammer and Representative Lanny Fite introduced the legislation, which was approved by the Arkansas State Legislature and signed by Governor Sarah Sanders earlier this year. The law allows for the use of automated speed enforcement devices to capture images of speeding vehicles in interstate work zones²⁰.

SALINE COUNTY (BENTON) WORK ZONE

Before and After Crash Statistics / Speed Enforcement Camera



²⁰ <https://www.ardot.gov/news/nr-23-252/#:~:text=Speed%20Enforcement%20Cameras%20Now%20Legal%20in%20Arkansas%20Interstate%20Work%20Zones,-PUBLISHED%20Date%3A%20July&text=Beginning%20August%201%2C%20Arkansas%20law,cameras%20in%20Interstate%20work%20zones>



"My responsibilities include a combination of delivery and services as well as the administration functions of the US business, specifically in the Las Vegas headquarters"

TONY PARRINO

EXECUTIVE VICE PRESIDENT OF DELIVERY (USA)

Tony Parrino is a powerhouse who runs the Acusensus USA branch and operations. "My responsibilities include a combination of delivery and services as well as the administration functions of the US business, specifically in the Las Vegas headquarters," Tony outlined, "Everything from managing the facilities and the people, to the assets that we place out on the roads".

But despite his expertise and his range of responsibilities, there was a time when Tony was completely unfamiliar with the road safety industry. Tony shares the story behind his beginnings in road safety, his close working relationship with the Acusensus team and how he worked to build the solutions used at Acusensus USA today.

"I have a weird story," Tony began. "I retired from the US Air Force at the old age of 38 years old. I went out into the

civilian public looking for a job that had something to do with technology and a sense of community." Tony's background in the US Air Force was in electronics, specifically radio communications.

Following his retirement, he worked in the traffic enforcement industry based out of Phoenix. His Acusensus journey began in December 2019, during the Great Bushfires. "I worked with the guys in Bargo [NSW] to build the first trailer for the New South Wales Program. That was my initiation to Acusensus," Tony recalled. He then returned to the US before coming back to Australia for another month in February 2020 to continue building trailers. The day Tony returned to Phoenix in March 2020, the world went into lockdown. But despite a series of challenges Tony used his creativity and his skills to build the first two USA trailers in his driveway. "My wife helped me pull cables and mount conduit on the system – it was a family affair!" Tony shared, "My brother came over once in a while and we did some work. I built the system in my driveway in 40 plus degree Celsius temperatures in Phoenix to get us a product that we could take to market and take out on the streets to do demos with."

Tony cites the trailers as his proudest achievement to date because "it meets the requirements of our clients from a US-manufactured product. [It comes from] a proven supplier that's been in the business for 25 plus years developing trailers for the construction industry, the trailers are built for durability and they don't break down and they are exactly what we need from a platform perspective [to support our software]."



United Kingdom

Following on from incorporation of a subsidiary entity in the United Kingdom and appointment of a highly credentialed enforcement project expert, Geoff Collins, as General Manager - UK in November 2022, Acusensus has made progress in the UK.

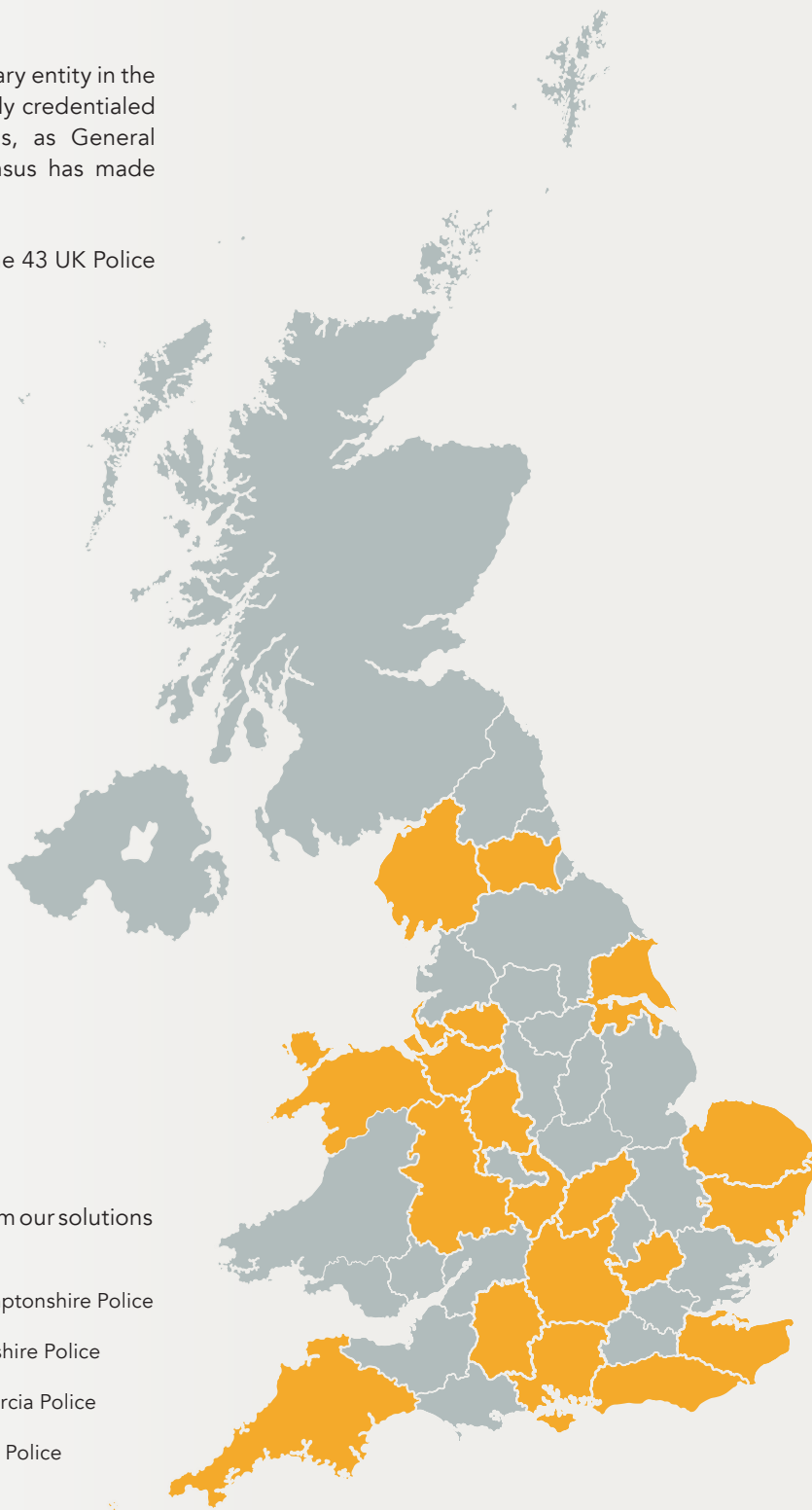
Acusensus has completed trials with 19 of the 43 UK Police or Constabulary forces.

UK TRIALS PROGRESS
COMPLETED

| | |
|--------------------|---------------|
| Devon & Cornwall | Warwickshire |
| Sussex | Merseyside |
| Hampshire | Humberside |
| Thames Valley | Durham |
| Greater Manchester | Bedfordshire |
| Cheshire | Kent |
| West Mercia | Cumbria |
| North Wales | Wiltshire |
| Northamptonshire | Staffordshire |
| Norfolk & Suffolk | |

9 have already prosecuted using evidence from our solutions

- Cumbria Constabulary
 - Devon and Cornwall Police
 - Humberside Police
 - Merseyside Police
 - North Wales Police
- Northamptonshire Police
 - Staffordshire Police
 - West Mercia Police
 - Wiltshire Police





Case Study – Devon and Cornwall Police

One of the police forces in the UK to trial Acusensus technology is Devon and Cornwall, where a road safety problem is evident in the region. In 2021, 47 people were killed and 647 were seriously injured on the roads of Devon and Cornwall²¹. It is known that distracted driving and not wearing a seatbelt both have a significant impact on the risk and severity of serious collisions.

Heads-Up was trialled in Devon and Cornwall as part of an initiative by Vision Zero South West, a collaborative project between organisations across the region aiming to reduce road fatality rates. Vision Zero South West is working to stop all fatal and serious collisions in Devon and Cornwall by 2040 and to reduce current fatality rates by 50% by 2030²². Two Heads-Up trailers were operated in the region in a six-week operation in the summer of 2023. The deployment of the Heads-Up trailers allows for 24/7 monitoring of all vehicles travelling through selected sites. The data collected by Heads-Up allowed partners at Vision Zero South West to view the full scale of the distracted driving and seatbelt non-compliance problem in the region, gaining a further understanding of these behaviours. The trial recorded 1,045 drivers illegally using their mobile phones and 1,329 not wearing their seatbelts in the six weeks.

Following the Devon and Cornwall trial, the police forces in the region have since committed to an operational county-

wide initiative, utilising Heads-Up trailers for a 12-month project. This project will provide a further understanding of driver behaviours in the area, measuring the technology's long-term impact and identifying possible behaviour change. It is currently too soon to associate Devon and Cornwall with decreased casualties as these metrics can only be evident through long-term utilisation of Acusensus technology, but the increased appetite to utilise Acusensus solutions indicates the Heads-Up Solution's capabilities to make UK roads safer.

“Working with Acusensus and their pioneering technology around distracted driving and lack of wearing of seatbelts, we have a proactive capability to enforce two of the ‘fatal five’ causes of serious collisions. We have exciting plans to work together in the coming months to pioneer the latest iteration of detection capability into the UK.”

- Adrian Leisk, Head of Road Safety, Devon & Cornwall Police

²¹ <https://visionzerosouthwest.co.uk/>

²² <https://visionzerosouthwest.co.uk/>



"If you've got the right solution and the right evidence to back it up, I think it's a wonderful opportunity to demonstrate to people something different, interesting and useful."

GEOFF COLLINS

UK GENERAL MANAGER

Geoff Collins is celebrating a range of fascinating accomplishments. In December 2023, Geoff helped Acusensus win a Prince Michael International Road Safety Award. This victory was quickly followed by another prestigious award – the Chartered Institution of Highways & Transportation (CIHT) Road Safety Award. These awards recognise the successful use of Acusensus Heads-Up in the UK. "If you've got the right solution and the right evidence to back it up, I think it's a wonderful opportunity to demonstrate to people something different, interesting and useful," Geoff said of the recent UK achievements.

Before joining Acusensus, Geoff's experience in the Intelligent Transport Systems (ITS) industry has spanned two decades – before ITS, Geoff was in the manufacturing industry and has a background in engineering and machine vision applications.

Geoff is now working at Acusensus as UK General Manager. He is a passionate road safety advocate – "I really enjoyed just growing and developing the interest for new technologies that I knew were going to work. This is what I'm trying to do now, taking a new technology, which I know is going to work, and then evangelising about it and bringing people's attention to what it could actually deliver for them," Geoff explained.

"The approach of using technology to make things better and safer, rather than just producing a slightly better widget - there's actually a legacy to it, as you're dealing with concepts that make roads safer and improve people's lives."

"For many years people have been saying they would like to have a solution for distracted driving and they'd like to have a solution to identify when people aren't wearing a seatbelt but there had never been anything practical other than very intensive manual operations." Geoff shared that Acusensus' technology was something the UK had never seen before and he jumped at the opportunity to get the police involved in utilising our groundbreaking technology.

His advocacy for Heads-Up in the UK has transformed the region from being unfamiliar with the technology to being open to utilising AI-enabled road safety tools. This development will lead to increasing road safety outcomes in the UK. Just shy of Geoff's second year at Acusensus, "nearly half of the UK's police forces have actually tried our equipment." "The feedback I'm getting is pretty much universally positive," Geoff shared. The positive feedback has been accompanied by industry recognition.



WHAT MATTERS MOST

Societal benefit drives what Acusensus does and how it does it. Acusensus is proud to have the following impacts on society as part of its headline long-term goal to deliver societal benefit.

According to the World Health Organization (WHO), road safety issues cost most countries 3% of their gross domestic product²³. Of the road safety issues identified by the WHO, the work done at Acusensus addresses the categories of:

1. Speeding
2. Non-use of seatbelts, child restraints and helmets
3. Distracted driving (such as phone use whilst driving)
4. Inadequate law enforcement of traffic laws

Acusensus is working to address other key issues such as driving under the influence of drugs or alcohol, as well as associated causes, such as roadside worker occupation health and safety.

Changing Behaviours Across Australia

Acusensus is consistently seeing behaviour change across the road network following the implementation of key programs. These decreased violation rates are poignant and serve as a reminder of the impact of enforcement solutions and how they work to make and keep roads safer.

In Acusensus' FY23 Annual Report, we informed readers of the behaviour change occurring in New South Wales following the Mobile Phone Detection Camera program. Within two years of the program, the state saw a reduction to 1 in 500 drivers using their mobile phones. Between December 2019 and the end of 2022, there has been a sixfold reduction in the rate of camera-detected mobile phone offences in the state.

Following the success seen in New South Wales, Acusensus has also seen distracted driving behaviour change occur in Queensland. After all sites became active in December 2022, an improved 21% road fatality change can be seen in the state compared to the rest of Australia.

The positive outcomes of Acusensus' enforcement solutions are further evident in the Queensland Speed program, which began in July 2023. The number of drivers caught excessively speeding by the Acusensus Harmony TS1 cameras has declined by 92% over the program's first seven months.

Furthermore, the ACT program for Mobile Phone Detection commenced in November 2023 with enforcement beginning February 2024²⁴. During March 2024, 4,021 instances of distracted driving were recorded in the Territory by our transportable cameras²⁵. These numbers have since declined gradually²⁶ as 3,155 offences were detected in May 2024²⁷, indicating that behavioural change is occurring in the ACT.

Acusensus is proud to be fulfilling our mission to change behaviours across the road network and we look forward to continuing to address dangerous driver behaviours in more jurisdictions, along with addressing more contributors to road trauma through innovative means.

Our People, Our Community

We are committed to making a positive impact on the wellbeing of individuals and communities influenced by our technology. Our aim is to excel in nurturing a people-centered culture and workplace that prioritises health, safety, wellbeing and inclusivity for our team. By harnessing the collective power of our diverse workforce, we create an environment where every individual is embraced, valued and encouraged to thrive alongside us. Emphasising inclusivity and diversity across our operations, we strive to inspire everyone to align with the Acusensus mission and to foster a workplace where authenticity is celebrated.

Acusensus grew to a headcount of 164 employees as at 30 June 2024.

Fostering a culture of innovation lies at the heart of our company values, encouraging creative thinking and continuous improvement across all levels of our organisation. We embrace and celebrate the unique contributions and perspectives of every individual, ensuring our workforce mirrors the diverse world we engage with and inhabit. At Acusensus, we value all abilities and actively promote diversity in culture, faith, gender identity and sexual orientation, a commitment reflected in the makeup of our team. Central to our mission is cultivating an environment of equality and inclusion where every employee feels valued, respected and supported. This commitment is underscored by our comprehensive policies and procedures that promote an inclusive workplace, offering flexible working arrangements and robust support for parental leave. We are dedicated to implementing a Sexual Harassment Prevention Strategy to uphold a safe, respectful and inclusive working environment for all.

23 <https://www.who.int/news-room/fact-sheets/detail/road-traffic-injuries>

24 <https://www.act.gov.au/our-canberra/latest-news/2023/november/warning-period-commences-for-mobile-device-detection-cameras>

25 <https://the-riotact.com/fines-period-shifted-for-mobile-phone-detection-cameras-as-hundreds-of-motorists-break-the-law/683683>

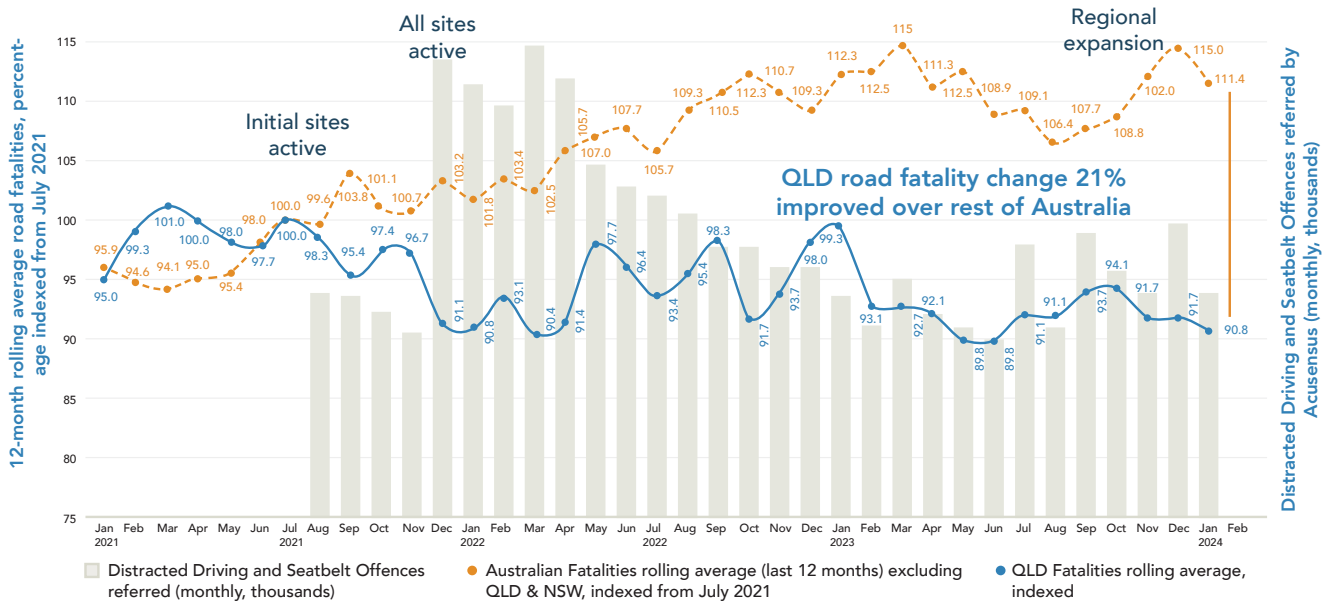
26 <https://www.cityservices.act.gov.au/news/news-and-events-items/february-2024/infringements-starting-for-mobile-device-detection-camera-offences>

27 <https://the-riotact.com/fines-period-shifted-for-mobile-phone-detection-cameras-as-hundreds-of-motorists-break-the-law/683683>

CAMERA PROGRAM OUTCOMES

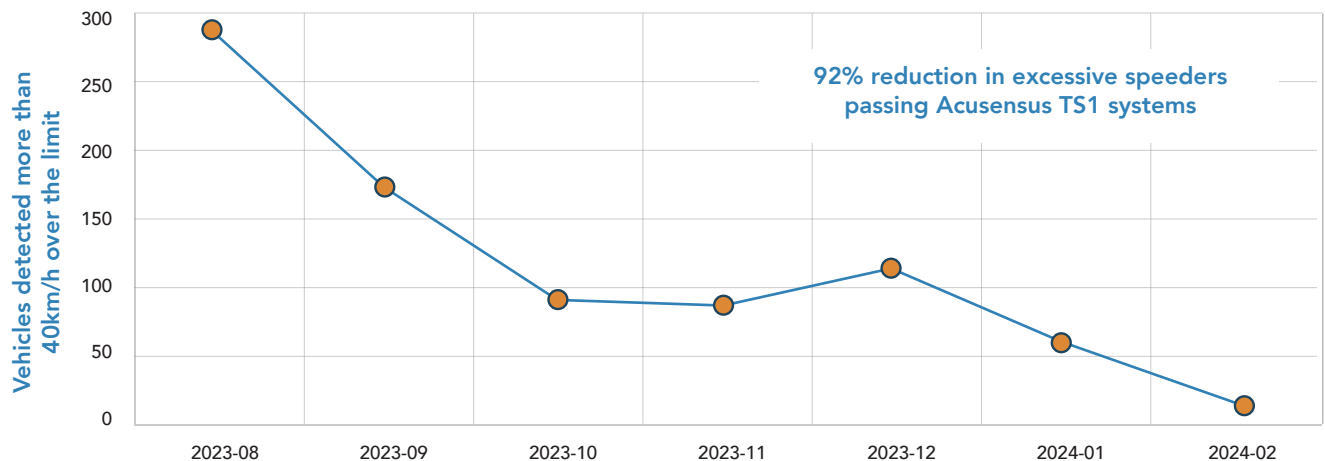
ROAD TRAUMA VERSUS DISTRACTED DRIVING AND SEATBELT OFFENCE REFERRALS

Rolling-average road fatalities for Queensland compared with other Australian states and territories (excluding NSW)

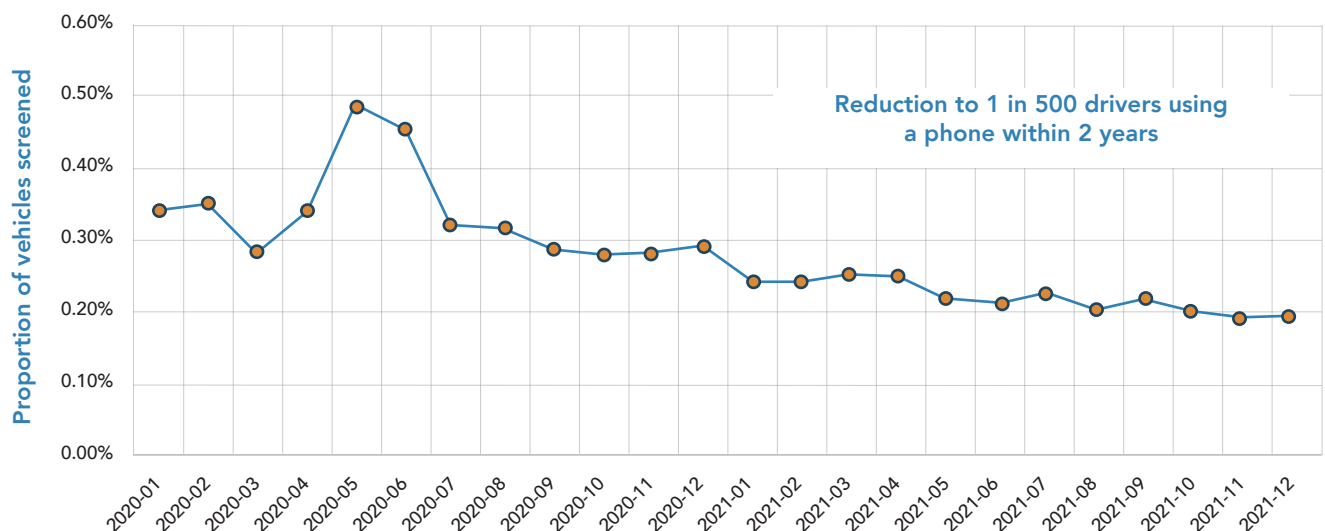


OUTCOME: REDUCED REGIONAL SPEEDING

Excessive speeders detected by Acusensus TS1 trailers in regional Queensland

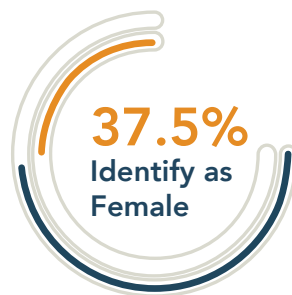


Proportion of drivers detected using phones in NSW





Board Positions



ELT Positions
Excluding Managing
Director



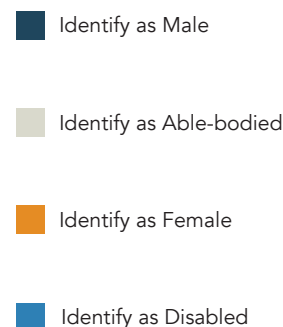
Management
Positions



Direct Employee
Workforce



Direct Employee
Workforce



Our Workforce

At Acusensus, impact, collaboration, integrity and care are at the core of who we are. Acusensus embraces diversity, equality and inclusion and is committed to building a team with a variety of backgrounds and skills. We are aware of the impact that dangerous and illegal driver behaviour can have on the lives of individuals, which is why Acusensus has partnered with Spinal Cord Injuries Australia (SCIA) since 2020 to provide employment opportunities and career pathways to people with spinal and other conditions, as well as people who have been impacted by road trauma and the outcomes of dangerous and illegal driver behaviour. People with injuries, often derived from road trauma, are included in teams that staff the image review services that Acusensus provides under its existing contracts.

The deployment of Acusensus' transportable trailer solutions includes local recruitment and training of Enforcement Trailer Operators, creating local jobs for the communities in which Acusensus' solutions are active. In an effort to create a lasting impact on the communities in which programs operate, Acusensus ETOs have been hired from programs such as those run by Police Legacy, as well as associated referrals. This means the ETO team comprises some former police officers who have gone through programs to help them recognise and cope with PTSD symptoms. Due to the former police training that many of the Acusensus ETOs have undertaken, these employees utilise their unique roadside skills and experience to safely deploy our trailer-based solutions.

Together we continue to build a culture that encourages, supports and celebrates the abilities of our team.

Gender Diversity

Acusensus is dedicated to fostering a diverse workforce and takes pride in being an equal opportunity employer. We believe that our strength lies in hiring exceptional individuals from a wide array of backgrounds. Guided by our core values, we cultivate an environment where every employee is encouraged to bring their authentic self to work, fostering inclusivity and collaboration. We actively champion gender diversity through inclusive recruitment practices and ensure that our promotion processes are transparent and unbiased.

In 2024, Acusensus was pleased to lodge its Gender Equality Report to the Workplace Gender Equality Agency (WGEA). These results will be available to view at www.wgea.gov.au from early 2025.

Beyond hiring for diversity, we are committed to empowering our employees and creating opportunities for career development, exemplified by initiatives such as our STEM scholarship program.

Acusensus Scholarship for Women in STEM

Started in 2022, Acusensus provides a scholarship for an enrolling (including an already enrolled) high-achieving domestic student who intends to undertake a Master of Software Engineering, Master of Computer Science, Master of Mechanical Engineering or Master of Mechatronics Engineering and who identifies as a woman. Preference is given to students who can demonstrate their interest and career ambitions in the relevant field of study in a personal statement.



"I'm very thankful to Acusensus for giving me the opportunity to get back to my life and to do something that is very related to my life."

ANJU MAN ARA AYRIN

IMAGE REVIEWER

Anju's story is one of great resilience. She shared the story of how she joined Acusensus as an Image Reviewer subsequent to major life events - moving to Australia, experiencing a car accident, recovering from spinal cord injury and welcoming a newborn baby.

Anju moved to Australia from Bangladesh in September 2016. On May 2017, while holidaying to New Zealand, she experienced an accident that led to her spinal cord injury.

On a five-hour drive on the fifth day of her six-day trip, a car crashed into the car Anju and her family were in – the car drove straight through where Anju was seated in the backseat. The driver was illegally using his phone while driving and speeding – he did not see Anju's family's vehicle.

It was quickly identified that Anju experienced a spinal cord injury. She then underwent ten hours of surgery. After surgery, health professionals did not expect Anju to walk again – "but miracles happen and one morning I started walking with the help of my son and a stick – I could do four or five steps," Anju recalled.

As Anju was adjusting to life in a new country, she needed to find employment to support her family, which included

her son who was then five-years-old. This was challenging as Anju had lost most of her mobility and her physical abilities decreased following her accident. This is when Spinal Cord Injuries Australia helped her gain employment.

On May 1, 2020, Anju welcomed her daughter. A few days later, on May 22, she received a phone call that introduced her to Acusensus and the Image Review role. She underwent the interview process and training and thus began her start at Acusensus. "That's the beginning - I started my job with a 5-week old baby," Anju laughed.

Since her employment in 2020, Anju has been involved in multiple Acusensus programs, including programs in South Australia and New South Wales, railway monitoring and Westat in the USA.

When asked what she loved about working at Acusensus, Anju explained that she loves the Image Review Team and the opportunity to work in road safety. "The best thing is our team. You cannot imagine how supportive each and everyone is," Anju shared that the team is understanding due to having common experiences in working with physical limitations and having families to take care of.

"Regarding my job... I love my job because I know that by doing this job, I can contribute to ensure road safety."

"I'm very thankful to Acusensus for giving me the opportunity to get back to my life and to do something that is very related to my life," Anju explained. Her life changed because of a distracted and speeding driver – today, Anju feels as though her job directly addresses a pivotal moment in her life and gives her the ability to prevent what happened to her from happening to others.

"When I do the reviewing, I am trying to ensure no one loses their life, no one loses their ability, no one needs to [be] in a wheelchair, no one has to go through the terrible situation that happened to me. I am so lucky, I am so fortunate that I'm working to prevent these kinds of problems. These kinds of offences."



"We are making for safer roads – that's where my passion comes from. Knowing that my boys will be on the road shortly, I don't want someone coming from the opposite direction on their phone and risking their lives. I know that we are making a change to keep people safe."

CAMERON MCMULLEN

IMAGE REVIEW TEAM LEAD

Prior to his injury, Cameron never thought he'd be working a desk job.

"It's funny, I always said that I'd never sit behind a laptop my whole life."

After expressing his desire to rejoin the workforce, Cameron joined the Acusensus Image Review Team two and a half years ago through Spinal Cord Injuries Australia (SCIA), who he has been in contact with since 2011 following his accident. Before his injury, Cameron was a workaholic, working various hands-on jobs for an average of 80 to 90 hours a week.

When it comes to joining Acusensus, Cameron was met with a welcoming team in a supportive environment. Members of the Image Review Team consist of people with spinal cord injury and Cameron found he was able to relate to his teammates, not only through work but also through life.

Aside from having a passion for the team, Cameron found that it is very important to pursue re-employment following a spinal cord injury. He believes re-employment is a way to give back to society and to support his family, which includes his two sons.

"I definitely noticed a huge difference here – before I used to wonder what can I do today? Now I feel like I've got a purpose – more responsibility and structure in life," Cameron shared.

Despite never envisioning himself working a desk job, Cameron's passion towards his team led him to lead an Image Review Team since March 2023. Cameron cares deeply about his team's wellbeing and has a strong drive towards the role deriving from personal circumstances. Whilst in recovery following his accident, Cameron met four people in hospital who experienced spinal cord injuries due to car accidents – two of these individuals became injured due to distracted driving, one of them through an impaired driving incident and another experienced an accident due to a speeding driver. Cameron has also met people who have lost family members due to distracted driving and understands the decades-long impact these tragedies have. He believes that these incidents are preventable and he is contributing to reducing the prevalence of these events.

"We are making for safer roads – that's where my passion comes from. Knowing that my boys will be on the road shortly, I don't want someone coming from the opposite direction on their phone and risking their lives. I know that we are making a change to keep people safe."

OPERATING AND FINANCIAL REVIEW

This operating and financial review (OFR) is designed to assist shareholders to make an informed assessment of Acusensus' operations, financial position, business strategies and prospects for future financial years. The OFR forms part of the Directors' Report and supplements, complements and should be read together with the financial statements section that commence on page 79.

While Acusensus' results are reported under IFRS, the OFR also includes non-IFRS information such as EBITDA. The Board considers that the included non-IFRS metrics are necessary for shareholders to understand Acusensus' financial performance. The non-IFRS information have not been independently audited or reviewed, and should not be considered an indication of, or an alternative to, IFRS measures.

Summary of financial results

| (A\$m) | FY23 | FY24 | Variance | |
|--|--------------|--------------|---------------|--------------|
| | | | (\$) | (%) |
| Revenue | 42.0 | 49.6 | 7.6 | 18% |
| Cost of services | (23.6) | (27.0) | (3.5) | 15% |
| Gross profit | 18.4 | 22.6 | 4.1 | 22% |
| Other income | 0.3 | 0.6 | 0.3 | 102% |
| Operating expenses | (12.6) | (17.3) | (4.7) | 38% |
| IPO costs | (0.7) | 0.0 | 0.7 | n/m |
| EBITDA (pre SBP expense) | 5.5 | 5.9 | 0.4 | 7% |
| SBP expense | (0.4) | (1.4) | (1.0) | 250% |
| EBITDA | 5.1 | 4.5 | (0.6) | (12%) |
| D&A | (4.7) | (6.3) | (1.6) | 35% |
| EBIT | 0.4 | (1.8) | (2.2) | n/m |
| Net interest income | 0.2 | 0.8 | 0.7 | 363% |
| Tax expense | (0.5) | (0.5) | 0.0 | 0% |
| Net profit after tax | 0.1 | (1.5) | (1.6) | n/m |
| <i>Gross margin</i> | <i>43.9%</i> | <i>45.5%</i> | <i>160bps</i> | |
| <i>EBITDA (pre SBP expense) margin</i> | <i>13.1%</i> | <i>11.9%</i> | <i>120bps</i> | |
| <i>EBITDA margin</i> | <i>12.1%</i> | <i>9.0%</i> | <i>310bps</i> | |

Acusensus delivered a robust financial result for FY24, maintaining its strong growth trajectory since its inception in 2018. FY24 revenue increased 18% to \$49.6 million compared to the prior comparable period. Revenue growth was driven by new contracts, including the full year impact from the Australian Capital Territory Distracted Driving and the Queensland Speed programs, as well as the South Australia Distracted driving program, which went live in Q4 FY24. Further growth came from variations to existing contracts and from international growth, predominantly from the US and UK.

The Company reported gross profit of \$22.6 million, a 22% increase on FY23, with the gross profit margin increasing 160 basis points (bps) to 45.5%, as a result of changes in customer and product mix.

EBITDA (pre share based payments expenses) increased 7%. The business benefited from higher gross profit which was offset by higher operating expenses. Operating expenses increased 38%, driven by investment in headcount and processes to support future growth, expansion into the UK and US and increased costs of being a public company. EBITDA declined 12% due to higher share based payments expense as a result of increased headcount and a change in the equity instrument used for long-term incentives.

Summary of cash flow

| (A\$m) | FY23 | FY24 |
|--|--------------|--------------|
| EBITDA | 5.1 | 4.5 |
| Change in working capital | (1.6) | (3.6) |
| Other non-cash items | 0.8 | 1.9 |
| Net interest received / (paid) | 0.0 | 0.8 |
| Cash flow from operating activities | 4.3 | 3.6 |
| Payments for property, plant and equipment | (4.0) | (5.6) |
| Payments for intangibles | (1.4) | (1.9) |
| Cash flow from investing activities | (5.4) | (7.5) |
| Repayment of lease liabilities | (1.3) | (1.6) |
| Cash flow from financing activities | (1.3) | (1.6) |
| Increase/(decrease) in cash pre issue of shares and term deposit investment over 3 months¹ | (2.4) | (5.5) |
| Proceeds from issue of shares | 18.6 | 0.1 |
| Term deposit investment | (12.0) | 0.0 |
| Increase/(decrease) in cash | 4.2 | (5.4) |

¹ Term deposits over 3 months maturity is not considered cash and cash equivalents under IFRS but rather as current assets

Operating cash flows were positive of \$3.6 million. This was lower than \$4.3 million reported in the prior year mainly driven by larger adverse working capital movement where a customer paid upfront for services in FY23 delivered in FY24.

Cash flows from operations and cash on the balance sheet were used to fund continued investment in product development and purchases of transportable and fixed site camera equipment to support new contracts and contract expansion.

Summary of balance sheet

| (A\$m) | FY23 | FY24 |
|---------------------------------------|-------------|-------------|
| Trade and other receivables | 8.6 | 11.3 |
| Contract assets | 0.8 | 1.1 |
| Inventories | 1.4 | 1.3 |
| Trade and other payables | (5.8) | (6.0) |
| Contract liabilities | (3.1) | (1.8) |
| Provision | (1.2) | (1.5) |
| Working capital | 0.7 | 4.3 |
| Property, plant and equipment | 9.2 | 10.6 |
| Intangibles | 1.5 | 2.5 |
| Other assets | 2.2 | 2.6 |
| Tax payable | 0.0 | (1.2) |
| Other liabilities | (2.4) | (2.2) |
| Cash (including term deposits) | 24.8 | 19.3 |
| Net assets | 35.9 | 35.9 |

The Company is well capitalised with a cash balance of \$19.3 million (including \$12.0 million term deposit) shown as other current asset on the balance sheet on page 83. This amount is sufficient to fund the business and its future growth plans.

Working capital increased due to higher trade and other receivables as a result of increased revenue and delay in customer payment which has since been paid. Contract liabilities reduced due to delivery of certain services that were paid upfront.

Property, plant and equipment investment offset by depreciation and impairment. Increase in intangibles is the result of continued R&D investment.

EXECUTIVE LEADERSHIP TEAM



Alexander Jannink
Managing Director

- Alexander is a founder of Acusensus Limited and has pioneered the design, development and deployment of radar and camera enforcement technologies in multiple applications, markets and geographies across the globe. Before founding the Company, Alexander was responsible for research and development as the Head of Future Product Group for Redflex Traffic Systems Limited (previously ASX:RDF) responsible for leading a team of professional staff spanning Australia and the USA.
- Qualifications: Master of Business Administration (Executive) from RMIT University, Bachelor of Engineering (Honours) in Mechatronics from the University of Melbourne, Bachelor of Computer Science from the University of Melbourne and Graduate of the Australian Institute of Company Directors (GAICD).



Anita Chow
Chief Financial Officer

- Anita is an experienced ASX listed Chief Financial Officer and has over 20 years of finance experience in Australia and internationally.
- She joined in November 2023 from Iress Limited where she held various roles including Interim Chief Financial Officer and Group Financial Controller. Prior to this, Anita was Head of Investor Relations and Treasury at Ansell Limited and EMEA Finance Director at Level 3 Communications. She commenced her career in investment banking, advising companies on strategy, M&A and capital raisings.
- Qualifications: Bachelor of Commerce (Honours) and a Bachelor of Science from The University of Melbourne, Fellow Certified Practising Accountant (FCPA) and Graduate of the Australian Institute of Company Directors (GAICD).



Matthew Higgins
Chief Operating Officer

- Matt joined Acusensus as Chief Operating Officer in April 2024. Prior to this, Matt led multi-national manufacturing and engineering teams across his time at Tesla, Inc. Joining Tesla in its infancy, Matt played a key role in scaling its global vehicle manufacturing capacity by designing and launching its major vehicle manufacturing facilities and growing its operations teams in California, Shanghai and Berlin.
- Matt also brings rich experience from his time at Toyota where he acquired deep knowledge in lean manufacturing and complex problem solving, established global best practices in vehicle assembly, and led various continuous improvement initiatives to boost safety, quality and efficiency in Toyota's Australian operations.
- Matt has extensive leadership experience across numerous countries, strong analytical skills, a creative mind and a proven track record in identifying and realising significant efficiency gains.
- Qualifications: Bachelor of Engineering (Mechanical) and Bachelor of Science (Applied Mathematics), University of Melbourne.



Olivia Byron
General Counsel & Company Secretary

- Olivia joined the Company as General Counsel & Company Secretary in July 2022. Olivia is an experienced and highly qualified lawyer. Prior to joining Acusensus, Olivia commenced her legal career in the Corporate team at Corrs Chambers Westgarth, before spending eight years as in-house counsel at ASX Top 20 Company, Transurban Group.
- Olivia was a student in the inaugural year of The University of Cambridge's Masters degree in Corporate Law (MCL), which she undertook several years after she commenced her legal career at Corrs. Olivia graduated from the MCL with Honours. Olivia has particular expertise in corporate, financing, technology and projects law.
- Qualifications: Master of Corporate Law (Hons) from the University of Cambridge, Bachelor of Commerce/ Bachelor of Laws (Hons) from the University of Melbourne, Graduate Diploma of Legal Practice from the College of Law and Certificate in Governance Practice from the Governance Institute of Australia.



Chris Kells
Chief Technology
Officer

- Chris has extensive technical expertise in imaging, enforcement and machine learning. Chris has delivered road safety technology solutions for a number of public sector customers across the world through his past employment in senior R&D positions for a multinational enforcement camera vendor.
- Chris has acquired significant experience in the research, design and development of photo enforcement solutions. Chris also has significant experience in the deployment, demonstration and user acceptance testing of enforcement solutions both in Australia and internationally.
- Qualifications: Bachelor of Engineering (Mechatronics) and Bachelor of Computer Science, University of Melbourne.



Shaun Miller
Head of Customer
Engagement

- Shaun has led business development activities for both Fortune 500 and start-up companies in Australia and internationally. Shaun's business development and management expertise has contributed growth and stability to a range of industries including manufacturing and technology companies.
- Shaun has led export and business development programs to countries including India, USA and Europe, China and South-East Asia. Shaun also has extensive experience working in and with layers of government both in Australia and globally, including seeing a sister-city program being managed by Shaun as recognised by RMIT university as best practice in Australia.
- Shaun is a non-executive director of Economic Development Australia (EDA).
- Qualifications: Graduate Certificate in Business Administration from Griffith University, Master of Global Development from Griffith University (in progress).



Andrew Matthews
Head of Delivery

- Andrew formed the operations teams, image review teams and camera deployment teams for Acusensus, working in partnership with not for profits such as Spinal Cord Injuries Australia and New South Wales Police Legacy to provide these services to Acusensus customers. He also formed the hardware development team at Acusensus, which has produced technology solutions for cars, trailers and fixed installations.
- Prior to the formation of Acusensus, Andrew held the position of Head of Delivery and Operations for a multinational enforcement camera provider. Among numerous delivery achievements he was responsible for the introduction of the technology for the New South Wales Speed Camera program in 2010.
- Qualifications: Advanced Diploma of Electrical Engineering from Southern Sydney Institute of TAFE.



Stephane Honore
Head of Services

- Stephane joined Acusensus in June 2021 as NSW Business Manager to implement NSW Speed and Mobile Phone contracts. He was promoted into the role of Head of Services in June 2023.
- Stephane has over 15 years of invaluable experience within the road safety industry and a wide range of expertise including operations management, computer-aided design, product design & engineering, product management, customer relationship management and general management. This comprehensive skill set, coupled with his diverse technical background has positioned him as a versatile and resourceful leader capable of navigating multifaceted challenges with adeptness and efficiency.
- Prior to joining Acusensus, Stephane had a number of sales and operational roles at Pacific Materials Handling and Redflex Traffic Systems.
- Qualifications: Bachelor of Engineering in Robotics & Mechatronics from Swinburne University of Technology.



Annmarie McMath
Head of Team
Experience &
Performance

- Annmarie joined Acusensus as Head of Team Experience & Performance in October 2022.
- Prior to this, Annmarie has had extensive experience as a senior leader in SaaS Product & People Operations, including as Head of People & Projects at MachShip, an independent cloud-based freight management platform. In this role, she developed and trained global Customer Success and Operations teams and launched People Operations, implementing scalable programs and best practices for world-class operations.
- Annmarie's leadership has been pivotal in delivering outcomes for organisations in HR strategy, learning & development, culture, leadership and team development, employee relations, succession planning, employee engagement and feedback, continuous performance management, onboarding, training, rewards and recognition and organisational learning.
- Qualifications: Certificate of Adolescent Counselling from Monash University, Academic Life Coaching from Life Coaching EDU, Entrepreneurship/Startup Incubator from Founder Institute.

BOARD OF DIRECTORS



Ravin Mirchandani

Chairman and
Non-Executive
Director

BComm, MBA,
GAICD

- Appointed Chair of the Board and Non-Executive Director (not independent) on 16 May 2018.
- Member of the Audit & Risk Management Committee and Remuneration & Nominations Committee.
- Ravin is the co-founder and Chair of Acusensus Limited. He is also the Executive Chair of Ador Powertron Limited, a company incorporated in India that is a major shareholder of the Company. Ravin has extensive commercial experience across a range of sectors including defence, energy, gas, manufacturing, power electronics and traffic enforcement. Ravin is a member of the Road Safety Partnership Panel for the World Economic Forum Global Road Safety Initiative and Chair of the West India Chapter of the Indo Australian Chamber of Commerce.
- Qualifications: Master of Business Administration (International Business) from Queensland University of Technology, Bachelor of Commerce (Accounting & International Business), University of Pune, India and Graduate of the Australian Institute of Company Directors.
- Other current listed entity directorships: Ador Welding Ltd since July 2006.
- Former listed entity directorships (last 3 years): None.



Alexander Jannink

Executive Director
and Managing
Director

BE(Hons), BCS,
MBA, GAICD,
MIEAust

- Appointed Executive Director and Managing Director on 26 March 2018.
- Alexander is the co-founder of Acusensus Limited and has pioneered the design, development and deployment of radar and camera enforcement technologies in multiple applications, markets and geographies across the globe. Before founding the Company, Alexander was responsible for research and development as the Head of Future Product Group for Redflex Traffic Systems Limited (previously ASX:RDF) responsible for leading a team of professional staff spanning Australia and the USA.
- Qualifications: Master of Business Administration (Executive) from RMIT University, Bachelor of Engineering (Hons) in Mechatronics from the University of Melbourne, Bachelor of Computer Science from the University of Melbourne and Graduate of the Australian Institute of Company Directors.
- Other current listed entity directorships: None.
- Former listed entity directorships (last 3 years): None.



Susan (Sue) Klose

Non-Executive
Director

BSci, MBA, GAICD

- Appointed Independent Non-Executive Director on 5 January 2023.
- Chair of the Audit & Risk Management Committee and Chair of the Remuneration & Nominations Committee.
- Sue is an experienced Non-Executive Director and executive, with a diverse background in digital business growth and operations, corporate development, strategy and marketing. Previously the Head of Digital and CMO of GraysOnline, she was responsible for digital product strategy, brand strategy and marketing operations. In prior roles in digital and media companies including 12WBT and News Ltd, Sue led strategic planning and development and is passionate about helping businesses continually seek new opportunities for growth and innovation. As Director of Digital Corporate Development for News Ltd, Sue screened hundreds of potential investments, led multiple acquisitions and established the CareerOne and Carsguide joint venture. She has also held multiple board roles in high-growth digital and SaaS businesses. Prior to her move to Australia, Sue held various digital media management and strategy roles in the United States, primarily with Tribune Publishing and as a consultant with Marakon Associates.
- Qualifications: Master of Business Administration (Finance, Strategy and Marketing) from Northwestern University, Bachelor of Science (Economics) from the University of Pennsylvania and Graduate of the Australian Institute of Company Directors.
- Other current listed entity directorships: Non-executive Director of Envirosuite (ASX:EVS) since December 2020 and Aussie Broadband (ASX:ABB) since February 2024.
- Former listed entity directorships (last 3 years): Boards of Nearmap (ASX:NEA) for five years up until December 2022, Pureprofile (ASX:PPL) for five years up until 30 June 2023 and Halo Foods (ASX:HLF) for 1.5 years up until August 2023.



**Michael (Mike)
Giuffrida**

Non-Executive
Director

BEng, MAICD

- Appointed Independent Non-Executive Director on 9 October 2023.
 - Member of the Audit & Risk Management Committee and Member of the Remuneration & Nominations Committee.
 - Mike is an Australian entrepreneur with over 25 years of experience. He co-founded and was the CEO of a human resource technology company, Acendre Pty Ltd (now Hire Road Inc.) in 1997. Acendre pioneered using the internet as a means of delivering enterprise 'software-as-a-service' to organisations with the release of the first online resume builder and first online applicant tracking system software to the Australian market, before evolving into a full online talent management space. Under Mike's leadership, Acendre subsequently established a presence in the US, including in the US Federal Government market, before leading a process to identify a majority growth investment partner for Acendre and subsequent acquisition of a US-based HR technology company. At the end of 2019, Mike led a successful transition to a US-based CEO to head up Acendre's next phase of growth, which enabled Mike to return to Australia full-time with his family.
 - Since his exit from Acendre, Mike has been supporting Australian technology companies in various capacities including Non-Executive Director, Operating Partner and Executive capacities.
 - Qualifications: Bachelor of Engineering from Swinburne University of Technology.
 - Other current listed entity directorships: None.
 - Former listed entity directorships (last 3 years): None.
-

GOVERNANCE AND RISK

The Role of the Board

The Board of Directors plays a critical role in the governance and strategic direction of the Company. The Board is committed to acting in the best interests of the Company and its shareholders and its primary responsibilities include overseeing the management, strategic objectives, performance and risk management of Acusensus. The Board has also delegated responsibility for the day-to-day management of Acusensus to its Managing Director and through the Managing Director to others on the senior management team of the Company.

The Board has established its Audit & Risk Management Committee and its Remuneration & Nominations Committee to assist the Board to discharge its responsibilities, with key issues within the remit of the Committees going to each for consideration. The Board regularly reviews its Charter, and the Charters of the Committees are also reviewed by each Committee, to ensure that they reflect good governance and comply with regulatory requirements.

Corporate Governance Statement

The Board is committed to best practice corporate governance and compliance arrangements that are appropriate for the Company, given the Company's size and circumstance. The Acusensus 2024 Corporate Governance Statement and its key governance documents, as approved by the Board, are available on the Acusensus website at <https://investors.acusensus.com/corp-gov/>. This is in line with the requirement to disclose the extent to which the ASX Corporate Governance Principles and Recommendations for Australian listed entities, as developed by the the ASX Corporate Governance Council (ASX Corporate Governance Principles and Recommendations), have been followed during this reporting period.

Board of Directors

The names of Directors on the Board who served during or since the end of FY24 are below. All Directors held their positions for the duration of FY24 unless otherwise stated.

- Ravin Mirchandani - Chairman and Non-Executive Director
- Alexander Jannink - Executive Director and Managing Director
- Sue Klose - Non-Executive Director
- Mike Giuffrida - Non-Executive Director (appointed on 9 October 2023)

Full profiles of all of the directors are provided in the [Board of Directors](#) section on pages 59-60.

Board Structure and Composition

The Company currently has four Directors serving on the Board since Mr Giuffrida was appointed to the Board on 9 October 2023.

Board Skills and Experience

The skills matrix below presents the key skills and experience that the four Directors serving on the Board consider necessary, having regard to Acusensus' strategic objectives, core capabilities and the relevant emerging business and governance issues. The Board was pleased to appoint Mike Giuffrida as a Director during the reporting period due to his deep expertise in the areas of technology product development, strategic and commercial acumen and people and culture in particular. The Board believes that the skills that Mr Giuffrida brings to the Board complement the expertise of the existing Board members. As part of its succession planning and review processes, the Board consistently looks at the skills, commitment, knowledge, expertise and diversity that any new Directors could bring to the Board to supplement those of the existing Directors and to enhance the Board's effectiveness in the discharge of its duties.

Board Committees

The Board has established two standing Committees to facilitate and assist the Board in fulfilling its responsibilities. Each Committee has the responsibilities described in the relevant Charters for each Committee, which have been prepared having regard to the ASX Corporate Governance Principles and Recommendations. A copy of the Charters for the Committees listed below is available on the Company's website at <https://investors.acusensus.com/corp-gov/>.

The Board may also establish other Committees from time-to-time to assist in the discharge of its responsibilities.

Audit & Risk Management Committee

The Audit & Risk Management Committee of the Company is responsible for specific activities under its Charter, including the following:

- monitoring and advising the Board on the Company's audit and regulatory compliance policies and procedures;
- overseeing the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and the terms of engagement of the Company's external auditor; and
- monitoring and developing the Company's risk strategy, including assessing the effectiveness of the Company's internal controls and risk management framework and making recommendations for improvement.



Board, CEO and/or senior leadership experience, including the skills and values that are held by exceptional leaders and experience in the road safety sector.



Ability to define strategic objectives, critically analyse planned strategic moves and apply commerciality to the chosen strategy.



Financial, accounting or associated financial management qualifications and experience, including an understanding of financial statements, budgetary impacts and financial performance.



An understanding of, or experience in, the development and commercialisation of software and hardware technology products, including artificial intelligence.



An understanding of, or experience in, organisations that have significant technology operations, including technology systems management and governance, privacy, cybersecurity and cloud infrastructure.



Experience in people matters including culture, performance development, succession planning and remuneration (including incentive programs).



Knowledge of governance issues and risk management (including the legal, compliance and regulatory environment applicable to the technology and public safety fields).



Experience in health, safety, environmental and quality matters, policies and strategies, including implementation and review of management systems.



Experience in government and regulatory policy matters, including stakeholder relations with multiple parties and communication.

■ Deep Expertise

■ Capable

■ Competent

Remuneration & Nomination Committee

The Remuneration & Nominations Committee of the Company is responsible for specific activities under its Charter, including the following:

- advising the Board on the composition of the Board and its committees, evaluating potential Board candidates and advising on their suitability and ensuring appropriate succession plans are in place;
- establishing, amending, reviewing and approving the compensation and equity incentive plans with respect to senior management and employees of the Company, including determining individual elements of total compensation of the Managing Director and other members of senior management; and
- reviewing the performance of the Company's executive officers with respect to these elements of compensation.

Policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Company's website at <https://investors.acusensus.com/corp-gov/>.

- Anti-Bribery and Corruption Policy – this policy describes the Company's zero tolerance policy towards bribery and corruption. The policy sets out practices that constitute bribery and corruption and is designed to assist the Company, its subsidiaries, Directors and all personnel to avoid committing acts of bribery or corruption.
- Code of Conduct – this code sets out the standards of ethical behaviour that the Company expects from its Directors, officers, employees, authorised representatives, contractors and consultants of the Company and its subsidiaries and also includes a website link to the Company's values as approved by the Board.
- Continuous Disclosure Policy – as a listed entity, the Company must comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth), which require the Company to disclose to ASX any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of its shares, unless that information falls within an exemption to disclosure set out in the ASX Listing Rules. As such, this policy sets out certain procedures and measures that are designed to ensure that the Company complies with its continuous disclosure obligations.
- Diversity & Inclusion Policy – this policy sets out the Company's commitment to achieving diversity and inclusion amongst its personnel.

- Risk Management Policy – this policy is designed to assist the Company to identify, assess, monitor and manage risks affecting the Company's business, including any new or emerging sources of risk.
- Securities Trading Policy – this policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures related to the trading of its shares by personnel who may have non-public, price sensitive information and to provide guidance on avoiding any breach of the insider trading laws.
- Shareholder Communications Policy – this policy sets out practices which the Company will implement to ensure effective communication with its shareholders.
- Whistleblower Policy – this policy sets out how and to whom personnel and other people who have a connection with the Company and its subsidiaries may make confidential reports regarding illegal practices or violations of Company policies. The policy sets out processes to follow up and investigate reports and how to respond to them.

Risk Management

Risk Management Framework

Acusensus has exposure to a number of material risks, which are identified and managed within the Company's Risk Management Framework. The Risk Management Framework provides guidance to inform of early identification of risks and ongoing management of those risks. The role of the Board and the Audit & Risk Management Committee in risk oversight includes receiving reports on a regular basis from management regarding material risks faced by the Company and applicable mitigation strategies and activities in accordance with the Company's overarching Risk Management Framework. These reports identify and address material business risks such as technological, strategic, business, operational, financial, human resources, work, health and safety and legal and regulatory risks. The Risk Appetite Statement sits within the Risk Management Framework and outlines the level of risk that Acusensus will tolerate as part of pursuing its strategy and objectives.

The Board and the Audit & Risk Management Committee review and consider the Risk Management Framework of the Company periodically, as well as receive risk reports that are discussed with management with the aim of identifying and evaluating any further or changed strategic or operational risks, including any appropriate activity to address those risks.

Further details of the material business risks that the Group is subject to, as well as mitigating actions undertaken to minimise these risks, are set out in the Directors' Report starting on page 65.

ISO Certification Achieved

In order to further the Company's approach to risk management and support the quality of its product offerings, the Company undertook certification with the ISO in the financial year for the following aspects of its business:

- Occupational Health and Safety Management Systems (ISO 45001:2018);
- Quality Management Systems (ISO 9001:2015);
- Environmental Management Systems (ISO 14001:2015); and
- Information Security Management Systems (ISO/IEC 27001:2022).

The Company was successful in achieving certification in respect of all four of these ISO standards, meaning that the Company has been recognised for meeting the global benchmark in respect of these aspects of its business. Furthermore, because ISO certified organisations are required to meet ongoing obligations in order to retain their certification, ISO certification encourages the Company's ongoing commitment to reviewing its existing systems to ensure that they are fit for purpose, engaging in the active implementation of policies and procedures and taking measures to improve existing protocols in the pursuit of best practice.





DIRECTORS' REPORT



The Directors present their report on the consolidated entity consisting of Acusensus Limited (the Company) and its controlled entities at the end of, or during, the financial year ended 30 June 2024 (collectively, Acusensus or the Group).

Directors

The following persons were Directors of Acusensus Limited as during the whole of the financial year and up to the date of this report, unless otherwise stated:

| Name | Position Held | Period as a Director |
|-------------------|--|-----------------------------|
| Alexander Jannink | Executive Director and Managing Director | Appointed on 26 March 2018 |
| Ravin Mirchandani | Chair and Non-Executive Director | Appointed on 16 May 2018 |
| Sue Klose | Independent, Non-Executive Director | Appointed on 5 January 2023 |
| Mike Giuffrida | Independent, Non-Executive Director | Appointed on 9 October 2023 |

Particulars of the qualifications, experience and special responsibilities of each Director and of their other directorships can be found on pages 59 to 60, as at the date of this Report.

Company Secretary

Olivia Byron (BCom/LLB(Hons), GDLP, MCL(Hons), FGIA, CertGovPrac) was appointed the Company Secretary of Acusensus Limited on 8 August 2022. Olivia has an extensive career in legal, governance and company secretariat, including a eight-year career with Top 20 ASX company, Transurban Group, prior to joining Acusensus as its General Counsel and Company Secretary. Olivia began her legal career in the Corporate team at law firm Corrs Chambers Westgarth.

Meetings of Directors

The number of meetings of the Company's Board of Directors (Board) and of each Board committee held during the financial year ended 30 June 2024 and the number of meetings attended by each Director are set out below.

| | Full Board | | Audit & Risk Management Committee | | Remuneration & Nominations Committee | |
|-----------------------------|------------|-------------------|-----------------------------------|-------------------|--------------------------------------|-------------------|
| | Attended | Held ¹ | Attended | Held ¹ | Attended | Held ¹ |
| Ravin Mirchandani | 12 | 12 | 4 | 4 | 2 | 2 |
| Alexander Jannink | 12 | 12 | - | - | - | - |
| Sue Klose | 12 | 12 | 4 | 4 | 2 | 2 |
| Mike Giuffrida ² | 9 | 9 | 2 | 2 | 1 | 1 |

¹ Held represents the number of meetings held during the time the Director held office or was a member of the relevant Committee.

² Mike Giuffrida was appointed as a Non-Executive Director of Acusensus Limited, a member of the Audit & Risk Management Committee and member of the Remuneration & Nomination Committee with effect from 9 October 2023.

Principal Activities

During the financial year the principal activities of Acusensus consisted of the provision of its technology to detect and capture prosecutable evidence of drivers' illegal mobile phone use, seatbelt use and speed detection.

There has been no significant changes in the nature of these activities during the year.

Operating and Financial Review

The Operating and Financial Review for the Group for the financial year is set out on pages 55 to 56, and forms part of the Directors' Report.

Material Business Risks

The Group is subject to risks of both of a general nature and ones that are specific to its business activities. The material business risks that have the potential to impact Acusensus' financial position, future financial results, operations and the success of the Company's strategy are outlined below, together with mitigating actions undertaken to minimise these risks.

| Risk | Nature of risk | Mitigating actions |
|--|--|---|
| Failure to retain existing customers, contracts and revenue, or attract new customers, contracts and revenue | Acusensus has two contracts which contributed to 76% of FY24 revenues. There is the risk that these contracts may not be renewed at expiry or terminated for convenience or for breach on short notice by the government counterparties. If there is any loss to these contracts and/or a failure to enter into new contracts, this may have a material adverse effect on revenue and cash flows. Similarly, tenders and potential new contracts are often sizeable with unclear processes or timelines, creating a level of uncertainty in predicting future revenue. | <ul style="list-style-type: none"> • Maintain relationships with key existing customers at the required level. • Provide outstanding value and service quality to existing customers. • Pursue customer and product diversification strategy to reduce reliance on large tenders and key customers. |
| Industry environment | Other industry participants may have significantly more resources to develop new products or improve existing products that are similar to the Company's products. | <ul style="list-style-type: none"> • Continual monitoring and assessment of the industry. • Focus on consistently satisfying the needs of customers and investment in initiatives that further differentiate service/product offering. • Acusensus technology teams looks to develop new products to diversify the Company's revenue streams. • Ongoing focus on cost of operations to ensure sustainable cost positioning. |
| Cybersecurity and privacy risks | Failure to appropriately manage, govern and protect customer and company data and systems from cyber threats, resulting in information or data loss and operational disruption. | <ul style="list-style-type: none"> • Review and management of cyber and privacy risks and threats, and provided regular reporting on key cyber risks to the Board, executive and management. • Obtained ISO27001 certification and maintain penetration testing on critical systems. • Funding of a cyber insurance program in order to maintain security posture within risk appetite over time supported by training and awareness campaigns. |
| Technological faults | In relation to the existing products of Acusensus, there is the potential for technical errors to take place, such that the data or information that is provided to customers is inaccurate. This could cause Acusensus to be liable to a customer for lost fine revenue under the terms of some of the key contracts. Further, there is a reliance on certain third party IT supplies upon which the Company's systems run. Despite the measures that Acusensus has in place to manage and mitigate any disruptions, if such services are unavailable, customers will be unable to use the Acusensus platform for their services. | <ul style="list-style-type: none"> • Ongoing testing and monitoring customer programs to detect faults. • Implementation and testing of internal business continuity and back up plans and processes. |
| Vandalism of the Acusensus' trailer assets | Certain individuals in society are against traffic enforcement and may be willing to vandalise Acusensus' trailer assets. | <ul style="list-style-type: none"> • Implementation of fire minimisation solutions to prevent loss of assets as a result of arson attacks including fire suppression system, prevention of liquid fuel ingress and security systems. • Working with customers to ensure there is adequate communications around the implementation of Acusensus programs and how it assists to improve road safety. • Insurance of assets to limit exposure to risk. |

| Risk | Nature of risk | Mitigating actions |
|--|---|---|
| Protection and potential infringement of intellectual property and potential dispute with competitor | Acusensus' intellectual property may be copied or stolen and Acusensus may be unable to detect and prevent the unauthorised use of its intellectual property rights in all instances. | <ul style="list-style-type: none"> • Maintenance and extension (where relevant) of the Company's intellectual property portfolio. • Monitoring of the industry and relevant technological offerings. • Commencement of legal proceedings to protect intellectual property rights where required.²⁸ |
| Loss of key personnel | Failure to recruit and retain suitable staff to carry out its business operations could impact Acusensus' ability to operate. For example, the Company's Managing Director, Alexander Jannink, founded Acusensus and has significant knowledge of Acusensus' business and products and well established relationships with Acusensus' customers and suppliers. Loss of key personnel, or the inability to recruit new personnel with the required technical skills, may disrupt operations and Acusensus' ability to implement its growth strategies. | <ul style="list-style-type: none"> • Succession planning. • Remuneration framework designed to attract, reward and motivate staff. • Establishment and maintenance of relationships with appropriate people and in relevant industries who may be employed by Acusensus in the future. • Internal knowledge sharing and planning. |
| Maintaining the safety and wellbeing of employees | Due to the nature of some of the work activities, employees, workers and other stakeholders could be exposed to harm or suffer wellbeing issues if business controls fail to be adequate. | <ul style="list-style-type: none"> • Safety reporting and management systems that enable detailed analytics, supported by ISO certifications for occupational health and safety. • Ongoing development and implementation of Acusensus' Work, Health and Safety (WHS) culture including delivery of mental health and wellbeing initiatives, training and support • Proactive WHS gaps analysis, observations and action plan activities. • Regular internal and external reviews of Acusensus WHS frameworks and management systems. |
| Material litigation | The Company may in the ordinary course of its business be subject to litigation, claims, disputes and regulatory investigations, including by customers, suppliers, government agencies, regulators or other third parties. These disputes may be related to personal injury, health, intellectual property, environmental, safety or operational concerns, negligence or failure to comply with applicable laws and regulations. There can be no assurance that legal claims will not be made against the Company or that any insurance will be adequate to cover liabilities resulting from any such claim. | <ul style="list-style-type: none"> • Monitor regulatory developments and contractual continually. • Ongoing improvement of systems to monitor compliance with laws, regulations and contractual commitments. • Appropriate insurance to limit exposure to risks. |

²⁸ As announced on 18 April 2024, Acusensus IP Pty Ltd (Acusensus IP), a fully owned subsidiary of the Company, has commenced proceedings in the Federal Court of Australia against One Task Pty Ltd (One Task) alleging that One Task infringes Acusensus IP's certified innovation patent relating to a system for detecting and providing prosecutable evidence of drivers illegally using mobile phones whilst driving, as well as seatbelt offences. Acusensus has commenced these proceedings to protect its intellectual property rights.

Significant changes in the state of affairs

On 25 July 2023, shareholders of the Company approved a resolution for the subdivision of capital of the Company, with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2.

For the purposes of the Financial Report encompassing the Directors' Report, Remuneration Report and the consolidated financial statements, including notes to the consolidated financial statements, all shares and options are included showing their post-split amounts and prior period comparatives have been restated, where applicable.

There were no other significant changes in the state of affairs of the Group during the financial year.

Likely developments and expected results of operations

The information on likely developments and expected results of operations have been disclosed as part of the Operating and Financial Review.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Dividends

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

Acusensus Limited does not have any present plan to pay dividends. The payment of a dividend by the Company, if any, is at the discretion of the Board and will be a function of a number of factors (many of which are outside the control of the Company, its Directors and management, and are not reliably predictable), including the operating results, the general business environment, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and any other factors the Board may consider relevant. Where an Australian resident Company pays dividends to its Australian resident shareholders, franking credits may be available to the Australian resident shareholders to the extent that Australian income tax has already been paid in respect of those dividends. As at 30 June 2024, there are nil (30 June 2023: nil) franking credits available for subsequent financial years based on a tax rate of 30%.

Unissued shares under option and performance rights

There were 9,871,673 unissued ordinary shares under option and performance rights as at 30 June 2024 (30 June 2023: 7,408,925).

In November 2023, the Company issued Mike Giuffrida 250,000 options in connection with his appointment to the Board of Directors.

Shares issued on the exercise of options

There were 261,122 ordinary shares of Acusensus Limited issued on the exercise of options during the year ended 30 June 2024 (30 June 2023: 1,000,000). Refer to note 19 for further information on shares issued.

Indemnity and insurance of Officers

The Company has indemnified the Directors and Officers of the Company for costs incurred, in their capacity as a Director or Officer, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Officers of the Company against a liability to the extent permitted by the Corporations Act 2001 (Cth). The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 (Cth) 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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth).

The Directors are of the opinion that the services as disclosed in note 28 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 (Cth) for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of BDO Audit Pty Ltd

There are no Officers of the Company who are former partners of BDO Audit Pty Ltd.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 (Cth) is set out on page 80.

Auditor

BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001 (Cth). This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001 (Cth).

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report and the financial statements have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

The Directors' Report is signed on behalf of the Board in accordance with a resolution of the Directors of Acusensus Limited.



Alexander Jannink
Director

27 August 2024
Melbourne, Australia

REMUNERATION REPORT (AUDITED)

The Directors of Acusensus Limited (the Company) present the Remuneration Report for the Company and its controlled entities (together, Acusensus or the Group) for the financial year ended 30 June 2024 (FY24). This Remuneration Report forms part of the Directors' Report and has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) and is audited.

The Remuneration Report is set out under the following main headings:

- Key Management Personnel (KMP)
- Executive remuneration principles and structure
- FY24 Executive KMP remuneration outcomes (statutory remuneration)
- FY24 Non-Executive Director remuneration (statutory remuneration)
- Summary of shareholdings

Section 1: Key Management Personnel

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. This includes the Board of Directors and Executive KMP. Executive KMP consists of the Executive Director and Managing Director and the Chief Financial Officer.

The following table illustrates who were considered KMP during FY24:

Non-Executive Directors

| Name | Position Held | Term |
|-------------------|-------------------------------------|-----------------------------|
| Ravin Mirchandani | Chair and Non-Executive Director | Full Year |
| Sue Klose | Independent, Non-Executive Director | Full Year |
| Mike Giuffrida | Independent, Non-Executive Director | Appointed on 9 October 2023 |

Executive KMP

| Name | Position Held | Term |
|-------------------|--|-------------------------------|
| Current | | |
| Alexander Jannink | Executive Director and Managing Director | Full Year |
| Anita Chow | Chief Financial Officer | Appointed on 23 November 2023 |
| Former | | |
| Mark Lawrence | Chief Financial Officer | Ceased on 22 November 2023 |

Section 2: Executive remuneration principles and structure

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 the achievement of strategic objectives and the creation of value for shareholders and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board, with assistance from its Remuneration & Nominations Committee, is responsible for determining and reviewing remuneration arrangements for executives. The performance of the Company depends on the quality of its executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having financial performance as a core component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of growth in share price and delivering constant or increasing return on assets, as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. The executive remuneration and reward framework for FY24 had three components:

- Fixed remuneration: consists of base salary and superannuation (together Fixed Annual Remuneration (FAR)), long service leave and non-monetary benefits. This considers the individual's responsibilities, qualifications, experience and performance compared against comparable market remunerations. Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the consolidated entity and provides additional value to the executive.
- Short-term incentives (STI): cash based in nature designed to align annual financial targets of the business with individual and business financial performance. For FY24, level of achievement was dependent on Acusensus' financial performance against incentive EBITDA target and the individual's core values rating.
- Long-term incentives (LTI): rights to receive fully paid ordinary shares subject to performance. The instrument was changed from options to performance rights (PRs) in FY24. The performance rights vest equally over three years with 50% of the LTI award being based on Cumulative Total Shareholder Return (TSR) and 50% based on gross profit uplift.

Service agreements

Remuneration and other terms of employment for Executive KMP are formalised in service agreements. Details of these agreements are as follows

| | |
|-----------------------------|--|
| Name: | Alexander Jannink |
| Title: | Managing Director |
| Agreement commenced: | 26 March 2018 |
| Term of agreement: | No specified term |
| Details: | FAR for the year ended 30 June 2024 of \$375,000, STI up to 30% of FAR and LTI up to 50% of FAR to be reviewed annually by the Remuneration & Nomination Committee. Six months termination notice by either party. |

| | |
|-----------------------------|--|
| Name: | Anita Chow |
| Title: | Chief Financial Officer |
| Agreement commenced: | 23 November 2023 |
| Term of agreement: | No specified term |
| Details: | FAR for the year ended 30 June 2024 of \$330,000, STI up to 25% of FAR and LTI up to 25% of FAR to be reviewed annually by the Remuneration & Nomination Committee. Three months termination notice by either party. |

| | |
|-----------------------------|--|
| Name: | Mark Lawrence |
| Title: | Chief Financial Officer |
| Agreement commenced: | 1 November 2020 (Ceased Executive KMP on 22 November 2023) |
| Term of agreement: | No specified term |
| Details: | FAR for the year ended 30 June 2024 of \$325,000, STI up to 25% of FAR and LTI up to 25% of FAR to be reviewed annually by the Remuneration & Nomination Committee. Three months termination notice by either party. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Group performance and link to remuneration

Remuneration is directly linked to the performance of the consolidated entity. Cash bonus and incentive payments are dependent on defined targets being met. Refer to the table below for details of the financial and total shareholders return for the last five years.

| Item | FY24 | FY23 | FY22 | FY21 | FY20 |
|-----------------------|------|------|------|-------|-------|
| Revenue (A\$m) | 49.6 | 42.0 | 28.7 | 6.3 | 2.3 |
| Gross profit (A\$m) | 22.6 | 18.4 | 12.5 | 3.4 | 1.1 |
| EBITDA (A\$m) | 4.5 | 5.5 | 3.7 | (3.2) | (2.0) |
| Share price (30 June) | 0.59 | 0.64 | NA | NA | NA |

The Remuneration & Nominations Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that this structure should result in increased shareholder wealth if maintained over the coming years.

Use of independent remuneration consultants

The Remuneration & Nominations Committee may, from time to time, receive advice from independent remuneration consultants to ensure fees and payments are appropriate and in line with the market. No advice was received from independent remuneration consultants during FY24.

Voting and comments made at the Company's 2023 Annual General Meeting (AGM)

The Company received 99.97% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2023. The Company received no specific feedback on its Remuneration Report at the AGM.

Section 3: FY24 Executive KMP remuneration outcomes

Short-term incentive outcome

In determining STI for FY24, the outcome of incentive EBITDA measure was assessed along with a qualitative assessment of the individual's performance against Acusensus' five core values of integrity, collaboration, delivery, attitude and impact.

Achievement against the budgeted incentive EBITDA would result in 50% achievement of financial outcome. For FY24 incentive EBITDA was slightly below the budget resulting in an achievement of 48.8%. The table below provides a summary of the STI awarded to Executive KMP for FY24.

| | % Award | STI | % STI |
|-------------------------|----------|----------|-----------|
| Name | Achieved | Awarded | Forfeited |
| Alexander Jannink | 48.8% | \$54,900 | 51.2% |
| Anita Chow ¹ | 48.8% | \$24,266 | 51.2% |

¹ Prorated amount based on start date of 23 November 2023.

Long-term incentive outcome

For FY24, LTI were issued by way of performance rights which vest equally over 3 years subject to gross profit uplift and cumulative TSR. The FY24 LTI grant to Managing Director, Alexander Jannink, was approved by shareholders at the Acusensus 2023 Annual General Meeting for the purposes of ASX Listing Rule 10.14. The Group achieved gross profit of \$22.6 million, which represents an uplift of \$4.1 million over FY23. This is greater than \$3.39 million required and resulted in 100% achievement of the applicable portion of performance rights. Acusensus share price as at 30 June 2024 was \$0.59 per share which was 8% decline over the prior year and resulted in 0% achievement of the applicable portion of performance rights.

The table below summarises the outcome of FY24 performance rights for year 1 tested together with those that remain unvested.

| Grant | Year | Performance measures applied | Outcome |
|-------|------|--|------------------|
| FY24 | 1 | Cumulative TSR 0-10% | 0% achievement |
| | | \$3.39m FY25 gross profit uplift on FY23 | 100% achievement |
| | 2 | Cumulative TSR 0-20% | Not yet tested |
| | | Not yet confirmed - FY25 gross profit uplift on FY24 | Not yet tested |
| | 3 | Cumulative TSR 0-30% | Not yet tested |
| | | Not yet confirmed - FY26 gross profit uplift on FY25 | Not yet tested |

The table below provides a summary of the performance rights granted to Executive KMP for FY24 and the number that vested or were forfeited pertaining to the year 1 tranche upon release of FY24 results. Once vested, the performance rights become exercisable and the individual needs to exercise the right to convert the performance rights to ordinary shares.

| Name | Number of performance rights granted | Number of performance rights vested | Number of performance rights forfeited |
|-------------------|--------------------------------------|-------------------------------------|--|
| Alexander Jannink | 281,573 | 46,929 | (46,929) |
| Anita Chow | 64,740 | 10,790 | (10,790) |
| Mark Lawrence | 122,015 | 20,336 | (20,336) |

Statutory remuneration details

The following table details the nature and amount of each element of remuneration of the Executive KMP. There were no transactions or loans between Executive KMP and the Company or any of its subsidiaries during FY24.

| | Executive Directors | | Other Key Management Personnel | | | Total | |
|--|---------------------|----------------|--------------------------------|-------------------|----------------|------------------|----------------|
| | Alexander Jannink | | Anita Chow | Mark Lawrence | | | |
| | 2024 | 2023 | 2024 ¹ | 2024 ² | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Short-term benefits | | | | | | | |
| Base salary | 342,720 | 319,000 | 182,832 | 115,343 | 271,298 | 640,895 | 590,298 |
| Cash STI | 54,900 | 75,620 | 24,266 | - | 65,472 | 79,166 | 141,092 |
| Others ³ | (7,991) | 8,226 | 13,822 | 7,422 | - | 13,253 | 8,226 |
| Long term benefits | | | | | | | |
| Long service leave | 10,510 | 8,580 | 2,100 | 4,646 | 6,375 | 17,256 | 14,955 |
| Post-employment benefits | | | | | | | |
| Superannuation | 32,280 | 27,500 | 17,168 | 12,688 | 27,374 | 62,136 | 54,874 |
| Share-based payments | | | | | | | |
| Performance rights | 110,048 | - | 27,299 | 81,953 | - | 219,300 | - |
| Ordinary shares | - | - | - | - | 16,950 | - | 16,950 |
| Options | 35,588 | 44,680 | - | 31,289 | 23,361 | 66,877 | 68,041 |
| Termination benefits | | | | | | | |
| Termination payment | - | - | - | 99,250 | - | 99,250 | - |
| Total | 578,055 | 483,606 | 267,487 | 352,591 | 410,830 | 1,198,133 | 894,436 |
| Performance related⁴ | 35% | 25% | 19% | 32% | 22% | 30% | 23% |

¹ Represents remuneration from 23 November 2023 to 30 June 2024.

² Represents remuneration from 1 July 2023 to 22 November 2023. Termination benefit relates to settling of a contractual obligation and share based payments also includes the accelerated accounting charge of the fair value of the equities awarded due to good leaver treatment.

³ Represents movement in annual leave accruals.

⁴ Represents the sum of cash STI, performance rights and options as a percentage of total remuneration.

Section 4: FY24 Non-Executive Director remuneration

Fees and payments to Non-Executive Directors reflect the demands and responsibilities of their role. Non-Executive Directors' fees and payments are reviewed annually by the Remuneration & Nominations Committee.

The maximum aggregate fee limit for Non-Executive Director remuneration is \$350,000 per annum under the Company's Constitution. Remuneration and other terms of employment for Non-Executive Directors are formalised in service agreements. Non-Executive Directors receive a fee, inclusive of superannuation (where applicable) of \$71,825. They also receive a grant of options when first joining the Company as a Non-Executive Director. There is no additional remuneration for a role as Chair or member of any committees. There was no increase to board fees in FY24.

Non-Executive Directors may be reimbursed for travel and other expenses reasonably incurred when attending meetings of the Board or Committees of the Board or conducting the business of the Company.

The following table details the nature and amount of each element of remuneration of Non-Executive Directors. There were no transactions or loans between the Non-Executive Director and the Company or any of its subsidiaries during FY24.

| | Ravin Mirchandani | | Sue Klose | | Mike Giuffrida | Tom Patterson | Total | |
|--|-------------------|---------------|---------------|---------------|-------------------|---------------|----------------|----------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 ¹ | 2023 | 2024 | 2023 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Short-term benefits | | | | | | | | |
| Base salary | 71,825 | 57,566 | 64,707 | 31,750 | 47,286 | 54,708 | 183,818 | 144,024 |
| Others | - | - | - | - | - | - | - | - |
| Post-employment benefits | | | | | | | | |
| Superannuation | - | - | 7,118 | 3,334 | 5,201 | - | 12,319 | 3,334 |
| Share-based payments | | | | | | | | |
| Performance rights | - | - | - | - | - | - | - | - |
| Ordinary shares | - | - | - | - | - | - | - | - |
| Options | - | 6,235 | 24,000 | 11,573 | 4,235 | 6,235 | 28,235 | 24,043 |
| Total | 71,825 | 63,801 | 95,825 | 46,657 | 56,722 | 60,943 | 224,372 | 171,401 |
| Performance related² | 0% | 10% | 25% | 25% | 7% | 10% | 13% | 14% |

¹ Represents remuneration from 9 October 2023 to 30 June 2024.

² Represents the sum of performance rights and options as a percentage of total remuneration.

Section 5: Summary of shareholdings

Ordinary shares

The following table shows the shareholdings and movements in ordinary shares held directly, or indirectly, by each KMP, including their related parties. No shares held by any KMP were held nominally.

| Name | Financial year | Balance at start of year | Received as part of remuneration | Additions | Disposals | Balance at end of year |
|--|-------------------|--------------------------|----------------------------------|----------------|-----------|------------------------|
| <i>Non-Executive Directors:</i> | | | | | | |
| Ravin | 2024 | 443,760 | - | - | - | 443,760 |
| Mirchandani ¹ | 2023 | 443,760 | - | - | - | 443,760 |
| Sue Klose | 2024 | 125,000 | - | 125,000 | - | 250,000 |
| | 2023 | - | - | 125,000 | - | 125,000 |
| Mike Giuffrida | 2024 | - | - | 45,001 | - | 45,001 |
| Tom Patterson | 2023 ² | 224,060 | - | - | - | 224,060 |
| <i>Executive Directors:</i> | | | | | | |
| Alexander | 2024 | 16,750,000 | - | - | - | 16,750,000 |
| Jannink ³ | 2023 | 16,750,000 | - | - | - | 16,750,000 |
| <i>Other Key Management Personnel:</i> | | | | | | |
| Anita Chow | 2024 | - | - | - | - | - |
| Mark Lawrence | 2024 ⁴ | 25,000 | - | - | - | 25,000 |
| | 2023 | - | 25,000 | - | - | 25,000 |
| Total | 2024 | 17,343,760 | - | 170,001 | - | 17,513,761 |
| Total | 2023 | 17,417,820 | 25,000 | 125,000 | - | 17,567,820 |

¹ Ravin Mirchandani is the Chair, a Director and a shareholder in Ador Powertron. Ador Powertron's interest in shares of Acusensus Limited was 20,563,635 at the start of and at the end of the year ended 30 June 2024.

² Includes shares owned by associated entity, LD 50 Pty Ltd atf LD 50 Trust.

³ Includes shares owned by associated entity, Jannink & Associates Pty Ltd atf Jannink Family Trust.

⁴ Balance at end of year represents as at 22 November 2023, date ceased being Executive KMP.

Unvested and unexercised performance rights

The following table shows the performance rights held directly, or indirectly, by each KMP, including their related parties.

| Name | Financial year | Balance at start of year | Granted | Vested | Forfeited | Balance at end of year | Vested and exercisable | Unvested |
|--|-------------------|--------------------------|----------------|----------|-----------|------------------------|------------------------|----------------|
| <i>Executive Directors:</i> | | | | | | | | |
| Alexander Jannink ¹ | 2024 | - | 281,573 | - | - | 281,573 | - | 281,573 |
| <i>Other Key Management Personnel:</i> | | | | | | | | |
| Anita Chow | 2024 | - | 64,740 | - | - | 64,740 | - | 64,740 |
| Mark Lawrence | 2024 ² | - | 122,015 | - | - | 122,015 | - | 122,015 |
| Total | 2024 | - | 468,328 | - | - | 468,328 | - | 468,328 |

¹ Includes performance rights owned by associated entity, Jannink & Associates Pty Ltd atf Jannink Family Trust.

² Balance at end of year represents as at 22 November 2023, date ceased being Executive KMP.

Options

The following table shows the options held directly, or indirectly, by each KMP, including their related parties.

| Name | Financial year | Balance at start of year | Granted | Exercised | Forfeited | Balance at end of year | Vested and exercisable | Unvested |
|--|-------------------|--------------------------|----------------|-----------|-----------|------------------------|------------------------|----------------|
| <i>Non-Executive Directors:</i> | | | | | | | | |
| Ravin Mirchandani | 2024 | 750,000 | - | - | - | 750,000 | 750,000 | - |
| | 2023 | 750,000 | - | - | - | 750,000 | 750,000 | - |
| Sue Klose | 2024 | 250,000 | - | - | - | 250,000 | 104,169 | 145,831 |
| | 2023 | - | 250,000 | - | - | 250,000 | - | 250,000 |
| Mike Giuffrida | 2024 | - | 250,000 | - | - | 250,000 | - | 250,000 |
| Tom Patterson ¹ | 2023 | 1,000,000 | - | - | - | 1,000,000 | 1,000,000 | - |
| <i>Executive Directors:</i> | | | | | | | | |
| Alexander Jannink ² | 2024 | 510,660 | - | - | - | 510,660 | 342,106 | 168,554 |
| | 2023 | 290,160 | 220,500 | - | - | 510,660 | 116,761 | 393,899 |
| <i>Other Key Management Personnel:</i> | | | | | | | | |
| Anita Chow | 2024 | - | - | - | - | - | - | - |
| Mark Lawrence | 2024 ³ | 272,100 | - | - | - | 272,100 | 177,527 | 94,573 |
| | 2023 | 135,735 | 136,365 | - | - | 272,100 | 52,738 | 219,362 |
| Total | 2024 | 1,782,760 | 250,000 | - | - | 2,032,760 | 1,373,802 | 658,958 |
| Total | 2023 | 2,175,895 | 606,865 | - | - | 2,782,760 | 1,919,499 | 863,261 |

¹ Includes options owned by associated entity, LD 50 Pty Ltd atf LD 50 Trust.

² Includes options owned by associated entity, Jannink & Associates Pty Ltd atf Jannink Family Trust.

Grants during FY24

The table below provides the fair value of performance rights issued to each Executive KMP during 1 July 2023 and 30 June 2024.

| Name | Date of grant | Date of expiry | Date of vesting | Number granted | Exercise price | Fair value per performance right at grant |
|--------------------------------|---------------|----------------|-----------------|----------------|----------------|---|
| Alexander Jannink ¹ | 16/11/2023 | 17/11/2028 | Various | 281,573 | \$0.00 | \$0.64 |
| Anita Chow | 12/12/2023 | 14/12/2028 | Various | 64,740 | \$0.00 | \$0.69 |
| Mark Lawrence | 17/10/2023 | 17/11/2028 | Various | 122,015 | \$0.00 | \$0.67 |

¹ Includes performance rights owned by associated entity, Jannink & Associates Pty Ltd atf Jannink Family Trust.

The table below provides the fair value of options issued to each KMP during 1 July 2023 and 30 June 2024

| Name | Date of grant | Date of expiry | Date of vesting | Number granted | Exercise price | Fair value per option at grant |
|----------------|---------------|----------------|-----------------|----------------|----------------|--------------------------------|
| Mike Giuffrida | 16/11/2023 | 17/11/2028 | Various | 250,000 | \$1.00 | \$0.13 |

This concludes the remuneration report, which has been audited.



FINANCIAL STATEMENTS



AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

DECLARATION OF INDEPENDENCE BY SALIM BISKRI TO THE DIRECTORS OF ACUSENSUS LIMITED

As lead auditor of Acusensus Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Acusensus Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Biskri', with a stylized flourish at the end.

Salim Biskri
Director

BDO Audit Pty Ltd
Melbourne 27 August 2024

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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General information

The financial statements cover Acusensus Limited as a consolidated entity consisting of Acusensus Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Acusensus Limited's functional and presentation currency.

Acusensus Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 31 Queen Street
Melbourne, VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 August 2024. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2024

| | Notes | Consolidated | |
|---|-------|----------------|----------------|
| | | 2024 \$'000 | 2023 \$'000 |
| Revenue | 3 | 49,625 | 42,005 |
| Other income | 4 | 1,506 | 552 |
| Expenses | | | |
| Cost of services | | (27,045) | (23,565) |
| Employee benefits | 5 | (10,968) | (8,143) |
| Depreciation and amortisation | 5 | (6,306) | (4,687) |
| Administration | | (5,530) | (3,394) |
| Contracting | | (1,512) | (997) |
| IPO transaction costs | 5 | - | (684) |
| Marketing | | (258) | (209) |
| Impairment | | (425) | (220) |
| Finance costs | 5 | (90) | (83) |
| Profit/(loss) before income tax expense | | (1,003) | 575 |
| Income tax expense | 6 | (520) | (520) |
| Profit/(loss) after income tax for the year attributable to the owners of Acusensus Limited | | (1,523) | 55 |
| Other comprehensive income/(loss) for the period, net of tax: | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation | | (21) | 75 |
| Total comprehensive income/(loss) for the year attributable to the owners of Acusensus Limited | | (1,544) | 130 |

| | | Cents | Cents |
|-------------------------------------|----|--------|-------|
| Basic earnings/(loss) per share * | 22 | (0.01) | 0.00 |
| Diluted earnings/(loss) per share** | 22 | (0.01) | 0.00 |

*Basic earnings/(loss) per share have been rounded to two decimal places.

**Diluted loss per share is the same as basic loss per share as otherwise it would be antidilutive.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | | Consolidated | |
|--------------------------------|-------|----------------|----------------|
| | Notes | 2024 \$'000 | 2023 \$'000 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 7,344 | 12,799 |
| Trade and other receivables | 8 | 11,260 | 8,592 |
| Contract assets | 9 | 1,123 | 813 |
| Inventories | 10 | 1,265 | 1,374 |
| Other current assets | 12 | 12,000 | 12,000 |
| Total current assets | | 32,992 | 35,578 |
| Non-current assets | | | |
| Property, plant and equipment | 13 | 10,562 | 9,190 |
| Right-of-use assets | 11 | 2,085 | 2,051 |
| Intangibles | 14 | 2,520 | 1,517 |
| Net deferred tax asset | 6 | 461 | - |
| Other assets | 12 | 71 | 126 |
| Total non-current assets | | 15,699 | 12,884 |
| Total assets | | 48,691 | 48,462 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 15 | 5,999 | 5,831 |
| Contract liabilities | 16 | 1,065 | 3,019 |
| Lease liabilities | 17 | 1,255 | 1,487 |
| Provisions | 18 | 920 | 744 |
| Income tax payable | 6 | 1,238 | - |
| Total current liabilities | | 10,477 | 11,081 |
| Non-current liabilities | | | |
| Contract liabilities | 16 | 725 | 89 |
| Lease liabilities | 17 | 939 | 699 |
| Provisions | 18 | 626 | 412 |
| Net deferred tax liability | 6 | - | 257 |
| Total non-current liabilities | | 2,290 | 1,457 |
| Total liabilities | | 12,767 | 12,538 |
| Net assets | | 35,924 | 35,924 |
| Equity | | | |
| Issued capital | 19 | 37,577 | 37,456 |
| Reserves | 20 | 3,418 | 2,016 |
| Accumulated losses | | (5,071) | (3,548) |
| Total equity | | 35,924 | 35,924 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2024

| | Issued capital | Reserves | Accumulated losses | Total equity |
|--|-------------------|----------|-----------------------|-----------------|
| Consolidated | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2022 | 18,832 | 1,535 | (3,603) | 16,764 |
| Profit after income tax for the year | - | - | 55 | 55 |
| Other comprehensive income for the year, net of tax | - | 75 | - | 75 |
| Total comprehensive income for the year | - | 75 | 55 | 130 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 19) | 18,624 | - | - | 18,624 |
| Share-based payments (note 34) | - | 406 | - | 406 |
| Balance at 30 June 2023 | 37,456 | 2,016 | (3,548) | 35,924 |

| | Issued capital | Reserves | Accumulated losses | Total equity |
|--|-------------------|----------|-----------------------|-----------------|
| Consolidated | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2023 | 37,456 | 2,016 | (3,548) | 35,924 |
| Loss after income tax for the year | - | - | (1,523) | (1,523) |
| Other comprehensive loss for the year, net of tax | - | (21) | - | (21) |
| Total comprehensive loss for the year | - | (21) | (1,523) | (1,544) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | |
| Contributions of equity, net of transaction costs (note 19) | 121 | - | - | 121 |
| Share-based payments (note 34) | - | 1,423 | - | 1,423 |
| Balance at 30 June 2024 | 37,577 | 3,418 | (5,071) | 35,924 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

| | Notes | Consolidated | |
|---|-------|----------------|----------------|
| | | 2024 \$'000 | 2023 \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 47,266 | 43,011 |
| Government grants and stimulus received | | - | 73 |
| Other income | | 587 | 217 |
| Payments to suppliers and employees | | (45,077) | (39,054) |
| Interest received | | 891 | 93 |
| Interest paid | | (90) | (83) |
| Net cash from operating activities | 32 | 3,577 | 4,257 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (5,570) | (3,975) |
| Payments for intangibles | | (1,949) | (1,400) |
| Term deposit investment | | - | (12,000) |
| Net cash used in investing activities | | (7,519) | (17,375) |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | 121 | 18,624 |
| Repayment of lease liabilities | | (1,593) | (1,288) |
| Net cash from/(used in) financing activities | | (1,472) | 17,336 |
| Net increase/(decrease) in cash and cash equivalents | | (5,414) | 4,218 |
| Cash and cash equivalents at the beginning of the financial year | | 12,799 | 8,607 |
| Effects of exchange rate changes on cash and cash equivalents | | (41) | (26) |
| Cash and cash equivalents (inclusive of restricted balances) at the end of the financial year | 7 | 7,344 | 12,799 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2024

Note 1. Material accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

The following new/amended accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2024. They have not been adopted in preparing the financial statements for the year ended 30 June 2024 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated in the table below.

| AASB reference | Title and affected standard(s) | Nature of change | Application date | Impact on initial application |
|----------------------------|---|--|---|---|
| AASB 2023-5 | Amendments to Australian Accounting Standards – Lack of Exchangeability | <p>Introduces requirements:</p> <ul style="list-style-type: none"> To assess when a currency is exchangeable into another currency and when it is not. To estimate the spot exchange rate when a currency is not exchangeable into another currency. For additional disclosures when an entity estimates the spot exchange rate because a currency is not exchangeable into another currency. | Annual reporting periods beginning on or after 1 January 2025 | If the entity concludes on the initial date of application, 1 July 2025, that its foreign operation's functional currency is not exchangeable into its presentation currency (or vice versa), it will translate affected assets and liabilities using the estimated spot exchange rate at that date. The cumulative effect of initially applying these amendments will result in an adjustment to the foreign currency translation reserve on 1 July 2025. Comparatives will not be restated. |
| AASB 18 (issued June 2024) | Presentation and Disclosure in Financial Statements | <p>AASB 18 replaces AASB 101 Presentation of Financial Statements and requires income and expenses to be classified in profit or loss as one of five categories, being investing, financing, income taxes, discontinued operations and operating (which is a residual category). There are also two mandatory sub-totals:</p> <ul style="list-style-type: none"> Operating profit or loss Profit or loss before financing and income taxes, which comprises operating profit or loss and all investing income and expenses <p>AASB 18 also requires disclosures related to management-defined performance measures in the notes to the financial statements.</p> | Annual reporting periods beginning on or after 1 January 2027 | <p>When these amendments are first adopted on 1 July 2027, subtotals in the Statement of Profit or Loss and Other Comprehensive for the year ended 30 June 2028 may differ, including restated comparatives for the year ended 30 June 2027. However, there will be no change to net profit or loss after taxation in either period.</p> <p>There may also be changes in the way interest and dividend cash inflows and outflows are presented in the Statement of Cash Flows, which may impact the subtotals for cash generated or utilised from operating activities, investing activities and financing activities.</p> <p>Lastly, additional information will be disclosed in the notes to the financial statements if the entity uses management-defined performance measures in public communications outside the financial statements to communicate management's view of aspects of the entity's financial performance.</p> |

Note 1. Material accounting policies (continued)

Going concern

The consolidated entity financial statements have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001 (Cth), these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 29.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Acusensus Limited ('Company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Acusensus Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Acusensus Limited's functional and presentation currency.

Note 1. Material accounting policies (continued)

Foreign Currency Transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost.

Where a financial asset has become credit impaired the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Note 1. Material accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. This assessment considers forward-looking information, including macro-economic information which may be available. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

As discussed in note 18, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Capitalised development costs

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset thereby generating probable future economic benefits; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Development costs which are capitalised are predominantly associated with employee benefits of R&D personnel. Activities associated with the development of a new asset or enhancement of an existing asset are capitalized.

Note 3. Revenue

| | Consolidated | |
|---|---------------|---------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Revenue from contracts with customers | | |
| Rendering of services – recognised over time | 49,624 | 41,979 |
| Sale of goods – recognised at a point in time | 1 | 26 |
| | <hr/> | <hr/> |
| Revenue | <u>49,625</u> | <u>42,005</u> |

Accounting policy for revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 3. Revenue (continued)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. The output method is used to measure performance obligations satisfied over time. The output method provides a faithful depiction of the transfer of services given service units provided and time elapsed are the assessed value transferred to customers. Refer to note 21 for revenue by location.

Note 4. Other income

| | Consolidated | |
|--------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Insurance proceeds | 422 | 217 |
| Interest revenue | 919 | 262 |
| Other income | 165 | - |
| Government grants | - | 73 |
| | <hr/> | <hr/> |
| Other income | <u>1,506</u> | <u>552</u> |

Insurance proceeds

Insurance proceeds are recognised only when it is reasonably certain that compensation will be received.

Interest

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

Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Other revenue

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

Note 5. Expenses

| | Consolidated | |
|---|---------------|--------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Profit/(loss) before income tax includes the following specific expenses: | | |
| <i>Employee benefits</i> | | |
| Salaries and wages | 7,070 | 5,948 |
| Defined contribution superannuation expense | 1,399 | 969 |
| Share based payments expense | 1,423 | 406 |
| Other | 1,076 | 820 |
| | <u>10,968</u> | <u>8,143</u> |
| <i>Depreciation and amortisation</i> | | |
| Depreciation - property, plant and equipment | 3,792 | 2,775 |
| Depreciation - right-of-use assets | 1,568 | 1,457 |
| Amortisation | 946 | 455 |
| | <u>6,306</u> | <u>4,687</u> |
| <i>IPO transaction costs</i> | | |
| IPO transaction costs | - | 684 |
| | <u>-</u> | <u>684</u> |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable on borrowings | 24 | 2 |
| Interest and finance charges paid/payable on lease liabilities | 66 | 81 |
| | <u>90</u> | <u>83</u> |

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Defined contribution superannuation expense

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 6. Income tax

| | Consolidated | |
|---|--------------|--------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Income tax expense | | |
| Current tax expense | 1,238 | - |
| Deferred tax expense/(benefit) | (718) | 520 |
| | <u>520</u> | <u>520</u> |
| Aggregate income tax expense | <u>520</u> | <u>520</u> |
| <i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i> | | |
| Profit/(loss) before income tax | (1,003) | 575 |
| Tax at the statutory tax rate of 30% (30 June 2023: 25%) | (301) | 144 |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Share-based payments | 419 | 101 |
| Non-deductible expenditure | - | 9 |
| R&D tax incentive benefit | - | (18) |
| Tax rate differential | 310 | (70) |
| R&D offset | (448) | (28) |
| Other movement | (68) | (26) |
| Deferred tax assets not recognised | 608 | 408 |
| | <u>520</u> | <u>520</u> |
| Income tax expense | <u>520</u> | <u>520</u> |
| Deferred tax assets and liabilities | | |
| Blackhole expenditure and other deductions | 317 | 290 |
| Employee benefits | 458 | 289 |
| Accrued expenses | 740 | 663 |
| Other liabilities | 596 | 547 |
| R&D carry forward tax offsets | - | 222 |
| Property, plant and equipment | (1,082) | (1,778) |
| Right of use asset | (567) | (513) |
| Inventories | - | 21 |
| Unrealised foreign exchange gain/(loss) | (1) | 2 |
| | <u>461</u> | <u>(257)</u> |
| Net deferred tax assets/(liabilities) | <u>461</u> | <u>(257)</u> |
| Deferred tax assets not recognised | <u>1,513</u> | <u>905</u> |

Note 6. Income tax (continued)

The above potential tax benefit, deferred tax assets not recognised, of \$1,513 thousand (30 June 2023: \$905 thousand), pertain to Acusensus, Inc. and Acusensus UK Limited tax losses. These losses have not been recognised in the statement of financial position as the recovery of this benefit through future profitability is uncertain as at 30 June 2024.

As at 30 June 2024, there are nil (30 June 2023: nil) franking credits available for subsequent financial years based on a tax rate of 30% (30 June 2023: 25%).

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- when the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Acusensus Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Note 7. Cash and cash equivalents

| | Consolidated | |
|--|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Current assets | | |
| Unrestricted | | |
| Cash at bank | 3,842 | 5,322 |
| Cash at bank for term deposits | 2,000 | 6,064 |
| Cash and cash equivalents - unrestricted | 5,842 | 11,386 |
| Restricted | | |
| Cash at bank for contracts | 1,502 | 1,413 |
| Cash and cash equivalents - restricted | 1,502 | 1,413 |
| Cash and cash equivalents | 7,344 | 12,799 |

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash balance represents cash held by the entity as required under its bank guarantee arrangements. Restricted cash also includes term deposits.

Note 8. Trade and other receivables

| | Consolidated | |
|-----------------------------|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Current assets | | |
| Trade receivables | 5,298 | 3,624 |
| Accrued revenue | 4,294 | 3,396 |
| Other receivables | 1,668 | 1,572 |
| Trade and other receivables | 11,260 | 8,592 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 8. Trade and other receivables (continued)

Allowance for expected credit losses

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

| | Expected credit loss rate | | Carrying amount | | Allowance for expected credit losses | |
|-------------------|---------------------------|------|-----------------|--------------|--------------------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Consolidated | % | % | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | - | - | 4,562 | 3,618 | - | - |
| > 30 days | - | - | 736 | - | - | - |
| > 60 days | - | - | - | 6 | - | - |
| Trade receivables | | | <u>5,298</u> | <u>3,624</u> | <u>-</u> | <u>-</u> |

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 to 45 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 9. Contract assets

| | Consolidated | |
|--|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |

Current assets

| | | |
|-----------------|--------------|------------|
| Contract assets | <u>1,123</u> | <u>813</u> |
|-----------------|--------------|------------|

Reconciliation

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

| | | |
|-------------------------------|--------------|----------------|
| Opening balance | 813 | 607 |
| Additions | 1,247 | 1,322 |
| Transfer to trade receivables | <u>(937)</u> | <u>(1,116)</u> |
| Closing balance | <u>1,123</u> | <u>813</u> |

Contract assets

Contract assets are recognised when the Company has transferred goods or services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes

Note 10. Inventories

| | Consolidated | |
|-----------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Current assets | | |
| Components | 1,265 | 1,458 |
| Inventory provision | - | (84) |
| Inventories | <u>1,265</u> | <u>1,374</u> |

Accounting policy for inventories

Inventories are stated at the lower of cost and net realisable value on an average cost basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

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

Note 11. Right-of-use assets

| | Consolidated | |
|---|---------------------|---------------------|
| | 2024 \$'000 | 2023 \$'000 |
| Non-current assets | | |
| Building right-of-use assets | 2,166 | 1,600 |
| Less: Accumulated depreciation | <u>(980)</u> | <u>(695)</u> |
| Building right-of-use assets - net carrying value | <u>1,186</u> | <u>905</u> |
| Vehicle right-of-use assets | 3,755 | 3,069 |
| Less: Accumulated depreciation | <u>(2,856)</u> | <u>(1,923)</u> |
| Vehicle right-of-use assets - net carrying value | <u>899</u> | <u>1,146</u> |
| Right-of-use assets | <u><u>2,085</u></u> | <u><u>2,051</u></u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 11. Right-of-use assets (continued)

| | Building | Motor vehicles | Total |
|-----------------------------|----------|----------------|---------|
| Consolidated | \$'000 | \$'000 | \$'000 |
| Balance at 30 June 2022 | 341 | 1,958 | 2,299 |
| Additions and modifications | 999 | 254 | 1,253 |
| Impairment | - | (43) | (43) |
| Foreign exchange movement | (1) | - | (1) |
| Depreciation expense | (434) | (1,023) | (1,457) |
| Balance at 30 June 2023 | 905 | 1,146 | 2,051 |
| Additions | 114 | 433 | 547 |
| Modifications | 620 | 515 | 1,135 |
| Impairment | - | (82) | (82) |
| Foreign exchange movement | 2 | - | 2 |
| Depreciation expense | (455) | (1,113) | (1,568) |
| Balance at 30 June 2024 | 1,186 | 899 | 2,085 |

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

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The modifications for the year ended 30 June 2024 pertain to extension of lease terms for building (3 years) and motor vehicles (6 months).

Note 12. Other assets

| | Consolidated | |
|---------------------------|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Current assets | | |
| Term deposits | 12,000 | 12,000 |
| Non-current assets | | |
| Bonds on leased premises | 71 | 126 |
| Other assets | 12,071 | 12,126 |

Note 13. Property, plant and equipment

| | Consolidated | |
|---|--------------|---------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Non-current assets | | |
| Motor vehicles – at cost | 1,421 | 1,255 |
| Less: Accumulated depreciation | (1,002) | (605) |
| Motor vehicles - net carrying value | 419 | 650 |
| Computer equipment – at cost | 659 | 455 |
| Less: Accumulated depreciation | (385) | (251) |
| Computer equipment - net carrying value | 274 | 204 |
| Office equipment – at cost | 299 | 224 |
| Less: Accumulated depreciation | (179) | (98) |
| Office equipment - net carrying value | 120 | 126 |
| Camera equipment – at cost | 17,036 | 12,436 |
| Less: Accumulated depreciation | (7,287) | (4,226) |
| Camera equipment - net carrying value | 9,749 | 8,210 |
| Property, plant and equipment | 10,562 | 9,190 |

Reconciliations

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

| | Motor vehicles | Computer equipment | Office equipment | Camera equipment | Total |
|---------------------------|----------------|--------------------|------------------|------------------|---------|
| Consolidated | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 30 June 2022 | 545 | 191 | 78 | 7,357 | 8,171 |
| Additions | 417 | 115 | 101 | 3,342 | 3,975 |
| Impairment | - | - | - | (220) | (220) |
| Foreign exchange movement | (1) | - | - | 40 | 39 |
| Depreciation expense | (311) | (102) | (53) | (2,309) | (2,775) |
| Balance at 30 June 2023 | 650 | 204 | 126 | 8,210 | 9,190 |
| Additions | 166 | 204 | 75 | 5,125 | 5,570 |
| Impairment | - | - | - | (426) | (426) |
| Foreign exchange movement | - | - | - | 20 | 20 |
| Depreciation expense | (397) | (134) | (81) | (3,180) | (3,792) |
| Balance at 30 June 2024 | 419 | 274 | 120 | 9,749 | 10,562 |

Note 13. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

| | |
|-------------------------|---------|
| Motor vehicles | 3 years |
| Computer equipment | 3 years |
| Office equipment | 3 years |
| Camera equipment: | |
| Transportable equipment | 5 years |
| Fixed site systems | 3 years |

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 14. Intangibles

| | Consolidated | |
|--|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Non-current assets | | |
| Capitalised development costs – at cost | 4,167 | 2,218 |
| Less: Accumulated amortisation | (1,680) | (743) |
| Capitalised development costs - net carrying value | 2,487 | 1,475 |
| Website costs – at cost | 47 | 47 |
| Less: Accumulated amortisation | (14) | (5) |
| Website costs - net carrying value | 33 | 42 |
| Intangibles | 2,520 | 1,517 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 14. Intangibles (continued)

Reconciliations

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

| | Capitalised development costs | Website | Total |
|---------------------------|-------------------------------------|---------|--------|
| Consolidated | \$'000 | \$'000 | \$'000 |
| Balance at 30 June 2022 | 573 | - | 573 |
| Additions | 1,353 | 47 | 1,400 |
| Foreign exchange movement | (1) | - | (1) |
| Depreciation expense | (450) | (5) | (455) |
| Balance at 30 June 2023 | 1,475 | 42 | 1,517 |
| Additions | 1,949 | - | 1,949 |
| Foreign exchange movement | - | - | - |
| Depreciation expense | (937) | (9) | (946) |
| Balance at 30 June 2024 | 2,487 | 33 | 2,520 |

Accounting policy for intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Website

Website costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Note 15. Trade and other payables

| | Consolidated | |
|----------------------------|-------------------|-------------------|
| | 2024 \$'000 | 2023 \$'000 |
| Current liabilities | | |
| Trade payables | 1,749 | 412 |
| Accrued liabilities | 3,621 | 4,289 |
| Other payables | 629 | 1,130 |
| | <u> </u> | <u> </u> |
| Trade and other payables | <u>5,999</u> | <u>5,831</u> |

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 45 days of recognition.

Note 16. Contract liabilities

| | Consolidated | |
|--------------------------------|-------------------|-------------------|
| | 2024 \$'000 | 2023 \$'000 |
| Current liabilities | | |
| Contract liabilities | <u>1,065</u> | <u>3,019</u> |
| Non-current liabilities | | |
| Contract liabilities | <u>725</u> | <u>89</u> |
| | <u> </u> | <u> </u> |
| Contract liabilities | <u>1,790</u> | <u>3,108</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 16. Contract liabilities (continued)

Reconciliation

Reconciliation of the values at the beginning and end of the current and previous financial year are set out below:

| | Consolidated | |
|------------------------------|--------------|--------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Opening balance | 3,108 | 248 |
| Payments received in advance | 2,182 | 4,177 |
| Transfer to revenue | (3,500) | (1,317) |
| Closing balance | <u>1,790</u> | <u>3,108</u> |

Contract liabilities

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

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$1,790 thousand as at 30 June 2024 (30 June 2023: \$3,108 thousand) and is expected to be recognised as revenue in future periods as follows:

| | Consolidated | |
|-------------------------------------|--------------|--------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Within 12 months | 1,065 | 3,019 |
| 12 to 24 months | 221 | 44 |
| More than 24 months | <u>504</u> | <u>45</u> |
| Unsatisfied performance obligations | <u>1,790</u> | <u>3,108</u> |

Note 17. Lease liabilities

| | Consolidated | |
|--------------------------------|--------------|--------------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Current liabilities | | |
| Lease liabilities | <u>1,255</u> | <u>1,487</u> |
| Non-current liabilities | | |
| Lease liabilities | <u>939</u> | <u>699</u> |
| Lease liabilities | <u>2,194</u> | <u>2,186</u> |

Note 17. Lease liabilities (continued)

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

| | Consolidated | |
|-----------------------|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| 1 year or less | 1,255 | 1,487 |
| Between 1 and 2 years | 706 | 409 |
| Between 2 and 5 years | 233 | 290 |
| Over 5 years | - | - |
| Lease liabilities | 2,194 | 2,186 |

Refer to note 23 for further information on financial instruments.

Note 18. Provisions

| | Consolidated | |
|--------------------------------|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Current liabilities | | |
| Annual leave | 920 | 744 |
| Non-current liabilities | | |
| Long service leave | 626 | 412 |
| Provisions | 1,546 | 1,156 |

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 18. Provisions (continued)

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 19. Issued capital

| | Consolidated | | | |
|------------------------------|--------------|-------------|--------|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | '000 Shares | '000 Shares | \$'000 | \$'000 |
| Ordinary shares - fully paid | 126,411 | 25,230 | 37,577 | 37,456 |

Movements in ordinary share capital

| Details | Date | '000 Shares | Issue price | \$'000 |
|----------------------------|------------------|-------------|-------------|--------|
| Balance | 30 June 2023 | 25,230 | | 37,456 |
| 5:1 share split | 25 July 2023 | 100,920 | \$0.00 | - |
| Employee option conversion | 28 November 2023 | 250 | \$0.46 | 115 |
| Employee option conversion | 4 June 2024 | 11 | \$0.55 | 6 |
| Balance | 30 June 2024 | 126,411 | | 37,577 |

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 19. Issued capital (continued)

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is not subject to certain financing arrangements covenants.

The capital risk management policy remains unchanged from the 30 June 2023 Financial Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Note 20. Reserves

| | Consolidated | |
|----------------------------------|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Foreign currency reserve | 55 | 76 |
| Employee equity benefits reserve | 3,363 | 1,940 |
| Reserves | <u>3,418</u> | <u>2,016</u> |

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Employee equity benefits reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of rights over shares is determined using a binomial model. The fair value of shares is determined by the market value of the consolidated entity's shares at grant date.

In valuing equity-settled transactions, any performance conditions are taken into account if relevant and assumptions around the likelihood of meeting these performance conditions are factored into the valuation model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the consolidated entity's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 21. Operating segments

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board. The Directors are responsible for the allocation of resources to operating segments and assessing their performance.

Identification of reportable operating segments

These operating segments are identified based on the internal reports that are reviewed and used by the Board (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. Accordingly, the consolidated entity only operates as one segment being the consolidated entity.

Major customers

During the year ended 30 June 2024, approximately \$47,446 thousand (30 June 2023: \$41,440 thousand) of the consolidated entity's external revenue was generated from sales to Australian State Governments.

Geographical information

| | Sales to external customers | | Non- current assets | |
|--------------------------|-----------------------------|---------------|---------------------|---------------|
| | 2024 | 2023 | 2024 | 2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Australia | 47,556 | 41,838 | 12,362 | 11,605 |
| United States of America | 1,711 | 167 | 1,999 | 1,043 |
| United Kingdom | 358 | - | 1,337 | 236 |
| | <u>49,625</u> | <u>42,005</u> | <u>15,698</u> | <u>12,884</u> |

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 22. Earnings per share

| | Consolidated | |
|--|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |

| | | |
|--|----------------|-----------|
| Profit/(loss) after income tax attributable to the owners of Acusensus Limited | <u>(1,523)</u> | <u>55</u> |
|--|----------------|-----------|

| | Number | Number |
|--|--------|--------|
| | '000 | '000 |
| | Shares | Shares |

| | | |
|--|----------------|---------------|
| Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share | <u>126,298</u> | <u>22,458</u> |
|--|----------------|---------------|

| | | |
|--|----------------|---------------|
| Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share | <u>126,298</u> | <u>24,001</u> |
|--|----------------|---------------|

Note 22. Earnings per share (continued)

| | Cents | Cents |
|--|--------|-------|
| Basic earnings/(loss) per share* | (0.01) | 0.00 |
| Diluted earnings/(loss) per share** | (0.01) | 0.00 |
| <i>*Basic earnings/(loss) per share have been rounded to two decimal places.</i> | | |
| <i>**Diluted loss per share is the same as basic loss per share as otherwise it would be antidilutive.</i> | | |

Accounting policy for earnings per share*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Acusensus Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 23. Financial instruments**Financial risk management objectives**

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

The Company's Board has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework. The Board has established the Audit & Risk Management Committee, which is responsible for developing and monitoring the consolidated entity's risk management policies. The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities. The consolidated entity, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit & Risk Management Committee oversees how management monitors compliance with the consolidated entity's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the consolidated entity.

Market risk**Foreign currency risk**

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The transactions in which these transactions are primarily denominated are US dollars, British pound sterling and euros. There is limited exposure to date given limited transactions in Acusensus, Inc. and Acusensus UK Limited.

Note 23. Financial instruments (continued)

Price risk

The consolidated entity is not exposed to any significant price risk. This is due to revenue being contracted under a fixed price.

Interest rate risk

The consolidated entity is not exposed to any significant interest rate risk. The interest rate associated with term deposits is fixed for the period of the term deposit and as such is not subject to significant interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is 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. The consolidated entity does not hold any collateral.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. This assessment considers forward-looking information, including macro-economic information which may be available. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

The consolidated entity is not exposed to any significant credit risk as major customers include Australian State Governments. Refer to note 8.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 23. Financial instruments (continued)

2024

| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|--------------|--------------------------------------|----------------|--------------------------|--------------------------|--------------|--|
| Consolidated | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Non-derivatives

Non-interest bearing

| | | | | | | |
|---------------------|---|-------|-----|-----|---|-------|
| Trade payables | - | 1,749 | - | - | - | 1,749 |
| Contract liability | - | 1,065 | 221 | 504 | - | 1,790 |
| Accrued liabilities | - | 3,621 | - | - | - | 3,621 |
| Other payables | - | 629 | - | - | - | 629 |

Interest-bearing - variable

| | | | | | | |
|-----------------------|-------|-------|-----|-----|---|-------|
| Lease liability | 4.01% | 1,255 | 706 | 233 | - | 2,194 |
| Total non-derivatives | | 8,319 | 927 | 737 | - | 9,983 |

2023

| | Weighted average interest rate | 1 year or less | Between 1 and 2 years | Between 2 and 5 years | Over 5 years | Remaining contractual maturities |
|--------------|--------------------------------------|----------------|--------------------------|--------------------------|--------------|--|
| Consolidated | % | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |

Non-derivatives

Non-interest bearing

| | | | | | | |
|---------------------|---|-------|----|----|---|-------|
| Trade payables | - | 412 | - | - | - | 412 |
| Contract liability | - | 3,019 | 44 | 45 | - | 3,108 |
| Accrued liabilities | - | 4,289 | - | - | - | 4,289 |
| Other payables | - | 1,130 | - | - | - | 1,130 |

Interest-bearing - variable

| | | | | | | |
|-----------------------|-------|--------|-----|-----|---|--------|
| Lease liability | 3.69% | 1,487 | 409 | 290 | - | 2,186 |
| Total non-derivatives | | 10,337 | 453 | 335 | - | 11,125 |

Note 24. Key management personnel disclosures

Directors

The following persons were Directors of Acusensus Limited during the financial year:

| | |
|-------------------|---|
| Alexander Jannink | Executive Director and Chief Executive Officer |
| Ravin Mirchandani | Non-executive Director |
| Susan Klose | Non-executive Director |
| Michael Giuffrida | Non-executive Director (appointed 9 October 2023) |

Other key management personnel

The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

| | |
|---------------|--|
| Mark Lawrence | Chief Financial Officer (resigned 22 November 2023) |
| Anita Chow | Chief Financial Officer (appointed 23 November 2023) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 24. Key management personnel disclosures (continued)

Compensation

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

| | Consolidated | |
|---------------------------------------|------------------|------------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Short-term employee benefits | 917,132 | 883,640 |
| Termination benefits | 99,250 | - |
| Post-employment benefits | 74,455 | 58,208 |
| Long-term benefits | 17,256 | 14,955 |
| Share-based payments | 314,412 | 109,034 |
| Key management personnel compensation | <u>1,422,505</u> | <u>1,065,837</u> |

Note 25. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Transactions with related parties

The following transactions occurred with related parties:

| | Consolidated | |
|---|--------------|--------------|
| | 2024 | 2023 |
| | \$ | \$ |
| Sale of goods and services: | | |
| Sale of goods to Ador Powertron Limited (a Director related entity) | <u>-</u> | <u>6,294</u> |

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

| | Consolidated | |
|--|--------------|-----------|
| | 2024 | 2023 |
| | \$ | \$ |
| Loan from parent to subsidiary - Acusensus Australia Pty Ltd | 8,519,325 | 6,649,282 |
| Loan from parent to subsidiary - Acusensus IP Pty Ltd | - | 32,199 |
| Loan from parent to subsidiary - Acusensus, Inc. | 6,407,019 | 4,457,227 |
| Loan from parent to subsidiary - Acusensus UK Limited | 1,624,876 | 383,635 |
| Loan to parent from subsidiary - Acusensus IP Pty Ltd | 180,764 | - |

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, where applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 26. Contingent liabilities

The consolidated entity has provided bank guarantees as at 30 June 2024 of \$1,502 thousand (30 June 2023: \$1,413 thousand) to customers as security for contractual performance obligations.

Note 27. Commitments

| | Consolidated | |
|--|--------------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

| | | |
|-------------------------------|---|-----|
| Property, plant and equipment | - | 650 |
|-------------------------------|---|-----|

The Company's lease commitments have been captured within the lease liability amount on the statement of financial position.

Note 28. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the Company:

| | Consolidated | |
|--|--------------|------|
| | 2024 | 2023 |
| | \$ | \$ |

Audit services

| | | |
|-----------------------------------|---------|---------|
| Audit of the financial statements | 169,489 | 145,770 |
|-----------------------------------|---------|---------|

Other services

| | | |
|------------------------|---|-------|
| Grant compliance audit | - | 7,000 |
|------------------------|---|-------|

| | | |
|--------------------------|---------|---------|
| Remuneration of auditors | 169,489 | 152,770 |
|--------------------------|---------|---------|

Note 29. Parent entity information

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

Statement of profit or loss and other comprehensive income

| | Parent | |
|-----------------------------------|---------|--------|
| | 2024 | 2023 |
| | \$'000 | \$'000 |
| Profit/(loss) after income tax | (3,297) | 301 |
| Total comprehensive income/(loss) | (3,297) | 301 |

Note 29. Parent entity information (continued)

Statement of financial position

| | 2024 \$'000 | Parent 2023 \$'000 |
|---------------------------|----------------|--------------------------|
| Total current assets | 27,849 | 30,032 |
| Total assets | 30,029 | 32,341 |
| Total current liabilities | 2,144 | 1,035 |
| Total liabilities | 2,218 | 1,354 |
| Equity | | |
| Issued capital | 37,577 | 37,456 |
| Reserves | 1,286 | 1,286 |
| Accumulated losses | (11,052) | (7,755) |
| Total equity | 27,811 | 30,987 |

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 (30 June 2023: \$nil).

Contingent liabilities

The parent entity had contingent liabilities as at 30 June 2024 is \$1,008 thousand (30 June 2023: \$1,009 thousand). Refer to note 26.

Capital commitments - Property, plant and equipment

The parent entity had capital commitments for property, plant and equipment as at 30 June 2024 of \$nil (30 June 2023: \$650 thousand). Refer to note 27.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|-----------------------------|---|--------------------|-----------|
| | | 2024 % | 2023 % |
| Acusensus Australia Pty Ltd | Australia | 100.00% | 100.00% |
| Acusensus IP Pty Ltd | Australia | 100.00% | 100.00% |
| Acusensus International | Australia | 100.00% | 100.00% |
| Acusensus, Inc. | United States of America | 100.00% | 100.00% |
| Acusensus UK Limited | United Kingdom | 100.00% | 100.00% |

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

| | Consolidated | |
|---|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Income/(loss) after income tax expense for the year | (1,523) | 55 |
| Adjustments for: | | |
| Depreciation and amortisation | 6,306 | 4,687 |
| Impairment | 425 | 220 |
| Share-based payments | 1,423 | 406 |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (2,668) | (4,955) |
| Increase in contract assets | (310) | (207) |
| Decrease in inventories | 109 | 528 |
| (Increase)/decrease in net deferred tax | (718) | 520 |
| (Increase)/decrease in other assets | 55 | (23) |
| Increase/(decrease) in trade and other payables | 168 | (108) |
| Increase/(decrease) in contract liabilities | (1,318) | 2,860 |
| Decrease in employee benefits | 390 | 274 |
| Decrease in provision for income tax | 1,238 | - |
| Net cash from operating activities | <u>3,577</u> | <u>4,257</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - 30 JUNE 2024

Note 33. Non-cash investing and financing activities

| | Consolidated | |
|--|----------------|----------------|
| | 2024 \$'000 | 2023 \$'000 |
| Additions to the right-of-use-assets | 547 | 1,167 |
| Modifications to the right-of-use-assets | 1,135 | 86 |
| | <u>1,682</u> | <u>1,253</u> |

Note 34. Share-based payments

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the Company to certain personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Board.

2024

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---------------------------------|-------------|----------------|----------------------------------|------------------|------------------|---------------------------|--------------------------------|
| 10/02/2020 | No expiry | \$0.16 | 500,000 | - | - | - | 500,000 |
| 10/02/2020 | No expiry | \$0.32 | 500,000 | - | - | - | 500,000 |
| 10/02/2020 | No expiry | \$0.47 | 500,000 | - | - | - | 500,000 |
| 09/09/2020 | 17/12/2023 | \$0.46 | 250,000 | - | (250,000) | - | - |
| 30/09/2020 | 12/01/2026 | \$0.46 | 1,250,000 | - | - | - | 1,250,000 |
| 27/09/2021 | 26/09/2031 | \$0.55 | 483,245 | - | - | (25,730) | 457,515 |
| 21/04/2022 | 20/04/2027 | \$0.55 | 1,621,615 | - | (4,337) | (107,741) | 1,509,537 |
| 01/07/2022 | 01/07/2027 | \$0.55 | 2,054,065 | - | (6,785) | (116,343) | 1,930,937 |
| 05/01/2023 | 12/01/2028 | \$1.00 | 250,000 | - | - | - | 250,000 |
| 07/10/2023 | 17/11/2028 | \$0.67 | - | 125,355 | - | - | 125,355 |
| 07/10/2023 | 17/11/2028 | \$0.00 | - | 118,588 | - | - | 118,588 |
| 17/10/2023 | 17/11/2028 | \$0.00 | - | 2,168,254 | - | (34,826) | 2,133,428 |
| 16/11/2023 | 17/11/2028 | \$1.00 | - | 250,000 | - | - | 250,000 |
| 16/11/2023 | 17/11/2028 | \$0.00 | - | 281,573 | - | - | 281,573 |
| 12/12/2023 | 14/12/2028 | \$0.00 | - | 64,740 | - | - | 64,740 |
| | | | <u>7,408,925</u> | <u>3,008,510</u> | <u>(261,122)</u> | <u>(284,640)</u> | <u>9,871,673</u> |
| Weighted average exercise price | | | \$0.50 | \$0.89 | \$0.46 | \$0.55 | \$0.52 |

Note 34. Share-based payments (continued)

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|------------|-------------|----------------|----------------------------------|-----------|-------------|---------------------------|--------------------------------|
| 20/12/2018 | 20/12/2023 | \$0.00 | 1,000,000 | - | (1,000,000) | - | - |
| 10/02/2020 | No expiry | \$0.16 | 500,000 | - | - | - | 500,000 |
| 10/02/2020 | No expiry | \$0.32 | 500,000 | - | - | - | 500,000 |
| 10/02/2020 | No expiry | \$0.47 | 500,000 | - | - | - | 500,000 |
| 09/09/2020 | 17/12/2023 | \$0.46 | 250,000 | - | - | - | 250,000 |
| 30/09/2020 | 12/01/2026 | \$0.46 | 1,250,000 | - | - | - | 1,250,000 |
| 27/09/2021 | 26/09/2031 | \$0.55 | 537,295 | - | - | (54,050) | 483,245 |
| 21/04/2022 | 20/04/2027 | \$0.55 | 1,632,120 | - | - | (10,505) | 1,621,615 |
| 01/07/2022 | 01/07/2027 | \$0.55 | - | 2,054,065 | - | - | 2,054,065 |
| 05/01/2023 | 12/01/2028 | \$1.00 | - | 250,000 | - | - | 250,000 |
| | | | 6,169,415 | 2,304,065 | (1,000,000) | (64,555) | 7,408,925 |

Set out below is the share based payments expense incurred during the year:

***Pertains to performance-based share options and performance rights. Performance is based on cumulative TSR and consolidated gross margin targets.*

Note 34. Share-based payments (continued)

For the options granted during the current and prior financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|------------|---------------------------|----------------|---------------------|----------------|-------------------------|--------------------------|
| 20/12/2018 | \$0.04 | \$0.00 | 70.00% | - | 2.35% | \$0.037 |
| 10/02/2020 | \$0.19 | \$0.16 | 70.00% | - | 1.01% | \$0.128 |
| 10/02/2020 | \$0.19 | \$0.32 | 70.00% | - | 1.01% | \$0.124 |
| 10/02/2020 | \$0.19 | \$0.47 | 70.00% | - | 1.01% | \$0.122 |
| 09/09/2020 | \$0.40 | \$0.46 | 70.00% | - | 1.06% | \$0.148 |
| 30/09/2020 | \$0.40 | \$0.46 | 70.00% | - | 1.06% | \$0.254 |
| 27/09/2021 | \$0.55 | \$0.55 | 50.00% | - | 1.06% | \$0.356 |
| 21/04/2022 | \$0.55 | \$0.55 | 50.00% | - | 1.06% | \$0.242 |
| 01/07/2022 | \$0.55 | \$0.55 | 50.00% | - | 1.06% | \$0.248 |
| 05/01/2023 | \$0.80 | \$1.00 | 43.50% | - | 3.64% | \$0.288 |
| 07/10/2023 | \$0.83 | \$0.67 | 45.00% | - | 4.06% | \$0.310 |
| 07/10/2023 | \$0.83 | \$0.00 | 45.00% | - | 4.06% | \$0.730 |
| 17/10/2023 | \$0.78 | \$0.00 | 45.00% | - | 4.19% | \$0.670 |
| 16/11/2023 | \$0.75 | \$1.00 | 45.00% | - | 3.93% | \$0.130 |
| 16/11/2023 | \$0.75 | \$0.00 | 45.00% | - | 3.93% | \$0.640 |
| 12/12/2023 | \$0.79 | \$0.00 | 45.00% | - | 4.08% | \$0.690 |

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options and rights over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option and rights, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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

Note 34. Share-based payments (continued)

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

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

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

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Basis of preparation

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

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in determining tax residency and ensure compliance with applicable foreign tax legislation.

The below list relates to entities that are consolidated in the consolidated financial statements at 30 June 2024, as required by the Corporations Act 2001 (s.295(3A)(a).

| Name of entity | Entity type | Percentage share capital held by the Company | Country of incorporation | Australian resident or foreign tax resident | Jurisdiction of foreign tax residents |
|-----------------------------|----------------|--|--------------------------|---|---------------------------------------|
| Acusensus Limited | Body corporate | N/A | Australia | Australia | N/A |
| Acusensus Australia Pty Ltd | Body corporate | 100.00% | Australia | Australia | N/A |
| Acusensus IP Pty Ltd | Body corporate | 100.00% | Australia | Australia | N/A |
| Acusensus International | Body corporate | 100.00% | Australia | Australia | N/A |
| Acusensus, Inc. | Body corporate | 100.00% | United States of America | Foreign | United States of America |
| Acusensus UK Limited | Body corporate | 100.00% | United Kingdom | Foreign | United Kingdom |

DIRECTORS' DECLARATION

30 JUNE 2024

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001 (Cth), Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- the attached consolidated entity disclosure statement gives a true and correct view and is in accordance with the Corporations Act 2001 (Cth) as at 30 June 2024; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001 (Cth).

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

On behalf of the Directors



Alexander Jannink
Director

27 August 2024
Melbourne, Australia

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACUSENSUS LIMITED



Tel: +61 3 9603 1700
Fax: +61 3 9602 3870
www.bdo.com.au

Collins Square, Tower Four
Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Acusensus Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Acusensus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Capitalisation of internally generated development costs

| Key audit matter | How the matter was addressed in our audit |
|--|--|
| <p>At 30 June 2024, the Group had capitalised development costs in relation to various drivers' mobile phone, seatbelt and speed detection development products.</p> <p>AASB 138 <i>Intangible Assets</i> requires development costs to be capitalised only under specific circumstances including:</p> <ul style="list-style-type: none"> • It is technically feasible to complete the intangible asset; • There is clear intention to complete; • Ability to use or sell the intangible asset exists; • There are adequate technical, financial and other resources to complete the asset; • Future economic benefits are probable; and • Expenditure can be measured reliably. <p>This is a key audit matter because judgement is required to establish the point at which capitalisation should commence, the nature of costs to be capitalised, the point at which capitalisation should cease and amortisation should start.</p> <p>There is a risk that the costs capitalised do not meet the criteria for capitalisation in accordance with Australian Accounting Standards.</p> | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process of capitalisation and the nature of the costs incurred; • For a sample of products, we tested whether the costs relate to a technologically feasible product, assessed the future economic benefit to be generated by the product and the useful economic life assigned; • For salary costs capitalised, we vouched a sample of costs back to underlying payroll records and obtained a sample of timesheet confirmations from employees to verify that the time charged to individual products is accurate; • For non-salary costs capitalised, we agreed a sample of items to purchase invoice to determine whether they relate to a valid addition and have been correctly recorded; • We recalculated the amortisation charge on a sample basis, to verify whether it was in accordance with the useful economic life assigned by management and that amortisation commenced from the date of deployment; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of Australian Accounting Standards. |



Revenue Recognition

| Key audit matter | How the matter was addressed in our audit |
|--|---|
| <p>As at 30 June 2024 the Group generated revenue from the provision of its enforcement technology.</p> <p>Each revenue contract is unique with distinct performance obligations and recognition criteria that require assessment under the relevant accounting standards.</p> <p>This is a key audit matter due to:</p> <ul style="list-style-type: none"> • The complexity associated with accounting for individual contract terms and conditions and the timing of revenue recognition; and • The degree of estimation and judgment required to determine the timing of revenue recognition. | <p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We performed walkthrough procedures to understand the process undertaken by management to account for the recognition of revenue; • For the new contracts entered into during the year, we assessed the reasonableness of the revenue recognition applied with reference to the requirements of Australian Accounting Standards; • For a sample of transactions, we tested the revenue recognised to underlying evidence; • For a sample of contract assets and contract liabilities, we recalculated the amount of revenue to be recognised with reference to the underlying contracts; • We performed cut-off testing procedures to verify that revenue has been recognised in the right period; and • We assessed the appropriateness of the disclosures included in the financial statements with reference to the requirements of Australian Accounting Standards. |

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

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

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

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



Responsibilities of the directors for the Financial Report

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

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

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

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

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 71 to 78 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Acusensus Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.



Responsibilities

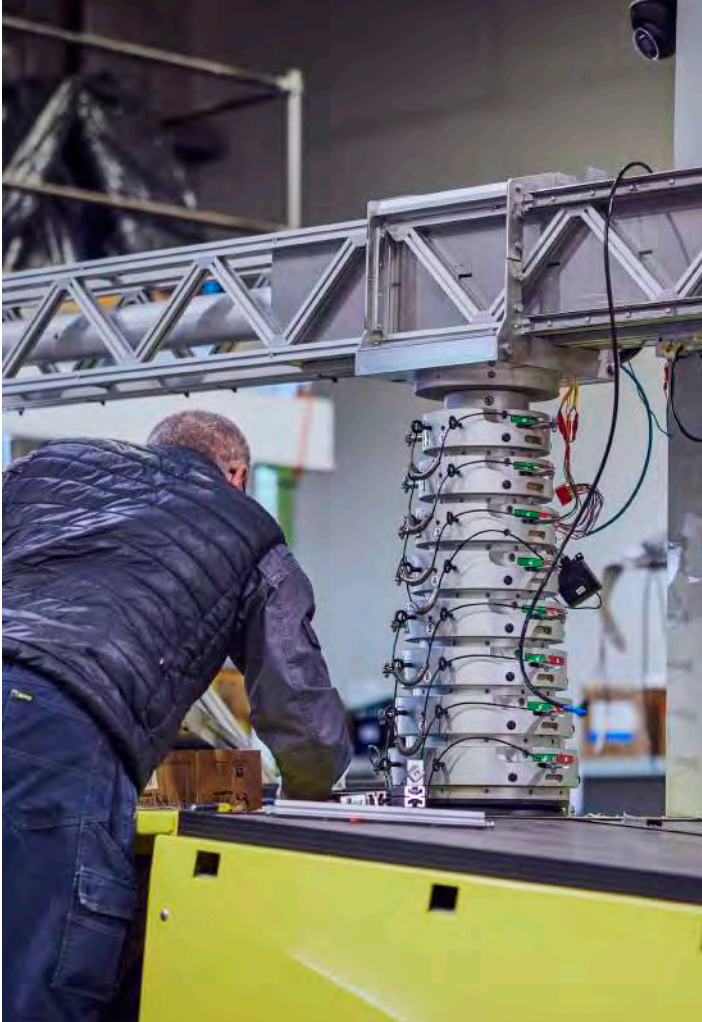
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO
A handwritten signature in blue ink, appearing to read 'Biskri', written over the printed name.

Salim Biskri
Director

Melbourne, 27 August 2024



SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 July 2024, noting that on 25 July 2023, shareholders of the Company approved a resolution for the subdivision of capital of the Company, with every one share being subdivided into five shares. All options on issue were subdivided in the same ratio as the subdivision of capital in accordance with ASX Listing Rule 7.22.2.

Distribution of Securities and Voting Rights

Shares

The total number of shareholders was 991 and there were 126,411,097 shares on issue.

Each fully paid ordinary share entitles the holder to one vote.

The distribution of shareholders was as follows:

| Share grouping | Total holders | Shares | Percentage of issued shares |
|------------------|---------------|--------------------|-----------------------------|
| 1–1,000 | 126 | 91,763 | 0.07 |
| 1,001–5,000 | 323 | 880,501 | 0.70 |
| 5,001–10,000 | 140 | 1,049,847 | 0.83 |
| 10,001–100,000 | 292 | 9,602,293 | 7.60 |
| 100,001 and over | 110 | 114,786,693 | 90.81 |
| Total | 991 | 126,411,097 | 100.00 |

There were 92 shareholders holding less than a marketable parcel of \$500 worth of shares, based on the closing market price on 31 July 2024 of \$0.545 per share.

Options

The total number of option holders was 66. There were 7,273,344 options on issue. Options do not have any voting rights attached to them and all options on issue were issued under the equity incentive plans of the Company.

Performance rights

The total number of holders of performance rights was 90. There were 2,598,329 performance rights on issue. Performance rights do not have any voting rights attached to them and all performance rights on issue were issued under the equity incentive plans of the Company.

Top 20 Shareholders

Below are the top 20 shareholders of the Company, including the number of share and the percentage of issued shares held by each shareholder.

| Name | Number of shares held | Percentage of issued shares |
|---|-----------------------|-----------------------------|
| ADOR POWERTRON LIMITED | 20,563,635 | 16.27% |
| JANNINK & ASSOCIATES PTY LTD <JANNINK FAMILY> | 16,750,000 | 13.25% |
| GRESHAM CAPITAL PARTNERS LIMITED <GRESHAM ACUSENSUS INVESTMENT> | 10,260,515 | 8.12% |
| BILLFOLDA ANGELS NOMINEES PTY LTD | 7,745,370 | 6.13% |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 7,005,875 | 5.54% |
| CITICORP NOMINEES PTY LIMITED | 5,678,893 | 4.49% |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED | 4,732,246 | 3.74% |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 4,300,091 | 3.40% |
| NATIONAL NOMINEES LIMITED | 2,011,175 | 1.59% |
| ANDREW MATTHEWS | 1,979,460 | 1.57% |
| DUNKELD PASTORAL CO PTY LTD | 1,250,000 | 0.99% |
| BUNGEELTAP PTY LTD | 1,132,210 | 0.90% |
| BODHI INVESTMENT LIMITED | 1,011,216 | 0.80% |
| MR ANTHONY JANNINK | 978,250 | 0.77% |
| VICTORIA JONES PTY LTD | 918,752 | 0.73% |
| CY CAPITAL PTY LTD | 850,000 | 0.67% |
| MS ANNELIE HOLDEN | 750,815 | 0.59% |
| MUTUAL TRUST PTY LTD | 750,000 | 0.59% |
| LITTLE D PTY LTD <LITTLE D TRADING A/C> | 700,000 | 0.55% |
| RUBI HOLDINGS PTY LTD <JOHN RUBINO SUPER FUND> | 680,535 | 0.54% |
| Total | 90,049,038 | 71.24% |

Substantial Shareholders

The following holders are registered by the Company as a substantial holder, having declared a relevant interest in accordance with the Corporations Act 2001 (Cth), in the voting shares below:

| Holder Name | Date of interest | Number of ordinary shares on date of interest ¹ | Number of ordinary shares on date of interest post share split ² | % of issued capital ³ | % of current issued share capital ⁴ |
|---|------------------|--|---|----------------------------------|--|
| Ador Powertron Limited ⁵ | 16 January 2023 | 4,201,479 | 21,007,395 | 16.73% | 16.62% |
| Jannink & Associates Pty Ltd atf Jannink Family Trust and Alexander Jannink | 16 January 2023 | 3,350,000 | 16,750,000 | 13.34% | 13.25% |
| Gresham Partners Capital Limited atf Gresham Acusensus Investment Trust | 16 January 2023 | 2,052,103 | 10,260,515 | 8.17% | 8.12% |
| Ellerston Capital Limited | 16 January 2023 | 1,314,855 | 6,574,275 | 5.24% | 5.20% |

¹ As disclosed in the most recent notice lodged with the ASX by the substantial shareholder.

² As disclosed in the most recent notice lodged with the ASX by the substantial shareholder, adjusted for the 25 July 2023 share split in which every one (1) share was subdivided into five (5) shares.

³ The percentage set out in the notice lodged with the ASX is based on the total issued capital of the Company at the date of interest.

⁴ The percentage based on the number of shares held by the holder as set out in the last notice lodged with the ASX relative to the total issued capital of the Company as at 31 July 2024.

⁵ Includes the interest held by Ravin Mirchandani as an associate of Ador Powertron Limited due to his role as Chair and Director.

Escrow

As at 31 July 2024, the following ordinary shares of the Company and options to acquire ordinary shares in the Company are subject to voluntary escrow.

| | Voluntary escrow to be released on the date when Acusensus releases its full year results for the 2024 financial year (the date of this Report) |
|------------------------------------|---|
| Ordinary Shares | 18,656,825 |
| Options to Acquire Ordinary Shares | 255,330 |

Unquoted Equity Securities

The number of unquoted equity securities on issue, and the number of their holders, are included in the following table. All unquoted options and performance rights on issue were issued under an employee incentive scheme.

| Class of securities | Number of unquoted equity securities | Number of holders |
|---|--------------------------------------|-------------------|
| Options exercisable at \$0.158 with no expiry date | 500,000 | 2 |
| Options exercisable at \$0.316 with no expiry date | 500,000 | 2 |
| Options exercisable at \$0.474 with no expiry date | 500,000 | 2 |
| Options exercisable at \$0.46 with an expiry date of 12 January 2026 | 1,250,000 | 10 |
| Options exercisable at \$0.552 with an expiry date of 27 September 2031 | 457,515 | 24 |
| Options exercisable at \$0.552 with an expiry date of 20 April 2027 | 1,509,537 | 41 |
| Options exercisable at \$0.552 with an expiry date of 1 July 2027 | 1,930,937 | 44 |
| Options exercisable at \$1.00 with an expiry date of 12 January 2028 | 250,000 | 1 |
| Options exercisable at \$1.00 with an expiry date of 17 November 2028 | 250,000 | 1 |
| Options exercisable at \$0.6659 with an expiry date of 17 November 2028 | 125,355 | 1 |
| Performance rights | 2,598,329 | 90 |

Securities Purchased On-Market

No securities were purchased on-market by the Company during the financial year.

On-Market Buy-Back

There is no current on-market buy-back taking place.

Securities Exchange

Acusensus Limited is incorporated and domiciled in Australia and is a publicly listed company limited by shares. The Company is listed on the Australian Securities Exchange.

ABOUT THIS ANNUAL REPORT

Compliance Statement

This Report contains key disclosures under Australian legislation. Our Directors' Report starting on page 65 and Financial Statements starting on page 79 have been prepared in accordance with the Corporations Act 2001 (Cth). Our Financial Statements have also been prepared in accordance with Australian Accounting Standards. The basis of preparation of our Financial Statements is provided on page 87.

BDO Audit Pty Ltd has conducted an independent audit of the Financial Statements and Remuneration Report. The Auditor's Independence Declaration is available on page 80. Detailed information on the audit is available starting on page 122. The remaining information in this Report has been reviewed internally.

Forward Looking Statements

This Report may contain certain forward-looking statements. Past performance information provided in this Report may not be a reliable indication of future performance. Certain information in this Report refers to the intentions of Acusensus, forecasts, forward looking statements and comments about future events. The words "continue", "expect", "forecast", "potential", "estimated", "projected", "likely", "anticipate" and other similar expressions are intended to identify such statements. The occurrence of events in the future are subject to risks, uncertainties and other factors, many of which are outside the control of Acusensus, that may cause Acusensus' actual results, performance or achievements to differ from those referred to in this Report. Such forward-looking statements speak only as of the date of this Report. Forward looking statements should not be relied on as an indication or guarantee of future performance. Accordingly, Acusensus, its directors, officers, employees, advisers and agents do not give any assurance, representation or guarantee that the occurrence of the events or forward-looking statements referred to in this Report will actually occur or be achieved as contemplated, nor take any responsibility or duty to update or maintain these forward-looking statements to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any such statement is based.

Financial Data

All dollar values are in Australian Dollars unless as otherwise presented.

GLOSSARY

| | |
|--|--|
| Acusensus or the Company | Acusensus Limited ACN 625 231 941 or the Acusensus Group, as applicable in the context. |
| Acusensus Group or Group | Acusensus Limited ACN 625 231 941 and its related bodies corporate (as that term is defined in the Corporations Act 2001 (Cth)). |
| Ador Powertron | Ador Powertron Limited. |
| AI | Artificial Intelligence. |
| ARTC | Australian Rail Track Corporation. |
| ASX | Australian Securities Exchange. |
| ASX Corporate Governance Principles and Recommendations | ASX Corporate Governance Principles and Recommendations for Australian listed entities (4th edition). |
| ATF | As trustee for. |
| Board | Board of Directors. |
| CAGR | Compound annual growth rate. |
| Corporations Act | Corporations Act 2001 (Cth). |
| ETO | Enforcement Trailer Operators. |
| FY23 | Financial year ended 30 June 2023. |
| FY24 | Financial year ended 30 June 2024. |
| FY25 | Financial year ended 30 June 2025. |
| IPO | Initial public offering. |
| ITS | Intelligent Transport Systems. |
| ISO | International Organization for Standardization. |
| KMP | Key Management Personnel. |
| MPDC | Mobile Phone Detection Camera. |
| PTSD | Post-traumatic stress disorder. |
| Report | This Annual Report. |
| R&D | Research and development. |
| SCIA | Spinal Cord Injuries Australia. |
| SBP | Share Based Payments |
| TMR | Transport Main Roads. |
| TCV | Total Contract Value. |
| WHO | World Health Organization. |

KEY CONTACTS

Company

Acusensus Limited

Level 6, 31 Queen Street

Melbourne VIC 3000

Phone: 1300 214 697

Email: investor-relations@acusensus.com

Website: www.acusensus.com

Directors

Ravin Mirchandani – Non-Executive Director & Chair

Alexander Jannink – Executive Director and
Managing Director

Susan Klose – Independent Non-Executive Director

Michael Giuffrida – Independent Non-Executive
Director (appointed 9 October 2023)

Company Secretary

Olivia Byron

Registered Office and Principal Place of Business

Level 6, 31 Queen Street

Melbourne VIC 3000

Listing

Acusensus Limited shares are listed on the Australian
Securities Exchange (ASX code: ACE)

www.asx.com.au

Auditor

BDO Audit Pty Ltd

Level 18, Tower 4

727 Collins Street

Melbourne VIC 3008

Registry

Link Market Services Limited

Level 12,

680 George Street

Sydney NSW 2000

Level 10, Tower 4

727 Collins Street

Melbourne VIC 3008





acusensus

www.acusensus.com